

**Interfood Shareholding Company and its subsidiaries**

**Consolidated financial statements**  
**Quarter 3 - 2015**

## Interfood Shareholding Company and its subsidiaries

### 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

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.

### Board of Management:

Toru Yamasaki	Chairman
Hiroshi Fujikawa	Member (until 09 April 2015)
Nguyen Thi Kim Lien	Member
Takayuki Morisawa	Member
Hajime Kobayashi	Member (from 09 April 2015)
Hirotsugu Otani	Member (from 09 April 2015)

### Board of Director:

Toru Yamasaki	General Director
Nguyen Thi Kim Lien	Director/General Manager of Internal Control
Yutaka Ogami	Director/General Manager of Finance
Takayuki Morisawa	Director/General Manager of Administration
Yoshihisa Fujiwara	Director/General Manager of Factory
Taiichiro Iizumi	Director/General Manager of Sales and Marketing

### Registered Office

Lot 13, Tam Phuoc Industrial Zone  
 Bien Hoa City  
 Dong Nai Province  
 Vietnam

### Auditors

KPMG Limited  
 Vietnam

## **Interfood Shareholding Company and its subsidiaries**

### **Report of the Board of Directors**

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

- (a) the consolidated financial statements set out on pages 4 to 30 are prepared and presented so as to give a true and fair view of the consolidated financial position of the Group as at 30 September 2015, and of the consolidated results of operations and the consolidated cash flows of the Group for the year then ended in accordance with the Vietnamese Accounting Standards, the Vietnamese Accounting System and the relevant statutory requirements; and
- (b) at the date of this statement, there are no reasons to believe that the Group 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 these consolidated financial statements for issue.

On behalf of the Board of Directors

*(Signed and Sealed)*

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Toru Yamasaki

*Chairman, General Director*

Dong Nai province, dated 12th November 2015.

## Interfood Shareholding Company and its subsidiaries

### Consolidated balance sheet

ASSETS	Code	Notes	30/09/2015 VND'000	31/12/2014 VND'000
<b>Current assets</b> <b>(100=110+130+140+150)</b>	<b>100</b>		<b>392,347,120</b>	<b>339,000,879</b>
<b>Cash</b>	<b>110</b>	<b>5</b>	<b>76,234,418</b>	<b>114,345,439</b>
<b>Accounts receivable</b>	<b>130</b>	<b>6</b>	<b>22,012,593</b>	<b>41,942,400</b>
Trade accounts receivable - trade	131		16,961,798	36,547,087
Prepayments to suppliers	132		7,078,841	6,948,340
Other receivables	138		17,422	492,441
Provision for doubtful debts	139		(2,045,468)	(2,045,468)
<b>Inventories</b>	<b>140</b>	<b>7</b>	<b>289,421,323</b>	<b>179,430,711</b>
Inventories	141		293,264,729	182,865,732
Allowance for inventories	149		(3,843,406)	(3,435,021)
<b>Other current assets</b>	<b>150</b>		<b>4,678,786</b>	<b>3,282,329</b>
Short term prepayments	151		1,313,028	2,703,434
Deductible value added tax	152		2,696,108	-
Taxes receivable from State Treasury	154		-	-
Other current assets	158		669,650	578,895
<b>Long-term assets</b> <b>(200=220+260)</b>	<b>200</b>		<b>301,090,544</b>	<b>325,011,033</b>
<b>Fixed assets</b>	<b>220</b>		<b>265,137,532</b>	<b>290,039,595</b>
Tangible fixed assets	221	8	254,921,398	279,095,084
Cost	222		608,807,417	607,104,916
Accumulated depreciation	223		(353,886,019)	(328,009,832)
Intangible fixed assets	227	9	8,004,030	8,954,046
Cost	228		10,815,193	10,815,193
Accumulated depreciation	229		(2,811,163)	(1,861,147)
Construction in progress	230	10	2,212,104	1,990,465
<b>Other long-term assets</b>	<b>260</b>		<b>35,953,012</b>	<b>34,971,438</b>
Long-term prepayments	261	11	34,377,650	33,409,936
Deferred tax assets	262		-	-
Other long-term assets	268		1,575,362	1,561,502
<b>TOTAL ASSETS</b> <b>(270=100+200)</b>	<b>270</b>		<b>693,437,664</b>	<b>664,011,912</b>

**Interfood Shareholding Company and its subsidiaries**

**Consolidated balance sheet**

			<b>30/09/2015</b>	<b>31/12/2014</b>
<b>RESOURCES</b>	<b>Code</b>	<b>Notes</b>	<b>VND'000</b>	<b>VND'000</b>
<b>LIABILITIES (300=310+330)</b>	<b>300</b>		<b>653,547,223</b>	<b>562,725,468</b>
<b>Current liabilities</b>	<b>310</b>		<b>500,578,269</b>	<b>416,900,346</b>
Short-term borrowings	311	12	336,750,000	245,870,000
Trade accounts payable-trade	312	13	117,795,503	97,422,844
Advances from customers	313		3,214,587	3,316,859
Taxes payable to State Treasury	314	14	463,898	5,840,145
Payable to employees	315		10,957,576	10,167,951
Accrued expenses	316	15	28,958,039	53,415,552
Other payables	319	16	2,438,666	866,995
<b>Long term liabilities</b>	<b>330</b>		<b>152,968,954</b>	<b>145,825,122</b>
Long-term deposits	331		-	-
Long-term borrowings	334	17	145,925,000	138,970,000
Deferred tax liabilities	335	18	4,073,028	3,778,777
Provision for severance allowance	337	19	2,970,926	3,076,345
<b>EQUITY (400=410)</b>	<b>400</b>		<b>36,053,863</b>	<b>97,810,336</b>
<b>Owners' equity</b>	<b>410</b>	<b>19</b>	<b>36,053,863</b>	<b>97,810,336</b>
Share capital	411	21	711,409,840	711,409,840
Share premium	412		85,035,704	85,035,704
Difference of exchange rate	413		-	-
Other reserves	418	22	57,498,796	57,498,796
Accumulated losses	420		(817,890,477)	(756,134,004)
<b>MINORITY INTEREST</b>	<b>439</b>		<b>3,836,578</b>	<b>3,476,108</b>
<b>TOTAL RESOURCES (440=300+400+439)</b>			<b><u>693,437,664</u></b>	<b><u>664,011,912</u></b>
			-	-
<b>OFF BALANCE SHEET ITEMS</b>				
Foreign currencies				
US dollar			56,204,394	47,696,513
Euro			8,591	8,938

13th November 2015

Prepared by:

Approved by:

*(Signed)*

*(Signed and Sealed)*

Nguyễn Hồng Phong  
Chief Accountant

Toru Yamasaki  
Chairman, General Director

**Interfood Shareholding Company and its subsidiaries**

**Consolidated statement of income**

	Code	Notes	Q3-2015 VND'000	Q3-2014 VND'000	YTD2015 VND'000	YTD2014 VND'000
<b>Total revenue</b>	<b>01</b>	<b>23</b>	<b>280,286,718</b>	<b>276,361,940</b>	<b>865,583,321</b>	<b>1,185,919,021</b>
<b>Less revenue deductions:</b>	<b>02</b>	<b>23</b>	<b>7,745,449</b>	<b>7,826,817</b>	<b>24,039,694</b>	<b>38,707,794</b>
<b>Net revenue (10=01-02)</b>	<b>10</b>	<b>23</b>	<b>272,541,269</b>	<b>268,535,123</b>	<b>841,543,627</b>	<b>1,147,211,227</b>
<b>Cost of sales</b>	<b>11</b>	<b>24</b>	<b>178,552,427</b>	<b>192,267,244</b>	<b>585,035,223</b>	<b>833,364,938</b>
<b>Gross profit (20=10-11)</b>	<b>20</b>		<b>93,988,842</b>	<b>76,267,879</b>	<b>256,508,404</b>	<b>313,846,289</b>
Financial income	21	25	5,729,157	3,804,485	16,764,305	10,267,773
Financial expenses	22	26	18,639,124	3,184,933	39,985,695	23,923,970
<i>In which: Interest expenses</i>	23		<i>1,525,397</i>	<i>1,722,871</i>	<i>4,216,757</i>	<i>6,959,861</i>
Selling expenses	24		85,423,611	109,911,311	270,395,909	449,269,706
G&A expenses	25		10,286,005	8,708,427	27,900,670	34,010,542
<b>Operating profit/(loss) {30=20+(21-22)-(24+25)}</b>	<b>30</b>		<b>(14,630,741)</b>	<b>(41,732,307)</b>	<b>(65,009,565)</b>	<b>(183,090,156)</b>
Other income	31	27	4,039,276	1,571,547	7,931,978	10,634,422
Other expenses	32	28	1,748,723	2,582,353	4,024,166	3,998,944
<b>Result of other activities (40 = 31 - 32)</b>	<b>40</b>		<b>2,290,553</b>	<b>(1,010,806)</b>	<b>3,907,812</b>	<b>6,635,478</b>
<b>Profit (loss) before tax</b>	<b>50</b>		<b>(12,340,188)</b>	<b>(42,743,113)</b>	<b>(61,101,753)</b>	<b>(176,454,678)</b>
Income tax expenses - current	51	29	-	-	-	-
Income tax expenses - deferred	52	29	97,370	151,678	294,251	(40,234)
<b>Profit(loss) after tax</b>	<b>60</b>		<b>(12,437,558)</b>	<b>(42,894,791)</b>	<b>(61,396,004)</b>	<b>(176,414,444)</b>
<b>Attributable to:</b>						
Minority interest	61		116,632	99,263	360,469	491,227
Equity holders of the Company	62		(12,554,190)	(42,994,054)	(61,756,473)	(176,905,671)
Earning(loss) per share (VND)	36	30	(176)	(857)	(868)	(3,468)

13th November 2015

Prepared by:

(Signed)

Nguyễn Hồng Phong  
Chief Accountant

Approved by:

(Signed and Sealed)

Toru Yamasaki  
Chairman, General Director

**Interfood Shareholding Company and its subsidiaries**

<b>Consolidated statements of cash flows</b>		<b>30/09/2015</b>	<b>31/12/2014</b>
	<b>Notes Code</b>	<b>VND'000</b>	<b>VND'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit/(loss) before tax</b>	<b>01</b>	<b>(61,101,753)</b>	<b>(176,454,678)</b>
Adjustments for:			
Depreciation and amortisation	02	28,804,163	38,192,612
Increase in provisions	03	408,385	3,435,021
Unreal gain (loss) on foreign currency translation	04	20,585,000	4,900,524
Gain/(loss) on disposal of fixed assets	05	(571,663)	76,502
Interest income	05	(249,031)	(335,798)
Interest expense	06	4,216,757	6,959,861
<b>Operating profit/(loss) before adjustments to w</b>	<b>08</b>	<b>(7,908,142)</b>	<b>(123,225,956)</b>
Change in accounts receivable	09	17,014,736	(13,970,952)
Change in inventory	10	(110,398,997)	(2,442,325)
Change in accounts payable	11	(6,714,182)	49,536,935
Change in prepaid expenses	12	2,471,251	(2,521,907)
Interest paid	13	(4,707,799)	(7,928,475)
Business income tax paid	14	-	-
Other payable	16	12,076	(55,039)
<b>Cash generated from operating activities</b>	<b>20</b>	<b>(110,231,057)</b>	<b>(100,607,719)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of fixed assets and investment constr	21	(6,024,450)	(9,253,971)
Proceeds from disposals of fixed assets		645,455	547,273
Receipts of interests from bank deposits	27	249,031	335,798
<b>Net cash inflows/(outflows) from investing acti</b>	<b>30</b>	<b>(5,129,964)</b>	<b>(8,370,900)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from equity issued	31	-	210,000,000
Proceeds from loan	33	77,250,000	126,945,000
Repayments for debt	34	-	(210,800,000)
<b>Net cash inflows/(outflows) from financing acti</b>	<b>40</b>	<b>77,250,000</b>	<b>126,145,000</b>
<b>Net increase/(decrease) in cash</b>	<b>50</b>	<b>(38,111,021)</b>	<b>17,166,381</b>
<b>Cash at beginning of the year</b>	<b>60</b>	<b>114,345,439</b>	<b>97,180,048</b>
Effects of changes in foreign exchange rates	61	-	(990)
<b>Cash at end of the year</b>	<b>70</b>	<b>76,234,418</b>	<b>114,345,439</b>

13th November 2015

Prepared by:

(Signed)

Nguyễn Hồng Phong  
Chief Accountant

Approved by:

(Signed and Sealed)

Toru Yamasaki  
Chairman, General Director

## **Interfood Shareholding Company and its subsidiaries**

### **Notes to the consolidated financial statements**

#### **1. Reporting Entity**

Interfood Shareholding Company (“the Company”) is a joint stock company incorporated in Vietnam. The consolidated financial statements for the year ended 30 September 2015 comprises the Company and its subsidiary, Avafood Shareholding Company (“Avafood”) (collectively “the Group”). The principal activities of the Group are to process agricultural and aquatic products into canned, dried, frozen, salted, and pickled products; and the production of biscuits and snack food; carbonated fruit juice and non-carbonated fruit juice, beverage with non-carbonated or carbonated, with or without low alcohol (less than 10%); bottled filtered water; manufactured packaging for foods and beverages; and performance of the right to export, import products in accordance with business operation as required by law

The Company owns 90.4% of the equity interests in Avafood, whose principal activities are to provide processing service and produce products including fruit juice, beverage, bottled filtered water; biscuits, jams and sweets, snack food; and from agricultural and aquatic products, livestock; lease a workshop, office; and performance of the right to export, import products in accordance with business operation as required by law under the Investment Licence No. 48/GP-ĐN issued by the People’s Committee of Dong Nai Province on 19 July 2002.

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.

As at 30 September 2015, the Group had 1,544 employees (the year ended 31 December 2014: 1,539 employees).

#### **2. Basis of preparation**

##### **(a) Statement of compliance**

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

##### **(b) Basis of measurement**

The consolidated 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.



## **Interfood Shareholding Company and its subsidiaries**

### **Notes to the consolidated financial statements (continues)**

#### **(c) Going concern assumption**

The consolidated financial statements have been prepared on a going concern basis. The Group has made loss after tax of 61,396 Million VND (2014: Loss 176,414 Million VND) during the year and at the balance sheet date, current liabilities still exceeded current assets by 108,231 Million VND (31/12/2014: 77,899 Million VND) but total assets has exceeded total liabilities by 39,890 Million VND (31/12/2014: 101,286 Million VND). Furthermore, the Group has significant loans that will require refinancing within the next 12 months (Note 12). The validity of the going concern assumption fundamentally depends on the ultimate majority shareholder continuing to provide such financial assistance as is necessary to enable the Group to meet its liabilities as and when they fall due and to maintain the Group in existence as a going concern for the foreseeable future.

At the time of this report, there is no reason for the management to believe that the ultimate majority shareholder will not continue its support.

#### **(d) Annual accounting period**

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

#### **(e) Accounting currency**

The Group maintains its accounting records in Vietnam Dong (“VND”) and presents its consolidated financial statements in VND.

### **3. Summary of significant accounting policies**

#### **(a) Basis of consolidation**

##### **(i) Subsidiaries**

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

##### **(ii) Transactions eliminated on consolidation**

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

##### **(b) Foreign currency transactions**

From year 2012 onward, monetary assets and liabilities denominated in currencies other than VND are translated into VND at rates of exchange ruling at the balance sheet date. Transactions in currencies other than VND during the year have been translated into VND at rates approximating those ruling at the transaction dates.

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

## Interfood Shareholding Company and its subsidiaries

### Notes to the consolidated financial statements (continues)

**(c) Cash**

Cash comprises cash balances and call deposits.

**(d) Accounts receivable**

Trade and other receivables are stated at cost less allowance for doubtful debts.

**(e) Inventories**

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

The Group applies the perpetual method of accounting for inventory.

**(f) Tangible fixed assets**

**(i) Cost**

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition for its intended use. Expenditure incurred after tangible fixed assets have been put into operation, such as repair, maintenance and overhaul cost, is charged to the 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	6 – 30 years
Machinery and equipment	6 – 15 years
Motor vehicles	6 – 10 years
Office equipment	3 – 10 years
ERP System	10 years

**(g) Construction in progress**

Construction in progress represents the cost of construction and machinery which have not been fully completed or installed. No depreciation is provided for construction in progress during the period of construction and installation.

## Interfood Shareholding Company and its subsidiaries

### Notes to the consolidated financial statements (continues)

**(h) Long-term prepayments**

**(i) Prepaid land costs**

Prepaid land costs comprise prepaid land lease rentals and other costs incurred in conjunction with securing the use of leased land. These costs are recognised in the consolidated statement of income on a straight-line basis over the term of the lease of 40 years.

**(ii) Other expenses**

Other expenses are initially stated at cost and are amortised on a straight line basis over 3 years starting from the date of completion of the work.

**(i) Trade and other payables**

Trade and other payables are stated at their cost.

**(j) Provisions**

A provision is recognised if, as a result of a past event, the Group 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 employees who have worked for 12 months or more (“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 employees’ compensation at termination. Provision for severance allowance has been provided based on employees’ years of service and their current salary level.

Pursuant to Law on Social Insurance, effective from 1 January 2009 the Group and its employees are required to contribute to an unemployment insurance fund managed by the Vietnam Social Insurance Agency. The contribution to be paid by each party is calculated at 1% of the lower of the employees’ basic salary and 20 times the general minimum salary level as specified by the Government from time to time. With the implementation of unemployment insurance scheme, the Group is no longer required to provide severance allowance for the service period after 1 January 2009. However, severance allowance to be paid to the existing eligible employees as of 30 September 2015 will be determined based on the eligible employees’ years of service as of 31 December 2008 and their average salary for the six-month period prior to the termination date.

**(k) Classification of financial instruments**

Solely for the purpose of providing disclosures about the significance of financial instruments to the Group’s consolidated financial position and consolidated results of operations and the nature and extent of risk arising from financial instruments, the Group classifies its financial instruments as follow:

## Interfood Shareholding Company and its subsidiaries

### Notes to the consolidated financial statements (continues)

#### (i) *Financial assets*

*Financial assets at fair value through profit or loss.*

A financial asset at fair value through profit or loss is a financial asset that meets either of the following conditions:

- It is considered by management as held for trading. A financial asset is considered as held for trading if:
  - it is acquired principally for the purpose of selling it in the near term;
  - there is evidence of a recent pattern of short-term profit-taking; or;
  - a derivative (except for a derivative that is financial guarantee contract or a designated and effective hedging instrument)
- Upon initial recognition, it is designated by the Group as at fair value through profit or loss.

*Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and a fixed maturity that the Group has the positive intention and ability to hold to maturity, other than:

- those that the Group upon initial recognition designates as at fair value through profit or loss;
- those that the Group designates as available-for-sale; and;
- those that meet the definition of loans and receivables.

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those:

- that the Group intends to sell immediately or in the near term, which are classified as held for trading, and those that the entity on initial recognition designates as at fair value through profit or loss;
- that the Group upon initial recognition designates as available-for-sale; or
- for which the Group may not recover substantially all of its initial investment, other than because of credit deterioration, which are classified as available-for-sale

*Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or those are not classified as:

- financial assets at fair value through profit or loss
- held-to-maturity investments; or
- loans and receivables.

The Company's financial assets, comprising cash in bank, accounts receivable and other receivables, are under the category of loans and receivables.

## Interfood Shareholding Company and its subsidiaries

### Notes to the consolidated financial statements (continues)

#### (ii) *Financial liabilities*

##### *Financial liabilities at fair value through profit or loss*

A financial liability at fair value through profit or loss is a financial liability that meets either of the following conditions:

- It is considered by management as held for trading. A financial liability is considered as held for trading if:
  - it is incurred principally for the purpose of repurchasing it in the near term;
  - there is evidence of a recent pattern of short-term profit-taking; or;
  - a derivative (except for a derivative that is financial guarantee contract or a designated and effective hedging instrument)
  
- Upon initial recognition, it is designated by the Group as at fair value through profit or loss.

##### *Financial liabilities carried at amortised cost*

Financial liabilities which are not classified as financial liabilities at fair value through profit or loss are classified as financial liabilities carried at amortised cost.

The Group's financial liabilities, comprising borrowings, accounts payables and other payables, are under the category of financial liabilities carried at amortised cost.

The above described classification of financial instruments is solely for presentation and disclosure purpose and is not intended to be a description of how the instruments are measured. Accounting policies for measurement of financial instruments are disclosed in other relevant notes.

#### (I) **Taxation**

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

## Interfood Shareholding Company and its subsidiaries

### Notes to the consolidated financial statements (continues)

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.

#### **(m) Acquisition reserve**

Acquisition reserve represents the difference between the consideration given and the aggregate value of the assets and liabilities of the acquired entity in a business combination involving entities under common control.

#### **(n) Revenue**

##### ***Goods sold***

Revenue from the sale of goods is recognised in the consolidated statement of income when the 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.

#### **(o) Operating lease payments**

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

#### **(p) Borrowing costs**

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

#### **(q) Earnings per share**

The Group 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 Group by the weighted average number of ordinary shares outstanding during the year. The Group does not present diluted EPS as it has no potential ordinary shares.

#### **(r) Segment reporting**

A segment is a distinguishable component of the Group 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 Group's primary format for segment reporting is based on business segments.

## Interfood Shareholding Company and its subsidiaries

### Notes to the consolidated financial statements (continues)

#### (s) Related companies

Parties are considered to be related 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. Parties are also considered to be related if they are subject to common control or common significant influence.

#### 4. Segment reporting

The Group mainly operates in one business segment, which is the production and sales of beverage and in one geographical segment, which is Vietnam. During the year, the Group was involved in certain production and trading transactions of biscuits and other related products which do not qualify as separate segments

<b>5. Cash</b>	<b>30/09/2015</b>	<b>31/12/2014</b>
	VND'000	VND'000
Cash on hand	113,752	173,776
Cash in banks	76,120,666	114,171,663
	<u><b>76,234,418</b></u>	<u><b>114,345,439</b></u>
	-	-
<b>6. Accounts receivable</b>	<b>30/09/2015</b>	<b>31/12/2014</b>
Other receivables comprised:	VND'000	VND'000
Other receivable	17,422	492,441
	<u><b>17,422</b></u>	<u><b>492,441</b></u>
<b>7. Inventories</b>	<b>30/09/2015</b>	<b>31/12/2014</b>
	VND'000	VND'000
Raw materials	57,206,682	52,314,741
Tools and supplies	13,016,308	10,882,858
Work in progress	8,563,008	13,602,577
Finished goods	214,478,731	106,065,556
	<u>293,264,729</u>	<u>182,865,732</u>
Allowance for inventories	(3,843,406)	(3,435,021)
	<u><b>289,421,323</b></u>	<u><b>179,430,711</b></u>
	-	-

The outstanding balance of the allowance for inventories represented allowance made during the year.

**Interfood Shareholding Company and its subsidiaries**

**Notes to the consolidated financial statements (continues)**

**8. Tangible fixed assets**

	<b>Building</b>	<b>Machinery &amp; Equipment</b>	<b>Motor vehicles</b>	<b>Office equipment</b>	<b>Total</b>
	<b>VND'000</b>	<b>VND'000</b>	<b>VND'000</b>	<b>VND'000</b>	<b>VND'000</b>
<b>Historical cost</b>					
Opening balance	116,703,036	475,041,079	9,916,896	5,443,905	<b>607,104,916</b>
Additions	-	1,095,200	-	132,937	<b>1,228,137</b>
Transfer from CIP	425,095	2,053,200	-	47,820	<b>2,526,115</b>
Disposals(*)	-	-	(2,051,750)	-	<b>(2,051,750)</b>
Closing balance	<u>117,128,131</u>	<u>478,189,479</u>	<u>7,865,146</u>	<u>5,624,662</u>	<b><u>608,807,417</u></b>
<b>Accumulated depreciation</b>					
Opening balance	27,980,435	289,323,730	7,227,511	3,478,156	<b>328,009,832</b>
Charge for the year	3,029,778	23,814,121	535,314	474,933	<b>27,854,146</b>
Disposals(*)	-	-	(1,977,959)	-	<b>(1,977,959)</b>
Closing balance	<u>31,010,213</u>	<u>313,137,851</u>	<u>5,784,866</u>	<u>3,953,089</u>	<b><u>353,886,019</u></b>
<b>Net book value</b>					
Opening balance	88,722,601	185,717,349	2,689,385	1,965,749	<b>279,095,084</b>
Closing balance	<u>86,117,918</u>	<u>165,051,628</u>	<u>2,080,279</u>	<u>1,671,573</u>	<b><u>254,921,398</u></b>

Included in the cost of tangible fixed assets were assets costing 29,046 million VND which were fully depreciated as of 30 September 2015 (31/12/2014: 26,515 million VND), but are still in active use.

The carrying amount of temporarily idle tangible fixed assets amounted to 35,305 million VND as of 30 September 2015 (31/12/2014: 14,455 million VND).



**Interfood Shareholding Company and its subsidiaries**

**Notes to the consolidated financial statements (continues)**

**9. Intangible fixed assets**

	<b>ERP</b>	<b>Land using right</b>	<b>Total</b>
	<b>VND'000</b>	<b>VND'000</b>	<b>VND'000</b>
<b>Historical cost</b>			
Opening balance	10,815,193	-	<b>10,815,193</b>
Additions	-	-	-
Written off	-	-	-
Closing balance	<u>10,815,193</u>	<u>-</u>	<u><b>10,815,193</b></u>
<b>Accumulated depreciation</b>			
Opening balance	1,861,147	-	<b>1,861,147</b>
Charge for the year	950,016	-	<b>950,016</b>
Disposals	-	-	-
Closing balance	<u>2,811,163</u>	<u>-</u>	<u><b>2,811,163</b></u>
<b>Net book value</b>			
Opening balance	8,954,046	-	<b>8,954,046</b>
Closing balance	<u>8,004,030</u>	<u>-</u>	<u><b>8,004,030</b></u>

**10. Construction in progress**

	<b>30/09/2015</b>	<b>31/12/2014</b>
	<b>VND'000</b>	<b>VND'000</b>
Opening balance	1,990,465	2,731,811
Additions during the quarter	4,796,313	5,023,285
Transferred to tangible fixed assets	(2,526,114)	(5,726,831)
Transferred to prepayment expenses	(2,048,560)	(37,800)
Closing balance	<u><b>2,212,104</b></u>	<u><b>1,990,465</b></u>
	0	-

**11. Long-term prepayment**

	Opening balance	Additions	Amortisation	Closing balance
	VND'000	VND'000	VND'000	VND'000
Prepaid land costs	26,964,009	-	(521,249)	26,442,760
Renovation expenses	4,310,400	3,690,009	(1,815,191)	6,185,218
Tool and supplies	2,135,527	984,300	(1,748,076)	1,371,751
Other	-	2,798,189	(2,420,268)	377,921
<b>Total</b>	<u><b>33,409,936</b></u>	<u><b>7,472,498</b></u>	<u><b>(6,504,784)</b></u>	<u><b>34,377,650</b></u>

## Interfood Shareholding Company and its subsidiaries

### Notes to the consolidated financial statements (continues)

<b>12. Short-term borrowings</b>	<b>30/09/2015</b>	<b>31/12/2014</b>
	VND'000	VND'000
Short-term Loans from Kirin Holdings Company, Limited	336,750,000	245,870,000

- -

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

			<b>30/09/2015</b>	<b>31/12/2014</b>
	Currency	Nominal interest rate	VND'000	VND'000
Loan 7 Million USD	USD	LIBOR + 0,8%/p.a	157,150,000	149,660,000
Loan 9.5 Million USD	USD	LIBOR + 0,8%/p.a	179,600,000	96,210,000
			<b>336,750,000</b>	<b>245,870,000</b>

- -

The applicable interest rates of these loans ranged from 1.036% to 1.336% per annum during the year (year ended 2014: 0.954% to 1.492%).

**13. Accounts payable – trade**  
Accounts payable - trade included the following amounts due to related companies:

	<b>30/09/2015</b>	<b>31/12/2014</b>
	VND'000	VND'000
Amounts due to Vietnam Kirin Beverage Company, Limited	45,138,520	38,979,224
Amounts due to other related companies	-	-

The amount due to Vietnam Kirin Beverage Company, Limited, was the processing fee payable, which was unsecured, interest free and are payable on demand.

<b>14. Taxes payable to State Treasury</b>	<b>30/09/2015</b>	<b>31/12/2014</b>
	VND'000	VND'000
Value added tax	301,723	5,448,172
Personal income tax	197,676	311,156
Other tax	(35,501)	80,817
	<b>463,898</b>	<b>5,840,145</b>

## Interfood Shareholding Company and its subsidiaries

### Notes to the consolidated financial statements (continues)

<b>15. Accrued expenses</b>	<b>30/09/2015</b>	<b>31/12/2014</b>
	VND'000	VND'000
Sales discounts and commission	3,182,700	15,373,539
Display expenses	-	3,090,617
Promotion expenses	2,624,322	5,745,365
Transportation fee	6,119,543	7,920,713
Secondment fee payable (*)	2,647,963	4,742,113
Loans interest payable	1,677,529	2,168,572
Others	12,705,982	14,374,633
	<u>28,958,039</u>	<u>53,415,552</u>
	-	-

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

<b>16. Other payables</b>	<b>30/09/2015</b>	<b>31/12/2014</b>
	VND'000	VND'000
Dividend payable	505,391	505,391
Trade union, social and health insurance	1,791,687	137,776
Other payable	141,588	223,828
	<u>2,438,666</u>	<u>866,995</u>
	-	-

<b>17. Long-term borrowings</b>		<b>30/09/2015</b>	<b>31/12/2014</b>
	<b>Currency</b>	<b>Interest rate</b>	<b>Year of maturity</b>
		VND'000	VND'000
Unsecured loan from Kirin Holdings Company, Limited	USD	1.896% p.a.	2017
		145,925,000	138,970,000
		<u>145,925,000</u>	<u>138,970,000</u>
		-	-

The unsecured loans bears fixed interest rate of 1.896% p.a., which is based on USD Swap Semi 30/360 5-year plus 0.8% per annum according to current Kirin Group's financial rules.

## Interfood Shareholding Company and its subsidiaries

### Notes to the consolidated financial statements (continues)

#### 18. Deferred tax liabilities

##### (i) Recognised deferred tax liabilities

Deferred tax liabilities related to temporary differences arising from depreciation of fixed assets.

##### (ii) Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	30/09/2015		31/12/2014	
	Temporary difference VND'000	Tax value VND'000	Temporary difference VND'000	Tax value VND'000
Deductible temporary differences	33,813,284	7,438,922	57,434,153	12,635,514
Taxes loss	138,407,115	30,449,565	55,323,290	12,171,124
	<b>172,220,399</b>	<b>37,888,488</b>	<b>112,757,443</b>	<b>24,806,637</b>

#### The tax losses expire in the following years:

Year of expiry	Status of tax review	Tax losses available
2017	Outstanding	14,604,263
2019	Outstanding	37,786,831
2020	Outstanding	86,016,021
		<b>138,407,115</b>

The deductible temporary differences other than tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

#### 19. Provision for severance allowance

Movements of provision during the year were as follow:

	30/09/2015 VND'000	31/12/2014 VND'000
Opening balance	3,076,345	3,124,794
Provision made during the year	35,764	28,226
Utilised during the year	(141,183)	(76,675)
Closing balance	<b>2,970,926</b>	<b>3,076,345</b>

Accumulating to 30 September 2015, the Group contributed 920 million VND (year ended 31 December 2014: 1,156 million VND) to the unemployment insurance fund and the amount is recorded as part of labour and staff costs in the consolidated statement of income.

## Interfood Shareholding Company and its subsidiaries

### Notes to the consolidated financial statements (continues)

19. Movement in owner's equity	Paid in capital	Share premium	Acquisition Reserves	Undistributed earnings	Total
	VND'000	VND'000	VND'000	VND'000	VND'000
Prior year's opening balance	591,443,888	85,035,704	(32,535,252)	(579,228,333)	64,716,007
Prior year's capital increase	210,000,000	-	-	-	210,000,000
Prior year's net loss					
Reclassification	(90,034,048)	-	90,034,048	(176,905,671)	(176,905,671)
Prior year's closing balance	711,409,840	85,035,704	57,498,796	(756,134,004)	97,810,336
Current year's opening balance	711,409,840	85,035,704	57,498,796	(756,134,004)	97,810,336
Current year's capital increase	-	-	-	-	-
Current year's net profit	-	-	-	(61,756,473)	(61,756,473)
Foreign exchange differences	-	-	-	-	-
Current year's closing balance	711,409,840	85,035,704	57,498,796	(817,890,477)	36,053,863

### 20. Share capital

The Group's authorised and issued share capital is:

	30/09/2015		31/12/2014	
	Number of shares	VND'000	Number of shares	VND'000
<b>Authorised and issued share capital</b>				
Ordinary shares	71,140,992	711,409,920	71,140,992	711,409,920
<b>Shares in circulation</b>				
Ordinary shares	71,140,984	711,409,840	71,140,984	711,409,840
<b>Treasury shares</b>				
Treasury shares	8	80	8	80

All ordinary shares have a par value of VND10,000. Each share is entitled to one vote at meetings of the Group. Shareholders are entitled to receive dividend as declared from time to time. All ordinary shares are ranked equally with regard to the Group's residual assets. In respect of shares bought back by the Group, all rights are suspended until those shares are reissued.

Movements in share capital during the year were as follows:

	30/09/2015		31/12/2014	
	Number of shares	VND'000	Number of shares	VND'000
Balance at the beginning of the period	71,140,984	711,409,840	50,140,984	501,409,840
Shares issued during the year	-	-	21,000,000	210,000,000
Balance at the end of period:	71,140,984	711,409,840	71,140,984	711,409,840

## Interfood Shareholding Company and its subsidiaries

### Notes to the consolidated financial statements (continues)

#### 21. Acquisition reserve

	<b>30/09/2015</b>	<b>31/12/2014</b>
	<b>VND'000</b>	<b>VND'000</b>
Acquisition reserve (a)	(32,535,252)	(32,535,252)
Other reserve (b)	90,034,048	90,034,048
	<u><b>57,498,796</b></u>	<u><b>57,498,796</b></u>
	-	-

(a) In 2007, the Group acquired 90% shareholding of Avafood in a business combination under common control. In 2012, the Group increased its shareholding of Avafood to 90.4%. This amount represents the difference between consideration given and the net amounts of assets and liabilities of Avafood attributable to the Group at the acquisition date.

(b) On 1 January 2013, the Group 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.

#### 22. Revenues

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

Net sales comprised.

	<b>Q3-2015</b>	<b>Q3-2014</b>	<b>YTD2015</b>	<b>YTD2014</b>
	<b>VND'000</b>	<b>VND'000</b>	<b>VND'000</b>	<b>VND'000</b>
<b>Total revenue</b>				
■ Sales of drinks	239,869,113	240,590,861	746,294,193	1,027,224,926
■ Sales of biscuits	1,537,327	5,042,576	9,227,228	22,852,895
■ Sales of other products	38,880,278	30,728,503	110,061,900	135,841,200
	<u><b>280,286,718</b></u>	<u><b>276,361,940</b></u>	<u><b>865,583,321</b></u>	<u><b>1,185,919,021</b></u>
	-	-	-	-
	<b>Q3-2015</b>	<b>Q3-2014</b>	<b>YTD2015</b>	<b>YTD2014</b>
	<b>VND'000</b>	<b>VND'000</b>	<b>VND'000</b>	<b>VND'000</b>
<b>Less sales deductions:</b>				
■ Sales allowances	7,745,449	7,826,817	24,039,274	34,815,472
■ Sales return	-	-	420	3,892,322
	<u><b>7,745,449</b></u>	<u><b>7,826,817</b></u>	<u><b>24,039,694</b></u>	<u><b>38,707,794</b></u>
<b>Net sales</b>	<u><b>272,541,269</b></u>	<u><b>268,535,123</b></u>	<u><b>841,543,627</b></u>	<u><b>1,147,211,227</b></u>
	€-	-	-	-

#### 23. Cost of goods sold

	<b>Q3-2015</b>	<b>Q3-2014</b>	<b>YTD2015</b>	<b>YTD2014</b>
	<b>VND'000</b>	<b>VND'000</b>	<b>VND'000</b>	<b>VND'000</b>
<b>Total cost of sales</b>				
■ Cost of drinks	163,578,828	169,138,508	529,226,652	707,720,763
■ Cost of biscuit	1,832,161	5,377,089	8,577,467	20,815,688
■ Cost of other products	13,141,438	17,751,648	47,231,104	104,828,487
	<u><b>178,552,427</b></u>	<u><b>192,267,244</b></u>	<u><b>585,035,223</b></u>	<u><b>833,364,938</b></u>
	-	-	-	-

**Interfood Shareholding Company and its subsidiaries**

**Notes to the consolidated financial statements (continues)**

**24. Income from financial activities**

	<b>Q3-2015</b>	<b>Q3-2014</b>	<b>YTD2015</b>	<b>YTD2014</b>
	VND'000	VND'000	VND'000	VND'000
Interest income from bank deposits	98,125	63,099	249,031	335,798
Realised gains from foreign exchange	96,369	749,600	10,944,579	9,889,906
Unrealised gains from foreign exchange	5,534,663	2,991,786	5,570,695	42,069
	<b>5,729,157</b>	<b>3,804,485</b>	<b>16,764,305</b>	<b>10,267,773</b>
€	-	-	-	-

**25. Financial expenses**

	<b>Q3-2015</b>	<b>Q3-2014</b>	<b>YTD2015</b>	<b>YTD2014</b>
	VND'000	VND'000	VND'000	VND'000
Interest expenses	1,525,396	1,722,870	4,216,756	6,959,861
Realised foreign exchange losses	89,296	(106,888)	9,977,539	12,021,516
Unrealised foreign exchange losses	17,024,432	1,568,951	25,791,400	4,942,593
	<b>18,639,124</b>	<b>3,184,933</b>	<b>39,985,695</b>	<b>23,923,970</b>
€	-	-	-	-

**26. Other income**

	<b>Q3-2015</b>	<b>Q3-2014</b>	<b>YTD2015</b>	<b>YTD2014</b>
	VND'000	VND'000	VND'000	VND'000
Compensation received for unqualified material	-	-	-	4,523,606
Proceeds from disposals of fixed assets	-	-	645,455	547,273
Others	4,039,276	1,571,547	7,286,523	5,563,543
	<b>4,039,276</b>	<b>1,571,547</b>	<b>7,931,978</b>	<b>10,634,422</b>
	-	-	-	-

**27. Other expenses**

	<b>Q3-2015</b>	<b>Q3-2014</b>	<b>YTD2015</b>	<b>YTD2014</b>
	VND'000	VND'000	VND'000	VND'000
Book value of tangible fixed assets written off	-	623,775	73,791	623,775
Depreciation of idle fixed assets	1,673,356	669,575	3,681,683	2,600,780
Others	75,367	1,289,003	268,692	774,389
	<b>1,748,723</b>	<b>2,582,353</b>	<b>4,024,166</b>	<b>3,998,944</b>
€	-	-	-	-

## Interfood Shareholding Company and its subsidiaries

### Notes to the consolidated financial statements (continues)

<b>28.</b>	<b>Corporate Income Taxes</b>		
<b>(a)</b>	<b>Recognised in the consolidated statement of income</b>	<b>2015</b>	<b>2014</b>
		<b>VND'000</b>	<b>VND'000</b>
	<b>Current tax expense</b>		
	Under provision in prior years	<u>-</u>	<u>-</u>
	<b>Deferred tax income</b>		
	Written down of deferred tax so adjust CIT		
	Tax from 25% to 22%		418,047
	Origination and reversal of temporary	<u>294,251</u>	<u>(458,281)</u>
		<b>294,251</b>	<b>(40,234)</b>
	<b>Income tax expense</b>	<b>294,251</b>	<b>(40,234)</b>
		<u><u>294,251</u></u>	<u><u>(40,234)</u></u>
<b>(b)</b>	<b>Reconciliation of effective tax rate</b>	<b>2015</b>	<b>2014</b>
		<b>VND'000</b>	<b>VND'000</b>
	Loss before tax	<u>(61,101,753)</u>	<u>(176,454,678)</u>
	Tax at the Group's tax rate	(13,442,386)	(38,820,029)
	Non-deductible expenses	964,893	23,844,065
	Effect of change in tax rate	-	1,363,341
	Deferred tax assets not recognised	13,726,933	14,938,873
	Tax losses not previously recognised utilised	(955,189)	(1,366,484)
	Under provision in prior years	<u>-</u>	<u>-</u>
		<b>294,251</b>	<b>(40,234)</b>
		<u><u>294,251</u></u>	<u><u>(40,234)</u></u>
		-	-

**(c) Applicable tax rates**

Under the terms of the Company's Investment Certificate, 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 to 2013, the Company is subject to income tax at the rate of 25% and from 2014 onward will be 22%.

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 and its subsidiaries

### Notes to the consolidated financial statements (continues)

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 122/2011ND-CP dated 27 December 2012 (which provided a number of amendments to prevailing Decree No124/2008/ND-CP), the Company will continue to enjoy its tax incentives under Decree No. 24/2007/ND-CP dated 14 February 2007.

#### 29. Loss per share

##### (a) Basic earnings per share

The calculation of basic earnings per share at 30 September 2015 was based on the profit or loss attributable to ordinary shareholders of the Group and a weighted average number of ordinary shares outstanding during the period, calculated as follows:

(i)	<i>Net/(loss) profit attributable to ordinary shareholders</i>		
		<b>2015</b>	<b>2014</b>
		<b>VND'000</b>	<b>VND'000</b>
	Net profit/(loss) attributable to ordinary shareholders	<u>(61,756,473)</u>	<u>(176,905,671)</u>
(ii)	<i>Weighted average number of ordinary shares</i>		
		<b>2015</b>	<b>2014</b>
		<b>VND'000</b>	<b>VND'000</b>
	Weighted average number of ordinary shares for the year	<u>71,140,984</u>	<u>51,003,998</u>

#### 30. Financial instruments

##### (a) Financial risk management

##### (i) Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk.

##### Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies.

## Interfood Shareholding Company and its subsidiaries

### Notes to the consolidated financial statements (continues)

#### (b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

##### (i) Exposure to credit risk

The total of carrying amounts of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follow:

	<b>2015</b> <b>VND'000</b>	<b>2014</b> <b>VND'000</b>
Cash in bank	76,120,666	114,171,663
Trade and other receivables	14,933,752	34,994,060
	<u><b>91,054,418</b></u>	<u><b>149,165,723</b></u>

##### (ii) Cash in bank

The cash at bank of the Group is mainly held with well-known financial institutions. Management does not foresee any significant credit risks from these deposits and does not expect that these financial institutions may default and cause losses to the Group.

##### (iii) Trade and other receivables

The carrying amount of receivables represents the maximum credit risk pertaining to receivables.

The Group's exposure to credit risk in relation to receivables is mainly influenced by the individual characteristics of each customer. In response to the risk, the Group has established a credit policy under which most customers have to settle payment in advance before the goods delivery is carried out. Only customers considered with high creditworthiness by the management are offered credit terms. Receivables are due within 30 days to 45 days from the date of billing. Debtors with balances that are overdue are requested to settle the balances and management will perform an assessment before further credit is granted. No collateral is collected from the customers.

Based on historic default rates, the Group has made allowance for doubtful debts is necessary in respect of the outstanding trade and other receivables as of 30 September 2015.

The aging of trade and other receivables at reporting date that were past due but not impaired is as follows:

	<b>30/09/2015</b> <b>VND'000</b>	<b>31/12/2014</b> <b>VND'000</b>
Non past due	10,578,288	18,186,392
Past due 0 – 30 days	2,056,623	13,599,968
Past due 31 – 180 days	1,459,513	3,516,347
Over 180 days	2,884,796	1,736,821
	<u><b>16,979,220</b></u>	<u><b>37,039,528</b></u>

## Interfood Shareholding Company and its subsidiaries

### Notes to the consolidated financial statements (continues)

#### (c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group also manages its borrowings from related companies by managing the financing terms with the related companies.

Financial liabilities with fixed or determinable payments have the following contractual maturities including the estimated interest payments:

<b>30/09/2015</b>	Carrying amount. <b>VND'000</b>	Contractual cash flows <b>VND'000</b>	Within 1 year <b>VND'000</b>	1 – 2 years <b>VND'000</b>	2 – 5 years <b>VND'000</b>
Trade and other payables.	160,149,784	160,149,784	160,149,784	-	-
Short-term borrowings.	336,750,000	338,103,471	338,103,471	-	-
Long-term borrowings.	145,925,000	150,382,101	2,781,898	147,600,203	-
	<b>642,824,784</b>	<b>648,635,356</b>	<b>501,035,153</b>	<b>147,600,203</b>	<b>-</b>

  

<b>31/12/2014</b>	Carrying amount. <b>VND'000</b>	Contractual cash flows <b>VND'000</b>	Within 1 year <b>VND'000</b>	1 – 2 years <b>VND'000</b>	2 – 5 years <b>VND'000</b>
Trade and other payables.	161,873,342	161,873,342	161,873,342	-	-
Short-term borrowings.	245,870,000	247,045,142	247,045,142	-	-
Long-term borrowings.	138,970,000	145,257,095	2,634,871	2,634,871	139,987,353
	<b>546,713,342</b>	<b>554,175,579</b>	<b>411,553,355</b>	<b>2,634,871</b>	<b>139,987,353</b>

The Group manages its ability to meet the expected operational expenses and servicing its debts by maintaining several financial facilities as follow:

- USD 10.5 million unused short-term loan facility which renew automatically at the option of Group. Interest would be payable at rates of Libor + 0.8% per annum.

#### (d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

## Interfood Shareholding Company and its subsidiaries

### Notes to the consolidated financial statements (continues)

#### (i) *Currency risk*

The Group is exposed to currency risk on sales and purchases that are denominated in a currency other than the accounting currency of the Group. The currency in which these transactions primarily are denominated is VND.

The Group's exposure to currency risk is managed by keeping the exposure to an acceptable level by entering into currency transactions to address short-term over-exposures.

#### *Exposure to currency risk*

At 30 September 2015 and year 2014, the Group had the following net monetary liability position exposed to currency risk. The following balances are presented in original currency:

	<b>USD</b>	<b>USD</b>
	<b>30/09/2015</b>	<b>31/12/2014</b>
Cash	2,503,537	2,230,894
Accounts receivable – trade.	158,563	339,568
Short-term borrowings	(15,000,000)	(11,500,000)
Account payables.	(131,129)	(197,469)
Other monetary liabilities	(192,672)	(317,543)
Long-term borrowings	(6,500,000)	(6,500,000)
	<u><b>(19,161,701)</b></u>	<u><b>(15,944,550)</b></u>

The followings are the significant exchange rates applied by the Group:

	<b>VND</b>	<b>VND</b>
	<b>30/09/2015</b>	<b>31/12/2014</b>
1 USD	<u>22,450</u>	<u>21,380</u>
		Increase in net loss.
		<b>VND'000</b>
30/09/2015.		<u><b>30/09/2015</b></u>
USD (5% strengthening)		<u>16,777,028</u>
		Increase in net loss.
		<b>VND'000</b>
31/12/2014.		<u><b>31/12/2014</b></u>
USD (1% strengthening)		<u>2,658,977</u>

The opposite movement of the currencies would have the equal but opposite effect to the net loss of the Group.

## Interfood Shareholding Company and its subsidiaries

### Notes to the consolidated financial statements (continues)

#### (ii) Interest rate risk

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was:

	Carrying amount	
	30/09/2015	31/12/2013
	VND'000	VND'000
<b>Fixed rate instruments.</b>		
Financial liabilities.	<u>(145,925,000)</u>	<u>(138,970,000)</u>
<b>Variable rate instruments.</b>		
Financial assets.	76,120,666	114,171,663
Financial liabilities.	<u>(336,750,000)</u>	<u>(245,870,000)</u>
	<u><b>(260,629,334)</b></u>	<u><b>(131,698,337)</b></u>

A change of 100 basis points in interest rates would have increased net losses of the Company by Million VND 2,033 (2014: Million VND 1,027). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

No policy was in place pertaining to the mitigation of potential volatility of the interest rate.

#### (e) Fair value

The Group has not determined fair values of financial assets and liabilities in accordance with Article 28 of Circular No. 210/2009/TT-BTC dated 6 November 2009 of the Ministry of Finance because (i) quoted prices in active market are not available for these financial assets and liabilities; and (ii) Vietnamese Accounting Standards and the Vietnamese Accounting System do not provide guidance on measurement of fair values in the case where quoted prices in active market are not available. Fair values of these financial instruments may be different from their carrying values.

### 31. Significant transactions with related parties

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

	Carrying amount	
	30/09/2015	31/12/2014
	VND'000	VND'000
<b>Related companies</b>		
<b>Kirin Holding Company, Limited - Parent Company</b>		
Short-term loan received	77,250,000	126,945,000
Share subscription	-	210,000,000
Interest expenses	4,216,757	6,959,861
Secondment fee	7,871,703	9,606,009
<b>Vietnam Kirin Beverage Company, Limited</b>		
Processing fee	131,665,290	132,662,976
Sale of finished goods	-	8,808
<b>Board of Directors and Board of Management</b>		
Secondment fees	4,231,599	4,198,548
Salary	1,393,800	1,307,374

## Interfood Shareholding Company and its subsidiaries

### Notes to the consolidated financial statements (continues)

#### 32. Commitments

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

	VND'000	VND'000
	30/09/2015	31/12/2014
Within one year	6,612,543	3,331,765
Within two to five years	13,311,650	1,135,397
Over five years	-	-
	<u>19,924,193</u>	<u>4,467,162</u>

#### 33. Production and business costs by element

	Q3-2015	Q3-2014	YTD2015	YTD2014
	VND'000	VND'000	VND'000	VND'000
Raw material costs	205,688,836	135,466,726	479,636,297	619,669,008
Labour costs and staff costs	38,780,172	47,841,454	132,215,203	195,481,680
Depreciation and amortisation	8,130,616	9,477,339	27,297,338	38,192,612
Outside services	139,137,006	138,692,164	393,125,315	456,494,815
Other expenses	5,041,183	79,747	21,796,248	9,407,851
	<u>396,777,813</u>	<u>331,557,429</u>	<u>1,054,070,401</u>	<u>1,319,245,966</u>

13th November 2015

Prepared by:

Approved by:

*(Signed)*

*(Signed and Sealed)*

Nguyễn Hồng Phong  
Chief Accountant

Toru Yamasaki  
Chairman, General Director