

**Interfood Shareholding Company**

Separate Financial Statements for the year  
ended 31 December 2019

## Interfood Shareholding Company Corporate information

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

**Investment Certificates No.**

472033000328 (1 <sup>st</sup> amendment)	28 November 2007
472033000328 (2 <sup>nd</sup> amendment)	20 May 2010
472033000328 (3 <sup>rd</sup> amendment)	22 April 2011
472033000328 (4 <sup>th</sup> amendment)	18 October 2011
472033000328 (5 <sup>th</sup> amendment)	14 May 2014
472033000328 (6 <sup>th</sup> amendment)	30 December 2015
6525867086 (7 <sup>th</sup> amendment)	5 February 2016
6525867086 (8 <sup>th</sup> amendment)	28 December 2016
6525867086 (9 <sup>th</sup> amendment)	25 January 2017
6525867086 (10 <sup>th</sup> amendment)	8 April 2018
6525867086 (11 <sup>th</sup> amendment)	1 October 2019

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

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

**Board of Management**

Yutaka Ogami	Chairman
Takeshi Fukushima	Member
Nguyen Thi Kim Lien	Member
Takashi Suda	Member
	(from 10 April 2019)
Toru Yoshimura	Member
	(from 17 December 2019)
Osamu Harada	Member
	(until 10 April 2019)
Shinro Fujita	Member
	(until 17 December 2019)

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

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

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

The Board of Directors of Interfood Shareholding Company (“the Company”) presents this statement and the accompanying separate financial statements of the Company for the year ended 31 December 2019.

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 37 give a true and fair view of the unconsolidated financial position of the Company as at 31 December 2019, 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, 25 March 2020

**Interfood Shareholding Company**  
**Separate balance sheet as at 31 December 2019**

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

	Code	Note	31/12/2019 VND'000	1/1/2019 VND'000
<b>ASSETS</b>				
<b>Current assets</b> (100 = 110 + 130 + 140 + 150)	<b>100</b>		<b>838,133,708</b>	<b>593,650,116</b>
<b>Cash</b>	<b>110</b>	<b>4</b>	<b>517,046,649</b>	<b>262,045,427</b>
Cash	111		517,046,649	262,045,427
<b>Accounts receivable – short-term</b>	<b>130</b>		<b>111,919,864</b>	<b>107,356,675</b>
Accounts receivable from customers	131	5	35,389,941	28,741,447
Prepayments to suppliers	132		8,920,595	3,941,056
Short-term loans receivable	135	6	69,341,174	76,248,621
Other short-term receivables	136		275,956	433,353
Allowance for doubtful debts	137		(2,007,802)	(2,007,802)
<b>Inventories</b>	<b>140</b>	<b>7</b>	<b>207,482,930</b>	<b>223,853,255</b>
Inventories	141		207,897,813	224,153,307
Allowance for inventories	149		(414,883)	(300,052)
<b>Other current assets</b>	<b>150</b>		<b>1,684,265</b>	<b>394,759</b>
Short-term prepaid expenses	151		1,226,627	278,698
Taxes receivable from State Treasury	153		457,638	116,061

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

**Interfood Shareholding Company**  
**Separate balance sheet as at 31 December 2019 (continued)**

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

	Code	Note	31/12/2019 VND'000	1/1/2019 VND'000
<b>Long-term assets</b> <b>(200 = 210 + 220 + 250 + 260)</b>	<b>200</b>		<b>151,877,868</b>	<b>178,035,465</b>
<b>Accounts receivable – long-term</b>	<b>210</b>		<b>1,750,728</b>	<b>1,750,728</b>
Other long-term receivables	216		1,750,728	1,750,728
<b>Fixed assets</b>	<b>220</b>		<b>39,139,589</b>	<b>60,806,396</b>
Tangible fixed assets	221	8	34,375,984	54,558,478
<i>Cost</i>	222		195,468,456	331,420,579
<i>Accumulated depreciation</i>	223		(161,092,472)	(276,862,101)
Finance lease tangible fixed assets	224	9	76,131	115,852
<i>Cost</i>	225		198,603	198,603
<i>Accumulated depreciation</i>	226		(122,472)	(82,751)
Intangible fixed assets	227	10	4,687,474	6,132,066
<i>Cost</i>	228		14,082,575	14,082,575
<i>Accumulated amortisation</i>	229		(9,395,101)	(7,950,509)
<b>Long-term financial investments</b>	<b>250</b>	<b>11</b>	<b>93,031,155</b>	<b>94,145,809</b>
Investment in a subsidiary	251		94,145,809	94,145,809
Allowance for diminution in the value of long-term financial investments	254		(1,114,654)	-
<b>Other long-term assets</b>	<b>260</b>		<b>17,956,396</b>	<b>21,332,532</b>
Long-term prepaid expenses	261	12	1,865,903	3,124,915
Deferred tax assets	262	13	16,090,493	18,207,617
<b>TOTAL ASSETS (270 = 100 + 200)</b>	<b>270</b>		<b>990,011,576</b>	<b>771,685,581</b>

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

**Interfood Shareholding Company**  
**Separate balance sheet as at 31 December 2019 (continued)**

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

	Code	Note	31/12/2019 VND'000	1/1/2019 VND'000
<b>RESOURCES</b>				
<b>LIABILITIES (300 = 310 + 330)</b>	<b>300</b>		<b>207,526,931</b>	<b>212,394,937</b>
<b>Current liabilities</b>	<b>310</b>		<b>203,992,242</b>	<b>208,859,946</b>
Accounts payable to suppliers	311	14	84,825,787	88,521,046
Advances from customers	312		10,639,429	5,555,632
Taxes payable to State Treasury	313	15	26,636,285	17,114,592
Payable to employees	314		7,391,247	8,006,895
Accrued expenses	315	16	73,478,545	88,730,235
Other short-term payables	319	17	1,020,949	931,546
<b>Long-term liabilities</b>	<b>330</b>		<b>3,534,689</b>	<b>3,534,991</b>
Long-term finance lease liabilities	338	18	98,110	136,581
Provision	342	19	3,436,579	3,398,410
<b>EQUITY (400 = 410)</b>	<b>400</b>		<b>782,484,645</b>	<b>559,290,644</b>
<b>Owners' equity</b>	<b>410</b>	<b>20</b>	<b>782,484,645</b>	<b>559,290,644</b>
Share capital	411	21	871,409,840	871,409,840
- Ordinary shares with voting rights	411a		871,409,840	871,409,840
Share premium	412		85,035,704	85,035,704
Other capital	420	22	90,034,048	90,034,048
Accumulated losses	421		(263,994,947)	(487,188,948)
- Accumulated losses brought forward	421a		(487,188,948)	(668,004,781)
- Net profit for the current year	421b		223,194,001	180,815,833
<b>TOTAL RESOURCES (440 = 300 + 400)</b>	<b>440</b>		<b>990,011,576</b>	<b>771,685,581</b>

25 March 2020

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 2019**

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

	Code	Note	2019 VND'000	2018 VND'000
Revenue from sale of goods	01	24	1,796,760,939	1,719,307,194
Revenue deductions	02	24	162,022,816	141,768,023
<b>Net revenue (10 = 01 - 02)</b>	<b>10</b>	<b>24</b>	<b>1,634,738,123</b>	<b>1,577,539,171</b>
Cost of sales	11	25	961,341,669	963,300,751
<b>Gross profit (20 = 10 - 11)</b>	<b>20</b>		<b>673,396,454</b>	<b>614,238,420</b>
Financial income	21	26	5,523,393	10,607,974
Financial expenses	22	27	3,702,214	11,804,083
<i>In which: Interest expense</i>	23		29,403	2,444,401
Selling expenses	25	28	343,704,732	369,829,630
General and administration expenses	26	29	33,353,806	32,409,626
<b>Net operating profit</b> <b>{30 = 20 + (21 - 22) - (25 + 26)}</b>	<b>30</b>		<b>298,159,095</b>	<b>210,803,055</b>
Other income	31	30	809,080	3,252,381
Other expenses	32	31	10,167,642	6,170,896
<b>Results of other activities (40 = 31 - 32)</b>	<b>40</b>		<b>(9,358,562)</b>	<b>(2,918,515)</b>
<b>Accounting profit before tax</b> <b>(50 = 30 + 40)</b>	<b>50</b>		<b>288,800,533</b>	<b>207,884,540</b>
Income tax expense – current	51	33	63,489,408	45,276,324
Income tax expense/(benefit) – deferred	52	33	2,117,124	(18,207,617)
<b>Net profit after tax (60 = 50 - 51 - 52)</b>	<b>60</b>		<b>223,194,001</b>	<b>180,815,833</b>

25 March 2020

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 2019**  
**(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	2019 VND'000	2018 VND'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Accounting profit before tax</b>	<b>01</b>		<b>288,800,533</b>	<b>207,884,540</b>
<b>Adjustments for</b>				
Depreciation and amortisation	02		17,302,624	19,789,396
Allowances and provisions	03		3,375,780	1,716,576
Exchange losses/(gains) arising from revaluation of monetary items denominated in foreign currencies	04		15,125	(12,575)
Losses/(profits) from investing activities	05		1,834,834	(3,055,474)
Interest expense	06		29,403	2,444,401
<b>Operating profit before changes in working capital</b>	<b>08</b>		<b>311,358,299</b>	<b>228,766,864</b>
Change in receivables and other assets	09		22,536,583	28,937,074
Change in inventories	10		14,405,283	(40,353,410)
Change in payables and other liabilities	11		(13,853,566)	26,035,381
Change in prepaid expenses	12		311,083	324,211
			<b>334,757,682</b>	<b>243,710,120</b>
Interest paid	14		(29,403)	(2,614,003)
Corporate income tax paid	15		(54,774,097)	(42,783,274)
<b>Net cash flows from operating activities</b>	<b>20</b>		<b>279,954,182</b>	<b>198,312,843</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for additions to fixed assets	21		(1,785,899)	(2,573,367)
Proceeds from disposals of fixed assets	22		970,106	209,091
Payments for granting loans	23		(25,000,000)	(20,000,000)
Receipts of interest	27		901,304	695,757
<b>Net cash flows from investing activities</b>	<b>30</b>		<b>(24,914,489)</b>	<b>(21,668,519)</b>

*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 2019**  
**(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	2019 VND'000	2018 VND'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Payments to settle loan principals	34		-	(181,880,000)
Payments to settle finance lease liabilities	35		(38,471)	(32,622)
<b>Net cash flows from financing activities</b>	<b>40</b>		<b>(38,471)</b>	<b>(181,912,622)</b>
<b>Net cash flows during the year (50 = 20 + 30 + 40)</b>	<b>50</b>		<b>255,001,222</b>	<b>(5,268,298)</b>
<b>Cash at the beginning of the year</b>	<b>60</b>		<b>262,045,427</b>	<b>267,313,725</b>
<b>Cash at the end of the year (70 = 50 + 60)</b>	<b>70</b>	<b>4</b>	<b>517,046,649</b>	<b>262,045,427</b>

25 March 2020

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 2019**

**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 2019, the Company had 617 employees (1/1/2019: 634 employees).

**Interfood Shareholding Company**  
**Notes to the separate financial statements for the year ended 31 December 2019**  
**(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 2019 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 2019.

**(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 2019**  
**(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 2019**  
**(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 2019**  
**(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 2019**  
**(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 in the separate statement of income 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 2019**  
**(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**

	<b>31/12/2019</b>	<b>1/1/2019</b>
	<b>VND'000</b>	<b>VND'000</b>
Cash on hand	252,305	58,007
Cash at banks	516,794,344	261,987,420
	<hr/>	<hr/>
Cash in the separate statement of cash flows	517,046,649	262,045,427
	<hr/>	<hr/>

**Interfood Shareholding Company**  
**Notes to the separate financial statements for the year ended 31 December 2019**  
**(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**

	<b>31/12/2019</b>	<b>1/1/2019</b>
	<b>VND'000</b>	<b>VND'000</b>
EB Services Company Limited	7,976,751	5,572,328
VinCommerce General Commercial Services Joint Stock Company	6,785,952	4,806,694
MM Mega Market Vietnam Company Limited	4,789,915	3,202,498
Saigon Union of Trading Co-operatives	2,804,313	3,898,136
Others	13,033,010	11,261,791
	<hr/>	<hr/>
	35,389,941	28,741,447
	<hr/> <hr/>	<hr/> <hr/>

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

	<b>31/12/2019</b>	<b>1/1/2019</b>
	<b>VND'000</b>	<b>VND'000</b>
Short-term	35,389,941	28,741,447
	<hr/> <hr/>	<hr/> <hr/>

**6. Short-term loans receivable**

	<b>31/12/2019</b>	<b>1/1/2019</b>
	<b>VND'000</b>	<b>VND'000</b>
Short-term loans granted to a subsidiary	69,341,174	76,248,621
	<hr/> <hr/>	<hr/> <hr/>

Short-term loans to Avafood Shareholding Company (“Avafood”), a subsidiary with the credit limit of USD5 million (1/1/2019: USD5 million), were unsecured and earned annual interest at 3.3% (2018: from 1.869% to 3.3% per annum).

**Interfood Shareholding Company**  
**Notes to the separate financial statements for the year ended 31 December 2019**  
**(continued)**

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

**7. Inventories**

	31/12/2019		1/1/2019	
	Cost VND'000	Allowance VND'000	Cost VND'000	Allowance VND'000
Goods in transit	9,719,234	-	26,967	-
Raw materials	49,850,128	(64,631)	61,008,988	-
Tools and supplies	4,560,503	(296,819)	5,467,593	(296,819)
Work in progress	7,847,627	-	4,284,841	-
Finished goods	135,920,321	(53,433)	153,364,918	(3,233)
	207,897,813	(414,883)	224,153,307	(300,052)

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

	2019 VND'000	2018 VND'000
Opening balance	300,052	314,737
Increase in allowance during the year	1,965,042	1,205,406
Allowance utilised during the year	(1,850,211)	(1,220,091)
	414,883	300,052

**Interfood Shareholding Company**  
**Notes to the separate financial statements for the year ended 31 December 2019**  
**(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**

	<b>Machinery and equipment VND'000</b>	<b>Motor vehicles VND'000</b>	<b>Office equipment VND'000</b>	<b>Total VND'000</b>
<b>Cost</b>				
Opening balance	313,999,264	6,979,189	10,442,126	331,420,579
Additions	1,522,300	-	263,599	1,785,899
Disposals	(137,332,968)	(405,054)	-	(137,738,022)
<b>Closing balance</b>	<b>178,188,596</b>	<b>6,574,135</b>	<b>10,705,725</b>	<b>195,468,456</b>
<b>Accumulated depreciation</b>				
Opening balance	265,408,069	5,667,220	5,786,812	276,862,101
Charge for the year	13,997,123	252,848	1,568,340	15,818,311
Disposals	(131,182,886)	(405,054)	-	(131,587,940)
<b>Closing balance</b>	<b>148,222,306</b>	<b>5,515,014</b>	<b>7,355,152</b>	<b>161,092,472</b>
<b>Net book value</b>				
Opening balance	48,591,195	1,311,969	4,655,314	54,558,478
<b>Closing balance</b>	<b>29,966,290</b>	<b>1,059,121</b>	<b>3,350,573</b>	<b>34,375,984</b>

Included in tangible fixed assets were assets costing VND38,645 million which were fully depreciated as of 31 December 2019 (1/1/2019: VND61,698 million), but which are still in active use.

Net book value of temporarily idle tangible fixed assets amounted to VND114 million as of 31 December 2019 (1/1/2019: VND6,572 million).

**Interfood Shareholding Company**  
**Notes to the separate financial statements for the year ended 31 December 2019**  
**(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**

	<b>Office equipment VND'000</b>
<b>Cost</b>	
Opening and closing balance	198,603
<hr/>	
<b>Accumulated depreciation</b>	
Opening balance	82,751
Charge for the year	39,721
<hr/>	
Closing balance	122,472
<hr/>	
<b>Net book value</b>	
Opening balance	115,852
Closing balance	76,131
<hr/>	

**10. Intangible fixed assets**

	<b>Software VND'000</b>
<b>Cost</b>	
Opening and closing balance	14,082,575
<hr/>	
<b>Accumulated amortisation</b>	
Opening balance	7,950,509
Charge for the year	1,444,592
<hr/>	
Closing balance	9,395,101
<hr/>	
<b>Net book value</b>	
Opening balance	6,132,066
Closing balance	4,687,474
<hr/>	

Included in intangible fixed assets were assets costing VND1,851 million which were fully amortised as of 31 December 2019 (1/1/2019: nil), but which are still in active use.

**Interfood Shareholding Company****Notes to the separate financial statements for the year ended 31 December 2019 (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**

	31/12/2019				1/1/2019			
	% of equity owned	% of voting rights	Cost VND'000	Allowance VND'000	% of equity owned	% of voting rights	Cost VND'000	Allowance VND'000
Avafood Shareholding Company	90.4%	90.4%	94,145,809	(1,114,654)	90.4%	90.4%	94,145,809	-

Detail information of a subsidiary as at 31 December 2019 and 1 January 2019 are described as follows:

Name	Address	Principal activities
Avafood Shareholding Company	Lot 13, Tam Phuoc Industrial Zone, Tam Phuoc Ward, Bien Hoa City, Dong Nai Province, Vietnam	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 and import products.

The Company has not determined the fair value of the equity investment for disclosure in the separate financial statements because 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 amounts.

**Interfood Shareholding Company**  
**Notes to the separate financial statements for the year ended 31 December 2019**  
**(continued)**

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

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

	<b>2019</b> <b>VND'000</b>	<b>2018</b> <b>VND'000</b>
Opening balance	-	-
Increase in allowance during the year	1,114,654	-
	<hr/>	<hr/>
Closing balance	1,114,654	-
	<hr/> <hr/>	<hr/> <hr/>

**12. Long-term prepaid expenses**

	<b>Tools and supplies</b> <b>VND'000</b>
Opening balance	3,124,915
Additions	390,600
Amortisation for the year	(1,649,612)
	<hr/>
Closing balance	1,865,903
	<hr/> <hr/>

**13. Deferred tax assets**

	<b>Tax rate</b>	<b>31/12/2019</b> <b>VND'000</b>	<b>1/1/2019</b> <b>VND'000</b>
Accrued expenses	20%	14,695,709	17,746,047
Allowances and provisions	20%	1,394,784	461,570
		<hr/>	<hr/>
		16,090,493	18,207,617
		<hr/> <hr/>	<hr/> <hr/>

**Interfood Shareholding Company**  
**Notes to the separate financial statements for the year ended 31 December 2019**  
(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**

	31/12/2019		1/1/2019	
	Cost VND'000	Amount within payment capacity VND'000	Cost VND'000	Amount within payment capacity VND'000
Vietnam Kirin Beverage Company Limited	20,689,633	20,689,633	17,898,147	17,898,147
Crown Beverage Can (Dong Nai) Company Limited	13,976,584	13,976,584	24,211,934	24,211,934
Vietnam Chuanli Can Manufacturing Company Limited	11,319,447	11,319,447	10,367,798	10,367,798
Others	38,840,123	38,840,123	36,043,167	36,043,167
	84,825,787	84,825,787	88,521,046	88,521,046

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

	31/12/2019		1/1/2019	
	Cost VND'000	Amount within payment capacity VND'000	Cost VND'000	Amount within payment capacity VND'000
Short-term	84,825,787	84,825,787	88,521,046	88,521,046

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

	31/12/2019		1/1/2019	
	Cost VND'000	Amount within payment capacity VND'000	Cost VND'000	Amount within payment capacity VND'000
Vietnam Kirin Beverage Company Limited	20,689,633	20,689,633	17,898,147	17,898,147



**Interfood Shareholding Company**  
**Notes to the separate financial statements for the year ended 31 December 2019**  
**(continued)**

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

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**

	<b>1/1/2019</b>	<b>Incurred</b>	<b>Paid</b>	<b>Net-off</b>	<b>31/12/2019</b>
	<b>VND'000</b>	<b>VND'000</b>	<b>VND'000</b>	<b>VND'000</b>	<b>VND'000</b>
Value added tax	8,113,881	161,081,953	(66,962,249)	(93,397,989)	8,835,596
Corporate income tax	7,773,180	63,489,408	(54,774,097)	-	16,488,491
Personal income tax	946,078	6,850,493	(6,993,998)	-	802,573
Others	281,453	792,718	(564,546)	-	509,625
	<b>17,114,592</b>	<b>232,214,572</b>	<b>(129,294,890)</b>	<b>(93,397,989)</b>	<b>26,636,285</b>

**16. Accrued expenses**

	<b>31/12/2019</b>	<b>1/1/2019</b>
	<b>VND'000</b>	<b>VND'000</b>
Sales discounts and commission	26,134,413	33,256,071
Promotion expense	26,364,770	35,722,939
Transportation expense	6,375,434	1,331,112
Secondment fee (*)	2,985,832	-
Others	11,618,096	18,420,113
	<b>73,478,545</b>	<b>88,730,235</b>

(\*) 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.

**Interfood Shareholding Company**  
**Notes to the separate financial statements for the year ended 31 December 2019**  
**(continued)**

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

**17. Other short-term payables**

	<b>31/12/2019</b>	<b>1/1/2019</b>
	<b>VND'000</b>	<b>VND'000</b>
Dividends payable	505,391	505,391
Non-trade amounts due to a related party	244,354	201,817
Others	271,204	224,338
	<hr/>	<hr/>
	1,020,949	931,546
	<hr/> <hr/>	<hr/> <hr/>

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

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

	<b>31/12/2019</b>	<b>1/1/2019</b>
	<b>VND'000</b>	<b>VND'000</b>
Finance lease liabilities	98,110	136,581
	<hr/> <hr/>	<hr/> <hr/>

Terms and conditions of finance lease liabilities were as follows:

		<b>Annual</b>	<b>Year of</b>	<b>31/12/2019</b>	<b>1/1/2019</b>
	<b>Currency</b>	<b>interest rate</b>	<b>maturity</b>	<b>VND'000</b>	<b>VND'000</b>
Liability from Chailease International Leasing Company Limited	VND	21.6%	2021	98,110	136,581
				<hr/> <hr/>	<hr/> <hr/>

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

	<b>Payments</b>	<b>Interest</b>	<b>Principal</b>
	<b>VND'000</b>	<b>VND'000</b>	<b>VND'000</b>
Within 1 year	65,282	16,554	48,728
Within 2 to 5 years	54,402	5,020	49,382
	<hr/>	<hr/>	<hr/>
	119,684	21,574	98,110
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**Interfood Shareholding Company**  
**Notes to the separate financial statements for the year ended 31 December 2019**  
**(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:

	<b>Severance allowance VND'000</b>
Opening balance	3,398,410
Provision made during the year	296,084
Provision utilised during the year	(257,915)
	<hr/>
Closing balance	3,436,579
	<hr/>

**Interfood Shareholding Company****Notes to the separate financial statements for the year ended 31 December 2019 (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**

	<b>Share capital VND'000</b>	<b>Share premium VND'000</b>	<b>Other capital VND'000</b>	<b>Accumulated losses VND'000</b>	<b>Total VND'000</b>
<b>Balance as at 1 January 2018</b>	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
<b>Balance as at 1 January 2019</b>	871,409,840	85,035,704	90,034,048	(487,188,948)	559,290,644
Net profit for the year	-	-	-	223,194,001	223,194,001
<b>Balance as at 31 December 2019</b>	871,409,840	85,035,704	90,034,048	(263,994,947)	782,484,645

**Interfood Shareholding Company**  
**Notes to the separate financial statements for the year ended 31 December 2019**  
**(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:

	<b>31/12/2019 and 1/1/2019</b>	
	<b>Number of shares</b>	<b>VND'000</b>
<b>Authorised and issued share capital</b>		
Ordinary shares	87,140,992	871,409,920
<b>Shares in circulation</b>		
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:

	<b>31/12/2019</b>	<b>1/1/2019</b>
	<b>VND'000</b>	<b>VND'000</b>
Within 1 year	12,128,526	11,761,695
Within 2 to 5 years	3,410,595	15,139,269
	15,539,121	26,900,964

**Interfood Shareholding Company**  
**Notes to the separate financial statements for the year ended 31 December 2019**  
**(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**

	31/12/2019		1/1/2019	
	Original currency	VND'000 equivalent	Original currency	VND'000 equivalent
USD	30,422	702,750	58,937	1,364,614
EUR	295	7,628	306	8,165
		710,378		1,372,779
		710,378		1,372,779

**24. Revenue from sale of goods**

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

Net revenue comprised of:

	2019 VND'000	2018 VND'000
Total revenue		
▪ Sale of drinks	1,526,506,783	1,467,375,905
▪ Sale of other products	269,220,149	251,100,246
▪ Sale of scraps	1,034,007	831,043
	1,796,760,939	1,719,307,194
Less revenue deductions		
▪ Sales discounts	162,022,816	141,761,164
▪ Sales returns	-	6,859
	162,022,816	141,768,023
Net revenue	1,634,738,123	1,577,539,171

**Interfood Shareholding Company**  
**Notes to the separate financial statements for the year ended 31 December 2019**  
**(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**

	<b>2019</b>	<b>2018</b>
	<b>VND'000</b>	<b>VND'000</b>
Total cost of sales		
▪ Cost of drinks	855,373,508	846,768,936
▪ Cost of other products	105,968,161	116,531,815
	961,341,669	963,300,751
	961,341,669	963,300,751

**26. Financial income**

	<b>2019</b>	<b>2018</b>
	<b>VND'000</b>	<b>VND'000</b>
Interest income from loans to Avafood	2,443,838	2,150,626
Interest income from deposits at banks	901,304	695,757
Foreign exchange gains	2,178,251	7,761,591
	5,523,393	10,607,974
	5,523,393	10,607,974

**27. Financial expenses**

	<b>2019</b>	<b>2018</b>
	<b>VND'000</b>	<b>VND'000</b>
Interest expense	29,403	2,444,401
Allowance for diminution in the value of long-term financial investments	1,114,654	-
Foreign exchange losses	2,558,157	9,359,682
	3,702,214	11,804,083
	3,702,214	11,804,083

**Interfood Shareholding Company**  
**Notes to the separate financial statements for the year ended 31 December 2019**  
**(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**

	<b>2019</b>	<b>2018</b>
	<b>VND'000</b>	<b>VND'000</b>
Staff costs and support expense	165,801,063	162,681,531
Advertisement and promotion expenses	73,033,487	100,852,452
Transportation expense	75,463,451	75,374,238
Rental expense	10,324,991	9,723,778
Others	19,081,740	21,197,631
	<hr/>	<hr/>
	343,704,732	369,829,630
	<hr/>	<hr/>

**29. General and administration expenses**

	<b>2019</b>	<b>2018</b>
	<b>VND'000</b>	<b>VND'000</b>
Staff costs	12,447,274	11,205,123
Consultant fee	3,203,700	3,143,972
Rental expense	3,852,342	3,481,041
Depreciation and amortisation	3,026,623	3,012,968
Allowances and provisions	296,084	511,170
Others	10,527,783	11,055,352
	<hr/>	<hr/>
	33,353,806	32,409,626
	<hr/>	<hr/>

**30. Other income**

	<b>2019</b>	<b>2018</b>
	<b>VND'000</b>	<b>VND'000</b>
Gains from disposals of tangible fixed assets	-	209,091
Others	809,080	3,043,290
	<hr/>	<hr/>
	809,080	3,252,381
	<hr/>	<hr/>



**Interfood Shareholding Company**  
**Notes to the separate financial statements for the year ended 31 December 2019**  
(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**

	<b>2019</b>	<b>2018</b>
	<b>VND'000</b>	<b>VND'000</b>
Losses from disposals of tangible fixed assets	5,179,976	-
Depreciation of idle tangible fixed assets	3,730,957	4,034,465
Others	1,256,709	2,136,431
	10,167,642	6,170,896
	10,167,642	6,170,896

**32. Production and business costs by elements**

	<b>2019</b>	<b>2018</b>
	<b>VND'000</b>	<b>VND'000</b>
Raw material costs included in production costs	616,249,736	688,684,278
Labour and staff costs and support expense	213,864,792	211,711,446
Depreciation and amortisation	17,302,624	19,789,396
Outside services	481,126,768	471,669,948
Others	25,281,146	27,942,972

**33. Income tax**

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

	<b>2019</b>	<b>2018</b>
	<b>VND'000</b>	<b>VND'000</b>
<b>Current tax expense</b>		
Current year	57,918,824	45,276,324
Under provision in prior years	5,570,584	-
	63,489,408	45,276,324
<b>Deferred tax expense/(benefit)</b>		
Origination and reversal of temporary differences	2,117,124	(18,207,617)
	65,606,532	27,068,707
	65,606,532	27,068,707

**Interfood Shareholding Company**  
**Notes to the separate financial statements for the year ended 31 December 2019**  
**(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**

	<b>2019</b>	<b>2018</b>
	<b>VND'000</b>	<b>VND'000</b>
Accounting profit before tax	288,800,533	207,884,540
Tax at the Company's tax rate	57,760,106	41,576,908
Non-deductible expenses	2,275,842	947,672
Recognition of previously unrecognised deferred tax assets	-	(15,455,873)
Under provision in prior years	5,570,584	-
	65,606,532	27,068,707
	65,606,532	27,068,707

**(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 2019**  
(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:

	<b>Transaction value</b>	
	<b>2019</b>	<b>2018</b>
	<b>VND'000</b>	<b>VND'000</b>
<i>Ultimate parent company</i>		
<b>Kirin Holdings Company Limited</b>		
Secondment fee	5,896,570	5,650,277
Purchases of materials	696,100	-
<i>Parent company</i>		
<b>Kirin Holdings Singapore Pte. Ltd</b>		
Loans repaid	-	181,880,000
Interest expense	-	2,408,388
<i>Subsidiary</i>		
<b>Avafood Shareholding Company</b>		
Short-term loans granted	25,000,000	20,000,000
Interest income	2,443,838	2,150,626
Processing fee	25,296,229	24,635,913
Office and factory rental fee	5,932,212	5,932,212
<i>Other related parties</i>		
<b>Vietnam Kirin Beverage Company Limited</b>		
Processing fee	258,849,030	217,563,476
Purchases of services	2,171,170	2,492,720
Sales of goods	387,007	29,234
Sales returns	29,967	15,685
<b>Members of Board of Directors</b>		
Secondment fee	4,473,120	4,387,680
Salary	1,818,000	1,818,000

**Interfood Shareholding Company**  
**Notes to the separate financial statements for the year ended 31 December 2019**  
**(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**

	<b>2019</b>	<b>2018</b>
	<b>VND'000</b>	<b>VND'000</b>
Net off payable against receivable for loans principal and interest from a subsidiary	34,351,285	33,624,937
Conversion of loans interest receivable to short-term loans receivable	2,443,838	2,150,626

**36. Corresponding figures**

Corresponding figures as at 1 January 2019 were derived from the balances and amounts reported in the Company's separate financial statements as at and for the year ended 31 December 2018.

25 March 2020

Prepared by:

Approved by:

*(Signed)*

*(Signed and sealed)*

Nguyen Hong Phong  
*Chief Accountant*

Yutaka Ogami  
*Chairman – cum General Director*