



**QUANG NGAI SUGAR
JOINT STOCK COMPANY**

Financial statements

For the year ended 31 December 2019

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REPORT OF THE MANAGEMENT

The Management of Quang Ngai Sugar Joint Stock Company is pleased to present this report together with the audited financial statements for the year ended 31/12/2019.

Overview

Quang Ngai Sugar Joint Stock Company (“the Company”) is incorporated on the basis of equitizing the State-Owned Enterprise (Quang Ngai Sugar Company belonging to the Ministry of Agriculture and Rural Development) under Decision No. 2610/QD/BNN-DMDN dated 30/9/2005 by the Minister of Agriculture and Rural Development. The Company is an independent accounting entity, operating in accordance with Business Registration Certificate (now being the Enterprise Registration Certificate) No. 3403000079 issued by the Department of Planning and Investment of Quang Ngai Province on 28/12/2005, the Enterprise Law, its Charter and relevant regulations. Since the establishment date, the Enterprise Registration Certificate (the current number is 4300205943) has been amended 22 times and the most recent amendment was made on 22/07/2019.

The Company registered to list and trade its common shares on UPCoM at Hanoi Stock Exchange on 20 December 2016 with stock code QNS.

Charter capital: VND3,569,399,550.

As at 31/12/2019, the Company has 16 dependent units which do independent accounting and one subsidiary:

Dependent units

- Dung Quat Beer Factory;
- An Khe Agricultural and Mechanical Workshop;
- Viet Nam Soya Milk Factory - VINASOY;
- Viet Nam Soya Milk Factory - VINASOY Bac Ninh;
- Viet Nam Soya Milk Factory - VINASOY Binh Duong;
- VINASOY Study and Application Center;
- Pho Phong Sugar Factory;
- Environment and Clean Water Center;
- An Khe Sugar Factory;
- An Khe Biomass Power Plant;
- Candy And Biscuit Factory- BISCAFUN;
- Thach Bich Mineral Water Factory;
- Quang Ngai Sugarcane Variety Research Center;
- Quang Ngai Glucose Syrup Factory;
- Mechanical Factory;
- Gia Lai Sugarcane Seed Study and Application Center.

Subsidiary

Company name	Address	Principal activities	% holding and voting right
Thanh Phat Trade Limited Company	02 Nguyen Chi Thanh, Quang Ngai City	Trading	100%

Head office

- Address: 02 Nguyen Chi Thanh Street, Quang Phu Ward, Quang Ngai City, Quang Ngai Province.
- Tel: (84) 0255.3726 110

REPORT OF THE MANAGEMENT (CONT'D)

- Fax: (84) 0255.3822 843
- Website: www.qns.com.vn

Principal activities

- Processing milk and products from milk. Detail: Processing soya milk and products from soya milk;
- Restaurants and mobile food service activities;
- Manufacturing sugar;
- Manufacturing pastry cooks' products from flours;
- Manufacturing fertilizer and nitrogen compounds. Detail: Manufacturing inorganic, microbial fertilizers;
- Other food serving activities;
- Installing industrial machinery and equipment;
- Wholesale of beverages. Detail: Trading beer, beverages;
- Sewerage and waste water treatment;
- Manufacturing cocoa, chocolate and sugar confectionery;
- Repairing machinery and equipment;
- Other specialized construction activities;
- Wholesale of food. Detail: Trading sugar, honey, milk, confectionary;
- Manufacturing malt liquors and malt;
- Manufacturing non-alcoholic beverages, mineral waters. Detail: Manufacturing soft drinks and mineral water;
- Warehousing and storage;
- Propagation and growing of industrial cultivars. Detail: Propagation and care of sugar cane; Propagation and care of soybean trees;
- Post-harvest crop activities;
- Support activities for crop production. Detail: Planting sugar cane;
- Real estate activities with own or leased property;
- Machining; treatment and coating of metals. Detail: Machining mechanical products for manufacture and civil industries;
- Construction of other civil engineering projects;
- Freight transport by road;
- Short-term accommodation activities;
- Manufacturing agricultural and forestry machinery. Detail: Trading and manufacturing tools of agricultural machinery;
- Manufacturing other special-purpose machinery. Detail: Manufacturing machinery for planting, caring and harvesting sugar cane;
- Other specialized wholesale n.e.c. Detail: Trading inorganic fertilizers, microbial fertilizers; Trading glass bottles, plastic boxes; Trading sugar cane as seedlings, raw materials, ethanol, glucose syrup; Trading finished products, wastes from sugar processing such as: molasses, soy bean residue, malt in beer, bagasse, press mud;

REPORT OF THE MANAGEMENT (CONT'D)

- Manufacturing other food products n.e.c. Detail: Manufacturing, trading glucose syrup; Manufacturing, trading ethanol such as food ethanol, fuel ethanol, denatured fuel ethanol, industrial ethanol; Manufacturing and trading food CO2 and industrial CO2;
- Growing of oil seeds;
- Seed processing for propagation;
- Other mining and quarrying n.e.c.;
- Exploiting, treating and supplying water. Detail: Exploiting mineral water;
- Research and experimental development on natural sciences and engineering;
- Other professional, scientific and technical activities n.e.c. Detail: Agronomic consultancy;
- Organization of conventions and trade shows;
- Site preparation. Detail: Filling, grading, excavating land, building infield ditch roads and traffic of sugar cane area;
- Landscape care and maintenance service;
- Manufacturing gas; distributing gaseous fuels through mains. Detail: Manufacturing and supplying biogas and steam gas;
- Generating, transmitting and distributing electricity. Detail: Generating electricity;
- Packaging activities (except packaging of plant protection drugs).

Employees

As at 31/12/2019, the Company had 3,887 employees, including 146 managing officers.

Members of the Board of Directors, Board of Supervisors, Management and Chief Accountant during the year and up to this reporting date are as follows:

Board of Directors

- | | | |
|------------------------|---------------|---------------------------|
| • Mr. Vo Thanh Dang | Chairman | Reappointed on 11/04/2016 |
| • Mr. Nguyen Huu Tien | Vice Chairman | Reappointed on 11/04/2016 |
| • Mr. Tran Ngoc Phuong | Member | Reappointed on 09/04/2016 |
| • Mr. Ngo Van Tu | Member | Reappointed on 09/04/2016 |
| • Mr. Dang Phu Quy | Member | Reappointed on 09/04/2016 |

Board of Supervisors

- | | | |
|---------------------------|------------------|---------------------------|
| • Mr. Nguyen Dinh Que | Chief Supervisor | Reappointed on 11/04/2016 |
| • Mr. Nguyen Thanh Huy | Supervisor | Reappointed on 09/04/2016 |
| • Ms. Huynh Thi Ngoc Diep | Supervisor | Appointed on 25/03/2017 |

Management and Chief Accountant

- | | | |
|------------------------|-----------------------|---------------------------|
| • Mr. Vo Thanh Dang | General Director | Reappointed on 03/05/2016 |
| • Mr. Nguyen Huu Tien | Vice General Director | Reappointed on 01/08/2017 |
| • Mr. Tran Ngoc Phuong | Vice General Director | Reappointed on 03/05/2016 |
| • Mr. Nguyen The Binh | Chief Accountant | Appointed on 10/12/2017 |

REPORT OF THE MANAGEMENT (CONT'D)

Independent Auditor

These financial statements have been audited by AAC Auditing and Accounting Co., Ltd. (Head office: Lot 78-80, 30th April Street, Hai Chau District, Da Nang City; Telephone: (84) 236.3655886; Fax: (84) 0236.3655887; Website: www.aac.com.vn; Email: aac@dng.vnn.vn).

Statement of the Management's responsibility in respect of the financial statements

The Management of the Company is responsible for preparation and fair presentation of these financial statements on the basis of:

- Complying with Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and other relevant regulations;
- Selecting suitable accounting policies and then applying them consistently;
- Making judgments and estimates that are reasonable and prudent;
- Preparing the financial statements on the going concern basis;
- Responsibility for such internal control as the Management determines is necessary to enable the preparation and presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Members of the Company's Management hereby confirm that the accompanying financial statements including the balance sheet, the income statement, the statement of cash flows and notes to the financial statements give a true and fair view of the financial position of the Company as at 31/12/2019 and the results of its operations and its cash flows for the year then ended in accordance with the prevailing Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and the statutory requirements relevant to preparation and presentation of the financial statements.

On behalf of the Management



Ng Thanh Dang

General Director

Quang Ngai Province, 29 February 2020



AAC AUDITING AND ACCOUNTING CO., LTD

AN INDEPENDENT MEMBER OF PRIMEGLOBAL

AUDITING ACCOUNTING AND FINANCE SPECIALITY

Head Office: Lot 78 - 80, April 30th Street, Hai Chau District, Da Nang City

Tel: +84 (236) 3 655 886; Fax: +84 (236) 3 655 887; Email: aac@dng.vnn.vn; Website: <http://www.aac.com.vn>

No.: 140/2020/BCKT-AAC

INDEPENDENT AUDITORS' REPORT

**Attn: The Shareholders, Board of Directors and Management
Quang Ngai Sugar Joint Stock Company**

We have audited the accompanying financial statements prepared on 29 February 2020 of Quang Ngai Sugar Joint Stock Company ("the Company") as set out on pages 7 to 44, which comprise the balance sheet as at 31 December 2019, the income statement, statement of cash flows, and notes to the financial statements for the year then ended.

Management's Responsibility for the Financial Statements

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

Auditors' 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 from 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 auditors' judgment, 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 auditors consider 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 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.

Opinion

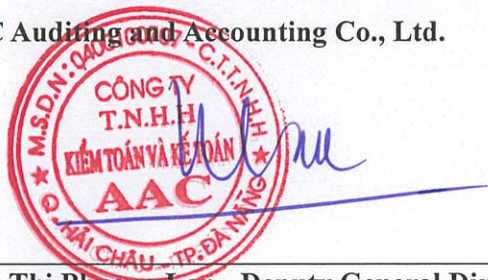
In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with the Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and the statutory requirements relevant to preparation and presentation of financial statements.

Emphasis of Matter

We draw attention to Note 3 to the financial statements that the accompanying financial statements are the 2019 separate financial statements of the Company. These financial statements should be read in conjunction with the 2019 consolidated financial statements in order to obtain complete information on the consolidated financial position, consolidated results of operations and consolidated cash flows of the Company.

Our audit opinion is not qualified in respect of this matter.

AAC Auditing and Accounting Co., Ltd.



Tran Thi Phuong Lan - Deputy General Director
Audit Practicing Registration Certificate
No. 0396-2018-010-1
Da Nang City, 29 February 2020

Do Thi Thanh Van – Auditor
Audit Practicing Registration Certificate
No. 1483-2018-010-1

BALANCE SHEET
As at 31 December 2019

Form B 01 - DN
Issued under Circular No. 200/2014/TT - BTC
dated 22/12/2014 by the Ministry of Finance

ASSETS	Code	Note	31/12/2019 VND	01/01/2019 VND
A. CURRENT ASSETS	100		3,835,252,532,242	3,175,277,218,366
I. Cash and cash equivalents	110		211,157,417,797	417,823,626,254
1. Cash	111	5	211,157,417,797	417,823,626,254
2. Cash equivalents	112		-	-
II. Short-term financial investments	120		2,660,000,000,000	1,699,000,000,000
1. Trading securities	121		-	-
2. Held-to-maturity investments	123	6.a	2,660,000,000,000	1,699,000,000,000
III. Short-term receivables	130		280,107,727,345	467,166,692,010
1. Short-term trade receivables	131	7	61,814,649,925	85,676,814,260
2. Short-term prepayments to suppliers	132	8	194,798,095,521	372,040,637,498
3. Other short-term receivables	136	9.a	35,684,143,228	20,916,193,253
4. Provision for doubtful debts	137	10	(12,189,161,329)	(11,466,953,001)
IV. Inventories	140	11	660,243,720,588	584,053,948,092
1. Inventories	141		660,243,720,588	584,053,948,092
2. Provision for obsolete inventories	149		-	-
V. Other current assets	150		23,743,666,512	7,232,952,010
1. Short-term prepaid expenses	151	12.a	16,556,870,264	7,207,166,498
2. Deductible VAT	152		7,157,450,445	-
3. Taxes and amounts receivable from the State	153	18	29,345,803	25,785,512
B. LONG-TERM ASSETS	200		6,007,583,012,894	5,623,150,533,033
I. Long-term receivables	210		690,181,497	690,181,497
1. Long-term trade receivables	211		-	-
2. Other long-term receivables	216	9.b	690,181,497	690,181,497
II. Fixed assets	220		4,156,947,268,621	4,387,998,740,641
1. Tangible fixed assets	221	13	4,134,126,498,870	4,354,405,972,996
- Cost	222		8,222,496,724,185	7,992,659,915,640
- Accumulated depreciation	223		(4,088,370,225,315)	(3,638,253,942,644)
2. Intangible fixed assets	227	14	22,820,769,751	33,592,767,645
- Cost	228		46,897,362,050	42,939,992,175
- Accumulated amortization	229		(24,076,592,299)	(9,347,224,530)
III. Investment property	230		-	-
IV. Non-current assets in progress	240		826,034,324,026	213,696,481,803
1. Long-term work in process	241		-	-
2. Construction in progress	242	15	826,034,324,026	213,696,481,803
V. Long-term financial investments	250	6.b	800,000,000,000	800,000,000,000
1. Investments in subsidiary	251		800,000,000,000	800,000,000,000
2. Held-to-maturity investments	255		-	-
VI. Other long-term assets	260		223,911,238,750	220,765,129,092
1. Long-term prepaid expenses	261	12.b	223,911,238,750	220,765,129,092
2. Other long-term assets	268		-	-
TOTAL ASSETS	270		9,842,835,545,136	8,798,427,751,399

BALANCE SHEET (cont'd)

As at 31 December 2019

RESOURCES	Mã số	Note	31/12/2019 VND	01/01/2019 VND
C. LIABILITIES	300		2,590,687,621,476	2,675,145,080,629
I. Current liabilities	310		2,574,438,340,663	2,656,378,039,717
1. Short-term trade payables	311	16	488,041,349,532	444,235,146,746
2. Short-term advances from customers	312	17	27,188,689,901	37,053,163,709
3. Taxes and amounts payable to the State budget	313	18	140,493,993,308	107,128,964,954
4. Payables to employees	314		132,629,279,523	107,990,980,301
5. Short-term accrued expenses	315	19	6,583,411,474	3,008,342,529
6. Other short-term payables	319	20.a	48,612,115,004	177,658,931,683
7. Short-term loans and finance lease liabilities	320	21	1,664,732,020,504	1,727,184,074,877
8. Reward and welfare fund	322		66,157,481,417	52,118,434,918
II. Long-term liabilities	330		16,249,280,813	18,767,040,912
1. Other long-term payables	337	20.b	10,968,832,523	10,331,856,189
2. Science and technology development fund	343	22	5,280,448,290	8,435,184,723
D. EQUITY	400		7,252,147,923,660	6,123,282,670,770
I. Owners' equity	410	23	7,251,647,923,660	6,123,282,670,770
1. Share capital	411	23	3,569,399,550,000	2,925,746,090,000
- Common shares with voting rights	411a		3,569,399,550,000	2,925,746,090,000
- Preferred shares	411b		-	-
2. Share premium	412	23	353,499,663,780	288,320,082,456
3. Investment and development fund	418	23	567,823,798,211	505,806,238,330
4. Undistributed profit	421	23	2,760,924,911,669	2,403,410,259,984
- Undistributed profit up to prior year-end	421a		1,585,159,831,651	1,371,423,530,580
- Undistributed profit this year	421b		1,175,765,080,018	1,031,986,729,404
II. Budget sources and other funds	430		500,000,000	-
1. Budget resources	431		500,000,000	-
2. Resources financing fixed assets	432		-	-
TOTAL RESOURCES	440		9,842,835,545,136	8,798,427,751,399



Vo Thanh Dang
General Director

Quang Ngai Province, 29 February 2020

Nguyen The Binh
Chief Accountant

Tran Thi Xuan Hien
Preparer

INCOME STATEMENT
For the year ended 31 December 2019

Form B 02 - DN
Issued under Circular No. 200/2014/TT - BTC
dated 22/12/2014 by the Ministry of Finance

ITEMS	Code	Note	Year 2019 VND	Year 2018 VND
1. Revenue from sales and service provision	01	25	7,403,972,150,566	7,744,768,270,850
2. Deductions	02	26	40,571,866,550	39,230,367,177
3. Net revenue from sales and service provision	10		7,363,400,284,016	7,705,537,903,673
4. Cost of goods sold	11	27	4,948,602,981,445	5,451,328,578,200
5. Gross profit from sales and service provision	20		2,414,797,302,571	2,254,209,325,473
6. Financial income	21	28	201,909,976,410	170,323,902,343
7. Financial expenses	22	29	77,362,094,057	96,152,814,482
<i>Including: Interest expense</i>	23		76,961,987,689	90,021,145,503
8. Selling expenses	25	30.a	749,508,041,635	724,593,390,895
9. Administrative expenses	26	30.b	209,810,817,534	171,982,777,628
10. Operating profit	30		1,580,026,325,755	1,431,804,244,811
11. Other income	31	31	33,110,011,771	58,319,044,611
12. Other expenses	32	32	7,546,051,800	804,049,086
13. Other profit	40		25,563,959,971	57,514,995,525
14. Accounting profit before tax	50		1,605,590,285,726	1,489,319,240,336
15. Current corporate income tax expense	51	33	251,355,228,208	164,757,901,932
16. Deferred corporate income tax expense	52		-	-
17. Profit after tax	60		1,354,235,057,518	1,324,561,338,404



Vo Thanh Dang
General Director

Quang Ngai Province, 29 February 2020

Nguyen The Binh
Chief Accountant

Tran Thi Xuan Hi
Preparer

STATEMENT OF CASH FLOWS
For the year ended 31 December 2019

Form B 03 - DN
Issued under Circular No. 200/2014/TT - BTC
dated 22/12/2014 by the Ministry of Finance

ITEMS	Code	Note	Year 2019	Year 2018
			VND	VND
I. Cash flows from operating activities				
1. Net profit before tax	01		1,605,590,285,726	1,489,319,240,336
2. Adjustments for				
- Depreciation and amortization	2	13,14	478,710,434,157	492,689,688,374
- Provisions	3		722,208,328	(6,451,437)
- Foreign exchange gain/loss from revaluation of foreign currency balances	4	28	(146,698,209)	44,216,788
- (Profits)/losses from investing activities	5		(168,953,512,597)	(142,427,222,592)
- Interest expense	6	29	76,961,987,689	90,021,145,503
- Other adjustments	7	23	-	5,000,000,000
3. Operating profit before changes in working capital	8		1,992,884,705,094	1,934,640,616,972
- Decrease/increase in receivables	9		49,970,694,326	810,884,075,815
- Decrease/increase in inventories	10		(76,189,772,496)	(265,422,207,257)
- Decrease/increase in payables	11		14,248,193,369	66,906,328,885
- Decrease/increase in prepaid expenses	12		(17,807,999,440)	8,946,458,713
- Interest paid	14		(77,010,710,017)	(89,544,267,385)
- Corporate income tax paid	15	18	(221,061,200,778)	(138,009,767,247)
- Other cash receipts from operating activities	16		500,000,000	-
- Other payments for operating activities	17		(13,811,047,220)	(15,771,720,333)
Net cash provided by operating activities	20		1,651,722,862,838	2,312,629,518,163
II. Cash flows from investing activities				
1. Purchases of fixed assets and other long-term assets	21		(646,105,857,883)	(565,908,977,523)
2. Proceeds from disposals of fixed assets and other long-term assets	22		1,411,979,091	107,098,182
3. Cash paid for loans, acquisition of debt instruments	23		(2,197,000,000,000)	(1,335,000,000,000)
4. Recovery of loans, sales of debt instruments	24		1,236,000,000,000	387,000,000,000
5. Cash paid for capital contribution in other entities	25		-	(794,000,000,000)
6. Received loan interest, dividends, profits	27		157,155,637,082	135,941,442,889
Net cash used in investing activities	30		(1,448,538,241,710)	(2,171,860,436,452)
III. Cash flows from financing activities				
1. Proceeds from stock issuance, capital contribution	31		123,694,501,324	(15,000,000)
2. Proceeds from borrowings	33	21	5,094,579,021,981	5,819,407,597,289
3. Repayment of loan principals	34	21	(5,157,031,076,354)	(5,428,290,954,025)
4. Repayment of finance lease obligation	35		-	(251,878,747,100)
5. Dividends, profit paid to owners	36		(471,101,385,100)	(389,945,890,875)
Net cash used in financing activities	40		(409,858,938,149)	(250,722,994,711)
Net cash flows for the year	50		(206,674,317,021)	(109,953,913,000)
Cash and cash equivalents at the beginning of the year	60		417,823,626,254	527,781,193,851
Impacts of exchange rate fluctuations	61		8,108,564	(3,654,597)
Cash and cash equivalents at the end of the year	70		211,157,417,797	417,823,626,254



Vo Thanh Dang
General Director

Nguyen The Binh
Chief Accountant

Tran Thi Xuan Hien
Preparer

Quang Ngai Province, 29 February 2020

NOTES TO THE FINANCIAL STATEMENTS

(These notes form an integral part of and should be read in conjunction with the financial statements)

Form B 09 - DN
Issued under Circular No. 200/2014/TT - BTC
dated 22/12/2014 by the Ministry of Finance

1. Nature of operations

1.1. Overview

Quang Ngai Sugar Joint Stock Company (“the Company”) is incorporated on the basis of equitizing the State-Owned Enterprise (Quang Ngai Sugar Company belonging to the Ministry of Agriculture and Rural Development) under Decision No. 2610/QD/BNN-DMDN dated 30/9/2005 by the Minister of Agriculture and Rural Development. The Company is an independent accounting entity, operating in accordance with Business Registration Certificate (now being the Enterprise Registration Certificate) No. 3403000079 issued by the Department of Planning and Investment of Quang Ngai Province on 28/12/2005, the Enterprise Law, its Charter and relevant regulations. Since the establishment date, the Enterprise Registration Certificate (the current number is 4300205943) has been amended 22 times and the most recent amendment was made on 22/07/2019.

1.2. Principal scope of business: Industrial manufacture and commercial trading/service/construction/multi-industry business.

1.3. Operating activities

- Processing milk and products from milk. Detail: Processing soya milk and products from soya milk;
- Restaurants and mobile food service activities;
- Manufacturing sugar;
- Manufacturing pastry cooks’ products from flours;
- Manufacturing fertilizer and nitrogen compounds. Detail: Manufacturing inorganic, microbial fertilizers;
- Other food serving activities;
- Installing industrial machinery and equipment;
- Wholesale of beverages. Detail: Trading beer, beverages;
- Sewerage and waste water treatment;
- Manufacturing cocoa, chocolate and sugar confectionery;
- Repairing machinery and equipment;
- Other specialized construction activities;
- Wholesale of food. Detail: Trading sugar, honey, milk, confectionary;
- Manufacturing malt liquors and malt;
- Manufacturing non-alcoholic beverages, mineral waters. Detail: Manufacturing soft drinks and mineral water;
- Warehousing and storage;
- Propagation and growing of industrial cultivars. Detail: Propagation and care of sugar cane; Propagation and care of soybean trees;
- Post-harvest crop activities;
- Support activities for crop production. Detail: Planting sugar cane;
- Real estate activities with own or leased property;

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(These notes form an integral part of and should be read in conjunction with the financial statements)

- Machining; treatment and coating of metals. Detail: Machining mechanical products for manufacture and civil industries;
- Construction of other civil engineering projects;
- Freight transport by road;
- Short-term accommodation activities;
- Manufacturing agricultural and forestry machinery. Detail: Trading and manufacturing tools of agricultural machinery;
- Manufacturing other special-purpose machinery. Detail: Manufacturing machinery for planting, caring and harvesting sugar cane;
- Other specialized wholesale n.e.c. Detail: Trading inorganic fertilizers, microbial fertilizers; Trading glass bottles, plastic boxes; Trading sugar cane as seedlings, raw materials, ethanol, glucose syrup; Trading finished products, wastes from sugar processing such as: molasses, soy bean residue, malt in beer, bagasse, press mud;
- Manufacturing other food products n.e.c. Detail: Manufacturing, trading glucose syrup; Manufacturing, trading ethanol such as food ethanol, fuel ethanol, denatured fuel ethanol, industrial ethanol; Manufacturing and trading food CO₂ and industrial CO₂;
- Growing of oil seeds;
- Seed processing for propagation;
- Other mining and quarrying n.e.c.;
- Exploiting, treating and supplying water. Detail: Exploiting mineral water;
- Research and experimental development on natural sciences and engineering;
- Other professional, scientific and technical activities n.e.c. Detail: Agronomic consultancy;
- Organization of conventions and trade shows;
- Site preparation. Detail: Filling, grading, excavating land, building infield ditch roads and traffic of sugar cane area;
- Landscape care and maintenance service;
- Manufacturing gas; distributing gaseous fuels through mains. Detail: Manufacturing and supplying biogas and steam gas;
- Generating, transmitting and distributing electricity. Detail: Generating electricity;
- Packaging activities (except packaging of plant protection drugs).

1.4. Normal operating cycle

The Company's normal operating cycle is 12 months. The normal operating cycle of An Khe Sugar Factory, An Khe Biomass Power Plant and Pho Phong Sugar Factory is seasonal and from October of the preceding year to May of the following year.

1.5. Company structure

As at 31/12/2019, the Company had 16 dependent units which do independent accounting and one subsidiary as follows:

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(These notes form an integral part of and should be read in conjunction with the financial statements)

Dependent units

- Dung Quat Beer Factory;
- An Khe Agricultural and Mechanical Workshop;
- Viet Nam Soya Milk Factory - VINASOY;
- Viet Nam Soya Milk Factory - VINASOY Bac Ninh;
- Viet Nam Soya Milk Factory - VINASOY Binh Duong;
- VINASOY Study and Application Center;
- Pho Phong Sugar Factory;
- Environment and Clean Water Center;
- An Khe Sugar Factory;
- An Khe Biomass Power Plant;
- Candy And Biscuit Factory- BISCAFUN;
- Thach Bich Mineral Water Factory;
- Quang Ngai Sugarcane Variety Research Center;
- Quang Ngai Glucose Syrup Factory;
- Mechanical Factory;
- Gia Lai Sugarcane Seed Study and Application Center.

Subsidiary

Company name	Address	Principal activities	% holding and voting right
Thanh Phat Trade Limited Company	02 Nguyen Chi Thanh, Quang Ngai City	Trading	100%

2. Accounting period, currency used in accounting

The Company's annual accounting period is from 01 January to 31 December.

Currency unit used for accounting records and presented in the financial statements is Vietnamese Dong (VND).

3. Applied accounting standards and system

The Company adopts the Vietnamese Corporate Accounting System, which was guided under Circular No. 200/2014/TT-BTC dated 22/12/2014 and Vietnamese Accounting Standards promulgated by the Ministry of Finance.

As at 31/12/2019, the Company has a subsidiary, thus in 2019, the Company concurrently prepared both the Company's separate financial statements and consolidated financial statements. These separate financial statements should be read in conjunction with the 2019 consolidated financial statements in order to obtain complete information on the consolidated financial position, consolidated results of operations and consolidated cash flows of the Company.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(These notes form an integral part of and should be read in conjunction with the financial statements)

4. Summary of significant accounting policies

4.1 Exchange rate difference applied in accounting

Transactions denominated in foreign currency are translated into VND using the actual exchange rate announced by the commercial bank where the Company anticipates conducting transactions on the date of the transactions.

At the balance sheet date, monetary items denominated in foreign currency which are classified as assets are revaluated using the purchasing exchange rate and monetary items denominated in foreign currency which are classified as liabilities are revaluated using the selling exchange rate of the commercial bank where the Company regularly conducts transactions at the time of the financial statements. For foreign currency deposited in bank, the exchange rate upon revaluation is the purchase exchange rate of the bank where the Company opens foreign currency accounts.

Exchange rate differences are treated in accordance with the provisions of Vietnamese Accounting Standards No. 10 "Impacts of exchange rate fluctuations". Accordingly, foreign exchange differences arising during the year and exchange rate differences resulting from revaluating the closing balances of monetary items denominated in foreign currencies are recorded in the income statement of the fiscal year.

4.2 Cash and cash equivalents

Cash includes: cash on hand, demand deposits and cash in transit.

Cash equivalents are short-term investments which are collectible or mature within 3 months at the date of purchase, readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

4.3 Financial investments

Held-to-maturity investments

Held-to-maturity investments are term deposits (including treasury bills, promissory notes), bonds, preferred shares which the issuer is required to re-buy them at a certain time in the future and held-to-maturity loans to earn profits periodically and other held-to-maturity investments.

Held-to-maturity investments are recorded at book value upon revaluation. Provision for loss of held-to-maturity investments shall be recorded as a decrease directly in the book value of investments.

Investments in subsidiaries

Subsidiaries are entities controlled by the Company. The subsidiary-parent company relationship is represented through the fact that the Company holds (directly or indirectly) over 50% voting shares in the subsidiary and has the power to govern the financial and operating policies of the subsidiary.

Investments in subsidiaries are recorded at cost less provision. Dividends and profits received in money or non-monetary asset for the period before the investment date shall be recorded as a decrease in value of investment.

Provision

Provision for investments in subsidiaries is made if these investments are impaired or the investees suffer losses leading to the irrecoverability of the Company's investments.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(These notes form an integral part of and should be read in conjunction with the financial statements)

4.4 Receivables

Receivables include trade receivables and other receivables.

- Trade receivables include commercial receivables generating from purchase-sale related transactions between the Company and buyers;
- Other receivables include non-commercial receivables, receivables not related to purchase-sale and intra-company transactions.

Receivables are recorded at cost less provision for doubtful debts. The appropriation of provision complies with the guidelines in Circular No. 48/2019/TT-BTC dated 08/08/2019 by the Ministry of Finance. Accordingly, provision is made at the balance sheet date for the receivables which have been overdue for over 6 months or which have not been due but are likely to become irrecoverable.

4.5 Inventories

Inventories are stated at the lower of cost and net realizable value.

Cost of inventories is calculated using the weighted average method and accounted for using the perpetual method with value determined as follows:

- Materials, goods: Cost comprises costs of purchase, costs of conversion and any directly attributable costs of bringing the inventories to their present location and condition;
- Finished products: Cost comprises costs of direct materials and labour plus attributable overhead based on the normal level of activities.

Net realizable value is the estimated selling price less the estimated costs of completing the products and the estimated costs needed for their consumption.

Provision for decline in value of inventories is made for each kind of inventories when the net realizable value of that kind of inventories is less than cost.

4.6 Tangible fixed assets

Cost

Tangible fixed assets are stated at cost less accumulated depreciation.

The cost of tangible assets comprises their purchase price and all the costs incurred by the Company to acquire those assets as of the time of putting such assets into the ready-for-use state. The costs incurred after the initial recognition of tangible fixed asset shall be recorded as increase in their historical cost if these costs are certain to augment future economic benefits obtained from the use of those assets. Those incurred costs which fail to meet this requirement must be recognized as production and business expenses in the period.

Depreciation

Depreciation of fixed assets is calculated in accordance with the straight-line method over their estimated useful lives. Depreciation period is in conformity with Circular No. 45/2013/TT-BTC dated 25/4/2013 by the Ministry of Finance. The Company accelerates the depreciation of machinery, equipment, office equipment and motor vehicles but not more than 2 times of the depreciation rate by the straight-line method. Details are as follows:

<u>Kinds of assets</u>	<u>Depreciation period (years)</u>
Buildings, architectures	5 - 25

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(These notes form an integral part of and should be read in conjunction with the financial statements)

Machinery, equipment	3 - 15
Motor vehicles	3 - 10
Office equipment	3 - 10

4.7 Intangible fixed assets

Cost

Intangible fixed assets are stated at cost less accumulated amortization.

The cost of intangible fixed assets comprises all the costs incurred by the Company to acquire those assets as of the time of putting such assets into the ready-for-use state.

Land use rights

Intangible fixed assets are land use rights including:

- The land use right allocated by the State with land use fee or receiving the transfer of legal land use right (including term and non-term land use right).
- The prepaid land rent (has been paid for the leasing time or paid in advance for many years but the remaining land lease term paid is at least five years) for the land rent contract before the effective date of the Land Act 2003 and being granted with certificate of land use right by the competent authority.

The cost of land use right includes all the costs directly attributable to the putting of land into the ready-for-use state.

Amortization

Intangible fixed assets being land use rights with indefinite term are not amortized. For land use rights with definite term, the amortization period is the period in which the Company is allowed to use the land.

Other intangible fixed assets are amortized in accordance with the straight-line method. Amortization rate is based on their cost and estimated useful lives. Amortization period is in conformity with Circular No. 45/2013/TT-BTC dated 25/4/2013 by the Ministry of Finance.

The amortization period of intangible fixed assets of the Company is as follows:

<u>Kind of assets</u>	<u>Amortization period (years)</u>
Land use rights with definite term	15
Accounting software	1.5 - 3

4.8 Asset leases

An operating lease is a lease in which a significant portion of the risks and rewards of ownership are retained by the lessor. Payments made under operating leases are recognized in the income statement on a straight-line basis over the term of the lease.

4.9 Prepaid expenses

Prepaid expenses are reported as short-term or long-term prepaid expenses. These are expenditures that have been incurred but related to the operations of many accounting periods. The Company's primary prepayments are as follows:

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(These notes form an integral part of and should be read in conjunction with the financial statements)

- Land rental and all costs related to the leased land are amortized in accordance with the straight-line method over the term of the lease;
- Tools, instruments, empty bottles, boxes which were put into use are amortized in accordance with the straight-line method for a period ranging from 1 year to 3 years;
- Other prepaid expenses: the Company selects appropriate method and criteria of allocation over the period in which economic benefits are expected to be received based on the nature and extent of the prepaid expenses.

4.10 Payables

Payables include trade payables and other payables.

- Trade payables are trade-related amounts, arising from trading activities between the Company and its suppliers;
- Other payables are non-trade amounts, which are not related to trading activities, intra-company transactions.

Payables are recognized at cost and reported as short-term and long-term payables based on their remaining terms at the balance sheet date.

Payables are monitored according to their creditors, principal terms, remaining terms and currencies.

4.11 Accrued expenses

Accruals are recognized for amount to be paid in the future for goods and services received, whether or not billed to the Company.

4.12 Loans and finance lease liabilities

Loans and finance lease liabilities are reflected at cost and classified into current liabilities and long-term liabilities based on their remaining terms at the balance sheet date.

The Company monitors loans and finance lease liabilities according to their creditors, loan agreements, principal terms, remaining terms and currencies.

Borrowing costs

Borrowing costs comprise interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing costs are recognized as an expense in the period in which they are incurred, except to the extent that they qualify the conditions to be capitalized in accordance with Accounting Standard "Borrowing costs".

Borrowing costs associated with a particular borrowing for the purpose of obtaining a qualifying asset shall be capitalized as part of the cost of that asset. For general borrowing funds, the borrowing costs eligible for capitalization in the period shall be determined according to the capitalization rate, which is the weighted average of the borrowing costs applicable to the borrowings of the Company that are outstanding during the period.

Capitalisation of borrowing costs shall be suspended during extended periods in which it suspends active development of a qualifying asset, except to the extent that the suspension is necessary. Capitalization shall be ceased when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(These notes form an integral part of and should be read in conjunction with the financial statements)

4.13 Scientific and technological development fund

Scientific and technological development fund is established by the Company to form finance source to invest in its activities of science and technology through activities of research, application and development, technology innovation, product innovation, production rationalization in order to improve the competitiveness of the Company.

The appropriation of provision for and use of Scientific and technological development fund from 01/01/2016 to 31/08/2016 are guided by Circular No. 15/2011/TT-BTC dated 09/02/2011 and Circular No. 105/2012/TT-BTC dated 25/06/2012 by the Ministry of Finance. For fixed assets purchased from the Scientific and technological development fund after being certified by the local Science and Technology Department, the Company makes entries for decreasing the Scientific and technological development fund and increasing the accumulated depreciation of fixed assets by the entire cost of those fixed assets.

As from 01/09/2016, the Company has used and made provision for Scientific and technological development fund in accordance with Joint Circular No. 12/2016/TTLT-BKHHCN-BTC dated 28/06/2016 of the Ministry of Science and Technology and the Ministry of Finance.

4.14 Owners' equity

Share capital represents the amount of capital actually contributed by shareholders.

Share premium

Share premium reflects the difference between the issue price and par value of the shares issued, costs directly related to the issuance of shares; difference between the re-issue price and book value, costs directly related to the re-issuance of shares; the capital component of convertible bonds as they fall due.

Profit distribution

Profit after corporate income tax is available for appropriation to funds and to shareholders as provided for in the Resolution of Annual General Shareholders' Meeting.

The dividend to be paid to the shareholders shall not exceed the undistributed profit after tax and with consideration of non-monetary items in undistributed post-tax profits that may affect cash flow and ability to pay dividends.

4.15 Recognition of revenue and other income

- Revenue from construction contracts:
 - ✓ In the case where it is stipulated in the contract that contractors make payments upon the work's progress, revenue and expenses are recorded for completed portion when the contract outcome is estimated reliably;
 - ✓ In the case where the contract stipulates that contractors make payment upon the work volume, revenue and expenses are recognized for the completed portion confirmed by the customer when the contract outcome is measured reliably.
- Revenue from sales and service provision is recognized to the extent that it is probable that the economic benefits will flow to the Company, the revenue can be reliably measured and the following conditions are also met:

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(These notes form an integral part of and should be read in conjunction with the financial statements)

- ✓ Quang Ngai Cane Variety Research Center (Nghia Hanh District, Quang Ngai Province): tax rate of 10% is applicable to the activities of planting and processing farm produce in area with difficult socio-economic conditions.
 - ✓ An Khe Sugar Factory (An Khe Town, Gia Lai Province):
 - + For income from processing farm produce: CIT exemption is applicable to income from processing farm produce in area with extremely difficult socio-economic conditions.
 - + For other income from production and business activities: CIT rate of 10% is applicable for 15 years (from 2006 to 2020); tax exemption for 4 years (from 2006 to 2009) and 50% reduction of tax amount payable for the following 9 years (from 2010 to 2018).
 - ✓ Pho Phong Sugar Factory: tax rate of 15% is applicable to income from the activity of processing farm produce in area without difficult socio-economic conditions or extremely difficult socio-economic conditions.
 - ✓ Viet Nam Soya Milk Factory - VINASOY Bac Ninh has the expansion investment project which was invested from 2009 to 2013, satisfying conditions for tax incentives as regulated and are entitled to tax incentives for the remaining time as from the tax-calculation year of 2015. For investment after 2014 satisfying conditions for tax incentives as regulated, the factory shall enjoy incentives for new investment. Accordingly, the factory is entitled to tax exemption for 2 years and 50% reduction of tax amount payable in the subsequent 4 years with respect to income from the investment project as from the time the investment project yields taxable income.
 - ✓ Viet Nam Soya Milk Factory - VINASOY Binh Duong has the new investment project in 2016 satisfying conditions for tax incentives as regulated shall enjoy incentives for new investment. Accordingly, the factory is entitled to tax exemption for 2 years and 50% reduction of tax amount payable in the subsequent 4 years for income from new investment project as from 2017.
 - ✓ Thach Bich Mineral Water Factory has the expansion investment project which was invested in 2017. Accordingly, the factory is entitled to tax exemption for 2 years and 50% reduction of tax amount payable in the subsequent 4 years with respect to income from the expansion investment project as from the time the expansion investment project yields taxable income.
 - ✓ An Khe Biomass Power Plant has the new investment project in the area with extremely difficult socio-economic conditions. Accordingly, the factory is entitled to the tax rate of 10% for 15 years (from 2018 to 2032), tax exemption for 4 years (from 2018 to 2021) and 50% reduction of tax amount payable in the subsequent 9 years (from 2022 to 2030).
 - ✓ Gia Lai Sugarcane Seed Study and Application Center: CIT exemption is applicable to the activities of planting and processing farm produce in area with extremely difficult socio-economic conditions.
- Other taxes and charges are paid in accordance with relevant regulations.

4.23 Related parties

Parties are considered to be related if one party has the ability to (directly or indirectly) control the other party or exercise significant influence over the other party in making financial or operational decisions.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(These notes form an integral part of and should be read in conjunction with the financial statements)

Unit: VND

5. Cash

	31/12/2019		01/01/2019	
Cash on hand		9,174,417,605		18,315,377,447
+ VND		9,157,517,605		18,300,817,447
+ Monetary gold (SJC gold bars)	4 bars	16,900,000	4 bars	14,560,000
Cash in bank		201,983,000,192		399,508,248,807
+ VND		199,995,892,868		398,532,831,629
+ USD	85,956.45 #	1,986,500,037	42,509.39 #	974,329,545
+ EUR	23.48 #	607,287	40.91 #	1,087,633
Total		211,157,417,797		417,823,626,254

6. Financial investments

a. Held-to-maturity investments

	31/12/2019		01/01/2019	
	Cost	Book value	Cost	Book value
Term deposits	2,660,000,000,000	2,660,000,000,000	1,699,000,000,000	1,699,000,000,000
Total	2,660,000,000,000	2,660,000,000,000	1,699,000,000,000	1,699,000,000,000

As at 31/12/2019, held-to-maturity investments of the Company are bank deposits with term of 6 months. The Management assesses that these investments are not impaired.

b. Long-term financial investments

	31/12/2019				01/01/2019	
	% holding	Voting rate	Cost	Provision	Cost	Provision
Investment in subsidiary			800,000,000,000	-	800,000,000,000	-
- Thanh Phat Trade Limited Company	100%	100%	800,000,000,000	-	800,000,000,000	-
Total			800,000,000,000	-	800,000,000,000	-

The 2019 income statement of Thanh Phat Trade Limited Company shows profit and no accumulated loss as at 31/12/2019. As a result, this investment is recognized at cost and no provision is made for it.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(These notes form an integral part of and should be read in conjunction with the financial statements)

7. Short-term trade receivables

	31/12/2019	01/01/2019
MM Mega Market (Vietnam) Company Limited	1,825,763,638	1,926,205,632
EB Service Co., Ltd	3,914,055,722	910,030,002
Big C Supermarket	-	1,667,483,387
Vietnam Electricity	7,353,570,996	15,675,867,540
Tetra Pak Vietnam Joint Stock Company	30,250,000,000	33,000,000,000
Other customers	18,471,259,569	32,497,227,699
Total	61,814,649,925	85,676,814,260

8. Short-term prepayments to suppliers

	31/12/2019	01/01/2019
Nam Phat Technical Service & Trading Co., Ltd	-	58,521,141,342
HAXU Technical Service Co., Ltd	-	40,649,188,191
Prepayments to farmers for buying sugarcane	164,260,265,734	167,542,709,048
Hung Vuong Electromechanics and Construction JSC	-	20,302,034,439
Other suppliers	30,537,829,787	85,025,564,478
Total	194,798,095,521	372,040,637,498

9. Other receivables

a. Short-term

	31/12/2019		01/01/2019	
	Value	Provision	Value	Provision
Bank interest receivables	25,708,928,767	-	15,323,032,343	-
Advances	2,699,187,693	-	1,871,153,868	-
Deposits, collaterals	79,296,000	-	90,296,000	-
Other receivables	7,196,730,768	-	3,631,711,042	-
Total	35,684,143,228	-	20,916,193,253	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(These notes form an integral part of and should be read in conjunction with the financial statements)

b. Long-term

	31/12/2019		01/01/2019	
	Value	Provision	Value	Provision
Deposits, collaterals	690,181,497	-	690,181,497	-
Total	690,181,497	-	690,181,497	-

10. Provision for doubtful debts

a. Short-term

	31/12/2019	01/01/2019
Provision for overdue receivable debts		
- From 3 years and over	11,059,704,628	10,479,676,301
- From 2 years to under 3 years	556,350,293	407,829,609
- From 1 year to under 2 years	288,938,886	401,855,484
- Over 6 months to under 1 year	284,167,522	177,591,607
Total	12,189,161,329	11,466,953,001

b. Bad debts

Overdue receivable debts	31/12/2019			01/01/2019		
	Cost	Recoverable amount (*)	Overdue period	Cost	Recoverable amount (*)	Overdue period
- Trinh Van Hung	478,245,050	-	Over 3 years	478,245,050	-	Over 3 years
- Energy and Technology Development Company	750,000,000	-	Over 3 years	750,000,000	-	Over 3 years
- Pham Thi Chinh	117,903,750	-	Over 3 years	117,903,750	-	Over 3 years
- Vietnam Vinashin Mechanical Company	140,732,500	-	Over 3 years	140,732,500	-	Over 3 years
- Thuan Thanh Co., Ltd	272,811,481	-	Over 3 years	272,811,481	-	Over 3 years
- Nguyen Tai Danh	175,416,672	-	Over 3 years	175,416,672	-	Over 3 years
- Others	11,444,484,154	1,190,432,278	0,5 - 19 years	10,089,383,104	557,539,556	0,5 - 18 years
Total	13,379,593,607	1,190,432,278		12,024,492,557	557,539,556	

(*) The Company assesses that recoverable amount is the net of outstanding principal balance less the amount of provision that needs to be appropriated as guided in Circular No. 48/2019/TT-BTC dated 08/08/2019 by the Ministry of Finance.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(These notes form an integral part of and should be read in conjunction with the financial statements)

11. Inventories

	31/12/2019		01/01/2019	
	Cost	Provision	Cost	Provision
Goods in transit	32,547,180,941	-	24,614,939,282	-
Materials, raw materials	319,928,431,688	-	228,196,528,630	-
Tools, instruments	12,933,850,368	-	7,824,773,147	-
Work in process	92,503,930,665	-	90,020,905,627	-
Finished products	189,735,222,610	-	224,877,426,709	-
Merchandise goods	10,313,360,374	-	8,513,893,343	-
Goods on consignment	2,281,743,942	-	5,481,354	-
Total	660,243,720,588	-	584,053,948,092	-

- There are no inventories which are unsold, in poor quality as at 31/12/2019.
- No inventories are mortgaged and pledged as security for debts as at 31/12/2019.

12. Prepaid expenses

a. Short-term

	31/12/2019	01/01/2019
Operating lease of fixed assets	368,570,365	352,370,371
Tools and instruments put into use pending allocation	563,592,654	621,389,598
Showroom and advertising expenses	8,430,156,312	95,481,146
Others	7,194,550,933	6,137,925,383
Total	16,556,870,264	7,207,166,498

b. Long-term

	31/12/2019	01/01/2019
Land lease	190,442,375,596	186,114,341,998
Tools and instruments put into use pending allocation	10,422,592,809	10,914,718,068
Bottles, cases	3,996,471,914	3,824,195,536
Others	19,049,798,431	19,911,873,490
Total	223,911,238,750	220,765,129,092

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(These notes form an integral part of and should be read in conjunction with the financial statements)

13. Tangible fixed assets

	Buildings, architectures	Machinery, equipment	Motor vehicles	Office equipment	Total
Cost					
Beginning balance	1,308,232,589,934	6,320,364,669,939	279,124,380,469	84,938,275,298	7,992,659,915,640
Newly-purchased	516,045,623	10,601,819,909	630,000,000	7,601,912,953	19,349,778,485
Self-constructed	59,960,007,021	147,143,787,406	9,617,500,000	2,430,000,000	219,151,294,427
Sold, disposed	292,035,711	6,720,719,575	1,391,251,081	260,258,000	8,664,264,367
Reclassified		604,806,000		(604,806,000)	-
Ending balance	1,368,416,606,867	6,470,784,751,679	287,980,629,388	95,314,736,251	8,222,496,724,185
Depreciation					
Beginning balance	636,747,130,009	2,790,996,261,441	156,424,390,641	54,086,160,553	3,638,253,942,644
Increase in the year	88,684,606,241	347,694,536,252	12,273,159,646	10,128,244,899	458,780,547,038
- Depreciation	88,684,606,241	347,694,536,252	12,273,159,646	10,016,578,233	458,668,880,372
- Science and technology development fund	-	-	-	111,666,666	111,666,666
Sold, disposed	292,035,711	6,720,719,575	1,391,251,081	260,258,000	8,664,264,367
Reclassified	-	604,806,000	-	(604,806,000)	-
Ending balance	725,139,700,539	3,131,365,272,118	167,306,299,206	64,558,953,452	4,088,370,225,315
Net book value					
Beginning balance	671,485,459,925	3,529,368,408,498	122,699,989,828	30,852,114,745	4,354,405,972,996
Ending balance	643,276,906,328	3,339,419,479,561	120,674,330,182	30,755,782,799	4,134,126,498,870

- As at 31/12/2019, tangible fixed assets with a carrying value of VND35,932,004,477 have been mortgaged as collateral for borrowings granted to the Company.
- Cost of tangible fixed assets fully depreciated but still in active use at 31/12/2019 is VND2,546,526,844,675.

14. Intangible fixed assets

	Land use rights	Computer software	Total
Cost			
Beginning balance	986,388,000	41,953,604,175	42,939,992,175
Newly-purchased	-	3,957,369,875	3,957,369,875
Other decrease		-	-
Ending balance	986,388,000	45,910,974,050	46,897,362,050
Amortization			
Beginning balance	635,351,200	8,711,873,330	9,347,224,530
Charge for the year	57,759,200	14,671,608,569	14,729,367,769
Other decrease			-
Ending balance	693,110,400	23,383,481,899	24,076,592,299
Net book value			
Beginning balance	351,036,800	33,241,730,845	33,592,767,645
Ending balance	293,277,600	22,527,492,151	22,820,769,751

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(These notes form an integral part of and should be read in conjunction with the financial statements)

- No intangible fixed assets were mortgaged as collateral for debts at 31/12/2019.
- Cost of intangible fixed assets fully amortized but still in active use at 31/12/2019 is VND8,908,475,217.

15. Construction in progress

	31/12/2019	01/01/2019
Purchases	2,199,169,105	1,727,869,105
- Land of households	2,199,169,105	1,727,869,105
Constructions	823,835,154,921	211,968,612,698
- Project on expanding An Khe Sugar Factory 18,000TMN	12,464,486,412	136,538,571,005
- Biomass thermal power plant project	28,232,621,969	22,412,300,633
- SAP Barcode Solution System	2,460,233,373	9,831,178,800
- RE refined sugar project	772,536,247,277	26,505,248,421
- Gia Lai Sugarcane Seed Study and Application Center	745,801,791	13,626,050,859
- Others	7,395,764,099	3,055,262,980
Total	826,034,324,026	213,696,481,803

16. Short-term trade payables

	31/12/2019	01/01/2019
Crown Danang Beverage Packaging Co., Ltd	-	1,214,461,512
Asia Packing Industries Vietnam Co., Ltd.	14,142,505,608	8,149,293,306
Thai Tan Trading & Transportation Co., Ltd.	6,049,227,800	7,038,621,700
Khatoco Package Printing JSC	8,668,584,446	7,871,992,155
Tetra Pak Vietnam JSC	7,620,864,561	4,608,148,934
WPP Media Co., Ltd.	45,493,695,110	56,991,711,427
Vietnam Japan Fertilizer Company	17,955,000,000	18,155,000,000
Asia Chemical Corporation	6,369,143,000	5,944,549,024
Kinh Bac Packaging JSC	2,840,416,634	2,272,901,257
Minh Thong Production and Trading Co., Ltd.	4,809,480,816	2,608,732,500
HAXU Technical Services Co., Ltd	21,031,134,169	-
Dai Han Mechanical and Erection JSC	-	30,185,000
Technology Development & Application Co., Ltd	132,291,751,417	132,291,751,417
Urban & Industrial Zone Construction JSC	17,882,188,620	12,641,989,320
Nguyen Lieu Technical & Trading Co., Ltd	6,866,798,723	-
Viettel Group	-	1,281,650,000
Others	196,020,558,628	183,134,159,194
Total	488,041,349,532	444,235,146,746

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(These notes form an integral part of and should be read in conjunction with the financial statements)

17. Short-term advances from customers

	31/12/2019	01/01/2019
Minh Duc Co., Ltd.	562,962,056	369,114,373
Minh Chieu Private Enterprise	51,269,239	108,907,083
Huu Thuy Co., Ltd	110,815,361	107,258,356
Hung Oanh Service & Trading Co., Ltd	-	59,704,293
Viet Trung Import-Export Co., Ltd.	62,738,564	81,398,955
Dung Loan Co., Ltd	695,762	78,659,398
Thanh Phat Trade Co., Ltd	-	18,550,000,000
Viet Chien Transport Co., Ltd	954,928,783	142,633,146
Thach Tran Single Member Co., Ltd	1,402,043,605	503,920,871
Others	24,043,236,531	17,051,567,234
Total	27,188,689,901	37,053,163,709

18. Taxes and amounts payable to/receivable from the State

	Beginning balance		Occurrence in the year		Ending balance	
	Receivable	Payable	Amount to be paid	Amount paid	Receivable	Payable
VAT	-	10,312,482,375	262,826,167,182	264,341,931,920		8,796,717,637
Import VAT	-	-	35,476,158,883	35,476,158,883	-	-
Special consumption tax	-	18,320,937,278	279,757,875,987	275,204,447,031	-	22,874,366,234
Import-export duty	-	-	4,847,183,772	4,847,183,772	-	-
CIT	-	78,264,329,004	251,355,228,208	221,061,200,778	-	108,558,356,434
PIT	-	35,407,667	26,261,871,761	26,230,484,062	3,560,291	70,355,657
Natural resources tax	-	162,286,106	2,478,352,370	2,474,286,473	-	166,352,003
Land and house tax, land rent	-	-	2,730,293,847	2,730,293,847	-	-
Other taxes	25,785,512	23,679,276	3,445,504,959	3,452,891,890	25,785,512	16,292,345
Fees and charges	-	9,843,248	176,994,250	175,284,500	-	11,552,998
Total	25,785,512	107,128,964,954	869,355,631,219	835,994,163,156	29,345,803	140,493,993,308

The Company's tax returns are subject to examination by the tax authorities. The amounts reported in the financial statements could be changed at later date upon final determination by the tax authorities.

19. Short-term accrued expenses

	31/12/2019	01/01/2019
Accrued loan interest	1,925,437,474	1,974,159,802
Other accruals	4,657,974,000	1,034,182,727
Total	6,583,411,474	3,008,342,529

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(These notes form an integral part of and should be read in conjunction with the financial statements)

20. Other payables

a. Short term

	31/12/2019	01/01/2019
Trade union fees	796,243,172	526,179,779
Transportation expenses	602,398,363	3,438,783,580
Social insurance, health insurance, unemployment insurance	67,586,119	67,400,419
Short-term deposits, collaterals received	2,106,733,584	2,533,618,558
Dividend, profit payable	130,902,400	146,475,005,500
Thanh Phat Trade Limited Company	29,567,965,872	18,832,494,808
Others	15,340,285,494	5,785,449,039
Total	48,612,115,004	177,658,931,683

b. Long term

	31/12/2019	01/01/2019
Long-term deposits, collaterals received	10,968,832,523	10,331,856,189
Total	10,968,832,523	10,331,856,189

21. Short-term loans and finance lease liabilities

	Beginning balance	Increase in the year	Decrease in the year	Ending balance
Short-term loans	1,727,184,074,877	5,094,579,021,981	5,157,031,076,354	1,664,732,020,504
- BIDV - Quang Ngai Branch	572,632,867,689	1,761,337,627,563	1,705,731,055,131	628,239,440,121
- VietinBank - Quang Ngai Branch	683,471,946,886	1,839,389,582,947	1,966,642,075,458	556,219,454,375
- Vietcombank - Quang Ngai Branch	441,251,848,044	1,379,037,782,181	1,397,043,596,677	423,246,033,548
- Military Bank - Quang Ngai Branch	29,827,412,258	114,814,029,290	87,614,349,088	57,027,092,460
Total	1,727,184,074,877	5,094,579,021,981	5,157,031,076,354	1,664,732,020,504

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(These notes form an integral part of and should be read in conjunction with the financial statements)

22. Science and technology development fund

	Year 2019	Year 2018
Beginning balance	8,435,184,723	9,049,093,087
Increase in the year (appropriated fund)	-	5,000,000,000
Decrease in the year	3,154,736,433	5,613,908,364
Ending balance	5,280,448,290	8,435,184,723

The Company appropriated and used the science and technology development fund to serve its science and technology activities in accordance with the guidance of Joint Circular No. 12/2016/TTLT-BKHCHN-BTC dated 28/06/2016 of the Ministry of Science and Technology and the Ministry of Finance (applicable from 01/09/2016 onwards) on guiding the establishment, organization, operation, management and use of science and technology development fund of enterprises.

23. Owners' equity

a. Statement of changes in owners' equity

	Share capital	Share premium	Development investment fund	Undistributed profit	Total
As at 01/01/2018	2,438,130,540,000	288,335,082,456	454,466,302,694	2,052,821,517,470	5,233,753,442,620
Increase in the year	487,615,550,000		51,339,935,636	1,324,561,338,404	1,863,516,824,040
Decrease in the year	-	15,000,000	-	973,972,595,890	973,987,595,890
As at 31/12/2018	2,925,746,090,000	288,320,082,456	505,806,238,330	2,403,410,259,984	6,123,282,670,770
As at 01/01/2019	2,925,746,090,000	288,320,082,456	505,806,238,330	2,403,410,259,984	6,123,282,670,770
Increase in the year	643,653,460,000	65,226,581,324	62,017,559,881	1,354,235,057,518	2,125,132,658,723
Decrease in the year		47,000,000		996,720,405,833	996,767,405,833
As at 31/12/2019	3,569,399,550,000	353,499,663,780	567,823,798,211	2,760,924,911,669	7,251,647,923,660

b. Capital transactions with owners

	Year 2019	Year 2018
Share capital		
- Beginning balance	2,925,746,090,000	2,438,130,540,000
- Increase in the year	643,653,460,000	487,615,550,000
- Decrease in the year	-	-
- Ending balance	3,569,399,550,000	2,925,746,090,000

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(These notes form an integral part of and should be read in conjunction with the financial statements)

Changes in share capital in the year are as follows:

	Year 2019		Year 2018	
	Number of shares	Share capital	Number of shares	Share capital
Beginning balance	292,574,609	2,925,746,090,000	243,813,054	2,438,130,540,000
Increase in the year	64,365,346	643,653,460,000	48,761,555	487,615,550,000
- Paying dividend in shares	58,513,854	585,138,540,000	48,761,555	487,615,550,000
- Shares issued to employees	5,851,492	58,514,920,000	-	-
Ending balance	<u>356,939,955</u>	<u>3,569,399,550,000</u>	<u>292,574,609</u>	<u>2,925,746,090,000</u>

c. Shares

	31/12/2019 Shares	01/01/2019 Shares
Number of shares registered to be issued	356,939,955	292,574,609
Number of shares issued publicly	356,939,955	292,574,609
- Common shares	356,939,955	292,574,609
- Preferred shares	-	-
Number of shares bought back (treasury shares)	-	-
- Common shares	-	-
- Preferred shares	-	-
Number of outstanding shares	356,939,955	292,574,609
- Common shares	356,939,955	292,574,609
- Preferred shares	-	-
Par value of outstanding shares: VND10,000 each		

d. Dividend

Payment of 2018 dividend:

According to Resolution No. 15/NQ/QNS-DHDCD2019 of 2019 Annual Shareholder Meeting on 30/03/2019 of the Company, the plan of paying dividend from 2018 profit was resolved as follows:

- Paying cash dividend at the rate of 15% of charter capital;
- Paying stock dividend at the rate of 20% of charter capital.

The Company paid dividend as follows:

- Cash dividend amounting to VND438,861,913,500 (equivalent to 15% of charter capital) was distributed in 3 payments:
 - ✓ Payment 1: Paying in advance with the rate of 5%, equivalent to VND146,287,304,500 (Date of finalizing the list of shareholders: 30/07/2018; payment date: 10/08/2018);
 - ✓ Payment 2: Paying in advance with the rate of 5%, equivalent to VND146,287,304,500 (Date of finalizing the list of shareholders: 28/12/2018; payment date: 14/01/2019);
 - ✓ Payment 3: Paying the remaining 5%, equivalent to VND146,287,304,500 (Date of finalizing

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(These notes form an integral part of and should be read in conjunction with the financial statements)

the list of shareholders: 19/04/2019; payment date: 09/05/2019).

- Paying stock dividend with the rate of 20% of the charter capital, equivalent to VND585,138,540,000 under Resolution of the Board of Directors No. 22/NQ/QNS-HDQT dated 18/04/2019 as detailed below:

- ✓ Date of finalizing the list of shareholders: 10/05/2019;
- ✓ Number of shares issued for paying dividend: 58,513,854 shares.

Advance payment of 2019 dividend:

The Board of Directors decided to make the first advance payment of 2019 dividends in cash at the rate of 5%/charter capital, equivalent to VND178,469,977,500 (Date of finalizing the list of shareholders: 03/09/2019; payment date: 16/09/2019).

e. Undistributed profit

	Year 2019	Year 2018
Profit brought forward	2,403,410,259,984	2,052,821,517,470
Profit after corporate income tax this year	1,354,235,057,518	1,324,561,338,404
Distribution of profit	996,720,405,833	973,972,595,890
- Distribution of prior-year profit	818,250,428,333	681,397,986,890
+ Appropriated to development investment fund	62,017,559,881	51,339,935,636
+ Appropriated to reward and welfare fund	24,807,023,952	20,535,974,254
+ Paying cash dividend	146,287,304,500	121,906,527,000
+ Paying stock dividend	585,138,540,000	487,615,550,000
- Temporary distribution of current-year profit	178,469,977,500	292,574,609,000
+ Paying cash dividend	178,469,977,500	292,574,609,000
Undistributed profit at the end of the year	2,760,924,911,669	2,403,410,259,984

24. Off balance sheet items

a. Leased assets

The amounts of minimum lease payments payable under operating leases are as follows:

	31/12/2019	01/01/2019
Not later than 1 year	4,419,342,364	4,446,119,160
Later than 1 year and not later than 5 years	17,806,960,963	17,784,476,639
Later than 5 years	141,404,546,059	145,302,200,877
Total	163,630,849,386	167,532,796,676

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(These notes form an integral part of and should be read in conjunction with the financial statements)

b. Foreign currencies

	Foreign currencies	31/12/2019 VND	Foreign currencies	01/01/2019 VND
Cash in bank		1,987,107,324		975,417,178
+ USD	85,956.45 #	1,986,500,037	42,509.39 #	974,329,545
+ EUR	23.48 #	607,287	40.91 #	1,087,633
Total		1,987,107,324		975,417,178

c. Monetary gold

		31/12/2019 VND		01/01/2019 VND
Cash on hand				
+ SJC gold bars	4 bars	16,900,000	4 bars	14,560,000
Total		16,900,000		14,560,000

25. Revenue from sales and service provision

	Year 2019	Year 2018
Revenue from sales of finished products	7,222,063,793,765	7,575,479,591,687
Revenue from sales of merchandise goods	137,037,853,900	121,020,985,872
Revenue from services rendered	44,870,502,901	48,267,693,291
Total	7,403,972,150,566	7,744,768,270,850

26. Revenue deductions

	Year 2019	Year 2018
Trade discounts	28,294,301,552	36,066,501,955
Sales returns	12,277,564,998	3,163,865,222
Total	40,571,866,550	39,230,367,177

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(These notes form an integral part of and should be read in conjunction with the financial statements)

27. Cost of goods sold

	Year 2019	Year 2018
Cost of finished products sold	4,764,752,766,933	5,276,480,894,532
Cost of merchandise goods sold	138,230,869,802	120,948,722,965
Cost of services rendered	45,619,344,710	53,898,960,703
Total	<u>4,948,602,981,445</u>	<u>5,451,328,578,200</u>

28. Financial income

	Year 2019	Year 2018
Deposit interest	103,634,548,324	59,214,403,215
Profits, dividends received	63,906,985,182	83,116,369,238
Foreign exchange gains	1,975,966,810	1,283,550,611
Payment discounts	32,392,476,094	26,709,579,279
Total	<u>201,909,976,410</u>	<u>170,323,902,343</u>

29. Financial expenses

	Year 2019	Year 2018
Loan interest	76,961,987,689	90,021,145,503
Payment discounts	-	5,190,395
Foreign exchange losses	400,106,368	6,126,478,584
Total	<u>77,362,094,057</u>	<u>96,152,814,482</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(These notes form an integral part of and should be read in conjunction with the financial statements)

30. Selling expenses and administrative expenses

a. Selling expenses incurred in the year

	Year 2019	Year 2018
Staff costs	238,141,672,134	206,390,304,092
Transportation, loading and unloading expenses	198,866,840,411	201,654,776,185
Advertising expenses	136,356,784,766	154,646,338,315
Promotion expenses	24,362,273,750	15,987,075,687
Agent commission, sales support	10,612,859,178	11,452,938,624
Other outside service expenses	61,490,539,489	51,456,114,665
Others	79,677,071,907	83,005,843,327
Total	749,508,041,635	724,593,390,895

b. Administrative expenses incurred in the year

	Year 2019	Year 2018
Staff costs	109,234,893,877	82,610,183,234
Outside service expenses	30,489,048,734	27,758,085,459
Guest entertainment expenses	5,140,733,788	5,691,764,789
Office supplies expenses	5,202,858,756	6,953,496,887
Appropriation to science and technology development fund	-	5,000,000,000
Appropriation to/(reversal of) provision for doubtful debts	722,208,328	(6,451,437)
Others	59,021,074,051	43,975,698,696
Total	209,810,817,534	171,982,777,628

31. Other income

	Year 2019	Year 2018
Marketing support received	27,500,000,000	55,996,451,478
Proceeds from disposals of materials, fixed assets	2,597,613,919	328,845,692
Others	3,012,397,852	1,993,747,441
Total	33,110,011,771	58,319,044,611

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(These notes form an integral part of and should be read in conjunction with the financial statements)

32. Other expenses

	Year 2019	Year 2018
Disposal of materials, fixed assets	-	28,438,443
Penalties	1,366,771,049	8,290,956
Others	6,179,280,751	767,319,687
Total	7,546,051,800	804,049,086

33. Current corporate income tax expense

	Year 2019	Year 2018
Accounting profit before tax	1,605,590,285,726	1,489,319,240,336
Adjustments to taxable income	(56,223,979,869)	(77,361,249,266)
- Increase	8,043,605,177	6,532,015,846
+ <i>Foreign exchange loss from revaluation of balance of cash, receivables</i>	-	28,300,926
+ <i>Non-deductible expenses as per Tax Laws</i>	8,043,605,177	6,503,714,920
- Decrease	64,267,585,046	83,893,265,112
+ <i>Profits, dividends received</i>	63,906,985,182	83,116,369,238
+ <i>Others</i>	360,599,864	776,895,874
Total taxable income	1,549,366,305,857	1,411,957,991,070
Tax-exempted income	88,960,082,884	211,512,825,661
Assessable income	1,460,406,222,973	1,200,445,165,409
- Income from main operating activities	1,452,686,039,425	1,197,545,817,231
- Other income	7,720,183,548	2,949,348,178
Current corporate income tax expense	248,271,511,983	164,757,901,932
- From main operating activities	246,727,475,273	164,168,032,296
- Other income	1,544,036,710	589,869,636
Current corporate income tax expense	251,355,228,208	164,757,901,932
In which:		
- <i>Current year income tax expenses</i>	248,271,511,983	164,757,901,932
- <i>Adjusting prior year income tax expenses to current year income tax expenses</i>	3,083,716,225	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(These notes form an integral part of and should be read in conjunction with the financial statements)

34. Operating expenses by elements

	Year 2019	Year 2018
Materials expenses	3,684,954,430,818	4,387,132,756,873
Labor costs	534,156,614,936	527,904,852,141
Depreciation expenses	473,398,248,141	487,315,698,823
Outside service expenses	528,386,958,842	577,214,251,728
Other cash expenses	518,486,618,949	594,728,520,201
Total	<u>5,739,382,871,686</u>	<u>6,574,296,079,766</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(These notes form an integral part of and should be read in conjunction with the financial statements)

35. Segment reporting

Segment reporting of the Company was prepared in accordance with business activities as follows:

Segment report by operating activities	Sugar		Soy milk		Others		Total	
	Year 2019	Year 2018	Year 2019	Year 2018	Year 2019	Year 2018	Year 2019	Year 2018
Segment revenue	1,486,045,747,981	2,250,918,920,910	4,265,761,889,133	3,862,620,494,387	1,611,592,646,902	1,591,998,488,376	7,363,400,284,016	7,705,537,903,673
Cost of segment	1,331,458,940,088	1,976,401,338,649	2,351,594,195,662	2,223,136,965,517	1,265,549,845,695	1,251,790,274,034	4,948,602,981,445	5,451,328,578,200
Gross profit	154,586,807,893	274,517,582,261	1,914,167,693,471	1,639,483,528,870	346,042,801,207	340,208,214,342	2,414,797,302,571	2,254,209,325,473
Financial income							201,909,976,410	170,323,902,343
Financial expenses							77,362,094,057	96,152,814,482
Selling expenses							749,508,041,635	724,593,390,895
Administrative expenses							209,810,817,534	171,982,777,628
Operating profit							1,580,026,325,755	1,431,804,244,811
Other income							33,110,011,771	58,319,044,611
Other expenses							7,546,051,800	804,049,086
Other profit							25,563,959,971	57,514,995,525
Profit before tax							1,605,590,285,726	1,489,319,240,336
Corporate income tax							251,355,228,208	164,757,901,932
Profit after tax							1,354,235,057,518	1,324,561,338,404

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(These notes form an integral part of and should be read in conjunction with the financial statements)

36. Risk management

a. Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance.

b. Financial risk management

Financial risks include market risk (including interest rate risk, exchange rate risk, commodity price risk), credit risk and liquidity risk.

Market risk management: The Company's activities expose it primarily to the financial risks of changes in interest rates, exchange rates and prices.

Interest rate risk management

The Company's interest rate risks mainly derive from interest bearing loans which are arranged. To minimize these risks, the Company has estimated the impact of borrowing costs to its periodic business results as well as making analysis and projection to select appropriate time to repay the loans. The Management assesses that uncontrollable risks arising from fluctuations of interest rates are insignificant.

Exchange rate risk management

Since the Company undertakes transactions in foreign currencies, consequently it is exposed to risk of exchange rate fluctuations. The Company has hedged risks related to exchange rate fluctuations by maintaining an appropriate structure of loans in foreign currency and VND, optimizing the time for settlement of debts, selecting the appropriate time to purchase and make payment in foreign currencies, projecting future exchange rates and optimizing the utilization of existing funds to balance the exchange rate risk and liquidity risk.

Book value of financial instruments in foreign currencies is as follows:

	31/12/2019	01/01/2019
Financial assets		
Cash		
- USD	85,956.45	42,509.39
- EUR	23.48	40.91
Trade receivables (USD)	10,807.90	16,483.51
Financial liabilities		
Trade payables (USD)	989,468.20	45,416.65
Trade payables (EUR)	189,980.92	21,425.19

Price risk management

The Company purchases goods, materials from domestic and overseas suppliers for its business production activities; it is therefore exposed to risks of changes in prices of input goods, materials. Since materials account for a high proportion of the total cost of products, the Company pays special attention to the risks of changes in price of materials used in its business production activities. To minimize this risk, the Company selects reputable suppliers, long-term cooperation suppliers and always requires updates of the most timely price fluctuations. Besides, cross-checks of prices are often

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(These notes form an integral part of and should be read in conjunction with the financial statements)

done in order to ensure sufficient material sources at the most reasonable prices. With such price management policies, the Management assesses that the Company's exposure to uncontrollable risks of changes in commodity prices is controllable.

Credit risk management

Trade receivables

The Company sells goods by the following methods: wholesale through the main distributors and agents and retail sale through its subsidiary, Thanh Phat Trade Limited Company.

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company's financial risks arise from some amounts receivable. The Company minimizes credit risk by various measures depending on the sale method:

- Selling goods through main distributors: Making payment before receiving goods or late payment.
- Selling goods through agents: The Company has a system of agents who have good financial status. Agents will be entitled to preferential sales policies on price, volume, and payment discount. Depending on each item and each time, the agents shall be entitled to appropriate payment terms such as payment before receiving goods (Sugar, Milk, Beer ...) or late payment.
- Retail sale: through retail outlets of Thanh Phat Trade Limited Company with the form of cash collection.

Therefore, the Management assesses that the Company's exposure to significant credit risk arising from trade receivables is controllable.

Financial investments

Bank deposits of the Company are transacted at large banks. The Management of the Company assesses that the Company has no significant credit risk with respect to bank deposits.

Liquidity risk management

To ensure the availability of funds to meet present and future financial obligations, the Company manages liquidity risk by regularly monitoring and maintaining sufficient cash reserve, optimizing cash flows, making use of credit from customers and counterparties, controlling maturing liabilities in relative to maturing assets and the amount of funds that can be generated within that period,...

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(These notes form an integral part of and should be read in conjunction with the financial statements)

The Company's aggregate financial liabilities are categorized in accordance with their maturity as follows:

31/12/2019	Within 1 year	Over 1 year	Total
Trade payables	488,041,349,532	-	488,041,349,532
Accrued expenses	6,583,411,474	-	6,583,411,474
Loans and finance lease liabilities	1,664,732,020,504	-	1,664,732,020,504
Other payables	47,748,285,713	10,968,832,523	58,717,118,236
Total	2,207,105,067,223	10,968,832,523	2,218,073,899,746

01/01/2019	Within 1 year	Over 1 year	Total
Trade payables	444,235,146,746	-	444,235,146,746
Accrued expenses	3,008,342,529	-	3,008,342,529
Loans and finance lease liabilities	1,727,184,074,877	-	1,727,184,074,877
Other payables	177,065,351,485	10,331,856,189	187,397,207,674
Total	2,351,492,915,637	10,331,856,189	2,361,824,771,826

The Company is not exposed to liquidity risk. Thus the Management believes that the Company can generate sufficient resources to meet its financial obligations as they fall due.

The Company's available financial assets are drawn up on a net asset basis as follows:

31/12/2019	Within 1 year	Over 1 year	Total
Cash and cash equivalents	211,157,417,797	-	211,157,417,797
Held-to-maturity investments	2,660,000,000,000	-	2,660,000,000,000
Trade receivables	58,734,740,889	-	58,734,740,889
Other receivables	32,966,504,485	690,181,497	33,656,685,982
Total	2,962,858,663,171	690,181,497	2,963,548,844,668

01/01/2019	Within 1 year	Over 1 year	Total
Cash and cash equivalents	417,823,626,254	-	417,823,626,254
Held-to-maturity investments	1,699,000,000,000	-	1,699,000,000,000
Trade receivables	82,586,988,025	-	82,586,988,025
Other receivables	19,045,039,385	690,181,497	19,735,220,882
Total	2,218,455,653,664	690,181,497	2,219,145,835,161

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(These notes form an integral part of and should be read in conjunction with the financial statements)

37. Related party information

a. Related party

	Relationship
Thanh Phat Trade Limited Company	Subsidiary

b. Significant transactions with related party arising in the year

	Year 2019	Year 2018
Thanh Phat Trade Limited Company		
Receiving profit, dividends	63,906,985,182	83,116,369,238
Paying dividends	50,906,721,500	65,561,687,500
Purchasing goods, services	18,909,236,273	25,981,602,935
Selling goods, services	1,662,996,334,594	1,364,495,087,134
Contributing capital	-	794,000,000,000

c. Year-end balance with related party:

	31/12/2019	01/01/2019
Thanh Phat Trade Limited Company		
Other receivables		-
Other payables	29,567,965,872	18,832,494,808
Payables on dividends	-	23,139,419,000
Advances payments from customers	-	18,550,000,000

d. Transactions with key management officers

	Year 2019	Year 2018
Income of the Board of Directors and Management	6,673,309,906	7,229,082,615
<i>In which</i>		
- Salaries, bonus of the General Director	1,680,973,257	1,671,755,814

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(These notes form an integral part of and should be read in conjunction with the financial statements)

38. Events after the balance sheet date

On 06/02/2020, the Board of Directors of the Company issued Resolution No. 03/NQ-QNS-HĐQT. Accordingly, the Company finalized the list of shareholders who receive the second advance payment of 2019 dividend (at the rate of 10%) on 21/02/2020, the date of dividend payment is on 05/03/2020.

In addition, there have been no other significant events occurring after the balance sheet date which would require adjustments or disclosures to be made in the financial statements.

39. Corresponding figures

Corresponding figures were taken from the financial statements for the year ended 31/12/2018 which had been audited by AAC.



Vo Thanh Dang
General Director

Quang Ngai Province, 29 February 2020

Nguyen The Binh
Chief Accountant

Tran Thi Xuan Hien
Preparer