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# **Ngoc Nghia Industry – Service – Trading Joint Stock Company**

Interim separate financial statements

For the six-month period ended 30 June 2022



# Ngoc Nghia Industry – Service – Trading Joint Stock Company

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# Ngoc Nghia Industry – Service – Trading Joint Stock Company

## GENERAL INFORMATION

### THE COMPANY

Ngoc Nghia Industry – Service – Trading Joint Stock Company (“the Company”) is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the Enterprise Registration Certificate (“ERC”) No. 0301427028 first issued by the Department of Planning and Investment (“DPI”) of Ho Chi Minh City on 18 June 1993, and the 25<sup>th</sup> amended ERC on 1 July 2022.

The Company’s shares were listed on the Unlisted Public Company Market (“UPCoM”) on the Hanoi Stock Exchange (“HNX”) with code NNG in accordance with Decision No. 85/QĐ-HNX issued by HNX on 10 February 2015.

The current principal activities of the Company are to produce packages and other products from plastic, produce moulds and spare parts.

The Company’s registered head office is located at No. 27A, Nguyen U Di Street, Thao Dien Ward, Thu Duc City, Ho Chi Minh City, Vietnam.

### BOARD OF DIRECTORS

Members of the Board of Directors during the period and at the date of this report are:

Mr Sunil Marwah	Chairman	appointed on 11 May 2022
Mr. La Bui Hoang Nghia	Chairman	resigned on 11 May 2022
Mr Vasikaran Krishnamourthy	Deputy Chairman	appointed on 11 May 2022
Ms. La Bui Hong Ngoc	Deputy Chairwoman	resigned on 11 May 2022
	Member	appointed on 11 May 2022
Mr Anil Kumar Ailani	Member	appointed on 11 May 2022
Mr Vikas Gupta	Member	appointed on 11 May 2022
Mr. La Van Hoang	Member	resigned on 11 May 2022
Ms. Nguyen Thi Dieu Phuong	Member	resigned on 11 May 2022

### BOARD OF SUPERVISION

Members of the Board of Supervision during the period and at the date of this report are:

Ms Hoang Thi Minh Thu	Head	
Mr Nguyen Huu Thoang	Member	
Mr Arvind Kumar Keshri	Member	appointed on 11 May 2022
Ms Nguyen Ngoc Chi Mai	Member	resigned on 11 May 2022

### MANAGEMENT

Members of the Management during the period and at the date of this report are:

Mr Vasikaran Krishnamourthy	General Director	appointed on 11 May 2022
Ms La Bui Hong Ngoc	General Director	resigned on 11 May 2022
	Head of Sale	appointed on 11 May 2022
Mr Puneet Jain	Chief Financial Officer	appointed on 11 May 2022
Mr John Russell Gray	Chief Operations Officer	resigned on 11 May 2022
Ms Truong Thi Ngoc Tram	Chief Financial Officer	resigned on 31 March 2022



# Ngoc Nghia Industry – Service – Trading Joint Stock Company

## GENERAL INFORMATION (continued)

### LEGAL REPRESENTATIVES

The legal representatives of the Company during the period and at the date of this report is:

Mr. Sunil Marwah	from 1 July 2022
Mr. Vasikaran Krishnamourthy	from 1 July 2022
Ms. La Bui Hong Ngoc	

### AUDITORS

The auditor of the Company is Ernst & Young Vietnam Limited.

# Ngoc Nghia Industry – Service – Trading Joint Stock Company

## REPORT OF MANAGEMENT AND APPROVAL OF THE BOARD OF DIRECTORS

Management of Ngoc Nghia Industry – Service – Trading Joint Stock Company (“the Company”) is pleased to present this report and the interim separate financial statements for the six-month period ended 30 June 2022.

### MANAGEMENT’S RESPONSIBILITY IN RESPECT OF THE INTERIM SEPARATE FINANCIAL STATEMENTS

Management is responsible for the interim separate financial statements of each financial period which give a true and fair view of the interim separate financial position of the Company and of the interim separate results of its operations and its interim separate cash flows for the period. In preparing those interim separate financial statements, Management required to:

- ▶ select suitable accounting policies and then apply them consistently;
- ▶ make judgements and estimates that are reasonable and prudent;
- ▶ state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the interim separate financial statements; and
- ▶ prepare the interim separate financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the interim separate financial position of the Company and to ensure that the accounting records comply with the applied accounting system. It is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Management confirmed that it has complied with the above requirements in preparing the accompanying interim separate financial statements.

### APPROVAL OF THE INTERIM SEPARATE FINANCIAL STATEMENTS

We hereby approve the accompanying interim separate financial statements which give a true and fair view of the interim separate financial position of the Company as at 30 June 2022 and of the interim separate results of its operations and its interim separate cash flows for the six-month period ended 30 June 2022 in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of interim separate financial statements.

The Company has subsidiaries as disclosed in Note 17 of the interim separate financial statements. The Company prepared these interim separate financial statements to meet the prevailing requirements in relation to disclosure of information, specifically the Circular No. 96/2020/TT-BTC on disclosure of information on the securities market. In addition, as required by these regulations, the Company has also prepared the interim consolidated financial statements of the Company and its subsidiaries (“the Group”) for the six-month period ended 30 June 2022 dated 29 August 2022.

Users of the interim separate financial statements should read them together with the said interim consolidated financial statements in order to obtain full information on the interim consolidated financial position, interim consolidated results of operations and interim consolidated cash flows of the Group.

For and on behalf of the Board of Directors:



Vasikaran Krishnamourthy  
Deputy Chairman

Ho Chi Minh City, Vietnam

29 August 2022

Reference: 12220012/22987778

## REPORT ON REVIEW OF INTERIM SEPARATE FINANCIAL STATEMENTS

**To: The Shareholders of Ngoc Nghia Industry – Service – Trading Joint Stock Company**

We have reviewed the accompanying interim separate financial statements of Ngoc Nghia Industry – Service – Trading Joint Stock Company ("the Company") as prepared on 29 August 2022 and set out on pages 6 to 37, which comprise the interim separate balance sheet as at 30 June 2022, the interim separate income statement and the interim separate cash flow statement for the six-month period then ended and the notes thereto.

### *Management's responsibility*

The Company's management is responsible for the preparation and fair presentation of the interim separate financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of the interim separate financial statements, and for such internal control as management determines is necessary to enable the preparation and presentation of the interim separate financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' responsibility*

Our responsibility is to express a conclusion on the interim separate financial statements based on our review. We conducted our review in accordance with Vietnamese Standard on review engagements No. 2410 - Review of interim financial information performed by the independent auditor of the entity.

A review of the interim separate financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Vietnamese Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



### ***Conclusion***

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim separate financial statements do not give a true and fair view, in all material respects, of the interim separate financial position of the Company as at 30 June 2022, and of the interim separate results of its operations and its interim separate cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of the interim separate financial statements.

### **Ernst & Young Vietnam Limited**



Nguyễn Thị Nhu Quỳnh  
Deputy General Director  
Audit Practicing Registration Certificate  
No. 3040-2019-004-1

Ho Chi Minh City, Vietnam

29 August 2022

INTERIM SEPARATE BALANCE SHEET  
as at 30 June 2022

VND

Code	ASSETS	Notes	30 June 2022	31 December 2021
<b>100</b>	<b>A. CURRENT ASSETS</b>		<b>1,024,445,405,163</b>	<b>829,133,842,390</b>
<b>110</b>	<b>I. Cash</b>	<b>4</b>	<b>6,664,313,247</b>	<b>27,501,432,599</b>
111	1. Cash		6,664,313,247	27,501,432,599
<b>130</b>	<b>II. Current accounts receivable</b>		<b>816,090,639,294</b>	<b>624,908,495,817</b>
131	1. Short-term trade receivables	5	835,831,934,942	651,253,310,250
132	2. Short-term advances to suppliers	6	14,214,442,136	7,443,516,887
135	3. Short-term loan receivables	7	613,100,000,000	613,100,000,000
136	4. Other short-term receivables	8	135,303,446,559	135,470,853,023
137	5. Provision for doubtful short-term receivables	9	(782,359,184,343)	(782,359,184,343)
<b>140</b>	<b>III. Inventory</b>		<b>109,259,442,620</b>	<b>90,770,190,305</b>
141	1. Inventories	10	109,259,442,620	90,770,190,305
<b>150</b>	<b>IV. Other current assets</b>		<b>92,431,010,002</b>	<b>85,953,723,669</b>
151	1. Short-term prepaid expenses	11	5,493,255,802	5,349,811,080
152	2. Value-added tax deductible	19	73,354,892,529	66,755,669,283
153	3. Tax and other receivables from the State	19	13,582,861,671	13,848,243,306
<b>200</b>	<b>B. NON-CURRENT ASSETS</b>		<b>1,067,835,115,169</b>	<b>1,082,120,078,128</b>
<b>210</b>	<b>I. Long-term receivable</b>		<b>203,692,705,105</b>	<b>203,410,946,525</b>
216	1. Other long-term receivables	8	351,692,705,105	351,410,946,525
219	2. Provision for doubtful long-term receivables	9	(148,000,000,000)	(148,000,000,000)
<b>220</b>	<b>II. Fixed assets</b>		<b>234,642,966,512</b>	<b>264,383,010,093</b>
221	1. Tangible fixed assets	12	234,259,845,908	253,008,401,957
222	Cost		608,248,282,231	608,582,111,866
223	Accumulated depreciation		(373,988,436,323)	(355,573,709,909)
227	2. Intangible fixed assets	13	383,120,604	11,374,608,136
228	Cost		5,592,445,174	23,813,560,190
229	Accumulated amortisation		(5,209,324,570)	(12,438,952,054)
<b>230</b>	<b>III. Investment properties</b>		<b>103,440,200,000</b>	<b>103,440,200,000</b>
231	1. Cost	14	103,440,200,000	103,440,200,000
<b>240</b>	<b>III. Long-term asset in progress</b>		<b>17,569,765,553</b>	<b>5,223,667,256</b>
242	1. Construction in progress	15	17,569,765,553	5,223,667,256
<b>250</b>	<b>IV. Long-term investments</b>		<b>357,800,000,000</b>	<b>357,800,000,000</b>
251	1. Investments in subsidiaries	16	357,800,000,000	357,800,000,000
<b>260</b>	<b>V. Other long-term assets</b>		<b>150,689,477,999</b>	<b>147,862,254,254</b>
261	1. Long-term prepaid expenses	11	67,096,306,133	56,548,655,622
262	2. Deferred tax assets	29.3	83,593,171,866	91,313,598,632
<b>270</b>	<b>TOTAL ASSETS</b>		<b>2,092,280,520,332</b>	<b>1,911,253,920,518</b>

INTERIM SEPARATE BALANCE SHEET (continued)  
as at 30 June 2022

VND

Code	RESOURCES	Notes	30 June 2022	31 December 2021
<b>300</b>	<b>C. LIABILITIES</b>		<b>823,035,849,978</b>	<b>670,940,392,966</b>
<b>310</b>	<b>I. Current liabilities</b>		<b>784,631,753,559</b>	<b>626,536,296,547</b>
311	1. Short-term trade payables	17	562,064,486,160	422,466,942,108
312	2. Short-term advances from customers	18	16,942,035,317	16,338,192,923
313	3. Statutory obligations	19	905,863,854	1,259,068,235
314	4. Payables to employees		105,480,000	-
315	5. Short-term accrued expenses	20	5,454,806,521	6,667,894,515
319	6. Other short-term payables		2,944,624,875	2,293,564,302
320	7. Short-term loans	21	196,214,456,832	177,510,634,464
<b>330</b>	<b>II. Non-current liability</b>		<b>38,404,096,419</b>	<b>44,404,096,419</b>
338	1. Long-term loans	21	38,404,096,419	44,404,096,419
<b>400</b>	<b>D. OWNERS' EQUITY</b>	<b>22.1</b>	<b>1,269,244,670,354</b>	<b>1,240,313,527,552</b>
<b>410</b>	<b>I. Capital</b>		<b>1,269,244,670,354</b>	<b>1,240,313,527,552</b>
411	1. Share capital		815,709,880,000	815,709,880,000
411a	- Shares with voting rights		815,709,880,000	815,709,880,000
412	2. Share premium		192,851,537,982	192,851,537,982
418	3. Investment and development fund		10,973,114,162	10,973,114,162
420	4. Other funds belonging to owners' equity		192,503,849	192,503,849
421	5. Undistributed earnings		249,517,634,361	220,586,491,559
421a	- Undistributed earnings by the end of prior periods		220,586,491,559	71,295,939,561
421b	- Undistributed earnings of current period		28,931,142,802	149,290,551,998
<b>440</b>	<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>2,092,280,520,332</b>	<b>1,911,253,920,518</b>

  
Dong Thi Ngoc Trieu  
Preparer cum Chief Accountant



  
Vasikaran Krishnamourthy  
General Director

29 August 2022



INTERIM SEPARATE INCOME STATEMENT  
for the six-month period ended 30 June 2022

VND

Code	ITEMS	Notes	For the six-month period ended 30 June 2022	For the six-month period ended 30 June 2021
01	1. Revenue from sale of goods and rendering of services	23.1	831,392,121,534	761,524,088,890
02	2. Deductions	23.1	(1,232,140,106)	(801,337,313)
10	3. Net revenue from sale of goods and rendering of services	23.1	830,159,981,428	760,722,751,577
11	4. Cost of goods sold and services rendered	24	(720,420,617,047)	(662,330,940,876)
20	5. Gross profit from sale of goods and rendering of services		109,739,364,381	98,391,810,701
21	6. Finance income	23.2	961,317,478	568,053,000
22	7. Finance expenses	25	(8,191,872,035)	(8,326,017,836)
23	- In which: Interest expense		(7,233,358,973)	(8,106,743,949)
25	8. Selling expenses	26	(34,527,621,811)	(25,899,910,401)
26	9. General and administrative expenses	26	(29,462,292,148)	(31,700,945,845)
30	10. Operating profit		38,518,895,865	33,032,989,619
31	11. Other income	27	1,239,424,264	1,692,690,199
32	12. Other expenses	27	(2,543,369,856)	(51,114,779)
40	13. Other (loss) profit	27	(1,303,945,592)	1,641,575,420
50	14. Accounting profit before tax		37,214,950,273	34,674,565,039
51	15. Current corporate income tax expense	29.1	(563,380,705)	-
52	16. Deferred income tax expense	29.3	(7,720,426,766)	(7,054,876,729)
60	17. Net profit after tax		28,931,142,802	27,619,688,310

Dong Thi Ngoc Trieu  
Preparer cum Chief Accountant



Vasikaran Krishnamourthy  
General Director

29 August 2022



INTERIM SEPARATE CASH FLOW STATEMENT  
for the six-month period ended 30 June 2022

VND

Code	ITEMS	Notes	For the six-month period ended 30 June 2022	For the six-month period ended 30 June 2021
	<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
01	Accounting profit before tax		37,214,950,273	34,674,565,039
	Adjustments for:			
02	Depreciation of tangible fixed assets, finance leases and amortisation of intangible fixed assets	12, 13	18,792,901,025	19,899,634,138
03	Reversal of provisions		-	(580,910,000)
04	Foreign exchange gains arising from revaluation of monetary accounts denominated in foreign currency		(82,079,377)	-
05	Profits from investing activities		(109,544,718)	(996,717,353)
06	Interest expenses	25	7,233,358,973	8,106,743,949
08	Operating profit before changes in working capital		63,049,586,176	61,103,315,773
09	Increase in receivables		(197,287,948,540)	(101,710,182,788)
10	Increase in inventories		(18,489,252,315)	(19,631,869,867)
11	Increase in payables		128,696,725,959	88,687,718,951
12	(Increase) decrease in prepaid expenses		(72,218,485)	9,353,592,313
14	Interest paid		(7,237,647,282)	(8,251,074,037)
15	Corporate income tax paid		(297,999,070)	
20	Net cash flows (used in) from operating activities		(31,638,753,557)	29,551,500,345
	<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
21	Purchase, construction of fixed assets and other long-term assets		(2,333,782,938)	(5,879,810,217)
22	Proceeds from disposals of fixed assets		421,500,000	3,493,000,000
27	Interest received		16,249,703	29,468,032
30	Net cash flows used in investing activities		(1,896,033,235)	(2,357,342,185)
	<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
33	Drawdown of borrowings	21	438,442,771,100	321,334,682,041
34	Repayment of borrowings	21	(425,745,103,660)	(355,924,120,787)
35	Payment of principal of finance lease liabilities	21	-	(6,598,801,318)
40	Net cash flows (from) used in financing activities		12,697,667,440	(41,188,240,064)

INTERIM SEPARATE CASH FLOW STATEMENT (continued)  
for the six-month period ended 30 June 2022

VND

Code	ITEMS	Notes	For the six-month period ended 30 June 2022	For the six-month period ended 30 June 2021
50	Net decrease in cash		(20,837,119,352)	(13,994,081,904)
60	Cash at beginning of period		27,501,432,599	43,775,846,626
70	Cash at end of period	4	6,664,313,247	29,781,764,722



Dong Thi Ngoc Trieu  
Preparer cum Chief Accountant



Vasikaran Krishnamourthy  
General Director

29 August 2022

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS  
as at 30 June 2022 and for the six-month period then ended

**1. CORPORATE INFORMATION**

Ngoc Nghia Industry – Service – Trading Joint Stock Company (“the Company”) is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the Enterprise Registration Certificate (“ERC”) No. 0301427028 issued by the Department of Planning and Investment (“DPI”) of Ho Chi Minh City on 18 June 1993, and the 25<sup>th</sup> amended ERC on 1 July 2022.

The Company’s shares were listed on the Unlisted Public Company Market (“UPCoM”) on the Hanoi Stock Exchange (“HNX”) with code NNG in accordance with Decision No. 85/QĐ-HNX issued by HNX on 10 February 2015.

The current principal activities of the Company are to produce packages and other products from plastic, produce moulds and spare parts.

The Company’s registered head office is located at No. 27A, Nguyen U Di Street, Thao Dien Ward, Thu Duc City, Ho Chi Minh City, Vietnam.

The number of Company’s employees as at 30 June 2022 was 618 (31 December 2021: 666).

As at 30 June 2022, the Company has two (2) direct subsidiaries with details as follows:

<i>Company</i>	<i>Location</i>	<i>Status</i>	<i>Business</i>	<i>Ownership</i>	<i>Voting right</i>
				<i>%</i>	<i>%</i>
International Pet Single Member Limited Liability Company (“IPC”)	Tay Ninh	Operating	Manufacture of plastics products	100	100
Ngoc Nghia International Packaging Single Member Limited Liability Company (“NNI”)	Tay Ninh	Operating	Manufacture of plastics products	100	100

**2. BASIS OF PREPARATION**

**2.1 Purpose of preparing the interim separate financial statements**

The Company has subsidiaries as disclosed in Note 1 and Note 17. The Company prepared these interim separate financial statements to meet the prevailing requirements in relation to disclosure of information, specifically the Circular No. 96/2020/TT-BTC on disclosure of information on the securities market. In addition, as required by these regulations, the Company has also prepared the interim consolidated financial statements of the Company and its subsidiaries for the six-month period ended 30 June 2022 dated 29 August 2022.

Users of the interim separate financial statements should read them together with the said interim consolidated financial statements in order to obtain full information on the interim consolidated financial position, interim consolidated results of operations and interim consolidated cash flows of the Company and its subsidiaries.



NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at 30 June 2022 and for the six-month period then ended

**2. BASIS OF PREPARATION (continued)**

**2.2 Accounting standards and system**

The interim separate financial statements of the Company expressed in Vietnam dong ("VND") are prepared in accordance with the Vietnamese Enterprise Accounting System and Vietnamese Accounting Standard No. 27 - Interim Financial Reporting and other Vietnamese Accounting Standards issued by the Ministry of Finance as per:

- ▶ Decision No. 149/2001/QD-BTC dated 31 December 2001 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 1);
- ▶ Decision No. 165/2002/QD-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 2);
- ▶ Decision No. 234/2003/QD-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 3);
- ▶ Decision No. 12/2005/QD-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 4); and
- ▶ Decision No. 100/2005/QD-BTC dated 28 December 2005 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 5).

Accordingly, the accompanying interim separate financial statements, including their utilisation are not designed for those who are not informed about Vietnam's accounting principles, procedures and practices and furthermore are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

**2.3 Applied accounting documentation system**

The Company's applied accounting documentation system is the Journal Voucher system.

**2.4 Fiscal year**

The Company's fiscal year applicable for the preparation of its separate financial statements starts on 1 January and ends on 31 December.

**2.5 Accounting currency**

The interim separate financial statements are prepared in VND which is also the Company's accounting currency.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**3.1 Cash**

Cash comprise cash on hand and cash in banks.

**3.2 Inventories**

Inventories are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value.

Net realisable value ("NRV") represents the estimated selling price in the ordinary course of business less the estimated costs to complete and the estimated costs necessary to make the sale.

The perpetual method is used to record inventories, which are valued as follows:

- |   |   |
|---|---|
| Raw materials, goods for resale, and finished goods | - cost of purchase on a first-in, first-out basis.  |
| Work-in process                                     | - cost of direct materials and labour plus attributable manufacturing overheads based on the normal operating capacity on a weighted average basis. |

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at 30 June 2022 and for the six-month period then ended

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.3 Receivables**

Receivables are presented in the interim separate financial statements at the carrying amounts due from customers and other debtors, after provision for doubtful debts.

The provision for doubtful debts represents amounts of outstanding receivables at the balance sheet date which are doubtful of being recovered. Increases or decreases to the provision balance are recorded as general and administrative expense in the interim separate income statement.

**3.4 Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation.

The cost of a tangible fixed asset comprises of its purchase price and any directly attributable costs of bringing the tangible fixed asset to working condition for its intended use.

Expenditures for additions, improvements and renewals are added to the carrying amount of the assets and expenditures for maintenance and repairs are charged to the interim separate income statement as incurred.

When tangible fixed assets are sold or retired, and any gain or loss resulting from their disposal (the difference between the net disposal proceeds and the carrying amount) is included in the interim separate income statement.

**3.5 Leased assets**

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset.

A lease is classified as a finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the asset to the lessee. All other leases are classified as operating leases.

*Where the Company is the lessee*

Assets held under finance leases are capitalised in the interim separate balance sheet at the inception of the lease at the fair value of the leased assets or, if lower, at the net present value of the minimum lease payments. The principal amount included in future lease payments under finance leases are recorded as a liability. The interest amounts included in lease payments are charged to the interim separate income statement over the lease term to achieve a constant rate on interest on the remaining balance of the finance lease liability.

Capitalised financial leased assets are depreciated using straight-line basis over the shorter of the estimated useful lives of the asset and the lease term, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term.

Rentals under operating leases are charged to the interim separate income statement on a straight-line basis over the lease term.

*Where the Company is the lessor*

Assets subject to operating leases are included as the Company's fixed assets in the interim separate balance sheet. Initial direct costs incurred in negotiating an operating lease are recognised in the interim separate income statement as incurred/added to the carrying value of the leased asset for amortisation to the interim separate income statement over the lease term.

Lease income is recognised in the interim separate income statement on a straight-line basis over the lease term.



NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at 30 June 2022 and for the six-month period then ended

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.6 Intangible fixed assets**

Intangible fixed assets are stated at cost less accumulated amortisation.

The cost of an intangible fixed asset comprises of its purchase price and any directly attributable costs of preparing the intangible fixed asset for its intended use.

Expenditures for additions, improvements are added to the carrying amount of the assets and other expenditures are charged to the interim separate income statement as incurred.

When intangible fixed assets are sold or retired, any gain or loss resulting from their disposal (the difference between the net disposal proceeds and the carrying amount) is included in the interim separate income statement.

*Land use rights ("LURs")*

LURs are recorded as intangible fixed assets if the land is held for use in the production or business, for rental to others by the enterprise and when the Company receives the LURs certificate. The cost of LURs comprises any directly attributable costs of preparing the land for its intended use. The costs of LURs with indefinite useful life are not amortised.

**3.7 Depreciation and amortisation**

Depreciation of tangible fixed assets, finance leases assets and amortisation of intangible fixed assets are calculated on a straight-line basis over the estimated useful life of each asset as follows:

Buildings and structures	5 - 25 years
Machinery and equipment	5 - 15 years
Means of transportation	6 - 10 years
Office equipment	3 - 6 years
Accounting software	3 - 6 years

**3.8 Investment properties**

Investment properties are stated at cost including transaction costs less accumulated depreciation and/or amortization. Investment properties held for capital appreciation are not depreciated/amortized but subject to impairment review.

Subsequent expenditure relating to an investment property that has already been recognized is added to the net book value of the investment property when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing investment property, will flow to the Company.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when, there is change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. The transfer from investment property to owner-occupied property or inventories does not change the cost or the carrying value of the property for subsequent accounting at the date of change in use.

**3.9 Borrowing costs**

Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds and are recorded as expense during the period in which they are incurred.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at 30 June 2022 and for the six-month period then ended

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.10 Prepaid expenses**

Prepaid expenses are reported as short-term or long-term prepaid expenses on the interim separate balance sheet and amortised over the period for which the amounts are paid or the period in which economic benefits are generated in relation to these expenses.

Tools and supplies with large value are recorded as long-term prepaid expense and are amortised to the interim separate income statement over 2 to 3 years.

The prepaid land rental represents the unamortised balance of advance payment made in accordance with the lease contract dated 31 July 2009 signed with Saigon - Linh Trung Export Processing Zone Joint Venture Company for a period of 43 years and 4 months; land lease contract dated 20 June 2012 signed with Sepzone - Linh Trung (Vietnam) Co., Ltd. for a term of 40 years and 6 months and land lease contract dated 7 March 2016 signed with Sepzone - Linh Trung (Vietnam) Co., Ltd. for a period of 36 years. Such prepaid rental is classified as long-term prepaid expenses for allocation to the separate income statement over the remaining lease period, according to Circular 45.

**3.11 Investments**

*Investments in subsidiaries*

Investments in subsidiaries over which the Company has control are carried at cost.

Distributions from accumulated net profits of the subsidiaries arising subsequent to the date of acquisition are recognised in the interim separate income statement. Distributions from sources other than from such profits are considered a recovery of investment and are deducted to the cost of the investment.

*Held-to-maturity investments*

Held-to-maturity investments are stated at their acquisition costs. After initial recognition, held-to-maturity investments are measured at recoverable amount. Any impairment loss incurred is recognised as finance expense in the interim separate income statement and deducted against the value of such investments.

*Provision for diminution in value investments*

Provision of the investment is made when there are reliable evidence of the diminution in value of those investments at the balance sheet date.

Increases or decreases to the provision balance are recorded as finance expense in the interim separate income statement.

**3.12 Payables and accruals**

Payables and accruals are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Company.

**3.13 Foreign currency transactions**

Transactions in currencies other than the Company's reporting currency of [VND/USD] are recorded at the actual transaction exchange rates at transaction dates which are determined as follows:

- ▶ Transactions resulting in receivables are recorded at the buying exchange rates of the commercial banks designated for collection;
- ▶ Transactions resulting in liabilities are recorded at the selling exchange rates of the commercial banks designated for payment; and
- ▶ Payments for assets or expenses without liabilities initially being recognised is recorded at the buying exchange rates of the commercial banks that process these payments.



NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at 30 June 2022 and for the six-month period then ended

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.13 Foreign currency transactions (continued)**

At the end of the period, monetary balances denominated in foreign currencies are translated at the actual exchange rates at the balance sheet dates which are determined as follows:

- ▶ Monetary assets are translated at buying exchange rate of the commercial bank where the Company conducts transactions regularly; and
- ▶ Monetary liabilities are translated at selling exchange rate of the commercial bank where the Company conducts transactions regularly.

All foreign exchange differences incurred are taken to the interim separate income statement.

**3.14 Appropriation of net profit**

Net profit after tax (excluding negative goodwill arising from a bargain purchase) is available for appropriation to shareholders after approval by shareholders at the annual general meeting, and after making appropriation to reserve funds in accordance with the Company's Charter and Vietnam's regulatory requirements.

The Company maintains the following reserve funds which are appropriated from the Company's net profit as proposed by the Board of Directors and subject to approval by shareholders at the annual general meeting:

▶ *Investment and development fund*

This fund is set aside for use in the Company's expansion of its operation or in-depth investments.

▶ *Bonus and welfare fund*

This fund is set aside for the purpose of pecuniary rewarding and encouraging, common benefits and improvement of the employees' benefits, and presented as a liability on the interim separate balance sheet.

**3.15 Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding trade discount, rebate and sales return. The following specific recognition criteria must also be met before revenue is recognised:

*Sale of goods*

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually upon the delivery of the goods.

*Rendering of services*

Revenue from rendering of services is recognised when the services are rendered and complete.

*Interest income*

Interest income is recognised as the interest accrues (taking into account the effective yield on the asset) unless collectability is in doubt.

*Rental income*

Rental income arising from operating leases is accounted for on a straight-line basis over the terms of the lease.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at 30 June 2022 and for the six-month period then ended

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.16 Taxation**

*Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted as at the interim separate balance sheet date.

Current income tax is charged or credited to the interim separate income statement, except when it relates to items recognised directly to equity, in which case the current income tax is also dealt with in equity.

Current income tax assets and liabilities are offset when there is a legally enforceable right for the Company to offset current tax assets against current tax liabilities and when the Company intends to settle its current tax assets and liabilities on a net basis.

*Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the interim separate balance sheet date between the tax base of assets and liabilities and their carrying amount for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, carried forward unused tax credit and unused tax losses, to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward unused tax credit and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Previously unrecognised deferred tax assets are re-assessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised, or the liability is settled based on tax rates and tax laws that have been enacted at the interim balance sheet date.

Deferred tax is charged or credited to the interim separate income statement, except when it relates to items recognised directly to equity, in which case the deferred tax is also dealt with in the equity account.

Deferred tax assets and liabilities are offset when there is a legally enforceable right for the Company to offset current tax assets against current tax liabilities and when they relate to income taxes levied on the same taxable entity by the same taxation authority.

**3.17 Related parties**

Parties are considered to be related parties of the Company if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions, or when the Company and other party are under common control or under common significant influence. Related parties can be enterprises or individuals, including close members of their families.



NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at 30 June 2022 and for the six-month period then ended

4. CASH

	VND	
	30 June 2022	31 December 2021
Cash in banks	6,664,313,247	27,501,432,599

5. SHORT-TERM TRADE RECEIVABLES

	VND	
	30 June 2022	31 December 2021
Due from related parties (Note 30)	595,814,218,596	450,855,146,149
Due from other parties	240,017,716,346	200,398,164,101
- Unilever Vietnam International Company Limited	42,155,236,981	42,050,633,722
- Uniben Corporation	33,078,230,760	22,490,491,316
- Dynaplast Packaging (Viet Nam) Company Limited – Bac Ninh Branch	19,243,747,422	17,586,106,487
- Thai Long Consumer Goods Company Limited	15,158,737,684	15,158,737,684
- Opera Consumer Goods Joint Stock Company	13,682,485,252	13,682,485,252
- Others	116,699,278,247	89,429,709,640
<b>TOTAL</b>	<b>835,831,934,942</b>	<b>651,253,310,250</b>
Provision for doubtful short-term trade receivables	(30,135,981,391)	(30,135,981,391)
<b>NET TOTAL</b>	<b>805,695,953,551</b>	<b>621,117,328,859</b>

Detail of movements of provision for doubtful short-term trade receivables:

	VND	
	For the six-month period ended 30 June 2022	For the six-month period ended 30 June 2021
Beginning balance	30,135,981,391	28,590,937,066
Reversal of provision during the period	-	(580,910,000)
Ending balance	30,135,981,391	28,010,027,066

6. SHORT-TERM ADVANCES TO SUPPLIERS

	VND	
	30 June 2022	31 December 2021
Song Toan Trading and Production Co., Ltd.	2,745,250,000	2,745,250,000
Hoan Han Construction Company Limited	2,051,384,936	-
Thanh Thai Industrial Equipment Company Limited	781,107,195	781,107,195
EEP Cold Electronics Ltd.	-	1,274,830,700
Others	8,636,700,005	2,642,328,992
<b>TOTAL</b>	<b>14,214,442,136</b>	<b>7,443,516,887</b>
Provision for doubtful short-term advances to suppliers	(4,151,216,115)	(4,151,216,115)
<b>NET TOTAL</b>	<b>10,063,226,021</b>	<b>3,292,300,772</b>

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at 30 June 2022 and for the six-month period then ended

7. SHORT-TERM LOAN RECEIVABLES

	VND	
	30 June 2022	31 December 2021
Opera Consumer Goods Joint Stock Company	543,500,000,000	543,500,000,000
International Fine Meat Company Limited	49,750,000,000	49,750,000,000
Thai Long Consumer Goods Company Limited	19,850,000,000	19,850,000,000
<b>TOTAL</b>	<b>613,100,000,000</b>	<b>613,100,000,000</b>
Provision for doubtful short-term loan receivables	(613,100,000,000)	(613,100,000,000)
<b>NET TOTAL</b>	<b>-</b>	<b>-</b>

8. OTHER RECEIVABLES

	VND	
	30 June 2022	31 December 2021
<b>Short-term</b>	<b>135,303,446,559</b>	<b>135,470,853,023</b>
Loan interest, deposits interest receivables	134,971,986,837	134,971,986,837
Advances to employees	318,265,417	372,775,252
Others	13,194,305	126,090,934
<b>Long-term</b>	<b>351,692,705,105</b>	<b>351,410,946,525</b>
Receivable from Corola Trading One Member Company Limited (*)	246,000,000,000	246,000,000,000
Capital contributed in Business Cooperation Contracts ("BCC") (**)	103,000,000,000	103,000,000,000
Deposits of factories and office rental	2,692,705,105	2,410,946,525
<b>TOTAL</b>	<b>486,996,151,664</b>	<b>486,881,799,548</b>
Provision for doubtful other receivables	(282,971,986,837)	(282,971,986,837)
<b>NET TOTAL</b>	<b>204,024,164,827</b>	<b>203,909,812,711</b>

(\*) This balance represents the receivables from Corola relating to the debt clearing agreements in 2019. This balance has its payment term due in four (4) years from 31 December 2021.

(\*\*) This amount represented the capital contribution in BCC with Corola relating to the cooperation in trading high-class imported food products with 60 months from 12 November 2019.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at 30 June 2022 and for the six-month period then ended

9. PROVISION FOR DOUBTFUL SHORT-TERM RECEIVABLES

Summarised from Notes 5, 6, 7 and 8.

	30 June 2022			31 December 2021			VND
	Cost	Recoverable amount	Provision	Cost	Recoverable amount	Provision	
<b>Short-term:</b>	<b>782,940,094,343</b>	<b>580,910,000</b>	<b>(782,359,184,343)</b>	<b>782,359,184,343</b>	-	<b>(782,359,184,343)</b>	
Opera Consumer Goods Joint Stock Company	684,790,439,450	-	(684,790,439,450)	684,790,439,450	-	(684,790,439,450)	
International Fine Meat Company Limited	56,298,555,975	-	(56,298,555,975)	56,298,555,975	-	(56,298,555,975)	
Thai Long Consumer Goods Company Limited	35,824,214,348	-	(35,824,214,348)	35,824,214,348	-	(35,824,214,348)	
Song Toan Production and Trading Company Limited	2,745,250,000	-	(2,745,250,000)	2,745,250,000	-	(2,745,250,000)	
Thai Thanh Industrial Equipment Company Limited	781,107,195	-	(781,107,195)	781,107,195	-	(781,107,195)	
Lamaison Trading Joint Stock Company	526,080,863	-	(526,080,863)	526,080,863	-	(526,080,863)	
Others	1,393,536,512	-	(1,393,536,512)	1,393,536,512	-	(1,393,536,512)	
<b>Long-term:</b>	<b>349,000,000,000</b>	<b>201,000,000,000</b>	<b>(148,000,000,000)</b>	<b>349,000,000,000</b>	<b>201,000,000,000</b>	<b>(148,000,000,000)</b>	
Corola Trading One Member Company Limited	349,000,000,000	201,000,000,000	(148,000,000,000)	349,000,000,000	201,000,000,000	(148,000,000,000)	
<b>TOTAL</b>	<b>1,131,359,184,343</b>	<b>201,000,000,000</b>	<b>(930,359,184,343)</b>	<b>1,131,359,184,343</b>	<b>201,000,000,000</b>	<b>(930,359,184,343)</b>	



NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at 30 June 2022 and for the six-month period then ended

10. INVENTORIES

	VND	
	30 June 2022	31 December 2021
Raw materials	64,813,855,549	44,209,861,424
Finished goods	30,898,433,325	30,356,434,395
Work in progress	6,713,556,563	2,627,575,671
Goods in transit	4,560,397,380	10,203,685,354
Tools and supplies	1,211,860,834	315,450,043
Goods on consignment	781,265,290	2,704,362,780
Merchandise	280,073,679	352,820,638
<b>TOTAL</b>	<b>109,259,442,620</b>	<b>90,770,190,305</b>

11. PREPAID EXPENSES

	VND	
	30 June 2022	31 December 2021
<b>Short-term</b>	<b>5,493,255,802</b>	<b>5,349,811,080</b>
Tools and supplies	2,570,455,203	3,522,947,706
Others	2,922,800,599	1,826,863,374
<b>Long-term</b>	<b>67,096,306,133</b>	<b>56,548,655,622</b>
Tools and supplies	45,454,885,063	45,068,052,197
Land rental (*)	21,375,368,422	11,008,582,068
Others	266,052,648	472,021,357
<b>TOTAL</b>	<b>72,589,561,935</b>	<b>61,898,466,702</b>

(\*) The prepaid land rental represented the unallocated balance of payment in advance in accordance with lease contract as disclosed in Note 3.9.

The Company has pledged land use right of land rental to secure the bank loan facilities. (Note 21.1)

# Ngoc Nghia Industry – Service – Trading Joint Stock Company

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NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at 30 June 2022 and for the six-month period then ended

## 12. TANGIBLE FIXED ASSETS

	Buildings and structures	Machinery and equipment	Means of transportation	Office equipment	Total
					VND
<b>Cost:</b>					
At as 31 December 2021	56,579,310,611	526,445,173,354	18,183,851,022	7,373,776,879	608,582,111,866
Disposal	-	(333,829,635)	-	-	(333,829,635)
At as 30 June 2022	56,579,310,611	526,111,343,719	18,183,851,022	7,373,776,879	608,248,282,231
<i>In which:</i>					
Fully depreciated	9,334,674,266	228,948,530,803	5,448,634,822	5,875,677,879	249,607,517,770
<b>Accumulated depreciation:</b>					
At as 31 December 2021	(35,663,677,317)	(302,412,819,642)	(10,425,023,332)	(7,072,189,618)	(355,573,709,909)
Depreciation for the period	(1,491,971,041)	(15,877,164,240)	(904,036,157)	(147,118,810)	(18,420,290,241)
Disposal	-	5,563,827	-	-	5,563,827
At as 30 June 2022	(37,155,648,358)	(318,284,420,055)	(11,329,059,489)	(7,219,308,428)	(373,988,436,323)
<b>Net carrying amount:</b>					
At as 31 December 2021	20,915,633,294	224,032,353,712	7,758,827,690	301,587,261	253,008,401,957
At as 30 June 2022	19,423,662,253	207,826,923,615	6,854,791,528	154,468,451	234,259,845,847
<i>In which:</i>					
Pledged as loan security (Notes 21.1 and 21.2)	6,852,522,100	107,952,748,944	-	-	114,805,271,044



NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at 30 June 2022 and for the six-month period then ended

### 13. INTANGIBLE FIXED ASSETS

			VND
	<i>Land use rights</i>	<i>Computer software</i>	<i>Total</i>
<b>Cost:</b>			
At as 31 December 2021	18,221,115,016	5,592,445,174	23,813,560,190
Reclassification	(18,221,115,016)	-	(18,221,115,016)
At as 30 June 2022	-	5,592,445,174	5,592,445,174
<i>In which:</i>			
<i>Fully amortised</i>	-	3,408,542,874	3,408,542,874
<b>Accumulated amortisation:</b>			
At as 31 December 2021	(7,423,469,298)	(5,015,482,756)	(12,438,952,054)
Amortisation for the period	(178,768,970)	(193,841,814)	(372,610,784)
Reclassification	7,602,238,268	-	7,602,238,268
At as 30 June 2022	-	(5,209,324,570)	(5,209,324,570)
<b>Net carrying amount:</b>			
At as 31 December 2021	10,797,645,718	576,962,418	11,374,608,136
At as 30 June 2022	-	383,120,604	383,120,604

### 14. INVESTMENT PROPERTIES

		VND
	<i>30 June 2022</i>	<i>31 December 2021</i>
Investment properties held for capital appreciation (*)	103,440,200,000	103,440,200,000

(\*) The balance represented the land use right at Lot No. IV-21, which was reclassified from intangible fixed assets and was approved in accordance with the Decision of Management No. 01-T11-21/NN/QD dated 1 November 2021.

The fair value of the investment properties was not formally assessed and determined as of 30 June 2022 due to the unpredicted fluctuation of the market value. However, given the market value of these properties, it is management's assessment that the properties' market value is higher than their carrying value as at the balance sheet date.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at 30 June 2022 and for the six-month period then ended

## 15. CONSTRUCTION IN PROGRESS

	VND	
	30 June 2022	31 December 2021
Fixed assets waiting for installation	17,569,765,553	4,702,963,256
Office maintenance fee	-	520,704,000
<b>TOTAL</b>	<b>17,569,765,553</b>	<b>5,223,667,256</b>

## 16. INVESTMENT IN SUBSIDIARIES

Name	Business	Status	30 June 2022		31 December 2021	
			Value	Owner-ship %	Value	Owner-ship %
			VND		VND	
International PET Single Member Limited Liability Company (*)	Manufacture of plastics products	Operating	242,800,000,000	100	242,800,000,000	100
Ngoc Nghia International Packaging Single Member Limited Liability Company (*)	Manufacture of plastics products	Operating	115,000,000,000	100	115,000,000,000	100
<b>TOTAL</b>			<b>357,800,000,000</b>		<b>357,800,000,000</b>	

(\*) The investment in subsidiaries were pledged to secure the Company's short-term loans at Joint Stock Commercial Bank for Foreign Trade of Vietnam – Ho Chi Minh Branch (Note 21.1).

## 17. SHORT-TERM TRADE PAYABLES

	VND	
	30 June 2022	31 December 2021
Trade payables to related parties (Note 30)	430,464,477,274	276,408,957,767
Trade payables to others	131,600,008,886	146,057,984,341
- Hung Nghiep Formosa Limited	36,479,111,220	17,156,829,580
- Duy Tan Plastic Recycling Company Limited	26,159,973,840	20,120,702,800
- Unilever Asia Private Limited	-	26,344,215,454
- Others	68,960,923,826	82,436,236,507
<b>TOTAL</b>	<b>562,064,486,160</b>	<b>422,466,942,108</b>

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at 30 June 2022 and for the six-month period then ended

18. SHORT-TERM ADVANCES FROM CUSTOMERS

	VND	
	30 June 2022	31 December 2021
NOVA Beverages Joint Stock Company	3,360,523,513	4,333,768,503
Others	13,581,511,804	12,004,424,420
<b>TOTAL</b>	<b>16,942,035,317</b>	<b>16,338,192,923</b>

19. STATUTORY OBLIGATIONS

	VND			
	31 December 2021	Increase	Decrease	30 June 2022
<b>Receivables:</b>				
Value-added tax	66,755,669,283	65,816,753,774	(59,217,530,528)	73,354,892,529
Corporate income tax	13,848,243,306	297,999,070	(563,380,705)	13,582,861,671
<b>TOTAL</b>	<b>80,603,912,589</b>	<b>66,114,752,844</b>	<b>(59,780,911,233)</b>	<b>86,937,754,200</b>
<b>Payables:</b>				
Personal income tax	707,994,242	4,652,530,863	(4,776,247,788)	584,277,317
Domestic value added tax	-	59,109,831,434	(58,788,244,897)	321,586,537
Import value added tax	-	7,358,497,120	(7,358,497,120)	-
Import duties	-	1,527,500,421	(1,527,500,421)	-
Foreign contractor tax	551,073,993	76,606,143	(627,680,136)	-
<b>TOTAL</b>	<b>1,259,068,235</b>	<b>72,724,965,981</b>	<b>(73,078,170,362)</b>	<b>905,863,854</b>

20. SHORT-TERM ACCRUED EXPENSES

	VND	
	30 June 2022	31 December 2021
Salary and bonus	3,221,941,988	4,316,789,499
Interest expense	771,544,746	775,833,055
Others	1,461,319,787	1,575,271,961
<b>TOTAL</b>	<b>5,454,806,521</b>	<b>6,667,894,515</b>

# Ngoc Nghia Industry – Service – Trading Joint Stock Company

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NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
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## 21. LOAN AND FINANCE LEASES

	Beginning balance	Increase	Decrease	Current portion of long-term loans	Foreign exchange difference	VND Ending balance
<b>Short-term</b>						
Loans from banks (Note 21.1)	177,510,634,464	438,442,771,100	(425,745,103,660)	6,000,000,000	6,154,928	196,214,456,832
Current portion of long-term loans (Note 21.2)	165,510,634,464	438,442,771,100	(419,745,103,660)	-	6,154,928	184,214,456,832
	12,000,000,000	-	(6,000,000,000)	6,000,000,000	-	12,000,000,000
<b>Long-term</b>						
Loans from banks (Note 21.2)	44,404,096,419	-	-	(6,000,000,000)	-	38,404,096,419
	44,404,096,419	-	-	(6,000,000,000)	-	38,404,096,419
<b>TOTAL</b>	<b>221,914,730,883</b>	<b>438,442,771,100</b>	<b>(425,745,103,660)</b>	<b>-</b>	<b>6,154,928</b>	<b>234,618,553,251</b>



NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at 30 June 2022 and for the six-month period then ended

**21. LOAN AND FINANCE LEASES (continued):**

**21.1 Short-term loans from banks**

Details of short-term loans from banks to finance working capital are as follows:

Bank	Ending balance		Principal repayment term	Interest rate %/annum	Description of collateral
	VND	(Original currency) USD			
Vietnam Joint Stock Commercial Bank For Industry and Trade					
Loan 1	31,195,262,736	-	From 6 October 2022 to 10 November 2022	5.8	Land use rights, ownership of houses and other asset attached to land of IPC at land lot No. 41, Map sheet No. 46; Linh Trung III Export Processing and Industry Zone, An Tinh Ward, Trang Bang Town, Tay Ninh Province
Joint Stock Commercial Bank for Foreign Trade of Vietnam - Ho Chi Minh Branch					
Loan 1	130,898,749,035	-	From 10 October 2022 to 26 December 2022	5.5	Land use right and associated assets of the Company at Tay Bac Cu Chi Industrial Zone, and in Tan Binh Industrial Park, Ho Chi Minh City; Capital contribution of the Company to subsidiaries; Mortgaged assets for guaranteeing medium and long-term loans of NNI at this bank.
Loan 2	22,120,445,061	944,712.58	From 7 November 2022 to 30 December 2022	3	
	153,019,194,096	944,712.58			
TOTAL	184,214,456,832	944,712.58			

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at 30 June 2022 and for the six-month period then ended

**21. LOAN AND FINANCE LEASE (continued):**

**21.2 Long-term loans from banks**

Details of short-term loans from banks to purchase machinery and equipment are as follows:

<i>Bank</i>	<i>30 June 2022</i>	<i>Principal repayment term</i>	<i>Interest rate %/annum</i>	<i>Description of collateral</i>
Joint Stock Commercial Bank for Foreign Trade of Vietnam - Ho Chi Minh Branch	<u>50,404,096,419</u>	From 6 October 2022 to 10 November 2025	8.5 – 8.6	Machinery and equipment of the Company
<i>In which:</i>				
<i>Long-term loan</i>	38,404,096,419			
<i>Current portion of long-term loan</i>	12,000,000,000			

# Ngoc Nghia Industry – Service – Trading Joint Stock Company

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NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at 30 June 2022 and for the six-month period then ended

## 22. OWNERS' EQUITY

### 22.1 Increase and decrease in owners' equity

	Share capital	Share premium	Investment and development fund	Other funds belonging to Owner's equity	Undistributed earnings	Total
						VND
<b>For the six-month period ended 30 June 2021:</b>						
As at 31 December 2020	815,709,880,000	192,851,537,982	10,973,114,162	192,503,849	69,008,101,688	1,088,735,137,681
Net profit for the period	-	-	-	-	27,619,688,310	27,619,688,310
As at 30 June 2021	815,709,880,000	192,851,537,982	10,973,114,162	192,503,849	96,627,789,998	1,116,354,825,991
<b>For the six-month period ended 30 June 2022:</b>						
As at 31 December 2021	815,709,880,000	192,851,537,982	10,973,114,162	192,503,849	220,586,491,559	1,240,313,527,552
Net profit for the period	-	-	-	-	28,931,142,802	28,931,142,802
As at 30 June 2022	815,709,880,000	192,851,537,982	10,973,114,162	192,503,849	249,517,634,361	1,269,244,670,354



NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at 30 June 2022 and for the six-month period then ended

22. OWNERS' EQUITY (continued)

22.2 Capital transactions with shareholders

	VND	
	For the six-month period ended 30 June 2022	For the six-month period ended 30 June 2021
<b>Contributed capital</b>		
Beginning and ending balances	815,709,880,000	815,709,880,000

22.3 Shares

	Quantity	
	30 June 2022	31 December 2021
Authorized shares	81,570,988	81,570,988
Issued shares	81,570,988	81,570,988
<i>Ordinary shares</i>	81,570,988	81,570,988
Shares in circulation	81,570,988	81,570,988
<i>Ordinary shares</i>	81,570,988	81,570,988

23. REVENUE

23.1 Revenue from sale of goods and rendering of services

	VND	
	For the six-month period ended 30 June 2022	For the six-month period ended 30 June 2021
<b>Gross revenue</b>	<b>831,392,121,534</b>	<b>761,524,088,890</b>
<i>In which:</i>		
<i>Sale of finished goods</i>	511,331,726,603	401,699,682,580
<i>Sale of merchandises</i>	319,374,394,931	358,851,406,310
<i>Rendering of services</i>	686,000,000	973,000,000
<b>Sales returns</b>	<b>(1,232,140,106)</b>	<b>(801,337,313)</b>
<b>Net revenue</b>	<b>830,159,981,428</b>	<b>760,722,751,577</b>
<i>In which:</i>		
<i>Sale of finished goods</i>	510,099,586,497	400,915,794,017
<i>Sale of merchandised</i>	319,374,394,931	358,833,957,560
<i>Rendering of services</i>	686,000,000	973,000,000
<i>In which:</i>		
<i>Sales to others</i>	654,063,230,934	553,210,187,385
<i>Sales to related parties</i>	176,096,750,494	207,512,564,192

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at 30 June 2022 and for the six-month period then ended

23. REVENUE (continued)

23.2 Finance income

	VND	
	For the six-month period ended 30 June 2022	For the six-month period ended 30 June 2021
Foreign exchange gains	945,006,952	538,584,968
Interest income	16,310,526	29,468,032
<b>TOTAL</b>	<b>961,317,478</b>	<b>568,053,000</b>

24. COST OF GOODS SOLD AND SERVICES RENDERED

	VND	
	For the six-month period ended 30 June 2022	For the six-month period ended 30 June 2021
Cost of finished goods sold	421,581,420,448	332,410,256,492
Cost of merchandised sold	298,331,428,783	329,231,173,311
Cost of services rendered	507,767,816	689,511,073
<b>TOTAL</b>	<b>720,420,617,047</b>	<b>662,330,940,876</b>

25. FINANCE EXPENSES

	VND	
	For the six-month period ended 30 June 2022	For the six-month period ended 30 June 2021
Loan interest	7,233,358,973	8,106,743,949
Foreign exchange losses	958,513,062	171,393,415
Others	-	47,880,472
<b>TOTAL</b>	<b>8,191,872,035</b>	<b>8,326,017,836</b>

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at 30 June 2022 and for the six-month period then ended

26. SELLING EXPENSES AND GENERAL AND ADMINISTRATIVE EXPENSES

	VND	
	<i>For the six-month period ended 30 June 2022</i>	<i>For the six-month period ended 30 June 2021</i>
<b>Selling expenses</b>	<b>34,527,621,811</b>	<b>25,899,910,401</b>
Expenses for external services	25,323,285,714	17,406,120,472
Labor cost	8,626,032,226	7,796,472,550
Others	578,303,871	697,317,379
<b>General and administrative expenses</b>	<b>29,462,292,148</b>	<b>31,700,945,845</b>
Labor cost	17,546,647,373	21,001,291,376
Expenses for external services	6,247,643,348	7,040,221,843
Depreciation and amortisation	2,085,111,673	2,207,021,355
Others	3,582,889,754	1,452,411,271
<b>TOTAL</b>	<b>63,989,913,959</b>	<b>57,600,856,246</b>

27. OTHER INCOME AND OTHER EXPENSES

	VND	
	<i>For the six-month period ended 30 June 2022</i>	<i>For the six-month period ended 30 June 2021</i>
<b>Other income</b>	<b>1,239,424,264</b>	<b>1,692,690,199</b>
Gains from disposal of fixed assets	93,234,192	967,249,321
Others	1,146,190,072	725,440,878
<b>Other expenses</b>	<b>2,543,369,856</b>	<b>51,114,779</b>
Penalties	1,417,391,453	-
Others	1,125,978,403	51,114,779
<b>NET OTHER (LOSS)/PROFIT</b>	<b>(1,303,945,592)</b>	<b>1,641,575,420</b>

28. PRODUCTION AND OPERATING COSTS

	VND	
	<i>For the six-month period ended 30 June 2022</i>	<i>For the six-month period ended 30 June 2021</i>
Raw materials	631,413,503,725	585,450,056,081
Labor cost	57,629,428,427	60,623,713,682
Depreciation and amortisation	18,792,901,086	19,899,634,138
Reversal of provision	-	(580,910,000)
Others	79,206,833,141	58,572,409,869
<b>TOTAL</b>	<b>787,042,666,379</b>	<b>723,964,903,770</b>



NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at 30 June 2022 and for the six-month period then ended

## 29. CORPORATE INCOME TAX

The Company has the obligation to pay corporate income tax ("CIT") at the rate of 20% of taxable income.

The tax returns filed by the Company are subject to examination by the tax authorities. As the application of tax laws and regulations is susceptible to varying interpretations, the amounts reported in the interim separate financial statements could change at a later date upon final determination by the tax authorities.

### 29.1 CIT expenses

	VND	
	For the six-month period ended 30 June 2022	For the six-month period ended 30 June 2021
Adjustment for over accrual of tax from prior years	563,380,705	-
Deferred tax expense	7,720,426,766	7,054,876,729
<b>TOTAL</b>	<b>8,283,807,471</b>	<b>7,054,876,729</b>

The reconciliation between CIT expenses and the accounting profit multiplied by CIT rate is presented below:

	VND	
	For the six-month period ended 30 June 2022	For the six-month period ended 30 June 2021
<b>Accounting profit before tax</b>	<b>37,214,950,273</b>	<b>34,674,565,039</b>
At CIT rate 20%	7,442,990,055	6,934,913,008
<i>Adjustments:</i>		
- Non-deductible expenses	277,436,711	119,963,721
- Adjustment for under accrual of tax prior years	563,380,705	-
<b>CIT expenses</b>	<b>8,283,807,471</b>	<b>7,054,876,729</b>

### 29.2 Current tax

The current tax payable is based on taxable profit for the period. The taxable profit of the Company for the period differs from the accounting profit as reported in the interim separate income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are not taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted at the balance sheet date.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at 30 June 2022 and for the six-month period then ended

29. CORPORATE INCOME TAX (continued)

29.3 *Deferred tax*

The following are the deferred tax assets recognised by the Company, and the movements thereon, during the current and previous period:

	<i>Interim separate balance sheet</i>		<i>Interim separate income statement</i>	
	<i>30 June 2022</i>	<i>31 December 2021</i>	<i>For the six-month period ended 30 June 2022</i>	<i>For the six-month period ended 30 June 2021</i>
Available tax losses for offset against future taxable income	83,593,171,866	91,313,598,632	(7,720,426,766)	(7,054,876,729)
<b>Net deferred tax assets</b>	<b>83,593,171,866</b>	<b>91,313,598,632</b>		
<b>Net deferred tax charge to interim separate income statement</b>			<b>(7,720,426,766)</b>	<b>(7,054,876,729)</b>

29.4 *Tax losses carried forward*

The Company is entitled to carry tax loss forward to offset against taxable income arising within five years subsequent to the year in which the loss was incurred. At as 30 June 2022, the Company had aggregated accumulated tax losses of VND 652,658,503,696 (31 December 2021: VND 691,303,314,271) available for offset against future taxable income. Details are as follows:

<i>Originating year</i>	<i>Can be utilized up to</i>	<i>Tax loss amount</i>	<i>Utilized up to 30 June 2022</i>	<i>Forfeited</i>	<i>Unutilized at 30 June 2022</i>
2018 (*)	2023	325,910,423,050	(38,644,810,575)	-	287,265,612,475
2019 (*)	2024	277,577,569,453	-	-	277,577,569,453
2021 (**)	2026	87,815,321,768	-	-	87,815,321,768
<b>TOTAL</b>		<b>691,303,314,271</b>	<b>(38,644,810,575)</b>	<b>-</b>	<b>652,658,503,696</b>

(\*) Tax loss as per tax assessment minutes.

(\*\*) Estimated tax loss as per the Company's corporate income tax declaration for the year ended 31 December 2021 has not been audited by the local tax authorities as of the date of these separate financial statements.

No deferred tax assets amounting to VND 46,938,528,873 were recognised in respect of the tax loss of VND 234,692,644,366 because future taxable income cannot be ascertained to be utilized as a whole at this stage.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at 30 June 2022 and for the six-month period then ended

### 30. TRANSACTION WITH RELATED PARTIES

List of related parties as at 30 June 2022 is as follows:

<i>Related parties</i>	<i>Relationship</i>
IPC	Direct subsidiary
NNI	Direct subsidiary
Mr Sunil Marwal	Chairman
Mr Vasikaran Krishnamourthy	Deputy Chairman, General Director
Ms La Bui Hong Ngoc	Member of Board of Director
Mr Anil Kunmar Ailani	Member of Board of Director
Mr Vikas Gupta	Member of Board of Director
Ms Hoang Thi Minh Thu	Head of Board of Supervision
Mr Nguyen Huu Thoang	Member of Board of Supervision
Mr Arvind Kumar Keshri	Member of Board of Supervision
Mr Puneet Jain	Chief of Financial Officer
Mr John Russell Gray	Chief of Operations Officer, resigned on 11 May 2022

Significant transactions with related parties for current period and previous period were as follows:

<i>Related parties</i>	<i>Relationship</i>	<i>Transactions</i>	<i>VND</i>	
			<i>For the six-month period ended 30 June 2022</i>	<i>For the six-month period ended 30 June 2021</i>
IPC	Subsidiary	Purchase of goods and materials	140,550,160,872	180,006,007,697
		Sale of goods and materials	70,720,435,794	76,547,625,951
		Rental income	684,000,000	973,000,000
		Rental machinery	180,000,000	180,000,000
		Purchase machinery	-	2,349,022,378
VNP (*)	Subsidiary (to 1 July 2021)	Purchase of goods	-	4,892,263,314
		Rental machinery	-	2,642,032,386
		Sale of goods and materials	-	55,000,000

(\*) VNP merged into NNC on 1 July 2021

NNI	Subsidiary	Sale of goods	104,692,314,700	129,936,938,241
		Purchase of goods	57,117,420,840	30,866,193,516
		Machinery rental	10,190,400,000	10,048,800,000



NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at 30 June 2022 and for the six-month period then ended**30. TRANSACTION WITH RELATED PARTIES (continued)***Transactions with other related parties*

Remuneration to members of the Board of Directors, Management and Board of Supervision:

	VND	
	<i>Remuneration (*)</i>	
	<i>For the six-month period ended 30 June 2022</i>	<i>For the six-month period ended 30 June 2021</i>
Board of Directors	-	-
Board of Management	12,685,807,462	13,563,508,090
Board of Supervision	100,000,000	108,000,000
<b>TOTAL</b>	<b>12,785,807,462</b>	<b>13,671,508,090</b>

(\*) Comprising salary, allowance, bonus &amp; other benefits.

Amounts due to and due from related parties at the interim separate balance sheet dates were as follows:

			VND	
<i>Related parties</i>	<i>Relationship</i>	<i>Transactions</i>	<i>30 June 2022</i>	<i>31 December 2021</i>
<b><i>Short-term trade receivables (Note 5)</i></b>				
NNI	Subsidiary	Sale of goods	341,242,767,915	257,909,548,425
IPC	Subsidiary	Sale of goods and materials	254,571,450,681	192,945,597,724
<b>TOTAL</b>			<b>595,814,218,596</b>	<b>450,855,146,149</b>
<b><i>Short-term trade payables (Note 17)</i></b>				
IPC	Subsidiary	Purchase of goods and materials	295,939,342,033	209,353,662,592
NNI	Subsidiary	Purchase of goods	134,525,135,241	67,055,295,175
<b>TOTAL</b>			<b>430,464,477,274</b>	<b>276,408,957,767</b>

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)  
as at 30 June 2022 and for the six-month period then ended

### 31. OPERATING LEASE COMMITMENT

#### *The Company as a lessee*

The Company leases offices under operating lease arrangements. The minimum lease commitment as at the interim separate balance sheet date under the operating lease agreements are as follows:

	VND	
	30 June 2022	31 December 2021
Less than 1 year	9,073,112,920	8,321,159,700
From 1 – 5 years	11,781,630,630	14,280,764,400
<b>TOTAL</b>	<b>20,854,743,550</b>	<b>22,601,924,100</b>

#### *The Company as a lessor*

The Company lets out machines and offices under operating lease arrangements. The future minimum rental receivables as at the interim separate balance sheet date under the operating lease agreements are as follows:

	VND	
	30 June 2022	31 December 2021
Less than 1 year	1,800,000,000	1,800,000,000
From 1 – 5 years	1,650,000,000	2,550,000,000
<b>TOTAL</b>	<b>3,450,000,000</b>	<b>4,350,000,000</b>

### 32. EVENT AFTER THE INTERIM BALANCE SHEET DATE

There is no matter or circumstance that has arisen since the interim separate balance sheet date that requires adjustment or disclosure in the interim separate financial statements of the Company.



Dong Thi Ngoc Trieu  
Preparer cum Chief Accountant



Vasikaran Krishnamourthy  
General Director

29 August 2022