



**VinaCafé Bien Hoa Joint Stock Company**  
Separate Interim Financial Statements  
for the six-month period ended 30 June 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 Department of Planning and Investment 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

**Auditor**

KPMG Limited  
Vietnam

**VinaCafé Bien Hoa Joint Stock Company**  
**Statement of the Board of Management**

The Board of Management of VinaCafé Bien Hoa Joint Stock Company (“the Company”) presents this statement and the accompanying separate interim financial statements of the Company for the six-month period ended 30 June 2019.

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

- (a) the separate interim financial statements set out on pages 5 to 37 give a true and fair view of the separate financial position of the Company as at 30 June 2019, and of its separate results of operations and its separate cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to interim 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 Company’s Board of Management has, on the date of this statement, authorised the accompanying separate interim financial statements for issue.



On behalf of the Board of Management

*Huyền Việt Thang*  
*Authorised Representative*

Dong Nai Province, 15 August 2019



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## **INTERIM FINANCIAL STATEMENTS REVIEW REPORT**

### **To the Shareholders VinaCafé Bien Hoa Joint Stock Company**

We have reviewed the accompanying separate interim financial statements of VinaCafé Bien Hoa Joint Stock Company ("the Company"), which comprise the separate balance sheet as at 30 June 2019, the separate statements of income and cash flows for the six-month period then ended and the explanatory notes thereto, which were authorised for issue by the Company's Board of Management on 15 August 2019 as set out on pages 5 to 37.

### **Management's Responsibility**

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

### **Auditor's Responsibility**

Our responsibility is to express a conclusion on these separate interim financial statements based on our review. We conducted our review in accordance with Vietnamese Standard on Review Engagements 2410 – Review of interim financial information performed by the independent auditor of the entity.

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Vietnamese Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



### Auditor's Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying separate interim financial statements do not give a true and fair view, in all material respects, of the separate financial position of VinaCafé Bien Hoa Joint Stock Company as at 30 June 2019 and of its separate results of operation and its separate cash flows for the six-month period 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

Review Report No. 19-01-00276-19-1



Truong Vinh Phuc  
Practicing Auditor Registration  
Certificate No. 1901-2018-007-1  
Deputy General Director

Nelson Rodriguez Casihan  
Practicing Auditor Registration  
Certificate No. 2225-2018-007-1

Ho Chi Minh City, 15 August 2019

**VinaCafé Bien Hoa Joint Stock Company**  
**Separate balance sheet as at 30 June 2019**

**Form B 01a – DN**

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

	<b>Code</b>	<b>Note</b>	<b>30/6/2019 VND</b>	<b>1/1/2019 VND</b>
<b>ASSETS</b>				
<b>Current assets</b> (100 = 110 + 130 + 140 + 150)	<b>100</b>		<b>1,571,949,697,404</b>	<b>1,557,658,160,844</b>
<b>Cash and cash equivalents</b>	<b>110</b>	<b>7</b>	<b>184,617,899,923</b>	<b>194,188,479,024</b>
Cash	111		14,774,148,759	14,188,479,024
Cash equivalents	112		169,843,751,164	180,000,000,000
<b>Accounts receivable – short-term</b>	<b>130</b>		<b>1,079,923,257,679</b>	<b>1,093,962,373,634</b>
Accounts receivable from customers	131	8	1,070,946,099,900	1,091,304,307,050
Prepayments to suppliers	132		1,744,589,278	1,548,557,594
Other short-term receivables	136	9(a)	7,232,568,501	1,109,508,990
<b>Inventories</b>	<b>140</b>	<b>10</b>	<b>306,025,565,251</b>	<b>268,880,032,644</b>
Inventories	141		307,589,192,043	270,174,052,435
Allowance for inventories	149		(1,563,626,792)	(1,294,019,791)
<b>Other current assets</b>	<b>150</b>		<b>1,382,974,551</b>	<b>627,275,542</b>
Short-term prepaid expenses	151		1,382,974,551	627,275,542

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

**VinaCafé Bien Hoa Joint Stock Company**  
**Separate balance sheet as at 30 June 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	30/6/2019 VND	1/1/2019 VND
<b>Long-term assets</b> <b>(200 = 210 + 220 + 240 + 250 + 260)</b>	<b>200</b>		<b>681,927,130,817</b>	<b>712,604,316,731</b>
<b>Accounts receivable – long-term</b>	<b>210</b>		<b>146,755,716,435</b>	<b>137,798,908,217</b>
Long-term loans receivable	215	11	125,000,000,000	120,000,000,000
Other long-term receivables	216	9(b)	21,755,716,435	17,798,908,217
<b>Fixed assets</b>	<b>220</b>		<b>490,331,888,441</b>	<b>522,964,256,809</b>
Tangible fixed assets	221	12	489,837,045,008	522,407,557,948
Cost	222		999,739,768,841	997,017,794,336
Accumulated depreciation	223		(509,902,723,833)	(474,610,236,388)
Intangible fixed assets	227	13	494,843,433	556,698,861
Cost	228		1,880,358,879	1,880,358,879
Accumulated amortisation	229		(1,385,515,446)	(1,323,660,018)
<b>Long-term work in progress</b>	<b>240</b>		<b>4,235,887,092</b>	<b>4,330,935,678</b>
Construction in progress	242	14	4,235,887,092	4,330,935,678
<b>Long-term financial investments</b>	<b>250</b>		<b>11,651,843,627</b>	<b>20,470,606,651</b>
Investment in a subsidiary	251	15	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)
<b>Other long-term assets</b>	<b>260</b>		<b>28,951,795,222</b>	<b>27,039,609,376</b>
Long-term prepaid expenses	261	16	21,743,118,333	21,361,144,605
Deferred tax assets	262	17	7,208,676,889	5,678,464,771
<b>TOTAL ASSETS (270 = 100 + 200)</b>	<b>270</b>		<b>2,253,876,828,221</b>	<b>2,270,262,477,575</b>

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

2019/06/30

VinaCafé Bien Hoa Joint Stock Company  
Separate balance sheet as at 30 June 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	30/6/2019 VND	1/1/2019 VND
<b>RESOURCES</b>				
<b>LIABILITIES (300 = 310 + 330)</b>	<b>300</b>		<b>532,006,695,606</b>	<b>812,711,964,623</b>
<b>Current liabilities</b>	<b>310</b>		<b>526,964,099,606</b>	<b>806,212,272,662</b>
Accounts payable to suppliers	311	18	201,430,940,076	351,014,503,661
Advances from customers	312		1,463,590,926	7,436,439,795
Taxes payable to State Treasury	313	19	53,746,531,733	42,855,942,055
Payables to employees	314		4,001,609,074	-
Accrued expenses	315	20	23,603,587,780	37,824,268,883
Other short-term payables	319	21(a)	4,812,247,476	3,401,855,478
Short-term borrowings	320	22	216,873,695,083	342,647,365,332
Bonus and welfare funds	322		21,031,897,458	21,031,897,458
<b>Long-term liabilities</b>	<b>330</b>		<b>5,042,596,000</b>	<b>6,499,691,961</b>
Other long-term payables	337	21(b)	45,450,000	95,089,961
Provisions – long-term	342		4,997,146,000	6,404,602,000
<b>EQUITY (400 = 410)</b>	<b>400</b>		<b>1,721,870,132,615</b>	<b>1,457,550,512,952</b>
<b>Owners' equity</b>	<b>410</b>	<b>23</b>	<b>1,721,870,132,615</b>	<b>1,457,550,512,952</b>
Share capital	411	24	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	24	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		1,212,593,691,700	948,274,072,037
- Undistributed profits after tax brought forward	421a		948,274,072,037	300,772,002,070
- Undistributed profit after tax for the current period/prior year	421b		264,319,619,663	647,502,069,967
<b>TOTAL RESOURCES (440 = 300 + 400)</b>	<b>440</b>		<b>2,253,876,828,221</b>	<b>2,270,262,477,575</b>

15 August 2019

Prepared by:

  
Nguyen Thi Ngoc Tram  
General Accountant

Approved by:

  
Phan Thi Thuy Hoa  
Chief Accountant

  
Huynh Viet Thang  
Authorised Representative



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

**VinaCafé Bien Hoa Joint Stock Company**  
**Separate statement of income for the six-month period ended 30 June 2019**

**Form B 02a – DN**

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

	Code	Note	Six-month period ended	
			30/6/2019 VND	30/6/2018 VND
Revenue from sales of goods and provision of services	01	26	1,242,669,609,935	1,480,157,287,551
Revenue deductions	02	26	835,447,524	15,607,248,131
Net revenue (10 = 01 - 02)	10	26	1,241,834,162,411	1,464,550,039,420
Cost of sales	11	27	886,696,712,485	1,072,255,824,615
Gross profit (20 = 10 - 11)	20		355,137,449,926	392,294,214,805
Financial income	21	28	8,527,243,759	23,016,365,709
Financial expenses	22	29	20,366,594,173	14,231,924,335
<i>In which: Interest expense</i>	23		11,104,792,789	7,727,678,690
Selling expenses	25	30	7,852,231,065	24,178,608,717
General and administration expenses	26	31	16,711,707,600	15,537,435,844
Net operating profit {30 = 20 + (21 - 22) - (25 + 26)}	30		318,734,160,847	361,362,611,618
Other income	31		50,004	10,959,324
Other expenses	32		27,266,624	608,889,556
Results of other activities (40 = 31 - 32)	40		(27,216,620)	(597,930,232)
Accounting profit before tax (50 = 30 + 40)	50		318,706,944,227	360,764,681,386
Income tax expense – current	51	33	55,917,536,682	37,031,233,685
Income tax (benefit)/expense – deferred	52	33	(1,530,212,118)	25,097,820,664
Net profit after tax (60 = 50 - 51 - 52)	60		264,319,619,663	298,635,627,037

15 August 2019

Prepared by:



Nguyen Thi Ngoc Tram  
General Accountant

Approved by:



Phan Thi Thuy Hoa  
Chief Accountant



Huỳnh Viet Thang  
Authorised Representative

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

**VinaCafé Bien Hoa Joint Stock Company**  
**Separate statement of cash flows for the six-month period ended 30 June 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	Six-month period ended	
		30/6/2019 VND	30/6/2018 VND
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Accounting profit before tax</b>	<b>01</b>	<b>318,706,944,227</b>	<b>360,764,681,386</b>
<b>Adjustments for</b>			
Depreciation and amortisation	02	36,053,294,180	36,408,987,729
Allowances and provisions	03	9,603,750,063	6,829,797,870
Exchange gains arising from revaluation of monetary items dominated in foreign currencies	04	(240,102,676)	(242,722,060)
Profit from investing activities	05	(7,887,831,045)	(22,624,189,045)
Interest expense	06	11,104,792,789	7,727,678,690
<b>Operating profit before changes in working capital</b>	<b>08</b>	<b>367,340,847,538</b>	<b>388,864,234,570</b>
Change in receivables and other assets	09	12,714,510,555	(213,209,791,558)
Change in inventories	10	(39,337,975,646)	(20,495,166,931)
Change in payables and other liabilities	11	(157,353,198,427)	(285,941,617,924)
Change in prepaid expenses	12	1,507,721,813	4,346,690,363
		<b>184,871,905,833</b>	<b>(126,435,651,480)</b>
Interest paid	14	(12,115,539,238)	(8,266,053,530)
Corporate income tax paid	15	(49,970,388,896)	(22,028,450,990)
<b>Net cash flows from operating activities</b>	<b>20</b>	<b>122,785,977,699</b>	<b>(156,730,156,000)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for additions to fixed assets and other long-term assets	21	(5,996,815,246)	(5,925,005,606)
Proceeds from disposals of fixed assets	22	131,515,158	-
Payments for granting loans	23	(5,000,000,000)	(3,000,000,000)
Payments for other investment	23	-	(100,000,000,000)
Receipts of interests	27	4,173,570,427	20,058,486,229
<b>Net cash flows from investing activities</b>	<b>30</b>	<b>(6,691,729,661)</b>	<b>(88,866,519,377)</b>

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

**VinaCafé Bien Hoa Joint Stock Company**  
**Separate statement of cash flows for the six-month period ended 30 June 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	Six-month period ended	
		30/6/2019 VND	30/6/2018 VND
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings	33	670,460,139,045	709,371,412,653
Payments to settle loan principals	34	(796,233,809,294)	(760,949,771,181)
Payments of dividends	36	(170,742,000)	(1,752,597,119,200)
<b>Net cash flows from financing activities</b>	<b>40</b>	<b>(125,944,412,249)</b>	<b>(1,804,175,477,728)</b>
<b>Net cash flows during the period</b> (50 = 20 + 30 + 40)	<b>50</b>	<b>(9,850,164,211)</b>	<b>(2,049,772,153,105)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>60</b>	<b>194,188,479,024</b>	<b>2,492,489,365,182</b>
<b>Effect of exchange rate fluctuations on cash and cash equivalents</b>	<b>61</b>	<b>279,585,110</b>	<b>267,428,834</b>
<b>Cash and cash equivalents at the end of the period</b> (70 = 50 + 60 + 61)	<b>70</b>	<b>184,617,899,923</b>	<b>442,984,640,911</b>

15 August 2019

Prepared by:



Nguyen Thi Ngoc Tram  
General Accountant

Approved by:



Phan Thi Thuy Hoa  
Chief Accountant

Huynh Viet Thang  
Authorised Representative

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

**VinaCafé Bien Hoa Joint Stock Company**  
**Notes to the separate interim financial statements for the six-month period ended 30**  
**June 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 these accompanying separate interim 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 June 2019, the Company had 310 employees (1/1/2019: 318 employees).

As at 30 June 2019, the Company had 1 subsidiary (1/1/2019: 1 subsidiary) as listed in Note 15.

**VinaCafé Bien Hoa Joint Stock Company**  
**Notes to the separate interim financial statements for the six-month period ended 30**  
**June 2019 (continued)**

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

**2. Basis of preparation**

**(a) Statement of compliance**

These separate interim financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to interim financial reporting. The Company prepares and issues its consolidated financial statements separately. For a comprehensive understanding of the Company's consolidated financial position, its consolidated results of operations and its consolidated cash flows, these separate interim financial statements should be read in conjunction with the consolidated financial statements.

**(b) Basis of measurement**

These separate interim 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 are prepared using the indirect method.

**(c) Annual accounting period**

The annual accounting period of the Company is from 1 January to 31 December. The separate interim financial statements are prepared for the six-month period ended 30 June 2019.

**(d) Accounting and presentation currency**

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

**(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 interim financial statements.

The accounting policies that have been adopted by the Company in the preparation of these separate interim financial statements are consistent with those adopted in the preparation of the latest separate annual financial statements.

**VinaCafé Bien Hoa Joint Stock Company**  
**Notes to the separate interim financial statements for the six-month period ended 30**  
**June 2019 (continued)**

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

**(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 the accounting period quoted by the commercial bank where the Company most frequently conducts 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) Investment in a subsidiary**

For the purpose of these separate interim financial statements, investment in a subsidiary is initially recognised at cost which includes purchase price plus any directly attributable transaction costs. Subsequent to initial recognition, the investment is 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.

**(d) Accounts receivable from customers and other receivables**

Account receivables from customers and other receivables are stated at cost less allowance for doubtful debts.

**(e) Inventories**

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

The Company applies the perpetual method of accounting for inventories.

**VinaCafé Bien Hoa Joint Stock Company**  
**Notes to the separate interim financial statements for the six-month period ended 30**  
**June 2019 (continued)**

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

**(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 separate 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.

**(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.

**VinaCafé Bien Hoa Joint Stock Company**  
**Notes to the separate interim financial statements for the six-month period ended 30**  
**June 2019 (continued)**

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

**(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) Accounts payable to suppliers and other payables**

Accounts payable to suppliers and other payables are stated at their costs.

**(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 end of 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.

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**(l) Share capital and share premium**

Ordinary shares are classified as equity. Ordinary shares are recognised at issuance price less incremental costs directly attributable to the issue of shares, net of tax effects. Such costs 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 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 end of 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.

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**(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.

**(o) Financial income and financial expenses**

**(i) Financial income**

Financial income mainly comprises interest income from deposits at banks, interest income from loans and other investment, and foreign exchange gains.

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 mainly comprise interest expenses on borrowings, allowance for diminution in value of investment in a subsidiary 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 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.

Related companies refer to parent company and its ultimate parent company and their subsidiaries and associates.

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**4. Seasonality of operations**

Total revenue of the Company typically increases in the fourth quarter of each year as distributors prepare for an anticipated increase in consumer demand in the months leading up to the Tet (Lunar New Year) holidays, which occur in the first quarter of each year. Accordingly, the Company typically increases the production of coffee, cereals and no-alcoholic drinks products and also increases advertising and promotion efforts in the fourth quarter of each year to boost sales during the period leading to the festive season.

**5. Changes in accounting estimates**

In preparing these separate interim financial statements, the Board of Management has made several accounting estimates. Actual results may differ from these estimates. There was no significant changes in accounting estimates compared to those made in the most recent separate annual financial statements or those made in the same interim period of the prior year.

**6. Changes in the composition of the Company**

There was no change in the composition of the Company since the end of the last annual accounting period which affect the Company's separate interim financial statements for the six-month period ended 30 June 2019.

**7. Cash and cash equivalents**

	<b>30/6/2019</b>	<b>1/1/2019</b>
	<b>VND</b>	<b>VND</b>
Cash on hand	90,261,951	60,832,637
Cash at banks	14,683,886,808	14,127,646,387
Cash equivalents	169,843,751,164	180,000,000,000
	<hr/>	<hr/>
	184,617,899,923	194,188,479,024
	<hr/>	<hr/>

Cash equivalents represented term deposits at banks with original terms to maturity of three months or less from their transaction dates.

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**8. Accounts receivable from customers**

	<b>30/6/2019</b>	<b>1/1/2019</b>
	<b>VND</b>	<b>VND</b>
Receivable from related parties	1,055,898,758,792	1,071,885,909,024
Receivable from third parties	15,047,341,108	19,418,398,026
	1,070,946,099,900	1,091,304,307,050

Please see Note 34 for balances between the Company and the related parties. The trade related amounts due from related parties were unsecured, interest free and are receivable within 90 days from invoice date.

**9. Other receivables**

**(a) Other short-term receivables**

	<b>30/6/2019</b>	<b>1/1/2019</b>
	<b>VND</b>	<b>VND</b>
Accrued interest receivable from deposits at banks	416,256,080	636,191,781
Short-term deposits	775,163,860	402,000,000
Others	6,041,148,561	71,317,209
	7,232,568,501	1,109,508,990

**(b) Other long-term receivables**

	<b>30/6/2019</b>	<b>1/1/2019</b>
	<b>VND</b>	<b>VND</b>
Accrued interest receivable from a subsidiary (*)	21,750,716,435	17,793,908,217
Long-term deposits	5,000,000	5,000,000
	21,755,716,435	17,798,908,217

(\*) This represented interest income receivable from loans provided to a subsidiary. Please see Notes 11 and 34 for further information.

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**10. Inventories**

	30/6/2019		1/1/2019	
	Cost VND	Allowance VND	Cost VND	Allowance VND
Goods in transit	1,782,445,600	-	4,650,644,930	-
Raw materials	211,335,453,529	(760,104,085)	218,320,446,476	(490,497,084)
Tools and supplies	7,971,601,494	(803,522,707)	8,002,377,993	(803,522,707)
Finished goods	85,513,958,282	-	38,557,632,086	-
Merchandise inventories	125,505,145	-	642,950,950	-
Goods on consignment	860,227,993	-	-	-
	<u>307,589,192,043</u>	<u>(1,563,626,792)</u>	<u>270,174,052,435</u>	<u>(1,294,019,791)</u>

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

	Six-month period ended	
	30/6/2019 VND	30/6/2018 VND
Opening balance	1,294,019,791	1,899,355,887
Increase in allowance during the period	2,192,443,039	610,940,041
Allowance utilised during the period	(1,922,836,038)	(2,424,076,036)
Closing balance	<u>1,563,626,792</u>	<u>86,219,892</u>

Included in inventories of the Company at 30 June 2019 was VND1,564 million (1/1/2019: VND1,294 million) of slow-moving inventories.

**11. Long-term loans receivable**

	30/6/2019 VND	1/1/2019 VND
Long-term loans receivable from Café De Nam Joint Stock Company, a subsidiary	125,000,000,000	120,000,000,000

The long-term loans receivable of the Company was unsecured, bore fixed interest rate at 6.5% per annum as at 30 June 2019 (1/1/2019: 6.5% per annum) and matures after 24-months from 31 December 2019. The interest is receivable on the maturity of the loan agreement.

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12. Tangible fixed assets

	Buildings and structures VND	Machinery and equipment VND	Office equipment VND	Motor vehicles VND	Total VND
<b>Cost</b>					
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 period	-	65,500,000	-	-	65,500,000
Transfer from construction in progress	-	723,706,500	2,785,846,369	-	3,509,552,869
Disposal	-	(563,636,364)	-	-	(563,636,364)
Written off	(230,442,000)	(59,000,000)	-	-	(289,442,000)
Closing balance	203,391,022,636	785,713,689,967	6,237,569,003	4,397,487,235	999,739,768,841
<b>Accumulated depreciation</b>					
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	5,503,210,314	30,187,038,362	226,110,468	75,079,608	35,991,438,752
Disposal	-	(441,515,145)	-	-	(441,515,145)
Written off	(198,436,162)	(59,000,000)	-	-	(257,436,162)
Closing balance	68,544,593,803	434,516,441,361	3,218,898,346	3,622,790,323	509,902,723,833
<b>Net book value</b>					
Opening balance	140,381,644,985	380,717,201,687	458,934,756	849,776,520	522,407,557,948
Closing balance	134,846,428,833	351,197,248,606	3,018,670,657	774,696,912	489,837,045,008

Included in the cost of tangible fixed assets were assets costing VND177,366 million which were fully depreciated as of 30 June 2019 (1/1/2019: VND171,785 million), but which are still in active use.

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**13. Intangible fixed assets**

	Software VND	Brand name VND	Total VND
<b>Cost</b>			
Opening and closing balances	1,004,073,640	876,285,239	1,880,358,879
<b>Accumulated amortisation</b>			
Opening balance	1,004,073,640	319,586,378	1,323,660,018
Charge for the period	-	61,855,428	61,855,428
Closing balance	1,004,073,640	381,441,806	1,385,515,446
<b>Net book value</b>			
Opening balance	-	556,698,861	556,698,861
Closing balance	-	494,843,433	494,843,433

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

**14. Construction in progress**

	Six-month period ended 30/6/2019 VND
Opening balance	4,330,935,678
Additions during the period	6,059,898,833
Transfer to tangible fixed assets	(3,509,552,869)
Transfer to long-term prepaid expenses	(2,645,394,550)
Closing balance	4,235,887,092

Major constructions in progress were as follows:

	30/6/2019 VND	1/1/2019 VND
Machinery and equipment	4,200,887,092	4,252,190,419
Others	35,000,000	78,745,259
	4,235,887,092	4,330,935,678

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	30/6/2019			1/1/2019		
	% of economic interests and voting rights	Cost VND	Allowance for diminution in value VND	% of economic interests and voting rights	Cost VND	Allowance for diminution in value VND
Café De Nam Joint Stock Company	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 investment in a subsidiary for disclosure in the separate interim financial statements because 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 investment in a subsidiary may differ from its carrying amount.

Café De Nam Joint Stock Company (“CDN”) was established in Vietnam in accordance with Enterprise Registration Certificate No. 0312062467 issued by the Department of Planning and Investment of Ho Chi Minh City on 22 November 2012. The business license of CDN has been amended several times, the most recent of which is dated 1 March 2019 issued by the Planning and Investment Department of Dong Nai Province. The principal activities of CDN are to manufacture and trade coffee, automatic coffee maker machine. Please refer to Note 34 to the separate interim financial statements for information about significant transactions between the Company and CDN.

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**16. Long-term prepaid expenses**

	<b>Prepaid land costs VND</b>	<b>Tools and supplies VND</b>	<b>Total VND</b>
Opening balance	14,500,369,469	6,860,775,136	21,361,144,605
Transfer from construction in progress	-	2,645,394,550	2,645,394,550
Amortisation for the period	(201,394,020)	(2,062,026,802)	(2,263,420,822)
<b>Closing balance</b>	<b>14,298,975,449</b>	<b>7,444,142,884</b>	<b>21,743,118,333</b>

**17. Deferred tax assets**

Deferred tax assets were recognised in respect of the following items:

	<b>30/6/2019 VND</b>	<b>1/1/2019 VND</b>
Accrued advertising and promotion expenses	451,332,944	-
Accrued logistic expenses	60,287,443	-
Allowance for investment in a subsidiary	4,669,631,275	2,554,993,820
Other accruals	2,027,425,227	3,123,470,951
	<b>7,208,676,889</b>	<b>5,678,464,771</b>

**18. Accounts payable to suppliers**

	<b>30/6/2019 Cost/Amount within payment capacity VND</b>	<b>1/1/2019 Cost/Amount within payment capacity VND</b>
Payable to related parties	66,926,185,821	74,353,729,636
Payable to third parties	134,504,754,255	276,660,774,025
	<b>201,430,940,076</b>	<b>351,014,503,661</b>

Please see Note 34 for balances between the Company and the related parties. The trade related amounts due to related parties were unsecured, interest free and are payable within 90 days from invoice date.

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19. Taxes payable to State Treasury

	1/1/2019 VND	Incurred VND	Paid VND	Net-off/refunded VND	30/6/2019 VND
Corporate income tax	36,870,890,625	55,917,536,682	(49,970,388,896)	-	42,818,038,411
Value added tax	5,778,028,469	117,682,707,674	(42,596,384,043)	(70,682,075,946)	10,182,276,154
Personal income tax	207,022,961	3,125,941,627	(2,500,694,901)	(86,052,519)	746,217,168
Import-export tax	-	286,541,915	(286,541,915)	-	-
Other taxes	-	5,824,146,014	(5,824,146,014)	-	-
	42,855,942,055	182,836,873,912	(101,178,155,769)	(70,768,128,465)	53,746,531,733

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**20. Accrued expenses**

	<b>30/6/2019</b>	<b>1/1/2019</b>
	<b>VND</b>	<b>VND</b>
Bonus and 13 <sup>th</sup> month salary	9,298,894,518	16,356,553,025
Purchases not yet received invoices	6,702,660,814	8,252,754,279
Advertising and promotion expenses	2,256,664,720	-
Accrued processing fees	1,367,693,203	6,793,863,741
Accrued interest expenses	720,653,811	1,731,400,260
Logistic expenses	301,437,214	-
Construction in progress	-	929,553,800
Others	2,955,583,500	3,760,143,778
	<hr/>	<hr/>
	23,603,587,780	37,824,268,883
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**21. Other payables**

**(a) Other short-term payables**

	<b>30/6/2019</b>	<b>1/1/2019</b>
	<b>VND</b>	<b>VND</b>
Other payable to a related party	1,910,495,662	-
Dividend payables to non-controlling interest	1,481,436,000	1,652,178,000
Short-term deposits received	707,802,465	1,217,744,908
Social insurance, health insurance, unemployment insurance and trade union fees	230,894,845	238,386,405
Others	481,618,504	293,546,165
	<hr/>	<hr/>
	4,812,247,476	3,401,855,478
	<hr/>	<hr/>

**(b) Other long-term payables**

	<b>30/6/2019</b>	<b>1/1/2019</b>
	<b>VND</b>	<b>VND</b>
Long-term deposits received	45,450,000	95,089,961
	<hr/>	<hr/>

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**22. Short-term borrowings**

	1/1/2019 Carrying amount/Amount within repayment capacity VND	Movements during the period		30/6/2019 Carrying amount/Amount within repayment capacity VND
		Addition VND	Decrease VND	
Short-term borrowings	342,647,365,332	670,460,139,045	(796,233,809,294)	216,873,695,083

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

	Currency	Annual interest rate	30/6/2019 VND	1/1/2019 VND
Unsecured bank loan	VND	5.3% - 6.1%	216,873,695,083	342,647,365,332

As at 30 June 2019 and 1 January 2019, the Company does not have any overdue borrowing including principal and interest.

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23. Changes in owners' equity

	Share capital VND	Share premium VND	Investment and development fund (*) VND	Undistributed profits after tax VND	Total owners' equity VND
<b>Balance as at 1 January 2018</b>	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
<b>Balance as at 30 June 2018</b>	265,791,350,000	29,974,241,968	213,510,848,947	599,407,629,107	1,108,684,070,022
<b>Balance as at 1 January 2019</b>	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	-	-	-	264,319,619,663	264,319,619,663
<b>Balance as at 30 June 2019</b>	265,791,350,000	29,974,241,968	213,510,848,947	1,212,593,691,700	1,721,870,132,615

(\*) Investment and development fund was appropriated from profit 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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**24. Share capital and share premium**

The Company's authorised and issued share capitals are as below:

	<b>30/6/2019</b>		<b>1/1/2019</b>	
	<b>Number of shares</b>	<b>VND</b>	<b>Number of shares</b>	<b>VND</b>
<b>Authorised and issued share capital</b>				
Ordinary shares	26,579,135	265,791,350,000	26,579,135	265,791,350,000
<b>Shares in circulation</b>				
Ordinary shares	26,579,135	265,791,350,000	26,579,135	265,791,350,000
<b>Share premium</b>		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.

Share premium represents the excess of the proceeds on issuance of shares over their par value.

There were no movements in share capital during the period.

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**25. Off balance sheet items**

**(a) Lease commitments**

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

	<b>30/6/2019</b>	<b>1/1/2019</b>
	<b>VND</b>	<b>VND</b>
Within 1 year	3,535,200,000	6,706,176,000

**(b) Foreign currency**

	<b>30/6/2019</b>		<b>1/1/2019</b>	
	<b>Original currency</b>	<b>VND equivalent</b>	<b>Original currency</b>	<b>VND Equivalent</b>
USD	245,464	5,702,133,598	392,617	9,085,157,380

**(c) Capital expenditure commitments**

The Company had the following outstanding capital commitments approved but not provided for in the separate balance sheets:

	<b>30/6/2019</b>	<b>1/1/2019</b>
	<b>VND</b>	<b>VND</b>
Approved but not contracted	8,997,675,740	1,696,074,234
Approved and contracted	4,030,488,100	4,784,490,643
	13,028,163,840	6,480,564,877

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**26. Revenue from sales of goods and provision of services**

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

Net revenue comprised:

	<b>Six-month period ended</b>	
	<b>30/6/2019</b>	<b>30/6/2018</b>
	<b>VND</b>	<b>VND</b>
Total revenue		
▪ Sales of goods	1,203,056,833,238	1,475,213,279,887
▪ Other sales	39,612,776,697	4,944,007,664
	1,242,669,609,935	1,480,157,287,551
Less revenue deductions		
▪ Sales returns	835,447,524	11,641,116,996
▪ Sales discounts	-	3,966,131,135
	835,447,524	15,607,248,131
Net revenue	1,241,834,162,411	1,464,550,039,420

**27. Cost of sales**

	<b>Six-month period ended</b>	
	<b>30/6/2019</b>	<b>30/6/2018</b>
	<b>VND</b>	<b>VND</b>
Total cost of sales		
▪ Goods sold	862,286,816,073	1,065,736,671,489
▪ Other sales	22,217,453,373	5,908,213,085
▪ Allowance for inventories	2,192,443,039	610,940,041
	886,696,712,485	1,072,255,824,615

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**28. Financial income**

	<b>Six-month period ended</b>	
	<b>30/6/2019</b>	<b>30/6/2018</b>
	<b>VND</b>	<b>VND</b>
Interest income from deposits at banks and other investment	3,953,634,726	18,835,490,414
Interest income from loans provided to a subsidiary	3,956,808,218	3,788,698,631
Foreign exchange gains	616,800,815	392,176,664
	<hr/>	<hr/>
	8,527,243,759	23,016,365,709
	<hr/>	<hr/>

**29. Financial expenses**

	<b>Six-month period ended</b>	
	<b>30/6/2019</b>	<b>30/6/2018</b>
	<b>VND</b>	<b>VND</b>
Interest expense	11,104,792,789	7,727,678,690
Allowance for diminution in value of investment in a subsidiary	8,818,763,024	6,463,554,368
Foreign exchange losses	443,038,360	40,691,277
	<hr/>	<hr/>
	20,366,594,173	14,231,924,335
	<hr/>	<hr/>

**30. Selling expenses**

	<b>Six-month period ended</b>	
	<b>30/6/2019</b>	<b>30/6/2018</b>
	<b>VND</b>	<b>VND</b>
Advertising and promotion expenses	3,401,360,330	15,801,401,702
Logistics expenses	3,201,383,549	4,503,026,139
Staff costs	348,132,000	313,388,158
Other selling expenses	901,355,186	3,560,792,718
	<hr/>	<hr/>
	7,852,231,065	24,178,608,717
	<hr/>	<hr/>

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**31. General and administration expenses**

	<b>Six-month period ended</b>	
	<b>30/6/2019</b>	<b>30/6/2018</b>
	<b>VND</b>	<b>VND</b>
Management fee	480,000,000	720,000,000
Staff costs	11,160,983,875	7,790,994,398
Research and development expenses	389,716,391	353,043,912
Depreciation and amortisation of fixed assets	305,563,720	181,337,048
System lease line and information technology services	159,697,005	58,564,847
Others expenses	4,215,746,609	6,433,495,639
	<hr/>	<hr/>
	16,711,707,600	15,537,435,844
	<hr/>	<hr/>

**32. Production and business costs by element**

	<b>Six-month period ended</b>	
	<b>30/6/2019</b>	<b>30/6/2018</b>
	<b>VND</b>	<b>VND</b>
Raw material costs included in production costs	735,161,236,693	932,139,811,218
Labour and staff costs	49,324,636,267	40,497,083,608
Depreciation and amortisation	36,053,294,180	36,408,987,729
Outside services	61,755,860,534	69,330,354,869
Other expenses	28,965,623,476	33,595,631,752
	<hr/>	<hr/>

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**33. Corporate income tax**

**(a) Recognised in the separate statement of income**

	<b>Six-month period ended</b>	
	<b>30/6/2019</b>	<b>30/6/2018</b>
	<b>VND</b>	<b>VND</b>
<b>Current tax expense</b>		
Current period	55,917,536,682	38,514,732,221
Over provision in prior periods	-	(1,483,498,536)
	<hr/> 55,917,536,682	<hr/> 37,031,233,685
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	(750,371,774)	25,682,980,080
Effect of change in tax rate	(779,840,344)	(585,159,416)
	<hr/> (1,530,212,118)	<hr/> 25,097,820,664
Income tax expense	<hr/> 54,387,324,564	<hr/> 62,129,054,349

**(b) Reconciliation of effective tax rate**

	<b>Six-month period ended</b>	
	<b>30/6/2019</b>	<b>30/6/2018</b>
	<b>VND</b>	<b>VND</b>
Accounting profit before tax	318,706,944,227	360,764,681,386
Tax at the Company's tax rate	63,741,388,845	72,152,936,277
Effect of change in tax rate	(779,840,344)	(585,159,416)
Non-deductible expenses	29,714,811	151,107,346
Effect of different tax rate applied to expansion project	(8,603,938,748)	(8,106,331,322)
Over provision in prior periods	-	(1,483,498,536)
	<hr/> 54,387,324,564	<hr/> 62,129,054,349

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**(c) Applicable tax rates**

According to the corporate income tax law and the Law on encouragement of domestic investment, the Company has an obligation to pay the government corporate income tax at the incentive tax rate of 15% of taxable profits for the first twelve years (2005 to 2016) since the Company is a joint stock company which was converted from a state-owned enterprise before 2006. The Company is also exempted from corporate income tax for three years starting from the first year it generates taxable profits (2005 to 2007) and entitled to a 50% reduction in corporate income tax for seven succeeding years (2008 to 2014). All the above tax incentives are not applicable to other incomes and taxable profits from expansion project, which are subject to the normal corporate income tax rate.

The Company obtained an Investment Licence No. 47221000778 on 24 December 2009 for Bien Hoa II Coffee Manufacturing Factory based in Long Thanh District, Dong Nai Province (“Long Thanh Factory”). According to the first amended Investment Licence, taxable profits generated from Long Thanh Factory will be subject to the normal corporate income tax rate and is eligible to apply the tax exemption and reduction year as follows:

- Exempted from corporate income tax for two years starting from the first year Long Thanh Factory generates taxable profits (2014 to 2015); and
- Entitled to a 50% reduction in corporate income tax for four succeeding years (2016 to 2019).

The normal corporate income tax rate applicable to enterprises before any incentives is 20%.

**(d) Tax contingencies**

The taxation laws and their application in Vietnam are subject to interpretation and change over time as well as from one tax office to another. The final tax position may be subject to review and investigation by a number of authorities, who are enabled by law to impose severe fines, penalties and interest charges. These facts may create tax risks in Vietnam that are substantially more significant than in other countries. Management believes that it has adequately provided for tax liabilities based on its interpretation of tax legislation, including transfer pricing requirements and computation of corporate income tax. However, the relevant authorities may have different interpretations and the effects could be significant.

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**34. Significant transactions with related parties**

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

	<b>Transaction value</b>		<b>Receivables/ (payables) as at</b>	
	<b>Six-month period ended</b>	<b>Six-month period ended</b>	<b>30/6/2019</b>	<b>1/1/2019</b>
	<b>30/6/2019</b>	<b>30/6/2018</b>	<b>30/6/2019</b>	<b>1/1/2019</b>
	<b>VND</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>
<b>Parent of the parent company</b>				
<b>Masan Consumer Corporation</b>				
Purchases of goods	29,978,502,525	28,303,748,062	-	-
Sales of goods	1,130,233,746,067	1,138,634,423,887	1,039,377,892,440	1,070,218,150,205
Sales of services	11,506,236,000	-	12,656,859,600	-
<b>Related parties</b>				
<b>Masan Industrial One Member Company Limited</b>				
Sales of goods	527,290,710	77,821,858	-	-
Purchases of goods	285,157,636	100,658,666	(204,542,361)	(383,094,650)
Purchases of services	14,477,129,262	9,022,891,382	(11,952,625,506)	(10,005,161,483)
Management fee	480,000,000	720,000,000	(528,000,000)	(1,584,000,000)
Sales of fixed assets	131,515,158	-	-	-
<b>Vinh Hao Mineral Water Corporation</b>				
Sales of goods and services	20,042,719,830	36,471,500	-	-
Purchases of goods	60,594,577,772	74,851,396,367	(30,071,139,419)	(28,134,478,637)
Purchases of services	23,709,431,088	46,318,707,504	(26,080,374,197)	(34,246,994,866)
<b>Quang Ninh Mineral Water Corporation</b>				
Sales of goods	-	745,229,922	-	3,096,660
<b>Masan MB One Member Company Limited</b>				
Sales of goods and services	3,460,743,709	26,782,300	3,599,140,206	2,240,000
<b>Masan PQ Corporation</b>				
Sales of goods	-	5,186,821	-	-

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	Transaction value		Receivables/ (payables) as at	
	Six-month period ended 30/6/2019 VND	30/6/2018 VND	30/6/2019 VND	1/1/2019 VND
<b>Masan HD One Member Company Limited</b>				
Sales of goods	2,036,364	33,388,778	2,240,000	-
<b>Masan Brewery Distribution Company Limited</b>				
Sales of goods	-	480,400	-	-
Purchases of goods	58,950,000	56,753,864	-	-
<b>Subsidiary Café De Nam Joint Stock Company</b>				
<i>(Sales return)/</i>				
Sales of goods	(4,115,595)	600,500	21,040,146	814,655,165
Sales of services	427,248,000	427,248,000	234,986,400	847,766,994
Sales of fixed assets	-	542,319,088	-	-
<i>(Goods return)/</i>				
Purchases of goods	(7,048,069)	2,072,473,499	-	-
Loans receivable	5,000,000,000	3,000,000,000	125,000,000,000	120,000,000,000
Interest income from loans	3,956,808,218	3,788,698,631	21,750,716,435	17,793,908,217
<b>Key management personnel</b>				
Remunerations	4,115,886,023	2,369,933,936	-	-

As at 30 June 2019 and 1 January 2019, the Company has current and term deposit accounts at Vietnam Technological and Commercial Joint Stock Bank at normal terms.

15 August 2019

Prepared by:

  
 Nguyen Thi Ngoc Tram  
 General Accountant

Approved by:

  
 Phan Thi Thuy Hoa  
 Chief Accountant

  
 Huynh Viet Thang  
 Authorised Representative

