

Ngon Coffee Company Limited

Financial Statements for the year ended
31 March 2021

Ngon Coffee Company Limited
Corporate Information

Investment Certificate No. 401043000062

3 February 2009

The Company's Investment Certificate has been amended several times, the most recent of which is by the Investment Certificate No. 401043000062 dated 25 April 2015. The Investment Certificate and its amendments were issued by the People's Committee of Dak Lak Province and are valid for 50 years from the date of the initial Investment Certificate.

Business Registration
Certificate No.

6000916516

3 February 2009

The Company's Business Registration Certificate has been amended several times, the most recent of which is by the Business Registration Certificate No. 6000916516 dated 11 October 2018. The Company's Business Registration Certificate and its amendments were issued by the Department of Planning and Investment of Dak Lak Province.

Members' Council

Mr. Challa Rajendra Prasad	Chairman
Mr. Challa Srishant	Member
Mr. Aluri Chandra Sekhara Rao	Member
Mr. Bandi Mohan Krishna	Member
Mr. Vipin K Singal	Member

Board of Directors

Mr. Challa Srishant	General Director
Mr. Aluri Chandra Sekhara Rao	Deputy General Director
Mr. Naga Bhairava Sudhakar	Deputy General Director

Registered Office

Cu Kuin Industrial Complex,
Dray Bhang Commune,
Cu Kuin District,
Dak Lak Province,
Vietnam

Auditor

KPMG Limited
Vietnam

Ngon Coffee Company Limited
Statement of the Board of Directors

The Board of Directors of Ngon Coffee Company Limited ("the Company") presents this statement and the accompanying financial statements of the Company for the year ended 31 March 2021.

The Board of Directors 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 Directors:

- (a) the financial statements set out on pages 5 to 27 give a true and fair view of the financial position of the Company as at 31 March 2021, 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 Directors has, on the date of this statement, authorised the accompanying financial statements for issue.

On behalf of the Board of Directors



[Signature]
Mr. Naga Bhairava Sudhakar
Deputy General Director

Dak Lak Province, 28 April 2021

INDEPENDENT AUDITOR'S REPORT

To the Investors Ngon Coffee Company Limited

We have audited the accompanying financial statements of Ngon Coffee Company Limited ("the Company"), which comprise the balance sheet as at 31 March 2021, 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 Directors on 28 April 2021, as set out on pages 5 to 27.

Management's Responsibility

The Company's Board of Directors 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 Directors 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 Directors, 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.



Auditor's Opinion

In our opinion, the financial statements give a true and fair view, in all material respects, of the financial position of Ngon Coffee Company Limited as at 31 March 2021 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.

KPMG Limited's Branch in Ho Chi Minh City
Vietnam

Audit Report No.: 21-01-00150-21-1



Chang Hung Chun
Practicing Auditor Registration
Certificate No. 0863-2018-007-1
Deputy General Director

Nguyen Anh Tuan
Practicing Auditor Registration
Certificate No. 0436-2018-007-1

Ho Chi Minh City, **28-04-2021**

Ngon Coffee Company Limited
Balance sheet as at 31 March 2021

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

	Code	Note	31/3/2021 VND	1/4/2020 VND
ASSETS				
Current assets (100 = 110 + 130 + 140 + 150)	100		488,993,198,566	437,654,195,633
Cash	110	4	21,347,646,104	44,762,212,609
Cash	111		21,347,646,104	44,762,212,609
Accounts receivable – short-term	130		304,196,791,872	232,715,867,489
Accounts receivable from customers	131	5	300,082,357,776	162,339,758,289
Prepayments to suppliers	132	6	3,386,899,904	69,590,575,008
Other receivables	136		727,534,192	785,534,192
Inventories	140	7	148,168,424,417	159,952,816,572
Other current assets	150		15,280,336,173	223,298,963
Short-term prepaid expenses	151		-	223,298,963
Deductible value added tax	152		15,020,191,261	-
Taxes receivables from State Treasury	153		260,144,912	-
Long-term assets (200 = 220 + 240 + 260)	200		471,444,396,606	346,510,315,415
Fixed assets	220		283,042,936,324	343,350,410,313
Tangible fixed assets	221	8	283,042,936,324	343,350,410,313
Cost	222		763,632,471,276	758,295,550,776
Accumulated depreciation	223		(480,589,534,952)	(414,945,140,463)
Long-term work in progress	240		187,464,994,854	1,674,213,952
Construction in progress	242	9	187,464,994,854	1,674,213,952
Other long-term assets	260		936,465,428	1,485,691,150
Long-term prepaid expenses	261	10	936,465,428	1,485,691,150
TOTAL ASSETS (270 = 100 + 200)	270		960,437,595,172	784,164,511,048

The accompanying notes are an integral part of these financial statements

Ngon Coffee Company Limited
Balance sheet as at 31 March 2021 (continued)

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

	Code	Note	31/3/2021 VND	1/4/2020 VND
RESOURCES				
LIABILITIES (300 = 310)	300		108,707,523,711	6,144,377,768
Current liabilities	310		108,707,523,711	6,144,377,768
Accounts payable to suppliers	311	11	12,917,448,351	1,389,537,566
Taxes payable to State Treasury	313	12	-	1,699,926,747
Payables to employees	314		-	981,425,461
Accrued expenses	315	13	2,792,706,400	1,894,419,335
Other payables	319		-	179,068,659
Short-term borrowings	320	14	92,997,368,960	-
EQUITY (400 = 410)	400		851,730,071,461	778,020,133,280
Owner's equity	410	15	851,730,071,461	778,020,133,280
Contributed capital	411	16	530,000,000,000	530,000,000,000
Retained profits	421		321,730,071,461	248,020,133,280
- Retained profits brought forward	421a		52,690,133,280	68,000,125,136
- Net profit for the current year	421b		269,039,938,181	180,020,008,144
TOTAL RESOURCES (440 = 300 + 400)	440		960,437,595,172	784,164,511,048

28 April 2021

Prepared by:

Aluri Chandra Sekhara Rao
Deputy General Director



Approved by:

Naga Bhairava Sudhakar
Deputy General Director

The accompanying notes are an integral part of these financial statements

Ngon Coffee Company Limited
Statement of income for the year ended 31 March 2021

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

	Code	Note	For the year ended	
			31/3/2021 VND	31/3/2020 VND
Revenue from sales of goods	01	19	1,184,780,595,837	869,870,534,766
Revenue deductions	02	19	101,997,789	3,782,206,455
Net revenue (10 = 01 - 02)	10	19	1,184,678,598,048	866,088,328,311
Cost of sales	11	20	861,103,401,892	662,947,618,354
Gross profit (20 = 10 - 11)	20		323,575,196,156	203,140,709,957
Financial income	21	21	3,627,777,014	7,342,830,772
Financial expenses	22	22	6,789,060,600	239,711,077
<i>In which: Interest expense</i>	23		351,678,841	-
Selling expenses	25	23	41,788,083,558	20,024,501,016
General and administration expenses	26	24	6,805,274,309	7,177,299,394
Net operating profit {30 = 20 + (21 - 22) - (25 + 26)}	30		271,820,554,703	183,042,029,242
Other income	31		115,699,901	89,333,728
Other expenses	32		3,151,638,540	2,313,957,565
Results of other activities (40 = 31 - 32)	40		(3,035,938,639)	(2,224,623,837)
Accounting profit before tax (50 = 30 + 40)	50		268,784,616,064	180,817,405,405
Income tax expense – current	51	26	(255,322,117)	797,397,261
Income tax expense – deferred	52	26	-	-
Net profit after tax (60 = 50 - 51 - 52)	60		269,039,938,181	180,020,008,144

Prepared by:

Approved by:

Aluri Chandra Sekhara Rao
Deputy General Director

Naga Bhairava Sudhakar
Deputy General Director

The accompanying notes are an integral part of these financial statements

Ngon Coffee Company Limited

Statement of cash flows for the year ended 31 March 2021 (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	For the year ended 31/3/2021 VND	31/3/2020 VND
CASH FLOWS FROM OPERATING ACTIVITIES				
Accounting profit before tax	01		268,784,616,064	180,817,405,405
Adjustments for				
Depreciation	02		65,644,394,489	64,866,454,157
Exchange losses/(gains) arising from revaluation of monetary items denominated in foreign currencies	04		1,388,136,776	(2,114,480,184)
Losses from investing activities	05		-	78,746,577
Interest income	05		(12,040,026)	(4,162,361,313)
Interest expense	06		351,678,841	-
Operating profit before changes in working capital	08		336,156,786,144	239,485,764,642
Change in receivables	09		(154,694,988,249)	147,682,808,241
Change in inventories	10		11,784,392,155	(34,629,393,557)
Change in payables and other liabilities	11		(1,384,071,939)	4,046,063,558
Change in prepaid expenses	12		772,524,685	946,269,046
			192,634,642,796	357,531,511,930
Interest paid	14		(351,678,841)	-
Income tax paid	15		(25,583,153)	(1,104,891,286)
Net cash flows from operating activities	20		192,257,380,802	356,426,620,644
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for additions to fixed assets and other long-term assets	21		(112,052,009,255)	(72,611,871,960)
Proceeds from disposals of fixed assets	22		-	800,000,000
Receipts of interests	27		12,040,026	4,319,051,724
Net cash flows from investing activities	30		(112,039,969,229)	(67,492,820,236)

The accompanying notes are an integral part of these financial statements

Ngon Coffee Company Limited
Statement of cash flows for the year ended 31 March 2021
(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	For the year ended	
			31/3/2021 VND	31/3/2020 VND
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from borrowings	33		143,532,742,622	-
Payments to settle loan principals	34		(50,701,946,590)	-
Payments of profits distribution	36		(195,330,000,000)	(425,487,300,000)
Net cash flows from financing activities	40		(102,499,203,968)	(425,487,300,000)
Net cash flows during the year (50 = 20 + 30 + 40)	50		(22,281,792,395)	(136,553,499,592)
Cash at beginning of the year	60		44,762,212,609	181,204,699,101
Effect of exchange rate fluctuations on cash	61		(1,132,774,110)	111,013,100
Cash at end of the year (70 = 50 + 60 + 61)	70	4	21,347,646,104	44,762,212,609

28 April 2021

Prepared by:



Aluri Chandra Sekhara Rao
Deputy General Director



Approved by:



Naga Bhairava Sudhakar
Deputy General Director

The accompanying notes are an integral part of these financial statements

Ngon Coffee Company Limited
Notes to the financial statements for the year ended 31 March 2021

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

Ngon Coffee Company Limited (“the Company”) is incorporated as a limited liability company in Vietnam.

(b) Principal activities

The principal activities of the Company are to manufacture instant coffee and trade materials, fuels and kinds of instant coffee for processing.

(c) Normal operating cycle

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

(d) Company structure

As at 31 March 2021, the Company had 202 employees (1/4/2020: 178 employees).

2. Basis of preparation

(a) Statement of compliance

The 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 April to 31 March.

(d) Accounting and presentation currency

The Company’s accounting currency is Vietnam Dong (“VND”), which is also the currency used for financial statements presentation purposes.

Ngon Coffee Company Limited
Statement of cash flows for the year ended 31 March 2021 (continued)

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

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 approximating actual 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

Cash comprises cash balances and call deposits

(c) Accounts receivable

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

(d) 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 in the ordinary course of business, less the estimated costs of completion and direct selling expenses.

The Company applies the perpetual method of accounting for inventories.

Ngon Coffee Company Limited
Statement of cash flows for the year ended 31 March 2021 (continued)

Form B 03 – DN

*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

(e) 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 and location for its intended use. Expenditure incurred after tangible fixed assets have been put into operation, such as repairs, maintenance and overhaul costs, is normally charged to 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 future economic benefits expected to be obtained from the use of tangible fixed assets beyond their originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets.

(ii) Depreciation

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

▪ buildings and structures	5 - 25 years
▪ machinery and equipment	10 years
▪ motor vehicles	5 years
▪ office equipment	5 years

(f) 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.

(g) Long-term prepaid expenses

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 a period ranging from 2 to 3 years.

(h) Trade and other payables

Trade and other payables are stated at their cost.

Ngon Coffee Company Limited
Statement of cash flows for the year ended 31 March 2021 (continued)

Form B 03 – DN

*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

(i) Provision

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.

(j) Contributed capital

Contributed capital is recognised on the contribution date at the actual amount contributed less any directly attributable transaction costs.

(k) 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 in 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 amounts 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 difference can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(l) Revenue and other income

(i) Goods sold

Revenue from the sale of goods is recognised in the statement of income when the 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 the possible return of goods.

(ii) Interest income

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

Ngon Coffee Company Limited
Statement of cash flows for the year ended 31 March 2021 (continued)

Form B 03 – DN

*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

(m) Leases payment

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, over the term of the lease.

(n) 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 capitalized as part of the cost of the assets concerned.

(o) 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.

(p) Comparative information

Comparative information in these financial statements is presented as corresponding figures. Under this method, comparative information for the prior year are included as an integral part of the current year financial statements and are intended to be read only in relation to the amounts and other disclosures relating to the current year. Accordingly, the comparative information included in these financial statements is not intended to present the Company's financial position, results of operation or cash flows for the prior year.

4. Cash

	31/3/2021	1/4/2020
	VND	VND
Cash on hand	7,715,350	35,983,415
Cash in banks	21,339,930,754	44,726,229,194
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	21,347,646,104	44,762,212,609

Ngon Coffee Company Limited**Statement of cash flows for the year ended 31 March 2021 (continued)****Form B 03 – DN***(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)***5. Accounts receivable from customers****Accounts receivable from customers detailed by significant customers**

	31/3/2021	1/4/2020
	VND	VND
Ground Up Coffee & Tea LLC	105,615,946,716	44,824,064,310
Mokate. Sp. Z.O.O	-	26,185,477,500
MTV TNI Co., Ltd	10,153,966,300	19,801,531,150
Opulency International Limited	11,485,810,746	14,058,896,544
PT.HARUM ALAM SEGAR	34,725,078,000	-
Strauss Coffee B.V	107,905,531,670	11,995,826,220
Other customers	30,196,024,344	45,473,962,565
	300,082,357,776	162,339,758,289

Accounts receivables from customers at 31 March 2021 included VND148,169 million (1/4/2020: nil) were pledged with banks as security for loans granted to the Company (Note 14).

6. Prepayments to suppliers

	31/3/2021	1/4/2020
	VND	VND
GEA WESTFALIA SEPARATOR (S E A) PTE LTD	814,677,039	-
Peb Steel Buildings Co., Ltd	325,000,000	3,777,716,490
M/S.SSP PVT Limited	-	48,107,813,625
Hop Nhat Thanh Co., Ltd	-	3,168,715,680
Other suppliers	2,247,222,865	14,536,329,213
	3,386,899,904	69,590,575,008

Ngon Coffee Company Limited**Statement of cash flows for the year ended 31 March 2021 (continued)****Form B 03 – DN***(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)***7. Inventories**

	31/3/2021	1/4/2020
	VND	VND
Raw materials	84,105,344,688	103,201,107,881
Tools and supplies	21,281,394,443	18,519,154,474
Work in progress	4,819,194,032	4,412,717,433
Outward goods on consignment	-	1,714,688,838
Finished goods	37,962,491,254	32,105,147,946
	<hr/>	<hr/>
	148,168,424,417	159,952,816,572

At 31 March 2021, inventories with a carrying value of VND300,082 million (1/4/2020: nil) were pledged with banks as security for loans granted to the Company (Note 14).

Ngon Coffee Company Limited

Notes to the financial statements for the year ended 31 March 2021 (continued)

Form B 09 – DN
(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

8. Tangible fixed assets

	Buildings and structures VND	Machinery and equipment VND	Motor Vehicles VND	Office equipment VND	Total VND
Cost					
Opening balance	175,220,309,820	579,156,511,048	1,860,016,363	2,058,713,545	758,295,550,776
Transfer from construction in progress (Note 9)	-	5,336,920,500	-	-	5,336,920,500
Closing balance	175,220,309,820	584,493,431,548	1,860,016,363	2,058,713,545	763,632,471,276
Accumulated depreciation					
Opening balance	55,164,762,292	355,942,126,741	1,779,537,885	2,058,713,545	414,945,140,463
Charge for the year	7,382,473,330	58,181,442,681	80,478,478	-	65,644,394,489
Closing balance	62,547,235,622	414,123,569,422	1,860,016,363	2,058,713,545	480,589,534,952
Net book value					
Opening balance	120,055,547,528	223,214,384,307	80,478,478	-	343,350,410,313
Closing balance	112,673,074,198	170,369,862,126	-	-	283,042,936,324

Included in the cost of tangible fixed assets were assets costing VND4,535 million which were fully depreciated as at 31 March 2021 (1/4/2020: VND3,670 million), but which are still in active use.

Ngon Coffee Company Limited

Notes to the financial statements for the year ended 31 March 2021 (continued)

Form B 09 – DN

*(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

9. Construction in progress

	For the year ended	
	31/3/2021	31/3/2020
	VND	VND
Opening balance	1,674,213,952	-
Additions	191,127,701,402	2,375,332,845
Transfer to tangible fixed assets (Note 8)	(5,336,920,500)	(389,087,182)
Transfer to long-term prepaid expenses	-	(312,031,711)
Closing balance	187,464,994,854	1,674,213,952

10. Long-term prepaid expenses

	Tools and instruments VND
Opening balance	1,485,691,150
Additions	382,317,362
Amortisation for the year	(931,543,084)
Closing balance	936,465,428

11. Accounts payable to suppliers

Accounts payable to suppliers detailed by significant suppliers

	Cost and amount within payment capacity	
	31/3/2021	1/4/2020
	VND	VND
Bac Son Company Limited	1,307,587,087	1,022,592,958
M/S.SSP PVT LIMITED	8,648,671,461	-
DNK TRADING AND TECHNICAL SERVICES CO., LTD	1,281,584,067	-
Other suppliers	1,679,605,736	366,944,608
	12,917,448,351	1,389,537,566

Ngon Coffee Company Limited

Notes to the financial statements for the year ended 31 March 2021 (continued)

Form B 09 – DN
(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

12. Taxes payable to State Treasury

	1/4/2020 VND	Incurred VND	Netted-off VND	Reclassified VND	Paid VND	31/3/2021 VND
Value added tax	1,634,044,263	15,705,629,807	(14,705,526,961)	-	(2,634,147,109)	-
Corporate income tax	20,760,358	(255,322,117)	-	260,144,912	(25,583,153)	-
Personal income tax	4,919,140	76,517,559	-	-	(81,436,699)	-
Foreign contractor tax	40,202,986	3,853,814,920	-	-	(3,894,017,906)	-
	1,699,926,747	19,380,640,169	(14,705,526,961)	260,144,912	(6,635,184,867)	-

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13. Accrued expenses

	31/3/2021 VND	1/4/2020 VND
Transportation fees	1,500,000,000	1,130,000,000
Professional fees	378,706,400	333,922,000
Bonus	270,000,000	229,000,000
Others	644,000,000	201,497,335
	2,792,706,400	1,894,419,335

14. Short-term borrowings

	1/4/2020 VND	Movement during the year			31/3/2021 VND
		Addition VND	Decrease VND	Revaluation VND	
Short-term borrowings	-	143,532,742,622	(50,701,946,590)	166,572,928	92,997,368,960
Amount within repayment capacity	-				92,997,368,960

The short-term borrowings are secured by assets as disclosed in Note 5, Note 7 and born interest at rates from 1% to 1.5% (1/1/2020: nil) per annum.

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15. Changes in owner's equity

	Contributed capital VND	Retained profits VND	Total VND
Balance as at 1 April 2019	344,564,633,286	678,922,791,850	1,023,487,425,136
Net profit for the year	-	180,020,008,144	180,020,008,144
Profits distribution (Note 17)	-	(425,487,300,000)	(425,487,300,000)
Convert retained profits to capital (*)	185,435,366,714	(185,435,366,714)	-
Balance as at 1 April 2020	530,000,000,000	248,020,133,280	778,020,133,280
Net profit for the year	-	269,039,938,181	269,039,938,181
Profits distribution (Note 17)	-	(195,330,000,000)	(195,330,000,000)
Balance as at 31 March 2021	530,000,000,000	321,730,071,461	851,730,071,461

(*) The Meeting of Members' Council of the Company on 14 February 2020 resolved to convert retained profits amounting to VND185,435 million to capital.

16. Contributed capital

The Company's authorised and contributed charter capital is as follows:

	31/3/2021 and 1/4/2020 Authorised and contributed VND	USD equivalent
CCL Products (India) Limited, is incorporated in India	530,000,000,000	25,000,000

17. Profits distribution

The Meeting of Members' Council of the Company on 18 March 2021 resolved to distribute profits amounting to VND195,330 million (2020: VND425,487million).

Ngon Coffee Company Limited
Notes to the financial statements for the year ended 31 March 2021 (continued)

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18. Off balance sheet items

(a) Lease

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

	31/3/2021	1/4/2020
	VND	VND
Within one year	15,993,504	9,995,940
Within two to five years	63,974,016	39,983,760
More than five years	546,444,720	351,523,890
	<hr/> 626,412,240	<hr/> 401,503,590

(b) Foreign currencies

	31/3/2021		1/4/2020	
	Original currency	VND equivalent	Original currency	VND equivalent
USD	154,181	3,543,082,367	328,388	7,713,831,771
		<hr/>		<hr/>

(c) Capital expenditure commitments

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

	31/3/2021	1/4/2020
	VND	VND
Approved but not contracted	7,101,052,018	71,044,388,100
Approved and contracted	-	93,100,546,345
	<hr/> 7,101,052,018	<hr/> 164,144,934,445

Ngon Coffee Company Limited**Notes to the financial statements for the year ended 31 March 2021 (continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC
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	For the year ended	
	31/3/2021	31/3/2020
	VND	VND
Total revenue		
▪ Sales of finished goods	1,183,896,447,087	856,091,654,766
▪ Sales of merchandise goods	884,148,750	13,778,880,000
	<hr/>	<hr/>
	1,184,780,595,837	869,870,534,766
	<hr/>	<hr/>
Less revenue deductions		
▪ Sales discounts	101,997,789	281,596,095
▪ Sales returns	-	3,500,610,360
	<hr/>	<hr/>
	101,997,789	3,782,206,455
	<hr/>	<hr/>
	1,184,678,598,048	866,088,328,311
	<hr/>	<hr/>

20. Cost of sales

	For the year ended	
	31/3/2021	31/3/2020
	VND	VND
Finished goods sold	860,221,913,965	648,682,786,354
Merchandise goods sold	881,487,927	14,264,832,000
	<hr/>	<hr/>
	861,103,401,892	662,947,618,354
	<hr/>	<hr/>

Ngon Coffee Company Limited**Notes to the financial statements for the year ended 31 March 2021 (continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC
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	For the year ended	
	31/3/2021	31/3/2020
	VND	VND
Interest income from term deposits at banks	-	4,125,616,441
Interest income from current accounts	12,040,026	36,744,872
Realised foreign exchange gains	3,615,736,988	1,065,989,275
Unrealised foreign exchange gains	-	2,114,480,184
	<hr/>	<hr/>
	3,627,777,014	7,342,830,772
	<hr/>	<hr/>

22. Financial expenses

	For the year ended	
	31/3/2021	31/3/2020
	VND	VND
Interest expense	351,678,841	-
Realised foreign exchange losses	5,049,244,983	239,711,077
Unrealised foreign exchange losses	1,388,136,776	-
	<hr/>	<hr/>
	6,789,060,600	239,711,077
	<hr/>	<hr/>

23. Selling expenses

	For the year ended	
	31/3/2021	31/3/2020
	VND	VND
Transportation expenses	39,213,804,101	18,576,670,106
Sales commissions	1,720,812,466	798,232,789
Others	853,466,991	649,598,121
	<hr/>	<hr/>
	41,788,083,558	20,024,501,016
	<hr/>	<hr/>

Ngon Coffee Company Limited**Notes to the financial statements for the year ended 31 March 2021 (continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC
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	For the year ended	
	31/3/2021	31/3/2020
	VND	VND
Staff costs	2,653,802,644	2,288,867,927
Depreciation	999,996	1,383,998,397
Taxes, fees and other charges	112,930,076	481,947,167
Outside services	1,872,047,411	1,249,476,499
Others	2,165,494,182	1,773,009,404
	6,805,274,309	7,177,299,394

25. Production and business costs by elements

	For the year ended	
	31/3/2021	31/3/2020
	VND	VND
Raw material costs included in production costs and cost of merchandise goods	774,744,181,274	555,760,462,820
Labour costs and staff costs	23,369,628,769	17,891,923,567
Depreciation	65,644,394,489	64,866,454,157
Outside services	41,085,851,512	27,032,332,280
Other expenses	4,852,703,715	24,598,245,940

26. Income tax**(a) Reconciliation of effective tax rate**

	For the year ended	
	31/3/2021	31/3/2020
	VND	VND
Accounting profit before tax	268,784,616,064	180,817,405,405
Tax at the Company's tax rate	53,756,923,213	36,163,481,081
Non-deductible expenses	635,892,892	25,924,372
Tax exempt income	(54,392,816,105)	(35,392,008,192)
Over provision in prior years	(255,322,117)	-
	(255,322,117)	797,397,261

Ngon Coffee Company Limited**Notes to the financial statements for the year ended 31 March 2021 (continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)***(b) Applicable tax rates**

Under the terms of its Investment Certificate, the Company has an obligation to pay the government income tax at the rate of 10% of taxable profits for 15 years starting from the first year of operation and usual income tax rate for succeeding years. The provision of the Investment Certificate also allows the Company to be exempt from income tax for four years starting from the first year it generates taxable profit (from 2015 to 2018) and entitled to a 50% reduction in income tax for the nine succeeding years (from 2019 to 2027). However, according to Official Letter No. 1560/CT-TTHT dated 5 June 2018 issued by the Tax Department of Dak Lak Province, the Company is also entitled to be exempt from income tax for entire project life for taxable profits from manufacturing instant coffee from 2015 onwards.

The above tax incentives are not applied to other income, which is taxed at usual income tax rate. The usual income tax rate applicable to enterprises before any incentives is 20%.

27. 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 the related parties during the year:

	Transaction value for the year ended	
	31/3/2021	31/3/2020
	VND	VND
<i>Parent company</i>		
CCL Products (India) Limited		
Profits distribution (Note 15)	195,330,000,000	425,487,300,000
Convert retained profits to capital (Note 15)	-	185,435,366,714
<i>Other related party</i>		
Board of Directors		
Compensation	395,143,318	395,964,528

28. Non-cash investing activities

	Transaction value for the year ended	
	31/3/2021	31/3/2020
	VND	VND
Acquisition of fixed assets but not yet paid	11,094,682,699	-

Ngon Coffee Company Limited

Notes to the financial statements for the year ended 31 March 2021 (continued)

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29. Tax contingencies

The Company was established on 3 February 2009 by Jayanti Pte. Ltd ("Jayanti"), a company incorporated in Singapore, is the sole investor of the Company. Jayanti is a wholly owned subsidiary of CCL Products (India) Limited ("CCL"), a company incorporated in India. In fact, the Company had two investors contributing capital including Jayanti and CCL. Jayanti has transferred its holding in the Company to CCL vide agreement dated 2 November 2017 ("the Capital transfer agreement"). According to the Capital transfer agreement, the assignment price was equal to the historical cost and there was no capital transfer tax. After the Capital transfer agreement, CCL is the sole investor of the Company until now in accordance with amended Enterprise Registration Certificates issued by Department of Planning and Investment of Dak Lak Province.

During 2019, the Tax Department of Dak Lak province ("the Tax Department") conducted a tax inspection at the Company for the period 2017 – 2018. The Tax Department is in the view that the assignment price should be higher than historical cost which may result in tax liability against the Capital transfer agreement, according to correspondence between the Tax Department, General Department of Taxation and the Company.

However, the Company has not agreed with the Tax Department and General Department of Taxation and made its representations with these tax authorities on this issue. Since, the Company has not received further communication from either of the said departments on this issue, the Company did not make any provision on tax liability in the Company's financial statements for year ended 31 March 2021.

30. Comparative information

Comparative information as at 1 April 2020 was derived from the balances and amounts reported in the Company's audited financial statements as at and for the year ended 31 March 2020.

28 April 2021

Prepared by:	 	Approved by:
Aluri Chandra Sekhara Rao Deputy General Director		Naga Bhairava Sudhakar Deputy General Director