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Saigon - Tay Do Beer - Beverage Joint Stock Company

Financial Statements for the year ended
31 December 2019

Signature Not Verified
Ký bởi: CÔNG TY CỔ PHẦN BIA-NƯỚC GIẢI KHÁT SÀI GÒN-TÂY ĐÔ
Ký ngày: 13/3/2020 08:50:04

Saigon - Tay Do Beer - Beverage Joint Stock Company
Corporate Information

Business Registration Certificate No.	1800641942	21 September 2006
	The Company's business registration certificate has been amended several times. The most recent of which is by Business Registration Certificate No. 1800641942 dated 28 March 2017. The initial business registration certificate and its amendments were issued by the Department of Planning and Investment of Can Tho City.	
Board of Directors	Mr. Le Hong Xanh	Chairman
	Mr. Van Thanh Liem	Member
	Mrs. Nguyen Thi Kim Cuc	Member
	Mr. Nguyen Bich Dat	Member
	Mrs. Tran Le Hoa	Member
Board of Supervisors	Mrs. Mai Thi Bach Yen	Head of Board of Supervisors
	Mrs. Tran Thi Loan Anh	Member
	Mr. Dang Quang Minh	Member
Board of Management	Mr. Tran Xuan To	General Director
	Mr. Tran Cong Toai	Deputy General Director
Registered Office	Tra Noc 1 Industrial Zone Binh Thuy Ward Can Tho City Vietnam	
Auditor	KPMG Limited Vietnam	

Saigon - Tay Do Beer - Beverage Joint Stock Company
Statement of the Board of Management

The Board of Management of Saigon - Tay Do Beer - Beverage Joint Stock Company ("the Company") presents this statement and the accompanying financial statements of the Company for the year ended 31 December 2019.

The Board of Management is responsible for the preparation and fair presentation of the financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting. In the opinion of the Board of Management:

(a) the financial statements set out on pages 5 to 30 give a true and fair view of the financial position of the Company as at 31 December 2019, and of the results of operations and the cash flows of the Company for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting; and

(b) at the date of this statement, there are no reasons to believe that the Company will not be able to pay its debts as and when they fall due.

The Board of Management has, on the date of this statement, authorised the accompanying financial statements for issue.

On behalf of the Board of Management

Tran Xuan To
General Director

On behalf of the Board of Directors

CÔNG TY CỔ PHẦN BIA - NƯỚC GIẢI KHÁT SÀI GÒN - TÂY ĐÔ

Le Hong Xanh
Chairman

Can Tho City, 5 March 2020

KPMG Limited Branch
10th Floor, Sun Wah Tower
115 Nguyen Hue Street, Ben Nghe Ward
District 1, Ho Chi Minh City, Vietnam
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders
Saigon - Tay Do Beer - Beverage Joint Stock Company

We have audited the accompanying financial statements of Saigon - Tay Do Beer - Beverage Joint Stock Company ("the Company"), which comprise the balance sheet as at 31 December 2019, the statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Company's Board of Management on 5 March 2020, as set out on pages 5 to 30.

Management's Responsibility

The Company's Board of Management is responsible for the preparation and fair presentation of these financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting, and for such internal control as the Board of Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Company's Board of Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG Limited Branch in Ho Chi Minh City, a branch of KPMG Limited, a Vietnamese one member limited liability company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

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Auditor's Opinion

In our opinion, the financial statements give a true and fair view, in all material respects, of the of financial position of Saigon - Tay Do Beer - Beverage Joint Stock Company as at 31 December 2019 and of its results of operations and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

Other matter

The financial statements of the Company for the year ended 31 December 2018 was audited by another firm of auditors whose reports dated 19 January 2019 expressed an unqualified opinion and on those financial statements.

KPMG Limited's Branch in Ho Chi Minh City
Vietnam
Audit Report No.: 19-01-00270-20-2

Ha Vu Dinh	Nguyen Thanh Nghi
Practicing Auditor Registration	Practicing Auditor Registration
Certificate No. 0414-2018-007-1	Certificate No. 0304-2018-007-1
Deputy General Director	

Ho Chi Minh City, 5 March 2020

Saigon - Tay Do Beer - Beverage Joint Stock Company
Balance sheet as at 31 December 2019

Form B 01 – DN
(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

	Code	Note	31/12/2019 VND	1/1/2019 VND
ASSETS				
Current assets (100 = 110 + 120 + 130 + 140 + 150)	**100**		**193,677,415,116**	**150,946,705,429**
Cash	**110**	**5**	**13,162,470,805**	**10,666,557,885**
Short-term financial investments	**120**		**106,425,364,000**	**56,884,000,000**
Held-to-maturity investments	123	6(a)	106,425,364,000	56,884,000,000
Accounts receivable – short-term	**130**		**16,897,067,975**	**38,410,779,852**
Accounts receivable from customers	131	7	8,783,175,124	29,342,276,022
Prepayments to suppliers	132		657,204,046	4,953,911,032
Other short-term receivables	136	8	7,456,688,805	4,114,592,798
Inventories	**140**	**9**	**56,986,948,913**	**43,025,099,819**
Other current assets	**150**		**205,563,423**	**1,960,267,873**
Short-term prepaid expenses	151		205,563,423	385,201,228
Taxes receivable from State Treasury	153		-	1,575,066,645
Long-term assets (200 = 220 + 240 + 250 + 260)	**200**		**257,832,706,989**	**239,109,143,130**
Fixed assets	**220**		**195,437,872,834**	**223,408,952,381**
Tangible fixed assets	221	10	195,437,872,834	223,408,952,381
Cost	*222*		*518,630,281,535*	*507,523,640,616*
Accumulated depreciation	*223*		*(323,192,408,701)*	*(284,114,688,235)*
Long-term work in progress	**240**		**64,674,587**	**345,225,405**
Construction in progress	242	11	64,674,587	345,225,405
Long-term financial investments	**250**		**55,400,000,000**	**5,000,000,000**
Equity investments in other entities	253	6(c)	5,000,000,000	5,000,000,000
Held-to-maturity investments	255	6(b)	50,400,000,000	-
Other long-term assets	**260**		**6,930,159,568**	**10,354,965,344**
Long-term prepaid expenses	261	12	6,894,829,568	10,319,635,344
Long-term tools, supplies and spare parts	263		35,330,000	35,330,000
TOTAL ASSETS (270 = 100 + 200)	**270**		**451,510,122,105**	**390,055,848,559**

The accompanying notes are an integral part of these financial statements

Saigon - Tay Do Beer - Beverage Joint Stock Company
Balance sheet as at 31 December 2019 (continued)

Form B 01 – DN
(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

	Code	Note	31/12/2019 VND	1/1/2019 VND
RESOURCES				
LIABILITIES (300 = 310)	**300**		**127,970,263,812**	**91,589,940,967**
Current liabilities	**310**		**127,970,263,812**	**91,589,940,967**
Accounts payable to suppliers	311	13	8,518,355,199	15,765,489,584
Advances from customers	312		276,724,748	250,066,148
Taxes payable to State Treasury	313	14	46,589,528,488	56,400,453,769
Payables to employees	314		5,894,946,857	8,252,789,304
Accrued expenses	315		789,239,000	939,877,200
Other short-term payables	319		4,418,628,246	1,547,477,164
Short-term borrowings	320	15	51,068,965,652	-
Bonus and welfare fund	322	16	10,413,875,622	8,433,787,798
EQUITY (400 = 410)	**400**		**323,539,858,293**	**298,465,907,592**
Owners' equity	**410**	**17**	**323,539,858,293**	**298,465,907,592**
Share capital	411	18	200,000,000,000	200,000,000,000
- Ordinary shares with voting rights	*411a*		*200,000,000,000*	*200,000,000,000*
Share premium	412		21,938,000,000	21,938,000,000
Investment and development fund	418	20	41,451,256,847	41,451,256,847
Retained profits	421		60,150,601,446	35,076,650,745
- Retained profits brought forward	*421a*		*9,076,650,745*	*16,018,764,518*
- Retained profit for the current year	*421b*		*51,073,950,701*	*19,057,886,227*
TOTAL RESOURCES (440 = 300 + 400)	**440**		**451,510,122,105**	**390,055,848,559**

5 March 2020

Prepared by:	Reviewed by:	Approved by:
Tran Thanh Phuong	Phan Duy Linh	Tran Xuan To
General Accountant	*Chief Accountant*	*General Director*

The accompanying notes are an integral part of these financial statements

Saigon - Tay Do Beer - Beverage Joint Stock Company
Statement of income for the year ended 31 December 2019

Form B 02 – DN
(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

	Code	Note	2019 VND	2018 VND
Revenue from sales of goods and provision of services	**01**	**22**	**566,539,818,235**	**459,038,963,381**
Cost of sales	**11**	**23**	**474,720,678,906**	**390,751,378,319**
Gross profit (20 = 01 - 11)	**20**		**91,819,139,329**	**68,287,585,062**
Financial income	21	24	9,515,623,399	6,698,118,985
Financial expenses	22		1,469,981,853	2,156,277,896
In which: Interest expense	*23*		*1,445,466,119*	*2,156,277,896*
Selling expenses	25		2,040,090,978	4,935,012,851
General and administration expenses	26	25	21,996,796,450	21,059,952,923
Net operating profit {30 = 20 + (21 - 22) - (25 + 26)}	**30**		**75,827,893,447**	**46,834,460,377**
Other income	31		172,869,517	424,547,348
Other expenses	32		2,890,213	241,207,049
Results of other activities (40 = 31 - 32)	**40**		**169,979,304**	**183,340,299**
Accounting profit before tax (50 = 30 + 40)	**50**		**75,997,872,751**	**47,017,800,676**
Income tax expense – current	**51**	**27**	**13,657,345,548**	**7,052,980,923**
Income tax expense – deferred	**52**	**27**	-	-
Net profit after tax (60 = 50 - 51 - 52)	**60**		**62,340,527,203**	**39,964,819,753**
Earnings per share				
Basic earnings per share	70	28	2,667	1,482

5 March 2020

Prepared by:	Reviewed by:	Approved by:
Tran Thanh Phuong	Phan Duy Linh	Tran Xuan To
General Accountant	*Chief Accountant*	*General Director*

The accompanying notes are an integral part of these financial statements

Saigon - Tay Do Beer - Beverage Joint Stock Company
Statement of cash flows for the year ended 31 December 2019
(Indirect method)

Form B 03 – DN
(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

	Code	Note	2019 VND	2018 VND
CASH FLOWS FROM OPERATING ACTIVITIES				
Accounting profit before tax	**01**		**75,997,872,751**	**47,017,800,676**
Adjustments for				
Depreciation	02		39,077,720,466	38,421,609,919
Profits from investing activities	05		(9,515,623,399)	(6,734,075,805)
Interest expense	06		1,445,466,119	2,156,277,896
Operating profit before changes in working capital	**08**		**107,005,435,937**	**80,861,612,686**
Change in receivables	09		22,170,336,520	(5,162,473,410)
Change in inventories	10		(13,961,849,094)	(8,032,625,390)
Change in payables and other liabilities	11		(23,539,293,028)	14,611,748,616
Change in prepaid expenses	12		3,604,443,581	(3,643,452,783)
			95,279,073,916	**78,634,809,719**
Interest paid	14		(1,445,466,119)	(2,194,723,040)
Corporate income tax paid	15		(8,713,905,614)	(4,814,688,116)
Other payments for operating activities	17		(7,012,315,397)	(8,215,936,364)
Net cash flows from operating activities	**20**		**78,107,386,786**	**63,409,462,199**
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for additions to fixed assets	21		(6,798,964,831)	(7,347,208,644)
Proceeds from disposals of fixed assets	22		-	45,454,545
Placements for term deposits at banks	23		(191,825,364,000)	(69,884,000,000)
Collections of term deposits at banks	34		91,884,000,000	13,000,000,000
Receipts of interests and dividends	27		6,126,389,313	5,334,987,781
Net cash flows from investing activities	**30**		**(100,613,939,518)**	**(58,850,766,318)**

The accompanying notes are an integral part of these financial statements

Saigon - Tay Do Beer - Beverage Joint Stock Company
Statement of cash flows for the year ended 31 December 2019
(Indirect method – continued)

Form B 03 – DN
(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

	Code	Note	2019 VND	2018 VND
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from short-term borrowings	33		485,209,286,719	425,119,438,873
Payments to settle loan principals	34		(434,140,321,067)	(484,501,502,681)
Payments of dividends	36		(26,066,500,000)	(63,938,991,000)
Net cash flows from financing activities	**40**		**25,002,465,652**	**(123,321,054,808)**
Net cash flows during the year (50 = 20 + 30 + 40)	**50**		**2,495,912,920**	**(118,762,358,927)**
Cash at the beginning of the year	**60**		**10,666,557,885**	**129,428,916,812**
Cash at the end of the year (70 = 50 + 60)	**70**	**5**	**13,162,470,805**	**10,666,557,885**

5 March 2020

Prepared by:	Reviewed by:	Approved by:
Tran Thanh Phuong	Phan Duy Linh	Tran Xuan To
General Accountant	*Chief Accountant*	*General Director*

The accompanying notes are an integral part of these financial statements

Form B 09 – DN
(Issued under Circular No. 200/2014/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 the accompanying financial statements.

1. Reporting Entity

(a) Ownership structure

Saigon - Tay Do Beer - Beverage Joint Stock Company ("the Company") is incorporated as a joint stock company in Vietnam.

(b) Principal activities

The principal activities of the Company are to produce and trade beer, liquor and beverages products, milk and fruit juices; to provide office and warehousing services; and to provide domestic travel services.

(c) Normal operating cycle

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

(d) Company structure

As at 31 December 2019, the Company had 129 employees (1/1/2019: 131 employees).

2. Basis of preparation

(a) Statement of compliance

These 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

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

(c) Annual accounting period

The annual accounting period of the Company is from 1 January to 31 December.

(d) Accounting and presentation currency

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

3. Summary of significant accounting policies

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

(a) Foreign currency transactions

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

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at the account transfer buying rate and account transfer selling rate, respectively, at the end of the annual accounting period quoted by the commercial bank where the Company most frequently conducts transactions.

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

(b) 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 amounts 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.

(c) Investments

(i) Held-to-maturity investments

Held-to-maturity investments are those that the Company's management has the intention and ability to hold until maturity. Held-to-maturity investments are term deposits at banks held to maturity and stated at costs.

(ii) Investments in equity instruments of other entities

Investments in equity instruments of other entities are initially recognised at cost which include purchase price plus any directly attributable transaction costs. Subsequent to initial recognition, these investments are stated at cost less allowance for diminution in value. An allowance is made for diminution in investment values if the investee has suffered a loss, except where such a loss was anticipated by the Company's management before making the investment. The allowance is reversed if the investee subsequently made a profit that offsets the previous loss for which the allowance had been made. An allowance is reversed only to the extent that the investment's carrying amount does not exceed the carrying amount that would have been determined if no allowance had been recognised.

(d) Accounts receivable

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

(e) Inventories

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

The Company applies the perpetual method of accounting for inventories.

(f) Tangible fixed assets

(i) Cost

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition for its intended use. Expenditure incurred after tangible fixed assets have been put into operation, such as repair and maintenance and overhauls cost, is charged to the statement of income in the year in which the costs are 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	8 – 15 years
▪ machinery and equipment	7 – 12 years
▪ motor vehicles	6 – 12 years
▪ office equipment	3 – 8 years

(g) 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.

(h) Long-term prepaid expenses

(i) Returnable packaging

Returnable packaging includes bottles and crates being used in the Company's production and business activities and is initially stated at cost. Returnable packaging are amortised on a straight-line basis over 2 to 3 years.

(ii) Tools and instruments

Tools and instruments include assets held for use by the Company 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 regulation. Cost of tools and instruments are amortised on a straight-line basis over 2 to 3 years.

(iii) Prepaid land costs

Prepaid land costs comprise prepaid land lease rentals, including those for which the Company obtained land use rights certificate but are not qualified as intangible fixed assets under Circular No. 45/2013/TT-BTC dated 25 April 2013 of the Ministry of Finance providing guidance on management, use and depreciation of fixed assets, and other costs incurred in conjunction with securing the use of leased land. These costs are recognised in the statement of income on a straight-line basis over the term of the lease of 15 years.

(i) Trade and other payables

Trade and other payables are stated at their cost.

(j) Provisions

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

(k) Share capital

Ordinary shares

Ordinary shares are stated at par value. Excess of cash received from shares issue over par value is recorded as share preminum. Incremental costs directly attributable to the issue of shares, net of tax effects, are recognised as a deduction from share premium.

(l) Taxation

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

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the 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 the tax rates enacted or substantively enacted at the end of the annual 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 differences 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.

(m) Revenue and other income

(i) Goods sold

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

(ii) Services rendered

Revenue from services rendered is recognised in the 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 is recognised if there are significant uncertainties regarding recovery of the consideration due

(iii) Interest income

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

(iv) Dividend income

Dividend income is recognised when the right to receive dividend is established. Share dividends are not recognised as income. Dividends received which are attributable to the year before investment acquisition date are deducted from the carrying amount of the investment.

(n) Operating lease payments

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

(o) Borrowing costs

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

(p) Segment reporting

A segment is a distinguishable component of the Company that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Company's primary format for segment reporting is based on business segments.

(q) Earnings per share

The Company presents basic earnings per share ("EPS") for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders (after deducting any amounts appropriated to bonus and welfare fund for the accounting period) of the Company by the weighted average number of ordinary shares outstanding during the year.

The Company did not have potentially dilutive shares, the presentation of diluted earnings per share is not applied.

(r) Related parties

Parties are considered to be related to the Company 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 Company 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.

4. Segment reporting

The Company's principal business activities are to produce and trade beers. Other activities are to provide office and warehousing services and to provide domestic travel services. During the year, other activities accounted for an insignificant proportion of total revenue and operating results of the Company, accordingly, the financial information presented in the balance sheet as at 31 December 2019 and 1 January 2019 and revenue and expenses presented in the statement of income for the years ended 31 December 2019 and 31 December 2018 were mainly related to the Company's principal business activities.

Geographically, the Company only operates in the territory of Vietnam.

5. Cash

	31/12/2019 VND	1/1/2019 VND
Cash on hand	557,265,611	312,542,281
Cash in banks	12,605,205,194	10,354,015,604
	13,162,470,805	10,666,557,885

6. Investments

(a) Held-to-maturity investments – short-term

Held-to-maturity investments – short-term represented term deposits at banks with terms of maturnity of more than 3 months from their transaction dates but less than 12 months from the reporting date. Held-to-maturity investments – short-term are denominated in VND and earned interest at rates ranging from 5.5% to 7.3% per annum (1/1/2019: 5.9% to 7.3% per annum).

(b) Held-to-maturity investments – long-term

Held-to-maturity investments – long-term represented term deposits at banks with terms to maturnity of more than 12 months from the reporting date. Held-to-maturity investments – long-term are denominated in VND and earned interest at rates ranging from 5.9% to 7.8% per annum (1/1/2019: Nil).

(c) Equity investments in other entities

			31/12/2019 and 1/1/2019		
Company name	**Number of shares**	**% equity owned and voting rights**	**Cost VND**	**Fair value VND**	**Allowance VND**
Sai Gon - Kien Giang Beer Joint Stock Company	500,000	4.3%	5,000,000,000	(*)	-

(*) The Company has not determined the fair value of this investment for disclosure in the financial statements because information about its market price is not available and there is currently no guidance on determination fair value using valuation techniques under Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises. The fair value of this investment may differ from its carrying amount.

7. Accounts receivable from customers

Accounts receivable from customers detailed by significant customers

	31/12/2019 VND	1/1/2019 VND
Saigon Beer – Alcohol – Beverage Corporation – a related party	8,441,778,004	28,504,068,582
Other customers	341,397,120	838,207,440
	8,783,175,124	29,342,276,022

The trade related amounts due from related party were unsecured, interest free and are receivable upon demand.

8. Other short-term receivables

	31/12/2019 VND	1/1/2019 VND
Interest receivables	5,972,684,734	2,583,450,648
Advances to employees	1,479,004,071	382,296,222
Others	5,000,000	1,148,845,928
	7,456,688,805	4,114,592,798

9. Inventories

	31/12/2019		1/1/2019	
	Cost VND	Allowance VND	Cost VND	Allowance VND
Raw materials	17,422,489,664	-	18,337,581,873	-
Tools and supplies	1,799,574,672	-	984,456,088	-
Work in progress	16,077,267,362	-	15,830,408,819	-
Finished goods	21,687,617,215	-	7,872,653,039	-
	56,986,948,913	-	43,025,099,819	-

Included in inventories as at 31 December 2019 were inventories costing VND56,987 million (1/1/2019: VND43,025 million) pledged with banks as security for loans granted to the Company (Note 15).

10. Tangible fixed assets

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Total VND
Cost					
Opening balance	44,456,049,316	454,924,541,035	7,878,596,832	264,453,433	507,523,640,616
Additions	-	235,000,000	-	-	235,000,000
Transfer from construction in progress	-	10,871,640,919	-	-	10,871,640,919
Reclassification	16,502,873,213	(16,502,873,213)	-	-	-
Closing balance	60,958,922,529	449,528,308,741	7,878,596,832	264,453,433	518,630,281,535
Accumulated depreciation					
Opening balance	34,851,818,561	245,220,401,020	3,787,730,247	254,738,407	284,114,688,235
Charge for the year	4,174,919,208	34,190,640,030	707,589,804	4,571,424	39,077,720,466
Reclassification	1,954,759,485	(1,954,759,485)	-	-	-
Closing balance	40,981,497,254	277,456,281,565	4,495,320,051	259,309,831	323,192,408,701
Net book value					
Opening balance	9,604,230,755	209,704,140,015	4,090,866,585	9,715,026	223,408,952,381
Closing balance	19,977,425,275	172,072,027,176	3,383,276,781	5,143,602	195,437,872,834

Included in tangible fixed assets were assets costing VND3,754 million which were fully depreciated as at 31 December 2019 (1/1/2019: VND2,956 VND million), but which are still in active use.

As at 31 December 2019, tangible fixed assets with net book value of VND195,438 million (1/1/2019: VND223,409 million) were pledged with banks as security for loans granted to the Company (Note 15).

11. Construction in progress

	2019 VND	2018 VND
Opening balance	345,225,405	142,674,587
Additions during the year	10,591,090,101	2,250,696,884
Transfer to tangible fixed assets	(10,871,640,919)	(1,970,146,066)
Transfer to long-term prepaid expenses	-	(78,000,000)
Closing balance	64,674,587	345,225,405

12. Long-term prepaid expenses

	Returnable packaging VND	Tools and supplies VND	Prepaid land costs VND	Total VND
Opening balance	7,137,651,258	1,942,359,878	1,239,624,208	10,319,635,344
Additions	-	2,337,557,918	-	2,337,557,918
Amortisation for the year	(3,480,312,083)	(1,868,843,539)	(413,208,072)	(5,762,363,694)
Closing balance	3,657,339,175	2,411,074,257	826,416,136	6,894,829,568

13. Accounts payable to suppliers

Accounts payable to suppliers detailed by significant suppliers

	Cost/Amount within payment capacity	
	31/12/2019 VND	1/1/2019 VND
Saigon Beer – Alcohol – Beverage Corporation – a related party	5,631,621,646	12,730,293,183
Other suppliers	2,886,733,553	3,035,196,401
	8,518,355,199	15,765,489,584

The trade related amounts due to related party were unsecured, interest free and payable upon demand.

14. Taxes payable to/receivable from State Treasury

(a) Taxes payable to State Treasury

	1/1/2019 VND	Incurred VND	Paid VND	Net-off VND	31/12/2019 VND
Special consumption tax	48,507,209,702	500,405,186,964	(510,254,570,429)	-	38,657,826,237
Value added tax	7,747,899,205	106,341,838,618	(67,519,904,327)	(42,291,631,652)	4,278,201,844
Corporate income tax	-	13,657,345,548	(8,713,905,614)	(1,575,066,645)	3,368,373,289
Personal income tax	145,344,862	2,946,224,355	(2,806,442,099)	-	285,127,118
Other taxes	-	11,203,516	(11,203,516)	-	-
	56,400,453,769	623,361,799,001	(589,306,025,985)	(43,866,698,297)	46,589,528,488

(b) Taxes receivable from State Treasury

	1/1/2019 VND	Net-off VND	31/12/2019 VND
Corporate income tax	1,575,066,645	(1,575,066,645)	-

15. Short-term borrowings

	1/1/2019 Carrying amount/ Amount within repayment capacity VND	Movements during the year		31/12/2019 Carrying amount/ Amount within repayment capacity VND
		Increase VND	Decrease VND	
Short-term borrowings (*)	-	485,209,286,719	(434,140,321,067)	51,068,965,652

(*) The short-term loan from Vietnam Joint Stock Commercial Bank for Industry and Trade has a credit limit of VND100,000 million and is secured over inventories with carrying value of VND56,987 million as at 31 December 2019 (1/1/2019: VND43,025 million) (Note 9) and tangible fixed assets with net book value of VND195,438 million as at 31 December 2019 (1/1/2019: VND223,409 million) (Note 10). This loan is denominated in VND and bore interest at 6.0% per annum.

16. Bonus and welfare fund

This fund is established by appropriating from retained profits as approved by the shareholders at General Meeting of shareholders. This fund is 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:

	2019 VND	2018 VND
Opening balance	8,433,787,798	6,320,899,408
Appropriation during the year (Note 17)	8,992,403,221	6,906,933,526
Additional appropriation to bonus and welfare fund (Note 17)	-	3,421,891,228
Utilisation	(7,012,315,397)	(8,215,936,364)
Closing balance	10,413,875,622	8,433,787,798

17. Changes in owners' equity

	Share capital VND	Share premimun VND	Investment and development fund VND	Retained profits VND	Total VND
Balance as at 1 January 2018	200,000,000,000	21,938,000,000	55,138,821,759	55,753,090,834	332,829,912,593
Net profit for the year	-	-	-	39,964,819,753	39,964,819,753
Adjustment to investment and development fund	-	-	(13,687,564,912)	13,687,564,912	-
Appropriation to bonus and welfare fund (Note 16)	-	-	-	(6,906,933,526)	(6,906,933,526)
Additional appropriation to bonus and welfare fund (Note 16)	-	-	-	(3,421,891,228)	(3,421,891,228)
Dividends (Note 19)	-	-	-	(64,000,000,000)	(64,000,000,000)
Balance as at 1 January 2019	200,000,000,000	21,938,000,000	41,451,256,847	35,076,650,745	298,465,907,592
Net profit for the year	-	-	-	62,340,527,203	62,340,527,203
Appropriation to bonus and welfare fund (Note 16)	-	-	-	(8,992,403,221)	(8,992,403,221)
Appropriation to social activities fund	-	-	-	(2,274,173,281)	(2,274,173,281)
Dividends (Note 19)	-	-	-	(26,000,000,000)	(26,000,000,000)
Balance as at 31 December 2019	200,000,000,000	21,938,000,000	41,451,256,847	60,150,601,446	323,539,858,293

18. Share capital

The Company's authorised and issued share capital are:

	31/12/2019 and 1/1/2019	
	Number of shares	**VND**
Authorised and issued share capital		
Ordinary shares	20,000,000	200,000,000,000
Shares in circulation		
Ordinary shares	20,000,000	200,000,000,000

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 was no movements in share capital during the year ended 31 December 2019 and 31 December 2018.

19. Dividends

The General Meeting of Shareholders of the Company resolved to declare dividends to shareholders during the year were as follows:

	2019		2018	
	Percentage on par value	**VND**	**Percentage on par value**	**VND**
Dividends advanced in the previous year	7%	14,000,000,000	10%	20,000,000,000
Remaining dividends paid during the year	13%	26,000,000,000	25%	50,000,000,000
Dividends declared	20%	40,000,000,000	35%	70,000,000,000

20. Investment and development fund

Investment and development fund was appropriated from retained profits in accordance with the resolution of General Meeting of shareholders. This fund was established for the purpose of future business expansion.

21. Off balance sheet items

(a) Lease

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

	31/12/2019 VND	1/1/2019 VND
Within one year	413,208,072	413,208,072
From two to five years	413,208,072	826,416,144
	826,416,144	1,239,624,216

(b) Capital expenditure commitment

At reporting date, the Company had the following outstanding capital commitments approved but not provided for in the balance sheet:

	31/12/2019 VND	1/1/2019 VND
Approved and contracted	2,894,556,401	5,551,630,000

22. Revenue from sales of goods and provision of service

Total revenue represents the gross value of goods sold and service rendered, exclusive of value added tax and special consumption tax.

	2019 VND	2018 VND
Total revenue		
▪ Sales of finished goods	559,293,556,524	454,585,099,727
Sales of finished goods inclusive of special consumption tax	*1,059,698,743,488*	*869,196,294,150*
Special consumption tax	*500,405,186,964*	*414,611,194,423*
▪ Provision of services	209,109,816	279,208,421
▪ Others	7,037,151,895	4,174,655,233
	566,539,818,235	459,038,963,381

23. Cost of sales

	2019 VND	2018 VND
Total cost of sales		
▪ Finished goods sold	473,451,987,492	390,580,871,764
▪ Others	1,268,691,414	170,506,555
	474,720,678,906	390,751,378,319

24. Financial income

	2019 VND	2018 VND
Interest income	8,515,623,399	5,448,118,985
Dividends income	1,000,000,000	1,250,000,000
	9,515,623,399	6,698,118,985

25. General and administration expenses

	2019 VND	2018 VND
Staff costs	9,765,669,058	8,162,414,142
Outside services	5,954,386,799	5,114,232,743
Depreciation	1,013,204,088	1,130,718,195
Others	5,263,536,505	6,652,587,843
	21,996,796,450	21,059,952,923

26. Production and business costs by elements

	2019 VND	2018 VND
Raw material costs included in production costs	410,425,174,033	323,794,446,653
Labour and staff costs	38,750,518,546	37,320,699,266
Depreciation	39,077,720,466	38,421,609,919
Outside services	12,753,184,107	9,920,844,895
Other expenses	10,608,973,277	12,873,819,634

27. Corporate income tax

(a) Recognised in the statement of income

	2019 VND	2018 VND
Current tax expense		
Current year	13,657,345,548	6,991,548,066
Under provision in prior years	-	61,432,857
	13,657,345,548	7,052,980,923

(b) Reconciliation of effective tax rate

	2019 VND	2018 VND
Accounting profit before tax	75,997,872,751	47,017,800,676
Tax at the Company's tax rate	11,399,680,913	7,052,670,101
Effect of different tax rate applied to non-incentive income and other income	2,291,249,184	1,395,360,134
Non-deductible expenses	116,415,451	141,125,361
Tax exempt income	(150,000,000)	(187,500,000)
Tax incentives	-	(1,410,107,530)
Under provision in prior years	-	61,432,857
	13,657,345,548	7,052,980,923

(c) Applicable tax rates

In accordance with terms in Investment Certificate, the Company has an obligation to pay the government corporate income tax at the rate of 15% of taxable profit from Beer Investment Project of 25 million liters per year for 12 years starting from the first year of operations (2008). Under the terms of current Income Tax Law, the Company is exempt from tax for 3 years from the first year it generates a taxable profit (2009 – 2011) and entitled to a 50% reduction in income tax for the 7 succeeding years (2012 – 2018).

All of above tax incentives are not applicable for taxable income from expansion projects and other income. These income is subjected to a normal income tax rate of 20%.

28. Basic earnings per share

The calculation of basic earnings per share for the year ended 31 December 2019 was based on the profit attributable to ordinary shareholders after deducting the amounts appropriated to bonus and welfare fund and a weighted average number of ordinary shares, calculated as follows:

(i) Net profit attributable to ordinary shareholders

	2019 VND	2018 VND
Net profit for the year	62,340,527,203	39,964,819,753
Appropriation to bonus and welfare fund	(8,992,403,221)	(10,328,824,754)
Net profit attributable to ordinary shareholders	53,348,123,982	29,635,994,999

(ii) Weighted average number of ordinary shares

There is no movement in the number of shares for the years ended 31 December 2019 and 31 December 2018. The weighted average number of ordinary shares used to calculate basic earnings per share for two presented years are 20,000,000 shares.

29. Significant transactions with related parties

In addition to related party balances disclosed in other notes to the financial statements, the Company had the following significant transactions with related parties during the year:

	Transaction value	
	2019 VND	2018 VND
Saigon Beer – Alcohol – Beverage Corporation		
Sales of finished goods (inclusive of special consumption tax)	1,053,417,990,380	863,363,755,460
Purchases of raw materials	351,186,850,553	270,973,955,805
Sales of raw materials	1,271,769,940	-
Dividends	3,745,950,000	9,220,800,000
Western - Sai Gon Beer Joint Stock Company		
Sales of finished goods	13,390,910	27,778,640
Sales of raw materials	13,970,909	8,295,000
Dividends	2,459,349,100	6,053,782,400
Chuong Duong Beverages Joint Stock Company		
Purchases of goods	15,349,091	-
Dividends	1,436,500,000	3,536,000,000
Sai Gon Beer Trading Company Limited		
Bottles replacement fees	1,314,180,912	1,003,141,256
Sai Gon - Kien Giang Beer Joint Stock Company		
Dividends received	1,000,000,000	1,250,000,000
Sa Be Co Mechanical Co., Ltd		
Purchases of services	964,000,000	34,600,000
Saigon Song Hau Beer Trading Joint Stock Company		
Purchases of goods	193,002,520	-
Dividends	682,500,000	1,680,000,000
Saigon Song Tien Beer Trading Joint Stock Company		
Sales of finished goods and scraps	15,767,726	17,613,635
Dividends	682,500,000	1,680,000,000
Binh Tay Liquor Joint Stock Company		
Purchases of goods	54,000,000	-
Crown Beverage Cans Saigon Limited Company		
Other income	34,010,898	-
Saigon - Soc Trang Beer One Member Limited Company		
Sales of finished goods	-	5,454,545
Key management personnel		
Remuneration	5,216,212,645	4,849,474,983

30. Corresponding figures

The corresponding figures as at 1 January 2019 were brought forward from the audited figures of the Company's financial statements as at and for the year ended 31 December 2018.

5 March 2020

Prepared by:	Reviewed by:	Approved by:
Tran Thanh Phuong	Phan Duy Linh	Tran Xuan To
General Accountant	*Chief Accountant*	*General Director*