

Interfood Shareholding Company and its subsidiaries

Consolidated financial statements
Quarter 1 - 2014

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

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:	Michio Nagabayashi	Chairman
	Toru Yamasaki	Member
	Hiroshi Fujikawa	Member
	Nguyen Thi Kim Lien	Member
	Takayuki Morisawa	Member
Board of Director:	Michio Nagabayashi	General Director
	Kazufumi Nagashima	Director/General Manager of Factory <i>(Until 24/03/2014)</i>
	Hidefumi Matsuo	Director/General Manager of Administration
	Nguyen Thi Kim Lien	Director/General Manager of Finance
	Taiichiro Iizumi	Director/General Manager of Sales and Marketing
	Yutaka Ogami	Director/Finance Controller
	Yoshihisa Fujiwara	Director/General Manager of Factory <i>(From 24/03/2014)</i>
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 31 March 2014, 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)

Michio Nagabayashi

Chairman, General Director

Dong Nai province, dated 15th May 2014.

Interfood Shareholding Company and its subsidiaries

Consolidated balance sheet

ASSETS	Code	Notes	31/03/2014 VND'000	31/12/2013 VND'000
Current assets (100=110+130+140+150)	100		293,152,245	310,139,687
Cash	110	5	70,184,080	97,180,048
Accounts receivable	130	6	20,526,995	30,435,600
Trade accounts receivable - trade	131		15,050,661	27,402,646
Prepayments to suppliers	132		7,422,858	4,981,139
Other receivables	135		98,944	97,283
Provision for doubtful debts	139		(2,045,468)	(2,045,468)
Inventories	140	7	199,381,898	180,423,407
Inventories	141		199,381,898	180,423,407
Allowance for inventories	149		-	-
Other current assets	150		3,059,272	2,100,632
Short term prepayments	151		1,839,177	1,115,439
Deductible value added tax	152		604,604	509,851
Taxes receivable from State Treasury	154		-	19,552
Other current assets	158		615,491	455,790
Long-term assets (200=220+260)	200		344,871,467	353,382,119
Fixed assets	220		311,472,001	346,940,878
Tangible fixed assets	221	8	300,068,826	308,326,494
Cost	222		602,274,524	601,363,233
Accumulated depreciation	223		(302,205,698)	(293,036,739)
Intangible fixed assets	227	9	8,037,262	35,882,573
Cost	228		8,963,821	43,675,947
Accumulated depreciation	229		(926,559)	(7,793,374)
Construction in progress	230	10	3,365,913	2,731,811
Other long-term assets	260		33,399,466	6,441,241
Long-term prepayments	261	11	31,945,482	4,990,766
Deferred tax assets	262		-	-
Other long-term assets	268		1,453,984	1,450,475
TOTAL ASSETS (270=100+200)	270		638,023,712	663,521,806

Interfood Shareholding Company and its subsidiaries

Consolidated balance sheet

RESOURCES	Code	Notes	31/03/2014 VND'000	31/12/2013 VND'000
LIABILITIES (300=310+330)	300		599,411,794	595,820,918
Current liabilities	310		455,821,865	451,830,974
Short-term borrowings	311	12	326,740,000	326,740,000
Trade accounts payable-trade	312	13	95,708,113	86,605,589
Advances from customers	313		4,976,300	6,118,814
Taxes payable to State Treasury	314	14	412,134	456,850
Payable to employees	315		9,326,226	13,440,963
Accrued expenses	316	15	17,983,792	17,748,074
Other payables	319	16	675,300	720,684
Long term liabilities	330		143,589,929	143,989,944
Long-term deposits	331		26,139	26,139
Long-term borrowings	334	17	137,020,000	137,020,000
Deferred tax liabilities	335	18	3,433,566	3,819,011
Provision for severance allowance	337	19	3,110,224	3,124,794
EQUITY (400=410)	400		35,467,102	64,716,007
Owners' equity	410	19	35,467,102	64,716,007
Share capital	411	21	591,443,888	591,443,888
Share premium	412		85,035,704	85,035,704
Difference of exchange rate	413		-	-
Other reserves	418	22	(32,535,252)	(32,535,252)
Accumulated losses	420		(608,477,238)	(579,228,333)
MINORITY INTEREST	439		3,144,816	2,984,881
TOTAL RESOURCES (440=300+400+439)			638,023,712	663,521,806
OFF BALANCE SHEET ITEMS				
Foreign currencies				
US dollar			36,258,212	43,676,277
Euro			10,347	10,426

15th May 2014

Prepared by:

Approved by:

*(Signed)**(Signed and Sealed)*

Nguyễn Hồng Phong
Chief Accountant

Michio Nagabayashi
Chairman, General Director

Interfood Shareholding Company and its subsidiaries

Consolidated statement of income

	Code	Notes	Q1-2014 VND'000	Q1-2013 VND'000	YTD2014 VND'000	YTD2013 VND'000
Total revenue	01	23	234,882,861	229,697,078	234,882,861	1,022,018,674
Less revenue deductions:	02	23	6,897,863	6,542,908	6,897,863	28,872,788
Net revenue (10=01-02)	10	23	227,984,998	223,154,170	227,984,998	993,145,886
Cost of sales	11	24	166,966,090	148,703,151	166,966,090	709,078,303
Gross profit (20=10-11)	20		61,018,908	74,451,019	61,018,908	284,067,583
Financial income	21	25	275,866	309,962	275,866	2,595,965
Financial expenses	22	26	1,948,488	2,187,461	1,948,488	15,945,780
<i>In which: Interest expenses</i>		23	<i>1,720,141</i>	<i>2,187,461</i>	<i>1,720,141</i>	<i>8,402,063</i>
Selling expenses	24		80,046,285	75,664,812	80,046,285	414,545,956
G&A expenses	25		8,334,383	9,400,426	8,334,383	36,532,865
Operating profit/(loss) {30=20+(21-22)-(24+25)}	30		(29,034,382)	(12,491,718)	(29,034,382)	(180,361,053)
Other income	31	27	644,865	107,729,289	644,865	115,374,238
Other expenses	32	28	1,084,905	1,544,584	1,084,905	11,259,845
Result of other activities (40 = 31 - 32)	40		(440,040)	106,184,705	(440,040)	104,114,393
Profit (loss) before tax	50		(29,474,422)	93,692,987	(29,474,422)	(76,246,660)
Income tax expenses - current	51	29	-	-	-	3,172,595
Income tax expenses - deferred	52	29	(385,446)	120,136	(385,446)	458,403
Profit(loss) after tax	60		(29,088,976)	93,572,851	(29,088,976)	(79,877,658)
Attributable to:						
Minority interest	61		159,929	3,453,324	159,929	3,600,036
Equity holders of the Company	62		(29,248,905)	90,119,527	(29,248,905)	(83,477,694)
Earning(loss) per share	36	30	(0.583)	3.093	(0.583)	(2.702)

15th May 2014

Prepared by:

Approved by:

*(Signed)**(Signed and Sealed)*

Nguyễn Hồng Phong
Chief Accountant

Michio Nagabayashi
Chairman, General Director

Interfood Shareholding Company and its subsidiaries

Consolidated statements of cash flows		31/03/2014	31/12/2013
	Notes Code	VND'000	VND'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax	01	(29,474,422)	(76,246,660)
Adjustments for:			
Depreciation and amortisation	02	10,229,784	38,073,175
Increase in provisions	03	(14,570)	(4,509,934)
Unreal gain (loss) on foreign currency translation	04	(25,276)	3,476,141
Income from loan waiving	05	-	(104,006,971)
Interest income	05	(85,684)	(734,472)
Loss from disposal fixed assets	05	-	-
Interest expense	06	1,720,141	8,402,063
Operating profit/(loss) before adjustments to w	08	(17,650,027)	(135,546,658)
Change in accounts receivable	09	9,673,667	(5,475,305)
Change in inventory	10	(18,958,491)	(16,297,892)
Change in accounts payable	11	2,270,126	22,973,911
Change in prepaid expenses	12	(856,168)	(388,950)
Interest paid	13	-	(10,820,621)
Business income tax paid	14	-	(3,172,595)
Other payable	16	-	-
Cash generated from operating activities	20	(25,520,893)	(148,728,110)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of fixed assets and investment constru	21	(1,586,702)	(7,438,463)
Interest income received	27	85,684	734,472
Net cash inflows/(outflows) from investing acti	30	(1,501,018)	(6,703,991)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from equity issued	31	-	210,000,000
Proceeds from loan	33	-	199,842,000
Repayments for debt	34	-	(239,522,000)
Net cash inflows/(outflows) from financing acti	40	-	170,320,000
Net increase/(decrease) in cash	50	(27,021,911)	14,887,899
Cash at beginning of the year	60	97,180,048	82,201,930
Effects of changes in foreign exchange rates	61	25,943	90,219
Cash at end of the year	70	70,184,080	97,180,048

15th May 2014

Prepared by:

(Signed)

Nguyễn Hồng Phong
Chief Accountant

Approved by:

(Signed and Sealed)

Michio Nagabayashi
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 31 March 2014 comprises the Company and its subsidiary, Avafood Shareholding Company (“Avafood”) (collectively “the Group”). The principal activities of the Group are to produce agricultural and aquatic products into canned, dried, frozen, salted, and pickled products and the production of biscuits and snack food, carbonated fruit juice and fruit juice with 5% alcohol content, bottled filtered water and PET bottle; and to manufacture packaging for foods and beverages.

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, bottled filtered water, biscuits, jams and sweets of all kinds, and from agricultural and aquatic products as well as livestock and lease a workshop 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 31 March 2014, the Group had 1,506 employees (the year ended 31 December 2013: 1,434 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 29,089 Million VND (2013: Loss 79,878 Million VND) during the year and at the balance sheet date, current liabilities still exceeded current assets by 162,670 Million VND (31/12/2013: 141,690 Million VND) but total assets has exceeded total liabilities by 28,612 Million VND (31/12/2013: total liabilities exceeded total assets 67,701 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	15 – 30 years
Machinery and equipment	10 – 15 years
Motor vehicles	6 years
Office equipment	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 45.5 years.

During 2013, the prepaid land cost has been transferred to intangible asset

(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 31 March 2014 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

5.	Cash	31/03/2014	31/12/2013
		VND'000	VND'000
	Cash on hand	47,031	150,812
	Cash in banks	70,137,049	97,029,236
		<u>70,184,080</u>	<u>97,180,048</u>
		-	-
6.	Accounts receivable	31/03/2014	31/12/2013
	Other receivables comprised:	VND'000	VND'000
	Other receivable	98,944	97,283
		<u>98,944</u>	<u>97,283</u>
		-	-
7.	Inventories	31/03/2014	31/12/2013
		VND'000	VND'000
	Raw materials	65,448,089	57,807,048
	Tools and supplies	10,236,918	10,352,938
	Work in progress	1,502,784	2,439,256
	Finished goods	122,194,107	109,824,165
		<u>199,381,898</u>	<u>180,423,407</u>
	Allowance for inventories	-	-
		<u>199,381,898</u>	<u>180,423,407</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

	Building	Machinery & Equipment	Motor vehicles	Office equipment	Total
	VND'000	VND'000	VND'000	VND'000	VND'000
Historical cost					
Opening balance	115,917,681	471,348,970	9,686,896	4,409,686	601,363,233
Additions	-	128,000	-	-	128,000
Transfer from CIP	641,241	-	-	142,050	783,291
Disposals(*)	-	-	-	-	-
Closing balance	<u>116,558,922</u>	<u>471,476,970</u>	<u>9,686,896</u>	<u>4,551,736</u>	<u>602,274,524</u>
Accumulated depreciation					
Opening balance	23,991,103	259,782,769	6,476,420	2,786,447	293,036,739
Charge for the year	989,212	7,817,865	206,491	155,391	9,168,959
Disposals(*)	-	-	-	-	-
Closing balance	<u>24,980,315</u>	<u>267,600,634</u>	<u>6,682,911</u>	<u>2,941,838</u>	<u>302,205,698</u>
Net book value					
Opening balance	91,926,578	211,566,201	3,210,476	1,623,239	308,326,494
Closing balance	<u>91,578,607</u>	<u>203,876,336</u>	<u>3,003,985</u>	<u>1,609,898</u>	<u>300,068,826</u>

Included in the cost of tangible fixed assets were assets costing 24,067 million VND which were fully depreciated as of 31 March 2014 (31/12/2013: 23,357 million VND), but are still in active use.

The carrying amount of temporarily idle tangible fixed assets amounted to 16,109 million VND as of 31 March 2014 (31/12/2013: 16.753 million VND).

(*) During this year, the fixed asset carrying history cost lower than 30 million VND has been transferred to the prepayment expenses account

Interfood Shareholding Company and its subsidiaries
Notes to the consolidated financial statements (continues)
9. Intangible fixed assets

	ERP	Land			Total
	VND'000	VND'000			VND'000
Historical cost					
Opening balance	8,926,021	34,749,926			43,675,947
Additions	-	-			-
Transfer from CIP	37,800				37,800
Transfer to PPE(*)	-	(34,749,926)			(34,749,926)
Written off	-	-			-
Closing balance	<u>8,963,821</u>	<u>-</u>			<u>8,963,821</u>
Accumulated depreciation					
Opening balance	702,455	7,090,919			7,793,374
Transfer from PPE(*)	-	(7,264,668)			(7,264,668)
Charge for the year	224,104	173,749			397,853
Disposals	-	-			-
Closing balance	<u>926,559</u>	<u>-</u>			<u>926,559</u>
Net book value					
Opening balance	8,223,566	27,659,007	-	-	35,882,573
Closing balance	<u>8,037,262</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,037,262</u>

(*) This is present for the historical cost and accumulated amortized value of the Intangible fixed asset of the land rental fee which transfer to prepayment expenses (PPE) which was not entitled for recording as Intangible fixed asset as per regulation.

10. Construction in progress	31/03/2014	31/12/2013
	VND'000	VND'000
Opening balance	2,731,811	8,398,225
Additions during the quarter	1,455,193	5,609,160
Transferred to tangible fixed assets	(783,291)	(2,334,471)
Transferred to intangible fixed asset	(37,800)	(8,875,031)
Disposals	-	(66,072)
Closing balance	<u>3,365,913</u>	<u>2,731,811</u>
	-	-

Interfood Shareholding Company and its subsidiaries

Notes to the consolidated financial statements (continues)

11. Long-term prepayment

	Prepaid land costs VND'000	Renovation expenses VND'000	Tool and supplies VND'000	Total VND'000
Opening balance	-	1,350,129	3,640,637	4,990,766
Additions	-	-	132,430	132,430
Conversion from intangible asset (*)	27,485,258	-	-	27,485,258
Amortisation	-	(279,049)	(383,923)	(662,972)
Closing balance	27,485,258	1,071,080	3,389,144	31,945,482

(*) Reclassification from fixed assets represents the net book value of existing fixed assets which do not meet one of the criteria for recognition as fixed assets, i.e. costing VND30 million or more, as regulated in Article 3 of Circular 45. These assets were reclassified from tangible fixed assets during the period (Note 8). The remaining net book value of fixed assets costing less than VND30 million are amortised on a straight line basis over their remaining estimated useful lives, but not exceeding three years.

12. Short-term borrowings

	31/03/2014 VND'000	31/12/2013 VND'000
Short-term Loans from Kirin Holdings Company, Limited	<u>326,740,000</u>	<u>326,740,000</u>
	-	-

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

	Currency	Nominal interest rate	31/03/2014 VND'000	31/12/2013 VND'000
Loan 7 Million USD	USD	LIBOR + 0,8%/p.a	147,560,000	147,560,000
Loan 9 Million USD	USD	LIBOR + 0,8%/p.a	179,180,000	179,180,000
			<u>326,740,000</u>	<u>326,740,000</u>
			-	-

The applicable interest rates of these loans ranged from 1.077% to 1.487% per annum during the year (year ended 31 March 2014: 1.077% to 1.487%).

13. Accounts payable – trade

Accounts payable - trade included the following amounts due to related companies:

	31/03/2014 VND'000	31/12/2013 VND'000
Amounts due to Vietnam Kirin Beverage Company, Limited	8,503,876	2,502,632
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.

Interfood Shareholding Company and its subsidiaries

Notes to the consolidated financial statements (continues)

14.	Taxes payable to State Treasury		31/03/2014	31/12/2013	
			VND'000	VND'000	
Value added tax			256,074	221,221	
Import, export tax			5,363	-	
Personal income tax			50,342	135,274	
Foreign contractor tax			100,355	100,355	
			<u>412,134</u>	<u>456,850</u>	
			-	-	
			-	-	
15.	Accrued expenses		31/03/2014	31/12/2013	
			VND'000	VND'000	
Transportation fee			6,820,854	5,378,039	
Sales discounts and commission			3,009,075	2,110,356	
Loans interest payable			4,866,830	3,137,186	
Secondment fee payable (*)			2,395,406	4,591,183	
Others			891,627	2,531,310	
			<u>17,983,792</u>	<u>17,748,074</u>	
			-	-	
			-	-	
<p>(*) 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.</p>					
16.	Other payables		31/03/2014	31/12/2013	
			VND'000	VND'000	
Dividend payable			505,391	505,391	
Trade union, social and health insurance			129,967	122,077	
Other payable			39,942	93,216	
			<u>675,300</u>	<u>720,684</u>	
			-	-	
			-	-	
17.	Long-term borrowings			31/03/2014	31/12/2013
	Curre ncy	Interest rate	Year of maturity	VND'000	VND'000
Unsecured loan from Kirin Holdings Company, Limited	USD	1.896% p.a.	2017	137,020,000	137,020,000
				<u>137,020,000</u>	<u>137,020,000</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:

	31/03/2014		31/12/2013	
	Temporary difference VND'000	Tax value VND'000	Temporary difference VND'000	Tax value VND'000
Deductible temporary differences			19,036,916	4,759,229
Taxes loss			70,364,730	17,591,183
	-	-	89,401,646	22,350,412

The tax losses expire in the following years:

Year of expiry	Status of tax review	Tax losses available
2014	Finalised	19,228,472
2015	Finalised	1,506,073
2016	Finalised	30,014,879
2017	Outstanding	19,615,306

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:

	31/03/2014 VND'000	31/12/2013 VND'000
Opening balance	3,124,794	3,327,503
Provision made during the year	-	38,141
Utilised during the year	(14,570)	(123,003)
Reversal during the year	-	(117,847)
Closing balance	3,110,224	3,124,794

During this Quarter, the Group contributed 295 million VND (year ended 31 December 2013: 1020 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	381,443,888	85,035,704	(32,535,252)	(495,750,639)	(61,806,299)
Current year's capital increase	210,000,000	-	-	-	210,000,000
Prior year's net loss	-	-	-	(83,477,694)	(83,477,694)
Prior year's closing balance	591,443,888	85,035,704	(32,535,252)	(579,228,333)	64,716,007
Current year's opening balance	591,443,888	85,035,704	(32,535,252)	(579,228,333)	64,716,007
Current year's capital increase	-	-	-	-	-
Current year's net profit	-	-	-	(29,248,905)	(29,248,905)
Foreign exchange differences	-	-	-	-	-
Current year's closing balance	591,443,888	85,035,704	(32,535,252)	(608,477,238)	35,467,102

20. Share capital

The Group's authorised and issued share capital is:

	31/03/2014		31/12/2013	
	Number of shares	VND'000	Number of shares	VND'000
Authorised and issued share capital				
Ordinary shares	50,140,992	501,409,920	50,140,992	591,443,992
Shares in circulation				
Ordinary shares	50,140,984	501,409,840	50,140,984	591,443,888

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:

	31/03/2014		31/12/2013	
	Number of shares	VND'000	Number of shares	VND'000
Balance at the beginning of the period	50,140,984	591,443,888	29,140,984	381,443,888
Shares issued during the year	-	-	21,000,000	210,000,000
Balance at the end of period:	50,140,984	591,443,888	50,140,984	591,443,888

Interfood Shareholding Company and its subsidiaries

Notes to the consolidated financial statements (continues)

21. Acquisition reserve

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.

22. Revenues

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

Net sales comprised.

	Q1-2014	Q1-2013	YTD2014	YTD2013
	VND'000	VND'000	VND'000	VND'000
Total revenue				
■ Sales of drinks	201,519,116	200,200,593	201,519,116	888,947,223
■ Sales of biscuits	6,378,734	10,108,841	6,378,734	28,550,969
■ Sales of other products	26,985,011	19,387,644	26,985,011	104,520,481
	234,882,861	229,697,078	234,882,861	1,022,018,674
	-	-	-	-
	Q1-2014	Q1-2013	YTD2014	YTD2013
	VND'000	VND'000	VND'000	VND'000
Less sales deductions:				
■ Sales allowances	5,958,279	6,222,045	5,958,279	28,042,333
■ Sales return	939,584	320,863	939,584	830,455
	6,897,863	6,542,908	6,897,863	28,872,788
Net sales	227,984,998	223,154,170	227,984,998	993,145,886
	0	-	-	-

23. Cost of goods sold

	Q1-2014	Q1-2013	YTD2014	YTD2013
	VND'000	VND'000	VND'000	VND'000
Total cost of sales				
■ Cost of drinks	146,371,977	120,737,025	146,371,977	619,211,845
■ Cost of biscuit	5,456,304	9,491,475	5,456,304	26,846,494
■ Cost of other products	15,137,809	18,474,651	15,137,809	63,019,965
	166,966,090	148,703,151	166,966,090	709,078,303
	-	-	-	-

24. Income from financial activities

	Q1-2014	Q1-2013	YTD2014	YTD2013
	VND'000	VND'000	VND'000	VND'000
Interest income from bank deposits	85,684	309,962	85,684	720,497
Realised gains from foreign exchange	9,999	-	9,999	1,776,994
Unrealised gains from foreign exchange	180,183	-	180,183	98,474
	275,866	309,962	275,866	2,595,965
	0	-	-	-

Interfood Shareholding Company and its subsidiaries
Notes to the consolidated financial statements (continues)

25. Financial expenses	Q1-2014	Q1-2013	YTD2014	YTD2013
	VND'000	VND'000	VND'000	VND'000
Interest expenses	1,720,141	2,187,461	1,720,141	8,402,063
Realised foreign exchange losses	21,554	-	21,554	3,969,102
Unrealised foreign exchange losses	206,793	-	206,793	3,574,615
	1,948,488	2,187,461	1,948,488	15,945,780
	0	-	-	-
26. Other income	Q1-2014	Q1-2013	YTD2014	YTD2013
	VND'000	VND'000	VND'000	VND'000
Reimbursement received for tax penalty paymen	-	-	-	4,824,380
Internal Loan waiver	-	104,006,971	-	104,006,971
Others	644,865	3,722,318	644,865	6,542,887
	644,865	107,729,289	644,865	115,374,238
	-	-	-	-
27. Other expenses	Q1-2014	Q1-2013	YTD2014	YTD2013
	VND'000	VND'000	VND'000	VND'000
Book value of tangible fixed assets written off	-	-	-	-
Tax penalties	-	-	-	6,282,256
Depreciation of idle fixed assets	643,209	608,477	643,209	2,551,747
Others	441,696	936,107	441,696	2,425,842
	1,084,905	1,544,584	1,084,905	11,259,845
	0	-	-	-
28. Coporate Income Taxes				
(a) Recognised in the consolidated statement of income				
	2014	2013		
	VND'000	VND'000		
Current tax expense				
Under provision in prior years		-		3,172,595
Deferred tax income				
Written down of deferred tax asset		-		-
Origination and reversal of temporary		(385,446)		458,403
		(385,446)		458,403
Income tax expense		(385,446)		3,630,998

Interfood Shareholding Company and its subsidiaries

Notes to the consolidated financial statements (continues)

(b) Reconciliation of effective tax rate	2013	2012
	VND'000	VND'000
Loss before tax	<u>(29,474,422)</u>	<u>(76,246,660)</u>
Tax at the Group's tax rate	(6,484,373)	(19,061,665)
Non-deductible expenses	-	38,720,567
Deferred tax assets not recognised	-	-
Tax losses not previously recognised utilised	-	(19,200,499)
Written down of deferred tax assets	-	-
Under provision in prior years	-	3,172,595
	<u><u>(6,484,373)</u></u>	<u><u>3,630,998</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 onwards the Company is subject to income tax at the rate of 25%.

According to Decree No. 24/2007/ND-CP dated 14 February 2007 (which replaced Decree No. 164/2003/ND-CP dated 22 December 2003), the Company is entitled to tax incentives in relation to the relocation of its business activities out of an urban area. In 2006, the Company relocated one of its production lines from Bien Hoa City to Tam Phuoc Industrial Zone, Bien Hoa City. As a result, profit derived from this line is exempted from corporate income tax for two years and a reduction of 50% for the following six years. Also as stated in this Decree, the Company is entitled to tax incentives in relation to investments made in new production lines that are qualified under this Decree. The tax incentives include one year of exemption from corporate income tax and a reduction of 50% for the following four years applied to profit derived from the new production lines.

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 No.124/2008/ND-CP), the Company will continue to enjoy its tax incentives under Decree No. 24/2007/ND-CP dated 14 February 2007.

29. Loss per share

(a) Basic earnings per share

The calculation of basic earnings per share at 31 March 2014 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:

Interfood Shareholding Company and its subsidiaries

Notes to the consolidated financial statements (continues)

(i)	<i>Net/(loss) profit attributable to ordinary shareholders</i>		
		2014	2013
		VND'000	VND'000
	Net profit/(loss) attributable to ordinary shareholders	<u>(29,248,905)</u>	<u>(83,477,694)</u>
(ii)	<i>Weighted average number of ordinary shares</i>		
		2014	2013
		VND'000	VND'000
	Weighted average number of ordinary shares for the year	<u>50,140,984</u>	<u>30,814,061</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.

(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:

	2014	2013
	VND'000	VND'000
Cash in bank	70,137,049	97,029,236
Trade and other receivables	15,149,605	27,499,929
	<u>85,286,654</u>	<u>124,529,165</u>

Interfood Shareholding Company and its subsidiaries

Notes to the consolidated financial statements (continues)

(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 31 March 2014.

The aging of trade and other receivables at year-end that were past due but not impaired is as follows:

	2014	2013
	VND'000	VND'000
Non past due	8,151,489	23,186,248
Past due 0 – 30 days	2,135,660	1,410,811
Past due 31 – 180 days	2,754,151	857,402
Over 180 days	2,108,304	2,045,468
	<u>15,149,605</u>	<u>27,499,929</u>

(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:

Interfood Shareholding Company and its subsidiaries

Notes to the consolidated financial statements (continues)

31/03/2014	Carrying	Contractual	Within 1 year	1 – 2 years	2 – 5 years
	amount.	cash flows			
	VND'000	VND'000	VND'000	VND'000	VND'000
Trade and other payables.	123,693,431	123,693,431	123,693,431	-	-
Long term deposit	26,139	26,139	26,139	-	-
Short-term borrowings.	326,740,000	328,123,744	328,123,744	-	-
Long-term borrowings.	137,020,000	145,112,635	2,605,017	2,605,017	139,902,600
	587,479,570	596,955,949	454,448,331	2,605,017	139,902,600

31/12/2013	Carrying	Contractual	Within 1 year	1 – 2 years	2 – 5 years
	amount.	cash flows			
	VND'000	VND'000	VND'000	VND'000	VND'000
Trade and other payables.	118,515,310	118,515,310	118,515,310	-	-
Long term deposit	26,139	26,139	26,139	-	-
Short-term borrowings.	326,740,000	328,762,855	328,762,855	-	-
Long-term borrowings.	137,020,000	145,753,212	2,605,017	2,605,017	140,543,178
	582,301,449	593,057,516	449,909,321	2,605,017	140,543,178

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

- USD 18 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.

(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 31 March 2014 and year 2013, the Group had the following net monetary liability position exposed to currency risk. The following balances are presented in original currency:

Interfood Shareholding Company and its subsidiaries

Notes to the consolidated financial statements (continues)

	USD	USD
	31/03/2014	31/12/2013
Cash	1,720,029	2,073,661
Accounts receivable – trade.	229,173	306,838
Account payables.	(204,244)	(129,092)
Short-term borrowings	(15,500,000)	(15,500,000)
Long-term borrowings	(6,500,000)	(6,500,000)
Other payables.	-	(3,110)
	<u>(20,255,041)</u>	<u>(19,751,703)</u>

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

	VND	VND
	31/03/2014	31/12/2013
1 USD	<u>21,080</u>	<u>21,080</u>

Below is an analysis of the possible impact on the net profit of the Group, after taking into account the current level of exchange rates and the historical volatility as well as market expectations as at 31 March 2014. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases.

	Increase in net loss.
	VND'000
31/03/2014.	31/03/2014
USD (1% strengthening)	<u>(3,205,360)</u>
	Increase in net loss.
	VND'000
31/12/2013.	31/12/2013
USD (1% strengthening)	<u>4,167,609</u>

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

(ii) *Interest rate risk*

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

	Carrying amount	
	31/03/2014	31/12/2013
	VND'000	VND'000
Fixed rate instruments.		
Financial liabilities.	<u>(137,020,000)</u>	<u>(137,020,000)</u>
Variable rate instruments.		
Financial assets.	70,137,049	97,029,236
Financial liabilities.	<u>(326,740,000)</u>	<u>(326,740,000)</u>
	<u>(256,602,951)</u>	<u>(229,710,764)</u>

Interfood Shareholding Company and its subsidiaries

Notes to the consolidated financial statements (continues)

A change of 100 basis points in interest rates would have increased net losses of the Company by Million VND 2,566 (2012: Million VND 1,723). 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	
	31/03/2014	31/12/2013
	VND'000	VND'000
Related companies		
Kirin Holding Company, Limited - Parent Company		
Short-term loan received	-	199,842,000
Share subscription	-	210,000,000
Interest expenses	1,720,141	8,402,063
Secondment fee	2,394,676	9,078,597
Vietnam Kirin Beverage Company, Limited		
Processing fee	16,423,033	42,472,216
Sale of finished goods	-	57,078
Board of Directors and Board of Management		
Secondment fees	1,415,644	4,517,690
Salary	329,656	1,312,409

32. Commitments

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

	VND'000	VND'000
	31/03/2014	31/12/2013
Within one year	11,528,803	11,528,803
Within two to five years	26,100,326	27,499,588
Over five years	9,980,721	11,463,660
	<u>47,609,850</u>	<u>50,492,051</u>

Interfood Shareholding Company and its subsidiaries

Notes to the consolidated financial statements (continues)

33. Production and business costs by element	Q1-2014	Q1-2013	YTD2014	YTD2013
	VND'000	VND'000	VND'000	VND'000
Raw material costs	149,203,932	126,093,364	149,203,932	581,402,928
Labour costs and staff costs	44,161,137	36,748,041	44,161,137	171,593,735
Depreciation and amortisation	9,188,781	6,287,193	9,188,781	37,320,482
Outside services	78,576,911	70,840,728	78,576,911	379,795,611
Other expenses	52,738	2,015,907	52,738	15,876,503
	281,183,499	241,985,233	281,183,499	1,185,989,259

15th May 2014

Prepared by:

Approved by:

(Signed)

(Signed and Sealed)

Nguyễn Hồng Phong
Chief Accountant

Michio Nagabayashi
Chairman, General Director