



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

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

**VinaCafé Bien Hoa Joint Stock Company**  
**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 Department of Planning and Investment 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 Nam Hai	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

**Auditor**

KPMG Limited  
Vietnam

## VinaCafé Bien Hoa Joint Stock Company Statement of the Board of Management

The Board of Management of VinaCafé Bien Hoa Joint Stock Company (“the Company”) presents this statement and the accompanying consolidated interim financial statements of the Company and its subsidiary (collectively referred to as “the Group”) for the six-month period ended 30 June 2020.

The Company’s Board of Management is responsible for the preparation and fair presentation of the consolidated interim financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to interim financial reporting. In the opinion of the Company’s Board of Management:

- (a) the consolidated interim financial statements set out on pages 5 to 44 give a true and fair view of the consolidated financial position of the Group as at 30 June 2020, and of its consolidated results of operations and its consolidated cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to interim financial reporting; and
- (b) at the date of this statement, there are no reasons to believe that the Group will not be able to pay its debts as and when they fall due.

The Company’s Board of Management has, on the date of this statement, authorised the accompanying consolidated interim financial statements for issue.

On behalf of the Board of Management



Đoàn Quốc Hưng  
*Chief Executive Officer*

Dong Nai Province, 12 August 2020



KPMG Limited Branch  
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115 Nguyen Hue Street, Ben Nghe Ward  
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## INTERIM FINANCIAL INFORMATION REVIEW REPORT

### To the Shareholders VinaCafé Bien Hoa Joint Stock Company

We have reviewed the accompanying consolidated interim financial statements of VinaCafé Bien Hoa Joint Stock Company ("the Company") and its subsidiary (collectively referred to as "the Group"), which comprise the consolidated balance sheet as at 30 June 2020, the consolidated statements of income and cash flows for the six-month period then ended and the explanatory notes thereto, which were authorised for issue by the Company's Board of Management on 12 August 2020, as set out on pages 5 to 44.

### Management's Responsibility

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

### Auditor's Responsibility

Our responsibility is to express a conclusion on these consolidated interim financial statements based on our review. We conducted our review in accordance with Vietnamese Standard on Review Engagements No. 2410 – *Review of interim financial information performed by the independent auditor of the entity*.

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Vietnamese Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



### Auditor's Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not give a true and fair view, in all material respects, of the consolidated financial position of VinaCafé Bien Hoa Joint Stock Company and its subsidiary as at 30 June 2020 and of their consolidated results of operations and their consolidated cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to interim financial reporting.



**KPMG Limited's Branch in Ho Chi Minh City**

Vietnam

Review Report No.: 20-01-00301-20-2

Truong Vinh Phuc  
Practicing Auditor Registration  
Certificate No. 1901-2018-007-1  
*Deputy General Director*

Nguyen Thanh Nghi  
Practicing Auditor Registration  
Certificate No. 0304-2018-007-1

Ho Chi Minh City, 12 August 2020

**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
<b>ASSETS</b>				
<b>Current assets</b> <b>(100 = 110 + 130 + 140 + 150)</b>	<b>100</b>		<b>1,189,324,885,654</b>	<b>1,651,014,347,917</b>
<b>Cash and cash equivalents</b>	<b>110</b>	<b>8</b>	<b>38,763,820,497</b>	<b>218,388,319,710</b>
Cash	111		30,263,820,497	51,388,319,710
Cash equivalents	112		8,500,000,000	167,000,000,000
<b>Accounts receivable – short-term</b>	<b>130</b>		<b>824,724,486,651</b>	<b>1,214,118,987,237</b>
Accounts receivable from customers	131	9	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	10(a)	670,399,788,525	3,036,756,901
<b>Inventories</b>	<b>140</b>	<b>11</b>	<b>316,710,880,410</b>	<b>209,196,938,479</b>
Inventories	141		316,762,943,817	210,187,420,104
Allowance for inventories	149		(52,063,407)	(990,481,625)
<b>Other current assets</b>	<b>150</b>		<b>9,125,698,096</b>	<b>9,310,102,491</b>
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 interim 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
<b>Long-term assets</b> <b>(200 = 210 + 220 + 240 + 260)</b>	<b>200</b>		<b>1,162,545,822,524</b>	<b>574,314,489,337</b>
<b>Accounts receivable – long-term</b>	<b>210</b>		<b>614,750,205,479</b>	<b>5,000,000</b>
Long-term loans receivable	215	12	600,000,000,000	-
Other long-term receivables	216	10(b)	14,750,205,479	5,000,000
<b>Fixed assets</b>	<b>220</b>		<b>494,420,790,468</b>	<b>524,528,739,209</b>
Tangible fixed assets	221	13	494,007,991,222	524,004,084,537
Cost	222		1,092,046,622,702	1,088,800,433,070
Accumulated depreciation	223		(598,038,631,480)	(564,796,348,533)
Intangible fixed assets	227	14	412,799,246	524,654,672
Cost	228		2,180,358,879	2,180,358,879
Accumulated amortisation	229		(1,767,559,633)	(1,655,704,207)
<b>Long-term work in progress</b>	<b>240</b>		<b>7,242,300,969</b>	<b>1,699,576,081</b>
Construction in progress	242	15	7,242,300,969	1,699,576,081
<b>Other long-term assets</b>	<b>260</b>		<b>46,132,525,608</b>	<b>48,081,174,047</b>
Long-term prepaid expenses	261	16	19,535,641,047	20,722,086,182
Deferred tax assets	262	17	10,517,687,921	9,921,085,871
Goodwill	269	18	16,079,196,640	17,438,001,994
<b>TOTAL ASSETS (270 = 100 + 200)</b>	<b>270</b>		<b>2,351,870,708,178</b>	<b>2,225,328,837,254</b>

*The accompanying notes are an integral part of these consolidated interim 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
<b>RESOURCES</b>				
<b>LIABILITIES (300 = 310 + 330)</b>	<b>300</b>		<b>650,854,599,560</b>	<b>783,257,864,116</b>
<b>Current liabilities</b>	<b>310</b>		<b>645,545,791,560</b>	<b>778,141,786,866</b>
Accounts payable to suppliers	311	19	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	20	109,954,836,544	82,164,306,392
Payables to employees	314		3,692,409,068	-
Accrued expenses	315	21	30,908,618,258	27,621,771,870
Other short-term payables	319	22(a)	5,616,382,260	5,208,349,357
Short-term borrowings	320	23	299,523,769,723	345,406,640,836
Bonus and welfare funds	322		21,031,897,458	21,031,897,458
<b>Long-term liabilities</b>	<b>330</b>		<b>5,308,808,000</b>	<b>5,116,077,250</b>
Other long-term payables	337	22(b)	279,450,000	279,450,000
Provisions – long-term	342		5,029,358,000	4,836,627,250
<b>EQUITY (400 = 410)</b>	<b>400</b>		<b>1,701,016,108,618</b>	<b>1,442,070,973,138</b>
<b>Owners' equity</b>	<b>410</b>	<b>24</b>	<b>1,701,016,108,618</b>	<b>1,442,070,973,138</b>
Share capital	411	25	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	25	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)
<b>TOTAL RESOURCES (440 = 300 + 400)</b>	<b>440</b>		<b>2,351,870,708,178</b>	<b>2,225,328,837,254</b>

12 August 2020

Prepared by:



Nguyen Thi Ngoc Tram  
General Accountant

Approved by:




Phan Thi Thuy Hoa  
Chief Accountant

Đặng Quốc Hưng  
Chief Executive Officer

*The accompanying notes are an integral part of these consolidated interim 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	Six-month period ended	
			30/6/2020 VND	30/6/2019 VND
<b>Revenue from sale of goods and provision of services</b>	<b>01</b>	<b>27</b>	<b>1,152,664,822,008</b>	<b>1,247,473,721,042</b>
<b>Revenue deductions</b>	<b>02</b>	<b>27</b>	<b>534,266,168</b>	<b>736,296,036</b>
<b>Net revenue (10 = 01 - 02)</b>	<b>10</b>	<b>27</b>	<b>1,152,130,555,840</b>	<b>1,246,737,425,006</b>
<b>Cost of sales</b>	<b>11</b>	<b>28</b>	<b>817,195,362,740</b>	<b>895,337,166,429</b>
<b>Gross profit (20 = 10 - 11)</b>	<b>20</b>		<b>334,935,193,100</b>	<b>351,400,258,577</b>
Financial income	21	29	23,875,725,824	4,594,810,767
Financial expenses	22	30	15,287,930,378	11,547,831,149
<i>In which: Interest expense</i>	23		7,894,573,862	11,104,792,789
Selling expenses	25	31	3,109,382,513	9,858,982,776
General and administration expenses	26	32	13,875,840,656	18,251,801,909
<b>Net operating profit (30 = 20 + (21 - 22) - (25 + 26))</b>	<b>30</b>		<b>326,537,765,377</b>	<b>316,336,453,510</b>
Other income	31		163	15,074,447
Other expenses	32		49,800	31,665,124
<b>Results of other activities (40 = 31 - 32)</b>	<b>40</b>		<b>(49,637)</b>	<b>(16,590,677)</b>
<b>Accounting profit before tax (50 = 30 + 40)</b>	<b>50</b>		<b>326,537,715,740</b>	<b>316,319,862,833</b>
<b>Income tax expense – current</b>	<b>51</b>	<b>34</b>	<b>68,189,182,310</b>	<b>55,917,536,682</b>
<b>Income tax (benefit)/expense – deferred</b>	<b>52</b>	<b>34</b>	<b>(596,602,050)</b>	<b>230,085,664</b>
<b>Net profit after tax (60 = 50 - 51 - 52) (carried forward to next page)</b>	<b>60</b>		<b>258,945,135,480</b>	<b>260,172,240,487</b>

*The accompanying notes are an integral part of these consolidated interim 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	Six-month period ended	
			30/6/2020 VND	30/6/2019 VND
Net profit after tax (brought forward from previous page)	60		258,945,135,480	260,172,240,487
<b>Attributable to:</b>				
Equity holders of the Company	61		260,403,168,706	261,646,705,230
Non-controlling interests	62		(1,458,033,226)	(1,474,464,743)
<b>Earnings per share</b>				
Basic earnings per share	70	35	9,797	9,844

12 August 2020

Prepared by:



Nguyen Thi Ngoc Tram  
General Accountant

Approved by:



Phan Thi Thuy Hoa  
Chief Accountant



Doan Quoc Hung  
Chief Executive Officer

**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	Six-month period ended	
		30/6/2020 VND	30/6/2019 VND
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Accounting profit before tax</b>	<b>01</b>	<b>326,537,715,740</b>	<b>316,319,862,833</b>
<b>Adjustments for</b>			
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)
Profits from investing activities	05	(22,817,109,785)	(3,932,346,537)
Interest expense	06	7,894,573,862	11,104,792,789
<b>Operating profit before changes in working capital</b>	<b>08</b>	<b>346,000,385,947</b>	<b>365,813,567,736</b>
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
		<b>1,206,714,461,849</b>	<b>181,384,928,613</b>
Interest paid	14	(9,468,397,777)	(12,115,539,238)
Corporate income tax paid	15	(60,929,582,793)	(49,970,388,896)
<b>Net cash flows from operating activities</b>	<b>20</b>	<b>1,136,316,481,279</b>	<b>119,299,000,479</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
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
Payments for granting loans	23	(600,000,000,000)	-
Placement of other investments	23	(920,000,000,000)	-
Withdrawal of other investments	24	250,000,000,000	-
Receipts of interest	27	8,117,904,307	4,174,894,137
<b>Net cash flows from investing activities</b>	<b>30</b>	<b>(1,270,959,639,413)</b>	<b>(1,909,359,651)</b>

*The accompanying notes are an integral part of these consolidated interim 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	Six-month period ended	
		30/6/2020 VND	30/6/2019 VND
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
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 dividends	36	-	(170,742,000)
<b>Net cash flows from financing activities</b>	<b>40</b>	<b>(45,882,871,113)</b>	<b>(125,944,412,249)</b>
<b>Net cash flows during the period</b> (50 = 20 + 30 + 40)	<b>50</b>	<b>(180,526,029,247)</b>	<b>(8,554,771,421)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>60</b>	<b>218,388,319,710</b>	<b>195,173,528,412</b>
<b>Effect of exchange rate fluctuations on cash and cash equivalents</b>	<b>61</b>	<b>901,530,034</b>	<b>279,585,110</b>
<b>Cash and cash equivalents at the end of the period</b> (70 = 50 + 60 + 61)	<b>70</b>	<b>38,763,820,497</b>	<b>186,898,342,101</b>

12 August 2020

Prepared by:

  
 Nguyen Thi Ngoc Tram  
 General Accountant

Approved by:

  
 Phan Thi Thuy Hoa  
 Chief Accountant

  
 Doan Quoc Hung  
 Chief Executive Officer

  
 M.S.D. 03000261626 - C.T.C.P  
 CÔNG TY  
 CỔ PHẦN  
 VINACAFÉ  
 BIÊN HÒA  
 TP. BIÊN HÒA - ĐỒNG NAI

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

**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
**Notes to the consolidated interim 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 the accompanying consolidated interim 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 interim 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’s structure**

As at 30 June 2020, the Company has 1 subsidiary (1/1/2020: 1 subsidiary). Detail information of the subsidiary is described as follows:

<b>Name</b>	<b>Principal activities</b>	<b>Address</b>	<b>Percentage of economic interests and voting rights</b>	
			<b>30/6/2020</b>	<b>1/1/2020</b>
Café De Nam Joint Stock Company	Beverage manufacturing and trading	Lot C I.III-3+5+7, Long Thanh Industrial Zone, Tam An Commune, Long Thanh District, Dong Nai Province, Vietnam.	85%	85%

The subsidiary is incorporated in Vietnam.

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

**(b) Basis of measurement**

These consolidated interim 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 consolidated interim 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 financial statements presentation purposes.

**(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 interim financial statements.

The accounting policies that have been adopted by the Group in the preparation of these consolidated interim financial statements are consistent with those adopted in the preparation of the latest consolidated annual financial statements.

**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
**Notes to the consolidated interim 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)*

**(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 interim 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.

**(iii) *Transactions eliminated on consolidation***

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

**(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.

**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
**Notes to the consolidated interim 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)*

**(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 amounts of cash, are subject to an insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

**(d) Accounts receivable from customers and other receivables**

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

**(e) 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 direct selling expenses.

The Group applies the perpetual method of accounting for inventories.

**(f) 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, 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

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**(g) Intangible fixed assets**

**(i) Software**

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

**(ii) Brand name**

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

**(h) 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.

**(i) 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. Costs of tools and supplies are amortised on a straight-line basis over a period ranging from 2 years to 3 years.

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**(j) 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.

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

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

**(l) 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.

***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 end of the accounting period. For the purpose of determining the number of years of service by an employee, the period 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.

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

Ordinary shares are classified as equity. Ordinary shares are recognised at issuance price less incremental costs directly attributable to the issue of shares, net of tax effects. Such costs 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.

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**(n) 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 in 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 amounts 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.

**(o) Revenue**

**(i) Sale of goods**

Revenue from sale 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 sale of goods is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods. Revenue from sale of goods is recognised at the net amount after deducting sales discounts stated on the invoice.

**(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. 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) Processing services**

Revenue from processing services is recognised in the consolidated statement of income when the goods have been processed and accepted by the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

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**(iv) 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.

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

**(i) Financial income**

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

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 expense on borrowings and foreign exchange 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.

**(q) 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.

**(r) 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 period.

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**(u) Segment reporting**

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Group's primary format and secondary format for segment reporting are based on business segments and geographical segments, respectively.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise cash and cash equivalents and related income, investments and related income, loans and borrowings and related expenses, the Company's headquarters' corporate assets, selling expenses, general and administration expenses, income tax assets and liabilities and expenses, and items that are attributable to more than one segment and cannot reasonably be allocated to a segment.

**(v) 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.

**4. Seasonality of operations**

Total revenue of the Group typically increases in the fourth quarter of each year as distributors prepare for an anticipated increase in consumer demand in the months leading up to the Tet (Lunar New Year) holidays, which occur in the first quarter of each year. Accordingly, the Group typically increases the production of coffee, cereals and no-alcoholic drinks products in the fourth quarter of each year to boost sales during the period leading to the festive season.

**5. Changes in accounting estimates**

In preparing these consolidated interim financial statements, the Board of Management has made several accounting estimates. Actual results may differ from these estimates. There were no significant changes in accounting estimates compared to those made in the most recent consolidated annual financial statements or those made in the same interim period of the prior year.

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## 6. Changes in the composition of the Group

There was no change in the composition of the Group since the end of the last annual accounting period which affect the Group's consolidated interim financial statements for the six-month period ended 30 June 2020.

## 7. Segment reporting

### (a) Business segments

The Group operates in the following main business segments:

- Coffee and non-alcoholic drinks; and
- Others.

For the six-month period ended 30 June 2020	Coffee and non- alcoholic drinks VND	Others (*) VND	Consolidation VND
Total segment revenue – net	902,319,370,500	249,811,185,340	1,152,130,555,840
Segment cost of sales	(638,677,698,549)	(178,517,664,191)	(817,195,362,740)
Segment gross profit	263,641,671,951	71,293,521,149	334,935,193,100
Unallocated selling expenses			(3,109,382,513)
Unallocated general and administration expenses			(13,875,840,656)
Financial income			23,875,725,824
Financial expenses			(15,287,930,378)
Net operating profit			326,537,765,377
Other income			163
Other expenses			(49,800)
Income tax expense			(67,592,580,260)
Net profit after tax			258,945,135,480

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<b>For the six-month period ended 30 June 2019</b>	<b>Coffee and non- alcoholic drinks VND</b>	<b>Others (*) VND</b>	<b>Consolidation VND</b>
Total segment revenue – net	1,091,356,475,201	155,380,949,805	1,246,737,425,006
Segment cost of sales	(796,877,186,514)	(98,459,979,915)	(895,337,166,429)
Segment gross profit	294,479,288,687	56,920,969,890	351,400,258,577
Unallocated selling expenses			(9,858,982,776)
Unallocated general and administration expenses			(18,251,801,909)
Financial income			4,594,810,767
Financial expenses			(11,547,831,149)
Net operating profit			316,336,453,510
Other income			15,074,447
Other expenses			(31,665,124)
Income tax expense			(56,147,622,346)
Net profit after tax			260,172,240,487

(\*) Others include cereals and other items.

Assets and liabilities cannot be segregated to different segments on a reasonable basis.

**(b) Geographical segments**

The Group mainly operates in one geographical segment which is in Vietnam.

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**8. Cash and cash equivalents**

	<b>30/6/2020</b>	<b>1/1/2020</b>
	<b>VND</b>	<b>VND</b>
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.

**9. Accounts receivable from customers**

	<b>30/6/2020</b>	<b>1/1/2020</b>
	<b>VND</b>	<b>VND</b>
Receivable from related parties	147,021,426,263	1,179,293,309,678
Receivable from third parties	7,068,348,200	29,507,901,672
	<hr/>	<hr/>
	154,089,774,463	1,208,801,211,350
	<hr/>	<hr/>

Please see Note 36 for balances between the Group and the related parties. The trade related amounts due from related parties were unsecured, interest free and are receivable within 90 days from invoice date.

**10. Other receivables**

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

	<b>30/6/2020</b>	<b>1/1/2020</b>
	<b>VND</b>	<b>VND</b>
Short-term deposits (*)	670,167,000,000	2,337,656,100
Accrued interest receivable from deposits at banks	20,027,397	185,342,466
Others	212,761,128	513,758,335
	<hr/>	<hr/>
	670,399,788,525	3,036,756,901
	<hr/>	<hr/>

(\*) Included in short-term deposits as at 30 June 2020 was VND670,000 million of deposits paid to a third party for the investments in business cooperation contracts (1/1/2020: nil).

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

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

(\*\*) This represented interest income receivable from loans provided to a related party. Please see Notes 12 and 36 for further information.

**11. Inventories**

	<b>30/6/2020</b>		<b>1/1/2020</b>	
	<b>Cost</b>	<b>Allowance</b>	<b>Cost</b>	<b>Allowance</b>
	<b>VND</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>
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 of the allowance for inventories during the period were as follows:

	<b>Six-month period ended</b>	
	<b>30/6/2020</b>	<b>30/6/2019</b>
	<b>VND</b>	<b>VND</b>
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 of the Group as at 30 June 2020 were VND52 million (1/1/2020: VND990 million) of slow-moving inventories.

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**12. Long-term loans receivable**

	<b>30/6/2020</b>	<b>1/1/2020</b>
	<b>VND</b>	<b>VND</b>
Long-term loans receivable from a related party (*)	600,000,000,000	-

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(\*) Please see Note 36 for balances between the Group and the a related party. The long-term loans receivable from a related party was unsecured, earned fixed interest rate at 6.5% per annum as at 30 June 2020 (1/1/2020: nil) and matures on 31 December 2022. The interest is receivable on the maturity of the loan agreement.

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13. Tangible fixed assets

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

Included in 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 which are still in active use.

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**14. 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	1,212,406,973	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
<b>Net book value</b>			
Opening balance	91,666,667	432,988,005	524,654,672
Closing balance	41,666,669	371,132,577	412,799,246

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

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**15. Construction in progress**

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

Major constructions in progress were as follows:

	<b>30/6/2020 VND</b>	<b>1/1/2020 VND</b>
Machinery and equipment	6,243,585,969	1,699,576,081
Others	998,715,000	-
	7,242,300,969	1,699,576,081
	7,242,300,969	1,699,576,081

**16. Long-term prepaid expenses**

	<b>Prepaid land costs VND</b>	<b>Tools and supplies VND</b>	<b>Total VND</b>
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)
	13,896,187,409	5,639,453,638	19,535,641,047
Closing balance	13,896,187,409	5,639,453,638	19,535,641,047

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**17. Deferred tax assets**

Deferred tax assets were recognised in respect of the following items:

	<b>30/6/2020</b>	<b>1/1/2020</b>
	<b>VND</b>	<b>VND</b>
Allowance for long-term financial investments	7,000,000,000	7,000,000,000
Unrealised profits	14,554,502	8,958,371
Other accruals	3,503,133,419	2,912,127,500
	<hr/>	<hr/>
	10,517,687,921	9,921,085,871
	<hr/>	<hr/>

**18. Goodwill**

	<b>VND</b>
<b>Cost</b>	
Opening and closing balances	27,176,107,031
	<hr/>
<b>Accumulated amortisation</b>	
Opening balance	9,738,105,037
Charge for the period	1,358,805,354
	<hr/>
Closing balance	11,096,910,391
	<hr/>
<b>Net book value</b>	
Opening balance	17,438,001,994
Closing balance	16,079,196,640
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**19. Accounts payable to suppliers**

	<b>30/6/2020</b>	<b>1/1/2020</b>
	<b>Cost/Amount</b>	<b>Cost/Amount</b>
	<b>within payment</b>	<b>within payment</b>
	<b>capacity</b>	<b>capacity</b>
	<b>VND</b>	<b>VND</b>
Payable to third parties	120,822,910,677	207,911,753,470
Payable to related parties	52,480,268,498	87,363,639,140
	<hr/>	<hr/>
	173,303,179,175	295,275,392,610
	<hr/>	<hr/>

Please see Note 36 for balances between the Group and the related parties. The trade related amounts due to related parties were unsecured, interest free and are payable within 90 days from invoice date.

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20. Taxes payable to State Treasury

	1/1/2020 VND	Incurred VND	Paid VND	Deducted/Refunded VND	30/6/2020 VND
Corporate income tax	66,516,248,108	68,189,182,310	(60,929,582,793)	-	73,775,847,625
Value added tax	15,484,919,988	111,345,916,793	(27,190,431,346)	(63,580,870,723)	36,059,534,712
Personal income tax	163,138,296	1,469,184,615	(1,512,868,704)	-	119,454,207
Import-export tax	-	582,640,261	(582,640,261)	-	-
Other taxes	-	5,608,723,409	(5,608,723,409)	-	-
	82,164,306,392	187,195,647,388	(95,824,246,513)	(63,580,870,723)	109,954,836,544

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**21. Accrued expenses**

	<b>30/6/2020</b>	<b>1/1/2020</b>
	<b>VND</b>	<b>VND</b>
Purchases not yet received invoices	9,877,856,879	4,106,578,778
Bonus and 13 <sup>th</sup> month salary	7,688,468,464	12,126,269,277
Accrued processing fees	7,627,728,052	826,373,453
Logistic expense	872,948,774	1,057,947,193
Accrued interest expense	762,238,907	2,336,062,822
Construction in progress	163,398,000	89,600,000
Others	3,915,979,182	7,078,940,347
	<hr/>	<hr/>
	30,908,618,258	27,621,771,870
	<hr/>	<hr/>

**22. Other payables**

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

	<b>30/6/2020</b>	<b>1/1/2020</b>
	<b>VND</b>	<b>VND</b>
Other payables to a related party (*)	2,199,031,491	1,963,086,273
Dividend payable	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	935,725,296	871,934,045
	<hr/>	<hr/>
	5,616,382,260	5,208,349,357
	<hr/>	<hr/>

(\*) The non-trade related amounts due to a related party were unsecured, interest free and are payable at call.

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

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

**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
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**23. Short-term borrowings**

	1/1/2020 Carrying amount/Amount within repayment capacity VND	Movements during the period		30/6/2020 Carrying amount/Amount within repayment capacity VND
		Addition VND	Decrease VND	
Short-term borrowings	345,406,640,836	583,463,961,096	(629,346,832,209)	299,523,769,723

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 loan	VND	4.6% - 4.9%	299,523,769,723	345,406,640,836

As at 30 June 2020 and 1 January 2020, the Group does not have any overdue borrowings including principal and interest.

VinaCafé Bien Hoa Joint Stock Company and its subsidiary

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24. 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
<b>Balance as at 1 January 2019</b>	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
<b>Balance as at 30 June 2019</b>	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
<b>Balance as at 1 January 2020</b>	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
<b>Balance as at 30 June 2020</b>	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 profit 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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**25. Share capital and share premium**

The Company's authorised and issued share capital are as follows:

	30/6/2020		1/1/2020	
	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 dividend 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.

Share premium represents the excess of the proceeds on issuance of shares over their par value.

There were no movements of share capital during the period.

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**26. Off balance sheet items**

**(a) Lease commitments**

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

	<b>30/6/2020</b>	<b>1/1/2020</b>
	<b>VND</b>	<b>VND</b>
Within 1 year	3,751,272,000	11,736,000
Within 2 to 5 years	389,652,000	10,854,000
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	4,140,924,000	22,590,000
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**(b) Foreign currency**

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

**(c) Capital expenditure commitments**

The Group had the following outstanding capital commitments approved but not provided for in the consolidated balance sheet:

	<b>30/6/2020</b>	<b>1/1/2020</b>
	<b>VND</b>	<b>VND</b>
Approved but not contracted	2,444,624,200	7,973,760,744
Approved and contracted	1,698,712,280	2,983,051,375
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	4,143,336,480	10,956,812,119
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**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
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**27. Revenue from sale of goods and provision of services**

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

Net revenue comprised:

	<b>Six-month period ended</b>	
	<b>30/6/2020</b>	<b>30/6/2019</b>
	<b>VND</b>	<b>VND</b>
Total revenue		
▪ Sale of goods and provision of services	1,150,104,067,092	1,229,279,568,925
▪ Other sales	2,560,754,916	18,194,152,117
	1,152,664,822,008	1,247,473,721,042
Less revenue deductions		
▪ Sales returns	534,266,168	736,296,036
	1,152,130,555,840	1,246,737,425,006
Net revenue		

**28. Cost of sales**

	<b>Six-month period ended</b>	
	<b>30/6/2020</b>	<b>30/6/2019</b>
	<b>VND</b>	<b>VND</b>
Total cost of sales		
▪ Goods sold and services rendered	806,556,847,800	877,493,332,212
▪ Other cost of sales	10,256,549,122	15,645,478,054
▪ Allowance for inventories	381,965,818	2,198,356,163
	817,195,362,740	895,337,166,429

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**29. Financial income**

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

**30. Financial expenses**

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

**31. Selling expenses**

	<b>Six-month period ended</b>	
	<b>30/6/2020</b>	<b>30/6/2019</b>
	<b>VND</b>	<b>VND</b>
Logistics expense	1,049,431,335	3,201,383,549
Staff costs	823,589,034	1,466,054,664
Advertising and promotion expenses	104,357,508	4,110,136,622
Others	1,132,004,636	1,081,407,941
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	3,109,382,513	9,858,982,776
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**32. General and administration expenses**

	<b>Six-month period ended</b>	
	<b>30/6/2020</b>	<b>30/6/2019</b>
	<b>VND</b>	<b>VND</b>
Staff costs	5,460,292,519	11,299,750,488
Management fee	1,786,170,000	480,000,000
Amortisation of goodwill	1,358,805,354	1,358,805,354
Research and development expenses	134,965,279	392,202,741
Depreciation and amortisation of fixed assets	297,289,884	310,381,900
Leased line system and information technology services	61,274,084	162,527,005
Others	4,777,043,536	4,248,134,421
	<hr/>	<hr/>
	13,875,840,656	18,251,801,909
	<hr/>	<hr/>

**33. Production and business costs by elements**

	<b>Six-month period ended</b>	
	<b>30/6/2020</b>	<b>30/6/2019</b>
	<b>VND</b>	<b>VND</b>
Raw material costs included in production costs	672,327,737,033	738,528,094,330
Labour and staff costs	45,404,179,673	50,675,195,940
Depreciation and amortisation	34,712,943,727	41,770,461,164
Outside services	60,023,218,879	62,710,651,580
Others	21,712,506,597	29,763,548,100
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**34. Income tax**

**(a) Recognised in the consolidated statement of income**

	Six-month period ended	
	30/6/2020 VND	30/6/2019 VND
<b>Current tax expense</b>		
Current period	68,189,182,310	55,917,536,682
<b>Deferred tax (benefit)/expense</b>		
Origination and reversal of temporary differences	(596,602,050)	1,009,926,008
Effect of change in tax rate	-	(779,840,344)
	(596,602,050)	230,085,664
<b>Income tax expense</b>	67,592,580,260	56,147,622,346

**(b) Reconciliation of effective tax rate**

	Six-month period ended	
	30/6/2020 VND	30/6/2019 VND
Accounting profit before tax	326,537,715,740	316,319,862,833
Tax at the Company's tax rate	65,307,543,148	63,263,972,567
Effect of change in tax rate	-	(779,840,344)
Effect of amortisation of goodwill	271,761,069	271,761,069
Non-deductible expenses	1,891,490,735	910,827,096
Effect of different tax rate applied to expansion project	-	(8,603,938,748)
Unrecognised deferred tax assets (*)	121,785,308	1,084,840,706
	67,592,580,260	56,147,622,346

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- (\*) Deferred tax assets have not been recognised in respect of temporary differences and tax losses of a subsidiary because it is not probable that future taxable profit will be available against which the subsidiary can utilise the benefits therefrom. The tax losses of a subsidiary are subject to tax review and have not been finalised.

**(c) Applicable tax rates**

According to the corporate income tax law and the Law on encouragement of domestic investment, the Company has an obligation to pay the government corporate income tax at the incentive tax rate of 15% of taxable profits for the first twelve years (2005 to 2016) since the Company is a joint stock company which was converted from a state-owned enterprise before 2006. The Company is also exempted from corporate income tax for three years starting from the first year it generates taxable profits (2005 to 2007) and entitled to a 50% reduction in corporate income tax for seven succeeding years (2008 to 2014). All the above tax incentives are not applicable to other incomes and taxable profits from expansion project, which are subject to the usual corporate income tax rate.

The Company obtained an Investment Licence No. 47221000778 on 24 December 2009 for Bien Hoa II Coffee Manufacturing Factory based in Long Thanh District, Dong Nai Province ("Long Thanh Factory"). According to the first amended Investment Licence, taxable profits generated from Long Thanh Factory will be subject to the usual corporate income tax rate and is eligible to apply the tax exemption and reduction year as follows:

- Exempted from corporate income tax for two years starting from the first year Long Thanh Factory generates taxable profits (2014 to 2015); and
- Entitled to a 50% reduction in corporate income tax for four succeeding years (2016 to 2019).

The subsidiary has an obligation to pay the government corporate income tax at the usual corporate income tax rate.

The usual corporate income tax rate applicable to enterprises before any incentives is 20%.

**(d) Tax contingencies**

The taxation laws and their application in Vietnam are subject to interpretation and change over time as well as from one tax office to another. The final tax position may be subject to review and investigation by a number of authorities, who are enabled by law to impose severe fines, penalties and interest charges. These facts may create tax risks in Vietnam that are substantially more significant than in other countries. Management believes that it has adequately provided for tax liabilities based on its interpretation of tax legislation, including transfer pricing requirements and computation of corporate income tax. However, the relevant authorities may have different interpretations and the effects could be significant.

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### 35. Earnings per share

#### (a) Basic earnings per share

The calculation of basic earnings per share for the six-month period ended 30 June 2020 was based on the profit attributable to ordinary shareholders of the Company after deducting the amounts appropriated to bonus and welfare funds for the period of VND260,403,168,706 (for the six-month period ended 30 June 2019: VND261,646,705,230) and a weighted average number of ordinary shares outstanding of 26,579,135 (for the six-month period ended 30 June 2019: 26,579,135), calculated as follows:

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

	<b>Six-month period ended</b>	
	<b>30/6/2020</b>	<b>30/6/2019</b>
	<b>VND</b>	<b>VND</b>
Net profit attributable to ordinary shareholders after deducting the amounts appropriated to bonus and welfare funds	260,403,168,706	261,646,705,230

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

	<b>Six-month period ended</b>	
	<b>30/6/2020</b>	<b>30/6/2019</b>
Weighted average number of ordinary shares	26,579,135	26,579,135

#### (iii) *Basic earnings per share*

	<b>Six-month period ended</b>	
	<b>30/6/2020</b>	<b>30/6/2019</b>
	<b>VND</b>	<b>VND</b>
Basic earnings per share	9,797	9,844

#### (b) Diluted earnings per share

As at 30 June 2020 and 1 January 2020, the Company did not have potential ordinary shares. Therefore the presentation of diluted earnings per share is not applicable.

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**36. Significant transactions and balances 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) as at	
	Six-month period ended 30/6/2020 VND	30/6/2019 VND	30/6/2020 VND	1/1/2020 VND
<b>Parent of the parent company</b>				
<b>Masan Consumer Corporation</b>				
Purchases of goods	45,824,333,854	29,979,105,435	-	-
Sales of goods	991,290,203,801	1,135,547,415,067	74,743,667,639	1,055,405,027,473
Sales of services	99,126,300,000	11,506,236,000	71,645,612,918	123,797,050,300
<b>Other related parties</b>				
<b>Masan Industrial One Member Company Limited</b>				
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 services	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 provided	600,000,000,000	-	600,000,000,000	-
Interest income from loans receivable	14,745,205,479	-	14,745,205,479	-
<b>Vinh Hao Mineral Water Corporation</b>				
Sales of goods and services	-	20,042,719,830	-	-
Purchases of goods	31,319,347,982	60,594,577,772	(21,886,999,408)	(37,487,475,792)
Purchases of services	21,745,675,584	23,709,431,088	(17,988,408,346)	(42,278,028,250)
<b>Masan MB One Member Company Limited</b>				
Sales of goods and services	8,835,137,040	3,460,743,709	83,968,955	-
Purchases of goods	5,898,662,106	-	-	-
<b>Masan HG One Member Company Limited</b>				
Sales of goods	491,979,501	-	541,177,451	77,369,490

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	Transaction value		Receivables/ (payables) as at	
	Six-month period ended 30/6/2020 VND	30/6/2019 VND	30/6/2020 VND	1/1/2020 VND
<b>Masan HD One Member Company Limited</b>				
Sales of goods	1,980,000	2,036,364	-	3,360,000
<b>Masan Brewery Distribution One Member Company Limited</b>				
Purchases of goods	6,259,091	60,557,727	-	-
<b>Net Detergent Joint Stock Company</b>				
Purchases of goods	8,770,908	-	-	-
<b>Key management personnel</b>				
Remunerations	4,017,734,450	4,115,886,023	-	-

As at 30 June 2020 and 1 January 2020, the Group has current and term deposit accounts at Vietnam Technological and Commercial Joint Stock Bank at normal trading terms.

12 August 2020

Prepared by:

  
 Nguyen Thi Ngoc Tram  
 General Accountant

Approved by:

  
 Phan Thi Thuy Hoa  
 Chief Accountant

  
 Doan Quoc Hung  
 Chief Executive Officer



