

Interfood Shareholding Company

Financial statements
Quarter 1 - 2022

Interfood Shareholding Company

Corporate information

Investment Licence No.	270/GP	16/11/1991
Investment Certificate No.	472033000328 (1st amendment)	28/11/2007
	472033000328 (2nd amendment)	20/05/2010
	472033000328 (3rd amendment)	22/04/2011
	472033000328 (4th amendment)	18/10/2011
	472033000328 (5th amendment)	14/05/2014
	472033000328 (6th amendment)	30/12/2015
	6525867086 (7th amendment)	05/02/2016
	6525867086 (8th amendment)	28/12/2016
	6525867086 (9th amendment)	25/01/2017
	6525867086 (10th amendment)	08/04/2018
	6525867086 (11st amendment)	01/10/2019
	6525867086 (12nd amendment)	21/09/2020
	6525867086 (13rd amendment)	18/05/2021

The Company's Investment Licence has been amended several times, the most recent of which is by 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 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	21/01/2016
	3600245631	19/03/2018
	3600245631	06/07/2019
	3600245631	30/06/2020
	3600245631	01/04/2021
	3600245631	18/01/2022

The Company's Enterprise Registration Certificate was issued by the Department of Planning and Investment of Dong Nai Province

Board of Management:

Tomohide Ito	Chairman cum Member of the BOM
Hajime Kawasaki	Member
Nguyen Thi Kim Lien	Member
Koichi Ogawa	Member
Toru Yoshimura	Member

Board of Director:

Hajime Kawasaki	General Director
Kenichiro Wada	General Manager of Marketing and Sales
Koichi Noda	General Manager of Factory
Tomohide Ito	General Manager of Planning
Nguyen Thi Kim Lien	General Manager of Internal Control

Registered Office

Lot 13, Tam Phuoc IZ, Tam Phuoc Ward
Bien Hoa City, Dong Nai Province, Vietnam

Auditors

KPMG Limited Vietnam

Interfood Shareholding Company

Statement of the Board of Directors

The Board of Directors of Interfood Shareholding Company (“the Company”) presents this statement and the accompanying financial statements of the Company for the year ended 31 March 2022.

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

- (a) the financial statements set out on pages 4 to 25 give a true and fair view of the financial position of the Company as at 31 March 2022, and of its results of operations and its cash flows for the three month period 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 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)

Hajime Kawasaki

General Director

Dong Nai, dated 18th April 2022.

Interfood Shareholding Company

Balance sheet

ASSETS	Code	Notes	31/03/2022 VND'000	31/12/2021 VND'000
Current assets (100=110+130+140+150)	100		1,185,915,480	1,144,057,173
Cash and cash equivalents	110	5	957,217,169	928,623,068
Cash	111		407,217,169	378,623,068
Cash equivalent	112		550,000,000	550,000,000
Accounts receivable – short-term	130		31,795,945	34,794,054
Accounts receivable from customers	131	6	24,320,381	29,573,912
Prepayments to suppliers	132		4,470,391	2,651,398
Other receivables – short-term	136	7	3,019,111	2,582,682
Allowance for doubtful debts	137	6	(13,938)	(13,938)
Inventories	140	8	194,614,721	179,623,221
Inventories	141		194,951,517	180,071,552
Allowance for inventories	149		(336,796)	(448,331)
Other current assets	150		2,287,645	1,016,830
Short-term prepaid expenses	151		2,146,422	875,607
Taxes receivable from State Treasury	153		141,223	141,223
Long-term assets (200 = 210 + 220 + 240 + 260)	200		130,693,096	132,663,069
Accounts receivable – long-term	210		932,520	932,520
Other receivables – long-term	216		932,520	932,520
Fixed assets	220		84,319,214	88,327,895
Tangible fixed assets	221	9	82,639,020	86,313,610
<i>Cost</i>	222		428,563,999	428,367,799
<i>Accumulated depreciation</i>	223		(345,924,979)	(342,054,189)
Intangible fixed assets	227	10	1,680,194	2,014,285
<i>Cost</i>	228		14,082,575	14,082,575
<i>Accumulated depreciation</i>	229		(12,402,381)	(12,068,290)
Other long-term assets	260		45,441,362	43,402,654
Long-term prepaid expenses	261	11	30,962,971	28,977,864
Deffered tax assets	262	12	14,478,391	14,424,790
TOTAL ASSETS (270=100+200)	270		1,316,608,576	1,276,720,242

Interfood Shareholding Company

Balance sheet

RESOURCES	Code	Notes	31/03/2022 VND'000	31/12/2021 VND'000
LIABILITIES (300=310+330)	300		225,469,849	213,644,293
Current liabilities	310		221,882,240	210,044,244
Accounts payable to suppliers	311	13	110,077,769	107,154,816
Advances from customers	312		20,878,356	18,749,141
Taxes payable to State Treasury	313	14	9,917,582	6,491,034
Payable to employees	314		11,640,250	8,724,114
Accrued expenses	315	15	68,453,610	68,061,632
Other short-term payables	319	16	914,673	863,507
Long term liabilities	330		3,587,609	3,600,049
Provision – long-term	342	17	3,587,609	3,600,049
EQUITY (400=410)	400		1,091,138,727	1,063,075,949
Owners' equity	410	18	1,091,138,727	1,063,075,949
Share capital	411	19	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 reserves	420	20	90,034,048	90,034,048
Retained profits	420		44,659,135	16,596,357
- Accumulated profit (losses) brought forward	421a		16,596,357	(108,961,177)
- Retained profits for the current year	421b		28,062,778	125,557,534
TOTAL RESOURCES (440=300+400)			<u>1,316,608,576</u>	<u>1,276,720,242</u>

Dong Nai, dated 18th April 2022.

Prepared by:

(Signed)

Nguyễn Hồng Phong
Chief Accountant

Approved by:

(Signed and sealed)

Hajime Kawasaki
General Director

Interfood Shareholding Company

Statement of income

	Code	Notes	Q1-2022 VND'000	Q1-2021 VND'000	YTD2022Q1 VND'000	YTD2021Q1 VND'000
Revenue from sale of goods	01	22	356,286,029	364,635,221	356,286,029	364,635,221
Revenue deductions	02	22	20,609,210	17,120,680	20,609,210	17,120,680
Net revenue (10=01-02)	10	22	335,676,819	347,514,541	335,676,819	347,514,541
Cost of sales	11	23	226,283,013	205,075,340	226,283,013	205,075,340
Gross profit (20=10-11)	20		109,393,806	142,439,201	109,393,806	142,439,201
Financial income	21	24	3,183,896	534,607	3,183,896	534,607
Financial expenses	22	25	(22,819)	5,892	(22,819)	5,892
<i>In which: Interest expenses</i>	23		-	2,661	-	2,661
Selling expenses	25	26	67,970,663	57,841,407	67,970,663	57,841,407
G&A expenses	26	27	7,905,926	8,269,596	7,905,926	8,269,596
Operating profit/(loss) {30=20+(21-22)-(25+26)}	30		36,723,932	76,856,913	36,723,932	76,856,913
Other income	31		152,696	37,296	152,696	37,296
Other expenses	32	28	930,767	63,032	930,767	63,032
Results of other activities (40 = 31 - 32)	40		(778,071)	(25,736)	(778,071)	(25,736)
Profit (loss) before tax (50 = 30 + 40)	50		35,945,861	76,831,177	35,945,861	76,831,177
Income tax expenses - current	51	30	7,936,684	11,051,454	7,936,684	11,051,454
Income tax expenses - deferred	52	30	(53,601)	4,332,301	(53,601)	4,332,301
Profit (loss) after tax (60 = 50 - 51 - 52)	60		28,062,778	61,447,422	28,062,778	61,447,422
Earnings per share						
Basic earnings per share (in VND)	70	31	322	705	322	705

Dong Nai, dated 18th April 2022.

Prepared by:

(Signed)

Approved by:

(Signed and sealed)

Nguyễn Hồng Phong
Chief Accountant

Hajime Kawasaki
General Director

Interfood Shareholding Company

Statements of cash flows

(Indirect method)

	Code	Notes	31/03/2022 VND'000	YTD2021Q1 VND'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(loss) before tax	01		35,945,861	76,831,178
Adjustments for:				
Depreciation and amortisation	02		4,204,881	4,272,810
Allowances and provisions	03		233,752	2,422,251
Exchange gain/ losses	04		29,713	(8,263)
Profits from investing activities	05		(3,177,001)	-
Interest expense	06		-	2,661
Operating profit/(loss) before changes in working capital	08		37,237,206	83,520,637
Change in receivable	09		3,584,075	12,569,707
Change in inventories	10		(15,134,803)	12,241,484
Change in payables and other liabilities	11		5,602,935	(8,687,881)
Change in prepaid expenses	12		(3,255,922)	149,806
Interest paid	14		-	-
Income tax paid	15		(1,821,711)	(21,204,376)
Net cash flow from operating activities	20		26,211,780	78,589,377
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for additions to fixed assets	21		(196,200)	-
Proceeds from disposals of fixed assets	22		-	-
Payment for granting loans	23		-	-
Payments for investment in a subsidiary	25		-	-
Receipts of interests	27		2,578,521	502,738
Cash increase from merger	28		-	-
Net cash inflows/(outflows) from investing activities	30		2,382,321	502,738
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments to settle finance lease liabilities	35		-	(13,901)
Net cash inflows/(outflows) from financing activities	40		-	(13,901)
Net increase/(decrease) in cash	50		28,594,101	79,078,214
(50= 20 +30 + 40)				
Cash at beginning of the year	60		928,623,068	720,073,459
Effects of changes in foreign exchange rates			-	-
Cash at end of the year (70= 50 + 60)	70	5	957,217,169	799,151,673

Dong Nai, dated 18th April 2022.

Prepared by:

Approved by:

(Signed)

(Signed and sealed)

Nguyễn Hồng Phong
Chief Accountant

Hajime Kawasaki
General Director

Interfood Shareholding Company

Notes to the financial statements

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 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 Ho Chi Minh Stock Exchange, the Company’s shares were delisted from 3 May 2013 and thereafter trading 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 March 2022, the Company had 573 employees (31/12/2021: 578 employees).

2 Basis of preparation

(a) Statement of compliance

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

Interfood Shareholding Company

Notes to the financial statements

(b) Basis of measurement

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

(c) Annual accounting period

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

(d) Accounting and presentation currency

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

3 Summary of significant accounting policies

The following significant accounting policies have been adopted by the Company in the preparation of the accompanying financial statements.

(a) Foreign currency transactions

Transactions in currencies other than VND during the year have been translated into VND at rates approximating actual rates of exchange ruling at the transaction dates

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at the account transfer buying rate and the account transfer selling rate at the end of the annual accounting period, respectively, quoted by the commercial bank where the Company most frequently conducts transactions.

All foreign exchange differences are recorded in the statement of income.

(b) Cash and cash equivalent

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

(c) Accounts receivable

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

Interfood Shareholding Company

Notes to the financial statements

(d) Inventories

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

The Company applies the perpetual method of accounting for inventory.

(e) Tangible fixed assets

(i) Cost

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

Buildings	30 years
Machinery and equipment	4 – 15 years
Motor vehicles	6 – 10 years
Office equipment	3 – 10 years

(f) Intangible fixed assets

Software

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

Interfood Shareholding Company

Notes to the financial statements

(g) Long-term prepaid expenses

(i) *Prepaid land costs*

Prepaid land costs comprise prepaid land lease rentals, including those for which the Company obtained land use rights certificate but are not qualified as intangible fixed assets under Circular No. 45/2013/TT-BTC dated 25 April 2013 of the Ministry of Finance providing guidance on management, use and depreciation of fixed assets, and other costs incurred in conjunction with securing the use of leased land. These costs are recognised in the statement of income on a straight-line basis over the term of the lease of 40 years.

(ii) *Tools and supplies*

Tools and supplies include assets held for use by the Company in the normal course of business whose costs of individual items are less than VND30 million and therefore not qualified for recognition as fixed assets under prevailing regulation. Cost of tools and supplies are amortised on a straight-line basis over 3 years.

(iii) *Renovation expenses*

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

(iv) *Other long-term prepaid expenses*

Other long-term prepaid expenses mainly include the renovation, repair and maintenance expenses which are initially stated at cost and amortised on a straight-line basis over 3 years

(h) Trade and other payables

Trade and other payables are stated at their cost.

(i) Provisions

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

Severance allowance

Under the Vietnamese Labour Code, when an employee who has worked for 12 months or more (“the eligible employees”) voluntarily terminates his/her labour contract, the employer is required to pay the eligible employee severance allowance calculated based on years of service and employee’s compensation at termination. Provision for severance allowance has been provided based on employees’ years of service and their average salary for the six-month period prior to the end of the annual accounting period. For the purpose of determining the number of years of service by an employee, the period for which the employee participated in and contributed to unemployment insurance in accordance with prevailing laws and regulations and the period for which severance allowance has been paid by the Company are excluded.

Interfood Shareholding Company

Notes to the financial statements

(j) Share capital

Ordinary shares

Ordinary shares are recognised at issuance price less incremental costs directly attributable to the issuance of shares, net of tax effects. Such costs are recognised as a deduction from share premium. The difference between proceeds from the issuance of shares over the par value is recorded in share premium

(k) Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of income except to the extent that it relates to items recognised directly to 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 balance sheet date, 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 balance sheet date.

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.

(l) Revenue and other income

(i) *Goods sold*

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

(ii) *Interest income*

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

Interfood Shareholding Company

Notes to the financial statements

- (m) **Leases**
 (i) *Leased assets*

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

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

- (ii) *Leased payments*

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

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability

- (n) **Borrowing costs**

Borrowing costs are recognised as an expense in the year in which they are incurred, except where the borrowing costs relate to borrowings in respect of the construction of qualifying assets, in which case the borrowing costs incurred during the period of construction are capitalised as part of the cost of the assets concerned.

- (o) **Earnings per share**

The Company presents basic earnings per share (“EPS”) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. During the year, the Company had no potential ordinary shares and therefore does not present diluted EPS.

- (p) **Segment reporting**

A segment is a distinguishable component of the Company that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Company’s primary format and secondary format for segment reporting are based on business segments and geographical segments, respectively.

Interfood Shareholding Company

Notes to the financial statements

(q) Related parties

Parties are considered to be related to the Company if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or where the Company and the other party are subject to common control or significant influence. Related parties may be individuals or corporate entities and include close family members of any individual considered to be a related party

(r) Comparative information

Comparative information in these financial statements is presented as corresponding figures. Under this method, comparative information for the prior year is included as an integral part of the current year financial statements and is intended to be read only in relation to the amounts and other disclosures relating to the current year. Accordingly, the comparative information included in these financial statements is not intended to present the Company's financial position, results of operations or cash flows for the prior year

4 Segment reporting

The Company mainly operates in one business segment, which is the production and sale of foods and beverages and in primarily one geographical segment, which is in Vietnam.

5 Cash	31/03/2022 VND'000	31/12/2021 VND'000
Cash on hand	187,767	90,146
Cash in banks	407,029,402	378,532,922
Time deposit	550,000,000	550,000,000
Cash in the statement of cash flows	<u>957,217,169</u>	<u>928,623,068</u>

6 Accounts receivable from customers

(a) Accounts receivable from customers detailed by significant customers

	31/03/2022 VND'000	31/12/2021 VND'000
WinCommerce General Commercial Services SJC	4,007,569	7,800,393
EB Services Company Limited	2,589,083	5,380,205
MM Mega Market Vietnam Company Limited	3,230,034	4,151,201
Saigon Union of Trading Co-operatives	1,786,850	1,999,106
Others	12,706,845	10,243,007
	<u>24,320,381</u>	<u>29,573,912</u>

(b) Accounts receivable from customers classified by payment term

	31/03/2022 VND'000	31/12/2021 VND'000
Short-term	24,320,381	29,573,912
	<u>24,320,381</u>	<u>29,573,912</u>

Interfood Shareholding Company

Notes to the financial statements

7	Other receivables	31/03/2022	31/12/2021
		VND'000	VND'000
	Interest receivable from deposits at banks	2,613,921	2,197,858
	Other receivable	405,190	384,824
		<u>3,019,111</u>	<u>2,582,682</u>

	31/03/2022		31/12/2021	
	Cost	Allowance	Cost	Allowance
	VND'000	VND'000	VND'000	VND'000
Goods in transit	18,057	-	1,927,010	-
Raw materials	44,011,980	(13,004)	43,273,764	-
Tools and supplies	5,691,234	(296,819)	5,911,817	(296,819)
Work in progress	5,694,001	-	6,702,591	-
Finished goods	139,536,245	(26,973)	122,256,370	(151,512)
	<u>194,951,517</u>	<u>(336,796)</u>	<u>180,071,552</u>	<u>(448,331)</u>

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

	31/03/2022	31/12/2021
	VND'000	VND'000
Opening balance	448,331	368,794
Increase in allowance during the year	143,303	2,209,438
Allowance utilised during the year	(254,838)	(2,129,901)
Closing balance	<u>336,796</u>	<u>448,331</u>

9 Tangible fixed assets

	Building	Machinery & Equipment	Motor vehicles	Office equipment	Total
	VND'000	VND'000	VND'000	VND'000	VND'000
Historical cost					
Opening balance	117,748,737	291,082,154	5,578,385	13,958,523	428,367,799
Additions	-	196,200	-	-	196,200
Transfer from CIP	-	-	-	-	-
Disposals(*)	-	-	-	-	-
Closing balance	<u>117,748,737</u>	<u>291,278,354</u>	<u>5,578,385</u>	<u>13,958,523</u>	<u>428,563,999</u>
Accumulated depreciation					
Opening balance	55,875,657	269,377,168	5,126,020	11,675,344	342,054,189
Charge for the year	991,482	2,426,623	50,686	401,998	3,870,789
Transfer from CIP	-	-	-	-	-
Disposals(*)	-	-	-	-	-
Closing balance	<u>56,867,139</u>	<u>271,803,791</u>	<u>5,176,706</u>	<u>12,077,342</u>	<u>345,924,978</u>
Net book value					
Opening balance	61,873,080	21,704,986	452,365	2,283,179	86,313,610
Closing balance	<u>60,881,598</u>	<u>19,474,563</u>	<u>401,679</u>	<u>1,881,181</u>	<u>82,639,021</u>

Interfood Shareholding Company

Notes to the financial statements

Included in the cost of tangible fixed assets were assets costing 77,339 million VND which were fully depreciated as of 31 March 2022 (31/12/2021: 77,214 million VND), but are still in active use.

The net book value of temporarily idle tangible fixed assets amounted to VND 690 million as at 31 March 2022 (31/12/2021: VND 701 million).

10	Intangible fixed assets		Total
	Software		VND'000
	VND'000		VND'000
Historical cost			
Opening balance	14,082,575		14,082,575
Additions	-		-
Transfer from CIP	-		-
Written off	-		-
Closing balance	14,082,575		14,082,575
Accumulated depreciation			
Opening balance	12,068,290		12,068,290
Charge for the year	334,091		334,091
Disposals	-		-
Closing balance	12,402,381		12,402,381
Net book value			
Opening balance	2,014,285		2,014,285
Closing balance	1,680,194		1,680,194

Included in the cost of intangible fixed assets were assets costing VND 1,851 million which were fully amortised as of 31 March 2022 (31/12/2021: VND1,851 million), but are still in active use.

11	Long-term prepaid expenses				Total
	Prepaid	Tool and	Renovation	Other	
	land costs	supplies			VND'000
	VND'000	VND'000	VND'000	VND'000	VND'000
Opening balance	22,097,539	185,897	4,924,190	1,770,238	28,977,864
Additions	-	-	3,136,860	-	3,136,860
Amortisation for the period	(173,996)	-	(945,207)	(32,550)	(1,151,753)
Closing balance	21,923,543	185,897	7,115,843	1,737,688	30,962,971

Interfood Shareholding Company

Notes to the financial statements

12 Deferred tax assets

	Tax rate	31/03/2022 VND'000	31/12/2021 VND'000
Accruals	20%	13,690,722	13,612,326
Allowance for doubtful debts	20%	2,788	2,788
Allowance for inventories	20%	67,359	89,666
Allowance for severance allowance	20%	717,522	720,010
		14,478,391	14,424,790

13 Accounts payable to suppliers

(a) Accounts payable to suppliers detailed by significant suppliers

	31/03/2022		31/12/2021	
	Cost VND'000	Amount within payment capacity VND'000	Cost VND'000	Amount within payment capacity VND'000
Vietnam Kirin Beverage Company Limited	27,998,297	27,998,297	47,195,482	47,195,482
Crown Beverage Cans (Dong Nai) Co., Ltd	28,262,413	28,262,413	17,392,971	17,392,971
Vietnam Chuanli Can Co., Ltd	15,577,932	15,577,932	4,062,889	4,062,889
Others	38,239,127	38,239,127	38,503,474	38,503,474
	110,077,769	110,077,769	107,154,816	107,154,816

(b) Accounts payable to suppliers classified by payment term

	31/03/2022		31/12/2021	
	Cost VND'000	Amount within payment capacity VND'000	Cost VND'000	Amount within payment capacity VND'000
Short-term	110,077,769	110,077,769	107,154,816	107,154,816
	110,077,769	110,077,769	107,154,816	107,154,816

(c) Accounts payable to suppliers who are related parties

	31/03/2022	31/03/2022	31/12/2021	31/12/2021
	Cost VND'000	Amount within payment capacity VND'000	Cost VND'000	Amount within payment capacity VND'000
Vietnam Kirin Beverage Company, Limited	27,998,297	27,998,297	47,195,482	47,195,482
	27,998,297	27,998,297	47,195,482	47,195,482

The amounts due to Vietnam Kirin Beverage Company Limited represented the processing fee payable, which were unsecured, interest free and payable on demand.

Interfood Shareholding Company

Notes to the financial statements

14 Taxes payable to State Treasury

	31/12/2021 VND'000	Incurred VND'000	Netted-off VND'000	Paid VND'000	31/03/2022 VND'000
Value added tax	4,063,559	28,206,558	(20,375,871)	(11,332,132)	562,114
Corporate income tax	1,821,710	7,936,684		(1,821,710)	7,936,684
Personal income tax	605,765	2,258,204		(1,445,185)	1,418,784
Other tax	-	306,352		(306,352)	-
	6,491,034	38,707,798	(20,375,871)	(14,905,379)	9,917,582

15 Accrued expenses

	31/03/2022 VND'000	31/12/2021 VND'000
Accrual for aluminium price adjustment	33,699,032	25,837,769
Sales discounts and commission	16,002,662	12,491,272
Promotion expenses	6,598,166	11,989,683
Transportation fee	3,726,822	1,302,302
Secondment fee payable (*)	1,636,986	3,146,132
Others	6,789,941	13,294,474
	68,453,610	68,061,632

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

16 Other short-term payables

	31/03/2022 VND'000	31/12/2021 VND'000
Non-trade amounts due to a related party	195,767	207,427
Dividends payable	505,391	505,391
Other payable	213,515	150,689
	914,673	863,507

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

Interfood Shareholding Company

Notes to the financial statements

17 Provision - long-term

Movements of provision during the year were as follow:	Severance allowance	Severance allowance
	31/03/2022	31/12/2021
	VND'000	VND'000
Opening balance	3,600,049	3,683,527
Provision made during the year	90,449	510,755
Provision utilised during the year	(102,889)	(594,233)
Closing balance	<u>3,587,609</u>	<u>3,600,049</u>

18 Changes in owners' equity

	Share capital	Share premium	Other Reserves	Accumulated losses	Total
	VND'000	VND'000	VND'000	VND'000	VND'000
Balance as at 01/01/2021	871,409,840	85,035,704	90,034,048	(108,961,177)	937,518,415
Share capital issued					-
Net profit (loss) for the year				125,557,534	125,557,534
Balance as at 31/12/2021	<u>871,409,840</u>	<u>85,035,704</u>	<u>90,034,048</u>	<u>16,596,357</u>	<u>1,063,075,949</u>
Share capital issued					-
Net profit (loss) for the year				28,062,778	28,062,778
Balance as at 31/03/2022	<u>871,409,840</u>	<u>85,035,704</u>	<u>90,034,048</u>	<u>44,659,135</u>	<u>1,091,138,727</u>

19 Share capital

The Company's authorised and issued share capital is:

	31/03/2022		31/12/2021	
	Number of shares	VND'000	Number of shares	VND'000
Authorised and issued share capital				
Ordinary shares	87,140,992	871,409,920	87,140,992	871,409,920
Shares in circulation				
Ordinary shares	87,140,984	871,409,840	87,140,984	871,409,840

Interfood Shareholding Company

Notes to the financial statements

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 dividend 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.

Movements in share capital during the year were as follows:

	31/03/2022		31/12/2021	
	Number of shares	VND'000	Number of shares	VND'000
Balance at the beginning of the period	87,140,984	871,409,840	87,140,984	871,409,840
Shares issued during the year				
Balance at the end of period:	87,140,984	871,409,840	87,140,984	871,409,840

20 Other reserves

(b) 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 (Circular 244). Accordingly, all balances in USD as at 31 December 2012 have been translated to VND at the exchange rate of VND20,828 to USD1. This amount represents the difference between the converted value and par value of ordinary shares in VND. The difference between the converted value and par value of ordinary shares of VND90,034,048,000 is reflected as other reserves.

21 Off balance sheet items

(a) Lease

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

	31/03/2022	31/12/2021
	VND'000	VND'000
Within one year	4,022,461	4,022,461
Within two to five years	10,287,614	11,293,229
Over five years	-	-
	14,310,075	15,315,690

(b) Foreign currencies

	31/03/2022		31/12/2021	
	Original currency	VND'000	Original currency	VND'000
USD	58,208	1,261,108	292,796	6,628,898
		1,261,108		6,628,898

Interfood Shareholding Company

Notes to the financial statements

22 Revenues from sales of goods

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

Net revenue comprised:

	Q1-2022 VND'000	Q1-2021 VND'000	YTD2022Q1 VND'000	YTD2021Q1 VND'000
Total revenue				
■ Sales of drinks	296,485,494	301,245,845	296,485,494	301,245,845
■ Sales of food stuff	58,463,265	62,788,176	58,463,265	62,788,176
■ Sales of scraps	1,337,270	601,200	1,337,270	601,200
	356,286,029	364,635,221	356,286,029	364,635,221
Less revenue deductions:				
■ Sales allowances	20,609,210	17,120,680	20,609,210	17,120,680
■ Sales return	-	-	-	-
	20,609,210	17,120,680	20,609,210	17,120,680
Net revenue	335,676,819	347,514,541	335,676,819	347,514,541

23 Cost of sales

	Q1-2022 VND'000	Q1-2021 VND'000	YTD2022Q1 VND'000	YTD2021Q1 VND'000
Total cost of sales				
■ Cost of drinks	184,824,210	165,934,831	184,824,210	165,934,831
■ Cost of other products	41,458,803	39,140,509	41,458,803	39,140,509
	226,283,013	205,075,340	226,283,013	205,075,340

24 Financial income

	Q1-2022 VND'000	Q1-2021 VND'000	YTD2022Q1 VND'000	YTD2021Q1 VND'000
Interest income from bank deposits	3,177,001	502,738	3,177,001	502,738
Foreign exchange gains	6,895	31,869	6,895	31,869
	3,183,896	534,607	3,183,896	534,607

25 Financial expenses

	Q1-2022 VND'000	Q1-2021 VND'000	YTD2022Q1 VND'000	YTD2021Q1 VND'000
Interest expenses	-	2,661	-	2,661
Foreign exchange losses	(22,819)	3,231	(22,819)	3,231
	(22,819)	5,892	(22,819)	5,892

Interfood Shareholding Company

Notes to the financial statements

26 Selling expenses

	Q1-2022	Q1-2021	YTD2022Q1	YTD2021Q1
	VND'000	VND'000	VND'000	VND'000
Staff costs	34,301,074	30,516,948	34,301,074	30,516,948
Advertisement and promotion expenses	12,692,040	9,519,209	12,692,040	9,519,209
Transportation fee	16,293,140	13,248,593	16,293,140	13,248,593
Rental fee	1,791,906	2,449,313	1,791,906	2,449,313
Others	2,892,503	2,107,344	2,892,503	2,107,344
	67,970,663	57,841,407	67,970,663	57,841,407

27 General and administration expenses

	Q1-2022	Q1-2021	YTD2022Q1	YTD2021Q1
	VND'000	VND'000	VND'000	VND'000
Staff costs	3,443,048	3,254,790	3,443,048	3,254,790
Consultant fee	687,100	1,352,610	687,100	1,352,610
Rental fee	425,656	896,998	425,656	896,998
Depreciation and amortisation	1,043,425	868,843	1,043,425	868,843
Allowance	-	-	-	-
Others	2,306,697	1,896,355	2,306,697	1,896,355
	7,905,926	8,269,596	7,905,926	8,269,596

28 Other expenses

	Q1-2022	Q1-2021	YTD2022Q1	YTD2021Q1
	VND'000	VND'000	VND'000	VND'000
Depreciation of idle tangible fixed assets	10,918	21,304	10,918	21,304
Loss from disposals of tangible fixed assets	-	-	-	-
Others	919,849	41,728	919,849	41,728
	930,767	63,032	930,767	63,032

29 Production and business costs by element

	Q1-2022	Q1-2021	YTD2022Q1	YTD2021Q1
	VND'000	VND'000	VND'000	VND'000
Raw material costs included in production cost	158,310,593	124,520,009	158,310,593	124,520,009
Labour costs and staff costs	46,530,876	43,465,738	46,530,876	43,465,738
Depreciation and amortisation	4,557,338	4,272,811	4,557,338	4,272,811
Outside services	99,583,354	82,302,410	99,583,354	82,302,410
Other expenses	4,674,996	2,824,447	4,674,996	2,824,447
	313,657,157	257,385,415	313,657,157	257,385,415

Interfood Shareholding Company

Notes to the financial statements

30 Corporate Income Taxes

(a) Recognised in the consolidated statement of income

	31/03/2022 VND'000	31/12/2021 VND'000
Current tax expense		
Current year	<u>7,936,684</u>	<u>32,119,926</u>
Deferred tax income		
Origination and reversal of temporary differences	<u>(53,601)</u>	<u>(494,969)</u>
	(53,601)	(494,969)
Income tax expense	<u>7,883,083</u>	<u>31,624,957</u>

(b) Reconciliation of effective tax rate

	31/03/2022 VND'000	31/12/2021 VND'000
Accounting profit (loss) before tax	<u>35,945,861</u>	<u>157,182,491</u>
Tax at the Company's tax rate	7,189,172	31,436,498
Non-deductible expenses	693,911	188,459
Written off deferred tax assets	-	-
Under provision in prior year	<u>-</u>	<u>-</u>
	<u>7,883,083</u>	<u>31,624,957</u>

(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 (1994). Thereafter, from 2006 onwards the Company is subject to income tax rate applicable to enterprises before any incentives of 25%.

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.

Interfood Shareholding Company

Notes to the financial statements

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 22% for 2015, and will be reduced to 20% from 2016..

31	Basic earnings per share		
(a)	Net profit attributable to ordinary shareholders	31/03/2022	31/12/2021
		VND'000	VND'000
	Net profit attributable to ordinary shareholders	<u>28,062,778</u>	<u>125,557,534</u>
(b)	Weighted average number of ordinary shares		
	Weighted average number of ordinary shares for the	<u>87,140,984</u>	<u>87,140,984</u>

31 Significant transactions with related parties

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

	Transaction value	
	YTD2022Q1	YTD2021Q1
	VND'000	VND'000
Related companies		
Kirin Holdings Company, Limited - Ultimate Parent Company		
Short-term loan received	-	-
Share subscription	-	-
Interest expenses	-	-
Secondment fee	1,587,201	1,603,371
Purchases of goods	-	-

Interfood Shareholding Company

Notes to the financial statements

Vietnam Kirin Beverage Company, Limited

Processing fee	54,524,750	48,055,208
Purchases of services	545,190	482,810
Sale of finished goods	86,503	-
Purchases of goods	871,260	43,661
Processing contract Compensation	-	-

Board of Directors and Board of Management

Secondment fees	1,104,000	1,120,560
Salary	454,500	454,500

Dong Nai, dated 18th April 2022.

Prepared by:

Approved by:

(Signed)

(Signed and sealed)

Nguyễn Hồng Phong
Chief Accountant

Hajime Kawasaki
General Director