

HA LONG CANNED FOOD JOINT STOCK CORPORATION

**SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**



HA LONG CANNED FOOD JOINT STOCK CORPORATION

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FOR THE YEAR ENDED 31 DECEMBER 2018**

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HA LONG CANNED FOOD JOINT STOCK CORPORATION

CORPORATE INFORMATION

Business Registration Certificate

No. 0200344752 was initially issued by Hai Phong Department of Planning and Investment on 5 March 1999. The latest amendment to the Business Registration Certificate was issued on 11 July 2018.

As at the date of the separate financial statements

Board of Management	Mr. Bui Quoc Hung	Chairman (appointed on 4 July 2018)
	Mr. Kek Chin Ann	Vice Chairman (resigned as Chairman on 4 July 2018 and appointed as Vice Chairman on 4 July 2018)
	Mr. Mai Xuan Phong	Vice Chairman
	Mr. Nguyen Van Binh	Member
	Mr. Wilson Cheah Hui Pin	Member (appointed on 4 December 2018)
	Mr. Tra Hoang Lam	Member (appointed on 4 December 2018)
	Mr. Thai Ba Nam	Member (resigned on 4 December 2018)
Board of Supervision	Mr. Dang Quoc Viet	Chief Supervisor
	Mr. Tran Phuoc Thai	Member
	Mr. Ngo Van Duy Nhat	Member
Board of Directors	Mr. Kek Chin Ann	General Director (appointed on 4 July 2018)
	Mr. Oliveira Michael Leonard	General Director (resigned on 4 July 2018)
	Mr. Nguyen Van Binh	Deputy General Director (resigned on 20 April 2018)
	Ms. Pham Thi Thu Nga	Deputy General Director
	Mr. Chua Seng Beng	Deputy General Director
Legal Representative	Mr. Bui Quoc Hung	Chairman (appointed on 4 July 2018)
	Mr. Kek Chin Ann	Vice Chairman (resigned on 4 July 2018)
Registered Office	71 Le Lai Street, May Chai Ward, Ngo Quyen District, Hai Phong Province, Vietnam	
Auditor	PwC (Vietnam) Limited	

HA LONG CANNED FOOD JOINT STOCK CORPORATION

STATEMENT OF THE RESPONSIBILITY OF GENERAL DIRECTOR OF THE COMPANY IN RESPECT OF THE SEPARATE FINANCIAL STATEMENTS

The Legal Representative of the Company authorised the General Director to sign and be responsible for the separate financial statements of Ha Long Canned Food Joint Stock Corporation ("the Company") pursuant to the Authorisation Letter No. 09/2018/UQ-DHHL dated 10 July 2018.

The General Director of Ha Long Canned Food Joint Stock Corporation ("the Company") is responsible for preparing separate financial statements which give a true and fair view of the financial position of the Company as at 31 December 2018 and the results of its operations and cash flows for the financial year ended. In preparing these separate financial statements, the General Director is required to:

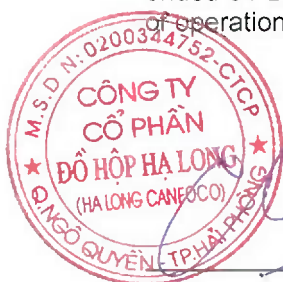
- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- prepare the separate financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The General Director is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Company and which enable separate financial statements to be prepared which comply with the basis of accounting set out in Note 2 to the separate financial statements. The General Director is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

APPROVAL OF THE SEPARATE FINANCIAL STATEMENTS

I hereby approve the accompanying separate financial statements as set out on pages 5 to 37, which give a true and fair view of the financial position of the Company as at 31 December 2018 and of the results of its operations and cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of separate financial statements.

Users of these separate financial statements of the Company should read them together with the consolidated financial statements of the Company and its subsidiaries ("the Group") for the year ended 31 December 2018 in order to obtain full information of the financial position and results of operations and cash flows of the Group.




Kek Chin Ann
General Director
Authorised signatory

Hai Phong, S.R. Vietnam
22 March 2019



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HA LONG CANNED FOOD JOINT STOCK CORPORATION

We have audited the accompanying separate financial statements of Ha Long Canned Food Joint Stock Corporation ("the Company") which were prepared on 31 December 2018 and approved by the General Director of the Company on 22 March 2019. The separate financial statements comprise the separate balance sheet as at 31 December 2018, the separate income statement and the separate cash flow statement for the year then ended, and explanatory notes to the separate financial statements including significant accounting policies, as set out on pages 5 to 37.

General Director's Responsibility

The General Director of the Company, authorized by the Legal Representative, is responsible for the preparation and the true and fair presentation of these separate financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of the separate financial statements and for such internal control which the General Director determines is necessary to enable the preparation and fair presentation of the separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the separate financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical standards and requirements and plan and perform the audit in order to obtain reasonable assurance as to whether the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditor's judgment, including an assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and true and fair presentation of the separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the General Director, as well as evaluating the overall presentation of the separate financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Auditor's Opinion

In our opinion, the separate financial statements present fairly, in all material respects, the separate financial position of the Company as at 31 December 2018, its separate financial performance and separate cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on the preparation and presentation of separate financial statements.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2.15 in the separate financial statements which indicates that as at 31 December 2018, the Company did not recognise provision for severance allowance for employees of approximate VND 6,951,744 thousand because of the adoption of Circular 180/2012/TT-BTC issued by Ministry of Finance on 24 October 2012. The adoption of this Circular causes a difference with Vietnamese Accounting Standard No.18 "Provisions, contingent assets and liabilities".

Other matters

The independent auditor's report is prepared in Vietnamese and English. Should there be any conflict between the Vietnamese and English versions, the Vietnamese version shall take precedence.

For and on behalf of PwC (Vietnam) Limited



Nguyen Phi Lan
Audit Practising Licence No.0573-2018-006-1
Authorised signatory

Nguyen Cam Ly
Audit Practising Licence No.3067-2019-006-1

Report reference number: HAN 2153
Hanoi, 22 March 2019

HA LONG CANNED FOOD JOINT STOCK CORPORATION

Form B 01 – DN

SEPARTE BALANCE SHEET

Code	ASSETS	Note	As at 31 December	
			2018 VND	2017 VND
100	CURRENT ASSETS		126,980,124,307	119,338,882,272
110	Cash and cash equivalents	3	6,024,108,280	46,598,545,981
111	Cash		6,024,108,280	21,022,397,601
112	Cash equivalents		-	25,576,148,380
120	Short-term investments		-	5,386,199,800
121	Trading securities	4(a)	-	5,648,780,000
122	Provision for diminution in value of trading securities		-	(262,580,200)
130	Short-term receivables		14,054,735,032	11,043,235,385
131	Short-term trade accounts receivable	5(a)	13,117,324,960	8,662,198,465
132	Short-term prepayment to suppliers		1,713,456,929	2,384,559,098
136	Other short-term receivables	6	6,871,023,217	7,456,067,818
137	Provision for doubtful debts - short term	7	(7,936,134,541)	(7,495,484,843)
139	Shortage of assets awaiting resolution		289,064,467	35,894,847
140	Inventories	8	105,439,415,916	55,129,607,771
141	Inventories		110,456,622,070	58,646,650,351
149	Provision for decline in value of inventories		(5,017,206,154)	(3,517,042,580)
150	Other current assets		1,461,865,079	1,181,293,335
151	Short-term prepaid expenses	9(a)	985,576,496	685,004,752
153	Tax and other receivables from the State Budget	13(a)	476,288,583	496,288,583
200	LONG-TERM ASSETS		60,861,320,782	62,025,815,101
210	Long-term receivables		3,771,041,926	4,348,598,951
211	Long-term trade accounts receivable	5(b)	3,174,470,361	3,968,087,951
216	Other long-term receivables		596,571,565	380,511,000
220	Fixed assets		35,110,722,231	34,788,448,922
221	Tangible fixed assets	10(a)	22,511,693,355	22,800,776,720
222	Historical cost		96,727,804,422	103,696,015,483
223	Accumulated depreciation		(74,216,111,067)	(80,895,238,763)
227	Intangible fixed assets	10(b)	12,599,028,876	11,987,672,202
228	Historical cost		12,736,272,202	11,987,672,202
229	Accumulated amortisation		(137,243,326)	-
240	Long-term assets in progress		-	630,272,590
242	Construction in progress	11	-	630,272,590
250	Long-term investments		15,110,926,449	15,110,926,449
251	Investments in subsidiaries	4(b)	15,110,926,449	15,110,926,449
260	Other long-term assets		6,868,630,176	7,147,568,189
261	Long-term prepaid expenses	9(b)	6,868,630,176	7,147,568,189
270	TOTAL ASSETS		187,841,445,089	181,364,697,373

The notes on pages 9 to 37 are an integral part of these separate financial statements.

HA LONG CANNED FOOD JOINT STOCK CORPORATION

Form B 01 – DN

SEPARATE BALANCE SHEET
(continued)

Code	RESOURCES	Note	As at 31 December	
			2018 VND	2017 VND (As restated - Note 36)
300	LIABILITIES		89,744,580,022	70,941,390,725
310	Short-term liabilities		83,278,803,604	64,585,574,372
311	Short-term trade accounts payable	12	38,656,554,193	44,149,037,996
312	Short-term advances from customers		4,450,871,011	2,913,338,824
313	Tax and other payables to the State Budget	13(b)	7,871,647,094	7,429,040,543
314	Payable to employees		2,682,751,642	1,496,014,730
315	Short term accrued expenses	14	4,952,272,846	3,600,307,339
319	Other short-term payables	15	1,750,706,733	2,019,972,575
320	Short-term borrowings and finance lease liabilities	16	19,999,575,520	-
322	Bonus and welfare funds	17	2,914,424,565	2,977,862,365
330	Long-term liabilities		6,465,776,418	6,355,816,353
337	Other long-term payables		282,500,163	282,500,163
342	Provision for long-term liabilities	18	6,183,276,255	6,073,316,190
400	OWNERS' EQUITY		98,096,865,067	110,423,306,648
410	Capital and reserves		98,096,865,067	110,423,306,648
411	Owner's capital	20,21	50,000,000,000	50,000,000,000
411a	- Ordinary shares with voting rights		50,000,000,000	50,000,000,000
412	Share premium	21	15,753,387,350	15,753,387,350
418	Investment and development funds	21	29,020,260,148	29,020,260,148
421	Undistributed earnings	21	3,323,217,569	15,649,659,150
421a	- Undistributed post-tax profits of previous years		10,649,659,150	15,761,917,515
421b	- Post-tax loss of current year		(7,326,441,581)	(112,258,365)
440	TOTAL RESOURCES		187,841,445,089	181,364,697,373

Vu Thi Huong Quynh
Preparer/Chief Accountant



Kek Chin Ann
General Director
Authorised signatory
22 March 2019

The notes on pages 9 to 37 are an integral part of these separate financial statements.

HA LONG CANNED FOOD JOINT STOCK CORPORATION

Form B 02 – DN

SEPARATE INCOME STATEMENT

Code	Note	Year ended 31 December	
		2018 VND	2017 VND
01	Revenue from sales of goods and rendering of services	377,954,506,199	304,541,855,851
02	Less deductions	(2,691,613,462)	(549,959,707)
10	Net revenue from sales of goods and rendering of services	375,262,892,737	303,991,896,144
11	Cost of goods sold and services rendered	(286,968,229,452)	(231,820,842,588)
20	Gross profit from sales of goods and rendering of services	88,294,663,285	72,171,053,556
21	Financial income	5,144,641,375	883,957,089
22	Financial expenses	(98,499,287)	3,023,916,000
23	- Including: Interest expenses	(219,152,185)	-
25	Selling expenses	(74,054,919,560)	(51,489,657,672)
26	General and administration expenses	(27,668,975,351)	(23,895,523,845)
30	Net operating (loss)/profit	(8,383,089,538)	693,745,128
31	Other income	1,333,886,715	440,158,696
32	Other expenses	(257,238,758)	(712,679,967)
40	Net other income/(expenses)	1,076,647,957	(272,521,271)
50	Net accounting (loss)/profit before tax	(7,306,441,581)	421,223,857
51	Business income tax – current	(20,000,000)	(533,482,222)
52	Business income tax – deferred	-	-
60	Net loss after tax	(7,326,441,581)	(112,258,365)

Vu Thi Huong Quynh
Preparer/Chief Accountant



Kek Chin Ann
General Director
Authorised signatory
22 March 2019

The notes on pages 9 to 37 are an integral part of these separate financial statements.

HA LONG CANNED FOOD JOINT STOCK CORPORATION

Form B 03 – DN

SEPARATE CASH FLOW STATEMENT
(Indirect method)

		Year ended 31 December	
Code	Note	2018 VND	2017 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
01	Net (loss)/profit before tax	(7,306,441,581)	421,223,857
	Adjustments for:		
02	Depreciation and amortisation	4,548,176,691	5,538,709,314
03	Provisions	1,678,233,072	(457,121,840)
04	Unrealised foreign exchange gains	(9,713,384)	-
05	Profits from investing activities	(1,312,343,462)	(1,073,227,089)
06	Interest expense	219,152,185	-
08	Operating (loss)/profit before changes in working capital	(2,182,936,479)	4,429,584,242
09	(Increase)/decrease in receivables	(2,854,592,320)	8,310,221,782
10	(Increase)/decrease in inventories	(51,809,971,719)	8,531,151,329
11	(Decrease)/increase in payables	(885,236,423)	25,072,676,386
12	Increase in prepaid expenses	(21,633,731)	(6,150,866,275)
13	Decrease in trading securities	5,648,780,000	-
14	Interest paid	(219,152,185)	-
15	Business income tax paid	-	(1,508,194,025)
17	Other payments on operating activities	(63,437,800)	(880,752,000)
20	Net cash (outflows)/inflows from operating activities	(52,388,180,657)	37,803,821,439
CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchases of fixed assets and other long-term assets	(4,551,550,000)	(790,486,050)
22	Proceeds from disposals of fixed assets	718,866,819	233,145,000
27	Dividends and interest received	635,749,233	883,957,089
30	Net cash (outflows)/inflows from investing activities	(3,196,933,948)	326,616,039
CASH FLOWS FROM FINANCING ACTIVITIES			
33	Proceeds from borrowings	19,999,575,520	-
36	Dividends paid, profits distributed to owners	22 (4,998,612,000)	(2,486,951,250)
40	Net cash inflows/(outflows) from financing activities	15,000,963,520	(2,486,951,250)
50	Net (decrease)/increase in cash and cash equivalents	(40,584,151,085)	35,643,486,228
60	Cash and cash equivalents at beginning of year	3 46,598,545,981	10,955,059,753
61	Effect of foreign exchange differences	9,713,384	-
70	Cash and cash equivalents at end of year	3 6,024,108,280	46,598,545,981

Major non-cash transactions during the year were amounts payable in relation to the purchases of fixed assets amounting to VND Nil (2017: VND 269,100,000)

Vu Thi Huong Quynh
Preparer/Chief Accountant



Ken Chin Ann
General Director
Authorised signatory
22 March 2019

The notes on pages 9 to 37 are an integral part of these separate financial statements.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1 GENERAL INFORMATION

Ha Long Canned Food Joint Stock Corporation ("the Company") was established in SR Vietnam pursuant to Business Registration Certificate No. 0200344752 initially issued by Hai Phong Department of Planning and Investment on 5 March 1999. The latest amendment to the Business Registration Certificate was issued on 11 July 2018.

The principal business activities of the Company are: producing, processing, packaging and exporting aquatic products, sea products, frozen animal husbandry products and other food products.

The normal business cycle of the Company is within 12 months.

In accordance with the Resolution of Board of Members No. 21/2017/NQ-HDQT, No. 22/2017/NQ-HDQT and No. 27/2017/NQ-HDQT on 6 October 2017, the management has decided to close the three branches:

- Da Nang branch, located at 150 Dong Da Street, Thuan Phuoc Ward, Hai Chau District, Da Nang City, Vietnam;
- Ho Chi Minh branch, located at 30 Ly Long Tuong, My Quang – H30 Street, Tan Phong Ward, District 7, Ho Chi Minh City, Vietnam; and
- Hanoi branch, located at 80B Nguyen Van Cu Street, Bo De Ward, Long Bien District, Hanoi, Vietnam.

As at 31 December 2018, Ha Noi Branch was officially closed. The closing procedures for Da Nang and Ho Chi Minh Branches were under way.

As at 31 December 2018, the Company has two subsidiaries as below:

Subsidiaries	Principal business activities	% Ownership
Ha Long Canfoco – Da Nang Company Limited	Processing and storage of fish and fish products, meat and meat products, vegetables and fruits, livestock, poultry feed and aquatic products.	100%
Ha Long Canfoco Kindergarten	Providing childcare and nursery education service.	100%

As at 31 December 2018, the Company had 575 employees (as at 31 December 2017: 478 employees).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of separate financial statements

The separate financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of financial statements. The separate financial statements have been prepared under the historical cost convention.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.1 Basis of preparation of separate financial statements (continued)**

The accompanying separate financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam. The accounting principles and practices utilised in Vietnam may differ from those generally accepted in countries and jurisdictions other than Vietnam.

Separately, the Company has also prepared the consolidated financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of consolidated financial statements for the Company and its subsidiaries (together, "the Group"). In the consolidated financial statements, subsidiary undertakings – which are those companies over which the Group has the power to govern the financial and operating policies – have been fully consolidated.

Users of the separate financial statements of the Company should read them together with the consolidated financial statements of the Group for the year ended 31 December 2018 in order to obtain full information of the financial position and results of operations and cash flows of the Group.

For the financial year ended 31 December 2018, the Company's accounting loss after tax is at VND 7,326,441,581 (2017: VND 112,258,365) and as of that date, the Company's cash and cash equivalents is at VND 6,024,108,280 (2017: VND 46,598,545,981) and the existing loan facility with limit of VND 20,000,000,000 will be expired on 2 October 2019. The Company's ability to generate sufficient cash flow for its operation in the next twelve months since the balance sheet date would depend on its achieving revenue budget for 2019 and extension of the existing loan facility on 2 October 2019. The General Director strongly believes that the Company is able to meet the revenue budget and that the loan facility will be extended or other financial arrangement can be arranged so as the Company is able to generate sufficient cash to pay its financial obligations as and when due. Accordingly, the separate financial statements have been prepared on a going concern basis.

2.2 Fiscal year

The Company's fiscal year is from 1 January to 31 December.

2.3 Currency

The separate financial statements are measured and presented in Vietnamese Dong ("VND").

Transactions arising in foreign currencies are translated at the exchange rates ruling at the transaction dates. Foreign exchange differences arising from these transactions are recognised in the income statement.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are respectively translated at the buying and selling exchange rates at the balance sheet date of the commercial bank where the Company regularly trades. Foreign currencies deposited in bank at the balance sheet date are translated at the buying exchange rate of the commercial bank where the Company opens the foreign currency accounts. Foreign exchange differences arising from these translations are recognised in the income statement.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.4 Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, cash at bank, cash in transit, demand deposits and other short-term investments with an original maturity of three months or less.

2.5 Trade receivables

Trade receivables are carried at the original invoice amount less an estimate made for doubtful receivables based on a review by the General Director of all outstanding amounts at the period end. Bad debts are written off when identified.

2.6 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method and includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured products, cost includes all direct expenditure and production overheads based on normal levels of operating activity. Net realisable value is the estimated selling price in the normal course of business, less the estimated costs of completion and selling expenses.

The Company applies the perpetual method for inventories.

Provision is made, where necessary, for obsolete, slow-moving and defective inventory items. The difference between the provision of this period and the provision of the previous period are recognised as an increase or decrease of operating expenses in the period.

2.7 Investments**(a) Trading securities**

Trading securities are securities which are held for trading purposes to earn profit.

Trading securities are initially recorded at cost of acquisition. They are subsequently measured at cost less provision. The provision for diminution in value of trading securities is made when the cost is higher than its fair value.

Profit and loss from liquidation or disposal of trading securities is recorded in the income statement. The costs of trading securities disposed are determined by using the moving weighted average method.

(b) Investments in subsidiaries

Subsidiaries are the entities over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

Investments in subsidiaries is accounted for at cost less provision for diminution in value. Provision for diminution in value is made when there is an impairment of the investments.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.8 Fixed assets***Tangible and intangible fixed assets*

Fixed assets are stated at historical cost less accumulated depreciation/amortisation. Historical cost includes expenditure that is directly attributable to the acquisition of the fixed assets.

Depreciation and amortisation

Fixed assets are depreciated and amortised using the straight-line method so as to write off the cost of the assets over their estimated useful lives or over the term of the Business Registration Certificate if shorter. The principal annual rates of each asset class are as follow:

Depreciation and amortisation (continued)

Plant and buildings	4% - 17%
Machinery	8% - 50%
Motor vehicles	10% - 25%
Software	20%

Land use rights with indefinite useful life are recorded at historical cost and are not amortised.

Disposals

Gains and losses on disposals are determined by comparing net disposal proceeds with the carrying amount and are recognised as income or expense in the income statement.

Construction in progress

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost. Depreciation of these assets, on the same basis as other fixed assets, commences when the assets are ready for their intended use.

2.9 Leased assets

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

2.10 Prepaid expenses

Prepaid expenses include short-term and long-term prepayments on the balance sheet. Prepaid expenses are recorded at historical cost and allocated using the straight line method over estimated useful lives.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.11 Payables**

Classifications of payables are based on their nature as follows:

- Trade accounts payable are trade payables arising from purchase of goods and services.
- Other payables including non-trade payables, and not relating to purchase of goods and services.

Payables are classified into long-term and short-term payables on the balance sheet based on remaining period from the balance sheet date to the maturity date.

2.12 Borrowings and finance lease liabilities

Borrowings and finance lease liabilities include borrowings and finance leases from banks, financial institutions, financial companies and other entities.

Borrowings and finance lease liabilities are classified into long-term and short-term based on remaining period from the balance sheet date to the maturity date.

Borrowing costs that are directly attributable to the construction or production of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are recognised in the income statement when incurred.

2.13 Accrued expenses

Accrued expenses include liabilities for goods and services received in the period but not yet paid for due to pending invoices or insufficient records and documents. Accrued expenses are recorded as expenses in the reporting period.

2.14 Provisions

Provisions are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the expenditure expected to be required to settle the obligation. If the time value of money is material, provisions will be measured at the present value using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expenses.

2.15 Provision for severance allowances

In accordance with Vietnamese labour laws, employees of the Company who have worked regularly for full 12 months or longer, are entitled to a severance allowance. The working period used for the calculation of severance allowance is the period during which the employee actually works for the Company less the period during which the employee participates in the unemployment insurance scheme in accordance with the labour regulations and the working period for which the employee has received severance allowance from the Company.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.15 Provision for severance allowances (continued)**

The severance allowance is accrued at the end of the reporting period on the basis that each employee is entitled half of an average monthly salary for each working year. The average monthly salary used for calculating the severance allowance is the employee's average salary for the year prior to the balance sheet date.

This allowance will be paid as a lump sum when the employees terminate their labour contracts in accordance with current regulations.

The Company did not recognise provision for severance allowance for employees because of the adoption of Circular No. 180/2012/TT-BTC issued by Ministry of Finance on 24 October 2012. The adoption of this Circular causes a difference with Vietnamese Accounting Standard No.18 "*Provisions, contingent assets and liabilities*". Had the Company adopted Vietnamese Accounting Standard, the provision for severance allowance as at 31 December 2018 would have been approximate VND 6,951,744 thousand (as at 31 December 2017: VND 6,654,619 thousand).

2.16 Provision for dismantling and restoration costs

According to Circular 200/2014/TT-BTC dated 22 December 2014, the provision for dismantling and restoration costs of the Company's leased premises and land is measured at the present value of expenditures estimated to settle the dismantling and restoration obligation at the end of the lease term. The increase in the provision due to passage of time is recognised as an interest expense of the reporting period. As recognising the dismantling and restoration obligation gives access to future economic benefits, a dismantling and restoration asset is recognised in long-term prepaid expenses balance and is allocated to expenses using the straight-line method over the period from the date of recognition to the time of returning the premises and land.

2.17 Owners' capital

Contributed capital of the shareholders is recorded according to the actual amount contributed and is recorded according to par value of the share.

Share premium is the difference between the par value and the issue price of shares and the difference between the repurchase price and re-issuing price of treasury shares.

2.18 Appropriation of net profit

Dividend of the Company is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's General Meeting of shareholders.

Net profit after income tax could be distributed to owners/ shareholders after approval at Shareholders' General Meeting, and after appropriation to other funds in accordance with the Company's charter and Vietnamese regulations.

The Company's funds are as below:

(a) Development and investment fund

Development and investment fund is appropriated from net profit of the Company and approved at the Shareholders' General Meeting.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.18 Appropriation of net profit (continued)****(b) Bonus and welfare fund**

The bonus and welfare fund is appropriated from net profit of the Company and subject to shareholders' approval at the Shareholders' General Meeting.

2.19 Revenue recognition**(a) Revenue from sales of goods**

Revenue from the sale of goods is recognised in the income statement when all five (5) following conditions are satisfied:

- The Company has transferred to the buyer the significant risks and rewards of ownership of the goods; The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods.

Revenue is recognised based on principle of "substance over form" and allocated to each sales obligation. In case that the Company gives promotional goods to customers associated with customers' purchase, the Company allocates total consideration received for goods sold and promotional goods. Cost of promotional goods is recognised as cost of sales in the income statement.

(b) Revenue from rendering of services

Revenue from the rendering of services is recognised in the income statement when the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided. Revenue from the sale of services is only recognised when all four (4) following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group;
- The percentage of completion of the transaction at the balance sheet date can be measured reliably; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.19 Revenue recognition (continued)****(c) Rental income**

Rental income arising from operating leases is recognised to the income statement on a straight line basis over the lease term.

(d) Interest income

Interest income is recognised on an earned basis.

(e) Dividend income

Income from dividend is recognised when the Company has established the receiving right from investees.

2.20 Sales deductions

Sales deductions include trade discounts, sales returns and allowances. Sales deductions incurred in the same period of the related sales of products, goods and services are recorded as deduction of revenue of that period.

Sales deductions for products, goods or services which are sold in the period but are incurred after the balance sheet date but before the issuance of the separate financial statements are recorded as deduction of revenue of the period.

2.21 Cost of goods sold and services rendered

Cost of goods sold and cost of services rendered are cost of finished goods, merchandises, materials sold or services provided during the period, and recorded on the basis of matching with revenue and on prudent concept.

2.22 Financial expenses

Financial expenses are expenses incurred in the period for financial activities mainly including provision for diminution in value of trading securities, interest expenses.

2.23 Selling expenses

Selling expenses represent expenses that are incurred in the process of selling products, goods, and providing services, which mainly include expense of sales staff, displays, promotion, packaging, and transportation.

2.24 General and administration expenses

General and administration expenses represent expenses for administrative purposes which mainly include salary expenses of administrative staff, social insurance, medical insurance, labour union fees, unemployment insurance of administrative staff, expenses of office materials, tools and supplies, depreciation of fixed assets used for administration, land rental, licence tax, outside services and other expenses.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.25 Current and deferred income tax**

Income taxes include all income taxes which are based on taxable profits including profits generated from production and trading activities in other countries with which the Socialist Republic of Vietnam has not signed any double taxation agreement. Income tax expense comprises current tax expense and deferred tax expense.

Current income tax is the amount of income taxes payable or recoverable in respect of the current year taxable profits at the current year tax rates. Current and deferred tax should be recognized as income or an expense and included in the profit or loss of the period, except to the extent that the tax arises from a transaction or event which is recognized, in the same or a different period, directly in equity.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of occurrence affects neither the accounting nor the taxable profit or loss. Deferred income tax is determined at the tax rates that are expected to apply to the financial year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.26 Dividend distribution

Dividend of the Company is recognised as a liability in the Company's separate financial statements in the period in which the dividends are approved by the Company's General Meeting of shareholders.

2.27 Related parties

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering the related party relationship, the Company considers the substance of the relationship not merely the legal form.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.28 Segment reporting

A segment is a component which can be separated by the Company and its subsidiary engaged in providing products or services (business segment), or providing products or services within a particular economic environment (geographical segment). Each segment is subject to risks and returns that are different from those of other segments. A reportable segment is the Company's business segment or the Company's geographical segment.

Segment reporting is prepared and presented in accordance with accounting policies applied to the preparation and presentation of the Company's separate financial statements in order to help users of separate financial statements understand and evaluate the Company's operations in a comprehensive way.

3 CASH AND CASH EQUIVALENTS

	2018 VND	2017 VND
Cash on hand	414,062,038	522,694,406
Cash at bank (*)	5,610,046,242	20,499,703,195
Cash equivalents	-	25,576,148,380
	<u>6,024,108,280</u>	<u>46,598,545,981</u>

(*) Included in cash at bank is an amount of VND 800 million which is kept on behalf of Ha Long Canfoco Kindergarten – a subsidiary of the Company (Note 15).

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

4 INVESTMENTS

(a) Trading securities

	2018			2017		
	Cost VND	Fair value VND	Provision VND	Cost VND	Fair value VND	Provision VND
Shares of Military Commercial Joint Stock Bank	-	-	-	3,142,610,000	2,880,029,800	262,580,200
Shares of Vietnam Prosperity Joint Stock Commercial Bank	-	-	-	2,506,170,000	7,093,984,000	-
	-	-	-	5,648,780,000	9,974,013,800	262,580,200

In October 2018, the Company sold all of its trading securities (Note 26).

(b) Investments in subsidiaries

	2018			2017		
	Cost VND	Fair value VND	Provision VND	Cost VND	Fair value VND	Provision VND
Ha Long Canfoco - Da Nang Company Limited (Note 32(b))	15,000,000,000	15,000,000,000	-	15,000,000,000	15,000,000,000	-
Ha Long Canfoco Kindergarten (Note 32(b))	110,926,449	110,926,449	-	110,926,449	110,926,449	-
	15,110,926,449	15,110,926,449	-	15,110,926,449	15,110,926,449	-

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

5 TRADE ACCOUNTS RECEIVABLE

(a) Short-term trade accounts receivable

	2018 VND	2017 VND
Third parties	12,323,707,370	7,868,580,875
Related parties (Note 5(b))	793,617,590	793,617,590
	<u>13,117,324,960</u>	<u>8,662,198,465</u>
Provision for doubtful debts (Note 7)	(1,350,147,461)	(885,479,363)
	<u>11,767,177,499</u>	<u>7,776,719,102</u>

Details for third parties with balances over 10% of total trade accounts receivable:

	2018 VND	2017 VND
EB Service Co., Ltd.	3,460,670,378	2,633,060,121
Metro Cash & Carry Vietnam Co., Ltd.	552,200,232	1,043,086,947
Vincommerce General Trading Service Joint Stock Company	2,245,553,229	-

(b) Long-term trade accounts receivable

	2018 VND	2017 VND
Beginning of year	3,968,087,951	4,761,705,541
Transfer the due portion to short-term trade accounts receivable (Note 5(a))	(793,617,590)	(793,617,590)
End of year (*) (Note 32(b))	<u>3,174,470,361</u>	<u>3,968,087,951</u>

(*) This balance represents the receivables from Ha Long Canfoco - Da Nang Company Limited, the Company's subsidiary, for sale of machinery and equipment under the Contract No. 877-HĐMB/ĐHHL/2012 dated 1 September 2012 with total value of VND 8,994,332,688 which will be paid by 12 equal repayment instalments commencing from 1 September 2012 to 31 March 2024.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

6 OTHER SHORT-TERM RECEIVABLES

	2018 VND	2017 VND
Receivables from individuals relating to VAT (*)	5,458,254,250	5,458,254,250
Advance for business trips and hospitality expenses	183,405,783	846,062,338
Others	1,229,363,184	1,151,751,230
	<u>6,871,023,217</u>	<u>7,456,067,818</u>
Provision for doubtful debts (Note 7)	(6,585,987,080)	(6,610,005,480)
In which:		
- Provision for receivables from individuals relating to VAT (*)	(5,458,254,250)	(5,458,254,250)
- Provision for other receivables	(1,127,732,830)	(1,151,751,230)
	<u>285,036,137</u>	<u>846,062,338</u>

(*) This balance represents the receivables and its provision from individuals relating to the VAT payable to the State Budget amounting to VND 5,458,254,250 in accordance with Decision No. 03/HSPT dated 12 and 13 January 2005, issued by the Supreme People's Court of Vietnam – Appellate Court in Hanoi.

7 DOUBTFUL DEBTS

Provision for doubtful debts during the year is as follows:

	2018		
	Cost VND	Recoverable amount VND	Provision VND
Total provision for doubtful debts			
i) Trade accounts receivable (Note 5(a))	13,117,324,960	11,767,177,499	1,350,147,461
ii) Other short-term receivables (Note 6)	6,871,023,217	285,036,137	6,585,987,080
	<u>19,988,348,177</u>	<u>12,052,213,636</u>	<u>7,936,134,541</u>
	2017		
	Cost VND	Recoverable amount VND	Provision VND
Total provision for doubtful debts			
i) Trade accounts receivable (Note 5(a))	8,662,198,465	7,776,719,102	885,479,363
ii) Other short-term receivables (Note 6)	7,456,067,818	846,062,338	6,610,005,480
	<u>16,118,266,283</u>	<u>8,622,781,440</u>	<u>7,495,484,843</u>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

7 DOUBTFUL DEBTS (CONTINUED)

Movements of provision for doubtful debts during the year were as below:

	2018 VND	2017 VND
Beginning of year	7,495,484,843	7,501,882,354
Increase/(reversal)	440,649,698	(6,397,511)
End of year	7,936,134,541	7,495,484,843

8 INVENTORIES

	2018		2017	
	Cost VND	Provision VND	Cost VND	Provision VND
Goods in transit	3,164,045,520	-	8,254,045	-
Raw materials	57,638,141,538	(1,919,397,382)	26,170,276,847	(2,763,076,081)
Tools and supplies	2,387,365,123	(21,085,790)	1,519,153,596	-
Work in progress	881,095,599	-	2,306,182,484	-
Finished goods	28,263,182,192	(3,076,722,982)	19,735,809,379	(753,966,499)
Merchandises	18,122,792,098	-	8,906,974,000	-
	110,456,622,070	(5,017,206,154)	58,646,650,351	(3,517,042,580)
Provision for decline in value of inventories	(5,017,206,154)		(3,517,042,580)	
	105,439,415,916		55,129,607,771	

Movements in the provision for decline in value of inventories during the year were as follows:

	2018 VND	2017 VND
Beginning of year	3,517,042,580	943,366,909
Increase	4,053,263,002	2,573,675,671
Reversal	(753,966,499)	-
Written off	(1,799,132,929)	-
End of year	5,017,206,154	3,517,042,580

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

9 PREPAID EXPENSES

	2018 VND	2017 VND
(a) Short-term prepaid expenses		
Insurance fees	-	178,325,599
Repair and maintenance expenses	139,997,830	224,549,653
Others	845,578,666	282,129,500
	<u>985,576,496</u>	<u>685,004,752</u>
(b) Long-term prepaid expenses		
Tools and office supplies	99,756,095	389,101,513
Assets retirement obligation	5,874,112,442	6,073,316,190
Others	894,761,639	685,150,486
	<u>6,868,630,176</u>	<u>7,147,568,189</u>

Movements in long-term prepaid expenses during the year were as follows:

	2018 VND	2017 VND
Beginning of year	7,147,568,189	1,584,708,511
Increase	938,134,127	6,724,982,972
Allocation	(1,217,072,140)	(1,162,123,294)
End of year	<u>6,868,630,176</u>	<u>7,147,568,189</u>

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

10 FIXED ASSETS

(a) Tangible fixed assets

	Plant and Buildings VND	Machinery VND	Motor vehicles VND	Office equipment VND	Total VND
Historical cost					
As at 1 January 2018	35,413,122,658	60,333,555,409	5,612,486,396	2,336,851,020	103,696,015,483
Increase (Note 11) (*)	194,000,000	3,927,850,000	-	-	4,121,850,000
Disposals (**)	(1,467,136,474)	(7,461,474,587)	(2,161,450,000)	-	(11,090,061,061)
As at 31 December 2018	34,139,986,184	56,799,930,822	3,451,036,396	2,336,851,020	96,727,804,422
Accumulated depreciation					
As at 1 January 2018	31,679,569,667	41,889,853,018	5,014,177,225	2,311,638,853	80,895,238,763
Charge for the year	924,694,396	3,351,672,984	121,689,996	12,875,989	4,410,933,365
Disposals	(1,467,136,474)	(7,461,474,587)	(2,161,450,000)	-	(11,090,061,061)
As at 31 December 2018	31,137,127,589	37,780,051,415	2,974,417,221	2,324,514,842	74,216,111,067
Net book value					
As at 1 January 2018	3,733,552,991	18,443,702,391	598,309,171	25,212,167	22,800,776,720
As at 31 December 2018	3,002,858,595	19,019,879,407	476,619,175	12,336,178	22,511,693,355

Historical cost of fully depreciated tangible fixed assets but still in use and not in use as at 31 December 2018 were respectively VND 47,756,711,781 and VND 8,417,209,491 (as at 31 December 2017: VND 42,733,109,059 and VND 10,786,009,709 respectively).

As at 31 December 2018, tangible fixed assets with a carrying value of VND 11,051,938,018 (as at 31 December 2017: Nil) were pledged with banks as collateral/mortgaged assets for short-term borrowings granted to the Company (Note 16).

(*) Increase in machinery during the year mainly includes the meat grinder, sausage stuffing machines, refrigeration equipment.

(**) Disposals in machinery during the year mainly includes sausage wrapping machine, pasteurizer machine which in accordance with decision No.01/2018/BB-HĐQT dated on 05 March 2018 and decision No.89/2018/QĐ-ĐHHL on 19 April 2018.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

10 FIXED ASSETS (CONTINUED)

(b) Intangible fixed assets

	Land use rights (*) VND	Software VND	Total VND
Historical cost			
As at 1 January 2018	11,987,672,202	-	11,987,672,202
Increase (Note 11)	-	748,600,000	748,600,000
As at 31 December 2018	11,987,672,202	748,600,000	12,736,272,202
Accumulated amortisation			
As at 1 January 2018	-	-	-
Charge for the period	-	137,243,326	137,243,326
As at 31 December 2018	-	137,243,326	137,243,326
Net book value			
As at 1 January 2018	11,987,672,202	-	11,987,672,202
As at 31 December 2018	11,987,672,202	611,356,674	12,599,028,876

(*) Intangible fixed assets are land use rights with indefinite useful life and intended purpose of building a factory as below:

- i) Land use right of Ha Long Canned Food Joint Stock Corporation with an area of 10,306m² at plot C3-4 and plot C3-5, Tho Quang Seafood Service Industrial Zone, Tho Quang Ward, Son Tra District, Da Nang City with book value of VND 11,259 million.
- ii) Land use right of Ha Long Canned Food Joint Stock Corporation with an area of 290.7m² at plot No. 43/1 Phuoc Long Street, Phuoc Long Ward, Nha Trang City, Khanh Hoa Province with book value of VND 729 million;

On 20 July 2016, the Company signed a land use right mortgage contract No. 77/2016/VCB DN with Joint Stock Commercial Bank for Foreign Trade of Vietnam - Da Nang branch, to use the land use right in Da Nang (book value of VND 11,259 million) as the collateral for the bank loans made by Ha Long Canfoco - Da Nang Company Limited, a subsidiary.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**11 CONSTRUCTION IN PROGRESS**

Details of construction in progress by projects are as follows:

	2018 VND	2017 VND
Warehouse under construction	-	42,272,590
IT software in trial run	-	588,000,000
	<u>-</u>	<u>630,272,590</u>

Movements in the construction in progress during the year were as follows:

	2018 VND	2017 VND
Beginning of year	630,272,590	483,272,590
Increase	4,282,450,000	201,000,000
Transfer to tangible fixed assets (Note 10(a))	(4,121,850,000)	(54,000,000)
Transfer to intangible fixed assets (Note 10(b))	(748,600,000)	-
Transfer to expenses	(42,272,590)	-
End of year	<u>-</u>	<u>630,272,590</u>

12 SHORT-TERM TRADE ACCOUNTS PAYABLE

	2018 VND	2017 VND
Third parties	26,653,902,149	27,120,829,646
Related parties (Note 32(b))	12,002,652,044	17,028,208,350
	<u>38,656,554,193</u>	<u>44,149,037,996</u>

Details for suppliers accounting from 10% or more of the total short-term trade accounts payable balance were as follows:

	2018 VND	2017 VND
Ha Long Foods Import Export One – member Co., Ltd.	8,280,698,080	623,436,000
Xuan Viet Co., Ltd.	<u>3,386,024,400</u>	<u>4,822,117,245</u>

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

13 TAX AND OTHER RECEIVABLES FROM/PAYABLES TO THE STATE BUDGET

Movements in tax and other receivables from/payables to the State Budget during the year were as follows:

	As at 1.1.2018 VND	Incurred during the year VND	Payment during the year VND	As at 31.12.2018 VND
a) Receivables				
Business income tax	496,288,583	(20,000,000)	-	476,288,583
b) Payables				
Output VAT	324,586,414	19,679,305,429	(18,071,596,771)	1,932,295,072
VAT on imported goods	-	46,157,643	(46,157,643)	-
Import – export tax	-	13,789,843	(13,789,843)	-
Personal income tax	1,126,799,198	2,432,708,304	(3,328,037,218)	231,470,284
Land and housing tax	-	99,687,000	(99,687,000)	-
Land rental fee (*)	-	901,647,000	(901,647,000)	-
Business license tax	-	4,000,000	(4,000,000)	-
VAT (**)	5,098,254,250	-	(360,000,000)	4,738,254,250
Penalty on late VAT payment	879,400,681	90,226,807	-	969,627,488
	<u>7,429,040,543</u>	<u>23,267,522,026</u>	<u>(22,824,915,475)</u>	<u>7,871,647,094</u>

(*) This represents land rental fee payable to the State Budget in accordance with the land lease contract No. 11/HĐ/TĐ dated 15 March 1999 between the Company and Land and Housing Department of Hải Phòng City, in relation to three plots of land respectively at No. 39, 43A, and 43B Le Lai Street, May Chai Ward, Ngo Quyen District, Hải Phòng City with total area of 62,740.2 square meters, for the period of 40 years from 1 March 1999. The land rental fee is notified annually by the Tax Department of Ngo Quyen District, Hải Phòng City.

(**) This represents the Value Added Tax payable to the State Budget in accordance with Decision No. 03/HSPT dated 12 and 13 January 2005, issued by the Supreme People's Court of Vietnam – Appellate Court in Hanoi (Note 6). During the year, the Company paid VND 360 million to the tax authority.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
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14 SHORT-TERM ACCRUED EXPENSES

	2018 VND	2017 VND
Distributor support expenses	2,083,926,328	1,035,376,862
Staff bonus	2,678,732,049	2,073,729,521
Others	189,614,469	491,200,956
	<u>4,952,272,846</u>	<u>3,600,307,339</u>

15 OTHER SHORT-TERM PAYABLES

	2018 VND	2017 VND
Payable to Ha Long Canfoco Kindergarten (Note 32(b))	800,000,000	800,000,000
Union fees	285,681,316	413,408,844
Dividend payable (Note 22)	67,739,500	66,351,500
Others	597,285,917	740,212,231
	<u>1,750,706,733</u>	<u>2,019,972,575</u>

16 BORROWINGS

	As at 1.1.2018 VND	Increase VND	Decrease VND	As at 31.12.2018 VND
Joint Stock Commercial Bank for Foreign Trade of Vietnam (*) – South Hai Phong Branch	-	19,999,575,520	-	19,999,575,520

(*) On 2 October 2018, Ha Long Canned Food Joint Stock Corporation signed the Credit Limit Agreement No. 22/2018/HĐTD-HM-CAN with Joint Stock Commercial Bank for Foreign Trade of Vietnam – South Hai Phong Branch for funding capital. The credit limit of this facility is VND 20,000,000,000. Principals are repayable within 4 months from the drawdown date. Interests are payable on monthly basis at interest rates of 6.5% per annum.

This loan is secured by collaterals including tangible fixed assets under the mortgage agreement No. 22/2018/HĐTC-CAN and 22-A/2018/HĐTC-CAN dated 2 October 2018 with total carrying value of VND 11,051,938,018 as at 31 December 2018 (Note 10(a)).

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS
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17 BONUS AND WELFARE FUND

This fund was established by appropriating from retained profits as approved by shareholders at the Annual Shareholders' General Meeting. This fund is used to pay bonus and welfare to the Company's employees in accordance with the Company's bonus and welfare policies.

Movements of bonus and welfare fund during the year were as follows:

	2018 VND	2017 VND
Beginning of year	2,977,862,365	3,498,614,365
Utilised during the year	(63,437,800)	(520,752,000)
End of year	<u>2,914,424,565</u>	<u>2,977,862,365</u>

18 PROVISIONS FOR OTHER LIABILITIES

	2018 VND	2017 VND
Provision for restoration cost (*)	<u>6,183,276,255</u>	<u>6,073,316,190</u>

(*) This represents the provision for dismantling and restoration cost of the Company's leased land at 71 Le Lai Street, May Chai Ward, Ngo Quyen District, Hai Phong City, Vietnam in accordance with the Contract No. 11/HD/TD dated 15 March 1999 between the Company and Land and Housing Department of Hai Phong City, in which the Company has obligation to clear the land at the end of the lease term. The land clearance includes removals of the Company's properties located on the lands and restoration of the lands to their original condition.

The obligation is recognised by adjusting the Contractor's estimate as at 31 December 2018 by the following assumptions: (i) the Contractor's estimate will grow at the inflation rate of 5.37% per annum to come up with the future cash flows, and (ii) the present value of the future cash flows is discounted at a rate of 5.5% per annum (i.e. the Government's bond rate for the period of 20 years).

19 DEFERRED INCOME TAX

The Company's tax losses can be carried forward to offset against future taxable income for a maximum period of no more than five consecutive years from the year right after the year in which the loss was incurred. The actual amount of tax losses that can be carried forward is subject to review and approval of the tax authorities and may be different from the figures presented. The estimated amount of tax losses available for offset against the Company's future taxable income is:

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
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19 DEFERRED INCOME TAX (CONTINUED)

Year of tax loss	Status of tax authorities' review	Loss incurred VND	Loss utilised VND	Loss carried forward VND
2018	Outstanding	4,231,900,346	-	4,231,900,346

The Company did not recognise deferred income tax assets relating to the above tax losses carried forward, as the realisation of the related tax benefit through future taxable income currently cannot be assessed as probable.

20 OWNERS' CAPITAL

(a) Number of shares

	2018 Ordinary shares	2017 Ordinary shares
Number of shares registered	5,000,000	5,000,000
Number of shares issued	5,000,000	5,000,000
Number of existing shares in circulation	5,000,000	5,000,000

(b) Details of owners' shareholding

	2018		2017	
	Ordinary shares	%	Ordinary shares	%
Shareholding owned by the State	1,387,360	27.75	1,387,360	27.75
Shareholding owned by other owners	3,612,640	72.25	3,612,640	72.25
Number of shares issued	5,000,000	100	5,000,000	100

(c) Movement of share capital

	Number of shares	Ordinary shares VND	Total VND
As at 1 January 2017	5,000,000	50,000,000,000	50,000,000,000
As at 31 December 2017	5,000,000	50,000,000,000	50,000,000,000
As at 31 December 2018	5,000,000	50,000,000,000	50,000,000,000

Par value per share: VND 10,000.

HA LONG CANNED FOOD JOINT STOCK CORPORATION

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS
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21 MOVEMENTS IN OWNERS' EQUITY

	Owners' capital VND	Share premium VND	Investment and development fund VND	Undistributed earnings VND	Total VND
As at 1 January 2017	50,000,000,000	15,753,387,350	29,020,260,148	18,261,917,515	113,035,565,013
Loss for the year	-	-	-	(112,258,365)	(112,258,365)
Dividends distribution (Note 22)	-	-	-	(2,500,000,000)	(2,500,000,000)
As at 31 December 2017	50,000,000,000	15,753,387,350	29,020,260,148	15,649,659,150	110,423,306,648
Loss for the year	-	-	-	(7,326,441,581)	(7,326,441,581)
Dividends distribution (Note 22)	-	-	-	(5,000,000,000)	(5,000,000,000)
As at 31 December 2018	50,000,000,000	15,753,387,350	29,020,260,148	3,323,217,569	98,096,865,067



**NOTES TO THE SEPARATE FINANCIAL STATEMENTS
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22 DIVIDENDS

Movements in dividends payable during the year were as follow:

	2018 VND	2017 VND
Beginning of year	66,351,500	53,302,750
Dividend payable during the year (Note 21) (*)	5,000,000,000	2,500,000,000
Dividend paid in cash	(4,998,612,000)	(2,486,951,250)
End of year	<u>67,739,500</u>	<u>66,351,500</u>

(*) During the year, the Company declared dividend of VND 5,000,000,000 in accordance with the Annual Shareholders' General Meeting minutes No. 01/2018/BB-ĐHĐCĐ dated 18 April 2018 as 10% per par value of the ordinary shares (equal to VND 1,000 per ordinary share).

23 OFF BALANCE SHEET ITEMS

	2018 VND	2017 VND
Foreign currencies	<u>176,082,382</u>	<u>166,368,998</u>

Included in cash and cash equivalents were balances held in foreign currencies of USD 7,599 (as at 31 December 2017: USD 7,599).

24 NET REVENUE FROM SALES OF GOODS AND RENDERING OF SERVICES

	2018 VND	2017 VND
Revenue		
Revenue from sales of finished goods	310,596,167,512	248,910,875,275
Revenue from sales of merchandises	65,842,138,687	54,025,416,936
Revenue from rental	1,516,200,000	1,605,563,640
	<u>377,954,506,199</u>	<u>304,541,855,851</u>
Sales deductions		
Trade discount	(2,199,855,507)	(394,750,758)
Sales returns	(491,757,955)	(155,208,949)
	<u>(2,691,613,462)</u>	<u>(549,959,707)</u>
Net revenue from sales of goods and rendering of services		
Net revenue from sales of finished goods	307,904,554,050	248,360,915,568
Net revenue from sales of merchandises	65,842,138,687	54,025,416,936
Net revenue from rental	1,516,200,000	1,605,563,640
	<u>375,262,892,737</u>	<u>303,991,896,144</u>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

25 COST OF GOODS SOLD AND SERVICES RENDERED

	2018 VND	2017 VND
Cost of finished goods sold	242,711,906,176	193,099,671,222
Cost of merchandises sold	42,756,159,702	36,147,495,695
Provision for decline in value of inventories	1,500,163,574	2,573,675,671
	<u>286,968,229,452</u>	<u>231,820,842,588</u>

26 FINANCIAL INCOME

	2018 VND	2017 VND
Interest income from deposits	567,679,943	819,164,289
Gains from sale of trading securities	4,499,178,758	-
Net gain from foreign currency translation at year-end	9,713,384	-
Dividend received	68,069,290	64,792,800
	<u>5,144,641,375</u>	<u>883,957,089</u>

27 FINANCIAL EXPENSES

	2018 VND	2017 VND
Interest expenses	219,152,185	-
Reversal of provision for diminution in value of trading securities	(262,580,200)	(3,024,400,000)
Others	141,927,302	484,000
	<u>98,499,287</u>	<u>(3,023,916,000)</u>

28 SELLING EXPENSES

	2018 VND	2017 VND
Staff costs	48,351,918,874	32,001,024,280
Depreciation and amortisation expenses	49,035,360	35,756,088
Logistics and loading costs	5,559,977,847	4,535,949,405
Distributor support expenses	9,832,265,848	7,680,376,730
Marketing and promotion expenses	953,295,827	586,648,533
Outside service expenses	2,631,859,487	1,496,903,309
Business trip expenses	5,285,165,243	3,870,986,294
Others	1,391,401,074	1,282,013,033
	<u>74,054,919,560</u>	<u>51,489,657,672</u>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

29 GENERAL AND ADMINISTRATION EXPENSES

	2018 VND	2017 VND
Staff costs	11,083,410,087	13,269,304,587
Depreciation and amortisation expenses	587,066,527	894,603,617
Tax expenses	1,284,197,035	611,069,573
Outside service expenses	5,893,054,352	3,903,388,864
Business trip expenses	3,203,730,089	985,877,948
Others	5,617,517,261	4,231,279,256
	<u>27,668,975,351</u>	<u>23,895,523,845</u>

30 BUSINESS INCOME TAX

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the tax rate of 20% as follows:

	2018 VND	2017 VND
Net accounting (loss)/profit before tax	(7,306,441,581)	421,223,857
Tax calculated at a rate of 20%	(1,461,288,316)	84,244,771
Effect of:		
- Expenses not deductible for tax purposes	166,855,507	221,043,426
- Tax losses for which no deferred income tax asset was recognised	1,294,432,809	-
- Business income tax under-provision in previous years	20,000,000	228,194,025
Business income tax charge (*)	<u>20,000,000</u>	<u>533,482,222</u>
Charged to income statement:		
Business income tax – current	20,000,000	533,482,222
Business income tax – deferred	-	-
Business income tax charge	<u>20,000,000</u>	<u>533,482,222</u>

(*) The business income tax charge for the year is based on estimated taxable income and is subject to review and possible adjustment by the tax authorities.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

31 COST OF OPERATION BY FACTOR

	2018 VND	2017 VND
Raw materials	201,328,776,323	160,856,307,088
Staff costs	92,926,696,106	66,096,670,933
Depreciation and amortisation expenses	4,548,176,691	5,538,709,314
Transportation expenses	5,559,977,847	4,535,949,405
Distributor support expenses	9,832,265,848	7,680,376,730
Outside service expenses	13,541,103,762	9,440,990,795
Others	19,112,499,265	13,551,125,637
	<u>346,849,495,842</u>	<u>267,700,129,902</u>

32 RELATED PARTY DISCLOSURES

(a) Related party transactions

During the year, the following significant transactions were carried out with related parties:

	2018 VND	2017 VND
<i>i) Sales of goods and services</i>		
Ha Long Canfoco - Da Nang Company Limited - Subsidiary	<u>55,353,000</u>	<u>63,399,061</u>
<i>ii) Purchases of goods and services</i>		
Ha Long Canfoco - Da Nang Company Limited - Subsidiary	<u>52,087,429,520</u>	<u>39,842,593,820</u>
<i>iii) Compensation of key management</i>		
Gross salaries and other benefits	<u>5,743,092,408</u>	<u>4,337,370,406</u>
<i>iv) Financing activities</i>		
Dividend declared:		
- State shareholder	1,387,360,000	693,680,000
- Other shareholders	3,612,640,000	1,806,320,000
	<u>5,000,000,000</u>	<u>2,500,000,000</u>
<i>v) Others</i>		
Advance for business trips and hospitality expenses	<u>-</u>	<u>520,000,000</u>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

32 RELATED PARTY DISCLOSURES (CONTINUED)

(b) Year end balances with related parties

	2018 VND	2017 VND
<i>i) Short-term trade accounts receivable (Note 5(a))</i>		
Ha Long Canfoco - Da Nang Company Limited - Subsidiary	793,617,590	793,617,590
<i>ii) Long-term trade accounts receivable (Note 5(b))</i>		
Ha Long Canfoco - Da Nang Company Limited - Subsidiary	3,174,470,361	3,968,087,951
<i>iii) Other short-term receivables</i>		
Advance for business trips and hospitality expenses	-	520,000,000
<i>iv) Investment in subsidiaries (Note 4(b))</i>		
Ha Long Canfoco - Da Nang Company Limited - Subsidiary	15,000,000,000	15,000,000,000
Ha Long Canfoco – Kindergarten - Subsidiary	110,926,449	110,926,449
	15,110,926,449	15,110,926,449
<i>v) Short-term trade accounts payable (Note 12)</i>		
Ha Long Canfoco - Da Nang Company Limited - Subsidiary	12,002,652,044	17,028,208,350
<i>vi) Other short-term payables</i>		
Shareholders (Note 22)	67,739,500	66,351,500
Ha Long Canfoco Kindergarten – Subsidiary (Note 15)	800,000,000	800,000,000
	867,739,500	866,351,500

33 COMMITMENTS UNDER OPERATING LEASES

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

	2018 VND	2017 VND
Within one year	1,258,483,990	1,096,805,280
Between one and five years	303,846,525	1,445,404,840
Total minimum payments	1,562,330,515	2,542,210,120

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

34 CAPITAL EXPENDITURE COMMITMENTS

Capital expenditure contracted for at the balance sheet date but not recognised in the separate financial statements were as follows:

	2018 VND	2017 VND
Enterprise Resource Planning system	1,256,093,000	147,000,000

35 COMPARATIVE FIGURES

Separate balance sheet (impacted items only)

Code	As at 31.12.2017 (previously reported) VND	Reclassification VND	As at 31.12.2017 (as restated) VND
313 Tax and other payables to the State Budget (Note 13)	2,330,786,293	5,098,254,250	7,429,040,543
321 Provision for short-term liabilities	5,098,254,250	(5,098,254,250)	-

The separate financial statements for the year ended 31 December 2018 were approved by the General Director on 22 March 2019.

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Vu Thi Huong Quynh
Preparer/Chief Accountant



Kék Chin Ann
General Director
Authorised signatory

