

**AUDITED FINANCIAL STATEMENTS**  
FOR THE FISCAL YEAR ENDED 31 DECEMBER 2018

**KCP VIETNAM INDUSTRIES LTD**  
**VIETNAM**

**KCP VIETNAM INDUSTRIES LIMITED**  
**(A 100% foreign invested company licensed and incorporated in S.R. Vietnam)**

**CONTENTS**

	<b>Page</b>
<b>1. Contents</b>	<b>1</b>
<b>2. Report of Board of Management and General Director</b>	<b>02-07</b>
<b>3. Auditor's report</b>	<b>08</b>
<b>4. Balance sheet</b>	<b>09-10</b>
<b>5. Income statement</b>	<b>11</b>
<b>6. Cash flow statement</b>	<b>12-13</b>
<b>7. Notes to the financial statements</b>	<b>14-32</b>

\*\*\*\*\*

## **REPORT OF THE BOARD OF MANAGEMENT AND GENERAL DIRECTOR**

The Board of Management present this report together with the audited financial statements for the fiscal year ended 31<sup>st</sup> December 2018.

### **Introduction**

KCP Vietnam Industries Limited ("the Company") was established as a 100% foreign invested enterprise in Vietnam under Investment License No. 1969/GP dated 09/08/1997, 1969/GPDC1 dated 26/06/1998, 1969/GPDC2 dated 23/04/1999, 1969/GPDC3 dated 19/05/2000, 1969/GPDC4 dated 22/08/2005, 1969/GPDC5 dated 16/06/2006 issued by Ministry of Planning and Investment. License No. 1969/GCND6/36/1 dated 02/10/2007, 361 023 000 028 dated 27/10/2011, License No.361 023 000 025 dated 06/04/2011 for Dong Xuan Bio-fertilizer project, License No.361 023 000 026 dated 06/04/2011 for Son Hoa Bio-fertilizer project, License No.361 023 000 027 dated 06/04/2011 for Hoa Quang High –Tech Seed farm, Amendment License no. 361 023 000 028 dated 13/04/2011 to incorporate some corrections in the License no. 361 023 000 014 dated 08/12/2009, Amendment No.2 dated 27/10/2011 and Amendment No.3 dated 18/04/2013 to License No.361 023 000 028 and Certificate No.03/GXN Dated 25/09/2013 issued by Peoples' Committee of Phu Yen province for providing incentives and additional investment supports for enterprise investing to agriculture production and most economical backward area in accordance with the Decree No. 61/2010/ND-CP dated 04/06/2010 of the Government, Amendment No.4 dated 19/09/2014 to License No.361 023 000 028 issued by Peoples' Committee of Phu Yen province for the expansion of the Son Hoa sugar refinery to 8,000 TCD capacity in 2015-2016 and 10,000 TCD capacity in 2017-2018 with an investment capital of 52.5 M'USD, Amendment No.5 dated 13/05/2015 to License no 361 023 000 028 incorporating additional details and Investment Certificate no 2130740315 dt 10/11/2015 issued by Department of Planning and Investment, Phu Yen province to set up a 60,000 Liters/day capacity distillery unit at Son Hoa unit to produce Fuel Ethanol, Food grade Alcohol and other byproducts Technical Alcohol, CO<sub>2</sub> and Fusel Oil with a total investment capital of 25.7 M'USD, Investment Certificate No. 3002111545 dt 04/01/2016 to invest on a 60 MW Biomass power project based on renewable fuels with a total capital of 59.2 M'USD, Certificate No.3724/16 dt 10/08/2016 to incorporate change in the content of the business field in the Business Registration Certificate, Amendment No.6 dated 10/08/2016 to Business Registration Certificate to incorporate the share capital transfer from M/S MRK Enterprises Private Ltd to The G.V.Reddy Irrevocable Trust all issued by Department of Planning and Investment, Phu Yen Province and Amendment No.7 dated 08/02/2017 to Business Registration Certificate to incorporate the share capital transfer from M/S MORISOT Investment SA to Dr.V.L. Dutt - KCP Welfare fund issued by Department of Planning and Investment, Phu Yen Province.

• **Total Investment Capital and Legal Capital of the company as on 31.12.2018 are as follows:**

Legal capital : USD 30,485,000  
Investment capital: USD 103,987,000

• **Head office:**

Address : 24/3 street, Cung Son Town, Son Hoa District, Phu Yen Province  
Tel : 0084 257 3861613  
Fax : 0084 257 3861616  
Tax code : 3300100811

• **Principal Activity:**

Production of sugar, sugar by-products, Fuel Ethanol, Food Grade Alcohol and byproducts of Alcohol, components, spare parts, metal containers, sugarcane seed, bio-fertilizer and power

**Board of Management:**

The Board of Management, Legal representatives and the General Director of the company during the year and as of the date of this report are:

Board of Management

<b><u>Full name</u></b>	<b><u>Position</u></b>
Dr. Velagapudi Lakshmana Dutt	Board Member and Chairman
Dr. Velagapudi Lakshmana Indira Dutt	Board Member
Mrs. Velagapudi Kavitha Dutt	Board Member
Mr. K.V.S.R.Subbaiah	Board Member and General Director

**Legal Representatives:**

**Full name**

Dr. Velagapudi Lakshmana Dutt  
Dr. Velagapudi Lakshmana Indira Dutt  
Dr. Vallabhaneni Subba Rao

**General Director:** Mr. K.V.S.R.Subbaiah

**Comments on the results for the year 2018**

Crushing operation was commenced for the season 2017-18 on 14/01/2018 and 18/01/2018 and closed on 17/06/2018 and 20/06/2018 at Son Hoa and Dong Xuan units respectively. Son Hoa plant was operated at 10,000 TCD capacity with 30 MW Power Cogeneration plant to export the power to the national grid. The total cane crushed was 1,285,896 MTs, the highest in the history of the company and the power cogeneration plant was operated at full capacity and exported power to the grid bringing additional income. Raw sugar was produced at Dong Xuan unit and transferred to Son Hoa unit for conversion in to high quality refined sugar. Company purchased sugarcane based on CCS to draw the attention of the farming community to improve the sugar cane quality with a minimum assured price. The CCS and extraneous matter were evaluated based on the technical standard issued by Ministry of Agriculture and Rural Development. Compared to the previous season, the raw material availability for the milling was increased by 21% and the quality of the sugar cane was higher due to well distributed rainfall during 2017 achieving the highest sugar production historically. The average sugarcane yield in the zone was historically high providing relief for the farmers by compensating the income lost due to lower sugarcane price linked to prevailing low sugar price. The sugar prices continued its downtrend from the previous year due to oversupply in line with the international market trend. The lower sugar prices saw the improved market consumption for Company's products but the sugar stocks of the Company are at historically high at the end of the year due to high opening stock.

Severe drought was experienced for four months in the year followed by late rains which will have negative impact on the sugarcane yields for 2018-19 season. The sugarcane area for season 2018-19 is also reduced by 5% as sugarcane could not be planted due to severe drought weather during 2018.

**Production**

Total sugar, molasses and power production details during the year 2018 are as follows:

<b>Particulars</b>	<b>Unit</b>	<b>Production</b>	<b>Total</b>
White Sugar (Refined Grade)	MTs	20,977	119,306
Refined Sugar	MTs	98,329	
Molasses	MTs	79,880	79,880
Power exported to the grid	Kwh	108,395,542	108,395,542

### Sales

During the year 110,774 tons of sugar was sold with an opening stock of 37,528 tons and leaving a closing stock of 46,060 tons. In addition, 80,150 tons of molasses was sold with an opening stock of 270 tons and leaving a closing stock of zero tons as on 31<sup>st</sup> December 2018.

During the year, total power sold to EVN (Electricity of Vietnam) is 108,395,542 Kwh.

### Financial Indicators of the Business

1.	Asset and Equity Structure	2018	2017
1.1	Asset Structure		
	Long Term Assets / Total Assets (%)	44.40%	46.45%
	Current Assets / Total Assets (%)	55.60%	53.55%
1.2	Equity Structure		
	Total Liabilities / Total Resources (%)	16.34%	27.07%
	Owner's Equity / Total Resources (%)	83.66%	72.93%
2.	Liquidity		
2.1	Current Ratio (times)	13.74 times	4.40 times
2.2	Quick Ratio (times)	0.06 times	0.01 times
3.	Profitability		
3.1	Profit Margin		
	Net Profit Before Tax / Total Revenue (%)	13.65%	13.90%
	Net Profit After Tax / Total Revenue (%)	13.65%	13.90%
3.2	Return on Assets		
	Net Profit Before Tax / Total Assets (%)	13.01%	10.81%
	Net Profit After Tax / Total Assets (%)	13.01%	10.81%
3.3	Return on Equity		
	Net Profit After Tax / Owners' Equity (%)	15.55%	14.82%

### Future Prospects

For the season 2018-19, crushing operation was commenced at Son Hoa and Dong Xuan units on 11/02/2019 and 17/01/2019 respectively. In spite of wet sugarcane fields due to late heavy rainfall, Company took a decision to commence the crushing operation at Dong Xuan factory to consume sugarcane of farmers who wanted to take up replantation work. Company issued the sugar cane purchase policy based on the CCS with a minimum assured price. Due to lower sugarcane area and expected lower yield, it is estimated that the sugarcane availability for the 2018-2019 crushing season will be around 1 M' Tons.

The investment policies in the form of seed, fertilizer, cash and mechanization on raw material zone are continued. Incentives in the form of interest waive off on seed, fertilizer and mechanization investment, soft interest rate on cash investment and internal transport subsidy are being continued

by the Company to provide relief to the farming community. In addition, Company declared a subsidy in the form of cash of 3.5 M<sup>tr</sup>VND and 5 tons of bio compost per hectare for new sugarcane plantations for 2019-20 season to encourage farming community and to ensure adequate sugarcane area to cope up with the expanded capacity. The sugar prices are stable at the time of the report and any reversal of downward trend in the prices will only be clear once the impact of the severe drought on the sugarcane yields is experienced on sugar production and reduction in sugar stocks.

Company will continue to invest on the balance constructions of the 10,000 TCD project at Son Hoa during 2019.

Company is awaiting approval from Ministry of Commerce to invest on a 30 MW solar power project to catch upon the preferential price policy of the Government of Vietnam.

Based on the Investment Certificate no 2130740315 dt 10/11/2015 issued by Department of Planning and Investment, Phu Yen province to invest on a 60 KLPD Capacity Distillery project at Son Hoa unit to produce Fuel Grade Ethanol and Food Grade Alcohol with byproducts Technical Alcohol, CO<sub>2</sub> and Fusel Oil, Company acquired the required land of more than 15 ha and will carry out other formalities to implement the project.

Company is working with local authorities to identify the land for the proposed expansion of the Sugar production chain and Bio fertilizer production facility at Dong xuan Unit.

#### **Financial position and business results**

The financial position as of 31<sup>st</sup> December 2018, the business results and the cash flows for the year then ended of the company have been expressed in the financial statements attached to this report (from page 09 to page 32).

#### **Subsequent events**

The Directors of the company hereby confirm that there have been no events from 31<sup>st</sup> December 2018 to the date of this report, which need any adjustments on the figures or the disclosures in the financial statements.

#### **Auditors**

Viet Duc Auditing Co., Ltd (VIETDUC) have performed the audit on the company's financial statements for this fiscal year and have expressed their willingness to be appointed the company's external auditors in the coming years.

**Confirmations from the Board of Management**

The Directors of the company are responsible for the preparation of the financial statements to give a true and fair view of the financial position as of the balance sheet date, the business results and the cash flows of the company for each of the company's fiscal year. In order to prepare these financial statements, the Directors must:

- select the appropriate accounting policies and apply them consistently;
- make judgments and estimates prudently;
- announce the accounting standards to be followed for the material issues to be disclosed and explained in the financial statements and
- Prepare the financial statements of the company on the basis of the going-concern assumption, except for the cases that the going-concern assumption is considered inappropriate.

The Directors hereby ensure that all the requirements mentioned above have been followed when the financial statements are prepared, that all the accounting books of the company have been fully recorded and can fairly reflect the financial position of the company at any time and that all the financial statements have been prepared in compliance with the Vietnamese accounting system and standards.

The Directors are also responsible to protect the assets of the Company and consequently have preceded appropriate measures to prevent and to detect frauds and other irregularities.

We, the Directors of the company, confirm that all the accompanying financial statements and the notes to the financial statements have been properly prepared and have given a true and fair view of the financial position as of 31<sup>st</sup> December 2018, the business results and the cash flows for the year then ended of the company in compliance with the Vietnamese accounting system and standards as well as other related regulations.



**Dr. Velagapudi Lakshmana Dutt**

Chairman

On behalf of the Board of Management

Phu Yen Province, S.R. Vietnam.

Date: 15.02.2019



**K.V.S.R. Subbaiah**

General Director





No. 0902/VĐ-BCKT/19

## **INDEPENDENT AUDITOR'S REPORT**

### **To: Board of Management and General Director of KCP Vietnam Industries Limited**

We have audited the accompanying financial statements of KCP Vietnam Industries Limited for the fiscal year ended 31 December 2018 prepared on 15 February 2019 on pages from 09 to 32 including Balance sheet, Income statement, Cash flow and Notes to the financial statements of your Company attached with hereafter.

#### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and statutory regulations relevant to preparation and presentation of financial statements, and for such internal control as 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.

#### **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Company's 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 auditor's 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 auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by 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.

#### **Opinions**

In our opinion, in the all material respects, these financial statements give a true and fair view of the financial position of the Company as at 31 December 2018, and of the results of its operations and its cash flow for the year then ended in accordance with Vietnamese accounting standards and systems and statutory regulations relevant to preparation and presentation of financial statements.

**Viet Duc Auditing Company Limited**


**Nguyen Tan Binh – Director**  
Audit Practicing Registration  
Certificate No. 0843-2018-185-1  
Ho Chi Minh City, 15 February 2019



**Dang Duc Chuyen – Auditor**  
Audit Practicing Registration  
Certificate No. 0345-2018-185-1

**KCP VIETNAM INDUSTRIES LTD**

(A 100% foreign invested company licensed and incorporated in S.R.Vietnam)

**FINANCIAL STATEMENTS**From 01<sup>st</sup> January 2018 to 31<sup>st</sup> December 2018**BALANCE SHEET**

As on 31.12.18

Unit: 1,000 dong

Items	Code	Notes	As on 31/12/2018	As on 31/12/2017
1	2	3	4	5
<b>ASSETS</b>				
<b>A. CURRENT ASSETS</b>	<b>100</b>		<b>1,062,090,310</b>	<b>1,042,064,091</b>
<b>I Cash and cash equivalents</b>	<b>110</b>		<b>4,725,579</b>	<b>3,158,296</b>
1 Cash	111	V.1	4,725,579	3,158,296
2 Cash equivalents	112		-	-
<b>II. Short-term investments</b>	<b>120</b>		<b>241,100,000</b>	<b>-</b>
1 Short term investments	121	V.2	241,100,000	-
<b>III. Accounts receivable</b>	<b>130</b>		<b>401,918,967</b>	<b>533,403,958</b>
1 Short-term trade receivables	131	V.3	179,591,732	210,542,047
2 Short-term advances to suppliers	132	V.3	4,330,132	8,629,394
3 Other short-term receivables	136	V.3	217,997,103	314,232,517
<b>IV. Inventories</b>	<b>140</b>		<b>413,693,790</b>	<b>494,183,119</b>
1 Inventories	141	V.4	413,693,790	514,168,497
2 Provisions for devaluation of inventories	149	V.4	-	(19,985,378)
<b>V. Other current assets</b>	<b>150</b>		<b>651,973</b>	<b>11,318,718</b>
1 Short-term prepaid expenses	151	V.5	651,973	707,879
2 Value added tax deductible	152	V.5	-	10,447,526
3 Taxes and other accounts receivable from the State	153	V.5	-	163,313
<b>B LONG-TERM ASSETS</b>	<b>200</b>		<b>848,090,779</b>	<b>903,853,058</b>
<b>I. Long-term accounts receivable</b>	<b>210</b>		<b>-</b>	<b>-</b>
<b>II. Fixed assets</b>	<b>220</b>		<b>834,112,658</b>	<b>867,087,675</b>
<b>1 Tangible fixed assets</b>	<b>221</b>	<b>V.6</b>	<b>834,112,658</b>	<b>867,087,675</b>
-Historical Cost	222		1,462,120,714	1,406,198,259
-Accumulated depreciation	223		(628,008,056)	(539,110,584)
<b>2 Intangible fixed assets</b>	<b>227</b>		<b>-</b>	<b>-</b>
-Historical Cost	228	V.6	456,190	456,190
-Accumulated Amortization	229		(456,190)	(456,190)
<b>III. Investment Property</b>	<b>230</b>		<b>-</b>	<b>-</b>
<b>IV. Long-term assets in progress</b>	<b>240</b>		<b>13,978,121</b>	<b>36,765,383</b>
1 Long-term work in progress	241		-	-
2 Construction in progress	242	V.7	13,978,121	36,765,383
<b>V. Long term investments</b>	<b>250</b>		<b>-</b>	<b>-</b>
<b>VI. Other long-term assets</b>	<b>260</b>		<b>-</b>	<b>-</b>
<b>TOTAL ASSETS( A+B)</b>	<b>270</b>		<b>1,910,181,089</b>	<b>1,945,917,149</b>

**KCP VIETNAM INDUSTRIES LTD**

(A 100% foreign invested company licensed and incorporated in S.R.Vietnam)

**FINANCIAL STATEMENTS**From 01<sup>st</sup> January 2018 to 31<sup>st</sup> December 2018

Items	Code	Notes	As on 31/12/2018	As on 31/12/2017
<b><u>LIABILITIES AND OWNER'S EQUITY</u></b>				
<b>C. LIABILITIES</b>	<b>300</b>		<b>312,142,584</b>	<b>526,672,770</b>
<b>I. Current liabilities</b>	<b>310</b>		<b>77,294,107</b>	<b>236,764,443</b>
1 Short-term trade payables	311	V.8	36,124,180	51,713,912
2 Short-term advance from customers	312	V.8	10,415,221	27,827,829
3 Taxes and amount payable to state budget	313	V.09	4,762,710	464
4 Payable to employees	314	V.10	15,108,601	10,434,087
5 Short-term accrued expenses	315	V.11	4,773,100	12,819,266
6 Other short-term payables	319	V.12	6,110,295	8,312,014
7 Short-term loan and financial lease	320	V.13	-	125,656,871
<b>II. Long-term liabilities</b>	<b>330</b>		<b>234,848,477</b>	<b>289,908,327</b>
1 Long-term loan and financial lease	338	V.14	139,876,513	187,019,313
2 Science and technology development funds	343	V.15	94,971,964	102,889,014
<b>D. OWNER'S EQUITY</b>	<b>400</b>		<b>1,598,038,506</b>	<b>1,419,244,379</b>
<b>I. Owner's equity</b>	<b>410</b>		<b>1,598,038,506</b>	<b>1,419,244,379</b>
1 Paid-in capital	411	V.16	545,856,275	545,856,275
2 Undistributed earnings	421	V.16	1,052,182,231	873,388,104
- Undistributed earnings up to prior year-end	421a		803,651,396	663,072,079
- Net profit after tax this period	421b		248,530,834	210,316,025
<b>II. Other sources and funds</b>	<b>430</b>		<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES AND OWNER'S EQUITY</b>	<b>440</b>		<b>1,910,181,089</b>	<b>1,945,917,149</b>

  
**Dr. Velagapudi Lakshmana Dutt**  
**Chairman**


On behalf of the Board of Management

Phu Yen Province, S.R. Vietnam

Date: 15.02.2019



**K.V.S.R. Subbaiah**  
**General Director**

  
**K. Venkateswarlu**  
**Manager (Accounts)**

**KCP VIETNAM INDUSTRIES LTD**

(A 100% foreign invested company licensed and incorporated in S.R.Vietnam)

**FINANCIAL STATEMENTS**

From 01st January 2018 to 31st December 2018

**INCOME STATEMENT**

From 01st January 2018 to 31st December 2018

Unit: 1,000 dong

Items	Code	Notes	From 01/01/2018 to 31/12/2018	From 01/01/2017 to 31/12/2017
1	2	3	4	5
<b>Revenues from sale of goods &amp; rendering of services</b>	<b>01</b>	<b>VI.1</b>	<b>1,820,599,383</b>	<b>1,513,311,598</b>
Less deduction	02		1,534,691	1,084,387
<b>Net revenues from sale of goods &amp; rendering of services</b>	<b>10</b>		<b>1,819,064,692</b>	<b>1,512,227,212</b>
Cost of goods sold	11	<b>VI.2</b>	1,402,955,586	1,166,174,099
<b>Gross profit from sale of goods &amp; rendering of services</b>	<b>20</b>		<b>416,109,106</b>	<b>346,053,113</b>
Financial income	21	<b>VI.3</b>	1,953,399	2,200,052
Financial expenses	22	<b>VI.4</b>	19,110,918	25,545,230
- In which: Interest	23		18,391,145	24,322,645
Selling expenses	24	<b>VI.5</b>	97,718,099	62,365,310
General & administration expenses	25	<b>VI.6</b>	52,809,330	50,213,713
<b>Operating profit / (loss)</b>	<b>30</b>		<b>248,424,158</b>	<b>210,128,913</b>
Other income	31	<b>VI.7</b>	106,676	264,060
Other expenses	32	<b>VI.8</b>	-	30,169
<b>Other profit (31 - 32)</b>	<b>40</b>		<b>106,676</b>	<b>233,890</b>
<b>Net profit before tax</b>	<b>50</b>	<b>V.09.1</b>	<b>248,530,834</b>	<b>210,362,803</b>
<b>Current income tax</b>	<b>51</b>	<b>V.09.1</b>	<b>-</b>	<b>46,778</b>
Deferred income tax	52		-	-
<b>Net profit after tax</b>	<b>60</b>	<b>V.09.1</b>	<b>248,530,834</b>	<b>210,316,025</b>

**Dr. Velagapudi Lakshmana Dutt**  
**Chairman**

On behalf of the Board of Management

Phu Yen Province, S.R. Vietnam

Date: 15.02.2019



**K.V.S.R. Subbaiah**  
**General Director**

**K.Venkateswarlu**  
**Manager (Accounts)**

**KCP VIETNAM INDUSTRIES LTD**

(A 100% foreign invested company licensed and incorporated in S.R.Vietnam)

**FINANCIAL STATEMENTS**From 01<sup>st</sup> January 2018 to 31<sup>st</sup> December 2018**CASH FLOWS STATEMENT**

(As per the Indirect Method)

31.12.18

Unit: 1000 dong

Items	Code	Notes	Current Year	Previous Year
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>1. Net profit/(loss) before tax</b>	<b>01</b>		<b>248,530,834</b>	<b>210,362,803</b>
<b>2. Adjustments for:</b>				
Depreciation for fixed assets and investment properties	02	V.6	80,980,421	66,893,224
Provisions	03		(19,985,378)	19,985,378
Gain (loss) from foreign exchange differences	04		-	-
Gain (loss) from investing activities	05		-	6,222,258
Loan interest expenses	06		18,391,145	24,322,645
Other adjustments	07		-	-
<b>3. Operating profit/(loss) before changes in working capital</b>	<b>08</b>		<b>327,917,023</b>	<b>327,786,307</b>
(Increase)/decrease in receivables	09		142,151,735	(125,686,671)
(Increase)/decrease in inventories	10		100,474,708	(378,193,341)
Increase/(decrease) in payables	11		(25,767,300)	4,832,381
(Excluding interest payable, corporation income tax)				
(Increase)/decrease in prepaid expenses	12		(8,046,166)	11,743,969
Interests trading securities			-	-
Interest paid	13		(18,391,145)	(24,322,645)
Business income tax paid	14		-	-
Other receipts from operating activities	15		-	-
Other payments on operating activities	16		-	(1,195,940)
<b>Net cash flows from operating activities</b>	<b>20</b>		<b>190,421,832</b>	<b>(512,822,246)</b>
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of fixed assets and other long-term assets	21	V.6,7	(33,135,193)	(82,741,567)
Proceeds from disposals of fixed assets and other long-term assets	22		-	-
Loans given and purchases of debt instruments of other entities	23		-	-
Collections of loans given and disposals of debt instruments of other entities	24		6,500,000	688,500,000
Investments in other entities	25		(247,600,000)	(293,000,000)
Withdrawals of investments in other entities	26		-	-
Receipts of loan interests, dividends and profit shared	27		-	-
<b>Net cash flows from investing activities</b>	<b>30</b>		<b>(274,235,193)</b>	<b>312,758,433</b>
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Gains from stock issuance and capital contributions from shareholders	31		-	-
Repayment for capital contributions and re-purchases of stocks issued	32		-	-
Proceeds from borrowings	33		691,804,060	906,391,622
Repayments of borrowings	34		(864,603,731)	(832,877,551)
Payments for financial leasehold assets	35		-	-
Dividends and profit paid to the owners	36		(69,736,708)	(204,891,675)
<b>Net cash flows from financing activities</b>	<b>40</b>		<b>(242,536,378)</b>	<b>(131,377,604)</b>
<b>Net cash flows during the period</b>	<b>50</b>		<b>1,567,283</b>	<b>(3,655,110)</b>

**KCP VIETNAM INDUSTRIES LTD**

(A 100% foreign invested company licensed and incorporated in S.R.Vietnam)

**FINANCIAL STATEMENTS**From 01<sup>st</sup> January 2018 to 31<sup>st</sup> December 2018**CASH FLOWS STATEMENT - Contd.,**

Unit: 1,000 dong

Items	Code	Notes	Current Year	Previous Year
<b>Cash and cash equivalents at the beginning of the year/(period)</b>	<b>60</b>	V.1	<b>3,158,296</b>	<b>6,813,406</b>
Effects of fluctuations in foreign exchange rates	61		-	-
<b>Cash and cash equivalents at the end of the year/(period)</b>	<b>70</b>	V.1	<b>4,725,579</b>	<b>3,158,296</b>


**Dr. Velagapudi Lakshmana Dutt****Chairman**

On behalf of the Board of Management

Phu Yen Province, S.R. Vietnam

15.02.2019


  
**K.V.S.R. Subbaiah**  
**General Director**
  
**K. Venkateswarlu**  
**Manager (Accounts)**


## **KCP VIETNAM INDUSTRIES LIMITED**

(A 100% foreign invested company licensed and incorporated in S.R. Vietnam)

### **FINANCIAL STATEMENTS**

For the fiscal year ended 31<sup>st</sup> December 2018

## **NOTES TO THE FINANCIAL STATEMENTS**

**For the fiscal year 2018**

These notes are integral part of and should be read in conjunction with the financial statements from 01<sup>st</sup> January 2018 to 31<sup>st</sup> December 2018 of KCP VIETNAM INDUSTRIES LTD, VIETNAM (“the Company”).

### **I. OPERATION FEATURES**

1. **Investment form** : A 100% foreign-owned company.
2. **Operating field** : Production and processing.
3. **Main operations** : Production of sugar, sugar by-products and power.

### **II. FISCAL YEAR AND STANDARD CURRENCY USED IN ACCOUNTING**

1. **Fiscal year**  
The fiscal years of the company are from 01<sup>st</sup> January to 31<sup>st</sup> December annually.
2. **Standard currency unit**  
The standard currency unit used is Vietnam Dong (VND).

### **III. ACCOUNTING SYSTEM AND STANDARDS**

1. **Accounting system**  
The Company applies the Vietnamese Enterprise Accounting System in accordance with the Circular No. 200/2014/TT-BTC dated 22 December 2014 issued by Ministry of Finance and relevant amendment documents.
2. **Statement on the compliance with the accounting system and standards**  
The Directors ensure to follow all the requirements of the prevailing Vietnamese accounting system and Standards in the preparation of these financial statements.
3. **Accounting form**  
The company has applied the general journal recording form.

### **IV. ACCOUNTING POLICIES**

1. **Accounting convention**  
All the financial statements are prepared in accordance with the historical cost convention.
2. **Cash and cash equivalents**  
Cash and cash equivalents include cash on hand, cash in bank and cash in transit and short-term Investments of which the due dates cannot exceed 3 months from the dates of the investments and the convertibility into cash is easy and which do not have a lot of risks in the conversion into cash.



## **KCP VIETNAM INDUSTRIES LIMITED**

(A 100% foreign invested company licensed and incorporated in S.R. Vietnam)

### **FINANCIAL STATEMENTS**

For the fiscal year ended 31<sup>st</sup> December 2018

#### **Notes to the financial statements (cont.)**

---

### **3. Inventories**

Inventories are recorded at their original costs. Costs include purchasing expenses, processing expenses and other directly related costs to bring the inventories to the current positions and conditions.

Costs of inventories are determined in accordance with the weighted average method and recorded in line with the perpetual method.

Provision for devaluation of inventories is recognized when their costs are higher than their net realizable values. Net realizable values are the estimated selling prices of inventories less the estimated expenses on product completion and other necessary expenses on product consumption.

### **4. Trade receivable and other receivable**

Trade receivable and other receivable are recognized at the values on supporting documents and invoices.

### **5. Tangible fixed assets**

Fixed assets are determined by their historical costs less accumulated depreciation. Historical costs of fixed assets include all the expenses of the company to have these fixed assets as of the dates they are ready to be put into use. Other expenses incurred subsequent to the initial recognition are included in historical costs of fixed assets only if they certainly bring more economic benefits in the future thanks to the use of these assets. Those which do not meet the above conditions will be recorded into expenses during the period.

When a fixed asset is sold or disposed, its historical cost and accumulated depreciation are written off, then any gain/ (loss) arisen are posted into the income or the expenses during the period.

### **6. Borrowing costs**

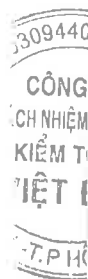
Borrowing costs are included into expenses during the period. In case the borrowing costs are directly related to the construction or the production of an asset in progress, which has taken a substantial period of time (over 12 months) to get ready for intended use or sales of the asset, these costs will be capitalized.

In the event of general borrowings which are partly used for acquiring, constructing or producing an asset in progress, the costs eligible for capitalization will be determined according to the capitalization rates applied to average accumulated expenditure on that asset. The capitalization rates are computed at the average interest rates on the borrowings not yet paid during the period, except for particular borrowings serving the purpose of obtaining a specific asset.

### **7. Corporate income tax**

In accordance with Investment License No.361 023 000 028 dated 13.05.2015, the tax company has to pay to the state budget:

Corporate Income Tax equal to 10% of yearly profit. The company is exempted from Corporate Income Tax for 4 years from the year when the company starts to earn profit and granted a 50% reduction for the 4 subsequent years for 3000 TCD project and Tax exemption for 04 years and a 50% reduction of the payable tax amount for subsequent 07 years for expansion of sugar refinery project from 3000 TCD to 5000 TCD.





## KCP VIETNAM INDUSTRIES LIMITED

(A 100% foreign invested company licensed and incorporated in S.R. Vietnam)

### FINANCIAL STATEMENTS

For the fiscal year ended 31<sup>st</sup> December 2018

#### Notes to the financial statements (cont.)

In accordance with Investment License No.361 023 000 028 dated 13.05.2015 and Decree No.218/ND-CP dated 26/12/2013: The company choose to enjoy CIT incentives for their operating projects for the remaining duration for sugar refinery project to 10,000 TCD (Tax rate, incentives time as per sugar refinery project of 5,000 TCD).

In accordance with Decree No.12/2015/ND-CP dated 12/02/2015 and Circular No.96/2015/TT-BTC dated 22/06/2015, the company is exempted from Corporate Income Tax.

Corporate income tax during the period includes current income tax and deferred income tax.

Current income tax is the tax amount computed based on the taxable income during the period at the tax rates applied as of the balance sheet date. Taxable income is different from accounting profit 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 the amount of corporate income tax payable or refundable due to temporary differences between book values of assets and liabilities serving the preparation of the financial statements and the values for tax purposes. Deferred income tax liabilities are recognized for all the temporary taxable differences. Deferred income tax assets are recorded only when there is an assurance on the availability of taxable income in the future against which the temporarily deductible differences can be used.

Book values of deferred corporate income tax assets are considered at the balance sheet dates and will be reduced to the rates that ensure enough taxable income against which the benefits from a part of or all of the deferred income tax can be used.

Deferred income tax assets and deferred income tax liabilities are determined at the estimated rates to be applied in the year when the assets are recovered or the liabilities are settled based on the effective tax rates as of the balance sheet date. Deferred income tax is recognized in the income statement. In the case that deferred income tax is related to the items of the owner's equity, corporate income tax will be included in the owner's equity of the company.

#### 8. Foreign currency translation

Transactions in currencies other than the Company's reporting currency of VND are recorded at the actual exchange rates ruling at the date of the transaction.

At the end of the period, monetary balances denominated in foreign currencies are translated at the actual transaction exchange rates at the balance sheet dates which are determined as follows:

- Monetary assets are translated at buying exchange rate of the commercial bank where the Company conduct transactions regularly; and
- Monetary liabilities are translated at selling exchange rate of the commercial bank where the Company conducts transactions regularly.

All realized and unrealized foreign exchange differences are taken to the income statement.

The exchange rates used as at 31/12/2018:

Selling rate	: VND 23,245 /USD
Selling rate	: VND 345.34 /INR



**KCP VIETNAM INDUSTRIES LIMITED**

(A 100% foreign invested company licensed and incorporated in S.R. Vietnam)

**FINANCIAL STATEMENTS**For the fiscal year ended 31<sup>st</sup> December 2018**Notes to the financial statements (cont.)****9. Recognition of sales**

Sales of finished goods are recognized when most of risks and benefits associated with the goods ownership are transferred to customers and there are no uncertain factors related to payments, additional costs or sales returns.

Sales of service provision are recognized when there are no uncertain factors related to payments or additional costs. In case that the services are to be provided in many accounting periods, the determination of sales in each period is done on the basis of the service completion rate as of the balance sheet date.

**V. ADDITIONAL INFORMATION ON THE ITEMS OF THE BALANCE SHEET**

Unit: 1,000 dongs

**1. Cash and cash equivalents:**

	<u>2018</u>	<u>2017</u>
Cash on hand	137,373	198,891
Cash in bank	4,588,206	2,959,405
<b>Total</b>	<b><u>4,725,579</u></b>	<b><u>3,158,296</u></b>

**2. Short-term Investments:**

	<u>2018</u>	<u>2017</u>
Bank for Investment Development of Vietnam, Binh Dinh	241,100,000	-
<b>Total</b>	<b><u>241,100,000</u></b>	<b><u>-</u></b>

**3. Accounts receivable:**

	<u>2018</u>	<u>2017</u>
Trade Accounts Receivable	179,591,732	210,542,047
Prepayment to suppliers	4,330,132	8,629,394
Other receivable	217,997,103	314,232,517
<b>Total</b>	<b><u>401,918,967</u></b>	<b><u>533,403,957</u></b>

Details of accounts receivable: Please see attachment.

**4. Inventories:**

	<u>2018</u>	<u>2017</u>
Tools and supplies	35,531,961	27,885,548
Work in process	-	-
Finished goods	378,161,829	486,282,950
Provision for Devaluation of Inventory	-	(19,985,378)
<b>Total</b>	<b><u>413,693,790</u></b>	<b><u>494,183,120</u></b>

**5. Other current assets**

	<u>2018</u>	<u>2017</u>
Prepaid Insurance Expenses	651,973	707,879
Value added tax deductible	-	10,447,526
Land and Housing Tax	-	163,313
<b>Total</b>	<b><u>651,973</u></b>	<b><u>11,318,718</u></b>

**KCP VIETNAM INDUSTRIES LIMITED**

(A 100% foreign invested company licensed and incorporated in S.R. Vietnam)

**FINANCIAL STATEMENTS**For the fiscal year ended 31<sup>st</sup> December 2018**Notes to the financial statements (cont.)****6. Tangible & Intangible fixed assets:**

Please see attachment

**7. Construction-in-progress**

	<b>Beginning Balance 2018</b>	<b>Increases During the year</b>	<b>Transfer to fixed assets</b>	<b>Ending Balance 2018</b>
Plant & Machinery	25,929,654	27,137,193	53,066,847	-
Bio-Compost Plant	6,269,496	426,721	-	6,696,217
Solar Power	-	112,500	-	112,500
Buildings	-	4,005,890	1,402,720	2,603,170
Ethanol Plant	4,566,234	-	-	4,566,234
<b>Total</b>	<b>36,765,384</b>	<b>31,682,304</b>	<b>54,469,567</b>	<b>13,978,121</b>

**8. Payable to suppliers & Advances from Customers:**

	<b>2018</b>	<b>2017</b>
Trade Accounts Payable	36,124,180	51,713,912
Advances from Customers	10,415,221	27,827,829
<b>Total</b>	<b>46,539,401</b>	<b>79,541,741</b>

Note: Details of accounts payable: Please see attachment

**KCP VIETNAM INDUSTRIES LIMITED**

(A 100% foreign invested company licensed and incorporated in S.R. Vietnam)

## FINANCIAL STATEMENTS

For the fiscal year ended 31<sup>st</sup> December 2018

## Notes to the financial statements (cont.)

**09. Taxes and other obligations to the State Budget**

	Beginning balance 2018	Amount payable during the year	Amount paid during the year	Ending balance 2018
VAT	-	79,470,621	74,708,254	4,762,367
VAT for import goods	-	1,982,989	1,982,989	-
License fees	-	4,000	4,000	-
Export, import taxes	-	264,749	264,749	-
Corporate Income tax	-	-	-	-
Natural resource tax	464	110,026	110,147	343
<b>Total</b>	<b>464</b>	<b>81,832,385</b>	<b>77,070,139</b>	<b>4,762,710</b>

Note: VAT Amount paid during the year 74,708,254 including tax deductible 10,447,526 in 2017.

09.1. Corporate Income Tax payable and profit after tax in the period: Unit: 1,000 dongs

-Total Profit before Tax	248,530,834
-Operating Income	248,530,834
-Corporate income tax payable	0
-Net Profit after tax	248,530,834

Unit: Dongs

Profit before tax as per Income Statement	248,530,833,896
<b>Add:</b> Expenses of Son Hoa (Not Allowed)	104,170,000
<b>Add:</b> Expenses of Dong Xuan (Not Allowed)	9,500,000
<b>Profit before exemptions</b>	<b>248,644,503,896</b>

-CIT is exempted 21.93% - as per Investment License No.361 023 000 028 dated 13.05.2015, from 2009 to 2012 (100% exemption for 4 years) and from 2013 to 2019 (50% Exemption for 7 years)

27,258,627,135

-CIT is exempted 49.44% - as per Investment license No.361023000028 Dt 13.05.2015 CIT is exempted, followed tax incentives of projects under operation for the remaining time from 2015 to 2019 (50% reduction for 05 years)

61,461,470,206

**Profit after exemptions** **159,924,406,555**

Tax calculated @ 10% as per Investment license No.361023000028

Dt 13.05.2015

15,992,440,655

**Tax Payable****15,992,440,655**

In which:-

- Tax Rate 10% - 3000 TCD	7,120,430,921
- Tax Rate 10% - 5000 TCD	2,725,862,714
- Tax Rate 10% - 10000 TCD	6,146,147,021
<b>Total &gt;&gt;</b>	<b>15,992,440,655</b>

Exemption 100% As per Circular 78/2014/TT-BTC – Dt 18.06.2014

**15,992,440,655****CIT Payable****0**

**KCP VIETNAM INDUSTRIES LIMITED**

(A 100% foreign invested company licensed and incorporated in S.R. Vietnam)

## FINANCIAL STATEMENTS

For the fiscal year ended 31<sup>st</sup> December 2018

## Notes to the financial statements (cont.)

	2018	2017
<b>10. Payable to employees</b>		
Payable to employees	15,108,601	10,434,087
<b>Total</b>	<b>15,108,601</b>	<b>10,434,087</b>
<b>11. Accrued expenses and other provisions</b>		
Accrued expenses ( <i>Incl Dividend payable</i> )	4,773,100	12,819,266
<b>Total</b>	<b>4,773,100</b>	<b>12,819,266</b>
<b>12. Other payable</b>		
Social insurance	88,020	71,431
Health insurance	15,860	12,606
Unemployment Insurance	7,049	4,202
Trade Union expenditure	114,399	114,045
Other Payables	5,884,967	8,109,730
<b>Total</b>	<b>6,110,295</b>	<b>8,312,014</b>
<b>13. Short-term loan and financial lease</b>		
BIDV – Binh Dinh	-	107,856,871
Vietcom Bank Phu Yen	-	17,800,000
<b>Total</b>	<b>-</b>	<b>125,656,871</b>
<b>14. Long-term loan and financial lease (Vietnam Development Bank)</b>		
Opening balance	187,019,313	234,162,113
Loan taken during the year	-	-
Loan repayment during the year	47,142,800	47,142,800
<b>Closing balance</b>	<b>139,876,513</b>	<b>187,019,313</b>
<i>Loan contract No.02/2015/HĐTDĐT-NHPT, Mortgage contracts No.01/2015/HĐTCTS-NHPT</i>		
<i>The value of collateral is 1,016,249 MVND</i>		
<b>15. Scientific and technological development fund</b>		
<i>15.1 Scientific and technological development fund</i>		
Opening balance	25,000,000	25,000,000
Increase during the year	-	-
Utilizing Fund	-	-
<b>Closing balance</b>	<b>25,000,000</b>	<b>25,000,000</b>

**KCP VIETNAM INDUSTRIES LIMITED**

(A 100% foreign invested company licensed and incorporated in S.R. Vietnam)

## FINANCIAL STATEMENTS

For the fiscal year ended 31<sup>st</sup> December 2018

Notes to the financial statements (cont.)

*15.2 Scientific and technological development fund that forms fixed assets*

	<b>2018</b>	<b>2017</b>
Opening balance	77,889,015	85,806,065
Increase during the year	-	-
Utilizing Fund (depreciation expenses)	(7,917,050)	(7,917,050)
<b>Closing balance</b>	<b>69,971,965</b>	<b>77,889,015</b>

**16. Owner's equity**

Owners invested equity as follows

	<b>As in the company's charter</b>		<b>Legal capital already invested</b>
	<b>USD</b>	<b>Rate (%)</b>	<b>(USD)</b>
The KCP Ltd	20,323,332	66.667	20,323,332
The G V Reddy Irrevocable Trust	4,996,152	16.389	4,996,152
Dr V L Dutt KCP Welfare fund	4,742,111	15.556	4,742,111
Subba Rao Vallabhaneni	84,681	0.278	84,681
Uma Subba Rao Vallabhaneni	84,681	0.278	84,681
Devasena Vallabhaneni	84,681	0.278	84,681
Krishna Prasad Vallabhaneni	84,681	0.278	84,681
Raghuveer Vallabhaneni	84,681	0.278	84,681
<b>Total</b>	<b>30,485,000</b>	<b>100%</b>	<b>30,485,000</b>

*Statement of fluctuations in owner's equity*

	<b>Capital</b>	<b>Retained earnings</b>	<b>Total</b>
Opening balance of the previous year	545,856,275	867,963,753	1,413,820,028
Capital increased in the previous year	-	-	-
Profit of the previous year	-	210,316,025	210,316,025
Profit distribution of the previous year	-	(204,891,674)	(204,891,674)
<b>Closing balance of the previous year</b>	<b>545,856,275</b>	<b>873,388,104</b>	<b>1,419,244,379</b>
Opening balance of the current year	545,856,275	873,388,104	1,419,244,379
Capital increased in the year	-	-	-
Profit of the current year	-	248,530,834	248,530,834
Profit distribution of the current year	-	(69,736,707)	(69,736,707)
<b>Closing balance of the current year</b>	<b>545,856,275</b>	<b>1,052,182,231</b>	<b>1,598,038,506</b>

**KCP VIETNAM INDUSTRIES LIMITED**

(A 100% foreign invested company licensed and incorporated in S.R. Vietnam)

**FINANCIAL STATEMENTS**For the fiscal year ended 31<sup>st</sup> December 2018**Notes to the financial statements (cont.)****VI. ADDITIONAL INFORMATION ON THE ITEMS OF THE INCOME STATEMENT**

Unit: 1,000 dong

1. Sales	2018	2017
<b>Gross sales</b>	<b>1,820,599,383</b>	<b>1,513,311,598</b>
<i>Sales of goods</i>	<i>1,676,176,319</i>	<i>1,464,329,228</i>
Deductions:	1,534,691	1,084,387
<i>Sales of power</i>	<i>144,423,064</i>	<i>48,982,370</i>
<b>Net sales</b>	<b>1,819,064,692</b>	<b>1,512,227,212</b>
<i>In which:</i>		
<i>Sales of goods</i>	<i>1,674,641,629</i>	<i>1,463,244,842</i>
<i>Sales of power</i>	<i>144,423,064</i>	<i>48,982,370</i>
<b>2. Costs of goods sold</b>		
<b>2.1 Costs of sugar, sugar by-products</b>	<b>2018</b>	<b>2017</b>
Direct materials	1,034,230,259	1,329,662,744
Direct labor	26,033,465	28,935,532
General manufacturing expenses	109,324,379	90,624,977
<b>Total manufacturing expenses</b>	<b>1,169,588,103</b>	<b>1,449,223,253</b>
Differences on work-in-process	-	-
Total costs of goods manufactured	1,169,588,103	1,449,223,253
Provision for Devaluation of Inventory	(19,985,378)	19,985,378
Differences on finished goods	108,121,120	(375,985,268)
<b>Costs of finished goods already provided</b>	<b>1,257,723,845</b>	<b>1,093,223,363</b>
<b>2.2 Costs of power</b>	<b>2018</b>	<b>2017</b>
Direct materials	102,504,071	42,448,577
Direct labor	3,403,594	3,381,513
General manufacturing expenses	39,324,075	27,120,646
<b>Costs of power manufactured already provided</b>	<b>145,231,740</b>	<b>72,950,736</b>
<b>Total</b>	<b>1,402,955,585</b>	<b>1,166,174,099</b>
<b>3. Financial income</b>	<b>2018</b>	<b>2017</b>
Interest received from banks and farmers	1,953,399	2,200,052
Gain from unrealized foreign exchange	-	-
<b>Total</b>	<b>1,953,399</b>	<b>2,200,052</b>
<b>4. Financial expenses</b>	<b>2018</b>	<b>2017</b>
Interest on Long term Loan	18,391,145	24,322,645
Loss on unrealized foreign exchange	719,772	1,222,585
<b>Total</b>	<b>19,110,918</b>	<b>25,545,230</b>



**KCP VIETNAM INDUSTRIES LIMITED**

(A 100% foreign invested company licensed and incorporated in S.R. Vietnam)

**FINANCIAL STATEMENTS**For the fiscal year ended 31<sup>st</sup> December 2018**Notes to the financial statements (cont.)**

	<b>2018</b>	<b>2017</b>
<b>5. Selling expenses</b>		
Packing Materials	15,983,175	12,872,952
Freight - outward	56,147,849	35,226,010
Other expenses	25,587,075	14,266,348
<b>Total</b>	<b>97,718,099</b>	<b>62,365,310</b>
<b>6. Administrative overheads</b>		
Expenses for employees	41,943,133	36,443,910
Depreciation of fixed assets	505,082	700,836
Provision for Science & Technology Fund	-	-
Other Administrative overheads	10,361,115	13,068,967
<b>Total</b>	<b>52,809,330</b>	<b>50,213,713</b>
<b>7. Other income</b>		
Miscellaneous receipts	106,676	-
Gain from liquidation of fixed assets	-	264,060
<b>Total</b>	<b>106,676</b>	<b>264,060</b>
<b>8. Other expenses</b>		
Net book values and expenses of liquidated assets	-	30,169
<b>Total</b>	<b>-</b>	<b>30,169</b>

440084-C  
CÔNG TY  
HỢP HỮU HẠ  
M TOÁN  
T ĐỨC  
PHỐ CHÍN



## KCP VIETNAM INDUSTRIES LIMITED

(A 100% foreign invested company licensed and incorporated in S.R. Vietnam)

### FINANCIAL STATEMENTS

For the fiscal year ended 31<sup>st</sup> December 2018

Notes to the financial statements (cont.)

#### VII. Additional Information:

##### 1. Transactions with related parties.

Related parties of the Company include:

<b>Related parties</b>	<b>Relationship</b>
The KCP Ltd	The parent company

During the year, the company has made the following transactions with the related parties:

Unit: 1,000 VND

	<u>2018</u>	<u>2017</u>
<b>The KCP Ltd</b>		
Purchase of Spares, Machinery & Equipment	-	-
Payments	-	-

##### 2. Some items of overall evaluation of the operating and finance performance of the Business:

Please refer to the Report of Board of Management and General Director – item “Financial Indicators of the Business”


##### 3. Events after closing date

No events after closing date have affected significantly in the following fiscal years and have been adjusted or mentioned in the financial statement.

  
\_\_\_\_\_  
**Dr. Velagapudi Lakshmana Dutt**  
Chairman

On behalf of Board of Management  
Phu Yen Province, S.R. Vietnam  
Date: 15/02/2019

  
\_\_\_\_\_  
**K.V.S.R. Subbaiah**  
General Director

  
\_\_\_\_\_  
**K. Venkateswarlu**  
Manager (Accounts)

**KCP VIET NAM INDUSTRIES LIMITED**

(A 100% foreign invested company licensed and incorporated in S.R.Vietnam)

**FINANCIAL STATEMENTS**For the fiscal year ended 31<sup>st</sup> December 2018**AMOUNT RECEIVABLE FROM CUSTOMERS  
ACCOUNT CODE : 131 (DR)***Unit: 1,000 dong*

Sl.No.	Name of the Customer	Amount
1	Acecook Viet Nam joint stock Co.	3,562,297
2	CoCa Cola Beverages Viet Nam Co.Ltd	17,655,481
3	CoCa Cola Beverages Viet Nam - Ha Noi branch	12,729,312
4	Minh Tam industries & foodstuff Co.Ltd	401,400
5	Cholimex food joint stock Co.	3,316,000
6	Tan Hiep Phat trading & service Co.Ltd	5,523,000
7	URC Viet Nam Co.Ltd	23,823,555
8	Binh Dinh pharmaceutical and medical equipment JSC	3,324,300
9	Khanh Hoa sanest Beverages JSC	2,314,620
10	Binh Dinh pharmaceutical and medical equipment JSC	239,645
11	Viet Nam Spirits and wine Co.Ltd	957,033
12	Branch Acecook Viet Nam JSC- Hung Yen	857,630
13	Branch Acecook Viet Nam JSC- Vinh Long	221,760
14	Sai Gon- Phu Yen trading & service one number Co.Ltd	45,000
15	Branch Acecook Viet Nam JSC- Da Nang	242,046
16	Quy Nhon Mineral water joint stock Co.	933,900
17	FrieslandCampina Viet Nam Co.Ltd	28,895,055
18	Khanh Hoa mineral water JSC -FIT Beverage	433,440
19	Branh of CoCa Cola Beverages Viet Nam Co.Ltd in Da Nang City	1,615,434
20	Branch Acecook Viet Nam JSC- Bac Ninh	383,597
21	Viet Nam Taisho Company	5,864,300
22	Tan Quang Minh Co.Ltd	3,351,073
23	Suntory pepsico Viet Nam Beverages Co.Ltd	20,501,250
24	Nestle Viet Nam Co.Ltd	11,311,678
25	Number One Chu Lai Co.Ltd	925,103
26	Phu Yen post office	58,200
27	Electrict selling & buying Company	4,000,000
28	Pepsico Viet Nam - Dong Nai branch	26,105,625
	<b>Total</b>	<b>179,591,732</b>

**KCP VIET NAM INDUSTRIES LIMITED**

(A 100% foreign invested company licensed and incorporated in S.R.Vietnam)

**FINANCIAL STATEMENTS**For the fiscal year ended 31<sup>st</sup> December 2018**DETAILS OF ADVANCE TO SUPPLIERS  
ACCOUNT CODE : 331 (DR)***Unit: 1,000 dong*

Sl.No.	Name of the Suppliers	Amount
1	Dat Technology Co.Ltd	900
2	Environment and natural resource technical center	15,030
3	S & P construction & consultancy	15,000
4	Land development center of Phu Hoa	48,000
5	Industrial consultancy center Phu Yen	195,455
6	CIC-Comnet industries Company	5,478
7	Phu Yen design & construction consultancy JSC	108,182
8	Phu Yen electricity design survey consultancy Ltd	70,000
9	Ho Thi Kim Tien private enterprise	660,000
10	Nam Khanh construction & survey Limited	29,227
11	Fives Cail-KCP Limited	633,050
12	Southern information & baluation corporation	45,000
13	EFC mangement consulting Co.Ltd	22,260
14	Dang Van Tri	195,000
15	1/5 Comany Ltd	2,044,917
16	Office of registering land using right- Phu Yen	30,969
17	SGS Viet Nam Limited	4,840
18	Mai Thao shop	56,393
19	Thanh Long Environment Co.Ltd	140,145
20	Hilti Viet Nam Company Limited	5,346
21	Huy Hoang Minh production-trading-service Co.Ltd	4,940
	<b>Total</b>	<b>4,330,132</b>

03094  
CÔN  
ÁCH NH  
KIỂM  
VIỆT  
/ - T. P. H

**KCP VIET NAM INDUSTRIES LIMITED**

(A 100% foreign invested company licensed and incorporated in S.R.Vietnam)

**FINANCIAL STATEMENTS**For the fiscal year ended 31<sup>st</sup> December 2018**OTHER SHORT TERM RECEIVABLES****ACCOUNT CODE : 136***Unit: 1,000 dongs*

<b>Sl.No.</b>	<b>Name</b>	<b>Amount</b>
1	Other Receivable	1,906,641
2	Travel advance to staff	5,250
3	Salary advance	2,288
4	Miscellaneous Deposit	10,000
5	Advance To Ho Chi Minh City Office	21,000
6	Advance To Dong Xuan sugar unit	1,914
7	Cash Loan To Farmers	120,442,187
8	Road Development Loan To Farmers	340
9	Interest refund to farmers	64,996
10	Seed Loan To Farmers - 2012	81,581
11	Fertilizer Loan To Farmers - 2012	58,524
12	Fertilizer Loan To Farmers - 2013	40,885
13	Deposit - Distillery Project	2,000,000
14	Cash Loan To Farmers (Implements)	3,687,702
15	Additional Cash Loan	1,610,759
16	Fertilizer Loan To Farmers - 2014	37,454
17	Seed Loan To Farmers - 2014	776,303
18	Cash Investment For Plantation	49,740
19	Fertilizer Loan To Farmers 2015	2,194
20	Seed Loan To Farmers 2015	54,163
21	Fertilizer Loan To Farmers 2016	32,619
22	Filter Cake Loan To Farmers	2,120,089
23	Seed Loan To Farmers 2017	22,050
24	Advance people court Son Hoa dist	5,563
25	Fertilizer Loan To Farmers 2018	79,549,534
26	Seed Loan To Farmers 2018	3,926,288
27	Fertilizer Loan To Farmers 2019	1,487,040
	<b>Total</b>	<b>217,997,103</b>

0084-C  
TY  
HỮU HA  
TOÁN  
ĐỨC  
CHI M

**KCP VIET NAM INDUSTRIES LIMITED**

(A 100% foreign invested company licensed and incorporated in S.R.Vietnam)

**FINANCIAL STATEMENTS**For the fiscal year ended 31<sup>st</sup> December 2018**AMOUNT PAYABLE TO SUPPLIERS****ACCOUNT CODE : 331 (CR)***Unit: 1,000 dong*

<b>Sl.No.</b>	<b>Name of the Supplier</b>	<b>Amount</b>
1	Truc Vang Co.Ltd	293,327
2	Hoi Phat investment & construction Co.Ltd	4,308,653
3	Project 56 Co.Ltd	740,488
4	Weico technology Co.Ltd	211,300
5	The He trade technology Co.Ltd	9,966
6	Thai Toan	1,480
7	Ho Thanh Luu	20,038
8	Quang Tran Phat Co.Ltd	23,760
9	Lam Gia Phu trading service Co.Ltd	14,265
10	Saigonfast Co.Ltd	18,933
11	Alpha printing trading service Co.Ltd	21,690
12	To Thi Hoe	11,594
13	Nguyen Anh Co.Ltd	11,579
14	Gia Dinh engineering Co.Ltd	9,350
15	Business center of VNPT- Phu Yen	28,947
16	Tran Nhan Nhan	4,278
17	Japan Viet Nam fertlizer Co.	3,708,300
18	Turbo Craft	244,020
19	Mobifone Phu Yen	451
20	Viettel Phu Yen	17,869
21	Urban Management Team of Dong Xuan district	1,827
22	Central High -Tension Power Grid Co.	15,936
23	Phuong Loan Ex-Import Co.Ltd	6,617
24	Minh Tinh trading & service Co.Ltd	3,259
25	Thai Minh trading & informatics Co.Ltd	340
26	Khai Nguyen trading Co.Ltd	739
27	P & C ware house Logistics Co.Ltd	629,323
28	Ha Hai Thanh trading service Co.Ltd	7,212
29	Bien Hoa foodstuff Mechanical Co.	46,200
30	Viet automation technology Co.Ltd	13,464
31	Duy Dung trade -transport enterprise	11,550
32	TVT Viet Nam trading Co.Ltd	30,972
33	SMMS engineering system s PVT Ltd	22,118
34	Vitranimex transportation & trading JSC	123,060
35	Top fortune warehouse Logistics JSC	95,883
36	INO solution and technology measurement Co.Ltd	127,105
37	Tra- Sas	276,028
38	Nhuan Huy construction Co.Ltd	84,840
39	Hoan Phuc JSC	312,348
40	Thien Phuoc telecommunications Co.Ltd	3,520
41	Mien Dong electric equipment Co.Ltd	3,569
42	Thien Y scientific equipment Co.Ltd	11,275
43	Hanjin Global Logistics Viet Nam Co.Ltd	1,537
44	VMS trading technical Co.Ltd	22,773
45	Mien Nam filtering equipment JSC	12,100
46	Duc Nang trading Co.Ltd	2,288
47	Tan Trieu trading production Co.Ltd	4,787
48	HH computer shop	1,900
49	Pan Pacific Logistics JSC	159,047
50	T & D trading service technology Co.Ltd	18,955
51	Anh Vuong transportation Co.Ltd	11,550
52	Minh Thien trading service Co.Ltd	129,422
53	Nghi Quan trade & service Co.Ltd	56,994
54	Hai Lam trade Co.Ltd	18,550

**KCP VIET NAM INDUSTRIES LIMITED**

(A 100% foreign invested company licensed and incorporated in S.R.Vietnam)

**FINANCIAL STATEMENTS**For the fiscal year ended 31<sup>st</sup> December 2018**AMOUNT PAYABLE TO SUPPLIERS  
ACCOUNT CODE : 331 (CR)***Unit: 1,000 dong*

<b>SI.No.</b>	<b>Name of the Supplier</b>	<b>Amount</b>
52	Minh Thien trading service Co.Ltd	129,422
53	Nghi Quan trade & service Co.Ltd	56,994
54	Hai Lam trade Co.Ltd	18,550
55	An Vu industry JSC	506
56	An Phat trading Co.Ltd	27,500
57	Cong Thanh oto Co.Ltd	1,321,364
58	Linh Phat engineering Co.Ltd	1,348
59	Hai Han Co.Ltd	1,000
60	Nguyen Hung Vinh Co.Ltd	7,179
61	Lieu Hoang trade & service Co.Ltd	111,265
62	Hoang Kim Chau	2,250
63	Pham Thi Ha	311
64	Hoang Nam shop	9,473
65	Orchid trading services Co.Ltd	7,180
66	Carimex import export transportation JSC	29,400
67	Vina printing & trading corporation	14,300
68	Cao Nguyen technical science equipment Co.Ltd	2,860
69	E & C technical development Co.Ltd	715
70	Nhan Tam trade transport Co.Ltd	58,800
71	Viconship Quy Nhon	6,754
72	Chau Giang equipment & technology Co.Ltd	8,250
73	Nguyen Hung electric technical trade Co.Ltd	80,025
74	Han Phu transportation service trade Co.Ltd	9,800
75	Kim Ngoc Khanh trade & construction Co.Ltd	792,687
76	Thanh Long environment Co.Ltd	841,034
77	Hung Lan Co.Ltd	2,037
78	Nguyen Thi Xuan	2,270
79	Dong Chau environment construction Co.Ltd	14,850
80	Dao Sy Anh	4,333
81	Ba Ba Co.Ltd	16,790
82	Tuan Trien Co.Ltd	5,100
83	Behn meyer specialty chemicals SDN.BHD	142,159
84	Nguyen Thi Minh Hien	1,240
85	Phuc Thanh private enterprise	500
86	Y Hong Nga private enterprise	82,059
87	Nguyen Huu Thinh	19,922
88	Le Nguyen trading service Co.Ltd	2,068
89	Truong Tin trade & transport Co.Ltd	115,350
90	Thuan Thanh Phat trade & service Co.Ltd	219,572
91	Ha Van Dan	2,993
92	The KCP Limited	27,953
93	Cash purchase	2,090
94	Nguyen Thanh Hai	105,658
95	Vinh Loi trade & trans Co.Ltd	65,715
96	Tuy Hoa industrial gas JSC	16,363
97	Kim Nguyen shop	1,558
98	Man Hue Shop	2,500
99	Nguyen Binh Sanh	3,858
100	GE triveni Ltd	6,673,887
101	Fives cail-KCP Ltd	2,775,941



**KCP VIET NAM INDUSTRIES LIMITED**

(A 100% foreign invested company licensed and incorporated in S.R.Vietnam)

**FINANCIAL STATEMENTS**For the fiscal year ended 31<sup>st</sup> December 2018**AMOUNT PAYABLE TO SUPPLIERS  
ACCOUNT CODE : 331 (CR)***Unit: 1,000 dong*

<b>Sl.No.</b>	<b>Name of the Supplier</b>	<b>Amount</b>
102	Nguyen Xuan Hung	8,153
103	Vo Ngoc Thanh	4,039
104	Son Ha trade & transport private enterprise	53,510
105	Viet Loc Phat Co.Ltd	9,880
106	Ha Khanh Co.Ltd	25,181
107	Ngo Thanh Hien	12,348
108	Nam Chau tranport Co.Ltd	188,534
109	EDCOM Viet Nam investment JSC	1,000,000
110	Environment protection department	294
111	Tai Dung transport private enterprise	94,964
112	Ty Linh transport & trade private enterprise	23,290
113	Tri Hue transport & trade Co.Ltd	34,465
114	Viet Duc auditing Co.Ltd	49,940
115	Hung Viet Co.Ltd	10,472
116	Minh Dang technical trade Co.Ltd	53,231
117	Long Nhi transport service Co.Ltd	50,310
118	Cuong Thinh trade & industy JSC	10,555
119	Viet Nam power technique Ltd	51,778
120	Minh Lien trading & production Co.Ltd	5,282
121	Phan Thanh Tung	890
122	Rang Dong JSC- Nha Trang branch	2,059
123	Ngoc Tien Shop	44,000
124	Nguyen Dinh Hung trans.trade & service Co.Ltd	43,050
125	Moc Xich service trade Co.Ltd	1,514
126	Quoc Anh Co.Ltd	136,077
127	Ho Ngoc Dau	3,290
128	Nguyen Ngoc Sanh	1,710
129	Hai Phuc transport Co.Ltd	47,520
130	Vien Thong PH trade & service Co.Ltd	35,550
131	Vien Tin Vo Tuyen Dien Co.Ltd	165
132	Hoa Tan Co.Ltd	453,569
133	Hong Cam trade Co.Ltd	8,600
134	Lap Phat Thinh transport private enterprise	46,230
135	Post office Son Hoa	5,478
136	Phu Huu petrol oil private enterprise	16,930
137	Le Thi Kim Hoa	3,349
138	Nguyen Duy Quang	1,207
139	Mechanical engineering & metallurgy JSC	8,140
140	Hoang Kim industrial equipment one member Co.Ltd	36,922
141	KTC Viet Nam Co.Ltd	5,018
142	Transportation retention payable	31,426
143	Cane suppliers payable -Phu Yen	132,129
144	Cane transportation charges payable-Provisional	1,430
145	Seed Cane creditors	121,381
146	Cane suppliers balance payable	20,574
147	Penalties recovered from farmers but due	158,796
148	Amount payable to farmers-interest	7,462,814
	<b>Total</b>	<b>36,124,180</b>

33094  
CÔM  
CH NH  
KIỂM  
JIẾT  
-T.P

**KCP VIET NAM INDUSTRIES LIMITED**

(A 100% foreign invested company licensed and incorporated in S.R.Vietnam)

**FINANCIAL STATEMENTS**For the fiscal year ended 31<sup>st</sup> December 2018**ADVANCE RECEIVED FROM CUSTOMERS  
ACCOUNT CODE : 131 (CR)***Unit: 1.000 dong*

<b>Sl.No.</b>	<b>Name of the Supplier</b>	<b>Amount</b>
1	Huynh Cong Hoa	356
2	Tan Hoang Nhan Transport Co.Ltd	310
3	Pham Thanh Hang	1,938
4	Van Canh Biology Energy Co.Ltd	186,546
5	Phat Thanh Thanh Dat trade one member Co.Ltd	117,000
6	Alphabe trade service Co.Ltd	22,644
7	Chu Dinh Khanh	5,614
8	Son Hoa Green Energy Co.Ltd	77,412
9	Thanh Thanh Cong Trade JSC	26,137
10	Do Huynh Son	376
11	Dac My Phat Trade Co.Ltd	7,200
12	Le Van Trung	6,467
13	Quy Nhon Agro-products shop	1,192
14	Hung Thinh Co.Ltd	513,762
15	Kim Ha Viet Co.Ltd	85,176
16	Minh Tam industrial foodstuff Co.Ltd	64,404
17	Phan Van Ba	5,088
18	Vo Van Sy	763
19	Huynh Ngan trade ser.construction private enterprise	3,799
20	Son Hoa fresh fuel material manufacture Co.Ltd	64,591
21	An Tien Phat Co.Ltd	787
22	Viet Life trading & service joint stock Co.	7,355,920
23	Dang Quang Dong	2,624
24	Nguyen Hong Son	3,937
25	Nam Viet Ninh Thuan Co.Ltd	764
26	Bui Duy Hai	2,183
27	Ngoc Mai trading & pro ser Co.Ltd	11,706
28	Nhat Son Tech. Service JSC	56,098
29	Chu Se rubber Co.	953
30	Oneway Bio organic fertilizer JSC	2,268
31	Dai Long Tin Co.Ltd	18,506
32	Thuan Tin Thanh Co.Ltd	4,824
33	Vinh Loi trading & transport service Co.Ltd	141,556
34	NKT trading Co.Ltd	923
35	Tran Ngoc Phien	75,595
36	Thanh My Phat trade & service Co.Ltd	24,690
37	Son Nguyen buying & selling agricultural products Co.Ltd	85,152
38	Au My investment & trade Co.Ltd	589,067
39	Kim Ngoc Khanh construction & trade Co.Ltd	11,690
40	Le Gia trading & product Co.Ltd	680,023
41	Trang Son trade Co.Ltd	50,000
42	Hanh Nguyen Vina Co.Ltd	430
43	Dinh Van Cuong	4,394
44	Dinh Quoc Khanh	495
45	Khang Trung Hieu Co.Ltd	10,689
46	Phu Hai private enterprise	989
47	Phuc Quang private enterprise	1,335
48	Nhat Anh trade & investment Co.Ltd	356
49	Ngoc Minh Chau Assistant & development Science	1,690
50	Hoang Gia fertilizer production Co.Ltd	25,634
51	Pham Van Vinh	17,714
52	Pham Cong Dung	11,345
53	Ha Tan Co.Ltd	6,161
54	Minh Khanh trade-omport & export Co.Ltd	3,172
55	A & P Thanh Hoa Co.Ltd	10,778
56	Tran Huu Quang	10,000
57	<b>Total</b>	<b>10,415,221</b>

0084-  
G TY  
H HUU HA  
TOAN  
DUC  
O CHIM



**KCP VIET NAM INDUSTRIES LIMITED**  
(A 100% foreign invested company licensed and incorporated in S.R. Vietnam)  
**FINANCIAL STATEMENTS**  
For the Fiscal year ended 31st December 2018

**INCREASE AND DECREASE OF FIXED ASSETS AS AT 31.12.2018**

Unit : 1000 dong\$

Item	Buildings	Plant & Machinery	Intangible Assets	Means of Transportation	Office Equipment and Others	Dong Xuan Assets	Total
<b>1/Original price</b>	214,657,992	1,179,743,774	456,190	5,790,682	3,883,319	2,122,492	1,406,654,449
+ At 01/01/2018							
+ Increase during the year	1,402,720	53,066,847	-	1,452,888	-	-	55,922,455
+ Decrease during the year	-	-	-	-	-	-	-
<b>+ At 31/12/2018</b>	<b>216,060,712</b>	<b>1,232,810,621</b>	<b>456,190</b>	<b>7,243,570</b>	<b>3,883,319</b>	<b>2,122,492</b>	<b>1,462,576,904</b>
<i>In which, fully depreciated assets still in use</i>		264,774,480	456,190	4,111,942	3,208,288	2,122,492	274,673,393
<b>2/Depreciation</b>							
+ At 01/01/2018	46,004,351	482,473,645	456,190	5,077,464	3,432,632	2,122,492	539,566,774
+ Increase during the year	8,619,004	71,856,335		286,063	219,020	-	80,980,421
+ Decrease during the year							
2.1 Depreciation - Sci & Tech							
+ Increase during the year	-	7,917,050	-	-	-	-	7,917,050
<b>+ At 31/12/2018</b>	<b>54,623,356</b>	<b>562,247,031</b>	<b>456,190</b>	<b>5,363,526</b>	<b>3,651,652</b>	<b>2,122,492</b>	<b>628,464,246</b>
<b>3/ Net book value</b>							
+ At 01/01/2018	168,653,641	697,270,129	-	713,219	450,686	-	867,087,675
<b>+ At 31/12/2018</b>	<b>161,437,356</b>	<b>670,563,591</b>	<b>-</b>	<b>1,880,044</b>	<b>231,666</b>	<b>-</b>	<b>834,112,658</b>