



**VinaCafe Bien Hoa Joint Stock
Company**

Financial Statements for the year ended
31 December 2010

VinaCafe Bien Hoa Joint Stock Company
Corporate Information

**Business Registration
Certificate No**

4703000186

10 November 2010

The business registration certificate was issued by the Planning and Investment Department of Dong Nai Province.

Board of Management

Do Van Nam	Chairman
Pham Quang Vu	Vice Chairman (from 7 May 2010)
Bui Xuan Thoa	Vice Chairman (until 7 May 2010)
Le Quang Chinh	Member
Le Hung Dung	Member
Nguyen Cong Trung	Member (from 7 May 2010)
Thai Viet Nga	Member (until 7 May 2010)
To Hai	Member (from 7 May 2010)
Nguyen Dang Quang	Member (until 7 May 2010)
Bui Xuan Thoa	Member (from 7 May 2010)
Pham Quang Vu	Member (until 7 May 2010)

Board of Directors

Pham Quang Vu	General Director (from 7 May 2010)
Bui Xuan Thoa	General Director (until 7 May 2010)
Le Quang Chinh	Deputy General Director
Le Hung Dung	Deputy General Director (from 28 May 2010)
Pham Quang Vu	Deputy General Director (until 7 May 2010)

Registered Office

Industrial Zone 1
Bien Hoa City
Dong Nai Province
Vietnam

Auditors

KPMG Limited
Vietnam



KPMG Limited
10th Floor, Sun Wah Tower
115 Nguyen Hue Street
District 1, Ho Chi Minh City
The Socialist Republic of Vietnam

Telephone +84 (8) 3821 9266
Fax +84 (8) 3821 9267
Internet kpmg.com.vn

INDEPENDENT AUDITORS' REPORT

**To the Shareholders
VinaCafe Bien Hoa Joint Stock Company**

Scope

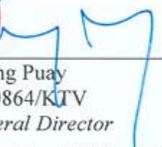
We have audited the accompanying balance sheet of VinaCafe Bien Hoa Joint Stock Company ("the Company") as of 31 December 2010 and the related statements of income, changes in equity and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Company's management on 16 March 2011. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Audit opinion

In our opinion, the financial statements give a true and fair view of the financial position of VinaCafe Bien Hoa Joint Stock Company as of 31 December 2010 and of its results of operations and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and the relevant statutory requirements.

KPMG Limited
Vietnam
Investment Certificate No: 011043000345
Audit Report No: 10-01-308



Chong Kwang Puay
CPA No. N0864/KTV
Deputy General Director
Ho Chi Minh City, 16 March 2011


Nguyen Thanh Nghi
CPA No. 0304/KTV

VinaCafe Bien Hoa Joint Stock Company
Balance sheet at 31 December 2010

	Code	Note	31/12/2010 VND	31/12/2009 VND
ASSETS				
Current assets	100		676,789,392,720	441,877,412,250
Cash and cash equivalents	110	3	361,737,630,582	235,091,325,946
Cash	111		29,831,631,582	16,937,974,094
Cash equivalents	112		331,905,999,000	218,153,351,852
Accounts receivable	130		111,856,660,312	94,129,184,903
Accounts receivable – trade	131		109,411,361,185	91,918,066,470
Prepayments to suppliers	132		1,675,053,938	1,842,719,385
Other receivables	135		770,245,189	368,399,048
Inventories	140	4	196,734,374,602	105,614,266,351
Other current assets	150		6,460,727,224	7,042,635,050
Short-term prepayments	151		-	505,662,781
Deductible value added tax	152		972,837,485	84,085,073
Other current assets	158		5,487,889,739	6,452,887,196
Long-term assets	200		52,437,859,656	50,075,130,105
Fixed assets	220		52,437,859,656	50,075,130,105
Tangible fixed assets	221	5	32,933,638,322	30,872,602,271
Cost	222		164,509,549,887	154,432,812,492
Accumulated depreciation	223		(131,575,911,565)	(123,560,210,221)
Intangible fixed assets	227	6	17,319,885,750	17,319,885,750
Cost	228		17,319,885,750	17,319,885,750
Accumulated amortisation	229		-	-
Construction in progress	230	7	2,184,335,584	1,882,642,084
TOTAL ASSETS	270		729,227,252,376	491,952,542,355

The accompanying notes are an integral part of these financial statements

VinaCafe Bien Hoa Joint Stock Company
Balance sheet at 31 December 2010 (continued)

	Code	Note	31/12/2010 VND	31/12/2009 VND
RESOURCES				
LIABILITIES	300		150,064,483,877	44,601,202,508
Current liabilities	310		125,965,089,067	28,801,247,104
Short-term borrowings	311	8	16,231,785,636	-
Accounts payable – trade	312		78,485,299,526	8,516,038,731
Advances from customers	313		1,884,574,666	29,864,105
Taxes payable to State Treasury	314	9	15,817,616,514	13,065,620,797
Payables to employees	315		2,843,817,088	6,198,068,346
Other payables	319	10	1,654,091,709	991,655,125
Bonus and welfare fund	323	11	9,047,903,928	-
Long-term liabilities	330		24,099,394,810	15,799,955,404
Other long-term liabilities	333	12	22,693,992,000	14,677,992,000
Provision for severance allowance	336	13	1,405,402,810	1,121,963,404
EQUITY	400		579,162,768,499	447,351,339,847
Owners' equity	410		579,162,768,499	441,858,748,650
Share capital	411	14	265,791,350,000	141,757,100,000
Capital surplus	412	14	29,974,241,968	68,094,331,990
Investment and development funds	417	15	109,589,907,931	99,263,157,709
Financial reserves	418	15	22,736,393,873	15,936,132,106
Retained profits	420		151,070,874,727	116,808,026,845
Non-business expenditure fund and other funds	430		-	5,492,591,197
Bonus and welfare fund	431		-	5,492,591,197
TOTAL RESOURCES	440		729,227,252,376	491,952,542,355

Prepared by:



Le Hung Dung
Chief Accountant



Approved by:



Pham Quang Vu
General Director

16 March 2011

The accompanying notes are an integral part of these financial statements

VinaCafe Bien Hoa Joint Stock Company
Statement of income for the year ended 31 December 2010

	Code	Note	2010 VND	2009 VND
Total revenue	01	16	1,301,911,877,370	1,021,419,145,722
Less sales deductions	02	16	(247,574,668)	(725,400,674)
Net sales	10		1,301,664,302,702	1,020,693,745,048
Cost of sales	11		(1,028,845,343,605)	(769,264,519,884)
Gross profit	20		272,818,959,097	251,429,225,164
Financial income	21	17	27,822,976,015	13,677,839,649
Financial expenses	22	18	(11,618,394,063)	(12,743,456,458)
Selling expenses	24		(95,916,642,096)	(96,106,710,605)
General and administration expenses	25		(28,966,437,663)	(19,614,836,303)
Net operating profit	30		164,140,461,290	136,642,061,447
Results of other activities	40			
Other income	31	19	14,207,269,108	10,539,917,717
Other expenses	32		(87,509,934)	(149,292,304)
Profit before tax	50		178,260,220,464	147,032,686,860
Income tax expense – current	51	20	(16,698,886,015)	(11,027,451,515)
Net profit	60		161,561,334,449	136,005,235,345
Basic earnings per share	70	21	6,079	5,117

Prepared by:

Le Hung Dung
Chief Accountant

Approved by:

Phạm Quang Vu
General Director

16 March 2011

The accompanying notes are an integral part of these financial statements

VinaCafe Bien Hoa Joint Stock Company
Statement of changes in equity for the year ended 31 December 2010

	Share capital VND	Capital surplus VND	Investment and development funds VND	Financial reserves VND	Retained profits VND	Total owners' equity VND	Bonus and welfare fund VND	Total VND
Balance at 1 January 2009	141,757,100,000	68,094,331,990	83,490,858,554	15,936,132,106	17,611,969,978	326,890,392,628	15,157,914,659	342,048,307,287
Net profit for the year	-	-	-	-	136,005,235,345	136,005,235,345	-	136,005,235,345
Cash dividends (Note 22)	-	-	-	-	(19,137,208,500)	(19,137,208,500)	-	(19,137,208,500)
Board management fee	-	-	-	-	(1,350,000,000)	(1,350,000,000)	-	(1,350,000,000)
Appropriation to equity funds	-	-	15,772,299,155	-	(15,772,299,155)	-	-	-
Appropriation to bonus and welfare fund	-	-	-	-	(918,000,000)	(918,000,000)	918,000,000	-
Utilisation of fund	-	-	-	-	-	-	(10,583,323,462)	(10,583,323,462)
Other	-	-	-	-	368,329,177	368,329,177	-	368,329,177
Balance at 31 December 2009	141,757,100,000	68,094,331,990	99,263,157,709	15,936,132,106	116,808,026,845	441,858,748,650	5,492,591,197	447,351,339,847
Net profit for the year	-	-	-	-	161,561,334,449	161,561,334,449	-	161,561,334,449
Share dividends (Note 22)	35,438,060,000	-	-	-	(35,438,060,000)	-	-	-
Cash dividends (Note 22)	-	-	-	-	(2,605,000)	(2,605,000)	-	(2,605,000)
Interim dividends (Note 22)	-	-	-	-	(10,631,709,600)	(10,631,709,600)	-	(10,631,709,600)
Bonus shares	88,596,190,000	(38,120,090,022)	-	-	(50,476,099,978)	-	-	-
Board management fee	-	-	-	-	(2,528,000,000)	(2,528,000,000)	-	(2,528,000,000)
Reclassification to current liabilities	-	-	-	-	-	-	(5,492,591,197)	(5,492,591,197)
Appropriation to bonus and welfare fund	-	-	-	-	(11,095,000,000)	(11,095,000,000)	-	(11,095,000,000)
Appropriation to equity funds	-	-	25,730,720,200	6,800,261,767	(32,530,981,967)	-	-	-
Utilisation of funds	-	-	(15,403,969,978)	-	15,403,969,978	-	-	-
Balance at 31 December 2010	265,791,350,000	29,974,241,968	109,589,907,931	22,736,393,873	151,070,874,727	579,162,768,499	-	579,162,768,499

Prepared by:

Le Hung Dung
Chief Accountant



Approved by:

Pham Quang Vu
General Director

16 March 2011

The accompanying notes are an integral part of these financial statements

VinaCafe Bien Hoa Joint Stock Company
Statement of cash flows for the year ended 31 December 2010

	Code	Note	2010 VND	2009 VND
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	01		178,260,220,464	147,032,686,860
Adjustments for				
Depreciation and amortisation	02		8,228,948,078	8,113,814,033
Allowances and provisions	03		283,439,406	44,106,613
Interest income	05		(26,535,725,234)	(12,030,315,813)
Interest expense	06		2,018,055,461	1,674,639,724
Operating profit before changes in working capital	08		162,254,938,175	144,834,931,417
Change in receivables and other current assets	09		(17,145,567,583)	(2,948,958,862)
Change in inventories	10		(91,120,108,251)	36,760,782,089
Change in payables and other liabilities	11		77,700,461,745	757,295,821
			131,689,724,086	179,404,050,465
Interest paid	13		(2,018,055,461)	(1,674,639,724)
Corporate income tax paid	14		(14,499,195,361)	(10,711,210,954)
Other payments for operating activities	16		(10,067,687,269)	(11,504,994,285)
Net cash generated from operating activities	20		105,104,785,995	155,513,205,502
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for additions to fixed assets	21		(10,591,677,629)	(4,228,099,376)
Receipts of interests	27		26,535,725,234	12,030,315,813
Net cash generated from investing activities	30		15,944,047,605	7,802,216,437

The accompanying notes are an integral part of these financial statements

VinaCafe Bien Hoa Joint Stock Company
Statement of cash flows for the year ended 31 December 2010 (continued)

	Code	Note	2010 VND	2009 VND
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from short-term borrowings	33		24,031,785,636	-
Payments to settle debts	34		(7,800,000,000)	(5,347,755,000)
Payments of dividends	36		(10,634,314,600)	(19,197,208,500)
Net cash generated from/(used in) financing activities	40		5,597,471,036	(24,544,963,500)
Net cash flows during the year	50		126,646,304,636	138,770,458,439
Cash and cash equivalents at the beginning of the year	60		235,091,325,946	96,320,867,507
Cash and cash equivalents at the end of the year	70	3	361,737,630,582	235,091,325,946

Prepared by:



Le Hung Dung
Chief Accountant



Approved by:

Pham Quang Vu
General Director

16 March 2011

VinaCafe Bien Hoa Joint Stock Company
Notes to the financial statements for the year ended 31 December 2010

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

1. Reporting Entity

VinaCafe Bien Hoa Joint Stock Company (“the Company”) is a joint stock company incorporated in Vietnam. The principal activities of the Company are to manufacture and sell various kinds of coffees and instant cereals in the domestic and export markets.

The Company’s shares are listed on the Ho Chi Minh City Stock Exchange on 28 January 2011.

As at 31 December 2010, the Company had 547 employees (31 December 2009: 485 employees).

2. Summary of significant accounting policies

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

(a) Basis of financial statement preparation

The financial statements, expressed in Vietnam Dong (“VND”), have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and the relevant statutory requirements.

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

(b) Fiscal year

The fiscal year of the Company is from 1 January to 31 December.

(c) Foreign currency transactions

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at rates of exchange ruling at the balance sheet date. Transactions in currencies other than VND during the year have been translated into VND at rates approximating those ruling at the transaction dates.

All foreign exchange differences are recorded in the statement of income in accordance with Vietnamese Accounting Standard No. 10 (“VAS 10”) – *The Effects of Changes in Foreign Exchange Rates*.

VinaCafe Bien Hoa Joint Stock Company
Notes to the financial statements for the year ended 31 December 2010 (continued)

(d) 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.

(e) Accounts receivable

Trade and other receivables are stated at cost less allowance for doubtful debts.

(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 Company applies the perpetual method of accounting for inventory.

(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 repairs and maintenance and overhaul cost, is charged to income in the year in which the cost is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of tangible fixed assets beyond their originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets.

(ii) Depreciation

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

▪ buildings and structures	5 – 25 years
▪ machinery and equipment	3 – 7 years
▪ office equipment	6 years
▪ motor vehicles	3 – 4 years

VinaCafe Bien Hoa Joint Stock Company
Notes to the financial statements for the year ended 31 December 2010 (continued)

(h) Intangible fixed assets

Land use rights are stated at cost less accumulated amortisation. The initial cost of a land use right comprises its purchase price and any directly attributable costs incurred in conjunction with securing the land use right. Amortisation is computed on a straight line basis over 50 years.

(i) Construction in progress

Construction in progress represents the cost 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) Trade and other payables

Trade and other payables are stated at their cost.

(k) Provisions

A provision is recognised if, as a result of a past event, the Company 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.

(l) Taxation

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

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

(m) Revenue

Revenue from the sale of goods is recognised in the statement of income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods.

VinaCafe Bien Hoa Joint Stock Company
Notes to the financial statements for the year ended 31 December 2010 (continued)

(n) Operating lease payments

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

(o) Borrowing costs

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

(p) Earnings per share

The Company presents basic and diluted earnings per share ("EPS") for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. The Company did not have any dilutive potential ordinary shares during the year.

(q) Segment reporting

A segment is a distinguishable component of the Company 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. Management is of the opinion that the Company operates in one single business segment, which is the manufacture and sale of coffee and related products and one single geographical segment, which is Vietnam.

(r) Off balance sheet items

Amounts which are defined as off balance sheet items under the Vietnamese Accounting System are disclosed in the relevant notes to these financial statements.

VinaCafe Bien Hoa Joint Stock Company
Notes to the financial statements for the year ended 31 December 2010 (continued)

3. Cash and cash equivalents

	31/12/2010 VND	31/12/2009 VND
Cash on hand	1,385,195,850	1,540,232,980
Cash in banks	28,446,435,732	15,397,741,114
Cash equivalents	331,905,999,000	218,153,351,852
	361,737,630,582	235,091,325,946

Cash at 31 December 2010 included amounts denominated in currencies other than VND amounting to VND5,519,327,742 (31 December 2009: VND4,358,436,729).

Cash equivalents at 31 December 2010 included VND55,000 million (31 December 2009: Nil) pledged with banks as security for loans granted to the Company.

4. Inventories

	31/12/2010 VND	31/12/2009 VND
Raw materials	155,884,292,795	92,634,214,002
Tools and supplies	5,100,000	234,986,971
Work in progress	6,810,835,500	3,044,678,174
Finished goods	34,034,146,307	9,700,387,204
	196,734,374,602	105,614,266,351

VinaCafe Bien Hoa Joint Stock Company
Notes to the financial statements for the year ended 31 December 2010 (continued)

5. Tangible fixed assets

	Buildings and structures VND	Machinery and equipment VND	Office equipment VND	Motor vehicles VND	Total VND
Cost					
Opening balance	16,390,281,512	132,185,859,198	2,019,099,849	3,837,571,933	154,432,812,492
Additions	1,207,486,364	8,223,164,850	342,356,527	506,057,250	10,279,064,991
Transfer from construction in progress	-	10,919,138	-	-	10,919,138
Written off	-	(85,901,474)	(127,345,260)	-	(213,246,734)
Closing balance	17,597,767,876	140,334,041,712	2,234,111,116	4,343,629,183	164,509,549,887
Accumulated depreciation					
Opening balance	11,245,162,930	107,559,599,960	1,620,454,997	3,134,992,334	123,560,210,221
Charge for the year	745,895,378	6,904,171,221	288,655,761	290,225,718	8,228,948,078
Written off	-	(85,901,474)	(127,345,260)	-	(213,246,734)
Closing balance	11,991,058,308	114,377,869,707	1,781,765,498	3,425,218,052	131,575,911,565
Net book value					
Opening balance	5,145,118,582	24,626,259,238	398,644,852	702,579,599	30,872,602,271
Closing balance	5,606,709,568	25,956,172,005	452,345,618	918,411,131	32,933,638,322

Included in the cost of tangible fixed assets were assets costing VND105,878 million which were fully depreciated as of 31 December 2010 (31 December 2009: VND98,756 million), but which are still in active use.

VinaCafe Bien Hoa Joint Stock Company
Notes to the financial statements for the year ended 31 December 2010 (continued)

6. Intangible fixed assets

	Land use rights VND
Cost and net book value	
Opening balance and closing balance	17,319,885,750

The land use rights comprised land rental in Long Thanh Industrial Zone for construction of manufacturing plant, over a lease period of 50 years commencing August 2006.

7. Construction in progress

	2010 VND	2009 VND
Opening balance	1,882,642,084	1,108,903,184
Additions during the year	312,612,638	1,258,264,994
Transfer to tangible fixed assets	(10,919,138)	(484,526,094)
Closing balance	2,184,335,584	1,882,642,084

8. Short-term borrowings

	31/12/2010 VND	31/12/2009 VND
Short-term borrowings	16,231,785,636	-

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

	Currency	Effective interest rate	Year of maturity	31/12/2010 VND	31/12/2009 VND
Bank loan 1	USD	6.5%	2011	12,151,589,394	-
Bank loan 2	USD	6.5%	2011	799,877,000	-
Bank loan 3	USD	6.5%	2011	1,599,754,000	-
Bank loan 4	USD	6.5%	2011	1,680,565,242	-
				16,231,785,636	-

The bank loans are secured over cash equivalents amounting to VND55,000 million (31 December 2009: Nil) (see note 3).

VinaCafe Bien Hoa Joint Stock Company
Notes to the financial statements for the year ended 31 December 2010 (continued)

9. Taxes payable to State Treasury

	31/12/2010 VND	31/12/2009 VND
Value added tax	3,934,160,241	1,948,612,500
Import tax	7,498,273,945	8,931,516,623
Corporate income tax	4,385,182,328	2,185,491,674
	<hr/> 15,817,616,514	<hr/> 13,065,620,797

10. Other payables

	31/12/2010 VND	31/12/2009 VND
Trade union fees	216,944,654	98,929,041
Equitisation related payables	15,000,000	15,000,000
Others	1,422,147,055	877,726,084
	<hr/> 1,654,091,709	<hr/> 991,655,125

11. Bonus and welfare fund

Movements of bonus and welfare fund during the year were as follows:

	2010 VND
Opening balance	-
Reclassification from non-business expenditure fund	5,492,591,197
Allocation from retained profits during the year	11,095,000,000
Utilisation	(7,539,687,269)
	<hr/> 9,047,903,928

The General Meeting of Shareholders of the Company on 5 May 2010 resolved to appropriate to bonus and welfare fund an amount of VND11,095,000,000 from retained profits.

12. Other long-term liabilities

Other long-term liabilities represented refundable trade deposits from customers. These deposits bore interest at 0.85% per month.

VinaCafe Bien Hoa Joint Stock Company
Notes to the financial statements for the year ended 31 December 2010 (continued)

13. Provision for severance allowance

Movements of provision for severance allowance during the year were as follows:

	Severance allowance VND
Opening balance	1,121,963,404
Provision made during the year	283,439,406
	<hr/>
Closing balance	1,405,402,810

Under the Vietnamese Labour Code, when employees who have worked for 12 months or more (“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 employees’ compensation at termination. Provision for severance allowance has been provided based on employees’ years of service and their current salary level.

Pursuant to Law on Social Insurance, effective from 1 January 2009 the Company and its employees are required to contribute to an unemployment insurance fund managed by the Vietnam Social Insurance Agency. The contribution to be paid by each party is calculated at 1% of the lower of the employees’ basic salary and 20 times the general minimum salary level as specified by the Government from time to time. With the implementation of unemployment insurance scheme, the Company is no longer required to provide severance allowance for the service period after 1 January 2009. However, severance allowance to be paid to the existing eligible employees as of 31 December 2008 will be determined based on the eligible employees’ years of service as of 31 December 2008 and their average salary for the six-month period prior to the termination date.

For the year ended 31 December 2010, the Company contributed VND188,959,604 (2009: VND142,919,638) to the unemployment insurance fund and the amount is recorded as part of staff related costs in the statement of income

14. Share capital and capital surplus

(i) Share capital

The Company’s authorised and issued share capital are:

	31/12/2010		31/12/2009	
	Number of shares	VND	Number of shares	VND
Authorised and issued share capital				
Ordinary shares	26,579,135	265,791,350,000	14,175,710	141,757,100,000

VinaCafe Bien Hoa Joint Stock Company
Notes to the financial statements for the year ended 31 December 2010 (continued)

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.

Movements in share capital during the year were as follows:

	2010		2009	
	Number of shares	VND	Number of shares	VND
Balance at the beginning of the year	14,175,710	141,757,100,000	14,175,710	141,757,100,000
Share dividends	3,543,806	35,438,060,000	-	-
Bonus shares issued	8,859,619	88,596,190,000	-	-
Balance at the end of the year	26,579,135	265,791,350,000	14,175,710	141,757,100,000

(ii) Capital surplus

Capital surplus represented the amount of proceeds in excess of par value of shares issued prior to 2008. Movement of capital surplus during the year represented amount used as resource for bonus share distribution (see Note 22).

15. Equity funds

(i) Investment and development funds

Investment and development funds were appropriated from retained profits in accordance with the resolution of General meeting of Shareholders. These funds were established for the purpose of future business expansion.

(ii) Financial reserves

Financial reserves were appropriated from retained profits in accordance with the resolution of General meeting of Shareholders. The reserves are established as recourse for the Company's future general business risks.

VinaCafe Bien Hoa Joint Stock Company
Notes to the financial statements for the year ended 31 December 2010 (continued)

16. Total revenue

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

	2010 VND	2009 VND
Total revenue		
▪ Sales	1,301,911,877,370	1,021,419,145,722
Less sales deductions		
▪ Sales rebates	(390,480)	(1,786,275)
▪ Sales returns	(247,184,188)	(723,614,399)
Net sales	1,301,664,302,702	1,020,693,745,048

17. Financial income

	2010 VND	2009 VND
Interest income	26,535,725,234	12,030,315,813
Realised foreign exchange gains	1,154,387,757	1,471,507,178
Unrealised foreign exchange gains	132,863,024	176,016,658
	27,822,976,015	13,677,839,649

18. Financial expenses

	2010 VND	2009 VND
Interest expense	2,018,055,461	1,674,639,724
Realised foreign exchange losses	9,299,313,523	10,837,917,736
Unrealised foreign exchange losses	301,025,079	230,898,998
	11,618,394,063	12,743,456,458

VinaCafe Bien Hoa Joint Stock Company
Notes to the financial statements for the year ended 31 December 2010 (continued)

19. Other income

	2010 VND	2009 VND
Import tax refund	13,248,552,553	10,153,489,728
Others	958,716,555	386,427,989
	14,207,269,108	10,539,917,717

20. Income tax

(a) Recognised in the statement of income

	2010 VND	2009 VND
Current tax expense		
Current year	16,350,266,090	11,027,451,515
Under provision in prior years	348,619,925	-
	16,698,886,015	11,027,451,515

(b) Reconciliation of effective tax rate

	2010 VND	2009 VND
Profit before tax	178,260,220,464	147,032,686,860
Tax at the Company's tax rate	26,739,033,070	22,054,903,029
Effect of different tax rate applied to other income	1,699,988,116	-
Non-deductible expenses	5,770,353	-
Tax incentives	(12,094,525,449)	(11,027,451,514)
Under provision in prior years	348,619,925	-
	16,698,886,015	11,027,451,515

VinaCafe Bien Hoa Joint Stock Company
Notes to the financial statements for the year ended 31 December 2010 (continued)

(c) Applicable tax rates

Under the terms of its Investment Licence, the Company has an obligation to pay the government income tax at the rate of 15% of taxable profits. However, being a joint stock company which had been converted from state-owned company before 2006, the Company is exempted from income tax for 3 years starting from the first year it generates a taxable profit (2005), and entitled to a 50% reduction in income tax for the seven succeeding years (2008 to 2014). All the above tax incentives are not applicable to other income which is taxed at a rate of 25%.

21. Basic earnings per share

The calculation of basic earnings per share for the year ended 31 December 2010 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

(i) Net profit attributable to ordinary shareholders

	2010	2009
	VND	VND
Net profit for the year and attributable to ordinary shareholders	161,561,334,449	136,005,235,345

(ii) Weighted average number of ordinary shares

	2010	2009
Issued ordinary shares at the beginning of the year	14,175,710	14,175,710
Effect of share dividends	3,543,806	3,543,806
Effect of bonus shares	8,859,619	8,859,619
Weighted average number of ordinary shares for the year ended 31 December 2010	26,579,135	26,579,135

As of 31 December 2010, the Company did not have any potential dilutive shares.

22. Dividends

The General Meeting of Shareholders of the Company on 5 May 2010 resolved to distribute dividends amounting to VND35,439,275,000, equivalent to 3,543,806 shares which represented one share for every four ordinary shares existing on 25 June 2010, and VND1,215,000 in cash (2009: VND19,137,208,500 in cash dividends equivalent to VND1,350 per share).

VinaCafe Bien Hoa Joint Stock Company
Notes to the financial statements for the year ended 31 December 2010 (continued)

The General Meeting of shareholders on 5 May 2010 resolved to grant authority to the Board of Management to decide the percentage of distribution of interim dividends based on the Company's business performance in the year 2010. Accordingly, the Board of Management's meeting on 15 July 2010 resolved to distribute interim dividends for the year ended 31 December 2010 at 6% of the share capital existing on 30 July 2010 amounting to VND10,631,709,600 (2009: Nil) equivalent to VND600 per share.

The General Meeting of shareholders on 5 May 2010 resolved to distribute bonus shares from capital surplus of VND38,120,090,022 and retained profits of VND50,477,489,978 on the basis of one share for every two ordinary shares existing on 29 October 2010. A total 8,859,619 shares at par value were issued as a result. Remaining odd number of shares, equivalent to VND1,390,000 were distributed in the form of cash dividend.

23. Significant transactions with related parties

The Company has related party relationship with its parent company, Vietnam National Coffee Corporation, directors and key management personnel.

During the year, the Company had the following transactions with related parties:

	Transaction value	
	2010	2009
	VND	VND
The parent company - Vietnam National Coffee Corporation		
Cash dividends	5,343,750,000	9,618,750,000
Share dividends	17,812,500,000	-
Bonus shares	44,531,250,000	-

Total remuneration and business allowances to key management personnel were as follows:

	2010	2009
	VND	VND
Board of Directors and Board of Management		
Bonus	2,837,449,097	2,531,404,080
Salary and compensation	1,955,000,000	1,304,000,000
Cash dividends	318,518,800	810,157,500
Share dividends	1,061,580,000	-
Bonus shares	2,653,070,000	-

VinaCafe Bien Hoa Joint Stock Company
Notes to the financial statements for the year ended 31 December 2010 (continued)

24. Leases

The future minimum lease payments under non-cancellable operating leases including house and warehouse rental were:

	31/12/2010 VND	31/12/2009 VND
Within one year	2,228,116,224	2,241,165,936
Within two to five years	5,985,006,912	1,375,087,172
	8,213,123,136	3,616,253,108

25. Production and business costs by element

	2010 VND	2009 VND
Raw material costs included in production costs	985,249,646,278	701,724,049,489
Labour costs and staff costs	58,147,189,856	46,537,857,615
Depreciation and amortisation	8,228,948,078	8,113,814,033
Outside services	54,575,035,220	43,799,743,401
Other expenses	71,084,843,854	72,141,262,517

Prepared by:



Le Hung Dung
Chief Accountant



Approved by:



Pham Quang Vu
General Director

16 March 2011