



**Interfood Shareholding Company and its
subsidiary**

Special-purpose Consolidated Financial
Statements for the year ended 31 December
2012 for compliance with Circular
No. 244/2009/TT-BTC

**Interfood Shareholding Company and its subsidiary
Corporate information**

Investment Licence No.	270/GP	16 November 1991
Investment Certificate No.	472033000328 (1 st amendment)	28 November 2007
	472033000328 (2 nd amendment)	20 May 2010
	472033000328 (3 rd amendment)	22 April 2011
	472033000328 (4 th 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 Ryoichi Yonemura	Chairman Member (until 12 April 2012)
	Toru Yamasaki	Member (from 12 April 2012)
	Hiroshi Fujikawa	Member
	Nguyen Thi Kim Lien	Member
	Pang Tze Wei	Member
Board of Directors	Michio Nagabayashi Hajime Kobayashi	General Director Director/General Manager of Corporate Planning
	Kazufumi Nagashima	Director/General Manager of Factory
	Hidefumi Matsuo	Director/General Manager of Administration
	Nguyen Thi Kim Lien	Director/General Manager of Finance
	Takaaki Suemitsu	Director/General Manager of Sales and Marketing (from 15 August 2012)
Registered Office	Lot 13, Tam Phuoc Industrial Zone Bien Hoa City Dong Nai Province Vietnam	
Auditors	KPMG Limited Vietnam	

Interfood Shareholding Company and its subsidiary Report of the Board of Directors

The Board of Directors is responsible for the preparation and presentation of the special-purpose consolidated financial statements in accordance with the basis of accounting as described in Note 2(a). In the opinion of the Board of Directors:

- (a) the special-purpose consolidated financial statements set out on pages 5 to 43 are prepared and presented in accordance with the basis of accounting as described in Note 2(a); and
- (b) at the date of this statement, there are no reasons to believe that the Group will not be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these special-purpose consolidated financial statements for issue.

On behalf of the Board of Directors



Michio Nagabayashi
Chairman and General Director
Ho Chi Minh City, 29 March 2013





KPMG Limited Branch
10th Floor, Sun Wah Tower
115 Nguyen Hue Street
District 1, Ho Chi Minh City
The Socialist Republic of Vietnam

Telephone +84 (8) 3821 9266
Fax +84 (8) 3821 9267
Internet www.kpmg.com.vn

INDEPENDENT AUDITORS' REPORT

To the Shareholders Interfood Shareholding Company and its subsidiary

Scope

We have audited the accompanying special-purpose consolidated balance sheet of Interfood Shareholding Company ("the Company") and its subsidiary (collectively "the Group") as of 31 December 2012, the related special-purpose consolidated statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Group's management on 29 March 2013, as set out on pages 5 to 43. The special-purpose consolidated financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on these special-purpose consolidated financial statements based on our audit. 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 those financial statements.

We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Audit opinion

In our opinion, the special-purpose consolidated financial statements of Interfood Shareholdings Company and its subsidiary as of and for the year ended 31 December 2012 have been prepared 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 financial statements, which describes that the Group's consolidated 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 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 consolidated 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 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

Audit Report No: 12-01-204



Nguyen Thanh Nghi

CPA No. 0304/KTV

Deputy General Director



Chong Kwang Puay

CPA No. N0864/KTV

Ho Chi Minh City, 29 March 2013

Interfood Shareholding Company and its subsidiary
Special-purpose financial statements for compliance with Circular No. 244/2009/TT-BTC
Consolidated balance sheet at 31 December 2012

Form B 01 – DN/HN

	Code	Note	31/12/2012 VND'000	31/12/2011 VND'000
ASSETS				
Current assets (100 = 110 + 130 + 140 + 150)	100		267,847,456	204,384,310
Cash	110	5	82,201,930	41,214,467
Accounts receivable	130	6	25,804,851	20,226,217
Accounts receivable – trade	131		14,959,024	8,680,569
Prepayments to suppliers	132		5,657,510	10,209,719
Other receivables	135		5,188,317	1,335,929
Inventories	140	7	157,649,819	137,423,519
Inventories	141		164,125,515	137,423,519
Allowance for inventories	149		(6,475,696)	-
Other current assets	150		2,190,856	5,520,107
Short-term prepayments	151		76,355	250,457
Deductible value added tax	152		1,365,672	2,170,610
Taxes receivable from State Treasury	154		2,999	2,226,659
Other current assets	158		745,830	872,381
Long-term assets (200 = 220 + 260)	200		384,797,320	498,283,573
Fixed assets	220		351,226,439	426,249,352
Tangible fixed assets	221	8	342,828,214	396,913,573
Cost	222		601,920,515	714,322,920
Accumulated depreciation	223		(259,092,301)	(317,409,347)
Construction in progress	230	9	8,398,225	29,335,779
Other long-term assets	260		33,570,881	72,034,221
Long-term prepayments	261	10	32,056,123	29,100,485
Deferred tax assets	262	11	-	42,787,523
Other long-term assets	268		1,514,758	146,213
TOTAL ASSETS (270 = 100 + 200)	270		652,644,776	702,667,883

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

Interfood Shareholding Company and its subsidiary
Special-purpose financial statements for compliance with Circular No. 244/2009/TT-BTC
Consolidated balance sheet at 31 December 2012 (continued)

Form B 01 – DN/HN

	Code	Note	31/12/2012 VND'000	31/12/2011 VND'000 (Restated)
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		715,066,230	620,463,058
Current liabilities	310		468,962,998	508,734,981
Short-term borrowings	311	12	364,490,000	395,732,000
Accounts payable – trade	312	13	67,219,267	65,667,122
Advances from customers	313		6,552,905	3,150,360
Taxes payable to State Treasury	314	14	2,521,875	3,844,349
Payables to employees	315		9,446,623	7,816,249
Accrued expenses	316	15	17,526,866	9,756,981
Other payables	319	16	1,205,462	22,767,920
Long-term liabilities	330		246,103,232	111,728,077
Long-term deposits	331		26,139	26,139
Long-term borrowings	334	17	239,388,971	104,006,971
Deferred tax liabilities	335	11	3,360,619	2,880,096
Provision for severance allowance	337	18	3,327,503	4,814,871
EQUITY (400 = 410)	400		(61,806,299)	81,712,035
Owners' equity	410	19	(61,806,299)	81,712,035
Share capital	411	20	381,443,888	381,443,888
Share premium	412		85,035,704	85,035,704
Other reserves	418	21	(32,535,252)	(32,535,252)
Accumulated losses	420		(495,750,639)	(352,232,305)
MINORITY INTEREST	439		(615,155)	492,790
TOTAL RESOURCES (440 = 300 + 400 + 439)	440		652,644,776	702,667,883

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

Interfood Shareholding Company and its subsidiary
Special-purpose financial statements for compliance with Circular No. 244/2009/TT-BTC
Consolidated balance sheet at 31 December 2012 (continued)

Form B 01 – DN/HN

OFF BALANCE SHEET ITEMS

	31/12/2012	31/12/2011
	VND'000	VND'000
Foreign currency (VND)	48,709,048	5,640,722

29 March 2013

Prepared by:

Approved by:



Nguyen Hong Phong
Chief Accountant



Michio Nagabayashi
Chairman cum General Director

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 year ended 31 December 2012

Form B 02 – DN/HN

	Code	Note	2012 VND'000	2011 VND'000
Total revenue	01	22	879,384,174	914,461,484
Less revenue deductions	02	22	25,594,821	23,916,897
Net revenue (10 = 01 - 02)	10	22	853,789,353	890,544,587
Cost of sales	11	23	660,151,687	741,496,503
Gross profit (20 = 10 - 11)	20		193,637,666	149,048,084
Financial income	21	24	1,125,795	33,322,988
Financial expenses	22	25	9,967,948	42,753,302
<i>In which: Interest expenses</i>	23		7,902,206	29,062,829
Selling expenses	24		215,089,569	149,685,921
General and administration expenses	25		31,506,661	38,938,904
Net operating loss {30 = 20 + (21 - 22) - (24 + 25)}	30		(61,800,717)	(49,007,055)
Other income	31	26	26,364,707	10,997,309
Other expenses	32	27	61,773,265	16,728,633
Results of other activities (40 = 31 - 32)	40		(35,408,558)	(5,731,324)
Loss before tax (50 = 30 + 40)	50		(97,209,275)	(54,738,379)
Income tax expense – current	51	28	4,148,958	-
Income tax expense – deferred	52	28	43,268,046	2,161,822
Net loss (60 = 50 - 51 - 52)	60		(144,626,279)	(56,900,201)

The accompanying notes are an integral part of these special-purpose consolidated 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 year ended 31 December 2012 (continued)

Form B 02 – DN/HN

	Code	Note	2012 VND'000	2011 VND'000
Attributable to:				
Minority interest	61		(1,107,945)	492,790
Equity holders of the Company	62		(143,518,334)	(57,392,991)
Loss per share				
Basic loss per share	70	29	(5.000)	(2.000)

29 March 2013

Prepared by:


 Nguyen Hong Phong
 Chief Accountant

Approved by:



 Michio Nagabayashi
 Chairman - cum General Director

The accompanying notes are an integral part of these special-purpose consolidated 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 year ended 31 December 2012
(Indirect method)

Form B 03 – DN/HN

	Code	Note	2012 VND'000	2011 VND'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before tax	01		(97,209,275)	(54,738,379)
Adjustments for				
Depreciation and amortisation	02		45,004,476	44,356,621
Allowances and provisions	03		7,533,467	(3,561,317)
Unrealised foreign exchange (gains)/losses	04		(50,216)	48,737
Interest income	05		(463,423)	(233,982)
Loss on disposal of tangible fixed assets	05		42,024,010	1,458,564
Interest expense	06		7,902,206	29,062,829
Operating profit before changes in working capital	08		4,741,245	16,393,073
Change in receivables	09		(4,650,143)	13,471,800
Change in inventories	10		(26,701,996)	19,417,569
Change in payables and other liabilities	11		6,155,256	(233,314)
Changes in prepayments	12		(2,781,536)	(40,743,567)
			(23,237,174)	8,305,561
Interest paid	13		(4,279,925)	(35,063,959)
Income tax paid	14		(1,922,299)	-
Other payments for operating activities	16		(1,368,545)	-
Net cash flows from operating activities	20		(30,807,943)	(26,758,398)
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for additions to fixed assets and other long-term assets	21		(12,005,573)	(26,427,150)
Receipts of interest	27		463,423	233,982
Net cash flows from investing activities	30		(11,542,150)	(26,193,168)

The accompanying notes are an integral part of these special-purpose consolidated 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 year ended 31 December 2012
(Indirect method – continued)

Form B 03 – DN/HN

	Code	Note	2012 VND'000	2011 VND'000
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from short-term borrowings	33		83,312,000	931,385,608
Payments to settle loan principals	34		-	(839,838,509)
Net cash flows from financing activities	40		83,312,000	91,547,099
Net cash flows during the year (50 = 20 + 30 + 40)	50		40,961,907	38,595,533
Cash at the beginning of the year	60		41,214,467	2,725,427
Effect of exchange rate fluctuations on cash	61		25,556	(106,493)
Cash at the end of the year (70 = 50 + 60 + 61)	70	5	82,201,930	41,214,467
NON-CASH INVESTING AND FINANCING ACTIVITIES				
			2012 VND'000	2011 VND'000
Transfer from other payables to short-term borrowings			20,828,000	-

29 March 2013

Prepared by:


 Nguyen Hong Phong
 Chief Accountant

Approved by:



 Michio Nagabayashi
 Chairman – cum General Director

The accompanying notes are an integral part of these special-purpose consolidated 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 financial statements for the year ended 31 December 2012

Form B 09 – DN/HN

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

1. Reporting Entity

Interfood Shareholding Company (“the Company”) is a joint stock company incorporated in Vietnam. The special-purpose consolidated financial statements for the year ended 31 December 2012 comprises the Company and its subsidiary, Avafood Shareholding Company (“Avafood”) (collectively “the Group”). The principal activities of the Group are to produce agricultural and aquatic products into canned, dried, frozen, salted, and pickled products and the production of biscuits and snack food, carbonated fruit juice and fruit juice with 5% alcohol content, bottled filtered water and PET bottle; and to manufacture packaging for foods and beverages.

The Company owns 90.4% of the equity interests in Avafood, whose principal activities are to provide processing service and produce products including fruit juice, bottled filtered water, biscuits, jams and sweets of all kinds, and from agricultural and aquatic products as well as livestock and lease a workshop under the Investment Licence No. 48/GP-ĐN issued by the People’s Committee of Dong Nai Province on 19 July 2002.

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 31 December 2012, the Group had 1,351 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 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 financial statements for the year ended 31 December 2012
(continued)

Form B 09 – DN/HN

(b) Basis of measurement

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

(c) Going concern assumption

The special-purpose consolidated financial statements have been prepared on a going concern basis. The Group has incurred net loss after tax of VND144,626 million (2011: VND56,900 million) during the year and at the balance sheet date, current liabilities exceeded current assets by VND 201,115 million (31/12/2011: VND304,350 million) and total liabilities exceeded total assets by VND61,806 million. Furthermore, the Group has significant loans that will require refinancing within the next 12 months (note 12). The validity of the going concern assumption fundamentally depends on the ultimate majority shareholder continuing to provide such financial assistance as is necessary to enable the Group to meet its liabilities as and when they fall due and to maintain the Group in existence as a going concern for the foreseeable future.

At the time of this report, there is no reason for the management to believe that the ultimate majority shareholder will not continue its support.

(d) Annual accounting period

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

(e) Accounting currency

The Group maintains its accounting records in United States Dollars (“USD”) and presents its consolidated 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 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 financial statements from the date that control commences until the date that control ceases.

Interfood Shareholding Company and its subsidiary
Special-purpose financial statements for compliance with Circular No. 244/2009/TT-BTC
Notes to the consolidated financial statements for the year ended 31 December 2012
(continued)

Form B 09 – DN/HN

(ii) *Transactions eliminated on consolidation*

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

(b) **Foreign currency**

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 consolidated statement of income.

(c) **Cash**

Cash comprises cash balances and call deposits.

(d) **Accounts receivable**

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

(e) **Inventories**

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

The Group applies the perpetual method of accounting for inventory.

Interfood Shareholding Company and its subsidiary
Special-purpose financial statements for compliance with Circular No. 244/2009/TT-BTC
Notes to the consolidated financial statements for the year ended 31 December 2012
(continued)

Form B 09 – DN/HN

(f) Tangible fixed assets

(i) Cost

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

(ii) Depreciation

Depreciation is computed on a straight-line basis over the estimated useful lives of 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

(g) Construction in progress

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

(h) Long-term prepayments

(i) Prepaid land costs

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

(ii) Renovation expenses

Renovation expenses are initially stated at cost and are amortised on a straight line basis over 3 years starting from the date of completion of the renovation.

Interfood Shareholding Company and its subsidiary
Special-purpose financial statements for compliance with Circular No. 244/2009/TT-BTC
Notes to the consolidated financial statements for the year ended 31 December 2012
(continued)

Form B 09 – DN/HN

(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.

Severance allowance

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

Pursuant to Law on Social Insurance, effective from 1 January 2009 the Group and its employees are required to contribute to an unemployment insurance fund managed by the Vietnam Social Insurance Agency. The contribution to be paid by each party is calculated at 1% of the lower of the employees’ basic salary and 20 times the general minimum salary level as specified by the Government from time to time. With the implementation of unemployment insurance scheme, the Group is no longer required to provide severance allowance for the service period after 1 January 2009. However, severance allowance to be paid to the existing eligible employees as of 31 December 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.

Interfood Shareholding Company and its subsidiary
Special-purpose financial statements for compliance with Circular No. 244/2009/TT-BTC
Notes to the consolidated financial statements for the year ended 31 December 2012
(continued)

Form B 09 – DN/HN

(k) Classification of financial instruments

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

(i) *Financial assets*

Financial assets at fair value through profit or loss

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

- It is considered by management as held for trading. A financial asset is considered as held for trading if:
 - it is acquired principally for the purpose of selling it in the near term;
 - there is evidence of a recent pattern of short-term profit-taking; or
 - a derivative (except for a derivative that is financial guarantee contract or a designated and effective hedging instrument).
- Upon initial recognition, it is designated by the Group as at fair value through profit or loss.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and a fixed maturity that the Group has the positive intention and ability to hold to maturity, other than:

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

Loans and receivables

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

- that the Group intends to sell immediately or in the near term, which are classified as held for trading, and those that the entity on initial recognition designates as at fair value through profit or loss;
- that the Group upon initial recognition designates as available-for-sale; or

Interfood Shareholding Company and its subsidiary
Special-purpose financial statements for compliance with Circular No. 244/2009/TT-BTC
Notes to the consolidated financial statements for the year ended 31 December 2012
(continued)

Form B 09 – DN/HN

- for which the Group may not recover substantially all of its initial investment, other than because of credit deterioration, which are classified as available-for-sale.

Available-for-sale financial assets

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

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

The Group'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 Group as at fair value through profit or loss.

Financial liabilities carried at amortised cost

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

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

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

Interfood Shareholding Company and its subsidiary
Special-purpose financial statements for compliance with Circular No. 244/2009/TT-BTC
Notes to the consolidated financial statements for the year ended 31 December 2012
(continued)

Form B 09 – DN/HN

(l) Taxation

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

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted 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.

(m) Acquisition reserve

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

(n) Revenue

Goods sold

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

(o) Operating lease payments

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

Interfood Shareholding Company and its subsidiary
Special-purpose financial statements for compliance with Circular No. 244/2009/TT-BTC
Notes to the consolidated financial statements for the year ended 31 December 2012
(continued)

Form B 09 – DN/HN

(p) Borrowing costs

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

(q) Earnings per share

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

(r) Segment reporting

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

(s) Related companies

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

4. Segment reporting

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

Interfood Shareholding Company and its subsidiary
Special-purpose financial statements for compliance with Circular No. 244/2009/TT-BTC
Notes to the consolidated financial statements for the year ended 31 December 2012
(continued)

Form B 09 – DN/HN

5. Cash

	31/12/2012	31/12/2011
	VND'000	VND'000
Cash on hand	125,780	240,251
Cash in banks	82,076,150	40,974,216
	<hr/>	<hr/>
	82,201,930	41,214,467
	<hr/>	<hr/>

6. Accounts receivable

Other receivables comprised:

	31/12/2012	31/12/2011
	VND'000	VND'000
Marketing support receivable from Kirin Holdings Singapore Pte, Ltd. (*)	5,087,364	-
Others	100,953	1,335,929
	<hr/>	<hr/>
	5,188,317	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 2013.

Interfood Shareholding Company and its subsidiary
Special-purpose financial statements for compliance with Circular No. 244/2009/TT-BTC
Notes to the consolidated financial statements for the year ended 31 December 2012
(continued)

Form B 09 – DN/HN

7. Inventories

	31/12/2012	31/12/2011
	VND'000	VND'000
Raw materials	63,741,782	39,033,359
Tools and supplies	8,727,411	8,542,292
Work in progress	4,413,016	12,879,265
Finished goods	87,243,306	76,968,603
	<hr/>	<hr/>
	164,125,515	137,423,519
Allowance for inventories	(6,475,696)	-
	<hr/>	<hr/>
	157,649,819	137,423,519
	<hr/>	<hr/>

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

Interfood Shareholding Company and its subsidiary
Special-purpose financial statements for compliance with Circular No. 244/2009/TT-BTC
Notes to the consolidated financial statements for the year ended 31 December 2012
(continued)

Form B 09 – DN/HN

8. 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	597,470,238	11,523,383	5,703,247	714,322,920
Additions	-	3,932,076	3,073,963	1,109,904	8,115,943
Transfers from construction in progress	16,201,184	8,626,000	-	-	24,827,184
Written off	-	(139,380,830)	(4,467,044)	(1,497,658)	(145,345,532)
Closing balance	115,827,236	470,647,484	10,130,302	5,315,493	601,920,515
Accumulated depreciation					
Opening balance	16,354,854	287,803,136	9,868,119	3,383,238	317,409,347
Charge for the year	3,706,488	39,913,592	809,397	574,999	45,004,476
Written off	-	(97,596,384)	(4,386,439)	(1,338,699)	(103,321,522)
Closing balance	20,061,342	230,120,344	6,291,077	2,619,538	259,092,301
Net book value					
Opening balance	83,271,198	309,667,102	1,655,264	2,320,009	396,913,573
Closing balance	95,765,894	240,527,140	3,839,225	2,695,955	342,828,214

Included in the cost of tangible fixed assets were assets costing VND16,687 million which were fully depreciated as of 31 December 2012 (31/12/2011: VND31,069 million), but are still in active use.

The carrying amount of temporarily idle tangible fixed assets amounted to VND19,352 million as of 31 December 2012 (31/12/2011: VND67,833 million).

Interfood Shareholding Company and its subsidiary
Special-purpose financial statements for compliance with Circular No. 244/2009/TT-BTC
Notes to the consolidated financial statements for the year ended 31 December 2012
(continued)

Form B 09 – DN/HN

9. Construction in progress

	2012 VND'000	2011 VND'000
Opening balance	29,335,779	3,934,326
Additions	3,889,630	25,401,453
Transfer to tangible fixed assets	(24,827,184)	-
	<hr/>	<hr/>
Closing balance	8,398,225	29,335,779
	<hr/>	<hr/>

10. Long-term prepayments

	Prepaid land costs VND'000	Renovation expenses VND'000	Total VND'000
Opening balance	29,100,485	-	29,100,485
Additions	-	4,310,438	4,310,438
Amortisation for the year	(729,314)	(625,486)	(1,354,800)
	<hr/>	<hr/>	<hr/>
Closing balance	28,371,171	3,684,952	32,056,123
	<hr/>	<hr/>	<hr/>

11. Deferred tax assets and liabilities

(i) Recognised deferred tax assets and liabilities

	31/12/2012 VND'000	31/12/2011 VND'000
Deferred tax assets		
Tax losses carry-forwards	-	42,787,523
	<hr/>	<hr/>
Deferred tax liabilities:		
Fixed assets	(3,360,619)	(2,880,096)
	<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 financial statements for the year ended 31 December 2012
(continued)

Form B 09 – DN/HN

(ii) Unrecognised deferred tax assets

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

	31/12/2012		31/12/2011	
	Temporary difference VND'000	Tax value VND'000	Temporary difference VND'000	Tax value VND'000
Deductible temporary differences	48,587,663	12,146,916	10,821,083	2,705,271
Tax losses	159,044,316	39,761,079	213,568,854	53,392,214
	207,631,979	51,907,995	224,389,937	56,097,485

The tax losses expire in the following years:

Year of expiry	Status of tax review	Tax losses available VND'000
2013	Finalised	59,111,509
2014	Finalised	19,228,472
2015	Outstanding	1,506,073
2016	Outstanding	59,582,993
2017	Outstanding	19,615,269
		159,044,316

During the year, the Group's 2007, 2008 and 2009 open tax years were reviewed and finalised by the Tax Authorities. Based on the assessments made, the Group's previous tax losses were reduced by VND239,522 million. The Group annually assesses changes that impact its projected performance and resulting projected taxable profits of its business.

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.

Interfood Shareholding Company and its subsidiary
Special-purpose financial statements for compliance with Circular No. 244/2009/TT-BTC
Notes to the consolidated financial statements for the year ended 31 December 2012
(continued)

Form B 09 – DN/HN

12. Short-term borrowings

	31/12/2012	31/12/2011
	VND'000	VND'000
Loans from Kirin Holdings Company, Limited	364,490,000	395,732,000

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

	Currency	Nominal interest rate	31/12/2012	31/12/2011
			VND'000	VND'000
Loan 1	USD	LIBOR plus 0.8% p.a.	145,796,000	145,796,000
Loan 2	USD	LIBOR plus 0.8% p.a.	52,070,000	52,070,000
Loan 3	USD	LIBOR plus 0.8% p.a.	62,484,000	62,484,000
Loan 4	USD	LIBOR plus 0.8% p.a.	-	135,382,000
Loan 5	USD	LIBOR plus 0.8% p.a.	104,140,000	-
			364,490,000	395,732,000

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

13. Accounts payable – trade

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

	31/12/2012	31/12/2011
	VND'000	VND'000
Amounts due to Vietnam Kirin Beverage Company Limited	3,176,332	-
Amounts due to other related companies	-	25,127,087

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

Interfood Shareholding Company and its subsidiary
Special-purpose financial statements for compliance with Circular No. 244/2009/TT-BTC
Notes to the consolidated financial statements for the year ended 31 December 2012
(continued)

Form B 09 – DN/HN

14. Taxes payable to State Treasury

	31/12/2012	31/12/2011
	VND'000	VND'000
Value added tax	1,580,137	2,043,560
Import-export tax	591,661	240,168
Personal income tax	249,728	418,726
Foreign contractor tax	100,349	1,141,895
	<hr/>	<hr/>
	2,521,875	3,844,349
	<hr/>	<hr/>

15. Accrued expenses

	31/12/2012	31/12/2011
	VND'000	VND'000
Transportation fees	3,802,151	2,979,904
Sales discounts and commission	2,021,795	973,167
Loans interest payable	5,555,744	1,933,463
Secondment fee payable (*)	5,021,464	1,975,286
Others	1,125,712	1,895,161
	<hr/>	<hr/>
	17,526,866	9,756,981
	<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.

Interfood Shareholding Company and its subsidiary
Special-purpose financial statements for compliance with Circular No. 244/2009/TT-BTC
Notes to the consolidated financial statements for the year ended 31 December 2012
(continued)

Form B 09 – DN/HN

16. Other payables

Other payables comprised:

	31/12/2012 VND'000	31/12/2011 VND'000
Dividends payable	505,391	505,391
Trade union, social and health insurance	184,619	166,666
Payable to related parties	-	21,492,434
Others	515,452	603,429
	1,205,462	22,767,920

Other payables include the following amounts due to related parties:

	31/12/2012 VND'000	31/12/2011 VND'000
Amounts due to Kirin Holdings Company, Limited (*)	-	20,828,000
Amounts due to Wonderfarm Biscuits & Confectionery Sdn. Bhd.	-	664,434
	-	21,492,434

(*) During the year, this amount was converted to short-term loan according to the revolving loan agreement dated 27 November 2011 (note 12).

17. Long-term borrowings

	Currency	Interest rate	Year of maturity	31/12/2011 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

Interfood Shareholding Company and its subsidiary
Special-purpose financial statements for compliance with Circular No. 244/2009/TT-BTC
Notes to the consolidated financial statements for the year ended 31 December 2012
(continued)

Form B 09 – DN/HN

- (a) The loans were unsecured and bore effective interest at 0% during the year as the interest at SIBOR three-month period less 1% per annum was negative (year ended 31 December 2011: 0%).
- (b) The unsecured loans bore fixed interest rate of 1.896% p.a., which is based on USD Swap Semi 30/360 5-year plus 0.8% per annum according to current Kirin Group's financial rules.

18. Provision for severance allowance

Movements of provision for severance allowance during the year were as follow:

	2012 VND'000
Opening balance – as restated (note 35)	4,814,871
Provision made during the year	1,057,771
Utilised during the year	(2,545,139)
	<hr/>
Closing balance	3,327,503
	<hr/>

During the year, the Group contributed VND748 million (year ended 31 December 2011: VND449 million) to the unemployment insurance fund and the amount is recorded as part of labour and staff costs in the consolidated 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 financial statements for the year ended 31 December 2012
 (continued)

Form B 09 – DN/HN

19. Movement in owner's equity

	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's adjustment (Note 35)	-	-	-	(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 year	-	-	-	(57,392,991)	(57,392,991)
Balance at 31 December 2011 – as restated	381,443,888	85,035,704	(32,535,252)	(352,232,305)	81,712,035
Net loss for the year	-	-	-	(143,518,334)	(143,518,334)
Balance at 31 December 2012	381,443,888	85,035,704	(32,535,252)	(495,750,639)	(61,806,299)

20. Share capital

The Group's authorised and issued share capital is:

	31/12/2012		31/12/2011	
	Number of shares	VND'000	Number of shares	VND'000
Authorised and issued share capital				
Ordinary shares	29,140,992	381,443,992	29,140,992	381,443,992
Shares in circulation				
Ordinary shares	29,140,984	381,443,888	29,140,984	381,443,888

Interfood Shareholding Company and its subsidiary
Special-purpose financial statements for compliance with Circular No. 244/2009/TT-BTC
Notes to the consolidated financial statements for the year ended 31 December 2012
(continued)

Form B 09 – DN/HN

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

There were no movements in share capital during the year.

21. Acquisition reserve

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

22. Revenue

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

Net revenue comprised

	2012	2011
	VND'000	VND'000
Total revenue		
▪ Sales of drinks	795,969,367	802,323,761
▪ Sales of biscuits	29,870,330	30,483,673
▪ Sales of other products	53,544,477	81,654,050
Less sales deductions		
▪ Sales allowances	25,180,156	23,484,257
▪ Sales returns	414,665	432,640
Net revenue	853,789,353	890,544,587

Interfood Shareholding Company and its subsidiary
Special-purpose financial statements for compliance with Circular No. 244/2009/TT-BTC
Notes to the consolidated financial statements for the year ended 31 December 2012
(continued)

Form B 09 – DN/HN

23. Cost of sales

	2012 VND'000	2011 VND'000
Total cost of sales		
▪ Cost of drinks	590,561,486	622,687,739
▪ Cost of biscuit	31,801,586	31,094,767
▪ Cost of other products	37,788,615	87,713,997
	<hr/> 660,151,687	<hr/> 741,496,503

24. Financial income

	2012 VND'000	2011 VND'000
Interest income from bank deposits	463,423	233,982
Realised foreign exchange gains	610,032	33,014,879
Unrealised foreign exchange gains	52,340	74,127
	<hr/> 1,125,795	<hr/> 33,322,988

25. Financial expenses

	2012 VND'000	2011 VND'000
Interest expense	7,902,206	29,062,829
Realised foreign exchange losses	1,643,808	13,567,609
Unrealised foreign exchange losses	2,124	122,864
Other finance expenses	419,810	-
	<hr/> 9,967,948	<hr/> 42,753,302

Interfood Shareholding Company and its subsidiary
Special-purpose financial statements for compliance with Circular No. 244/2009/TT-BTC
Notes to the consolidated financial statements for the year ended 31 December 2012
(continued)

Form B 09 – DN/HN

26. Other income

	2012 VND'000	2011 VND'000
Support for marketing activities from Kirin Holdings Singapore Pte, Ltd. (note 6)	10,244,668	-
Reimbursement received for tax penalty payment	10,026,016	-
Loan interest exemption	-	5,046,041
Reversal of Avafood CIT payables for the year 2008	-	2,459,641
Others	6,094,023	3,491,627
	26,364,707	10,997,309
	26,364,707	10,997,309

27. Other expense

	2012 VND'000	2011 VND'000
Book value of tangible fixed assets written off	42,024,010	1,458,564
Tax penalties	7,605,365	1,804,246
Depreciation of idle fixed assets	10,805,587	10,916,996
Others	1,338,303	2,548,827
	61,773,265	16,728,633
	61,773,265	16,728,633

Interfood Shareholding Company and its subsidiary
Special-purpose financial statements for compliance with Circular No. 244/2009/TT-BTC
Notes to the consolidated financial statements for the year ended 31 December 2012
(continued)

Form B 09 – DN/HN

28. Income tax

(a) Recognised in the consolidated statement of income

	2012	2011
	VND'000	VND'000
Current tax expense		
Under provision in prior years	4,148,958	-
Deferred tax income		
Written down of deferred tax asset	42,787,523	1,681,299
Origination and reversal of temporary differences	480,523	480,523
	<u>43,268,046</u>	<u>2,161,822</u>
Income tax expense	<u>47,417,004</u>	<u>2,161,822</u>

(b) Reconciliation of effective tax rate

	2012	2011
	VND'000	VND'000
Loss before tax	(97,209,275)	(54,738,379)
Tax at the Group's tax rate	(24,302,319)	(13,684,595)
Non-deductible expenses	10,437,380	2,160,712
Deferred tax assets not recognised	14,345,462	14,944,632
Tax losses not previously recognised utilised	-	(2,940,226)
Written down of deferred tax assets	42,787,523	1,681,299
Under provision in prior years	4,148,958	-
	<u>47,417,004</u>	<u>2,161,822</u>

(c) Applicable tax rates

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

Interfood Shareholding Company and its subsidiary
Special-purpose financial statements for compliance with Circular No. 244/2009/TT-BTC
Notes to the consolidated financial statements for the year ended 31 December 2012
(continued)

Form B 09 – DN/HN

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

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

29. Loss per share

Basic earnings per share

The calculation of basic earnings per share at 31 December 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 year, calculated as follows:

(i) Net loss attributable to ordinary shareholders

	2012 VND'000	2011 VND'000
Net loss attributable to ordinary shareholders	(143,518,334)	(57,392,991)

(ii) Weighted average number of ordinary shares

	2012	2011
Weighted average number of ordinary shares for the year	29,140,984	29,140,984

Interfood Shareholding Company and its subsidiary
Special-purpose financial statements for compliance with Circular No. 244/2009/TT-BTC
Notes to the consolidated financial statements for the year ended 31 December 2012
(continued)

Form B 09 – DN/HN

30. Financial instruments

(a) Financial risk management

(i) Overview

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

- credit risk
- liquidity risk; and
- market risk.

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

Risk management framework

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

(b) Credit risk

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

(i) Exposure to credit risk

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

	Note	31/12/2012 VND'000	31/12/2011 VND'000
Cash in bank	(ii)	82,076,150	40,974,216
Trade and other receivables	(iii)	20,147,341	10,016,498
		102,223,491	50,990,714

Interfood Shareholding Company and its subsidiary
Special-purpose financial statements for compliance with Circular No. 244/2009/TT-BTC
Notes to the consolidated financial statements for the year ended 31 December 2012
(continued)

Form B 09 – DN/HN

(ii) Cash in bank

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

(iii) Trade and other receivables

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

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

Based on historic default rates, the Group believes that no allowance for doubtful debts is necessary in respect of the outstanding trade and other receivables as of 31 December 2012.

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

	31/12/2012	31/12/2011
	VND'000	VND'000
Past due 0 – 30 days	3,466,342	2,196,000
Past due 31 – 180 days	3,090,709	985,935
Over 180 days	806,148	85,582
	<hr/>	<hr/>
	7,363,199	3,267,517
	<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 financial statements for the year ended 31 December 2012
(continued)

Form B 09 – DN/HN

(c) Liquidity risk

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

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

31 December 2012

	Carrying amount VND'000	Contractual cash flows VND'000	Within 1 year VND'000	1 – 2 years VND'000	2 – 5 years VND'000
Trade and other payables	95,398,218	95,398,218	95,398,218	-	-
Short-term borrowings	364,490,000	368,196,343	368,196,343	-	-
Long-term borrowings	239,388,971	218,037,043	74,033,250	2,573,883	141,429,910
	699,277,189	681,631,604	537,627,811	2,573,883	141,429,910

31 December 2011

	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	106,008,272	106,008,272	106,008,272	-	-
Short-term borrowings	395,732,000	398,756,246	398,756,246	-	-
Long-term borrowings	104,006,971	104,006,971	32,547,603	71,459,368	-
	605,747,243	608,771,489	537,312,121	71,459,368	-

Interfood Shareholding Company and its subsidiary
Special-purpose financial statements for compliance with Circular No. 244/2009/TT-BTC
Notes to the consolidated financial statements for the year ended 31 December 2012
(continued)

Form B 09 – DN/HN

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

- USD10 million unused short-term loan facility which renews automatically at the option of the Group. Interest would be payable at rates of Libor + 0.8% per annum.

(d) Market risk

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

(i) Currency risk

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

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

Exposure to currency risk

At 31 December 2012 and 2011, the Group had the following net monetary liability position exposed to currency risk. The following balances are presented in original currency:

	31/12/2012 VND'000	31/12/2011 VND'000
Cash	48,679,339	5,640,505
Accounts receivable – trade	11,653,021	7,218,162
Account payables	(62,733,634)	(62,531,717)
Other receivables	100,953	83,888
Short-term deposit	279,344	675,578
Long-term deposit	1,514,758	-
Payables to employees	(7,877,854)	(7,753,946)
Other payables	(1,109,819)	(4,178,866)
	(9,493,892)	(60,846,396)

Interfood Shareholding Company and its subsidiary
Special-purpose financial statements for compliance with Circular No. 244/2009/TT-BTC
Notes to the consolidated financial statements for the year ended 31 December 2012
(continued)

Form B 09 – DN/HN

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

	Exchange rate as at	
	31/12/2012 VND	31/12/2011 VND
USD 1	20,828	20,828

Below is an analysis of the possible impact on the net loss of the Group, after taking into account the current level of exchange rates and the historical volatility as well as market expectations as at 31 December 2012. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases.

	Decrease in net loss VND'000
31 December 2012 VND (1% weakening)	71,211
31 December 2011 VND (9% weakening)	4,154,186

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

(ii) Interest rate risk

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

	Carrying amount	
	31/12/2012 USD	31/12/2011 USD
Fixed rate instruments		
Financial liabilities	(135,382,000)	-
Variable rate instruments		
Financial assets	82,076,150	40,974,216
Financial liabilities	(468,496,972)	(499,738,972)
	(386,420,822)	(458,764,756)

Interfood Shareholding Company and its subsidiary
Special-purpose financial statements for compliance with Circular No. 244/2009/TT-BTC
Notes to the consolidated financial statements for the year ended 31 December 2012
(continued)

Form B 09 – DN/HN

A change of 100 basis points in interest rates would have increased net losses of the Group by VND2,898 million (2011: VND3,441 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

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

(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 are not available for these financial assets and liabilities; and (ii) Vietnamese Accounting Standards and the Vietnamese Accounting System do not provide guidance on measurement of fair values in the case where quoted prices in active market are not available. Fair values of these financial instruments may be different from their carrying values.

31. Significant transactions with related parties

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

	Transaction value	
	2012	2011
	VND'000	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	83,312,000	395,732,000
Other cash transferred	-	20,828,000
Interest expenses	7,902,206	2,425,275
Secondment fee	8,718,434	1,975,286
Kirin Holding Singapore Pte, Ltd.		
Financial support for marketing activities	10,244,668	-
Vietnam Kirin Beverage Company, Limited		
Purchase of goods	17,209,468	-
Processing fee	21,552,564	11,569,350

Interfood Shareholding Company and its subsidiary
Special-purpose financial statements for compliance with Circular No. 244/2009/TT-BTC
Notes to the consolidated financial statements for the year ended 31 December 2012
(continued)

Form B 09 – DN/HN

	Transaction value	
	2012 VND'000	2011 VND'000
Board of Directors and Board of Management		
Secondment fees	8,582,386	-
Salary	1,304,270	7,850,427

32. Commitments

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

	31/12/2012 VND'000	31/12/2011 VND'000
Within one year	11,271,343	7,145,129
Within two to five years	31,492,769	23,925,748
Over five years	17,387,506	23,529,850
	<u>60,151,618</u>	<u>54,600,727</u>

33. Post balance sheet event

Subsequent to the year end, on 1 March 2013, Trade Ocean Holding Sdn. Bhd. and Wonderfarm Biscuits & Confectionery Sdn. Bhd., shareholders (“the Lenders”), issued Deeds of Release (“Deeds”) to waive the loans of VND71,459 million and VND32,547 million (“the Loans”) granted to the Group under the Loan Novation Agreement date 28 February 2011 and loan contract dated 30 July 2009, respectively. According to the Deeds, the Lenders irrevocably releases and discharges the Group, without any representation or warranty and without any recourse of any nature whatsoever (whether past, present or future and whether actual or contingent), from any and all of its obligations to repay the Loans to the Lenders and also releases the Group from all of its liabilities (including the interest) in all aspects whatsoever in respect of the Loans.

Interfood Shareholding Company and its subsidiary
Special-purpose financial statements for compliance with Circular No. 244/2009/TT-BTC
Notes to the consolidated financial statements for the year ended 31 December 2012
(continued)

Form B 09 – DN/HN

34. Production and business costs by element

	2012 VND'000	2011 VND'000
Raw material costs included in production costs	601,653,437	649,363,220
Labour costs and staff costs	106,537,511	88,755,335
Depreciation and amortisation	45,004,476	44,356,621
Outside services	131,287,340	80,799,623
Other expenses	87,346,967	76,295,651

35. 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)

29 March 2013

Prepared by:


 Nguyen Hong Phong
 Chief Accountant

Approved by:



 Michio Nagabayashi
 Chairman cum General Director

