

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

Consolidated Financial Statements
for the three-month period ended
31 March 2019

VinaCafé Bien Hoa Joint Stock Company and its subsidiary Corporate Information

Business Registration Certificate No.

3600261626

29 December 2004

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

Board of Directors

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

Board of Management

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

Registered Office

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

VinaCafé Bien Hoa Joint Stock Company and its subsidiary
Consolidated balance sheet as at 31 March 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	31/3/2019 VND	1/1/2019 VND
ASSETS				
Current assets (100 = 110 + 130 + 140 + 150)	100		1,516,440,834,188	1,571,368,435,414
Cash and cash equivalents	110	4	87,674,190,528	195,173,528,412
Cash	111		7,984,190,528	15,173,528,412
Cash equivalents	112		79,690,000,000	180,000,000,000
Accounts receivable – short-term	130		1,118,672,139,820	1,095,156,431,326
Accounts receivable from customers	131		1,107,415,367,709	1,090,496,821,395
Prepayments to suppliers	132		5,031,577,325	3,520,367,530
Other short-term receivables	136	5(a)	6,225,194,786	1,139,242,401
Inventories	140	6	300,360,537,980	271,748,037,674
Inventories	141		301,166,752,338	273,042,057,465
Allowance for inventories	149		(806,214,358)	(1,294,019,791)
Other current assets	150		9,733,965,860	9,290,438,002
Short-term prepaid expenses	151		1,162,530,807	628,537,330
Deductible value added tax	152		8,571,435,053	8,661,900,672

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

VinaCafé Bien Hoa Joint Stock Company and its subsidiary
Consolidated balance sheet as at 31 March 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	31/3/2019 VND	1/1/2019 VND
Long-term assets (200 = 210 + 220 + 240 + 260)	200		623,936,496,484	645,268,101,344
Accounts receivable – long-term	210		5,000,000	5,000,000
Other long-term receivables	216	5(b)	5,000,000	5,000,000
Fixed assets	220		578,664,086,637	595,438,965,445
Tangible fixed assets	221	7	577,726,273,136	594,690,599,917
<i>Cost</i>	222		1,084,201,381,293	1,081,459,964,788
<i>Accumulated depreciation</i>	223		(506,475,108,157)	(486,769,364,871)
Intangible fixed assets	227	8	937,813,501	748,365,528
<i>Cost</i>	228		2,440,168,429	2,180,358,879
<i>Accumulated amortisation</i>	229		(1,502,354,928)	(1,431,993,351)
Long-term work in progress	240		1,922,450,561	4,330,935,678
Construction in progress	242	9	1,922,450,561	4,330,935,678
Other long-term assets	260		43,344,959,286	45,493,200,221
Long-term prepaid expenses	261	10	21,774,248,678	22,559,571,091
Deferred tax assets	262		2,094,500,583	2,778,016,428
Goodwill	269	11	19,476,210,025	20,155,612,702
TOTAL ASSETS (270 = 100 + 200)	270		2,140,377,330,672	2,216,636,536,758

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

VinaCafé Bien Hoa Joint Stock Company and its subsidiary
Consolidated balance sheet as at 31 March 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	31/3/2019 VND	1/1/2019 VND
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		633,619,151,473	814,442,496,273
Current liabilities	310		628,357,644,723	807,942,804,312
Accounts payable to suppliers	311		110,332,529,318	351,380,171,841
Advances from customers	312		8,714,111,228	7,436,439,795
Taxes payable to State Treasury	313	12	49,734,003,908	42,871,542,088
Payables to employees	314		4,253,125,370	-
Accrued expenses	315	13	17,190,673,674	38,730,387,959
Other short-term payables	319	14(a)	5,909,623,235	3,844,999,839
Short-term borrowings	320	15	411,191,680,532	342,647,365,332
Bonus and welfare funds	322		21,031,897,458	21,031,897,458
Long-term liabilities	330		5,261,506,750	6,499,691,961
Other long-term payables	337	14(b)	249,450,000	95,089,961
Provisions – long-term	342		5,012,056,750	6,404,602,000
EQUITY (400 = 410)	400		1,506,758,179,199	1,402,194,040,485
Owners' equity	410	16	1,506,758,179,199	1,402,194,040,485
Share capital	411	17	265,791,350,000	265,791,350,000
- Ordinary shares with voting rights	411a		265,791,350,000	265,791,350,000
Share premium	412	17	29,974,241,968	29,974,241,968
Investment and development fund	418		213,510,848,947	213,510,848,947
Undistributed profits after tax	421		1,006,100,148,359	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	421b		105,344,117,477	639,923,996,596
Non-controlling interests	429		(8,618,410,075)	(7,838,431,312)
TOTAL RESOURCES (440 = 300 + 400)	440		2,140,377,330,672	2,216,636,536,758

23 April 2019

Prepared by:



Nguyen Thi Ngoc Tram
General Accountant

Approved by:




Phan Thi Thuy Hoa
Chief Accountant

Đoàn Quốc Hưng
Chief Executive Officer

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

VinaCafé Bien Hoa Joint Stock Company and its subsidiary
Consolidated statement of income for the three-month period ended 31 March 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	Quarter I		Year to date	
			2019 VND	2018 VND	2019 VND	2018 VND
Revenue from sales of goods and provision of services	01	19	485,081,629,702	736,308,602,328	485,081,629,702	736,308,602,328
Revenue deductions	02	19	336,828,379	9,655,540,646	336,828,379	9,655,540,646
Net revenue (10 = 01 - 02)	10	19	484,744,801,323	726,653,061,682	484,744,801,323	726,653,061,682
Cost of sales	11	20	342,173,630,693	529,087,736,163	342,173,630,693	529,087,736,163
Gross profit (20 = 10 - 11)	20		142,571,170,630	197,565,325,519	142,571,170,630	197,565,325,519
Financial income	21	21	2,767,314,800	13,425,459,872	2,767,314,800	13,425,459,872
Financial expenses	22	22	7,278,130,157	4,353,124,514	7,278,130,157	4,353,124,514
<i>In which: Interest expense</i>	23		6,901,779,447	4,324,658,712	6,901,779,447	4,324,658,712
Selling expenses	25		4,845,215,629	19,616,442,107	4,845,215,629	19,616,442,107
General and administration expenses	26		6,068,125,227	10,352,910,220	6,068,125,227	10,352,910,220
Net operating profit {30 = 20 + (21 - 22) - (25 + 26)}	30		127,147,014,417	176,668,308,550	127,147,014,417	176,668,308,550
Other income	31		9,393,943	5,956,426	9,393,943	5,956,426
Other expenses	32		4,254,470	608,876,554	4,254,470	608,876,554
Results of other activities (40 = 31 - 32)	40		5,139,473	(602,920,128)	5,139,473	(602,920,128)
Accounting profit before tax (50 = 30 + 40)	50		127,152,153,890	176,065,388,422	127,152,153,890	176,065,388,422
Income tax expense – current	51		21,904,499,331	11,651,934,305	21,904,499,331	11,651,934,305
Income tax expense – deferred	52		683,515,845	18,348,850,969	683,515,845	18,348,850,969
Net profit after tax (60 = 50 - 51 - 52) (carried forward to next page)	60		104,564,138,714	146,064,603,148	104,564,138,714	146,064,603,148

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

VinaCafé Bien Hoa Joint Stock Company and its subsidiary
Consolidated statement of income for the three-month period ended 31 March 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	Quarter I		Year to date	
			2019 VND	2018 VND	2019 VND	2018 VND
Net profit after tax (brought forward from previous page)	60		104,564,138,714	146,064,603,148	104,564,138,714	146,064,603,148
Attributable to:						
Equity holders of the Company	61		105,344,117,477	146,393,384,412	105,344,117,477	146,393,384,412
Non-controlling interests	62		(779,978,763)	(328,781,264)	(779,978,763)	(328,781,264)
Earnings per share						
Basic earnings per share	70	23	3,963	5,508	3,963	5,508

23 April 2019

Prepared by:



Nguyen Thi Ngoc Tram
General Accountant

Approved by:



Phan Thi Thuy Hoa
Chief Accountant



Doan Quoc Hung
Chief Executive Officer

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

VinaCafé Bien Hoa Joint Stock Company and its subsidiary
Consolidated statement of cash flows for the three-month period ended 31 March 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)

	Code	For the three-month period ended	
		31/3/2019 VND	31/3/2018 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
Accounting profit before tax	01	127,152,153,890	176,065,388,422
Adjustments for			
Depreciation and amortisation	02	20,897,022,685	20,978,598,053
Allowances and provisions	03	(1,392,545,250)	(2,473,989)
Exchange gains arising from revaluation of monetary items dominated in foreign currencies	04	(210,326,584)	(139,231,946)
Profit from investing activities	05	(2,288,962,505)	(13,193,135,010)
Interest expense	06	6,901,779,447	4,324,658,712
Operating profit before changes in working capital	08	151,059,121,683	188,033,804,242
Change in receivables and other current assets	09	(22,016,226,546)	(175,829,705,654)
Change in inventories	10	(28,612,500,306)	(36,256,589,289)
Change in payables and other liabilities	11	(252,621,293,641)	(209,433,694,817)
Change in prepaid expenses	12	921,328,936	3,745,621,207
		(151,269,569,874)	(229,740,564,311)
Interest paid	14	(6,858,014,220)	(4,297,752,458)
Corporate income tax paid	15	(17,446,789,431)	(10,863,333,075)
Net cash flows from operating activities	20	(175,574,373,525)	(244,901,649,844)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for additions to fixed assets and other long-term assets	21	(3,461,416,404)	(926,160,275)
Proceeds from disposals of fixed assets	22	131,515,158	-
Payment for other investments	23	-	(100,000,000,000)
Receipts of interests	27	2,650,922,539	16,272,221,387
Net cash flows from investing activities	30	(678,978,707)	(84,653,938,888)

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

VinaCafé Bien Hoa Joint Stock Company and its subsidiary
Consolidated statement of cash flows for the three-month period ended 31 March 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)

	Code	For the three-month period ended	
		31/3/2019 VND	31/3/2018 VND
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	33	411,191,680,532	353,788,126,813
Payments to settle loan principals	34	(342,647,365,332)	(407,161,644,368)
Payments of dividend to owners	36	-	(1,752,243,359,200)
Net cash flows from financing activities	40	68,544,315,200	(1,805,616,876,755)
Net cash flows during the period (50 = 20 + 30 + 40)	50	(107,709,037,032)	(2,135,172,465,487)
Cash and cash equivalents at the beginning of the period	60	195,173,528,412	2,495,714,686,629
Effect of exchange rate fluctuations on cash and cash equivalents	61	209,699,148	133,107,972
Cash and cash equivalents at the end of period (70 = 50 + 60 + 61)	70	87,674,190,528	360,675,329,114

23 April 2019

Prepared by:



Nguyen Thi Ngoc Tram
General Accountant

Approved by:





Phan Thi Thuy Hoa
Chief Accountant

Doan Quoc Hung
Chief Executive Officer

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

VinaCafé Bien Hoa Joint Stock Company and its subsidiary
Notes to the consolidated financial statements for the three-month period ended
31 March 2019

Form B 09a – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
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These notes form an integral part of and should be read in conjunction with these accompanying consolidated financial statements.

1. Reporting entity

(a) Ownership structure

VinaCafé Bien Hoa Joint Stock Company (“the Company”) is a joint stock company incorporated in Vietnam. The consolidated financial statements for three-month period ended 31 March 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 31 March 2019, the Group has 1 subsidiary (1/1/2019: 1 subsidiary), the detail information of the subsidiary are described as follows:

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

As at 31 March 2019, the Group had 322 employees (1/1/2019: 327 employees).

VinaCafé Bien Hoa Joint Stock Company and its subsidiary
Notes to the consolidated financial statements for the three-month period ended 31 March 2019 (continued)

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

(a) Statement of compliance

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

(b) Basis of measurement

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

(c) Annual accounting period

The annual accounting period of the Group is from 1 January to 31 December. These interim financial statements are prepared for the three-month period ended 31 March 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 financial statements.

(a) Basis of consolidation

(i) Subsidiary

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

(ii) Non-controlling interests

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

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

VinaCafé Bien Hoa Joint Stock Company and its subsidiary
Notes to the consolidated financial statements for the three-month period ended 31 March 2019 (continued)

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

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

(iv) Business combination

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

(b) Foreign currency transactions

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

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

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

(c) Cash and cash equivalents

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

(d) Investments

Held-to-maturity investments

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

(e) Accounts receivables from customers and other receivables

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

VinaCafé Bien Hoa Joint Stock Company and its subsidiary
Notes to the consolidated financial statements for the three-month period ended 31 March 2019 (continued)

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(f) Inventories

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

The Group applies the perpetual method of accounting for inventories.

(g) Tangible fixed assets

(i) Cost

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

(ii) Depreciation

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

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

(h) Intangible fixed assets

(i) Software

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

(ii) Brand name

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

VinaCafé Bien Hoa Joint Stock Company and its subsidiary
Notes to the consolidated financial statements for the three-month period ended 31 March 2019 (continued)

Form B 09a – DN/HN

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

(i) Construction in progress

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

(j) Long-term prepaid expenses

(i) Prepaid land costs

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

(ii) Tools and supplies

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

(k) Goodwill

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

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

(l) Accounts payable to suppliers and other payables

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

(m) Provisions

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

VinaCafé Bien Hoa Joint Stock Company and its subsidiary
Notes to the consolidated financial statements for the three-month period ended 31 March 2019 (continued)

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Severance allowance

Under the Vietnamese Labour Code, when an employee who has worked for 12 months or more (“the eligible employees”) voluntarily terminates his/her labour contract, the employer is required to pay the eligible employee severance allowance calculated based on years of service and employee’s compensation at termination. Provision for severance allowance has been provided based on employees’ years of service and their average salary for the six-month period prior to the 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.

(n) Share capital and share premium

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

(o) Taxation

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

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

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

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

(p) Revenue

(i) Sales of goods

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

VinaCafé Bien Hoa Joint Stock Company and its subsidiary
Notes to the consolidated financial statements for the three-month period ended 31 March 2019 (continued)

Form B 09a – DN/HN
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(ii) Provision of services

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

(iii) Rental income

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

Financial income and financial expenses

(i) Financial income

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

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

(ii) Financial expenses

Financial expenses comprise interest expenses on borrowings and foreign exchange losses.

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

(r) Operating lease payments

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

(s) Earnings per share

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

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

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(t) Related parties

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

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

4. Cash and cash equivalents

	31/3/2019	1/1/2019
	VND	VND
Cash on hand	51,743,060	60,832,637
Cash at banks	7,932,447,468	15,112,695,775
Cash equivalents	79,690,000,000	180,000,000,000
	<hr/>	<hr/>
	87,674,190,528	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.

5. Other receivables

(a) Other short-term receivables

	31/3/2019	1/1/2019
	VND	VND
Accrued interest receivable	264,837,808	636,191,781
Short-term deposits	362,000,000	402,000,000
Other receivables	5,598,356,978	101,050,620
	<hr/>	<hr/>
	6,225,194,786	1,139,242,401
	<hr/>	<hr/>

(b) Other long-term receivables

	31/3/2019	1/1/2019
	VND	VND
Long-term deposits	5,000,000	5,000,000
	<hr/>	<hr/>

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6. Inventories

	31/3/2019		1/1/2019	
	Cost VND	Allowance VND	Cost VND	Allowance VND
Goods in transit	-	-	4,650,644,930	-
Raw materials	206,897,573,886	(2,691,651)	220,485,410,341	(490,497,084)
Tools and supplies	8,135,688,339	(803,522,707)	8,002,377,993	(803,522,707)
Finished goods	79,974,530,048	-	38,611,580,523	-
Merchandise inventories	845,352,333	-	1,292,043,678	-
Goods on consignment	5,313,607,732	-	-	-
	301,166,752,338	(806,214,358)	273,042,057,465	(1,294,019,791)

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

	For the three-month period ended	
	31/3/2019 VND	31/3/2018 VND
Opening balance	1,294,019,791	1,899,355,887
Allowance utilised during the period	(487,805,433)	(1,476,827,440)
Written back	-	(2,473,989)
Closing balance	806,214,358	420,054,458

Included in inventories at 31 March 2019 was VND806 million (1/1/2019: VND1,294 million) of slow-moving inventories.

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7. Tangible fixed assets

	Buildings and structures VND	Machinery and equipment VND	Office equipment VND	Motor vehicles VND	Total VND
Cost					
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 year	-	65,500,000	-	-	65,500,000
Transfer from construction in progress	-	453,706,500	2,785,846,369	-	3,239,552,869
Disposals	-	(563,636,364)	-	-	(563,636,364)
Closing balance	203,621,464,636	869,534,190,142	6,559,770,844	4,485,955,671	1,084,201,381,293
Accumulated depreciation					
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	2,755,965,075	17,245,756,099	107,997,453	37,539,804	20,147,258,431
Disposals	-	(441,515,145)	-	-	(441,515,145)
Closing balance	65,995,784,726	433,617,287,931	3,188,316,545	3,673,718,955	506,475,108,157
Net book value					
Opening balance	140,381,644,985	452,765,573,029	693,605,383	849,776,520	594,690,599,917
Closing balance	137,625,679,910	435,916,902,211	3,371,454,299	812,236,716	577,726,273,136

Included in the cost of tangible fixed assets were assets costing VND172,160 million which were fully depreciated as of 31 March 2019 (1 January 2018: VND171,785 million), but are still in active use.

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8. Intangible fixed assets

	Software VND	Brand name VND	Total VND
Cost			
Opening balance	1,304,073,640	876,285,239	2,180,358,879
Transfers from construction in progress	259,809,550	-	259,809,550
Closing balances	1,563,883,190	876,285,239	2,440,168,429
Accumulated amortisation			
Opening balance	1,112,406,973	319,586,378	1,431,993,351
Charge for the period	39,433,863	30,927,714	70,361,577
Closing balance	1,151,840,836	350,514,092	1,502,354,928
Net book value			
Opening balance	191,666,667	556,698,861	748,365,528
Closing balance	412,042,354	525,771,147	937,813,501

Included in the cost of intangible fixed assets were assets costing VND1,004 million which were fully depreciated as of 31 March 2019 (1 January 2018: VND1,004 million), but are still in active use.

9. Construction in progress

For the three-month period ended	31/3/2019 VND
Opening balance	4,330,935,678
Additions during the period	1,760,877,302
Transfer to tangible fixed assets	(3,239,552,869)
Transfer to long-term prepaid expenses	(670,000,000)
Closing balance	1,922,450,561

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10. Long-term prepaid expenses

	Prepaid land costs VND	Tools and supplies VND	Total VND
Opening balance	14,500,369,469	8,059,201,622	22,559,571,091
Transfer from construction in progress	-	670,000,000	670,000,000
Amortisation for the period	(100,697,010)	(1,354,625,403)	(1,455,322,413)
Closing balance	14,399,672,459	7,374,576,219	21,774,248,678

11. Goodwill

For the three-month period ended

**31/3/2019
VND**

Cost

Opening and closing balances 27,176,107,031

Accumulated amortisation

Opening balance 7,020,494,329
 Charge for the period 679,402,677

Closing balance **7,699,897,006**

Net book value

Opening balance 20,155,612,702
 Closing balance 19,476,210,025

12. Taxes payable to State Treasury

	31/3/2019 VND	1/1/2019 VND
Corporate income tax	41,328,600,525	36,870,890,625
Value added tax	8,041,957,782	5,778,028,469
Personal income tax	363,445,601	222,622,994
	49,734,003,908	42,871,542,088

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13. Accrued expenses

	31/3/2019	1/1/2019
	VND	VND
Bonus and 13 th month salary	5,905,730,320	17,217,272,100
Purchases not yet received invoices	3,860,505,104	8,252,754,279
Construction in progress	1,074,885,000	929,553,800
Accrued interest expenses	1,775,165,487	1,731,400,260
Others	4,574,387,763	10,599,407,520
	<hr/>	<hr/>
	17,190,673,674	38,730,387,959
	<hr/>	<hr/>

14. Other payables

(a) Other short-term payables

	31/3/2019	1/1/2019
	VND	VND
Dividend payables	1,652,178,000	1,652,178,000
Short-term deposits received	1,092,484,551	1,217,744,908
Social insurance, health insurance, unemployment insurance and trade union fees	299,209,843	258,019,603
Others	2,865,750,841	717,057,328
	<hr/>	<hr/>
	5,909,623,235	3,844,999,839
	<hr/>	<hr/>

(b) Other long-term payables

	31/3/2019	1/1/2019
	VND	VND
Long-term deposits received	249,450,000	95,089,961
	<hr/>	<hr/>

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15. Short term borrowings

	31/3/2019		1/1/2019	
	Carrying amount VND	Amount within repayment capacity VND	Carrying amount VND	Amount within repayment capacity VND
Short-term borrowings	411,191,680,532	411,191,680,532	342,647,365,332	342,647,365,332

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

	Currency	Annual interest rate	31/3/2019 VND	1/1/2019 VND
Unsecured bank loan	VND	5.6% – 6.1%	411,191,680,532	342,647,365,332

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16. Changes in owners' equity

	Share capital VND	Share premium VND	Investment and development fund VND	Undistributed profits after tax VND	Non-controlling interests VND	Total owners' equity VND
Balance as at 1 January 2018	265,791,350,000	29,974,241,968	213,510,848,947	260,832,034,286	(4,891,746,196)	765,216,729,005
Net profit for the period	-	-	-	146,393,384,412	(328,781,264)	146,064,603,148
Balance as at 31 March 2018	265,791,350,000	29,974,241,968	213,510,848,947	407,225,418,698	(5,220,527,460)	911,281,332,153
Balance as at 1 January 2019	265,791,350,000	29,974,241,968	213,510,848,947	900,756,030,882	(7,838,431,312)	1,402,194,040,485
Net profit for the period	-	-	-	105,344,117,477	(779,978,763)	104,564,138,714
Balance as at 31 March 2019	265,791,350,000	29,974,241,968	213,510,848,947	1,006,100,148,359	(8,618,410,075)	1,506,758,179,199

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

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17. Share capital and share premium

The Company's authorised and issued share capitals are:

	31/3/2019		1/1/2019	
	Number of shares	VND	Number of shares	VND
Authorised and issued share capital				
Ordinary shares	26,579,135	265,791,350,000	26,579,135	265,791,350,000
Shares in circulation				
Ordinary shares	26,579,135	265,791,350,000	26,579,135	265,791,350,000
Share premium	-	29,974,241,968	-	29,974,241,968

All ordinary shares have a par value of VND10,000. Each share is entitled to one vote at meetings of the Company. Shareholders are entitled to receive 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.

There were no movements in share capital during the period.

18. Off balance sheet items

Foreign currency

	31/3/2019		1/1/2019	
	Original currency	VND Equivalent	Original currency	VND equivalent
USD	15,241	352,825,446	392,617	9,085,157,380

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19. Revenue from sales of goods

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

Net revenue comprised:

	For the three-month period ended	
	31/3/2019	31/3/2018
	VND	VND
Total revenue	485,081,629,702	736,308,602,328
Less revenue deductions		
▪ Sales discounts	-	3,966,131,135
▪ Sales returns	336,828,379	5,689,409,511
	<hr/> 336,828,379	<hr/> 9,655,540,646
Net revenue	<hr/> 484,744,801,323	<hr/> 726,653,061,682

20. Cost of sales

	For the three-month period ended	
	31/3/2019	31/3/2018
	VND	VND
Total cost of sales		
▪ Goods sold	342,173,630,693	529,090,210,152
▪ Allowance for inventories	-	(2,473,989)
	<hr/> 342,173,630,693	<hr/> 529,087,736,163

21. Financial income

	For the three-month period ended	
	31/3/2019	31/3/2018
	VND	VND
Interest income from deposits at banks and other investment	2,279,568,566	13,193,135,010
Foreign exchange gains	487,746,234	232,324,862
	<hr/> 2,767,314,800	<hr/> 13,425,459,872

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22. Financial expenses

	For the three-month period ended	
	31/3/2019	31/3/2018
	VND	VND
Interest expenses	6,901,779,447	4,324,658,712
Foreign exchange losses	376,350,710	28,465,802
	7,278,130,157	4,353,124,514

23. Basic earnings per share

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

(i) Net profit attributable to ordinary shareholders

	For the three-month period ended	
	31/3/2019	31/3/2018
	VND	VND
Net profit attributable to ordinary shareholders	105,344,117,477	146,393,384,412

(ii) Weighted average number of ordinary shares

	For the three-month period ended	
	31/3/2019	31/3/2018
	VND	VND
Weighted average number of ordinary shares at the end of the period	26,579,135	26,579,135

(iii) Basic earnings per share

	For the three-month period ended	
	31/3/2019	31/3/2018
	VND	VND
Basic earnings per share	3,963	5,508

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24. Significant transactions with related parties

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

	Transaction value		Receivables/(payables)	
	For the three-month period ended 31/3/2019 VND	31/3/2018 VND	as at 31/3/2019 VND	1/1/2019 VND
Parent of the parent company				
Masan Consumer Corporation				
Sales of goods	442,362,259,398	469,484,252,606	1,100,333,432,447	1,071,066,087,409
Purchases of goods	12,277,568,614	13,406,386,466	-	-
Related parties				
Masan Industrial One Member Company Limited				
Sales of goods	412,442,924	80,367,058	6,999,300	6,999,300
Purchases of goods	219,665,366	75,422,150	(241,709,248)	(383,094,650)
Purchase of service	5,120,725,623	907,128,000	(11,649,283,405)	(10,005,161,483)
Management fee	360,000,000	360,000,000	(360,000,000)	(1,584,000,000)
Sales of fixed assets	131,515,158	-	-	-
Masan MB One Member Company Limited				
Sales of goods	211,177,867	-	232,295,654	2,240,000
Vinh Hao Mineral Water Corporation				
Sales of goods	20,042,719,830	36,471,500	-	-
Purchases of goods	11,329,005,546	39,775,246,208	(7,420,877,711)	(28,134,478,637)
Purchase of service	-	23,788,209,264	-	(34,246,994,866)
Key management personnel				
Remunerations	2,522,599,271	1,203,495,968	-	-

25. Explanation for fluctuation in net profit after tax

The Group's net profit after tax for quarter 1 of 2019 increased by VND41.5 billion, equivalent to 28% when comparing with the same period in previous year. This is mainly due to:

- Net revenue in quarter 1 2019 reached VND484.7 billion, decreased by 33% as compared to the same period in previous year. The Group will continue to growth and maintain its driven position in the category of instance coffee with power brand such as Vinacafé and Wake-up.
- Decreased net financial activities by VND13.6 billion, as compared to the same period last year, primarily from lower cash balance.

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23 March 2019

Prepared by:



Nguyen Thi Ngoc Tram
General Accountant

Approved by:



Phan Thi Thuy Hoa
Chief Accountant



Doan Quoc Hung
Chief Executive Officer