

**Interfood Shareholding Company**

Separate Interim Financial Statements  
for the six-month period ended  
30 June 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

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  
3600245631 5 July 2019

The Company's 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
Shinro Fujita	Member
Nguyen Thi Kim Lien	Member
Takashi Suda	Member
	(from 10 April 2019)
Osamu Harada	Member
	(until 10 April 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 interim financial statements of the Company for the six-month period ended 30 June 2019.

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

- (a) the separate interim financial statements set out on pages 6 to 36 give a true and fair view of the unconsolidated financial position of the Company as at 30 June 2019, and of its unconsolidated results of operations and its unconsolidated cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to interim 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 interim financial statements for issue.

On behalf of the Board of Directors

*(Signed and sealed)*

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Yutaka Ogami  
*Chairman – cum General Director*

Dong Nai Province, 22 August 2019

**Interfood Shareholding Company**  
**Separate balance sheet as at 30 June 2019**

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

	Code	Note	30/6/2019 VND'000	1/1/2019 VND'000
<b>ASSETS</b>				
<b>Current assets</b> (100 = 110 + 130 + 140 + 150)	<b>100</b>		<b>687,698,729</b>	<b>593,650,116</b>
<b>Cash</b>	<b>110</b>	<b>7</b>	<b>331,258,012</b>	<b>262,045,427</b>
Cash	111		331,258,012	262,045,427
<b>Accounts receivable – short-term</b>	<b>130</b>		<b>116,183,946</b>	<b>107,356,675</b>
Accounts receivable from customers	131	8	27,086,808	28,741,447
Prepayments to suppliers	132		14,244,277	3,941,056
Short-term loans receivable	135	9	76,220,371	76,248,621
Other short-term receivables	136		640,292	433,353
Allowance for doubtful debts	137		(2,007,802)	(2,007,802)
<b>Inventories</b>	<b>140</b>	<b>10</b>	<b>238,638,775</b>	<b>223,853,255</b>
Inventories	141		239,124,811	224,153,307
Allowance for inventories	149		(486,036)	(300,052)
<b>Other current assets</b>	<b>150</b>		<b>1,617,996</b>	<b>394,759</b>
Short-term prepaid expenses	151		1,500,217	278,698
Taxes receivable from State Treasury	153		117,779	116,061

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

**Interfood Shareholding Company**  
**Separate balance sheet as at 30 June 2019 (continued)**

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

	Code	Note	30/6/2019 VND'000	1/1/2019 VND'000
<b>Long-term assets</b> <b>(200 = 210 + 220 + 250 + 260)</b>	<b>200</b>		<b>162,026,504</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>52,555,350</b>	<b>60,806,396</b>
Tangible fixed assets	221	11	47,103,588	54,558,478
<i>Cost</i>	222		332,876,178	331,420,579
<i>Accumulated depreciation</i>	223		(285,772,590)	(276,862,101)
Finance lease tangible fixed assets	224	12	95,991	115,852
<i>Cost</i>	225		198,603	198,603
<i>Accumulated depreciation</i>	226		(102,612)	(82,751)
Intangible fixed assets	227	13	5,355,771	6,132,066
<i>Cost</i>	228		14,082,575	14,082,575
<i>Accumulated amortisation</i>	229		(8,726,804)	(7,950,509)
<b>Long-term financial investments</b>	<b>250</b>		<b>94,145,809</b>	<b>94,145,809</b>
Investment in a subsidiary	251	14	94,145,809	94,145,809
<b>Other long-term assets</b>	<b>260</b>		<b>13,574,617</b>	<b>21,332,532</b>
Long-term prepaid expenses	261	15	2,684,978	3,124,915
Deferred tax assets	262	16	10,889,639	18,207,617
<b>TOTAL ASSETS (270 = 100 + 200)</b>	<b>270</b>		<b>849,725,233</b>	<b>771,685,581</b>

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

**Interfood Shareholding Company**  
**Separate balance sheet as at 30 June 2019 (continued)**

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

	Code	Note	30/6/2019 VND'000	1/1/2019 VND'000
<b>RESOURCES</b>				
<b>LIABILITIES (300 = 310 + 330)</b>	<b>300</b>		<b>170,101,158</b>	<b>212,394,937</b>
<b>Current liabilities</b>	<b>310</b>		<b>166,463,711</b>	<b>208,859,946</b>
Accounts payable to suppliers	311	17	71,345,321	88,521,046
Advances from customers	312		7,699,372	5,555,632
Taxes payable to State Treasury	313	18	26,569,819	17,114,592
Payable to employees	314		7,882,909	8,006,895
Accrued expenses	315	19	51,954,358	88,730,235
Other short-term payables	319	20	1,011,932	931,546
<b>Long-term liabilities</b>	<b>330</b>		<b>3,637,447</b>	<b>3,534,991</b>
Long-term finance lease liabilities	338	21	118,830	136,581
Provision	342	22	3,518,617	3,398,410
<b>EQUITY (400 = 410)</b>	<b>400</b>		<b>679,624,075</b>	<b>559,290,644</b>
<b>Owners' equity</b>	<b>410</b>	<b>23</b>	<b>679,624,075</b>	<b>559,290,644</b>
Share capital	411	24	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	25	90,034,048	90,034,048
Accumulated losses	421		(366,855,517)	(487,188,948)
- <i>Accumulated losses brought forward</i>	<i>421a</i>		<i>(487,188,948)</i>	<i>(668,004,781)</i>
- <i>Net profit for the current period/prior year</i>	<i>421b</i>		<i>120,333,431</i>	<i>180,815,833</i>
<b>TOTAL RESOURCES (440 = 300 + 400)</b>	<b>440</b>		<b>849,725,233</b>	<b>771,685,581</b>

22 August 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 interim financial statements*

**Interfood Shareholding Company**  
**Separate statement of income for the six-month period ended 30 June 2019**

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

	Code	Note	Six-month period ended	
			30/6/2019 VND'000	30/6/2018 VND'000
Revenue from sale of goods	01	27	851,339,724	810,876,341
Revenue deductions	02	27	70,873,677	52,901,221
<b>Net revenue (10 = 01 - 02)</b>	<b>10</b>	<b>27</b>	<b>780,466,047</b>	<b>757,975,120</b>
Cost of sales	11	28	449,784,451	456,120,464
<b>Gross profit (20 = 10 - 11)</b>	<b>20</b>		<b>330,681,596</b>	<b>301,854,656</b>
Financial income	21	29	1,661,123	1,328,424
Financial expenses	22	30	386,440	2,814,176
<i>In which: Interest expense</i>	23		16,291	1,723,574
Selling expenses	25	31	162,837,271	172,073,816
General and administration expenses	26	32	15,435,759	15,689,988
<b>Net operating profit</b> <b>{30 = 20 + (21 - 22) - (25 + 26)}</b>	<b>30</b>		<b>153,683,249</b>	<b>112,605,100</b>
Other income	31	33	166,465	2,392,277
Other expenses	32	34	2,713,154	3,568,741
<b>Results of other activities (40 = 31 - 32)</b>	<b>40</b>		<b>(2,546,689)</b>	<b>(1,176,464)</b>
<b>Accounting profit before tax</b> <b>(50 = 30 + 40)</b>	<b>50</b>		<b>151,136,560</b>	<b>111,428,636</b>
Income tax expense – current	51	36	23,485,151	17,621,664
Income tax expense/(benefit) – deferred	52	36	7,317,978	(10,041,625)
<b>Net profit after tax (60 = 50 - 51 - 52)</b>	<b>60</b>		<b>120,333,431</b>	<b>103,848,597</b>

22 August 2019

Prepared by:

Approved by:

*(Signed)*

*(Signed and sealed)*

Nguyen Hong Phong  
Chief Accountant

Yutaka Ogami  
Chairman – cum General Director

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



**Interfood Shareholding Company**  
**Separate statement of cash flows for the six-month period ended 30 June 2019**  
**(Indirect method)**

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

	Code	Note	<b>Six-month period ended</b>	
			<b>30/6/2019</b>	<b>30/6/2018</b>
			<b>VND'000</b>	<b>VND'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Accounting profit before tax</b>	<b>01</b>		<b>151,136,560</b>	<b>111,428,636</b>
<b>Adjustments for</b>				
Depreciation and amortisation	02		9,706,645	9,937,823
Allowances and provisions	03		896,586	2,606
Exchange losses arising from revaluation of monetary items denominated in foreign currencies	04		-	933,632
Profits from investing activities	05		(1,658,720)	(1,400,474)
Interest expense	06		16,291	1,723,574
<b>Operating profit before changes in working capital</b>	<b>08</b>		<b>160,097,362</b>	<b>122,625,797</b>
Change in receivables and other assets	09		7,438,662	12,025,129
Change in inventories	10		(15,418,231)	(26,826,822)
Change in payables and other liabilities	11		(53,750,957)	15,212,740
Change in prepaid expenses	12		(781,582)	1,047,104
			<b>97,585,254</b>	<b>124,083,948</b>
Interest paid	14		(16,291)	(1,852,634)
Corporate income tax paid	15		(12,274,097)	(12,783,274)
<b>Net cash flows from operating activities</b>	<b>20</b>		<b>85,294,866</b>	<b>109,448,040</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for additions to fixed assets and other long-term assets	21		(1,455,599)	(1,713,986)
Proceeds from disposals of fixed assets	22		-	209,091
Payments for granting loans	23		(15,000,000)	(10,000,000)
Receipts of interest	27		391,069	394,108
<b>Net cash flows from investing activities</b>	<b>30</b>		<b>(16,064,530)</b>	<b>(11,110,787)</b>

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

**Interfood Shareholding Company**  
**Separate statement of cash flows for the six-month period ended 30 June 2019**  
**(Indirect method – continued)**

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

	Code	Note	Six-month period ended	
			30/6/2019 VND'000	30/6/2018 VND'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Payments to settle loan principals	34		-	(136,810,000)
Payments to settle finance lease liabilities	35		(17,751)	(15,894)
<b>Net cash flows from financing activities</b>	<b>40</b>		<b>(17,751)</b>	<b>(136,825,894)</b>
<b>Net cash flows during the period</b> <b>(50 = 20 + 30 + 40)</b>	<b>50</b>		<b>69,212,585</b>	<b>(38,488,641)</b>
<b>Cash at the beginning of the period</b>	<b>60</b>		<b>262,045,427</b>	<b>267,313,725</b>
<b>Cash at the end of the period (70 = 50 + 60)</b>	<b>70</b>	<b>7</b>	<b>331,258,012</b>	<b>228,825,084</b>

22 August 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 interim financial statements*

**Interfood Shareholding Company**  
**Notes to the separate interim financial statements for the six-month period ended**  
**30 June 2019**

**Form B 09a – 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 interim 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 30 June 2019, the Company had 617 employees (1/1/2019: 634 employees).

**Interfood Shareholding Company**  
**Notes to the separate interim financial statements for the six-month period ended**  
**30 June 2019 (continued)**

**Form B 09a – 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 interim financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to interim financial reporting.

The Company prepares and issues its consolidated interim financial statements separately. For a comprehensive understanding of the consolidated financial position as at 30 June 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 six-month period then ended, the separate interim financial statements should be read in conjunction with the consolidated interim financial statements of the Group for the six-month period ended 30 June 2019.

**(b) Basis of measurement**

The separate interim 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. The separate interim financial statements are prepared for the six-month period ended 30 June 2019.

**(d) Accounting and presentation currency**

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

**Interfood Shareholding Company**  
**Notes to the separate interim financial statements for the six-month period ended**  
**30 June 2019 (continued)**

**Form B 09a – 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 interim financial statements and are consistent with those adopted in the preparation of the latest separate annual financial statements.

**(a) Foreign currency transactions**

Transactions in currencies other than VND during the period 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 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 interim 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 interim financial statements for the six-month period ended**  
**30 June 2019 (continued)**

**Form B 09a – 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 period 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 interim financial statements for the six-month period ended**  
**30 June 2019 (continued)**

**Form B 09a – DN**  
*(Issued under Circular No. 200/2014/TT-BTC*  
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**(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 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 interim financial statements for the six-month period ended**  
**30 June 2019 (continued)**

**Form B 09a – DN**  
*(Issued under Circular No. 200/2014/TT-BTC*  
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**(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 period 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 period, using tax rates enacted at the end of the accounting period, and any adjustment to tax payable in respect of previous periods.

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 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**  
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**(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 period 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. Seasonality of operations**

Total revenue of the Company typically increases in the fourth quarter of each year as distributors prepare for an anticipated increase in consumer demand in the months leading up to the Tet (Lunar New Year) holidays, which occur in the first quarter of each year. Accordingly, the Company typically increases the production and also increases advertising and promotional efforts in the fourth quarter of each year during the period leading to the festive season.

**5. Changes in accounting estimates**

In preparing these separate interim financial statements, the Board of Directors has made several accounting estimates. Actual results may differ from these estimates. There were no significant changes in basis of accounting estimates compared to those made in the most recent separate annual financial statements or those made in the same interim period of the prior year.

**6. Changes in the composition of the Company**

There were no changes in the composition of the Company since the end of the last annual accounting period which affect the Company's separate interim financial statements for the six-month period ended 30 June 2019.

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**7. Cash**

	<b>30/6/2019</b>	<b>1/1/2019</b>
	<b>VND'000</b>	<b>VND'000</b>
Cash on hand	81,716	58,007
Cash at banks	331,176,296	261,987,420
	331,258,012	262,045,427
Cash in the separate statement of cash flows	331,258,012	262,045,427

**8. Accounts receivable from customers**

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

	<b>30/6/2019</b>	<b>1/1/2019</b>
	<b>VND'000</b>	<b>VND'000</b>
VinCommerce General Commercial Services Joint Stock Company	4,890,503	4,806,694
EB Services Company Limited	2,939,031	5,572,328
Saigon Union of Trading Co-operatives	2,673,490	3,898,136
MM Mega Market Vietnam Company Limited	2,576,629	3,202,498
Others	14,007,155	11,261,791
	27,086,808	28,741,447
	27,086,808	28,741,447

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

	<b>30/6/2019</b>	<b>1/1/2019</b>
	<b>VND'000</b>	<b>VND'000</b>
Short-term	27,086,808	28,741,447
	27,086,808	28,741,447

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**9. Short-term loans receivable**

	<b>30/6/2019</b>	<b>1/1/2019</b>
	<b>VND'000</b>	<b>VND'000</b>
Short-term loans granted to a subsidiary	76,220,371	76,248,621

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 interest at rate of 3.3% per annum during the period (for the six-month period ended 30 June 2018: 1.869% per annum).

**10. Inventories**

	<b>30/6/2019</b>		<b>1/1/2019</b>	
	<b>Cost</b>	<b>Allowance</b>	<b>Cost</b>	<b>Allowance</b>
	<b>VND'000</b>	<b>VND'000</b>	<b>VND'000</b>	<b>VND'000</b>
Goods in transit	3,831,736	-	26,967	-
Raw materials	58,086,269	(112,570)	61,008,988	-
Tools and supplies	4,850,572	(296,819)	5,467,593	(296,819)
Work in progress	5,676,400	-	4,284,841	-
Finished goods	166,679,834	(76,647)	153,364,918	(3,233)
	239,124,811	(486,036)	224,153,307	(300,052)

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

	<b>Six-month period ended</b>	
	<b>30/6/2019</b>	<b>30/6/2018</b>
	<b>VND'000</b>	<b>VND'000</b>
Opening balance	300,052	314,737
Increase in allowance during the period	632,711	2,606
Allowance utilised during the period	(446,727)	(17,918)
Closing balance	486,036	299,425

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**11. 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	1,192,000	-	263,599	1,455,599
Closing balance	315,191,264	6,979,189	10,705,725	332,876,178
<b>Accumulated depreciation</b>				
Opening balance	265,408,069	5,667,220	5,786,812	276,862,101
Charge for the period	7,996,531	129,788	784,170	8,910,489
Closing balance	273,404,600	5,797,008	6,570,982	285,772,590
<b>Net book value</b>				
Opening balance	48,591,195	1,311,969	4,655,314	54,558,478
Closing balance	41,786,664	1,182,181	4,134,743	47,103,588

Included in tangible fixed assets were assets costing VND64,763 million which were fully depreciated as of 30 June 2019 (1/1/2019: VND61,698 million), but are still in active use.

Net book value of temporarily idle tangible fixed assets amounted to VND4,060 million as of 30 June 2019 (1/1/2019: VND6,572 million).

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**12. 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 period	19,861
<hr/>	
Closing balance	102,612
<hr/>	
<b>Net book value</b>	
Opening balance	115,852
Closing balance	95,991
<hr/>	

**13. 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 period	776,295
<hr/>	
Closing balance	8,726,804
<hr/>	
<b>Net book value</b>	
Opening balance	6,132,066
Closing balance	5,355,771
<hr/>	

**Interfood Shareholding Company**  
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**14. 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 interim 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.

**15. Long-term prepaid expenses**

	<b>Tools and supplies VND’000</b>
Opening balance	3,124,915
Additions	390,600
Amortisation for the period	(830,537)
	2,684,978
Closing balance	2,684,978

**16. Deferred tax assets**

	<b>Tax rate</b>	<b>30/6/2019 VND’000</b>	<b>1/1/2019 VND’000</b>
Accrued expenses	20%	10,390,872	17,746,047
Allowance for doubtful debts	20%	401,560	401,560
Allowance for inventories	20%	97,207	60,010
		10,889,639	18,207,617

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**17. Accounts payable to suppliers**

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

	30/6/2019		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	18,260,863	18,260,863	17,898,147	17,898,147
Crown Beverage Can (Dong Nai) Company Limited	9,855,447	9,855,447	24,211,934	24,211,934
Vietnam Chuanli Can Manufacturing Company Limited	9,735,119	9,735,119	10,367,798	10,367,798
Others	33,493,892	33,493,892	36,043,167	36,043,167
	71,345,321	71,345,321	88,521,046	88,521,046

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

	30/6/2019		1/1/2019	
	Cost VND'000	Amount within payment capacity VND'000	Cost VND'000	Amount within payment capacity VND'000
Short-term	71,345,321	71,345,321	88,521,046	88,521,046

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**(c) Accounts payable to suppliers who are related parties**

	<b>30/6/2019</b>		<b>1/1/2019</b>	
	<b>Cost VND'000</b>	<b>Amount within payment capacity VND'000</b>	<b>Cost VND'000</b>	<b>Amount within payment capacity VND'000</b>
Vietnam Kirin Beverage Company Limited, a related party	18,260,863	18,260,863	17,898,147	17,898,147

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.

**18. Taxes payable to State Treasury**

	<b>1/1/2019 VND'000</b>	<b>Incurred VND'000</b>	<b>Paid VND'000</b>	<b>Net-off VND'000</b>	<b>30/6/2019 VND'000</b>
Value added tax	8,113,881	75,905,016	(30,302,370)	(46,580,592)	7,135,935
Corporate income tax	7,773,180	23,485,151	(12,274,097)	-	18,984,234
Personal income tax	946,078	2,844,435	(3,340,863)	-	449,650
Others	281,453	4,000	-	(285,453)	-
	<b>17,114,592</b>	<b>102,238,602</b>	<b>(45,917,330)</b>	<b>(46,866,045)</b>	<b>26,569,819</b>



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**19. Accrued expenses**

	<b>30/6/2019</b>	<b>1/1/2019</b>
	<b>VND'000</b>	<b>VND'000</b>
Sales discounts and commission	22,034,782	33,256,071
Promotion expense	19,385,085	35,722,939
Transportation expense	4,758,121	1,331,112
Others	5,776,370	18,420,113
	51,954,358	88,730,235
	51,954,358	88,730,235

**20. Other short-term payables**

	<b>30/6/2019</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	214,500	201,817
Others	292,041	224,338
	1,011,932	931,546
	1,011,932	931,546

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

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

	<b>30/6/2019</b>	<b>1/1/2019</b>
	<b>VND'000</b>	<b>VND'000</b>
Finance lease liabilities	118,830	136,581
	118,830	136,581
	118,830	136,581

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Terms and conditions of finance lease liabilities were as follows:

	<b>Currency</b>	<b>Annual interest rate</b>	<b>Year of maturity</b>	<b>30/6/2019 VND'000</b>	<b>1/1/2019 VND'000</b>
Liability from Chailease International Leasing Company Limited	VND	21.6%	2021	118,830	136,581

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

	<b>Payments VND'000</b>	<b>Interest VND'000</b>	<b>Principal VND'000</b>
Within 1 year	65,281	21,500	43,781
Within 2 to 5 years	87,043	11,994	75,049
	<b>152,324</b>	<b>33,494</b>	<b>118,830</b>

## 22. Provision

Movements of provision during the period were as follows:

	<b>Severance allowance VND'000</b>
Opening balance	3,398,410
Provision made during the period	263,875
Provision utilised during the period	(143,668)
Closing balance	<b>3,518,617</b>

**Interfood Shareholding Company**

Notes to the separate interim financial statements for the six-month period ended 30 June 2019 (continued)

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	<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 period	-	-	-	103,848,597	103,848,597
<b>Balance as at 30 June 2018</b>	871,409,840	85,035,704	90,034,048	(564,156,184)	482,323,408
Net profit for the period	-	-	-	76,967,236	76,967,236
<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 period	-	-	-	120,333,431	120,333,431
<b>Balance as at 30 June 2019</b>	871,409,840	85,035,704	90,034,048	(366,855,517)	679,624,075

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**24. Share capital**

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

	<b>30/6/2019 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 period.

**25. 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.

**26. Off balance sheet items**

**(a) Lease commitments**

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

	<b>30/6/2019</b>	<b>1/1/2019</b>
	<b>VND'000</b>	<b>VND'000</b>
Within 1 year	11,841,126	11,761,695
Within 2 to 5 years	9,270,086	15,139,269
	21,111,212	26,900,964

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**(b) Foreign currencies**

	<b>30/6/2019</b>		<b>1/1/2019</b>	
	<b>Original currency</b>	<b>VND'000 equivalent</b>	<b>Original currency</b>	<b>VND'000 equivalent</b>
USD	7,412	172,189	58,937	1,364,614
EUR	301	8,022	306	8,165
		180,211		1,372,779
		180,211		1,372,779

**27. Revenue from sale of goods**

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

Net revenue comprised of:

	<b>Six-month period ended</b>	
	<b>30/6/2019 VND'000</b>	<b>30/6/2018 VND'000</b>
Total revenue		
▪ Sale of drinks	718,586,585	686,531,014
▪ Sale of other products	132,381,086	123,959,116
▪ Sale of scraps	372,053	386,211
	851,339,724	810,876,341
Less revenue deductions		
▪ Sales discounts	70,873,677	52,894,362
▪ Sales returns	-	6,859
	70,873,677	52,901,221
Net revenue	780,466,047	757,975,120

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**28. Cost of sales**

	<b>Six-month period ended</b>	
	<b>30/6/2019</b>	<b>30/6/2018</b>
	<b>VND'000</b>	<b>VND'000</b>
Total cost of sales		
▪ Cost of drinks	406,208,381	396,881,461
▪ Cost of other products	43,576,070	59,239,003
	449,784,451	456,120,464
	449,784,451	456,120,464

**29. Financial income**

	<b>Six-month period ended</b>	
	<b>30/6/2019</b>	<b>30/6/2018</b>
	<b>VND'000</b>	<b>VND'000</b>
Interest income from loans to Avafood	1,267,651	797,275
Interest income from deposits at banks	391,069	394,108
Foreign exchange gains	2,403	137,041
	1,661,123	1,328,424
	1,661,123	1,328,424

**30. Financial expenses**

	<b>Six-month period ended</b>	
	<b>30/6/2019</b>	<b>30/6/2018</b>
	<b>VND'000</b>	<b>VND'000</b>
Interest expense	16,291	1,723,574
Foreign exchange losses	370,149	1,090,602
	386,440	2,814,176
	386,440	2,814,176

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**31. Selling expenses**

	<b>Six-month period ended</b>	
	<b>30/6/2019</b>	<b>30/6/2018</b>
	<b>VND'000</b>	<b>VND'000</b>
Staff costs and support expense	81,460,723	80,636,886
Advertisement and promotion expenses	32,955,298	41,075,152
Transportation expense	35,761,662	36,240,121
Rental expense	4,755,460	4,571,863
Others	7,904,128	9,549,794
	<hr/>	<hr/>
	162,837,271	172,073,816
	<hr/> <hr/>	<hr/> <hr/>

**32. General and administration expenses**

	<b>Six-month period ended</b>	
	<b>30/6/2019</b>	<b>30/6/2018</b>
	<b>VND'000</b>	<b>VND'000</b>
Staff costs	6,077,255	5,681,514
Consultant fee	1,661,100	1,594,691
Rental expense	1,823,596	1,781,475
Depreciation and amortisation	1,566,998	1,440,913
Others	4,306,810	5,191,395
	<hr/>	<hr/>
	15,435,759	15,689,988
	<hr/> <hr/>	<hr/> <hr/>

**33. Other income**

	<b>Six-month period ended</b>	
	<b>30/6/2019</b>	<b>30/6/2018</b>
	<b>VND'000</b>	<b>VND'000</b>
Gains from disposals of tangible fixed assets	-	209,091
Others	166,465	2,183,186
	<hr/>	<hr/>
	166,465	2,392,277
	<hr/> <hr/>	<hr/> <hr/>

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**34. Other expenses**

	<b>Six-month period ended</b>	
	<b>30/6/2019</b>	<b>30/6/2018</b>
	<b>VND'000</b>	<b>VND'000</b>
Depreciation of idle tangible fixed assets	2,512,436	1,498,441
Others	200,718	2,070,300
	2,713,154	3,568,741
	2,713,154	3,568,741

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

	<b>Six-month period ended</b>	
	<b>30/6/2019</b>	<b>30/6/2018</b>
	<b>VND'000</b>	<b>VND'000</b>
Raw material costs included in production costs	295,564,445	328,689,325
Labour and staff costs and support expense	104,924,364	101,822,142
Depreciation and amortisation	9,706,645	9,937,823
Outside services	240,435,716	216,362,020
Others	11,366,649	16,983,887
	662,997,829	773,805,197
	662,997,829	773,805,197

**36. Income tax**

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

	<b>Six-month period ended</b>	
	<b>30/6/2019</b>	<b>30/6/2018</b>
	<b>VND'000</b>	<b>VND'000</b>
<b>Current tax expense</b>		
Current period	23,485,151	17,621,664
<b>Deferred tax expense/(benefit)</b>		
Origination and reversal of temporary differences	7,317,978	(10,041,625)
	30,803,129	7,580,039
	30,803,129	7,580,039



**Interfood Shareholding Company**  
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**(b) Reconciliation of effective tax rate**

	<b>Six-month period ended</b>	
	<b>30/6/2019</b>	<b>30/6/2018</b>
	<b>VND'000</b>	<b>VND'000</b>
Accounting profit before tax	151,136,560	111,428,636
Tax at the Company's tax rate	30,227,312	22,285,727
Non-deductible expenses	575,817	926,964
Recognition of previously unrecognised deferred tax assets	-	(15,632,652)
	30,803,129	7,580,039

**(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%.

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**37. Significant transactions with related parties**

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

	<b>Transaction value</b>	
	<b>Six-month period ended</b>	<b>Six-month period ended</b>
	<b>30/6/2019</b>	<b>30/6/2018</b>
	<b>VND'000</b>	<b>VND'000</b>
<b>Ultimate Parent Company</b>		
<b>Kirin Holdings Company, Limited</b>		
Secondment fee	2,892,851	2,848,377
<b>Parent Company</b>		
<b>Kirin Holdings Singapore Pte. Ltd</b>		
Interest expense	-	1,723,574
<b>Subsidiary</b>		
<b>Avafood Shareholding Company</b>		
Short-term loans granted	15,000,000	10,000,000
Interest income	1,267,651	797,275
Processing fee	11,848,349	11,343,056
Office and factory rental fee	2,966,106	2,966,106
<b>Other related parties</b>		
<b>Vietnam Kirin Beverage Company Limited</b>		
Processing fee	141,371,745	103,451,025
Purchases of services	992,500	1,350,000
Sales of goods	19,494	6,987
<b>Members of Board of Directors</b>		
Secondment fee	2,232,000	2,191,680
Salary	909,000	909,000

**Interfood Shareholding Company**  
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**38. Non-cash investing activities**

	<b>Six-month period ended</b>	
	<b>30/6/2019</b>	<b>30/6/2018</b>
	<b>VND'000</b>	<b>VND'000</b>
Net off payable against receivable for loans principal and interest from a subsidiary	16,295,900	15,740,079
Conversion of loans interest receivable to short-term loans receivable	1,267,651	797,275

**39. 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.

22 August 2019

Prepared by:

Approved by:

*(Signed)*

*(Signed and sealed)*

Nguyen Hong Phong  
*Chief Accountant*

Yutaka Ogami  
*Chairman – cum General Director*