

VinaCafé Bien Hoa Joint Stock Company

Separate Financial Statements
for the nine-month period ended
30 September 2019



VinaCafé Bien Hoa Joint Stock Company
Corporate Information

**Enterprise Registration
Certificate No.**

3600261626

29 December 2004

The Company's Enterprise Registration certificate has been amended several times, the most recent of which is dated 19 April 2019. The Enterprise 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

Doan Quoc Hung	Chief Executive Officer (from 16 April 2019) Deputy Chief Executive Officer (until 15 April 2019)
Nguyen Tan Ky	Chief Executive Officer (until 15 April 2019)
Nguyen Thanh Tung	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 September 2019

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

	Code	Note	30/9/2019 VND	1/1/2019 VND
ASSETS				
Current assets (100 = 110 + 130 + 140 + 150)	100		1,279,418,427,128	1,557,658,160,844
Cash and cash equivalents	110	4	191,502,406,763	194,188,479,024
Cash	111		44,893,275,452	14,188,479,024
Cash equivalents	112		146,609,131,311	180,000,000,000
Accounts receivable – short-term	130		846,349,995,018	1,093,962,373,634
Accounts receivable from customers	131		836,266,858,145	1,091,304,307,050
Prepayments to suppliers	132		2,429,471,542	1,548,557,594
Other short-term receivables	136	6(a)	7,653,665,331	1,109,508,990
Inventories	140	7	240,283,393,761	268,880,032,644
Inventories	141		241,474,644,599	270,174,052,435
Allowance for inventories	149		(1,191,250,838)	(1,294,019,791)
Other current assets	150		1,282,631,586	627,275,542
Short-term prepaid expenses	151		1,282,631,586	627,275,542

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

VinaCafé Bien Hoa Joint Stock Company
Separate balance sheet as at 30 September 2019 (continued)

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

	Code	Note	30/9/2019 VND	1/1/2019 VND
Long-term assets (200 = 210 + 220 + 240 + 250 + 260)	200		668,429,920,837	712,604,316,731
Accounts receivable – long-term	210		148,803,661,640	137,798,908,217
Loans receivable – long-term	215	8	125,000,000,000	120,000,000,000
Other long-term receivables	216	6(b)	23,803,661,640	17,798,908,217
Fixed assets	220		475,743,673,694	522,964,256,809
Tangible fixed assets	221	9	475,279,757,975	522,407,557,948
<i>Cost</i>	222		1,002,462,715,368	997,017,794,336
<i>Accumulated depreciation</i>	223		(527,182,957,393)	(474,610,236,388)
Intangible fixed assets	227	10	463,915,719	556,698,861
<i>Cost</i>	228		1,880,358,879	1,880,358,879
<i>Accumulated amortisation</i>	229		(1,416,443,160)	(1,323,660,018)
Long-term work in progress	240		1,605,355,333	4,330,935,678
Construction in progress	242	11	1,605,355,333	4,330,935,678
Long-term financial investments	250	5	11,651,843,627	20,470,606,651
Investments in subsidiaries	251		35,000,000,000	35,000,000,000
Allowance for diminution in the value of long-term financial investments	254		(23,348,156,373)	(14,529,393,349)
Other long-term assets	260		30,625,386,543	27,039,609,376
Long-term prepaid expenses	261	12	21,019,320,419	21,361,144,605
Deferred tax assets	262		9,606,066,124	5,678,464,771
TOTAL ASSETS (270 = 100 + 200)	270		1,947,848,347,965	2,270,262,477,575

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

VinaCafé Bien Hoa Joint Stock Company
Separate balance sheet as at 30 September 2019 (continued)

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

	Code	Note	30/9/2019 VND	1/1/2019 VND
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		702,973,922,666	812,711,964,623
Current liabilities	310		697,944,981,666	806,212,272,662
Accounts payable to suppliers	311		217,744,929,727	351,014,503,661
Advances from customers	312		4,477,389,468	7,436,439,795
Taxes payable to State Treasury	313	13	68,050,980,095	42,855,942,055
Payables to employees	314		3,876,746,599	-
Accrued expenses	315	14	33,571,474,379	37,824,268,883
Other short-term payables	319	15(a)	5,426,400,238	3,401,855,478
Short-term borrowings	320	16	343,765,163,702	342,647,365,332
Bonus and welfare funds	322		21,031,897,458	21,031,897,458
Long-term liabilities	330		5,028,941,000	6,499,691,961
Other long-term payables	337	15(b)	45,450,000	95,089,961
Provisions long-term	342		4,983,491,000	6,404,602,000
EQUITY (400 = 410)	400		1,244,874,425,299	1,457,550,512,952
Owners' equity	410	17	1,244,874,425,299	1,457,550,512,952
Share capital	411	18	265,791,350,000	265,791,350,000
- Ordinary shares with voting rights	411a		265,791,350,000	265,791,350,000
Share premium	412	18	29,974,241,968	29,974,241,968
Investment and development fund	418		213,510,848,947	213,510,848,947
Undistributed profits after tax	421		735,597,984,384	948,274,072,037
- Undistributed profits after tax brought forward	421a		310,374,832,037	300,772,002,070
- Undistributed profit after tax for the current period/prior year	421b		425,223,152,347	647,502,069,967
TOTAL RESOURCES (440 = 300 + 400)	440		1,947,848,347,965	2,270,262,477,575

30 October 2019

Prepared by:


Nguyen Thi Ngoc Tram
General Accountant


Phan Thi Thuy Hoa
Chief Accountant




Doan Quoc Hung
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 nine-month period ended 30 September 2019

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 III		Year to date	
			2019	2018	2019	2018
			VND	VND	VND	VND
Revenue from sales of goods	01	20	767,738,989,277	804,822,830,908	2,010,408,599,212	2,284,980,118,459
Revenue deductions	02	20	4,528,157,693	3,354,964,323	5,363,605,217	18,962,212,454
Net revenue (10 = 01 - 02)	10	20	763,210,831,584	801,467,866,585	2,005,044,993,995	2,266,017,906,005
Cost of sales	11	21	560,986,898,530	628,018,071,303	1,447,683,611,015	1,700,273,895,918
Gross profit (20 = 10 - 11)	20		202,223,933,054	173,449,795,282	557,361,382,980	565,744,010,087
Financial income	21	22	5,642,504,299	9,267,651,801	14,169,748,058	32,284,017,510
Financial expenses	22	23	4,040,026,084	4,934,278,594	24,406,620,257	19,166,202,929
<i>In which: Interest expenses</i>	23		3,644,298,705	4,759,437,590	14,749,091,494	12,487,116,280
Selling expenses	25		1,562,005,738	186,141,442	9,414,236,803	24,364,750,159
General and administration expenses	26		7,570,520,218	7,442,074,880	24,282,227,818	22,979,510,724
Net operating profit {30 = 20 + (21 - 22) - (25 + 26)}	30		194,693,885,313	170,154,952,167	513,428,046,160	531,517,563,785
Other income	31		13,723,430	33,182,500	13,773,434	44,141,824
Other expenses	32		1,800,037	133	29,066,661	608,889,689
Results of other activities (40 = 31 - 32)	40		11,923,393	33,182,367	(15,293,227)	(564,747,865)
Accounting profit before tax (50 = 30 + 40)	50		194,705,808,706	170,188,134,534	513,412,752,933	530,952,815,920
Income tax expense – current	51		36,199,665,257	26,060,847,960	92,117,201,939	63,092,081,645
Income tax (benefit)/ expense – deferred	52		(2,397,389,235)	2,911,942,694	(3,927,601,353)	28,009,763,358
Net profit after tax (60 = 50 - 51 - 52)	60		160,903,532,684	141,215,343,880	425,223,152,347	439,850,970,917

30 October 2019

Prepared by:



Nguyen Thi Ngoc Tram
General Accountant

Approved by:





Phan Thi Thuy Hoa
Chief Accountant

Doan Quoc Hung
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 nine-month period ended 30 September 2019
(Indirect method)

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

	Code	For the nine-month period ended 30/9/2019 VND	30/9/2018 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
Accounting profit before tax	01	513,412,752,933	530,952,815,920
Adjustments for			
Depreciation and amortisation	02	53,521,479,014	54,619,773,413
Allowances and provisions	03	9,940,523,242	9,409,031,322
Exchange gains arising from revaluation of monetary items dominated in foreign currencies	04	(380,854,287)	(9,450,457)
Profit from investing activities	05	(13,325,568,669)	(31,543,712,583)
Interest expense	06	14,749,091,494	12,487,116,280
Operating profit before changes in working capital	08	577,917,423,727	575,915,573,895
Change in receivables and other assets	09	247,372,092,999	(424,197,375,028)
Change in inventories	10	26,053,767,665	54,713,867,983
Change in payables and other liabilities	11	(130,339,500,598)	(285,987,137,752)
Change in prepaid expenses	12	2,866,638,692	5,394,075,469
		723,870,422,485	(74,160,995,433)
Interest paid	14	(14,079,683,410)	(12,945,720,405)
Corporate income tax paid	15	(71,180,818,777)	(58,600,855,463)
Net cash flows from operating activities	20	638,609,920,298	(145,707,571,301)

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 nine-month period ended 30 September 2019
(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	For the nine-month period ended 30/9/2019 VND	30/9/2018 VND
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for additions to fixed assets	21	(7,771,226,896)	(6,632,225,036)
Proceeds from disposals of fixed assets	22	155,544,481	33,090,909
Payment for granting loans	23	(5,000,000,000)	(4,000,000,000)
Payment for other investment	23	-	(100,000,000,000)
Receipts of interest	27	7,495,905,025	23,503,411,707
Net cash flows from investing activities	30	(5,119,777,390)	(87,095,722,420)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	33	1,014,225,302,747	1,141,679,239,716
Payments to settle loan principals	34	(1,013,107,504,377)	(1,116,533,057,021)
Payments of dividend	36	(637,666,728,000)	(1,752,597,119,200)
Net cash flows from financing activities	40	(636,548,929,630)	(1,727,450,936,505)
Net cash flows during the period (50 = 20 + 30 + 40)	50	(3,058,786,722)	(1,960,254,230,226)
Cash and cash equivalents at the beginning of the period	60	194,188,479,024	2,492,489,365,182
Effect of exchange rate fluctuations on cash and cash equivalents	61	372,714,461	7,685,648
Cash and cash equivalents at the end of the period (70 = 50 + 60 + 61)	70	191,502,406,763	532,242,820,604

30 October 2019

Prepared by:



Nguyen Thi Ngoc Tram
General Accountant

Approved by:



Phan Thi Thuy Hoa
Chief Accountant

Doan Quoc Hung
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 nine-month period ended 30
September 2019

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) Principal activities

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

(c) Normal operating cycle

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

(d) Company structure

As at 30 September 2019, the Company has 1 subsidiary (1/1/2019: 1 subsidiary) as listed at Notes 5.

As at 30 September 2019, the Company had 294 employees (1/1/2019: 318 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 nine-month period ended 30 September 2019

(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 nine-month period ended 30
September 2019 (continued)

Form B 09a – DN
(Issued under Circular No. 200/2014/TT-BTC
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(e) Corresponding figures

The corresponding figures as at 1 January 2019 were brought forward from the audited figures as at 31 December 2018.

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 end of accounting period quoted by the commercial bank where the Company most frequently conduct transactions.

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

(b) Cash and cash equivalents

Cash comprises cash balances and call deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known 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 Boards of Management of the Company and its subsidiary have the intention and ability to hold until maturity. Held-to-maturity investments include term deposits at banks and other investment. These investments are stated at cost less allowance for doubtful debts.

(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 nine-month period ended 30
September 2019 (continued)

Form B 09a – DN
(Issued under Circular No. 200/2014/TT-BTC
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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 period 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 nine-month period ended 30
September 2019 (continued)

Form B 09a – DN
(Issued under Circular No. 200/2014/TT-BTC
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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 nine-month period ended 30
September 2019 (continued)

Form B 09a – DN
(Issued under Circular No. 200/2014/TT-BTC
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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 end of the accounting period, 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 nine-month period ended 30
September 2019 (continued)

Form B 09a – DN
(Issued under Circular No. 200/2014/TT-BTC
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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 period 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

	30/9/2019	1/1/2019
	VND	VND
Cash on hand	77,491,349	60,832,637
Cash in banks	44,815,784,103	14,127,646,387
Cash equivalents	146,609,131,311	180,000,000,000
	<hr/>	<hr/>
	191,502,406,763	194,188,479,024
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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 nine-month period ended 30 September 2019 (continued)****Form B 09a – DN***(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)***5. Long-term investment****Investment in a subsidiary**

		30/9/2019			01/1/2019	
	% of equity owned and voting rights	Cost	Allowance for diminution in value	% of equity owned and voting rights	Cost	Allowance for diminution in value
		VND	VND		VND	VND
Café De Nam Joint Stock Company (“CDN”)	85%	35,000,000,000	(23,348,156,373)	85%	35,000,000,000	(14,529,393,349)

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

VinaCafé Bien Hoa Joint Stock Company
Notes to the separate financial statements for the nine-month period ended 30
September 2019 (continued)

Form B 09a – DN
(Issued under Circular No. 200/2014/TT-BTC
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6. Other receivables

(a) Other short-term receivables

	30/9/2019	1/1/2019
	VND	VND
Accrued interest receivable	483,713,900	636,191,781
Short-term deposits	800,754,480	402,000,000
Other non-trade receivable	6,369,196,951	71,317,209
	<hr/>	<hr/>
	7,653,665,331	1,109,508,990
	<hr/>	<hr/>

(b) Other long-term receivables

	30/9/2019	1/1/2019
	VND	VND
Accrued interest receivable from a subsidiary	23,798,661,640	17,793,908,217
Long-term deposits	5,000,000	5,000,000
	<hr/>	<hr/>
	23,803,661,640	17,798,908,217
	<hr/>	<hr/>

7. Inventories

	30/9/2019		1/1/2019	
	Cost	Allowance	Cost	Allowance
	VND	VND	VND	VND
Goods in transit	-	-	4,650,644,930	-
Raw materials	148,983,554,859	(387,728,131)	218,320,446,476	(490,497,084)
Tools and supplies	8,114,857,411	(803,522,707)	8,002,377,993	(803,522,707)
Finished goods	82,434,137,554	-	38,557,632,086	-
Merchandise inventories	399,172,714	-	642,950,950	-
Goods on consignment	1,542,922,061	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	241,474,644,599	(1,191,250,838)	270,174,052,435	(1,294,019,791)
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VinaCafé Bien Hoa Joint Stock Company
Notes to the separate financial statements for the nine-month period ended 30
September 2019 (continued)

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

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

	For the nine-month period ended	
	30/9/2019	30/9/2018
	VND	VND
Opening balance	1,294,019,791	1,899,355,887
Increase in allowance during the period	2,542,871,218	3,228,540,993
Allowance utilised during the period	(2,645,640,171)	(4,309,742,249)
	<hr/>	<hr/>
Closing balance	1,191,250,838	818,154,631
	<hr/>	<hr/>

Included in inventories as at 30 September 2019 was VND1,191 million (1/1/2019: VND1,294 million) of slow-moving inventories.

8. Receivables on long-term lending loans

	30/9/2019	1/1/2019
	VND	VND
Long-term loans receivable from CDN, a subsidiary	125,000,000,000	120,000,000,000
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The long-term loans receivable of the Company was unsecured, bore fixed interest rate at 6.5% per annum as at 30 September 2019 and matures after 24-month since 31 December 2019. The interest is receivable on the maturity of the loan agreement.

9. Tangible fixed assets

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Total VND
Cost					
Opening balance	203,621,464,636	785,547,119,831	3,451,722,634	4,397,487,235	997,017,794,336
Additions during the year	-	65,500,000	-	-	65,500,000
Transfers from construction in progress	-	3,627,705,909	2,785,846,369	-	6,413,552,278
Disposals	-	(744,689,246)	-	-	(744,689,246)
Written off	(230,442,000)	(59,000,000)	-	-	(289,442,000)
Closing balance	203,391,022,636	788,436,636,494	6,237,569,003	4,397,487,235	1,002,462,715,368
Accumulated depreciation					
Opening balance	63,239,819,651	404,829,918,144	2,992,787,878	3,547,710,715	474,610,236,388
Charge for the period	8,166,974,925	44,793,353,414	355,748,121	112,619,412	53,428,695,872
Disposals	-	(598,538,705)	-	-	(598,538,705)
Written off	(198,436,162)	(59,000,000)	-	-	(257,436,162)
Closing balance	71,208,358,414	448,965,732,853	3,348,535,999	3,660,330,127	527,182,957,393
Net book value					
Opening balance	140,381,644,985	380,717,201,687	458,934,756	849,776,520	522,407,557,948
Closing balance	132,182,664,222	339,470,903,641	2,889,033,004	737,157,108	475,279,757,975

Included in the cost of tangible fixed assets were assets costing VND196,485 million which were fully depreciated as of 30 September 2019 (1/1/2019: VND171,785 million), but are still in active use.

VinaCafé Bien Hoa Joint Stock Company
Notes to the separate financial statements for the nine-month period ended 30
September 2019 (continued)

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

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	319,586,378	1,323,660,018
Charge for the period	-	92,783,142	92,783,142
Closing balance	1,004,073,640	412,369,520	1,416,443,160
Net book value			
Opening balance	-	556,698,861	556,698,861
Closing balance	-	463,915,719	463,915,719

Included in the cost of intangible fixed assets were assets costing VND1,004 million which were fully depreciated as of 30 September 2019 (1 January 2019: VND1,004 million), but are still in active use.

11. Construction in progress

For the nine-month period ended	30/9/2019 VND
Opening balance	4,330,935,678
Additions during the period	6,868,142,483
Transfers to tangible fixed assets	(6,413,552,278)
Transfers to long-term prepaid expenses	(3,180,170,550)
Closing balance	1,605,355,333

During the nine-month period ended 30 September 2019, there was no borrowing cost capitalised into construction in progress of the Company.

VinaCafé Bien Hoa Joint Stock Company
Notes to the separate financial statements for the nine-month period ended 30
September 2019 (continued)

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

12. Long-term prepaid expenses

	Prepaid land costs VND	Tools and supplies VND	Total VND
Opening balance	14,500,369,469	6,860,775,136	21,361,144,605
Transfer from construction in progress	-	3,180,170,550	3,180,170,550
Amortisation for the period	(302,091,030)	(3,219,903,706)	(3,521,994,736)
Closing balance	14,198,278,439	6,821,041,980	21,019,320,419

13. Taxes payable to State Treasury

	30/9/2019 VND	1/1/2019 VND
Corporate income tax	57,807,273,787	36,870,890,625
Value added tax	9,988,735,753	5,778,028,469
Personal income tax	254,970,555	207,022,961
	68,050,980,095	42,855,942,055

14. Accrued expenses

	30/9/2019 VND	1/1/2019 VND
Bonus and 13 th month salary	10,111,556,295	16,356,553,025
Purchases not yet received invoices	12,169,319,083	8,252,754,279
Advertisement and promotion expenses	2,256,664,720	-
Accrued interest expenses	2,400,808,344	1,731,400,260
Logistics expense	553,546,924	-
Construction in progress	-	929,553,800
Others	6,079,579,013	10,554,007,519
	33,571,474,379	37,824,268,883

VinaCafé Bien Hoa Joint Stock Company
Notes to the separate financial statements for the nine-month period ended 30
September 2019 (continued)

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

15. Other payables

(a) Other short-term payables

	30/9/2019	1/1/2019
	VND	VND
Dividend payables	1,884,690,000	1,652,178,000
Short-term deposits received	523,442,500	1,217,744,908
Social insurance, health insurance, unemployment insurance and trade union fees	230,898,925	238,386,405
Others	2,787,368,813	293,546,165
	<hr/>	<hr/>
	5,426,400,238	3,401,855,478
	<hr/>	<hr/>

(b) Other long-term payables

	30/9/2019	1/1/2019
	VND	VND
Long-term deposits received	45,450,000	95,089,961
	<hr/>	<hr/>

16. Short-term borrowings

	30/9/2019		1/1/2019	
	Carrying amount	Amount within	Carrying amount	Amount within
	VND	repayment capacity	VND	repayment capacity
	VND	VND	VND	VND
Short-term borrowings	343,765,163,702	343,765,163,702	342,647,365,332	342,647,365,332
	<hr/>	<hr/>	<hr/>	<hr/>

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

	Currency	Annual interest rate	30/9/2019	1/1/2019
		rate	VND	VND
Unsecured bank loans	VND	5.35%	343,765,163,702	342,647,365,332
			<hr/>	<hr/>

As at 30 September 2019, the Company does not have any overdue borrowings including principal and interest.

VinaCafé Bien Hoa Joint Stock Company

Notes to the separate financial statements for the nine-month period ended 30 September 2019 (continued)

Form B 09a – DN

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

17. 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 as 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	-	-	-	439,850,970,917	439,850,970,917
Balance as at 30 September 2018	265,791,350,000	29,974,241,968	213,510,848,947	740,622,972,987	1,249,899,413,902
Balance as at 1 January 2019	265,791,350,000	29,974,241,968	213,510,848,947	948,274,072,037	1,457,550,512,952
Net profit for the period	-	-	-	425,223,152,347	425,223,152,347
Dividend	-	-	-	(637,899,240,000)	(637,899,240,000)
Balance as at 30 September 2019	265,791,350,000	29,974,241,968	213,510,848,947	735,597,984,384	1,244,874,425,299

(*) 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.

VinaCafé Bien Hoa Joint Stock Company
Notes to the separate financial statements for the nine-month period ended 30
September 2019 (continued)

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

18. Share capital and share premium

The Company's authorised and issued share capitals are:

	30/9/2019		1/1/2019	
	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 dividends 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.

19. Off balance sheet item

Foreign currency

	30/9/2019		1/1/2019	
	Original currency	VND equivalent	Original currency	VND equivalent
USD	1,498,027	34,682,321,567	392,617	9,085,157,380

VinaCafé Bien Hoa Joint Stock Company
Notes to the separate financial statements for the nine-month period ended 30
September 2019 (continued)

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

20. Revenue from sales of goods

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

Net revenue comprised:

	For the nine-month period ended	
	30/9/2019	30/9/2018
	VND	VND
Total revenue	2,010,408,599,212	2,284,980,118,459
Less revenue deductions		
▪ Sales returns	5,363,605,217	16,682,055,206
▪ Sales discounts	-	2,280,157,248
	5,363,605,217	18,962,212,454
Net revenue	2,005,044,993,995	2,266,017,906,005

21. Cost of sales

	For the nine-month period ended	
	30/9/2019	30/9/2018
	VND	VND
Total cost of sales		
▪ Goods sold	1,445,140,739,797	1,697,045,354,925
▪ Allowance for inventories	2,542,871,218	3,228,540,993
	1,447,683,611,015	1,700,273,895,918

22. Financial income

	For the nine-month period ended	
	30/9/2019	30/9/2018
	VND	VND
Interest income from deposits and other investment	7,343,427,144	25,760,525,784
Interest income from loans to a subsidiary	6,004,753,423	5,750,095,890
Foreign exchange gains	821,567,491	694,238,462
Others	-	79,157,374
	14,169,748,058	32,284,017,510

VinaCafé Bien Hoa Joint Stock Company
Notes to the separate financial statements for the nine-month period ended 30
September 2019 (continued)

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

23. Financial expenses

	For the nine-month period ended	
	30/9/2019	30/9/2018
	VND	VND
Interest expense	14,749,091,494	12,487,116,280
Allowance for diminution in value of long-term financial investment	8,818,763,024	6,463,554,368
Foreign exchange losses	546,395,339	215,532,281
Others	292,370,400	-
	24,406,620,257	19,166,202,929

24. 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)	
	For the nine-month period ended		as at	
	30/9/2019	30/9/2018	30/9/2019	1/1/2019
	VND	VND	VND	VND
Parent of the parent company				
Masan Consumer Corporation				
Sales of goods	1,765,383,797,134	1,897,781,743,793	744,597,728,675	1,070,218,150,205
Sales of services	83,194,517,000	-	74,028,839,500	-
Purchases of goods	56,245,242,498	43,415,085,694	-	-
Parent company				
Masan Beverage One Member Company Limited				
Dividend declared	628,275,240,000	-	-	-
Related parties				
Masan Industrial One Member Company Limited				
Sales of goods	979,468,350	144,762,823	-	-
Sales of fixed asset	155,544,481	-	-	-
Purchases of goods	415,413,802	261,868,574	(143,281,782)	(383,094,650)
Purchase of service	22,399,657,937	14,691,713,220	(12,684,179,241)	(10,005,161,483)
Management fee	480,000,000	1,080,000,000	-	(1,584,000,000)

VinaCafé Bien Hoa Joint Stock Company
Notes to the separate financial statements for the nine-month period ended 30
September 2019 (continued)

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

	Transaction value		Receivables/(payables)	
	For the nine-month period ended 30/9/2019 VND	30/9/2018 VND	as at 30/9/2019 VND	1/1/2019 VND
Vinh Hao Mineral Water Corporation				
Sales of goods	20,042,719,830	36,471,500	-	-
Purchases of goods	101,249,872,371	126,159,696,376	(44,720,827,034)	(28,134,478,637)
Purchases of service	46,977,643,440	67,537,568,304	(25,595,033,587)	(34,246,994,866)
Masan MB One Member Company Limited				
Sales of goods and services	11,549,044,009	96,630,064	8,895,150,330	2,240,000
Purchases of goods	51,700,000	-	-	-
Subsidiary				
Café De Nam Joint stock Company				
Sales of goods	10,607,255	843,787,161	22,569,206	814,655,165
Sales of services	640,872,000	640,872,000	313,315,200	847,766,994
Purchases of goods	6,284,726	2,102,886,104	-	-
Loans receivable	5,000,000,000	4,000,000,000	125,000,000,000	120,000,000,000
Interest income from loans	6,004,753,423	5,750,095,890	23,798,661,640	17,793,908,217
Key management personnel				
Remunerations	5,591,632,775	3,580,261,904		

25. Explanation for fluctuation in net profit after tax

Net profit after tax for quarter 3 of 2019 increased by VND19.7 billion, equivalent to 14% when comparing with the same period in previous year. This is driven by:

- The Company's operating profit before tax (excluded net financial activities) increased by VND27.3 billion, equivalent to 16% as compared to the same period prior year, due to improve in the Company's gross margin during the period.
- Decreased net financial activities by VND2.7 billion, equivalent to 63% as compared to the same period last year due to the lower than cash flow for investment activities.

VinaCafé Bien Hoa Joint Stock Company
Notes to the separate financial statements for the nine-month period ended 30
September 2019 (continued)

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

30 October 2019

Prepared by:



Nguyen Thi Ngoc Tram
General Accountant

Approved by:



Phan Thi Thuy Hoa
Chief Accountant



Doan Quoc Hung
Chief Executive Officer