

Interfood Shareholding Company

Financial Statements for the year ended
31 December 2021

Interfood Shareholding Company
Corporate information

Investment Licence No. 270/GP 16 November 1991

Investment Certificates No. 472033000328 (1st amendment) 28 November 2007
 472033000328 (2nd amendment) 20 May 2010
 472033000328 (3rd amendment) 22 April 2011
 472033000328 (4th amendment) 18 October 2011
 472033000328 (5th amendment) 14 May 2014
 472033000328 (6th amendment) 30 December 2015
 6525867086 (7th amendment) 5 February 2016
 6525867086 (8th amendment) 28 December 2016
 6525867086 (9th amendment) 25 January 2017
 6525867086 (10th amendment) 8 April 2018
 6525867086 (11th amendment) 1 October 2019
 6525867086 (12th amendment) 21 September 2020
 6525867086 (13th amendment) 18 May 2021

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
 3600245631 1 April 2021
 3600245631 18 January 2022

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

Board of Management

Mr. Tomohide Ito Chairman
 (from 23 April 2021)
 Mr. Takeshi Fukushima Chairman
 (until 23 April 2021)
 Mr. Hajime Kawasaki Member
 (from 19 April 2021)
 Mr. Yutaka Ogami Member
 (until 19 April 2021)
 Ms. Nguyen Thi Kim Lien Member
 Mr. Toru Yoshimura Member
 Mr. Koichi Ogawa Member

Interfood Shareholding Company
Corporate information (continued)

Board of Directors	Mr. Hajime Kawasaki	General Director/General Manager of Administration (from 30 March 2021)
	Mr. Yutaka Ogami	General Director/General Manager of Administration (until 30 March 2021)
	Mr. Koichi Noda	Director/General Manager of Factory (from 1 April 2021)
	Mr. Ryuta Onda	Director/General Manager of Factory (until 1 April 2021)
	Ms. Nguyen Thi Kim Lien	Director/General Manager of Internal Control
	Mr. Tomohide Ito	Director/General Manager of Planning
	Mr. Kenichiro Wada	Director/General Manager of Marketing/General Manager of Sales (from 26 March 2021)
	Mr. Takeshi Fukushima	Director/General Manager of Marketing/General Manager of Sales (until 26 March 2021)
Registered Office	Lot 13, Tam Phuoc Industrial Zone Tam Phuoc Ward, Bien Hoa City Dong Nai Province Vietnam	
Auditor	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 2021.

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 34 give a true and fair view of the financial position of the Company as at 31 December 2021, and of its results of operations and 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)

Hajime Kawasaki
General Director

Dong Nai Province, 25 March 2022

Interfood Shareholding Company
Balance sheet as at 31 December 2021

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

	Code	Note	31/12/2021 VND'000	1/1/2021 VND'000
ASSETS				
Current assets (100 = 110 + 130 + 140 + 150)	100		1,144,057,173	968,695,797
Cash and cash equivalents	110	5	928,623,068	720,073,459
Cash	111		378,623,068	720,073,459
Cash equivalents	112		550,000,000	-
Accounts receivable – short-term	130		34,794,054	41,974,163
Accounts receivable from customers	131	6	29,573,912	29,876,650
Prepayments to suppliers	132		2,651,398	5,752,519
Other receivables	136	7	2,582,682	10,421,030
Allowance for doubtful debts	137	6	(13,938)	(4,076,036)
Inventories	140	8	179,623,221	205,657,658
Inventories	141		180,071,552	206,026,452
Allowance for inventories	149		(448,331)	(368,794)
Other current assets	150		1,016,830	990,517
Short-term prepaid expenses	151		875,607	849,294
Taxes receivable from State Treasury	153		141,223	141,223
Long-term assets (200 = 210 + 220 + 260)	200		132,663,069	143,940,416
Accounts receivable – long-term	210		932,520	1,750,728
Other long-term receivables	216		932,520	1,750,728
Fixed assets	220		88,327,895	102,812,522
Tangible fixed assets	221	9	86,313,610	99,425,233
<i>Cost</i>	222		428,367,799	425,648,243
<i>Accumulated depreciation</i>	223		(342,054,189)	(326,223,010)
Finance lease tangible fixed assets	224		-	36,410
<i>Cost</i>	225		-	198,603
<i>Accumulated depreciation</i>	226		-	(162,193)
Intangible fixed assets	227	10	2,014,285	3,350,879
<i>Cost</i>	228		14,082,575	14,082,575
<i>Accumulated amortisation</i>	229		(12,068,290)	(10,731,696)
Other long-term assets	260		43,402,654	39,377,166
Long-term prepaid expenses	261	11	28,977,864	25,447,345
Deferred tax assets	262	12	14,424,790	13,929,821
TOTAL ASSETS (270 = 100 + 200)	270		1,276,720,242	1,112,636,213

The accompanying notes are an integral part of these financial statements

Interfood Shareholding Company
Balance sheet as at 31 December 2021 (continued)

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

	Code	Note	31/12/2021 VND'000	1/1/2021 VND'000
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		213,644,293	175,117,798
Current liabilities	310		210,044,244	171,384,889
Accounts payable to suppliers	311	13	107,154,816	62,846,973
Advances from customers	312		18,749,141	8,614,232
Taxes and others payable to State Treasury	313	14	6,491,034	29,883,005
Payable to employees	314		8,724,114	7,710,878
Accrued expenses	315	15	68,061,632	61,520,749
Other short-term payables	319	16	863,507	809,052
Long-term liabilities	330		3,600,049	3,732,909
Long-term finance lease liabilities	338		-	49,382
Provisions – long-term	342	17	3,600,049	3,683,527
EQUITY (400 = 410)	400		1,063,075,949	937,518,415
Owners' equity	410	18	1,063,075,949	937,518,415
Share capital	411	19	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 capital	420	20	90,034,048	90,034,048
Retained profits/(Accumulated losses)	421		16,596,357	(108,961,177)
- <i>Accumulated losses brought forward</i>	<i>421a</i>		<i>(108,961,177)</i>	<i>(263,994,947)</i>
- <i>Retained profits for the current year</i>	<i>421b</i>		<i>125,557,534</i>	<i>155,033,770</i>
TOTAL RESOURCES (440 = 300 + 400)	440		1,276,720,242	1,112,636,213

25 March 2022

Prepared by:

(Signed)

Nguyen Hong Phong
Chief Accountant

Approved by:

(Signed and sealed)

Hajime Kawasaki
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 2021

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

	Code	Note	2021 VND'000	2020 VND'000
Revenue from sale of goods	01	22	1,313,243,452	1,539,322,364
Revenue deductions	02	22	84,011,096	130,142,893
Net revenue (10 = 01 - 02)	10	22	1,229,232,356	1,409,179,471
Cost of sales	11	23	770,285,527	837,324,927
Gross profit (20 = 10 - 11)	20		458,946,829	571,854,544
Financial income	21	24	7,226,468	4,124,856
Financial expenses	22	25	207,453	76,295,040
<i>In which: Interest expense</i>	23		5,522	18,209
Selling expenses	25	26	233,409,713	267,397,928
General and administration expenses	26	27	36,394,434	35,737,479
Net operating profit {30 = 20 + (21 - 22) - (25 + 26)}	30		196,161,697	196,548,953
Other income	31		795,819	1,198,427
Other expenses	32	28	39,775,025	3,316,221
Results of other activities (40 = 31 - 32)	40		(38,979,206)	(2,117,794)
Accounting profit before tax (50 = 30 + 40)	50		157,182,491	194,431,159
Income tax expense – current	51	30	32,119,926	37,417,627
Income tax (benefit)/expense – deferred	52	30	(494,969)	1,979,762
Net profit after tax (brought forward) (60 = 50 - 51 - 52)	60		125,557,534	155,033,770

The accompanying notes are an integral part of these financial statements

Interfood Shareholding Company
Statement of income for the year ended 31 December 2021 (continued)

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

	Code	Note	2021 VND'000	2020 VND'000
Net profit after tax (brought forward)	60		125,557,534	155,033,770
Earnings per share				
Basic earnings per share (in VND)	70	31	1,441	1,779

25 March 2022

Prepared by:

(Signed)

Nguyen Hong Phong
Chief Accountant

Approved by:

(Signed and sealed)

Hajime Kawasaki
General Director

Interfood Shareholding Company**Statement of cash flows for the year ended 31 December 2021 (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	2021 VND'000	2020 VND'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Accounting profit before tax	01		157,182,491	194,431,159
Adjustments for				
Depreciation and amortisation	02		17,149,534	17,260,622
Allowances and provisions	03		2,720,193	1,610,310
Exchange (gains)/losses arising from revaluation of monetary items denominated in foreign currencies	04		(91,549)	10,791
Profits from investing activities	05		(6,983,190)	(3,719,193)
Losses from merger	05		-	77,224,915
Interest expense	06		5,522	18,209
Operating profit before changes in working capital	08		169,983,001	286,836,813
Change in receivables and other assets	09		10,192,887	16,046,637
Change in inventories	10		23,824,999	1,359,100
Change in payables and other liabilities	11		57,618,117	(38,128,593)
Change in prepaid expenses	12		(3,556,832)	3,519,281
			258,062,172	269,633,238
Interest paid	14		(5,522)	(18,209)
Corporate income tax paid	15		(51,502,592)	(33,147,069)
Net cash flows from operating activities	20		206,554,058	236,467,960
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for additions to fixed assets	21		(2,710,159)	(4,637,750)
Proceeds from disposals of fixed assets	22		9,545	204,182
Payments for granting loans	23		-	(14,000,000)
Payments for investment in a subsidiary	25		-	(19,594,705)
Receipts of interest	27		4,821,039	2,907,441
Cash increased from merger	28		-	1,730,047
Net cash flows from investing activities	30		2,120,425	(33,390,785)

The accompanying notes are an integral part of these financial statements

Interfood Shareholding Company
Statement of cash flows for the year ended 31 December 2021
(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	2021 VND'000	2020 VND'000
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments to settle finance lease liabilities	35		(49,382)	(48,728)
Cash flows from financing activities	40		(49,382)	(48,728)
Net cash flows during the year (50 = 20 + 30 + 40)	50		208,625,101	203,028,447
Cash at the beginning of the year	60		720,073,459	517,046,649
Effect of exchange rate fluctuations on cash and cash equivalents	61		(75,492)	(1,637)
Cash and cash equivalents at the end of the year (70 = 50 + 60 + 61)	70	5	928,623,068	720,073,459

25 March 2022

Prepared by:

(Signed)

Nguyen Hong Phong
Chief Accountant

Approved by:

(Signed and sealed)

Hajime Kawasaki
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 2021

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 2021, the Company had 578 employees (1/1/2021: 584 employees).

Interfood Shareholding Company
Notes to the financial statements for the year ended 31 December 2021 (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

These 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) 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 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.

Interfood Shareholding Company
Notes to the financial statements for the year ended 31 December 2021 (continued)

Form B 09 – DN

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

(b) Cash and cash equivalent

Cash comprises cash balances and call deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(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 estimated costs to sell.

The Company applies the perpetual method of accounting for inventories.

(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 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	4 – 15 years
▪ motor vehicles	6 – 10 years
▪ office equipment	3 – 10 years

Interfood Shareholding Company
Notes to the financial statements for the year ended 31 December 2021 (continued)

Form B 09 – DN
(Issued under Circular No. 200/2014/TT-BTC
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(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 fixed 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 prevailing laws and regulations, 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) *Renovation expenses*

Renovation expenses are recorded at cost and amortised on a straight-line basis over 2 to 3 years.

(iv) *Other long-term prepaid expenses*

Other long-term prepaid expenses mainly include 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

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

(i) 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.

Interfood Shareholding Company
Notes to the financial statements for the year ended 31 December 2021 (continued)

Form B 09 – DN

*(Issued under Circular No. 200/2014/TT-BTC
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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 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.

Interfood Shareholding Company
Notes to the financial statements for the year ended 31 December 2021 (continued)

Form B 09 – DN

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

(l) 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.

(m) Leases

(i) Leased assets

Leases in terms of which the Company, as lessee, 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(e)(ii).

Assets held under other leases are classified as operating leases and are not recognised in the Company's balance sheet.

(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.

Interfood Shareholding Company
Notes to the financial statements for the year ended 31 December 2021 (continued)

Form B 09 – DN

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

(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.

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.

Interfood Shareholding Company
Notes to the financial statements for the year ended 31 December 2021 (continued)

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

5. Cash and cash equivalents

	31/12/2021	1/1/2021
	VND'000	VND'000
Cash on hand	90,146	186,876
Cash at banks	378,532,922	719,886,583
Cash equivalents	550,000,000	-
	<hr/>	<hr/>
Cash and cash equivalents in the statement of cash flows	928,623,068	720,073,459
	<hr/>	<hr/>

Cash equivalents represented term deposits at banks with original terms to maturity of three months or less from their transaction dates.

6. Accounts receivable from customers

(a) Accounts receivable from customers detailed by significant customers

	31/12/2021	1/1/2021
	VND'000	VND'000
WinCommerce General Commercial Services Joint Stock Company	7,800,393	5,522,083
EB Services Company Limited	5,380,205	6,967,711
MM Mega Market Vietnam Company Limited	4,151,201	2,818,191
Saigon Union of Trading Co-operatives	1,999,106	3,849,707
Others	10,243,007	10,718,958
	<hr/>	<hr/>
	29,573,912	29,876,650
	<hr/>	<hr/>

(b) Accounts receivable from customers classified by payment term

	31/12/2021	1/1/2021
	VND'000	VND'000
Short-term	29,573,912	29,876,650
	<hr/>	<hr/>

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

	2021	2020
	VND'000	VND'000
Opening balance	4,076,036	2,007,802
Allowance made during the year	-	2,068,234
Allowance utilised during the year	(4,062,098)	-
	<hr/>	<hr/>
Closing balance	13,938	4,076,036
	<hr/>	<hr/>

Interfood Shareholding Company**Notes to the financial statements for the year ended 31 December 2021 (continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)***7. Other receivables**

	31/12/2021	1/1/2021
	VND'000	VND'000
Interest receivable from deposits at banks	2,197,858	-
Receivable from Crown Beverage Can (Dong Nai) Company Limited for aluminium price adjustment	-	9,789,808
Others	384,824	631,222
	<hr/>	
	2,582,682	10,421,030
	<hr/>	

8. Inventories

	31/12/2021		1/1/2021	
	Cost	Allowance	Cost	Allowance
	VND'000	VND'000	VND'000	VND'000
Goods in transit	1,927,010	-	592,271	-
Raw materials	43,273,764	-	40,851,018	(64,215)
Tools and supplies	5,911,817	(296,819)	6,550,036	(296,819)
Work in progress	6,702,591	-	9,310,372	-
Finished goods	122,256,370	(151,512)	148,722,755	(7,760)
	<hr/>		<hr/>	
	180,071,552	(448,331)	206,026,452	(368,794)
	<hr/>		<hr/>	

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

	2021	2020
	VND'000	VND'000
Opening balance	368,794	414,883
Allowance made during the year	2,209,438	466,172
Allowance utilised during the year	(2,129,901)	(512,261)
	<hr/>	
Closing balance	448,331	368,794
	<hr/>	

Interfood Shareholding Company**Notes to the financial statements for the year ended 31 December 2021 (continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)***9. Tangible fixed assets**

	Buildings VND'000	Machinery and equipment VND'000	Motor vehicles VND'000	Office equipment VND'000	Total VND'000
Cost					
Opening balance	117,748,737	290,357,214	5,473,385	12,068,907	425,648,243
Additions	-	724,940	105,000	1,880,219	2,710,159
Reclassification from finance lease tangible fixed assets	-	-	-	198,603	198,603
Disposals	-	-	-	(189,206)	(189,206)
Closing balance	117,748,737	291,082,154	5,578,385	13,958,523	428,367,799
Accumulated depreciation					
Opening balance	51,909,729	259,350,193	4,934,213	10,028,875	326,223,010
Charge for the year	3,965,928	10,026,975	191,807	1,591,820	15,776,530
Reclassification from finance lease tangible fixed assets	-	-	-	198,603	198,603
Disposals	-	-	-	(143,954)	(143,954)
Closing balance	55,875,657	269,377,168	5,126,020	11,675,344	342,054,189
Net book value					
Opening balance	65,839,008	31,007,021	539,172	2,040,032	99,425,233
Closing balance	61,873,080	21,704,986	452,365	2,283,179	86,313,610

Included in tangible fixed assets were assets costing VND77,214 million which were fully depreciated as of 31 December 2021 (1/1/2021: VND66,525 million), but which are still in active use.

Net book value of temporarily idle tangible fixed assets amounted to VND701 million as of 31 December 2021 (1/1/2021: VND769 million).

Interfood Shareholding Company
Notes to the financial statements for the year ended 31 December 2021 (continued)

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10. Intangible fixed assets

	Software VND'000
Cost	
Opening and closing balance	14,082,575
Accumulated amortisation	
Opening balance	10,731,696
Charge for the year	1,336,594
Closing balance	12,068,290
Net book value	
Opening balance	3,350,879
Closing balance	2,014,285

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

11. Long-term prepaid expenses

	Prepaid land costs VND'000	Tools and supplies VND'000	Renovation VND'000	Others VND'000	Total VND'000
Opening balance	22,793,524	635,897	-	2,017,924	25,447,345
Additions	-	-	6,152,566	-	6,152,566
Amortisation for the year	(695,985)	(450,000)	(1,228,376)	(247,686)	(2,622,047)
Closing balance	22,097,539	185,897	4,924,190	1,770,238	28,977,864

Interfood Shareholding Company
Notes to the financial statements for the year ended 31 December 2021 (continued)

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12. Deferred tax assets

	Tax rate	31/12/2021 VND'000	1/1/2021 VND'000
Deferred tax assets recognised on:			
Accrued expenses	20%	13,612,326	12,304,150
Allowances and provisions	20%	812,464	1,625,671
		14,424,790	13,929,821

13. Accounts payable to suppliers

(a) Accounts payable to suppliers detailed by significant suppliers

	31/12/2021		1/1/2021	
	Cost VND'000	Amount within payment capacity VND'000	Cost VND'000	Amount within payment capacity VND'000
Vietnam Kirin Beverage Company Limited	47,195,482	47,195,482	15,864,811	15,864,811
Crown Beverage Can (Dong Nai) Company Limited	17,392,971	17,392,971	6,191,366	6,191,366
Vietnam Chuan Li Can Company Limited	4,062,889	4,062,889	10,669,448	10,669,448
Others	38,503,474	38,503,474	30,121,348	30,121,348
	107,154,816	107,154,816	62,846,973	62,846,973

(b) Accounts payable to suppliers classified by payment term

	31/12/2021		1/1/2021	
	Cost VND'000	Amount within payment capacity VND'000	Cost VND'000	Amount within payment capacity VND'000
Short-term	107,154,816	107,154,816	62,846,973	62,846,973

Interfood Shareholding Company
Notes to the financial statements for the year ended 31 December 2021 (continued)

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

	31/12/2021		1/1/2021	
	Cost VND'000	Amount within payment capacity VND'000	Cost VND'000	Amount within payment capacity VND'000
Vietnam Kirin Beverage Company Limited	47,195,482	47,195,482	15,864,811	15,864,811

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.

14. Taxes payable to State Treasury

	1/1/2021 VND'000	Incurred VND'000	Paid VND'000	Net-off VND'000	31/12/2021 VND'000
Value added tax	8,128,264	119,673,552	(57,856,928)	(65,881,329)	4,063,559
Corporate income tax	21,204,376	32,119,926	(51,502,592)	-	1,821,710
Personal income tax	550,365	4,414,193	(4,358,793)	-	605,765
Others	-	666,264	(666,264)	-	-
	29,883,005	156,873,935	(114,384,577)	(65,881,329)	6,491,034

15. Accrued expenses

	31/12/2021 VND'000	1/1/2021 VND'000
Accrual for aluminium price adjustment	25,837,769	-
Sales discounts and commission	12,491,272	15,502,515
Promotion expense	11,989,683	25,740,515
Transportation expense	1,302,302	4,022,911
Secondment fee (*)	3,146,132	3,238,171
Others	13,294,474	13,016,637
	68,061,632	61,520,749

Interfood Shareholding Company
Notes to the financial statements for the year ended 31 December 2021 (continued)

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- (*) 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.

16. Other short-term payables

	31/12/2021	1/1/2021
	VND'000	VND'000
Dividends payable	505,391	505,391
Non-trade amounts due to a related party	207,427	74,393
Others	150,689	229,268
	<hr/>	<hr/>
	863,507	809,052
	<hr/> <hr/>	<hr/> <hr/>

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

17. Provision

Movements of provision during the year were as follows:

	Severance allowance VND'000
Opening balance	3,683,527
Provision made during the year	510,755
Provision utilised during the year	(594,233)
	<hr/>
Closing balance	3,600,049
	<hr/> <hr/>

Interfood Shareholding Company**Notes to the financial statements for the year ended 31 December 2021 (continued)**

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18. Changes in owners' equity

	Share capital VND'000	Share premium VND'000	Other capital VND'000	(Accumulated losses)/ Retained profits VND'000	Total VND'000
Balance as at 1 January 2020	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
Balance as at 1 January 2021	871,409,840	85,035,704	90,034,048	(108,961,177)	937,518,415
Net profit for the year	-	-	-	125,557,534	125,557,534
Balance as at 31 December 2021	871,409,840	85,035,704	90,034,048	16,596,357	1,063,075,949

Interfood Shareholding Company
Notes to the financial statements for the year ended 31 December 2021 (continued)

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19. Share capital

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

	31/12/2021 and 1/1/2021	
	Number of shares	VND’000
Authorised and issued share capital		
Ordinary shares	87,140,992	871,409,920
<hr/>		
Shares in circulation		
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.

20. 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.

21. Off balance sheet items

(a) Lease commitments

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

	31/12/2021	1/1/2021
	VND’000	VND’000
Within 1 year	4,022,461	4,179,845
Within 2 to 5 years	11,293,229	1,350,169
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	15,315,690	5,530,014
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Interfood Shareholding Company
Notes to the financial statements for the year ended 31 December 2021 (continued)

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(b) Foreign currency

	31/12/2021		1/1/2021	
	Original currency	VND'000 equivalent	Original currency	VND'000 equivalent
USD	292,796	6,628,898	68,273	1,572,669

22. Revenue from sale of goods

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

Net revenue comprised of:

	2021 VND'000	2020 VND'000
Total revenue		
▪ Sale of drinks	1,066,654,763	1,269,395,955
▪ Sale of other products	242,736,937	266,833,874
▪ Sale of scraps	3,851,752	3,092,535
	1,313,243,452	1,539,322,364
Less revenue deductions		
▪ Sale discounts	84,011,096	130,142,893
Net revenue	1,229,232,356	1,409,179,471

23. Cost of sales

	2021 VND'000	2020 VND'000
Total cost of sales		
▪ Cost of drinks	602,210,164	697,820,761
▪ Cost of other products	168,075,363	139,504,166
	770,285,527	837,324,927

Interfood Shareholding Company
Notes to the financial statements for the year ended 31 December 2021 (continued)

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24. Financial income

	2021	2020
	VND'000	VND'000
Interest income from deposits at banks	7,018,897	2,907,441
Interest income from loans to Avafood Company Limited	-	1,157,069
Foreign exchange gains	207,571	60,346
	<hr/>	<hr/>
	7,226,468	4,124,856
	<hr/> <hr/>	<hr/> <hr/>

25. Financial expenses

	2021	2020
	VND'000	VND'000
Interest expense	5,522	18,209
Foreign exchange losses	201,931	166,570
Losses from merger	-	77,224,915
Reversal of allowance for diminution in the value of long-term financial investments	-	(1,114,654)
	<hr/>	<hr/>
	207,453	76,295,040
	<hr/> <hr/>	<hr/> <hr/>

26. Selling expenses

	2021	2020
	VND'000	VND'000
Staff costs and support expense	120,317,628	131,731,424
Advertisement and promotion expenses	39,168,632	51,230,737
Transportation expense	55,881,421	63,294,787
Rental expense	9,251,079	9,168,460
Others	8,790,953	11,972,520
	<hr/>	<hr/>
	233,409,713	267,397,928
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Notes to the financial statements for the year ended 31 December 2021 (continued)

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27. General and administration expenses

	2021	2020
	VND'000	VND'000
Staff costs	13,503,515	12,328,110
Consultant fee	3,443,336	3,848,720
Rental expense	4,271,517	3,883,824
Depreciation and amortisation	3,508,206	3,253,585
Allowances and provisions	524,693	2,258,792
Others	11,143,167	10,164,448
	<hr/>	<hr/>
	36,394,434	35,737,479
	<hr/>	<hr/>

28. Other expenses

	2021	2020
	VND'000	VND'000
Compensation expenses	27,264,221	-
Expenses during suspension period	11,715,955	-
Losses from disposals of tangible fixed assets	35,707	345,317
Depreciation of idle tangible fixed assets	67,891	2,520,914
Others	691,251	449,990
	<hr/>	<hr/>
	39,775,025	3,316,221
	<hr/>	<hr/>

29. Production and business costs by elements

	2021	2020
	VND'000	VND'000
Raw material costs included in production costs	466,585,311	560,216,517
Labour and staff costs and support expense	172,172,031	182,164,595
Depreciation and amortisation	17,149,534	17,260,622
Outside services	356,863,665	397,870,677
Others	15,187,498	18,818,785
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Notes to the financial statements for the year ended 31 December 2021 (continued)

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30. Income tax

(a) Recognised in the statement of income

	2021	2020
	VND'000	VND'000
Current tax expense		
Current year	32,119,926	37,417,627
Deferred tax (benefit)/expense		
Origination of temporary differences	(494,969)	1,979,762
	31,624,957	39,397,389
Income tax expense	31,624,957	39,397,389

(b) Reconciliation of effective tax rate

	2021	2020
	VND'000	VND'000
Accounting profit before tax	157,182,491	194,431,159
Tax at the Company's tax rate	31,436,498	38,886,232
Non-deductible expenses	188,459	692,067
Written off deferred tax assets	-	(180,910)
	31,624,957	39,397,389

(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.

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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%.

31. Basic earnings per share

(a) Net profit attributable to ordinary shareholders

	2021	2020
	VND'000	VND'000
Net profit attributable to ordinary shareholders	125,557,534	155,033,770

(b) Weighted average number of ordinary shares

	2021	2020
Weighted average number of ordinary shares for the year	87,140,984	87,140,984

32. 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	
	2021	2020
	VND'000	VND'000
<i>Ultimate parent company</i>		
Kirin Holdings Company Limited		
Secondment fee	6,325,769	6,390,686
Purchases of materials	-	699,750

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	Transaction value	
	2021	2020
	VND'000	VND'000
<i>Subsidiary</i>		
Avafood Company Limited (“Avafood”)		
Short-term loans granted	-	14,000,000
Interest income	-	1,157,069
Processing fee	-	12,499,883
Office and factory rental fee	-	2,966,106
<i>Other related parties</i>		
Vietnam Kirin Beverage Company Limited		
Processing fee	172,924,366	217,214,805
Purchases of services	2,148,120	2,378,550
Sales of goods	58,122	256,415
Purchases of goods	52,723	1,969,035
Compensation expenses	27,264,221	-
Acquisition of investment in Avafood	-	18,779,040
Board of Management		
<i>Fees</i>	-	-
Board of Directors		
<i>Salary</i>		
Hajime Kawasaki - General Director (from 1 April 2021)	-	-
Yutaka Ogami - General Director (until 30 March 2021)	-	-
Key management personnel (excluding all the items disclosed above)		
Fees, bonus and other benefits	1,818,000	1,818,000
Secondment fee	4,302,080	4,482,240

33. Non-cash investing activities

	2021	2020
	VND'000	VND'000
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
Conversion of loans interest receivable to short-term loans receivable	-	1,157,069

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34. Comparative information

Comparative information as at 1 January 2021 was derived from the balances and amounts reported in the Company's separate financial statements as at and for the year ended 31 December 2020.

25 March 2022

Prepared by:

Approved by:

(Signed)

(Signed and sealed)

Nguyen Hong Phong
Chief Accountant

Hajime Kawasaki
General Director