

Interfood Shareholding Company

**Seperated financial statements
Quarter 1 - 2015**

Interfood Shareholding Company

Corporate information

Investment Licence No.	270/GP	16/11/1991
Investment Certificate No.	472033000328 (1st amendment)	28/11/2007
	472033000328 (2nd amendment)	20/05/2010
	472033000328 (3rd amendment)	22/04/2011
	472033000328 (4th amendment)	18/10/2011
	472033000328 (5th amendment)	14/05/2014

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 <i>(From 16 March 2015)</i>
	Toru Yamasaki	Member <i>(Until 16 March 2015)</i>
	Michio Nagabayashi	Chairman <i>(Until 16 March 2015)</i>
	Hiroshi Fujikawa	Member
	Nguyen Thi Kim Lien	Member
	Takayuki Morisawa	Member
Board of Director:	Toru Yamasaki	General Director <i>(From 16 March 2015)</i>
	Michio Nagabayashi	General Director <i>(Until 16 March 2015)</i>
	Nguyen Thi Kim Lien	Director/General Manager of Finance
	Taiichiro Iizumi	Director/General Manager of Sales and Marketing
	Yutaka Ogami	Director/Finance Controller
	Yoshihisa Fujiwara	Director/General Manager of Factory
	Takayuki Morisawa	Director/General Manager of Administration
Registered Office	Lot 13, Tam Phuoc Industrial Zone Bien Hoa City Dong Nai Province Vietnam	
Auditors	KPMG Limited Vietnam	

Interfood Shareholding Company

Report of the Board of Directors

The Board of Directors is responsible for the preparation and presentation of the separated 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 separated financial statements set out on pages 4 to 28 are prepared and presented so as to give a true and fair view of the separated financial position of the Company as at 31 December 2014, and of the separated results of operations and the separated cash flows of the Company for the year then ended in accordance with the Vietnamese Accounting Standards, the Vietnamese Accounting System and the relevant statutory requirements; and
- (b) at the date of this statement, there are no reasons to believe that the 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 separated financial statements for issue.

On behalf of the Board of Directors

(Signed and Sealed)

Toru Yamasaki
Chairman, General Director
Dong Nai province, dated 12nd May 2015.

Interfood Shareholding Company

Seperated balance sheet

ASSETS	Code	Notes	31/03/2015 VND'000	31/12/2014 VND'000
Current assets (100=110+130+140+150)	100		437,417,105	436,632,039
Cash	110	4	56,666,645	111,277,531
Accounts receivable	130	5	116,829,290	144,159,414
Trade accounts receivable - trade	131		14,149,217	36,547,087
Prepayments to suppliers	132		4,465,965	4,579,446
Intercompany receivables	133		100,167,322	104,673,603
Other receivables	135		92,254	404,746
Provision for doubtful debts	139		(2,045,468)	(2,045,468)
Inventories	140	6	258,789,845	179,430,711
Inventories	141		258,889,724	182,865,732
Allowance for inventories	149		(99,879)	(3,435,021)
Other current assets	150		5,131,325	1,764,383
Short term prepayments	151		886,819	1,192,488
Taxes receivable from State Treasury	154		3,626,434	-
Other current assets	158		618,072	571,895
Long-term assets (200=220+260)	200		273,084,270	277,382,447
Longterm receivable	210	5	24,993,600	24,993,600
Longterm intrareceivable	213		24,993,600	24,993,600
Fixed assets	220		149,768,694	154,143,793
Tangible fixed assets	221	7	137,780,695	143,753,982
Cost	222		383,560,167	383,245,792
Accumulated depreciation	223		(245,779,472)	(239,491,810)
Intangible fixed assets	227	8	8,637,374	8,954,046
Cost	228		10,815,193	10,815,193
Accumulated depreciation	229		(2,177,819)	(1,861,147)
Construction in progress	230	9	3,350,625	1,435,765
Long-term financial investments	250		94,145,800	94,145,809
Investment in subsidiary company	251	10	94,145,800	94,145,809
Other long-term assets	260		4,176,176	4,099,245
Long-term prepayments	261	11	2,614,674	2,537,743
Other long-term assets	268		1,561,502	1,561,502
TOTAL ASSETS (270=100+200)	270		710,501,375	714,014,486

Interfood Shareholding Company

Separated balance sheet

			31/03/2015	31/12/2014
RESOURCES	Code	Notes	VND'000	VND'000
LIABILITIES (300=310+330)	300		568,397,038	553,953,776
Current liabilities	310		425,646,345	412,178,083
Short-term borrowings	311	12	247,595,000	245,870,000
Trade accounts payable-trade	312	13	143,847,641	95,168,043
Advances from customers	313		3,572,145	3,316,859
Taxes payable to State Treasury	314	14	571,975	5,729,562
Payable to employees	315		9,180,772	9,496,505
Accrued expenses	316	15	20,130,113	51,940,032
Other payables	319	16	748,699	657,082
Long term liabilities	330		142,750,693	141,775,693
Long-term deposits	333		-	-
Long-term borrowings	334	17	139,945,000	138,970,000
Provision for severance allowance	337	18	2,805,693	2,805,693
EQUITY (400=410)	400		142,104,337	160,060,710
Owners' equity	410	19	142,104,337	160,060,710
Share capital	411	20	711,409,840	711,409,840
Share premium	412		85,035,704	85,035,704
Other reservers	418		90,034,048	90,034,048
Accumulated losses	420		(744,375,255)	(726,418,882)
TOTAL RESOURCES (440=300+400+439)			<u>710,501,375</u>	<u>714,014,486</u>
OFF BALANCE SHEET ITEMS			-	-
Foreign currencies			VND'000	VND'000
US dollar			31,958,887	47,661,064
Euro			7,996	8,938

12nd May 2015

Prepared by:

Approved by:

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

Nguyễn Hồng Phong
Chief Accountant

Toru Yamasaki
Chairman, General Director

Interfood Shareholding Company

Separated statement of income

	Code	Notes	Q1-2015 VND'000	Q1-2014 VND'000	YTD2015 VND'000	YTD2014 VND'000
Total revenue	01	22	234,456,514	235,822,446	234,456,514	1,185,919,021
Less revenue deductions:	02	22	6,617,847	7,837,448	6,617,847	38,707,794
Net revenue (10=01-02)	10	22	227,838,667	227,984,998	227,838,667	1,147,211,227
Cost of sales	11	23	158,138,678	170,157,104	158,138,678	846,280,556
Gross profit (20=10-11)	20		69,699,989	57,827,894	69,699,989	300,930,671
Financial income	21	24	4,442,466	927,595	4,442,466	12,763,212
Financial expenses	22	25	7,539,325	1,948,211	7,539,325	23,909,833
<i>In which: Interest expenses</i>	23		<i>1,291,763</i>	<i>1,720,141</i>	<i>1,291,763</i>	<i>6,959,861</i>
Selling expenses	24		77,828,770	80,046,285	77,828,770	449,269,706
G&A expenses	25		7,495,109	7,615,712	7,495,109	31,012,598
Operating profit/(loss) {30=20+(21-22)-(24+25)}	30		(18,720,749)	(30,854,719)	(18,720,749)	(190,498,254)
Other income	31	26	953,458	644,865	953,458	10,086,852
Other expenses	32		189,082	121,955	189,082	1,119,985
Result of other activities (40 = 31 - 32)	40		764,376	522,910	764,376	8,966,867
Profit (loss) before tax	50		(17,956,373)	(30,331,809)	(17,956,373)	(181,531,387)
Income tax expenses - current	51	27	-	-	-	-
Income tax expenses - deferred	52	27	-	-	-	-
Profit(loss) after tax	60		(17,956,373)	(30,331,809)	(17,956,373)	(181,531,387)

12nd May 2015

Prepared by:

Approved by:

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

Nguyễn Hồng Phong
Chief Accountant

Toru Yamasaki
Chairman, General Director

Interfood Shareholding Company

Separated statements of cash flows		31/03/2015	31/12/2013
Code		VND'000	VND'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax	01	(17,956,373)	(181,531,387)
Adjustments for:			
Depreciation and amortisation	02	6,604,335	26,183,300
Increase in provisions	03	(3,335,142)	3,435,021
Gain on foreign exchange loss	04	2,469,655	4,893,279
Income from loan waiving	05	-	-
Interest income	05	(85,063)	(2,835,768)
Loss from disposal fixed assets	05	-	-
Interest expenses	06	1,291,763	6,959,861
Operating profit/(loss) before adjustments to w 8		(11,010,825)	(142,895,694)
Change in accounts receivable	09	19,289,905	(11,055,131)
Change in inventory	10	(76,023,992)	(2,442,325)
Change in accounts payable	11	43,282,073	99,902,710
Change in prepaid expenses	12	228,737	1,219,789
Interest paid	13	(6,366,400)	(7,928,475)
Business income tax paid	14	-	-
Cash generated from operating activities	20	(30,600,502)	(63,254,165)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of fixed assets and investment constru	21	(2,229,235)	(8,124,668)
Payments for purchase of debt instrument of the subsidiary		(17,650,000)	(40,400,000)
Interest income received	27	(4,330,868)	328,686
Net cash inflows/(outflows) from investing acti	30	(24,210,103)	(48,195,982)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from equity issued		-	210,000,000
Proceeds from loan	33	-	126,945,000
Repayments for debt	34	-	(210,800,000)
Net cash inflows/(outflows) from financing acti	40	-	126,145,000
Net increase/(decrease) in cash	50	(54,810,605)	14,694,853
Cash at beginning of the year	60	111,277,531	96,582,678
Effects of changes in foreign exchange rates	61	199,719	-
Cash at end of the year	70	56,666,645	111,277,531
		-	-

12nd May 2015

Prepared by:

(Signed)

Nguyễn Hồng Phong
Chief Accountant

Approved by:

(Signed and Sealed)

Toru Yamasaki
Chairman, General Director

Interfood Shareholding Company

Notes to the seperated financial statements

1. Reporting Entity

Interfood Shareholding Company (“the Company”) is a joint stock company incorporated in Vietnam. The principal activities of the Group are to process agricultural and aquatic products into canned, dried, frozen, salted, and pickled products; and the production of biscuits and snack food; carbonated fruit juice and non-carbonated fruit juice, beverage with non-carbonated or carbonated, with or without low alcohol (less than 10%); bottled filtered water; manufactured packaging for foods and beverages; and performance of the right to export, import products in accordance with business operation as required by law

As at 31 March 2015, the Company had 1,394 employees (the year ended 31 December 2014: 1,404 employees).

2. Basis of preparation

(a) Statement of compliance

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

(b) Basis of measurement

The seperated financial statements, except for the statement of cash flows, are prepared on the accrual basis using the historical cost concept. The statement of cash flows is prepared using the indirect method.

(c) Going concern assumption

The seperated financial statements have been prepared on a going concern basis. The Company has made loss of 17,956 Million VND (2014: Loss 181,531 Million VND) during the year and at the balance sheet date, current assets exceeded current liabilities 11,771 Million VND (31/12/2014: 24,454 Million VND) and total assets exceeded total liabilities 142,104 Million VND (31/12/2014: 160,061 Million VND). 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 Company maintains its accounting records in Vietnam Dong (“VND”) and presents its seperated financial statements in VND.

Interfood Shareholding Company

Notes to the seperated financial statements (continues)

3. Summary of significant accounting policies

(a) Foreign currency transactions

From year 2012 onward, monetary assets and liabilities denominated in currencies other than VND are translated into VND at rates of exchange ruling at the balance sheet date. Transactions in currencies other than VND during the year have been translated into VND at rates approximating those ruling at the transaction dates.

All foreign exchange differences are recorded in the seperated 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.

(f) Tangible fixed assets

(i) Cost

Interfood Shareholding Company

Notes to the seperated financial statements (continues)

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition for its intended use. Expenditure incurred after tangible fixed assets have been put into operation, such as repair, maintenance and overhaul cost, is charged to the seperated statement of income in the year in which the cost is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of tangible fixed assets beyond their originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets.

(ii) Depreciation

Depreciation is computed on a straight-line basis over the estimated useful lives of fixed assets. The estimated useful lives are as follow:

Machinery and equipment	10 – 15 years
Motor vehicles	6 years
Office equipment	10 years
ERP System	10 years

(g) Construction in progress

Construction in progress represents the cost of construction and machinery which have not been fully completed or installed. No depreciation is provided for construction in progress during the period of construction and installation.

(h) Long-term prepayments

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 works.

(i) Trade and other payables

Trade and other payables are stated at their cost.

(j) Provisions

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

Interfood Shareholding Company

Notes to the seperated financial statements (continues)

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 31 December 2014 will be determined based on the eligible employees’ years of service as of 31 December 2008 and their average salary for the six-month period prior to the termination date.

(k) Classification of financial instruments

Solely for the purpose of providing disclosures about the significance of financial instruments to the Company’s seperated financial position and seperated 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:
 - 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 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.

Interfood Shareholding Company

Notes to the separated financial statements (continues)

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

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 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 cost.

the Company's financial liabilities, comprising borrowings, accounts payables and other payables, are under the category of financial liabilities carried at amortised cost.

Interfood Shareholding Company

Notes to the seperated financial statements (continues)

The above described classification of financial instruments is solely for presentation and disclosure purpose and is not intended to be a description of how the instruments are measured. Accounting policies for measurement of financial instruments are disclosed in other relevant notes.

(l) Taxation

Income tax on the seperated profit or loss for the year comprises current and deferred tax. Income tax is recognised in the seperated statement of income except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities using the tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(m) Revenue

Goods sold

Revenue from the sale of goods is recognised in the seperated 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.

(n) Operating lease payments

Payments made under operating leases are recognised in the seperated statement of income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the seperated statement of income as an integral part of the total lease expense

(o) Borrowing costs

Borrowing costs are recognised as an expense in the year in which they are incurred, except where the borrowing costs relate to borrowings in respect of the construction of qualifying assets, in which case the borrowing costs incurred during the period of construction are capitalised as part of the cost of the assets concerned.

Interfood Shareholding Company

Notes to the separated financial statements (continues)

(p) Related companies

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence

4. Cash	31/03/2015	31/12/2014
	VND'000	VND'000
Cash on hand	89,475	159,047
Cash in banks	<u>56,577,170</u>	<u>111,118,484</u>
	<u><u>56,666,645</u></u>	<u><u>111,277,531</u></u>
	-	-
5. Accounts receivable short-term and long-term		
	31/03/2015	31/12/2014
	VND'000	VND'000
Short-term receivable:		
Short-term loan granted to a related company (a)	<u>100,167,322</u>	<u>104,673,603</u>
	<u><u>100,167,322</u></u>	<u><u>104,673,603</u></u>
	-	-
	31/03/2015	31/12/2014
	VND'000	VND'000
Long-term receivable:		
Long-term loan granted to a related company (b)	<u>24,993,600</u>	<u>24,993,600</u>
	<u><u>24,993,600</u></u>	<u><u>24,993,600</u></u>
	-	-
<p>(a) This amount represented the short-term loan receivable from Avafood Shareholding Company (“Avafood”), a subsidiary.</p> <p>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 applicable interest rates at 1.896% per annum during the year (year ended 31 December 2014: 1.896% per annum for loans in USD).</p> <p>(b) This amount represented long-term loan granted to Avafood which was unsecured and earns fixed interest rate of 1.896% per annum during the year. The principal and related interest is due in May 2017.</p>		
	31/03/2015	31/12/2014
	VND'000	VND'000
Other receivables comprised:		
Other receivable	<u>92,254</u>	<u>404,746</u>
	<u><u>92,254</u></u>	<u><u>404,746</u></u>
	-	-

Interfood Shareholding Company

Notes to the separated financial statements (continues)

6. Inventories	31/03/2015	31/12/2014
	VND'000	VND'000
Raw materials	49,002,357	52,314,741
Tools and supplies	13,681,091	10,882,858
Work in progress	15,292,390	13,602,577
Finished goods	180,913,886	106,065,556
	<u>258,889,724</u>	<u>182,865,732</u>
Allowance for inventories	(99,879)	(3,435,021)
	<u>258,789,845</u>	<u>179,430,711</u>
	-	-

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

7. Tangible Fixed assets

	Machinery & Equipment VND'000	Motor vehicles VND'000	Office VND'000	Total VND'000
Historical cost				
Opening balance	370,000,367	8,980,844	4,264,581	383,245,792
Additions	314,375	-	-	314,375
Transfer from CIP	-	-	-	-
Disposals(*)	-	-	-	-
Closing balance	<u>370,314,742</u>	<u>8,980,844</u>	<u>4,264,581</u>	<u>383,560,167</u>
Accumulated depreciation				
Opening balance	230,561,264	6,410,169	2,520,377	239,491,810
Charge for the year	5,964,106	161,337	162,219	6,287,662
Disposals(*)	-	-	-	-
Closing balance	<u>236,525,370</u>	<u>6,571,506</u>	<u>2,682,596</u>	<u>245,779,472</u>
Net book value				
Opening balance	139,439,103	2,570,675	1,744,204	143,753,982
Closing balance	<u>133,789,372</u>	<u>2,409,338</u>	<u>1,581,985</u>	<u>137,780,695</u>

Included in the cost of tangible fixed assets were assets costing 26,596 million VND which were fully depreciated as of 31 March 2015 (31/12/2013: 24,419 million VND), but are still in active use.

The carrying amount of temporarily idle tangible fixed assets amounted to 1,631 million VND as of 31 March 2015 (31/12/2013: 1,706 million VND).

Interfood Shareholding Company

Notes to the separated financial statements (continues)

8.	Intangible Fixed assets				Total
	ERP				
	VND'000				VND'000
Historical cost					
Opening balance	10,815,193				10,815,193
Additions					-
Transfer from CIP	-	-			-
Written off					-
Closing balance	10,815,193	-	-	-	10,815,193
Accumulated depreciation					
Opening balance	1,861,147	-			1,861,147
Charge for the year	316,672	-			316,672
Disposals	-	-			-
Closing balance	2,177,819	-	-	-	2,177,819
Net book value					
Opening balance	8,954,046	-	-	-	8,954,046
Closing balance	8,637,374	-	-	-	8,637,374

9.	Construction in progress	31/03/2015	31/12/2014
		VND'000	VND'000
	Opening balance	1,435,765	-
	Additions during the quarter	1,914,860	3,747,591
	Transferred to tangible fixed assets	-	(2,274,026)
	Transferred to intangible fixed asset	-	(37,800)
	Written off	-	-
	Closing balance	<u>3,350,625</u>	<u>1,435,765</u>
		-	-

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.

Interfood Shareholding Company

Notes to the seperated financial statements (continues)

11. Long-term prepayment

	Renovation expenses VND'000	Tool and supplies VND'000	Total VND'000
Opening balance	475,842	2,061,901	2,537,743
Additions	-	780,576	780,576
Amortisation	(236,831)	(466,814)	(703,645)
Closing balance	239,011	2,375,663	2,614,674

12. Short-term borrowings

	31/03/2015 VND'000	31/12/2014 VND'000
Short-term Loans from Kirin Holdings Company, Limited	247,595,000	245,870,000

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

	Currency	Nominal interest rate	31/03/2015 VND'000	31/12/2014 VND'000
Loan 7 Million USD	USD	LIBOR + 0,8%/p.a	150,710,000	149,660,000
Loan 9.5 Million USD	USD	LIBOR + 0,8%/p.a	96,885,000	96,210,000
			247,595,000	245,870,000

The applicable interest rates of these loans range from 0.990% to 1.492% per annum during the year (year ended 31 December 2014: 0.954% to 1.492%)

13. Accounts payable – trade

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

	31/03/2015 VND'000	31/12/2014 VND'000
Amounts due to Vietnam Kirin Beverage Company, Limited	55,737,122	38,979,224
Amounts due to other related companies	-	-

The amount due to Vietnam Kirin Beverage Company, Limited, was the processing fee payable, which was unsecured, interest free and are payable on demand.

Interfood Shareholding Company

Notes to the seperated financial statements (continues)

14. Taxes payable to State Treasury

	31/03/2015	31/12/2014
	VND'000	VND'000
Value added tax	-	5,338,398
Personal income tax	493,356	310,347
Other tax	78,619	80,817
	<u>571,975</u>	<u>5,729,562</u>
	-	-

15. Accrued expenses

	31/03/2015	31/12/2014
	VND'000	VND'000
Sales discounts and commission	2,409,468	15,373,539
Transportation fee	7,154,369	7,920,713
Secondment fee payable (*)	2,342,467	4,742,113
Loans interest payable	3,460,334	2,168,572
Display expenses	-	3,090,617
Promotion expenses	670,728	5,745,365
Others	4,092,747	12,899,113
	<u>20,130,113</u>	<u>51,940,032</u>
	-	-

(*) 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.

16. Other payables

	31/03/2015	31/12/2014
	VND'000	VND'000
Dividend payable	505,391	505,391
Trade union, social and health insurance	180,860	137,776
Other payable	62,448	13,915
	<u>748,699</u>	<u>657,082</u>
	-	-

17. Long-term borrowings

			31/03/2015	31/12/2014
	Curre ncy	Interest rate	VND'000	VND'000
			Year of maturity	
Unsecured loan from Kirin Holdings Company, Limited	USD	1.896% p.a.	2017	
				139,945,000
				138,970,000
				<u>139,945,000</u>
				<u>138,970,000</u>
				-

(The unsecured loans bears fixed interest rate of 1.896% p.a., which is based on USD Swap Semi 30/360 5-year plus 0.8% per annum according to current Kirin Group's financial rules.

Interfood Shareholding Company

Notes to the separated financial statements (continues)

18. Provision for severance allowance

Movements of provision during the year were as follow:

	31/03/2015	31/12/2014
	VND'000	VND'000
Opening balance	2,805,693	2,873,995
Provision adjustment during the year		-
Utilised during the year		(68,302)
Closing balance	<u><u>2,805,693</u></u>	<u><u>2,805,693</u></u>

During this quarter, the Company contributed 274 million VND (year ended 31 December 2014: 1,093 million VND) to the unemployment insurance fund and the amount is recorded as part of labour and staff costs in the separated statement of income.

19. Movement in owner's equity

	Paid in capital	Share premium	Acquisition Reserves	Undistributed earnings	Total
	VND'000	VND'000	VND'000	VND'000	VND'000
Prior year's opening balance	591,443,888	85,035,704	-	(544,887,495)	131,592,097
Current year's capital increase	210,000,000	-	-	-	210,000,000
Prior year's adjustment	-	-	-	-	-
Reclassification (Note 21)	(90,034,048)	-	90,034,048	-	-
Prior year's net loss	-	-	-	(181,531,387)	(181,531,387)
Prior year's closing balance	711,409,840	85,035,704	90,034,048	(726,418,882)	160,060,710
Current year's opening balance	711,409,840	85,035,704	90,034,048	(726,418,882)	160,060,710
Current year's capital increase	-	-	-	-	-
Current year's net profit	-	-	-	(17,956,373)	(17,956,373)
Current year's closing balance	711,409,840	85,035,704	90,034,048	(744,375,255)	142,104,337

20. Share capital

The Company's authorised and issued share capital is:

	31/03/2015		31/12/2014	
	Number of shares	VND'000	Number of shares	VND'000
Authorised and issued share capital				
Ordinary shares	71,140,992	711,409,920	50,140,992	501,409,920
Shares in circulation				
Ordinary shares	71,140,984	711,409,840	50,140,984	501,409,840
Treasury shares				
Treasury shares	8	80	8	80

Interfood Shareholding Company

Notes to the seperated financial statements (continues)

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.

Movements in share capital during the year were as follows:

	31/03/2015		31/12/2014	
	Number of shares	VND'000	Number of shares	VND'000
Balance at the beginning of the period	71,140,984	711,409,840	50,140,984	591,443,888
Transferred to Acquisition reserve (Note 21b)	-	-	-	(90,034,048)
Shares issued during the year	-	-	21,000,000	210,000,000
Balance at the end of period:	71,140,984	711,409,840	71,140,984	711,409,840

21. Other reserves

	31/03/2015 VND'000	31/12/2014 VND'000
Other reserve	90,034,048	90,034,048
	90,034,048	90,034,048

On 1 January 2013, the Group changed its accounting currency from United States Dollars (USD) to Vietnam Dong (VND) in accordance with the requirements of Circular No. 244/2010/TT/BTC dated 31 December 2009 of the Ministry of Finance (Circular 244). Accordingly, all balances in USD as at 31 December 2012 have been translated to VND at the exchange rate of VND20,828 to USD1. This amount represents the difference between the converted value and par value of ordinary shares in VND.

22. Revenues

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

Net sales comprised.

	Q1-2015 VND'000	Q1-2014 VND'000	YTD2015 VND'000	YTD2014 VND'000
Total revenue				
■ Sales of drinks	200,794,497	202,233,181	200,794,497	1,027,224,926
■ Sales of biscuits	6,364,170	6,604,254	6,364,170	22,852,895
■ Sales of other products	27,297,847	26,985,011	27,297,847	135,841,200
	234,456,514	235,822,446	234,456,514	1,185,919,021

Interfood Shareholding Company

Notes to the separated financial statements (continues)

	Q1-2015	Q1-2014	YTD2015	YTD2014
	VND'000	VND'000	VND'000	VND'000
Less sales deductions:				
■ Sales allowances	6,617,847	6,897,863	6,617,847	34,815,472
■ Sales return	-	939,585	-	3,892,322
	6,617,847	7,837,448	6,617,847	38,707,794
Net sales	227,838,667	227,984,998	227,838,667	1,147,211,227

22. Cost of sales

	Q1-2015	Q1-2014	YTD2015	YTD2014
	VND'000	VND'000	VND'000	VND'000
Total cost of sales				
■ Cost of drinks	143,467,091	146,371,977	143,467,091	720,636,381
■ Cost of biscuit	4,879,246	5,456,304	4,879,246	20,815,688
■ Cost of other products	9,792,341	18,328,823	9,792,341	104,828,487
	158,138,678	170,157,104	158,138,678	846,280,556

23. Income from financial activities

	Q1-2015	Q1-2014	YTD2015	YTD2014
	VND'000	VND'000	VND'000	VND'000
Interest income from bank deposits	77,026	82,945	77,026	328,686
Interest income from loan to Avafood	8,037	654,585	8,037	2,507,082
Realised gains from foreign exchange	588,840	190,065	588,840	9,885,375
Unrealised gains from foreign exchange	3,768,563	-	3,768,563	42,069
	4,442,466	927,595	4,442,466	12,763,212

24. Financial expenses

	Q1-2015	Q1-2014	YTD2015	YTD2014
	VND'000	VND'000	VND'000	VND'000
Interest expense	1,291,763	1,720,141	1,291,763	6,959,861
Realised foreign exchange losses	9,344	228,070	9,344	12,014,624
Unrealised foreign exchange losses	6,238,218	-	6,238,218	4,935,348
	7,539,325	1,948,211	7,539,325	23,909,833

25. Other income

	Q1-2015	Q1-2014	YTD2015	YTD2014
	VND'000	VND'000	VND'000	VND'000
Compensation received for unqualified materials	-	-	-	4,523,606
Others	953,458	644,865	953,458	5,563,246
	953,458	644,865	953,458	10,086,852

26. Other expenses

	Q1-2015	Q1-2014	YTD2015	YTD2014
	VND'000	VND'000	VND'000	VND'000
Tax penalties	-	-	-	2,576
Depreciation of idle fixed assets	129,687	111,248	-	457,099
Others	59,395	10,707	59,395	660,310
	189,082	121,955	59,395	1,119,985

Interfood Shareholding Company

Notes to the separated financial statements (continues)

27. Corporate Income Taxes

(a) Reconciliation of effective tax rate

	31/03/2015 VND'000	31/12/2014 VND'000
Loss before tax	(17,956,373)	(181,531,387)
Tax at the Company's tax rate (Note 27c)	(3,950,402)	(39,936,905)
Non-deductible expenses		23,176,410
Effect of change in tax rate		1,821,622
Deferred tax assets not recognised	3,950,402	14,938,873
Written down of deferred tax assets		-
Under provision in prior years		-
	<u>-</u>	<u>-</u>

(b) Unrecognised deferred tax assets

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

	31/03/2015		31/12/2014	
	Temporary difference VND'000	Tax value VND'000	Temporary difference VND'000	Tax value VND'000
Deductible temporary differences	57,434,153	12,635,514	57,434,153	12,635,514
Taxes loss	45,870,837	10,091,584	45,870,837	10,091,584
	<u>103,304,990</u>	<u>22,727,098</u>	<u>103,304,990</u>	<u>22,727,098</u>

The tax losses expire in the following years:

Year of expiry	Status of tax review	Tax losses available
2017	Outstanding	8,084,006
2019	Outstanding	37,786,831
		<u>45,870,837</u>

The deductible temporary differences other than tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

(c) Applicable tax rates

Under the terms of the Company's Investment Certificate, the Company has an obligation to pay the government income tax at the rate of 15% of taxable profits for the first 12 years starting from the first year of operation (1994). Thereafter, from 2006 to 2013, the Company is subject to income tax at the rate of 25% and from 2014 onward will be 22%.

Interfood Shareholding Company

Notes to the separated financial statements (continues)

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

Under Decree No. 124/2008/ND-CP dated 11 December 2008 (which replaced Decree No. 24/2007/ND-CP dated 14 February 2007) and Decree 122/2011ND-CP dated 27 December 2012 (which provided a number of amendments to prevailing Decree No124/2008/ND-CP), the Company will continue to enjoy its tax incentives under Decree No. 24/2007/ND-CP dated 14 February 2007.

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;

On 19 June 2013, the National Assembly approved the Law on amendments and supplements to a number of articles of the Corporate Income Tax Law. Accordingly, the highest income tax rate shall be reduced from 25% to 22% for 2014 and 2015, and to 20% from 2016.

28. 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,

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.

Interfood Shareholding Company

Notes to the separated financial statements (continues)

(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:

	Notes	31/03/2015 VND'000	31/12/2014 VND'000
Cash in bank		56,577,170	111,118,484
Trade and other receivables		12,196,003	34,906,365
Intra company receivable short term		100,167,322	104,673,603
Long-term loan receivable		24,993,600	24,993,600
		<u>193,976,189</u>	<u>275,734,056</u>

(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 has mad allowance for doubtful debts is necessary in respect of the outstanding trade and other receivables as of 31 December 2014.

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

	31/03/2015 VND'000	31/12/2014 VND'000
Non past due	8,171,223	32,638,152
Past due 0 – 30 days	1,094,101	1,410,811
Past due 31 – 180 days	2,548,224	857,402
Over 180 days	2,427,923	2,045,468
	<u>14,241,471</u>	<u>36,951,833</u>

Interfood Shareholding Company

Notes to the seperated financial statements (continues)

(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.

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

31/03/2015	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.	167,024,782	167,024,782	-	-	-
Short-term borrowings.	247,595,000	247,956,459	-	-	-
Long-term borrowings.	139,945,000	2,660,627	2,660,627	140,243,048	-
	554,564,782	417,641,868	2,660,627	140,243,048	-

31/12/2014	Carrying amount VND'000	Contractual cash flows VND'000	Within 1 year VND'000	1 – 2 years VND'000	2 – 5 years VND'000
Trade and other payables.	157,261,662	157,261,662	157,261,662	-	-
Short-term borrowings.	245,870,000	247,045,142	247,045,142	-	-
Long-term borrowings.	138,970,000	145,257,095	2,634,871	2,634,871	139,987,353
	542,101,662	549,563,899	406,941,675	2,634,871	139,987,353

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

- USD 5 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.

(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.

Interfood Shareholding Company

Notes to the separated financial statements (continues)

(i) *Currency risk*

the Company is exposed to currency risk on sales and purchases that are denominated in a currency other than the accounting currency of the Company. The currency in which these transactions primarily are denominated is VND.

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

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

	USD	USD
	31/03/2015	31/12/2014
Cash	1,485,808	2,229,236
Accounts receivable – trade.	167,804	339,568
Short-term loan	(11,500,000)	(11,500,000)
Account payables.	(236,212)	(164,548)
Other monetary liabilities		(317,543)
Long-term loan	(6,500,000)	(6,500,000)
	<u>(16,582,600)</u>	<u>(15,913,287)</u>

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

	VND	VND
	31/03/2015	31/12/2014
1 USD	<u>21,530</u>	<u>21,380</u>

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

	Increase in net loss.
	VND'000
31/03/2015	31/03/2015
USD (1% strengthening of USD)	<u>2,745,249</u>
	Increase in net loss.
	VND'000
31/12/2014	31/12/2014
USD (1% strengthening of USD)	<u>2,653,763</u>

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

Interfood Shareholding Company

Notes to the seperated financial statements (continues)

(ii) Interest rate risk

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

	Carrying amount	
	31/03/2015	31/12/2014
	VND'000	VND'000
Fixed rate instruments.		
Financial asset	24,993,600	24,993,600
Financial liabilities	(139,945,000)	(138,970,000)
	<u>(114,951,400)</u>	<u>(113,976,400)</u>
Variable rate instruments.		
Financial assets	156,744,492	215,792,087
Financial liabilities	(247,595,000)	(245,870,000)
	<u>(90,850,508)</u>	<u>(30,077,913)</u>

A change of 100 basis points in interest rates would have increased net losses of the Company by Million VND 93 (2013: Million VND 8). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

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

(e) Liquidity risk

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

29. Significant transactions with related parties

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

	Carrying amount	
	31/03/2015	31/12/2014
	VND'000	VND'000
Related companies		
Kirin Holdings Company, Limited		
Ultimate Parent Company		
Short-term borrowings	-	126,945,000
Shares issued	-	210,000,000
Interest expenses	1,291,763	6,959,861
Secondment fee	2,399,438	9,626,009

Interfood Shareholding Company

Notes to the seperated financial statements (continues)

Avafood Shareholding Company.

Short-term loan granted	8,650,000	40,400,000
Interest income	588,840	2,507,082
Processing service	11,012,512	43,955,455
Office and factory rental fee	1,483,053	5,932,230

Vietnam Kirin Beverage Company, Limited

Purchase of goods	-	8,808
Processing fee	41,730,471	132,662,976

Board of Directors and Board of Management

Secondment fees	1,155,240	4,198,548
Salary	329,656	1,307,374

30. Commitments

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

	VND'000	VND'000
	31/03/2015	31/12/2014
Within one year	7,961,292	9,263,521
Within two to five years	24,607,632	24,862,422
Over five years	4,148,928	5,531,904
	<u>36,717,852</u>	<u>39,657,847</u>

31. Production and business costs by element

	Q1-2015	Q1-2014	YTD2015	YTD2014
	VND'000	VND'000	VND'000	VND'000
Raw material costs	173,959,800	149,199,932	173,959,800	639,452,313
Labour costs and staff costs	42,619,434	41,240,660	42,619,434	195,481,680
Depreciation and amortisation	6,869,239	6,610,401	6,869,239	26,183,300
Outside services	110,943,249	87,590,105	110,943,249	456,494,815
Other expenses	2,857,718	16,498	2,857,718	9,407,851
	<u>337,249,441</u>	<u>284,657,596</u>	<u>337,249,441</u>	<u>1,327,019,959</u>

12nd May 2015

Prepared by:

Approved by:

(Signed)

(Signed and Sealed)

Nguyễn Hồng Phong
Chief Accountant

Toru Yamasaki
Chairman, General Director