



Ngon Coffee Company Limited

Financial Statements for the year ended
31 March 2017

Ngon Coffee Company Limited
Corporate Information

Investment Certificate No. 401043000062

3 February 2009

The Company's Investment Certificate has been amended several times, the most recent of which is dated 25 April 2015. The Investment Certificate and its amendments were issued by the People's Committee of Dak Lak province and are valid for 50 years from the date of the initial Investment Certificate.

Members' Council

Mr. Challa Rajendra Prasad	Chairman
Mr. Challa Srishant	Member
Mr. Jaju Laxmi Nivas	Member
Mr. Aluri Chandra Sekhara Rao	Member

Board of Directors

Mr. Challa Srishant	General Director
Mr. Jaju Laxmi Nivas	Deputy General Director
Mr. Aluri Chandra Sekhara Rao	Deputy General Director

Registered Office

Cu Kuin Industrial Complex
Cu Kuin District
Dak Lak Province
Vietnam

Auditor

KPMG Limited
Vietnam

Ngon Coffee Company Limited

Statement of the Board of Directors

The Board of Directors of Ngon Coffee Company Limited ("the Company") presents this statement and the accompanying financial statements of the Company for the year ended 31 March 2017.

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with Vietnamese Accounting Standards, 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 financial statements set out on pages 5 to 25 give a true and fair view of the financial position of the Company as at 31 March 2017, and of the results of operations and the cash flows of the Company 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; 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 the accompanying financial statements for issue.



On behalf of the Board of Directors

Jaju Laxmi Nivas
Deputy General Director

Dak Lak, 24 April 2017



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115 Nguyen Hue Street, Ben Nghe Ward
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INDEPENDENT AUDITOR'S REPORT

To the Investors Ngon Coffee Company Limited

We have audited the accompanying financial statements of Ngon Coffee Company Limited ("the Company"), which comprise the balance sheet as at 31 March 2017, the 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 24 April 2017, as set out on pages 5 to 25.

Management's Responsibility

The Company's Board of Directors is responsible for the preparation and fair presentation of these 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 is 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 Company'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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Company's Board of Directors, 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.

Ngon Coffee Company Limited
Balance sheet as at 31 March 2017

Form B 01 – DN
*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	31/3/2017 VND	1/4/2016 VND
ASSETS				
Current assets (100 = 110 + 130 + 140 + 150)	100		396,846,088,069	340,000,988,378
Cash	110	4	34,388,791,529	43,582,083,140
Accounts receivable – short-term	130		222,327,674,934	144,293,190,506
Accounts receivable from customers	131	5	217,590,534,579	139,700,717,264
Prepayments to suppliers	132		4,686,346,181	4,504,188,627
Other receivables – short-term	136		50,794,174	88,284,615
Inventories	140	6	139,883,095,037	151,863,761,322
Other current assets	150		246,526,569	261,953,410
Short-term prepaid expenses	151		246,526,569	261,953,410
Long-term assets (200 = 220 + 260)	200		490,705,835,878	550,614,493,635
Fixed assets	220		488,833,569,909	547,160,975,773
Tangible fixed assets	221	7	488,833,569,909	547,160,975,773
Cost	222		720,618,758,829	717,023,561,674
Accumulated depreciation	223		(231,785,188,920)	(169,862,585,901)
Other long-term assets	260		1,872,265,969	3,453,517,862
Long-term prepaid expenses	261	8	1,872,265,969	3,453,517,862
TOTAL ASSETS (270 = 100 + 200)	270		887,551,923,947	890,615,482,013

The accompanying notes are an integral part of these financial statements

Ngon Coffee Company Limited
Balance sheet as at 31 March 2017 (continued)

Form B 01 – DN
*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	31/3/2017 VND	1/4/2016 VND
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		185,515,889,800	350,973,715,686
Current liabilities	310		176,397,889,800	199,187,523,367
Accounts payable to suppliers	311	9	20,861,267,214	14,496,819,260
Taxes payable to State Treasury	313	10	6,614,248,921	3,203,207,412
Accrued expenses	315	11	3,032,484,245	5,024,156,956
Other payables – short-term	319		58,876,920	56,339,739
Short-term borrowings	320	12(a)	145,831,012,500	176,407,000,000
Long-term liabilities	330		9,118,000,000	151,786,192,319
Long-term borrowings	338	12(b)	9,118,000,000	151,786,192,319
EQUITY (400 = 410)	400		702,036,034,147	539,641,766,327
Owners' equity	410	13	702,036,034,147	539,641,766,327
Contributed capital	411	14	344,564,633,286	344,564,633,286
Retained profits	421		357,471,400,861	195,077,133,041
- Retained profits brought forward	421a		195,077,133,041	42,530,465,499
- Net profit for the current year	421b		162,394,267,820	152,546,667,542
TOTAL RESOURCES	440		887,551,923,947	890,615,482,013
(440 = 300 + 400)				

24 April 2017

Prepared by



Aluri Chandra Sekhara Rao
Deputy General Director



Approved by:



Jaju Laxmi Nivas
Deputy General Director

The accompanying notes are an integral part of these financial statements

Ngon Coffee Company Limited
Statement of income for the year ended 31 March 2017

Form B 02 – DN
*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	For the year ended	
			31/3/2017 VND	31/3/2016 VND
Revenue from sales of goods	01	16	919,813,424,986	844,929,071,933
Cost of sales	11	17	717,479,503,479	635,981,673,796
Gross profit (20 = 01 - 11)	20		202,333,921,507	208,947,398,137
Financial income	21	18	1,372,358,983	3,490,756,482
Financial expenses	22	19	16,900,223,238	37,988,135,929
<i>In which: Interest expense</i>	23		13,536,642,592	20,559,211,982
Selling expenses	25	20	15,890,144,247	14,207,718,457
General and administration expenses	26	21	8,521,645,185	8,104,360,011
Net operating profit {30 = 20 + (21 - 22) - (25 + 26)}	30		162,394,267,820	152,137,940,222
Other income	31		-	706,089,649
Other expenses	32		-	297,362,329
Results of other activities (40 = 31 - 32)	40		-	408,727,320
Accounting profit before tax (50 = 30 + 40)	50		162,394,267,820	152,546,667,542
Income tax expense – current	51	23	-	-
Income tax expense – deferred	52	23	-	-
Net profit after tax (60 = 50 - 51 - 52)	60		162,394,267,820	152,546,667,542

24 April 2017

Prepared by



Aluri Chandra Sekhara Rao
Deputy General Director



Approved by:



Jaju Laxmi Nivas
Deputy General Director

The accompanying notes are an integral part of these financial statements

Ngon Coffee Company Limited

Statement of cash flows for the year ended 31 March 2017 (Indirect method)

Form B 03 – DN

*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	For the year ended 31/3/2017 VND	31/3/2016 VND
CASH FLOWS FROM OPERATING ACTIVITIES				
Accounting profit before tax	01		162,394,267,820	152,546,667,542
Adjustments for				
Depreciation	02		61,922,603,019	47,644,790,981
Exchange losses arising from revaluation of monetary items denominated in foreign currencies	04		457,356,313	14,135,700,378
Interest income	05		(129,700,501)	(828,207,440)
Interest expense	06		13,536,642,592	20,559,211,982
Operating profit before changes in working capital	08		238,181,169,243	234,058,163,443
Change in receivables	09		(77,059,908,380)	(43,670,902,556)
Change in inventories	10		11,980,666,285	(37,116,051,308)
Change in payables and other liabilities	11		10,046,132,492	1,156,145,988
Change in prepaid expenses	12		1,596,678,734	4,296,145,287
			184,744,738,374	158,723,500,854
Interest paid	14		(15,911,236,683)	(22,391,881,591)
Net cash flows from operating activities	20		168,833,501,691	136,331,619,263
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for additions to fixed assets	21		(2,905,413,179)	(10,904,863,721)
Receipts of interests	27		129,700,501	828,207,440
Net cash flows from investing activities	30		(2,775,712,678)	(10,076,656,281)

The accompanying notes are an integral part of these financial statements

Ngon Coffee Company Limited
Statement of cash flows for the year ended 31 March 2017
(Indirect method – continued)

Form B 03 – DN
*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	For the year ended	
			31/3/2017 VND	31/3/2016 VND
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments to settle loan principals	34		(177,425,750,000)	(163,129,154,000)
Net cash flows from financing activities	40		(177,425,750,000)	(163,129,154,000)
Net cash flows during the year (50 = 20 + 30 + 40)	50		(11,367,960,987)	(36,874,191,018)
Cash at beginning of the year	60		43,582,083,140	78,296,808,710
Effect of exchange rate fluctuations on cash	61		2,174,669,376	2,159,465,448
Cash at end of the year (70 = 50 + 60 + 61)	70	4	34,388,791,529	43,582,083,140

24 April 2017

Prepared by


Aluri Chandra Sekhara Rao
Deputy General Director



Approved by:


Jaju Laxmi Nivas
Deputy General Director

The accompanying notes are an integral part of these financial statements

Ngon Coffee Company Limited
Notes to the financial statements for the year ended 31 March 2017

Form B 09 – DN
*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

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

1. Reporting entity

(a) Ownership structure

Ngon Coffee Company Limited (“the Company”) is incorporated as a limited liability company in Vietnam.

(b) Principal activities

The principal activities of the Company are to manufacture instant coffee and trade materials, fuels and kinds of instant coffee for processing.

(c) Normal operating cycle

The normal operating cycle of the Company is generally within 12 months.

(d) Company structure

As at 31 March 2017, the Company had 166 employees (1/4/2016: 166 employees).

2. Basis of preparation

(a) Statement of compliance

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

(b) Basis of measurement

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

(c) Annual accounting period

The annual accounting period of the Company is from 1 April to 31 March.

Ngon Coffee Company Limited

Notes to the financial statements for the year ended 31 March 2017 (continued)

Form B 09 – DN

*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

(d) Accounting and presentation currency

The Company's accounting currency is Vietnam Dong ("VND"), which is also the currency used for financial statements presentation purposes.

3. Summary of significant accounting policies

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

(a) Foreign currency transactions

Transactions in currencies other than VND during the year have been translated into VND at rates approximating actual rates of exchange ruling at the transaction dates.

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at the account transfer buying rate and account transfer selling rate, respectively, at the end of the annual accounting period quoted by the commercial bank where the Company most frequently conducts transactions.

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

(b) Cash

Cash comprises cash balances and call deposits.

(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 in the ordinary course of business, less the estimated costs of completion and selling expenses.

The Company applies the perpetual method of accounting for inventories.

Ngon Coffee Company Limited

Notes to the financial statements for the year ended 31 March 2017 (continued)

Form B 09 – DN

*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

(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 and location for its intended use. Expenditure incurred after tangible fixed assets have been put into operation, such as repairs, maintenance and overhauls costs, is normally charged to income in the year in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in 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	10 - 20 years
▪ motor vehicles	5 years
▪ office equipment	5 years

(f) Long-term prepaid expenses

Tools and instruments

Tools and instruments 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 prevailing regulation. Cost of tools and instruments are amortised on a straight-line basis over a period ranging from 2 to 3 years.

(g) Trade and other payables

Trade and other payables are stated at their cost.

(h) Provision

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.

Ngon Coffee Company Limited

Notes to the financial statements for the year ended 31 March 2017 (continued)

Form B 09 – DN

*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

(i) Contributed capital

Contributed capital is recognised on the contribution date at the actual amount contributed less any directly attributable transaction costs.

(j) Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of income except to the extent that it relates to items recognised directly in 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 end of the annual accounting period, 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 amounts of assets and liabilities using the tax rates enacted or substantively enacted at the end of the annual accounting period.

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.

(k) Revenue and other income

(i) Goods sold

Revenue from the sale of goods is recognised in the 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 recognised on a time proportion basis with reference to the principal outstanding and the applicable interest rate.

(l) Operating lease payments

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

Ngon Coffee Company Limited**Notes to the financial statements for the year ended 31 March 2017 (continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)***(m) 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 construction of qualifying tangible fixed assets, in which case the borrowing costs incurred during the period of construction are capitalised as part of the cost of the fixed asset concerned.

(n) Related parties

Parties are considered to be related to the Company if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or where the Company and the other party are subject to common control or significant influence. Related parties may be individuals or corporate entities and include close family members of any individual considered to be a related party.

Related parties refer to the investors, its ultimate parent company and their subsidiaries and associates.

4. Cash

	31/3/2017	1/4/2016
	VND	VND
Cash on hand	357,681,859	90,169,888
Cash in banks	34,031,109,670	43,491,913,252
Cash in the statement of cash flows	34,388,791,529	43,582,083,140

At reporting date, all cash was pledged with banks as security for loans granted to the Company (Note 12).

Ngon Coffee Company Limited**Notes to the financial statements for the year ended 31 March 2017 (continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)***5. Accounts receivable from customers – short-term**

Accounts receivable from customers detailed by significant customers:

	31/3/2017 VND	1/4/2016 VND
Strauss Coffee B.V.	59,302,504,800	42,811,856,640
Opulency International Limited	41,355,360,585	38,110,985,388
MTV TNI Co., Ltd	34,673,886,500	-
Cafe Outspan Vietnam Limited	30,203,742,184	-
Mokate. Sp. z o.o	27,762,273,000	27,206,172,000
Other customers	24,292,767,510	31,571,703,236
	<hr/> 217,590,534,579	<hr/> 139,700,717,264

At reporting date, all accounts receivable from customers were pledged with banks as security for loans granted to the Company (Note 12).

6. Inventories

	31/3/2017 VND	1/4/2016 VND
Raw materials	94,054,228,564	77,224,219,967
Tools and supplies	17,109,471,378	15,529,924,914
Work in progress	6,944,324,441	8,409,027,101
Finished goods	21,775,070,654	50,700,589,340
	<hr/> 139,883,095,037	<hr/> 151,863,761,322

At reporting date, all inventories were pledged with banks as security for loans granted to the Company (Note 12).

Ngon Coffee Company Limited

Notes to the financial statements for the year ended 31 March 2017 (continued)

Form B 09 – DN
(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

7. Tangible fixed assets

Cost	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Total VND
Opening balance	173,122,109,138	540,267,135,191	1,789,580,000	1,844,737,345	717,023,561,674
Additions	-	3,561,115,337	34,081,818	-	3,595,197,155
Closing balance	173,122,109,138	543,828,250,528	1,823,661,818	1,844,737,345	720,618,758,829
Accumulated depreciation					
Opening balance	25,845,913,315	141,749,985,487	1,054,760,020	1,211,927,079	169,862,585,901
Charge for the year	7,189,694,904	53,986,112,754	287,748,684	459,046,677	61,922,603,019
Closing balance	33,035,608,219	195,736,098,241	1,342,508,704	1,670,973,756	231,785,188,920
Net book value					
Opening balance	147,276,195,823	398,517,149,704	734,819,980	632,810,266	547,160,975,773
Closing balance	140,086,500,919	348,092,152,287	481,153,114	173,763,589	488,833,569,909

Included in the cost of tangible fixed assets were assets costing VND811 million which were fully depreciated as at 31 March 2017 (1/4/2016: VND811 million), but which are still in active use.

At reporting date, all tangible fixed assets were pledged with banks as security for loans granted to the Company (Note 12).

Ngon Coffee Company Limited

Notes to the financial statements for the year ended 31 March 2017 (continued)

Form B 09 – DN

*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

8. Long-term prepaid expenses

	Tools and instruments VND
Opening balance	3,453,517,862
Addition	294,840,484
Amortisation for the year	(1,876,092,377)
Closing balance	<u>1,872,265,969</u>

9. Accounts payable to suppliers – short-term

Accounts payable to suppliers detailed by significant suppliers:

	31/3/2017		1/4/2016	
	Cost VND	Amount within payment capacity VND	Cost VND	Amount within payment capacity VND
Strauss Commodities AG	7,967,625,251	7,967,625,251	8,222,827,082	8,222,827,082
Koninklijke Douwe Egberts BV	6,578,132,250	6,578,132,250	-	-
Dakman Vietnam Company Limited	4,876,987,106	4,876,987,106	3,069,189,200	3,069,189,200
Other suppliers	1,438,522,607	1,438,522,607	3,204,802,978	3,204,802,978
	<u>20,861,267,214</u>	<u>20,861,267,214</u>	<u>14,496,819,260</u>	<u>14,496,819,260</u>

Ngon Coffee Company Limited**Notes to the financial statements for the year ended 31 March 2017 (continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)***10. Taxes payable to State Treasury**

	1/4/2016 VND	Incurred VND	Net off VND	Paid VND	31/3/2017 VND
Value added tax	3,193,425,400	25,122,593,395	(6,907,358,307)	(14,794,749,267)	6,613,911,221
Personal income tax	9,782,012	149,607,322	-	(159,051,634)	337,700
Foreign contractor tax	-	608,062,325	-	(608,062,325)	-
	3,203,207,412	25,880,263,042	(6,907,358,307)	(15,561,863,226)	6,614,248,921

11. Accrued expenses

	31/3/2017 VND	1/4/2016 VND
Professional fee	217,400,000	209,000,000
Interest expense	1,986,527,035	4,361,121,126
Sale commission	683,850,000	368,923,979
Others	144,707,210	85,111,851
	3,032,484,245	5,024,156,956

Ngon Coffee Company Limited

Notes to the financial statements for the year ended 31 March 2017 (continued)

Form B 09 – DN
(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

12. Borrowings

(a) Short-term borrowings

	1/4/2016		Movement during the year			31/3/2017	
	Carrying amount VND	Amount within repayment capacity VND	Addition VND	Revaluation VND	Paid VND	Carrying amount VND	Amount within repayment capacity VND
Current portion of long-term borrowings (Note 12(b))	176,407,000,000	176,407,000,000	145,926,975,000	922,787,500	(177,425,750,000)	145,831,012,500	145,831,012,500

Ngon Coffee Company Limited

Notes to the financial statements for the year ended 31 March 2017 (continued)

Form B 09 – DN

*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

(b) Long-term borrowings

	31/3/2017 VND	1/4/2016 VND
Long-term borrowings	154,949,012,500	328,193,192,319
Repayable within twelve months (Note 12(a))	(145,831,012,500)	(176,407,000,000)
Repayable after twelve months	9,118,000,000	151,786,192,319

Terms and conditions of outstanding long-term borrowings were as follows:

	Currency	Annual interest rate	Year of maturity	31/3/2017 VND	1/4/2016 VND
Loan 1 (a)	USD	LIBOR 6 months + 5%	2017	34,135,512,500	100,429,175,000
Loan 2 (b)	USD	LIBOR 6 months + 4.25%	2018	102,577,500,000	200,969,999,999
Loan 3 (c)	USD	LIBOR 6 months + 5%	2019	18,236,000,000	26,794,017,320
				154,949,012,500	328,193,192,319

- a. Loan 1 from Export - Import Bank of India with maximum facility of USD15,000,000 was secured by all existing and future acquired assets (Note 4, Note 5, Note 6 and Note 7). The principal is repayable in ten semi-annual equal instalments of USD1,500,000, beginning from 12 November 2012 but not later than 12 May 2017.
- b. Loan 2 from International Financial Corporation with maximum facility of USD18,000,000 was secured by all existing and future acquired assets (Note 4, Note 5, Note 6 and Note 7). The principal is repayable in seven semi-annual equal instalments of USD2,250,000, beginning from 15 July 2013 but not later than 15 January 2018.
- c. Loan 3 from Export - Import Bank of India with maximum facility of USD2,000,000 was secured by all existing and future acquired assets (Note 4, Note 5, Note 6 and Note 7). The principal is repayable in ten semi-annual equal instalments of USD200,000, beginning from 30 July 2014 but not later than 30 January 2019.

All bank loans are also secured by all contributed capital of Jayanti Pte. Co., Ltd, the parent company to the Company and guarantee by the parent company.

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13. Changes in owners' equity

	Contributed capital VND	Retained profits VND	Total VND
Balance as at 1 April 2015	344,564,633,286	42,530,465,499	387,095,098,785
Net profit for the year	-	152,546,667,542	152,546,667,542
Balance as at 1 April 2016	344,564,633,286	195,077,133,041	539,641,766,327
Net profit for the year	-	162,394,267,820	162,394,267,820
Balance as at 31 March 2017	344,564,633,286	357,471,400,861	702,036,034,147

14. Contributed capital

The Company's authorised and contributed charter capital is as follows:

	Authorised		Contributed		
	VND	USD equivalent	VND	USD equivalent	%
Charter capital	530,000,000,000	25,000,000	344,564,633,286	17,000,000	68%

Details of contributed charter capital as at 31 March 2017 and 1 April 2016 are as follows:

	VND	USD equivalent	%
CCL Products (India) Limited	147,056,000,000	7,000,000	41%
Jayanti Pte. Co., Ltd	197,508,633,286	10,000,000	59%
	344,564,633,286	17,000,000	100%

The parent company, Jayanti Pte. Co., Ltd, and the ultimate parent company, CCL Products (India) Limited, were incorporated in Singapore and India, respectively.

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Notes to the financial statements for the year ended 31 March 2017 (continued)

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15. Off balance sheet items

(a) Lease

The future minimum lease payments under non-cancellable operating leases were as follows:

	31/3/2017 VND	1/4/2016 VND
Within one year	9,995,940	9,995,940
Within two to five years	39,983,760	39,983,760
More than five years	381,511,710	391,507,650
	<hr/>	<hr/>
	431,491,410	441,487,350
	<hr/>	<hr/>

(b) Foreign currency

	31/3/2017		1/4/2016	
	Original currency	VND equivalent	Original currency	VND equivalent
USD	1,359,077	30,871,434,737	1,675,106	37,287,927,024
EUR	50	1,206,600	-	-
		<hr/>		<hr/>
		30,872,641,337		37,287,927,024
		<hr/>		<hr/>

16. Revenue from sales of goods

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

Net revenue comprised:

	For the year ended	
	31/3/2017 VND	31/3/2016 VND
Total revenue		
▪ Sales of finished goods	843,573,956,880	817,443,226,850
▪ Sales of merchandise goods	76,239,468,106	27,485,845,083
	<hr/>	<hr/>
	919,813,424,986	844,929,071,933
	<hr/>	<hr/>

Ngon Coffee Company Limited**Notes to the financial statements for the year ended 31 March 2017 (continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)***17. Cost of sales**

	For the year ended	
	31/3/2017	31/3/2016
	VND	VND
Finished goods sold	643,198,194,953	610,032,510,526
Merchandise goods sold	74,281,308,526	25,949,163,270
	<hr/>	<hr/>
	717,479,503,479	635,981,673,796
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18. Financial income

	For the year ended	
	31/3/2017	31/3/2016
	VND	VND
Interest income	129,700,501	828,207,440
Realised foreign exchange gains	1,242,658,482	2,662,549,042
	<hr/>	<hr/>
	1,372,358,983	3,490,756,482
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19. Financial expenses

	For the year ended	
	31/3/2017	31/3/2016
	VND	VND
Interest expense	13,536,642,592	20,559,211,982
Realised foreign exchange losses	2,906,224,333	3,293,223,569
Unrealised foreign exchange losses	457,356,313	14,135,700,378
	<hr/>	<hr/>
	16,900,223,238	37,988,135,929
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Ngon Coffee Company Limited
Notes to the financial statements for the year ended 31 March 2017 (continued)

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20. Selling expenses

	For the year ended	
	31/3/2017	31/3/2016
	VND	VND
Transportation expenses	13,874,184,763	11,666,462,452
Sales commissions	1,545,568,978	1,668,320,004
Others	470,390,506	872,936,001
	15,890,144,247	14,207,718,457

21. General and administration expenses

	For the year ended	
	31/3/2017	31/3/2016
	VND	VND
Staff costs	2,321,791,349	1,937,906,903
Depreciation and amortisation	1,375,775,963	1,353,273,406
Taxes, fees and charges	953,489,330	1,021,664,115
Outside services	1,027,200,523	1,097,189,497
Others	2,843,388,020	2,694,326,090
	8,521,645,185	8,104,360,011

22. Production and business costs by elements

	For the year ended	
	31/3/2017	31/3/2016
	VND	VND
Raw material costs included in production costs	622,314,978,872	534,509,863,523
Labour costs and staff costs	12,636,659,809	11,233,152,960
Depreciation	61,922,603,019	47,644,790,981
Outside services	22,351,746,473	33,015,420,156
Other expenses	22,665,304,738	31,890,524,644

Ngon Coffee Company Limited
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23. Income tax

(a) Reconciliation of effective tax rate

	For the year ended	
	31/3/2017	31/3/2016
	VND	VND
Accounting profit before tax	162,394,267,820	152,546,667,542
Tax at the Company's tax rate	16,239,426,782	15,254,666,754
Non-deductible expenses	88,412,884	173,678,959
Tax holidays	(16,327,839,666)	(15,428,345,713)
	-	-

(b) Applicable tax rates

Under the terms of its Investment Certificate, the Company has an obligation to pay the government income tax at the rate of 10% of taxable profits for 15 years starting from the first year of operation and usual income tax rate for succeeding years. The provision of the Investment Certificate also allows the Company to be exempt from income tax for four years starting from the first year it generates taxable profit (from 2015 to 2018) and entitled to a 50% reduction in income tax for the nine succeeding years (from 2019 to 2027).

The usual income tax rate applicable to enterprises before any incentives is 20% for 2016 (2015: 22%).

(c) Tax contingencies

During the year, the State Audit conducted a final audit on the Company for the tax reassessments years from 2012 to 2015. Up to the date of this report, the State Audit has yet to issue any written tax reassessment notice to the Company. Therefore, there is no provision made in respect of these tax reassessments as at 31 March 2017.

24 April 2017

Prepared by



Aluri Chandra Sekhara Rao
Deputy General Director



Approved by:



Jaju Laxmi Nivas
Deputy General Director