

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

Consolidated Financial Statements  
for the three-month period ended  
31 March 2020



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

**Enterprise Registration  
Certificate No.**

3600261626

29 December 2004

The Company's Enterprise Registration certificate has been amended several times, the most recent of which is dated 28 February 2020. The Enterprise 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
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 2020**

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

	Code	Note	31/3/2020 VND	1/1/2020 VND
<b>ASSETS</b>				
<b>Current assets</b> <b>(100 = 110 + 120 + 130 + 140 + 150)</b>	<b>100</b>		<b>935,442,733,172</b>	<b>1,651,014,347,917</b>
<b>Cash and cash equivalents</b>	<b>110</b>	<b>4</b>	<b>148,054,521,181</b>	<b>218,388,319,710</b>
Cash	111		35,054,521,181	51,388,319,710
Cash equivalents	112		113,000,000,000	167,000,000,000
<b>Short-term financial investments</b>	<b>120</b>		<b>150,000,000,000</b>	<b>-</b>
Held-to-maturity investments	123	5	150,000,000,000	-
<b>Accounts receivable – short-term</b>	<b>130</b>		<b>299,569,851,320</b>	<b>1,214,118,987,237</b>
Accounts receivable from customers	131		195,991,193,797	1,208,801,211,350
Prepayments to suppliers	132		1,136,050,716	2,281,018,986
Other short-term receivables	136	6(a)	102,442,606,807	3,036,756,901
<b>Inventories</b>	<b>140</b>	<b>7</b>	<b>328,387,304,885</b>	<b>209,196,938,479</b>
Inventories	141		328,759,245,035	210,187,420,104
Allowance for inventories	149		(371,940,150)	(990,481,625)
<b>Other current assets</b>	<b>150</b>		<b>9,431,055,786</b>	<b>9,310,102,491</b>
Short-term prepaid expenses	151		1,309,575,347	799,744,651
Deductible value added tax	152		8,121,480,439	8,510,357,840

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

**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
**Consolidated balance sheet as at 31 March 2020 (continued)**

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

	Code	Note	31/3/2020 VND	1/1/2020 VND
<b>Long-term assets</b> <b>(200 = 210 + 220 + 240 + 260)</b>	<b>200</b>		<b>1,162,771,380,495</b>	<b>574,314,489,337</b>
<b>Accounts receivable – long-term</b>	<b>210</b>	<b>6(b)</b>	<b>605,026,917,808</b>	<b>5,000,000</b>
Loans receivable – long-term	215		600,000,000,000	-
Other long-term receivables	216		5,026,917,808	5,000,000
<b>Fixed assets</b>	<b>220</b>		<b>507,807,829,524</b>	<b>524,528,739,209</b>
Tangible fixed assets	221	8	507,339,102,565	524,004,084,537
Cost	222		1,088,800,433,070	1,088,800,433,070
Accumulated depreciation	223		(581,461,330,505)	(564,796,348,533)
Intangible fixed assets	227	9	468,726,959	524,654,672
Cost	228		2,180,358,879	2,180,358,879
Accumulated amortisation	229		(1,711,631,920)	(1,655,704,207)
<b>Long-term work in progress</b>	<b>240</b>		<b>3,945,171,481</b>	<b>1,699,576,081</b>
Construction in progress	242	10	3,945,171,481	1,699,576,081
<b>Other long-term assets</b>	<b>260</b>		<b>45,991,461,682</b>	<b>48,081,174,047</b>
Long-term prepaid expenses	261	11	19,511,068,193	20,722,086,182
Deferred tax assets	262		9,721,794,172	9,921,085,871
Goodwill	269	12	16,758,599,317	17,438,001,994
<b>TOTAL ASSETS (270 = 100 + 200)</b>	<b>270</b>		<b>2,098,214,113,667</b>	<b>2,225,328,837,254</b>

*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 2020 (continued)**

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

	Code	Note	31/3/2020 VND	1/1/2020 VND
<b>RESOURCES</b>				
<b>LIABILITIES (300 = 310 + 330)</b>	<b>300</b>		<b>553,177,982,233</b>	<b>783,257,864,116</b>
<b>Current liabilities</b>	<b>310</b>		<b>548,212,909,483</b>	<b>778,141,786,866</b>
Accounts payable to suppliers	311		168,374,740,302	295,275,392,610
Advances from customers	312		2,333,137,879	1,433,428,343
Taxes payable to State Treasury	313	13	39,810,043,324	82,164,306,392
Payables to employees	314		3,390,928,354	-
Accrued expenses	315	14	24,029,474,762	27,621,771,870
Other short-term payables	319	15(a)	5,302,496,031	5,208,349,357
Short-term borrowings	320	16	283,940,191,373	345,406,640,836
Bonus and welfare funds	322		21,031,897,458	21,031,897,458
<b>Long-term liabilities</b>	<b>330</b>		<b>4,965,072,750</b>	<b>5,116,077,250</b>
Other long-term payables	337	15(b)	279,450,000	279,450,000
Provisions – long-term	342		4,685,622,750	4,836,627,250
<b>EQUITY (400 = 410)</b>	<b>400</b>		<b>1,545,036,131,434</b>	<b>1,442,070,973,138</b>
<b>Owners' equity</b>	<b>410</b>	<b>17</b>	<b>1,545,036,131,434</b>	<b>1,442,070,973,138</b>
Share capital	411	18	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	18	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		1,047,281,026,182	943,676,859,714
- Undistributed profits after tax brought forward	421a		943,676,859,714	262,856,790,882
- Undistributed profit after tax for the current period/prior year	421b		103,604,166,468	680,820,068,832
Non-controlling interests	429		(11,521,335,663)	(10,882,327,491)
<b>TOTAL RESOURCES (440 = 300 + 400)</b>	<b>440</b>		<b>2,098,214,113,667</b>	<b>2,225,328,837,254</b>

29 April 2020

Prepared by:

  
 Nguyen Thi Ngoc Tram  
 General Accountant

Approved by:

  
 Phan Thi Thuy Hoa  
 Chief Accountant

  
 Doan Quoc Hung  
 Chief Executive Officer

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

**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
**Consolidated statement of income for the three-month period ended 31 March 2020**

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

	Code	Note	Quarter I		Year to date	
			2020 VND	2019 VND	2020 VND	2019 VND
Revenue from sales of goods and provision of services	01	20	483,424,733,868	485,081,629,702	483,424,733,868	485,081,629,702
Revenue deductions	02	20	135,259,117	336,828,379	135,259,117	336,828,379
<b>Net revenue (10 = 01 - 02)</b>	<b>10</b>	<b>20</b>	<b>483,289,474,751</b>	<b>484,744,801,323</b>	<b>483,289,474,751</b>	<b>484,744,801,323</b>
Cost of sales	11	21	344,271,946,858	342,173,630,693	344,271,946,858	342,173,630,693
<b>Gross profit (20 = 10 - 11)</b>	<b>20</b>		<b>139,017,527,893</b>	<b>142,571,170,630</b>	<b>139,017,527,893</b>	<b>142,571,170,630</b>
Financial income	21	22	8,118,412,722	2,767,314,800	8,118,412,722	2,767,314,800
Financial expenses	22	23	8,830,731,178	7,278,130,157	8,830,731,178	7,278,130,157
<i>In which: Interest expense</i>	23		4,084,250,901	6,901,779,447	4,084,250,901	6,901,779,447
Selling expenses	25		1,952,938,853	4,845,215,629	1,952,938,853	4,845,215,629
General and administration expenses	26		6,342,003,675	6,068,125,227	6,342,003,675	6,068,125,227
<b>Net operating profit</b> <b>{30 = 20 + (21 - 22) - (25 + 26)}</b>	<b>30</b>		<b>130,010,266,909</b>	<b>127,147,014,417</b>	<b>130,010,266,909</b>	<b>127,147,014,417</b>
Other income	31		-	9,393,943	-	9,393,943
Other expenses	32		49,800	4,254,470	49,800	4,254,470
<b>Results of other activities (40 = 31 - 32)</b>	<b>40</b>		<b>(49,800)</b>	<b>5,139,473</b>	<b>(49,800)</b>	<b>5,139,473</b>
<b>Accounting profit before tax (50 = 30 + 40)</b> <b>(Carried forward to next page)</b>	<b>50</b>		<b>130,010,217,109</b>	<b>127,152,153,890</b>	<b>130,010,217,109</b>	<b>127,152,153,890</b>

*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 2020 (continued)

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

	Code	Note	Quarter I		Year to date	
			2020 VND	2019 VND	2020 VND	2019 VND
<b>Accounting profit before tax (brought forward from previous page)</b>	<b>50</b>		<b>130,010,217,109</b>	<b>127,152,153,890</b>	<b>130,010,217,109</b>	<b>127,152,153,890</b>
Income tax expense – current	51		26,845,767,114	21,904,499,331	26,845,767,114	21,904,499,331
Income tax expense – deferred	52		199,291,699	683,515,845	199,291,699	683,515,845
<b>Net profit after tax (60 = 50 - 51 - 52)</b>	<b>60</b>		<b>102,965,158,296</b>	<b>104,564,138,714</b>	<b>102,965,158,296</b>	<b>104,564,138,714</b>
<b>Attributable to:</b>						
Equity holders of the Company	61		103,604,166,468	105,344,117,477	103,604,166,468	105,344,117,477
Non-controlling interests	62		(639,008,172)	(779,978,763)	(639,008,172)	(779,978,763)
<b>Earnings per share</b>						
Basic earnings per share	70	24	3,898	3,963	3,898	3,963

29 April 2020

Prepared by:

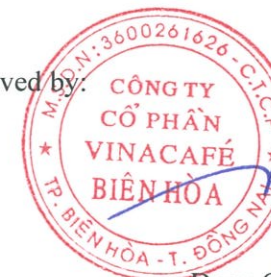


Nguyen Thi Ngoc Tram  
 General Accountant

Approved by:



Phan Thi Thuy Hoa  
 Chief Accountant



Doan Quoc Hung  
 Chief Executive Officer

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

**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
**Consolidated statement of cash flows for the three-month period ended 31 March 2020**  
**(Indirect method)**

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

	Code	For the three-month period ended	
		31/3/2020 VND	31/3/2019 VND
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Accounting profit before tax</b>	<b>01</b>	<b>130,010,217,109</b>	<b>127,152,153,890</b>
<b>Adjustments for</b>			
Depreciation and amortisation	02	17,400,312,362	20,897,022,685
Allowances and provisions	03	178,897,911	(1,392,545,250)
Exchange gains arising from revaluation of monetary items dominated in foreign currencies	04	(768,393,267)	(210,326,584)
Profit from investing activities	05	(7,270,091,023)	(2,288,962,505)
Interest expense	06	4,084,250,901	6,901,779,447
<b>Operating profit before changes in working capital</b>	<b>08</b>	<b>143,635,193,993</b>	<b>151,059,121,683</b>
Change in receivables and other assets	09	1,015,669,299,628	(22,016,226,546)
Change in inventories	10	(119,520,268,817)	(28,612,500,306)
Change in payables and other liabilities	11	(133,702,648,114)	(252,621,293,641)
Change in prepaid expenses	12	701,187,293	921,328,936
		<b>906,782,763,983</b>	<b>(151,269,569,874)</b>
Interest paid	14	(4,648,695,236)	(6,858,014,220)
Corporate income tax paid	15	(60,929,582,793)	(17,446,789,431)
<b>Net cash flows from operating activities</b>	<b>20</b>	<b>841,204,485,954</b>	<b>(175,574,373,525)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for additions to fixed assets and other long-term assets	21	(2,391,764,816)	(3,461,416,404)
Proceeds from disposals of fixed assets	22	-	131,515,158
Payment for other investments	23	(250,000,000,000)	-
Payment for granting loans	23	(600,000,000,000)	-
Receipts of interests	27	1,573,456,321	2,650,922,539
<b>Net cash flows from investing activities</b>	<b>30</b>	<b>(850,818,308,495)</b>	<b>(678,978,707)</b>

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



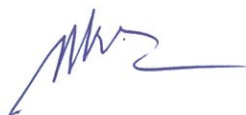
**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
**Consolidated statement of cash flows for the three-month period ended 31 March 2020**  
**(Indirect method - continued)**

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

	Code	For the three-month period ended	
		31/3/2020 VND	31/3/2019 VND
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings	33	283,940,191,373	411,191,680,532
Payments to settle loan principals	34	(345,406,640,836)	(342,647,365,332)
<b>Net cash flows from financing activities</b>	<b>40</b>	<b>(61,466,449,463)</b>	<b>68,544,315,200</b>
<b>Net cash flows during the period</b> (50 = 20 + 30 + 40)	<b>50</b>	<b>(71,080,272,004)</b>	<b>(107,709,037,032)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>60</b>	<b>218,388,319,710</b>	<b>195,173,528,412</b>
<b>Effect of exchange rate fluctuations on cash and cash equivalents</b>	<b>61</b>	<b>746,473,475</b>	<b>209,699,148</b>
<b>Cash and cash equivalents at the end of the period</b> (70 = 50 + 60 + 61)	<b>70</b>	<b>148,054,521,181</b>	<b>87,674,190,528</b>

29 April 2020

Prepared by:



Nguyen Thi Ngoc Tram  
General Accountant

Approved by:





Phan Thi Thuy Hoa  
Chief Accountant

Doan Quoc Hung  
Chief Executive Officer

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

**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
**Notes to the consolidated financial statements for the three-month period ended 31**  
**March 2020**

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

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

**1. Reporting entity**

**(a) Ownership structure**

VinaCafé Bien Hoa Joint Stock Company (“the Company”) is a joint stock company incorporated in Vietnam. The consolidated financial statements for the three-month period ended 31 March 2020 comprise the Company and its subsidiary (collectively referred to as “the Group”).

**(b) Principal activities**

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

**(c) Normal operating cycle**

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

**(d) Group structure**

As at 31 March 2020, the Group has 1 subsidiary (1/1/2020: 1 subsidiary), the detail informations of the subsidiary are described as follows:

Name	Principal activities	Address	Percentage of economic interests and voting rights	
			31/3/2020	1/1/2020
Café De Nam Joint stock Company	Beverage manufacturing and trading	C I.III – 3+5+7, Long Thanh Industrial Zones, Tam An, Long Thanh, Dong Nai, Vietnam	85%	85%

As at 31 March 2020, the Group had 279 employees (1/1/2020: 286 employees).

**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
**Notes to the consolidated financial statements for the three-month period ended 31 March 2020 (continued)**

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

**2. Basis of preparation**

**(a) Statement of compliance**

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

**(b) Basis of measurement**

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

**(c) Annual accounting period**

The annual accounting period of the Group is from 1 January to 31 December. These financial statements are prepared for the three-month period ended 31 March 2020.

**(d) Accounting and presentation currency**

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

**(e) Corresponding figures**

The corresponding figures as at 1 January 2020 were brought forward from the audited figures as at 31 December 2019.

**3. Summary of significant accounting policies**

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

**(a) Basis of consolidation**

**(i) *Subsidiary***

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

**(ii) *Non-controlling interests***

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

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

**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
**Notes to the consolidated financial statements for the three-month period ended 31 March 2020 (continued)**

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

**(iii) Transactions eliminated on consolidation**

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

**(iv) Business combination**

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

**(b) Foreign currency transactions**

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

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

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

**(c) Cash and cash equivalents**

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

**(d) Investments**

***Held-to-maturity investments***

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

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

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

**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
**Notes to the consolidated financial statements for the three-month period ended 31 March 2020 (continued)**

**Form B 09a – DN/HN**  
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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 2020 (continued)**

**Form B 09a – DN/HN**  
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**(i) Construction in progress**

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

**(j) Long-term prepaid expenses**

**(i) Prepaid land costs**

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

**(ii) Tools and supplies**

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

**(k) Goodwill**

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

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

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

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

**(m) Provisions**

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

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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 year for which the employee participated in and contributed to unemployment insurance in accordance with prevailing laws and regulations and the period for which severance allowance has been paid by the Group are excluded.

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

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

**(o) Taxation**

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

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

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

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

**(p) Revenue**

**(i) Sales of goods**

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



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**(ii) Provision of services**

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

**(iii) Rental income**

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

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

**(i) Financial income**

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

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

**(ii) Financial expenses**

Financial expenses comprise interest expenses on borrowings and foreign exchange losses and other financial activities losses

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

**(r) Operating lease payments**

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

**(s) Earnings per share**

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

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



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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**

	<b>31/3/2020</b>	<b>1/1/2020</b>
	<b>VND</b>	<b>VND</b>
Cash on hand	65,019,579	65,403,819
Cash at banks	34,989,501,602	51,322,915,891
Cash equivalents	113,000,000,000	167,000,000,000
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	148,054,521,181	218,388,319,710
	<hr/>	<hr/>

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

**5. Held-to-maturity investments**

	<b>31/3/2020</b>	<b>1/1/2020</b>
	<b>VND</b>	<b>VND</b>
Held-to-maturity investments	150,000,000,000	-
	<hr/>	<hr/>

Held-to-maturity investments represented other investments with remaining terms to maturity of twelve months or less from the end of the accounting period.

**6. Receivables**

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

	<b>31/3/2020</b>	<b>1/1/2020</b>
	<b>VND</b>	<b>VND</b>
Accrued interest receivables from deposits at banks	276,726,027	185,342,466
Accrued interest from other investments	583,333,333	-
Short-term deposits for operating activities	1,439,265,500	2,337,656,100
Short-term deposits for financial activities	100,000,000,000	-
Other non-trade receivables	143,281,947	513,758,335
	<hr/>	<hr/>
	102,442,606,807	3,036,756,901
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**(b) Accounts receivable – long-term**

	31/3/2020 VND	1/1/2020 VND
Long-term loans receivable from a related party (*)	600,000,000,000	-
Accrued interest receivable from a related party (*)	5,021,917,808	-
Long-term deposits	5,000,000	5,000,000
	605,026,917,808	5,000,000

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

**7. Inventories**

	31/3/2020		1/1/2020	
	Cost VND	Allowance VND	Cost VND	Allowance VND
Goods in transit	-	-	3,392,741,499	-
Raw materials	230,211,877,844	(371,940,150)	152,418,926,814	(225,704,420)
Tools and supplies	8,651,384,996	-	8,906,182,488	(764,777,205)
Finished goods	88,043,923,631	-	44,679,299,729	-
Merchandise inventories	848,055,503	-	790,269,574	-
Goods on consignment	1,004,003,061	-	-	-
	328,759,245,035	(371,940,150)	210,187,420,104	(990,481,625)

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

	For the three-month period ended	
	31/3/2020 VND	31/3/2019 VND
Opening balance	990,481,625	1,294,019,791
Increase in allowance during the period	329,902,411	-
Allowance utilised during the period	(948,443,886)	(487,805,433)
Closing balance	371,940,150	806,214,358

Included in inventories as at 31 March 2020 was VND372 million (1/1/2020: VND990 million) of slow-moving inventories.

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8. Tangible fixed assets

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Total VND
<b>Cost</b>					
Opening and closing balances	203,391,022,636	874,458,683,919	4,485,955,671	6,464,770,844	1,088,800,433,070
<b>Accumulated depreciation</b>					
Opening balance	73,831,982,997	483,652,547,453	3,786,338,370	3,525,479,713	564,796,348,533
Charge for the period	2,623,624,578	13,866,934,388	37,539,804	136,883,202	16,664,981,972
Closing balance	76,455,607,575	497,519,481,841	3,823,878,174	3,662,362,915	581,461,330,505
<b>Net book value</b>					
Opening balance	129,559,039,639	390,806,136,466	699,617,301	2,939,291,131	524,004,084,537
Closing balance	126,935,415,061	376,939,202,078	662,077,497	2,802,407,929	507,339,102,565

Included in the cost of tangible fixed assets were assets costing VND275,397 million which were fully depreciated as of 31 March 2020 (1/1/2020: VND272,352 million), but are still in active use.

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**9. Intangible fixed assets**

	<b>Software VND</b>	<b>Brand name VND</b>	<b>Total VND</b>
<b>Cost</b>			
Opening and closing balances	1,304,073,640	876,285,239	2,180,358,879
<b>Accumulated amortisation</b>			
Opening balance	1,212,406,973	443,297,234	1,655,704,207
Charge for the period	24,999,999	30,927,714	55,927,713
Closing balance	1,237,406,972	474,224,948	1,711,631,920
<b>Net book value</b>			
Opening balance	91,666,667	432,988,005	524,654,672
Closing balance	66,666,668	402,060,291	468,726,959

Included in the cost of intangible fixed assets were assets costing VND1,004 million which were fully depreciated as of 31 March 2020 (1 January 2020: VND1,004 million), but are still in active use.

**10. Construction in progress**

<b>For the three-month period ended</b>	<b>31/3/2020 VND</b>
Opening balance	1,699,576,081
Additions during the period	2,245,595,400
Closing balance	3,945,171,481

During the three-month period ended 31 March 2020, there was no borrowing cost capitalised into construction in progress of the Group.

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**11. Long-term prepaid expenses**

	<b>Prepaid land costs VND</b>	<b>Tools and supplies VND</b>	<b>Total VND</b>
Opening balance	14,097,581,429	6,624,504,753	20,722,086,182
Amortisation for the period	(100,697,010)	(1,110,320,979)	(1,211,017,989)
Closing balance	13,996,884,419	5,514,183,774	19,511,068,193

**12. Goodwill**

**For the three-month period ended**

**31/3/2020  
VND**

**Cost**

Opening and closing balances 27,176,107,031

**Accumulated amortisation**

Opening balance 9,738,105,037  
 Charge for the period 679,402,677

Closing balance 10,417,507,714

**Net book value**

Opening balance 17,438,001,994  
 Closing balance 16,758,599,317

**13. Taxes payable to State Treasury**

	<b>31/3/2020 VND</b>	<b>1/1/2020 VND</b>
Corporate income tax	32,432,432,429	66,516,248,108
Value added tax	7,175,342,833	15,484,919,988
Personal income tax	202,268,062	163,138,296
	39,810,043,324	82,164,306,392

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**14. Accrued expenses**

	<b>31/3/2020</b>	<b>1/1/2020</b>
	<b>VND</b>	<b>VND</b>
Purchases not yet received invoices	9,501,717,192	4,106,578,778
Bonus and 13 <sup>th</sup> month salary	3,899,878,388	12,126,269,277
Accrued interest expenses	1,771,618,487	2,336,062,822
Logistics expense	721,107,888	1,057,947,193
Advertisement and promotion expenses	-	4,490,134,598
Construction in progress	-	89,600,000
Others	8,135,152,807	3,415,179,202
	<hr/>	<hr/>
	24,029,474,762	27,621,771,870
	<hr/>	<hr/>

**15. Other payables**

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

	<b>31/3/2020</b>	<b>1/1/2020</b>
	<b>VND</b>	<b>VND</b>
Dividend payables	1,884,690,000	1,884,690,000
Short-term deposits received	381,882,500	289,442,500
Social insurance, health insurance, unemployment insurance and trade union fees	200,629,591	199,196,539
Others	2,835,293,940	2,835,020,318
	<hr/>	<hr/>
	5,302,496,031	5,208,349,357
	<hr/>	<hr/>

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

	<b>31/3/2020</b>	<b>1/1/2020</b>
	<b>VND</b>	<b>VND</b>
Long-term deposits received	279,450,000	279,450,000
	<hr/>	<hr/>

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

	31/3/2020		1/1/2020	
	Carrying amount VND	Amount within repayment capacity VND	Carrying amount VND	Amount within repayment capacity VND
Short-term borrowings	283,940,191,373	283,940,191,373	345,406,640,836	345,406,640,836

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

	Currency	Annual interest rate	31/3/2020 VND	1/1/2020 VND
Unsecured bank loans	VND	4.8% - 5.4%	283,940,191,373	345,406,640,836

As at 31 March 2020, the Group does not have any overdue borrowings including principal and interest.

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17. Changes in owners' equity

	Share capital VND	Share premium VND	Investment and development fund VND	Undistributed profits after tax VND	Non-controlling interests VND	Total owners' equity VND
Balance as at 1 January 2019	265,791,350,000	29,974,241,968	213,510,848,947	900,756,030,882	(7,838,431,312)	1,402,194,040,485
Net profit for the period	-	-	-	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
Balance as at 1 January 2020	265,791,350,000	29,974,241,968	213,510,848,947	943,676,859,714	(10,882,327,491)	1,442,070,973,138
Net profit for the period	-	-	-	103,604,166,468	(639,008,172)	102,965,158,296
Balance as at 31 March 2020	265,791,350,000	29,974,241,968	213,510,848,947	1,047,281,026,182	(11,521,335,663)	1,545,036,131,434

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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**18. Share capital and share premium**

The Company's authorised and issued share capitals are:

	31/3/2020		1/1/2020	
	Number of shares	VND	Number of shares	VND
<b>Authorised and issued share capital</b>				
Ordinary shares	26,579,135	265,791,350,000	26,579,135	265,791,350,000
<b>Shares in circulation</b>				
Ordinary shares	26,579,135	265,791,350,000	26,579,135	265,791,350,000
<b>Share premium</b>	-	29,974,241,968	-	29,974,241,968

All ordinary shares have a par value of VND10,000. Each share is entitled to one vote at meetings of the Company. Shareholders are entitled to receive dividends as declared from time to time. All ordinary shares are ranked equally with regard to the Company's residual assets. In respect of shares bought back by the Company, all rights are suspended until those shares are reissued.

There were no movements in share capital during the period.

**19. Off balance sheet item**

**Foreign currency**

	31/3/2020		1/1/2020	
	Original currency	VND equivalent	Original currency	VND equivalent
USD	136,930	3,219,213,250	1,638,521	37,866,230,016

**20. 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	
	31/3/2020 VND	31/3/2019 VND
Total revenue	483,424,733,868	485,081,629,702
Less revenue deductions		
▪ Sales returns	135,259,117	336,828,379
	135,259,117	336,828,379
Net revenue	483,289,474,751	484,744,801,323

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**21. Cost of sales**

	<b>For the three-month period ended</b>	
	<b>31/3/2020</b>	<b>31/3/2019</b>
	<b>VND</b>	<b>VND</b>
Total cost of sales		
▪ Goods sold	343,942,044,447	342,173,630,693
▪ Allowance for inventories	329,902,411	-
	344,271,946,858	342,173,630,693

**22. Financial income**

	<b>For the three-month period ended</b>	
	<b>31/3/2020</b>	<b>31/3/2019</b>
	<b>VND</b>	<b>VND</b>
Interest income from deposits at banks and other investments	2,248,173,215	2,279,568,566
Interest income from loans to a related party	5,021,917,808	-
Foreign exchange gains	848,321,699	487,746,234
	8,118,412,722	2,767,314,800

**23. Financial expenses**

	<b>For the three-month period ended</b>	
	<b>31/3/2020</b>	<b>31/3/2019</b>
	<b>VND</b>	<b>VND</b>
Interest expense	4,084,250,901	6,901,779,447
Foreign exchange losses	74,103,757	376,350,710
Others	4,672,376,520	-
	8,830,731,178	7,278,130,157

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**24. Basic earnings per share**

The calculation of basic earnings per share for the three-month period ended 31 March 2020 was based on the consolidated profit attributable to ordinary shareholders of the Company, after deducting the amounts appropriated to bonus and welfare fund, and a weighted average number of ordinary shares outstanding calculated as follows:

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

	For the three-month period ended	
	31/3/2020	31/3/2019
	VND	VND
Net profit attributable to ordinary shareholders	103,604,166,468	105,344,117,477

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

	For the three-month period ended	
	31/3/2020	31/3/2019
	VND	VND
Weighted average number of ordinary shares at the end of the period	26,579,135	26,579,135

**(iii) Basic earnings per share**

	For the three-month period ended	
	31/3/2020	31/3/2019
	VND	VND
Basic earnings per share	3,898	3,963

**25. 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		as at	
	31/3/2020	31/3/2019	31/3/2020	1/1/2020
	VND	VND	VND	VND
<b>Parent of parent company</b>				
<b>Masan Consumer Corporation</b>				
Sales of goods	409,081,710,220	442,362,259,398	78,902,490,344	1,055,405,027,473
Sales of services	44,324,196,000	-	112,795,964,700	123,797,050,300
Purchases of goods	21,932,712,162	12,277,568,614	(15,646,578,966)	-

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	Transaction value		Receivables/(payables)	
	For the three-month period ended 31/3/2020 VND	31/3/2019 VND	as at 31/3/2020 VND	1/1/2020 VND
<b>Related parties</b>				
<b>Masan Industrial One Member Company Limited</b>				
Sales of goods	208,147,480	412,442,924	-	10,502,415
Purchases of goods	241,688,800	219,665,366	(216,924,620)	(182,793,171)
Purchases of service	8,584,106,378	5,120,725,623	(12,707,558,698)	(9,378,428,200)
Management fee	719,450,001	360,000,000	(1,963,600,520)	-
Sales of fixed assets	-	131,515,158	-	-
Loans receivable	600,000,000,000	-	600,000,000,000	-
Interest income from loans	5,021,917,808	-	5,021,917,808	-
<b>Masan MB One Member Company Limited</b>				
Sales of goods	3,227,099,520	211,177,867	3,146,153,472	-
Purchases of goods	366,960,000	-	-	-
<b>Vinh Hao Mineral Water Corporation</b>				
Sales of goods and services	-	20,042,719,830	-	-
Purchases of goods	14,031,446,654	11,329,005,546	(18,864,885,044)	(37,487,475,792)
Purchases of service	9,556,888,896	-	(18,758,945,146)	(42,278,028,250)
<b>Key management personnel</b>				
Remunerations	2,466,576,586	2,522,599,271	-	-

29 April 2020

Prepared by:



Nguyen Thi Ngoc Tram  
General Accountant

Approved by:





Phan Thi Thuy Hoa  
Chief Accountant

Doan Quoc Hung  
Chief Executive Officer