



**QUANG NGAI SUGAR
JOINT STOCK COMPANY**

Financial statements

For the year ended 31 December 2018

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REPORT OF THE MANAGEMENT

The Management of Quang Ngai Sugar Joint Stock Company is pleased to present this report together with the audited financial statements for the year ended 31/12/2018.

Overview

Quang Ngai Sugar Joint Stock Company ("the Company") is incorporated on the basis of equitizing the State-Owned Enterprise (Quang Ngai Sugar Company belonging to the Ministry of Agriculture and Rural Development) under Decision No. 2610/QD/BNN-DMDN dated 30/9/2005 by the Minister of Agriculture and Rural Development. The Company is an independent accounting entity, operating in accordance with Business Registration Certificate No. 3403000079 issued by the Department of Planning and Investment of Quang Ngai Province on 28/12/2005, the Enterprise Law, its Charter and relevant regulations. Since the establishment date, the Business Registration Certificate (now being the Enterprise Registration Certificate No. 4300205943) has been amended 21 times and the most recent amendment was made on 18/07/2018.

As at 31/12/2018, the Company has 16 dependent units which do independent accounting and one subsidiary:

Dependent units

- Dung Quat Beer Factory;
- An Khe Agricultural and Mechanical Workshop;
- Viet Nam Soya Milk Factory - VINASOY;
- Viet Nam Soya Milk Factory - VINASOY Bac Ninh;
- Viet Nam Soya Milk Factory - VINASOY Binh Duong;
- VINASOY Study and Application Center;
- Pho Phong Sugar Factory;
- Environment and Clean Water Center;
- An Khe Sugar Factory;
- An Khe Biomass Power Plant;
- Candy And Biscuit Factory- BISCAFUN;
- Thach Bich Mineral Water Factory;
- Quang Ngai Sugarcane Variety Research Center;
- Quang Ngai Glucose Syrup Factory;
- Mechanical Factory;
- Gia Lai Sugarcane Seed Study and Application Center.

Subsidiary

Company name	Address	Principal activities	% holding and voting right
Thanh Phat Trade Limited Company	02 Nguyen Chi Thanh, Quang Ngai City	Trading	100%

Head office

- Address: 02 Nguyen Chi Thanh Street, Quang Phu Ward, Quang Ngai City, Quang Ngai Province.
- Tel: (84) 0255.3726 110
- Fax: (84) 0255.3822 843
- Website: www.qns.com.vn

REPORT OF THE MANAGEMENT (CONT'D)

Principal activities

- Processing milk and products from milk. Detail: processing soya milk and products from soya milk;
- Restaurants and mobile food service activities;
- Manufacturing sugar;
- Manufacturing pastry cooks' products from flours;
- Manufacturing fertilizer and nitrogen compounds. Detail: manufacturing inorganic, microbial fertilizers;
- Other food serving activities;
- Installing industrial machinery and equipment;
- Wholesale of beverages. Detail: Trading beer, beverages;
- Sewerage and waste water treatment;
- Manufacturing cocoa, chocolate and sugar confectionery;
- Repairing machinery and equipment;
- Other specialized construction activities;
- Wholesale of food. Detail: Trading sugar, honey, milk, confectionary;
- Manufacturing malt liquors and malt;
- Manufacturing non-alcoholic beverages, mineral waters. Detail: manufacturing soft drinks and mineral water;
- Warehousing and storage;
- Plant propagation. Detail: propagation of sugar cane; soybean trees;
- Post-harvest crop activities;
- Support activities for crop production. Detail: Planting sugar cane;
- Real estate activities with own or leased property;
- Machining; treatment and coating of metals. Detail: machining mechanical products for manufacture and civil industries;
- Construction of other civil engineering projects;
- Freight transport by road;
- Short-term accommodation activities;
- Manufacturing agricultural and forestry machinery. Detail: Trading and manufacturing tools of agricultural machinery;
- Manufacturing other special-purpose machinery. Detail: Manufacturing machinery for planting, caring and harvesting sugar cane;
- Wholesale of waste and scrap and other products n.e.c. Detail: Trading inorganic fertilizers, microbial fertilizers; Trading glass bottles, plastic boxes; Trading sugar cane as seedlings, raw materials, ethanol, glucose syrup; Trading finished products, wastes from sugar processing such as: molasses, soy bean residue, malt in beer, bagasse, press mud;
- Manufacturing other food products n.e.c. Detail: Manufacturing, trading glucose syrup; Manufacturing, trading ethanol such as food ethanol, fuel ethanol, denatured fuel ethanol, industrial ethanol; Manufacturing and trading food CO2 and industrial CO2;
- Growing of oil seeds;
- Seed processing for propagation;

REPORT OF THE MANAGEMENT (CONT'D)

- Other mining and quarrying n.e.c;
- Exploiting, treating and supplying water. Detail: exploiting mineral water;
- Research and experimental development on natural sciences and engineering;
- Other professional, scientific and technical activities n.e.c. Detail: agronomic consultancy;
- Organization of conventions and trade shows;
- Site preparation. Detail: filling, grading, excavating land, building infield ditch roads and traffic of sugar cane area;
- Landscape care and maintenance service;
- Manufacturing gas; distributing gaseous fuels through mains. Detail: manufacturing and supplying biogas and steam gas;
- Generating, transmitting and distributing electricity. Detail: generating electricity;
- Packaging activities (except packaging of plant protection drugs).

Employees

As at 31/12/2018, the Company had 4,089 employees, including 138 managing officers.

Members of the Board of Directors, Board of Supervisors, Management and Chief Accountant during the year and up to this reporting date are as follows:

Board of Directors

- | | | |
|------------------------|---------------|---------------------------|
| • Mr. Vo Thanh Dang | Chairman | Reappointed on 11/04/2016 |
| • Mr. Nguyen Huu Tien | Vice Chairman | Reappointed on 11/04/2016 |
| • Mr. Tran Ngoc Phuong | Member | Reappointed on 09/04/2016 |
| • Mr. Ngo Van Tu | Member | Reappointed on 09/04/2016 |
| • Mr. Dang Phu Quy | Member | Reappointed on 09/04/2016 |

Board of Supervisors

- | | | |
|---------------------------|------------------|---------------------------|
| • Mr. Nguyen Dinh Que | Chief Supervisor | Reappointed on 11/04/2016 |
| • Mr. Nguyen Thanh Huy | Supervisor | Reappointed on 09/04/2016 |
| • Ms. Huynh Thi Ngoc Diep | Supervisor | Appointed on 25/03/2017 |

Management and Chief Accountant

- | | | |
|------------------------|-----------------------|---|
| • Mr. Vo Thanh Dang | General Director | Reappointed on 03/05/2016 |
| • Mr. Nguyen Huu Tien | Vice General Director | Reappointed on 01/08/2017 |
| • Mr. Cao Minh Tuan | Vice General Director | Reappointed on 01/08/2017
Resigned on 01/08/2018 |
| • Mr. Tran Ngoc Phuong | Vice General Director | Reappointed on 03/05/2016 |
| • Mr. Nguyen The Binh | Chief Accountant | Appointed on 10/12/2017 |

Independent Auditor

These financial statements have been audited by AAC Auditing and Accounting Co., Ltd. (Head office: Lot 78-80, 30th April Street, Hai Chau District, Danang City; Telephone: (84) 236.3655886; Fax: (84) 0236.3655887; Website: www.aac.com.vn; Email: aac@)dng.vnn.vn).

REPORT OF THE MANAGEMENT (CONT'D)

Statement of the Management's responsibility in respect of the financial statements

The Management of the Company is responsible for preparation and fair presentation of these financial statements on the basis of:

- Complying with Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and other relevant regulations;
- Selecting suitable accounting policies and then applying them consistently;
- Making judgments and estimates that are reasonable and prudent;
- Preparing the financial statements on the going concern basis;
- Responsibility for such internal control as the Management determines is necessary to enable the preparation and presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Members of the Company's Management hereby confirm that the financial statements including the balance sheet, the income statement, the statement of cash flows and notes to the financial statements give a true and fair view of the financial position of the Company as at 31/12/2018 and the results of its operations and its cash flows for the year then ended in accordance with the prevailing Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and the statutory requirements relevant to preparation and presentation of the financial statements.

On behalf of the Management 




Vo Thanh Dang
General Director

Quang Ngai Province, 5 March 2019



AAC AUDITING AND ACCOUNTING CO., LTD

AN INDEPENDENT MEMBER OF PRIMEGLOBAL

AUDITING ACCOUNTING AND FINANCE SPECIALITY

Head Office: Lot 78 - 80, April 30th Street, Hai Chau District, Da Nang City

Tel: +84 (236) 3 655 886; Fax: +84 (236) 3 655 887; Email: aac@dng.vnn.vn; Website: <http://www.aac.com.vn>

No: 186/2019/BCKT-AAC

INDEPENDENT AUDITORS' REPORT

**Attn: The Shareholders, Board of Directors and Management
Quang Ngai Sugar Joint Stock Company**

We have audited the accompanying financial statements prepared on 05/03/2019 of Quang Ngai Sugar Joint Stock Company ("the Company") as set out on pages 7 to 45, which comprise the balance sheet as at 31/12/2018, the income statement, statement of cash flows, and notes to the financial statements for the year then ended.

Management's Responsibility for the Financial Statements

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

Auditors' 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 from 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 auditors' judgment, 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 auditors consider 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 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.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31/12/2018, and its financial performance and its cash flows for the year then ended in accordance with the Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and the statutory requirements relevant to preparation and presentation of financial statements.

Emphasis of Matter

We draw attention to Note 3 to the financial statements, the accompanying financial statements are the 2018 separate financial statements of the Company. These financial statements should be read in conjunction with the 2018 consolidated financial statements in order to obtain complete information on the consolidated financial position, consolidated results of operations and consolidated cash flows of the Company.

Our audit opinion is not qualified in respect of this matter.

AAC Auditing and Accounting Co., Ltd.



Trần Thị Thu Hiền

Trần Thị Thu Hiền - Deputy General Director
Audit Practicing Registration Certificate
No. 0735-2018-010-1
Danang City, 5 March 2019

Do Thi Thanh Van

Do Thi Thanh Van - Auditor
Audit Practicing Registration Certificate
No. 1483-2018-010-1

BALANCE SHEET
As at 31 December 2018

Form B 01 - DN
Issued under Circular No. 200/2014/TT - BTC
dated 22/12/2014 by the Ministry of Finance

ASSETS	Code	Note	31/12/2018 VND	01/01/2018 VND
A. CURRENT ASSETS	100		3,175,277,218,366	2,657,288,061,337
I. Cash and cash equivalents	110		417,823,626,254	527,781,193,851
1. Cash	111	5	417,823,626,254	527,781,193,851
2. Cash equivalents	112		-	-
II. Short-term financial investments	120		1,699,000,000,000	751,000,000,000
1. Trading securities	121		-	-
2. Held-to-maturity investments	123	6.a	1,699,000,000,000	751,000,000,000
III. Short-term receivables	130		467,166,692,010	1,041,116,892,338
1. Short-term trade receivables	131	7	85,676,814,260	21,570,668,137
2. Short-term prepayments to suppliers	132	8	372,040,637,498	262,971,023,735
3. Other short-term receivables	136	9.a	20,916,193,253	768,048,604,904
4. Provision for doubtful debts	137	10	(11,466,953,001)	(11,473,404,438)
IV. Inventories	140	11	584,053,948,092	318,631,740,835
1. Inventories	141		584,053,948,092	318,631,740,835
2. Provision for obsolete inventories	149		-	-
V. Other current assets	150		7,232,952,010	18,758,234,313
1. Short-term prepaid expenses	151	12.a	7,207,166,498	3,416,257,449
2. Deductible VAT	152		-	15,316,191,352
3. Taxes and amounts receivable from the State	153	19	25,785,512	25,785,512
B. LONG-TERM ASSETS	200		5,623,150,533,033	5,097,567,286,046
I. Long-term receivables	210		690,181,497	690,181,497
1. Long-term trade receivables	211		-	-
2. Other long-term receivables	216	9.b	690,181,497	690,181,497
II. Fixed assets	220		4,387,998,740,641	2,805,334,180,253
1. Tangible fixed assets	221	13	4,354,405,972,996	2,547,570,410,841
- Cost	222		7,992,659,915,640	5,397,049,492,281
- Accumulated depreciation	223		(3,638,253,942,644)	(2,849,479,081,440)
2. Finance lease assets	224	14	-	250,369,058,322
- Cost	225		-	566,855,012,526
- Accumulated depreciation	226		-	(316,485,954,204)
3. Intangible fixed assets	227	15	33,592,767,645	7,394,711,090
- Cost	228		42,939,992,175	9,894,863,217
- Accumulated amortization	229		(9,347,224,530)	(2,500,152,127)
III. Investment property	230		-	-
IV. Long-term assets in progress	240		213,696,481,803	2,046,689,994,968
1. Long-term work in process	241		-	-
2. Construction in progress	242	16	213,696,481,803	2,046,689,994,968
V. Long-term financial investments	250	6.b	800,000,000,000	6,000,000,000
1. Investments in subsidiary	251		800,000,000,000	6,000,000,000
2. Held-to-maturity investments	255		-	-
VI. Other long-term assets	260		220,765,129,092	238,852,929,328
1. Long-term prepaid expenses	261	12.b	220,765,129,092	238,852,929,328
2. Deferred income tax assets	262		-	-
TOTAL ASSETS	270		8,798,427,751,399	7,754,855,347,383

BALANCE SHEET (cont'd)
As at 31 December 2018

RESOURCES	Code	Note	31/12/2018 VND	01/01/2018 VND
C. LIABILITIES	300		2,675,145,080,629	2,521,101,904,763
I. Current liabilities	310		2,656,378,039,717	2,357,237,070,558
1. Short-term trade payables	311	17	444,235,146,746	539,578,520,767
2. Short-term advances from customers	312	18	37,053,163,709	37,665,606,369
3. Taxes and amounts payable to the State budget	313	19	107,128,964,954	80,018,067,682
4. Payables to employees	314		107,990,980,301	109,774,143,982
5. Short-term accrued expenses	315	20	3,008,342,529	1,497,281,684
6. Other short-term payables	319	21.a	177,658,931,683	142,880,128,288
7. Short-term loans and finance lease liabilities	320	22.a	1,727,184,074,877	1,404,083,049,153
8. Reward and welfare fund	322		52,118,434,918	41,740,272,633
II. Long-term liabilities	330		18,767,040,912	163,864,834,205
1. Other long-term payables	337	21.b	10,331,856,189	9,644,281,412
2. Long-term loans and finance lease liabilities	338	22.b	-	145,171,459,706
3. Science and technology development fund	343	23	8,435,184,723	9,049,093,087
D. EQUITY	400		6,123,282,670,770	5,233,753,442,620
I. Owners' equity	410	24	6,123,282,670,770	5,233,753,442,620
1. Share capital	411	24	2,925,746,090,000	2,438,130,540,000
- Common shares with voting rights	411a		2,925,746,090,000	2,438,130,540,000
- Preferred shares	411b		-	-
2. Share premium	412	24	288,320,082,456	288,335,082,456
3. Investment and development fund	418	24	505,806,238,330	454,466,302,694
4. Undistributed profit	421	24	2,403,410,259,984	2,052,821,517,470
- Undistributed profit up to prior year-end	421a		1,371,423,530,580	1,232,249,976,389
- Undistributed profit this year	421b		1,031,986,729,404	820,571,541,081
II. Budget sources and other funds	430		-	-
TOTAL RESOURCES	440		8,798,427,751,399	7,754,855,347,383



Vo Thanh Dang
General Director

Quang Ngai Province, 5 March 2019

Nguyen The Binh
Chief Accountant

Tran Thi Xuan Hien
Preparer

INCOME STATEMENT
For the year ended 31 December 2018

Form B 02 - DN
Issued under Circular No. 200/2014/TT - BTC
dated 22/12/2014 by the Ministry of Finance

ITEMS	Code	Note	Year 2018 VND	Year 2017 VND
1. Revenue from sales and service provision	01	26	7,744,768,270,850	7,336,457,993,167
2. Deductions	02	27	39,230,367,177	35,650,775,364
3. Net revenue from sales and service provision	10		7,705,537,903,673	7,300,807,217,803
4. Cost of goods sold	11	28	5,451,328,578,200	5,346,778,629,319
5. Gross profit from sales and service provision	20		2,254,209,325,473	1,954,028,588,484
6. Financial income	21	29	170,323,902,343	74,689,481,658
7. Financial expenses	22	30	96,152,814,482	78,015,189,109
<i>Including: Interest expense</i>	23		90,021,145,503	76,532,882,170
8. Selling expenses	25	31.a	724,593,390,895	660,168,825,227
9. Administrative expenses	26	31.b	171,982,777,628	140,822,611,518
10. Operating profit	30		1,431,804,244,811	1,149,711,444,288
11. Other income	31	32	58,319,044,611	28,722,269,123
12. Other expenses	32	33	804,049,086	2,530,198,007
13. Other profit	40		57,514,995,525	26,192,071,116
14. Accounting profit before tax	50		1,489,319,240,336	1,175,903,515,404
15. Current corporate income tax expense	51	34	164,757,901,932	111,420,706,857
16. Deferred corporate income tax expense	52		-	98,213,466
17. Profit after tax	60		1,324,561,338,404	1,064,384,595,081



Võ Thanh Dang
General Director

Quang Ngai Province, 5 March 2019

Nguyen The Binh
Chief Accountant

Tran Thi Xuan Hien
Preparer

STATEMENT OF CASH FLOWS
For the year ended 31 December 2018

Form B 03 - DN
Issued under Circular No. 200/2014/TT - BTC
dated 22/12/2014 by the Ministry of Finance

ITEMS	Code	Note	Year 2018 VND	Year 2017 VND
I. Cash flows from operating activities				
1. Net profit before tax	01		1,489,319,240,336	1,175,903,515,404
2. Adjustments for				
- Depreciation and amortization	02	13,14,15	492,689,688,374	413,870,965,259
- Provisions	03		(6,451,437)	1,252,977,001
- Foreign exchange gain/loss from revaluation of foreign currency balances	04	31	44,216,788	(314,435,212)
- (Profits)/losses from investing activities	05		(142,427,222,592)	(57,615,000,289)
- Interest expense	06	31	90,021,145,503	76,532,882,170
- Other adjustments	07	23	5,000,000,000	-
3. Operating profit before changes in working capital	08		1,934,640,616,972	1,609,630,904,333
- Decrease/increase in receivables	09		810,884,075,815	84,259,508,389
- Decrease/increase in inventories	10		(265,422,207,257)	198,988,370,786
- Decrease/increase in payables	11		66,906,328,885	18,390,492,578
- Decrease/increase in prepaid expenses	12		8,946,458,713	(14,110,730,916)
- Interest paid	14		(89,544,267,385)	(76,478,507,834)
- Corporate income tax paid	15	19	(138,009,767,247)	(115,628,363,049)
- Other cash receipts from operating activities	16		-	400,000
- Other payments for operating activities	17		(15,771,720,333)	(14,860,846,843)
Net cash provided by operating activities	20		2,312,629,518,163	1,690,191,227,444
II. Cash flows from investing activities				
1. Purchases of fixed assets and other long-term assets	21		(565,908,977,523)	(874,452,532,354)
2. Proceeds from disposals of fixed assets and other long-term assets	22		107,098,182	150,845,454
3. Cash paid for loans, acquisition of debt instruments	23		(1,335,000,000,000)	(420,000,000,000)
4. Recovery of loans, sales of debt instruments	24		387,000,000,000	224,000,000,000
5. Cash paid for capital contribution in other entities	25		(794,000,000,000)	-
6. Received loan interest, dividends, profits	27		135,941,442,889	18,543,413,327
Net cash used in investing activities	30		(2,171,860,436,452)	(1,051,758,273,573)
III. Cash flows from financing activities				
1. Proceeds from stock issuance, capital contribution	31		(15,000,000)	(15,000,000)
2. Proceeds from borrowings	33	21	5,819,407,597,289	5,658,476,103,313
3. Repayment of loan principals	34	21	(5,428,290,954,025)	(5,436,904,445,620)
4. Repayment of finance lease obligation	35		(251,878,747,100)	(63,898,797,407)
5. Dividends, profit paid to owners	36		(389,945,890,875)	(403,229,429,875)
Net cash used in financing activities	40		(250,722,994,711)	(245,571,569,589)
Net cash flows for the year	50		(109,953,913,000)	392,861,384,282
Cash and cash equivalents at the beginning of the year	60		527,781,193,851	134,921,093,360
Impacts of exchange rate fluctuations	61		(3,654,597)	(1,283,791)
Cash and cash equivalents at the end of the year	70		417,823,626,254	527,781,193,851



Vo Thanh Dang
General Director

Quang Ngai Province, 5 March 2019

Nguyen The Binh
Chief Accountant

Tran Thi Xuan Hien
Preparer

NOTES TO THE FINANCIAL STATEMENTS

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

Form B 09 - DN
Issued under Circular No. 200/2014/TT - BTC dated 22/12/2014 by the Ministry of Finance

Nature of operations

1.1. Overview

Quang Ngai Sugar Joint Stock Company ("the Company") is incorporated on the basis of equitizing the State-Owned Enterprise (Quang Ngai Sugar Company belonging to the Ministry of Agriculture and Rural Development) under Decision No. 2610/QD/BNN-DMDN dated 30/9/2005 by the Minister of Agriculture and Rural Development. The Company is an independent accounting entity, operating in accordance with Business Registration Certificate No. 3403000079 issued by the Department of Planning and Investment of Quang Ngai Province on 28/12/2005, the Enterprise Law, its Charter and relevant regulations. Since the establishment date, the Business Registration Certificate (now being the Enterprise Registration Certificate No. 4300205943) has been amended 21 times and the most recent amendment was made on 18/07/2018.

1.2. Principal scope of business: Industrial manufacture and commercial trading/service/construction/multi-industry business.

1.3. Operating activities

- Processing milk and products from milk. Detail: processing soya milk and products from soya milk;
- Restaurants and mobile food service activities;
- Manufacturing sugar;
- Manufacturing pastry cooks' products from flours;
- Manufacturing fertilizer and nitrogen compounds. Detail: manufacturing inorganic, microbial fertilizers;
- Other food serving activities;
- Installing industrial machinery and equipment;
- Wholesale of beverages. Detail: Trading beer, beverages;
- Sewerage and waste water treatment;
- Manufacturing cocoa, chocolate and sugar confectionery;
- Repairing machinery and equipment;
- Other specialized construction activities;
- Wholesale of food. Detail: Trading sugar, honey, milk, confectionary;
- Manufacturing malt liquors and malt;
- Manufacturing non-alcoholic beverages, mineral waters. Detail: manufacturing soft drinks and mineral water;
- Warehousing and storage;
- Plant propagation. Detail: propagation of sugar cane; soybean trees;
- Post-harvest crop activities;
- Support activities for crop production. Detail: Planting sugar cane;

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

- Real estate activities with own or leased property;
- Machining; treatment and coating of metals. Detail: machining mechanical products for manufacture and civil industries;
- Construction of other civil engineering projects;
- Freight transport by road;
- Short-term accommodation activities;
- Manufacturing agricultural and forestry machinery. Detail: Trading and manufacturing tools of agricultural machinery;
- Wholesale of waste and scrap and other products n.e.c. Detail: Trading inorganic fertilizers, microbial fertilizers; Trading glass bottles, plastic boxes; Trading sugar cane as seedlings, raw materials, ethanol, glucose syrup; Trading finished products, wastes from sugar processing such as: molasses, soy bean residue, malt in beer, bagasse, press mud;
- Manufacturing other food products n.e.c. Detail: Manufacturing, trading glucose syrup; Manufacturing, trading ethanol such as food ethanol, fuel ethanol, denatured fuel ethanol, industrial ethanol; Manufacturing and trading food CO₂ and industrial CO₂;
- Growing of oil seeds;
- Seed processing for propagation;
- Other mining and quarrying n.e.c;
- Exploiting, treating and supplying water. Detail: exploiting mineral water;
- Research and experimental development on natural sciences and engineering;
- Other professional, scientific and technical activities n.e.c. Detail: agronomic consultancy;
- Organization of conventions and trade shows;
- Site preparation. Detail: filling, grading, excavating land, building infield ditch roads and traffic of sugar cane area;
- Landscape care and maintenance service;
- Manufacturing gas; distributing gaseous fuels through mains. Detail: manufacturing and supplying biogas and steam gas;
- Generating, transmitting and distributing electricity. Detail: generating electricity;
- Packaging activities (except packaging of plant protection drugs).

1.4. Normal operating cycle

The Company's normal operating cycle is 12 months. The normal operating cycle of An Khe Sugar Factory and Pho Phong Sugar Factory is seasonal and from October of the preceding year to May of the following year.

1.5. Company structure

As at 31/12/2018, the Company had 16 dependent units which do independent accounting and one subsidiary as follows:

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

Dependent units

- Dung Quat Beer Factory;
- An Khe Agricultural and Mechanical Workshop;
- Viet Nam Soya Milk Factory - VINASOY;
- Viet Nam Soya Milk Factory - VINASOY Bac Ninh;
- Viet Nam Soya Milk Factory - VINASOY Binh Duong;
- VINASOY Study and Application Center;
- Pho Phong Sugar Factory;
- Environment and Clean Water Center;
- An Khe Sugar Factory;
- An Khe Biomass Power Plant;
- Candy And Biscuit Factory- BISCAFUN;
- Thach Bich Mineral Water Factory;
- Quang Ngai Sugarcane Variety Research Center;
- Quang Ngai Glucose Syrup Factory;
- Mechanical Factory;
- Gia Lai Sugarcane Seed Study and Application Center.

Subsidiary

Company name	Address	Principal activities	% holding and voting right
Thanh Phat Trade Limited Company	02 Nguyen Chi Thanh, Quang Ngai City	Trading	100%

1. Accounting period, currency used in accounting

The Company's annual accounting period is from 01 January to 31 December.

Currency unit used for accounting records and presented in the financial statements is Vietnamese Dong (VND).

2. Applied accounting standards and system

The Company adopts the Vietnamese Corporate Accounting System, which was guided under Circular No. 200/2014/TT-BTC dated 22/12/2014 and Vietnamese Accounting Standards promulgated by the Ministry of Finance.

As at 31/12/2018, the Company has a subsidiary, thus in 2018, the Company concurrently prepared both the Company's separate financial statements and consolidated financial statements. These separate financial statements should be read in conjunction with the 2018 consolidated financial statements in order to obtain complete information on the consolidated financial position, consolidated

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

results of operations and consolidated cash flows of the Company.

3. Summary of significant accounting policies

4.1 Exchange rate difference applied in accounting

Transactions denominated in foreign currency are translated into VND using the actual exchange rate announced by the commercial bank where the Company anticipates conducting transactions on the date of the transactions.

At the balance sheet date, monetary items denominated in foreign currency which are classified as assets are revaluated using the purchasing exchange rate and monetary items denominated in foreign currency which are classified as liabilities are revaluated using the selling exchange rate of the commercial bank where the Company regularly conducts transactions at the time of the financial statements. For foreign currency deposited in bank, the exchange rate upon revaluation is the purchase exchange rate of the bank where the Company opens foreign currency accounts.

Exchange rate differences are treated in accordance with the provisions of Vietnamese Accounting Standards No. 10 "Impacts of exchange rate fluctuations". Accordingly, foreign exchange differences arising during the year and exchange rate differences resulting from revaluating the closing balances of monetary items denominated in foreign currencies are recorded in the income statement of the fiscal year.

4.2 Cash and cash equivalents

Cash includes: cash on hand, demand deposits and cash in transit.

Cash equivalents are short-term investments which are collectible or mature within 3 months at the date of purchase, readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

4.3 Financial investments

Held-to-maturity investments

Held-to-maturity investments are term deposits (including treasury bills, promissory notes), bonds, preferred shares which the issuer is required to re-buy them at a certain time in the future and held-to-maturity loans to earn profits periodically and other held-to-maturity investments.

Held-to-maturity investments are recorded at book value upon revaluation. Provision for loss of held-to-maturity investments shall be recorded as a decrease directly in the book value of investments.

Investments in subsidiaries

Subsidiaries are entities controlled by the Company. The subsidiary-parent company relationship is represented through the fact that the Company holds (directly or indirectly) over 50% voting shares in the subsidiary and has the power to govern the financial and operating policies of the subsidiary.

Investments in subsidiaries are recorded at cost less provision. Dividends and profits received in money or non-monetary asset for the period before the investment date shall be recorded as a decrease in value of investment.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

Provision

Provision for investments in subsidiaries is made if these investments are impaired or the investees suffer losses leading to the irrecoverability of the Company's investments.

4.4 Receivables

Receivables include trade receivables and other receivables.

- Trade receivables include commercial receivables generating from purchase-sale related transactions between the Company and buyers;
- Other receivables include non-commercial receivables, receivables not related to purchase-sale and intra-company transactions.

Receivables are recorded at cost less provision for doubtful debts. Provision for doubtful debts represents the amounts of outstanding receivables at the balance sheet date, which have been overdue for 6 months or which have not been overdue but the debtor is in the state of insolvency, winding up, missing or running away. Provision is made as guided by Circular No. 228/2009/TT-BTC dated 7/12/2009 of the Ministry of Finance.

4.5 Inventories

Inventories are stated at the lower of cost and net realizable value.

Cost of inventories is calculated using the weighted average method and accounted for using the perpetual method with value determined as follows:

- Materials, tools, instruments: Cost comprises costs of purchase, costs of conversion and any directly attributable costs of bringing the inventories to their present location and condition;
- Finished products: Cost comprises costs of direct materials and labour plus attributable overhead based on the normal level of activities.

Net realizable value is the estimated selling price less the estimated costs of completing the products and the estimated costs needed for their consumption.

Provision for decline in value of inventories is made when the net realizable value of inventories is less than cost. The provision is made in accordance with Circular No. 228/2009/TT-BTC dated 7/12/2009 by the Ministry of Finance.

4.6 Tangible fixed assets

Cost

Tangible fixed assets are stated at cost less accumulated depreciation.

The cost of tangible assets comprises their purchase price and all the costs incurred by the Company to acquire those assets as of the time of putting such assets into the ready-for-use state. The costs incurred after the initial recognition of tangible fixed asset shall be recorded as increase in their historical cost if these costs are certain to augment future economic benefits obtained from the use of those assets. Those incurred costs which fail to meet this requirement must be recognized as production and business expenses in the period.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

Depreciation

Depreciation of fixed assets is calculated in accordance with the straight-line method over their estimated useful lives. Depreciation period is in conformity with Circular No. 45/2013/TT-BTC dated 25/4/2013 by the Ministry of Finance. The Company accelerates the depreciation of machinery, equipment, office equipment and motor vehicles but not more than 2 times of the depreciation rate by the straight-line method. Details are as follows:

<u>Kinds of assets</u>	<u>Depreciation period (years)</u>
Buildings, architectures	5 – 25
Machinery, equipment	3 – 15
Motor vehicles	3 - 10
Office equipment	3 - 10

4.7 Intangible fixed assets

Cost

Intangible fixed assets are stated at cost less accumulated amortization.

The cost of intangible fixed assets comprises all the costs incurred by the Company to acquire those assets as of the time of putting such assets into the ready-for-use state.

Land use rights

Intangible fixed assets are land use rights including:

- The land use right allocated by the State with land use fee or receiving the transfer of legal land use right (including term and non-term land use right).
- The prepaid land rent (has been paid for the leasing time or paid in advance for many years but the remaining land lease term paid is at least five years) for the land rent contract before the effective date of the Land Act 2003 and being granted with certificate of land use right by the competent authority.

The cost of land use right includes all the costs directly attributable to the putting of land into the ready-for-use state.

Amortization

Intangible fixed assets being land use rights with indefinite term are not amortized. For land use rights with definite term, the amortization period is the period in which the Company is allowed to use the land.

Other intangible fixed assets are amortized in accordance with the straight-line method. Amortization rate is based on their cost and estimated useful lives. Amortization period is in conformity with Circular No. 45/2013/TT-BTC dated 25/4/2013 by the Ministry of Finance.

The amortization period of intangible fixed assets of the Company is as follows:

<u>Kind of asset</u>	<u>Amortization period (years)</u>
Land use rights with definite term	15
Accounting software	1.5 - 3

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

4.8 Finance leases

Cost

Finance leases are reflected at cost less accumulated depreciation.

A lease in which a significant portion of the risks and rewards incident to ownership of the leased asset was transferred substantially to the Company is classified as a finance lease. Cost of a finance lease shall equal value of the leased asset at the inception of the lease plus initial direct costs incurred in connection with financial leasing activities. Value of the leased asset at the inception of the lease is fair value of the leased asset. In case where the fair value is higher than the present value of the minimum lease payments, the value of the leased asset is the present value of the minimum lease payments.

Depreciation

The depreciation policy of finance lease assets is consistent with the depreciation policy of fixed assets of the same kind of the Company. Accordingly, finance lease assets are depreciated in accordance with the straight-line method over their estimated useful lives. Depreciation period is in conformity with Circular No. 45/2013/TT-BTC dated 25/4/2013 by the Ministry of Finance. In case it is not sure that the Company shall acquire the ownership over the assets upon the expiry date of the finance lease contract and the lease term is shorter than the estimated useful life of leased assets, the leased assets are depreciated over the lease term.

Depreciation period of finance lease assets of the Company is as follows:

<u>Kinds of leased assets</u>	<u>Depreciation period (years)</u>
Machinery, equipment	6 - 15

4.9 Operating leases

An operating lease is a lease in which a significant portion of the risks and rewards of ownership are retained by the lessor. Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease.

4.10 Prepaid expenses

Prepaid expenses are reported as short-term or long-term prepaid expenses. These are expenditures that have been incurred but related to the operations of many accounting periods. The Company's primary prepayments are as follows:

- Land rental and all costs related to the leased land are amortized in accordance with the straight-line method over the term of the lease;
- Tools, instruments, empty bottles, boxes put into use are amortized in accordance with the straight-line method for a period ranging from 1 year to 3 years;
- Other prepaid expenses: the Company selects appropriate method and criteria of allocation over the period in which economic benefits are expected to be received based on the nature and extent of the prepaid expenses.

4.11 Payables

Payables include trade payables and other payables.

- Trade payables are trade-related amounts, arising from trading activities between the Company and its suppliers;

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

- Other payables are non-trade amounts, which are not related to trading activities, intra-company transactions.

Payables are recognized at cost and reported as short-term and long-term payables based on their remaining terms at the balance sheet date.

Payables are monitored according to their creditors, principal terms, remaining terms and currencies.

4.12 Loans and finance lease liabilities

Loans and finance lease liabilities are reflected at cost and classified into current liabilities and long-term liabilities based on their remaining terms at the balance sheet date.

The Company monitors loans and finance lease liabilities according to their creditors, loan agreements, principal terms, remaining terms and currencies.

Borrowing costs

Borrowing costs comprise interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing costs are recognized as an expense in the period in which they are incurred, except to the extent that they qualify the conditions to be capitalized in accordance with Accounting Standard "Borrowing costs".

Borrowing costs associated with a particular borrowing for the purpose of obtaining a qualifying asset shall be capitalized as part of the cost of that asset. For general borrowing funds, the borrowing costs eligible for capitalization in the period shall be determined according to the capitalization rate, which is the weighted average of the borrowing costs applicable to the borrowings of the Company that are outstanding during the period.

Capitalisation of borrowing costs shall be suspended during extended periods in which it suspends active development of a qualifying asset, except to the extent that the suspension is necessary. Capitalization shall be ceased when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

4.13 Accrued expenses

Accruals are recognized for amount to be paid in the future for goods and services received, whether or not billed to the Company.

4.14 Scientific and technological development fund

Scientific and technological development fund is established by the Company to form finance source to invest in its activities of science and technology in Vietnam through activities of research, application and development, technology innovation, product innovation, production rationalization in order to improve the competitiveness of the Company.

The provision for Scientific and technological development fund from 01/01/2016 to 31/08/2016 is made as guided by Circular No. 15/2011/TT-BTC dated 09/02/2011 and Circular No. 105/2012/TT-BTC dated 25/06/2012 by the Ministry of Finance. For fixed assets purchased from the scientific and technological development fund after being certified by the local Science and Technology Department, the Company makes entries for decreasing the scientific and technological development fund and increasing the accumulated depreciation of fixed assets by the entire cost of those fixed assets.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

As from 01/09/2016, the provision for Scientific and technological development fund is made in accordance with Joint Circular No. 12/2016/TTLT-BKHHCN-BTC dated 28/06/2016 of the Ministry of Science and Technology and the Ministry of Finance.

4.15 Owners' equity

Share capital represents the amount of capital actually contributed by shareholders.

Share premium

Share premium reflects the difference between the issue price and par value of the shares issued, costs directly related to the issuance of shares; difference between the re-issue price and book value, costs directly related to the re-issuance of shares; the capital component of convertible bonds as they fall due.

Profit distribution

Profit after corporate income tax is available for appropriation to funds and to shareholders as provided for in the Resolution of Annual General Shareholders' Meeting.

The dividend to be paid to the shareholders shall not exceed the undistributed profit after tax and with consideration of non-monetary items in undistributed post-tax profits that may affect cash flow and ability to pay dividends.

4.16 Recognition of revenue and other income

- Revenue from construction contracts:
 - ✓ In the case where it is stipulated in the contract that contractors make payments upon the work's progress, revenue and expenses are recorded for completed portion when the contract outcome is estimated reliably;
 - ✓ In the case where the contract stipulates that contractors make payment upon the work volume, revenue and expenses are recognized for the completed portion confirmed by the customer when the contract outcome is measured reliably.
- Revenue from sales and service provision is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:
 - ✓ Revenue from the sale of goods is recognized in the income statement when the significant risks and rewards of ownership have been transferred to the buyer and there are no significant uncertainties regarding recovery of the consideration due or the likely return of goods;
 - ✓ Revenue from service provision is recognized when the services have been rendered. In case that the services are to be provided in many accounting periods, the determination of revenue in each period is done on the basis of the service completion rate as of the balance sheet date.
- Revenue from financing activities is recognized when revenue is determined with relative certainty and it is possible to obtain economic benefits from the transactions.
 - ✓ Interests are recognized on the basis of the actual term and interest rates;
 - ✓ Dividends and profits shared are recognized when the Company assumes the rights to receive dividends or profit from the capital contribution. Stock dividends are not recognized as financial revenue. Dividends received in the period before investment date shall be recorded as a decrease in value of investment.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

- Other income is the income derived out of the Company's scope of business and recognized when it can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company.

4.17 Revenue deductions

Revenue deductions include trade discounts, sales rebates and sales returns.

In case where revenue is recognized in during the year but the corresponding revenue deductions arise after the balance sheet date, revenue shall be decreased in accordance with the following principles:

- If the corresponding deductions arise before the date of releasing the financial statements, they shall be charged against revenue of the reporting year;
- If the corresponding revenue deductions arise after the date of releasing the financial statements, they shall be charged against revenue of the next reporting year.

4.18 Cost of goods sold

Cost of products, goods sold and services rendered shall be recognized in the right period in accordance with the matching principle and conservatism principle.

Costs of inventories and services rendered which are incurred in excess of the ordinary level shall be charged out to cost of goods sold in the period, not to the production cost of goods and services.

4.19 Financial expenses

Financial expenses reflect expenses or losses related to financial investment activities: interest expense, interest on installment purchase, interest on finance lease, payment discounts for buyers, expenses and loss on liquidating, transferring investments; provision for diminution in value of trading securities, provision for loss from investment in other entities, loss from sale of foreign currency, foreign exchange loss and expenses of other investing activities.

4.20 Selling expenses, administrative expenses

Selling expenses reflect expenses actually incurred in process of selling products, goods, rendering services.

Administrative expenses reflect expenses actually incurred related to the overall administration of enterprises.

4.21 Corporate income tax expense

Corporate income tax expenses include current income tax and deferred income tax.

Current income tax is the tax amount computed based on the taxable income in the period at the tax rates ruling at the balance sheet date. The difference between taxable income and accounting profit is due to the adjustments of temporary differences between tax and accounting figures as well as those of non-taxable or non-deductible income and expenses.

Deferred income tax is determined for temporary differences at the balance sheet date between the tax base of assets and liability and their carrying amount for financial reporting purpose.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

4.22 Financial instruments

Initial recognition

Financial assets

A financial asset is recognized initially at cost plus transaction costs directly attributable to the acquisition of the asset. The Company's financial assets include cash on hand, cash in bank, trade receivables, other receivables and financial investments.

Financial liabilities

A financial liability is recognized initially at cost plus transaction costs directly attributable to the issuance of such liability. The Company's financial liabilities include loans, trade payables, accrued expenses and other payables.

Subsequent measurement

Currently, there has been no requirement for subsequent measurement of financial instruments.

4.23 Tax rates and charges payable to the State Budget which the Company is applying

- Value Added Tax (VAT):
 - ✓ 5% is applicable to sugar, molasses, ethanol, malt.
 - ✓ 10% is applicable to mineral water, confectionery, milk, beer, packages, commercial electricity, advertising services and sales of wastes.
 - ✓ Other products, services are subject to prevailing tax rates.
- Special consumption tax: 65% is applicable to beer.
- Natural resources tax:
 - ✓ Activity of exploiting mineral water at VND300,000/m³ (from March 2018: VND325,000/m³) x tax rate (10%);
 - ✓ Activity of exploiting Tra Khuc River water at VND3,500/m³ (from March 2018: VND4,000/m³) x tax rate (1%).
- Corporate Income Tax (CIT): Applicable CIT rate is 20%.

Incentives for some dependent units are listed below:

- ✓ Agricultural and Mechanical Workshop: Income from the activity of ploughing land is free of tax.
- ✓ Quang Ngai Cane Variety Research Center (Nghia Hanh District, Quang Ngai Province): tax rate of 10% is applicable to the activities of planting and processing farm produce in area with difficult socio-economic conditions.
- ✓ An Khe Sugar Factory (An Khe Town, Gia Lai Province):
 - + For income from processing farm produce: CIT exemption is applicable to income from processing farm produce in area with extremely difficult socio-economic conditions.
 - + For other income from production and business activities: CIT rate of 10% is applicable for 15 years (from 2006 to 2020); tax exemption for 4 years (from 2006 to 2009) and 50% reduction of tax amount payable for the following 9 years (from 2010 to 2018).

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

- ✓ Pho Phong Sugar Factory: tax rate of 15% is applicable to income from the activity of processing farm produce in area without difficult socio-economic conditions or extremely difficult socio-economic conditions.
- ✓ Viet Nam Soya Milk Factory - VINASOY Bac Ninh has the expansion investment project which was invested from 2009 to 2013, satisfying conditions for tax incentives as regulated and are entitled to tax incentives for the remaining time as from the tax-calculation year of 2015. For investment after 2014 satisfying conditions for tax incentives as regulated, the factory shall enjoy incentives for new investment. Accordingly, the factory is entitled to tax exemption for 2 years and 50% reduction of tax amount payable in the subsequent 4 years with respect to income from the investment project as from the time the investment project yields taxable income.
- ✓ Viet Nam Soya Milk Factory - VINASOY Binh Duong has the new investment project in 2016 satisfying conditions for tax incentives as regulated shall enjoy incentives for new investment. Accordingly, the factory is entitled to tax exemption for 2 years and 50% reduction of tax amount payable in the subsequent 4 years for income from new investment project as from 2017.
- ✓ Thach Bich Mineral Water Factory has the expansion investment project which was invested in 2017. Accordingly, the factory is entitled to tax exemption for 2 years and 50% reduction of tax amount payable in the subsequent 4 years with respect to income from the expansion investment project as from the time the expansion investment project yields taxable income.
- ✓ An Khe Biomass Power Plant has the new investment project in the area with extremely difficult socio-economic conditions. Accordingly, the factory is entitled to the tax rate of 10% for 15 years (from 2018 to 2032), tax exemption for 4 years (from 2018 to 2021) and 50% reduction of tax amount payable in the subsequent 9 years (from 2022 to 2030).
- Other taxes and charges are paid in accordance with relevant regulations.

4.24 Related parties

Parties are considered to be related if one party has the ability to (directly or indirectly) control the other party or exercise significant influence over the other party in making financial or operational decisions.

Unit: VND

4. Cash

	31/12/2018		01/01/2018	
Cash on hand		18,315,377,447		8,043,273,489
+ VND		18,300,817,447		8,028,805,489
+ Monetary gold (SJC Gold Bars)	4 bars	14,560,000	4 bars	14,468,000
Cash in bank		399,508,248,807		519,737,920,362
+ VND		398,532,831,629		519,141,028,250
+ USD	42,509.39 #	974,329,545	26,277.97 #	595,604,686
+ EUR	40.91 #	1,087,633	47.51 #	1,287,426
Total		417,823,626,254		527,781,193,851

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

5. Financial investments

a. Held-to-maturity investments

	31/12/2018		01/01/2018	
	Cost	Book value	Cost	Book value
Term deposits	1,699,000,000,000	1,699,000,000,000	751,000,000,000	751,000,000,000
Total	1,699,000,000,000	1,699,000,000,000	751,000,000,000	751,000,000,000

As at 31/12/2018, held-to-maturity investments of the Company are bank deposits with term of 6 months. The Management assesses that these investments are not impaired.

b. Long-term financial investments

	31/12/2018				01/01/2018	
	% holding	Voting rate	Cost	Provision	Cost	Provision
Investment in subsidiary - Thanh Phat Trade Limited Company	100%	100%	800,000,000,000	-	6,000,000,000	-
Total			800,000,000,000	-	6,000,000,000	-

The 2018 income statement of Thanh Phat Trade Limited Company shows profit and no accumulated loss as at 31/12/2018. As a result, this investment is recognized at cost and no provision is made for it.

6. Short-term trade receivables

	31/12/2018	01/01/2018
MM Mega Market (Vietnam) Company Limited	1,926,205,632	1,258,023,825
EB Service Co., Ltd	910,030,002	2,551,481,917
Big C Supermarket	1,667,483,387	2,920,411,625
Vietnam Electricity	15,675,867,540	-
Tetra Pak Vietnam Joint Stock Company	33,000,000,000	-
Other customers	32,497,227,699	14,840,750,770
Total	85,676,814,260	21,570,668,137

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

7. Short-term prepayments to suppliers

	31/12/2018	01/01/2018
Krones AG	231,909,109	947,608,616
Tetra Pak Vietnam Joint Stock Company	-	4,506,929,417
Branch 03 - Nguyen Liem Co., Ltd - Van Canh Tapioca Starch Factory	2,887,500,000	10,230,000,000
Nam Phat Technical Service & Trading Co., Ltd	58,521,141,342	-
HAXU Technical Service Co., Ltd	40,649,188,191	-
Prepayments to farmers for buying sugarcane	167,542,709,048	236,392,202,097
Hung Vuong Electromechanics and Construction JSC	20,302,034,439	-
Other suppliers	81,906,155,369	10,894,283,605
Total	372,040,637,498	262,971,023,735

8. Other receivables

a. Short-term

	31/12/2018		01/01/2018	
	Amount	Provision	Amount	Provision
Thanh Phat Trade Limited Company	-	-	752,901,365,124	-
Bank interest receivables	15,323,032,343	-	8,933,702,779	-
Advances	1,871,153,868	-	1,828,517,992	-
Deposits, collaterals	90,296,000	-	90,296,000	-
Other receivables	3,631,711,042	-	4,294,723,009	-
Total	20,916,193,253	-	768,048,604,904	-

b. Long-term

	31/12/2018		01/01/2018	
	Amount	Provision	Amount	Provision
Deposits, collaterals	690,181,497	-	690,181,497	-
Total	690,181,497	-	690,181,497	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

9. Provision for doubtful debts

a. Short-term

	31/12/2018	01/01/2018
Provision for overdue receivable debts		
- From 3 years and over	10,479,676,301	10,364,833,595
- From 2 years to under 3 years	407,829,609	408,971,217
- From 1 year to under 2 years	401,855,484	425,744,976
- Over 6 months to under 1 year	177,591,607	273,854,650
Total	11,466,953,001	11,473,404,438

b. Bad debts

Overdue receivable debts	31/12/2018			01/01/2018		
	Cost	Recoverable amount (*)	Overdue period	Cost	Recoverable amount (*)	Overdue period
Trinh Van Hung	478,245,050	-	Over 3 years	478,245,050	-	Over 3 years
Energy and Technology Development Company	750,000,000	-	Over 3 years	750,000,000	-	Over 3 years
Pham Thi Chinh	117,903,750	-	Over 3 years	117,903,750	-	Over 3 years
Vietnam Vinashin Mechanical Company	140,732,500	-	Over 3 years	140,732,500	-	Over 3 years
Thuan Thanh Co., Ltd	272,811,481	-	Over 3 years	272,811,481	-	Over 3 years
Nguyen Tai Danh	175,416,672	-	Over 3 years	175,416,672	-	2 years
Other customers	10,089,383,104	557,539,556	0,5 - 18 years	10,748,631,123	1,210,336,138	0,5 - 18 years
Total	12,024,492,557	557,539,556		12,683,740,576	1,210,336,138	

(*)The Company assesses that recoverable amount is the net of outstanding principal balance less the amount of provision that needs to be appropriated as guided in Circular No. 228/2009/TT-BTC dated 07/12/2009 of the Ministry of Finance.

10. Inventories

	31/12/2018		01/01/2018	
	Cost	Provision	Cost	Provision
Goods in transit	24,614,939,282	-	20,770,873,781	-
Materials, raw materials	228,196,528,630	-	200,664,570,899	-
Tools, instruments	7,824,773,147	-	8,290,832,618	-
Work in process	90,020,905,627	-	41,738,795,799	-
Finished products	224,877,426,709	-	46,768,203,494	-
Merchandise goods	8,513,893,343	-	318,181,174	-
Goods on consignment	5,481,354	-	80,283,070	-
Total	584,053,948,092	-	318,631,740,835	-

- There are no inventories which are unsold, in poor quality as at 31/12/2018.
- No inventories are mortgaged and pledged as security for debts as at 31/12/2018.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

11. Prepaid expenses

a. Short-term

	31/12/2018	01/01/2018
Operating lease of fixed assets	352,370,371	356,915,830
Tools and instruments put into use pending allocation	621,389,598	947,683,207
Others	6,233,406,529	2,111,658,412
Total	7,207,166,498	3,416,257,449

b. Long-term

	31/12/2018	01/01/2018
Land lease	186,114,341,998	191,464,774,472
Tools and instruments put into use pending allocation	10,914,718,068	15,670,880,969
Bottles, cases	3,824,195,536	2,370,188,789
Others	19,911,873,490	29,347,085,098
Total	220,765,129,092	238,852,929,328

12. Tangible fixed assets

	Buildings, architectures	Machinery, equipment	Motor vehicles	Office equipment	Total
Cost					
Beginning balance	1,056,847,622,733	4,028,567,489,228	247,596,898,094	64,037,482,226	5,397,049,492,281
Newly-purchased	1,537,881,123	6,484,582,061	7,689,557,500	4,690,215,091	20,402,235,775
Self-constructed	249,847,086,078	1,686,555,736,424	24,098,536,000	17,374,071,242	1,977,875,429,744
Increases from finance lease assets		605,546,682,380			605,546,682,380
Sold, disposed	-	6,789,820,154	260,611,125	1,163,493,261	8,213,924,540
Ending balance	1,308,232,589,934	6,320,364,669,939	279,124,380,469	84,938,275,298	7,992,659,915,640
Depreciation					
Beginning balance	540,422,156,122	2,118,691,063,957	144,921,625,333	45,444,236,028	2,849,479,081,440
Charge for the year	96,324,973,887	309,584,044,723	11,763,376,433	9,794,769,743	427,467,164,786
- Depreciation	96,324,973,887	309,584,044,723	11,763,376,433	9,771,212,665	427,443,607,708
- Science and technology development fund				23,557,078	23,557,078
Increases from finance lease assets	-	369,510,972,915	-	-	369,510,972,915
Sold, disposed	-	6,789,820,154	260,611,125	1,152,845,218	8,203,276,497
Ending balance	636,747,130,009	2,790,996,261,441	156,424,390,641	54,086,160,553	3,638,253,942,644
Net book value					
Beginning balance	516,425,466,611	1,909,876,425,271	102,675,272,761	18,593,246,198	2,547,570,410,841
Ending balance	671,485,459,925	3,529,368,408,498	122,699,989,828	30,852,114,745	4,354,405,972,996

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

- As at 31/12/2018, tangible fixed assets with a carrying value of VND62,748,622,797 have been mortgaged as collateral for borrowings granted to the Company.
- Cost of tangible fixed assets fully depreciated but still in active use at 31/12/2018 is VND2,186,420,598,534.

13. Finance lease assets

	Machinery, equipment	Total
Cost		
Beginning balance	566,855,012,526	566,855,012,526
Finance lease in the year	38,691,669,854	38,691,669,854
Decrease in the year	605,546,682,380	605,546,682,380
Ending balance	-	-
Depreciation		
Beginning balance	316,485,954,204	316,485,954,204
Charge for the year	53,025,018,711	53,025,018,711
Other decrease	369,510,972,915	369,510,972,915
Ending balance	-	-
Net book value		
Beginning balance	250,369,058,322	250,369,058,322
Ending balance	-	-

In the year, the Company has acquired all the finance lease assets.

14. Intangible fixed assets

	Land use rights	Computer software	Total
Cost			
Beginning balance	986,388,000	8,908,475,217	9,894,863,217
Newly-purchased	-	33,045,128,958	33,045,128,958
Other decrease	-	-	-
Ending balance	986,388,000	41,953,604,175	42,939,992,175
Amortization			
Beginning balance	577,592,000	1,922,560,127	2,500,152,127
Charge for the year	57,759,200	6,789,313,203	6,847,072,403
Other decrease	-	-	-
Ending balance	635,351,200	8,711,873,330	9,347,224,530
Net book value			
Beginning balance	408,796,000	6,985,915,090	7,394,711,090
Ending balance	351,036,800	33,241,730,845	33,592,767,645

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

- No intangible fixed assets were mortgaged as collateral for debts at 31/12/2018.
- Cost of intangible fixed assets fully amortized but still in active use at 31/12/2018 is VND1,752,650,125.

15. Construction in progress

	31/12/2018	01/01/2018
Purchases	1,727,869,105	25,753,405,105
- Agricultural machines	-	24,025,536,000
- Land of households	1,727,869,105	1,727,869,105
Constructions	211,968,612,698	2,020,936,589,863
- Project on expanding An Khe Sugar Factory 18,000TMN	136,538,571,005	229,958,686,469
- Expanding Tien Son Milk Factory - Bac Ninh	-	3,932,379,606
- Biomass thermal power plant project	22,412,300,633	1,743,899,803,385
- SAP Barcode Solution System	9,831,178,800	-
- RE refined sugar project	26,505,248,421	-
- Gia Lai Sugarcane Seed Study and Application Center	13,626,050,859	9,673,552,948
- Others	3,055,262,980	33,472,167,455
Total	213,696,481,803	2,046,689,994,968

16. Short-term trade payables

	31/12/2018	01/01/2018
Crown Danang Beverage Packaging Co., Ltd	1,214,461,512	2,442,552,266
Asia Packing Industries Vietnam Co., Ltd.	8,149,293,306	12,207,345,080
Thai Tan Trading & Transportation Co., Ltd.	7,038,621,700	6,248,634,150
Sai Gon Plastic Packaging JSC	259,173,623	5,552,195,605
Khatoco Package Printing JSC	7,871,992,155	6,794,066,119
Ngoc Hoa Private Enterprise	319,508,420	319,508,420
Tetra Pak Vietnam JSC	4,608,148,934	-
WPP Media Co., Ltd.	56,991,711,427	12,880,711,323
Vietnam Japan Fertilizer Company	18,155,000,000	9,416,000,000
Asia Chemical Corporation	5,944,549,024	6,421,017,350
Kinh Bac Packaging JSC	2,272,901,257	2,906,737,790
Hiep Thanh Paper JSC	125,596,900	453,121,465
Minh Thong Production and Trading Co., Ltd.	2,608,732,500	1,282,200,000
Hung Vuong Construction Electrical Mechanical JSC	-	5,080,993,636
HAXU Technical Services Co., Ltd	-	3,110,430,730
Dai Han Mechanical and Erection JSC	30,185,000	3,488,482,508
DKSH Technology Engineering Co.Ltd	-	12,000,000,000
Technology Development & Application Co., Ltd	132,291,751,417	221,796,239,270
Urban & Industrial Zone Construction JSC	12,641,989,320	16,430,880,350
Nguyen Lieu Technical & Trading Co., Ltd	-	5,566,784,372
Saigon Boiler JSC	117,390,700	1,567,698,635
Gang Thiep Engineering JSC	-	2,612,948,742
Viettel Group	1,281,650,000	3,209,367,700
Others	182,312,489,551	197,790,605,256
Total	444,235,146,746	539,578,520,767

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

17. Short-term advances from customers

	31/12/2018	01/01/2018
Minh Duc Co., Ltd.	369,114,373	5,935,713,480
Thuan Phat Investment and Distribution Co., Ltd - Dong Da Trading & Construction 127 JSC	-	67,352,894
Minh Chieu Private Enterprise	108,907,083	50,503,991
Huu Thuy Co., Ltd	107,258,356	10,480,397
Hung Oanh Service & Trading Co., Ltd	59,704,293	858,386,000
Viet Trung Import-Export Co., Ltd.	81,398,955	666,524,092
Son Ha Trading Co., Ltd.	-	91,564,098
Dung Loan Co., Ltd	78,659,398	12,013,234
Thanh Phat Trade Co., Ltd	18,550,000,000	284,633,686
Others	17,698,121,251	-
Total	37,053,163,709	37,665,606,369

18. Taxes and amounts payable to/receivable from the State

	Beginning balance		Occurrence in the year		Ending balance	
	Receivable	Payable	Amount to be paid	Amount paid	Receivable	Payable
VAT	-	7,852,906,425	338,127,975,659	335,668,399,709	-	10,312,482,375
Import VAT	-	-	6,419,147,183	6,419,147,183	-	-
Special consumption tax	-	20,270,922,905	290,068,797,374	292,018,783,001	-	18,320,937,278
Import-export duty	-	61,189,608	462,895,722	524,085,330	-	-
CIT	-	51,516,194,319	164,757,901,932	138,009,767,247	-	78,264,329,004
PIT	-	151,074,945	21,889,850,967	22,005,518,245	-	35,407,667
Natural resources tax	-	128,050,311	2,240,632,845	2,206,397,050	-	162,286,106
Land and house tax, land rent	-	-	2,678,249,414	2,678,249,414	-	-
Other taxes	25,785,512	27,937,921	584,587,135	588,845,780	25,785,512	23,679,276
Fees and charges	-	9,791,248	153,731,000	153,679,000	-	9,843,248
Total	25,785,512	80,018,067,682	827,383,769,231	800,272,871,959	25,785,512	107,128,964,954

The Company's tax returns are subject to examination by the tax authorities. The amounts reported in the financial statements could be changed at later date upon final determination by the tax authorities.

19. Short-term accrued expenses

	31/12/2018	01/01/2018
Accrued loan interest	1,974,159,802	1,497,281,684
Other accruals	1,034,182,727	-
Total	3,008,342,529	1,497,281,684

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

20. Other payables

a. Short term

	31/12/2018	01/01/2018
Trade union fees	526,179,779	1,536,449,341
Transportation expenses	3,438,783,580	5,486,887,388
Social insurance, health insurance, unemployment insurance	67,400,419	7,079,689,151
Short-term deposits, collaterals received	2,533,618,558	1,920,571,085
Dividend, profit payable	146,475,005,500	121,939,760,375
Thanh Phat Trade Limited Company (*)	18,832,494,808	-
Others	5,785,449,039	4,916,770,948
Total	177,658,931,683	142,880,128,288

b. Long term

	31/12/2018	01/01/2018
Long-term deposits, collaterals received	10,331,856,189	9,644,281,412
Total	10,331,856,189	9,644,281,412

21. Loans and finance lease liabilities

a. Short-term loans and finance lease liabilities

	Beginning balance	Increase in the year	Decrease in the year	Ending balance
Short-term loans	1,335,668,155,538	5,817,198,983,792	5,425,683,064,453	1,727,184,074,877
- BIDV - Quang Ngai Branch	259,230,606,436	1,518,381,882,147	1,204,979,620,894	572,632,867,689
- VietinBank - Quang Ngai Branch	685,158,626,032	2,217,837,485,229	2,219,524,164,375	683,471,946,886
- Vietcombank - Quang Ngai Branch	371,914,904,033	1,912,768,278,253	1,843,431,334,242	441,251,848,044
- Military Bank - Quang Ngai Branch	19,364,019,037	168,211,338,163	157,747,944,942	29,827,412,258
- SHB Bank - Quang Ngai Branch	-	-	-	-
Current portion of long-term loans	2,607,889,572	-	2,607,889,572	-
- BIDV - Quang Ngai Branch	997,675,332	-	997,675,332	-
- VietinBank - Quang Ngai Branch	993,266,100	-	993,266,100	-
- Agribank - Quang Ngai Branch	616,948,140	-	616,948,140	-
- VDB - Quang Ngai Branch	-	-	-	-
Current portion of finance lease liabilities	65,807,004,043	52,812,190,562	118,619,194,605	-
- AB Svensk Exportkredit	65,807,004,043	52,812,190,562	118,619,194,605	-
Total	1,404,083,049,153	5,870,011,174,354	5,546,910,148,630	1,727,184,074,877

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

b. Long-term loans and finance lease liabilities

	Beginning balance	Increase in the year	Decrease in the year	Ending balance
Long-term loans	2,607,889,572	-	2,607,889,572	-
- BIDV - Quang Ngai Branch	997,675,332	-	997,675,332	-
- VietinBank - Quang Ngai Branch	993,266,100	-	993,266,100	-
- Agribank - Quang Ngai Branch	616,948,140	-	616,948,140	-
- VDB - Quang Ngai Branch	-	-	-	-
Finance lease liabilities	210,978,463,749	40,900,283,351	251,878,747,100	-
- AB Svensk Exportkredit	210,978,463,749	40,900,283,351	251,878,747,100	-
Total	213,586,353,321	40,900,283,351	254,486,636,672	-
<i>In which:</i>				
- Portion of long-term loans due within 1 year	2,607,889,572			-
- Current portion of finance lease liabilities	65,807,004,043			-
Long-term loans and finance lease liabilities	145,171,459,706			-

c. Finance lease liabilities

The amounts of minimum lease payments payable under non-cancellable finance leases which were signed are as follows:

	31/12/2018			01/01/2018		
	Total finance lease payment	Interest	Principal	Total finance lease payment	Interest	Principal
Within 1 year	-	-	-	71,254,454,865	5,447,450,822	65,807,004,043
From 1 year to 5 yrs	-	-	-	150,656,764,985	5,485,305,279	145,171,459,706
Total	-	-	-	221,911,219,850	10,932,756,101	210,978,463,749

22. Science and technology development fund

	Year 2018	Year 2017
Beginning balance	9,049,093,087	14,807,331,120
Increase in the year (appropriated fund)	5,000,000,000	-
Decrease in the year	5,613,908,364	5,758,238,033
- Reversal of fund	-	-
- Other payments for science and technology activities	5,613,908,364	5,758,238,033
Ending balance	8,435,184,723	9,049,093,087

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

The Company appropriated and used the science and technology development fund to serve its science and technology activities in accordance with the guidance of Joint Circular No. 12/2016/TTLT-BKHCN-BTC dated 28/06/2016 of the Ministry of Science and Technology and the Ministry of Finance (applicable from 01/09/2016 onwards) on guiding the establishment, organization, operation, management and use of science and technology development fund of enterprises.

23. Owners' equity

a. Statement of changes in owners' equity

	Share capital	Share premium	Development investment fund	Undistributed profit	Total
As at 01/01/2017	1,875,493,730,000	288,350,082,456	383,972,302,694	2,160,803,845,889	4,708,619,961,039
Increase in the year	562,636,810,000		70,494,000,000	1,064,384,595,081	1,697,515,405,081
Decrease in the year	-	15,000,000	-	1,172,366,923,500	1,172,381,923,500
As at 31/12/2017	<u>2,438,130,540,000</u>	<u>288,335,082,456</u>	<u>454,466,302,694</u>	<u>2,052,821,517,470</u>	<u>5,233,753,442,620</u>
As at 01/01/2018	2,438,130,540,000	288,335,082,456	454,466,302,694	2,052,821,517,470	5,233,753,442,620
Increase in the year	487,615,550,000		51,339,935,636	1,324,561,338,404	1,863,516,824,040
Decrease in the year	-	15,000,000	-	973,972,595,890	973,987,595,890
As at 31/12/2018	<u>2,925,746,090,000</u>	<u>288,320,082,456</u>	<u>505,806,238,330</u>	<u>2,403,410,259,984</u>	<u>6,123,282,670,770</u>

b. Capital transactions with owners

	Year 2018	Year 2017
Share capital		
- Beginning balance	2,438,130,540,000	1,875,493,730,000
- Increase in the year	487,615,550,000	562,636,810,000
- Decrease in the year	-	-
- Ending balance	2,925,746,090,000	2,438,130,540,000

Changes in share capital in the year are as follows:

	Year 2018		Year 2017	
	Number of shares	Share capital	Number of shares	Share capital
Beginning balance	243,813,054	2,438,130,540,000	187,549,373	1,875,493,730,000
Increase in the year	48,761,555	487,615,550,000	56,263,681	562,636,810,000
- Paying dividend in shares	48,761,555	487,615,550,000	56,263,681	562,636,810,000
Ending balance	292,574,609	2,925,746,090,000	243,813,054	2,438,130,540,000

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

c. Shares

	31/12/2018	01/01/2018
	Shares	Shares
Number of shares registered to be issued	292,574,609	243,813,054
Number of shares issued publicly	292,574,609	243,813,054
- Common shares	292,574,609	243,813,054
- Preferred shares	-	-
Number of shares bought back (treasury shares)	-	-
- Common shares	-	-
- Preferred shares	-	-
Number of outstanding shares	292,574,609	243,813,054
- Common shares	292,574,609	243,813,054
- Preferred shares	-	-
Par value of outstanding shares: VND10,000 each		

d. Dividend

Payment of 2017 dividend:

According to Resolution No. 14/NQ/QNS-DHDCD2018 of 2018 Annual Shareholder Meeting on 31/03/2018 of the Company, the plan of paying dividend from 2017 profit was resolved as follows:

- Paying cash dividend at the rate of 15% of charter capital;
- Paying stock dividend at the rate of 20% of charter capital.

The Company paid dividend as follows:

- Cash dividend amounting to VND365,719,581,000 (equivalent to 15% of charter capital) was distributed in 3 payments:
 - ✓ Payment 1: Paying in advance with the rate of 5%, equivalent to VND121,906,527,000 (Date of finalizing the list of shareholders: 31/07/2017; payment date: 16/08/2017);
 - ✓ Payment 2: Paying in advance with the rate of 5%, equivalent to VND121,906,527,000 (Date of finalizing the list of shareholders: 20/12/2017; payment date: 05/01/2018);
 - ✓ Payment 3: Paying the remaining 5%, equivalent to VND121,906,527,000 (Date of finalizing the list of shareholders: 20/04/2018; payment date: 07/05/2018).
- Paying stock dividend with the rate of 20% of the charter capital, equivalent to VND487,615,550,000 under Resolution of the Board of Directors No. 23/NQ/QNS-HDQT dated 19/04/2018 as detailed below:
 - ✓ Date of finalizing the list of shareholders: 10/05/2018;
 - ✓ Number of shares issued for paying dividend: 48,761,555 shares.

Advance payment of 2018 dividend:

The Board of Directors decided to make the first advance payment of 2018 dividends in cash at the rate of 5%/charter capital, equivalent to VND146,287,304,500 (Date of finalizing the list of shareholders: 30/07/2018; payment date: 10/08/2018); the second advance payment of 2018 dividends in cash at the rate of 5%/charter capital, equivalent to VND146,287,304,500 (Date of finalizing the list of shareholders: 28/12/2018; payment date: as from 14/01/2019).

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

e. Undistributed profit

	Year 2018	Year 2017
Profit brought forward	2,052,821,517,470	2,160,803,845,889
Profit after corporate income tax this year	1,324,561,338,404	1,064,384,595,081
Distribution of profit	973,972,595,890	1,172,366,923,500
- Distribution of prior-year profit	681,397,986,890	928,553,869,500
+ Appropriated to development investment fund	51,339,935,636	70,494,000,000
+ Appropriated to reward and welfare fund	20,535,974,254	14,099,000,000
+ Paying cash dividend	121,906,527,000	281,324,059,500
+ Paying stock dividend	487,615,550,000	562,636,810,000
- Temporary distribution of current-year profit	292,574,609,000	243,813,054,000
+ Paying cash dividend	292,574,609,000	243,813,054,000
Undistributed profit	2,403,410,259,984	2,052,821,517,470

24. Off balance sheet items

a. Leased assets

The amounts of minimum lease payments payable under operating leases are as follows:

	31/12/2018	01/01/2018
Not later than 1 year	4,446,119,160	4,419,342,364
Later than 1 year and not later than 5 years	17,784,476,639	17,757,102,255
Later than 5 years	145,302,200,877	149,652,415,945
Total	167,532,796,676	171,828,860,564

b. Foreign currencies

	Foreign currencies	31/12/2018 VND	Foreign currencies	01/01/2018 VND
Cash in bank		975,417,178		596,892,112
+ USD	42,509.39 #	974,329,545	26,277.97 #	595,604,686
+ EUR	40.91 #	1,087,633	47.51 #	1,287,426
Total		975,417,178		596,892,112

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

c. Gold

		31/12/2018 VND		01/01/2018 VND
+ SJC gold bars	4 bars	14,560,000	4 bars	14,468,000
Total		14,560,000		14,468,000

25. Revenue from sales and service provision

	Year 2018	Year 2017
Revenue from sales of finished products	7,575,479,591,687	7,153,404,359,832
Revenue from sales of merchandise goods	121,020,985,872	108,961,192,126
Revenue from services rendered	48,267,693,291	74,092,441,209
Total	7,744,768,270,850	7,336,457,993,167

26. Revenue deductions

	Year 2018	Year 2017
Trade discounts	36,066,501,955	31,241,575,507
Sales returns	3,163,865,222	4,409,199,857
Total	39,230,367,177	35,650,775,364

27. Cost of goods sold

	Year 2018	Year 2017
Cost of finished products sold	5,276,480,894,532	5,185,971,192,006
Cost of merchandise goods sold	120,948,722,965	108,738,271,450
Cost of services rendered	53,898,960,703	52,069,165,863
Total	5,451,328,578,200	5,346,778,629,319

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

28. Financial income

	Year 2018	Year 2017
Deposit interest	59,214,403,215	20,419,449,439
Profits, dividends received	83,116,369,238	37,067,489,594
Foreign exchange gains	1,283,550,611	1,347,334,596
Payment discounts	26,709,579,279	15,855,208,029
Total	170,323,902,343	74,689,481,658

29. Financial expenses

	Year 2018	Year 2017
Loan interest	90,021,145,503	76,532,882,170
Payment discounts	5,190,395	1,259,686,800
Foreign exchange losses	6,126,478,584	222,620,139
Total	96,152,814,482	78,015,189,109

30. Selling expenses and administrative expenses

a. Selling expenses incurred in the year

	Year 2018	Year 2017
Staff costs	206,390,304,092	193,869,834,488
Transportation, loading and unloading expenses	201,654,776,185	150,144,153,443
Advertising expenses	154,646,338,315	145,587,431,443
Promotion expenses	15,987,075,687	22,270,433,227
Agent commission, sales support	11,452,938,624	11,804,574,387
Other outside service expenses	51,456,114,665	53,364,048,958
Others	83,005,843,327	83,128,349,281
Total	724,593,390,895	660,168,825,227

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

b. Administrative expenses incurred in the year

	Year 2018	Year 2017
Staff costs	82,610,183,234	75,125,838,910
Outside service expenses	27,758,085,459	25,255,591,245
Guest entertainment expenses	5,691,764,789	5,183,152,764
Office supplies expenses	6,953,496,887	9,969,966,173
Appropriation to science and technology development fund	5,000,000,000	-
Appropriation to/(reversal of) provision for doubtful debts	(6,451,437)	1,252,977,001
Others	43,975,698,696	24,035,085,425
Total	<u>171,982,777,628</u>	<u>140,822,611,518</u>

31. Other income

	Year 2018	Year 2017
Marketing support received	55,996,451,478	25,000,000,000
Proceeds from disposals of materials, fixed assets	328,845,692	1,314,885,441
Others	1,993,747,441	2,407,383,682
Total	<u>58,319,044,611</u>	<u>28,722,269,123</u>

32. Other expenses

	Year 2018	Year 2017
Disposal of materials, fixed assets	28,438,443	18,400,000
Penalties	8,290,956	236,177,887
Others	767,319,687	2,275,620,120
Total	<u>804,049,086</u>	<u>2,530,198,007</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

33. Current corporate income tax expense

	Year 2018	Year 2017
Accounting profit before tax	1,489,319,240,336	1,175,903,515,404
Adjustments to taxable income	(77,361,249,266)	(37,862,064,841)
- Increase	6,532,015,846	2,396,732,732
+ Foreign exchange loss from revaluation of balance of cash, receivables	28,300,926	1,371,865
+ Other expenses	6,503,714,920	2,395,360,867
- Decrease	83,893,265,112	40,258,797,573
+ Profits, dividends received	83,116,369,238	37,067,489,594
+ Others	776,895,874	3,191,307,979
Total taxable income	1,411,957,991,070	1,138,041,450,563
Tax-exempted income	211,512,825,661	29,793,118,422
Assessable income	1,200,445,165,409	1,108,248,332,141
- Income from main operating activities	1,197,545,817,231	1,108,090,880,141
- Other income	2,949,348,178	157,452,000
Current corporate income tax expense	164,757,901,932	111,177,374,533
- From main operating activities	164,168,032,296	111,145,884,133
- Other income	589,869,636	31,490,400
Current corporate income tax expense	164,757,901,932	111,420,706,857
In which:		
- Current year income tax expenses	164,757,901,932	111,177,374,533
- Adjusting prior year income tax expenses to current year income tax expenses	-	243,332,324

34. Operating expenses by elements

	Year 2018	Year 2017
Materials expenses	4,387,132,756,873	3,817,864,795,028
Labor costs	527,904,852,141	497,966,252,768
Depreciation expenses	487,315,698,823	409,183,089,942
Outside service expenses	577,214,251,728	497,191,680,593
Other cash expenses	594,728,520,201	487,190,006,335
Total	6,574,296,079,766	5,709,395,824,666

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

35. Segment reporting

Segment reporting of the Company was prepared in accordance with business activities as follows:

Segment report by operating activities	Sugar		Soy milk		Others		Total	
	Year 2018	Year 2017	Year 2018	Year 2017	Year 2018	Year 2017	Year 2018	Year 2017
Segment revenue	2,250,918,920,910	1,867,155,971,510	3,862,620,494,387	3,885,376,251,685	1,591,998,488,376	1,548,274,994,608	7,705,537,903,673	7,300,807,217,803
Cost of segment	1,976,401,338,649	1,805,916,264,990	2,223,136,965,517	2,363,351,099,714	1,251,790,274,034	1,177,511,264,615	5,451,328,578,200	5,346,778,629,319
Gross profit	274,517,582,261	61,239,706,520	1,639,483,528,870	1,522,025,151,971	340,208,214,342	370,763,729,993	2,254,209,325,473	1,954,028,588,484
Financial income							170,323,902,343	74,689,481,658
Financial expenses							96,152,814,482	78,015,189,109
Selling expenses							724,593,390,895	660,168,825,227
Administrative expenses							171,982,777,628	140,822,611,518
Operating profit							1,431,804,244,811	1,149,711,444,288
Other income							58,319,044,611	28,722,269,123
Other expenses							804,049,086	2,530,198,007
Other profit							57,514,995,525	26,192,071,116
Profit before tax							1,489,319,240,336	1,175,903,515,404
Corporate income tax							164,757,901,932	111,518,920,323
Profit after tax							1,324,561,338,404	1,064,384,595,081

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

31/12/2018	Segment assets			Total assets	Payables	Depreciation of fixed assets in 2018
	Cost of tangible fixed assets	Accumulated depreciation	Receivables			
Manufacturing and trading Sugar	3,113,369,997,003	(1,432,738,470,915)	165,200,495,389	2,035,635,074,686	100,358,695,970	183,217,830,887
Manufacturing and trading Soya milk	1,911,392,334,995	(1,268,391,512,108)	55,180,746,038	1,061,005,226,605	177,682,189,569	165,820,000,000
Other operating activities	2,967,897,583,642	(937,123,959,621)	247,475,632,080	5,701,787,450,108	2,397,104,195,090	138,277,867,935
Total	7,992,659,915,640	(3,638,253,942,644)	467,856,873,507	8,798,427,751,399	2,675,145,080,629	487,315,698,822

01/01/2018	Segment assets			Total assets	Payables	Depreciation of fixed assets in 2017
	Cost of tangible fixed assets	Accumulated depreciation	Receivables			
Manufacturing and trading Sugar	2,941,366,421,984	(1,249,877,545,753)	231,050,668,220	2,075,179,578,851	27,098,814,736	159,790,125,605
Manufacturing and trading Soya milk	1,269,019,466,481	(792,851,314,030)	19,673,938,436	1,108,745,827,696	431,026,803,777	198,000,000,000
Other operating activities	1,186,663,603,816	(806,750,221,657)	791,082,467,179	4,570,929,940,836	2,062,976,286,250	51,392,964,337
Total	5,397,049,492,281	(2,849,479,081,440)	1,041,807,073,835	7,754,855,347,383	2,521,101,904,763	409,183,089,942

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

36. Risk management

a. Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance.

b. Financial risk management

Financial risks include market risk (including interest rate risk, exchange rate risk, commodity price risk), credit risk and liquidity risk.

Market risk management: The Company's activities expose it primarily to the financial risks of changes in interest rates, exchange rates and prices.

Interest rate risk management

The Company's interest rate risks mainly derive from interest bearing loans which are arranged. To minimize these risks, the Company has estimated the impact of borrowing costs to its periodic business results as well as making analysis and projection to select appropriate time to repay the loans. The Management assesses that uncontrollable risks arising from fluctuations of interest rates are insignificant.

Exchange rate risk management

Since the Company undertakes transactions in foreign currencies, consequently it is exposed to risk of exchange rate fluctuations. The Company has hedged risks related to exchange rate fluctuations by maintaining an appropriate structure of loans in foreign currency and VND, optimizing the time for settlement of debts, selecting the appropriate time to purchase and make payment in foreign currencies, projecting future exchange rates and optimizing the utilization of existing funds to balance the exchange rate risk and liquidity risk.

Book value of financial instruments in foreign currency is as follows:

	31/12/2018	01/01/2018
Financial assets		
Cash		
- USD	42,509.39	26,277.97
- EUR	40.91	47.51
Trade receivables (USD)	16,483.51	8,694.00
Financial liabilities		
Loans and debts (USD)	-	9,279,897.24
Trade payables (USD)	45,416.65	29,850.25
Trade payables (EUR)	21,425.19	7,862.52

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

Price risk management

The Company purchases goods, materials from domestic and overseas suppliers for its business production activities; it is therefore exposed to risks of changes in prices of input goods, materials. Since materials account for a high proportion of the total cost of products, the Company pays special attention to the risks of changes in price of materials used in its business production activities. To minimize this risk, the Company selects reputable suppliers, long-term cooperation suppliers and always requires updates of the most timely price fluctuations. Besides, cross-checks of prices are often done in order to ensure sufficient material sources at the most reasonable prices. With such price management policies, the Management assesses that the Company's exposure to uncontrollable risks of changes in commodity prices is controllable.

Credit risk management

Trade receivables

The Company sells goods by the following methods: wholesale through the main distributors and agents and retail sale through its subsidiary, Thanh Phat Trade Limited Company.

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company's financial risks arise from some amounts receivable. The Company minimizes credit risk by various measures depending on the sale method:

- Selling goods through main distributors: Making payment before receiving goods or late payment.
- Selling goods through agents: The Company has a system of agents who have good financial status. Agents will be entitled to preferential sales policies on price, volume, and payment discount. Depending on each item, each time the agents shall be entitled to appropriate payment terms such as payment before receiving goods (Sugar, Milk, Beer ...) or late payment.
- Retail sale: through retail sale shops of Thanh Phat Trade Limited Company with the form of cash collection.

Therefore, the Management assesses that the Company's exposure to significant credit risk arising from trade receivables is controllable.

Financial investments

Bank deposits of the Company are transacted at major banks. The Management of the Company assesses that the Company has no significant credit risk with respect to bank deposits.

Liquidity risk management

To ensure the availability of funds to meet present and future financial obligations, the Company manages liquidity risk by regularly monitoring and maintaining sufficient cash reserve, optimizing cash flows, making use of credit from customers and counterparties, controlling maturing liabilities in relative to maturing assets and the amount of funds can be generated within that period,...

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

The Company's aggregate financial liabilities are categorized in accordance with their maturity as follows:

31/12/2018	Within 1 year	Over 1 year	Total
Trade payables	444,235,146,746	-	444,235,146,746
Accrued expenses	3,008,342,529	-	3,008,342,529
Loans and finance lease liabilities	1,727,184,074,877	-	1,727,184,074,877
Other payables	177,065,351,485	10,331,856,189	187,397,207,674
Total	2,351,492,915,637	10,331,856,189	2,361,824,771,826

01/01/2018	Within 1 year	Over 1 year	Total
Trade payables	539,578,520,767	-	539,578,520,767
Accrued expenses	1,497,281,684	-	1,497,281,684
Loans and finance lease liabilities	1,404,083,049,153	145,171,459,706	1,549,254,508,859
Other payables	134,263,989,796	9,644,281,412	143,908,271,208
Total	2,079,422,841,400	154,815,741,118	2,234,238,582,518

The Company may be exposed to liquidity risk; however the Management believes that the Company can generate sufficient resources to meet its financial obligations as they fall due.

The Company's available financial assets are drawn up on a net asset basis as follows:

31/12/2018	Within 1 year	Over 1 year	Total
Cash and cash equivalents	417,823,626,254	-	417,823,626,254
Held-to-maturity investments	1,699,000,000,000	-	1,699,000,000,000
Trade receivables	82,586,988,025	-	82,586,988,025
Other receivables	19,045,039,385	690,181,497	19,735,220,882
Total	2,218,455,653,664	690,181,497	2,219,145,835,161

01/01/2018	Within 1 year	Over 1 year	Total
Cash and cash equivalents	527,781,193,851	-	527,781,193,851
Held-to-maturity investments	751,000,000,000	-	751,000,000,000
Trade receivables	18,503,012,024	-	18,503,012,024
Other receivables	766,220,086,912	690,181,497	766,910,268,409
Total	2,063,504,292,787	690,181,497	2,064,194,474,284

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

37. Related party information

a. Related party

	Relationship
Thanh Phat Trade Limited Company	Subsidiary

b. Significant transactions with related party arising in the year

	Year 2018	Year 2017
Thanh Phat Trade Limited Company		
Receiving profit, dividends	83,116,369,238	37,067,489,594
Paying dividends	65,561,687,500	83,064,583,500
Purchasing goods, services	25,981,602,935	27,788,016,671
Selling goods, services	1,364,495,087,134	797,172,808,396
Disposal of fixed assets	-	30,000,000
Contributing capital	794,000,000,000	-

c. Year-end balance with related party:

	31/12/2018	01/01/2018
Thanh Phat Trade Limited Company		
Other receivables	-	752,901,365,124
Other payables	18,832,494,808	-
Payables on dividends	23,139,419,000	19,282,849,500
Advances payments from customers	18,550,000,000	-

d. Transactions with key management officers

	Year 2018	Year 2017
Income of the Board of Directors and Management	7,229,082,165	7,639,157,346
<i>In which:</i>		
- Salaries, bonus of the General Director	1,671,755,814	1,692,402,615

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

38. Events after the balance sheet date

There have been no significant events occurring after the balance sheet date which would require adjustments or disclosures to be made in the financial statements.

39. Corresponding figures

Corresponding figures were taken from the financial statements for the year ended 31/12/2017 which had been audited by AAC.

Vo Thanh Dang
General Director

Quang Ngai Province, 5 March 2019

Nguyen The Binh
Chief Accountant

Tran Thi Xuan Hien
Preparer

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

39. Events after the balance sheet date

There have been no significant events occurring after the balance sheet date which would require adjustments or disclosures to be made in the financial statements.

40. Corresponding figures

Corresponding figures were taken from the financial statements for the year ended 31/12/2017 which had been audited by AAC.



[Signature]
Võ Thanh Dang
General Director

Quang Ngai Province, 5 March 2019

Nguyen The Binh
Chief Accountant

Tran Thi Xuan Hien
Preparer

