

**Interfood Shareholding Company**

Financial Statements for the year ended  
31 December 2020

**Interfood Shareholding Company**  
**Corporate information**

**Investment Licence No.** 270/GP 16 November 1991

**Investment Certificates No.** 472033000328 (1<sup>st</sup> amendment) 28 November 2007  
 472033000328 (2<sup>nd</sup> amendment) 20 May 2010  
 472033000328 (3<sup>rd</sup> amendment) 22 April 2011  
 472033000328 (4<sup>th</sup> amendment) 18 October 2011  
 472033000328 (5<sup>th</sup> amendment) 14 May 2014  
 472033000328 (6<sup>th</sup> amendment) 30 December 2015  
 6525867086 (7<sup>th</sup> amendment) 5 February 2016  
 6525867086 (8<sup>th</sup> amendment) 28 December 2016  
 6525867086 (9<sup>th</sup> amendment) 25 January 2017  
 6525867086 (10<sup>th</sup> amendment) 8 April 2018  
 6525867086 (11<sup>th</sup> amendment) 1 October 2019  
 6525867086 (12<sup>th</sup> amendment) 21 September 2020

The Investment Licence has been amended several times, the most recent of which is by the 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 from the date of the initial Investment Licence.

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 January 2016  
 3600245631 19 March 2018  
 3600245631 5 July 2019  
 3600245631 30 June 2020

The Enterprise Registration Certificate and its amendments were issued by the Department of Planning and Investment of Dong Nai Province.

**Board of Management**

Takeshi Fukushima Chairman  
 (from 10 April 2020)  
 Member  
 (until 10 April 2020)  
 Yutaka Ogami Chairman  
 (until 10 April 2020)  
 Member  
 (from 10 April 2020)  
 Toru Yoshimura Member  
 Nguyen Thi Kim Lien Member  
 Koichi Ogawa Member  
 (from 10 April 2020)  
 Takashi Suda Member  
 (until 10 April 2020)

**Interfood Shareholding Company**  
**Corporate information (continued)**

<b>Board of Directors</b>	Yutaka Ogami Ryuta Onda Nguyen Thi Kim Lien Tomohide Ito Takeshi Fukushima	General Director/General Manager of Administration Director/General Manager of Factory Director/General Manager of Internal Control Director/General Manager of Planning Director/General Manager of Marketing/General Manager of Sales
<b>Registered Office</b>	Lot 13, Tam Phuoc Industrial Zone Tam Phuoc Ward, Bien Hoa City Dong Nai Province Vietnam	
<b>Auditor</b>	KPMG Limited Vietnam	

**Interfood Shareholding Company**  
**Statement of the Board of Directors**

The Board of Directors of Interfood Shareholding Company (“the Company”) presents this statement and the accompanying financial statements of the Company for the year ended 31 December 2020.

The Company’s 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 Company’s Board of Directors:

- (a) the financial statements set out on pages 6 to 40 give a true and fair view of the financial position of the Company as at 31 December 2020, and of its results of operations and its cash flows for the year 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 Company’s Board of Directors has, on the date of this statement, authorised the accompanying financial statements for issue.

On behalf of the Board of Directors

*(Signed and sealed)*

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Yutaka Ogami  
*General Director*

Dong Nai Province, 25 March 2021

**Interfood Shareholding Company**  
**Balance sheet as at 31 December 2020**

**Form B 01 – DN**  
*(Issued under Circular No. 200/2014/TT-BTC*  
*dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	31/12/2020 VND'000	1/1/2020 VND'000
<b>ASSETS</b>				
<b>Current assets</b> (100 = 110 + 130 + 140 + 150)	<b>100</b>		<b>968,695,797</b>	<b>838,133,708</b>
<b>Cash</b>	<b>110</b>	<b>6</b>	<b>720,073,459</b>	<b>517,046,649</b>
Cash	111		720,073,459	517,046,649
<b>Accounts receivable – short-term</b>	<b>130</b>		<b>41,974,163</b>	<b>111,919,864</b>
Accounts receivable from customers	131	7	29,876,650	35,389,941
Prepayments to suppliers	132		5,752,519	8,920,595
Loans receivable	135		-	69,341,174
Other receivables	136	8	10,421,030	275,956
Allowance for doubtful debts	137	7	(4,076,036)	(2,007,802)
<b>Inventories</b>	<b>140</b>	<b>9</b>	<b>205,657,658</b>	<b>207,482,930</b>
Inventories	141		206,026,452	207,897,813
Allowance for inventories	149		(368,794)	(414,883)
<b>Other current assets</b>	<b>150</b>		<b>990,517</b>	<b>1,684,265</b>
Short-term prepaid expenses	151		849,294	1,226,627
Taxes receivable from State Treasury	153		141,223	457,638

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

**Interfood Shareholding Company**  
**Balance sheet as at 31 December 2020 (continued)**

**Form B 01 – DN**  
*(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	31/12/2020 VND'000	1/1/2020 VND'000
<b>Long-term assets</b> <b>(200 = 210 + 220 + 250 + 260)</b>	<b>200</b>		<b>143,940,416</b>	<b>151,877,868</b>
<b>Accounts receivable – long-term</b>	<b>210</b>		<b>1,750,728</b>	<b>1,750,728</b>
Other long-term receivables	216		1,750,728	1,750,728
<b>Fixed assets</b>	<b>220</b>		<b>102,812,522</b>	<b>39,139,589</b>
Tangible fixed assets	221	10	99,425,233	34,375,984
<i>Cost</i>	222		425,648,243	195,468,456
<i>Accumulated depreciation</i>	223		(326,223,010)	(161,092,472)
Finance lease tangible fixed assets	224	11	36,410	76,131
<i>Cost</i>	225		198,603	198,603
<i>Accumulated depreciation</i>	226		(162,193)	(122,472)
Intangible fixed assets	227	12	3,350,879	4,687,474
<i>Cost</i>	228		14,082,575	14,082,575
<i>Accumulated amortisation</i>	229		(10,731,696)	(9,395,101)
<b>Long-term financial investments</b>	<b>250</b>	<b>13</b>	<b>-</b>	<b>93,031,155</b>
Investments in subsidiaries	251		-	94,145,809
Allowance for diminution in the value of long-term financial investments	254		-	(1,114,654)
<b>Other long-term assets</b>	<b>260</b>		<b>39,377,166</b>	<b>17,956,396</b>
Long-term prepaid expenses	261	14	25,447,345	1,865,903
Deferred tax assets	262	15	13,929,821	16,090,493
<b>TOTAL ASSETS (270 = 100 + 200)</b>	<b>270</b>		<b>1,112,636,213</b>	<b>990,011,576</b>

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

**Interfood Shareholding Company**  
**Balance sheet as at 31 December 2020 (continued)**

**Form B 01 – DN**  
*(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	31/12/2020 VND'000	1/1/2020 VND'000
<b>RESOURCES</b>				
<b>LIABILITIES (300 = 310 + 330)</b>	<b>300</b>		<b>175,117,798</b>	<b>207,526,931</b>
<b>Current liabilities</b>	<b>310</b>		<b>171,384,889</b>	<b>203,992,242</b>
Accounts payable to suppliers	311	16	62,846,973	84,825,787
Advances from customers	312		8,614,232	10,639,429
Taxes and others payable to State Treasury	313	17	29,883,005	26,636,285
Payable to employees	314		7,710,878	7,391,247
Accrued expenses	315	18	61,520,749	73,478,545
Other short-term payables	319	19	809,052	1,020,949
<b>Long-term liabilities</b>	<b>330</b>		<b>3,732,909</b>	<b>3,534,689</b>
Long-term finance lease liabilities	338	20	49,382	98,110
Provisions – long-term	342	21	3,683,527	3,436,579
<b>EQUITY (400 = 410)</b>	<b>400</b>		<b>937,518,415</b>	<b>782,484,645</b>
<b>Owners' equity</b>	<b>410</b>	<b>22</b>	<b>937,518,415</b>	<b>782,484,645</b>
Share capital	411	23	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 capital	420	24	90,034,048	90,034,048
Accumulated losses	421		(108,961,177)	(263,994,947)
- Accumulated losses brought forward	421a		(263,994,947)	(487,188,948)
- Retained profits for the current year	421b		155,033,770	223,194,001
<b>TOTAL RESOURCES (440 = 300 + 400)</b>	<b>440</b>		<b>1,112,636,213</b>	<b>990,011,576</b>

25 March 2021

Prepared by:

*(Signed)*

Nguyen Hong Phong  
Chief Accountant

Approved by:

*(Signed and sealed)*

Yutaka Ogami  
General Director

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

**Interfood Shareholding Company**  
**Statement of income for the year ended 31 December 2020**

**Form B 02 – DN**  
*(Issued under Circular No. 200/2014/TT-BTC*  
*dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	2020 VND'000	2019 VND'000
Revenue from sale of goods	01	26	1,539,322,364	1,796,760,939
Revenue deductions	02	26	130,142,893	162,022,816
<b>Net revenue (10 = 01 - 02)</b>	<b>10</b>	<b>26</b>	<b>1,409,179,471</b>	<b>1,634,738,123</b>
Cost of sales	11	27	837,324,927	961,341,669
<b>Gross profit (20 = 10 - 11)</b>	<b>20</b>		<b>571,854,544</b>	<b>673,396,454</b>
Financial income	21	28	4,124,856	5,523,393
Financial expenses	22	29	76,295,040	3,702,214
<i>In which: Interest expense</i>	23		18,209	29,403
Selling expenses	25	30	267,397,928	343,704,732
General and administration expenses	26	31	35,737,479	33,353,806
<b>Net operating profit</b> <b>{30 = 20 + (21 - 22) - (25 + 26)}</b>	<b>30</b>		<b>196,548,953</b>	<b>298,159,095</b>
Other income	31		1,198,427	809,080
Other expenses	32	32	3,316,221	10,167,642
<b>Results of other activities (40 = 31 - 32)</b>	<b>40</b>		<b>(2,117,794)</b>	<b>(9,358,562)</b>
<b>Accounting profit before tax</b> <b>(50 = 30 + 40)</b>	<b>50</b>		<b>194,431,159</b>	<b>288,800,533</b>
Income tax expense – current	51	34	37,417,627	63,489,408
Income tax expense – deferred	52	34	1,979,762	2,117,124
<b>Net profit after tax (60 = 50 - 51 - 52)</b>	<b>60</b>		<b>155,033,770</b>	<b>223,194,001</b>

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



**Interfood Shareholding Company**  
**Statement of income for the year ended 31 December 2020 (continued)**

**Form B 02 – DN**  
*(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	2020 VND'000	2019 VND'000
<b>Net profit after tax (brought forward)</b>	<b>60</b>		<b>155,033,770</b>	<b>223,194,001</b>
<b>Earnings per share</b>				
Basic earnings per share (in VND)	70	35	1,779	2,561

25 March 2021

Prepared by:

*(Signed)*

Nguyen Hong Phong  
*Chief Accountant*

Approved by:

*(Signed and sealed)*

Yutaka Ogami  
*General Director*

**Interfood Shareholding Company****Statement of cash flows for the year ended 31 December 2020 (Indirect method)****Form B 03 – DN***(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	2020 VND'000	2019 VND'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Accounting profit before tax</b>	<b>01</b>		<b>194,431,159</b>	<b>288,800,533</b>
<b>Adjustments for</b>				
Depreciation and amortisation	02		17,260,622	17,302,624
Allowances and provisions	03		1,610,310	3,375,780
Exchange losses arising from revaluation of monetary items denominated in foreign currencies	04		10,791	15,125
(Profits)/losses from investing activities	05		(3,719,193)	1,834,834
Losses from merger	05		77,224,915	-
Interest expense	06		18,209	29,403
<b>Operating profit before changes in working capital</b>	<b>08</b>		<b>286,836,813</b>	<b>311,358,299</b>
Change in receivables and other assets	09		16,046,637	22,536,583
Change in inventories	10		1,359,100	14,405,283
Change in payables and other liabilities	11		(38,128,593)	(13,853,566)
Change in prepaid expenses	12		3,519,281	311,083
			<b>269,633,238</b>	<b>334,757,682</b>
Interest paid	14		(18,209)	(29,403)
Corporate income tax paid	15		(33,147,069)	(54,774,097)
<b>Net cash flows from operating activities</b>	<b>20</b>		<b>236,467,960</b>	<b>279,954,182</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for additions to fixed assets	21		(4,637,750)	(1,785,899)
Proceeds from disposals of fixed assets	22		204,182	970,106
Payments for granting loans	23		(14,000,000)	(25,000,000)
Payments for investment in a subsidiary	25		(19,594,705)	-
Receipts of interest	27		2,907,441	901,304
Cash increased from merger	28	5	1,730,047	-
<b>Net cash flows from investing activities</b>	<b>30</b>		<b>(33,390,785)</b>	<b>(24,914,489)</b>

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

**Interfood Shareholding Company**  
**Statement of cash flows for the year ended 31 December 2020**  
**(Indirect method – continued)**

**Form B 03 – DN**  
*(Issued under Circular No. 200/2014/TT-BTC*  
*dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	2020 VND'000	2019 VND'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Payments to settle finance lease liabilities	35		(48,728)	(38,471)
<b>Net cash flows from financing activities</b>	<b>40</b>		<b>(48,728)</b>	<b>(38,471)</b>
<b>Net cash flows during the year</b> <b>(50 = 20 + 30 + 40)</b>	<b>50</b>		<b>203,028,447</b>	<b>255,001,222</b>
<b>Cash at the beginning of the year</b>	<b>60</b>		<b>517,046,649</b>	<b>262,045,427</b>
<b>Effect of exchange rate fluctuations on cash</b>	<b>61</b>		<b>(1,637)</b>	<b>-</b>
<b>Cash at the end of the year</b> <b>(70 = 50 + 60 + 61)</b>	<b>70</b>	<b>6</b>	<b>720,073,459</b>	<b>517,046,649</b>

25 March 2021

Prepared by:

*(Signed)*

Nguyen Hong Phong  
*Chief Accountant*

Approved by:

*(Signed and sealed)*

Yutaka Ogami  
*General Director*

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

**Interfood Shareholding Company**  
**Notes to the financial statements for the year ended 31 December 2020**

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

These notes form an integral part of and should be read in conjunction with the accompanying 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 City 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 the Ho Chi Minh City Stock Exchange, the Company’s shares were delisted on 3 May 2013 and thereafter traded on Vietnam Security Depository.

The Company’s shares were traded 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’s structure**

As at 31 December 2020, the Company had 584 employees (1/1/2020: 617 employees).

**Interfood Shareholding Company**  
**Notes to the financial statements for the year ended 31 December 2020 (continued)**

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

**2. Basis of preparation**

**(a) Statement of compliance**

The financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

**(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) Merger accounting**

In May 2020, the Company's shareholders approved to merge the Company and its subsidiary, Avafood Company Limited (formerly known as "Avafood Shareholding Company") ("Avafood"). On 25 May 2020, the Company entered into a merger agreement with Avafood, in which the Company has assumed all assets and liabilities, rights and obligations, labour contracts and tax obligations of Avafood as at 30 June 2020. The surviving company in the merger is Interfood Shareholding Company. After the merger, Avafood has ceased to exist. The Company's Enterprise Registration Certificate No. 3600245631 dated 30 June 2020 has been obtained to reflect the above transaction.

The Company owned 100% of the equity interest of Avafood prior to the merger. The Company has accounted for this common-control merger by applying the merger ("carrying-over") basis of accounting. Under merger accounting, the assets and liabilities of Avafood are combined using the existing book values from the Company's perspective. The Company's results of operations and cash flows for year ended 31 December 2020 include the results of operations and cash flows of Avafood's business after 30 June 2020, the effective date of acquisition. All material inter-group transactions and balances have been eliminated in this process.

The difference between cost of investment in the subsidiary and carrying value of net assets merged is recognised in statement of income.

**(d) Annual accounting period**

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

**(e) 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").

**Interfood Shareholding Company**  
**Notes to the financial statements for the year ended 31 December 2020 (continued)**

**Form B 09 – DN**

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

**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 rates approximating 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 and call deposits.

**(c) Investment in a subsidiary**

For the purpose of these financial statements, investment in a subsidiary is initially recognised at cost which includes the purchase price plus any directly attributable transaction costs. Subsequent to initial recognition, the investment is stated at cost less allowance for diminution in value. An allowance is made for diminution in investment value if the subsidiary has suffered a loss, except where such a loss was anticipated by the Company's management before making the investment. The allowance is reversed if the subsidiary subsequently made a profit that offsets the previous loss for which the allowance had been made. An allowance is reversed only to the extent that the investment's carrying amount does not exceed the carrying amount that would have been determined if no allowance had been recognised.

**(d) Accounts receivable**

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

**Interfood Shareholding Company**  
**Notes to the financial statements for the year ended 31 December 2020 (continued)**

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

**(e) Inventories**

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

The Company applies the perpetual method of accounting for inventories.

**(f) Tangible fixed assets**

**(i) Cost**

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition for its intended use. Expenditure incurred after tangible fixed assets have been put into operation, such as repair, maintenance and overhaul cost, is charged to the 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 tangible fixed assets. The estimated useful lives are as follows:

▪ buildings	30 years
▪ machinery and equipment	6 – 15 years
▪ motor vehicles	6 – 10 years
▪ office equipment	3 – 10 years

**(g) 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 fixed asset. Software cost is amortised on a straight-line basis over 10 years.

**Interfood Shareholding Company**  
**Notes to the financial statements for the year ended 31 December 2020 (continued)**

**Form B 09 – DN**

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

**(h) 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 is amortised on a straight-line basis over 3 years.

**(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.

**(i) Trade and other payables**

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

**(j) Provisions**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

***Severance allowance***

Under the Vietnamese Labour Code, when an employee who has worked for 12 months or more (“the eligible employees”) voluntarily terminates his/her labour contract, the employer is required to pay the eligible employee severance allowance calculated based on years of service and employee’s compensation at termination. Provision for severance allowance has been provided based on employees’ years of service and their average salary for the six-month period prior to the end of the 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.



**Interfood Shareholding Company**  
**Notes to the financial statements for the year ended 31 December 2020 (continued)**

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

**(k) 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.

**(l) 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 in 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 end of the annual accounting period, and any adjustment to tax payable in respect of previous years.

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

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**(m) Revenue and other income**

**(i) *Goods sold***

Revenue from sale of goods is recognised in the 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 in the statement of income on a time proportion basis with reference to the principal outstanding and the applicable interest rate.

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**(n) 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) *Lease 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.

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.

**(o) 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.

**(p) 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.

**Interfood Shareholding Company**  
**Notes to the financial statements for the year ended 31 December 2020 (continued)**

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**(q) 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.

**(r) 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.

**(s) 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.

**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.

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**5. Merger**

In March 2020, the Company’s shareholders approved to acquire the remaining shares of Avafood Company Limited (formerly known as “Avafood Shareholding Company”) (“Avafood”) from other existing shareholders.

In April 2020, the Company acquired the remaining 777,600 shares of Avafood from other existing shareholders of Avafood for a total consideration of VND19,595 million. As a result of this transaction, Avafood became a wholly owned subsidiary of the Company.

In May 2020, Avafood obtained the revised Enterprise Registration Certificate No. 1052118511 from the Department of Planning and Investment of Dong Nai Province, in which Avafood was approved to change the legal structure from a joint stock company to a limited company. Consequently, the legal name of Avafood also changed from “Avafood Shareholding Company” to “Avafood Company Limited”.

In May 2020, the Company’s shareholders approved to merge the Company and Avafood. On 25 May 2020, the Company entered into a merger agreement with Avafood. Pursuant to this merger agreement, all assets and liabilities of Avafood were transferred to the Company at their book value. The merger was completed on 30 June 2020 and Avafood has ceased its operation since that date.

The merger had the following effects on the Company’s financial statements on the merger date:

	<b>Recognised value on merger VND’000</b>
Cash	1,730,047
Prepayments to suppliers, net	193,401
Other short-term receivables	9,861
Other current assets	149,170
Tangible fixed assets, net	76,845,304
Long-term prepaid expenses	26,574,220
Taxes payable to State Treasury	(600,032)
Short-term borrowings	(67,485,654)
Other current liabilities	(608,899)
Deferred tax liabilities	(180,910)
Long-term provisions	(110,910)
	36,515,598
Net assets merged	36,515,598
Cost of investment in Avafood	(113,740,513)
	(77,224,915)
Losses from merger (Note 29)	(77,224,915)
	1,730,047
Cash increased from merger	1,730,047

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**6. Cash**

	<b>31/12/2020</b>	<b>1/1/2020</b>
	<b>VND'000</b>	<b>VND'000</b>
Cash on hand	186,876	252,305
Cash at banks	719,886,583	516,794,344
Cash in the statement of cash flows	720,073,459	517,046,649

**7. Accounts receivable from customers**

**(a) Accounts receivable from customers detailed by significant customers**

	<b>31/12/2020</b>	<b>1/1/2020</b>
	<b>VND'000</b>	<b>VND'000</b>
EB Services Company Limited	6,967,711	7,976,751
VinCommerce General Commercial Services		
Joint Stock Company	5,522,083	6,785,952
MM Mega Market Vietnam Company Limited	2,818,191	4,789,915
Saigon Union of Trading Co-operatives	3,849,707	2,804,313
Others	10,718,958	13,033,010
	29,876,650	35,389,941

**(b) Accounts receivable from customers classified by payment term**

	<b>31/12/2020</b>	<b>1/1/2020</b>
	<b>VND'000</b>	<b>VND'000</b>
Short-term	29,876,650	35,389,941

Movements of the allowance for doubtful debts during the year were as follows:

	<b>2020</b>	<b>2019</b>
	<b>VND'000</b>	<b>VND'000</b>
Opening balance	2,007,802	2,007,802
Allowance made during the year	2,068,234	-
Closing balance	4,076,036	2,007,802

**Interfood Shareholding Company**  
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**8. Other receivables**

	<b>31/12/2020</b>	<b>1/1/2020</b>
	<b>VND'000</b>	<b>VND'000</b>
Receivable from Crown Beverage Can (Dong Nai) Company Limited for aluminium price adjustment	9,789,808	-
Others	631,222	275,956
	10,421,030	275,956
	10,421,030	275,956

**9. Inventories**

	<b>31/12/2020</b>		<b>1/1/2020</b>	
	<b>Cost</b>	<b>Allowance</b>	<b>Cost</b>	<b>Allowance</b>
	<b>VND'000</b>	<b>VND'000</b>	<b>VND'000</b>	<b>VND'000</b>
Goods in transit	592,271	-	9,719,234	-
Raw materials	40,851,018	(64,215)	49,850,128	(64,631)
Tools and supplies	6,550,036	(296,819)	4,560,503	(296,819)
Work in progress	9,310,372	-	7,847,627	-
Finished goods	148,722,755	(7,760)	135,920,321	(53,433)
	206,026,452	(368,794)	207,897,813	(414,883)
	206,026,452	(368,794)	207,897,813	(414,883)

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

	<b>2020</b>	<b>2019</b>
	<b>VND'000</b>	<b>VND'000</b>
Opening balance	414,883	300,052
Increase in allowance during the year	466,172	1,965,042
Allowance utilised during the year	(512,261)	(1,850,211)
	368,794	414,883
Closing balance	368,794	414,883

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**Notes to the financial statements for the year ended 31 December 2020 (continued)**

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**10. Tangible fixed assets**

	<b>Buildings VND'000</b>	<b>Machinery and equipment VND'000</b>	<b>Motor vehicles VND'000</b>	<b>Office equipment VND'000</b>	<b>Total VND'000</b>
<b>Cost</b>					
Opening balance	-	178,188,596	6,574,135	10,705,725	195,468,456
Increase through merger (Note 5)	117,748,737	108,888,438	252,019	1,363,182	228,252,376
Additions	-	4,637,750	-	-	4,637,750
Disposals	-	(1,357,570)	(1,352,769)	-	(2,710,339)
<b>Closing balance</b>	<b>117,748,737</b>	<b>290,357,214</b>	<b>5,473,385</b>	<b>12,068,907</b>	<b>425,648,243</b>
<b>Accumulated depreciation</b>					
Opening balance	-	148,222,306	5,515,014	7,355,152	161,092,472
Increase through merger (Note 5)	49,918,624	100,096,400	252,019	1,140,029	151,407,072
Charge for the year	1,991,105	12,155,762	203,745	1,533,694	15,884,306
Disposals	-	(1,124,275)	(1,036,565)	-	(2,160,840)
<b>Closing balance</b>	<b>51,909,729</b>	<b>259,350,193</b>	<b>4,934,213</b>	<b>10,028,875</b>	<b>326,223,010</b>
<b>Net book value</b>					
Opening balance	-	29,966,290	1,059,121	3,350,573	34,375,984
Closing balance	65,839,008	31,007,021	539,172	2,040,032	99,425,233

Included in tangible fixed assets were assets costing VND66,525 million which were fully depreciated as of 31 December 2020 (1/1/2020: VND38,645 million), but which are still in active use.

Net book value of temporarily idle tangible fixed assets amounted to VND769 million as of 31 December 2020 (1/1/2020: VND114 million).

**Interfood Shareholding Company**  
**Notes to the financial statements for the year ended 31 December 2020 (continued)**

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**11. Finance lease tangible fixed assets**

	<b>Office equipment VND'000</b>
<b>Cost</b>	
Opening and closing balance	198,603
<hr/>	
<b>Accumulated depreciation</b>	
Opening balance	122,472
Charge for the year	39,721
<hr/>	
Closing balance	162,193
<hr/>	
<b>Net book value</b>	
Opening balance	76,131
Closing balance	36,410
<hr/>	

**12. Intangible fixed assets**

	<b>Software VND'000</b>
<b>Cost</b>	
Opening and closing balance	14,082,575
<hr/>	
<b>Accumulated amortisation</b>	
Opening balance	9,395,101
Charge for the year	1,336,595
<hr/>	
Closing balance	10,731,696
<hr/>	
<b>Net book value</b>	
Opening balance	4,687,474
Closing balance	3,350,879
<hr/>	

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



**Interfood Shareholding Company**

**Notes to the financial statements for the year ended 31 December 2020 (continued)**

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**13. Investment in a subsidiary**

	31/12/2020				1/1/2020			
	% of equity owned	% of voting rights	Cost VND'000	Allowance VND'000	% of equity owned	% of voting rights	Cost VND'000	Allowance VND'000
Avafood Company Limited (formerly known as “Avafood Shareholding Company”) (“Avafood”) (*)	-	-	-	-	90.4%	90.4%	94,145,809	(1,114,654)

(\*) During the year, Avafood was merged to the Company. Please see Note 5 for further information.

Movements of investment in a subsidiary during the year were as follows:

	2020 VND'000	2019 VND'000
Opening balance	94,145,809	94,145,809
Additional investments	19,594,705	-
Decrease through merger	(113,740,514)	-
Closing balance	-	94,145,809

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Movements of the allowance for diminution in value of long-term financial investments during the year were as follows:

	<b>2020</b>	<b>2019</b>
	<b>VND'000</b>	<b>VND'000</b>
Opening balance	1,114,654	-
Increase in allowance during the year	-	1,114,654
Reversal of allowance during the year	(1,114,654)	-
	<hr/>	<hr/>
Closing balance	-	1,114,654
	<hr/> <hr/>	<hr/> <hr/>

**14. Long-term prepaid expenses**

	<b>Prepaid land costs</b>	<b>Tools and supplies</b>	<b>Others</b>	<b>Total</b>
	<b>VND'000</b>	<b>VND'000</b>	<b>VND'000</b>	<b>VND'000</b>
Opening balance	-	1,865,903	-	1,865,903
Increase through merger (Note 5)	23,141,517	-	3,432,703	26,574,220
Amortisation for the year	(347,993)	(1,230,006)	(1,414,779)	(2,992,778)
	<hr/>	<hr/>	<hr/>	<hr/>
Closing balance	22,793,524	635,897	2,017,924	25,447,345
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**15. Deferred tax assets**

	<b>Tax rate</b>	<b>31/12/2020</b>	<b>1/1/2020</b>
		<b>VND'000</b>	<b>VND'000</b>
Deferred tax assets recognised on:			
Accrued expenses	20%	12,304,150	14,695,709
Allowances and provisions	20%	1,625,671	1,394,784
		<hr/>	<hr/>
		13,929,821	16,090,493
		<hr/> <hr/>	<hr/> <hr/>

**Interfood Shareholding Company**  
**Notes to the financial statements for the year ended 31 December 2020 (continued)**

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**16. Accounts payable to suppliers**

**(a) Accounts payable to suppliers detailed by significant suppliers**

	31/12/2020		1/1/2020	
	Cost VND'000	Amount within payment capacity VND'000	Cost VND'000	Amount within payment capacity VND'000
Vietnam Kirin Beverage Company Limited	15,864,811	15,864,811	20,689,633	20,689,633
Crown Beverage Can (Dong Nai) Company Limited	6,191,366	6,191,366	13,976,584	13,976,584
Vietnam Chuanli Can Manufacturing Company Limited	10,669,448	10,669,448	11,319,447	11,319,447
Others	30,121,348	30,121,348	38,840,123	38,840,123
	<b>62,846,973</b>	<b>62,846,973</b>	<b>84,825,787</b>	<b>84,825,787</b>

**(b) Accounts payable to suppliers classified by payment term**

	31/12/2020		1/1/2020	
	Cost VND'000	Amount within payment capacity VND'000	Cost VND'000	Amount within payment capacity VND'000
Short-term	62,846,973	62,846,973	84,825,787	84,825,787

**(c) Accounts payable to suppliers who is a related party**

	31/12/2020		1/1/2020	
	Cost VND'000	Amount within payment capacity VND'000	Cost VND'000	Amount within payment capacity VND'000
Vietnam Kirin Beverage Company Limited	15,864,811	15,864,811	20,689,633	20,689,633

The trade related amounts due to Vietnam Kirin Beverage Company Limited represented the processing fee payable, which were unsecured, interest free and are payable within 30 days from invoice date.

**Interfood Shareholding Company****Notes to the financial statements for the year ended 31 December 2020 (continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC  
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	<b>1/1/2020</b> <b>VND'000</b>	<b>Incurred</b> <b>VND'000</b>	<b>Increase</b> <b>through merger</b> <b>(Note 5)</b> <b>VND'000</b>	<b>Paid</b> <b>VND'000</b>	<b>Net-off</b> <b>VND'000</b>	<b>31/12/2020</b> <b>VND'000</b>
Value added tax	8,835,596	139,283,359	150,477	(60,516,521)	(79,624,647)	8,128,264
Corporate income tax	16,488,491	37,417,627	445,327	(33,147,069)	-	21,204,376
Personal income tax	802,573	4,763,013	4,228	(5,019,449)	-	550,365
Others	509,625	2,774,079	-	(3,283,704)	-	-
	<b>26,636,285</b>	<b>184,238,078</b>	<b>600,032</b>	<b>(101,966,743)</b>	<b>(79,624,647)</b>	<b>29,883,005</b>

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**18. Accrued expenses**

	<b>31/12/2020</b>	<b>1/1/2020</b>
	<b>VND'000</b>	<b>VND'000</b>
Sales discounts and commission	15,502,515	26,134,413
Promotion expense	25,740,515	26,364,770
Transportation expense	4,022,911	6,375,434
Secondment fee (*)	3,238,171	2,985,832
Others	13,016,637	11,618,096
	<hr/>	<hr/>
	61,520,749	73,478,545
	<hr/> <hr/>	<hr/> <hr/>

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

**19. Other short-term payables**

	<b>31/12/2020</b>	<b>1/1/2020</b>
	<b>VND'000</b>	<b>VND'000</b>
Dividends payable	505,391	505,391
Non-trade amounts due to a related party	74,393	244,354
Others	229,268	271,204
	<hr/>	<hr/>
	809,052	1,020,949
	<hr/> <hr/>	<hr/> <hr/>

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

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**20. Long-term finance lease liabilities**

	<b>31/12/2020</b>	<b>1/1/2020</b>
	<b>VND'000</b>	<b>VND'000</b>
Finance lease liabilities	49,382	98,110

Terms and conditions of finance lease liabilities were as follows:

	<b>Currency</b>	<b>Annual interest rate</b>	<b>Year of maturity</b>	<b>31/12/2020</b>	<b>1/1/2020</b>
				<b>VND'000</b>	<b>VND'000</b>
Liability from Chailease International Leasing Company Limited	VND	21.6%	2021	49,382	98,110

The future minimum lease payments under non-cancellable finance leases are as follows:

	<b>Payments</b>	<b>Interest</b>	<b>Principal</b>
	<b>VND'000</b>	<b>VND'000</b>	<b>VND'000</b>
Within 1 year	60,049	10,667	49,382

**21. Provision**

Movements of provision during the year were as follows:

	<b>Severance allowance</b>
	<b>VND'000</b>
Opening balance	3,436,579
Provision made during the year	190,558
Increase through merger (Note 5)	110,910
Provision utilised during the year	(54,520)
Closing balance	3,683,527

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**22. Changes in owners' equity**

	<b>Share capital VND'000</b>	<b>Share premium VND'000</b>	<b>Other capital VND'000</b>	<b>Accumulated losses VND'000</b>	<b>Total VND'000</b>
<b>Balance as at 1 January 2019</b>	871,409,840	85,035,704	90,034,048	(487,188,948)	559,290,644
Net profit for the year	-	-	-	223,194,001	223,194,001
<b>Balance as at 1 January 2020</b>	871,409,840	85,035,704	90,034,048	(263,994,947)	782,484,645
Net profit for the year	-	-	-	155,033,770	155,033,770
<b>Balance as at 31 December 2020</b>	871,409,840	85,035,704	90,034,048	(108,961,177)	937,518,415

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**23. Share capital**

The Company's authorised and issued share capital are as follows:

	<b>31/12/2020 and 1/1/2020</b>	
	<b>Number of shares</b>	<b>VND'000</b>
<b>Authorised and issued share capital</b>		
Ordinary shares	87,140,992	871,409,920
<hr/>		
<b>Shares in circulation</b>		
Ordinary shares	87,140,984	871,409,840
<hr/>		

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 dividends 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.

There were no movements of share capital during the year.

**24. Other capital**

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. Accordingly, all balances in USD as at 31 December 2012 have been translated to VND at the exchange rate of VND20,828 to USD1. The difference between the converted value and par value of ordinary shares of VND90,034,048,000 is reflected as other capital.

**25. Off balance sheet items**

**(a) Lease commitments**

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

	<b>31/12/2020 VND'000</b>	<b>1/1/2020 VND'000</b>
Within 1 year	4,179,845	12,128,526
Within 2 to 5 years	1,350,169	3,410,595
<hr/>		
	5,530,014	15,539,121
<hr/>		



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**Notes to the financial statements for the year ended 31 December 2020 (continued)**

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**(b) Foreign currencies**

	<b>31/12/2020</b>		<b>1/1/2020</b>	
	<b>Original currency</b>	<b>VND'000 equivalent</b>	<b>Original currency</b>	<b>VND'000 equivalent</b>
USD	68,273	1,572,669	30,422	702,750
EUR	-	-	295	7,628
		1,572,669		710,378
		1,572,669		710,378

**26. Revenue from sale of goods**

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

Net revenue comprised of:

	<b>2020 VND'000</b>	<b>2019 VND'000</b>
Total revenue		
▪ Sale of drinks	1,269,395,955	1,526,506,783
▪ Sale of other products	266,833,874	269,220,149
▪ Sale of scraps	3,092,535	1,034,007
	1,539,322,364	1,796,760,939
Less revenue deductions		
▪ Sale discounts	130,142,893	162,022,816
	130,142,893	162,022,816
Net revenue	1,409,179,471	1,634,738,123

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**27. Cost of sales**

	<b>2020</b> <b>VND'000</b>	<b>2019</b> <b>VND'000</b>
Total cost of sales		
▪ Cost of drinks	697,820,761	855,373,508
▪ Cost of other products	139,504,166	105,968,161
	<hr/> 837,324,927	<hr/> 961,341,669

**28. Financial income**

	<b>2020</b> <b>VND'000</b>	<b>2019</b> <b>VND'000</b>
Interest income from loans to Avafood	1,157,069	2,443,838
Interest income from deposits at banks	2,907,441	901,304
Foreign exchange gains	60,346	2,178,251
	<hr/> 4,124,856	<hr/> 5,523,393

**29. Financial expenses**

	<b>2020</b> <b>VND'000</b>	<b>2019</b> <b>VND'000</b>
Losses from merger (Note 5)	77,224,915	-
(Reversal)/allowance made for diminution in the value of long-term financial investments	(1,114,654)	1,114,654
Interest expense	18,209	29,403
Foreign exchange losses	166,570	2,558,157
	<hr/> 76,295,040	<hr/> 3,702,214

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**30. Selling expenses**

	<b>2020</b>	<b>2019</b>
	<b>VND'000</b>	<b>VND'000</b>
Staff costs and support expense	131,731,424	165,801,063
Advertisement and promotion expenses	51,230,737	73,033,487
Transportation expense	63,294,787	75,463,451
Rental expense	9,168,460	10,324,991
Others	11,972,520	19,081,740
	<hr/>	<hr/>
	267,397,928	343,704,732
	<hr/> <hr/>	<hr/> <hr/>

**31. General and administration expenses**

	<b>2020</b>	<b>2019</b>
	<b>VND'000</b>	<b>VND'000</b>
Staff costs	12,328,110	12,447,274
Consultant fee	3,848,720	3,203,700
Rental expense	3,883,824	3,852,342
Depreciation and amortisation	3,253,585	3,026,623
Allowances and provisions	2,258,792	296,084
Others	10,164,448	10,527,783
	<hr/>	<hr/>
	35,737,479	33,353,806
	<hr/> <hr/>	<hr/> <hr/>

**32. Other expenses**

	<b>2020</b>	<b>2019</b>
	<b>VND'000</b>	<b>VND'000</b>
Losses from disposals of tangible fixed assets	345,317	5,179,976
Depreciation of idle tangible fixed assets	2,520,914	3,730,957
Others	449,990	1,256,709
	<hr/>	<hr/>
	3,316,221	10,167,642
	<hr/> <hr/>	<hr/> <hr/>

**Interfood Shareholding Company**  
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**33. Production and business costs by elements**

	<b>2020</b>	<b>2019</b>
	<b>VND'000</b>	<b>VND'000</b>
Raw material costs included in production costs	560,216,517	616,249,736
Labour and staff costs and support expense	182,164,595	213,864,792
Depreciation and amortisation	17,260,622	17,302,624
Outside services	397,870,677	481,126,768
Others	18,818,785	25,281,146

**34. Income tax**

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

	<b>2020</b>	<b>2019</b>
	<b>VND'000</b>	<b>VND'000</b>
<b>Current tax expense</b>		
Current year	37,417,627	57,918,824
Under provision in prior years	-	5,570,584
	<hr/> 37,417,627	<hr/> 63,489,408
<b>Deferred tax expense</b>		
Origination of temporary differences	1,979,762	2,117,124
	<hr/> 39,397,389	<hr/> 65,606,532

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

	<b>2020</b>	<b>2019</b>
	<b>VND'000</b>	<b>VND'000</b>
Accounting profit before tax	194,431,159	288,800,533
	<hr/>	<hr/>
Tax at the Company's tax rate	38,886,232	57,760,106
Non-deductible expenses	692,067	2,275,842
Written off deferred tax assets	(180,910)	-
Under provision in prior years	-	5,570,584
	<hr/> 39,397,389	<hr/> 65,606,532

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**(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. Thereafter, from 2006 onwards the Company is subject to usual income tax rate applicable to enterprises before any incentives.

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 20%.

**35. Basic earnings per share**

**(a) Net profit attributable to ordinary shareholders**

	<b>2020</b>	<b>2019</b>
	<b>VND’000</b>	<b>VND’000</b>
Net profit attributable to ordinary shareholders	155,033,769	223,194,001

**(b) Weighted average number of ordinary shares**

	<b>2020</b>	<b>2019</b>
Weighted average number of ordinary shares for the year	87,140,984	87,140,984

**Interfood Shareholding Company****Notes to the financial statements for the year ended 31 December 2020 (continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC  
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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:

	<b>Transaction value</b>	
	<b>2020</b>	<b>2019</b>
	<b>VND'000</b>	<b>VND'000</b>
<b><i>Ultimate parent company</i></b>		
<b>Kirin Holdings Company Limited</b>		
Secondment fee	6,390,686	5,896,570
Purchases of materials	699,750	696,100
<b><i>Subsidiary</i></b>		
<b>Avafood Company Limited (formerly known as “Avafood Shareholding Company”)</b>		
Short-term loans granted	14,000,000	25,000,000
Interest income	1,157,069	2,443,838
Processing fee	12,499,883	25,296,229
Office and factory rental fee	2,966,106	5,932,212
<b><i>Other related parties</i></b>		
<b>Vietnam Kirin Beverage Company Limited</b>		
Processing fee	217,214,805	258,849,030
Purchases of services	2,378,550	2,171,170
Sales of goods	256,415	387,007
Sales returns	-	29,967
Purchases of goods	1,969,035	-
Acquisition of investment in Avafood	18,779,040	-
<b>Members of Board of Directors</b>		
Secondment fee	4,482,240	4,473,120
Salary	1,818,000	1,818,000

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**37. Non-cash investing activities**

	<b>2020</b>	<b>2019</b>
	<b>VND'000</b>	<b>VND'000</b>
Elimination of loans receivable and borrowings due to merger	67,485,654	-
Net off payable against receivable for loans principal and interest from a subsidiary	17,012,589	34,351,285
Conversion of loans interest receivable to short-term loans receivable	1,157,069	2,443,838

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**38. Comparative information**

Comparative information as at 1 January 2020 was derived from the balances and amounts reported in the Company's separate financial statements as at and for the year ended 31 December 2019.

25 March 2021

Prepared by:

Approved by:

*(Signed)*

*(Signed and sealed)*

Nguyen Hong Phong  
*Chief Accountant*

Yutaka Ogami  
*General Director*