



VinaCafé Bien Hoa Joint Stock Company

Combined Financial Statements
for the year ended 31 December 2014



VinaCafé Bien Hoa Joint Stock Company
Corporate Information

Business Registration Certificate 3600261626

29 December 2004

The Company's business registration certificate has been amended several times, the most recent is dated 2 August 2014. The business registration certificate was issued by the Planning and Investment Department of Dong Nai Province.

Board of Directors

Pham Quang Vu	Chairman
Truong Cong Thang	Vice Chairman (until 18 April 2014)
Nguyen Van Ha	Member
Nguyen Hoang Yen	Member
Pham Dinh Toai	Member
Pham Hong Son	Member
Le Quang Chinh	Member
To Hai	Member
Le Hung Dung	Member
Nguyen Cong Trung	Member
Dinh Quang Hoan	Member
Le Trung Thanh	Member (from 18 April 2014)

Board of Management

Nguyen Tan Ky	General Director
Nguyen Thanh Tung	Vice Director
Le Quang Chinh	Vice Director (until 30 June 2014)
Le Hung Dung	Vice Director
Truong Thi Hieu	Chief Accountant

Registered Office

Bien Hoa Industrial Zone 1
Bien Hoa City
Dong Nai Province
Vietnam

Auditors

KPMG Limited
Vietnam

VinaCafé Bien Hoa Joint Stock Company
Statement of Board of Directors

The Board of Directors is responsible for the preparation and fair presentation of the combined financial statements in accordance with Vietnamese Accounting Standard, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting. In the opinion of the Board of Directors:

- (a) the combined financial statements set out on pages 5 to 41 are prepared and presented so as to give a true and fair view of the financial position of the Company as at 31 December 2014, and of its results of operations and its cash flows for the year then ended in accordance with Vietnamese Accounting Standard, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting; and
- (b) at the date of this statement, there are no reasons to believe that the Company will not be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these combined financial statements for issue.



On behalf of the Board of Directors

Nguyen Tan Ky
General Director

Dong Nai, 25 March 2015



KPMG Limited Branch
10th Floor, Sun Wah Tower
115 Nguyen Hue Street
District 1, Ho Chi Minh City
The Socialist Republic of Vietnam

Telephone +84 (8) 3821 9266
Fax +84 (8) 3821 9267
Internet www.kpmg.com.vn

INDEPENDENT AUDITORS' REPORT

To the Shareholders VinaCafé Bien Hoa Joint Stock Company

We have audited the accompanying combined financial statements of VinaCafé Bien Hoa Joint Stock Company ("the Company"), which comprise the combined balance sheet as at 31 December 2014, the combined statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Company's Board of Directors on 25 March 2015, as set out on pages 5 to 41.

Management's Responsibility

The Company's Board of Directors is responsible for the preparation and fair presentation of these combined financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting, and for such internal control as the Board of Directors determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Opinion

In our opinion, the combined financial statements give a true and fair view, in all material respects, of the financial position of VinaCafé Bien Hoa Joint Stock Company as at 31 December 2014 and of its results of operations and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

KPMG Limited's Branch in Ho Chi Minh City

Vietnam

Operating registration certificate No.: 4114000230

Audit Report No.: 14-01-313




Lam Thi Ngoc Hao
Practicing Auditor Registration
Certificate No. 0866-2013-007-1
Deputy General Director


Nguyen Anh Tuan
Practicing Auditor Registration
Certificate No. 0436-2013-007-1

Ho Chi Minh City, 25 March 2015

VinaCafé Bien Hoa Joint Stock Company
Combined balance sheet as at 31 December 2014

Form B 01 – DN

	Code	Note	31/12/2014 VND	31/12/2013 VND
ASSETS				
Current assets (100 = 110 + 130 + 140 + 150)	100		1,772,013,194,172	1,001,240,001,111
Cash and cash equivalents	110	5	1,370,410,246,815	751,034,054,745
Cash	111		48,410,246,815	18,034,054,745
Cash equivalents	112		1,322,000,000,000	733,000,000,000
Accounts receivable	130	6	61,589,168,440	83,833,061,265
Accounts receivable	131		40,767,881,540	41,003,914,375
Prepayments to suppliers	132		17,247,360,790	41,921,628,035
Other receivables	135		4,608,616,667	2,086,777,601
Allowance for doubtful debts	139		(1,034,690,557)	(1,179,258,746)
Inventories	140	7	335,150,190,528	165,525,035,438
Inventories	141		349,086,694,959	175,273,288,440
Allowance for inventories	149		(13,936,504,431)	(9,748,253,002)
Other current assets	150		4,863,588,389	847,849,663
Short-term prepayments	151		2,044,248,083	526,526,501
Deductible value added tax	152		4,043,493	9,346,538
Taxes and other receivables from State Treasury	154		2,105,546,813	-
Other current assets	158		709,750,000	311,976,624
Long-term assets (200 = 220 + 260)	200		716,779,582,520	612,111,976,791
Fixed assets	220		699,555,080,029	600,257,448,654
Tangible fixed assets	221	8	595,428,080,363	131,934,485,305
Cost	222		804,756,332,098	303,536,982,631
Accumulated depreciation	223		(209,328,251,735)	(171,602,497,326)
Intangible fixed assets	227	9	16,529,885,651	17,267,364,899
Cost	228		18,323,959,390	18,323,959,390
Accumulated amortisation	229		(1,794,073,739)	(1,056,594,491)
Construction in progress	230	10	87,597,114,015	451,055,598,450
Other long-term assets	260		17,224,502,491	11,854,528,137
Long-term prepayments	261	11	5,332,581,654	6,858,370,285
Deferred tax assets	262	12	11,716,420,837	4,762,157,852
Other long-term assets	268		175,500,000	234,000,000
TOTAL ASSETS (270 = 100 + 200)	270		2,488,792,776,692	1,613,351,977,902

The accompanying notes are an integral part of these combined financial statements

VinaCafé Bien Hoa Joint Stock Company
 Combined balance sheet as at 31 December 2014 (continued)

Form B 01 – DN

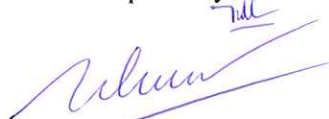
	Code	Note	31/12/2014 VND	31/12/2013 VND
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		1,012,291,149,788	479,641,144,775
Current liabilities	310		1,011,283,461,088	479,212,635,625
Short-term borrowings	311	13	533,006,478,863	231,380,072,002
Accounts payable	312	14	194,213,214,701	96,981,542,350
Advances from customers	313		9,804,035,705	4,026,255,204
Taxes payable to State Treasury	314	15	35,290,485,567	44,650,393,961
Payables to employees	315		-	16,817,248,508
Accrued expenses	316	16	213,770,744,052	66,911,272,529
Other short-term payables	319		1,018,370,161	2,701,523,644
Bonus and welfare fund	323	17	24,180,132,039	15,744,327,427
Long-term liabilities	330		1,007,688,700	428,509,150
Other long-term liabilities	333		1,007,688,700	428,509,150
EQUITY (400 = 410)	400		1,476,501,626,904	1,133,710,833,127
Owners' equity	410	18	1,476,501,626,904	1,133,710,833,127
Share capital	411	19	265,791,350,000	265,791,350,000
Capital surplus	412		29,974,241,968	29,974,241,968
Investment and development funds	417	20	173,925,282,879	173,925,282,879
Financial reserves	418	20	39,585,566,068	39,585,566,068
Retained profits	420		967,225,185,989	624,434,392,212
TOTAL RESOURCES (440 = 300 + 400)	440		2,488,792,776,692	1,613,351,977,902

OFF BALANCE SHEET ITEMS

	31/12/2014	31/12/2013
Foreign currencies		
- USD	1,482,677	395,982
- EUR	-	3,117

25 March 2015

Prepared by:



Truong Thi Hieu
 Chief Accountant

Approved by:



Nguyen Tan Ky
 General Director

The accompanying notes are an integral part of these combined financial statements

VinaCafé Bien Hoa Joint Stock Company
 Combined statement of income for the year ended 31 December 2014

Form B 02 – DN

	Code	Note	2014 VND	2013 VND
Total revenue	01	21	3,046,289,720,197	2,341,377,673,390
Less revenue deductions	02	21	72,246,082,871	42,708,554,256
Net revenue (10 = 01 - 02)	10	21	2,974,043,637,326	2,298,669,119,134
Cost of sales	11		1,909,447,360,416	1,613,677,337,188
Gross profit (20 = 10 - 11)	20		1,064,596,276,910	684,991,781,946
Financial income	21	22	60,534,511,612	16,994,408,484
Financial expenses	22	23	11,089,863,624	5,393,790,048
<i>In which: Interest expense</i>	23		9,249,820,932	3,210,620,308
Selling expenses	24		604,013,952,764	390,265,260,859
General and administration expenses	25		99,279,283,421	36,186,626,908
Net operating profit {30 = 20 + (21 - 22) - (24 + 25)}	30		410,747,688,713	270,140,512,615
Other income	31	24	14,613,703,365	21,658,402,444
Other expenses	32		5,023,639,892	4,483,726,523
Results of other activities (40 = 31 - 32)	40		9,590,063,473	17,174,675,921
Profit before tax (50 = 30 + 40)	50		420,337,752,186	287,315,188,536
Income tax expense – current	51	25	25,920,116,232	31,688,078,755
Income tax benefit – deferred	52	25	(6,954,262,985)	(4,762,157,852)
Net profit after tax (60 = 50 - 51 - 52)	60		401,371,898,939	260,389,267,633
Basic earnings per share	70	26	15,101	9,797

25 March 2015

Prepared by:



Truong Thi Hieu
 Chief Accountant

Approved by:



Nguyen Tan Ky
 General Director

The accompanying notes are an integral part of these combined financial statements

VinaCafé Bien Hoa Joint Stock Company
Combined statement of cash flows for the year ended 31 December 2014
(Indirect method)

Form B 03 – DN

	Code	Note	2014 VND	2013 VND
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	01		420,337,752,186	287,315,188,536
Adjustments for				
Depreciation and amortisation	02		42,407,017,774	27,313,764,789
Allowances and provisions	03		13,108,663,746	18,584,678,552
Net unrealised foreign exchange losses	04		497,171,189	429,264,212
Profits from investing activities	05		(41,460,393,979)	(15,510,694,892)
Interest expense	06		9,249,820,932	3,210,620,308
Operating profit before changes in working capital	08		444,140,031,848	321,342,821,505
Change in receivables and other current assets	09		2,294,681,911	13,151,671,984
Change in inventories	10		(182,773,818,836)	52,137,973,151
Change in payables and other liabilities	11		175,136,363,422	49,702,146,060
Change in prepayments	12		5,027,838,173	3,032,964,507
			443,825,096,518	439,367,577,207
Interest paid	13		(8,002,559,750)	(2,940,676,890)
Corporate income tax paid	14		(49,221,966,946)	(20,514,577,651)
Other receipts from operating activities	15		787,679,550	428,509,150
Other payments for operating activities	16		(18,796,111,926)	(20,397,841,986)
Net cash flows from operating activities	20		368,592,137,446	395,942,989,830
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for additions to fixed assets	21		(58,266,232,077)	(111,518,914,776)
Proceeds from disposals of fixed assets	22		1,654,790,378	38,589,906
Placement of term deposits to banks	24		(2,802,053,333,333)	(1,391,900,000,000)
Withdrawal of term deposits	24		2,802,053,333,333	1,391,900,000,000
Receipts of interest	27		38,303,243,791	13,598,599,033
Net cash flows from investing activities	30		(18,308,197,908)	(97,881,725,837)

The accompanying notes are an integral part of these combined financial statements

VinaCafé Bien Hoa Joint Stock Company
 Combined statement of cash flows for the year ended 31 December 2014
 (Indirect method – continued)

Form B 03 – DN

	Code	Note	2014 VND	2013 VND
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from short-term borrowings	33		1,794,355,067,447	279,829,609,779
Payments to settle loan principals	34		(1,492,728,660,586)	(48,449,537,777)
Payments of dividends	36	27	(31,894,962,000)	(53,158,270,000)
Net cash flows from financing activities	40		269,731,444,861	178,221,802,002
Net cash flows during the year (50 = 20 + 30 + 40)	50		620,015,384,399	476,283,065,995
Cash and cash equivalents at the beginning of the year	60		751,034,054,745	275,247,810,871
Effect of exchange rate fluctuations on cash and cash equivalents	61		(639,192,329)	(496,822,121)
Cash and cash equivalents at the end of the year (70 = 50 + 60 + 61)	70	5	1,370,410,246,815	751,034,054,745

25 March 2015

Prepared by:

Truong Thi Hieu
 Chief Accountant

Approved by:



Nguyen Tan Ky
 General Director

VinaCafé Bien Hoa Joint Stock Company
Notes to the combined financial statements for the year ended 31 December 2014

Form B 09 – DN

These notes form an integral part of and should be read in conjunction with the accompanying combined financial statements.

1. Reporting Entity

VinaCafé Bien Hoa Joint Stock Company (“the Company”) is a joint stock company incorporated in Vietnam. The principal activities of the Company are to manufacture and sell various kinds of coffees and instant cereals in the domestic and export markets and leasing warehouse.

The Company’s Head Office is in Bien Hoa City, Dong Nai Province and it also has a dependant branch in Hanoi. These combined financial statements include the financial statements of the Head Office and the Branch.

As at 31 December 2014, the Company had 537 employees (31 December 2013: 746 employees).

2. Basis of preparation

(a) Statement of compliance

The combined financial statements have been prepared in accordance with Vietnamese Accounting Standard, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

(b) Basis of measurement

The combined financial statements, except for the combined statement of cash flows, are prepared on the accrual basis using the historical cost concept. The combined statement of cash flows is prepared using the indirect method.

(c) Annual accounting period

The annual accounting period of the Company is from 1 January to 31 December.

(d) Accounting currency

The combined financial statements are prepared and presented in Vietnam Dong (“VND”).

3. Summary of significant accounting policies

The following significant accounting policies have been adopted by the Company in the preparation of these combined financial statements.

(a) Foreign currency transactions

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at rates of exchange ruling at the balance sheet date. Transactions in currencies other than VND during the year have been translated into VND at rates approximating those ruling at the transaction dates.

All foreign exchange differences are recorded in the combined statement of income.

(b) Cash and cash equivalents

Cash comprises cash balances and call deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amount of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(c) Accounts receivable

Trade and other receivables are stated at cost less allowance for doubtful debts.

(d) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes all costs incurred in bringing the inventories to their present location and condition. Cost in the case of finished goods and work in progress includes raw materials, direct labour and attributable manufacturing overheads. Net realisable value is the estimated selling price of inventory items, less the estimated costs of completion and selling expenses.

The Company applies the perpetual method of accounting for inventories.

VinaCafé Bien Hoa Joint Stock Company
Notes to the combined financial statements for the year ended 31 December 2014
(continued)

Form B 09 – DN

(e) Tangible fixed assets

(i) Cost

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition for its intended use. Expenditure incurred after tangible fixed assets have been put into operation, such as repair and maintenance and overhaul cost, is charged to the combined statement of income in the year in which the cost is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of tangible fixed assets beyond their originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets.

(ii) Depreciation

Depreciation is computed on a straight-line basis over the estimated useful lives of tangible fixed assets. The estimated useful lives are as follows:

- | | |
|----------------------------|--------------|
| ▪ buildings and structures | 5 – 25 years |
| ▪ machinery and equipment | 3 – 7 years |
| ▪ office equipment | 6 years |
| ▪ motor vehicles | 3 – 4 years |

(f) Intangible fixed assets

(i) Land use rights

Land use rights comprise:

- those granted by the State for which land use payments are made;
- those acquired in a legitimate transfer; and
- rights to use leased land obtained before the effective date of Land Law (2003) for which payments have been made in advance for more than 5 years and supported by land use right certificate issued by competent authority.

Land use rights are stated at cost less accumulated amortisation. The initial cost of land use rights comprises the value of the rights as stated in the Investment Licence and any directly attributable costs incurred in conjunction with securing the land use rights. Amortisation is computed on a straight-line basis over 50 years.

VinaCafé Bien Hoa Joint Stock Company
Notes to the combined financial statements for the year ended 31 December 2014
(continued)

Form B 09 – DN

(ii) Software

Cost of acquiring new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible asset. Software cost is amortised on a straight-line basis over 3 years.

(g) Construction in progress

Construction in progress represents the cost of construction and machinery which have not been fully completed or installed. No depreciation is provided for construction in progress during the period of construction and installation.

(h) Long-term prepayments

(i) Coffee shops

Coffee shops represents renovation costs for coffee shops and are amortised over 5 years.

(ii) Equipment and motor vehicles

Equipment and motor vehicles include assets held for use by the Company in the normal course of business whose costs of individual items are less than VND30 million and therefore not qualified for recognition as fixed assets under Circular 45/2013/TT-BTC dated 25 April 2013 of the Ministry of Finance which provides guidance on management, use and depreciation of fixed assets. Cost of equipment and motor vehicles are amortised on a straight-line basis over a period ranging from one to three years.

(i) Trade and other payables

Trade and other payables are stated at their cost.

(j) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

VinaCafé Bien Hoa Joint Stock Company
Notes to the combined financial statements for the year ended 31 December 2014
(continued)

Form B 09 – DN

(k) Classification of financial instruments

Solely for the purpose of providing disclosures about the significance of financial instruments to the Company's financial position and results of operations and the nature and extent of risk arising from financial instruments, the Company classifies its financial instruments as follows:

(i) Financial assets

Financial assets at fair value through profit or loss

A financial asset at fair value through profit or loss is a financial asset that meets either of the following conditions:

- It is considered by management as held for trading. A financial asset is considered as held for trading if:
 - it is acquired principally for the purpose of selling it in the near term;
 - there is evidence of a recent pattern of short-term profit-taking; or
 - a derivative (except for a derivative that is financial guarantee contract or a designated and effective hedging instrument).
- Upon initial recognition, it is designated by the Company as at fair value through profit or loss.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and a fixed maturity that the Company has the positive intention and ability to hold to maturity, other than:

- those that the Company upon initial recognition designates as at fair value through profit or loss;
- those that the Company designates as available-for-sale; and
- those that meet the definition of loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those:

- that the Company intends to sell immediately or in the near term, which are classified as held for trading, and those that the entity on initial recognition designates as at fair value through profit or loss;
- that the Company upon initial recognition designates as available-for-sale; or
- for which the Company may not recover substantially all of its initial investment, other than because of credit deterioration, which are classified as available-for-sale.

VinaCafé Bien Hoa Joint Stock Company
Notes to the combined financial statements for the year ended 31 December 2014
(continued)

Form B 09 – DN

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or that are not classified as:

- financial assets at fair value through profit or loss;
- held-to-maturity investments; or
- loans and receivables.

(ii) *Financial liabilities*

Financial liabilities at fair value through profit or loss

A financial liability at fair value through profit or loss is a financial liability that meets either of the following conditions:

- It is considered by management as held for trading. A financial liability is considered as held for trading if:
 - it is incurred principally for the purpose of repurchasing it in the near term;
 - there is evidence of a recent pattern of short-term profit-taking; or
 - a derivative (except for a derivative that is financial guarantee contract or a designated and effective hedging instrument).
- Upon initial recognition, it is designated by the Company as at fair value through profit or loss.

Financial liabilities carried at amortised cost

Financial liabilities which are not classified as financial liabilities at fair value through profit or loss are classified as financial liabilities carried at amortised costs.

The above described classification of financial instruments is solely for presentation and disclosure purpose and is not intended to be a description of how the instruments are measured. Accounting policies for measurement of financial instruments are disclosed in other relevant notes.

(I) *Derivative financial instruments*

The Company holds derivative financial instruments to hedge its exposures to the risk of raw material price fluctuation. Derivative financial instruments are recorded in the balance sheet at cost on the date when a derivative contract is entered into. Realised gains or losses from derivatives are recognised as financial income or financial expenses in the combined statement of income.

VinaCafé Bien Hoa Joint Stock Company
Notes to the combined financial statements for the year ended 31 December 2014
(continued)

Form B 09 – DN

(m) Equity

Share capital and capital surplus

Ordinary shares are classified as equity. The excess of proceeds contributed over the par value of shares issued is recorded as capital surplus. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from capital surplus.

(n) Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the combined statement of income except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(o) Revenue and interest income

(i) *Goods sold*

Revenue from the sale of goods is recognised in the combined statement of income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods.

(ii) *Interest income*

Interest income is recognized on a time proportion basis with reference to the principal outstanding and the applicable interest rate.

VinaCafé Bien Hoa Joint Stock Company
Notes to the combined financial statements for the year ended 31 December 2014
(continued)

Form B 09 – DN

(p) Operating lease payments

Payments made under operating leases are recognised in the combined statement of income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the combined statement of income as an integral part of the total lease expense.

(q) Borrowing costs

Borrowing costs are recognised as an expense in the year in which they are incurred, except where the borrowing costs relate to borrowings in respect of the construction of qualifying assets, in which case the borrowing costs incurred during the period of construction are capitalised as part of the cost of the assets concerned.

(r) Earnings per share

The Company presents basic earnings per share (“EPS”) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. The Company did not have any dilutive potential ordinary shares during the year.

(s) Segment reporting

A segment is a distinguishable component of the Company that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Company’s primary format for segment reporting is based on business segments.

(t) Related companies

Parties are considered to be related if one party has the ability, directly or indirectly through one or more intermediaries, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties are also included members of the key management personnel of the entity or its parent and family member of related parties.

VinaCafé Bien Hoa Joint Stock Company

Notes to the combined financial statements for the year ended 31 December 2014 (continued)

Form B 09 – DN

4. Segment reporting

(a) Business segments

The Company operates in the following main business segments:

- Coffee and related products made from coffee
- Cereals
- Others, including energy drink and other drinks etc...

	Coffee		Cereals		Others		Total	
	2014 VND	2013 VND	2014 VND	2013 VND	2014 VND	2013 VND	2014 VND	2013 VND
Local sales	2,013,686,879,227	1,671,534,145,806	416,223,725,359	326,159,534,814	298,103,081,076	125,359,788,174	2,728,013,685,662	2,123,053,468,794
Export sales	238,418,070,360	171,296,239,612	7,250,903,544	2,964,865,375	360,977,760	1,354,545,353	246,029,951,664	175,615,650,340
Total segment revenue	2,252,104,949,587	1,842,830,385,418	423,474,628,903	329,124,400,189	298,464,058,836	126,714,333,527	2,974,043,637,326	2,298,669,119,134
Cost of sales	(1,462,694,295,013)	(1,403,693,130,020)	(249,387,911,964)	(202,100,037,171)	(197,365,153,439)	(7,884,169,997)	(1,909,447,360,416)	(1,613,677,337,188)
Segment result	789,410,654,574	439,137,255,398	174,086,716,939	127,024,363,018	101,098,905,397	118,830,163,530	1,064,596,276,910	684,991,781,946
Unallocated expenses (net)							(653,848,588,197)	(414,851,269,331)
Result from operating activities							410,747,688,713	270,140,512,615
Other income							14,613,703,365	21,658,402,444
Other expenses							(5,023,639,892)	(4,483,726,523)
Income tax							(18,965,853,247)	(26,925,920,903)
Net profit after tax							401,371,898,939	260,389,267,633

Assets and liabilities cannot be segregated to different segments on a reasonable basis.

VinaCafé Bien Hoa Joint Stock Company
Notes to the combined financial statements for the year ended 31 December 2014
(continued)

Form B 09 – DN

(b) Geographical segments

The Company operates in one geographical segment which is in Vietnam.

5. Cash and cash equivalents

	31/12/2014	31/12/2013
	VND	VND
Cash on hand	81,893,200	11,903,056
Cash in banks	48,328,353,615	18,022,151,689
Cash equivalents	1,322,000,000,000	733,000,000,000
	<hr/>	<hr/>
Cash and cash equivalents in the combined statement of cash flows	1,370,410,246,815	751,034,054,745
	<hr/> <hr/>	<hr/> <hr/>

6. Accounts receivable

Accounts receivable included the following amounts due from related parties:

	31/12/2014	31/12/2013
	VND	VND
Amounts due from other related companies		
Trade	-	657,857,200
	<hr/> <hr/>	<hr/> <hr/>

The trade amounts due from the other related companies were unsecured, interest free and receivable within 30 to 60 days from date of invoice

VinaCafé Bien Hoa Joint Stock Company

Notes to the financial statements for the year ended 31 December 2014 (continued)

Form B 09 – DN

7. Inventories

	31/12/2014 VND	31/12/2013 VND
Good in transit	23,213,124,800	-
Raw materials	224,249,668,781	143,380,342,897
Tools and supplies	5,747,344,120	169,454,346
Work in progress	-	26,259,695,287
Finished goods	92,893,545,014	4,643,260,414
Merchandise inventories	2,983,012,244	820,535,496
	<hr/>	<hr/>
	349,086,694,959	175,273,288,440
Allowance for inventories	(13,936,504,431)	(9,748,253,002)
	<hr/>	<hr/>
	335,150,190,528	165,525,035,438

Movements in the allowance for inventories during the year were as follows:

	2014 VND	2013 VND
Opening balance	9,748,253,002	2,399,926,611
Increase in allowance during the year	15,548,590,357	17,462,049,922
Allowance utilised during the year	(8,960,412,317)	(10,113,723,531)
Written back	(2,399,926,611)	-
	<hr/>	<hr/>
Closing balance	13,936,504,431	9,748,253,002

VinaCafé Bien Hoa Joint Stock Company

Notes to the combined financial statements for the year ended 31 December 2014 (continued)

Form B 09 – DN

8. Tangible fixed assets

Cost	Buildings and structures VND	Machinery and equipment VND	Office equipment VND	Motor vehicles VND	Total VND
Opening balance	42,338,077,580	252,413,346,318	1,250,998,369	7,534,560,364	303,536,982,631
Additions	799,040,692	5,083,488,254	255,925,600	-	6,138,454,546
Transfers from construction in progress	159,230,250,434	340,901,227,127	-	-	500,131,477,561
Disposals	(1,169,521,300)	(115,370,000)	(323,757,800)	(3,441,933,540)	(5,050,582,640)
Closing balance	201,197,847,406	598,282,691,699	1,183,166,169	4,092,626,824	804,756,332,098
Accumulated depreciation					
Opening balance	17,502,542,866	148,498,761,141	883,541,443	4,717,651,876	171,602,497,326
Charge for the year	6,231,509,003	34,564,655,814	377,616,702	495,757,007	41,669,538,526
Disposals	(1,169,521,300)	(85,205,617)	(322,648,912)	(2,366,408,288)	(3,943,784,117)
Closing balance	22,564,530,569	182,978,211,338	938,509,233	2,847,000,595	209,328,251,735
Net book value					
Opening balance	24,835,534,714	103,914,585,177	367,456,926	2,816,908,488	131,934,485,305
Closing balance	178,633,316,837	415,304,480,361	244,656,936	1,245,626,229	595,428,080,363

Included in the cost of tangible fixed assets were assets costing VND122,618 million which were fully depreciated as of 31 December 2014 (31 December 2013: VND120,089 million), but which are still in active use.

VinaCafé Bien Hoa Joint Stock Company
Notes to the combined financial statements for the year ended 31 December 2014
(continued)

Form B 09 – DN

9. Intangible fixed assets

	Land use rights VND	Software VND	Total VND
Cost			
Opening and closing balance	17,319,885,750	1,004,073,640	18,323,959,390
Accumulated amortisation			
Opening balance	805,576,081	251,018,410	1,056,594,491
Charge for the year	402,788,040	334,691,208	737,479,248
Closing balance	1,208,364,121	585,709,618	1,794,073,739
Net book value			
Opening balance	16,514,309,669	753,055,230	17,267,364,899
Closing balance	16,111,521,629	418,364,022	16,529,885,651

10. Construction in progress

	2014 VND	2013 VND
Opening balance	451,055,598,450	359,017,365,304
Additions during the year	141,692,764,250	97,147,471,735
Transfers to tangible fixed assets	(500,131,477,561)	(2,601,324,203)
Transfers to long-term prepayments	(5,019,771,124)	(2,507,914,386)
Closing balance	87,597,114,015	451,055,598,450

VinaCafé Bien Hoa Joint Stock Company
Notes to the combined financial statements for the year ended 31 December 2014
(continued)

Form B 09 – DN

11. Long-term prepayments

	Coffee shops VND	Equipment and motor vehicles VND	Total VND
Opening balance	5,253,830,302	1,604,539,983	6,858,370,285
Additions	708,915,510	-	708,915,510
Transfer from construction in progress	5,019,771,124	-	5,019,771,124
Amortisation for the year	(2,655,910,452)	(1,604,539,983)	(4,260,450,435)
Disposals	(2,994,024,830)	-	(2,994,024,830)
Closing balance	5,332,581,654	-	5,332,581,654

12. Deferred tax assets

Deferred tax assets were recognised on the following items:

	31/12/2014 VND	31/12/2013 VND
Accrued expenses	11,716,420,837	4,762,157,852

13. Short-term borrowings

Terms and conditions of short-term borrowings were as follows:

	Currency	Annual interest rate	31/12/2014 VND	31/12/2013 VND
Bank loan 1	VND	6%	-	99,998,230,937
Bank loan 2	VND	3.8% – 4%	399,539,062,728	131,381,841,065
Bank loan 3	VND	4%	133,467,416,135	-
			533,006,478,863	231,380,072,002

As at 31 December 2014, all bank loans were unsecured.

VinaCafé Bien Hoa Joint Stock Company
Notes to the combined financial statements for the year ended 31 December 2014
(continued)

Form B 09 – DN

14. Accounts payables – trade

Accounts payable – trade included the following amounts due to related companies:

	31/12/2014	31/12/2013
	VND	VND
Amounts due to the parent company	102,932,953	18,061,994,000
Amounts due to other related companies	55,477,086,068	1,149,231,000

The trade amounts due to the parent company and other related companies were unsecured, interest free and repayable within 30 to 60 days from date of invoice.

15. Taxes payable to State Treasury

	31/12/2014	31/12/2013
	VND	VND
Value added tax	27,629,618,873	19,931,861,814
Import tax	7,457,377,997	3,331,819,473
Corporate income tax	-	21,196,303,901
Personal income tax	203,488,697	190,408,773
	35,290,485,567	44,650,393,961

16. Accrued expenses

	31/12/2014	31/12/2013
	VND	VND
Advertisement and promotion expense	83,293,306,546	31,300,138,224
Sales discount	18,686,819,947	14,017,037,720
Research and development expense	7,045,941,760	5,120,446,588
Selling expense and management fee	54,655,987,188	-
Display expenses	9,954,949,730	8,855,719,783
Logistics expenses	20,398,142,398	4,457,670,397
Interest expense	1,517,204,600	269,943,418
Construction in progress	3,320,199,081	-
Others	14,898,192,802	2,890,316,399
	213,770,744,052	66,911,272,529

VinaCafé Bien Hoa Joint Stock Company
Notes to the combined financial statements for the year ended 31 December 2014
(continued)

Form B 09 – DN

17. Bonus and welfare fund

Movements of bonus and welfare fund during the year were:

	2014	2013
	VND	VND
Opening balance	15,744,327,427	10,768,837,444
Allocation from retained profits	19,343,143,162	21,566,755,345
Utilisation	(10,907,338,550)	(16,591,265,362)
	<hr/>	<hr/>
Closing balance	24,180,132,039	15,744,327,427
	<hr/>	<hr/>

The General Meeting of Shareholders of the Company on 18 April 2014 resolved to appropriate to bonus and welfare fund an amount of VND19,343,143,162 (2013: VND21,566,755,345) from retained profits.

VinaCafé Bien Hoa Joint Stock Company

Notes to the combined financial statements for the year ended 31 December 2014 (continued)

Form B 09 – DN

18. Changes in owners' equity

	Share capital VND	Capital surplus VND	Investment and development funds VND	Financial reserves VND	Retained profits VND	Total owners' equity VND
Balance at 1 January 2013	265,791,350,000	29,974,241,968	173,925,282,879	39,585,566,068	442,178,749,924	951,455,190,839
Net profit for the year	-	-	-	-	260,389,267,633	260,389,267,633
Interim dividends (Note 27)	-	-	-	-	(21,263,308,000)	(21,263,308,000)
Cash dividends (Note 27)	-	-	-	-	(31,894,962,000)	(31,894,962,000)
Board management fee	-	-	-	-	(3,408,600,000)	(3,408,600,000)
Appropriation to bonus and welfare fund (Note 17)	-	-	-	-	(21,566,755,345)	(21,566,755,345)
Balance at 1 January 2014	265,791,350,000	29,974,241,968	173,925,282,879	39,585,566,068	624,434,392,212	1,133,710,833,127
Net profit for the year	-	-	-	-	401,371,898,939	401,371,898,939
Cash dividends (Note 27)	-	-	-	-	(31,894,962,000)	(31,894,962,000)
Board management fee	-	-	-	-	(7,343,000,000)	(7,343,000,000)
Appropriation to bonus and welfare fund (Note 17)	-	-	-	-	(19,343,143,162)	(19,343,143,162)
Balance at 31 December 2014	265,791,350,000	29,974,241,968	173,925,282,879	39,585,566,068	967,225,185,989	1,476,501,626,904

VinaCafé Bien Hoa Joint Stock Company
Notes to the combined financial statements for the year ended 31 December 2014
(continued)

Form B 09 – DN

19. Share capital

The Company's authorised and issued share capitals are:

	31/12/2014		31/12/2013	
	Number of shares	VND	Number of shares	VND
Authorised and issued share capital				
Ordinary shares	26,579,135	265,791,350,000	26,579,135	265,791,350,000
Shares in circulation				
Ordinary shares	26,579,135	265,791,350,000	26,579,135	265,791,350,000

All ordinary shares have a par value of VND10,000. Each share is entitled to one vote at meetings of the Company. Shareholders are entitled to receive dividend as declared from time to time. All ordinary shares are ranked equally with regard to the Company's residual assets. In respect of shares bought back by the Company, all rights are suspended until those shares are reissued.

There were no movements in share capital during the year.

20. Equity funds

(i) Investment and development funds

Investment and development funds were appropriated from retained profits in accordance with the resolution of General Meeting of Shareholders. These funds were established for the purpose of future business expansion.

(ii) Financial reserves

Financial reserves were appropriated from retained profits in accordance with the resolution of General Meeting of Shareholders. The reserves are established as recourse for the Company's future general business risks.

VinaCafé Bien Hoa Joint Stock Company
Notes to the combined financial statements for the year ended 31 December 2014
(continued)

Form B 09 – DN

21. Total revenue

Total revenue represented the gross value of goods sold exclusive of value added tax.

Net revenue comprised of:

	2014	2013
	VND	VND
Total revenue		
▪ Sales of finished goods	3,046,289,720,197	2,341,377,673,390
Less revenue deductions		
▪ Sales discount	(63,299,099,366)	(25,277,061,574)
▪ Sales returns	(8,946,983,505)	(17,420,992,537)
▪ Sales allowances	-	(10,500,145)
	<u>(72,246,082,871)</u>	<u>(42,708,554,256)</u>
Net revenue	<u>2,974,043,637,326</u>	<u>2,298,669,119,134</u>

22. Financial income

	2014	2013
	VND	VND
Interest income	40,912,402,124	15,598,057,367
Realised foreign exchange gains	2,358,313,874	1,328,433,513
Unrealised foreign exchange gains	491,579,481	67,917,604
Other financial income	16,772,216,133	-
	<u>60,534,511,612</u>	<u>16,994,408,484</u>

23. Financial expenses

	2014	2013
	VND	VND
Interest expense	9,249,820,932	3,210,620,308
Realised foreign exchange losses	779,169,094	1,428,821,692
Unrealised foreign exchange losses	988,750,670	497,181,816
Other financial expenses	72,122,928	257,166,232
	<u>11,089,863,624</u>	<u>5,393,790,048</u>

VinaCafé Bien Hoa Joint Stock Company
Notes to the combined financial statements for the year ended 31 December 2014
(continued)

Form B 09 – DN

24. Other income

	2014 VND	2013 VND
Proceeds from disposals of tangible fixed assets	1,654,790,378	38,589,906
Scrap sales	1,686,433,639	660,968,071
Import tax refund	9,107,041,670	19,289,451,767
Others	2,165,437,678	1,669,392,700
	<hr/>	<hr/>
	14,613,703,365	21,658,402,444
	<hr/>	<hr/>

25. Income tax

(a) Recognised in the combined statement of income

	2014 VND	2013 VND
Current tax expense		
Current year	25,920,116,232	32,567,005,217
Over provision in prior years	-	(878,926,462)
	<hr/>	<hr/>
	25,920,116,232	31,688,078,755
	<hr/>	<hr/>
Deferred tax benefit		
Origination and reversal of temporary differences	(3,972,648,920)	(4,762,157,852)
Effect of change in tax rate	(2,981,614,065)	-
	<hr/>	<hr/>
	(6,954,262,985)	(4,762,157,852)
	<hr/>	<hr/>
Income tax expense	18,965,853,247	26,925,920,903
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VinaCafé Bien Hoa Joint Stock Company
Notes to the combined financial statements for the year ended 31 December 2014
(continued)

Form B 09 – DN

(b) Reconciliation of effective tax rate

	2014 VND	2013 VND
Profit before tax	420,337,752,186	287,315,188,536
Tax at the Company's tax rate	63,050,662,828	43,097,278,280
Effect of change in tax rate	(2,981,614,065)	-
Effect of different tax rate applied to other income	3,479,802,065	2,152,513,000
Non-deductible expenses	24,359,045	4,103,684,085
Tax incentives	(44,607,356,626)	(21,548,628,000)
Over provision in prior years	-	(878,926,462)
	18,965,853,247	26,925,920,903

(c) Applicable tax rates

Under the terms of Income tax law and the law of investment encouragement, the Company has an obligation to pay the government income tax at the rate of 15% of taxable profits for 12 years (2015 to 2016) as a joint stock company which is converted from state-owned company before 2006. The Company is also exempted from income tax for 3 years starting from the first year it generates a taxable profit (2005 to 2007), and entitled to a 50% reduction in income tax for the seven succeeding years (2008 to 2014). All the above tax exemption and reduction are not applicable to other income which is taxed at usual income tax rate applicable to enterprises.

The Company obtained an investment license No. 47221000778 on 24 December 2009 for Bien Hoa II Coffee Manufacturing Factory based in Long Thanh District, Dong Nai Province ("Long Thanh Factory"). On 14 November 2014, the Company obtained the first amended investment license whereby Long Thanh Factory will be subject to usual income tax rate applicable to enterprises and entitled to tax incentives for expansion project in Industrial zone i.e tax exemption for two years (2014-2015) and 50% tax reduction for four succeeding years starting from first year it generates a taxable profit (2016 to 2019). The Company does not have a separate accounting book for Long Thanh Factory, therefore it is unable to separate the income generating from expansion project from the Company's total income. The income generating from Long Thanh Factory is estimated based on percent of assets of expansion project over total assets of the Company in accordance with guidance of Circular 78/2014/TT-BTC dated 18 June 2014 issued by the Ministry of Finance.

The usual income tax rate applicable to enterprises before any incentives is 22% for 2014 and 2015, and will be reduced to 20% from 2016.

VinaCafé Bien Hoa Joint Stock Company
Notes to the combined financial statements for the year ended 31 December 2014
(continued)

Form B 09 – DN

(d) **Tax contingencies**

The taxation laws and their application in Vietnam are subject to interpretation and change over time as well as from one tax office to another. The final tax position may be subject to review and investigation by a number of authorities, who are enabled by law to impose severe fines, penalties and interest charges. These facts may create tax risks in Vietnam that are substantially more significant than in other countries. Management believes that it has adequately provided for tax liabilities based on its interpretation of tax legislation, including on transfer pricing requirements and computation of corporate income tax. However, the relevant authorities may have differing interpretations and the effects could be significant.

26. Basic earnings per share

The calculation of basic earnings per share for the year ended 31 December 2014 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

(i) *Net profit attributable to ordinary shareholders*

	2014 VND	2013 VND
Net profit for the year and attributable to ordinary shareholders	401,371,898,939	260,389,267,633

(ii) *Weighted average number of ordinary shares*

	2014	2013
Weighted average number of ordinary shares as at 31 December 2014	26,579,135	26,579,135

(iii) *Basic earnings per share*

	31/12/2014 VND	31/12/2013 VND
Basic earnings per share	15,101	9,797

(iv) *Diluted earnings per share*

As of 31 December 2014, the Company did not have any potential dilutive shares.

27. Dividends

The General Meeting of Shareholders of the Company on 18 April 2014 resolved to distribute dividends amounting to VND31,894,962,000 in cash, equivalent to VND1,200 per share (2013: VND31,894,962,000 in cash, equivalent to VND1,200 per share and interim dividends of VND21,236,308,000 equivalent to VND800 per share).

28. Financial instruments

(a) Financial risk management

(i) Overview

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk; and
- market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk.

(ii) Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and deposits at banks.

VinaCafé Bien Hoa Joint Stock Company
Notes to the combined financial statements for the year ended 31 December 2014
(continued)

Form B 09 – DN

(i) Exposure to credit risk

The total of carrying amounts of financial assets issued represents the maximum credit exposure. The maximum exposure to credit risk at the balance sheet date was as follows:

	Note	31/12/2014 VND	31/12/2013 VND
Cash and cash equivalents	(ii)	1,370,328,353,615	751,022,151,689
Trade and other receivables	(iii)	45,376,498,207	43,090,691,976
		<hr/>	<hr/>
		1,415,704,851,822	794,112,843,665
		<hr/>	<hr/>

(ii) Cash and cash equivalents

Cash and cash equivalents at banks of the Company are mainly held with well-known financial institutions. Management does not foresee any significant credit risks from these deposits and does not expect that these financial institutions may default and cause losses to the Company.

(iii) Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. In response to the risk, management of the Company has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. No collateral is collected from the customers. Trade and other receivables that are neither past due nor impaired are mostly companies with good collection track records with the Company. Management believes that those receivables are of high credit quality.

The aging of trade and other receivables at the balance sheet date that were past due but not impaired is as follows:

	31/12/2014 VND	31/12/2013 VND
Past due 0 – 30 days	9,567,921,965	-
Past due 31 – 180 days	87,950,610	-
Past due more than 180 days	1,034,690,557	1,502,781,897
	<hr/>	<hr/>
	10,690,563,132	1,502,781,897
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VinaCafé Bien Hoa Joint Stock Company
Notes to the combined financial statements for the year ended 31 December 2014
(continued)

Form B 09 – DN

Movements in the allowance for doubtful debts during the year were as follows:

	2014 VND	2013 VND
Opening balance	1,179,258,746	56,630,116
Increase in allowance during the year	-	1,122,628,630
Allowance utilised during the year	(104,568,189)	-
Written back	(40,000,000)	-
	<hr/>	<hr/>
Closing balance	1,034,690,557	1,179,258,746
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(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The financial liabilities with fixed or determinable payments have the following contractual maturities:

31 December 2014

	Carrying amount VND	Contractual cash flows VND	Within 1 year VND
Short-term borrowings	533,006,478,863	536,848,584,252	536,848,584,252
Accounts payable	194,213,214,701	194,213,214,701	194,213,214,701
Accrued expenses	213,770,744,052	213,770,744,052	213,770,744,052
Other short-term payables	1,018,370,161	1,018,370,161	1,018,370,161
	<hr/>	<hr/>	<hr/>
	942,008,807,777	945,850,913,166	945,850,913,166
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VinaCafé Bien Hoa Joint Stock Company
Notes to the combined financial statements for the year ended 31 December 2014
(continued)

Form B 09 – DN

31 December 2013

	Carrying amount VND	Contractual cash flows VND	Within 1 year VND
Short-term borrowings	231,380,072,002	232,967,562,729	232,967,562,729
Accounts payable	96,981,542,350	96,981,542,350	96,981,542,350
Payables to employees	16,817,248,508	16,817,248,508	16,817,248,508
Accrued expenses	66,911,272,529	66,911,272,529	66,911,272,529
Other short-term payables	2,701,523,644	2,701,523,644	2,701,523,644
	414,791,659,033	416,379,149,760	416,379,149,760

(d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's results of operations or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Currency risk

The Company's exposure to currency risk is managed by keeping the exposure to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term over-exposures.

The Company had the following net exposed asset/(liability) position:

	31/12/2014		31/12/2013	
	USD	EUR	USD	EUR
Cash and cash equivalents	1,482,677	-	395,982	3,117
Accounts receivable	973,434	-	1,059,203	-
Accounts payable	(1,001,912)	(2,465,850)	(75,429)	-
	1,454,199	(2,465,850)	1,379,756	3,117

VinaCafé Bien Hoa Joint Stock Company
Notes to the combined financial statements for the year ended 31 December 2014
(continued)

Form B 09 – DN

The following are significant exchange rates applied by the Company:

	Exchange rate as at	
	31/12/2014	31/12/2013
	VND	VND
USD	21,365	21,080
EUR	25,702	28,890

The possible impact on the net profit after tax of the Company as at 31 December 2014 and 31 December 2013 of foreign currencies movement after taking into account the current level of exchange rates and the historical volatility as well as market expectations as at 31 December 2014 and 31 December 2013 is not considered significant. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases.

(ii) Interest rate risk

At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments was:

	Carrying amount	
	31/12/2014	31/12/2013
	VND	VND
Fixed rate instruments		
Cash equivalents	1,322,000,000,000	733,000,000,000
Short-term borrowings	(533,006,478,863)	(231,380,072,002)
	788,993,521,137	501,619,927,998
Variable rate instruments		
Cash in banks	48,328,353,615	18,022,151,689

A change of 100 basis points in interest rates of the variable rate instruments would not have significant impact on the net profit after tax of the Company.

VinaCafé Bien Hoa Joint Stock Company
Notes to the combined financial statements for the year ended 31 December 2014
(continued)

Form B 09 – DN

(e) Fair value

(i) Carrying amounts

The carrying amount of financial assets and liabilities shown in the balance sheet, are as follows:

	31/12/2014	31/12/2013
	Carrying amount	Carrying amount
	VND	VND
Categorised as loans and receivables:		
- Cash and cash equivalents	1,370,410,246,815	751,034,054,745
- Trade and other receivables	45,376,498,207	43,090,691,976
Categorised as liabilities at amortised cost:		
- Accounts payable	(194,213,214,701)	(96,981,542,350)
- Payables to employees	-	(16,817,248,508)
- Accrued expenses	(213,770,744,052)	(66,911,272,529)
- Other short-term payables	(1,018,370,161)	(2,701,523,644)
- Short-term borrowings	(533,006,478,863)	(231,380,072,002)

(ii) Fair values

The Company has not determined fair values of these financial instruments for disclosure in the financial statements because information about their market prices is not available and there is currently no guidance on determination of fair value using valuation techniques under the Vietnamese Accounting Standards or the Vietnamese Accounting System for enterprises. Their fair values of these financial instruments may differ from their carrying amounts.

VinaCafé Bien Hoa Joint Stock Company
Notes to the combined financial statements for the year ended 31 December 2014
(continued)

Form B 09 – DN

29. Significant transactions with related parties

During the year, the Company had the following transactions with related parties:

	Transaction value		Balance outstanding as at 31 December	
	2014 VND	2013 VND	2014 VND	2013 VND
The parent company				
Ma San Consumer Corporation				
Sales of goods	152,729,501	-	-	-
Purchases of goods	3,569,451,280	817,219,789	(102,932,953)	-
Service charge	126,671,916,000	33,568,799,503	(54,655,987,188)	(18,061,994,000)
Cash dividends	16,969,093,200	28,281,823,000	-	-
Shareholders				
Vietnam National Coffee Corporation				
Cash dividends	4,097,250,000	12,690,400,000	-	-
Gaoling Fund, L.P.				
Cash dividends	7,440,000,000	-	-	-
Related companies				
Ma San Industrial One Member Company Limited				
Sales of goods	6,931,698,002	21,734,183,033	-	-
Purchases of goods	300,256,200	-	(1,584,000,000)	-
Purchases of Fixed assets	55,451,216	-	-	-
Service charge	1,440,000,000	1,044,755,702	-	(1,149,231,000)
Ma San HD One Member Company Limited				
Sales of goods	5,503,233,933	19,952,917,776	-	657,857,200
Vinh Hao Mineral Water Corporation				
Sales of goods	373,030,130	-	-	-
Service charge	42,000,000,000	-	(42,000,000,000)	-
Purchases of goods	55,694,716,000	-	(11,893,086,068)	-
Masan Phu Quoc Corporation				
Sales of goods	5,198,811	6,789,199	-	-

VinaCafé Bien Hoa Joint Stock Company
Notes to the combined financial statements for the year ended 31 December 2014
(continued)

Form B 09 – DN

	Transaction value		Balance outstanding as at 31 December	
	2014 VND	2013 VND	2014 VND	2013 VND
Board of Directors and Board of Management				
Cash dividends	489,501,600	767,060,000	-	-
Remunerations	7,343,000,000	3,408,600,000	-	-

30. Commitments

(a) Capital expenditure

At reporting date, the Company had the following outstanding capital commitments approved but not provided for in the balance sheet:

	31/12/2014 VND	31/12/2013 VND
Approved but not contracted	67,909,040,298	55,551,079,747
Approved and contracted	123,840,776,397	64,109,557,775
	<u>191,749,816,695</u>	<u>119,660,637,522</u>

The summarised budget of projects is as follows:

	31/12/2014 VND	31/12/2013 VND
Project value approved and contracted	142,971,146,439	561,846,260,633
- Project value has been progressed	19,130,370,042	497,736,702,858
- Project value has not been progressed	123,840,776,397	64,109,557,775
Project value approved but not contracted	67,909,040,298	55,551,079,747
	<u>210,880,186,737</u>	<u>617,397,340,380</u>

VinaCafé Bien Hoa Joint Stock Company
Notes to the combined financial statements for the year ended 31 December 2014
(continued)

Form B 09 – DN

(b) Leases

The future minimum lease payments under non-cancellable operating leases including house and warehouse rental were:

	31/12/2014	31/12/2013
	VND	VND
Within one year	3,803,379,760	10,985,502,420
From two to five years	468,000,000	4,271,379,760
	<hr/>	<hr/>
	4,271,379,760	15,256,882,180
	<hr/>	<hr/>

31. Production and business costs by element

	2014	2013
	VND	VND
Raw material costs included in production costs	1,655,887,734,184	1,498,359,738,480
Labour costs and staff costs	139,071,118,808	134,175,305,974
Depreciation and amortisation	42,407,017,774	27,313,764,789
Outside services	592,722,109,228	280,957,837,092
Other expenses	182,652,616,607	99,322,578,620
	<hr/>	<hr/>

VinaCafé Bien Hoa Joint Stock Company
 Notes to the combined financial statements for the year ended 31 December 2014
 (continued)

Form B 09 – DN

32. Corresponding figures

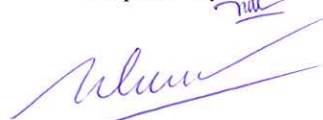
Certain corresponding figures have been reclassified to conform with the current year's presentation:

Combined statement of cash flows:

	2013 (as reclassified) VND	2013 (as previously reported) VND
Change in receivables and other current assets	13,151,671,984	12,753,695,360
Change in payables and other liabilities	49,702,146,060	50,130,655,210
Other receipts from operating activities	428,509,150	-
Other payments for operating activities	(20,397,841,986)	(19,999,865,362)

25 March 2015

Prepared by:



Truong Thi Hieu
 Chief Accountant

Approved by:



Nguyen Tan Ky
 General Director

