

Interfood Shareholding Company

Separate Interim Financial Statements
for the six-month period ended
30 June 2015

Interfood Shareholding Company Corporate information

Investment Licence No. 270/GP 16 November 1991

Investment Certificates 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
472033000328 (5th amendment) 14 May 2014

The Company's investment licence has been amended several times, the most recent of which is by investment licence No. 270 CPH/GCNDDC3-BHK dated 23 August 2006. The investment licence and its amendments were issued by the Ministry of Planning and Investment and are valid for 50 years.

The investment certificates were issued by the Dong Nai Industrial Zone Authority and are valid for 50 years from the date of the initial investment licence.

Board of Management

Toru Yamasaki	Chairman
Hiroshi Fujikawa	Member (until 9 April 2015)
Nguyen Thi Kim Lien	Member
Takayuki Morisawa	Member
Hajime Kobayashi	Member (from 9 April 2015)
Hirotsugu Otani	Member (from 9 April 2015)

Board of Directors

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

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 of Interfood Shareholding Company (“the Company”) presents this statement and the accompanying separate interim financial statements of the Company for the six-month period ended 30 June 2015.

The Board of Directors is responsible for the preparation and presentation of the separate interim financial statements of the Company in accordance with Vietnamese Accounting Standard 27 – Interim Financial Reporting, the relevant requirements of the Vietnamese Accounting System for Enterprises and the relevant statutory requirements applicable to interim financial reporting. In the opinion of the Board of Directors:

- (a) the separate interim financial statements set out on pages 4 to 37 give a true and fair view of the unconsolidated financial position of the Company as at 30 June 2015, and of its unconsolidated results of operations and its unconsolidated cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standard 27 – Interim Financial Reporting, the relevant requirements of the Vietnamese Accounting System for Enterprises 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)

Toru Yamasaki
Chairman – cum General Director

Ho Chi Minh City, 28 August 2015

INTERIM FINANCIAL STATEMENTS REVIEW REPORT

To the Shareholders Interfood Shareholding Company

We have reviewed the accompanying separate interim financial statements of Interfood Shareholding Company (“the Company”), which comprise the separate balance sheet as at 30 June 2015 and the related separate statements of income and cash flows for the six-month period then ended and the explanatory notes thereto which were authorised for issue by the Company’s Board of Directors on 28 August 2015, 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 – 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 primarily involves 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, in all material respects, of the unconsolidated financial position of Interfood Shareholding Company as at 30 June 2015 and of its unconsolidated results of operations and its unconsolidated cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standard 27 – Interim Financial Reporting, the relevant requirements of the Vietnamese Accounting System for Enterprises and the relevant statutory requirements applicable to interim financial reporting.

KPMG Limited’s Branch in Ho Chi Minh City
Vietnam
Operating registration certificate No.: 4114000230
Review Report No.: 14-01-284

(Signed and sealed)

Nguyen Thanh Nghi
Practicing Auditor Registration
Certificate No. 0304-2013-007-1
Deputy General Director

(Signed)

Chang Hung Chun
Practicing Auditor Registration
Certificate No. 0863-2013-007-1

Ho Chi Minh City, 28 August 2015

Interfood Shareholding Company
Separate balance sheet as at 30 June 2015

Form B 01a – DN

	Code	Note	30/6/2015 VND'000	31/12/2014 VND'000
ASSETS				
Current assets (100 = 110 + 130 + 140 + 150)	100		374,853,380	436,632,039
Cash	110	5	71,589,525	111,277,531
Accounts receivable – short-term	130	6	117,766,161	144,159,414
Accounts receivable – trade	131		21,357,201	36,547,087
Prepayments to suppliers	132		3,915,521	4,579,446
Inter-company receivables	133		94,538,907	104,673,603
Other receivables	135		-	404,746
Allowance for doubtful debts	139		(2,045,468)	(2,045,468)
Inventories	140	7	184,381,683	179,430,711
Inventories	141		189,255,506	182,865,732
Allowance for inventories	149		(4,873,823)	(3,435,021)
Other current assets	150		1,116,011	1,764,383
Short-term prepayments	151		577,910	1,192,488
Other current assets	158		538,101	571,895
Long-term assets (200 = 210 + 220 + 250 + 260)	200		269,686,521	277,382,447
Accounts receivable – long-term	210	6	24,993,600	24,993,600
Inter-company receivables	213		24,993,600	24,993,600
Fixed assets	220		145,856,329	154,143,793
Tangible fixed assets	221	8	133,771,198	143,753,982
Cost	222		383,892,334	383,245,792
Accumulated depreciation	223		(250,121,136)	(239,491,810)
Intangible fixed assets	227	9	8,320,702	8,954,046
Cost	228		10,815,193	10,815,193
Accumulated amortisation	229		(2,494,491)	(1,861,147)
Construction in progress	230	10	3,764,429	1,435,765
Long-term investments	250	11	94,145,809	94,145,809
Investment in subsidiary	251		94,145,809	94,145,809
Other long-term assets	260		4,690,783	4,099,245
Long-term prepayments	261	12	3,129,281	2,537,743
Other long-term assets	268		1,561,502	1,561,502
TOTAL ASSETS (270 = 100 + 200)	270		644,539,901	714,014,486

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

Interfood Shareholding Company
Separate balance sheet as at 30 June 2015 (continued)

Form B 01a – DN

	Code	Note	30/6/2015 VND'000	31/12/2014 VND'000
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		535,977,605	553,953,776
Current liabilities	310		391,234,328	412,178,083
Short-term borrowings	311	13	283,920,000	245,870,000
Accounts payable – trade	312	14	55,133,494	95,168,043
Advances from customers	313		3,054,988	3,316,859
Taxes payable to State Treasury	314	15	5,066,048	5,729,562
Payables to employees	315		9,418,347	9,496,505
Accrued expenses	316	16	32,206,751	51,940,032
Other payables	319	17	2,434,700	657,082
Long-term borrowings and liabilities	330		144,743,277	141,775,693
Long-term borrowings	334	18	141,960,000	138,970,000
Provision – long-term	337	19	2,783,277	2,805,693
EQUITY (400 = 410)	400		108,562,296	160,060,710
Owners' equity	410	20	108,562,296	160,060,710
Share capital	411	21	711,409,840	711,409,840
Share premium	412		85,035,704	85,035,704
Other reserves	418	22	90,034,048	90,034,048
Accumulated losses	420		(777,917,296)	(726,418,882)
TOTAL RESOURCES (440 = 300 + 400)	440		644,539,901	714,014,486

OFF BALANCE SHEET ITEMS

	30/6/2015 VND'000	31/12/2014 VND'000
Foreign currencies		
• USD	20,555,168	47,661,063
• EUR	8,357	8,938

28 August 2015

Prepared by:

(Signed)

Nguyen Hong Phong
Chief Accountant

Approved by:

(Signed and sealed)

Toru Yamasaki
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 2015

Form B 02a – DN

	Code	Note	Six-month period ended	
			30/6/2015 VND'000	30/6/2014 VND'000
Total revenue	01	23	585,296,603	546,199,824
Less revenue deductions	02	23	16,294,245	19,648,111
Net revenue (10 = 01 - 02)	10	23	569,002,358	526,551,713
Cost of sales	11	24	412,815,895	402,495,981
Gross profit (20 = 10 - 11)	20		156,186,463	124,055,732
Financial income	21	25	12,116,858	4,621,753
Financial expenses	22	26	21,360,563	11,272,716
<i>In which: Interest expense</i>	23		<i>2,691,360</i>	<i>3,470,061</i>
Selling expenses	24		184,972,298	201,950,887
General and administration expenses	25		16,152,345	15,764,451
Net operating loss {30 = 20 + (21 - 22) - (24 + 25)}	30		(54,181,885)	(100,310,569)
Other income	31	27	3,867,975	8,171,479
Other expenses	32	28	1,184,504	352,035
Results of other activities (40 = 31 - 32)	40		2,683,471	7,819,444
Loss before tax (50 = 30 + 40)	50		(51,498,414)	(92,491,125)
Income tax expense – current	51	29	-	-
Income tax expense – deferred	52	29	-	-
Net loss after tax (60 = 50 - 51 - 52)	60		(51,498,414)	(92,491,125)

28 August 2015

Prepared by:

(Signed)

Nguyen Hong Phong
Chief Accountant

Approved by:

(Signed and sealed)

Toru Yamasaki
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 2015
(Indirect method)

Form B 03a – DN

	Code	Note	Six-month period ended	
			30/6/2015	30/6/2014
			VND'000	VND'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before tax	01		(51,498,414)	(92,491,125)
Adjustments for				
Depreciation and amortisation	02		13,240,629	13,012,107
Allowances and provisions	03		1,438,802	16,338,436
Unrealised foreign exchange losses	04		8,730,936	4,694,629
Profits from disposals of fixed assets	05		(571,664)	-
Interest income	05		(1,305,294)	(1,444,482)
Interest expense	06		2,691,360	3,470,061
Operating loss before changes in working capital	08		(27,273,645)	(56,420,374)
Change in receivables	09		16,316,307	6,197,085
Change in inventories	10		(6,389,774)	(28,573,084)
Change in payables and other liabilities	11		(30,242,917)	44,107,633
Change in prepayments	12		23,040	530,084
			(47,566,989)	(34,158,656)
Interest paid	13		(3,939,595)	(4,058,413)
Other receipts for operating activities	15		12,076	-
Net cash flows from operating activities	20		(51,494,508)	(38,217,069)
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for additions to fixed assets and other long-term assets	21		(5,026,956)	(4,870,855)
Proceeds from disposals of fixed assets	22		645,455	-
Loan granted to a related company	23		(16,300,000)	(17,650,000)
Receipts of interests	27		148,003	156,341
Net cash flows from investing activities	30		(20,533,498)	(22,364,514)

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 2015
(Indirect method – continued)

Form B 03a – DN

	Code	Note	Six-month period ended	
			30/6/2015	30/6/2014
			VND'000	VND'000
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from short-term borrowings	33		32,340,000	31,590,000
Net cash flows from financing activities	40		32,340,000	31,590,000
Net cash flows during the period (50 = 20 + 30 + 40)	50		(39,688,006)	(28,991,583)
Cash at beginning of the period	60		111,277,531	96,582,678
Effect of exchange rate fluctuations on cash	61		-	376,323
Cash at end of the period (70 = 50 + 60 + 61)	70	5	71,589,525	67,967,418

28 August 2015

Prepared by:

(Signed)

Nguyen Hong Phong
Chief Accountant

Approved by:

(Signed and sealed)

Toru Yamasaki
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 2015

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; the production of biscuits and snack food; carbonated and non-carbonated fruit juice, non-carbonated and carbonated beverages, with or without low level of alcohol (less than 10%); bottled filtered water; packaging for foods and beverages; and to export, import products in accordance with business operation.

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 the Ho Chi Minh Stock Exchange, the Company’s shares were delisted on 3 May 2013 and thereafter traded on Vietnam Security Depository.

As at 30 June 2015, the Company had 1,350 employees (31/12/2014: 1,404 employees).

2. Basis of preparation

(a) Statement of compliance

The separate interim financial statements have been prepared in accordance with Vietnamese Accounting Standard 27 – Interim Financial Reporting, the relevant requirements of the Vietnamese Accounting System for Enterprises and the relevant statutory requirements applicable to interim financial reporting.

The Company separately prepares and issues consolidated interim financial statements.

(b) Basis of measurement

The separate interim financial statements, except for the separate statement of cash flows, are prepared on the accrual basis using the historical cost concept. The separate 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 2015 (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 VND51,498 million (six-month period ended 30 June 2014: VND92,491 million) during the period and at the balance sheet date, current liabilities exceeded current assets by VND16,381 million (31/12/2014: nil). Furthermore, the Company had significant loans that will require refinancing within the next 12 months (Note 13). The validity of the going concern assumption fundamentally depends on the Company to generate enough operating and financing cash flows to meet the operational expenses and 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, the Company has USD3.5 million unused short-term facility which can be used to meet the operational expenses and 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”).

3. New guidance on accounting system for enterprises not yet adopted

On 22 December 2014, the Ministry of Finance issued Circular No. 200/2014/TT-BTC providing guidance on Vietnamese Accounting System for Enterprises (“Circular 200”). Circular 200 replaces previous guidance on Vietnamese Accounting System for Enterprises under Decision No. 15/2006-QD/BTC dated 20 March 2006 (“Decision 15”) and Circular No. 244/2009/TT-BTC dated 31 December 2009. Circular 200 is effective after 45 days from the signing date and applicable for annual accounting periods beginning on or after 1 January 2015.

On 18 May 2015, the Ministry of Finance issued Circular No. 75/2015/TT-BTC (“Circular 75”) on amendment of Article 128 “Effective date” of Circular 200. The amendment stipulates that enterprises which are required to issue interim financial statements, including quarterly and half-year financial statements, are permitted to choose to prepare and present interim financial statements in 2015 either in accordance with Decision 15 or in accordance with Circular 200.

The Company has adopted the applicable requirements of Circular 75 and chose to prepare separate interim financial statements in accordance with Decision 15.

Interfood Shareholding Company
Notes to the separate interim financial statements for the six-month period ended
30 June 2015 (continued)

Form B 09a – DN

4. Summary of significant accounting policies

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

(a) Foreign currency transactions

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 of exchange ruling at the transaction dates.

All foreign exchange differences are recorded in the separate 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 recoverable amount is subsequently increased 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 inventories.

(f) Tangible fixed assets

(i) Cost

Interfood Shareholding Company
Notes to the separate interim financial statements for the six-month period ended
30 June 2015 (continued)

Form B 09a – DN

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 costs, is charged to the separate statement of income in the period 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 tangible fixed assets. The estimated useful lives are as follows:

- machinery and equipment 10 – 15 years
- motor vehicles 6 years
- office equipment 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 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 or installation.

(i) Long-term prepayments

Interfood Shareholding Company
Notes to the separate interim financial statements for the six-month period ended
30 June 2015 (continued)

Form B 09a – DN

(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 include assets held for use by the Company in the normal course of business whose costs of individual items are less than VND30 million and therefore not qualified for recognition as fixed assets under Circular 45/2013/TT-BTC dated 25 April 2013 of the Ministry of Finance which provides guidance on management, use and depreciation of fixed assets. Cost of tools and supplies are amortised on a straight-line basis over 3 years.

(iii) Insurance and rental expenses

Insurance and rental expenses are initially stated at cost and are amortised on a straight-line basis over the insurance and rental terms.

(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. 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 2015 will be determined based on the eligible employees’ years of service as of 31 December 2008 and their average salary for the six-month period prior to the termination date.

Interfood Shareholding Company
Notes to the separate interim financial statements for the six-month period ended
30 June 2015 (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 unconsolidated financial position and unconsolidated results of operations and the nature and extent of risk arising from financial instruments, the Company classifies its financial instruments as follows:

(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 Company as financial assets 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 financial assets 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 2015 (continued)

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Available-for-sale financial assets

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

- financial assets at fair value through profit or loss;
- held-to-maturity investments; or
- 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).
- Upon initial recognition, it is designated by the Company as financial liabilities 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.

Interfood Shareholding Company
Notes to the separate interim financial statements for the six-month period ended
30 June 2015 (continued)

Form B 09a – DN

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.

(m) Taxation

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

(n) Revenue and other income

(i) Goods sold

Revenue from sales of goods is recognised in the separate 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.

(ii) Interest income

Interest income is recognised on a time proportion basis with reference to the principal outstanding and the applicable interest rate.

(o) Operating lease payments

Interfood Shareholding Company
Notes to the separate interim financial statements for the six-month period ended
30 June 2015 (continued)

Form B 09a – DN

Payments made under operating leases are recognised in the separate statement of income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the separate 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 parties

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.

5. Cash

	30/6/2015	31/12/2014
	VND'000	VND'000
Cash on hand	86,003	159,047
Cash at banks	71,503,522	111,118,484
	<hr/>	<hr/>
	71,589,525	111,277,531
	<hr/> <hr/>	<hr/> <hr/>

6. Accounts receivable – short-term and long-term

Inter-company receivables comprised:

	30/6/2015	31/12/2014
	VND'000	VND'000
Short-term		
Short-term loan granted to a related party (a)	94,538,907	104,673,603
	<hr/>	<hr/>
Long-term		
Long-term loan granted to a related party (b)	24,993,600	24,993,600
	<hr/> <hr/>	<hr/> <hr/>

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

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Notes to the separate interim financial statements for the six-month period ended
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The short-term loan to Avafood with credit limit of VND145,796 million was unsecured and earns interest at Libor plus 1% per annum. The interest rate was 1.869% per annum during the period (2014: 1.731% to 1.869% per annum).

- (b) The amount due from a related party represented a long-term loan receivable from Avafood which was unsecured and earned fixed interest rate of 1.896% per annum during the period (2014: 1.896% per annum). The principal and related interest are due in May 2017.

7. Inventories

	30/6/2015	31/12/2014
	VND'000	VND'000
Raw materials	57,364,875	52,314,741
Tools and supplies	12,559,583	10,882,858
Work in progress	12,225,222	13,602,577
Finished goods	107,105,826	106,065,556
	<hr/>	<hr/>
	189,255,506	182,865,732
Allowance for inventories	(4,873,823)	(3,435,021)
	<hr/>	<hr/>
	184,381,683	179,430,711
	<hr/> <hr/>	<hr/> <hr/>

Movements in allowance for inventories during the period were as follows:

	Six-month period ended	
	30/6/2015	30/6/2014
	VND'000	VND'000
Opening balance	3,435,021	-
Increase in allowance during the period	4,790,762	16,338,436
Written back	(3,351,960)	-
	<hr/>	<hr/>
Closing balance	4,873,823	16,338,436
	<hr/> <hr/>	<hr/> <hr/>

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Notes to the separate interim financial statements for the six-month period ended
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8. Tangible fixed assets

	Machinery and equipment VND'000	Motor vehicles VND'000	Office equipment VND'000	Total VND'000
Cost				
Opening balance	370,000,367	8,980,844	4,264,581	383,245,792
Additions	819,899	-	132,937	952,836
Transfers from construction in progress	1,745,456	-	-	1,745,456
Disposals	-	(2,051,750)	-	(2,051,750)
Closing balance	372,565,722	6,929,094	4,397,518	383,892,334
Accumulated depreciation				
Opening balance	230,561,264	6,410,169	2,520,377	239,491,810
Charge for the period	12,038,785	322,675	245,825	12,607,285
Disposals	-	(1,977,959)	-	(1,977,959)
Closing balance	242,600,049	4,754,885	2,766,202	250,121,136
Net book value				
Opening balance	139,439,103	2,570,675	1,744,204	143,753,982
Closing balance	129,965,673	2,174,209	1,631,316	133,771,198

Included in the cost of tangible fixed assets were assets costing VND27,162 million which were fully depreciated as at 30 June 2015 (31/12/2014: VND26,263 million), but are still in active use.

The net book value of temporarily idle tangible fixed assets amounted to VND24,960 million as at 30 June 2015 (31/12/2014: VND1,415 million).

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9. Intangible fixed assets

	Software VND'000
Cost	
Opening balance and closing balance	10,815,193
Accumulated amortisation	
Opening balance	1,861,147
Charge for the period	633,344
Closing balance	2,494,491
Net book value	
Opening balance	8,954,046
Closing balance	8,320,702

10. Construction in progress

	Six-month period ended	
	30/6/2015	30/6/2014
	VND'000	VND'000
Opening balance	1,435,765	-
Additions during the period	4,074,120	1,526,348
Transfers to tangible fixed assets	(1,745,456)	-
Closing balance	3,764,429	1,526,348

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11. Long-term 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, beverage, bottled filtered water; biscuits, jams and sweets, snack food; and agricultural, aquatic and livestock products; lease a workshop, office; and to export, import products in accordance with business operation under the Investment Licence No. 48/GP-DN issued by the People’s Committee of Dong Nai Province on 19 July 2002.

12. Long-term prepayments

	Renovation expenses VND’000	Tools and supplies VND’000	Insurance expenses VND’000	Rental expenses VND’000	Total VND’000
Opening balance	475,842	2,061,901	-	-	2,537,743
Additions	-	1,293,647	497,276	2,158,098	3,949,021
Amortisation for the period	(475,842)	(918,941)	(75,673)	(1,887,027)	(3,357,483)
Closing balance	-	2,436,607	421,603	271,071	3,129,281

13. Short-term borrowings

	30/6/2015 VND’000	31/12/2014 VND’000
Loans from Kirin Holdings Company Limited	283,920,000	245,870,000

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

	Currency	Annual interest rate	30/6/2015 VND’000	31/12/2014 VND’000
Loan 1	USD	Libor plus 0.8%	152,880,000	149,660,000
Loan 2	USD	Libor plus 0.8%	131,040,000	96,210,000
			283,920,000	245,870,000

The applicable interest rates of these borrowings ranged from 1.036% to 1.200% per annum during the period (2014: 0.954% to 1.492% per annum).

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14. Accounts payable – trade

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

	30/6/2015	31/12/2014
	VND'000	VND'000
Amounts due to Vietnam Kirin Beverage Company Limited	9,690,314	38,979,224

The amounts due to Vietnam Kirin Beverage Company Limited represented the processing fee payable, which were unsecured, interest free and payable on demand.

15. Taxes payable to State Treasury

	30/6/2015	31/12/2014
	VND'000	VND'000
Value added tax	4,822,760	5,338,398
Personal income tax	243,288	310,347
Foreign contractor tax	-	80,817
	<u>5,066,048</u>	<u>5,729,562</u>

16. Accrued expenses

	30/6/2015	31/12/2014
	VND'000	VND'000
Sales discounts and commission	4,731,135	15,373,539
Transportation fees	9,505,290	7,920,713
Secondment fee payable (*)	5,042,103	4,742,113
Loans interest payable	920,337	2,168,572
Display expenses	-	3,090,617
Promotion expenses	5,651,735	5,745,365
Others	6,356,151	12,899,113
	<u>32,206,751</u>	<u>51,940,032</u>

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

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17. Other payables

	30/6/2015	31/12/2014
	VND'000	VND'000
Dividends payable	505,391	505,391
Trade union, social and health insurance	1,912,491	137,776
Others	16,818	13,915
	<hr/>	<hr/>
	2,434,700	657,082
	<hr/> <hr/>	<hr/> <hr/>

18. Long-term borrowings

	Currency	Annual interest rate	Year of maturity	30/6/2015	31/12/2014
				VND'000	VND'000
Unsecured borrowings from Kirin Holdings Company Limited	USD	1.896%	2017	141,960,000	138,970,000
				<hr/> <hr/>	<hr/> <hr/>

The unsecured borrowings bore fixed interest rate of 1.896% per annum during the period (2014: 1.896% per annum), which is based on USD Swap Semi 30/360 5-year plus 0.8% per annum according to current Kirin Group's financial rules.

19. Provision – long-term

Movements of provision during the period were as follows:

	Severance allowance
	VND'000
Opening balance	2,805,693
Utilised during the period	(22,416)
	<hr/>
Closing balance	2,783,277
	<hr/> <hr/>

During the six-month period ended 30 June 2015, the Company contributed VND496 million (six-month period ended 30 June 2014: VND444 million) to the unemployment insurance fund and the amount is recorded as part of labour and staff costs in the separate statement of income.

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Notes to the separate interim financial statements for the six-month period ended 30 June 2015 (continued)

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20. Movements in owners' equity

	Share capital VND'000	Share premium VND'000	Other reserves VND'000	Accumulated losses VND'000	Total VND'000
Balance as at 31 December 2013	591,443,888	85,035,704	-	(544,887,495)	131,592,097
Net loss for the period	-	-	-	(92,491,125)	(92,491,125)
Reclassification (Note 22)	(90,034,048)	-	90,034,048	-	-
Balance as at 30 June 2014	501,409,840	85,035,704	90,034,048	(637,378,620)	39,100,972
Share capital issued	210,000,000	-	-	-	210,000,000
Net loss for the period	-	-	-	(89,040,262)	(89,040,262)
Balance as at 31 December 2014	711,409,840	85,035,704	90,034,048	(726,418,882)	160,060,710
Net loss for the period	-	-	-	(51,498,414)	(51,498,414)
Balance as at 30 June 2015	711,409,840	85,035,704	90,034,048	(777,917,296)	108,562,296

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Notes to the separate interim financial statements for the six-month period ended
30 June 2015 (continued)

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21. Share capital

The Company's authorised and issued share capital is:

	30/6/2015	
	Number of shares	VND'000
Authorised and issued share capital		
Ordinary shares	71,140,992	711,409,920
Shares in circulation		
Ordinary shares	71,140,984	711,409,840

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 dividends 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.

Please refer to Note 20 for movements in share capital.

22. Other reserves

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"). Accordingly, all balances in USD as at 31 December 2012 have been translated to VND at the exchange rate of VND20,828 to USD1. During 2014, the Company adjusted the share capital to reflect the issued capital at par. The difference between the converted value and par value of ordinary shares of VND90,034,048,000 is reflected as other reserves.

23. Total revenue

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

Net revenue comprised:

	Six-month period ended	
	30/6/2015	30/6/2014
	VND'000	VND'000
Total revenue		
▪ Sales of drinks	506,425,080	472,484,092
▪ Sales of biscuits	7,689,901	9,881,325
▪ Sales of other products	71,181,622	63,834,407
	<hr/> 585,296,603	<hr/> 546,199,824
Less revenue deductions		
▪ Sales allowance	16,293,825	15,755,789
▪ Sales returns	420	3,892,322
	<hr/> 16,294,245	<hr/> 19,648,111
Net revenue	<hr/> 569,002,358	<hr/> 526,551,713

24. Cost of sales

	Six-month period ended	
	30/6/2015	30/6/2014
	VND'000	VND'000
Total cost of sales		
▪ Cost of drinks	371,980,923	342,379,062
▪ Cost of biscuits	6,745,306	8,850,694
▪ Cost of other products	34,089,666	51,266,225
	<hr/> 412,815,895	<hr/> 402,495,981

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25. Financial income

	Six-month period ended	
	30/6/2015	30/6/2014
	VND'000	VND'000
Interest income from bank deposits	148,003	156,341
Interest income from loan to Avafood	1,157,291	1,288,141
Realised foreign exchange gains	10,775,532	2,776,691
Unrealised foreign exchange gains	36,032	400,580
	<hr/>	<hr/>
	12,116,858	4,621,753
	<hr/>	<hr/>

26. Financial expenses

	Six-month period ended	
	30/6/2015	30/6/2014
	VND'000	VND'000
Interest expense	2,691,360	3,470,061
Realised foreign exchange losses	9,902,235	2,707,446
Unrealised foreign exchange losses	8,766,968	5,095,209
	<hr/>	<hr/>
	21,360,563	11,272,716
	<hr/>	<hr/>

27. Other income

	Six-month period ended	
	30/6/2015	30/6/2014
	VND'000	VND'000
Proceeds from disposals of fixed assets	645,455	-
Others	3,222,520	8,171,479
	<hr/>	<hr/>
	3,867,975	8,171,479
	<hr/>	<hr/>

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28. Other expenses

	Six-month period ended	
	30/6/2015	30/6/2014
	VND'000	VND'000
Depreciation of idle fixed assets	928,567	234,794
Net book value of disposed fixed assets	73,791	-
Others	182,146	117,241
	1,184,504	352,035
	1,184,504	352,035

29. Income tax

(a) Reconciliation of effective tax rate

	Six-month period ended	
	30/6/2015	30/6/2014
	VND'000	VND'000
Loss before tax	(51,498,414)	(92,491,125)
Tax at the Company's tax rate	(11,329,651)	(20,348,048)
Non-deductible expenses	315,398	4,231,155
Deferred tax assets not recognised	11,014,253	16,116,893
	-	-
	-	-

(b) Unrecognised deferred tax assets

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

	30/6/2015		31/12/2014	
	Temporary difference	Tax value	Temporary difference	Tax value
	VND'000	VND'000	VND'000	VND'000
Deductible temporary differences	39,162,074	8,615,656	57,434,153	12,635,514
Tax losses	114,207,706	25,125,695	45,870,837	10,091,584
	153,369,780	33,741,351	103,304,990	22,727,098
	153,369,780	33,741,351	103,304,990	22,727,098

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The tax losses expire in the following years:

Year of expiry	Status of tax review	Tax losses available VND'000
2017	Outstanding	8,084,006
2019	Outstanding	37,786,831
2020	Outstanding	68,336,869
		114,207,706

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.

(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 rate applicable to enterprises before any incentives 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 122/2011/ND-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.

The usual income tax rate applicable to enterprises before any incentives has been changed to 22% for 2014 and 2015, and will be reduced to 20% from 2016.

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30. 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 of Directors 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 and a related company and deposits at banks.

(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 follows:

	Note	30/6/2015	31/12/2014
		VND'000	VND'000
Cash at banks	(ii)	71,503,522	111,118,484
Trade and other receivables	(iii)	19,311,733	34,906,365
Short-term loan receivable	(iv)	94,538,907	104,673,603
Long-term loan receivable	(iv)	24,993,600	24,993,600
		210,347,762	275,692,052
		210,347,762	275,692,052

(ii) Cash at banks

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Cash at banks 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 50 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.

Trade and other receivables that are neither past due nor impaired are mostly due from companies with good collection track records with the Company. Management believes that those receivables are of high credit quality.

The aging of trade and other receivables is as follows:

	30/6/2015	31/12/2014
	VND'000	VND'000
Not past due	13,055,950	18,098,697
Past due 1 – 30 days	3,673,886	13,599,968
Past due 31 – 180 days	1,944,688	3,516,347
Past due more than 180 days	2,682,677	1,736,821
	21,357,201	36,951,833
	21,357,201	36,951,833

There was no movement in allowance for doubtful debts during the period.

(iv) 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.

(c) Liquidity risk

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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 company by managing the financing terms with the related company.

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

30 June 2015

	Carrying amount VND'000	Contractual cash flows VND'000	Within 1 year VND'000	1 – 2 years VND'000	2 – 5 years VND'000
Trade and other payables	99,193,292	99,193,292	99,193,292 284,763,60	-	-
Short-term borrowings	283,920,000	284,763,601	1	-	-
Long-term borrowings	141,960,000	146,974,416	2,706,310	144,268,106	-
	525,073,292	530,931,309	386,663,20 3	144,268,106	-

31 December 2014

	Carrying amount VND'000	Contractual cash flows VND'000	Within 1 year VND'000	1 – 2 years VND'000	2 – 5 years VND'000
Trade and other payables	157,261,662	157,261,662	157,261,66 2 247,045,14	-	-
Short-term borrowings	245,870,000	247,045,142	2	-	-
Long-term borrowings	138,970,000	145,257,095	2,634,871	2,634,871	139,987,353
	542,101,662	549,563,899	406,941,67 5	2,634,871	139,987,353

The Company manages its ability to meet the expected operational expenses and servicing its debts by maintaining the financial facility as follows:

- USD3.5 million unused short-term loan facility which renews automatically at the option of the Company. Interest would be payable at a rate of Libor + 0.8% per annum.

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(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 the accounting currency of the Company, which is the VND. 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 entering into currency transactions to address short-term over-exposures.

Exposure to currency risk

The Company had the following net monetary liabilities position exposed to currency risk:

	30/6/2015	31/12/2014
	USD	USD
Cash	943,764	2,229,236
Accounts receivable – trade	221,869	339,568
Short-term borrowings	(13,000,000)	(11,500,000)
Accounts payable – trade	(201,709)	(164,548)
Other monetary liabilities	(272,828)	(317,543)
Long-term borrowings	(6,500,000)	(6,500,000)
	<hr/>	<hr/>
	(18,808,904)	(15,913,287)
	<hr/>	<hr/>

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

	Exchange rate as at	
	30/6/2015	31/12/2014
	VND	VND
USD1	21,780	21,380
	<hr/>	<hr/>

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Below is an analysis of the possible impact on the net loss after tax 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.

	Increase net loss VND'000
30 June 2015	
USD (2% strengthening of USD)	6,390,664
31 December 2014	
USD (1% strengthening of USD)	2,653,763

The opposite movement of the currency would have the equal but opposite effect to the net loss after tax 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	
	30/6/2015	31/12/2014
	VND'000	VND'000
Fixed rate instruments		
Financial assets	24,993,600	24,993,600
Financial liabilities	(141,960,000)	(138,970,000)
	<u>(116,966,400)</u>	<u>(113,976,400)</u>
Variable rate instruments		
Financial assets	166,042,429	215,792,087
Financial liabilities	(283,920,000)	(245,870,000)
	<u>(117,877,571)</u>	<u>(30,077,913)</u>

An increase of 100 basis points in interest rates would have increased net loss after tax of the Company by VND919 million (2014: VND235 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.

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(e) Fair values

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	30/6/2015		31/12/2014	
	Carrying amount	Fair value	Carrying amount	Fair value
	VND'000	VND'000	VND'000	VND'000
Categorised as loans and receivables:				
- Cash at banks	71,503,522	71,503,522	111,118,484	111,118,484
- Trade and other receivables	19,311,733	(*)	34,906,365	(*)
- Intra-company receivables – short-term	94,538,907	(*)	104,673,603	(*)
- Intra-company receivables – long-term	24,993,600	(*)	24,993,600	(*)
Categorised as liabilities at amortised cost:				
- Trade and other payables	(99,193,292)	(*)	(157,261,662)	(*)
- Short-term borrowings	(283,920,000)	(*)	(245,870,000)	(*)
- Long-term borrowings	(141,960,000)	(*)	(138,970,000)	(*)

(*) The Company has not determined fair values of these financial instruments for disclosure in the separate interim financial statements because information about their market prices is not available and there is currently no guidance on determination of fair value using valuation techniques under the Vietnamese Accounting Standards or the relevant requirements of the Vietnamese Accounting System for Enterprises. The fair values of these financial instruments may differ from their carrying amounts.

31. Non-cash investing activities

	Six-month period ended	
	30/6/2015	30/6/2014
	VND'000	VND'000
Net off inter-company payables against receivables for loan principal and interest from the subsidiary	26,434,696	26,572,212

Interfood Shareholding Company
Notes to the separate interim financial statements for the six-month period ended
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32. Significant transactions with related parties

In addition to related party balances disclosed in other notes to the separate interim financial statements, the Company had the following significant transactions with related parties during the period:

	Transaction value	
	Six-month period ended	
	30/6/2015	30/6/2014
	VND'000	VND'000
Ultimate Parent Company		
Kirin Holding Company Limited		
Short-term borrowings	32,340,000	31,590,000
Interest expense	2,691,360	3,470,061
Secondment fees	5,099,073	4,837,586
Subsidiary		
Avafood Shareholding Company		
Short-term loan granted	16,300,000	17,650,000
Interest income	1,157,291	1,288,141
Processing service	22,117,519	21,190,433
Office and factory rental fee	2,966,106	2,966,124
Other related parties		
Vietnam Kirin Beverage Company Limited		
Sales of goods	-	5,109
Processing fee	81,233,516	48,272,295
Member of Board of Directors		
Secondment fees	2,847,130	2,811,544
Salary	939,300	659,312

33. Commitments

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

	30/6/2015	31/12/2014
	VND'000	VND'000
Within one year	12,652,299	9,263,521
Within two to five years	36,838,749	24,862,422
Over five years	2,765,952	5,531,904
	52,257,000	39,657,847

Interfood Shareholding Company
Notes to the separate interim financial statements for the six-month period ended
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34. Production and business costs by element

	Six-month period ended	
	30/6/2015	30/6/2014
	VND'000	VND'000
Raw material costs included in production costs	273,947,461	334,339,625
Labour costs and staff costs	93,435,031	85,300,099
Depreciation and amortisation	13,240,629	13,012,107
Outside services	243,700,597	215,412,590
Other expenses	16,755,065	556,637

28 August 2015

Prepared by:

(Signed)

Nguyen Hong Phong
Chief Accountant

Approved by:

(Signed and sealed)

Toru Yamasaki
Chairman – cum General Director