

VinaCafé Bien Hoa Joint Stock Company

Separate Financial Statements
for the six-month period ended
30 June 2018



**VinaCafé Bien Hoa Joint Stock Company
Corporate Information**

**Business Registration
Certificate No.**

3600261626

29 December 2004

The Company's business registration certificate has been amended several times, the most recent of which is dated 5 May 2016. The business registration certificate and its amendments were issued by the Planning and Investment Department of Dong Nai Province.

Board of Directors

Pham Quang Vu	Chairman
Nguyen Hoang Yen	Member
Truong Cong Thang	Member
Pham Dinh Toai	Member
Pham Hong Son	Member
Nguyen Nam Hai	Member

Board of Management

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

Registered Office

Bien Hoa Industrial Zone 1
An Binh Ward
Bien Hoa City
Dong Nai Province
Vietnam

VinaCafé Bien Hoa Joint Stock Company
Separate balance sheet as at 30 June 2018

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

	Code	Note	30/6/2018 VND	1/1/2018 VND
ASSETS				
Current assets (100 = 110 + 120 + 130 + 140 + 150)	100		1,097,984,180,795	2,816,028,884,393
Cash and cash equivalents	110	4	442,984,640,911	2,492,489,365,182
Cash	111		8,984,640,911	8,589,365,182
Cash equivalents	112		434,000,000,000	2,483,900,000,000
Short-term financial investments	120	5(a)	100,000,000,000	-
Held-to-maturity investments	123		100,000,000,000	-
Accounts receivable – short-term	130		261,510,024,126	45,842,556,287
Accounts receivable from customers	131		254,891,695,236	38,963,032,829
Prepayments to suppliers	132		2,823,539,372	948,955,498
Other receivables – short-term	136	6(a)	3,794,789,518	5,930,567,960
Inventories	140	7	292,248,927,685	272,364,700,795
Inventories	141		292,335,147,577	274,264,056,682
Allowance for inventories	149		(86,219,892)	(1,899,355,887)
Other current assets	150		1,240,588,073	5,332,262,129
Short-term prepaid expenses	151		1,195,237,621	3,863,046,417
Taxes receivables from State Treasury	153		45,350,452	1,469,215,712

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

VinaCafé Bien Hoa Joint Stock Company
Separate balance sheet as at 30 June 2018 (continued)

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

	Code	Note	30/6/2018 VND	1/1/2018 VND
Long-term assets (200 = 210 + 220 + 240 + 250 + 260)	200		747,193,633,014	806,886,354,941
Accounts receivable – long-term	210		133,123,483,562	126,276,944,931
Loans receivable – long-term	215	8	119,000,000,000	116,000,000,000
Other long-term receivables	216	6(b)	14,123,483,562	10,276,944,931
Fixed assets	220		557,054,152,214	586,858,584,969
Tangible fixed assets	221	9	556,435,597,925	586,178,175,252
Cost	222		994,326,384,498	987,721,829,524
Accumulated depreciation	223		(437,890,786,573)	(401,543,654,272)
Intangible fixed assets	227	10	618,554,289	680,409,717
Cost	228		1,880,358,879	1,880,358,879
Accumulated amortisation	229		(1,261,804,590)	(1,199,949,162)
Long-term work in progress	240		1,035,254,974	7,114,658,178
Construction in progress	242	11	1,035,254,974	7,114,658,178
Long-term financial investments	250		28,536,445,632	35,000,000,000
Investments in subsidiaries	251	5(b)	35,000,000,000	35,000,000,000
Allowance for diminution in the value of long-term financial investments	254		(6,463,554,368)	-
Other long-term assets	260		27,444,296,632	51,636,166,863
Long-term prepaid expenses	261	12	20,958,046,929	20,052,096,496
Deferred tax assets	262		6,486,249,703	31,584,070,367
TOTAL ASSETS (270 = 100 + 200)	270		1,845,177,813,809	3,622,915,239,334

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

VinaCafé Bien Hoa Joint Stock Company
Separate balance sheet as at 30 June 2018 (continued)

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

	Code	Note	30/6/2018 VND	1/1/2018 VND
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		736,493,743,787	2,812,866,796,349
Current liabilities	310		731,200,694,611	2,806,781,839,880
Accounts payable to suppliers	311		255,706,754,914	391,547,224,196
Advances from customers	312		7,619,547,701	17,118,507,057
Taxes payable to State Treasury	313	13	49,210,023,543	26,615,622,062
Employees payables	314		3,736,405,312	-
Accrued expenses	315	14	33,091,382,816	187,458,801,596
Other short-term payables	319	15(a)	5,221,397,027	1,755,848,143,143
Short-term borrowings	320	16	355,583,285,840	407,161,644,368
Bonus and welfare funds	322	17	21,031,897,458	21,031,897,458
Long-term liabilities	330		5,293,049,176	6,084,956,469
Other long-term payables	337	15(b)	463,809,965	1,011,020,719
Provisions long-term	342		4,829,239,211	5,073,935,750
EQUITY (400 = 410)	400		1,108,684,070,022	810,048,442,985
Owners' equity	410	18	1,108,684,070,022	810,048,442,985
Share capital	411	19	265,791,350,000	265,791,350,000
- Ordinary shares with voting rights	411a		265,791,350,000	265,791,350,000
Share premium	412		29,974,241,968	29,974,241,968
Investment and development fund	418		213,510,848,947	213,510,848,947
Undistributed profits after tax	421		599,407,629,107	300,772,002,070
- Undistributed profits after tax brought forward	421a		300,772,002,070	-
- Undistributed profit after tax for the current period	421b		298,635,627,037	300,772,002,070
TOTAL RESOURCES (440 = 300 + 400)	440		1,845,177,813,809	3,622,915,239,334

24 July 2018

Prepared by:



Nguyen Thi Ngoc Tram
General Accountant



Phan Thi Thuy Hoa
Chief Accountant

Approved by:



Nguyen Tan Ky
Chief Executive Officer

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

VinaCafé Bien Hoa Joint Stock Company

Separate statement of income for the six-month period ended 30 June 2018

Form B 02a – DN/HN

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

	Code	Note	Quarter II		Year to date	
			2018	2017	2018	2017
			VND	VND	VND	VND
Revenue from sales of goods	01	21	743,932,806,132	894,445,917,495	1,480,157,287,551	1,321,764,469,208
Revenue deductions	02	21	5,979,341,576	43,113,672,057	15,607,248,131	50,961,410,509
Net revenue (10 = 01 - 02)	10	21	737,953,464,556	851,332,245,438	1,464,550,039,420	1,270,803,058,699
Cost of sales	11	22	544,709,304,794	530,247,752,075	1,072,255,824,615	809,149,207,988
Gross profit (20 = 10 - 11)	20		193,244,159,762	321,084,493,363	392,294,214,805	461,653,850,711
Financial income	21	23	7,726,445,153	21,835,659,573	23,016,365,709	42,807,592,917
Financial expense	22	24	9,878,799,821	2,593,811,359	14,231,924,335	4,065,777,119
<i>In which: interest expense</i>	23		3,403,019,978	2,577,293,667	7,727,678,690	3,827,362,920
Selling expenses	25	25	2,738,282,128	231,080,896,796	24,178,608,717	397,241,634,506
General and administration expenses	26	26	6,378,294,995	31,418,084,591	15,537,435,844	58,063,529,275
Net operating profit {30 = 20 + (21 - 22) - (25 + 26)}	30		181,975,227,971	77,827,360,190	361,362,611,618	45,090,502,728
Other income	31		5,002,898	250,951,377	10,959,324	393,748,163
Other expenses	32		13,002	865,347	608,889,556	56,255,216
Results of other activities (40 = 31 - 32)	40		4,989,896	250,086,030	(597,930,232)	337,492,947
Accounting profit before tax (50 = 30 + 40)	50		181,980,217,867	78,077,446,220	360,764,681,386	45,427,995,675
Income tax expense – current	51		25,379,299,380	9,258,586,102	37,031,233,685	9,258,586,102
Income tax expense (benefit) – deferred	52		6,779,410,229	(3,802,563,319)	25,097,820,664	(3,802,563,319)
Net profit after tax (60 = 50 - 51 - 52)	60		149,821,508,258	72,621,423,437	298,635,627,037	39,971,972,892

24 July 2018

Prepared by:



Nguyen Thi Ngoc Tram
General Accountant

Approved by:



Phan Thi Thuy Hoa
Chief Accountant



Nguyen Tan Ky
Chief Executive Officer

The accompanying notes are an integral part of these financial statements

VinaCafé Bien Hoa Joint Stock Company
Separate statement of cash flows for the six-month period ended 30 June 2018
(Indirect method)

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

	Code	Six-month period ended	
		30/6/2018	30/6/2017
		VND	VND
CASH FLOWS FROM OPERATING ACTIVITIES			
Accounting profit before tax	01	360,764,681,386	45,427,995,675
Adjustments for			
Depreciation and amortisation	02	36,408,987,729	37,645,806,148
Allowances and provisions	03	6,829,797,870	2,206,452,496
Exchange (gains) loss arising from revaluation of monetary items dominated in foreign currencies	04	(242,722,060)	2,970,468
Profit from investing activities	05	(22,624,189,045)	(42,501,559,655)
Interest expense	06	7,727,678,690	3,827,362,920
Operating profit before changes in working capital	08	388,864,234,570	46,609,028,052
Change in receivables and other assets	09	(213,209,791,558)	24,082,718,379
Change in inventories	10	(20,495,166,931)	(89,967,264,820)
Change in payables and other liabilities	11	(285,941,617,924)	(33,307,187,686)
Change in prepaid expenses	12	4,346,690,363	5,951,210,926
		(126,435,651,480)	(46,631,495,149)
Interest paid	14	(8,266,053,530)	(4,015,978,497)
Income tax paid	15	(22,028,450,990)	(20,446,952,111)
Net cash flows from operating activities	20	(156,730,156,000)	(71,094,425,757)

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

VinaCafé Bien Hoa Joint Stock Company
Separate statement of cash flows for the six-month period ended 30 June 2018
(Indirect method - continued)

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

	Code	Six-month period ended	
		30/6/2018 VND	30/6/2017 VND
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for additions to fixed assets	21	(5,925,005,606)	(5,762,703,421)
Proceeds from disposals of fixed assets	22	-	1,817,912,687
Loans provided	23	(3,000,000,000)	(5,500,000,000)
Placement of term deposits to banks and payment for other investment	23	(100,000,000,000)	(1,092,000,000,000)
Withdrawal of term deposits	24	-	1,114,500,000,000
Receipts of interest	27	20,058,486,229	38,483,636,084
Net cash flows from investing activities	30	(88,866,519,377)	51,538,845,350
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	33	709,371,412,653	517,774,843,477
Payments to settle loan principals	34	(760,949,771,181)	(530,407,404,683)
Payments of dividend	36	(1,752,597,119,200)	-
Net cash flows from financing activities	40	(1,804,175,477,728)	(12,632,561,206)
Net cash flows during the period (50 = 20 + 30 + 40)	50	(2,049,772,153,105)	(32,188,141,613)
Cash and cash equivalents at the beginning of the period	60	2,492,489,365,182	1,610,438,753,970
Effect of exchange rate fluctuations on cash and cash equivalents	61	267,428,834	-
Cash and cash equivalents at the end of the period (70 = 50 + 60 + 61)	70	442,984,640,911	1,578,250,612,357

24 July 2018

Prepared by:



Nguyen Thi Ngoc Tram
General Accountant

Approved by:



Phan Thi Thuy Hoa
Chief Accountant



Nguyen Tan Ky
Chief Executive Officer

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

VinaCafé Bien Hoa Joint Stock Company
Notes to the separate financial statements for the six-month period ended 30 June 2017

Form B 09a – 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 separate financial statements.

1. Reporting entity

(a) Ownership structure

VinaCafé Bien Hoa Joint Stock Company (“the Company”) is a joint stock company incorporated in Vietnam.

(b) Principals activities

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

(c) Normal operating cycle

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

(d) Company structure

As at 30 June 2018, the Company has 1 subsidiary (1/1/2018: 1 subsidiary) as listed at Notes 5(b).

As at 30 June 2018, the Company had 312 employees (1/1/2018: 336 employees).

2. Basis of preparation

(a) Statement of compliance

The separate 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. For a comprehensive understanding of the Company’s consolidated financial position, its consolidated results of operations and its consolidated cash flows, these financial statements should be read in conjunction with the consolidated financial statements.

(b) Basis of measurement

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

(c) Annual accounting period

The annual accounting period of the Company is from 1 January to 31 December. These interim financial statements are prepared for the six-month period ended 30 June 2018.

(d) Accounting and presentation currency

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

VinaCafé Bien Hoa Joint Stock Company
Notes to the separate financial statements for the six-month period ended 30 June 2018
(continued)

Form B 09a – DN
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(e) Corresponding figures

The corresponding figures as at 1 January 2018 were brought forward from the audited figures as at 31 December 2017.

3. Summary of significant accounting policies

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

(a) Foreign currency transactions

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

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

All foreign exchange differences are recorded in the separate statements of income.

(b) Cash and cash equivalents

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

(c) Investments

(i) Held-to-maturity investments

Held-to-maturity investments are those that the Company's Board of Management has the intention and ability to hold until maturity. Held-to-maturity investments include term deposits at banks and other investments. These investments are stated at cost less allowance for doubtful debts.

(ii) Investments in subsidiaries

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

VinaCafé Bien Hoa Joint Stock Company
Notes to the separate financial statements for the six-month period ended 30 June 2018
(continued)

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(d) Trade and other receivables

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

(e) Inventories

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

The Company applies the perpetual method of accounting for inventories.

(f) Tangible fixed assets

(i) Cost

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition for its intended use. Expenditure incurred after tangible fixed assets have been put into operation, such as repair and maintenance and overhaul cost, is charged to the statement of income in the year in which the cost is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of tangible fixed assets beyond their originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets.

(ii) Depreciation

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

▪ buildings and structures	5 – 25 years
▪ machinery and equipment	3 – 20 years
▪ office equipment	3 – 7 years
▪ motor vehicles	5 – 10 years

(g) Intangible fixed assets

(i) Software

Cost of acquiring new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible asset. Software cost is amortised on a straight-line basis over 3 years.

VinaCafé Bien Hoa Joint Stock Company
Notes to the separate financial statements for the six-month period ended 30 June 2018
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Form B 09a – DN
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(ii) Brand name

Cost of acquiring brand name is capitalised and treated as an intangible asset and is amortised on a straight-line basis over 8 years.

(h) 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.

(i) Long-term prepaid expenses

(i) Prepaid land costs

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

(ii) Tools and supplies

Tools and supplies include assets held for use by the 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 regulations. Cost of tools and supplies are amortised on a straight-line basis over a period ranging from 2 to 3 years.

(j) Trade and other payables

Trade and other payables are stated at their cost.

(k) Provisions

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

Severance allowance

Under the Vietnamese Labour Code, when an employee who has worked for 12 months or more (“the eligible employees”) voluntarily terminates his/her labour contract, the employer is required to pay the eligible employee severance allowance calculated based on years of service and employee’s compensation at termination. Provision for severance allowance has been provided based on employees’ years of service and their average salary for the six-month period prior to the accounting period. For the purpose of determining the number of years of service by an employee, the period for which the employee participated in and contributed to unemployment insurance in accordance with prevailing laws and regulations and the period for which severance allowance has been paid by the Company are excluded.

VinaCafé Bien Hoa Joint Stock Company
Notes to the separate financial statements for the six-month period ended 30 June 2018
(continued)

Form B 09a – DN
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(l) Share capital and share premium

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

(m) Taxation

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

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted at the separate balance sheet date, and any adjustment to tax payable in respect of previous periods.

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

(n) Revenue

(i) Sales of goods

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

(ii) Provision of services

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

(iii) Rental income

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

VinaCafé Bien Hoa Joint Stock Company
Notes to the separate financial statements for the six-month period ended 30 June 2018
(continued)

Form B 09a – DN
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(o) Financial income and financial expenses

(i) Financial income

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

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

(ii) Financial expenses

Financial expenses comprise interest expenses on borrowings, allowance for diminution in value of long-term financial investments and foreign exchange losses.

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

(p) Operating lease payments

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

(q) Related parties

Parties are considered to be related to the Group if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or where the Group and the other party are subject to common control or significant influence. Related parties may be individuals or corporate entities and include close family members of any individual considered to be a related party.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

4. Cash and cash equivalents

	30/6/2018	1/1/2018
	VND	VND
Cash on hand	17,914,666	106,401,725
Cash in banks	8,966,726,245	8,482,963,457
Cash equivalents	434,000,000,000	2,483,900,000,000
	<hr/>	<hr/>
	442,984,640,911	2,492,489,365,182
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Cash equivalents represented term deposits at banks with original terms to maturity of three months or less from their transaction dates.

VinaCafé Bien Hoa Joint Stock Company

Notes to the separate financial statements for the six-month period ended 30 June 2018 (continued)

Form B 09a – DN

(Issued under Circular No. 200/2014/TT-BTC
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5. Investments

(a) Held-to-maturity investments

	30/6/2018 VND	1/1/2018 VND
Held-to-maturity investments – short-term	100,000,000,000	-

Held-to-maturity investments – short-term represented other financial investment with remaining terms to maturity of twelve months or less from the accounting period.

(b) Investment in a subsidiary

	% of equity owned and voting rights	30/6/2018			% of equity owned and voting rights	1/1/2018		
		Cost VND	Fair value VND	Allowance for diminution in value VND		Cost VND	Fair value VND	Allowance for diminution in value VND
CDN Production Trading Corporation ("CDN")	85%	35,000,000,000	(*)	(6,463,554,368)	85%	35,000,000,000	(*)	-

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

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6. Other receivables

(a) Other short-term receivables comprised

	30/6/2018	1/1/2018
	VND	VND
Accrued interest receivable	3,111,287,518	4,334,283,333
Short-term deposits	655,856,000	1,132,677,200
Other receivables	27,646,000	463,607,427
	<hr/>	<hr/>
	3,794,789,518	5,930,567,960

(b) Other long-term receivables comprised

	30/6/2018	1/1/2018
	VND	VND
Accrued interest receivable from a subsidiary	13,866,483,562	10,077,784,931
Long-term deposits	257,000,000	199,160,000
	<hr/>	<hr/>
	14,123,483,562	10,276,944,931

7. Inventories

	30/6/2018		1/1/2018	
	Cost	Allowance	Cost	Allowance
	VND	VND	VND	VND
Goods in transit	458,620,000	-	21,040,427,795	-
Raw materials	222,550,491,565	(86,219,892)	152,337,473,917	(128,614,804)
Tools and supplies	7,322,945,159	-	7,819,180,031	-
Finished goods	61,226,076,018	-	91,648,001,434	(1,770,408,875)
Merchandise inventories	777,014,835	-	1,418,973,505	(332,208)
	<hr/>	<hr/>	<hr/>	<hr/>
	292,335,147,577	(86,219,892)	274,264,056,682	(1,899,355,887)

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

	Six-month period ended	
	30/6/2018	30/6/2017
	VND	VND
Opening balance	1,899,355,887	2,886,850,716
Increase in allowance during the period	610,940,041	2,240,974,384
Allowance utilised during the period	(2,424,076,036)	(3,217,067,244)
Written back	-	(34,521,888)
	<hr/>	<hr/>
Closing balance	86,219,892	1,876,235,968
	<hr/>	<hr/>

Included in inventories as at 30 June 2018 was VND86 million (1/1/2018: VND1,899 million) of slow-moving inventories.

8. Receivables on long-term lending loans

	30/6/2018	1/1/2018
	VND	VND
Long-term loans receivable from CDN, a subsidiary	119,000,000,000	116,000,000,000
	<hr/>	<hr/>

The long-term loans receivable of the Company was unsecured, bore fixed interest rate at 6.5% per annum as at 30 June 2018 and matures as at 31/12/2019. The interest is receivable on the maturity of the loan agreement.

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9. Tangible fixed assets

	Buildings and structures VND	Machinery and equipment VND	Office equipment VND	Motor vehicles VND	Total VND
Cost					
Opening balance	203,621,464,636	776,619,955,019	3,082,922,634	4,397,487,235	987,721,829,524
Transfers from construction in progress	-	6,235,754,974	368,800,000	-	6,604,554,974
Closing balance	203,621,464,636	782,855,709,993	3,451,722,634	4,397,487,235	994,326,384,498
Accumulated depreciation					
Opening balance	52,113,103,886	343,384,480,813	2,855,601,424	3,190,468,149	401,543,654,272
Charge for the period	5,562,070,734	30,498,159,785	51,405,506	235,496,276	36,347,132,301
Closing balance	57,675,174,620	373,882,640,598	2,907,006,930	3,425,964,425	437,890,786,573
Net book value					
Opening balance	151,508,360,750	433,235,474,206	227,321,210	1,207,019,086	586,178,175,252
Closing balance	145,946,290,016	408,973,069,395	544,715,704	971,522,810	556,435,597,925

Included in the cost of tangible fixed assets were assets costing VND163,546 million which were fully depreciated as of 30 June 2018 (1/1/2018: VND VND162,397 million), but are still in active use.

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10. Intangible fixed assets

	Software VND	Brand name VND	Total VND
Cost			
Opening and closing balances	1,004,073,640	876,285,239	1,880,358,879
Accumulated amortisation			
Opening balance	1,004,073,640	195,875,522	1,199,949,162
Charge for the period	-	61,855,428	61,855,428
Closing balance	1,004,073,640	257,730,950	1,261,804,590
Net book value			
Opening balance	-	680,409,717	680,409,717
Closing balance	-	618,554,289	618,554,289

Included in the cost of intangible fixed assets were assets costing VND1,004 million which were fully depreciated as of 30 June 2018 (1 January 2018: VND1,004 million), but are still in active use.

11. Construction in progress

Six-month period ended	30/6/2018 VND
Opening balance	7,114,658,178
Additions during the period	3,109,983,770
Transfers to tangible fixed assets	(6,604,554,974)
Transfers to long-term prepaid expenses	(2,584,832,000)
Closing balance	1,035,254,974

During the six-month period ended 30 June 2018, there was no borrowing cost capitalised into construction in progress of the Company.

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12. Long-term prepaid expenses

	Prepaid land costs VND	Tools and supplies VND	Total VND
Opening balance	14,903,157,509	5,148,938,987	20,052,096,496
Additions during the period	-	475,455,137	475,455,137
Transfer from construction in progress	-	2,584,832,000	2,584,832,000
Amortisation for the period	(201,394,020)	(1,952,942,684)	(2,154,336,704)
Closing balance	14,701,763,489	6,256,283,440	20,958,046,929

13. Taxes payable to State Treasury

	30/6/2018 VND	1/1/2018 VND
Corporate income tax	41,515,823,540	26.513.040.845
Value added tax	7,675,658,903	-
Personal income tax	18,541,100	102.581.217
	49,210,023,543	26.615.622.062

14. Accrued expenses

	30/6/2018 VND	1/1/2018 VND
Advertisement and promotion expenses	13,963,457,944	129,727,486,841
Bonus and 13 th month salary	4,747,056,385	7,866,413,900
Research and development expenses	2,045,017,364	4,318,011,343
Purchases not yet received invoices	1,950,368,236	855,494,621
Sales discounts	1,692,260,612	20,875,377,191
Accrued interest expenses	887,927,126	1,426,301,966
Construction in progress	157,625,000	658,000,000
Logistics expenses	-	15,199,962,019
Others	7,647,670,149	6,531,753,715
	33,091,382,816	187,458,801,596

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15. Other payables

(a) Other payables – short-term

	30/6/2018	1/1/2018
	VND	VND
Dividend payables	1,652,178,000	1,754,222,910,000
Social insurance, health insurance, unemployment insurance and trade union fees	329,479,649	212,109,190
Short-term deposits received	1,352,568,428	1,093,187,218
Others	1,887,170,950	319,936,735
	<hr/>	<hr/>
	5,221,397,027	1,755,848,143,143
	<hr/>	<hr/>

(b) Other payables – long-term

	30/6/2018	1/1/2018
	VND	VND
Long-term deposits received	463,809,965	1,011,020,719
	<hr/>	<hr/>

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16. Short-term Borrowings

	30/6/2018		1/1/2018	
	Carrying amount VND	Amount within repayment capacity VND	Carrying amount VND	Amount within repayment capacity VND
Short-term borrowings	355,583,285,840	355,583,285,840	407,161,644,368	407,161,644,368

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

	Currency	Annual interest rate	30/6/2017 VND	1/1/2018 VND
Unsecured bank loans	VND	3.7% - 5.0%	355,583,285,840	407,161,644,368

As at 30 June 2018, the Company does not have any overdue borrowings including principal and interest.

17. Bonus and welfare funds

This fund is established by appropriating from undistributed profits after tax as approved by shareholders at the Annual General Meeting of Shareholders of the Company. This fund is used to pay bonus and welfare to the Company's employees in accordance with the Company's bonus and welfare policies. Movements of bonus and welfare fund during the period were as follows:

	Six-month period ended	
	30/6/2018 VND	30/6/2017 VND
Opening and closing balances	21,031,897,458	21,031,897,458

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

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18. Changes in owners' equity

	Share capital VND	Share premium VND	Investment and development fund (*) VND	Undistributed profits after tax VND	Total owners' equity VND
Balance at 1 January 2017	265,791,350,000	29,974,241,968	213,510,848,947	1,663,094,723,178	2,172,371,164,093
Net profit for the period	-	-	-	39,971,972,892	39,971,972,892
Balance at 30 June 2017	265,791,350,000	29,974,241,968	213,510,848,947	1,703,066,696,070	2,212,343,136,985
Balance at 1 January 2018	265,791,350,000	29,974,241,968	213,510,848,947	300,772,002,070	810,048,442,985
Net profit for the period	-	-	-	298,635,627,037	298,635,627,037
Balance at 30 June 2018	265,791,350,000	29,974,241,968	213,510,848,947	599,407,629,107	1,108,684,070,022

(*) Investment and development fund was appropriated from undistributed profits after tax in accordance with the resolution of Annual General Meeting of Shareholders. This fund was established for the purpose of future business expansion.

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19. Share capital and Share premium

The Company's authorised and issued share capitals are:

	30/6/2018		1/1/2018	
	Number of shares	VND	Number of shares	VND
Authorised and issued share capital				
Ordinary shares	26,579,135	265,791,350,000	26,579,135	265,791,350,000
Shares in circulation				
Ordinary shares	26,579,135	265,791,350,000	26,579,135	265,791,350,000
Share premium	-	29,974,241,968	-	29,974,241,968

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

There were no movements in share capital during the period.

20. Off balance sheet items

Foreign currency

	30/6/2018		1/1/2018	
	Original currency	VND equivalent	Original currency	VND equivalent
USD	168,061	3,851,956,515	56,025	1,269,529,446

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21. Revenue from sales of goods

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

Net revenue comprised:

	Six-month period ended	
	30/6/2018	30/6/2017
	VND	VND
Total revenue	1,480,157,287,551	1,321,764,469,208
Less revenue deductions		
▪ Sales discounts	3,966,131,135	14,511,102,627
▪ Sales returns	11,641,116,996	36,450,307,882
	<hr/>	<hr/>
	15,607,248,131	50,961,410,509
	<hr/>	<hr/>
Net revenue	1,464,550,039,420	1,270,803,058,699

22. Cost of sales

	Six-month period ended	
	30/6/2018	30/6/2017
	VND	VND
Total cost of sales		
▪ Goods sold	1,071,644,884,574	806,942,755,492
▪ Allowance for inventories	610,940,041	2,206,452,496
	<hr/>	<hr/>
	1,072,255,824,615	809,149,207,988
	<hr/>	<hr/>

23. Financial income

	Six-month period ended	
	30/6/2018	30/6/2017
	VND	VND
Interest income from deposits	16,309,101,526	39,045,523,584
Interest income from financial activities	6,315,087,519	3,361,996,232
Foreign exchange gains	392,176,664	400,073,101
	<hr/>	<hr/>
	23,016,365,709	42,807,592,917
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24. Financial expenses

	Six-month period ended	
	30/6/2018	30/6/2017
	VND	VND
Interest expense	7,727,678,690	3,827,362,920
Foreign exchange losses	40,691,277	238,414,199
Allowance for diminution in value of long-term financial investment	6,463,554,368	-
	14,231,924,335	4,065,777,119

25. Significant transactions with related parties

During the period and as at the period end, the Company has the following transactions and balances with related parties:

	Transaction value		Receivables/(payables)	
	Six-month period ended		as at	
	30/6/2018	30/6/2017	30/6/2018	1/1/2018
	VND	VND	VND	VND
Parent of the parent company				
Masan Consumer Corporation				
Sales of goods	28,303,748,062	20,200,660,707	-	(3,870,083,455)
Purchases of goods	1,138,634,423,887	243,016,869	232,760,459,286	-
Management service charge	-	79,593,962,710	-	(87,828,531,406)
Parent company				
Masan Beverage One Member Company Limited				
Dividends declared	-	-	-	(1,200,921,084,000)
Related parties				
Masan Industrial One Member Company Limited				
Sales of goods	77,821,858	186,386,818	-	-
Purchases of goods	100,658,666	93,584,947	(73,150,634)	(167,505,036)
Purchase of service	10,270,291,582	5,925,731,247	(7,185,320,320)	(7,850,547,520)
Management service charge	720,000,000	1,075,496,874	(2,726,093,123)	(2,366,093,123)
Vinh Hao Mineral Water Corporation				
Sales of goods	25,506,000	1,161,359,077	-	-
Purchases of goods	74,851,396,367	78,038,092,419	(52,379,803,870)	(21,383,786,010)
Purchase of service	46,318,707,504	43,849,104,192	(26,167,030,190)	(18,016,844,285)
Sales of services	10,965,500	-	-	-
Quang Ninh Mineral Water Corporation				

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	Transaction value		Receivables/(payables)	
	Six-month period ended		as at	
	30/6/2018	30/6/2017	30/6/2018	1/1/2018
	VND	VND	VND	VND
Sales of goods	745,229,922	-	794,387,794	-
Subsidiary				
CDN Production Trading Corporation				
Sales of goods	542,919,588	112,642,352	743,465,209	-
Service rendered	427,248,000	142,416,000	273,624,619	351,953,419
Sales of fixed assets	-	1,676,020,000	64,560,434	1,564,705,111
Purchases of goods	2,072,473,499	6,552,910,011	-	(519,650,191)
Loans receivable	3,000,000,000	5,500,000,000	119,000,000,000	116,000,000,000
Interest income from loans	3,788,698,631	3,361,996,232	13,866,483,562	10,077,784,931
Key management personnel				
Remunerations	2,369,933,936	735,322,107	-	-

26. Explanation for fluctuation in net profit after tax

Net profit after tax for quarter 2 of 2018 significantly increased by VND77 billion, equivalent to 1.06 times when comparing with the same period in previous year. This is mainly due to:

- Net revenue decreased by 13% compared to the same period in previous year; however, the Company's profit from operating activities before tax (no comprise of finance result) significantly increased by VND 125 billion equivalent to 2.13 times when comparing with the same period in previous year as a result of the transformation of business model from "sales driven" to "brands building" and centralising the sale and distribution of the Company to sell through Masan Consumer Corporation (the parent of parent company).
- Decreased net financial activities by VND21 billion, equivalent to 111% as compared to the same period last year, primarily from lower cash balance as a result of dividend pay-out.

24 July 2018

Prepared by:


 Nguyen Thi Ngoc Tram
 General Accountant


 Phan Thi Thuy Hoa
 Chief Accountant

Approved by:




 Nguyen Tan Ky
 Chief Executive Officer