



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

Consolidated Interim Financial statements  
for the six-month period ended 30 June 2019



**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 19 April 2019. The Enterprise Registration Certificate and its amendments were issued by the Department of Planning and Investment of Dong Nai Province.

**Board of Directors**

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

**Board of Management**

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

**Registered Office**

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

**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 2019.

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 43 give a true and fair view of the consolidated financial position of the Group as at 30 June 2019, 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 these accompanying consolidated interim financial statements for issue.

On behalf of the Board of Management



*Huỳnh Việt Thang*  
*Authorised Representative*

Dong Nai Province, 15 August 2019



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## **INTERIM FINANCIAL STATEMENTS 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 2019, 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 15 August 2019 as set out on pages 5 to 43.

### **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 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 2019 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 financial reporting.

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

Vietnam

Review Report No. 19-01-00276-19-2



Trương Vinh Phúc  
Practicing Auditor Registration  
Certificate No. 1901-2018-007-1  
Deputy General Director

Nelson Rodriguez Casihan  
Practicing Auditor Registration  
Certificate No. 2225-2018-007-1

Ho Chi Minh City, 15 August 2019

**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
**Consolidated balance sheet as at 30 June 2019**

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

	Code	Note	30/6/2019 VND	1/1/2019 VND
<b>ASSETS</b>				
<b>Current assets</b> (100 = 110 + 130 + 140 + 150)	<b>100</b>		<b>1,588,787,249,672</b>	<b>1,571,368,435,414</b>
<b>Cash and cash equivalents</b>	<b>110</b>	<b>8</b>	<b>186,898,342,101</b>	<b>195,173,528,412</b>
Cash	111		17,054,590,937	15,173,528,412
Cash equivalents	112		169,843,751,164	180,000,000,000
<b>Accounts receivable – short-term</b>	<b>130</b>		<b>1,080,741,865,914</b>	<b>1,095,156,431,326</b>
Accounts receivable from customers	131	9	1,071,732,274,724	1,090,496,821,395
Prepayments to suppliers	132		1,746,989,278	3,520,367,530
Other short-term receivables	136	10(a)	7,262,601,912	1,139,242,401
<b>Inventories</b>	<b>140</b>	<b>11</b>	<b>311,229,117,272</b>	<b>271,748,037,674</b>
Inventories	141		312,798,657,188	273,042,057,465
Allowance for inventories	149		(1,569,539,916)	(1,294,019,791)
<b>Other current assets</b>	<b>150</b>		<b>9,917,924,385</b>	<b>9,290,438,002</b>
Short-term prepaid expenses	151		1,414,490,928	628,537,330
Deductible value added tax	152		8,500,230,836	8,661,900,672
Taxes and others receivable from State Treasury	153		3,202,621	-

*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 2019 (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	30/6/2019 VND	1/1/2019 VND
<b>Long-term assets</b> <b>(200 = 210 + 220 + 240 + 260)</b>	<b>200</b>		<b>606,470,897,740</b>	<b>645,268,101,344</b>
<b>Accounts receivable – long-term</b>	<b>210</b>		<b>5,000,000</b>	<b>5,000,000</b>
Other long-term receivables	216	10(b)	5,000,000	5,000,000
<b>Fixed assets</b>	<b>220</b>		<b>558,448,235,447</b>	<b>595,438,965,445</b>
Tangible fixed assets	221	12	557,811,725,345	594,690,599,917
Cost	222		1,084,181,939,293	1,081,459,964,788
Accumulated depreciation	223		(526,370,213,948)	(486,769,364,871)
Intangible fixed assets	227	13	636,510,102	748,365,528
Cost	228		2,180,358,879	2,180,358,879
Accumulated amortisation	229		(1,543,848,777)	(1,431,993,351)
<b>Long-term work in progress</b>	<b>240</b>		<b>4,454,840,792</b>	<b>4,330,935,678</b>
Construction in progress	242	14	4,454,840,792	4,330,935,678
<b>Other long-term assets</b>	<b>260</b>		<b>43,562,821,501</b>	<b>45,493,200,221</b>
Long-term prepaid expenses	261	15	22,218,083,389	22,559,571,091
Deferred tax assets	262	16	2,547,930,764	2,778,016,428
Goodwill	269	17	18,796,807,348	20,155,612,702
<b>TOTAL ASSETS (270 = 100 + 200)</b>	<b>270</b>		<b>2,195,258,147,412</b>	<b>2,216,636,536,758</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 2019 (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	30/6/2019 VND	1/1/2019 VND
<b>RESOURCES</b>				
<b>LIABILITIES (300 = 310 + 330)</b>	<b>300</b>		<b>532,891,866,440</b>	<b>814,442,496,273</b>
<b>Current liabilities</b>	<b>310</b>		<b>527,849,270,440</b>	<b>807,942,804,312</b>
Accounts payable to suppliers	311	18	201,449,401,295	351,380,171,841
Advances from customers	312		1,463,590,926	7,436,439,795
Taxes payable to State Treasury	313	19	53,746,531,733	42,871,542,088
Payable to employees	314		4,111,910,773	-
Accrued expenses	315	20	23,951,406,235	38,730,387,959
Other short-term payables	319	21(a)	5,220,836,937	3,844,999,839
Short-term borrowings	320	22	216,873,695,083	342,647,365,332
Bonus and welfare funds	322		21,031,897,458	21,031,897,458
<b>Long-term liabilities</b>	<b>330</b>		<b>5,042,596,000</b>	<b>6,499,691,961</b>
Other long-term payables	337	21(b)	45,450,000	95,089,961
Provisions – long-term	342		4,997,146,000	6,404,602,000
<b>EQUITY (400 = 410)</b>	<b>400</b>		<b>1,662,366,280,972</b>	<b>1,402,194,040,485</b>
<b>Owners' equity</b>	<b>410</b>	<b>23</b>	<b>1,662,366,280,972</b>	<b>1,402,194,040,485</b>
Share capital	411	24	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	24	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		1,162,402,736,112	900,756,030,882
- Undistributed profits after tax brought forward	421a		900,756,030,882	260,832,034,286
- Undistributed profit after tax for the current period/prior year	421b		261,646,705,230	639,923,996,596
Non-controlling interests	429		(9,312,896,055)	(7,838,431,312)
<b>TOTAL RESOURCES (440 = 300 + 400)</b>	<b>440</b>		<b>2,195,258,147,412</b>	<b>2,216,636,536,758</b>

15 August 2019

Prepared by:

  
**Nguyen Thi Ngoc Tram**  
General Accountant

Approved by:

  
**Phan Thi Thuy Hoa**  
Chief Accountant

  
**Huynh Viet Thang**  
Authorized Representative

*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 2019**

**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 30/6/2019 VND	30/6/2018 VND
<b>Revenue from sales of goods and provision of services</b>	<b>01</b>	<b>26</b>	<b>1,247,473,721,042</b>	<b>1,481,338,060,508</b>
<b>Revenue deductions</b>	<b>02</b>	<b>26</b>	<b>736,296,036</b>	<b>15,709,881,876</b>
<b>Net revenue (10 = 01 - 02)</b>	<b>10</b>	<b>26</b>	<b>1,246,737,425,006</b>	<b>1,465,628,178,632</b>
<b>Cost of sales</b>	<b>11</b>	<b>27</b>	<b>895,337,166,429</b>	<b>1,076,770,972,647</b>
<b>Gross profit (20 = 10 - 11)</b>	<b>20</b>		<b>351,400,258,577</b>	<b>388,857,205,985</b>
Financial income	21	28	4,594,810,767	19,238,535,364
Financial expenses	22	29	11,547,831,149	7,773,434,851
<i>In which: Interest expense</i>	23		11,104,792,789	7,727,678,690
Selling expenses	25	30	9,858,982,776	24,597,894,988
General and administration expenses	26	31	18,251,801,909	17,610,455,773
<b>Net operating profit {30 = 20 + (21 - 22) - (25 + 26)}</b>	<b>30</b>		<b>316,336,453,510</b>	<b>358,113,955,737</b>
Other income	31		15,074,447	10,959,324
Other expenses	32		31,665,124	608,902,607
<b>Results of other activities (40 = 31 - 32)</b>	<b>40</b>		<b>(16,590,677)</b>	<b>(597,943,283)</b>
<b>Accounting profit before tax (50 = 30 + 40)</b>	<b>50</b>		<b>316,319,862,833</b>	<b>357,516,012,454</b>
<b>Income tax expense – current</b>	<b>51</b>	<b>33</b>	<b>55,917,536,682</b>	<b>37,031,233,685</b>
<b>Income tax expense – deferred</b>	<b>52</b>	<b>33</b>	<b>230,085,664</b>	<b>26,440,684,270</b>
<b>Net profit after tax (60 = 50 - 51 - 52) (carried forward to next page)</b>	<b>60</b>		<b>260,172,240,487</b>	<b>294,044,094,499</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 2019**  
**(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 30/6/2019 VND	30/6/2018 VND
<b>Net profit after tax</b> <b>(brought forward from previous page)</b>	<b>60</b>		<b>260,172,240,487</b>	<b>294,044,094,499</b>
<b>Attributable to:</b>				
Equity holders of the Company	61		261,646,705,230	295,334,721,740
Non-controlling interests	62		(1,474,464,743)	(1,290,627,241)
<b>Earnings per share</b>				
Basic earnings per share	70	34	9,844	11,112

15 August 2019

Prepared by:

  
 Nguyen Thi Ngoc Tram  
 General Accountant

Approved by:

  
 Phan Thi Thuy Hoa  
 Chief Accountant

  
 Hoang Viet Thang  
 Authorised Representative

**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
**Consolidated statement of cash flows for the six-month period ended 30 June 2019**  
**(Indirect method)**

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

	<b>Code</b>	<b>Six-month period ended 30/6/2019 VND</b>	<b>30/6/2018 VND</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Accounting profit before tax	<b>01</b>	<b>316,319,862,833</b>	<b>357,516,012,454</b>
Adjustments for			
Depreciation and amortisation	02	41,770,461,164	42,050,757,363
Allowances and provisions	03	790,900,163	389,772,818
Exchange gains arising from revaluation of monetary items dominated in foreign currencies	04	(240,102,676)	(245,444,009)
Profit from investing activities	05	(3,932,346,537)	(18,836,352,151)
Interest expense	06	11,104,792,789	7,727,678,690
<b>Operating profit before changes in working capital</b>	<b>08</b>	<b>365,813,567,736</b>	<b>388,602,425,165</b>
Change in receivables and other assets	09	13,248,427,227	(216,999,665,525)
Change in inventories	10	(41,679,435,761)	(19,604,750,446)
Change in payables and other liabilities	11	(158,198,559,243)	(288,784,412,010)
Change in prepaid expenses	12	2,200,928,654	6,309,925,783
		<b>181,384,928,613</b>	<b>(130,476,477,033)</b>
Interest paid	14	(12,115,539,238)	(8,266,053,530)
Corporate income tax paid	15	(49,970,388,896)	(22,028,450,990)
<b>Net cash flows from operating activities</b>	<b>20</b>	<b>119,299,000,479</b>	<b>(160,770,981,553)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for additions to fixed assets and other long-term assets	21	(6,215,768,946)	(7,407,949,326)
Proceeds from disposals of fixed assets	22	131,515,158	-
Payments for other investment	23	-	(100,000,000,000)
Receipts of interests	27	4,174,894,137	20,059,347,966
<b>Net cash flows from investing activities</b>	<b>30</b>	<b>(1,909,359,651)</b>	<b>(87,348,601,360)</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 2019**  
**(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)*

		<b>Six-month period ended</b>	
	<b>Code</b>	<b>30/6/2019</b>	<b>30/6/2018</b>
		<b>VND</b>	<b>VND</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings	33	670,460,139,045	709,371,412,653
Payments to settle loan principals	34	(796,233,809,294)	(760,949,771,181)
Payments of dividends	36	(170,742,000)	(1,752,597,119,200)
<b>Net cash flows from financing activities</b>	<b>40</b>	<b>(125,944,412,249)</b>	<b>(1,804,175,477,728)</b>
<b>Net cash flows during the period</b> (50 = 20 + 30 + 40)	<b>50</b>	<b>(8,554,771,421)</b>	<b>(2,052,295,060,641)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>60</b>	<b>195,173,528,412</b>	<b>2,495,714,686,629</b>
<b>Effect of exchange rate fluctuations on cash and cash equivalents</b>	<b>61</b>	<b>279,585,110</b>	<b>267,428,834</b>
<b>Cash and cash equivalents at the end of the period (70 = 50 + 60 + 61)</b>	<b>70</b>	<b>186,898,342,101</b>	<b>443,687,054,822</b>

15 August 2019

Prepared by:

  
**Nguyen Thi Ngoc Tram**  
General Accountant

Approved by:

  
**Phan Thi Thuy Hoa**  
Chief Accountant

  
**Huynh Viet Thang**  
Authorised Representative

*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 2019**

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

These notes form an integral part of and should be read in conjunction with these accompanying consolidated 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 2019 comprise the Company and its subsidiary (collectively referred to as “the Group”).

### **(b) Principal activities**

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

### **(c) Normal operating cycle**

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

### **(d) Group structure**

As at 30 June 2019, the Group has 1 subsidiary (1/1/2019: the Group had 1 subsidiary). Detail information of the subsidiary is described as follows:

Name	Principal activities	Address	Percentage of economic interests and voting rights	
			30/6/2019	1/1/2019
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 2019, the Group had 318 employees (1/1/2019: 327 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 2019 (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 are prepared using the indirect method.

**(c) Annual accounting period**

The annual accounting period of the Group is from 1 January to 31 December. The consolidated interim financial statements are prepared for the six-month period ended 30 June 2019.

**(d) Accounting and presentation currency**

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

**(e) Corresponding figures**

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

**3. Summary of significant accounting policies**

The following significant accounting policies have been adopted by the Group in the preparation of these consolidated 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 2019 (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 balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated interim financial statements.

**(iv) *Business combination***

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

**(b) Foreign currency transactions**

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

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

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

**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
**Notes to the consolidated interim financial statements for the six-month period ended**  
**30 June 2019 (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 amount of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

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

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

**(ii) Depreciation**

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

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

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**(g) Intangible fixed assets**

**(i) Software**

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

**(ii) Brand name**

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

**(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. Cost of tools and supplies are amortised on a straight-line basis over a period ranging from 2 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 to equity, in which case it is recognised in equity.

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

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

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

**(o) Revenue**

**(i) Sales of goods**

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

**(ii) 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.

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**(ii) Financial expenses**

Financial expenses mainly comprise interest expenses 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.

**(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 for segment reporting is based on business segments.

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.

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**(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.

Related companies refer to parent company and its ultimate parent company and their subsidiaries and associates.

**4. Seasonality of operations**

Total revenue of the Company 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 Company typically increases the production of coffee, cereals and non-alcoholic drinks products and also increases advertising and promotion efforts 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 separate interim financial statements, the Board of Management has made several accounting estimates. Actual results may differ from these estimates. There was no significant changes in accounting estimates compared to those made in the most recent separate annual financial statements or those made in the same interim period of the prior year.

**6. Changes in the composition of the Company**

There was no change in the composition of the Company since the end of the last annual accounting period which affect the Company's separate interim financial statements for the six-month period ended 30 June 2019.

**7. Segment reporting**

**(a) Business segments**

The Group operates in the following main business segments:

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

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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

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<b>For the six-month period ended 30 June 2018</b>	<b>Coffee and non- alcoholic drinks VND</b>	<b>Others (*) VND</b>	<b>Consolidation VND</b>
Total segment revenue – net	1,332,809,998,193	132,818,180,439	1,465,628,178,632
Segment cost of sales	(986,549,187,224)	(90,221,785,423)	(1,076,770,972,647)
Segment gross profit	346,260,810,969	42,596,395,016	388,857,205,985
Unallocated selling expenses			(24,597,894,988)
Unallocated general and administration expenses			(17,610,455,773)
Financial income			19,238,535,364
Financial expenses			(7,773,434,851)
Net operating profit			358,113,955,737
Other income			10,959,324
Other expenses			(608,902,607)
Income tax expense			(63,471,917,955)
Net profit after tax			294,044,094,499

(\*) Others include cereals and other items.

The business segments for the six-month period ended 30 June 2018 have been re-presented to conform with the current period's presentation.

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

**(b) Geographical segments**

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

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**8. Cash and cash equivalents**

	<b>30/6/2019</b>	<b>1/1/2019</b>
	<b>VND</b>	<b>VND</b>
Cash on hand	90,261,951	60,832,637
Cash at banks	16,964,328,986	15,112,695,775
Cash equivalents	169,843,751,164	180,000,000,000
	<hr/>	<hr/>
	186,898,342,101	195,173,528,412
	<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>30/6/2019</b>	<b>1/1/2019</b>
	<b>VND</b>	<b>VND</b>
Receivable from related parties	1,056,684,933,616	1,071,078,423,369
Receivable from third parties	15,047,341,108	19,418,398,026
	<hr/>	<hr/>
	1,071,732,274,724	1,090,496,821,395
	<hr/>	<hr/>

Please see Note 35 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>30/6/2019</b>	<b>1/1/2019</b>
	<b>VND</b>	<b>VND</b>
Accrued interest receivable from deposits at banks	416,256,080	636,191,781
Short-term deposits	775,163,860	402,000,000
Others	6,071,181,972	101,050,620
	<hr/>	<hr/>
	7,262,601,912	1,139,242,401
	<hr/>	<hr/>

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

	<b>30/6/2019</b>	<b>1/1/2019</b>
	<b>VND</b>	<b>VND</b>
Long-term deposits	5,000,000	5,000,000

**11. Inventories**

	<b>30/6/2019</b>		<b>1/1/2019</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	1,782,445,600	-	4,650,644,930	-
Raw materials	215,848,514,450	(766,017,209)	220,485,410,341	(490,497,084)
Tools and supplies	7,971,601,494	(803,522,707)	8,002,377,993	(803,522,707)
Finished goods	85,564,552,359	-	38,611,580,523	-
Merchandise inventories	771,315,292	-	1,292,043,678	-
Goods on consignment	860,227,993	-	-	-
	312,798,657,188	(1,569,539,916)	273,042,057,465	(1,294,019,791)

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

	<b>Six-month period ended</b>	
	<b>30/6/2019</b>	<b>30/6/2018</b>
	<b>VND</b>	<b>VND</b>
Opening balance	1,294,019,791	1,899,355,887
Increase in allowance during the period	2,198,356,163	634,469,357
Allowance utilised during the period	(1,922,836,038)	(2,447,605,352)
Closing balance	1,569,539,916	86,219,892

Included in inventories of the Group at 30 June 2019 were VND1,570 million (1/1/2019: VND1,294 million) of slow-moving inventories.

**12. Tangible fixed assets**

	<b>Buildings and structures VND</b>	<b>Machinery and equipment VND</b>	<b>Office equipment VND</b>	<b>Motor vehicles VND</b>	<b>Total VND</b>
<b>Cost</b>					
Opening balance	203,621,464,636	869,578,620,006	3,773,924,475	4,485,955,671	1,081,459,964,788
Additions during the period	-	65,500,000	-	-	65,500,000
Transfer from construction in progress	-	723,706,500	2,785,846,369	-	3,509,552,869
Disposal	-	(563,636,364)	-	-	(563,636,364)
Written off	(230,442,000)	(59,000,000)	-	-	(289,442,000)
Closing balance	203,391,022,636	869,745,190,142	6,559,770,844	4,485,955,671	1,084,181,939,293
<b>Accumulated depreciation</b>					
Opening balance	63,239,819,651	416,813,046,977	3,080,319,092	3,636,179,151	486,769,364,871
Charge for the period	5,503,210,314	34,472,350,718	249,159,744	75,079,608	40,299,800,384
Disposal	-	(441,515,145)	-	-	(441,515,145)
Written off	(198,436,162)	(59,000,000)	-	-	(257,436,162)
Closing balance	68,544,593,803	450,784,882,550	3,329,478,836	3,711,258,759	526,370,213,948
<b>Net book value</b>					
Opening balance	140,381,644,985	452,765,573,029	693,605,383	849,776,520	594,690,599,917
Closing balance	134,846,428,833	418,960,307,592	3,230,292,008	774,696,912	557,811,725,345

Included in the cost of tangible fixed assets were assets costing VND177,450 million which were fully depreciated as of 30 June 2019 (1/1/2019: VND171,785 million), but which are still in active use.

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**13. Intangible fixed assets**

	<b>Software VND</b>	<b>Brand name VND</b>	<b>Total VND</b>
<b>Cost</b>			
Opening and closing balances	1,304,073,640	876,285,239	2,180,358,879
<b>Accumulated amortisation</b>			
Opening balance	1,112,406,973	319,586,378	1,431,993,351
Charge for the period	49,999,998	61,855,428	111,855,426
Closing balance	1,162,406,971	381,441,806	1,543,848,777
<b>Net book value</b>			
Opening balance	191,666,667	556,698,861	748,365,528
Closing balance	141,666,669	494,843,433	636,510,102

Included in the cost of intangible fixed assets were assets costing VND1,004 million which were fully depreciated as of 30 June 2019 (1/1/2019: VND1,004 million), but which are still in active use.

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**14. Construction in progress**

	<b>Six-month period ended 30/6/2019 VND</b>
Opening balance	4,330,935,678
Additions during the period	6,278,852,533
Transfer to tangible fixed assets	(3,509,552,869)
Transfer to long-term prepaid expenses	(2,645,394,550)
	<hr/>
Closing balance	4,454,840,792
	<hr/>

Major constructions in progress were as follows:

	<b>30/6/2019 VND</b>	<b>1/1/2019 VND</b>
Machinery and equipment	4,200,887,092	4,252,190,419
Others	253,953,700	78,745,259
	<hr/>	<hr/>
	4,454,840,792	4,330,935,678
	<hr/>	<hr/>

**15. Long-term prepaid expenses**

	<b>Prepaid land costs VND</b>	<b>Tools and supplies VND</b>	<b>Total VND</b>
Opening balance	14,500,369,469	8,059,201,622	22,559,571,091
Transfer from construction in progress	-	2,645,394,550	2,645,394,550
Amortisation for the period	(201,394,020)	(2,785,488,232)	(2,986,882,252)
	<hr/>	<hr/>	<hr/>
Closing balance	14,298,975,449	7,919,107,940	22,218,083,389
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**16. Deferred tax assets**

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

	<b>30/6/2019</b>	<b>1/1/2019</b>
	<b>VND</b>	<b>VND</b>
Accrued advertising and promotion expenses	451,332,944	-
Accrued logistic expenses	60,287,443	-
Unrealised profits	8,885,150	5,430,327
Other accruals	2,027,425,227	2,772,586,101
	<hr/>	<hr/>
	2,547,930,764	2,778,016,428
	<hr/>	<hr/>

**17. Goodwill**

	<b>30/6/2019</b>
	<b>VND</b>
<b>Cost</b>	
Opening and closing balances	27,176,107,031
	<hr/>
<b>Accumulated amortisation</b>	
Opening balance	7,020,494,329
Charge for the period	1,358,805,354
	<hr/>
Closing balance	8,379,299,683
	<hr/>
<b>Net book value</b>	
Opening balance	20,155,612,702
Closing balance	18,796,807,348
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**18. Accounts payable to suppliers**

	<b>30/6/2019</b> <b>Cost/Amount</b> <b>within payment</b> <b>capacity</b> <b>VND</b>	<b>1/1/2019</b> <b>Cost/Amount</b> <b>within payment</b> <b>capacity</b> <b>VND</b>
Payable to related parties	66,926,185,821	74,353,729,636
Payable to third parties	134,523,215,474	277,026,442,205
	<hr/> 201,449,401,295	<hr/> 351,380,171,841 <hr/>

Please see Note 35 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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**19. Taxes payable to State Treasury**

	<b>1/1/2019 VND</b>	<b>Incurred VND</b>	<b>Paid VND</b>	<b>Deducted/refunded VND</b>	<b>30/6/2019 VND</b>
Corporate income tax	36,870,890,625	55,917,536,682	(49,970,388,896)	-	42,818,038,411
Value added tax	5,778,028,469	118,216,144,812	(42,596,384,043)	(71,215,513,084)	10,182,276,154
Personal income tax	222,622,994	3,251,622,636	(2,621,742,957)	(106,285,505)	746,217,168
Import-export tax	-	286,541,915	(286,541,915)	-	-
Other taxes	-	6,006,990,624	(6,006,990,624)	-	-
	<b>42,871,542,088</b>	<b>183,678,836,669</b>	<b>(101,482,048,435)</b>	<b>(71,321,798,589)</b>	<b>53,746,531,733</b>

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**20. Accrued expenses**

	<b>30/6/2019</b> <b>VND</b>	<b>1/1/2019</b> <b>VND</b>
Bonus and 13 <sup>th</sup> month salary	9,613,335,715	17,217,272,100
Purchases not yet received invoices	6,733,755,481	8,252,754,279
Advertising and promotion expenses	2,256,664,720	-
Accrued processing fees	1,367,693,203	6,793,863,741
Accrued interest expenses	720,653,811	1,731,400,260
Logistic expenses	301,437,214	-
Construction in progress	-	929,553,800
Others	2,957,866,091	3,805,543,779
	<hr/> 23,951,406,235	<hr/> 38,730,387,959 <hr/>

**21. Other payables**

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

	<b>30/6/2019</b> <b>VND</b>	<b>1/1/2019</b> <b>VND</b>
Other payable to a related party	1,910,495,662	-
Dividend payables to non-controlling interest	1,481,436,000	1,652,178,000
Short-term deposits received	707,802,465	1,217,744,908
Social insurance, health insurance, unemployment insurance and trade union fees	215,973,143	258,019,603
Others	905,129,667	717,057,328
	<hr/> 5,220,836,937	<hr/> 3,844,999,839 <hr/>

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

	<b>30/6/2019</b> <b>VND</b>	<b>1/1/2019</b> <b>VND</b>
Long-term deposits received	45,450,000	95,089,961
	<hr/>	<hr/>

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

	<b>1/1/2019 Carrying amount/Amount within repayment capacity VND</b>	<b>Movements during the period</b>		<b>30/6/2019 Carrying amount/Amount within repayment capacity VND</b>
		<b>Addition VND</b>	<b>Decrease VND</b>	
Short-term borrowings	342,647,365,332	670,460,139,045	(796,233,809,294)	216,873,695,083

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

	<b>Currency</b>	<b>Annual interest rate</b>	<b>30/6/2019 VND</b>	<b>1/1/2019 VND</b>
Unsecured bank loan	VND	5.3% - 6.1%	216,873,695,083	342,647,365,332

As at 30 June 2019 and 1 January 2019, the Group does not have any overdue borrowing including principal and interest.

VinaCafé Bien Hoa Joint Stock Company and its subsidiary

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23. Changes in owners' equity

	Share capital VND	Share premium VND	Investment and development fund (*) VND	Undistributed profits after tax VND	Non-controlling interest VND	Total owners' equity VND
<b>Balance as at 1 January 2018</b>	265,791,350,000	29,974,241,968	213,510,848,947	260,832,034,286	(4,891,746,196)	765,216,729,005
Net profit for the period	-	-	-	295,334,721,740	(1,290,627,241)	294,044,094,499
<b>Balance as at 30 June 2018</b>	265,791,350,000	29,974,241,968	213,510,848,947	556,166,756,026	(6,182,373,437)	1,059,260,823,504
<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

(\*) 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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## **24. Share capital and share premium**

The Company's authorised and issued share capitals are as follow:

	<b>30/6/2019</b>		<b>1/1/2019</b>	
	<b>Number of shares</b>	<b>VND</b>	<b>Number of shares</b>	<b>VND</b>
<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 in share capital during the period.

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**25. Off balance sheet items**

**(a) Lease commitments**

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

	<b>30/6/2019</b>	<b>1/1/2019</b>
	<b>VND</b>	<b>VND</b>
Within 1 year	3,535,200,000	6,710,676,000

**(b) Foreign currency**

	<b>30/6/2019</b>		<b>1/1/2019</b>	
	<b>Original currency</b>	<b>VND equivalent</b>	<b>Original currency</b>	<b>VND equivalent</b>
USD	245,464	5,702,133,598	392,617	9,085,157,380

**(c) Capital expenditure commitments**

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

	<b>30/6/2019</b>	<b>1/1/2019</b>
	<b>VND</b>	<b>VND</b>
Approved but not contracted	8,997,675,740	1,696,074,234
Approved and contracted	4,030,488,100	4,784,490,643
	<b>13,028,163,840</b>	<b>6,480,564,877</b>

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**26. Revenue from sales of goods and provision of services**

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

Net revenue comprised:

	<b>Six-month period ended</b>	
	<b>30/6/2019</b>	<b>30/6/2018</b>
	<b>VND</b>	<b>VND</b>
Total revenue		
▪ Sales of goods	1,208,403,510,425	1,477,357,893,232
▪ Other sales	39,070,210,617	3,980,167,276
	<hr/>	<hr/>
	1,247,473,721,042	1,481,338,060,508
	<hr/>	<hr/>
Less revenue deductions		
▪ Sales returns	736,296,036	11,743,750,741
▪ Sales discounts	-	3,966,131,135
	<hr/>	<hr/>
	736,296,036	15,709,881,876
	<hr/>	<hr/>
Net revenue	1,246,737,425,006	1,465,628,178,632
	<hr/>	<hr/>

**27. Cost of sales**

	<b>Six-month period ended</b>	
	<b>30/6/2019</b>	<b>30/6/2018</b>
	<b>VND</b>	<b>VND</b>
Total cost of sales		
▪ Goods sold	866,569,057,425	1,071,100,824,503
▪ Other sales	26,569,752,841	5,035,678,787
▪ Allowance for inventories	2,198,356,163	634,469,357
	<hr/>	<hr/>
	895,337,166,429	1,076,770,972,647
	<hr/>	<hr/>

**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
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**28. Financial income**

	<b>Six-month period ended</b>	
	<b>30/6/2019</b>	<b>30/6/2018</b>
	<b>VND</b>	<b>VND</b>
Interest income from deposits at banks and other investment	3,954,958,436	18,836,352,151
Foreign exchange gains	639,852,331	402,183,213
	<hr/>	<hr/>
	4,594,810,767	19,238,535,364
	<hr/>	<hr/>

**29. Financial expenses**

	<b>Six-month period ended</b>	
	<b>30/6/2019</b>	<b>30/6/2018</b>
	<b>VND</b>	<b>VND</b>
Interest expense	11,104,792,789	7,727,678,690
Foreign exchange losses	443,038,360	45,756,161
	<hr/>	<hr/>
	11,547,831,149	7,773,434,851
	<hr/>	<hr/>

**30. Selling expenses**

	<b>Six-month period ended</b>	
	<b>30/6/2019</b>	<b>30/6/2018</b>
	<b>VND</b>	<b>VND</b>
Advertising and promotion expenses	4,110,136,622	15,189,776,218
Logistics expenses	3,201,383,549	4,503,026,139
Staff costs	1,466,054,664	1,181,278,495
Other selling expenses	1,081,407,941	3,723,814,136
	<hr/>	<hr/>
	9,858,982,776	24,597,894,988
	<hr/>	<hr/>

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**31. General and administration expenses**

	<b>Six-month period ended</b>	
	<b>30/6/2019</b>	<b>30/6/2018</b>
	<b>VND</b>	<b>VND</b>
Staff costs	11,299,750,488	8,141,833,335
Amortisation of goodwill	1,358,805,354	1,358,805,354
Management fee	480,000,000	720,000,000
Research and development expenses	392,202,741	633,562,626
Depreciation and amortisation of fixed assets	310,381,900	186,155,228
Leased line system and information technology services	162,527,005	58,564,847
Others expenses	4,248,134,421	6,511,534,383
	<hr/>	<hr/>
	18,251,801,909	17,610,455,773
	<hr/>	<hr/>

**32. Production and business costs by element**

	<b>Six-month period ended</b>	
	<b>30/6/2019</b>	<b>30/6/2018</b>
	<b>VND</b>	<b>VND</b>
Raw material costs included in production costs	738,528,094,330	932,450,822,279
Labour and staff costs	50,675,195,940	41,847,489,792
Depreciation and amortisation	41,770,461,164	42,050,757,363
Outside services	62,710,651,580	68,182,971,116
Other expenses	29,763,548,100	34,447,282,858
	<hr/>	<hr/>

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### **33. Corporate income tax**

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

	<b>Six-month period ended</b>	<b>Six-month period ended</b>
	<b>30/6/2019</b>	<b>30/6/2018</b>
	<b>VND</b>	<b>VND</b>
<b>Current tax expense</b>		
Current period	55,917,536,682	38,514,732,221
Over provision in prior periods	-	(1,483,498,536)
	<hr/> 55,917,536,682	<hr/> 37,031,233,685
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	1,009,926,008	27,025,843,686
Effect of change in tax rate	(779,840,344)	(585,159,416)
	<hr/> 230,085,664	<hr/> 26,440,684,270
<b>Income tax expense</b>	<hr/> 56,147,622,346	<hr/> 63,471,917,955

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

	<b>Six-month period ended</b>	<b>Six-month period ended</b>
	<b>30/6/2019</b>	<b>30/6/2018</b>
	<b>VND</b>	<b>VND</b>
Accounting profit before tax	316,319,862,833	357,516,012,454
Tax at the Company's tax rate	63,263,972,567	71,503,202,491
Effect of change in tax rate	(779,840,344)	(585,159,416)
Effect of amortisation of goodwill	271,761,069	271,761,069
Non-deductible expenses	910,827,096	908,849,684
Effect of different tax rate applied to expansion project	(8,603,938,748)	(8,106,331,322)
Over provision in prior periods	-	(1,483,498,536)
Deferred tax assets not recognised (*)	1,084,840,706	963,093,985
	<hr/> 56,147,622,346	<hr/> 63,471,917,955

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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 normal 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 normal 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 rate 20% of taxable profits.

The normal 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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**34. Earnings per share**

**(a) Basic earnings per share**

The calculation of basic earnings per share for the six-month period ended 30 June 2019 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 VND261,646,705,230 (for the six-month period ended 30 June 2018: VND295,334,721,740) and a weighted average number of ordinary shares outstanding of 26,579,135 (for the six-month period ended 30 June 2018: 26,579,135), calculated as follows:

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

	<b>Six-month period ended</b>	
	<b>30/6/2019</b>	<b>30/6/2018</b>
	<b>VND</b>	<b>VND</b>
Net profit attributable to ordinary shareholders after deducting the amounts appropriated to bonus and welfare funds	261,646,705,230	295,334,721,740

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

	<b>Six-month period ended</b>	
	<b>30/6/2019</b>	<b>30/6/2018</b>
Weighted average number of ordinary shares at the end of the period	26,579,135	26,579,135

**(iii) Basic earnings per share**

	<b>Six-month period ended</b>	
	<b>30/6/2019</b>	<b>30/6/2018</b>
	<b>VND</b>	<b>VND</b>
Basic earnings per share	9,844	11,112

**(b) Diluted earnings per share**

As at 30 June 2019 and 1 January 2019, the Group did not have potential ordinary shares. Therefore the presentation of diluted earnings per share is not applicable.

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**35. Significant transactions with related parties**

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

	<b>Transaction value</b>		<b>Receivables/</b>	
	<b>Six-month period ended</b>		<b>(payables) as at</b>	
	<b>30/6/2019</b>	<b>30/6/2018</b>	<b>30/6/2019</b>	<b>1/1/2019</b>
	<b>VND</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>
<b>Parent of the parent company</b>				
<b>Masan Consumer Corporation</b>				
Purchases of goods	29,979,105,435	28,304,772,566	-	-
Sales of goods	1,135,547,415,067	1,140,677,003,987	1,040,413,094,510	1,071,066,087,409
Sales of services	11,506,236,000	-	12,656,859,600	-
<b>Related parties</b>				
<b>Masan Industrial One Member Company Limited</b>				
Sales of goods	540,016,710	83,548,558	6,999,300	6,999,300
Purchases of goods	285,157,636	100,658,666	(204,542,361)	(383,094,650)
Purchases of services	14,477,129,262	10,270,291,582	(11,952,625,506)	(10,005,161,483)
Management fee	480,000,000	720,000,000	(528,000,000)	(1,584,000,000)
Sales of fixed assets	131,515,158	-	-	-
<b>Vinh Hao Mineral Water Corporation</b>				
Sales of goods and services	20,042,719,830	36,471,500	-	-
Purchases of goods	60,594,577,772	74,851,396,367	(30,071,139,419)	(28,134,478,637)
Purchase of service	23,709,431,088	46,318,707,504	(26,080,374,197)	(34,246,994,866)
<b>Quang Ninh Mineral Water Corporation</b>				
Sales of goods	-	745,229,922	-	3,096,660
<b>Masan HD One Member Company Limited</b>				
Sales of goods	2,036,364	33,388,778	2,240,000	-

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	Transaction value		Receivables/ (payables) as at	
	Six-month period ended 30/6/2019 VND	30/6/2018 VND	30/6/2019 VND	1/1/2019 VND
<b>Masan PQ Corporation</b>				
Sales of goods	-	5,186,821	-	-
<b>Masan MB</b>				
<b>One Member</b>				
<b>Company Limited</b>				
Sales of goods and services	3,460,743,709	26,782,300	3,599,140,206	2,240,000
<b>Masan Brewery</b>				
<b>Distribution</b>				
<b>Company Limited</b>				
Sales of goods	-	480,400	-	-
Purchases of goods	60,557,727	56,753,864	-	-
<b>Key management</b>				
<b>personnel</b>				
Remunerations	4,115,886,023	2,369,933,936	-	-

As at 30 June 2019 and 1 January 2019, the Group has current and term deposit accounts at Vietnam Technological and Commercial Joint Stock Bank at normal trading terms.

15 August 2019

Prepared by:



Nguyen Thi Ngoc Tram  
General Accountant

Approved by:



Phan Thi Thuy Hoa  
Chief Accountant



Hoàng Việt Thang  
Authorised Representative