

Interfood Shareholding Company

Separate Interim Financial Statements for the
six-month period ended
30 June 2013

Interfood Shareholding Company Corporate Information

Investment Licence No. 270/GP 16 November 1991

Investment Certificate No. 472033000328 (1st amendment) 28 November 2007
472033000328 (2nd amendment) 20 May 2010
472033000328 (3rd amendment) 22 April 2011
472033000328 (4th amendment) 18 October 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 Directors	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
Statement of the Board of Directors

The Board of Directors is responsible for the preparation and presentation of the 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 separate interim financial statements set out on pages 4 to 37 are prepared and presented so as to give a true and fair view of the unconsolidated financial position of Interfood Shareholding Company as at 30 June 2013, and the unconsolidated results of operations and the unconsolidated cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and the relevant statutory requirements applicable to interim financial reporting; and
- (b) at the date of this statement, there are no reasons to believe that the Company 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 separate interim financial statements for issue.

On behalf of the Board of Directors

Signed and sealed

Michio Nagabayashi
Chairman – cum General Director

Ho Chi Minh City, 29 August 2013

INTERIM FINANCIAL STATEMENTS REVIEW REPORT

To the Shareholders Interfood Shareholding Company

We have reviewed the accompanying separate interim financial statements of Interfood Shareholding Company (“Company”), which comprise the separate interim balance sheet as at 30 June 2013, the related separate interim statements of income and cash flows for the six-month period then ended and the explanatory notes thereto which were authorized for issue by the Company’s management on 29 August 2013, as set out on pages 4 to 37. These separate interim financial statements are the responsibility of the Company’s management. Our responsibility is to issue a report on these separate interim financial statements based on our review.

We conducted our review in accordance with the Vietnamese Standard on Auditing 910 on Engagements to Review Financial Statements. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the separate interim financial statements are free of material misstatements. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying separate interim financial statements do not give a true and fair view of the unconsolidated financial position of Interfood Shareholding Company as at 30 June 2013 and of its unconsolidated results of operations and its unconsolidated cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and the relevant statutory requirements applicable to interim financial reporting.

KPMG Limited

Vietnam

Investment Certificate No: 011043000345

Review Report No: 13-01-290

Signed

Signed and sealed

Lam Thi Ngoc Hao
Practicing Auditor Registration
Certificate No. 0866-2013-007-1
Deputy General Director

Chong Kwang Puay
Practicing Auditor Registration
Certificate No. 0864-2013-007-1

Ho Chi Minh City, 29 August 2013

Interfood Shareholding Company
Separate balance sheet as at 30 June 2013

Form B 01a – DN

	Code	Note	30/6/2013 VND'000	31/12/2012 VND'000
ASSETS				
Current assets (100 = 110 + 130 + 140 + 150)	100		364,652,487	394,740,754
Cash	110	4	30,612,727	81,642,948
Accounts receivable – short-term	130	5	146,133,459	154,689,431
Accounts receivable – trade	131		14,419,380	14,959,024
Prepayments to suppliers	132		7,071,730	3,035,244
Intra-company receivables	133		123,996,208	131,506,846
Other receivables	135		646,141	5,188,317
Inventories	140	6	182,622,707	157,649,819
Inventories	141		189,098,403	164,125,515
Allowance for inventories	149		(6,475,696)	(6,475,696)
Other current assets	150		5,283,594	758,556
Short-term prepayments	151		1,989,354	12,726
Deductible value added tax	152		2,874,116	-
Other current assets	158		420,124	745,830
Long-term assets (200 = 210 + 220 + 250 + 260)	200		309,206,325	320,730,559
Accounts receivable – long-term	210	5	24,993,600	24,993,600
Intra-company long-term receivables	213		24,993,600	24,993,600
Fixed assets	220		184,181,796	196,391,440
Tangible fixed assets	221	7	174,552,371	187,993,216
Cost	222		377,276,032	379,932,567
Accumulated depreciation	223		(202,723,661)	(191,939,351)
Intangible fixed assets	227	8	8,090,580	-
Cost	228		8,369,566	-
Accumulated amortisation	229		(278,986)	-
Construction in progress	230	9	1,538,845	8,398,224
Long-term investments	250	10	94,145,809	94,145,809
Investments in subsidiary	251		94,145,809	94,145,809
Other long-term assets	260		5,885,120	5,199,710
Long-term prepayments	261	11	4,370,362	3,684,952
Other long-term assets	268		1,514,758	1,514,758
TOTAL ASSETS (270 = 100 + 200)	270		673,858,812	715,471,313

The accompanying notes are an integral part of these separate interim financial statements

Interfood Shareholding Company
Separate balance sheet as at 30 June 2013 (continued)

Form B 01a – DN

	Code	Note	30/6/2013 VND'000	31/12/2012 VND'000
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		640,286,723	676,501,188
Current liabilities	310		500,489,338	466,528,559
Short-term borrowings	311	12	347,094,000	364,490,000
Accounts payable – trade	312	13	120,806,881	66,406,162
Advances from customers	313		5,341,555	6,552,905
Taxes payable to State Treasury	314	14	422,321	2,516,127
Payables to employees	315		9,248,135	8,421,739
Accrued expenses	316	15	16,716,046	16,956,554
Other payables	319	16	860,400	1,185,072
Long-term borrowings and liabilities	330		139,797,385	209,972,629
Long-term deposits	333		26,139	26,139
Long-term borrowings	334	17	136,734,000	206,841,368
Provision for severance allowance	337	18	3,037,246	3,105,122
EQUITY (400 = 410)	400		33,572,089	38,970,125
Owners' equity	410	19	33,572,089	38,970,125
Share capital	411	20	381,443,888	381,443,888
Share premium	412		85,035,704	85,035,704
Accumulated losses	420		(432,907,503)	(427,509,467)
TOTAL RESOURCES (440 = 300 + 400)	440		673,858,812	715,471,313

The accompanying notes are an integral part of these separate interim financial statements

Interfood Shareholding Company
Separate balance sheet as at 30 June 2013 (continued)

Form B 01a – DN

OFF BALANCE SHEET ITEMS

	30/6/2013	31/12/2012
	VND'000	VND'000
Foreign currencies:		
• USD	8,345,211	33,442,616
• EUR	10,030	13,546

29 August 2013

Prepared by:

Approved by:

Signed

Signed and sealed

Nguyen Hong Phong
Chief Accountant

Michio Nagabayashi
Chairman – cum General Director

The accompanying notes are an integral part of these separate interim financial statements

Interfood Shareholding Company
Separate statement of income for the six-month period ended 30 June 2013

Form B 02a – DN

	Code	Note	Six-month period from 1/1/2013 to 30/6/2013 VND'000	Six-month period from 1/1/2012 to 30/6/2012 VND'000
Total revenue	01	21	511,218,295	476,950,286
Less revenue deductions	02	21	14,446,401	14,015,703
Net revenue (10 = 01 - 02)	10	21	496,771,894	462,934,583
Cost of sales	11	22	354,043,833	362,300,706
Gross profit (20 = 10 - 11)	20		142,728,061	100,633,877
Financial income	21	23	2,225,448	1,878,561
Financial expenses	22	24	9,140,666	4,738,474
<i>In which: Interest expenses</i>	23		4,278,250	3,617,158
Selling expenses	24		197,782,484	88,830,796
General and administration expenses	25		16,307,917	13,257,168
Net operating loss {30 = 20 + (21 - 22) - (24 + 25)}	30		(78,277,558)	(4,314,000)
Other income	31	25	75,175,996	12,161,511
Other expenses	32		2,296,474	3,574,251
Results of other activities (40 = 31 - 32)	40		72,879,522	8,587,260
(Loss)/profit before tax (50 = 30 + 40)	50		(5,398,036)	4,273,260
Income tax expense – current	51	26	-	2,540,287
Net (loss)/profit after tax (60 = 50 - 51)	60		(5,398,036)	1,732,973

29 August 2013

Prepared by:

Approved by:

Signed

Signed and sealed

Nguyen Hong Phong
Chief Accountant

Michio Nagabayashi
Chairman – cum General Director

The accompanying notes are an integral part of these separate interim financial statements

Interfood Shareholding Company
Separate statement of cash flows for the six-month period ended 30 June 2013
(Indirect method)

Form B 03a – DN

	Code	Note	Six-month period from 1/1/2013 to 30/6/2013 VND'000	Six-month period from 1/1/2012 to 30/6/2012 VND'000
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/profit before tax	01		(5,398,036)	4,273,260
Adjustments for				
Depreciation and amortisation	02		13,129,107	15,751,967
Allowances and provisions	03		-	2,555,325
Unrealised foreign exchange losses, net	04		4,678,937	-
Income from loan waiving	05		(71,459,368)	-
Interest income	05		(2,041,969)	(1,692,713)
Interest expense	06		4,278,250	3,617,158
Operating profit before changes in working capital	08		(56,813,079)	24,504,997
Change in receivables and other current assets	09		25,323,449	8,194,526
Change in inventories	10		(24,972,888)	(30,975,672)
Change in payables and other liabilities	11		51,039,916	19,373,352
Change in prepayments	12		(1,250,947)	(161,959)
			(6,673,549)	20,935,244
Interest paid	13		(6,892,360)	(3,184,081)
Net cash flows from operating activities	20		(13,565,909)	17,751,163
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for additions to fixed assets and other long-term assets	21		(2,330,554)	(7,043,759)
Loan granted to a related company	23		(15,000,000)	(16,199,998)
Receipts of interests	27		611,727	215,633
Net cash flows from investing activities	30		(16,718,827)	(23,028,124)

The accompanying notes are an integral part of these separate interim financial statements

Interfood Shareholding Company
Separate statement of cash flows for the six-month period ended 30 June 2013
(Indirect method - continued)

Form B 03a – DN

	Code	Note	Six-month period from 1/1/2013 to 30/6/2013 VND'000	Six-month period from 1/1/2012 to 30/6/2012 VND'000
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments to settle loan principals	34		(20,828,000)	-
Net cash flows from financing activities	40		(20,828,000)	-
Net cash flows during the period (50 = 20 + 30 + 40)	50		(51,112,736)	(5,276,961)
Cash at the beginning of the period	60		81,642,948	40,965,781
Effect of exchange rate fluctuations on cash	61		82,515	-
Cash at the end of the period (70 = 50 + 60 + 61)	70	4	30,612,727	35,688,820

NON-CASH INVESTING AND FINANCING ACTIVITIES

	Six-month period from 1/1/2013 to 30/6/2013 VND'000	Six-month period from 1/1/2012 to 30/6/2012 VND'000
Net off trade payables against receivables for loan principal and interest from the subsidiary	24,060,681	6,247,025
Transfer from other payables to short-term borrowings	-	20,828,000

29 August 2013

Prepared by:

Signed

Nguyen Hong Phong
Chief Accountant

Approved by:

Signed and sealed

Michio Nagabayashi
Chairman – cum General Director

The accompanying notes are an integral part of these separate interim financial statements

Interfood Shareholding Company
Notes to the separate interim financial statements for the six-month period ended
30 June 2013

Form B 09a – DN

These notes form an integral part of and should be read in conjunction with the accompanying separate interim financial statements.

1. Reporting entity

Interfood Shareholding Company (“the Company”) is incorporated as a joint stock company in Vietnam. The principal activities of the Company 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 fruit juice with 5% alcohol content, bottled filtered water and PET bottle; and to manufacture packaging for foods and beverages.

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 trading in Vietnam Security Depository.

As at 30 June 2013, the Company had 1,287 employees (31/12/2012: 1,196 employees).

2. Basis of preparation

(a) Statement of compliance

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

(b) Basis of measurement

The separate interim 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
Notes to the separate interim financial statements for the six-month period ended
30 June 2013 (continued)

Form B 09a – DN

(c) Going concern assumption

The separate interim financial statements have been prepared on a going concern basis. The Company incurred net loss after tax of VND5,398 million during the period and at the balance sheet date, current liabilities exceeded current assets by VND135,837 million (31/12/2012: VND71,788 million). Furthermore, the Company 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 Company to meet its liabilities as and when they fall due and to maintain the Company 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 Company is from 1 January to 31 December.

(e) Accounting currency

The separate interim financial statements are prepared and presented in Vietnam Dong (“VND”) rounded to the nearest thousand (“VND’000”).

On 1 January 2013, the Company 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”). The method of translation applied is as follows:

- All balances in USD as at 31 December 2012 have been translated to VND at the closing exchange rate of VND20,828 to USD1.
- The corresponding figures in USD as at 31 December 2011, 31 December 2012 and as at 30 June 2012 and for the six-month period ended 30 June 2012 presented in the separate statements of income and cash flows and notes to the separate interim financial statements have been calculated by translating the amounts in the separate financial statements for the years ended 31 December 2011, 31 December 2012 and for the six-month period ended 30 June 2012 at the exchange rate of VND20,828 to USD1.

Interfood Shareholding Company
Notes to the separate interim financial statements for the six-month period ended
30 June 2013 (continued)

Form B 09a – DN

3. Summary of significant accounting policies

The following significant accounting policies have been adopted by the Company in the preparation of the separate interim financial statements.

The same accounting policies and methods of computation are followed in these interim financial statements as compared with the most recent annual financial statements as of and for the year ended 31 December 2012.

The interim financial statements should be read in conjunction with the most recent audited annual financial statements.

(a) Foreign currency

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 period have been translated into VND at rates approximating those ruling at the transaction dates.

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

(b) Cash

Cash comprises cash balances and call deposits.

(c) Investments

Investments are stated at cost. An allowance is made for reductions in investment values if market value of the investment falls below cost or if the investee has suffered a loss. The allowance is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the allowance was recognised. An allowance is reversed only to the extent that the investment's carrying amount does not exceed the carrying amount that has been determined if no allowance had been recognised.

(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 Company applies the perpetual method of accounting for inventory.

Interfood Shareholding Company
Notes to the separate interim financial statements for the six-month period ended
30 June 2013 (continued)

Form B 09a – DN

(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 and location for its intended use, and the cost of dismantling and removing the asset and restoring the site on which they are located. Expenditures incurred after tangible fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, is charged to the statement of income in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have 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 tangible fixed assets. The estimated useful lives are as follow:

- machinery and equipment 10 – 15 years
- motor vehicles 6 years
- office equipments 10 years

(g) Intangible fixed assets

Software

Cost of acquiring new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible asset. Software cost is amortised on a straight-line basis over 10 years.

(h) 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
Notes to the separate interim financial statements for the six-month period ended
30 June 2013 (continued)

Form B 09a – DN

(i) Long-term prepayments

(i) *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.

(ii) *Tools and supplies*

Tools and supplies which do not qualify for recognition of tangible fixed assets under Vietnamese regulation as their cost is less than VND30 million are classified as long-term prepayments and are amortised on a straight line basis over 3 years.

(j) Trade and other payables

Trade and other payables are stated at their cost.

(k) Provisions

A provision is recognised if, as a result of a past event, the Company 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 Company 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 Company 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 June 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.

Interfood Shareholding Company
Notes to the separate interim financial statements for the six-month period ended
30 June 2013 (continued)

Form B 09a – DN

(l) Classification of financial instruments

Solely for the purpose of providing disclosures about the significance of financial instruments to the Company's financial position and results of operations and the nature and extent of risk arising from financial instruments, the Company 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:
 - acquired or incurred 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 Company 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 Company has the positive intention and ability to hold to maturity, other than:

- those that the Company upon initial recognition designates as at fair value through profit or loss;
- those that the Company 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 Company 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 Company upon initial recognition designates as available-for-sale; or
- for which the Company may not recover substantially all of its initial investment, other than because of credit deterioration, which are classified as available-for-sale.

Interfood Shareholding Company
Notes to the separate interim financial statements for the six-month period ended
30 June 2013 (continued)

Form B 09a – DN

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or that is 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 a financial guarantee contract or a designated and effective hedging instrument).
- Upon initial recognition, it is designated by the Company 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 costs.

The Company's financial liabilities, comprising borrowings, accounts payable 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.

Interfood Shareholding Company
Notes to the separate interim financial statements for the six-month period ended
30 June 2013 (continued)

Form B 09a – DN

(m) Taxation

Income tax on the profit or loss for the period comprises current and deferred tax. Income tax is recognised in the 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 period, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

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 amount of assets and liabilities using 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.

(n) Revenue

Revenue from the sale of goods is recognised in the 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 statement of income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of income as an integral part of the total lease expense.

(p) Borrowing costs

Borrowing costs are recognised as an expense in the period 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) 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.

Interfood Shareholding Company
Notes to the separate interim financial statements for the six-month period ended
30 June 2013 (continued)

Form B 09a – DN

4. Cash

	30/6/2013	31/12/2012
	VND'000	VND'000
Cash on hand	152,411	105,514
Cash in bank	30,460,316	81,537,434
	<hr/>	<hr/>
	30,612,727	81,642,948
	<hr/> <hr/>	<hr/> <hr/>

5. Accounts receivable short-term and long-term

Intra-company receivables comprised:

	30/6/2013	31/12/2012
	VND'000	VND'000
Short-term		
Short-term loan granted to a related company (a)	123,996,208	131,506,846
Long-term		
Long-term loan granted to a related company (b)	24,993,600	24,993,600
	<hr/>	<hr/>

- (a) The amount due from a related company represented a short-term loan receivable from Avafood Shareholding Company (“Avafood”), a subsidiary.

The short-term loan to Avafood, with credit limit of USD7 million, was unsecured and earns interest at Libor plus 1% per annum. The applicable interest rates range from 1.869% to 1.896% per annum during the period (year ended 31 December 2012: 1.731% to 1.896% per annum for loans in USD).

- (b) Long-term loan granted to a related company represented long-term loan to Avafood which was unsecured and earns fixed interest rate of 1.896% per annum during the period. The principal and related interest is due in May 2017.

Other short-term receivables comprised:

	30/6/2013	31/12/2012
	VND'000	VND'000
Marketing support receivable from Kirin Holdings Singapore Pte, Ltd.	-	5,087,364
Others	646,141	100,953
	<hr/>	<hr/>
	646,141	5,188,317
	<hr/> <hr/>	<hr/> <hr/>

Interfood Shareholding Company
Notes to the separate interim financial statements for the six-month period ended
30 June 2013 (continued)

Form B 09a – DN

6. Inventories

	30/6/2013	31/12/2012
	VND'000	VND'000
Raw materials	60,973,968	63,741,782
Tools and supplies	10,348,159	8,727,411
Work in progress	7,253,090	4,413,016
Finished goods	110,523,186	87,243,306
	<hr/>	<hr/>
	189,098,403	164,125,515
Allowance for inventories	(6,475,696)	(6,475,696)
	<hr/>	<hr/>
	<u>182,622,707</u>	<u>157,649,819</u>

There was no movement in the allowance for inventories during the period.

Interfood Shareholding Company
Notes to the separate interim financial statements for the six-month period ended
30 June 2013 (continued)

Form B 09a – DN

7. Tangible fixed assets

	Machinery and Equipment VND'000	Motor vehicles VND'000	Office equipment VND'000	Total VND'000
Cost				
Opening balance	366,490,529	9,194,250	4,247,788	379,932,567
Additions	799,967	-	20,400	820,367
Transfer to long-term prepayment	(2,573,072)	(42,559)	(861,271)	(3,476,902)
Closing balance	364,717,424	9,151,691	3,406,917	377,276,032
Accumulated depreciation				
Opening balance	184,426,733	5,610,543	1,902,075	191,939,351
Charge for the period	12,103,166	512,002	234,953	12,850,121
Transfer to long-term prepayment	(1,645,531)	(7,527)	(412,753)	(2,065,811)
Closing balance	194,884,368	6,115,018	1,724,275	202,723,661
Net book value				
Opening balance	182,063,796	3,583,707	2,345,713	187,993,216
Closing balance	169,833,056	3,036,673	1,682,642	174,552,371

Included in the cost of tangible fixed assets were assets costing VND21,067 million which were fully depreciated as of 30 June 2013 (31 December 2012: VND16,435 million), but which are still in active use.

The carrying amount of temporarily idle tangible fixed assets amounted to VND1,925 million as of 30 June 2013 (31 December 2012: VND2,177 million).

Interfood Shareholding Company
Notes to the separate interim financial statements for the six-month period ended
30 June 2013 (continued)

Form B 09a – DN

8. Intangible fixed assets

	Software VND'000
Cost	
Opening balance	-
Transfer from construction in progress	8,369,566
	<hr/>
Closing balance	8,369,566
	<hr/>
Accumulated amortisation	
Opening balance	-
Charge for the period	278,986
	<hr/>
Closing balance	278,986
	<hr/>
Net book value	
Opening balance	-
Closing balance	8,090,580
	<hr/> <hr/>

9. Construction in progress

	Six-month period from 1/1/2013 to 30/6/2013 VND'000	Year ended 31/12/2012 VND'000
Opening balance	8,398,224	7,095,558
Additions during the period/year	1,510,187	1,302,666
Transfer to intangible fixed assets	(8,369,566)	-
	<hr/>	<hr/>
Closing balance	1,538,845	8,398,224
	<hr/> <hr/>	<hr/> <hr/>

Interfood Shareholding Company
Notes to the separate interim financial statements for the six-month period ended
30 June 2013 (continued)

Form B 09a – DN

10. Investments

Investment in subsidiary represented 90.4% shareholding investment in Avafood Shareholding Company (“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.

11. Long-term prepayments

Movements of long-term prepayments during the period were as follow:

	Renovation expenses VND’000	Tools and supplies VND’000	Total VND’000
Opening balance	2,297,273	1,387,679	3,684,952
Transfer from tangible fixed assets	-	1,411,091	1,411,091
Amortisation for the period	(456,086)	(269,595)	(725,681)
Closing balance	1,841,187	2,529,175	4,370,362

12. Short-term borrowings

	30/6/2013 VND’000	31/12/2012 VND’000
Loans from Kirin Holdings Company, Limited	347,094,000	364,490,000

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

	Currency	Nominal interest rate	30/6/2013 VND’000	31/12/2012 VND’000
Loan 1	USD	LIBOR plus 0.8% p.a	126,216,000	145,796,000
Loan 2	USD	LIBOR plus 0.8% p.a	52,590,000	52,070,000
Loan 3	USD	LIBOR plus 0.8% p.a	63,108,000	62,484,000
Loan 4	USD	LIBOR plus 0.8% p.a	105,180,000	104,140,000
			347,094,000	364,490,000

The applicable interest rates of these loans range from 1.117% to 1.866% per annum during the period (year ended 31 December 2012: 1.456% to 1.928% per annum).

Interfood Shareholding Company
Notes to the separate interim financial statements for the six-month period ended
30 June 2013 (continued)

Form B 09a – DN

13. Accounts payable – trade

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

	30/6/2013	31/12/2012
	VND'000	VND'000
Amounts due to Vietnam Kirin Beverage Company, Limited	15,692,627	3,176,332
	<hr/>	<hr/>

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

	30/6/2013	31/12/2012
	VND'000	VND'000
Value added tax	-	1,580,137
Import-export tax	166,670	591,662
Personal income tax	159,296	243,979
Other taxes	96,355	100,349
	<hr/>	<hr/>
	422,321	2,516,127
	<hr/>	<hr/>

15. Accrued expenses

	30/6/2013	31/12/2012
	VND'000	VND'000
Transportation fees	6,268,662	3,802,151
Sales discounts and commission	2,499,332	2,021,795
Loans interest payable	2,941,634	5,555,744
Secondment fee payable (*)	4,563,918	5,021,464
Others	442,500	555,400
	<hr/>	<hr/>
	16,716,046	16,956,554
	<hr/>	<hr/>

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

Interfood Shareholding Company
Notes to the separate interim financial statements for the six-month period ended
30 June 2013 (continued)

Form B 09a – DN

16. Other payables

	30/6/2013	31/12/2012
	VND'000	VND'000
Dividends payable	505,391	505,391
Trade union, social and health insurance	169,176	164,229
Others	185,833	515,452
	<hr/>	<hr/>
	860,400	1,185,072
	<hr/>	<hr/>

17. Long-term borrowings

	Currency	Annual interest rate	Year of maturity	30/6/2013	31/12/2012
				VND'000	VND'000
Loan from Trade Ocean Holdings Sdn. Bhd. (a)	USD	three-month SIBOR minus 1% p.a	2014	-	71,459,368
Unsecured loan from Kirin Holdings Company, Limited (b)	USD	1.896% p.a	2017	136,734,000	135,382,000
				<hr/>	<hr/>
				136,734,000	206,841,368
				<hr/>	<hr/>

- (a) On 1 March 2013, Trade Ocean Holding Sdn. Bhd., a shareholder (“the Lender”), issued a Deed of Release (“Deed”) to waive the loan of USD3,430,928 (equivalent to VND71,459 million) (“the Loan”) granted to the Company under the Loan Novation Agreement date 28 February 2011. According to the Deed, the Lender irrevocably releases and discharges the Company, 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 Loan to the Lender and also releases the Company from all of its liabilities (including the interest) in all aspects whatsoever in respect of the Loan.
- (b) The unsecured loans bore 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
Notes to the separate interim financial statements for the six-month period ended
30 June 2013 (continued)

Form B 09a – DN

18. Severance allowance

Movements of severance allowance during the period/year were as follow:

	Six-month period from 1/1/2013 to 30/6/2013 VND'000	Year ended 31/12/2012 VND'000
Opening balance	3,105,122	4,276,030
Provision made during the period/year	-	1,023,696
Utilised during the period/year	(67,876)	(2,194,604)
	<hr/>	<hr/>
Closing balance	3,037,246	3,105,122

During the period, the Company contributed VND460 million (year ended 31 December 2012: VND701 million) to the unemployment insurance fund and the amount is recorded as part of labour and staff costs in the separate statement of income.

19. Changes in owners' equity

	Share capital VND'000	Share premium VND'000	Accumulated losses VND'000	Total VND'000
Balance at 31 December 2011 – as restated	381,443,888	85,035,704	(294,672,440)	171,807,152
Net profit for the period	-	-	1,732,973	1,732,973
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 June 2012	381,443,888	85,035,704	(292,939,467)	173,540,125
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2012	381,443,888	85,035,704	(427,509,467)	38,970,125
Net loss for the period	-	-	(5,398,036)	(5,398,036)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 June 2013	381,443,888	85,035,704	(432,907,503)	33,572,089

Interfood Shareholding Company
Notes to the separate interim financial statements for the six-month period ended
30 June 2013 (continued)

Form B 09a – DN

20. Share capital

The Company's authorised and issued share capital are:

	30/6/2013		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
<hr/>				
Shares in circulation				
Ordinary shares	29,140,984	381,443,888	29,140,984	381,443,888
<hr/>				

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

There were no movements in share capital during the period.

21. Revenue

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

Net revenue comprised

	Six-month period from 1/1/2013 to 30/6/2013 VND'000	Six-month period from 1/1/2012 to 30/6/2012 VND'000
Total revenue		
▪ Sales of drinks	448,604,147	435,842,333
▪ Sales of biscuits	12,639,173	13,420,397
▪ Sales of other products	49,974,975	27,687,556
Less sales deductions		
▪ Sales allowance	14,415,858	13,796,634
▪ Sales returns	30,543	219,069
Net revenue	496,771,894	462,934,583

Interfood Shareholding Company
Notes to the separate interim financial statements for the six-month period ended
30 June 2013 (continued)

Form B 09a – DN

22. Cost of sales

	Six-month period from 1/1/2013 to 30/6/2013 VND'000	Six-month period from 1/1/2012 to 30/6/2012 VND'000
Total cost of sales		
▪ Cost of drinks	312,432,941	329,003,086
▪ Cost of biscuit	12,396,398	14,782,840
▪ Cost of other products	29,214,494	18,514,780
	<hr/>	<hr/>
	354,043,833	362,300,706
	<hr/> <hr/>	<hr/> <hr/>

23. Financial income

	Six-month period from 1/1/2013 to 30/6/2013 VND'000	Six-month period from 1/1/2012 to 30/6/2012 VND'000
Interest income from bank deposits	611,727	215,633
Interest income from loan to Avafood	1,430,242	1,477,080
Realised foreign exchange gains	-	185,848
Unrealised foreign exchange gains	183,479	-
	<hr/>	<hr/>
	2,225,448	1,878,561
	<hr/> <hr/>	<hr/> <hr/>

Interfood Shareholding Company
Notes to the separate interim financial statements for the six-month period ended
30 June 2013 (continued)

Form B 09a – DN

24. Financial expenses

	Six-month period from 1/1/2013 to 30/6/2013 VND'000	Six-month period from 1/1/2012 to 30/6/2012 VND'000
Interest expense	4,278,250	3,617,158
Realised foreign exchange losses	-	1,121,316
Unrealised foreign exchange losses	4,862,416	-
	<hr/> 9,140,666	<hr/> 4,738,474

25. Other income

	Six-month period from 1/1/2013 to 30/6/2013 VND'000	Six-month period from 1/1/2012 to 30/6/2012 VND'000
Support for marketing activities from Kirin Holdings Singapore Pte, Ltd.	-	6,439,705
Loan waiving from Trade Ocean Holdings Sdn. Bhd. (Note 17(a))	71,459,368	-
Others	3,716,628	5,721,806
	<hr/> 75,175,996	<hr/> 12,161,511

26. Income tax

(a) Recognised in the statement of income

	Six-month period from 1/1/2013 to 30/6/2013 VND'000	Six-month period from 1/1/2012 to 30/6/2012 VND'000
Current tax expense		
Current period	-	2,540,287
	<hr/> -	<hr/> 2,540,287

Interfood Shareholding Company
Notes to the separate interim financial statements for the six-month period ended
30 June 2013 (continued)

Form B 09a – DN

(b) Reconciliation of effective tax rate

	Six-month period from 1/1/2013 to 30/6/2013 VND'000	Six-month period from 1/1/2012 to 30/6/2012 VND'000
(Loss)/profit before tax	(5,398,036)	4,273,260
Tax at the Company's tax rate	(1,349,509)	1,068,315
Non-deductible expenses	14,128,487	786,705
Deferred tax assets not previously recognised relating to deductible temporary differences	(7,208,593)	685,267
Tax losses utilised	(5,570,385)	-
	-	2,540,287

(c) Unrecognised deferred tax assets

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

	30/6/2013		31/12/2012	
	Temporary difference VND'000	Tax value VND'000	Temporary difference VND'000	Tax value VND'000
Deductible temporary differences	19,753,292	4,938,323	48,587,663	12,146,916
Tax losses	57,442,003	14,360,501	79,723,544	19,930,886
	77,195,295	19,298,824	128,311,207	32,077,802

The tax losses expire in the following years:

Year of expiry	Status of tax review	Tax losses available VND'000
2016	Outstanding	45,773,074
2017	Outstanding	11,668,929
		57,442,003

Interfood Shareholding Company
Notes to the separate interim financial statements for the six-month period ended
30 June 2013 (continued)

Form B 09a – DN

The deductible temporary differences 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 Company can utilise the benefits therefrom.

(d) Applicable tax rates

Under the terms of the Company's Investment Certificate, the Company has an obligation to pay the government income tax at the rate of 15% of taxable profits for the first 12 years starting from the first year of operation (1994). Thereafter, from 2006 onwards the Company is subject to income tax at the rate of 25%.

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

Under Decree No. 124/2008/ND-CP dated 11 December 2008 (which replaced Decree No. 24/2007/ND-CP dated 14 February 2007) and Decree 122/2011ND-CP dated 27 December 2012 (which provided a number of amendments to prevailing Decree No. 124/2008/ND-CP), the Company will continue to enjoy its tax incentives under Decree No. 24/2007/ND-CP dated 14 February 2007.

According to Letter No. 11924/TC-CST dated 20 October 2004 issued by the Ministry of Finance, the Company is entitled to a 50% reduction for two years after listing its shares in Ho Chi Minh City Securities Trading Centre. The Company has completed the registration with the tax authority to apply the incentives commencing from 2007.

Interfood Shareholding Company
Notes to the separate interim financial statements for the six-month period ended
30 June 2013 (continued)

Form B 09a – DN

27. Financial instruments

(a) Financial risk management

(i) Overview

The Company 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 Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk.

The Company's Board of Directors oversees and monitors the Company's compliance with risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

(ii) Risk management framework

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

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company'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:

	Note	30/6/2013 VND'000	31/12/2012 VND'000
Cash in bank	(ii)	30,460,316	81,537,434
Trade and other receivables	(iii)	15,065,521	20,147,341
Intra-company receivables – short-term	(iv)	123,996,208	131,506,846
Long-term loan receivable	(iv)	24,993,600	24,993,600
		194,515,645	258,185,221
		194,515,645	258,185,221

Interfood Shareholding Company
Notes to the separate interim financial statements for the six-month period ended
30 June 2013 (continued)

Form B 09a – DN

(ii) Cash in bank

The cash at bank of the Company 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 Company.

(iii) Trade and other receivables

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

The Company'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 Company 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 Company believes that no allowance for doubtful debts is necessary in respect of the outstanding trade and other receivables as of 30 June 2013.

The aging of trade and other receivables is as follows:

	30/6/2013	31/12/2012
	VND'000	VND'000
Not past due	711,726	12,784,142
Past due 0 – 30 days	9,309,860	3,466,342
Past due 31 – 180 days	3,652,474	3,090,709
Past due more than 180 days	1,391,461	806,148
	15,065,521	20,147,341
	15,065,521	20,147,341

There was no material impairment of receivables as of 30 June 2013 and 31 December 2012.

(iv) Intra-company receivables – short-term and long-term loan receivables

The Company believes that the amounts receivable from its subsidiary will be receivable through purchases from the subsidiary.

Interfood Shareholding Company
Notes to the separate interim financial statements for the six-month period ended
30 June 2013 (continued)

Form B 09a – DN

(c) **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company'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 Company's reputation. The Company also manages its borrowings from related companies by managing the financing terms with the related companies.

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

30 June 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	147,631,462	147,631,462	147,631,462	-	-
Short-term borrowings	347,094,000	349,959,847	349,959,847	-	-
Long-term borrowings	136,734,000	146,755,875	2,599,579	2,599,579	141,556,717
	631,459,462	644,347,184	500,190,888	2,599,579	141,556,717

31 December 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	92,969,527	92,969,527	92,969,527	-	-
Short-term borrowings	364,490,000	368,196,343	368,196,343	-	-
Long-term borrowings	206,841,368	218,037,044	74,033,251	2,573,883	141,429,910
	664,300,895	679,202,914	535,199,121	2,573,883	141,429,910

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

- USD19 million unused short-term loan facility which renew automatically at the option of the Company. Interest would be payable at rates of Libor + 0.8% per annum.

Interfood Shareholding Company
Notes to the separate interim financial statements for the six-month period ended
30 June 2013 (continued)

Form B 09a – DN

(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 Company'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 Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than its accounting currency of the Company. The currency in which these transactions primarily are denominated is USD.

The Company's exposure to currency risk is managed by keeping the exposure to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term over-exposures.

Exposure to currency risk

The Company had the following net monetary liability position exposed to currency risk. The following balances are presented in original currency:

	30/06/2013	31/12/2012
	USD	USD
Cash	396,711	1,605,814
Accounts receivable - trade	299,830	158,704
Short-term borrowings	(16,500,000)	(17,500,000)
Accounts payable – trade	(368,078)	(183,307)
Long-term borrowings	(6,500,000)	(9,930,928)
	<hr/>	<hr/>
	(22,671,537)	(25,849,717)
	<hr/>	<hr/>

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

	Exchange rate as at	
	30/6/2013	31/12/2012
USD 1	21,104	20,828
	<hr/>	<hr/>

Interfood Shareholding Company
Notes to the separate interim financial statements for the six-month period ended
30 June 2013 (continued)

Form B 09a – DN

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

	Decrease/ (increase) in net loss VND'000
30 June 2013	
USD (1% strengthening of USD)	(4,783,694)
31 December 2012	
USD (1% weakening of USD)	5,325,042

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

(ii) Interest rate risk

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

	Carrying amount	
	30/06/2013	31/12/2012
	VND'000	VND'000
<i>Fixed rate instruments</i>		
Financial assets	24,993,600	24,993,600
Financial liabilities	(136,734,000)	(135,382,000)
	<u>(111,740,400)</u>	<u>(110,388,400)</u>
<i>Variable rate instruments</i>		
Financial assets	154,456,524	213,044,280
Financial liabilities	(347,094,000)	(435,949,368)
	<u>(192,637,476)</u>	<u>(222,905,088)</u>

A change of 100 basis points in interest rates would have increased or decreased the net loss of the Company by VND1,926 million (year ended 31 December 2012: VND2,229 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

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

Interfood Shareholding Company
Notes to the separate interim financial statements for the six-month period ended
30 June 2013 (continued)

Form B 09a – DN

(e) **Fair values**

The Company has not determined fair values of financial assets and financial liabilities for disclosure 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 instruments; 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 value of these financial instruments may be different from their carrying amounts.

28. Significant transactions with related parties

In addition to the related parties balances disclosed in other notes to the separate interim financial statements, the Company has the following transactions with related parties:

	Transaction value	
	Six-month period from 1/1/2013 to 30/6/2013 VND'000	Six-month period from 1/1/2012 to 30/6/2012 VND'000
Kirin Holding Company, Limited		
<i>Ultimate Parent Company</i>		
Convert other payable to short-term loan	-	20,828,000
Interest expenses	4,278,250	3,617,158
Secondment fee	4,642,731	3,727,233
Avafood Shareholding Company		
Short-term loan granted	15,000,000	16,199,998
Interest income	1,430,242	1,477,080
Processing service	18,909,438	17,406,335
Office and factory rentals fee	2,963,901	2,963,908
Kirin Holding Singapore Pte, Ltd.		
Financial support for marketing activities	-	6,439,705
Other support	-	629,047
Vietnam Kirin Beverage Company, Limited		
Purchase	-	15,762,339
Processing fee	23,692,931	13,017,979
Member of Board of Directors		
Secondment fees	2,253,168	2,249,424
Salary	652,200	908,996

Interfood Shareholding Company
Notes to the separate interim financial statements for the six-month period ended
30 June 2013 (continued)

Form B 09a – DN

29. Commitments

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

	30/6/2013	31/12/2012
	VND'000	VND'000
Within one year	12,530,771	11,271,343
Within two to five years	30,800,566	31,492,769
Over five years	14,423,608	17,387,506
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	57,754,945	60,151,618
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30. Production and business costs by element

	Six-month	Six-month
	period from	period from
	1/1/2013 to	1/1/2012 to
	30/6/2013	30/6/2012
	VND'000	VND'000
Raw material costs included in production costs	271,766,724	337,664,640
Labour costs and staff costs	78,218,673	45,657,809
Depreciation and amortisation	13,129,107	15,751,967
Outside services	191,714,423	73,341,053
Other expenses	13,453,862	32,316,329
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29 August 2013

Prepared by:

Signed

Nguyen Hong Phong
Chief Accountant

Approved by:

Signed and sealed

Michio Nagabayashi
Chairman – cum General Director