

Financial statements
Quarter 3 - 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
	6525867086 (13rd amendment)	18/05/2021

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
	3600245631	01/04/2021

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

Board of Management:

Tomohide Ito	Chairman cum Member of the BOM
Hajime Kawasaki	Member
Nguyen Thi Kim Lien	Member
Koichi Ogawa	Member
Toru Yoshimura	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 30 September 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 30 September 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)

Hajime Kawasaki

General Director

Dong Nai, dated 18th October 2021.

Balance sheet

			30/09/2021	31/12/2020
ASSETS	Code	Notes	VND'000	VND'000
Current assets (100=110+130+140+150)	100		1,047,850,655	968,695,797
Cash	110	5	899,256,865	720,073,459
Cash	111		349,256,865	720,073,459
Cash equivalent	112		550,000,000	-
Accounts receivable – short-term	130		28,484,366	41,974,163
Accounts receivable from customers	131	6	17,730,492	29,876,650
Prepayments to suppliers	132		8,569,531	5,752,519
Other receivables – short-term	136	7	2,184,343	10,421,030
Allowance for doubtful debts	137		-	(4,076,036)
Inventories	140	8	118,403,658	205,657,658
Inventories	141		118,801,821	206,026,452
Allowance for inventories	149		(398,163)	(368,794)
Other current assets	150		1,705,766	990,517
Short-term prepaid expenses	151		1,564,543	849,294
Taxes receivable from State Treasury	153		141,223	141,223
Long-term assets (200 = 210 + 220 + 240 + 260)	200		130,356,522	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		92,272,712	102,812,522
Tangible fixed assets	221	9	89,917,659	99,425,233
Cost	222		427,856,295	425,648,243
Accumulated depreciation	223		(337,938,636)	(326,223,010)
Finance Lease Tangible fixed assets	224	10	6,620	36,410
Cost	225		198,603	198,603
Accumulated depreciation	226		(191,983)	(162,193)
Intangible fixed assets	227	11	2,348,433	3,350,879
Cost	228		14,082,575	14,082,575
Accumulated depreciation	229		(11,734,142)	(10,731,696)
Other long-term assets	260		35,511,581	39,377,166
Long-term prepaid expenses	261	12	23,523,398	25,447,345
Deffered tax assets	262	13	11,988,183	13,929,821
TOTAL ASSETS (270=100+200)	270		1,178,207,177	1,112,636,213

Balance sheet

			30/09/2021	31/12/2020
RESOURCES	Code	Notes	VND'000	VND'000
LIABILITIES (300=310+330)	300		112,521,426	175,117,798
Current liabilities	310		108,843,945	171,384,889
Accounts payable to suppliers	311	14	24,030,197	62,846,973
Advances from customers	312		9,715,363	8,614,232
Taxes payable to State Treasury	313	15	10,771,596	29,883,005
Payable to employees	314		7,570,182	7,710,878
Accrued expenses	315	16	55,870,612	61,520,749
Other short-term payables	319	17	885,995	809,052
Long term liabilities	330		3,677,481	3,732,909
Long-term borrowings and finance lease	338	18	5,344	49,382
Provision – long-term	342	19	3,672,137	3,683,527
EQUITY (400=410)	400		1,065,685,751	937,518,415
Owners' equity	410	20	1,065,685,751	937,518,415
Share capital	411	21	871,409,840	871,409,840
- <i>Ordinary shares with voting rights</i>	<i>411a</i>		<i>871,409,840</i>	<i>871,409,840</i>
Share premium	412		85,035,704	85,035,704
Other reserves	420	22	90,034,048	90,034,048
Accumulated losses	420		19,206,159	(108,961,177)
- <i>Accumulated losses brought forward</i>	<i>421a</i>		<i>(108,961,176)</i>	<i>(263,994,947)</i>
- <i>Net profit (loss) for the current year</i>	<i>421b</i>		<i>128,167,335</i>	<i>155,033,770</i>
TOTAL RESOURCES (440=300+400)			<u>1,178,207,177</u>	<u>1,112,636,213</u>

Dong Nai, dated 18th October 2021.

Prepared by:

Approved by:

*(Signed)**(Signed and sealed)*Nguyễn Hồng Phong
Chief AccountantHajime Kawasaki
General Director

Statement of income

	Code	Notes	Q3-2021 VND'000	Q3-2020 VND'000	YTD2021Q3 VND'000	YTD2020Q3 VND'000
Revenue from sale of goods	01	24	253,298,062	402,120,438	997,133,142	1,120,412,711
Revenue deductions	02	24	21,913,625	39,977,168	63,679,147	102,420,544
Net revenue (10=01-02)	10	24	231,384,437	362,143,270	933,453,995	1,017,992,167
Cost of sales	11	25	163,995,671	220,247,380	583,355,206	620,529,941
Gross profit (20=10-11)	20		67,388,766	141,895,890	350,098,789	397,462,226
Financial income	21	26	1,950,225	835,227	4,393,601	3,383,212
Financial expenses	22	27	51,528	92,767	68,744	76,257,345
<i>In which: Interest expenses</i>	23		934	4,214	5,416	14,751
Selling expenses	25	28	51,764,430	71,175,758	167,054,510	200,077,252
G&A expenses	26	29	9,223,755	9,065,586	26,763,569	25,403,834
Operating profit/(loss) {30=20+(21-22)-(25+26)}	30		8,299,278	62,397,006	160,605,567	99,107,007
Other income	31	30	223,311	255,988	448,169	389,754
Other expenses	32	31	76,056	1,449,623	646,548	1,970,986
Results of other activities (40 = 31 - 32)	40		147,255	(1,193,635)	(198,379)	(1,581,232)
Profit (loss) before tax (50 = 30 + 40)	50		8,446,533	61,203,371	160,407,188	97,525,775
Income tax expenses - current	51	33	4,502,618	14,530,058	30,298,216	20,097,245
Income tax expenses - deferred	52	33	(2,783,944)	(2,000,012)	1,941,637	(166,276)
Profit (loss) after tax (60= 50 - 51- 52)	60		6,727,859	48,673,325	128,167,335	77,594,806

Dong Nai, dated 18th October 2021.

Prepared by:

(Signed)

Approved by:

*(Signed and sealed)*Nguyễn Hồng Phong
Chief AccountantHajime Kawasaki
General Director

Statements of cash flows

(Indirect method)

	Code	Notes	30/09/2021 VND'000	YTD2020Q3 VND'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(loss) before tax	01		160,407,190	97,525,775
Adjustments for:				
Depreciation and amortisation	02		12,891,816	11,631,001
Allowances and provisions	03		1,175,903	(502,394)
Exchange gain/ losses	04		8,263	(25,439)
Profits from investing activities	05		(2,223,039)	75,058,450
Losses from merger	05		-	-
Interest expense	06		5,416	14,751
Operating profit/(loss) before changes in working capital	08		172,265,549	183,702,144
Change in receivable	09		17,101,282	32,721,095
Change in inventories	10		86,392,097	(2,854,872)
Change in payables and other liabilities	11		(52,971,092)	(11,366,146)
Change in prepaid expenses	12		1,208,698	2,147,963
Interest paid	14		(5,416)	(14,751)
Income tax paid	15		(44,051,145)	(20,200,009)
Net cash flow from operating activities	20		179,939,973	184,135,424
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for additions to fixed assets	21		(2,406,803)	(476,830)
Proceeds from disposals of fixed assets	22		9,545	204,182
Payment for granting loans	23		-	(14,000,000)
Payments for investment in a subsidiary	25		-	(17,864,657)
Receipts of interests	27		1,684,729	588,959
Cash increase from merger	28		-	-
Net cash inflows/(outflows) from investing activities	30		(712,529)	(31,548,346)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments to settle finance lease liabilities	35		(44,038)	(35,552)
Net cash inflows/(outflows) from financing activities	40		(44,038)	(35,552)
Net increase/(decrease) in cash	50		179,183,406	152,551,526
(50= 20 +30 + 40)				
Cash at beginning of the year	60		720,073,459	517,046,649
Effects of changes in foreign exchange rates			-	11,267
Cash at end of the year (70= 50 + 60)	70	5	899,256,865	669,609,442

Dong Nai, dated 18th October 2021.

Prepared by:

Approved by:

(Signed)

(Signed and sealed)

Nguyễn Hồng Phong
Chief AccountantHajime Kawasaki
General Director

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 30 September 2021, the Company had 571 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	30/09/2021 VND'000	31/12/2020 VND'000
Cash on hand	132,781	186,876
Cash in banks	349,124,084	719,886,583
Time deposit	550,000,000	-
Cash in the statement of cash flows	<u>899,256,865</u>	<u>720,073,459</u>

6 Accounts receivable from customers

(a) Accounts receivable from customers detailed by significant customers

	30/09/2021 VND'000	31/12/2020 VND'000
Saigon Union of Trading Co-operatives	1,027,959	3,849,707
EB Services Co., Ltd	2,250,303	6,967,711
MM Mega Market Co., Ltd (Vietnam)	2,040,546	2,818,191
VINCOMMERCE SJC	5,313,256	5,522,083
Others	7,098,428	10,718,958
	<u>17,730,492</u>	<u>29,876,650</u>

(b) Accounts receivable from customers classified by payment term

	30/09/2021 VND'000	31/12/2020 VND'000
Short-term	17,730,492	29,876,650
	<u>17,730,492</u>	<u>29,876,650</u>

7 Other receivables

	30/09/2021 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	2,184,343	631,222
	<u>2,184,343</u>	<u>10,421,030</u>

Notes to the financial statements

8	Inventories	30/09/2021		31/12/2020	
		Cost VND'000	Allowance VND'000	Cost VND'000	Allowance VND'000
	Goods in transit	7,240	-	592,271	-
	Raw materials	61,065,557	(62,433)	40,851,018	(64,215)
	Tools and supplies	6,722,838	(296,819)	6,550,036	(296,819)
	Work in progress	6,142,946	-	9,310,372	-
	Finished goods	44,863,240	(38,911)	148,722,755	(7,760)
		118,801,821	(398,163)	206,026,452	(368,794)

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

	30/09/2021 VND'000	31/12/2020 VND'000
Opening balance	368,794	414,883
Increase in allowance during the year	861,903	466,172
Allowance utilised during the year	(832,534)	(512,261)
Closing balance	398,163	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	-	517,040	-	1,880,218	2,397,258
Transfer from CIP	-	-	-	-	-
Disposals(*)	-	-	-	(189,206)	(189,206)
Closing balance	117,748,737	290,874,254	5,473,385	13,759,919	427,856,295
Accumulated depreciation					
Opening balance	51,909,729	259,350,193	4,934,213	10,028,875	326,223,010
Charge for the year	2,974,446	7,576,543	142,215	1,166,376	11,859,580
Disposals(*)	-	-	-	(143,954)	(143,954)
Closing balance	54,884,175	266,926,736	5,076,428	11,051,297	337,938,636
Net book value					
Opening balance	65,839,008	31,007,021	539,172	2,040,032	99,425,233
Closing balance	62,864,562	23,947,518	396,957	2,708,622	89,917,659

Included in the cost of tangible fixed assets were assets costing 73,376 million VND which were fully depreciated as of 30 September 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 712 million as at 30 September 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	29,790	29,790
Closing balance	<u>191,983</u>	<u>191,983</u>
Net book value		
Opening balance	36,410	36,410
Closing balance	<u>6,620</u>	<u>6,620</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	1,002,446	1,002,446
Disposals	-	-
Closing balance	<u>11,734,142</u>	<u>11,734,142</u>
Net book value		
Opening balance	3,350,879	3,350,879
Closing balance	<u>2,348,433</u>	<u>2,348,433</u>

Included in the cost of intangible fixed assets were assets costing VND 1,851 million which were fully amortised as of 30 September 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	(521,989)	(405,000)	(996,958)	(1,923,947)
Closing balance	22,271,535	230,897	1,020,966	23,523,398

13 Deferred tax assets

	Tax rate	30/09/2021 VND'000	31/12/2020 VND'000
Accruals	20%	11,174,123	12,304,150
Allowance for doubtful debts	20%	-	815,207
Allowance for inventories	20%	79,633	73,759
Allowance for severance allowance	20%	734,427	736,705
		11,988,183	13,929,821

14 Accounts payable to suppliers

(a) Accounts payable to suppliers detailed by significant suppliers

	30/09/2021		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	4,509,203	4,509,203	6,191,366	6,191,366
Vietnam Kirin Beverage Company Limited	-	-	15,864,811	15,864,811
Crown Beverage Cans Saigon Limited	1,707,318	1,707,318	2,881,613	2,881,613
Vietnam Chuanli Can Co., Ltd	-	-	10,669,448	10,669,448
Others	17,813,676	17,813,676	27,239,735	27,239,735
	24,030,197	24,030,197	62,846,973	62,846,973

Notes to the financial statements

(b) Accounts payable to suppliers classified by payment term

	30/09/2021		31/12/2020	
	Cost	Amount within payment capacity	Cost	Amount within payment capacity
	VND'000	VND'000	VND'000	VND'000
Short-term	24,030,197	24,030,197	62,846,973	62,846,973
	24,030,197	24,030,197	62,846,973	62,846,973

(c) Accounts payable to suppliers who are related parties

	30/09/2021		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	-	-	15,864,811	15,864,811
	-	-	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	30/09/2021
	VND'000	VND'000	VND'000	VND'000	VND'000
Value added tax	8,128,264	90,411,396	(42,168,676)	(53,663,606)	2,707,378
Corporate income tax	21,204,376	30,298,216		(44,051,145)	7,451,447
Personal income tax	550,365	3,518,930		(3,456,525)	612,770
Other tax	-	664,672		(664,671)	1
	29,883,005	124,893,214	(42,168,676)	(101,835,947)	10,771,596

16 Accrued expenses

	30/09/2021	31/12/2020
	VND'000	VND'000
Sales discounts and commission	8,143,894	15,502,515
Promotion expenses	12,500,294	25,740,515
Transportation fee	2,150,156	4,022,911
Secondment fee payable (*)	1,810,553	3,238,171
Others	31,265,715	13,016,637
	55,870,612	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

	30/09/2021	31/12/2020
	VND'000	VND'000
Non-trade amounts due to a related party	184,144	74,393
Dividends payable	505,391	505,391
Other payable	196,460	229,268
	<u>885,995</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

	30/09/2021	31/12/2020
	VND'000	VND'000
Finance lease liabilities	5,344	49,382
	<u>5,344</u>	<u>49,382</u>

Terms and conditions of Finance lease liabilities were as follows:

				30/09/2021	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	5,344	49,382
				<u>5,344</u>	<u>49,382</u>

19 Provision - long-term

	Severance allowance	Severance allowance
	30/09/2021	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	314,000	190,557
Merged from subsidiary	-	110,910
Provision utilised during the year	(325,390)	(54,519)
Closing balance	<u>3,672,137</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				128,167,335	128,167,335
Balance as at 30/09/2021	871,409,840	85,035,704	90,034,048	19,206,158	1,065,685,750

21 Share capital

The Company's authorised and issued share capital is:

	30/09/2021		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:

	30/09/2021		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:

	30/09/2021 VND'000	31/12/2020 VND'000
Within one year	3,038,635	4,179,845
Within two to five years	12,298,845	1,350,169
Over five years	-	-
	<u>15,337,480</u>	<u>5,530,014</u>

(b) Foreign currencies

	30/09/2021		31/12/2020	
	Original currency	VND'000	Original currency	VND'000
USD	118,335	2,721,844	68,273	1,572,669
		<u>2,721,844</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:

	Q3-2021 VND'000	Q3-2020 VND'000	YTD2021Q3 VND'000	YTD2020Q3 VND'000
Total revenue				
■ Sales of drinks	204,950,071	337,239,695	810,463,344	919,745,405
■ Sales of food stuff	48,014,203	64,030,222	184,560,773	198,229,800
■ Sales of scraps	333,788	850,521	2,109,025	2,437,506
	<u>253,298,062</u>	<u>402,120,438</u>	<u>997,133,142</u>	<u>1,120,412,711</u>
Less revenue deductions:				
■ Sales allowances	21,913,625	39,977,168	63,679,147	102,420,544
■ Sales return	-	-	-	-
	<u>21,913,625</u>	<u>39,977,168</u>	<u>63,679,147</u>	<u>102,420,544</u>
Net revenue	<u>231,384,437</u>	<u>362,143,270</u>	<u>933,453,995</u>	<u>1,017,992,167</u>

Notes to the financial statements

25	Cost of sales	Q3-2021 VND'000	Q3-2020 VND'000	YTD2021Q3 VND'000	YTD2020Q3 VND'000
Total cost of sales					
■	Cost of drinks	114,330,085	185,248,175	447,271,993	509,155,274
■	Cost of other products	49,665,586	34,999,205	136,083,213	111,374,667
		163,995,671	220,247,380	583,355,206	620,529,941
26	Financial income	Q3-2021 VND'000	Q3-2020 VND'000	YTD2021Q3 VND'000	YTD2020Q3 VND'000
	Interest income from bank deposits	1,922,960	822,794	4,191,251	2,177,506
	Interest income from loans to Avafood	-	-	-	1,157,069
	Foreign exchange gains	27,265	12,433	202,350	48,637
		1,950,225	835,227	4,393,601	3,383,212
27	Financial expenses	Q3-2021 VND'000	Q3-2020 VND'000	YTD2021Q3 VND'000	YTD2020Q3 VND'000
	Interest expenses	934	4,214	5,416	14,751
	Allowance for long-term financial investments	-	-	-	(1,114,654)
	Foreign exchange losses	50,594	88,553	63,328	132,333
	Losses from merger	-	-	-	77,224,915
		51,528	92,767	68,744	76,257,345
28	Selling expenses	Q3-2021 VND'000	Q3-2020 VND'000	YTD2021Q3 VND'000	YTD2020Q3 VND'000
	Staff costs	29,351,274	32,851,282	90,445,000	100,091,185
	Advertisement and promotion expenses	8,588,217	15,277,707	25,259,528	38,498,120
	Transportation fee	10,151,904	17,693,454	37,378,548	46,778,707
	Rental fee	2,014,122	2,351,130	7,442,187	6,656,379
	Others	1,658,913	3,002,185	6,529,247	8,052,861
		51,764,430	71,175,758	167,054,510	200,077,252
29	General and administration expenses	Q3-2021 VND'000	Q3-2020 VND'000	YTD2021Q3 VND'000	YTD2020Q3 VND'000
	Staff costs	3,503,475	3,018,247	10,114,433	9,225,891
	Consultant fee	687,800	698,200	2,757,636	3,151,820
	Rental fee	855,898	991,792	3,188,239	2,791,353
	Depreciation and amortisation	900,724	824,681	2,618,387	2,434,931
	Allowance	132,488	-	314,001	175,733
	Others	3,143,370	3,532,666	7,770,873	7,624,106
		9,223,755	9,065,586	26,763,569	25,403,834

Notes to the financial statements

30 Other income

	Q3-2021 VND'000	Q3-2020 VND'000	YTD2021Q3 VND'000	YTD2020Q3 VND'000
Proceeds from disposals of fixed assets	9,545	-	9,545	-
Others	213,766	255,988	438,624	389,754
	223,311	255,988	448,169	389,754

31 Other expenses

	Q3-2021 VND'000	Q3-2020 VND'000	YTD2021Q3 VND'000	YTD2020Q3 VND'000
Depreciation of idle tangible fixed assets	14,376	1,337,041	56,973	1,364,065
Loss from disposals of tangible fixed assets	45,252	-	45,252	345,317
Others	16,428	112,582	544,323	261,604
	76,056	1,449,623	646,548	1,970,986

32 Production and business costs by element

	Q3-2021 VND'000	Q3-2020 VND'000	YTD2021Q3 VND'000	YTD2020Q3 VND'000
Raw material costs included in production cost	41,247,831	158,926,804	270,828,207	400,318,447
Labour costs and staff costs	41,189,043	46,131,922	119,463,471	137,317,933
Depreciation and amortisation	4,354,965	5,932,117	12,937,069	12,194,136
Outside services	46,328,102	119,132,023	208,545,868	299,345,573
Other expenses	3,255,677	4,428,412	10,372,977	12,485,891
	136,375,618	334,551,277	622,147,591	861,661,980

33 Corporate Income Taxes

(a) Recognised in the consolidated statement of income

	30/09/2021 VND'000	31/12/2020 VND'000
Current tax expense		
Current year	30,298,216	37,417,627
Deferred tax income		
Origination and reversal of temporary differences	1,941,637	1,979,762
	1,941,637	1,979,762
Income tax expense	32,239,853	39,397,389

Notes to the financial statements

(b) Reconciliation of effective tax rate

	30/09/2021	31/12/2020
	VND'000	VND'000
Accounting profit (loss) before tax	<u>160,407,188</u>	<u>194,431,159</u>
Tax at the Company's tax rate	32,081,438	38,886,232
Non-deductible expenses	158,415	692,067
Written off deferred tax assets	-	(180,910)
Under provision in prior year	-	-
	<u>32,239,853</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	
	YTD2021Q3 VND'000	YTD2020Q3 VND'000
Related companies		
Kirin Holdings Company, Limited - Ultimate Parent Company		
Short-term loan received	-	-
Share subscription	-	-
Interest expenses	-	-
Secondment fee	4,990,191	4,683,113
Purchases of goods	-	699,750
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	-	14,000,000
Interest income	-	1,157,069
Processing service	-	12,499,883
Office and factory rental fee	-	2,966,106
Vietnam Kirin Beverage Company, Limited		
Processing fee	109,773,775	165,795,821
Purchases of services	1,525,840	1,932,940
Sale of finished goods	-	248,548
Purchases of goods	43,661	1,881,660
Purchases of AVA shares	-	18,779,040
Board of Directors and Board of Management		
Secondment fees	3,201,920	3,361,680
Salary	1,363,500	1,363,500

Notes to the financial statements

35 Non-cash investing activities

	Q3-2021 VND'000	Q3-2020 VND'000	YTD2021Q3 VND'000	YTD2020Q3 VND'000
Elimination of loans receivable and borrowings due to merger	-	-	-	67,485,654
Net off inter-company payable against receivable for loans principal and interest from a subsidiary	-	-	-	17,012,588
Convert loans interest receivable to short-term loans receivable	-	-	-	1,157,069
	-	-	-	85,655,311

Dong Nai, dated 18th October 2021.

Prepared by:

Approved by:

*(Signed)**(Signed and sealed)*Nguyễn Hồng Phong
Chief AccountantHajime Kawasaki
General Director