

Interfood Shareholding Company

Separate Financial Statements for the year
ended 31 December 2018

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

The Company's 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.

The Company's 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

The Company's Enterprise Registration Certificate and its amendment were issued by the Department of Planning and Investment of Dong Nai Province.

Board of Management

Yutaka Ogami	Chairman (from 16 March 2018) Member (until 16 March 2018)
Toru Yamasaki	Chairman (until 16 March 2018)
Takeshi Fukushima	Member (from 27 March 2018)
Osamu Harada	Member (from 27 March 2018)
Shinro Fujita	Member (from 27 March 2018)
Yasuomi Ouchi	Member (from 27 March 2018)

Interfood Shareholding Company
Corporate information (continued)

Board of Management (continued)	Nguyen Thi Kim Lien	Member
	Hajime Kobayashi	Member (until 27 March 2018)
	Hirotsugu Otani	Member (until 27 March 2018)
Board of Directors	Yutaka Ogami	General Director/General Manager of Administration (from 16 March 2018) Director/General Manager of Planning (until 29 March 2018)
	Toru Yamasaki	General Director (until 16 March 2018)
	Ryuta Onda	Director/General Manager of Factory (from 29 March 2018)
	Fumiaki Furuya	Director/General Manager of Factory (until 29 March 2018)
	Nguyen Thi Kim Lien	Director/General Manager of Internal Control
	Tomohide Ito	Director/General Manager of Planning (from 29 March 2018)
	Takeshi Fukushima	Director/General Manager of Marketing/General Manager of Sales
Registered Office	Lot 13, Tam Phuoc Industrial Zone Tam Phuoc Commune, 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 separate financial statements of the Company for the year ended 31 December 2018.

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

- (a) the separate financial statements set out on pages 6 to 38 give a true and fair view of the unconsolidated financial position of the Company as at 31 December 2018, and of its unconsolidated results of operations and its unconsolidated cash flows for the 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 separate financial statements for issue.

On behalf of the Board of Directors

Signed and sealed

Yutaka Ogami
Chairman – cum General Director

Dong Nai Province, 22 March 2019

Interfood Shareholding Company
Separate balance sheet as at 31 December 2018

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

	Code	Note	31/12/2018 VND'000	1/1/2018 VND'000
ASSETS				
Current assets (100 = 110 + 130 + 140 + 150)	100		593,650,116	567,106,832
Cash	110	4	262,045,427	267,313,725
Cash	111		262,045,427	267,313,725
Accounts receivable – short-term	130		107,356,675	114,343,131
Accounts receivable from customers	131	5	28,741,447	25,565,487
Prepayments to suppliers	132		3,941,056	3,441,335
Short-term loans receivable	135	6	76,248,621	87,722,932
Other short-term receivables	136		433,353	505,073
Allowance for doubtful debts	137		(2,007,802)	(2,891,696)
Inventories	140	7	223,853,255	184,705,251
Inventories	141		224,153,307	185,019,988
Allowance for inventories	149		(300,052)	(314,737)
Other current assets	150		394,759	744,725
Short-term prepaid expenses	151		278,698	648,461
Taxes receivable from State Treasury	153		116,061	96,264

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

Interfood Shareholding Company
Separate balance sheet as at 31 December 2018 (continued)

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

	Code	Note	31/12/2018 VND'000	1/1/2018 VND'000
Long-term assets (200 = 210 + 220 + 250 + 260)	200		178,035,465	176,822,959
Accounts receivable – long-term	210		1,750,728	1,575,362
Other long-term receivables	216		1,750,728	1,575,362
Fixed assets	220		60,806,396	78,022,425
Tangible fixed assets	221	8	54,558,478	70,863,916
<i>Cost</i>	222		331,420,579	330,205,298
<i>Accumulated depreciation</i>	223		(276,862,101)	(259,341,382)
Finance lease tangible fixed assets	224	9	115,852	155,572
<i>Cost</i>	225		198,603	198,603
<i>Accumulated depreciation</i>	226		(82,751)	(43,031)
Intangible fixed assets	227	10	6,132,066	7,002,937
<i>Cost</i>	228		14,082,575	13,315,814
<i>Accumulated amortisation</i>	229		(7,950,509)	(6,312,877)
Long-term financial investments	250		94,145,809	94,145,809
Investment in a subsidiary	251	11	94,145,809	94,145,809
Other long-term assets	260		21,332,532	3,079,363
Long-term prepaid expenses	261	12	3,124,915	3,079,363
Deferred tax assets	262	13	18,207,617	-
TOTAL ASSETS (270 = 100 + 200)	270		771,685,581	743,929,791

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

Interfood Shareholding Company
Separate balance sheet as at 31 December 2018 (continued)

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

	Code	Note	31/12/2018 VND'000	1/1/2018 VND'000
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		212,394,937	365,454,980
Current liabilities	310		208,859,946	361,832,063
Accounts payable to suppliers	311	14	88,521,046	78,103,782
Advances from customers	312		5,555,632	3,614,356
Taxes payable to State Treasury	313	15	17,114,592	14,119,017
Payable to employees	314		8,006,895	8,069,792
Accrued expenses	315	16	88,730,235	74,956,828
Other short-term payables	319	17	931,546	1,088,288
Short-term borrowings	320	18(a)	-	181,880,000
Long-term liabilities	330		3,534,991	3,622,917
Long-term finance lease liabilities	338	18(b)	136,581	169,203
Provision	342	19	3,398,410	3,453,714
EQUITY (400 = 410)	400		559,290,644	378,474,811
Owners' equity	410	20	559,290,644	378,474,811
Share capital	411	21	871,409,840	871,409,840
- <i>Ordinary shares with voting rights</i>	<i>411a</i>		<i>871,409,840</i>	<i>871,409,840</i>
Share premium	412		85,035,704	85,035,704
Other capital	420	22	90,034,048	90,034,048
Accumulated losses	421		(487,188,948)	(668,004,781)
- <i>Accumulated losses brought forward</i>	<i>421a</i>		<i>(668,004,781)</i>	<i>(784,327,433)</i>
- <i>Net profit for the current year</i>	<i>421b</i>		<i>180,815,833</i>	<i>116,322,652</i>
TOTAL RESOURCES (440 = 300 + 400)	440		771,685,581	743,929,791

22 March 2019

Prepared by:

Signed

Nguyen Hong Phong
Chief Accountant

Approved by:

Signed and sealed

Yutaka Ogami
Chairman – cum General Director

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

Interfood Shareholding Company
Separate statement of income for the year ended 31 December 2018

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

	Code	Note	2018 VND'000	2017 VND'000
Revenue from sale of goods	01	24	1,719,307,194	1,525,892,179
Revenue deductions	02	24	141,768,023	105,207,528
Net revenue (10 = 01 - 02)	10	24	1,577,539,171	1,420,684,651
Cost of sales	11	25	963,300,751	927,378,503
Gross profit (20 = 10 - 11)	20		614,238,420	493,306,148
Financial income	21	26	10,607,974	10,326,905
Financial expenses	22	27	11,804,083	11,753,484
<i>In which: Interest expense</i>	23		2,444,401	4,496,128
Selling expenses	25	28	369,829,630	330,222,418
General and administration expenses	26	29	32,409,626	33,253,283
Net operating profit {30 = 20 + (21 - 22) - (25 + 26)}	30		210,803,055	128,403,868
Other income	31	30	3,252,381	1,074,361
Other expenses	32	31	6,170,896	1,005,494
Results of other activities (40 = 31 - 32)	40		(2,918,515)	68,867
Accounting profit before tax (50 = 30 + 40)	50		207,884,540	128,472,735
Income tax expense – current	51	33	45,276,324	12,150,083
Income tax benefit – deferred	52	33	(18,207,617)	-
Net profit after tax (60 = 50 - 51 - 52)	60		180,815,833	116,322,652

22 March 2019

Prepared by:

Signed

Nguyen Hong Phong
Chief Accountant

Approved by:

Signed and sealed

Yutaka Ogami
Chairman – cum General Director

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

Interfood Shareholding Company
Separate statement of cash flows for the year ended 31 December 2018
(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	2018 VND'000	2017 VND'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Accounting profit before tax	01		207,884,540	128,472,735
Adjustments for				
Depreciation and amortisation	02		19,789,396	19,843,446
Allowances and provisions	03		1,716,576	(206,497)
Exchange gains arising from revaluation of monetary items denominated in foreign currencies	04		(12,575)	(371,990)
Profits from investing activities	05		(3,055,473)	(2,692,284)
Interest expense	06		2,444,401	4,496,128
Operating profit before changes in working capital	08		228,766,865	149,541,538
Change in receivables and other assets	09		28,937,073	36,878,804
Change in inventories	10		(40,353,410)	(54,891,306)
Change in payables and other liabilities	11		26,035,381	1,741,762
Change in prepaid expenses	12		324,211	85,793
			243,710,120	133,356,591
Interest paid	14		(2,614,003)	(4,950,820)
Corporate income tax paid	15		(42,783,274)	(6,869,953)
Net cash flows from operating activities	20		198,312,843	121,535,818
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for additions to fixed assets and other long-term assets	21		(2,573,367)	(5,172,905)
Proceeds from disposals of fixed assets	22		209,091	109,091
Payments for granting loans	23		(20,000,000)	(23,950,000)
Receipts of interest	27		695,757	845,633
Net cash flows from investing activities	30		(21,668,519)	(28,168,181)

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

Interfood Shareholding Company
Separate statement of cash flows for the year ended 31 December 2018
(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	2018 VND'000	2017 VND'000
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments to settle loan principals	34		(181,880,000)	(63,798,000)
Payments to settle finance lease liabilities	35		(32,622)	(25,636)
Net cash flows from financing activities	40		(181,912,622)	(63,823,636)
Net cash flows during the year (50 = 20 + 30 + 40)	50		(5,268,298)	29,544,001
Cash at the beginning of the year	60		267,313,725	237,769,724
Cash at the end of the year (70 = 50 + 60)	70	4	262,045,427	267,313,725

22 March 2019

Prepared by:

Signed

Nguyen Hong Phong
Chief Accountant

Approved by:

Signed and sealed

Yutaka Ogami
Chairman – cum General Director

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

Interfood Shareholding Company
Notes to the separate financial statements for the year ended 31 December 2018

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 separate financial statements.

1. Reporting entity

(a) Ownership structure

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

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

(b) Principal activities

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

(c) Normal operating cycle

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

(d) Company structure

As at 31 December 2018, the Company had 634 employees (1/1/2018: 664 employees).

Interfood Shareholding Company
Notes to the separate financial statements for the year ended 31 December 2018
(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 separate 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.

The Company prepares and issues its consolidated financial statements separately. For a comprehensive understanding of the consolidated financial position as at 31 December 2018 of the Company and its subsidiary (collectively referred to as “the Group”), their consolidated results of operations and their consolidated cash flows for the year then ended, the separate financial statements should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2018.

(b) Basis of measurement

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

(c) Annual accounting period

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

(d) Accounting and presentation currency

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

Interfood Shareholding Company
Notes to the separate financial statements for the year ended 31 December 2018
(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 separate 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 separate statement of income.

(b) Cash

Cash comprises cash balances and call deposits.

(c) Investment in a subsidiary

For the purpose of these separate 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 separate financial statements for the year ended 31 December 2018
(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 separate 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:

- machinery and equipment 10 – 15 years
- motor vehicles 6 – 10 years
- office equipment 3 – 10 years

(g) Finance lease tangible fixed assets

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

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

Interfood Shareholding Company
Notes to the separate financial statements for the year ended 31 December 2018
(continued)

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

(h) Intangible fixed assets

Software

Cost of acquiring a new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible fixed asset. Software cost is amortised on a straight-line basis over 10 years.

(i) Long-term prepaid expenses

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.

(j) Trade and other payables

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

(k) 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 separate financial statements for the year ended 31 December 2018
(continued)

Form B 09 – DN

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

(l) 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.

(m) Taxation

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

(n) Revenue and other income

(i) *Goods sold*

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

(ii) *Interest income*

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

Interfood Shareholding Company
Notes to the separate financial statements for the year ended 31 December 2018
(continued)

Form B 09 – DN

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

(o) Operating lease payments

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

(p) 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.

(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.

4. Cash

	31/12/2018	1/1/2018
	VND'000	VND'000
Cash on hand	58,007	114,128
Cash at banks	261,987,420	267,199,597
	<hr/>	<hr/>
Cash in the separate statement of cash flows	262,045,427	267,313,725
	<hr/>	<hr/>

Interfood Shareholding Company
Notes to the separate financial statements for the year ended 31 December 2018
(continued)

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

5. Accounts receivable from customers

(a) Accounts receivable from customers detailed by significant customers

	31/12/2018	1/1/2018
	VND'000	VND'000
EB Services Company Limited	5,572,328	3,744,485
VinCommerce General Commercial Services Joint Stock Company	4,806,694	3,400,699
Saigon Union of Trading Co-operatives	3,898,136	2,798,644
MM Mega Market Vietnam Company Limited	3,202,498	3,108,148
Others	11,261,791	12,513,511
	<hr/>	<hr/>
	28,741,447	25,565,487
	<hr/> <hr/>	<hr/> <hr/>

(b) Accounts receivable from customers classified by payment term

	31/12/2018	1/1/2018
	VND'000	VND'000
Short-term	28,741,447	25,565,487
	<hr/> <hr/>	<hr/> <hr/>

6. Short-term loans receivable

	31/12/2018	1/1/2018
	VND'000	VND'000
Short-term loans granted to a subsidiary	76,248,621	87,722,932
	<hr/> <hr/>	<hr/> <hr/>

Short-term loans to Avafood Shareholding Company (“Avafood”), a subsidiary with the credit limit of USD5 million (1/1/2018: USD7 million), were unsecured and earned interest at rates ranging from 1.869% to 3.3% per annum during the year (2017: 1.869% per annum).

Interfood Shareholding Company
Notes to the separate financial statements for the year ended 31 December 2018
(continued)

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

7. Inventories

	31/12/2018		1/1/2018	
	Cost VND'000	Allowance VND'000	Cost VND'000	Allowance VND'000
Goods in transit	26,967	-	53,355	-
Raw materials	61,008,988	-	56,050,954	(17,918)
Tools and supplies	5,467,593	(296,819)	5,515,174	(296,819)
Work in progress	4,284,841	-	5,558,360	-
Finished goods	153,364,918	(3,233)	117,842,145	-
	224,153,307	(300,052)	185,019,988	(314,737)

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

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

Interfood Shareholding Company
Notes to the separate financial statements for the year ended 31 December 2018
(continued)

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

8. Tangible fixed assets

	Machinery and equipment VND'000	Motor vehicles VND'000	Office equipment VND'000	Total VND'000
Cost				
Opening balance	313,933,804	7,570,514	8,700,980	330,205,298
Additions	65,460	-	1,741,146	1,806,606
Disposals	-	(591,325)	-	(591,325)
Closing balance	313,999,264	6,979,189	10,442,126	331,420,579
Accumulated depreciation				
Opening balance	249,218,636	5,695,705	4,427,041	259,341,382
Charge for the year	16,189,433	562,840	1,359,771	18,112,044
Disposals	-	(591,325)	-	(591,325)
Closing balance	265,408,069	5,667,220	5,786,812	276,862,101
Net book value				
Opening balance	64,715,168	1,874,809	4,273,939	70,863,916
Closing balance	48,591,195	1,311,969	4,655,314	54,558,478

Included in tangible fixed assets were assets costing VND61,698 million which were fully depreciated as of 31 December 2018 (1/1/2018: VND58,785 million), but are still in active use.

Net book value of temporarily idle tangible fixed assets amounted to VND6,572 million as of 31 December 2018 (1/1/2018: VND1,035 million).

Interfood Shareholding Company
Notes to the separate financial statements for the year ended 31 December 2018
(continued)

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

9. Finance lease tangible fixed assets

	Office equipment VND'000
Cost	
Opening and closing balance	198,603
<hr/>	
Accumulated depreciation	
Opening balance	43,031
Charge for the year	39,720
<hr/>	
Closing balance	82,751
<hr/>	
Net book value	
Opening balance	155,572
Closing balance	115,852
<hr/>	

10. Intangible fixed assets

	Software VND'000
Cost	
Opening balance	13,315,814
Additions	766,761
<hr/>	
Closing balance	14,082,575
<hr/>	
Accumulated amortisation	
Opening balance	6,312,877
Charge for the year	1,637,632
<hr/>	
Closing balance	7,950,509
<hr/>	
Net book value	
Opening balance	7,002,937
Closing balance	6,132,066
<hr/>	

Interfood Shareholding Company
Notes to the separate financial statements for the year ended 31 December 2018
(continued)

Form B 09 – DN

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

11. Investment in a subsidiary

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

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

12. Long-term prepaid expenses

	Tools and supplies VND’000	Others VND’000	Total VND’000
Opening balance	3,077,495	1,868	3,079,363
Additions	1,620,000	-	1,620,000
Amortisation for the year	(1,572,580)	(1,868)	(1,574,448)
Closing balance	3,124,915	-	3,124,915

13. Deferred tax assets

	Tax rate	31/12/2018 VND’000	1/1/2018 VND’000
Accrued expenses	20%	17,746,047	-
Allowance for doubtful debts	20%	401,560	-
Allowance for inventories	20%	60,010	-
		18,207,617	-

Interfood Shareholding Company
Notes to the separate financial statements for the year ended 31 December 2018
(continued)

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

14. Accounts payable to suppliers

(a) Accounts payable to suppliers detailed by significant suppliers

	31/12/2018		1/1/2018	
	Cost VND'000	Amount within payment capacity VND'000	Cost VND'000	Amount within payment capacity VND'000
Crown Beverage Can (Dong Nai) Company Limited	24,211,934	24,211,934	22,311,049	22,311,049
Vietnam Kirin Beverage Company Limited	17,898,147	17,898,147	20,809,020	20,809,020
Vietnam Chuanli Can Manufacturing Company Limited	10,367,798	10,367,798	5,124,576	5,124,576
Others	36,043,167	36,043,167	29,859,137	29,859,137
	88,521,046	88,521,046	78,103,782	78,103,782

(b) Accounts payable to suppliers classified by payment term

	31/12/2018		1/1/2018	
	Cost VND'000	Amount within payment capacity VND'000	Cost VND'000	Amount within payment capacity VND'000
Short-term	88,521,046	88,521,046	78,103,782	78,103,782

Interfood Shareholding Company
Notes to the separate financial statements for the year ended 31 December 2018
(continued)

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

(c) Accounts payable to suppliers who are related parties

	31/12/2018		1/1/2018	
	Cost VND'000	Amount within payment capacity VND'000	Cost VND'000	Amount within payment capacity VND'000
Vietnam Kirin Beverage Company Limited, a related party	17,898,147	17,898,147	20,809,020	20,809,020

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.

15. Taxes payable to State Treasury

	1/1/2018 VND'000	Incurred VND'000	Paid VND'000	Net-off VND'000	31/12/2018 VND'000
Value added tax	7,924,681	157,943,677	(59,072,983)	(98,681,494)	8,113,881
Corporate income tax	5,280,130	45,276,324	(42,783,274)	-	7,773,180
Personal income tax	914,206	5,995,047	(5,963,175)	-	946,078
Others	-	1,082,900	(801,447)	-	281,453
	14,119,017	210,297,948	(108,620,879)	(98,681,494)	17,114,592

Interfood Shareholding Company
Notes to the separate financial statements for the year ended 31 December 2018
(continued)

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

16. Accrued expenses

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

(*) According to the Secondment Agreement dated 1 July 2011, the 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.

17. Other short-term payables

	31/12/2018	1/1/2018
	VND'000	VND'000
Dividends payable	505,391	505,391
Non-trade amounts due to a related party	201,817	493,867
Others	224,338	89,030
	931,546	1,088,288

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

Interfood Shareholding Company**Notes to the separate financial statements for the year ended 31 December 2018 (continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)***18. Borrowings and liabilities****(a) Short-term borrowings**

	1/1/2018		Movements during the year	31/12/2018	
	Carrying amount VND'000	Amount within repayment capacity VND'000	Repayment VND'000	Carrying amount VND'000	Amount within repayment capacity VND'000
Short-term borrowings	181,880,000	181,880,000	(181,880,000)	-	-

Interfood Shareholding Company
Notes to the separate financial statements for the year ended 31 December 2018
(continued)

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

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

	Currency	Annual interest rate	31/12/2018 VND'000	1/1/2018 VND'000
Loans from Kirin Holdings Singapore Pte. Ltd	USD	Libor plus 0.8%	-	181,880,000

(b) Long-term finance lease liabilities

	31/12/2018 VND'000	1/1/2018 VND'000
Finance lease liabilities	136,581	169,203

Terms and conditions of finance lease liabilities were as follows:

	Currency	Annual interest rate	Year of maturity	31/12/2018 VND'000	1/1/2018 VND'000
Liability from Chailease International Leasing Company Limited	VND	21.6%	2021	136,581	169,203

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

	Payments VND'000	Interest VND'000	Principal VND'000
Within 1 year	65,282	25,945	39,337
Within 2 to 5 years	118,817	21,573	97,244
	<hr/> 184,099	<hr/> 47,518	<hr/> 136,581

Interfood Shareholding Company
Notes to the separate financial statements for the year ended 31 December 2018
(continued)

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

19. Provision

Movements of provision during the year were as follows:

	Severance allowance VND'000
Opening balance	3,453,714
Provision made during the year	511,170
Provision utilised during the year	(566,474)
	<hr/>
Closing balance	3,398,410
	<hr/>

Interfood Shareholding Company**Notes to the separate financial statements for the year ended 31 December 2018 (continued)**

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

20. Changes in owners' equity

	Share capital VND'000	Share premium VND'000	Other capital VND'000	Accumulated losses VND'000	Total VND'000
Balance as at 1 January 2017	871,409,840	85,035,704	90,034,048	(784,327,433)	262,152,159
Net profit for the year	-	-	-	116,322,652	116,322,652
Balance as at 1 January 2018	871,409,840	85,035,704	90,034,048	(668,004,781)	378,474,811
Net profit for the year	-	-	-	180,815,833	180,815,833
Balance as at 31 December 2018	871,409,840	85,035,704	90,034,048	(487,188,948)	559,290,644

Interfood Shareholding Company
Notes to the separate financial statements for the year ended 31 December 2018
(continued)

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

21. Share capital

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

	31/12/2018 and 1/1/2018	
	Number of shares	VND'000
Authorised and issued share capital		
Ordinary shares	87,140,992	871,409,920
Shares in circulation		
Ordinary shares	87,140,984	871,409,840

All ordinary shares have a par value of VND10,000. Each share is entitled to one vote at meetings of the Company. Shareholders are entitled to receive 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.

22. 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.

23. Off balance sheet items

(a) Lease commitments

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

	31/12/2018	1/1/2018
	VND'000	VND'000
Within 1 year	11,761,695	10,047,118
Within 2 to 5 years	15,139,269	12,599,057
	26,900,964	22,646,175

Interfood Shareholding Company
Notes to the separate financial statements for the year ended 31 December 2018
(continued)

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

(b) Foreign currencies

	31/12/2018		1/1/2018	
	Original currency	VND'000 equivalent	Original currency	VND'000 equivalent
USD	58,937	1,364,614	66,092	1,497,310
EUR	306	8,165	317	8,600
		1,372,779		1,505,910
		1,372,779		1,505,910

24. Revenue from sale of goods

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

Net revenue comprised of:

	2018 VND'000	2017 VND'000
Total revenue		
▪ Sale of drinks	1,467,375,905	1,317,091,165
▪ Sale of other products	251,100,246	207,196,076
▪ Sale of scraps	831,043	1,604,938
	1,719,307,194	1,525,892,179
Less revenue deductions		
▪ Sales allowances	141,761,164	104,838,279
▪ Sales returns	6,859	369,249
	141,768,023	105,207,528
Net revenue	1,577,539,171	1,420,684,651

Interfood Shareholding Company
Notes to the separate financial statements for the year ended 31 December 2018
(continued)

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

25. Cost of sales

	2018	2017
	VND'000	VND'000
Total cost of sales		
▪ Cost of drinks	846,768,936	817,304,966
▪ Cost of other products	116,531,815	110,073,537
	963,300,751	927,378,503
	963,300,751	927,378,503

26. Financial income

	2018	2017
	VND'000	VND'000
Interest income from loans to Avafood	2,150,626	1,737,560
Interest income from deposits at banks	695,757	845,633
Foreign exchange gains	7,761,591	7,743,712
	10,607,974	10,326,905
	10,607,974	10,326,905

27. Financial expenses

	2018	2017
	VND'000	VND'000
Interest expense	2,444,401	4,496,128
Foreign exchange losses	9,359,682	7,257,356
	11,804,083	11,753,484
	11,804,083	11,753,484

Interfood Shareholding Company
Notes to the separate financial statements for the year ended 31 December 2018
(continued)

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

28. Selling expenses

	2018	2017
	VND'000	VND'000
Staff costs and support expense	162,681,531	156,514,297
Advertisement and promotion expenses	100,852,452	79,559,893
Transportation expense	75,374,238	67,005,502
Rental expense	9,723,778	8,523,425
Others	21,197,631	18,619,301
	<hr/>	<hr/>
	369,829,630	330,222,418
	<hr/>	<hr/>

29. General and administration expenses

	2018	2017
	VND'000	VND'000
Staff costs	11,205,123	11,025,611
Consultant fee	3,143,972	3,673,957
Rental expense	3,481,041	3,308,835
Depreciation and amortisation	3,012,968	2,465,454
Allowance	511,170	769,980
Others	11,055,352	12,009,446
	<hr/>	<hr/>
	32,409,626	33,253,283
	<hr/>	<hr/>

30. Other income

	2018	2017
	VND'000	VND'000
Gains from disposals of tangible fixed assets	209,091	109,091
Others	3,043,290	965,270
	<hr/>	<hr/>
	3,252,381	1,074,361
	<hr/>	<hr/>

Interfood Shareholding Company
Notes to the separate financial statements for the year ended 31 December 2018
(continued)

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

31. Other expenses

	2018	2017
	VND'000	VND'000
Depreciation of idle tangible fixed assets	4,034,465	813,921
Others	2,136,431	191,573
	<hr/>	<hr/>
	6,170,896	1,005,494
	<hr/> <hr/>	<hr/> <hr/>

32. Production and business costs by elements

	2018	2017
	VND'000	VND'000
Raw material costs included in production costs	688,684,278	686,684,046
Labour and staff costs and support expense	211,711,446	208,202,899
Depreciation and amortisation	19,789,396	19,843,446
Outside services	471,669,948	397,859,791
Others	27,942,972	25,104,465
	<hr/>	<hr/>

33. Income tax

(a) Recognised in the separate statement of income

	2018	2017
	VND'000	VND'000
Current tax expense		
Current year	45,276,324	12,150,083
Deferred tax benefit		
Origination and reversal of temporary differences	(18,207,617)	-
	<hr/>	<hr/>
Income tax expense	27,068,707	12,150,083
	<hr/> <hr/>	<hr/> <hr/>

Interfood Shareholding Company
Notes to the separate financial statements for the year ended 31 December 2018
(continued)

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

(b) Reconciliation of effective tax rate

	2018	2017
	VND'000	VND'000
Accounting profit before tax	207,884,540	128,472,735
Tax at the Company's tax rate	41,576,908	25,694,547
Non-deductible expenses	947,672	264,009
Recognition of previously unrecognised deferred tax assets	(15,455,873)	-
Previously unrecognised temporary differences	-	(207,070)
Tax losses utilised	-	(13,601,403)
	27,068,707	12,150,083
	27,068,707	12,150,083

(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%.

Interfood Shareholding Company
Notes to the separate financial statements for the year ended 31 December 2018
(continued)

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

34. Significant transactions with related parties

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

	Transaction value	
	2018	2017
	VND'000	VND'000
Ultimate Parent Company		
Kirin Holdings Company, Limited		
Secondment fee	5,650,277	6,606,456
Parent Company		
Kirin Holdings Singapore Pte. Ltd		
Loans repaid	181,880,000	-
Interest expense	2,408,388	4,452,518
Subsidiary		
Avafood Shareholding Company		
Short-term loans granted	20,000,000	23,950,000
Interest income	2,150,626	1,737,560
Processing fee	24,635,913	26,761,236
Office and factory rental fee	5,932,212	5,932,212
Other related parties		
Vietnam Kirin Beverage Company Limited		
Processing fee	217,563,476	171,134,922
Purchases of services	2,492,720	2,848,760
Purchases of goods	15,685	-
Sales of goods	29,234	419,432
Members of Board of Directors		
Secondment fee	4,387,680	4,474,937
Salary	1,818,000	1,818,000

Interfood Shareholding Company
Notes to the separate financial statements for the year ended 31 December 2018
(continued)

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

35. Non-cash investing activities

	2018	2017
	VND'000	VND'000
Net off payable against receivable for loans principal and interest from a subsidiary	33,624,937	35,962,793
Conversion of loans interest receivable to short-term loans receivable	2,150,626	1,737,560

36. Corresponding figures

Corresponding figures as at 1 January 2018 were derived from the balances and amounts reported in the Company's separate financial statements as at and for the year ended 31 December 2017.

22 March 2019

Prepared by:

Signed

Nguyen Hong Phong
Chief Accountant

Approved by:

Signed and sealed

Yutaka Ogami
Chairman – cum General Director