

**Interfood Shareholding Company
and its subsidiary**

Special-purpose Consolidated Interim Financial
Statements for compliance with Circular
No. 244/2009/TT-BTC for the
six-month period ended 30 June 2012

Interfood Shareholding Company and its subsidiary Corporate information

Investment Licence No. 270/GP 16 November 1991

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

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

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

Board of Management	Michio Nagabayashi	Chairman
	Ryoichi Yonemura	Member (until 12 April 2012)
	Hiroshi Fujikawa	Member
	Nguyen Thi Kim Lien	Member
	Pang Tze Wei	Member
	Toru Yamasaki	Member (from 12 April 2012)

Board of Directors	Michio Nagabayashi	General Director
	Hajime Kobayashi	Director/General Manager of Corporate Planning
	Kazufumi Nagashima	Director/General Manager of Factory
	Hidefumi Matsuo	Director/Financial Controller
	Nguyen Thi Kim Lien	Director/General Manager of Finance

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

Auditors KPMG Limited
Vietnam

INDEPENDENT AUDITORS' REPORT ON RESULTS OF SPECIAL-PURPOSE CONSOLIDATED FINANCIAL STATEMENTS REVIEW

To the Shareholders Interfood Shareholding Company

Scope

We have reviewed the accompanying special-purpose consolidated balance sheet of Interfood Shareholding Company (“the Company”) and its subsidiary (collectively “the Group”) as of 30 June 2012, the related special-purpose consolidated statements of income, changes in equity and cash flows for the six-month period then ended and the explanatory notes thereto which were authorised for issue by the Company’s management on 28 August 2012, as set out on pages 4 to 40. The special-purpose consolidated interim financial statements are the responsibility of the Company’s management. Our responsibility is to issue a report on these special-purpose consolidated interim financial statements based on our review. The special-purpose consolidated financial statements of the Group as of and for the year ended 31 December 2011 were audited by another firm of auditors whose report dated 24 March 2012 expressed an unqualified opinion on these financial statements. Additionally, the special-purpose consolidated interim financial statements for the six-month period ended 30 June 2011 and the explanatory notes thereto were reviewed by another firm of auditors whose report dated 19 September 2011 expressed an unqualified review conclusion on those statements.

We conducted our review in accordance with Vietnamese Standards on Auditing No. 910 on Engagement to Review Financial Statements. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited to primarily inquiries of Group’s 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying special-purpose consolidated interim financial statements have not been prepared, in all material respect, in accordance with the basis of accounting as described in Note 2(a).

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2(a) to the special-purpose consolidated interim financial statements, which describes that the Company's consolidated interim financial statements prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and the relevant statutory requirements are presented in United States Dollars. The accompanying special-purpose consolidated interim financial statements which are presented in Vietnam Dong have been prepared on the basis of accounting described in Note 2(a) to the special-purpose financial statements solely for the purpose of filing with the Vietnamese authorities for compliance with Circular No. 244/2009/TT-BTC issued by the Ministry of Finance on 31 December 2009. As a result, the accompanying special-purpose consolidated interim financial statements may not be suitable for another purpose.

This report is intended solely for the information and use of the Board of Directors of Interfood Shareholding Company for the purpose of filing with the Vietnamese authorities pursuant to the above guidance and is not intended to be and should not be used for any other purpose.

KPMG Limited

Vietnam

Investment Licence No: 011043000345

Review Report No: 12-01-204

Nguyen Thanh Nghi
CPA No. N0304/KTV
Deputy General Director

Chong Kwang Puay
CPA No. N0864/KTV

Ho Chi Minh City, 28 August 2012

Interfood Shareholding Company and its subsidiary
Special-purpose financial statements for compliance with Circular No. 244/2009/TT-BTC
Consolidated balance sheet as at 30 June 2012

Form B 01a – DN

	Code	Note	30/6/2012 VND'000	31/12/2011 VND'000 (Restated)
ASSETS				
Current assets (100 = 110 + 130 + 140 + 150)	100		241,434,906	204,384,310
Cash	110	5	39,404,368	41,214,467
Accounts receivable	130	6	29,795,225	20,226,217
Accounts receivable – trade	131		11,872,481	8,680,569
Prepayments to suppliers	132		10,761,807	10,209,719
Other receivables	135		7,160,937	1,335,929
Inventories	140	7	166,867,563	137,423,519
Inventories	141		168,399,192	137,423,519
Allowance for inventories	149		(1,531,629)	-
Other current assets	150		5,367,750	5,520,107
Short-term prepayments	151		378,778	250,457
Deductible value added tax	152		1,025,883	2,170,610
Taxes and other receivables from State Treasury	154	8	2,226,659	2,226,659
Other current assets	158		1,736,430	872,381
Long-term assets (200 = 220 + 260)	200		482,838,695	498,283,573
Fixed assets	220		412,919,890	426,249,352
Tangible fixed assets	221	9	405,174,977	396,913,573
<i>Cost</i>	222		744,715,241	714,322,920
<i>Accumulated depreciation</i>	223		(339,540,264)	(317,409,347)
Construction in progress	230	10	7,744,913	29,335,779
Other long-term assets	260		69,918,805	72,034,221
Long-term prepayments	261	11	29,525,356	29,100,485
Deferred tax assets	262	12	40,247,236	42,787,523
Other non-current asset	268		146,213	146,213
TOTAL ASSETS (270 = 100 + 200)	270		724,273,601	702,667,883

The accompanying notes are an integral part of these special-purpose consolidated interim financial statements

Interfood Shareholding Company and its subsidiary
Special-purpose financial statements for compliance with Circular No. 244/2009/TT-BTC
Consolidated balance sheet as at 30 June 2012 (continued)

Form B 01a – DN

	Code	Note	30/6/2012 VND'000	31/12/2011 VND'000 (Restated)
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		639,571,165	620,463,058
Current liabilities	310		393,371,417	508,734,981
Short-term borrowings	311	13	281,178,000	395,732,000
Accounts payable – trade	312	14	85,371,639	65,667,122
Advances from customers	313		3,511,601	3,150,360
Taxes payable to State Treasury	314	15	800,337	3,844,349
Payables to employees	315		7,728,979	7,816,249
Accrued expenses	316	16	12,855,437	9,756,981
Other payables	319	17	1,925,424	22,767,920
Long-term borrowings and liabilities	330		246,199,748	111,728,077
Other long-term liabilities	333		26,139	26,139
Long-term borrowings	334	18	239,388,971	104,006,971
Deferred tax liabilities	335	12	3,120,368	2,880,096
Provision for severance allowance	336	19	3,664,270	4,814,871
EQUITY (400 = 410)	400		84,133,186	81,712,035
Owners' equity	410		84,133,186	81,712,035
Share capital	411	20	381,443,888	381,443,888
Share premium	412		85,035,704	85,035,704
Acquisition reserve	419	21	(32,535,252)	(32,535,252)
Accumulated losses	420		(349,811,154)	(352,232,305)
MINORITY INTEREST	439		569,250	492,790
TOTAL RESOURCES (440 = 300 + 400 + 439)	440		724,273,601	702,667,883

The accompanying notes are an integral part of these special-purpose consolidated interim financial statements

Interfood Shareholding Company and its subsidiary
Special-purpose financial statements for compliance with Circular No. 244/2009/TT-BTC
Consolidated balance sheet as at 30 June 2012 (continued)

Form B 01a – DN

OFF BALANCE SHEET ITEMS

	30/6/2012	31/12/2011
	VND'000	VND'000
Foreign currency (VND)	14,692,196	5,640,722

Prepared by:

Approved by:

Nguyen Hong Phong
Chief Accountant

Michio Nagabayashi
Chairman – cum General Director

28 August 2012

The accompanying notes are an integral part of these special-purpose consolidated interim financial statements

Interfood Shareholding Company and its subsidiary
Special-purpose financial statements for compliance with Circular No. 244/2009/TT-BTC
Consolidated statement of income for the six-month period ended 30 June 2012

Form B 02a – DN

	Code	Note	Six-month period from 1/1/2012 to 30/6/2012 VND'000	Six-month period from 1/1/2011 to 30/6/2011 VND'000
Total revenue	01	22	476,952,431	516,294,691
Less revenue deductions	02	22	(14,015,702)	(13,195,705)
Net revenue (10 = 01 + 02)	10	22	462,936,729	503,098,986
Cost of sales	11	23	(355,891,556)	(401,308,009)
Gross profit (20 = 10 + 11)	20		107,045,173	101,790,977
Financial income	21	24	455,175	30,701,305
Financial expenses	22	25	(4,740,536)	(29,229,120)
<i>In which: Interest expenses</i>	23		(3,617,158)	(17,145,214)
Selling expenses	24		(88,837,377)	(83,911,618)
General and administration expenses	25		(14,502,266)	(21,590,950)
Net operating loss (30 = 20 + 21 + 22 + 24 + 25)	30		(579,831)	(2,239,406)
Other income	31	26	12,244,156	6,192,394
Other expenses	32		(6,386,156)	(4,994,492)
Results of other activities (40 = 31 + 32)	40		5,858,000	1,197,902
Profit/(loss) before tax (50 = 30 + 40)	50		5,278,169	(1,041,504)
Income tax expense – current	51	27	(2,540,287)	-
Income tax expense – deferred	52	27	(240,272)	(240,272)
Net profit/(loss) after tax (60 = 50 + 51 + 52)	60		2,497,610	(1,281,776)

The accompanying notes are an integral part of these special-purpose consolidated interim financial statements

Interfood Shareholding Company and its subsidiary
Special-purpose financial statements for compliance with Circular No. 244/2009/TT-BTC
Consolidated statement of income for the six-month period ended 30 June 2012 (continued)

Form B 02a – DN

	Code	Note	Six-month period from 1/1/2012 to 30/6/2012 VND'000	Six-month period from 1/1/2011 to 30/6/2011 VND'000
Attributable to:				
Minority interest	61		76,459	993,121
Equity holders of the Company	62		2,421,151	(2,274,897)
Earnings per share		28		
Basic earnings/(loss) per share	70		0.0083	(0.0078)

Prepared by:

Approved by:

Nguyen Hong Phong
Chief Accountant

Michio Nagabayashi
Chairman – cum General Director

28 August 2012

The accompanying notes are an integral part of these special-purpose consolidated interim financial statements

Interfood Shareholding Company and its subsidiary
Special-purpose financial statements for compliance with Circular No. 244/2009/TT-BTC
Consolidated statement of changes in equity for the six-month period ended 30 June 2012

	Share capital VND'000	Share premium VND'000	Acquisition reserve VND'000	Accumulated losses VND'000	Total VND'000
Balance at 31 December 2010 – as previously stated	381,443,888	85,035,704	(32,535,252)	(292,782,549)	141,161,791
Impact of prior year adjustment (Note 33)	-	-	-	(2,056,765)	(2,056,765)
Balance at 31 December 2010 – as restated	381,443,888	85,035,704	(32,535,252)	(294,839,314)	139,105,026
Net loss for the period	-	-	-	(2,274,897)	(2,274,897)
Balance at 30 June 2011	381,443,888	85,035,704	(32,535,252)	(297,114,211)	136,830,129
Balance at 31 December 2011 – as restated	381,443,888	85,035,704	(32,535,252)	(352,232,305)	81,712,035
Net profit for the period	-	-	-	2,421,151	2,421,151
Balance at 30 June 2012	381,443,888	85,035,704	(32,535,252)	(349,811,154)	84,133,186

Prepared by:

Approved by:

Nguyen Hong Phong
Chief Accountant

Michio Nagabayashi
Chairman – cum General Director

28 August 2012

The accompanying notes are an integral part of these special-purpose consolidated interim financial statements

Interfood Shareholding Company and its subsidiary
Special-purpose financial statements for compliance with Circular No. 244/2009/TT-BTC
Consolidated statement of cash flows for the six-month period ended 30 June 2012 –
Indirect method

Form B 03a – DN

	Code	Note	Six-month period from 1/1/2012 to 30/6/2012 VND'000	Six-month period from 1/1/2011 to 30/6/2011 VND'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(loss) before tax	01		5,278,169	(1,041,504)
Adjustments for				
Depreciation and amortisation	02		22,535,292	22,567,076
Allowances and provisions	03		2,561,719	3,318,317
Unrealised foreign exchange losses	04		-	593,473
Interest income	05		(254,289)	(5,193,733)
Interest expense	06		3,617,158	17,145,214
Operating profit before changes in working capital	08		33,738,049	37,388,843
Change in receivables and other current assets	09		(9,288,330)	7,108,659
Change in inventories	10		(30,975,672)	(4,171,640)
Change in payables and other liabilities	11		17,404,668	(36,725,179)
Change in prepayments	12		(128,321)	(882,149)
			10,750,394	2,718,534
Interest paid	13		(3,184,081)	(16,934,310)
Net cash flows from operating activities	20		7,566,313	(14,215,776)
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for additions to fixed assets and other long-term assets	21		(9,630,701)	(3,047,740)
Receipt of long-term deposit	24		-	21,828
Receipts of interests	27		254,289	147,691
Net cash flows from investing activities	30		(9,376,412)	(2,878,221)

The accompanying notes are an integral part of these special-purpose consolidated interim financial statements

Interfood Shareholding Company and its subsidiary
Special-purpose financial statements for compliance with Circular No. 244/2009/TT-BTC
Consolidated statement of cash flows for the six-month period ended 30 June 2012 –
Indirect method (continued)

Form B 03a – DN

	Code	Note	Six-month period from 1/1/2012 to 30/6/2012 VND'000	Six-month period from 1/1/2011 to 30/6/2011 VND'000
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from short-term and long-term borrowings	33		-	503,837,380
Payments to settle debts	34		-	(476,449,435)
Net cash flows from financing activities	40		-	27,387,945
Net cash flows during the period (50 = 20 + 30 +40)	50		(1,810,099)	10,293,948
Cash at the beginning of the period	60		41,214,467	2,725,427
Cash at the end of the period (70 = 50 + 60)	70	5	39,404,368	13,019,375

NON-CASH INVESTING AND FINANCING ACTIVITIES

	Six-month period from 1/1/2012 to 30/6/2012 VND'000	Six-month period from 1/1/2011 to 30/6/2011 VND'000
Transfer from other payables to short-term borrowings	20,828,000	-

Prepared by:

Approved by:

Nguyen Hong Phong
Chief Accountant

Michio Nagabayashi
Chairman – cum General Director

28 August 2012

The accompanying notes are an integral part of these special-purpose consolidated interim financial statements

**Interfood Shareholding Company and its subsidiary
Special-purpose financial statements for compliance with Circular No. 244/2009/TT-BTC
Notes to the consolidated interim financial statements for the six-month period
ended 30 June 2012**

Form B 09a – DN

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

1. Reporting Entity

Interfood Shareholding Company (“the Company”) is a joint stock company incorporated in Vietnam. The consolidated interim financial statements for the six-month period ended 30 June 2012 comprises the Company and its subsidiary, Avafood Shareholding Company (“Avafood”), (collectively “the Group”). The principal activities of the Group are to process agricultural and aquatic products into canned, dried, frozen, salted, and pickled products and the production of biscuits and snack food, carbonated fruit juice and fruit juice with 5% alcohol content, bottled filtered water and PET bottle; and to manufacture packaging for foods and beverages.

The Company owns 90% of the equity interests in Avafood, whose principal activities are to provide processing service and produce products including fruit juice, bottled filtered water, biscuits, jams and sweets of all kinds, and from agricultural and aquatic products as well as livestock and lease a workshop under the Investment Licence No. 48/GP-ĐN issued by the People’s Committee of Dong Nai Province on 19 July 2002.

The Company’s shares are 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.

As at 30 June 2012, the Group had 1,253 employees (the year ended 31 December 2011: 828 employees).

2. Basis of preparation

(a) Statement of compliance

The Group maintains its accounting records in United States Dollars (“USD”) and presents its financial statements prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and the relevant regulatory requirements in USD. The accompanying special-purpose financial statements which are presented in Vietnam Dong rounded to the nearest thousand (“VND’000”) have been prepared solely for the purpose of filing with the Vietnamese authorities for compliance with Circular No. 244/2009/TT-BTC (“Circular 244”) issued by the Ministry of Finance on 31 December 2009. These VND’000 financial statements, including amounts presented for the corresponding figures, have been translated from the USD financial statements at the inter-bank exchange rate ruling at the reporting date as announced by the State bank of Vietnam of VND20,828 for USD1 in accordance with the guidance in Circular 244. This method of translation does not comply with Vietnamese Accounting Standard No. 10, “The Effect of Changes in Foreign Exchange Rates” and accordingly, the accompanying special-purpose financial statements are not intended to be a presentation in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and the relevant regulatory requirements applicable to interim financial statements.

Interfood Shareholding Company and its subsidiary
Special-purpose financial statements for compliance with Circular No. 244/2009/TT-BTC
Notes to the consolidated interim financial statements for the six-month period
ended 30 June 2012 (continued)

Form B 09a – DN

(b) Basis of measurement

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

(c) Annual accounting period

The annual accounting period of the Group is from 1 January to 31 December.

(d) Accounting currency

The Group maintains its accounting records in United States Dollars (“USD”) and presents its consolidated interim financial statements in USD as approved by the Ministry of Finance in its Official Letter No. 550 TC/CDKT dated 5 September 1998.

3. Summary of significant accounting policies

The following significant accounting policies have been adopted by the Group in the preparation of these consolidated interim financial statements.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated interim financial statements from the date that control commences until the date that control ceases.

(ii) Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated interim financial statements.

(b) Foreign currency transactions

Monetary assets and liabilities denominated in currencies other than USD are translated into USD at rates of exchange ruling at the balance sheet date. Transactions in currencies other than USD during the year have been translated into USD at rates approximating those ruling at the transaction dates.

All foreign exchange differences are recorded in the statement of income in accordance with Vietnamese Accounting Standard No. 10 (“VAS 10”) – The Effects of Changes in Foreign Exchange Rates.

Interfood Shareholding Company and its subsidiary
Special-purpose financial statements for compliance with Circular No. 244/2009/TT-BTC
Notes to the consolidated interim financial statements for the six-month period
ended 30 June 2012 (continued)

Form B 09a – DN

(c) Cash and cash equivalents

Cash comprises cash balances and call deposits.

(d) Accounts receivable

Trade and other receivables are stated at cost less allowance for doubtful debts.

(e) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes all costs incurred in bringing the inventories to their present location and condition. Cost in the case of finished goods and work in progress includes raw materials, direct labour and attributable manufacturing overheads. Net realisable value is the estimated selling price of inventory items, less the estimated costs of completion and selling expenses.

The Group applies the perpetual method of accounting for inventory.

(f) Tangible fixed assets

(i) Cost

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

(ii) Depreciation

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

▪ Buildings	15 – 30 years
▪ Machinery and equipment	10 – 15 years
▪ Motor vehicles	6 years
▪ Office equipment	10 years

Interfood Shareholding Company and its subsidiary
Special-purpose financial statements for compliance with Circular No. 244/2009/TT-BTC
Notes to the consolidated interim financial statements for the six-month period
ended 30 June 2012 (continued)

Form B 09a – DN

(g) Construction in progress

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

(h) Long-term prepayments

(i) Tools and supplies

Tools and supplies which do not qualify for recognition of tangible fixed assets under Vietnamese regulation as their cost is less than VND10 million are classified as long-term prepayments and are amortised on a straight line basis over 3 years.

(ii) Prepaid land costs

Prepaid land costs comprise prepaid land lease rentals and other costs incurred in conjunction with securing the use of leased land. These costs are recognised in the statement of income on a straight-line basis over the term of the lease of 45.5 years.

(i) Trade and other payables

Trade and other payables are stated at their cost.

(j) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or 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.

(k) Provision for 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.

Interfood Shareholding Company and its subsidiary
Special-purpose financial statements for compliance with Circular No. 244/2009/TT-BTC
Notes to the consolidated interim financial statements for the six-month period
ended 30 June 2012 (continued)

Form B 09a – DN

Pursuant to Law on Social Insurance, effective from 1 January 2009 the Group and its employees are required to contribute to an unemployment insurance fund managed by the Vietnam Social Insurance Agency. The contribution to be paid by each party is calculated at 1% of the lower of the employees' basic salary and 20 times the general minimum salary level as specified by the Government from time to time. With the implementation of unemployment insurance scheme, the Group is no longer required to provide severance allowance for the service period after 1 January 2009. However, severance allowance to be paid to the existing eligible employees as of 30 June 2012 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.

(1) Classification of financial instruments

Solely for the purpose of providing disclosures about the significance of financial instruments to the Group's financial position and results of operations and the nature and extent of risk arising from financial instruments, the Group classifies its financial instruments as follow:

(i) *Financial assets*

Financial assets at fair value through profit or loss

A financial asset at fair value through profit or loss is a financial asset that meets either of the following conditions:

- It is considered by management as held for trading. A financial asset is considered as held for trading if:
 - acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
 - there is evidence of a recent pattern of short-term profit-taking; or
 - a derivative (except for a derivative that is financial guarantee contract or a designated and effective hedging instrument).
- Upon initial recognition, it is designated by the Group as 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 Group has the positive intention and ability to hold to maturity, other than:

- those that the Group on initial recognition designates as at fair value through profit or loss;
- those that the Group designates as available-for-sale; and
- those that meet the definition of loans and receivables.

Interfood Shareholding Company and its subsidiary
Special-purpose financial statements for compliance with Circular No. 244/2009/TT-BTC
Notes to the consolidated interim financial statements for the six-month period
ended 30 June 2012 (continued)

Form B 09a – DN

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those:

- that the Group intends to sell immediately or in the near term, which are classified as held for trading, and those that the entity on initial recognition designates as at fair value through profit or loss;
- that the Group on initial recognition designates as available-for-sale; or
- for which the Group may not recover substantially all of its initial investment, other than because of credit deterioration, which are classified as available-for-sale.

Available-for-sale financial assets

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

- financial assets at fair value through profit or loss;
- held-to-maturity investments; or
- loans and receivables.

Under the above disclosure requirements, cash in bank are under the category of held-to-maturity assets and all other financial assets 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:
 - acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
 - there is evidence of a recent pattern of short-term profit-taking; or
 - a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).
- Upon initial recognition, it is designated by the Group as financial liabilities at fair value through profit or loss.

Interfood Shareholding Company and its subsidiary
Special-purpose financial statements for compliance with Circular No. 244/2009/TT-BTC
Notes to the consolidated interim financial statements for the six-month period
ended 30 June 2012 (continued)

Form B 09a – DN

Financial liabilities carried at amortised cost

Financial liabilities which are not classified as financial liabilities at fair value through profit or loss are classified as financial liabilities carried at amortised costs.

Under the above disclosure requirements, all financial liabilities are under the category of financial liabilities carried at amortised cost.

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

(m) Taxation

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

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially 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 amount of assets and liabilities using tax rates enacted or substantively enacted at the balance sheet date.

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

(n) Acquisition reserve

Acquisition reserve represents the difference between the consideration given and the aggregate value of the assets and liabilities of the acquired entity in a business combination involving entities under common control.

Interfood Shareholding Company and its subsidiary
Special-purpose financial statements for compliance with Circular No. 244/2009/TT-BTC
Notes to the consolidated interim financial statements for the six-month period
ended 30 June 2012 (continued)

Form B 09a – DN

(o) Revenue

Revenue from the sale of goods is recognised in the statement of income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods.

(p) Operating lease payments

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

(q) 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.

(r) Earnings per share

The Group presents basic earnings per share (“EPS”) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. The Group does not present diluted EPS as it has no potential ordinary shares.

(s) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

(t) 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.

(u) Off balance sheet items

Interfood Shareholding Company and its subsidiary
Special-purpose financial statements for compliance with Circular No. 244/2009/TT-BTC
Notes to the consolidated interim financial statements for the six-month period
ended 30 June 2012 (continued)

Form B 09a – DN

Amounts which are defined as off balance sheet items under the Vietnamese Accounting System are disclosed in the relevant notes to these consolidated interim financial statements.

4. Segment reporting

The Group mainly operates in one business segment, which is the production and sales of beverage and in one geographical segment, which is Vietnam. During the period, the Group was involved in certain production and trading transactions of biscuits and other related products which do not qualify as separate segments.

5. Cash

	30/6/2012	31/12/2011
	VND'000	VND'000
Cash on hand	226,900	240,251
Cash in bank	39,177,468	40,974,216
	<hr/>	<hr/>
	39,404,368	41,214,467
	<hr/>	<hr/>

Cash at 30 June 2012 included amounts denominated in currencies other than VND amounting to VND24.7 billion (31/12/2011: VND35.6 billion).

6. Accounts receivable

Other receivables comprised:

	30/6/2012	31/12/2011
	VND'000	VND'000
Marketing support receivable from Kirin Holdings Singapore Pte, Ltd. (*)	6,439,705	-
Others	721,232	1,335,929
	<hr/>	<hr/>
	7,160,937	1,335,929
	<hr/>	<hr/>

(*) The amount represented the financial support for marketing activities by Kirin Holdings Singapore Pte, Ltd., a related company, which is expected to be received within 2012.

Interfood Shareholding Company and its subsidiary
Special-purpose financial statements for compliance with Circular No. 244/2009/TT-BTC
Notes to the consolidated interim financial statements for the six-month period
ended 30 June 2012 (continued)

Form B 09a – DN

7. Inventories

	30/6/2012	31/12/2011
	VND'000	VND'000
Raw materials	45,359,781	39,033,359
Tools and supplies	8,447,899	8,542,292
Work in progress	25,083,077	12,879,265
Finished goods	89,508,435	76,968,603
	<hr/>	<hr/>
	168,399,192	137,423,519
Allowance for inventories	(1,531,629)	-
	<hr/>	<hr/>
	166,867,563	137,423,519
	<hr/> <hr/>	<hr/> <hr/>

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

8. Taxes and other receivables from State Treasury

Taxes and other receivables from State Treasury represented corporate income tax overpaid in prior years which will be netted-off with tax liabilities in the succeeding years.

Interfood Shareholding Company and its subsidiary
Special-purpose financial statements for compliance with Circular No. 244/2009/TT-BTC
Notes to the consolidated interim financial statements for the six-month period
ended 30 June 2012 (continued)

Form B 09a – DN

9. Tangible fixed assets

	Buildings VND'000	Machinery and equipment VND'000	Motor vehicles VND'000	Office equipment VND'000	Total VND'000
Cost					
Opening balance	99,626,052	597,470,258	11,523,403	5,703,207	714,322,920
Additions	-	3,115,744	1,682,403	766,990	5,565,137
Transfer from construction in progress	16,201,184	8,626,000	-	-	24,827,184
Closing balance	115,827,236	609,212,002	13,205,806	6,470,197	744,715,241
Accumulated depreciation					
Opening balance	16,354,854	287,803,137	9,868,119	3,383,237	317,409,347
Charge for the period	1,740,742	19,750,422	375,841	263,912	22,130,917
Closing balance	18,095,596	307,553,559	10,243,960	3,647,149	339,540,264
Net book value					
Opening balance	83,271,198	309,667,121	1,655,284	2,319,970	396,913,573
Closing balance	97,731,640	301,658,443	2,961,846	2,823,048	405,174,977

Included in the cost of tangible fixed assets were assets costing VND37.6 billion which were fully depreciated as of 30 June 2012 (31/12/2011: VND31.1 billion), but which are still in active use.

The carrying amount of temporarily idle equipment in tangible fixed assets amounted to VND62.2 billion as of 30 June 2012 (31/12/2011: VND67.8 billion).

Interfood Shareholding Company and its subsidiary
Special-purpose financial statements for compliance with Circular No. 244/2009/TT-BTC
Notes to the consolidated interim financial statements for the six-month period
ended 30 June 2012 (continued)

Form B 09a – DN

10. Construction in progress

	Six-month period from 1/1/2012 to 30/6/2012 VND'000	Six-month period from 1/1/2011 to 30/6/2011 VND'000
Opening balance	29,335,779	3,934,326
Additions during the period	3,236,318	6,246,588
Transfers to tangible fixed assets	(24,827,184)	-
	<hr/>	<hr/>
Closing balance	7,744,913	10,180,914
	<hr/> <hr/>	<hr/> <hr/>

11. Long-term prepayments

	Prepaid land costs VND'000	Tools and equipment VND'000	Total VND'000
Opening balance	29,100,485	-	29,100,485
Additions	-	829,246	829,246
Amortisation for the period	(364,657)	(39,718)	(404,375)
	<hr/>	<hr/>	<hr/>
Closing balance	28,735,828	789,528	29,525,356
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

12. Deferred tax assets and liabilities

(i) Recognised deferred tax assets and liabilities

	30/6/2012 VND'000	31/12/2011 VND'000
Deferred tax assets		
Tax loss carry-forwards	40,247,236	42,787,523
	<hr/>	<hr/>
Deferred tax liabilities:		
Fixed assets	(3,120,368)	(2,880,096)
	<hr/>	<hr/>
Net deferred tax assets	37,126,868	39,907,427
	<hr/> <hr/>	<hr/> <hr/>

Interfood Shareholding Company and its subsidiary
Special-purpose financial statements for compliance with Circular No. 244/2009/TT-BTC
Notes to the consolidated interim financial statements for the six-month period
ended 30 June 2012 (continued)

Form B 09a – DN

(ii) *Unrecognised deferred tax assets*

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

	30/6/2012		31/12/2011	
	Temporary difference VND'000	Tax value VND'000	Temporary difference VND'000	Tax value VND'000
Deductible temporary differences	13,562,152	3,390,538	10,821,083	2,705,271
Tax losses	211,246,428	52,811,607	213,568,854	53,392,214
	<u>224,808,580</u>	<u>56,202,145</u>	<u>224,389,937</u>	<u>56,097,485</u>

The tax losses expire in the following years:

Year of expiry	Status of tax review	Tax losses available VND'000
2012	Outstanding	5,968,638
2013	Outstanding	285,326,604
2014	Outstanding	19,851,063
2015	Outstanding	1,506,073
2016	Outstanding	59,582,993
		<u>372,235,371</u>

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 Group can utilise the benefits therefrom.

13. Short-term borrowings

	30/6/2012 VND'000	31/12/2011 VND'000
Loans from Kirin Holdings Company, Limited	281,178,000	395,732,000
	<u>281,178,000</u>	<u>395,732,000</u>

Interfood Shareholding Company and its subsidiary
Special-purpose financial statements for compliance with Circular No. 244/2009/TT-BTC
Notes to the consolidated interim financial statements for the six-month period
ended 30 June 2012 (continued)

Form B 09a – DN

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

	Currency	Nominal interest rate	30/6/2012 VND'000	31/12/2011 VND'000
Loan 1	USD	LIBOR plus 0.8% p.a.	145,796,000	145,796,000
Loan 2	USD	LIBOR plus 1% p.a.	52,070,000	52,070,000
Loan 3	USD	LIBOR plus 1% p.a.	62,484,000	62,484,000
Loan 4	USD	LIBOR plus 1% p.a.	-	135,382,000
Loan 5	USD	LIBOR plus 1% p.a.	20,828,000	-
			<hr/>	<hr/>
			281,178,000	395,732,000
			<hr/>	<hr/>

The applicable interest rates of these loans range from 1.456% to 1.928% per annum during the period (year ended 31 December 2011: 1.425% to 1.749%).

14. Accounts payable - trade

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

	30/6/2012 VND'000	31/12/2011 VND'000
Amounts due to Vietnam Kirin Beverage Company, Limited	3,662,416	-
Amounts due to other related companies	-	25,127,087
		<hr/>

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

15. Taxes payable to State Treasury

	30/6/2012 VND'000	31/12/2011 VND'000
Value added tax	203,198	2,043,560
Import-export tax	71,253	240,168
Personal income tax	218,486	418,726
Foreign contractor tax	307,400	1,141,895
		<hr/>
		800,337
		<hr/>
		3,844,349
		<hr/>

Interfood Shareholding Company and its subsidiary
Special-purpose financial statements for compliance with Circular No. 244/2009/TT-BTC
Notes to the consolidated interim financial statements for the six-month period
ended 30 June 2012 (continued)

Form B 09a – DN

16. Accrued expenses

	30/6/2012	31/12/2011
	VND'000	VND'000
Transportation fees	4,745,514	2,979,904
Sales discounts and commission	1,168,263	973,167
Loans interest payable	2,366,540	1,933,463
Secondment fee payable (*)	3,727,233	1,975,286
Others	847,887	1,895,161
	<hr/>	<hr/>
	12,855,437	9,756,981
	<hr/> <hr/>	<hr/> <hr/>

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

17. Other payables

Other payables comprised:

	30/6/2012	31/12/2011
	VND'000	VND'000
Dividends payable	505,391	505,391
Trade union, social and health insurance	1,385,374	166,666
Payable to related parties	-	21,492,434
Others	34,659	603,429
	<hr/>	<hr/>
	1,925,424	22,767,920
	<hr/> <hr/>	<hr/> <hr/>

Other payables include the following amounts due to related parties:

	30/06/2012	31/12/2011
	VND'000	VND'000
Amounts due to Kirin Holdings Company, Limited (*)	-	20,828,000
Amounts due to Wonderfarm Biscuits & Confectionery Sdn. Bhd.	-	664,434
	<hr/>	<hr/>

(*) During the period, this amount was converted to short-term loan according to the revolving loan agreement dated 27 November 2011 (Note 13).

**Interfood Shareholding Company and its subsidiary
Special-purpose financial statements for compliance with Circular No. 244/2009/TT-BTC
Notes to the consolidated interim financial statements for the six-month period
ended 30 June 2012 (continued)**

Form B 09a – DN

18. Long-term borrowings

	Currency	Interest rate	Year of maturity	30/6/2012 VND'000	31/12/2011 VND'000
Loan from Trade Ocean Holdings Sdn. Bhd. (a)	USD	three-month SIBOR minus 1% p.a.	2014	71,459,368	71,459,368
Loan from Wonderfarm Biscuits & Confectionery Sdn. Bhd. (a)	USD	three-month SIBOR minus 1% p.a.	2014	32,547,603	32,547,603
Unsecured loan from Kirin Holdings Company, Limited (b)	USD	1.896% p.a.	2017	135,382,000	-
				239,388,971	104,006,971
				239,388,971	104,006,971

(a) The loans were unsecured and bore effective interest at 0% during the period as the interest at SIBOR three-month period less 1% p.a was negative (year ended 31 December 2011: 0%).

(b) The unsecured loans bears fixed interest rate of 1.986% 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.

19. Severance allowance

Movements of severance allowance during the period were as follow:

	Six-month period from 1/1/2012 to 30/6/2012 VND'000
Opening balance – as restated	4,814,871
Provision made during the period	1,030,090
Utilised during the period	(2,180,691)
	3,664,270
Closing balance	3,664,270

During the period, the Group contributed VND424 million (year ended 31 December 2011: VND1 billion) to the unemployment insurance fund and the amount is recorded as part of labour and staff costs in the statement of income.

Interfood Shareholding Company and its subsidiary
Special-purpose financial statements for compliance with Circular No. 244/2009/TT-BTC
Notes to the consolidated interim financial statements for the six-month period
ended 30 June 2012 (continued)

Form B 09a – DN

20. Share capital

The Group's authorised and issued share capital are:

	30/6/2012		31/12/2011	
	Number of shares	VND'000	Number of shares	VND'000
Authorised and issued share capital				
Ordinary shares	291,409,992	381,443,992	291,409,992	381,443,992
Shares in circulation				
Ordinary shares	291,409,984	381,443,888	291,409,984	381,443,888

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

There were no movements in share capital during the period.

21. Acquisition reserve

In 2007, the Company acquired 90% shareholding of Avafood in a business combination under common control. This amount represents the difference between consideration given and the net amounts of assets and liabilities of Avafood attributable to the Company at the acquisition date.

Interfood Shareholding Company and its subsidiary
Special-purpose financial statements for compliance with Circular No. 244/2009/TT-BTC
Notes to the consolidated interim financial statements for the six-month period
ended 30 June 2012 (continued)

Form B 09a – DN

22. Total revenue

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

Net sales comprised:

	Six-month period from 1/1/2012 to 30/6/2012 VND'000	Six-month period from 1/1/2011 to 30/6/2011 VND'000
Total revenue		
▪ Sales of drinks	435,844,478	457,650,249
▪ Sales of biscuits	13,420,397	14,229,898
▪ Sales of other products	27,687,556	44,414,544
Less sales deductions		
▪ Sales allowance	(13,796,633)	(12,972,262)
▪ Sales returns	(219,069)	(223,443)
Net sales	462,936,729	503,098,986

23. Cost of sales

	Six-month period from 1/1/2012 to 30/6/2012 VND'000	Six-month period from 1/1/2011 to 30/6/2011 VND'000
Total cost of sales		
▪ Cost of drinks	322,593,936	336,913,665
▪ Cost of biscuit	14,782,840	14,482,541
▪ Cost of other products	18,514,780	49,911,803
	355,891,556	401,308,009

Interfood Shareholding Company and its subsidiary
Special-purpose financial statements for compliance with Circular No. 244/2009/TT-BTC
Notes to the consolidated interim financial statements for the six-month period
ended 30 June 2012 (continued)

Form B 09a – DN

24. Financial income

	Six-month period from 1/1/2012 to 30/6/2012 VND'000	Six-month period from 1/1/2011 to 30/6/2011 VND'000
Interest income from bank deposits	254,289	147,691
Realised gains from foreign exchange	200,886	30,553,614
	455,175	30,701,305
	455,175	30,701,305

25. Financial expenses

	Six-month period from 1/1/2012 to 30/6/2012 VND'000	Six-month period from 1/1/2011 to 30/6/2011 VND'000
Interest expense	3,617,158	17,145,214
Realised foreign exchange losses	1,123,378	11,326,350
Unrealised foreign exchange losses	-	593,473
Other finance expenses	-	164,083
	4,740,536	29,229,120
	4,740,536	29,229,120

26. Other income

	Six-month period from 1/1/2012 to 30/6/2012 VND'000	Six-month period from 1/1/2011 to 30/6/2011 VND'000
Support for marketing activities from Kirin Holdings Singapore Pte, Ltd. (Note 6)	6,439,705	-
Loan interest exemption	-	5,046,042
Others	5,804,451	1,146,352
	12,244,156	6,192,394
	12,244,156	6,192,394

Interfood Shareholding Company and its subsidiary
Special-purpose financial statements for compliance with Circular No. 244/2009/TT-BTC
Notes to the consolidated interim financial statements for the six-month period
ended 30 June 2012 (continued)

Form B 09a – DN

27. Income tax

(a) Recognised in the statement of income

	Six-month period from 1/1/2012 to 30/6/2012 VND'000	Six-month period from 1/1/2011 to 30/6/2011 VND'000
Current tax expense		
Current period	2,540,287	-
Deferred tax income		
Origination and reversal of temporary differences	240,272	240,272
	<u>2,780,559</u>	<u>240,272</u>

(b) Reconciliation of effective tax rate

	Six-month period from 1/1/2012 to 30/6/2012 VND'000	Six-month period from 1/1/2011 to 30/6/2011 VND'000
Profit/(loss) before tax	5,278,169	(1,041,504)
Tax at the Company's tax rate	1,319,542	(260,376)
Non-deductible expenses	1,356,357	1,334,372
Tax losses not previously recognised utilised	(580,607)	(4,342,888)
Deferred tax assets not recognised	685,267	3,509,164
	<u>2,780,559</u>	<u>240,272</u>

(c) Applicable tax rates

Under the terms of the Group's Investment Certificate, the Group 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 Group is subject to income tax at the rate of 25%.

Interfood Shareholding Company and its subsidiary
Special-purpose financial statements for compliance with Circular No. 244/2009/TT-BTC
Notes to the consolidated interim financial statements for the six-month period
ended 30 June 2012 (continued)

Form B 09a – DN

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 Group is entitled to tax incentives in relation to the relocation of its business activities out of an urban area. In 2006, the Group relocated one of its production lines from Bien Hoa City to Tam Phuoc Industrial Zone, Long Thanh District. 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 Group is entitled to tax incentives in relation to investments made in new production lines that are qualified under this Decree. The tax incentives include one year of exemption from corporate income tax and a reduction of 50% for the following four years applied to profit derived from the new production lines.

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

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

28. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share at 30 June 2012 was based on the profit or loss attributable to ordinary shareholders of the Group and a weighted average number of ordinary shares outstanding during the period, calculated as follows:

(i) Net profit attributable to ordinary shareholders

	Six-month period from 1/1/2012 to 30/6/2012 VND'000	Six-month period from 1/1/2011 to 30/6/2011 VND'000
Net profit/(loss) attributable to ordinary shareholders	2,421,151	(2,274,897)

**Interfood Shareholding Company and its subsidiary
Special-purpose financial statements for compliance with Circular No. 244/2009/TT-BTC
Notes to the consolidated interim financial statements for the six-month period
ended 30 June 2012 (continued)**

Form B 09a – DN

(ii) *Weighted average number of ordinary shares*

	Six-month period from 1/1/2012 to 30/6/2012	Six-month period from 1/1/2011 to 30/6/2011
Ordinary shares issued in the previous year carried forward	291,409,984	291,409,984
Weighted average number of ordinary shares for the six-month period	291,409,984	291,409,984

29. Financial instruments

(a) **Financial risk management**

(i) *Overview*

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk.

Risk management framework

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

(b) **Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities.

Interfood Shareholding Company and its subsidiary
Special-purpose financial statements for compliance with Circular No. 244/2009/TT-BTC
Notes to the consolidated interim financial statements for the six-month period
ended 30 June 2012 (continued)

Form B 09a – DN

(i) Exposure to credit risk

The total of carrying amounts of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follow:

	Note	30/6/2012 VND'000	31/12/2011 VND'000
Cash in bank	(ii)	39,177,468	40,974,216
Trade and other receivables	(iii)	19,033,418	10,016,498
		58,210,886	50,990,714

(ii) Cash in bank

The cash at bank of the Group is mainly held with well-known financial institutions. Management does not foresee any significant credit risks from these deposits and does not expect that these financial institutions may default and cause losses to the Group.

(iii) Trade and other receivables

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

The Group's exposure to credit risk in relation with receivables is mainly influenced by the individual characteristics of each customer. In response to the risk, the Group has established a credit policy under which most customers have to settle payment in advance before the goods delivery is carried out. Only customers considered with high creditworthiness by the management are offered credit terms. Receivables are due within 30 days to 45 days from the date of billing. Debtors with balances that are overdue more than 1 day are requested to settle the balances before further credit is granted. No collateral is collected from the customers.

Based on historic default rates, the Group believes that no allowance for doubtful debts is necessary in respect of the outstanding trade and other receivables as of 30 June 2012.

Interfood Shareholding Company and its subsidiary
Special-purpose financial statements for compliance with Circular No. 244/2009/TT-BTC
Notes to the consolidated interim financial statements for the six-month period
ended 30 June 2012 (continued)

Form B 09a – DN

The ageing analysis of the receivables is as follow:

	30/6/2012	31/12/2011
	VND'000	VND'000
Not past due	12,115,543	6,748,980
Past due 0 – 30 days	4,745,910	2,196,000
Past due 31 – 180 days	1,432,987	985,935
Over 180 days	738,978	85,583
	<hr/>	<hr/>
	19,033,418	10,016,498
	<hr/>	<hr/>

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group also manages its borrowings from related companies by managing the financing terms with the related companies.

As at 30 June 2012, current financial liabilities are due within one year. Non-current financial liabilities with fixed or determinable payments have the following contractual maturities including the estimated interest payments:

	Carrying amount	Contractual cash flows	Within 1 year	1 – 2 years	2 – 5 years
	VND'000	VND'000	VND'000	VND'000	VND'000
Long-term borrowings	239,388,971	249,677,733	213,903	2,566,843	246,896,987
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The Group manages its ability to meet the expected operational expenses and servicing its debts by investing its cash surpluses in short term investment and maintaining several financial facilities as follow:

- VND104.1 billion unused short-term loan facility and VND187.5 billion unused long-term loan facility which renew automatically at the option of the Group. Interest would be payable at rates of Libor + 1% and Libor + 0.8% per annum, respectively.

Interfood Shareholding Company and its subsidiary
Special-purpose financial statements for compliance with Circular No. 244/2009/TT-BTC
Notes to the consolidated interim financial statements for the six-month period
ended 30 June 2012 (continued)

Form B 09a – DN

(d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Currency risk

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

The Group's exposure to currency risk is managed by keeping the exposure to an acceptable level by entering into currency transactions to address short-term over-exposures.

Exposure to currency risk

At 30 June 2012, the Group had the following net monetary liability position exposed to currency risk. The following balances are presented in VND:

	VND
Cash	14,691,992,129
Accounts receivable – trade	9,044,497,621
Other receivables	9,883,993
Short-term deposit	1,570,840,914
Accounts payable – trade	(43,477,243,714)
Other payables	(1,900,845,108)
Payables to employees	(7,686,510,237)
	<hr/>
	(27,747,384,402)
	<hr/> <hr/>

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

	Exchange rate as at	
	30/6/2012	30/6/2011
USD 1	20,828	20,618
	<hr/>	

Interfood Shareholding Company and its subsidiary
Special-purpose financial statements for compliance with Circular No. 244/2009/TT-BTC
Notes to the consolidated interim financial statements for the six-month period
ended 30 June 2012 (continued)

Form B 09a – DN

Below is an analysis of the possible impact on the net profit of the Group, after taking into account the current level of exchange rates and the historical volatility as well as market expectations as at 30 June 2012. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases.

	Increase to net profit as at 30/6/2012 VND'000
VND (1% weakening)	211,967

The opposite movement of the currencies would have the equal but opposite effect to the net profit of the Group as at 30 June 2012.

(ii) Interest rate risk

As at 30 June 2012, VND281.2 billion of short-term borrowings and VND104 billion of long-term borrowings due to a related company were at variable interest rate. No policy was in place pertaining to the mitigation of any potential volatility of the interest rate.

A change of 100 basis points in interest rates would have decreased net profit by approximately VND1.4 billion for the period ended 30 June 2012.

(e) Fair values

The Group has not determined fair values of financial assets and liabilities in accordance with Article 28 of Circular No. 210/2009/TT-BTC dated 6 November 2009 of the Ministry of Finance because (i) quoted prices in active market is 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 is not available. Fair values of these financial instruments may be different from their carrying values.

**Interfood Shareholding Company and its subsidiary
Special-purpose financial statements for compliance with Circular No. 244/2009/TT-BTC
Notes to the consolidated interim financial statements for the six-month period
ended 30 June 2012 (continued)**

Form B 09a – DN

30. Significant transactions with related parties

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

	Transaction value	
	Six-month period from 1/1/2012 to 30/6/2012 VND'000	Six-month period from 1/1/2012 to 30/6/2012 VND'000
<i>Shareholders</i>		
Trade Ocean Holdings Sdn. Bhd.		
Parent company		
Long-term loan	-	71,459,368
<i>Related companies</i>		
Kirin Holding Company, Limited		
Ultimate Parent Company		
Short-term loan received	-	145,796,000
Convert other payable to short-term loan	20,828,000	-
Transfer from short-term to long-term loan	135,382,000	-
Interest expenses	3,617,158	210,884
Secondment fee	3,727,233	-
Kirin Holding Singapore Pte, Ltd.		
Supporting for marketing expenditure	6,439,705	-
Other support	629,047	-
Vietnam Kirin Beverage Company, Limited		
Purchase	15,762,339	-
Processing fee	13,017,979	-
Board of Management		
Remuneration	-	83,333
Board of management fees	-	151,524
Board of Directors		
Secondment fees	2,249,424	-
Salary	908,996	5,588,152

Interfood Shareholding Company and its subsidiary
Special-purpose financial statements for compliance with Circular No. 244/2009/TT-BTC
Notes to the consolidated interim financial statements for the six-month period
ended 30 June 2012 (continued)

Form B 09a – DN

31. Commitments

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

	Six-month period from 1/1/2012 to 30/6/2012 VND'000	Six-month period from 1/1/2011 to 30/6/2011 VND'000
Within one year	10,987,374	8,241,848
Within two to five years	23,711,220	23,727,862
Over five years	29,941,333	19,558,866
	<hr/> 64,639,927	<hr/> 51,528,576 <hr/>

32. Production and business costs by element

	Six-month period from 1/1/2012 to 30/6/2012 VND'000	Six-month period from 1/1/2012 to 30/6/2012 VND'000
Raw material costs included in production costs	337,664,640	357,445,575
Labour costs and staff costs	49,736,764	46,940,105
Depreciation and amortisation	17,116,450	17,909,747
Outside services	59,338,451	44,331,856
Other expenses	32,396,746	43,473,535
	<hr/>	<hr/>

Interfood Shareholding Company and its subsidiary
Special-purpose financial statements for compliance with Circular No. 244/2009/TT-BTC
Notes to the consolidated interim financial statements for the six-month period
ended 30 June 2012 (continued)

Form B 09a – DN

33. Prior year adjustment

The Group had retrospectively adjusted the prior year's financial statements to correct the misstatements relating to the understatement of allowance for severance allowance.

Balance sheet

	31/12/2011 (as previously reported) VND'000	Adjustments VND'000	31/12/2011 (as restated) VND'000
Severance allowance	2,758,106	2,056,765	4,814,871
Accumulated losses	(350,175,540)	(2,056,765)	(352,232,305)

Prepared by:

Approved by:

Nguyen Hong Phong
Chief Accountant

Michio Nagabayashi
Chairman – cum General Director

28 August 2012