

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

Consolidated Financial Statements
for the six-month period ended
30 June 2020



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 13 July 2020. The Enterprise Registration certificate and its amendments were issued by the Planning and Investment Department of Dong Nai Province.

Board of Directors

Pham Hong Son	Chairman (from 23 June 2020) Member (until 23 June 2020)
Pham Quang Vu	Chairman (until 23 June 2020)
Nguyen Hoang Yen	Member
Truong Cong Thang	Member
Huynh Cong Hoan	Member (from 23 June 2020)
Ho Thuy Hanh	Member (from 23 June 2020)
Pham Dinh Toai	Member (until 23 June 2020)
Nguyen Hai Nam	Member (until 23 June 2020)

Board of Management

Doan Quoc Hung	Chief Executive Officer
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 30 June 2020

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

	Code	Note	30/6/2020 VND	1/1/2020 VND
ASSETS				
Current assets (100 = 110 + 130 + 140 + 150)	100		1,189,324,885,654	1,651,014,347,917
Cash and cash equivalents	110	4	38,763,820,497	218,388,319,710
Cash	111		30,263,820,497	51,388,319,710
Cash equivalents	112		8,500,000,000	167,000,000,000
Accounts receivable – short-term	130		824,724,486,651	1,214,118,987,237
Accounts receivable from customers	131		154,089,774,463	1,208,801,211,350
Prepayments to suppliers	132		234,923,663	2,281,018,986
Other short-term receivables	136	5(a)	670,399,788,525	3,036,756,901
Inventories	140	6	316,710,880,410	209,196,938,479
Inventories	141		316,762,943,817	210,187,420,104
Allowance for inventories	149		(52,063,407)	(990,481,625)
Other current assets	150		9,125,698,096	9,310,102,491
Short-term prepaid expenses	151		883,697,845	799,744,651
Deductible value added tax	152		8,242,000,251	8,510,357,840

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 30 June 2020 (continued)

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

	Code	Note	30/6/2020 VND	1/1/2020 VND
Long-term assets (200 = 210 + 220 + 240 + 260)	200		1,162,545,822,524	574,314,489,337
Accounts receivable – long-term	210	5(b)	614,750,205,479	5,000,000
Loans receivable – long-term	215		600,000,000,000	-
Other long-term receivables	216		14,750,205,479	5,000,000
Fixed assets	220		494,420,790,468	524,528,739,209
Tangible fixed assets	221	7	494,007,991,222	524,004,084,537
<i>Cost</i>	222		1,092,046,622,702	1,088,800,433,070
<i>Accumulated depreciation</i>	223		(598,038,631,480)	(564,796,348,533)
Intangible fixed assets	227	8	412,799,246	524,654,672
<i>Cost</i>	228		2,180,358,879	2,180,358,879
<i>Accumulated amortisation</i>	229		(1,767,559,633)	(1,655,704,207)
Long-term work in progress	240		7,242,300,969	1,699,576,081
Construction in progress	242	9	7,242,300,969	1,699,576,081
Other long-term assets	260		46,132,525,608	48,081,174,047
Long-term prepaid expenses	261	10	19,535,641,047	20,722,086,182
Deferred tax assets	262		10,517,687,921	9,921,085,871
Goodwill	269	11	16,079,196,640	17,438,001,994
TOTAL ASSETS (270 = 100 + 200)	270		2,351,870,708,178	2,225,328,837,254

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 30 June 2020 (continued)

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

	Code	Note	30/6/2020 VND	1/1/2020 VND
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		650,854,599,560	783,257,864,116
Current liabilities	310		645,545,791,560	778,141,786,866
Accounts payable to suppliers	311		173,303,179,175	295,275,392,610
Advances from customers	312		1,514,699,074	1,433,428,343
Taxes payable to State Treasury	313	12	109,954,836,544	82,164,306,392
Payables to employees	314		3,692,409,068	-
Accrued expenses	315	13	30,908,618,258	27,621,771,870
Other short-term payables	319	14(a)	5,616,382,260	5,208,349,357
Short-term borrowings	320	15	299,523,769,723	345,406,640,836
Bonus and welfare funds	322		21,031,897,458	21,031,897,458
Long-term liabilities	330		5,308,808,000	5,116,077,250
Other long-term payables	337	14(b)	279,450,000	279,450,000
Provisions – long-term	342		5,029,358,000	4,836,627,250
EQUITY (400 = 410)	400		1,701,016,108,618	1,442,070,973,138
Owners' equity	410	16	1,701,016,108,618	1,442,070,973,138
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		1,204,080,028,420	943,676,859,714
- Undistributed profits after tax brought forward	421a		943,676,859,714	262,856,790,882
- Undistributed profit after tax for the current period/prior year	421b		260,403,168,706	680,820,068,832
Non-controlling interests	429		(12,340,360,717)	(10,882,327,491)
TOTAL RESOURCES (440 = 300 + 400)	440		2,351,870,708,178	2,225,328,837,254

30 July 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 six-month period ended 30 June 2020

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

	Code	Note	Quarter II		Year to date	
			2020 VND	2019 VND	2020 VND	2019 VND
Revenue from sales of goods and provision of services	01	19	669,240,088,140	762,392,091,340	1,152,664,822,008	1,247,473,721,042
Revenue deductions	02	19	399,007,051	399,467,657	534,266,168	736,296,036
Net revenue (10 = 01 - 02)	10	19	668,841,081,089	761,992,623,683	1,152,130,555,840	1,246,737,425,006
Cost of sales	11	20	472,923,415,882	553,163,535,736	817,195,362,740	895,337,166,429
Gross profit (20 = 10 - 11)	20		195,917,665,207	208,829,087,947	334,935,193,100	351,400,258,577
Financial income	21	21	15,757,313,102	1,827,495,967	23,875,725,824	4,594,810,767
Financial expenses	22	22	6,457,199,200	4,269,700,992	15,287,930,378	11,547,831,149
<i>In which: Interest expense</i>	23		<i>3,810,322,961</i>	<i>4,203,013,342</i>	<i>7,894,573,862</i>	<i>11,104,792,789</i>
Selling expenses	25		1,156,443,660	5,013,767,147	3,109,382,513	9,858,982,776
General and administration expenses	26		7,533,836,981	12,183,676,682	13,875,840,656	18,251,801,909
Net operating profit {30 = 20 + (21 - 22) - (25 + 26)}	30		196,527,498,468	189,189,439,093	326,537,765,377	316,336,453,510
Other income	31		163	5,680,504	163	15,074,447
Other expenses	32		-	27,410,654	49,800	31,665,124
Results of other activities (40 = 31 - 32)	40		163	(21,730,150)	(49,637)	(16,590,677)
Accounting profit before tax (50 = 30 + 40) (Carried forward to next page)	50		196,527,498,631	189,167,708,943	326,537,715,740	316,319,862,833

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 six-month period ended 30 June 2020 (continued)

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

	Code	Note	Quarter II		Year to date	
			2020 VND	2019 VND	2020 VND	2019 VND
Accounting profit before tax (brought forward from previous page)	50		196,527,498,631	189,167,708,943	326,537,715,740	316,319,862,833
Income tax expense – current	51		41,343,415,196	34,013,037,351	68,189,182,310	55,917,536,682
Income tax (benefit)/ expense – deferred	52		(795,893,749)	(453,430,181)	(596,602,050)	230,085,664
Net profit after tax (60 = 50 - 51 - 52)	60		155,979,977,184	155,608,101,773	258,945,135,480	260,172,240,487
Attributable to:						
Equity holders of the Company	61		156,799,002,238	156,302,587,753	260,403,168,706	261,646,705,230
Non-controlling interests	62		(819,025,054)	(694,485,980)	(1,458,033,226)	(1,474,464,743)
Earnings per share						
Basic earnings per share	70	23	5,899	5,881	9,797	9,844

30 July 2020

Prepared by:



Nguyen Thi Ngoc Tram
General Accountant

Approved by:



Phan Thi Thuy Hoa
Chief Accountant



Doãn Quốc Hưng
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 six-month period ended 30 June 2020
(Indirect method)

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

	Code	For the six-month period ended 30/6/2020 VND	30/6/2019 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
Accounting profit before tax	01	326,537,715,740	316,319,862,833
Adjustments for			
Depreciation and amortisation	02	34,712,943,727	41,770,461,164
Allowances and provisions	03	574,696,568	790,900,163
Exchange gains arising from revaluation of monetary items dominated in foreign currencies	04	(902,434,165)	(240,102,676)
Profit from investing activities	05	(22,817,109,785)	(3,932,346,537)
Interest expense	06	7,894,573,862	11,104,792,789
Operating profit before changes in working capital	08	346,000,385,947	365,813,567,736
Change in receivables and other assets	09	1,058,871,771,263	13,248,427,227
Change in inventories	10	(107,895,907,749)	(41,679,435,761)
Change in payables and other liabilities	11	(92,472,451,553)	(158,198,559,243)
Change in prepaid expenses	12	2,210,663,941	2,200,928,654
		1,206,714,461,849	181,384,928,613
Interest paid	14	(9,468,397,777)	(12,115,539,238)
Corporate income tax paid	15	(60,929,582,793)	(49,970,388,896)
Net cash flows from operating activities	20	1,136,316,481,279	119,299,000,479
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for additions to fixed assets and other long-term assets	21	(9,077,543,720)	(6,215,768,946)
Proceeds from disposals of fixed assets	22	-	131,515,158
Payment for granting loans	23	(600,000,000,000)	-
Payment for other investments	23	(920,000,000,000)	-
Withdraws other investments	24	250,000,000,000	-
Receipts of interests	27	8,117,904,307	4,174,894,137
Net cash flows from investing activities	30	(1,270,959,639,413)	(1,909,359,651)

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 six-month period ended 30 June 2020
(Indirect method - continued)

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

	Code	For the six-month period ended 30/6/2020 VND	30/6/2019 VND
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	33	583,463,961,096	670,460,139,045
Payments to settle loan principals	34	(629,346,832,209)	(796,233,809,294)
Payments of dividend	36	-	(170,742,000)
Net cash flows from financing activities	40	(45,882,871,113)	(125,944,412,249)
Net cash flows during the period (50 = 20 + 30 + 40)	50	(180,526,029,247)	(8,554,771,421)
Cash and cash equivalents at the beginning of the period	60	218,388,319,710	195,173,528,412
Effect of exchange rate fluctuations on cash and cash equivalents	61	901,530,034	279,585,110
Cash and cash equivalents at the end of the period (70 = 50 + 60 + 61)	70	38,763,820,497	186,898,342,101

30 July 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 six-month period ended 30 June 2020

Form B 09a – 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 six-month period ended 30 June 2020 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 30 June 2020, the Group has 1 subsidiary (1/1/2020: 1 subsidiary), the detail informations of the subsidiary are described as follows:

Name	Principal activities	Address	Percentage of economic interests and voting rights	
			30/6/2020	1/1/2020
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 30 June 2020, the Group had 269 employees (1/1/2020: 286 employees).

VinaCafé Bien Hoa Joint Stock Company and its subsidiary
Notes to the consolidated financial statements for the six-month period ended 30 June
2020 (continued)

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

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 six-month period ended 30 June 2020.

(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 2020 were brought forward from the audited figures as at 31 December 2019.

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 six-month period ended 30 June
2020 (continued)

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

(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 period 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 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 six-month period ended 30 June
2020 (continued)

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

(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 period 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 six-month period ended 30 June
2020 (continued)

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

(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.

VinaCafé Bien Hoa Joint Stock Company and its subsidiary
Notes to the consolidated financial statements for the six-month period ended 30 June
2020 (continued)

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

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 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 period 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 period using tax rates enacted at the end of the accounting period and any adjustment to tax payable in respect of previous periods.

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 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.

VinaCafé Bien Hoa Joint Stock Company and its subsidiary
Notes to the consolidated financial statements for the six-month period ended 30 June
2020 (continued)

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

(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, interest income from loans, 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 period 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 period. 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 accounting period.

VinaCafé Bien Hoa Joint Stock Company and its subsidiary
Notes to the consolidated financial statements for the six-month period ended 30 June
2020 (continued)

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

(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

	30/6/2020	1/1/2020
	VND	VND
Cash on hand	23,940,259	65,403,819
Cash at banks	30,239,880,238	51,322,915,891
Cash equivalents	8,500,000,000	167,000,000,000
	<hr/>	<hr/>
	38,763,820,497	218,388,319,710
	<hr/>	<hr/>

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

5. Receivables

(a) Other short-term receivables

	30/6/2020	1/1/2020
	VND	VND
Accrued interest receivables from deposits at banks	20,027,397	185,342,466
Accrued interest from other investments	119,315,068	-
Short-term deposits for operating activities	167,000,000	2,337,656,100
Short-term deposits for financial activities	670,000,000,000	-
Other non-trade receivables	93,446,060	513,758,335
	<hr/>	<hr/>
	670,399,788,525	3,036,756,901
	<hr/>	<hr/>

VinaCafé Bien Hoa Joint Stock Company and its subsidiary
Notes to the consolidated financial statements for the six-month period ended 30 June 2020 (continued)

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

(b) Accounts receivable – long-term

	30/6/2020	1/1/2020
	VND	VND
Long-term loans receivable from a related party (*)	600,000,000,000	-
Accrued interest receivable from a related party (*)	14,745,205,479	-
Long-term deposits	5,000,000	5,000,000
	614,750,205,479	5,000,000

(*) The long-term loans receivable of the Group was unsecured, bore fixed interest rate at 6.5% per annum as at 30 June 2020 (1/1/2020: 6.5% per annum) and matures on 31 December 2022. The interest is receivable on the maturity of the loan agreement.

6. Inventories

	30/6/2020		1/1/2020	
	Cost	Allowance	Cost	Allowance
	VND	VND	VND	VND
Goods in transit	11,500,703,061	-	3,392,741,499	-
Raw materials	213,953,322,103	(52,063,407)	152,418,926,814	(225,704,420)
Tools and supplies	8,301,138,428	-	8,906,182,488	(764,777,205)
Finished goods	82,274,252,890	-	44,679,299,729	-
Merchandise inventories	733,527,335	-	790,269,574	-
	316,762,943,817	(52,063,407)	210,187,420,104	(990,481,625)

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

	For the six-month period ended	
	30/6/2020	30/6/2019
	VND	VND
Opening balance	990,481,625	1,294,019,791
Increase in allowance during the period	381,965,818	2,198,356,163
Allowance utilised during the period	(1,320,384,036)	(1,922,836,038)
	52,063,407	1,569,539,916

Included in inventories as at 30 June 2020 was VND52 million (1/1/2020: VND990 million) of slow-moving inventories.

VinaCafé Bien Hoa Joint Stock Company and its subsidiary
Notes to the consolidated financial statements for the six-month period ended 30 June 2020 (continued)

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

7. Tangible fixed assets

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Total VND
Cost					
Opening balance	203,391,022,636	874,458,683,919	4,485,955,671	6,464,770,844	1,088,800,433,070
Transfers from construction in progress	-	3,246,189,632	-	-	3,246,189,632
Closing balance	203,391,022,636	877,704,873,551	4,485,955,671	6,464,770,844	1,092,046,622,702
Accumulated depreciation					
Opening balance	73,831,982,997	483,652,547,453	3,786,338,370	3,525,479,713	564,796,348,533
Charge for the period	5,191,382,481	27,702,054,454	75,079,608	273,766,404	33,242,282,947
Closing balance	79,023,365,478	511,354,601,907	3,861,417,978	3,799,246,117	598,038,631,480
Net book value					
Opening balance	129,559,039,639	390,806,136,466	699,617,301	2,939,291,131	524,004,084,537
Closing balance	124,367,657,158	366,350,271,644	624,537,693	2,665,524,727	494,007,991,222

Included in the cost of tangible fixed assets were assets costing VND278,927 million which were fully depreciated as of 30 June 2020 (1/1/2020: VND272,352 million), but are still in active use.

VinaCafé Bien Hoa Joint Stock Company and its subsidiary
Notes to the consolidated financial statements for the six-month period ended 30 June
2020 (continued)

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

8. Intangible fixed assets

	Software VND	Brand name VND	Total VND
Cost			
Opening and closing balances	1,304,073,640	876,285,239	2,180,358,879
Accumulated amortisation			
Opening balance	1,212,406,973	443,297,234	1,655,704,207
Charge for the period	49,999,998	61,855,428	111,855,426
Closing balance	1,262,406,971	505,152,662	1,767,559,633
Net book value			
Opening balance	91,666,667	432,988,005	524,654,672
Closing balance	41,666,669	371,132,577	412,799,246

Included in the cost of intangible fixed assets were assets costing VND1,004 million which were fully depreciated as of 30 June 2020 (1 January 2020: VND1,004 million), but are still in active use.

9. Construction in progress

For the six-month period ended	30/6/2020 VND
Opening balance	1,699,576,081
Additions during the period	9,897,086,520
Transfers to tangible fixed assets	(3,246,189,632)
Transfers to long-term prepaid expenses	(1,108,172,000)
Closing balance	7,242,300,969

During the six-month period ended 30 June 2020, there was no borrowing cost capitalised into construction in progress of the Group.

VinaCafé Bien Hoa Joint Stock Company and its subsidiary
Notes to the consolidated financial statements for the six-month period ended 30 June
2020 (continued)

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

10. Long-term prepaid expenses

	Prepaid land costs VND	Tools and supplies VND	Total VND
Opening balance	14,097,581,429	6,624,504,753	20,722,086,182
Additions during the period	-	86,329,000	86,329,000
Transfer from construction in progress	-	1,108,172,000	1,108,172,000
Amortisation for the period	(201,394,020)	(2,179,552,115)	(2,380,946,135)
Closing balance	13,896,187,409	5,639,453,638	19,535,641,047

11. Goodwill

For the six-month period ended

**30/6/2020
VND**

Cost

Opening and closing balances 27,176,107,031

Accumulated amortisation

Opening balance 9,738,105,037

Charge for the period 1,358,805,354

Closing balance 11,096,910,391

Net book value

Opening balance 17,438,001,994

Closing balance 16,079,196,640

12. Taxes payable to State Treasury

	30/6/2020 VND	1/1/2020 VND
Corporate income tax	73,775,847,625	66,516,248,108
Value added tax	36,059,534,712	15,484,919,988
Personal income tax	119,454,207	163,138,296
	109,954,836,544	82,164,306,392

VinaCafé Bien Hoa Joint Stock Company and its subsidiary
Notes to the consolidated financial statements for the six-month period ended 30 June
2020 (continued)

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

13. Accrued expenses

	30/6/2020	1/1/2020
	VND	VND
Purchases not yet received invoices	9,877,856,879	4,106,578,778
Bonus and 13 th month salary	7,688,468,464	12,126,269,277
Accrued interest expenses	762,238,907	2,336,062,822
Logistics expense	872,948,774	1,057,947,193
Advertisement and promotion expenses	-	4,490,134,598
Construction in progress	163,398,000	89,600,000
Others	11,543,707,234	3,415,179,202
	<hr/>	<hr/>
	30,908,618,258	27,621,771,870
	<hr/>	<hr/>

14. Other payables

(a) Other short-term payables

	30/6/2020	1/1/2020
	VND	VND
Dividend payables	1,884,690,000	1,884,690,000
Short-term deposits received	397,998,300	289,442,500
Social insurance, health insurance, unemployment insurance and trade union fees	198,937,173	199,196,539
Others	3,134,756,787	2,835,020,318
	<hr/>	<hr/>
	5,616,382,260	5,208,349,357
	<hr/>	<hr/>

(b) Other long-term payables

	30/6/2020	1/1/2020
	VND	VND
Long-term deposits received	279,450,000	279,450,000
	<hr/>	<hr/>

VinaCafé Bien Hoa Joint Stock Company and its subsidiary
Notes to the consolidated financial statements for the six-month period ended 30 June 2020 (continued)

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

15. Short term borrowings

	30/6/2020		1/1/2020	
	Carrying amount VND	Amount within repayment capacity VND	Carrying amount VND	Amount within repayment capacity VND
Short-term borrowings	299,523,769,723	299,523,769,723	345,406,640,836	345,406,640,836

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

	Currency	Annual interest rate	30/6/2020 VND	1/1/2020 VND
Unsecured bank loans	VND	4.6% - 4.9%	299,523,769,723	345,406,640,836

As at 30 June 2020, the Group does not have any overdue borrowings including principal and interest.

VinaCafé Bien Hoa Joint Stock Company and its subsidiary

Notes to the consolidated financial statements for the six-month period ended 30 June 2020 (continued)

Form B 09a – DN/HN

(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

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 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 period	-	-	-	261,646,705,230	(1,474,464,743)	260,172,240,487
Balance as at 30 June 2019	265,791,350,000	29,974,241,968	213,510,848,947	1,162,402,736,112	(9,312,896,055)	1,662,366,280,972
Balance as at 1 January 2020	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
Net profit for the period	-	-	-	260,403,168,706	(1,458,033,226)	258,945,135,480
Balance as at 30 June 2020	265,791,350,000	29,974,241,968	213,510,848,947	1,204,080,028,420	(12,340,360,717)	1,701,016,108,618

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.

VinaCafé Bien Hoa Joint Stock Company and its subsidiary
Notes to the consolidated financial statements for the six-month period ended 30 June
2020 (continued)

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

17. Share capital and share premium

The Company's authorised and issued share capitals are:

	30/6/2020		1/1/2020	
	Number of shares	VND	Number of shares	VND
Authorised and issued share capital				
Ordinary shares	26,579,135	265,791,350,000	26,579,135	265,791,350,000
Shares in circulation				
Ordinary shares	26,579,135	265,791,350,000	26,579,135	265,791,350,000
Share premium	-	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 period.

18. Off balance sheet item

Foreign currency

	30/6/2020		1/1/2020	
	Original currency	VND equivalent	Original currency	VND equivalent
USD	90,441	2,091,530,472	1,638,521	37,866,230,016

19. Revenue from sales of goods

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

Net revenue comprised:

	For the six-month period ended	
	30/6/2020 VND	30/6/2019 VND
Total revenue	1,152,664,822,008	1,247,473,721,042
Less revenue deductions		
▪ Sales returns	534,266,168	736,296,036
	534,266,168	736,296,036
Net revenue	1,152,130,555,840	1,246,737,425,006

VinaCafé Bien Hoa Joint Stock Company and its subsidiary
Notes to the consolidated financial statements for the six-month period ended 30 June
2020 (continued)

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

20. Cost of sales

	For the six-month period ended	For the six-month period ended
	30/6/2020	30/6/2019
	VND	VND
Total cost of sales		
▪ Goods sold	816,813,396,922	893,138,810,266
▪ Allowance for inventories	381,965,818	2,198,356,163
	817,195,362,740	895,337,166,429
	817,195,362,740	895,337,166,429

21. Financial income

	For the six-month period ended	For the six-month period ended
	30/6/2020	30/6/2019
	VND	VND
Interest income from deposits at banks and other investments	8,071,904,306	3,954,958,436
Interest income from loans to a related party	14,745,205,479	-
Foreign exchange gains	1,058,616,039	639,852,331
	23,875,725,824	4,594,810,767
	23,875,725,824	4,594,810,767

22. Financial expenses

	For the six-month period ended	For the six-month period ended
	30/6/2020	30/6/2019
	VND	VND
Interest expense	7,894,573,862	11,104,792,789
Foreign exchange losses	104,328,786	443,038,360
Others	7,289,027,730	-
	15,287,930,378	11,547,831,149
	15,287,930,378	11,547,831,149

VinaCafé Bien Hoa Joint Stock Company and its subsidiary
Notes to the consolidated financial statements for the six-month period ended 30 June 2020 (continued)

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

23. Basic earnings per share

The calculation of basic earnings per share for the six-month period ended 30 June 2020 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

	For the six-month period ended	
	30/6/2020	30/6/2019
	VND	VND
Net profit attributable to ordinary shareholders	260,403,168,706	261,646,705,230

(ii) Weighted average number of ordinary shares

	For the six-month period ended	
	30/6/2020	30/6/2019
	VND	VND
Weighted average number of ordinary shares at the end of the period	26,579,135	26,579,135

(iii) Basic earnings per share

	For the six-month period ended	
	30/6/2020	30/6/2019
	VND	VND
Basic earnings per share	9,797	9,844

24. Significant transactions with related parties

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

	Transaction value		Receivables/(payables)	
	For the six-month period ended	For the six-month period ended	as at	
	30/6/2020	30/6/2019	30/6/2020	1/1/2020
	VND	VND	VND	VND
Parent of parent company				
Masan Consumer Corporation				
Sales of goods	991,290,203,801	1,135,547,415,067	74,863,636,184	1,055,405,027,473
Sales of services	99,126,300,000	11,506,236,000	71,525,644,373	123,797,050,300
Purchases of goods	45,824,333,854	29,979,105,435	-	-

VinaCafé Bien Hoa Joint Stock Company and its subsidiary
Notes to the consolidated financial statements for the six-month period ended 30 June
2020 (continued)

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

	Transaction value		Receivables/(payables)	
	For the six-month period ended	For the six-month period ended	as at	as at
	30/6/2020	30/6/2019	30/6/2020	1/1/2020
	VND	VND	VND	VND
Related parties				
Masan Industrial One Member Company Limited				
Sales of goods	322,349,040	540,016,710	6,999,300	10,502,415
Purchases of goods	1,362,409,940	285,157,636	(1,098,352,581)	(182,793,171)
Purchases of service	17,221,639,736	14,477,129,262	(13,705,539,654)	(9,378,428,200)
Management fee	1,786,170,000	480,000,000	(1,786,170,000)	-
Sales of fixed assets	-	131,515,158	-	-
Loans receivable	600,000,000,000	-	600,000,000,000	-
Interest income from loans	14,745,205,479	-	14,745,205,479	-
Masan MB One Member Company Limited				
Sales of goods and services	8,835,137,040	3,460,743,709	83,968,955	-
Purchases of goods	5,898,662,106	-	-	-
Masan HG One Member Company Limited				
Sales of goods	491,979,501	-	541,177,451	77,369,490
Vinh Hao Mineral Water Corporation				
Sales of goods and services	-	20,042,719,830	-	-
Purchases of goods	31,319,347,982	60,594,575,067	(21,886,999,408)	(37,487,475,792)
Purchases of service	21,745,675,584	23,709,431,088	(17,988,408,346)	(42,278,028,250)
Key management personnel				
Remunerations	4,017,734,450	4,115,886,023	-	-

30 July 2020

Prepared by:



Nguyen Thi Ngoc Tram
General Accountant

Approved by:



Phan Thi Thuy Hoa
Chief Accountant



Doan Quoc Hung
Chief Executive Officer