

Interfood Shareholding Company and its subsidiaries

Consolidated financial statements
Quarter 4 - 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
	472033000328 (6th amendment)	30/12/2015

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/General Manager of Marketing
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

Registered Office

Lot 13, Tam Phuoc Industrial Zone
 Tam Phuoc Commune, 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 December 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)

Toru Yamasaki
Chairman, General Director
Dong Nai province, dated 29th January 2016.

Interfood Shareholding Company and its subsidiaries

Consolidated balance sheet

ASSETS	Code	Notes	31/12/2015 VND'000	31/12/2014 VND'000
Current assets (100=110+130+140+150)	100		383,009,140	339,000,879
Cash	110	5	172,435,846	114,345,439
Accounts receivable	130	6	25,528,025	41,942,400
Trade accounts receivable - trade	131		22,218,569	36,547,087
Prepayments to suppliers	132		5,543,647	6,948,340
Other receivables	138		61,901	492,441
Provision for doubtful debts	139		(2,296,092)	(2,045,468)
Inventories	140	7	183,485,382	179,430,711
Inventories	141		185,404,269	182,865,732
Allowance for inventories	149		(1,918,887)	(3,435,021)
Other current assets	150		1,559,887	3,282,329
Short term prepayments	151		902,241	2,703,434
Deductible value added tax	152		-	-
Taxes receivable from State Treasury	154		-	-
Other current assets	158		657,646	578,895
Long-term assets (200=220+260)	200		291,472,732	325,011,033
Fixed assets	220		256,119,520	290,039,595
Tangible fixed assets	221	8	246,168,681	279,095,084
Cost	222		609,272,533	607,104,916
Accumulated depreciation	223		(363,103,852)	(328,009,832)
Intangible fixed assets	227	9	7,663,244	8,954,046
Cost	228		10,815,193	10,815,193
Accumulated depreciation	229		(3,151,949)	(1,861,147)
Construction in progress	230	10	2,287,595	1,990,465
Other long-term assets	260		35,353,212	34,971,438
Long-term prepayments	261	11	33,777,850	33,409,936
Deferred tax assets	262		-	-
Other long-term assets	268		1,575,362	1,561,502
TOTAL ASSETS (270=100+200)	270		674,481,872	664,011,912

Interfood Shareholding Company and its subsidiaries

Consolidated balance sheet

			31/12/2015	31/12/2014
RESOURCES	Code	Notes	VND'000	VND'000
LIABILITIES (300=310+330)	300		509,403,005	562,725,468
Current liabilities	310		356,178,696	416,900,346
Short-term borrowings	311	12	180,320,000	245,870,000
Trade accounts payable-trade	312	13	74,443,649	97,422,844
Advances from customers	313		3,116,598	3,316,859
Taxes payable to State Treasury	314	14	10,370,571	5,840,145
Payable to employees	315		10,591,749	10,167,951
Accrued expenses	316	15	76,511,785	53,415,552
Other payables	319	16	824,344	866,995
Long term liabilities	330		153,224,309	145,825,122
Long-term deposits	331		-	-
Long-term borrowings	334	17	146,510,000	138,970,000
Deferred tax liabilities	335	18	4,170,398	3,778,777
Provision for severance allowance	337	19	2,543,911	3,076,345
EQUITY (400=410)	400		161,123,219	97,810,336
Owners' equity	410	20	161,123,219	97,810,336
Share capital	411	21	871,409,840	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		(852,821,121)	(756,134,004)
MINORITY INTEREST	439		3,955,648	3,476,108
TOTAL RESOURCES (440=300+400+439)			<u>674,481,872</u>	<u>664,011,912</u>
			-	-
OFF BALANCE SHEET ITEMS				
Foreign currencies				
US dollar			25,151,091	47,696,513
Euro			8,291	8,938

29th January 2016

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	Q4-2015 VND'000	Q4-2014 VND'000	YTD2015 VND'000	YTD2014 VND'000
Total revenue	01	23	449,844,772	363,357,257	1,315,428,093	1,185,919,021
Less revenue deductions:	02	23	13,331,306	11,232,866	37,371,000	38,707,794
Net revenue (10=01-02)	10	23	436,513,466	352,124,391	1,278,057,093	1,147,211,227
Cost of sales	11	24	315,550,653	245,071,085	900,585,876	833,364,938
Gross profit (20=10-11)	20		120,962,813	107,053,306	377,471,217	313,846,289
Financial income	21	25	857,060	3,123,550	17,621,365	10,267,773
Financial expenses	22	26	3,781,214	9,457,083	43,766,909	23,923,970
<i>In which: Interest expenses</i>	23		<i>1,716,788</i>	<i>1,766,929</i>	<i>5,933,545</i>	<i>6,959,861</i>
Selling expenses	24		129,277,821	137,407,508	399,673,730	449,269,706
G&A expenses	25		15,201,093	8,056,185	43,101,763	34,010,542
Operating profit/(loss) {30=20+(21-22)-(24+25)}	30		(26,440,255)	(44,743,920)	(91,449,820)	(183,090,156)
Other income	31	27	806,275	891,099	8,738,253	10,634,422
Other expenses	32	28	6,352,557	(7,265)	10,376,723	3,998,944
Result of other activities (40 = 31 - 32)	40		(5,546,282)	898,364	(1,638,470)	6,635,478
Profit (loss) before tax	50		(31,986,537)	(43,845,556)	(93,088,290)	(176,454,678)
Income tax expenses - current	51	29	2,727,671	-	2,727,671	-
Income tax expenses - deferred	52	29	97,370	98,983	391,621	(40,234)
Profit(loss) after tax	60		(34,811,578)	(43,944,539)	(96,207,582)	(176,414,444)
Attributable to:						
Minority interest	61		119,065	112,027	479,534	491,227
Equity holders of the Company	62		(34,930,643)	(44,056,566)	(96,687,116)	(176,905,671)
Earning(loss) per share (VND)	36	30	(490)	(864)	(1,357)	(3,468)

29th January 2016

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 statements of cash flows		31/12/2015	31/12/2014
		VND'000	VND'000
	Notes Code		
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax	01	(93,088,290)	(176,454,678)
Adjustments for:			
Depreciation and amortisation	02	38,362,781	38,192,612
Increase in provisions	03	(1,265,510)	3,435,021
Unreal (gain)/loss on foreign currency translation	04	21,960,000	4,900,524
(Gain)/loss on disposal of fixed assets	05	(645,455)	76,502
Interest income	05	(386,635)	(335,798)
Interest expense	06	5,933,545	6,959,861
Operating profit/(loss) before adjustments to w08		(29,129,564)	(123,225,956)
Change in accounts receivable	09	15,858,803	(13,970,952)
Change in inventory	10	(2,538,537)	(2,442,325)
Change in accounts payable	11	4,189,668	49,536,935
Change in prepaid expenses	12	3,584,537	(2,521,907)
Interest paid	13	(5,627,031)	(7,928,475)
Business income tax paid	14	(2,727,671)	-
Other payable	16	12,076	(55,039)
Cash generated from operating activities	20	(16,377,719)	(100,607,719)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for additions to fixed assets	21	(6,667,755)	(9,253,971)
Proceeds from disposals of fixed assets	22	719,246	547,273
Receipts of interests from bank deposits	27	386,635	335,798
Net cash inflows/(outflows) from investing acti	30	(5,561,874)	(8,370,900)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from equity issued	31	160,000,000	210,000,000
Proceeds from loan	33	77,250,000	126,945,000
Repayments for debt	34	(157,220,000)	(210,800,000)
Net cash inflows/(outflows) from financing acti	40	80,030,000	126,145,000
Net increase/(decrease) in cash	50	58,090,407	17,166,381
Cash at beginning of the year	60	114,345,439	97,180,048
Effects of changes in foreign exchange rates	61	-	(990)
Cash at end of the year	70	172,435,846	114,345,439

29th January 2016

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 31 December 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 31 December 2015, the Group had 1,422 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 96,208 Million VND (2014: Loss 176,414 Million VND) during the year and at the balance sheet date, current liabilities still exceeded current assets by 26,830 Million VND (31/12/2014: 77,899 Million VND) but total assets has exceeded total liabilities by 165,079 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 31 December 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

5. Cash

	31/12/2015	31/12/2014
	VND'000	VND'000
Cash on hand	161,043	173,776
Cash in banks	172,274,803	114,171,663
	<u>172,435,846</u>	<u>114,345,439</u>
	-	-

6. Accounts receivable

	31/12/2015	31/12/2014
	VND'000	VND'000
Other receivables comprised:		
Other receivable	61,901	492,441
	<u>61,901</u>	<u>492,441</u>

7. Inventories

	31/12/2015	31/12/2014
	VND'000	VND'000
Raw materials	40,474,510	52,314,741
Tools and supplies	9,712,514	10,882,858
Work in progress	4,646,405	13,602,577
Finished goods	130,570,840	106,065,556
	185,404,269	182,865,732
Allowance for inventories	(1,918,887)	(3,435,021)
	<u>183,485,382</u>	<u>179,430,711</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	116,703,036	475,041,079	9,916,896	5,443,905	607,104,916
Additions	-	1,270,315	110,000	312,937	1,693,252
Transfer from CIP	425,096	2,053,199	-	47,820	2,526,115
Disposals(*)	-	-	(2,051,750)	-	(2,051,750)
Closing balance	<u>117,128,132</u>	<u>478,364,593</u>	<u>7,975,146</u>	<u>5,804,662</u>	<u>609,272,533</u>
Accumulated depreciation					
Opening balance	27,980,435	289,323,730	7,227,511	3,478,156	328,009,832
Charge for the year	4,042,109	31,682,465	676,856	670,549	37,071,979
Disposals(*)	-	-	(1,977,959)	-	(1,977,959)
Closing balance	<u>32,022,544</u>	<u>321,006,195</u>	<u>5,926,408</u>	<u>4,148,705</u>	<u>363,103,852</u>
Net book value					
Opening balance	88,722,601	185,717,349	2,689,385	1,965,749	279,095,084
Closing balance	<u>85,105,588</u>	<u>157,358,398</u>	<u>2,048,738</u>	<u>1,655,957</u>	<u>246,168,681</u>

Included in the cost of tangible fixed assets were assets costing 61,681 million VND which were fully depreciated as of 31 December 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 33,602 million VND as of 31 December 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

	ERP	Total
	VND'000	VND'000
Historical cost		
Opening balance	10,815,193	10,815,193
Additions	-	-
Written off	-	-
Closing balance	<u>10,815,193</u>	<u>10,815,193</u>
Accumulated depreciation		
Opening balance	1,861,147	1,861,147
Charge for the year	1,290,802	1,290,802
Disposals	-	-
Closing balance	<u>3,151,949</u>	<u>3,151,949</u>
Net book value		
Opening balance	8,954,046	8,954,046
Closing balance	<u>7,663,244</u>	<u>7,663,244</u>

10. Construction in progress

	31/12/2015	31/12/2014
	VND'000	VND'000
Opening balance	1,990,465	2,731,811
Additions during the year	4,974,503	5,023,285
Transferred to tangible fixed assets	(2,526,116)	(5,726,831)
Transferred to allocation expenses	<u>(2,151,257)</u>	<u>(37,800)</u>
Closing balance	<u>2,287,595</u>	<u>1,990,465</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	-	(694,999)	26,269,010
Renovation expenses	4,310,400	3,719,909	(2,372,030)	5,658,279
Tool and supplies	2,135,527	1,666,950	(2,253,067)	1,549,410
Other	-	2,798,189	(2,497,038)	301,151
Total	<u>33,409,936</u>	<u>8,185,048</u>	<u>(7,817,134)</u>	<u>33,777,850</u>

Interfood Shareholding Company and its subsidiaries

Notes to the consolidated financial statements (continues)

12. Short-term borrowings	31/12/2015	31/12/2014
	VND'000	VND'000
Short-term Loans from Kirin Holdings Company, Limited	180,320,000	245,870,000
	-	-

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

			31/12/2015	31/12/2014
	Currency	Nominal interest rate	VND'000	VND'000
Loan 7 Million USD	USD	LIBOR + 0,8%/p.a	135,240,000	149,660,000
Loan 9.5 Million USD	USD	LIBOR + 0,8%/p.a	45,080,000	96,210,000
			180,320,000	245,870,000
			-	-

The applicable interest rates of these loans ranged from 1.036% to 1.536% 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:		

	31/12/2015	31/12/2014
	VND'000	VND'000
Amounts due to Vietnam Kirin Beverage Company, Limited	4,272,267	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.

14. Taxes payable to State Treasury	31/12/2015	31/12/2014
	VND'000	VND'000
Value added tax	10,221,365	5,448,172
Personal income tax	219,468	311,156
Other tax	(70,262)	80,817
	10,370,571	5,840,145
	-	-

Interfood Shareholding Company and its subsidiaries

Notes to the consolidated financial statements (continues)

15.	Accrued expenses	31/12/2015	31/12/2014
		VND'000	VND'000
	Sales discounts and commission	21,522,323	15,373,539
	Advertising expenses	3,707,076	3,090,617
	Promotion expenses	21,585,877	5,745,365
	Transportation fee	6,000,705	7,920,713
	Secondment fee payable (*)	5,470,153	4,742,113
	Loans interest payable	2,179,737	2,168,572
	Others	16,045,914	14,374,633
		<u>76,511,785</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.

16.	Other payables	31/12/2015	31/12/2014
		VND'000	VND'000
	Dividend payable	505,391	505,391
	Trade union, social and health insurance	295,822	137,776
	Other payable	23,131	223,828
		<u>824,344</u>	<u>866,995</u>
		-	-

17.	Long-term borrowings			31/12/2015	31/12/2014
	Curre ncy	Interest rate	Year of maturity	VND'000	VND'000
	Unsecured loan from Kirin Holdings Company, Limited	USD	1.896% p.a.	2017	146,510,000
				<u>146,510,000</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:

	31/12/2015		31/12/2014	
	Temporary difference VND'000	Tax value VND'000	Temporary difference VND'000	Tax value VND'000
Deductible temporary differences	21,845,655	4,806,044	57,434,153	12,635,514
Taxes loss	113,041,826	24,869,202	55,323,290	12,171,124
	134,887,481	29,675,246	112,757,443	24,806,637

The tax losses expire in the following years:

Year of expiry	Status of tax review	Tax losses available
2017	Outstanding	6,520,257
2019	Outstanding	37,786,831
2020	Outstanding	68,734,738
		113,041,826

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:

	31/12/2015 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	(568,198)	(76,675)
Closing balance	2,543,911	3,076,345

Accumulating to 31 December 2015, the Group contributed 1,241 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)

20. 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	160,000,000	-	-	-	160,000,000
Current year's net profit	-	-	-	(96,687,117)	(96,687,117)
Foreign exchange differences	-	-	-	-	-
Current year's closing balance	871,409,840	85,035,704	57,498,796	(852,821,121)	161,123,219

21. Share capital

The Group's authorised and issued share capital is:

	31/12/2015		31/12/2014	
	Number of shares	VND'000	Number of shares	VND'000
Authorised and issued share capital				
Ordinary shares	87,140,992	871,409,920	71,140,992	711,409,920
Shares in circulation				
Ordinary shares	87,140,984	871,409,840	71,140,984	711,409,840
Treasury shares				
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:

	31/12/2015		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	16,000,000	160,000,000	21,000,000	210,000,000
Balance at the end of period:	87,140,984	871,409,840	71,140,984	711,409,840

Interfood Shareholding Company and its subsidiaries

Notes to the consolidated financial statements (continues)

22. Other reserve

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

23. Revenues

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

Net sales comprised.

	Q4-2015 VND'000	Q4-2014 VND'000	YTD2015 VND'000	YTD2014 VND'000
Total revenue				
■ Sales of drinks	404,387,732	314,149,973	1,150,681,926	1,027,224,926
■ Sales of biscuits	1,398,039	7,928,994	10,625,267	22,852,895
■ Sales of other products	44,059,000	41,278,290	154,120,900	135,841,200
	<u>449,844,772</u>	<u>363,357,257</u>	<u>1,315,428,093</u>	<u>1,185,919,021</u>
	-	-	-	-
	Q4-2015 VND'000	Q4-2014 VND'000	YTD2015 VND'000	YTD2014 VND'000
Less sales deductions:				
■ Sales allowances	13,331,306	11,232,866	37,370,580	34,815,472
■ Sales return	-	-	420	3,892,322
	<u>13,331,306</u>	<u>11,232,866</u>	<u>37,371,000</u>	<u>38,707,794</u>
Net sales	<u>436,513,466</u>	<u>352,124,391</u>	<u>1,278,057,093</u>	<u>1,147,211,227</u>
	€-	-	-	-

24. Cost of goods sold

	Q4-2015 VND'000	Q4-2014 VND'000	YTD2015 VND'000	YTD2014 VND'000
Total cost of sales				
■ Cost of drinks	292,594,313	202,672,565	821,820,965	707,720,763
■ Cost of biscuit	6,485,436	6,587,905	15,062,902	20,815,688
■ Cost of other products	16,470,905	35,810,614	63,702,009	104,828,487
	<u>315,550,653</u>	<u>245,071,085</u>	<u>900,585,876</u>	<u>833,364,938</u>
	-	-	-	-

Interfood Shareholding Company and its subsidiaries

Notes to the consolidated financial statements (continues)

25. Income from financial activities

	Q4-2015	Q4-2014	YTD2015	YTD2014
	VND'000	VND'000	VND'000	VND'000
Interest income from bank deposits	137,604	112,521	386,635	335,798
Realised gains from foreign exchange	148,289	7,815,561	11,092,868	9,889,906
Unrealised gains from foreign exchange	571,167	(4,804,532)	6,141,862	42,069
	857,060	3,123,550	17,621,365	10,267,773
€	-	-	-	-

26. Financial expenses

	Q4-2015	Q4-2014	YTD2015	YTD2014
	VND'000	VND'000	VND'000	VND'000
Interest expenses	1,716,787	1,766,930	5,933,543	6,959,861
Realised foreign exchange losses	199,134	12,094,116	10,176,673	12,021,516
Unrealised foreign exchange losses	1,865,293	(4,403,962)	27,656,693	4,942,593
	3,781,214	9,457,083	43,766,909	23,923,970
€	-	-	-	-

27. Other income

	Q4-2015	Q4-2014	YTD2015	YTD2014
	VND'000	VND'000	VND'000	VND'000
Compensation received for unqualified material	-	4,523,606	-	4,523,606
Proceeds from disposals of fixed assets	-	547,273	645,455	547,273
Others	806,275	(4,179,780)	8,092,798	5,563,543
	806,275	891,099	8,738,253	10,634,422
	-	-	-	-

28. Other expenses

	Q4-2015	Q4-2014	YTD2015	YTD2014
	VND'000	VND'000	VND'000	VND'000
Book value of tangible fixed assets written off	-	-	73,791	623,775
Depreciation of idle fixed assets	1,647,700	632,489	5,329,383	2,600,780
Tax penalty	3,495,646	2,576	3,495,646	2,576
Others	1,209,211	(642,330)	1,477,903	771,813
	6,352,557	(7,265)	10,376,723	3,998,944
€	-	0.00	-	-

Interfood Shareholding Company and its subsidiaries

Notes to the consolidated financial statements (continues)

29.	Coporate Income Taxes		
(a)	Recognised in the consolidated statement of income		
		2015	2014
		VND'000	VND'000
	Current tax expense		
	Under provision in prior years	2,727,671	-
	Deferred tax income		
	Written down of deferred tax so adjust CIT		
	Tax from 25% to 22%		(458,281)
	Origination and reversal of temporary	391,621	418,047
		391,621	(40,234)
	Income tax expense	3,119,292	(40,234)
(b)	Reconciliation of effective tax rate		
		2015	2014
		VND'000	VND'000
	Loss before tax	(93,088,290)	(176,454,678)
	Tax at the Group's tax rate	(20,479,424)	(38,820,029)
	Non-deductible expenses	2,181,891	23,844,065
	Effect of change in tax rate	-	1,363,341
	Deferred tax assets not recognised	18,689,154	14,938,873
	Tax losses not previously recognised utilised	-	(1,366,484)
	Under provision in prior years	2,727,671	-
		3,119,292	(40,234)
		-	

(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.

30. Loss per share

(a) Basic earnings per share

The calculation of basic earnings per share at 31 December 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)</i>	<i>Net/(loss) profit attributable to ordinary shareholders</i>		
		2015	2014
		VND'000	VND'000
	Net profit/(loss) attributable to ordinary shareholders	<u>(96,687,116)</u>	<u>(176,905,671)</u>
<i>(ii)</i>	<i>Weighted average number of ordinary shares</i>		
		2015	2014
		VND'000	VND'000
	Weighted average number of ordinary shares for the year	<u>71,228,655</u>	<u>51,003,998</u>

31. 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:

	31/12/2015	31/12/2014
	VND'000	VND'000
Cash in bank	172,274,803	114,171,663
Trade and other receivables	19,922,477	34,994,060
	<u><u>192,239,649</u></u>	<u><u>149,207,727</u></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 31 December 2015.

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

	31/12/2015	31/12/2014
	VND'000	VND'000
Non past due	12,937,953	18,186,392
Past due 0 – 30 days	6,651,240	13,599,968
Past due 31 – 180 days	1,754,085	3,516,347
Over 180 days	937,192	1,736,821
	<u><u>22,280,470</u></u>	<u><u>37,039,528</u></u>

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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:

31/12/2015	Carrying amount. VND'000	Contractual cash flows VND'000	Within 1 year VND'000	1 – 2 years VND'000	2 – 5 years VND'000
Trade and other payables.	162,371,527	162,371,527	162,371,527	-	-
Short-term borrowings.	180,320,000	181,082,324	181,082,324	-	-
Long-term borrowings.	146,510,000	150,284,804	2,793,051	147,491,753	-
	489,201,527	493,738,655	346,246,901	147,491,753	-

31/12/2014	Carrying amount. VND'000	Contractual cash flows VND'000	Within 1 year VND'000	1 – 2 years VND'000	2 – 5 years VND'000
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
	546,713,342	554,175,579	411,553,355	2,634,871	139,987,353

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

- USD 17.5 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 31 December 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:

	USD	USD
	31/12/2015	31/12/2014
Cash	1,120,317	2,230,894
Accounts receivable – trade.	157,587	339,568
Short-term borrowings	(8,000,000)	(11,500,000)
Account payables.	(187,762)	(197,469)
Other monetary liabilities	(340,752)	(317,543)
Long-term borrowings	(6,500,000)	(6,500,000)
	<u>(13,750,610)</u>	<u>(15,944,550)</u>

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

	VND	VND
	31/12/2015	31/12/2014
1 USD	<u>22,450</u>	<u>21,380</u>
		Increase in net loss.
		VND'000
31/12/2015.		31/12/2015
USD (5% strengthening)		<u>12,039,347</u>
		Increase in net loss.
		VND'000
31/12/2014.		31/12/2014
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	
	31/12/2015	31/12/2014
	VND'000	VND'000
Fixed rate instruments.		
Financial liabilities.	<u>(146,510,000)</u>	<u>(138,970,000)</u>
Variable rate instruments.		
Financial assets.	172,274,803	114,171,663
Financial liabilities.	<u>(180,320,000)</u>	<u>(245,870,000)</u>
	<u>(8,045,197)</u>	<u>(131,698,337)</u>

A change of 100 basis points in interest rates would have increased net losses of the Company by Million VND 63 (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.

32. 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	
	31/12/2015	31/12/2014
	VND'000	VND'000
Related companies		
Kirin Holding Company, Limited - Parent Company		
Short-term loan received	77,250,000	126,945,000
Share subscription	-	210,000,000
Interest expenses	5,933,545	6,959,861
Secondment fee	10,693,893	9,606,009
Kirin Holding Singapore Pte, Ltd		
Share subscription	160,000,000	-
Vietnam Kirin Beverage Company, Limited		
Processing fee	160,073,961	132,662,976
Sale of finished goods	9,652	8,808
Board of Directors and Board of Management		
Secondment fees	5,709,669	4,198,548
Salary	1,848,300	1,307,374

Interfood Shareholding Company and its subsidiaries

Notes to the consolidated financial statements (continues)

33. Commitments

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

	VND'000	VND'000
	31/12/2015	31/12/2014
Within one year	6,612,543	3,331,765
Within two to five years	10,005,379	1,135,397
Over five years	-	-
	<u><u>16,617,922</u></u>	<u><u>4,467,162</u></u>

34. Production and business costs by element

	Q4-2015	Q4-2014	YTD2015	YTD2014
	VND'000	VND'000	VND'000	VND'000
Raw material costs	165,475,275	149,858,527	645,111,573	619,669,008
Labour costs and staff costs	24,992,955	56,395,702	157,208,159	195,481,680
Depreciation and amortisation	6,878,125	10,240,724	34,175,463	38,192,612
Outside services	151,782,546	94,109,680	544,907,861	456,494,815
Other expenses	5,875,863	9,214,179	27,672,111	9,407,851
	<u><u>355,004,764</u></u>	<u><u>319,818,812</u></u>	<u><u>1,409,075,165</u></u>	<u><u>1,319,245,966</u></u>

29th January 2016

Prepared by:

Approved by:

(Signed)

(Signed and Sealed)

Nguyễn Hồng Phong
Chief Accountant

Toru Yamasaki
Chairman, General Director