

Interfood Shareholding Company

**Separated financial statements
Quarter 4 - 2018**

Interfood Shareholding Company

Corporate information

Investment Licence No.	270/GP	16/11/1991
Investment Certificate No.	472033000328 (1st amendment)	28/11/2007
	472033000328 (2nd amendment)	20/05/2010
	472033000328 (3rd amendment)	22/04/2011
	472033000328 (4th amendment)	18/10/2011
	472033000328 (5th amendment)	14/05/2014
	472033000328 (6th amendment)	30/12/2015
	6525867086 (7th amendment)	05/02/2016
	6525867086 (8th amendment)	28/12/2016
	6525867086 (9th amendment)	25/01/2017
	6525867086 (10th amendment)	08/04/2018

The Company's Investment Licence has been amended several times, the most recent of which is by investment licence No. 270 CPH/GCNDDC3-BHK dated 23 August 2006. The Investment Licence and its amendments were issued by the Ministry of Planning and Investment and are valid for 50 years.

The investment certificates were issued by the Dong Nai Industrial Zone Authority and are valid for 50 years from the date of the initial investment licence.

Enterprise Registration

Certificate No.:	3600245631	19/03/2018
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The Company's Enterprise Registration Certificate was issued by the Department of Planning and Investment of Dong Nai Province

Board of Management:

Yutaka Ogami	Chairman
Nguyen Thi Kim Lien	Member
Osamu Harada	Member
Shinro Fujita	Member
Takeshi Fukushima	Member

Board of Director:

Yutaka Ogami	General Director cum General Manager of Administration
Takeshi Fukushima	General Manager of Marketing cum General Manager of Sales
Nguyen Thi Kim Lien	General Manager of Internal Control
Ryuta Onda	General Manager of Factory
Tomohide Ito	General Manager of Planning

Registered Office

Lot 13, Tam Phuoc Industrial Zone
Tam Phuoc Commune, Bien Hoa City
Dong Nai Province, Vietnam

Auditors

KPMG Limited
Vietnam

Interfood Shareholding Company

Statement of the Board of Directors

The Board of Directors of Interfood Shareholding Company (“the Company”) presents this statement and the accompanying separate financial statements of the Company for the year ended 31 December 2018.

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

- (a) the separate financial statements set out on pages 4 to 27 give a true and fair view of the unconsolidated financial position of the Company as at 31 December 2018, and of its unconsolidated results of operations and its unconsolidated cash flows for the three 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; and
- (b) at the date of this statement, there are no reasons to believe that the Company will not be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised the accompanying separate financial statements for issue.

On behalf of the Board of Directors

(Signed and sealed)

Yutaka Ogami

Chairman, General Director

Dong Nai province, dated 30th January 2019.

Interfood Shareholding Company

Separated balance sheet

			31/12/2018	31/12/2017
ASSETS	Code	Notes	VND'000	VND'000
Current assets (100=110+130+140+150)	100		593,650,116	567,106,832
Cash	110	7	262,045,427	267,313,725
Cash	111		262,045,427	267,313,725
Accounts receivable – short-term	130		107,356,675	114,343,131
Accounts receivable from customers	131	8	28,741,447	25,565,487
Prepayments to suppliers	132		3,941,056	3,441,335
Loan receivables – short-term	135	9	76,248,621	87,722,932
Other receivables – short-term	136		433,353	505,073
Allowance for doubtful debts	137		(2,007,802)	(2,891,696)
Inventories	140	10	223,853,255	184,705,251
Inventories	141		224,153,307	185,019,988
Allowance for inventories	149		(300,052)	(314,737)
Other current assets	150		394,759	744,725
Short-term prepaid expenses	151		278,698	648,461
Deductible value added tax	152		-	-
Taxes receivable from State Treasury	153		116,061	96,264
Long-term assets (200 = 210 + 220 + 240 + 260)	200		178,035,465	176,822,959
Accounts receivable – long-term	210		1,750,728	1,575,362
Loan receivables – long-term	215		-	-
Other receivables – long-term	216		1,750,728	1,575,362
Fixed assets	220		60,806,396	78,022,425
Tangible fixed assets	221	11	54,558,478	70,863,916
Cost	222		331,420,579	330,205,298
Accumulated depreciation	223		(276,862,101)	(259,341,382)
Finance Lease Tangible fixed assets	224	12	115,852	155,572
Cost	225		198,603	198,603
Accumulated depreciation	226		(82,751)	(43,031)
Intangible fixed assets	227	13	6,132,066	7,002,937
Cost	228		14,082,575	13,315,814
Accumulated depreciation	229		(7,950,509)	(6,312,877)
Long-term work in progress	240		-	-
Construction in progress	242	14	-	-
Long-term financial investments	250		94,145,809	94,145,809
Investment in subsidiary	251	15	94,145,809	94,145,809
Other long-term assets	260		21,332,532	3,079,363
Long-term prepaid expenses	261	16	3,124,915	3,079,363
Deffered tax assets	262	17	18,207,617	-
TOTAL ASSETS (270=100+200)	270		771,685,581	743,929,791

Interfood Shareholding Company

Separated balance sheet

			31/12/2018	31/12/2017
RESOURCES	Code	Notes	VND'000	VND'000
LIABILITIES (300=310+330)	300		212,394,938	365,454,980
Current liabilities	310		208,859,947	361,832,063
Accounts payable to suppliers	311	18	88,521,046	78,103,782
Advances from customers	312		5,555,632	3,614,356
Taxes payable to State Treasury	313	19	17,114,592	14,119,017
Payable to employees	314		8,006,895	8,069,792
Accrued expenses	315	20	88,730,235	74,956,828
Other short-term payables	319	21	931,547	1,088,288
Short-term borrowings	320	22(a)	-	181,880,000
Long term liabilities	330		3,534,991	3,622,917
Long-term borrowings and finance lease	338	22(b)	136,581	169,203
Provision – long-term	342	23	3,398,410	3,453,714
EQUITY (400=410)	400		559,290,643	378,474,811
Owners' equity	410	24	559,290,643	378,474,811
Share capital	411	25	871,409,840	871,409,840
- <i>Ordinary shares with voting rights</i>	411a		871,409,840	871,409,840
Share premium	412		85,035,704	85,035,704
Other reserves	420	26	90,034,048	90,034,048
Accumulated losses	420		(487,188,949)	(668,004,781)
- <i>Accumulated losses brought forward</i>	421a		(668,004,781)	(784,327,433)
- <i>Net profit (loss) for the current year</i>	421b		180,815,832	116,322,652
TOTAL RESOURCES (440=300+400)			<u>771,685,581</u>	<u>743,929,791</u>

30th January 2019

Prepared by:

(Signed)

Nguyễn Hồng Phong
Chief Accountant

Approved by:

(Signed and sealed)

Yutaka Ogami
Chairman, General Director

Interfood Shareholding Company

Separated statement of income

	Code	Notes	Q4-2018 VND'000	Q4-2017 VND'000	YTD2018Q4 VND'000	YTD2017Q4 VND'000
Revenue from sale of goods	01	28	512,973,157	478,122,256	1,719,307,194	1,525,892,179
Revenue deductions	02	28	59,059,338	43,788,518	141,768,023	105,207,528
Net revenue (10=01-02)	10	28	453,913,819	434,333,738	1,577,539,171	1,420,684,651
Cost of sales	11	29	288,925,801	288,330,882	963,300,751	927,378,503
Gross profit (20=10-11)	20		164,988,018	146,002,856	614,238,420	493,306,148
Financial income	21	30	8,285,535	2,048,625	10,607,974	10,326,905
Financial expenses	22	31	8,479,617	2,267,648	11,804,083	11,753,484
<i>In which: Interest expenses</i>	23		328,383	1,067,850	2,444,401	4,496,128
Selling expenses	25	32	110,975,912	106,148,035	369,829,630	330,222,418
G&A expenses	26	33	9,244,004	9,418,028	32,409,626	33,253,283
Operating profit/(loss) {30=20+(21-22)-(25+26)}	30		44,574,020	30,217,770	210,803,055	128,403,868
Other income	31	34	780,400	32,645	3,252,381	1,074,361
Other expenses	32	35	1,291,055	280,353	6,170,896	1,005,494
Results of other activities (40 = 31 - 32)	40		(510,655)	(247,708)	(2,918,515)	68,867
Profit (loss) before tax (50 = 30 + 40)	50		44,063,365	29,970,062	207,884,540	128,472,735
Income tax expenses - current	51	37	15,921,898	12,150,083	45,276,324	12,150,083
Income tax expenses - deferred	52	37	(8,165,992)	-	(18,207,617)	-
Profit (loss) after tax (60= 50 - 51- 52)	60		36,307,459	17,819,979	180,815,833	116,322,652

30th January 2019

Prepared by:

(Signed)

Nguyễn Hồng Phong
Chief Accountant

Approved by:

(Signed and sealed)

Yutaka Ogami
Chairman, General Director

Interfood Shareholding Company

**Separated statements of cash flows
(Indirect method)**

	Code	Notes	31/12/2018 VND'000	YTD2017Q4 VND'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(loss) before tax	01		207,884,539	128,472,735
Adjustments for:				
Depreciation and amortisation	02		19,789,397	19,843,446
Allowances and provisions	03		1,729,908	(206,497)
Exchange losses arising from revaluation of	04		1,580,000	(371,990)
Losses/(profits) from investing activities	05		(3,055,474)	(2,692,284)
Interest expense	06		2,444,401	4,496,128
Operating profit/(loss) before changes in working capital	08		230,372,771	149,541,538
Change in receivable	09		28,941,918	36,878,804
Change in inventories	10		(40,353,410)	(54,891,306)
Change in payables and other liabilities	11		26,004,630	1,741,762
Change in prepaid expenses	12		324,211	85,793
Interest paid	14		(2,614,003)	(4,950,820)
Income tax paid	15		(42,783,274)	(6,869,953)
Net cash flow from operating activities	20		199,892,843	121,535,818
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for additions to fixed assets	21		(2,573,367)	(5,172,905)
Proceeds from disposals of fixed assets	22		209,091	109,091
Payment for granting loans	23		(20,000,000)	(23,950,000)
Receipts of interests	27		695,757	845,633
Net cash inflows/(outflows) from investing activities	30		(21,668,519)	(28,168,181)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from shares issued	31		-	-
Proceeds from borrowings	33		-	-
Payments to settle loan principals	34		(183,460,000)	(63,798,000)
Payments to settle finance lease liabilities	35		(32,622)	(25,636)
Net cash inflows/(outflows) from financing activities	40		(183,492,622)	(63,823,636)
Net increase/(decrease) in cash (50= 20 +30 + 40)	50		(5,268,298)	29,544,001
Cash at beginning of the year	60		267,313,725	237,769,724
Cash at end of the year (70= 50 + 60)	70	7	262,045,427	267,313,725

30th January 2019

Prepared by:

(Signed)

Nguyễn Hồng Phong
Chief Accountant

Approved by:

(Signed and sealed)

Yutaka Ogami
Chairman, General Director

Interfood Shareholding Company

Notes to the separate financial statements

These notes form an integral part of and should be read in conjunction with the accompanying separate financial statements.

1 Reporting Entity

(a) Ownership structure

Interfood Shareholding Company (“the Company”) is incorporated as a joint stock company in Vietnam.

The Company’s shares were listed on the Ho Chi Minh Stock Exchange in accordance with the Listing License No. 61/UBCK-GPNY issued by the Ho Chi Minh City Stock Exchange on 29 September 2006.

According to the Announcement No. 395/2013 of Ho Chi Minh Stock Exchange, the Company’s shares were delisted from 3 May 2013 and thereafter trading on Vietnam Security Depository.

The Company’s shares were listed on the Unlisted Public Company Market in accordance with the Decision No. 717/QD-SGDHN issued by the Ha Noi Stock Exchange on 7 November 2016.

(b) Principal activities

The principal activities of the Company are to process agricultural and aquatic products into canned, dried, frozen, salted, and pickled products; the production of biscuits and snack food; carbonated and non-carbonated fruit juice, non-carbonated and carbonated beverages, with or without low level of alcohol (less than 10%); bottled filtered water; packaging for foods and beverages; process milk and milk related products; and to export, import products in accordance with business operation.

(c) Normal operating cycle

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

(d) Company structure

As at 31 December 2018, the Company had 634 employees (31/12/2017: 664 employees).

2 Basis of preparation

(a) Statement of compliance

The separate financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for the enterprises and the relevant statutory requirements applicable for 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 financial statements should be read in conjunction with the consolidated financial statements

Interfood Shareholding Company

Notes to the separate financial statements

(b) Basis of measurement

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

(c) Annual accounting period

The annual accounting period of the Company is from 1 January to 31 December.

(d) Accounting and presentation currency

The Company's accounting currency is Vietnam Dong ("VND"). The separate financial statements are prepared and presented in Vietnam Dong rounded to the nearest thousand ("VND'000").

3 Summary of significant accounting policies

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

(a) Foreign currency transactions

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

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at the account transfer buying rate and the account transfer selling rate at the end of the annual accounting period, respectively, quoted by the commercial bank where the Company or its subsidiary most frequently conducts transactions.

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

(b) Cash

Cash comprises cash balances and call deposits.

(c) Investment in subsidiary

For the purpose of these separate financial statements, investment in 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 subsidiary has suffered a loss, except where such a loss was anticipated by the Company's management before making the investment. The allowance is reversed if the subsidiary 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.

Interfood Shareholding Company

Notes to the separate financial statements

(d) Accounts receivable

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

(e) Inventories

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

The Company applies the perpetual method of accounting for inventory.

(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, maintenance and overhaul cost, is charged to the consolidated statement of income in the year in which the cost is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of tangible fixed assets beyond their originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets.

(ii) Depreciation

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

Machinery and equipment	10 – 15 years
Motor vehicles	6 – 10 years
Office equipment	3 – 10 years

(g) Finance lease tangible fixed assets

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Tangible fixed assets acquired by way of finance leases are stated at an amount equal to the lower of fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation.

Depreciation on finance leased assets is computed on a straight-line basis over the estimated useful lives of items of the leased assets. The estimated useful lives of finance leased assets are consistent with the useful lives of tangible fixed assets as described in accounting policy 3(f).

Interfood Shareholding Company

Notes to the separate financial statements

(h) Intangible fixed assets

Software

Cost of acquiring a 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 10 years.

(i) Construction in progress

Construction in progress represents the cost 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.

(j) Long-term prepaid expenses

(i) *Renovation expense*

Other expenses are initially stated at cost and are amortised on a straight line basis over 3 years starting from the date of completion of the work.

(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 regulation. Cost of tools and supplies are amortised on a straight-line basis over 3 years.

(iii) *Insurance and rental expenses*

Insurance and rental expenses are initially stated at cost and are amortised on a straight-line basis over the insurance and rental terms.

(k) Trade and other payables

Trade and other payables are stated at their cost.

(l) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or contractual 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 employees who have worked for 12 months or more (“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 employees’ compensation at termination. Provision for severance allowance has been provided based on employees’ years of service and their current salary level.

Interfood Shareholding Company

Notes to the separate financial statements

Provision for severance allowance to be paid to the existing eligible employees as of 31 December 2018 has been made based on the eligible employees' years of service, being the total employees' years of service less the number of years for which the employees 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, if any, and their average salary for the six-month period prior to the end of the annual accounting period.

(m) Share capital

Ordinary shares

Incremental costs directly attributable to the issue of shares, net of tax effects, are recognised as a deduction from share premium.

(n) Taxation

Income tax on the consolidated profit or loss for the year comprises current and deferred tax. Income tax is recognised in the consolidated 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 year, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

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

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.

(o) Revenue

Goods sold

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

Interest income

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

Interfood Shareholding Company

Notes to the separate financial statements

(p) Operating lease payments

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

(q) Borrowing costs

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

(r) Related companies

Parties are considered to be related 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. Parties are also considered to be related if they are subject to common control or common significant influence.

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 and also increases advertising and promotional efforts in the fourth quarter of each year during the period leading to the festive season

5 Changes in accounting estimates

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

6 Changes in the composition of the Company

There were no changes in the composition of the Company since the end of the last annual accounting period which affect the Company's separated interim financial statements for the quarterly ended 31 December 2018

7 Cash	31/12/2018 VND'000	31/12/2017 VND'000
Cash on hand	58,007	114,128
Cash in banks	261,987,420	267,199,597
Cash in the consolidated statement of cash flows	<u>262,045,427</u>	<u>267,313,725</u>

Interfood Shareholding Company

Notes to the separate financial statements

8 Accounts receivable from customers

(a) Accounts receivable from customers detailed by significant customers

	31/12/2018	31/12/2017
	VND'000	VND'000
Saigon Union of Trading Co-operatives	3,898,136	2,798,644
EB Services Co., Ltd	5,572,328	3,744,485
MM Mega Market Co., Ltd (Vietnam)	3,045,989	3,108,148
VINCOMMERCE SJC	4,806,694	3,400,699
Others	11,418,300	12,513,511
	<u>28,741,447</u>	<u>25,565,487</u>

(b) Accounts receivable from customers classified by payment term

	31/12/2018	31/12/2017
	VND'000	VND'000
Short-term	<u>28,741,447</u>	<u>25,565,487</u>
	<u>28,741,447</u>	<u>25,565,487</u>

9 Short-term loans receivable

	31/12/2018	31/12/2017
	VND'000	VND'000
Short-term loans granted to a related party (*)	76,248,621	87,722,932
	<u>76,248,621</u>	<u>87,722,932</u>

(*) Short-term loans to Avafood Shareholding Company (“Avafood”), a subsidiary with the credit limit of USD5 million, were unsecured and earned interest at Libor plus 1.6% per annum. The interest rate was from 1.869% to 3,3% per annum during the year (2017: 1.869% per annum).

10 Inventories

	31/12/2018		31/12/2017	
	Cost VND'000	Allowance VND'000	Cost VND'000	Allowance VND'000
Goods in transit	26,967	-	53,355	-
Raw materials	61,008,988	(17,739)	56,050,954	(17,918)
Tools and supplies	5,467,593	(296,819)	5,515,174	(296,819)
Work in progress	4,284,841	-	5,558,360	-
Finished goods	153,364,918	14,506	117,842,145	-
	<u>224,153,307</u>	<u>(300,052)</u>	<u>185,019,988</u>	<u>(314,737)</u>

Interfood Shareholding Company

Notes to the separate financial statements

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

	31/12/2018	31/12/2017
	VND'000	VND'000
Opening balance	314,737	1,291,214
Increase in allowance during the year	1,205,406	17,918
Allowance utilised during the year	(1,220,091)	(994,395)
Closing balance	<u>300,052</u>	<u>314,737</u>

11 Tangible fixed assets

	Building	Machinery & Equipment	Motor vehicles	Office equipment	Total
	VND'000	VND'000	VND'000	VND'000	VND'000
Historical cost					
Opening balance	-	313,933,804	7,570,514	8,700,980	330,205,298
Additions	-	65,460	-	1,741,146	1,806,606
Transfer from CIP	-	-	-	-	-
Disposals(*)	-	-	(591,325)	-	(591,325)
Closing balance	<u>-</u>	<u>313,999,264</u>	<u>6,979,189</u>	<u>10,442,126</u>	<u>331,420,579</u>
Accumulated depreciation					
Opening balance	-	249,218,636	5,695,705	4,427,041	259,341,382
Charge for the year	-	16,189,433	562,841	1,359,771	18,112,045
Disposals(*)	-	-	(591,325)	-	(591,325)
Closing balance	<u>-</u>	<u>265,408,069</u>	<u>5,667,221</u>	<u>5,786,812</u>	<u>276,862,102</u>
Net book value					
Opening balance	-	64,715,168	1,874,809	4,273,939	70,863,916
Closing balance	<u>-</u>	<u>48,591,195</u>	<u>1,311,968</u>	<u>4,655,314</u>	<u>54,558,477</u>

Included in the cost of tangible fixed assets were assets costing 61,698 million VND which were fully depreciated as of 31 December 2018 (31/12/2017: 58,785 million VND), but are still in active use.

The net book value of temporarily idle tangible fixed assets amounted to VND 6,572 million as at 31 December 2018 (31/12/2017: VND 1,035 million).

Interfood Shareholding Company

Notes to the separate financial statements

12 Finance lease tangible fixed assets

	Office equipment VND'000	Total VND'000
Historical cost		
Opening balance	198,603	198,603
Additions	-	-
Closing balance	<u>198,603</u>	<u>198,603</u>
Accumulated depreciation		
Opening balance	43,031	43,031
Charge for the year	39,720	39,720
Closing balance	<u>82,751</u>	<u>82,751</u>
Net book value		
Opening balance	155,572	155,572
Closing balance	<u>115,852</u>	<u>115,852</u>

13 Intangible fixed assets

	Software VND'000	Total VND'000
Historical cost		
Opening balance	13,315,814	13,315,814
Additions	766,761	766,761
Transfer from CIP	-	-
Written off	-	-
Closing balance	<u>14,082,575</u>	<u>14,082,575</u>
Accumulated depreciation		
Opening balance	6,312,877	6,312,877
Charge for the year	1,637,632	1,637,632
Disposals	-	-
Closing balance	<u>7,950,509</u>	<u>7,950,509</u>
Net book value		
Opening balance	7,002,937	7,002,937
Closing balance	<u>6,132,066</u>	<u>6,132,066</u>

Interfood Shareholding Company

Notes to the separate financial statements

14	Construction in progress	31/12/2018	31/12/2017
		VND'000	VND'000
Opening balance		-	156,329
Additions during the year		-	74,900
Transferred to tangible fixed assets		-	(107,000)
Transferred to intangible fixed assets		-	(23,849)
Transferred to allocation expenses		-	(100,380)
Closing balance		<u>-</u>	<u>-</u>

15 Investment in subsidiary

Investment in subsidiary represented 90.4% shareholding investment in Avafood Shareholding Company (“Avafood”) whose principal activities are to provide processing service and produce products including fruit juice, beverage, bottled filtered water; biscuits, jams and sweets, snack food; and agricultural, aquatic and livestock products; lease a workshop, office; and to export, import products in accordance with business operation under the Investment Licence No. 48/GP-DN issued by the People’s Committee of Dong Nai Province on 19 July 2002.

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

16 Long-term prepaid expenses

	Renovation expenses	Tool and supplies	Insurance expense	Rental expense	Total
	VND'000	VND'000	VND'000	VND'000	VND'000
Opening balance	-	3,077,495	-	1,868	3,079,363
Additions	-	1,620,000	-	-	1,620,000
Amortisation	-	(1,572,580)	-	(1,868)	(1,574,448)
Closing balance	-	3,124,915	-	-	3,124,915

17 Deferred tax assets

		31/12/2018	31/12/2017
		VND'000	VND'000
Accruals	20%	17,746,047	-
Allowance for doubtful debts	20%	401,560	-
Allowance for inventories	20%	60,010	-
		<u>18,207,617</u>	<u>-</u>

Interfood Shareholding Company

Notes to the separate financial statements

18 Accounts payable to suppliers

(a) Accounts payable to suppliers detailed by significant suppliers

	31/12/2018		31/12/2017	
	Cost	Amount within payment capacity	Cost	Amount within payment capacity
	VND'000	VND'000	VND'000	VND'000
Crown Beverage Cans (Dong Nai) Co., Ltd	24,211,934	24,211,934	22,311,049	22,311,049
Vietnam Kirin Beverage Company Limited	17,898,147	17,898,147	20,809,020	20,809,020
Crown Beverage Cans Saigon Limited	5,060,822	5,060,822	3,637,654	3,637,654
Vietnam Chuanli Can Manufacturing Co., Ltd	10,367,798	10,367,798	5,124,576	5,124,576
Others	30,982,345	30,982,345	26,221,483	26,221,483
	88,521,046	88,521,046	78,103,782	78,103,782

(b) Accounts payable to suppliers classified by payment term

	31/12/2018		31/12/2017	
	Cost	Amount within payment capacity	Cost	Amount within payment capacity
	VND'000	VND'000	VND'000	VND'000
Short-term	88,521,046	88,521,046	78,103,782	78,103,782
	88,521,046	88,521,046	78,103,782	78,103,782

(c) Accounts payable to suppliers who are related parties

	31/12/2018	31/12/2018	31/12/2017	31/12/2017
	Cost	Amount within payment capacity	Cost	Amount within payment capacity
	VND'000	VND'000	VND'000	VND'000
Vietnam Kirin Beverage Company, Limited	17,898,147	17,898,147	20,809,020	20,809,020
	17,898,147	17,898,147	20,809,020	20,809,020

The amounts due to Vietnam Kirin Beverage Company Limited represented the processing fee payable, which were unsecured, interest free and payable on demand.

Interfood Shareholding Company

Notes to the separate financial statements (continues)

19 Taxes payable to State Treasury

	31/12/2017	Incurred	Netted-off	Paid	31/12/2018
	VND'000	VND'000	VND'000	VND'000	VND'000
Value added tax	7,924,681	157,943,677	(98,681,495)	(59,072,982)	8,113,881
Corporate income tax	5,280,130	45,276,324	-	(42,783,274)	7,773,180
Personal income tax	914,206	5,995,047	-	(5,963,175)	946,078
Other tax	-	1,082,900	-	(801,447)	281,453
	14,119,017	210,297,948	(98,681,495)	(108,620,878)	17,114,592

20 Accrued expenses

	31/12/2018	31/12/2017
	VND'000	VND'000
Sales discounts and commission	33,256,071	27,687,606
Promotion expenses	35,722,939	24,915,334
Transportation fee	1,331,112	3,241,023
Secondment fee payable (*)	-	2,854,337
Loans interest payable	-	169,602
Others	18,420,113	16,088,926
	88,730,235	74,956,828

According to the Secondment Agreement dated 1 July 2011, the Group agreed to pay secondment fee to Kirin Holdings Company, Limited, a related party, who provides strategic and management advice and assistance to the Group at fixed amounts stipulated in the agreement with each seconded employee.

21 Other short-term payables

	31/12/2018	31/12/2017
	VND'000	VND'000
Non-trade amounts due to a related party	201,817	493,867
Dividends payable	505,391	505,391
Other payable	224,339	89,030
	931,547	1,088,288

The non-trade amounts due to a related party were unsecured, interest free and are payable on demand.

Interfood Shareholding Company

Notes to the separate financial statements (continues)

22 Borrowings

a) Short-term borrowings

31/12/2017		Movement during the year			31/12/2018	
Carrying amount	within repayment capacity	Addition	Repayment	Unrealised foreign exchange gain	Carrying amount	Amount within repayment capacity
VND'000	VND'000	VND'000	VND'000	VND'000	VND'000	VND'000
181,880,000	181,880,000	-	(183,460,000)	1,580,000	-	-
181,880,000	181,880,000	-	(183,460,000)	1,580,000	-	-

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

	Currency	Annual interest rate	31/12/2018	31/12/2017
			VND'000	VND'000
Loans from Kirin Holdings Singapore Pte, Ltd	USD	LIBOR + 0.8%	-	181,880,000
			-	181,880,000

The applicable interest rates of these borrowings was from 2.556% to 3.3% per annum during the year (2017: 1.789% to 2.556% per annum).

b) Long-term borrowings and liabilities

	31/12/2018	31/12/2017
	VND'000	VND'000
Finance lease liabilities	136,581	169,203
	136,581	169,203

Terms and conditions of Finance lease liabilities were as follows:

	Currency	Annual Interest rate	Year of maturity	31/12/2018	31/12/2017
				VND'000	VND'000
Liability from Chailease International Leasing Company Limited	VND	21.6%	2021	136,581	169,203
				136,581	169,203

Interfood Shareholding Company

Notes to the separate financial statements (continues)

23 Provision - long-term

Movements of provision during the year were as follow:	Severance allowance	Severance allowance
	31/12/2018	31/12/2017
	VND'000	VND'000
Opening balance	3,453,714	3,444,502
Provision made during the year	524,502	769,980
Utilised during the year	(579,806)	(760,768)
Closing balance	<u>3,398,410</u>	<u>3,453,714</u>

24 Changes in owners' equity

	Share capital	Share premium	Other Reserves	Accumulated losses	Total
	VND'000	VND'000	VND'000	VND'000	VND'000
Balance as at 01/01/2017	871,409,840	85,035,704	90,034,048	(784,327,433)	262,152,159
Share capital issued					-
Net profit (loss) for the year				116,322,652	116,322,652
Balance as at 31/12/2017	<u>871,409,840</u>	<u>85,035,704</u>	<u>90,034,048</u>	<u>(668,004,781)</u>	<u>378,474,811</u>
Share capital issued					-
Net profit (loss) for the year				180,815,833	180,815,833
Balance as at 31/12/2018	<u>871,409,840</u>	<u>85,035,704</u>	<u>90,034,048</u>	<u>(487,188,948)</u>	<u>559,290,644</u>

25 Share capital

The Company's authorised and issued share capital is:

	31/12/2018		31/12/2017	
	Number of shares	VND'000	Number of shares	VND'000
Authorised and issued share capital				
Ordinary shares	87,140,992	871,409,920	87,140,992	871,409,920
Shares in circulation				
Ordinary shares	87,140,984	871,409,840	87,140,984	871,409,840
Treasury shares				
Treasury shares	8	80	8	80

Interfood Shareholding Company

Notes to the separate financial statements (continues)

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.

Movements in share capital during the year were as follows:

	31/12/2018		31/12/2017	
	Number of shares	VND'000	Number of shares	VND'000
Balance at the beginning of the period	87,140,984	871,409,840	87,140,984	871,409,840
Shares issued during the year				
Balance at the end of period:	87,140,984	871,409,840	87,140,984	871,409,840

26 Other reserves

(b) On 1 January 2013, the Company changed its accounting currency from United States Dollars (USD) to Vietnam Dong (VND) in accordance with the requirements of Circular No. 244/2010/TT/BTC dated 31 December 2009 of the Ministry of Finance (Circular 244). Accordingly, all balances in USD as at 31 December 2012 have been translated to VND at the exchange rate of VND20,828 to USD1. This amount represents the difference between the converted value and par value of ordinary shares in VND. The difference between the converted value and par value of ordinary shares of VND90,034,048,000 is reflected as other reserves.

27 Off balance sheet items

(a) Lease

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

	31/12/2018	31/12/2017
	VND'000	VND'000
Within one year	11,761,695	10,047,118
Within two to five years	15,139,269	12,599,057
Over five years	-	-
	26,900,964	22,646,175

(b) Foreign currencies

	31/12/2018		31/12/2017	
	Original currency	VND'000	Original currency	VND'000
USD	58,937	1,364,614	66,092	1,497,310
EUR	306	8,165	317	8,599
		1,372,779		1,505,910

Interfood Shareholding Company

Notes to the separate financial statements (continues)

28 Revenues from sales of goods

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

Net revenue comprised:

	Q4-2018 VND'000	Q4-2017 VND'000	YTD2018Q4 VND'000	YTD2017Q4 VND'000
Total revenue				
■ Sales of drinks	447,364,464	419,430,311	1,467,375,905	1,317,091,165
■ Sales of biscuits	-	-	-	-
■ Sales of food stuff	65,397,747	58,440,299	251,100,246	207,196,076
■ Sales of scraps	210,946	251,646	831,043	1,604,938
	512,973,157	478,122,256	1,719,307,194	1,525,892,179
Less revenue deductions:				
■ Sales allowances	59,059,338	43,419,269	141,761,164	104,838,279
■ Sales return	-	369,249	6,859	369,249
	59,059,338	43,788,518	141,768,023	105,207,528
Net revenue	453,913,819	434,333,738	1,577,539,171	1,420,684,651

29 Cost of sales

	Q4-2018 VND'000	Q4-2017 VND'000	YTD2018Q4 VND'000	YTD2017Q4 VND'000
Total cost of sales				
■ Cost of drinks	261,034,798	261,862,985	846,768,936	817,304,966
■ Cost of biscuit	-	-	-	-
■ Cost of other products	27,891,003	26,467,897	116,531,815	110,073,537
	288,925,801	288,330,882	963,300,751	927,378,503

30 Financial income

	Q4-2018 VND'000	Q4-2017 VND'000	YTD2018Q4 VND'000	YTD2017Q4 VND'000
Interest income from bank deposits	169,262	215,534	695,757	845,633
Interest income from loans to Avafood	659,690	414,884	2,150,625	1,737,560
Foreign exchange gains	7,456,583	1,418,207	7,761,592	7,743,712
	8,285,535	2,048,625	10,607,974	10,326,905

31 Financial expenses

	Q4-2018 VND'000	Q4-2017 VND'000	YTD2018Q4 VND'000	YTD2017Q4 VND'000
Interest expenses	328,384	1,067,850	2,444,402	4,496,128
Foreign exchange losses	8,151,233	1,199,798	9,359,681	7,257,356
	8,479,617	2,267,648	11,804,083	11,753,484

Interfood Shareholding Company

Notes to the separate financial statements (continues)

32	Selling expenses	Q4-2018	Q4-2017	YTD2018Q4	YTD2017Q4
		VND'000	VND'000	VND'000	VND'000
	Staff costs	43,529,500	42,732,339	162,681,531	156,514,297
	Advertisement and promotion expenses	37,040,718	35,130,409	100,852,452	79,559,893
	Transportation fee	21,028,994	19,115,328	75,374,238	67,005,502
	Rental fee	2,619,488	2,328,301	9,723,778	8,523,425
	Others	6,757,213	6,841,658	21,197,632	18,619,301
		110,975,913	106,148,035	369,829,631	330,222,418
33	General and administration expenses	Q4-2018	Q4-2017	YTD2018Q4	YTD2017Q4
		VND'000	VND'000	VND'000	VND'000
	Staff costs	2,795,838	2,827,880	11,205,123	11,025,611
	Consultant fee	772,750	863,444	3,143,972	3,673,957
	Rental fee	801,125	886,951	3,481,041	3,308,835
	Depreciation and amortisation	788,248	848,535	3,012,968	2,465,454
	Allowance	511,170	769,980	511,170	769,980
	Others	3,574,872	3,221,238	11,055,351	12,009,446
		9,244,003	9,418,028	32,409,625	33,253,283
34	Other income	Q4-2018	Q4-2017	YTD2018Q4	YTD2017Q4
		VND'000	VND'000	VND'000	VND'000
	Proceeds from disposals of fixed assets	-	-	209,091	109,091
	Others	780,400	32,645	3,043,290	965,270
		780,400	32,645	3,252,381	1,074,361
35	Other expenses	Q4-2018	Q4-2017	YTD2018Q4	YTD2017Q4
		VND'000	VND'000	VND'000	VND'000
	Depreciation of idle tangible fixed assets	1,257,458	197,851	4,034,465	813,921
	Loss from disposals of tangible fixed assets	-	-	-	-
	Tax penalties	-	-	-	-
	Others	33,597	82,502	2,136,431	191,573
		1,291,055	280,353	6,170,896	1,005,494
36	Production and business costs by element	Q4-2018	Q4-2017	YTD2018Q4	YTD2017Q4
		VND'000	VND'000	VND'000	VND'000
	Raw material costs included in production cost	186,130,297	170,384,526	690,945,694	686,684,046
	Labour costs and staff costs	54,205,088	59,942,718	205,725,035	208,202,899
	Depreciation and amortisation	4,903,835	5,531,814	19,789,398	19,843,446
	Outside services	133,033,598	121,462,864	470,882,551	397,859,791
	Other expenses	8,564,852	4,248,048	32,455,366	25,104,465
		386,837,670	361,569,970	1,419,798,043	1,337,694,647

Interfood Shareholding Company

Notes to the separate financial statements (continues)

37 Corporate Income Taxes

(a) Recognised in the consolidated statement of income

	31/12/2018	31/12/2017
	VND'000	VND'000
Current tax expense		
Current year	<u>45,276,324</u>	<u>12,150,083</u>
Deferred tax income		
Written down of deferred tax so adjust CIT Tax		
Origination and reversal of temporary differences	<u>(18,207,617)</u>	<u>-</u>
	(18,207,617)	-
Income tax expense	<u>27,068,707</u>	<u>12,150,083</u>

(b) Reconciliation of effective tax rate

	31/12/2018	31/12/2017
	VND'000	VND'000
Accounting profit (loss) before tax	<u>207,884,540</u>	<u>128,472,735</u>
Tax at the Company's tax rate	41,576,908	25,694,547
Non-deductible expenses	947,673	264,009
Recognition of previously unrecognised deferred tax assets	(18,207,617)	-
Previously unrecognised temporary differences	2,751,744	(207,070)
Tax losses utilised	-	(13,601,403)
	<u>27,068,708</u>	<u>12,150,083</u>

(c) Applicable tax rates

Under the terms of the Company's Investment Certificates, the Company has an obligation to pay the government income tax at the rate of 15% of taxable profits for the first 12 years starting from the first year of operation (1994). Thereafter, from 2006 onwards the Company is subject to income tax rate applicable to enterprises before any incentives of 25%.

According to Decree No. 24/2007/ND-CP dated 14 February 2007 (which replaced Decree No. 164/2003/ND-CP dated 22 December 2003), the Company is entitled to tax incentives in relation to the relocation of its business activities out of an urban area. In 2006, the Company relocated one of its production lines from Bien Hoa City to Tam Phuoc Industrial Zone, Bien Hoa City. As a result, profit derived from this line is exempted from corporate income tax for two years and a reduction of 50% for the following six years. Also as stated in this Decree, the Company is entitled to tax incentives in relation to investments made in new production lines that are qualified under this Decree. The tax incentives include one year of exemption from corporate income tax and a reduction of 50% for the following four years applied to profit derived from the new production lines.

Interfood Shareholding Company

Notes to the separate financial statements (continues)

Under Decree No. 124/2008/ND-CP dated 11 December 2008 (which replaced Decree No. 24/2007/ND-CP dated 14 February 2007) and Decree No. 122/2011/ND-CP dated 27 December 2012 (which provided a number of amendments to prevailing Decree No. 124/2008/ND-CP), the Company will continue to enjoy its tax incentives under Decree No. 24/2007/ND-CP dated 14 February 2007.

According to Letter No. 11924/TC-CST dated 20 October 2004 issued by the Ministry of Finance, the Company is entitled to a 50% reduction for two years after listing its shares in Ho Chi Minh City Securities Trading Centre. The Company has completed the registration with the tax authority to apply the incentives commencing from 2007.

The usual income tax rate applicable to enterprises before any incentives is 22% for 2015, and will be reduced to 20% from 2016..

38 Significant transactions with related parties

In addition to related party balances disclosed in other notes to the separate financial statements, the Company had the following significant transactions with related parties during the year:

	Transaction value	
	YTD2018Q4 VND'000	YTD2017Q4 VND'000
Related companies		
Kirin Holdings Company, Limited - Ultimate Parent Company		
Short-term loan received	-	-
Share subscription	-	-
Interest expenses	-	-
Secondment fee	5,650,277	6,606,456
Kirin Holdings Singapore Pte, Ltd - Parent company		
Share subscription	-	-
Short-term loan received	-	-
Short-term loan repayment	183,460,000	63,798,000
Interest expenses	2,408,388	4,452,518
Subsidiary		
Avafood Shareholding Company.		
Short-term loan granted	20,000,000	23,950,000
Interest income	2,150,625	1,737,560
Processing service	24,635,909	26,761,236
Office and factory rental fee	5,932,212	5,932,212

Interfood Shareholding Company

Notes to the separate financial statements (continues)

Vietnam Kirin Beverage Company, Limited

Processing fee	217,563,475	171,134,922
Purchases of services	2,492,720	2,848,760
Sale of finished goods	29,234	15,464
Sale of materials	-	403,968

Board of Directors and Board of Management

Secondment fees	4,387,680	4,474,937
Salary	1,818,000	1,818,000

39 Non-cash investing activities

	Q4-2018	Q4-2017	YTD2018Q4	YTD2017Q4
	VND'000	VND'000	VND'000	VND'000
Net off inter-company payable against receivable for loans principal and interest from a subsidiary	9,334,439	8,804,690	33,624,936	35,962,793
Convert loans interest receivable to short-term loans receivable	659,690	414,884	2,150,625	1,737,560
	9,994,129	9,219,574	35,775,561	37,700,353

30th January 2019

Prepared by:

Approved by:

(Signed)

(Signed and sealed)

Nguyễn Hồng Phong
Chief Accountant

Yutaka Ogami
Chairman, General Director