

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

Consolidated Financial Statements  
for the year ended 31 December 2018



## **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 5 May 2016. 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**

Nguyen Tan Ky	Chief Executive Officer
Nguyen Thanh Tung	Deputy Chief Executive Officer
Doan Quoc Hung	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 December 2018**

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

	Code	Note	31/12/2018 VND	1/1/2018 VND
<b>ASSETS</b>				
<b>Current assets</b> <b>(100 = 110 + 130 + 140 + 150)</b>	<b>100</b>		<b>1,571,368,435,414</b>	<b>2,829,757,572,782</b>
<b>Cash and cash equivalents</b>	<b>110</b>	<b>4</b>	<b>195,173,528,412</b>	<b>2,495,714,686,629</b>
Cash	111		15,173,528,412	11,814,686,629
Cash equivalents	112		180,000,000,000	2,483,900,000,000
<b>Accounts receivable – short-term</b>	<b>130</b>		<b>1,095,156,431,326</b>	<b>43,705,236,791</b>
Accounts receivable from customers	131		1,090,496,821,395	36,981,549,864
Prepayments to suppliers	132		3,520,367,530	751,791,204
Other short-term receivables	136	5(a)	1,139,242,401	5,971,895,723
<b>Inventories</b>	<b>140</b>	<b>6</b>	<b>271,748,037,674</b>	<b>276,210,369,895</b>
Inventories	141		273,042,057,465	278,109,725,782
Allowance for inventories	149		(1,294,019,791)	(1,899,355,887)
<b>Other current assets</b>	<b>150</b>		<b>9,290,438,002</b>	<b>14,127,279,467</b>
Short-term prepaid expenses	151		628,537,330	3,907,334,338
Deductible value added tax	152		8,661,900,672	8,750,729,417
Taxes receivable from State Treasury	153		-	1,469,215,712

*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 December 2018 (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	31/12/2018 VND	1/1/2018 VND
<b>Long-term assets</b> <b>(200 = 210 + 220 + 240 + 260)</b>	<b>200</b>		<b>645,268,101,344</b>	<b>753,585,571,436</b>
<b>Accounts receivable – long-term</b>	<b>210</b>		<b>5,000,000</b>	<b>199,160,000</b>
Other long-term receivables	216	5(b)	5,000,000	199,160,000
<b>Fixed assets</b>	<b>220</b>		<b>595,438,965,445</b>	<b>666,554,636,023</b>
Tangible fixed assets	221	7	594,690,599,917	665,582,559,639
Cost	222		1,081,459,964,788	1,070,794,281,378
Accumulated depreciation	223		(486,769,364,871)	(405,211,721,739)
Intangible fixed assets	227	8	748,365,528	972,076,384
Cost	228		2,180,358,879	2,180,358,879
Accumulated amortisation	229		(1,431,993,351)	(1,208,282,495)
<b>Long-term work in progress</b>	<b>240</b>		<b>4,330,935,678</b>	<b>8,261,322,378</b>
Construction in progress	242	9	4,330,935,678	8,261,322,378
<b>Other long-term assets</b>	<b>260</b>		<b>45,493,200,221</b>	<b>78,570,453,035</b>
Long-term prepaid expenses	261	10	22,559,571,091	24,054,252,687
Deferred tax assets	262		2,778,016,428	31,642,976,938
Goodwill	269	11	20,155,612,702	22,873,223,410
<b>TOTAL ASSETS (270 = 100 + 200)</b>	<b>270</b>		<b>2,216,636,536,758</b>	<b>3,583,343,144,218</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 December 2018 (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	31/12/2018 VND	1/1/2018 VND
<b>RESOURCES</b>				
<b>LIABILITIES (300 = 310 + 330)</b>	<b>300</b>		<b>814,442,496,273</b>	<b>2,818,126,415,213</b>
<b>Current liabilities</b>	<b>310</b>		<b>807,942,804,312</b>	<b>2,812,041,458,744</b>
Accounts payable to suppliers	311		351,380,171,841	392,142,293,178
Advances from customers	312		7,436,439,795	17,118,507,057
Taxes payable to State Treasury	313	12	42,871,542,088	26,640,938,561
Accrued expenses	315	13	38,730,387,959	191,663,284,616
Other short-term payables	319	14(a)	3,844,999,839	1,756,282,893,506
Short-term borrowings	320	15	342,647,365,332	407,161,644,368
Bonus and welfare funds	322	16	21,031,897,458	21,031,897,458
<b>Long-term liabilities</b>	<b>330</b>		<b>6,499,691,961</b>	<b>6,084,956,469</b>
Other long-term payables	337	14(b)	95,089,961	1,011,020,719
Provisions – long-term	342		6,404,602,000	5,073,935,750
<b>EQUITY (400 = 410)</b>	<b>400</b>		<b>1,402,194,040,485</b>	<b>765,216,729,005</b>
<b>Owners' equity</b>	<b>410</b>	<b>17</b>	<b>1,402,194,040,485</b>	<b>765,216,729,005</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		900,756,030,882	260,832,034,286
- Undistributed profits after tax brought forward	421a		260,832,034,286	-
- Undistributed profit after tax for the current year	421b		639,923,996,596	260,832,034,286
Non-controlling interests	429		(7,838,431,312)	(4,891,746,196)
<b>TOTAL RESOURCES (440 = 300 + 400)</b>	<b>440</b>		<b>2,216,636,536,758</b>	<b>3,583,343,144,218</b>

30 January 2019

Prepared by:

  
Nguyen Thi Ngoc Tram  
General Accountant

Approved by:

  
Phan Thi Thuy Hoa  
Chief Accountant



  
Nguyen Tan Ky  
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 year ended 31 December 2018**

**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 IV 2018 VND	2017 VND	Year to date 2018 VND	2017 VND
Revenue from sales of goods and provision of services	01	20	1,168,036,809,871	1,223,997,268,761	3,454,856,973,562	3,340,245,564,366
Revenue deductions	02	20	856,836,934	27,457,780,573	19,921,683,133	91,400,978,489
Net revenue (10 = 01 - 02)	10	20	1,167,179,972,937	1,196,539,488,188	3,434,935,290,429	3,248,844,585,877
Cost of sales	11	21	886,182,145,362	741,224,976,389	2,593,804,999,350	2,029,621,731,324
Gross profit (20 = 10 - 11)	20		280,997,827,575	455,314,511,799	841,130,291,079	1,219,222,854,553
Financial income	21	22	6,517,226,407	29,337,843,725	33,060,651,045	91,973,100,028
Financial expenses	22	23	5,691,315,318	4,618,208,827	18,399,232,571	12,138,469,056
<i>In which: Interest expense</i>	23		<i>5,591,420,897</i>	<i>4,600,126,401</i>	<i>18,078,537,177</i>	<i>11,417,754,176</i>
Selling expenses	25		7,585,403,355	187,511,314,416	33,302,429,275	723,029,878,478
General and administration expenses	26		19,672,928,036	31,419,021,218	45,633,939,151	122,937,601,813
Net operating profit {30 = 20 + (21 - 22) - (25 + 26)}	30		254,565,407,273	261,103,811,063	776,855,341,127	453,090,005,234
Other income	31		27,437,931	28,062,835	71,579,755	382,101,620
Other expenses	32		6,972,595	180,040,766	615,875,336	198,292,202
Results of other activities (40 = 31 - 32)	40		20,465,336	(151,977,931)	(544,295,581)	183,809,418
Accounting profit before tax (50 = 30 + 40)	50		254,585,872,609	260,951,833,132	776,311,045,546	453,273,814,652
Income tax expense – current	51		47,376,691,911	48,580,694,436	110,468,773,556	86,598,179,818
Income tax (benefit) expense – deferred	52		(491,746,647)	366,781,982	28,864,960,510	(2,667,201,321)
Net profit after tax (60 = 50 - 51 - 52) (carried forward to next page)	60		207,700,927,345	212,004,356,714	636,977,311,480	369,342,836,155

*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 year ended 31 December 2018 (continued)**

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

			Quarter IV		Year to date	
	Code	Note	2018 VND	2017 VND	2018 VND	2017 VND
Net profit after tax (brought forward from previous page)	60		207,700,927,345	212,004,356,714	636,977,311,480	369,342,836,155
<b>Attributable to:</b>						
Equity holders of the Company	61		208,558,989,369	212,670,940,853	639,923,996,596	372,493,876,137
Non-controlling interests	62		(858,062,024)	(666,584,139)	(2,946,685,116)	(3,151,039,982)
<b>Earnings per share</b>						
Basic earnings per share	70	24	7,847	8,001	24,076	14,015

30 January 2019

Prepared by:

  
Nguyen Thi Ngoc Tram  
General Accountant

Approved by:

  
Phan Thi Thuy Hoa  
Chief Accountant

  
Nguyen Tan Ky  
Chief Executive Officer



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**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
**Consolidated statement of cash flows for the year ended 31 December 2018**  
**(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>2018 VND</b>	<b>2017 VND</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Accounting profit before tax</b>	<b>01</b>	<b>776,311,045,546</b>	<b>453,273,814,652</b>
<b>Adjustments for</b>			
Depreciation and amortisation	02	84,498,964,696	80,309,693,828
Allowances and provisions	03	5,870,332,736	14,327,746,541
Exchange losses/ (gains) arising from revaluation of monetary items dominated in foreign currencies	04	45,468,280	(44,376,301)
Profit from investing activities	05	(32,110,667,089)	(91,372,868,374)
Interest expense	06	18,078,537,177	11,417,754,176
<b>Operating profit before changes in working capital</b>	<b>08</b>	<b>852,693,681,346</b>	<b>467,911,764,522</b>
Change in receivables and other assets	09	(1,052,394,594,243)	7,861,767,798
Change in inventories	10	(77,334,265)	(92,506,123,861)
Change in payables and other liabilities	11	(197,858,009,496)	7,110,424,873
Change in prepaid expenses	12	9,924,601,088	8,833,653,809
		<b>(387,711,655,570)</b>	<b>399,211,487,141</b>
Interest paid	14	(17,773,438,883)	(10,402,886,165)
Corporate income tax paid	15	(100,110,923,776)	(94,522,860,729)
<b>Net cash flows from operating activities</b>	<b>20</b>	<b>(505,596,018,229)</b>	<b>294,285,740,247</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for additions to fixed assets and other long-term assets	21	(13,764,016,981)	(17,485,486,032)
Proceeds from disposals of fixed assets	22	-	225,017,682
Payment for granting loans	23	-	(500,000,000,000)
Receipts from collecting loans	24	-	500,000,000,000
Placement of term deposits at banks and payment for other investments	23	(100,000,000,000)	(2,078,000,000,000)
Withdrawal of term deposits at banks and collecting of other investments	24	100,000,000,000	2,523,000,000,000
Receipts of interests	27	35,808,758,641	92,531,067,423
<b>Net cash flows from investing activities</b>	<b>30</b>	<b>22,044,741,660</b>	<b>520,270,599,073</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 year ended 31 December 2018**  
**(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	2018 VND	2017 VND
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings	33	1,685,424,184,115	1,292,951,910,366
Payments to settle loan principals	34	(1,749,938,463,151)	(1,226,170,190,441)
Payments of dividend to owners	36	(1,752,597,119,200)	-
<b>Net cash flows from financing activities</b>	<b>40</b>	<b>(1,817,111,398,236)</b>	<b>66,781,719,925</b>
<b>Net cash flows during the year</b> (50 = 20 + 30 + 40)	<b>50</b>	<b>(2,300,662,674,805)</b>	<b>881,338,059,245</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>60</b>	<b>2,495,714,686,629</b>	<b>1,614,295,701,893</b>
<b>Effect of exchange rate fluctuations on cash and cash equivalents</b>	<b>61</b>	<b>121,516,588</b>	<b>80,925,491</b>
<b>Cash and cash equivalents at the end of year</b> (70 = 50 + 60 + 61) (Note 4)	<b>70</b>	<b>195,173,528,412</b>	<b>2,495,714,686,629</b>

30 January 2019

Prepared by:

  
 Nguyen Thi Ngoc Tram  
 General Accountant

Approved by:

  
 Phan Thi Thuy Hoa  
 Chief Accountant



  
 Nguyen Tan Ky  
 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 year ended 31 December 2018**

**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 year ended 31 December 2018 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 December 2018, the Group has 1 subsidiary (1/1/2018: 1 subsidiary), the detail information of the subsidiary are described as follows:

Name	Principal activities	Address	Percentage of economic interests and voting rights	
			31/12/2018	1/1/2018
Café De Nam Joint Stock Company (“CDN”) (formerly known as CDN Production Trading Corporation)	Beverage manufacturing and trading	C I.III – 3+5+7, Long Thanh Industrial Zones, Tam An, Long Thanh, Dong Nai, Vietnam	85%	85%

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As at 31 December 2018, the Group had 327 employees (1/1/2018: 346 employees).

**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
**Notes to the consolidated financial statements for the year ended 31 December 2018**  
**(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 consolidated financial statements are prepared for the year ended 31 December 2018.

**(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 2018 were brought forward from the audited figures as at 31 December 2017.

**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 year ended 31 December 2018**  
**(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 year 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 annual 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 year ended 31 December 2018**  
**(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 year in which the cost is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of tangible fixed assets beyond their originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets.

**(ii) Depreciation**

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

▪ buildings and structures	5 – 25 years
▪ machinery and equipment	3 – 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 year ended 31 December 2018**  
**(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 year 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.



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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 prior to the annual 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 year 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 year using tax rates enacted at the end of the annual accounting period and any adjustment to tax payable in respect of previous years.

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.

***(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.

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**(q) 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 year in which they are incurred, except where the borrowing costs relate to borrowings in respect of the construction of qualifying assets, in which case the borrowing costs incurred during the year 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 year. 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 annual accounting period.

**(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.



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**4. Cash and cash equivalents**

	<b>31/12/2018</b>	<b>1/1/2018</b>
	<b>VND</b>	<b>VND</b>
Cash on hand	60,832,637	106,401,725
Cash at banks	15,112,695,775	11,708,284,904
Cash equivalents	180,000,000,000	2,483,900,000,000
Cash and cash equivalents in the consolidated statement of cash flows	195,173,528,412	2,495,714,686,629

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**

	<b>31/12/2018</b>	<b>1/1/2018</b>
	<b>VND</b>	<b>VND</b>
Accrued interest receivable	636,191,781	4,334,283,333
Short-term deposits	402,000,000	1,132,677,200
Other receivables	101,050,620	504,935,190
	1,139,242,401	5,971,895,723

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

	<b>31/12/2018</b>	<b>1/1/2018</b>
	<b>VND</b>	<b>VND</b>
Long-term deposits	5,000,000	199,160,000

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**6. Inventories**

	<b>31/12/2018</b>		<b>1/1/2018</b>	
	<b>Cost VND</b>	<b>Allowance VND</b>	<b>Cost VND</b>	<b>Allowance VND</b>
Goods in transit	4,650,644,930	-	21,040,427,795	-
Raw materials	220,485,410,341	(490,497,084)	155,070,062,658	(128,614,804)
Tools and supplies	8,002,377,993	(803,522,707)	7,819,180,031	-
Finished goods	38,611,580,523	-	91,653,447,622	(1,770,408,875)
Merchandise inventories	1,292,043,678	-	2,526,607,676	(332,208)
	<b>273,042,057,465</b>	<b>(1,294,019,791)</b>	<b>278,109,725,782</b>	<b>(1,899,355,887)</b>

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

	<b>2018 VND</b>	<b>2017 VND</b>
Opening balance	1,899,355,887	2,889,903,268
Increase in allowance during the year	4,539,666,486	9,288,766,839
Allowance utilised during the year	(5,145,002,582)	(10,244,358,172)
Written back	-	(34,956,048)
Closing balance	<b>1,294,019,791</b>	<b>1,899,355,887</b>

Included in inventories at 31 December 2018 was VND 1,294 million (1/1/2018: VND1,899 million) of slow- moving inventories.

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**7. 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	859,281,736,596	3,405,124,475	4,485,955,671	1,070,794,281,378
Transfer from construction in progress	-	10,296,883,410	368,800,000	-	10,665,683,410
Closing balance	203,621,464,636	869,578,620,006	3,773,924,475	4,485,955,671	1,081,459,964,788
<b>Accumulated depreciation</b>					
Opening balance	52,113,103,886	346,922,647,185	2,897,034,083	3,278,936,585	405,211,721,739
Charge for the year	11,126,715,765	69,890,399,792	183,285,009	357,242,566	81,557,643,132
Closing balance	63,239,819,651	416,813,046,977	3,080,319,092	3,636,179,151	486,769,364,871
<b>Net book value</b>					
Opening balance	151,508,360,750	512,359,089,411	508,090,392	1,207,019,086	665,582,559,639
Closing balance	140,381,644,985	452,765,573,029	693,605,383	849,776,520	594,690,599,917

Included in the cost of tangible fixed assets were assets costing VND 171,785 million which were fully depreciated as of 31 December 2018 (1 January 2018: VND162,481 million), but are still in active use.

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**8. 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	1,012,406,973	195,875,522	1,208,282,495
Charge for the year	100,000,000	123,710,856	223,710,856
Closing balance	1,112,406,973	319,586,378	1,431,993,351
<b>Net book value</b>			
Opening balance	291,666,667	680,409,717	972,076,384
Closing balance	191,666,667	556,698,861	748,365,528

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

**9. Construction in progress**

	<b>2018 VND</b>
Opening balance	8,261,322,378
Additions during the year	11,886,419,194
Transfer to tangible fixed assets	(10,665,683,410)
Transfer to long-term prepaid expenses	(5,151,122,484)
Closing balance	4,330,935,678



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**10. Long-term prepaid expenses**

	<b>Prepaid land costs VND</b>	<b>Tools and supplies VND</b>	<b>Total VND</b>
Opening balance	14,903,157,509	9,151,095,178	24,054,252,687
Additions during the year	-	882,339,533	882,339,533
Transfer from construction in progress	-	5,151,122,484	5,151,122,484
Amortisation for the year	(402,788,040)	(7,125,355,573)	(7,528,143,613)
Closing balance	14,500,369,469	8,059,201,622	22,559,571,091

**11. Goodwill**

	<b>2018 VND</b>
<b>Cost</b>	
Opening and closing balances	27,176,107,031
<b>Accumulated amortisation</b>	
Opening balance	4,302,883,621
Charge for the year	2,717,610,708
Closing balance	7,020,494,329
<b>Net book value</b>	
Opening balance	22,873,223,410
Closing balance	20,155,612,702

**12. Taxes payable to State Treasury**

	<b>31/12/2018 VND</b>	<b>1/1/2018 VND</b>
Corporate income tax	36,870,890,625	26,513,040,845
Value added tax	5,778,028,469	-
Personal income tax	222,622,994	127,897,716
	42,871,542,088	26,640,938,561

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**13. Accrued expenses**

	<b>31/12/2018</b>	<b>1/1/2018</b>
	<b>VND</b>	<b>VND</b>
Advertising and promotion expenses	-	131,957,794,807
Bonus and 13 <sup>th</sup> month salary	17,217,272,100	8,167,950,513
Market research expenses	-	4,318,011,343
Purchases not yet received invoices	8,252,754,279	1,211,168,861
Sales discounts	-	20,875,377,191
Construction in progress	929,553,800	1,804,664,200
Accrued interest expenses	1,731,400,260	1,426,301,966
Logistics expenses	-	15,199,962,019
Others	10,599,407,520	6,702,053,716
	<hr/> 38,730,387,959	<hr/> 191,663,284,616 <hr/>

**14. Other payables**

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

	<b>31/12/2018</b>	<b>1/1/2018</b>
	<b>VND</b>	<b>VND</b>
Dividend payables	1,652,178,000	1,754,222,910,000
Short-term deposits received	1,217,744,908	1,093,187,218
Social insurance, health insurance, unemployment insurance and trade union fees	258,019,603	222,848,390
Others	717,057,328	743,947,898
	<hr/> 3,844,999,839	<hr/> 1,756,282,893,506 <hr/>

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

	<b>31/12/2018</b>	<b>1/1/2018</b>
	<b>VND</b>	<b>VND</b>
Long-term deposits received	95,089,961	1,011,020,719
	<hr/>	<hr/>

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**15. Short term borrowings**

	<b>31/12/2018</b>		<b>1/1/2018</b>	
	<b>Carrying amount</b>	<b>Amount within</b>	<b>Carrying amount</b>	<b>Amount within</b>
	<b>VND</b>	<b>repayment</b>	<b>VND</b>	<b>repayment</b>
		<b>capacity</b>		<b>capacity</b>
		<b>VND</b>		<b>VND</b>
Short-term borrowings	342,647,365,332	342,647,365,332	407,161,644,368	407,161,644,368

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

	<b>Currency</b>	<b>Annual</b>	<b>31/12/2018</b>	<b>1/1/2018</b>
		<b>interest rate</b>	<b>VND</b>	<b>VND</b>
Unsecured bank loan	VND	5.1% – 6.7%	342,647,365,332	407,161,644,368

**16. Bonus and welfare funds**

These funds are established by appropriating from profit after tax as approved by shareholders at the Annual General Meeting of Shareholders of the Company. These funds are used to pay bonus and welfare to the Company's employees in accordance with the Company's bonus and welfare policies. Movements of bonus and welfare fund during the year were as follows:

	<b>2018</b>	<b>2017</b>
	<b>VND</b>	<b>VND</b>
Opening and closing balances	21,031,897,458	21,031,897,458

There was no bonus and welfare funds appropriated from profit after tax at the Annual General Meetings of the Company's shareholders on 10 April 2018 and 15 April 2017.

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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
<b>Balance as at 1 January 2017</b>	<b>265,791,350,000</b>	<b>29,974,241,968</b>	<b>213,510,848,947</b>	<b>1,642,561,068,149</b>	<b>(1,740,706,214)</b>	<b>2,150,096,802,850</b>
Net profit for the year	-	-	-	372,493,876,137	(3,151,039,982)	369,342,836,155
Dividends	-	-	-	(1,754,222,910,000)	-	(1,754,222,910,000)
<b>Balance as at 31 December 2017</b>	<b>265,791,350,000</b>	<b>29,974,241,968</b>	<b>213,510,848,947</b>	<b>260,832,034,286</b>	<b>(4,891,746,196)</b>	<b>765,216,729,005</b>
<b>Balance as at 1 January 2018</b>	<b>265,791,350,000</b>	<b>29,974,241,968</b>	<b>213,510,848,947</b>	<b>260,832,034,286</b>	<b>(4,891,746,196)</b>	<b>765,216,729,005</b>
Net profit for the year	-	-	-	639,923,996,596	(2,946,685,116)	636,977,311,480
<b>Balance as at 31 December 2018</b>	<b>265,791,350,000</b>	<b>29,974,241,968</b>	<b>213,510,848,947</b>	<b>900,756,030,882</b>	<b>(7,838,431,312)</b>	<b>1,402,194,040,485</b>

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:

	31/12/2018		1/1/2018	
	Number of shares	VND	Number of shares	VND
<b>Authorised and issued share capital</b>				
Ordinary shares	26,579,135	265,791,350,000	26,579,135	265,791,350,000
<b>Shares in circulation</b>				
Ordinary shares	26,579,135	265,791,350,000	26,579,135	265,791,350,000
<b>Share premium</b>	-	29,974,241,968	-	29,974,241,968

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

There were no movements in share capital during the year.

**19. Off balance sheet items**

**Foreign currency**

	31/12/2018		1/1/2018	
	Original currency	VND Equivalent	Original currency	VND equivalent
USD	392,617	9,085,157,380	56,025	1,269,529,446

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**20. Revenue from sales of goods**

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

Net revenue comprised:

	<b>2018</b> <b>VND</b>	<b>2017</b> <b>VND</b>
Total revenue	3,454,856,973,562	3,340,245,564,366
Less revenue deductions		
▪ Sales discounts	2,280,157,248	50,514,661,505
▪ Sales returns	17,641,525,885	40,886,316,984
	<hr/> 19,921,683,133	<hr/> 91,400,978,489
Net revenue	<hr/> 3,434,935,290,429	<hr/> 3,248,844,585,877

**21. Cost of sales**

	<b>2018</b> <b>VND</b>	<b>2017</b> <b>VND</b>
Total cost of sales		
▪ Goods sold	2,589,265,332,864	2,020,367,920,533
▪ Allowance for inventories	4,539,666,486	9,253,810,791
	<hr/> 2,593,804,999,350	<hr/> 2,029,621,731,324

**22. Financial income**

	<b>2018</b> <b>VND</b>	<b>2017</b> <b>VND</b>
Interest income from deposits at banks and other investment	32,110,667,089	91,275,661,867
Foreign exchange gains	949,983,956	697,438,161
	<hr/> 33,060,651,045	<hr/> 91,973,100,028

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**23. Financial expenses**

	<b>2018 VND</b>	<b>2017 VND</b>
Interest expenses	18,078,537,177	11,417,754,176
Foreign exchange losses	320,695,394	720,714,880
	<hr/> 18,399,232,571	<hr/> 12,138,469,056

**24. Basic earnings per share**

The calculation of basic earnings per share for the year ended 31 December 2018 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**

	<b>2018 VND</b>	<b>2017 VND</b>
Net profit attributable to ordinary shareholders	639,923,996,596	372,493,876,137
	<hr/>	<hr/>

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

	<b>2018 VND</b>	<b>2017 VND</b>
Weighted average number of ordinary shares at the end of the year	26,579,135	26,579,135
	<hr/>	<hr/>

**(iii) Basic earnings per share**

	<b>2018 VND</b>	<b>2017 VND</b>
Basic earnings per share	24,076	14,015
	<hr/>	<hr/>



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**25. Significant transactions with related parties**

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

	Transaction value		Receivables/(payables) as at	
	2018 VND	2017 VND	31/12/2018 VND	1/1/2018 VND
<b>Parent of the parent company</b>				
<b>Masan Consumer Corporation</b>				
Sales of goods	2,963,763,118,610	436,807,822	1,071,066,087,409	-
Purchases of goods	74,469,308,876	50,226,623,671	-	(3,870,083,455)
Management service charge	-	159,438,082,170	-	(87,828,531,406)
<b>The parent company</b>				
<b>Masan Beverage Company Limited</b>				
Dividends declared	-	1,200,921,084,000	-	(1,200,921,084,000)
<b>Related parties</b>				
<b>Masan Industrial One Member Company Limited</b>				
Sales of goods	564,149,809	418,635,488	6,999,300	6,999,300
Purchases of goods	584,980,796	432,371,661	(383,094,650)	-
Purchase of service	23,787,314,567	14,683,244,151	(10,005,161,483)	(8,018,052,556)
Management service charge	1,440,000,000	2,150,993,748	(1,584,000,000)	(2,366,093,123)
Purchases of fixed assets	-	118,094,403	-	-
Sales of fixed assets	-	83,124,995	-	91,437,495
<b>Quang Hanh Mineral Water Corporation</b>				
Sales of goods	745,229,922	-	3,096,660	-
<b>Vinh Hao Mineral Water Corporation</b>				
Sales of goods	25,506,000	1,201,922,352	-	834,643,095
Sales of service	10,965,500	11,145,050	-	-
Purchases of goods	195,937,259,989	151,529,434,461	(28,134,478,637)	(22,218,429,105)
Purchase of service	98,671,200,000	88,482,480,192	(34,246,994,866)	(18,016,844,285)
<b>Key management personnel</b>				
Remunerations	4,790,589,872	1,623,309,867	-	-

**VinaCafé Bien Hoa Joint Stock Company and its subsidiary**  
**Notes to the consolidated financial statements for the year ended 31 December 2018**  
**(continued)**

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

**26. Explanation for fluctuation in net profit after tax**

The Group's net profit after tax for quarter 4 of 2018 decreased by VND4.3 billion, equivalent to 2% when comparing with the same year in previous year. This is mainly due to:

- Net revenue decreased by 2% compared to the same year in previous year; however, the Company's profit from operating activities before tax (no comprise of finance result) increased by VND17.3 billion equivalent to 7% when comparing with the same period in previous year as a result of the transformation of business model from "sales driven" to "brands building" and centralising the sale and distribution of the Company to sell through Masan Consumer Corporation (the parent of parent company);
- Decreased net financial activities by VND23.9 billion as compared to the same period last year, primarily from lower cash balance as a result of dividend pay-out.

30 January 2019

Prepared by:



Nguyen Thi Ngoc Tram  
General Accountant

Approved by:



Phan Thi Thuy Hoa  
Chief Accountant



Nguyen Tan Ky  
Chief Executive Officer