

**VinaCafé Bien Hoa Joint Stock Company  
and its subsidiary**

Consolidated Financial Statements  
for the year ended 31 December 2019

**VinaCafé Bien Hoa Joint Stock Company and its subsidiary  
Corporate Information**

**Enterprise Registration  
Certificate No.**

3600261626

29 December 2004

The Company's Enterprise Registration certificate has been amended several times, the most recent of which is dated 19 April 2019. The Enterprise Registration certificate and its amendments were issued by the Planning and Investment Department of Dong Nai Province.

**Board of Directors**

Pham Quang Vu	Chairman
Nguyen Hoang Yen	Member
Truong Cong Thang	Member
Pham Dinh Toai	Member
Pham Hong Son	Member
Nguyen Nam Hai	Member

**Board of Management**

Doan Quoc Hung	Chief Executive Officer (from 16 April 2019) Deputy Chief Executive Officer (until 15 April 2019)
Nguyen Tan Ky	Chief Executive Officer (until 15 April 2019)
Nguyen Thanh Tung	Deputy Chief Executive Officer

**Registered Office**

Bien Hoa Industrial Zone 1  
An Binh Ward  
Bien Hoa City  
Dong Nai Province  
Vietnam

**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
**Consolidated balance sheet as at 31 December 2019**

**Form B 01 – DN/HN**  
*(Issued under Circular No. 202/2014/TT-BTC*  
*dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	31/12/2019 VND	1/1/2019 VND
<b>ASSETS</b>				
<b>Current assets</b> <b>(100 = 110 + 130 + 140 + 150)</b>	<b>100</b>		<b>1,651,014,347,917</b>	<b>1,571,368,435,414</b>
<b>Cash and cash equivalents</b>	<b>110</b>	<b>4</b>	<b>218,388,319,710</b>	<b>195,173,528,412</b>
Cash	111		51,388,319,710	15,173,528,412
Cash equivalents	112		167,000,000,000	180,000,000,000
<b>Accounts receivable – short-term</b>	<b>130</b>		<b>1,214,118,987,237</b>	<b>1,095,156,431,326</b>
Accounts receivable from customers	131		1,208,801,211,350	1,090,496,821,395
Prepayments to suppliers	132		2,281,018,986	3,520,367,530
Other short-term receivables	136	5(a)	3,036,756,901	1,139,242,401
<b>Inventories</b>	<b>140</b>	<b>6</b>	<b>209,196,938,479</b>	<b>271,748,037,674</b>
Inventories	141		210,187,420,104	273,042,057,465
Allowance for inventories	149		(90,481,625)	(1,294,019,791)
<b>Other current assets</b>	<b>150</b>		<b>9,310,102,491</b>	<b>9,290,438,002</b>
Short-term prepaid expenses	151		799,744,651	628,537,330
Deductible value added tax	152		8,510,357,840	8,661,900,672

*The accompanying notes are an integral part of these consolidated financial statements*

**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
**Consolidated balance sheet as at 31 December 2019 (continued)**

**Form B 01 – DN/HN**  
*(Issued under Circular No. 202/2014/TT-BTC*  
*dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	31/12/2019 VND	1/1/2019 VND
<b>Long-term assets</b> <b>(200 = 210 + 220 + 240 + 260)</b>	<b>200</b>		<b>574,314,489,337</b>	<b>645,268,101,344</b>
<b>Accounts receivable – long-term</b>	<b>210</b>		<b>5,000,000</b>	<b>5,000,000</b>
Other long-term receivables	216	5(b)	5,000,000	5,000,000
<b>Fixed assets</b>	<b>220</b>		<b>524,528,739,209</b>	<b>595,438,965,445</b>
Tangible fixed assets	221	7	524,004,084,537	594,690,599,917
Cost	222		1,088,800,433,070	1,081,459,964,788
Accumulated depreciation	223		(564,796,348,533)	(486,769,364,871)
Intangible fixed assets	227	8	524,654,672	748,365,528
Cost	228		2,180,358,879	2,180,358,879
Accumulated amortisation	229		(1,655,704,207)	(1,431,993,351)
<b>Long-term work in progress</b>	<b>240</b>		<b>1,699,576,081</b>	<b>4,330,935,678</b>
Construction in progress	242	9	1,699,576,081	4,330,935,678
<b>Other long-term assets</b>	<b>260</b>		<b>48,081,174,047</b>	<b>45,493,200,221</b>
Long-term prepaid expenses	261	10	20,722,086,182	22,559,571,091
Deferred tax assets	262		9,921,085,871	2,778,016,428
Goodwill	269	11	17,438,001,994	20,155,612,702
<b>TOTAL ASSETS (270 = 100 + 200)</b>	<b>270</b>		<b>2,225,328,837,254</b>	<b>2,216,636,536,758</b>

*The accompanying notes are an integral part of these consolidated financial statements*

**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
**Consolidated balance sheet as at 31 December 2019 (continued)**

**Form B 01 – DN/HN**  
*(Issued under Circular No. 202/2014/TT-BTC*  
*dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	31/12/2019 VND	1/1/2019 VND
<b>RESOURCES</b>				
<b>LIABILITIES (300 = 310 + 330)</b>	<b>300</b>		<b>783,257,864,116</b>	<b>814,442,496,273</b>
<b>Current liabilities</b>	<b>310</b>		<b>778,141,786,866</b>	<b>807,942,804,312</b>
Accounts payable to suppliers	311		295,275,392,610	351,380,171,841
Advances from customers	312		1,433,428,343	7,436,439,795
Taxes payable to State Treasury	313	12	82,164,306,392	42,871,542,088
Accrued expenses	315	13	27,621,771,870	38,730,387,959
Other short-term payables	319	14(a)	5,208,349,357	3,844,999,839
Short-term borrowings	320	15	345,406,640,836	342,647,365,332
Bonus and welfare funds	322		21,031,897,458	21,031,897,458
<b>Long-term liabilities</b>	<b>330</b>		<b>5,116,077,250</b>	<b>6,499,691,961</b>
Other long-term payables	337	14(b)	279,450,000	95,089,961
Provisions – long-term	342		4,836,627,250	6,404,602,000
<b>EQUITY (400 = 410)</b>	<b>400</b>		<b>1,442,070,973,138</b>	<b>1,402,194,040,485</b>
<b>Owners' equity</b>	<b>410</b>	<b>16</b>	<b>1,442,070,973,138</b>	<b>1,402,194,040,485</b>
Share capital	411	17	265,791,350,000	265,791,350,000
- Ordinary shares with voting rights	411a		265,791,350,000	265,791,350,000
Share premium	412	17	29,974,241,968	29,974,241,968
Investment and development fund	418		213,510,848,947	213,510,848,947
Undistributed profits after tax	421		943,676,859,714	900,756,030,882
- Undistributed profits after tax brought forward	421a		262,856,790,882	260,832,034,286
- Undistributed profit after tax for the current year/prior year	421b		680,820,068,832	639,923,996,596
Non-controlling interests	429		(10,882,327,491)	(7,838,431,312)
<b>TOTAL RESOURCES (440 = 300 + 400)</b>	<b>440</b>		<b>2,225,328,837,254</b>	<b>2,216,636,536,758</b>

22 January 2020

Prepared by:



Nguyen Thi Ngoc Tram  
General Accountant



Phan Thi Thuy Hoa  
Chief Accountant

Approved by:



Doan Quoc Hung  
Chief Executive Officer

*The accompanying notes are an integral part of these consolidated financial statements*

**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
**Consolidated statement of income for the year ended 31 December 2019**

**Form B 02 – DN/HN**  
*(Issued under Circular No. 202/2014/TT-BTC*  
*dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	Quarter IV		Year to date	
			2019 VND	2018 VND	2019 VND	2018 VND
Revenue from sales of goods and provision of services	01	19	1,087,366,143,728	1,168,036,809,871	3,102,829,367,605	3,454,856,973,562
Revenue deductions	02	19	119,186,160	856,836,934	5,383,639,889	19,921,683,133
Net revenue (10 = 01 - 02)	10	19	1,087,246,957,568	1,167,179,972,937	3,097,445,727,716	3,434,935,290,429
Cost of sales	11	20	773,508,785,516	886,182,145,362	2,232,972,093,529	2,593,804,999,350
Gross profit (20 = 10 - 11)	20		313,738,172,052	280,997,827,575	864,473,634,187	841,130,291,079
Financial income	21	21	2,324,030,954	6,517,226,407	10,514,020,569	33,060,651,045
Financial expenses	22	22	5,035,362,236	5,691,315,318	20,623,219,469	18,399,232,571
<i>In which: Interest expense</i>	23		4,513,675,361	5,591,420,897	19,262,766,855	18,078,537,177
Selling expenses	25		4,959,445,322	7,585,403,355	17,218,272,083	33,302,429,275
General and administration expenses	26		12,328,697,316	19,672,928,036	38,875,429,486	45,633,939,151
<b>Net operating profit</b> {30 = 20 + (21 - 22) - (25 + 26)}	30		293,738,698,132	254,565,407,273	798,270,733,718	776,855,341,127
Other income	31		-	27,437,931	14,680,080	71,579,755
Other expenses	32		6,832,936,962	6,972,595	6,866,402,123	615,875,336
Results of other activities (40 = 31 - 32)	40		(6,832,936,962)	20,465,336	(6,851,722,043)	(544,295,581)
Accounting profit before tax (50 = 30 + 40) (Carried forward to next page)	50		286,905,761,170	254,585,872,609	791,419,011,675	776,311,045,546

*The accompanying notes are an integral part of these consolidated financial statements*

VinaCafé Bien Hoa Joint Stock Company and its subsidiary  
 Consolidated statement of income for the year ended 31 December 2019 (continued)

Form B 02 – DN/HN  
 (Issued under Circular No. 202/2014/TT-BTC  
 dated 22 December 2014 of the Ministry of Finance)

	Code	Note	Quarter IV		Year to date	
			2019 VND	2018 VND	2019 VND	2018 VND
Accounting profit before tax (brought forward from previous page)	50		286,905,761,170	254,585,872,609	791,419,011,675	776,311,045,546
Income tax expense – current	51		28,668,706,526	47,376,691,911	120,785,908,465	110,468,773,556
Income tax (benefit)/expense – deferred	52		(4,974,570,787)	(491,746,647)	(7,143,069,443)	28,864,960,510
Net profit after tax (60 = 50 - 51 - 52)	60		263,211,625,431	207,700,927,345	677,776,172,653	636,977,311,480
Attributable to:						
Equity holders of the Company	61		263,907,000,428	208,558,989,369	680,820,068,832	639,923,996,596
Non-controlling interests	62		(695,374,997)	(858,062,024)	(3,043,896,179)	(2,946,685,116)
<b>Earnings per share</b>						
Basic earnings per share	70	23	9,929	7,847	25,615	24,076

22 January 2020

Prepared by:



Nguyen Thi Ngoc Tram  
 General Accountant



Phan Thi Thuy Hoa  
 Chief Accountant

Approved by:



Doan Quoc Hung  
 Chief Executive Officer

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

**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
**Consolidated statement of cash flows for the year ended 31 December 2019**  
**(Indirect method)**

**Form B 03 – DN/HN**  
*(Issued under Circular No. 202/2014/TT-BTC*  
*dated 22 December 2014 of the Ministry of Finance)*

	Code	2019 VND	2018 VND
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Accounting profit before tax</b>	<b>01</b>	<b>791,419,011,675</b>	<b>776,311,045,546</b>
<b>Adjustments for</b>			
Depreciation and amortisation	02	81,905,162,296	84,498,964,696
Allowances and provisions	03	1,131,130,269	5,870,332,736
Exchange (gains)/losses arising from revaluation of monetary items dominated in foreign currencies	04	(565,943,443)	45,468,280
Profit from investing activities	05	(8,396,088,393)	(32,110,667,089)
Interest expense	06	19,262,766,855	18,078,537,177
<b>Operating profit before changes in working capital</b>	<b>08</b>	<b>884,756,039,259</b>	<b>852,693,681,346</b>
Change in receivables and other current assets	09	(119,507,654,981)	(1,052,394,594,243)
Change in inventories	10	59,851,994,176	(77,334,265)
Change in payables and other liabilities	11	(62,017,781,156)	(197,858,009,496)
Change in prepaid expenses	12	5,731,308,178	9,924,601,088
		<b>768,813,905,476</b>	<b>(387,711,655,570)</b>
Interest paid	14	(18,658,104,293)	(17,773,438,883)
Corporate income tax paid	15	(91,140,550,982)	(100,110,923,776)
<b>Net cash flows from operating activities</b>	<b>20</b>	<b>659,015,250,201</b>	<b>(505,596,018,229)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for additions to fixed assets and other long-term assets	21	(10,497,431,734)	(13,764,016,981)
Proceeds from disposals of fixed assets	22	191,478,015	-
Payment for other investments	23	-	(100,000,000,000)
Proceeds from other investments	24	-	100,000,000,000
Receipts of interests	27	8,847,733,869	35,808,758,641
<b>Net cash flows from investing activities</b>	<b>30</b>	<b>(1,458,219,850)</b>	<b>22,044,741,660</b>

*The accompanying notes are an integral part of these consolidated financial statements*

**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
**Consolidated statement of cash flows for the year ended 31 December 2019**  
**(Indirect method - continued)**

**Form B 03 – DN/HN**  
*(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)*

	Code	2019 VND	2018 VND
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings	33	1,359,631,943,583	1,685,424,184,115
Payments to settle loan principals	34	(1,356,872,668,079)	(1,749,938,463,151)
Payments of dividend to owners	36	(637,666,728,000)	(1,752,597,119,200)
<b>Net cash flows from financing activities</b>	<b>40</b>	<b>(634,907,452,496)</b>	<b>(1,817,111,398,236)</b>
<b>Net cash flows during the year</b> (50 = 20 + 30 + 40)	<b>50</b>	<b>22,649,577,855</b>	<b>(2,300,662,674,805)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>60</b>	<b>195,173,528,412</b>	<b>2,495,714,686,629</b>
<b>Effect of exchange rate fluctuations on cash and cash equivalents</b>	<b>61</b>	<b>565,213,443</b>	<b>121,516,588</b>
<b>Cash and cash equivalents at the end of the year</b> (70 = 50 + 60 + 61) (Note 4)	<b>70</b>	<b>218,388,319,710</b>	<b>195,173,528,412</b>

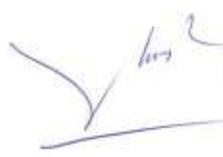
22 January 2020

Prepared by:



Nguyen Thi Ngoc Tram  
General Accountant

Approved by:




Phan Thi Thuy Hoa  
Chief Accountant

Doan Quoc Hung  
Chief Executive Officer

*The accompanying notes are an integral part of these consolidated financial statements*

**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
**Notes to the consolidated financial statements for the year ended 31 December 2019**

**Form B 09 – DN/HN**  
*(Issued under Circular No. 202/2014/TT-BTC*  
*dated 22 December 2014 of the Ministry of Finance)*

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

**1. Reporting entity**

**(a) Ownership structure**

VinaCafé Bien Hoa Joint Stock Company (“the Company”) is a joint stock company incorporated in Vietnam. The consolidated financial statements for the year ended 31 December 2019 comprise the Company and its subsidiary (collectively referred to as “the Group”).

**(b) Principal activities**

The principal activities of the Company are to manufacture and sell various kinds of coffees, instant cereals and non-alcoholic drinks in the domestic and oversea markets.

**(c) Normal operating cycle**

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

**(d) Group structure**

As at 31 December 2019, the Group has 1 subsidiary (1/1/2019: 1 subsidiary), the detail informations of the subsidiary are described as follows:

Name	Principal activities	Address	Percentage of economic interests and voting rights	
			31/12/2019	1/1/2019
Café De Nam Joint stock Company	Beverage manufacturing and trading	C.I.III – 3+5+7, Long Thanh Industrial Zones, Tam An, Long Thanh, Dong Nai, Vietnam	85%	85%

As at 31 December 2019, the Group had 286 employees (1/1/2019: 327 employees).

**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
**Notes to the consolidated financial statements for the year ended 31 December 2019**  
**(continued)**

**Form B 09 – DN/HN**  
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**2. Basis of preparation**

**(a) Statement of compliance**

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

**(b) Basis of measurement**

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

**(c) Annual accounting period**

The annual accounting period of the Group is from 1 January to 31 December. These financial statements are prepared for the year ended 31 December 2019.

**(d) Accounting and presentation currency**

The Group's accounting currency is Vietnam Dong ("VND") which is also the currency used for these financial statements presentation purpose.

**(e) Corresponding figures**

The corresponding figures as at 1 January 2019 were brought forward from the audited figures as at 31 December 2018.

**3. Summary of significant accounting policies**

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

**(a) Basis of consolidation**

**(i) Subsidiary**

Subsidiary is an entity controlled by the Group. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases.

**(ii) Non-controlling interests**

Non-controlling interests ("NCI") are measured at their proportionate share of the acquiree's identifiable net assets at date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with shareholders. The difference between the change in the Group's share of net assets of the subsidiary and any consideration paid or received is recorded directly in undistributed profits after tax under equity.

**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
**Notes to the consolidated financial statements for the year ended 31 December 2019**  
**(continued)**

**Form B 09 – DN/HN**  
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**(iii) Transactions eliminated on consolidation**

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

**(iv) Business combination**

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

**(b) Foreign currency transactions**

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

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at the average of the account transfer buying rates and selling rates at the end of the annual accounting period quoted by the commercial bank where the Company or its subsidiary most frequently conduct transactions.

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

**(c) Cash and cash equivalents**

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

**(d) Investments**

***Held-to-maturity investments***

Held-to-maturity investments are those that the Boards of Management of the Company and its subsidiary have the intention and ability to hold until maturity. Held-to-maturity investments include term deposits at banks and other investment. These investments are stated at cost less allowance for doubtful debts.

**(e) Accounts receivables from customers and other receivables**

Account receivables from customers and other receivables are stated at cost less allowance for doubtful debts.

**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
**Notes to the consolidated financial statements for the year ended 31 December 2019**  
**(continued)**

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**(f) Inventories**

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

The Group applies the perpetual method of accounting for inventories.

**(g) Tangible fixed assets**

**(i) Cost**

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

**(ii) Depreciation**

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

▪ buildings and structures	5 – 25 years
▪ machinery and equipment	3 – 20 years
▪ office equipment	3 – 7 years
▪ motor vehicles	5 – 10 years

**(h) Intangible fixed assets**

**(i) Software**

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

**(ii) Brand name**

Cost of acquiring brand name is capitalised and treated as an intangible asset and is amortised on a straight-line basis over 8 years.

**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
**Notes to the consolidated financial statements for the year ended 31 December 2019**  
**(continued)**

**Form B 09 – DN/HN**  
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**(i) Construction in progress**

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

**(j) Long-term prepaid expenses**

**(i) Prepaid land costs**

Prepaid land costs comprise prepaid land lease rentals, including those for which the Group obtained land use rights certificate but are not qualified as intangible fixed assets under prevailing regulations and other costs incurred in conjunction with securing the use of leased land. These costs are recognised in the consolidated statement of income on a straight-line basis over the remaining term of the lease of 43 years.

**(ii) Tools and supplies**

Tools and supplies include assets held for use by the Group in the normal course of business whose costs of individual items are less than VND30 million and therefore not qualified for recognition as fixed assets under prevailing regulations. Cost of tools and supplies are amortised on a straight-line basis over a year ranging from 2 years to 3 years.

**(k) Goodwill**

Goodwill arising on the acquisition of a subsidiary is measured at cost less accumulated amortisation. Cost of goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (gain from bargain purchase), it is recognised immediately in the consolidated statement of income.

Goodwill arising on acquisition of a subsidiary is amortised on a straight-line basis over 10 years. Carrying value of goodwill arising on acquisition of a subsidiary is written down to recoverable amount as management determines that it is not fully recoverable.

**(l) Accounts payable to suppliers and other payables**

Accounts payable to suppliers and other payables are stated at their costs.

**(m) Provisions**

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

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***Severance allowance***

Under the Vietnamese Labour Code, when an employee who has worked for 12 months or more (“the eligible employees”) voluntarily terminates his/her labour contract, the employer is required to pay the eligible employee severance allowance calculated based on years of service and employee’s compensation at termination. Provision for severance allowance has been provided based on employees’ years of service and their average salary for the six-month period prior to the annual accounting period. For the purpose of determining the number of years of service by an employee, the year for which the employee participated in and contributed to unemployment insurance in accordance with prevailing laws and regulations and the period for which severance allowance has been paid by the Group are excluded.

**(n) Share capital and share premium**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares, net of tax effects, are recognised as a deduction from share premium. The excess of proceeds from issuance of shares over the par value of shares issued is recorded as share premium.

**(o) Taxation**

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

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted at the end of the annual accounting period and any adjustment to tax payable in respect of previous years.

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

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

**(p) Revenue**

**(i) Sales of goods**

Revenue from sales of goods is recognised in the consolidated statement of income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue from sales of goods is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods. Revenue from sales of goods is recognised at the net amount after deducting sales discounts stated on the invoice.

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**(ii) Provision of services**

Revenue from provision of services is recognised in the consolidated statement of income in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to surveys of work performed. No revenue from provision of services is recognised if there are significant uncertainties regarding recovery of the consideration due.

**(iii) Rental income**

Rental income from leased property is recognised in the consolidated statement of income on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income.

**(q) Financial income and financial expenses**

**(i) Financial income**

Financial income comprises interest income from deposits at banks, foreign exchange gains and interest income from other financial investments.

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

**(ii) Financial expenses**

Financial expenses comprise interest expenses on borrowings and foreign exchange losses and other financial activities losses

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

**(r) Operating lease payments**

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

**(s) Earnings per share**

The Group presents basic and diluted earnings per share (“EPS”) for its ordinary shares. Basic EPS is calculated by dividing the consolidated profit or loss attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the consolidated profit or loss attributable to the ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding for the effect of all dilutive potential ordinary shares.

The consolidated profit or loss attributable to the ordinary shareholders of Company is determined after deducting any amounts appropriated to bonus and welfare funds for the annual accounting period.

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**(t) Related parties**

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

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

**4. Cash and cash equivalents**

	<b>31/12/2019</b>	<b>1/1/2019</b>
	<b>VND</b>	<b>VND</b>
Cash on hand	65,403,819	60,832,637
Cash at banks	51,322,915,891	15,112,695,775
Cash equivalents	167,000,000,000	180,000,000,000
Cash and cash equivalents in the consolidated statement of cash flows	218,388,319,710	195,173,528,412

Cash equivalents represented term deposits at banks with original terms to maturity of three months or less from their transaction dates.

**5. Other receivables**

**(a) Other short-term receivables**

	<b>31/12/2019</b>	<b>1/1/2019</b>
	<b>VND</b>	<b>VND</b>
Accrued interest receivables	185,342,466	636,191,781
Short-term deposits	2,337,656,100	402,000,000
Other non-trade receivables	513,758,335	101,050,620
	3,036,756,901	1,139,242,401

**(b) Other long-term receivables**

	<b>31/12/2019</b>	<b>1/1/2019</b>
	<b>VND</b>	<b>VND</b>
Long-term deposits	5,000,000	5,000,000

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**6. Inventories**

	31/12/2019		1/1/2019	
	Cost VND	Allowance VND	Cost VND	Allowance VND
Goods in transit	3,392,741,499	-	4,650,644,930	-
Raw materials	152,418,926,814	(225,704,420)	220,485,410,341	(490,497,084)
Tools and supplies	8,906,182,488	(764,777,205)	8,002,377,993	(803,522,707)
Finished goods	44,679,299,729	-	38,611,580,523	-
Merchandise inventories	790,269,574	-	1,292,043,678	-
	210,187,420,104	(990,481,625)	273,042,057,465	(1,294,019,791)

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

	2019 VND	2018 VND
Opening balance	1,294,019,791	1,899,355,887
Increase in allowance during the year	2,737,850,521	3,384,342,574
Allowance utilised during the year	(3,002,643,185)	(4,333,271,565)
Written back	(38,745,502)	-
Closing balance	990,481,625	950,426,896

Included in inventories as at 31 December 2019 was VND990 million (1/1/2019: VND1,294 million) of slow- moving inventories.

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7. Tangible fixed assets

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Total VND
<b>Cost</b>					
Opening balance	203,621,464,636	869,578,620,006	4,485,955,671	3,773,924,475	1,081,459,964,788
Additions during the year	-	65,500,000	-	-	65,500,000
Transfers from construction in progress	-	5,618,253,159	-	2,785,846,369	8,404,099,528
Disposals	-	(597,560,114)	-	(95,000,000)	(692,560,114)
Written off	(230,442,000)	(206,129,132)	-	-	(436,571,132)
Closing balance	203,391,022,636	874,458,683,919	4,485,955,671	6,464,770,844	1,088,800,433,070
<b>Accumulated depreciation</b>					
Opening balance	63,239,819,651	416,813,046,977	3,636,179,151	3,080,319,092	486,769,364,871
Charge for the year	10,790,599,508	67,497,039,181	150,159,219	526,042,824	78,963,840,732
Disposals	-	(451,409,573)	-	(80,882,203)	(532,291,776)
Written off	(198,436,162)	(206,129,132)	-	-	(404,565,294)
Closing balance	73,831,982,997	483,652,547,453	3,786,338,370	3,525,479,713	564,796,348,533
<b>Net book value</b>					
Opening balance	140,381,644,985	452,765,573,029	849,776,520	693,605,383	594,690,599,917
Closing balance	129,559,039,639	390,806,136,466	699,617,301	2,939,291,131	524,004,084,537

Included in the cost of tangible fixed assets were assets costing VND272,352 million which were fully depreciated as of 31 December 2019 (1/1/2019: VND171,785 million), but are still in active use.

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**8. Intangible fixed assets**

	<b>Software VND</b>	<b>Brand name VND</b>	<b>Total VND</b>
<b>Cost</b>			
Opening and closing balances	1,304,073,640	876,285,239	2,180,358,879
<b>Accumulated amortisation</b>			
Opening balance	1,112,406,973	319,586,378	1,431,993,351
Charge for the year	100,000,000	123,710,856	223,710,856
Closing balance	1,212,406,973	443,297,234	1,655,704,207
<b>Net book value</b>			
Opening balance	191,666,667	556,698,861	748,365,528
Closing balance	91,666,667	432,988,005	524,654,672

Included in the cost of intangible fixed assets were assets costing VND1,004 million which were fully depreciated as of 31 December 2019 (1 January 2019: VND1,004 million), but are still in active use.

**9. Construction in progress**

<b>For the year ended</b>	<b>31/12/2019 VND</b>
Opening balance	4,330,935,678
Additions during the year	9,837,770,521
Transfers to tangible fixed assets	(8,404,099,528)
Transfers to long-term prepaid expenses	(4,065,030,590)
Closing balance	1,699,576,081

During the year ended 31 December 2019, there was no borrowing cost capitalised into construction in progress of the Group.

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**10. Long-term prepaid expenses**

	<b>Prepaid land costs VND</b>	<b>Tools and supplies VND</b>	<b>Total VND</b>
Opening balance	14,500,369,469	8,059,201,622	22,559,571,091
Transfers from construction in progress	-	4,065,030,590	4,065,030,590
Amortisation for the year	(402,788,040)	(5,499,727,459)	(5,902,515,499)
<b>Closing balance</b>	<b>14,097,581,429</b>	<b>6,624,504,753</b>	<b>20,722,086,182</b>

**11. Goodwill**

	<b>2019 VND</b>
<b>Cost</b>	
Opening and closing balances	27,176,107,031
<b>Accumulated amortisation</b>	
Opening balance	7,020,494,329
Charge for the year	2,717,610,708
<b>Closing balance</b>	<b>9,738,105,037</b>
<b>Net book value</b>	
Opening balance	20,155,612,702
Closing balance	17,438,001,994

**12. Taxes payable to State Treasury**

	<b>31/12/2019 VND</b>	<b>1/1/2019 VND</b>
Corporate income tax	66,516,248,108	36,870,890,625
Value added tax	15,484,919,988	5,778,028,469
Personal income tax	163,138,296	222,622,994
<b>Total</b>	<b>82,164,306,392</b>	<b>42,871,542,088</b>

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**13. Accrued expenses**

	<b>31/12/2019</b>	<b>1/1/2019</b>
	<b>VND</b>	<b>VND</b>
Bonus and 13 <sup>th</sup> month salary	12,126,269,277	17,217,272,100
Advertisement and promotion expenses	4,490,134,598	-
Purchases not yet received invoices	4,106,578,778	8,252,754,279
Accrued interest expenses	2,336,062,822	1,731,400,260
Logistics expense	1,057,947,193	-
Construction in progress	89,600,000	929,553,800
Others	3,415,179,202	10,599,407,520
	<hr/>	<hr/>
	27,621,771,870	38,730,387,959
	<hr/>	<hr/>

**14. Other payables**

**(a) Other short-term payables**

	<b>31/12/2019</b>	<b>1/1/2019</b>
	<b>VND</b>	<b>VND</b>
Dividend payables	1,884,690,000	1,652,178,000
Short-term deposits received	289,442,500	1,217,744,908
Social insurance, health insurance, unemployment insurance and trade union fees	199,196,539	258,019,603
Others	2,835,020,318	717,057,328
	<hr/>	<hr/>
	5,208,349,357	3,844,999,839
	<hr/>	<hr/>

**(b) Other long-term payables**

	<b>31/12/2019</b>	<b>1/1/2019</b>
	<b>VND</b>	<b>VND</b>
Long-term deposits received	279,450,000	95,089,961
	<hr/>	<hr/>

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**15. Short term borrowings**

	31/12/2019		1/1/2019	
	Carrying amount VND	Amount within repayment capacity VND	Carrying amount VND	Amount within repayment capacity VND
Short-term borrowings	345,406,640,836	345,406,640,836	342,647,365,332	342,647,365,332

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

	Currency	Annual interest rate	31/12/2019 VND	1/1/2019 VND
Unsecured bank loans	VND	5.35% - 5.40%	345,406,640,836	342,647,365,332

As at 31 December 2019, the Group does not have any overdue borrowings including principal and interest.

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**16. Changes in owners' equity**

	Share capital VND	Share premium VND	Investment and development fund VND	Undistributed profits after tax VND	Non-controlling interests VND	Total owners' equity VND
Balance as at 1 January 2018	265,791,350,000	29,974,241,968	213,510,848,947	260,832,034,286	(4,891,746,196)	765,216,729,005
Net profit for the year	-	-	-	639,923,996,596	(2,946,685,116)	636,977,311,480
Balance as at 31 December 2018	265,791,350,000	29,974,241,968	213,510,848,947	900,756,030,882	(7,838,431,312)	1,402,194,040,485
Balance as at 1 January 2019	265,791,350,000	29,974,241,968	213,510,848,947	900,756,030,882	(7,838,431,312)	1,402,194,040,485
Net profit for the year	-	-	-	680,820,068,832	(3,043,896,179)	677,776,172,653
Dividend	-	-	-	(637,899,240,000)	-	(637,899,240,000)
Balance as at 31 December 2019	265,791,350,000	29,974,241,968	213,510,848,947	943,676,859,714	(10,882,327,491)	1,442,070,973,138

Investment and development fund was appropriated from undistributed profits after tax in accordance with the resolution of Annual General Meeting of Shareholders. This fund was established for the purpose of future business expansion.

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**17. Share capital and share premium**

The Company's authorised and issued share capitals are:

	31/12/2019		1/1/2019	
	Number of shares	VND	Number of shares	VND
<b>Authorised and issued share capital</b>				
Ordinary shares	26,579,135	265,791,350,000	26,579,135	265,791,350,000
<b>Shares in circulation</b>				
Ordinary shares	26,579,135	265,791,350,000	26,579,135	265,791,350,000
<b>Share premium</b>	-	29,974,241,968	-	29,974,241,968

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

There were no movements in share capital during the year.

**18. Off balance sheet item**

**Foreign currency**

	31/12/2019		1/1/2019	
	Original currency	VND equivalent	Original currency	VND equivalent
USD	1,638,521	37,866,230,016	392,617	9,085,157,380

**19. Revenue from sales of goods**

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

Net revenue comprised:

	2019 VND	2018 VND
Total revenue	3,102,829,367,605	3,454,856,973,562
Less revenue deductions		
▪ Sales returns	5,383,639,889	2,280,157,248
▪ Sales discounts	-	17,641,525,885
	5,383,639,889	19,921,683,133
Net revenue	3,097,445,727,716	3,434,935,290,429

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**20. Cost of sales**

	<b>2019</b> <b>VND</b>	<b>2018</b> <b>VND</b>
Total cost of sales		
▪ Goods sold	2,230,272,988,510	2,589,265,332,864
▪ Allowance for inventories	2,699,105,019	4,539,666,486
	<hr/> 2,232,972,093,529	<hr/> 2,593,804,999,350

**21. Financial income**

	<b>2019</b> <b>VND</b>	<b>2018</b> <b>VND</b>
Interest income from deposits at banks and other investment	8,396,884,554	32,110,667,089
Foreign exchange gains	1,078,313,615	949,983,956
Others	1,038,822,400	-
	<hr/> 10,514,020,569	<hr/> 33,060,651,045

**22. Financial expenses**

	<b>2019</b> <b>VND</b>	<b>2018</b> <b>VND</b>
Interest expense	19,262,766,855	18,078,537,177
Foreign exchange losses	566,767,814	320,695,394
Others	793,684,800	-
	<hr/> 20,623,219,469	<hr/> 18,399,232,571

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**23. Basic earnings per share**

The calculation of basic earnings per share for the year ended 31 December 2019 was based on the consolidated profit attributable to ordinary shareholders of the Company, after deducting the amounts appropriated to bonus and welfare fund, and a weighted average number of ordinary shares outstanding calculated as follows:

**(i) Net profit attributable to ordinary shareholders**

	<b>2019</b>	<b>2018</b>
	<b>VND</b>	<b>VND</b>
Net profit attributable to ordinary shareholders	680,820,068,832	639,923,996,596

**(ii) Weighted average number of ordinary shares**

	<b>2019</b>	<b>2018</b>
	<b>VND</b>	<b>VND</b>
Weighted average number of ordinary shares at the end of the year	26,579,135	26,579,135

**(iii) Basic earnings per share**

	<b>2019</b>	<b>2018</b>
	<b>VND</b>	<b>VND</b>
Basic earnings per share	25,615	24,076

**24. Significant transactions with related parties**

During the year and as at the year end, the Group has the following significant transactions and balances with its related parties:

	Transaction value		Receivables/(payables)	
	2019	2018	as at	
	VND	VND	31/12/2019	1/1/2019
			VND	VND
<b>Parent of parent company</b>				
<b>Masan Consumer Corporation</b>				
Sales of goods	2,709,136,387,454	2,963,763,118,610	1,055,405,027,473	1,071,066,087,409
Sales of services	128,438,345,000	-	123,797,050,300	-
Purchases of goods	109,866,842,707	74,469,308,876	-	-

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	Transaction value		Receivables/(payables) as at	
	2019 VND	2018 VND	31/12/2019 VND	1/1/2019 VND
<b>Parent company</b>				
<b>Masan Beverage One Member Company Limited</b>				
Dividend declared	628,275,240,000	-	-	-
<b>Related parties</b>				
<b>Masan Industrial One Member Company Limited</b>				
Sales of goods	1,136,560,920	564,149,809	-	6,999,300
Purchases of goods	618,910,612	584,980,796	(182,793,171)	(383,094,650)
Purchases of service	28,714,697,366	23,787,314,567	(9,378,428,200)	(10,005,161,483)
Management fee	480,000,000	1,440,000,000	-	(1,584,000,000)
Sales of fixed assets	155,544,481	-	-	-
<b>Masan MB One Member Company Limited</b>				
Sales of goods and services	18,429,305,391	98,666,428	-	2,240,000
Purchases of goods	51,700,000	-	-	-
<b>Vinh Hao Mineral Water Corporation</b>				
Sales of goods and services	20,042,719,830	36,471,500	-	-
Purchases of goods	135,225,318,819	195,937,259,989	(37,487,475,792)	(28,134,478,637)
Purchases of service	74,163,238,704	98,671,200,000	(42,278,028,250)	(34,246,994,866)
<b>Key management personnel</b>				
Remunerations	7,067,379,527	4,790,589,872	-	-

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22 January 2020

Prepared by:



Nguyen Thi Ngoc Tram  
*General Accountant*

Approved by:



Phan Thi Thuy Hoa  
*Chief Accountant*



Doan Quoc Hung  
*Chief Executive Officer*