

Interfood Shareholding Company and its subsidiaries

Consolidated financial statements
Quarter 3 - 2013

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
Pang Tze Wei	Member

Board of Director:

Michio Nagabayashi	General Director
Kazufumi Nagashima	Director/General Manager of Factory
Hidefumi Matsuo	Director/General Manager of Administration
Nguyen Thi Kim Lien	Director/General Manager of Finance
Takaaki Suemitsu	Director/General Manager of Sales and Marketing

Registered Office

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

Auditors

KPMG Limited
 Vietnam

Interfood Shareholding Company and its subsidiaries

Report of the Board of Directors

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

- (a) the consolidated financial statements set out on pages 4 to 28 are prepared and presented so as to give a true and fair view of the consolidated financial position of the Group as at 30 September 2013, 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 seal

Michio Nagabayashi

Chairman, General Director

Dong Nai province, dated 14th November 2013.

Interfood Shareholding Company and its subsidiaries

Consolidated balance sheet

ASSETS	Code	Notes	30/09/2013 VND'000	31/12/2012 VND'000
Current assets (100=110+130+140+150)	100		247,765,841	267,847,456
Cash	110	5	11,935,503	82,201,930
Accounts receivable	130	6	25,161,143	25,804,851
Trade accounts receivable - trade	131		14,859,138	14,959,024
Prepayments to suppliers	132		7,182,084	5,657,510
Other receivables	135		3,119,921	5,188,317
Inventories	140	7	203,513,480	157,649,819
Inventories	141		209,817,083	164,125,515
Allowance for inventories	149		(6,303,603)	(6,475,696)
Other current assets	150		7,155,715	2,190,856
Short term prepayments	151		1,330,519	76,355
Deductible value added tax	152		5,420,745	1,365,672
Taxes receivable from State Treasury	154		-	2,999
Other current assets	158		404,451	745,830
Long-term assets (200=220+260)	200		360,838,136	384,797,320
Fixed assets	220		354,655,987	351,226,439
Tangible fixed assets	221	8	316,345,877	342,828,214
Cost	222		601,009,069	601,920,515
Accumulated depreciation	223		(284,663,192)	(259,092,301)
Intangible fixed assets	227		35,714,098	-
Cost	228		43,119,492	-
Accumulated depreciation	229		(7,405,394)	-
Construction in progress	230	9	2,596,012	8,398,225
Other long-term assets	260		6,182,149	33,570,881
Long-term prepayments	261	10	4,667,386	32,056,123
Deferred tax assets	262	11	-	-
Other long-term assets	268		1,514,763	1,514,758
TOTAL ASSETS (270=100+200)	270		608,603,977	652,644,776

Interfood Shareholding Company and its subsidiaries

Consolidated balance sheet

			30/09/2013	31/12/2012
RESOURCES	Code	Notes	VND'000	VND'000
LIABILITIES (300=310+330)	300		712,200,855	715,066,230
Current liabilities	310		568,460,068	468,962,998
Short-term borrowings	311	12	473,310,000	364,490,000
Trade accounts payable-trade	312	13	67,640,007	67,219,267
Advances from customers	313		4,565,462	6,552,905
Taxes payable to State Treasury	314	14	485,819	2,521,875
Payable to employees	315		9,726,147	9,446,623
Accrued expenses	316	15	11,881,355	17,526,866
Other payables	319	16	851,278	1,205,462
Long term liabilities	330		143,740,787	246,103,232
Long-term deposits	331		26,139	26,139
Long-term borrowings	334	17	136,734,000	239,388,971
Deferred tax liabilities	335	11	3,704,500	3,360,619
Provision for severance allowance	337	18	3,276,148	3,327,503
EQUITY (400=410)	400		(106,503,959)	(61,806,299)
Owners' equity	410	19	(106,503,959)	(61,806,299)
Share capital	411	20	381,443,888	381,443,888
Share premium	412		85,035,704	85,035,704
Difference of exchange rate	413		493,757	-
Other reserves	418	21	(32,535,252)	(32,535,252)
Accumulated losses	420		(540,942,056)	(495,750,639)
MINORITY INTEREST	439		2,907,081	(615,155)
TOTAL RESOURCES (440=300+400+439)			<u>608,603,977</u>	<u>652,644,776</u>
			-	-
OFF BALANCE SHEET ITEMS				
Foreign currencies				
US dollar			8,382,299	33,479,357
Euro			10,030	13,546

14th November 2013

Prepared by:

Approved by:

Signed

Signed and seal

Nguyễn Hồng Phong
Chief Accountant

Michio Nagabayashi
Chairman, General Director

Interfood Shareholding Company and its subsidiaries

Consolidated statement of income

	Code	Notes	Q3-2013 VND'000	Q3-2012 VND'000	YTD2013 VND'000	YTD2012 VND'000
Total revenue	01	22	215,167,495	183,936,317	726,385,790	879,384,174
Less revenue deductions:	02	22	5,978,510	5,170,551	20,424,911	25,594,821
Net revenue (10=01-02)	10	22	209,188,985	178,765,766	705,960,879	853,789,353
Cost of sales	11	23	159,015,368	139,236,930	506,543,071	660,151,687
Gross profit (20=10-11)	20		50,173,617	39,528,836	199,417,808	193,637,666
Financial income	21	24	79,958	34,325	880,453	1,125,795
Financial expenses	22	25	2,207,987	2,026,481	11,356,391	9,967,948
<i>In which: Interest expenses</i>	23		<i>2,078,489</i>	<i>2,026,481</i>	<i>6,356,739</i>	<i>7,902,206</i>
Selling expenses	24		102,188,880	42,714,583	299,971,364	215,089,569
G&A expenses	25		7,939,667	7,708,151	25,741,416	31,506,661
Operating profit/(loss) {30=20+(21-22)-(24+25)}	30		(62,082,959)	(12,886,054)	(136,770,910)	(61,800,717)
Other income	31	26	573,346	967,648	109,028,139	26,364,707
Other expenses	32	27	10,200,179	2,711,910	13,582,513	61,773,265
Result of other activities (40 = 31 - 32)	40		(9,626,833)	(1,744,262)	95,445,626	(35,408,558)
Profit (loss) before tax	50		(71,709,792)	(14,630,316)	(41,325,284)	(97,209,275)
Income tax expenses - current	51	28	-	-	-	4,148,958
Income tax expenses - deferred	52	28	103,631	-	343,892	43,268,046
Profit(loss) after tax	60		(71,813,423)	(14,630,316)	(41,669,176)	(144,626,279)
Attributable to:						
Minority interest	61		110,171	68,003	3,522,230	(1,107,945)
Equity holders of the Company	62		(71,923,594)	(14,698,320)	(45,191,406)	(143,518,334)
Earning(loss) per share	36		(2.468)	(0.504)	(1.551)	(4.925)

14th November 2013

Prepared by:

Approved by:

Signed

Signed and seal

Nguyễn Hồng Phong
Chief Accountant

Michio Nagabayashi
Chairman, General Director

Interfood Shareholding Company and its subsidiaries
Consolidated statements of cash flows

		30/09/2013	31/12/2012
	Notes Code	VND'000	VND'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax	01	(41,325,284)	(97,209,275)
Adjustments for:			
Depreciation and amortisation	02	28,480,201	45,004,476
Increase in provisions	03	(223,448)	7,533,467
Gain on foreign currency translation	04	5,344,378	(50,216)
Income from loan waiving	05	(104,006,972)	-
Interest income	05	(635,840)	(463,423)
Loss from disposal fixed assets	05	-	42,024,010
Interest expense	06	6,356,739	7,902,206
Operating profit/(loss) before adjustments to w	8	(106,010,226)	4,741,245
Change in accounts receivable	09	(2,925,709)	(4,650,143)
Change in inventory	10	(45,691,568)	(26,701,996)
Change in accounts payable	11	(15,887,582)	6,155,256
Change in prepaid expenses	12	30,630,657	(2,781,536)
Interest paid	13	-	(4,279,925)
Business income tax paid	14	-	(1,922,299)
Other payable	16	-	(1,368,545)
Cash generated from operating activities	20	(139,884,428)	(30,807,943)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of fixed assets and investment construc	21	(36,405,838)	(12,005,573)
Interest income received	27	635,840	463,423
Net cash inflows/(outflows) from investing activ	30	(35,769,998)	(11,542,150)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loan	33	126,216,000	83,312,000
Net cash inflows/(outflows) from financing activ	40	105,388,000	83,312,000
Net increase/(decrease) in cash	50	(70,266,426)	40,961,907
Cash at beginning of the year	60	82,201,930	41,214,467
Effects of changes in foreign exchange rates	61		25,556
Cash at end of the year	70	11,935,504	82,201,930
		1	-

14th November 2013

Prepared by:

Signed

Nguyễn Hồng Phong
Chief Accountant

Approved by:

Signed and seal

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 30 September 2013 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.

As at 30 September 2013, the Group had 1,428 employees (the year ended 31 December 2012: 1,351 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.

(c) Going concern assumption

The consolidated financial statements have been prepared on a going concern basis. The Group has made loss after tax of 41,669 Million VND (2012: Loss 144,626 Million VND) during the year and at the balance sheet date, current liabilities still exceeded current assets by 320,694 Million VND (31/12/2012: 201,115 Million VND) but total assets has exceeded total liabilities by 103,597 Million VND (31/12/2012: total liabilities exceeded total assets 62,421 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.

Interfood Shareholding Company and its subsidiaries

Notes to the consolidated financial statements (continues)

(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.

(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.

Interfood Shareholding Company and its subsidiaries

Notes to the consolidated financial statements (continues)

(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.

(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.

(ii) Renovation expenses

Renovation 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 renovation.

(i) Trade and other payables

Trade and other payables are stated at their cost.

(j) Provisions

Interfood Shareholding Company and its subsidiaries

Notes to the consolidated financial statements (continues)

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

Severance allowance.

Under the Vietnamese Labour Code, when employees who have worked for 12 months or more (“eligible employees”) voluntarily terminates his/her labour contract, the employer is required to pay the eligible employee severance allowance calculated based on years of service and employees’ compensation at termination. Provision for severance allowance has been provided based on employees’ years of service and their current salary level.

Pursuant to Law on Social Insurance, effective from 1 January 2009 the Group and its employees are required to contribute to an unemployment insurance fund managed by the Vietnam Social Insurance Agency. The contribution to be paid by each party is calculated at 1% of the lower of the employees’ basic salary and 20 times the general minimum salary level as specified by the Government from time to time. With the implementation of unemployment insurance scheme, the Group is no longer required to provide severance allowance for the service period after 1 January 2009. However, severance allowance to be paid to the existing eligible employees as of 30 September 2013 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:

(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.

Interfood Shareholding Company and its subsidiaries

Notes to the consolidated financial statements (continues)

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.

(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)

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

- 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.

(l) 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.

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.

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

(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.

(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	30/09/2013	31/12/2012
	VND'000	VND'000
Cash on hand	168,684	125,780
Cash in banks	11,766,819	82,076,150
	<u>11,935,503</u>	<u>82,201,930</u>

-

-

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

6. Accounts receivable	30/09/2013	31/12/2012
Other receivables comprised:	VND'000	VND'000
Marketing support receivable from KHSPL (*)	-	5,087,364
Received for expenses pay on behalf of VKBC.	-	-
Other receivable	3,119,921	100,953
	<u>3,119,921</u>	<u>5,188,317</u>
	-	-

(*) The amount represented the financial support for marketing activities by Kirin Holdings Singapore Pte, Ltd., (KHSPL), a related company, which was received in 2013

7. Inventories	30/09/2013	31/12/2012
	VND'000	VND'000
Raw materials	80,353,828	63,741,782
Tools and supplies	8,538,467	8,727,411
Work in progress	1,495,543	4,413,016
Finished goods	119,429,245	87,243,306
	<u>209,817,083</u>	<u>164,125,515</u>
Allowance for inventories	(6,303,603)	(6,475,696)
	<u>203,513,480</u>	<u>157,649,819</u>
	-	-

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

8. Fixed assets

(i) 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	115,827,236	470,647,484	10,130,302	5,315,493	601,920,515
Additions	-	2,341,198	-	20,400	2,361,598
Transfer from CIP	39,118	520,308	-	-	559,426
Disposals(*)	(52,333)	(2,788,119)	(65,810)	(926,208)	(3,832,470)
Closing balance	<u>115,814,021</u>	<u>470,720,871</u>	<u>10,064,492</u>	<u>4,409,685</u>	<u>601,009,069</u>
Accumulated depreciation					
Opening balance	20,061,342	230,120,344	6,291,077	2,619,538	259,092,301
Charge for the year	2,950,725	23,614,211	799,839	453,452	27,818,227
Disposals(*)	(11,008)	(1,764,872)	(30,778)	(440,678)	(2,247,336)
Closing balance	<u>23,001,059</u>	<u>251,969,683</u>	<u>7,060,138</u>	<u>2,632,312</u>	<u>284,663,192</u>
Net book value					
Opening balance	95,765,894	240,527,140	3,839,225	2,695,955	342,828,214
Closing balance	<u>92,812,962</u>	<u>218,751,188</u>	<u>3,004,354</u>	<u>1,777,373</u>	<u>316,345,877</u>

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

Included in the cost of tangible fixed assets were assets costing 22,530 million VND which were fully depreciated as of 30 September 2013 (31/12/2012: 16,687 million VND), but are still in active use.

The carrying amount of temporarily idle tangible fixed assets amounted to 17,398 million VND as of 30 September 2013 (31/12/2012: 19,352 million VND).

(*) During this year, the fixed asset carrying history cost lower than 30 million VND has been transferred to the prepayment expenses account in accordance to the Circular No 45/2013/TT-BTC dated 25/4/2013

(ii) Intangible fixed assets	ERP	Land			Total
	VND'000	VND'000			VND'000
Historical cost					
Opening balance					-
Transfer from CIP	8,369,565	-			8,369,565
Transfer from PPE(*)		34,749,927			34,749,927
Written off					-
Closing balance	8,369,565	34,749,927	-	-	43,119,492
Accumulated depreciation					
Opening balance	-	-			-
Transfer from PPE(*)	-	6,743,420			6,743,420
Charge for the year	488,225	173,749			661,974
Disposals	-	-			-
Closing balance	488,225	6,917,169	-	-	7,405,394
Net book value					
Opening balance	-	-	-	-	-
Closing balance	7,881,340	27,832,758	-	-	35,714,098

(*) This is present for the historical cost and accumulated amortized value of the land rental fee prepayment expenses (PPE) which was transferred to Intangible fixed asset as accordance to the Circular No 45/2013/TT-BTC dated 25/4/2013

9. Construction in progress	30/09/2013	31/12/2012
	VND'000	VND'000
Opening balance	8,398,225	29,335,779
Additions during the quarter	4,430,260	3,889,630
Transfers to prepayment expenses account	(559,426)	-
Transferred to fixed assets	(9,673,047)	(24,827,184)
Closing balance	2,596,012	8,398,225
	-	-

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

10. Long-term prepayment

	Prepaid land costs VND'000	Other expenses VND'000	Total VND'000
Opening balance	28,371,171	3,684,952	32,056,123
Additions	-	2,291,422	2,291,422
Conversion to Intangible asset (*)	(28,006,507)	-	(28,006,507)
Amortisation	(364,664)	(1,308,988)	(1,673,652)
Closing balance	-	4,667,386	4,667,386

(*) This is present for the net book value of the land rental fee prepayment expenses (PPE) which was transferred to Intangible fixed asset as accordance to the Circular No 45/2013/TT-BTC dated 25/4/2013

11. Deferred tax assets and liabilities

Recognised deferred tax liabilities

	30/09/2013 VND'000	31/12/2012 VND'000
Deferred tax liabilities:		
Fixed assets	(3,704,500)	(3,360,619)

12. Short-term borrowings

	30/09/2013 VND'000	31/12/2012 VND'000
Short-term Loans from Kirin Holdings Company, Limited	473,310,000	364,490,000

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

	Currency	Nominal interest rate	30/09/2013 VND'000	31/12/2012 VND'000
Loan 7 Million USD	USD	LIBOR + 0,8%/p.a	147,252,000	145,796,000
Loan 2.5 Million USD	USD	LIBOR + 0,8%/p.a	52,590,000	52,070,000
Loan 3 Million USD	USD	LIBOR + 0,8%/p.a	63,108,000	62,484,000
Loan 6 Million USD	USD	LIBOR + 0,8%/p.a	105,180,000	104,140,000
Loan 9 Million USD	USD	LIBOR + 0,8%/p.a	105,180,000	-
			473,310,000	364,490,000

13. Accounts payable – trade

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

	30/09/2013 VND'000	31/12/2012 VND'000
Amounts due to Vietnam Kirin Beverage Company, Limited	9,747,402	3,176,332
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	30/09/2013	31/12/2012
	VND'000	VND'000
Value added tax	268,329	1,580,137
Import, export tax	(19,551)	591,661
Personal income tax	136,686	249,728
Foreign contractor tax	-	100,349
Other tax	100,355	-
	<u>485,819</u>	<u>2,521,875</u>
	-	-

15. Accrued expenses	30/09/2013	31/12/2012
	VND'000	VND'000
Transportation fee	5,181,943	3,802,151
Sales discounts and commission	1,851,646	2,021,795
Loans interest payable	1,562,149	5,555,744
Secondment fee payable (*)	2,267,407	5,021,464
Others	1,018,210	1,125,712
	<u>11,881,355</u>	<u>17,526,866</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	30/09/2013	31/12/2012
	VND'000	VND'000
Dividend payable (Note 36)	524,551	505,391
Trade union, social and health insurance	67,090	184,619
Related parties payable	-	-
Other payable	259,637	515,452
	<u>851,278</u>	<u>1,205,462</u>
	-	-

17. Long-term borrowings		30/09/2013	31/12/2012
	Currency	VND'000	VND'000
	Interest rate		
	Year of maturity		
Loan from Trade Ocean Holdings Sdn Bhd (a)	USD	-	71,459,368
			three-month SIBOR
			minus 1% p.a.
			2014
Loan from Wonderfarm Biscuits & Confectionery (a)	USD	-	32,547,603
			three-month SIBOR
			minus 1% p.a.
			2014
Unsecured loan from Kirin Holdings Company, Limited (b)	USD	136,734,000	135,382,000
			1.896% p.a.
			2017
		<u>136,734,000</u>	<u>239,388,971</u>

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

(a) The loans were unsecured and bore effective interest at 0% during the year as the interest at SIBOR three-month period less 1% p.a was negative (year ended 31 December 2012: 0%).

(b) 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.

On 1 March 2013, Trade Ocean Holding Sdn. Bhd. and Wonderfarm Biscuits & Confectionery Sdn. Bhd., shareholders ("the Lenders"), issued Deeds of Release ("Deeds") to waive the loans of 71,459 Million VND and 32,548 Million VND ("the Loans") granted to the Group under the Loan Novation Agreement date 28 February 2011 and loan contract dated 30 July 2009, respectively. According to the Deeds, the Lenders irrevocably releases and discharges the Group, without any representation or warranty and without any recourse of any nature whatsoever (whether past, present or future and whether actual or contingent), from any and all of its obligations to repay the Loans to the Lenders and also releases the Group from all of its liabilities (including the interest) in all aspects whatsoever in respect of the Loans.

18. Provision for severance allowance

Movements of provision during the year were as follow:

	30/09/2013	31/12/2012
	VND'000	VND'000
Opening balance	3,327,503	4,814,871
Provision made during the year	28,418	1,057,771
Utilised during the year	(79,773)	(2,545,139)
Closing balance	<u>3,276,148</u>	<u>3,327,503</u>

During the year, the Group contributed 724 million VND (year ended 31 December 2012: 748 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.

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)	(352,232,305)	81,712,035
Prior year's adjustment				-	-
Prior year's net loss	-	-	-	(143,518,334)	(143,518,334)
Prior year's closing balance	381,443,888	85,035,704	(32,535,252)	(495,750,639)	(61,806,299)
Current year's opening balance	381,443,888	85,035,704	(32,535,252)	(495,750,639)	(61,806,299)
Current year's net profit	-	-	-	(45,191,406)	(45,191,406)
Foreign exchange differences	-	-	-	493,746	493,746
Current year's closing balance	381,443,888	85,035,704	(32,535,252)	(540,448,299)	(106,503,959)

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

20. Share capital

The Group's authorised and issued share capital is:

	30/09/2013		31/12/2012	
	Number of shares	VND'000	Number of shares	VND'000
Authorised and issued share capital				
Ordinary shares	29,140,992	381,443,992	29,140,992	381,443,992
Shares in circulation				
Ordinary shares	29,140,984	381,443,888	29,140,984	381,443,888

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.

There were no movements in share capital during the year.

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.

	Q3-2013	Q3-2012	YTD2013	YTD2012
	VND'000	VND'000	VND'000	VND'000
Total revenue				
■ Sales of drinks	184,853,326	170,850,261	633,457,473	795,969,367
■ Sales of biscuits	5,222,164	7,142,044	17,861,337	29,870,330
■ Sales of other products	25,092,005	5,944,012	75,066,980	53,544,477
	215,167,495	183,936,317	726,385,790	879,384,174
	-	-	-	-
Less sales deductions:				
■ Sales allowances	5,978,510	5,148,011	20,424,911	25,180,156
■ Sales return	-	22,540	-	414,665
	5,978,510	5,170,551	20,424,911	25,594,821
Net sales	209,188,985	178,765,766	705,960,879	853,789,353
	0	-	-	-

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

23. Cost of goods sold	Q3-2013	Q3-2012	YTD2013	YTD2012
	VND'000	VND'000	VND'000	VND'000
Total cost of sales				
■ Cost of drinks	146,718,206	111,717,567	459,151,147	590,561,486
■ Cost of biscuit	6,060,686	8,501,839	18,457,084	31,801,586
■ Cost of other products	6,236,476	19,017,523	28,934,840	37,788,615
	159,015,368	139,236,930	506,543,071	660,151,687
	0	-	-	-
24. Income from financial activities				
	Q3-2013	Q3-2012	YTD2013	YTD2012
	VND'000	VND'000	VND'000	VND'000
Interest income from bank deposits	18,824	47,207	635,840	463,423
Realised gains from foreign exchange	61,134	-	244,613	610,032
Unrealised gains from foreign exchange	-	(12,883)	-	52,340
	79,958	34,325	880,453	1,125,795
	0	-	-	-
25. Financial expenses				
	Q3-2013	Q3-2012	YTD2013	YTD2012
	VND'000	VND'000	VND'000	VND'000
Interest expenses	2,078,489	2,026,490	6,356,739	7,902,206
Realised foreign exchange losses	129,498	(9)	4,999,652	1,643,808
Unrealised foreign exchange losses	-	-	-	2,124
Other finance expenses	-	-	-	419,810
	2,207,987	2,026,481	11,356,391	9,967,948
	0	-	-	-
26. Other income				
	Q3-2013	Q3-2012	YTD2013	YTD2012
	VND'000	VND'000	VND'000	VND'000
Support for marketing activities from KHSPL. (N	-	-	-	10,244,668
Reimbursement received for tax penalty payment	-	-	-	10,026,016
Internal Loan waiver	-	-	104,006,971	-
Others	573,346	967,648	5,021,168	6,094,023
	573,346	967,648	109,028,139	26,364,707
	0	-	-	-
27. Other expenses				
	Q3-2013	Q3-2012	YTD2013	YTD2012
	VND'000	VND'000	VND'000	VND'000
Book value of tangible fixed assets written off	-	-	-	42,024,010
Tax penalties	9,454,851	-	9,454,851	7,605,365
Depreciation of idle fixed assets	683,908	2,693,870	1,900,582	10,805,587
Others	61,420	18,040	2,227,080	1,338,303
	10,200,179	2,711,910	13,582,513	61,773,265
	0	-	-	-

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

28. Corporate Income Taxes

(a) Recognised in the consolidated statement of income

	2013 VND'000	2012 VND'000
Current tax expense		
Under provision in prior years	-	4,148,958
Deferred tax income		
Written down of deferred tax asset	343,892	42,787,523
Origination and reversal of temporary	-	480,523
	343,892	43,268,046
Income tax expense	343,892	47,417,004

(b) Reconciliation of effective tax rate

	2013 VND'000	2012 VND'000
Loss before tax	(41,325,284)	(97,209,275)
Tax at the Group's tax rate	(10,331,321)	(24,302,319)
Non-deductible expenses	25,790,983	10,437,380
Deferred tax assets not recognised	-	14,345,462
Tax losses not previously recognised utilised	(15,459,663)	-
Written down of deferred tax assets	-	42,787,523
Under provision in prior years	-	4,148,958
	(0)	47,417,004

(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 No124/2008/ND-CP), the Company will continue to enjoy its tax incentives under Decree No. 24/2007/ND-CP dated 14 February 2007.

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

29. Loss per share
(a) Basic earnings per share

The calculation of basic earnings per share at 30 September 2013 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) Net/(loss) profit attributable to ordinary shareholders

	2013	2012
	VND'000	VND'000
Net profit/(loss) attributable to ordinary shareholders	<u>(45,191,406)</u>	<u>(143,518,334)</u>

(ii) Weighted average number of ordinary shares

	2013	2012
	VND'000	VND'000
Weighted average number of ordinary shares for the year	<u>29,140,984</u>	<u>29,140,984</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:

	2013	2012
	VND'000	VND'000
Cash in bank	11,766,819	82,076,150
Trade and other receivables	17,979,059	20,147,341
	<u>29,745,878</u>	<u>102,223,491</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 believes that no allowance for doubtful debts is necessary in respect of the outstanding trade and other receivables as of 30 September 2013.

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

	2013	2012
	VND'000	VND'000
Non past due	8,973,661	12,784,142
Past due 0 – 30 days	6,221,429	3,466,342
Past due 31 – 180 days	471,748	3,090,709
Over 180 days	2,312,222	806,148
	<u>17,979,059</u>	<u>20,147,341</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)

30/09/2013	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.	90,098,787	90,098,787	90,098,787	-	-
Short-term borrowings.	431,238,000	433,853,940	433,853,940	-	-
Long-term borrowings.	136,734,000	146,102,430	2,599,579	2,599,579	140,903,271
	658,070,787	670,055,157	526,552,306	2,599,579	140,903,271

31/12/2012	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.	95,398,218	95,398,218	95,398,218	-	-
Short-term borrowings.	364,490,000	368,196,343	368,196,343	-	-
Long-term borrowings.	239,388,971	218,037,043	74,033,250	2,573,883	141,429,910
	699,277,189	681,631,604	537,627,811	2,573,883	141,429,910

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

- USD13 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 30 September 2013 and year 2012, 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	VND'000
	30/09/2013	31/12/2012
Cash	350,354	48,679,339
Accounts receivable – trade.	243,888	11,653,021
Account payables.	(205,808)	(62,733,634)
Short-term borrowings	(22,500,000)	
Long-term borrowings	(6,500,000)	
Other receivables.	-	100,953
Short-term deposit.	-	279,344
Long-term deposit.	-	1,514,758
Payables to employees.	-	(7,877,854)
Other payables.	-	(1,109,819)
	<u><u>(28,611,567)</u></u>	<u><u>(9,493,892)</u></u>

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

	VND	VND
	30/09/2013	31/12/2012
1 USD	<u><u>21,036</u></u>	<u><u>20,828</u></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 30 September 2013. 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
30/09/2013.	30/09/2013
USD (1% strengthening of USD)	<u><u>(4,506,322)</u></u>
	Increase in net loss.
	VND'000
31/12/2012.	31/12/2012
VND (1% weakening)	<u><u>(4,240,030)</u></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	
	30/09/2013	31/12/2012
	VND'000	VND'000
Fixed rate instruments.		
Financial liabilities.	<u><u>(136,734,000)</u></u>	<u><u>(135,382,000)</u></u>
Variable rate instruments.		
Financial assets.	11,766,819	82,076,150
Financial liabilities.	<u><u>(473,310,000)</u></u>	<u><u>(468,496,972)</u></u>
	<u><u>(461,543,181)</u></u>	<u><u>(386,420,822)</u></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 4.194 (2012: Million VND2.898). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

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

(e) Fair value

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

31. Significant transactions with related parties

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

	Carrying amount	
	30/09/2013	31/12/2012
	VND'000	VND'000
Related companies		
Kirin Holding Company, Limited - Ultimate Parent Company		
Short-term loan received	129,648,000	-
Short-term loan repayment	20,828,000	83,312,000
Interest expenses	6,356,739	7,902,206
Secondment fee	6,754,821	8,718,434
Kirin Holdings Singapore Pte, Ltd.		
Financial support for marketing activities	-	10,244,668
Vietnam Kirin Beverage Company, Limited		
Purchase of goods	-	17,209,468
Processing fee	34,353,924	21,552,564
Board of Directors and Board of Management		
Secondment fees	3,389,112	8,582,386
Salary	982,675	1,304,270

32. Commitments

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

	VND'000	VND'000
	30/09/2013	31/12/2012
Within one year	11,341,249	11,271,343
Within two to five years	28,586,035	31,492,769
Over five years	12,941,657	17,387,506
	<u>52,868,941</u>	<u>60,151,618</u>

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

33. Production and business costs by element

	Q3-2013	Q3-2012	YTD2013	YTD2012
	VND'000	VND'000	VND'000	VND'000
Raw material costs	137,211,097	131,649,464	408,977,821	601,653,437
Labour costs and staff costs	42,919,949	25,229,244	126,055,792	106,537,511
Depreciation and amortisation	9,214,140	6,402,309	28,106,061	45,004,476
Outside services	96,493,955	28,300,905	273,196,963	131,287,340
Other expenses	40,717	22,246,139	13,867,643	87,346,967
	285,879,857	213,828,062	850,204,279	971,829,731

34. Subsequent events

According to the Plan of increasing and using Charter capital approved by the 1st Extraordinary General Assembly of Shareholders of Interfood Shareholding Company (“EGM-20130-1”) dated 10/09/2013, the Board of Management has resolved to approve the issuance of 21,000,000 shares of the Company to Kirin Holdings Limited Company at the selling price of VND 10,000 per share.

14th November 2013

Prepared by:

Approved by:

Signed

Signed and seal

Nguyễn Hồng Phong
Chief Accountant

Michio Nagabayashi
Chairman, General Director