



Ngon Coffee Company Limited

Financial Statements for the year ended
31 March 2016



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 was issued by the People's Committee of Dak Lak province and is 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

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 2016.

(a) the financial statements set out on pages 5 to 27 give a true and fair view of the financial position of the Company as at 31 March 2016, and of the results of operations and the cash flows of the Company for the year then ended in accordance with the 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 these financial statements for issue.

On behalf of the Board of Directors

Jaju Laxmi Nivas
Deputy General Director

Dak Lak, 22 April 2016

**KPMG Limited Branch**

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

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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 2016, 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 22 April 2016, as set out on pages 5 to 27.

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.

Auditor's Opinion

In our opinion, the financial statements give a true and fair view, in all material respects, of the financial position of Ngon Coffee Company Limited as at 31 March 2016 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



Audit Report No.: 16-01-133

Ho Chi Minh

Practicing Auditor Registration
Certificate No. 0414-2013-007-1
Deputy General Director

Ho Chi Minh City, 22 April 2016



Pham Truc Phuong
Practicing Auditor Registration
Certificate No. 3192-2015-007-1

Ngon Coffee Company Limited
Balance sheet as at 31 March 2016

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

	Code	Note	31/3/2016 VND	1/4/2015 VND
ASSETS				
Current assets				
(100 = 110 + 130 + 140 + 150)	100		340,000,988,378	293,656,494,414
Cash and cash equivalents	110	5	43,582,083,140	78,296,808,710
Cash	111		43,582,083,140	58,296,808,710
Cash equivalents	112		-	20,000,000,000
Accounts receivable – short-term	130	6	144,293,190,506	95,551,837,065
Accounts receivable from customers	131		139,700,717,264	88,681,691,562
Prepayment to suppliers	132		4,504,188,627	6,330,353,547
Other receivables – short-term	136		88,284,615	539,791,956
Inventories	140	7	151,863,761,322	114,747,710,014
Other current assets	150		261,953,410	5,060,138,625
Short-term prepaid expenses	151		261,953,410	268,468,668
Deductible value added tax	152		-	4,516,996,626
Taxes receivable from State Treasury	153		-	274,673,331
Long-term assets (200 = 220 + 240 + 260)	200		550,614,493,635	592,241,712,538
Fixed assets	220		547,160,975,773	422,763,727,732
Tangible fixed assets	221	8	547,160,975,773	422,763,727,732
Cost	222		717,023,561,674	544,981,522,652
Accumulated depreciation	223		(169,862,585,901)	(122,217,794,920)
Long-term work in progress	240		-	163,206,003,295
Construction in progress	242	9	-	163,206,003,295
Other long-term assets	260		3,453,517,862	6,271,981,511
Long-term prepaid expenses	261	10	3,453,517,862	6,271,981,511
TOTAL ASSETS (270 = 100 + 200)	270		890,615,482,013	885,898,206,952

The accompanying notes are an integral part of these financial statements


Ngon Coffee Company Limited
Balance sheet as at 31 March 2016 (continued)

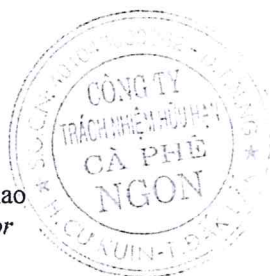
Form B 01 – DN
*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	31/3/2016 VND	1/4/2015 VND
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		350,973,715,686	498,803,108,167
Current liabilities	310		199,187,523,367	182,808,767,152
Accounts payable to suppliers	311	11	14,496,819,260	16,532,916,598
Advances from customers	312		-	5,160,000
Taxes payable to State Treasury	313	12	3,203,207,412	28,731,770
Accrued expenses	315	13	5,024,156,956	6,883,638,215
Other payables – short-term	319		56,339,739	266,920,569
Short-term borrowings	320	14(a)	176,407,000,000	159,091,400,000
Long-term liabilities	330		151,786,192,319	315,994,341,015
Long-term borrowings	338	14(b)	151,786,192,319	315,994,341,015
EQUITY (400 = 410)	400		539,641,766,327	387,095,098,785
Owners' equity	410	15	539,641,766,327	387,095,098,785
Contributed capital	411	16	344,564,633,286	344,564,633,286
Retained profits	421		195,077,133,041	42,530,465,499
- Retained profits/(Accumulated losses) brought forward	421a		42,530,465,499	(36,069,619,284)
- Net profit for the current year	421b		152,546,667,542	78,600,084,783
TOTAL RESOURCES	440		890,615,482,013	885,898,206,952
(440 = 300 + 400)				

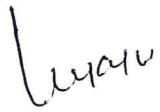
22 April 2016

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 2016

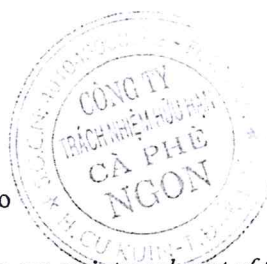
Form B 02 – DN
*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	2016 VND	2015 VND
Revenue from sales of goods	01	18	844,929,071,933	690,763,638,393
Revenue deductions	02	18	-	1,044,190,000
Net revenue (10 = 01 - 02)	10	18	844,929,071,933	689,719,448,393
Cost of sales	11	19	635,981,673,796	549,138,628,121
Gross profit (20 = 10 - 11)	20		208,947,398,137	140,580,820,272
Financial income	21	20	3,490,756,482	3,230,474,304
Financial expenses	22	21	37,988,135,929	39,136,796,651
<i>In which: Interest expense</i>	23		20,559,211,982	26,712,663,832
Selling expenses	25		14,207,718,457	20,280,375,329
General and administration expenses	26		8,104,360,011	8,355,177,506
Net operating profit {30 = 20 + (21 - 22) - (25 + 26)}	30		152,137,940,222	76,038,945,090
Other income	31		706,089,649	2,600,139,693
Other expenses	32		297,362,329	39,000,000
Results of other activities (40 = 31 - 32)	40		408,727,320	2,561,139,693
Accounting profit before tax (50 = 30 + 40)	50		152,546,667,542	78,600,084,783
Income tax expense – current	51	23	-	-
Income tax expense – deferred	52	23	-	-
Net profit after tax (60 = 50 - 51 - 52)	60		152,546,667,542	78,600,084,783

22 April 2016

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

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Ngon Coffee Company Limited

Statement of cash flows for the year ended 31 March 2016 (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	2016 VND	2015 VND
CASH FLOWS FROM OPERATING ACTIVITIES				
Accounting profit before tax	01		152,546,667,542	78,600,084,783
Adjustments for				
Depreciation	02		47,644,790,981	44,460,069,229
Exchange losses arising from revaluation of monetary items denominated in foreign currencies	04		14,135,700,378	7,794,971,303
Interest income	05		(828,207,440)	(1,458,706,260)
Interest expense	06		20,559,211,982	26,712,663,832
Operating profit before changes in working capital	08		234,058,163,443	156,109,082,887
Change in receivables	09		(43,670,902,556)	29,530,131,159
Change in inventories	10		(37,116,051,308)	(38,457,218,382)
Change in payables and other liabilities	11		1,156,145,988	9,324,866,863
Change in prepaid expenses	12		4,296,145,287	796,108,869
			158,723,500,854	157,302,971,396
Interest paid	14		(22,391,881,591)	(29,789,823,776)
Net cash flows from operating activities	20		136,331,619,263	127,513,147,620
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for additions to fixed assets and other long-term assets	21		(10,904,863,721)	(33,981,197,764)
Receipts of interests	27		828,207,440	1,583,993,731
Net cash flows from investing activities	30		(10,076,656,281)	(32,397,204,033)

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 2016 (Indirect method - continued)

Form B 03 – DN

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

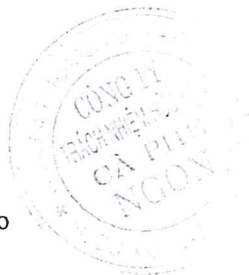
	Code	Note	2016 VND	2015 VND
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from capital contributed	31		-	42,916,000,000
Payments to settle loan principals	34		(163,129,154,000)	(156,039,226,985)
Net cash flows from financing activities	40		(163,129,154,000)	(113,123,226,985)
Net cash flows during the year (50 = 20 + 30 + 40)	50		(36,874,191,018)	(18,007,283,398)
Cash and cash equivalents at the beginning of the year	60		78,296,808,710	97,097,634,779
Effect of exchange rate fluctuations on cash and cash equivalents	61		2,159,465,448	(793,542,671)
Cash and cash equivalents at the end of the year (70 = 50 + 60 + 61)	70	5	43,582,083,140	78,296,808,710

22 April 2016

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 2016

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 2016, the Company had 166 employees (1/4/2015: 102 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 2016 (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. Adoption of new guidance on accounting system for enterprises

On 22 December 2014, the Ministry of Finance issued Circular No. 200/2014/TT-BTC providing guidance on Vietnamese Accounting System for enterprises ("Circular 200"). Circular 200 replaces previous guidance on Vietnamese Accounting System for enterprises under Decision No. 15/2006/QĐ-BTC dated 20 March 2006 and Circular No. 244/2009/TT-BTC dated 31 December 2009. Circular 200 is effective after 45 days from the signing date and applicable for annual accounting periods beginning on or after 1 January 2015.

The Company has adopted the applicable requirements of Circular 200 effective from 1 April 2015 on a prospective basis. The significant changes to the Company's accounting policies and the effects on the financial statements, if any, are disclosed in the following note to the financial statements:

- Recognition of foreign exchange differences (Note 4(a)).

4. 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 actual rates of exchange ruling at the transaction dates. The actual rates of exchange applied to account for foreign currency transaction are determined as follows:

- Exchange rate applied to buying or selling foreign currency is the exchange rate stipulated in the currency exchange contract between the Company and the bank.
- Exchange rate applied to capital contribution transaction is the foreign currency buying rate at the transaction date quoted by the bank through which the investor transfers funds for the capital contribution.
- Exchange rate applied to recognise trade and other receivables is the foreign currency buying rate at the transaction date quoted by the bank through which the Company receives money from the customer or counterparty.
- Exchange rate applied to recognise trade and other payables is the foreign currency selling rate at the transaction date quoted by the bank through which the Company intends to make payment for the liability.

Ngon Coffee Company Limited

Notes to the financial statements for the year ended 31 March 2016 (continued)

Form B 09 – DN

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

- For asset acquisitions or expenses that are settled with immediate payment, the exchange rate applied is the foreign currency buying rate at the transaction date quoted by the bank through which the Company makes payment.

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at actual rates of exchange ruling at the balance sheet date. The actual rates of exchange applied to retranslate monetary items denominated in foreign currency at reporting date are determined as follows:

- For monetary assets (cash and receivables): the foreign currency buying rate at the reporting date quoted by the commercial bank where the Company most frequently conducts transactions. Cash at bank and bank deposits are retranslated using the foreign currency buying rate of the bank where the Company deposits the money or maintains those bank accounts.
- For monetary liabilities (payables and borrowings): the foreign currency selling rate at reporting date 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 and cash equivalents

Cash comprises cash balances and call deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts 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.

Ngon Coffee Company Limited

Notes to the financial statements for the year ended 31 March 2016 (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) Construction in progress

Construction in progress represents the costs of construction which have not been fully completed. No depreciation is provided for construction in progress during the period of construction.

(g) Long-term prepaid expenses

(i) Pre-operating expenses

Pre-operating expenses are recorded in the statement of income, except for establishment costs and expenditures on training, advertising and promotional activities incurred from the incorporation date to the commercial operation date, being the date of commencement of trial production. These expenses are recognised as long-term prepayments, initially stated at cost, and are amortised on a straight-line basis over 3 years starting from the date of commercial operation.

(ii) Others

Other long-term prepayments are stated at cost and amortised on a straight-line basis over 3 years.

Ngon Coffee Company Limited

Notes to the financial statements for the year ended 31 March 2016 (continued)

Form B 09 – DN

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

(h) Trade and other payables

Trade and other payables are stated at their cost.

(i) 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 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 amounts of assets and liabilities using the 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.

(j) 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.

(k) 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 2016 (continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)***(l) 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.

(m) 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.

5. Cash and cash equivalents

	31/3/2016 VND	1/4/2015 VND
Cash on hand	90,169,888	95,181,857
Cash in banks	43,491,913,252	58,201,626,853
Cash equivalents	-	20,000,000,000
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Cash and cash equivalents in the statement of cash flows	43,582,083,140	78,296,808,710
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6. Accounts receivable from customers**Accounts receivable from customers detailed by significant customers**

	31/3/2016 VND	1/4/2015 VND
Strauss Coffee B.V.	42,811,856,640	14,957,550,000
Opulency International Limited	38,110,985,388	32,152,655,900
Mokate. Sp. z o.o	27,206,172,000	22,278,480,000
Other customers	31,571,703,236	19,293,005,662
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	139,700,717,264	88,681,691,562
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Ngon Coffee Company Limited**Notes to the financial statements for the year ended 31 March 2016 (continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)***7. Inventories**

	31/3/2016	1/4/2015
	VND	VND
Raw materials	77,224,219,967	68,689,328,154
Tools and supplies	15,529,924,914	12,208,237,389
Work in progress	8,409,027,101	-
Finished goods	50,700,589,340	33,850,144,471
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	151,863,761,322	114,747,710,014
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At reporting date, all inventories were pledged with banks as security for loans granted to the Company

Ngon Coffee Company Limited

Notes to the financial statements for the year ended 31 March 2016 (continued)

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

8. Tangible fixed assets

Cost	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Total VND
Opening balance	169,758,539,363	371,588,665,944	1,789,580,000	1,844,737,345	544,981,522,652
Additions	1,449,739,840	77,000,000	-	-	1,526,739,840
Transfer from construction in progress	1,913,829,935	168,601,469,247	-	-	170,515,299,182
Closing balance	173,122,109,138	540,267,135,191	1,789,580,000	1,844,737,345	717,023,561,674
Accumulated depreciation					
Opening balance	19,028,814,173	101,638,128,929	807,905,679	742,946,139	122,217,794,920
Charge for the year	6,817,099,142	40,111,856,558	246,854,341	468,980,940	47,644,790,981
Closing balance	25,845,913,315	141,749,985,487	1,054,760,020	1,211,927,079	169,862,585,901
Net book value					
Opening balance	150,729,725,190	269,950,537,015	981,674,321	1,101,791,206	422,763,727,732
Closing balance	147,276,195,823	398,517,149,704	734,819,980	632,810,266	547,160,975,773

Ngon Coffee Company Limited**Notes to the financial statements for the year ended 31 March 2016 (continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

Included in the cost of tangible fixed assets were assets costing VND811 million which were fully depreciated as at 31 March 2016 (1/4/2015: VND775 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.

9. Construction in progress

	2016 VND	2015 VND
Opening balance	163,206,003,295	138,111,585,641
Additions during the year	8,780,462,267	25,694,417,654
Transfer to tangible fixed assets	(170,515,299,182)	(600,000,000)
Transfer to long-term prepaid expenses	(1,471,166,380)	-
Closing balance	-	163,206,003,295

During the year, no borrowing costs were capitalised into construction in progress (2015: VND1,403 million).

10. Long-term prepaid expenses

	Pre-operating expenses VND	Others VND	Total VND
Opening balance	2,413,537,680	3,858,443,831	6,271,981,511
Transfer from construction in progress	-	1,471,166,380	1,471,166,380
Amortisation for the year	(2,413,537,680)	(1,876,092,349)	(4,289,630,029)
Closing balance	-	3,453,517,862	3,453,517,862

Ngon Coffee Company Limited

Notes to the financial statements for the year ended 31 March 2016 (continued)

Form B 09 – DN

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

11. Accounts payable to suppliers

Accounts payable to suppliers detailed by significant suppliers

	31/3/2016		1/4/2015	
	Cost VND	Amount within payment capacity VND	Cost VND	Amount within payment capacity VND
Strauss				
Commodities AG	8,222,827,082	8,222,827,082	-	-
Dakman Vietnam				
Company Limited	3,069,189,200	3,069,189,200	5,738,994,400	5,738,994,400
Other suppliers	3,204,802,978	3,204,802,978	10,793,922,198	10,793,922,198
	<hr/>	<hr/>	<hr/>	<hr/>
	14,496,819,260	14,496,819,260	16,532,916,598	16,532,916,598

12. Taxes payable to State Treasury

	1/4/2015 VND	Incurred VND	Net off VND	Paid VND	31/3/2016 VND
Value added tax	-	11,374,488,469	(8,181,063,069)	-	3,193,425,400
Personal income tax	28,731,770	279,702,734	-	(298,652,492)	9,782,012
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	28,731,770	11,654,191,203	(8,181,063,069)	(298,652,492)	3,203,207,412

13. Accrued expenses

	31/3/2016 VND	1/4/2015 VND
Professional fee	209,000,000	147,840,000
Interest expenses	4,361,121,126	6,193,790,735
Sale commission	368,923,979	394,007,480
Others	85,111,851	148,000,000
	<hr/>	<hr/>
	5,024,156,956	6,883,638,215

Ngon Coffee Company Limited

Notes to the financial statements for the year ended 31 March 2016 (continued)

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

14. Borrowings

(a) Short-term borrowings

	1/4/2015		Movement during the year			31/3/2016	
	Carrying amount VND	Amount within repayment capacity VND	Addition VND	Foreign exchange losses VND	Paid VND	Carrying amount VND	Amount within repayment capacity VND
Current portion of long-term borrowings (b)	159,091,400,000	159,091,400,000	175,854,000,000	4,590,754,000	(163,129,154,000)	176,407,000,000	176,407,000,000

Ngon Coffee Company Limited

Notes to the financial statements for the year ended 31 March 2016 (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

	31/3/2016 VND	1/4/2015 VND
Long-term borrowings	328,193,192,319	475,085,741,015
Repayable within twelve months (a)	(176,407,000,000)	(159,091,400,000)
Repayable after twelve months	151,786,192,319	315,994,341,015

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

	Currency	Annual interest rate	Year of maturity	31/3/2016 VND	1/4/2015 VND
Loan 1 (a)	USD	LIBOR 6 months + 5%	2017	100,429,175,000	161,196,250,000
Loan 2 (b)	USD	LIBOR 6 months + 4.25%	2018	200,969,999,999	279,491,400,000
Loan 3 (c)	USD	LIBOR 6 months + 5%	2019	26,794,017,320	34,398,091,015
				328,193,192,319	475,085,741,015

- a. Loan 1 from Export - Import Bank of India with maximum facility of USD15,000,000 was secured by all existing and future acquired movable assets. The principal is repayable in ten semi-annual equal instalments amounting to 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 movable assets. The principal is repayable in seven semi-annual instalments, 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 movable assets. The principal is repayable in ten semi-annual equal instalment, beginning from 30 July 2014 but not later than 30 January 2019.

Ngon Coffee Company Limited

Notes to the financial statements for the year ended 31 March 2016 (continued)

Form B 09 – DN

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

15. Changes in owners' equity

	Contributed capital VND	(Accumulated losses)/Retained profits VND	Total VND
Balance at 1 April 2014	301,648,633,286	(36,069,619,284)	265,579,014,002
Contributed capital	42,916,000,000	-	42,916,000,000
Net profit for the year	-	78,600,084,783	78,600,084,783
Balance 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 31 March 2016	344,564,633,286	195,077,133,041	539,641,766,327

16. Contributed capital

The Company's authorised and contributed legal capital is:

	Authorised			Contributed		
	VND	USD equivalent	%	VND	USD equivalent	%
CCL Products (India) Limited	430,500,000,000	20,500,000	41%	141,271,499,647	6,970,000	34%
Jayanti Pte. Co., Ltd	619,500,000,000	29,500,000	59%	203,293,133,639	10,030,000	34%
	1,050,000,000,000	50,000,000	100%	344,564,633,286	17,000,000	68%

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

Ngon Coffee Company Limited**Notes to the financial statements for the year ended 31 March 2016 (continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)***17. Off balance sheet items****(a) Lease**

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

	31/3/2016 VND	1/4/2015 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	391,507,650	401,503,590
	<hr/>	<hr/>
	441,487,350	451,483,290
	<hr/>	<hr/>

(b) Foreign currency

	31/3/2016		1/4/2015	
	Original currency	VND equivalent	Original currency	VND equivalent
USD	1,675,106	37,287,927,024	549,577	11,815,903,697
	<hr/>			

Ngon Coffee Company Limited
Notes to the financial statements for the year ended 31 March 2016 (continued)

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

18. Revenue from sales of goods

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

Net revenue comprised:

	2016 VND	2015 VND
Total revenue		
▪ Sales of finished goods	817,443,226,850	585,941,870,232
▪ Sales of merchandise goods	27,485,845,083	104,821,768,161
	<hr/> 844,929,071,933	<hr/> 690,763,638,393
Revenue deductions		
▪ Sales return	-	(1,044,190,000)
	<hr/>	<hr/>
Net revenue	<hr/> 844,929,071,933	<hr/> 689,719,448,393

19. Cost of sales

	2016 VND	2015 VND
Finished goods sold	610,032,510,526	457,707,100,234
Merchandise goods sold	25,949,163,270	91,431,527,887
	<hr/> 635,981,673,796	<hr/> 549,138,628,121

20. Financial income

	2016 VND	2015 VND
Interest income	828,207,440	1,458,706,260
Realised foreign exchange gains	2,662,549,042	1,771,768,044
	<hr/> 3,490,756,482	<hr/> 3,230,474,304

Ngon Coffee Company Limited**Notes to the financial statements for the year ended 31 March 2016 (continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)***21. Financial expenses**

	2016 VND	2015 VND
Interest expense	20,559,211,982	26,712,663,832
Realised foreign exchange losses	3,293,223,569	4,629,161,516
Unrealised foreign exchange losses	14,135,700,378	7,794,971,303
	<hr/>	<hr/>
	37,988,135,929	39,136,796,651
	<hr/>	<hr/>

22. Production and business costs by elements

	2016 VND	2015 VND
Raw material costs included in production costs	534,509,863,523	483,657,887,762
Labour costs and staff costs	11,233,152,960	8,200,884,281
Depreciation	47,644,790,981	44,460,069,229
Outside services	33,015,420,156	21,099,890,244
Other expenses	31,890,524,644	20,355,449,440
	<hr/>	<hr/>

23. Income tax**(a) Reconciliation of effective tax rate**

	2016 VND	2015 VND
Accounting profit before tax	152,546,667,542	78,600,084,783
	<hr/>	<hr/>
Tax at the Company's tax rate	15,254,666,754	7,860,008,478
Non-deductible expenses	173,678,959	103,477,899
Tax holidays	(15,428,345,713)	(7,963,486,377)
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

Ngon Coffee Company Limited**Notes to the financial statements for the year ended 31 March 2016 (continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)***(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 year of operation. 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 and entitled to a 50% reduction in income tax for the nine succeeding years.

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

As at 31 March 2016, the Company had tax losses carried forward as follows:

Year of expiry	Status of tax review	Tax losses available VND
2017	Outstanding	5,541,964,087
2018	Outstanding	11,139,840,964
2019	Outstanding	15,472,764,118
		<hr/>
		32,154,569,169

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilise the benefits therefrom.

Ngon Coffee Company Limited

Notes to the financial statements for the year ended 31 March 2016 (continued)

Form B 09 – DN

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

24. Non-cash investing activities

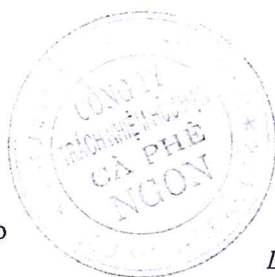
	2016 VND	2015 VND
Interest expenses capitalised into construction in progress (Note 9)	-	1,402,643,152
Fixed assets purchased not yet paid	-	999,729,638
Prepayments in respect of tangible fixed assets	689,783,976	1,091,852,000

22 April 2016

Prepared by



Aluri Chandra Sekhara Rao
Deputy General Director



Approved by:



Jaju Laxmi Nivas
Deputy General Director

