

Financial statements
Quarter 1 - 2021

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 |
| | 6525867086 (11st amendment) | 01/10/2019 |
| | 6525867086 (12nd amendment) | 21/09/2020 |

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 | 21/01/2016 |
| | 3600245631 | 19/03/2018 |
| | 3600245631 | 06/07/2019 |
| | 3600245631 | 30/06/2020 |

The Company's Enterprise Registration Certificate was issued by the Department of Planning and Investment of Dong Nai Province

Board of Management:

| | |
|---------------------|----------|
| Takeshi Fukushima | Chairman |
| Yutaka Ogami | Member |
| Nguyen Thi Kim Lien | Member |
| Toru Yoshimura | Member |
| Koichi Ogawa | Member |

Board of Director:

| | |
|---------------------|--|
| Hajime Kawasaki | General Director |
| Kenichiro Wada | General Manager of Marketing cum General Manager of Sales |
| Koichi Noda | General Manager of Factory |
| Tomohide Ito | General Manager of Planning |
| Nguyen Thi Kim Lien | General Manager of Internal Control |

Registered Office

Lot 13, Tam Phuoc IZ, Tam Phuoc Ward
Bien Hoa City, Dong Nai Province, Vietnam

Auditors

KPMG Limited Vietnam

Statement of the Board of Directors

The Board of Directors of Interfood Shareholding Company (“the Company”) presents this statement and the accompanying financial statements of the Company for the year ended 31 March 2021.

The Board of Directors is responsible for the preparation and fair presentation of the 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 financial statements set out on pages 4 to 26 give a true and fair view of the financial position of the Company as at 31 March 2021, and of its results of operations and its 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)

Tomohide Ito

General Manager of Planning

As per the Letter of Authorization No 07-UQ/IFS-2021 dated 26th March 2021 of the General Director Dong Nai, dated 16th April 2021.

Balance sheet

| | | | 31/03/2021 | 31/12/2020 |
|---|------------|----------|----------------------|----------------------|
| ASSETS | Code | Notes | VND'000 | VND'000 |
| Current assets (100=110+130+140+150) | 100 | | 1,019,781,790 | 968,695,797 |
| Cash | 110 | 5 | 799,151,673 | 720,073,459 |
| Cash | 111 | | 549,151,673 | 720,073,459 |
| Cash equivalent | 112 | | 250,000,000 | - |
| Accounts receivable – short-term | 130 | | 26,031,681 | 41,974,163 |
| Accounts receivable from customers | 131 | 6 | 20,654,441 | 29,876,650 |
| Prepayments to suppliers | 132 | | 8,528,053 | 5,752,519 |
| Other receivables – short-term | 136 | 7 | 925,223 | 10,421,030 |
| Allowance for doubtful debts | 137 | | (4,076,036) | (4,076,036) |
| Inventories | 140 | 8 | 193,062,157 | 205,657,658 |
| Inventories | 141 | | 193,433,883 | 206,026,452 |
| Allowance for inventories | 149 | | (371,726) | (368,794) |
| Other current assets | 150 | | 1,536,279 | 990,517 |
| Short-term prepaid expenses | 151 | | 1,395,056 | 849,294 |
| Taxes receivable from State Treasury | 153 | | 141,223 | 141,223 |
| Long-term assets (200 = 210 + 220 + 240 + 260) | 200 | | 135,461,237 | 143,940,416 |
| Accounts receivable – long-term | 210 | | 2,572,229 | 1,750,728 |
| Other receivables – long-term | 216 | | 2,572,229 | 1,750,728 |
| Fixed assets | 220 | | 98,539,712 | 102,812,522 |
| Tangible fixed assets | 221 | 9 | 95,496,501 | 99,425,233 |
| <i>Cost</i> | 222 | | 425,648,243 | 425,648,243 |
| <i>Accumulated depreciation</i> | 223 | | (330,151,742) | (326,223,010) |
| Finance Lease Tangible fixed assets | 224 | 10 | 26,480 | 36,410 |
| <i>Cost</i> | 225 | | 198,603 | 198,603 |
| <i>Accumulated depreciation</i> | 226 | | (172,123) | (162,193) |
| Intangible fixed assets | 227 | 11 | 3,016,731 | 3,350,879 |
| <i>Cost</i> | 228 | | 14,082,575 | 14,082,575 |
| <i>Accumulated depreciation</i> | 229 | | (11,065,844) | (10,731,696) |
| Other long-term assets | 260 | | 34,349,296 | 39,377,166 |
| Long-term prepaid expenses | 261 | 12 | 24,751,777 | 25,447,345 |
| Deffered tax assets | 262 | 13 | 9,597,519 | 13,929,821 |
| TOTAL ASSETS (270=100+200) | 270 | | 1,155,243,027 | 1,112,636,213 |

Balance sheet

| | | | 31/03/2021 | 31/12/2020 |
|--|------------|-----------|-----------------------------|-----------------------------|
| RESOURCES | Code | Notes | VND'000 | VND'000 |
| LIABILITIES (300=310+330) | 300 | | 156,277,190 | 175,117,798 |
| Current liabilities | 310 | | 152,627,034 | 171,384,889 |
| Accounts payable to suppliers | 311 | 14 | 71,600,818 | 62,846,973 |
| Advances from customers | 312 | | 11,137,407 | 8,614,232 |
| Taxes payable to State Treasury | 313 | 15 | 17,706,145 | 29,883,005 |
| Payable to employees | 314 | | 11,367,816 | 7,710,878 |
| Accrued expenses | 315 | 16 | 39,925,161 | 61,520,749 |
| Other short-term payables | 319 | 17 | 889,687 | 809,052 |
| Long term liabilities | 330 | | 3,650,156 | 3,732,909 |
| Long-term borrowings and finance lease | 338 | 18 | 35,481 | 49,382 |
| Provision – long-term | 342 | 19 | 3,614,675 | 3,683,527 |
| EQUITY (400=410) | 400 | | 998,965,837 | 937,518,415 |
| Owners' equity | 410 | 20 | 998,965,837 | 937,518,415 |
| Share capital | 411 | 21 | 871,409,840 | 871,409,840 |
| - Ordinary shares with voting rights | 411a | | 871,409,840 | 871,409,840 |
| Share premium | 412 | | 85,035,704 | 85,035,704 |
| Other reserves | 420 | 22 | 90,034,048 | 90,034,048 |
| Accumulated losses | 420 | | (47,513,755) | (108,961,177) |
| - Accumulated losses brought forward | 421a | | (108,961,177) | (263,994,947) |
| - Net profit (loss) for the current year | 421b | | 61,447,422 | 155,033,770 |
| TOTAL RESOURCES (440=300+400) | | | <u>1,155,243,027</u> | <u>1,112,636,213</u> |

Dong Nai, dated 16th April 2021.

Prepared by:

Approved by:

*(Signed)**(Signed and sealed)*Nguyễn Hồng Phong
Chief AccountantTomohide Ito
General Manager of Planning

Statement of income

| | Code | Notes | Q1-2021 VND'000 | Q1-2020 VND'000 | YTD2021Q1 VND'000 | YTD2020Q1 VND'000 |
|--|------|-------|--------------------|--------------------|----------------------|----------------------|
| Revenue from sale of goods | 01 | 24 | 364,635,221 | 333,206,264 | 364,635,221 | 333,206,264 |
| Revenue deductions | 02 | 24 | 17,120,680 | 28,702,509 | 17,120,680 | 28,702,509 |
| Net revenue (10=01-02) | 10 | 24 | 347,514,541 | 304,503,755 | 347,514,541 | 304,503,755 |
| Cost of sales | 11 | 25 | 205,075,340 | 185,655,665 | 205,075,340 | 185,655,665 |
| Gross profit (20=10-11) | 20 | | 142,439,201 | 118,848,090 | 142,439,201 | 118,848,090 |
| Financial income | 21 | 26 | 534,607 | 973,061 | 534,607 | 973,061 |
| Financial expenses | 22 | 27 | 5,892 | (2,844) | 5,892 | (2,844) |
| <i>In which: Interest expenses</i> | 23 | | 2,661 | 5,608 | 2,661 | 5,608 |
| Selling expenses | 25 | 28 | 57,841,407 | 61,623,732 | 57,841,407 | 61,623,732 |
| G&A expenses | 26 | 29 | 8,269,596 | 8,866,418 | 8,269,596 | 8,866,418 |
| Operating profit/(loss) {30=20+(21-22)-(25+26)} | 30 | | 76,856,913 | 49,333,845 | 76,856,913 | 49,333,845 |
| Other income | 31 | 30 | 37,296 | 64,636 | 37,296 | 64,636 |
| Other expenses | 32 | 31 | 63,032 | 66,264 | 63,032 | 66,264 |
| Results of other activities (40 = 31 - 32) | 40 | | (25,736) | (1,628) | (25,736) | (1,628) |
| Profit (loss) before tax (50 = 30 + 40) | 50 | | 76,831,177 | 49,332,217 | 76,831,177 | 49,332,217 |
| Income tax expenses - current | 51 | 33 | 11,051,454 | 3,711,518 | 11,051,454 | 3,711,518 |
| Income tax expenses - deferred | 52 | 33 | 4,332,301 | - | 4,332,301 | - |
| Profit (loss) after tax (60= 50 - 51- 52) | 60 | | 61,447,422 | 45,620,699 | 61,447,422 | 45,620,699 |

Dong Nai, dated 16th April 2021.

Prepared by:

(Signed)

Approved by:

*(Signed and sealed)*Nguyễn Hồng Phong
Chief AccountantTomohide Ito
General Manager of Planning

Statements of cash flows
(Indirect method)

| | Code | Notes | 31/03/2021 VND'000 | YTD2020Q1 VND'000 |
|--|-----------|----------|-----------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Profit/(loss) before tax | 01 | | 76,831,178 | 49,332,217 |
| Adjustments for: | | | | |
| Depreciation and amortisation | 02 | | 4,272,810 | 2,863,740 |
| Allowances and provisions | 03 | | 2,422,251 | 277,612 |
| Exchange gain/ losses | 04 | | (8,263) | - |
| Losses/(profits) from investing activities | 05 | | - | (946,474) |
| Interest expense | 06 | | 2,661 | 5,608 |
| Operating profit/(loss) before changes in working ca | 08 | | 83,520,637 | 51,532,703 |
| Change in receivable | 09 | | 12,569,707 | 13,047,295 |
| Change in inventories | 10 | | 12,241,484 | (6,389,809) |
| Change in payables and other liabilities | 11 | | (8,687,881) | (36,321,191) |
| Change in prepaid expenses | 12 | | 149,806 | (206,443) |
| Interest paid | 14 | | - | - |
| Income tax paid | 15 | | (21,204,376) | (16,488,491) |
| Net cash flow from operating activities | 20 | | 78,589,377 | 5,174,064 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Payments for additions to fixed assets | 21 | | - | (476,830) |
| Proceeds from disposals of fixed assets | 22 | | - | - |
| Payment for granting loans | 23 | | - | (10,000,000) |
| Payments for investment in a subsidiary | 25 | | - | - |
| Recovered from investment | 26 | | - | - |
| Receipts of interests | 27 | | 502,738 | 359,940 |
| Net cash inflows/(outflows) from investing activities | 30 | | 502,738 | (10,116,890) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Payments to settle finance lease liabilities | 35 | | (13,901) | (11,223) |
| Net cash inflows/(outflows) from financing activities | 40 | | (13,901) | (11,223) |
| Net increase/(decrease) in cash | 50 | | 79,078,214 | (4,954,049) |
| (50= 20 +30 + 40) | | | | |
| Cash at beginning of the year | 60 | | 720,073,459 | 517,046,649 |
| Effects of changes in foreign exchange rates | | | - | |
| Cash at end of the year (70= 50 + 60) | 70 | 5 | 799,151,673 | 512,092,600 |

Dong Nai, dated 16th April 2021.

Prepared by:

Approved by:

*(Signed)**(Signed and sealed)*Nguyễn Hồng Phong
Chief AccountantTomohide Ito
General Manager of Planning

Notes to the 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 March 2021, the Company had 566 employees (31/12/2020: 584 employees).

2 Basis of preparation**(a) Statement of compliance**

The 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.

Notes to the financial statements**(b) Basis of measurement**

The financial statements, except for the statement of cash flows, are prepared on the accrual basis using the historical cost concept. The 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 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 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 most frequently conducts transactions.

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

(b) Cash

Cash comprises cash balances, call deposits and time deposit.

(c) Accounts receivable

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

(d) 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.

Notes to the financial statements

- (e) **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:

| | |
|-------------------------|--------------|
| Buildings | 30 years |
| Machinery and equipment | 6 – 15 years |
| Motor vehicles | 6 – 10 years |
| Office equipment | 3 – 10 years |

- (f) **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.

- (g) **Long-term prepaid expenses**

- (i) *Prepaid land costs*

Prepaid land costs comprise prepaid land lease rentals, including those for which the Company obtained land use rights certificate but are not qualified as intangible fixed assets under Circular No. 45/2013/TT-BTC dated 25 April 2013 of the Ministry of Finance providing guidance on management, use and depreciation of fixed assets, and other costs incurred in conjunction with securing the use of leased land. These costs are recognised in the statement of income on a straight-line basis over the term of the lease of 40 years.

- (ii) *Tools and supplies*

Tools and supplies include assets held for use by the Company in the normal course of business whose costs of individual items are less than VND30 million and therefore not qualified for recognition as fixed assets under prevailing regulation. Cost of tools and supplies are amortised on a straight-line basis over 3 years.

Notes to the financial statements**(iii) Other long-term prepaid expenses**

Other long-term prepaid expenses mainly include the renovation, repair and maintenance expenses which are initially stated at cost and amortised on a straight-line basis over 3 years

(h) Trade and other payables

Trade and other payables are stated at their cost.

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

(j) Share capital**Ordinary shares**

Ordinary shares are recognised at issuance price less incremental costs directly attributable to the issuance of shares, net of tax effects. Such costs are recognised as a deduction from share premium. The difference between proceeds from the issuance of shares over the par value is recorded in share premium

(k) Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the 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.

Notes to the financial statements

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.

(l) Revenue and other income**(i) 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.

(ii) Interest income

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

(m) Leases**(i) Leased 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)(ii)

(ii) Leased payments

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

Notes to the financial statements

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability

(n) 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.

(o) Earnings per share

The Company presents basic earnings per share (“EPS”) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. During the year, the Company had no potential ordinary shares and therefore does not present diluted EPS.

(p) Segment reporting

A segment is a distinguishable component of the Company that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Company’s primary format and secondary format for segment reporting are based on business segments and geographical segments, respectively.

(q) Related parties

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

(r) Comparative information

Comparative information in these financial statements is presented as corresponding figures. Under this method, comparative information for the prior year is included as an integral part of the current year financial statements and is intended to be read only in relation to the amounts and other disclosures relating to the current year. Accordingly, the comparative information included in these financial statements is not intended to present the Company’s financial position, results of operations or cash flows for the prior year

Notes to the financial statements

4 Segment reporting

The Company mainly operates in one business segment, which is the production and sale of foods and beverages and in primarily one geographical segment, which is in Vietnam.

| 5 | Cash | 31/03/2021 VND'000 | 31/12/2020 VND'000 |
|---|-------------------------------------|-----------------------|-----------------------|
| | Cash on hand | 132,094 | 186,876 |
| | Cash in banks | 549,019,579 | 719,886,583 |
| | Time deposit | 250,000,000 | - |
| | Cash in the statement of cash flows | <u>799,151,673</u> | <u>720,073,459</u> |

6 Accounts receivable from customers

(a) Accounts receivable from customers detailed by significant customers

| | 31/03/2021 VND'000 | 31/12/2020 VND'000 |
|---------------------------------------|-----------------------|-----------------------|
| Saigon Union of Trading Co-operatives | 591,209 | 3,849,707 |
| EB Services Co., Ltd | 3,485,594 | 6,967,711 |
| MM Mega Market Co., Ltd (Vietnam) | 2,957,820 | 2,818,191 |
| VINCOMMERCE SJC | 4,577,808 | 5,522,083 |
| Others | 9,042,010 | 10,718,958 |
| | <u>20,654,441</u> | <u>29,876,650</u> |

(b) Accounts receivable from customers classified by payment term

| | 31/03/2021 VND'000 | 31/12/2020 VND'000 |
|------------|-----------------------|-----------------------|
| Short-term | <u>20,654,441</u> | <u>29,876,650</u> |
| | <u>20,654,441</u> | <u>29,876,650</u> |

7 Other receivables

| | 31/03/2021 VND'000 | 31/12/2020 VND'000 |
|--|-----------------------|-----------------------|
| Receivable from Crown Beverage Can (Dong Nai) Company Limited for aluminium price adjustment | - | 9,789,808 |
| Other receivable | 925,223 | 631,222 |
| | <u>925,223</u> | <u>10,421,030</u> |

Notes to the financial statements

| 8 | Inventories | 31/03/2021 | | 31/12/2020 | |
|---|--------------------|--------------------|----------------------|--------------------|----------------------|
| | | Cost VND'000 | Allowance VND'000 | Cost VND'000 | Allowance VND'000 |
| | Goods in transit | 6,788 | - | 592,271 | - |
| | Raw materials | 41,076,888 | (62,433) | 40,851,018 | (64,215) |
| | Tools and supplies | 6,985,779 | (296,819) | 6,550,036 | (296,819) |
| | Work in progress | 9,305,494 | - | 9,310,372 | - |
| | Finished goods | 136,058,934 | (12,474) | 148,722,755 | (7,760) |
| | | 193,433,883 | (371,726) | 206,026,452 | (368,794) |

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

| | 31/03/2021 VND'000 | 31/12/2020 VND'000 |
|---------------------------------------|-----------------------|-----------------------|
| Opening balance | 368,794 | 414,883 |
| Increase in allowance during the year | 354,017 | 466,172 |
| Allowance utilised during the year | (351,085) | (512,261) |
| Closing balance | 371,726 | 368,794 |

9 Tangible fixed assets

| | Building VND'000 | Machinery & Equipment VND'000 | Motor vehicles VND'000 | Office equipment VND'000 | Total VND'000 |
|---------------------------------|---------------------|-------------------------------------|---------------------------|--------------------------------|--------------------|
| Historical cost | | | | | |
| Opening balance | 117,748,737 | 290,357,214 | 5,473,385 | 12,068,907 | 425,648,243 |
| Additions | - | - | - | - | - |
| Transfer from CIP | - | - | - | - | - |
| Disposals(*) | - | - | - | - | - |
| Closing balance | 117,748,737 | 290,357,214 | 5,473,385 | 12,068,907 | 425,648,243 |
| Accumulated depreciation | | | | | |
| Opening balance | 51,909,729 | 259,350,193 | 4,934,213 | 10,028,875 | 326,223,010 |
| Charge for the year | 991,482 | 2,542,534 | 47,405 | 347,311 | 3,928,732 |
| Disposals(*) | - | - | - | - | - |
| Closing balance | 52,901,211 | 261,892,727 | 4,981,618 | 10,376,186 | 330,151,742 |
| Net book value | | | | | |
| Opening balance | 65,839,008 | 31,007,021 | 539,172 | 2,040,032 | 99,425,233 |
| Closing balance | 64,847,526 | 28,464,487 | 491,767 | 1,692,721 | 95,496,501 |

Included in the cost of tangible fixed assets were assets costing 69,942 million VND which were fully depreciated as of 31 March 2021 (31/12/2020: 66,525 million VND), but are still in active use.

The net book value of temporarily idle tangible fixed assets amounted to VND 748 million as at 31 March 2021 (31/12/2020: VND 769 million).

Notes to the financial statements

10 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 | 162,193 | 162,193 |
| Charge for the year | 9,930 | 9,930 |
| Closing balance | <u>172,123</u> | <u>172,123</u> |
| Net book value | | |
| Opening balance | 36,410 | 36,410 |
| Closing balance | <u>26,480</u> | <u>26,480</u> |

11 Intangible fixed assets

| | Software VND'000 | Total VND'000 |
|---------------------------------|-----------------------------|--------------------------|
| Historical cost | | |
| Opening balance | 14,082,575 | 14,082,575 |
| Additions | - | - |
| Transfer from CIP | - | - |
| Written off | - | - |
| Closing balance | <u>14,082,575</u> | <u>14,082,575</u> |
| Accumulated depreciation | | |
| Opening balance | 10,731,696 | 10,731,696 |
| Charge for the year | 334,148 | 334,148 |
| Disposals | - | - |
| Closing balance | <u>11,065,844</u> | <u>11,065,844</u> |
| Net book value | | |
| Opening balance | 3,350,879 | 3,350,879 |
| Closing balance | <u>3,016,731</u> | <u>3,016,731</u> |

Included in the cost of intangible fixed assets were assets costing VND 1,851 million which were fully amortised as of 31 March 2021 (31/12/2020: VND1,851 million), but are still in active use.

Notes to the financial statements

12 Long-term prepaid expenses

| | Prepaid land costs | Tool and supplies | Other | Total |
|-----------------------------|-----------------------|----------------------|------------------|-------------------|
| | VND'000 | VND'000 | VND'000 | VND'000 |
| Opening balance | 22,793,524 | 635,897 | 2,017,924 | 25,447,345 |
| Additions | - | - | - | - |
| Amortisation for the period | (173,996) | (135,000) | (386,572) | (695,568) |
| Closing balance | 22,619,528 | 500,897 | 1,631,352 | 24,751,777 |

13 Deferred tax assets

| | Tax rate | 31/03/2021 VND'000 | 31/12/2020 VND'000 |
|-----------------------------------|----------|-----------------------|-----------------------|
| Accruals | 20% | 7,985,032 | 12,304,150 |
| Allowance for doubtful debts | 20% | 815,207 | 815,207 |
| Allowance for inventories | 20% | 74,345 | 73,759 |
| Allowance for severance allowance | 20% | 722,935 | 736,705 |
| | | 9,597,519 | 13,929,821 |

14 Accounts payable to suppliers

(a) Accounts payable to suppliers detailed by significant suppliers

| | 31/03/2021 | | 31/12/2020 | |
|--|-------------------|---|-------------------|---|
| | Cost VND'000 | Amount within payment capacity VND'000 | Cost VND'000 | Amount within payment capacity VND'000 |
| Crown Beverage Cans (Dong Nai) Co., Ltd | 9,677,866 | 9,677,866 | 6,191,366 | 6,191,366 |
| Vietnam Kirin Beverage Company Limited | 19,723,211 | 19,723,211 | 15,864,811 | 15,864,811 |
| Crown Beverage Cans Saigon Limited | 6,106,888 | 6,106,888 | 2,881,613 | 2,881,613 |
| Vietnam Chuanli Can Manufacturing Co., Ltd | 10,528,564 | 10,528,564 | 10,669,448 | 10,669,448 |
| Others | 25,564,289 | 25,564,289 | 27,239,735 | 27,239,735 |
| | 71,600,818 | 71,600,818 | 62,846,973 | 62,846,973 |

Notes to the financial statements

(b) Accounts payable to suppliers classified by payment term

| | 31/03/2021 | | 31/12/2020 | |
|------------|-------------------|--------------------------------------|-------------------|--------------------------------------|
| | Cost | Amount within payment capacity | Cost | Amount within payment capacity |
| | VND'000 | VND'000 | VND'000 | VND'000 |
| Short-term | 71,600,818 | 71,600,818 | 62,846,973 | 62,846,973 |
| | 71,600,818 | 71,600,818 | 62,846,973 | 62,846,973 |

(c) Accounts payable to suppliers who are related parties

| | 31/03/2021 | | 31/12/2020 | |
|---|-------------------|--------------------------------------|-------------------|--------------------------------------|
| | Cost | Amount within payment capacity | Cost | Amount within payment capacity |
| | VND'000 | VND'000 | VND'000 | VND'000 |
| Vietnam Kirin Beverage Company, Limited | 19,723,211 | 19,723,211 | 15,864,811 | 15,864,811 |
| | 19,723,211 | 19,723,211 | 15,864,811 | 15,864,811 |

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

15 Taxes payable to State Treasury

| | 31/12/2020 | Incurred | Netted-off | Paid | 31/03/2021 |
|----------------------|-------------------|-------------------|---------------------|---------------------|-------------------|
| | VND'000 | VND'000 | VND'000 | VND'000 | VND'000 |
| Value added tax | 8,128,264 | 32,868,787 | (15,963,820) | (19,333,360) | 5,699,871 |
| Corporate income tax | 21,204,376 | 11,051,454 | | (21,204,376) | 11,051,454 |
| Personal income tax | 550,365 | 1,675,908 | | (1,271,453) | 954,820 |
| Other tax | - | 427,775 | | (427,775) | - |
| | 29,883,005 | 46,023,924 | (15,963,820) | (42,236,964) | 17,706,145 |

16 Accrued expenses

| | 31/03/2021 | 31/12/2020 |
|--------------------------------|-------------------|-------------------|
| | VND'000 | VND'000 |
| Sales discounts and commission | 12,844,548 | 15,502,515 |
| Promotion expenses | 10,524,264 | 25,740,515 |
| Transportation fee | 5,242,395 | 4,022,911 |
| Secondment fee payable (*) | 1,618,857 | 3,238,171 |
| Others | 9,695,098 | 13,016,637 |
| | 39,925,161 | 61,520,749 |

Notes to the financial statements

(*) 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.

17 Other short-term payables

| | 31/03/2021 | 31/12/2020 |
|--|-----------------------|-----------------------|
| | VND'000 | VND'000 |
| Non-trade amounts due to a related party | 174,548 | 74,393 |
| Dividends payable | 505,391 | 505,391 |
| Other payable | 209,748 | 229,268 |
| | <u>889,687</u> | <u>809,052</u> |

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

18 Long-term borrowings and finance lease

| | 31/03/2021 | 31/12/2020 |
|---------------------------|----------------------|----------------------|
| | VND'000 | VND'000 |
| Finance lease liabilities | 35,481 | 49,382 |
| | <u>35,481</u> | <u>49,382</u> |

Terms and conditions of Finance lease liabilities were as follows:

| | | | 31/03/2021 | 31/12/2020 | |
|--|-----------------|-----------------------------|-------------------------|----------------------|----------------------|
| | Currency | Annual Interest rate | Year of maturity | VND'000 | VND'000 |
| Liability from Chailease International Leasing Company Limited | VND | 21.6% | 2021 | 35,481 | 49,382 |
| | | | | <u>35,481</u> | <u>49,382</u> |

19 Provision - long-term

| | Severance allowance | Severance allowance |
|--|----------------------------|----------------------------|
| | 31/03/2021 | 31/12/2020 |
| | VND'000 | VND'000 |
| Movements of provision during the year were as follow: | | |
| Opening balance | 3,683,527 | 3,436,579 |
| Provision made during the year | - | 190,557 |
| Merged from subsidiary | - | 110,910 |
| Provision utilised during the year | (68,852) | (54,519) |
| Closing balance | <u>3,614,675</u> | <u>3,683,527</u> |

Notes to the financial statements

20 Changes in owners' equity

| | Share capital VND'000 | Share premium VND'000 | Other Reserves VND'000 | Accumulated losses VND'000 | Total VND'000 |
|-------------------------------------|--------------------------|--------------------------|---------------------------|----------------------------------|--------------------|
| Balance as at 01/01/2020 | 871,409,840 | 85,035,704 | 90,034,048 | (263,994,947) | 782,484,645 |
| Share capital issued | | | | | - |
| Net profit (loss) for the year | | | | 155,033,770 | 155,033,770 |
| Balance as at 31/12/2020 | 871,409,840 | 85,035,704 | 90,034,048 | (108,961,177) | 937,518,415 |
| Share capital issued | | | | | - |
| Net profit (loss) for the year | | | | 61,447,422 | 61,447,422 |
| Balance as at 31/03/2021 | 871,409,840 | 85,035,704 | 90,034,048 | (47,513,755) | 998,965,837 |

21 Share capital

The Company's authorised and issued share capital is:

| | 31/03/2021 | | 31/12/2020 | |
|--|---------------------|-------------|---------------------|-------------|
| | 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 |

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:

| | 31/03/2021 | | 31/12/2020 | |
|--|---------------------|--------------------|---------------------|--------------------|
| | 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 |

Notes to the financial statements

22 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.

23 Off balance sheet items
(a) Lease

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

| | 31/03/2021 VND'000 | 31/12/2020 VND'000 |
|--------------------------|-----------------------|-----------------------|
| Within one year | 5,990,112 | 4,179,845 |
| Within two to five years | 14,310,075 | 1,350,169 |
| Over five years | - | - |
| | <u>20,300,187</u> | <u>5,530,014</u> |

(b) Foreign currencies

| | 31/03/2021 | | 31/12/2020 | |
|-----|----------------------|------------------|----------------------|------------------|
| | Original currency | VND'000 | Original currency | VND'000 |
| USD | 122,612 | 2,826,039 | 68,273 | 1,572,669 |
| | | <u>2,826,039</u> | | <u>1,572,669</u> |

24 Revenues from sales of goods

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

Net revenue comprised:

| | Q1-2021 VND'000 | Q1-2020 VND'000 | YTD2021Q1 VND'000 | YTD2020Q1 VND'000 |
|---------------------------------|--------------------|--------------------|----------------------|----------------------|
| Total revenue | | | | |
| ■ Sales of drinks | 301,245,845 | 269,355,767 | 301,245,845 | 269,355,767 |
| ■ Sales of food stuff | 62,788,176 | 63,177,683 | 62,788,176 | 63,177,683 |
| ■ Sales of scraps | 601,200 | 672,814 | 601,200 | 672,814 |
| | <u>364,635,221</u> | <u>333,206,264</u> | <u>364,635,221</u> | <u>333,206,264</u> |
| Less revenue deductions: | | | | |
| ■ Sales allowances | 17,120,680 | 28,702,509 | 17,120,680 | 28,702,509 |
| ■ Sales return | - | - | - | - |
| | <u>17,120,680</u> | <u>28,702,509</u> | <u>17,120,680</u> | <u>28,702,509</u> |
| Net revenue | <u>347,514,541</u> | <u>304,503,755</u> | <u>347,514,541</u> | <u>304,503,755</u> |

Notes to the financial statements

| 25 | Cost of sales | Q1-2021 VND'000 | Q1-2020 VND'000 | YTD2021Q1 VND'000 | YTD2020Q1 VND'000 |
|--|---|--------------------|--------------------|----------------------|----------------------|
| Total cost of sales | | | | | |
| ■ | Cost of drinks | 165,934,831 | 152,900,247 | 165,934,831 | 152,900,247 |
| ■ | Cost of other products | 39,140,509 | 32,755,418 | 39,140,509 | 32,755,418 |
| | | 205,075,340 | 185,655,665 | 205,075,340 | 185,655,665 |
| 26 | | | | | |
| Financial income | | | | | |
| | | Q1-2021 VND'000 | Q1-2020 VND'000 | YTD2021Q1 VND'000 | YTD2020Q1 VND'000 |
| | Interest income from bank deposits | 502,738 | 359,940 | 502,738 | 359,940 |
| | Interest income from loans to Avafood | - | 586,534 | - | 586,534 |
| | Foreign exchange gains | 31,869 | 26,587 | 31,869 | 26,587 |
| | | 534,607 | 973,061 | 534,607 | 973,061 |
| 27 | | | | | |
| Financial expenses | | | | | |
| | | Q1-2021 VND'000 | Q1-2020 VND'000 | YTD2021Q1 VND'000 | YTD2020Q1 VND'000 |
| | Interest expenses | 2,661 | 5,608 | 2,661 | 5,608 |
| | Allowance for long-term financial investments | - | - | - | - |
| | Foreign exchange losses | 3,231 | (8,452) | 3,231 | (8,452) |
| | Losses from merger | - | - | - | - |
| | | 5,892 | (2,844) | 5,892 | (2,844) |
| 28 | | | | | |
| Selling expenses | | | | | |
| | | Q1-2021 VND'000 | Q1-2020 VND'000 | YTD2021Q1 VND'000 | YTD2020Q1 VND'000 |
| | Staff costs | 30,516,948 | 31,639,454 | 30,516,948 | 31,639,454 |
| | Advertisement and promotion expenses | 9,519,209 | 10,192,679 | 9,519,209 | 10,192,679 |
| | Transportation fee | 13,248,593 | 14,940,639 | 13,248,593 | 14,940,639 |
| | Rental fee | 2,449,313 | 2,158,063 | 2,449,313 | 2,158,063 |
| | Others | 2,107,344 | 2,692,897 | 2,107,344 | 2,692,897 |
| | | 57,841,407 | 61,623,732 | 57,841,407 | 61,623,732 |
| 29 | | | | | |
| General and administration expenses | | | | | |
| | | Q1-2021 VND'000 | Q1-2020 VND'000 | YTD2021Q1 VND'000 | YTD2020Q1 VND'000 |
| | Staff costs | 3,254,790 | 3,133,302 | 3,254,790 | 3,133,302 |
| | Consultant fee | 1,352,610 | 870,102 | 1,352,610 | 870,102 |
| | Rental fee | 896,998 | 929,808 | 896,998 | 929,808 |
| | Depreciation and amortisation | 868,843 | 880,125 | 868,843 | 880,125 |
| | Allowance | - | 4,849 | - | 4,849 |
| | Others | 1,896,355 | 3,048,232 | 1,896,355 | 3,048,232 |
| | | 8,269,596 | 8,866,418 | 8,269,596 | 8,866,418 |

Notes to the financial statements

30 Other income

| | Q1-2021 | Q1-2020 | YTD2021Q1 | YTD2020Q1 |
|---|----------------|----------------|------------------|------------------|
| | VND'000 | VND'000 | VND'000 | VND'000 |
| Proceeds from disposals of fixed assets | - | - | - | - |
| Others | 37,296 | 64,636 | 37,296 | 64,636 |
| | 37,296 | 64,636 | 37,296 | 64,636 |

31 Other expenses

| | Q1-2021 | Q1-2020 | YTD2021Q1 | YTD2020Q1 |
|--|----------------|----------------|------------------|------------------|
| | VND'000 | VND'000 | VND'000 | VND'000 |
| Depreciation of idle tangible fixed assets | 21,304 | 13,512 | 21,304 | 13,512 |
| Loss from disposals of tangible fixed assets | - | - | - | - |
| Others | 41,728 | 52,752 | 41,728 | 52,752 |
| | 63,032 | 66,264 | 63,032 | 66,264 |

32 Production and business costs by element

| | Q1-2021 | Q1-2020 | YTD2021Q1 | YTD2020Q1 |
|--|--------------------|--------------------|--------------------|--------------------|
| | VND'000 | VND'000 | VND'000 | VND'000 |
| Raw material costs included in production cost | 102,063,892 | 125,444,910 | 102,063,892 | 125,444,910 |
| Labour costs and staff costs | 33,771,738 | 43,276,960 | 33,771,738 | 43,276,960 |
| Depreciation and amortisation | 4,272,811 | 2,877,376 | 4,272,811 | 2,877,376 |
| Outside services | 82,302,410 | 103,003,604 | 82,302,410 | 103,003,604 |
| Other expenses | 2,770,323 | 4,082,403 | 2,770,323 | 4,082,403 |
| | 225,181,174 | 278,685,253 | 225,181,174 | 278,685,253 |

33 Corporate Income Taxes**(a) Recognised in the consolidated statement of income**

| | 31/03/2021 | 31/12/2020 |
|---|-------------------|-------------------|
| | VND'000 | VND'000 |
| Current tax expense | | |
| Current year | 11,051,454 | 37,417,627 |
| Deferred tax income | | |
| Origination and reversal of temporary differences | 4,332,301 | 1,979,762 |
| Income tax expense | 15,383,755 | 39,397,389 |

Notes to the financial statements

(b) Reconciliation of effective tax rate

| | 31/03/2021 | 31/12/2020 |
|-------------------------------------|--------------------------|--------------------------|
| | VND'000 | VND'000 |
| Accounting profit (loss) before tax | 76,831,177 | 194,431,159 |
| Tax at the Company's tax rate | 15,366,235 | 38,886,232 |
| Non-deductible expenses | 17,520 | 692,067 |
| Written off deferred tax assets | - | (180,910) |
| Under provision in prior year | - | - |
| | <u>15,383,755</u> | <u>39,397,389</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.

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..

Notes to the financial statements

34 Significant transactions with related parties

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

| | Transaction value | |
|--|----------------------|----------------------|
| | YTD2021Q1 VND'000 | YTD2020Q1 VND'000 |
| Related companies | | |
| Kirin Holdings Company, Limited - Ultimate Parent Company | | |
| Short-term loan received | - | - |
| Share subscription | - | - |
| Interest expenses | - | - |
| Secondment fee | 1,603,371 | 1,450,038 |
| Purchased of material | - | 233,050 |
| Kirin Holdings Singapore Pte, Ltd - Parent company | | |
| Share subscription | - | - |
| Short-term loan received | - | - |
| Short-term loan repayment | - | - |
| Interest expenses | - | - |
| Subsidiary | | |
| Avafood Limited Company. | | |
| <i>(Year 2020: Transactions until 30 June 2020)</i> | | |
| Short-term loan granted | - | 10,000,000 |
| Interest income | - | 586,534 |
| Processing service | - | 5,199,289 |
| Office and factory rental fee | - | 1,483,053 |
| Vietnam Kirin Beverage Company, Limited | | |
| Processing fee | 48,055,208 | 61,699,031 |
| Purchases of services | 482,810 | 561,170 |
| Sale of finished goods | - | 3,564 |
| Purchases of goods | 43,661 | 1,775,791 |
| Purchases of AVA shares | - | - |
| Board of Directors and Board of Management | | |
| Secondment fees | 1,120,560 | 1,120,560 |
| Salary | 454,500 | 454,500 |

Notes to the financial statements

35 Non-cash investing activities

| | Q1-2021 VND'000 | Q1-2020 VND'000 | YTD2021Q1 VND'000 | YTD2020Q1 VND'000 |
|---|--------------------|--------------------|----------------------|----------------------|
| Net off inter-company payable against receivable for loans principal and interest from a subsidiary | - | 7,547,048 | - | 7,547,048 |
| Convert loans interest receivable to short-term loans receivable | - | 586,534 | - | 586,534 |
| | - | 8,133,582 | - | 8,133,582 |

Dong Nai, dated 16th April 2021.

Prepared by:

Approved by:

*(Signed)**(Signed and sealed)*Nguyễn Hồng Phong
Chief AccountantTomohide Ito
General Manager of Planning