

**Interfood Shareholding Company**

**Seperated financial statements**  
**Quarter 3 - 2013**

## Interfood Shareholding Company

### Corporate information

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

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

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

#### Board of Management:

Michio Nagabayashi	Chairman
Toru Yamasaki	Member
Hiroshi Fujikawa	Member
Nguyen Thi Kim Lien	Member
Pang Tze Wei	Member

#### Board of Director:

Michio Nagabayashi	General Director
Kazufumi Nagashima	Director/General Manager of Factory
Hidefumi Matsuo	Director/General Manager of Administration
Nguyen Thi Kim Lien	Director/General Manager of Finance
Takaaki Suemitsu	Director/General Manager of Sales and Marketing

#### Registered Office

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

#### Auditors

KPMG Limited  
 Vietnam

## Interfood Shareholding Company

### Report of the Board of Directors

The Board of Directors is responsible for the preparation and presentation of the separated financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and the relevant statutory requirements. In the opinion of the Board of Directors:.

(a) the separated financial statements set out on pages 4 to 28 are prepared and presented so as to give a true and fair view of the separated financial position of the Company as at 30 June 2013, and of the separated results of operations and the separated cash flows of the Company for the year then ended in accordance with the Vietnamese Accounting Standards, the Vietnamese Accounting System and the relevant statutory requirements; and

(b) at the date of this statement, there are no reasons to believe that the Company will not be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these separated financial statements for issue.

On behalf of the Board of Directors

Signed and seal

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Michio Nagabayashi

*Chairman, General Director*

Dong Nai province, dated 14th November 2013.

**Interfood Shareholding Company**  
**Seperated balance sheet**

			30/09/2013	31/12/2012
ASSETS	Code	Notes	VND'000	VND'000
<b>Current assets (100=110+130+140+150)</b>	<b>100</b>		<b>363,813,108</b>	<b>394,740,754</b>
<b>Cash</b>	<b>110</b>	<b>4</b>	<b>11,658,112</b>	<b>81,642,948</b>
<b>Accounts receivable</b>	<b>130</b>	<b>5</b>	<b>142,260,461</b>	<b>154,689,431</b>
Trade accounts receivable - trade	131		14,859,138	14,959,024
Prepayments to suppliers	132		4,406,504	3,035,244
Intercompany receivables	133		119,874,898	131,506,846
Other receivables	135		3,119,921	5,188,317
<b>Inventories</b>	<b>140</b>	<b>6</b>	<b>203,513,480</b>	<b>157,649,819</b>
Inventories	141		209,817,083	164,125,515
Allowance for inventories	149		(6,303,603)	(6,475,696)
<b>Other current assets</b>	<b>150</b>		<b>6,381,055</b>	<b>758,556</b>
Short term prepayments	151		857,017	12,726
Deductible value added tax	152		5,119,587	-
Other current assets	158		404,451	745,830
<b>Long-term assets</b> <b>(200=220+260)</b>	<b>200</b>		<b>302,544,648</b>	<b>320,730,559</b>
<b>Longterm receivable</b>	<b>210</b>	<b>5</b>	<b>24,993,600</b>	<b>24,993,600</b>
Longterm intrareceivable	213		24,993,600	24,993,600
<b>Fixed assets</b>	<b>220</b>		<b>177,987,526</b>	<b>196,391,440</b>
Tangible fixed assets	221	7	169,726,428	187,993,216
Cost	222		378,725,857	379,932,567
Accumulated depreciation	223		(208,999,429)	(191,939,351)
Intangible fixed assets	227	8	7,881,341	-
Cost	228		8,369,566	-
Accumulated depreciation	229		(488,225)	-
Construction in progress	230	9	379,757	8,398,224
<b>Long-term financial investments</b>	<b>250</b>		<b>94,145,800</b>	<b>94,145,809</b>
Investment in subsidiary company	251	10	94,145,800	94,145,809
<b>Other long-term assets</b>	<b>260</b>		<b>5,417,722</b>	<b>5,199,710</b>
Long-term prepayments	261	11	3,902,959	3,684,952
Other long-term assets	268		1,514,763	1,514,758
<b>TOTAL ASSETS</b> <b>(270=100+200)</b>	<b>270</b>		<b>666,357,756</b>	<b>715,471,313</b>

**Interfood Shareholding Company**  
**Separated balance sheet**

<b>RESOURCES</b>	<b>Code</b>	<b>Notes</b>	<b>30/09/2013</b> <b>VND'000</b>	<b>31/12/2012</b> <b>VND'000</b>
<b>LIABILITIES (300=310+330)</b>	<b>300</b>		<b>705,252,947</b>	<b>676,501,188</b>
<b>Current liabilities</b>	<b>310</b>		<b>565,467,459</b>	<b>466,528,559</b>
Short-term borrowings	311	12	473,310,000	364,490,000
Trade accounts payable-trade	312	13	66,566,446	66,406,162
Advances from customers	313		4,565,462	6,552,905
Taxes payable to State Treasury	314	14	212,994	2,516,127
Payable to employees	315		8,781,245	8,421,739
Accrued expenses	316	15	11,278,520	16,956,554
Other payables	319	16	752,792	1,185,072
<b>Long term liabilities</b>	<b>330</b>		<b>139,785,488</b>	<b>209,972,629</b>
Long-term deposits	333		26,139	26,139
Long-term borrowings	334	17	136,734,000	206,841,368
Provision for severance allowance	337	18	3,025,349	3,105,122
<b>EQUITY (400=410)</b>	<b>400</b>		<b>(38,895,191)</b>	<b>38,970,125</b>
<b>Owners' equity</b>	<b>410</b>	<b>19</b>	<b>(38,895,191)</b>	<b>38,970,125</b>
Share capital	411	20	381,443,888	381,443,888
Share premium	412		85,035,704	85,035,704
Difference of exchange rate	413		493,757	-
Accumulated losses	420		(505,868,540)	(427,509,467)
<b>TOTAL RESOURCES (440=300+400+439)</b>			<b>666,357,756</b>	<b>715,471,313</b>
<b>OFF BALANCE SHEET ITEMS</b>				
Foreign currencies			<b>VND'000</b>	<b>VND'000</b>
US dollar			7,341,123	33,442,616
Euro			9,956	13,546

14th November 2013

Prepared by:

Approved by:

Signed

Signed and seal

Nguyễn Hồng Phong  
*Chief Accountant*

Michio Nagabayashi  
*Chairman, General Director*

**Interfood Shareholding Company**  
**Separated statement of income**

	Code	Notes	Q3-2013 VND'000	Q3-2012 VND'000	YTD2013 VND'000	YTD2012 VND'000
<b>Total revenue</b>	<b>01</b>	<b>21</b>	<b>215,167,495</b>	<b>183,936,311</b>	<b>726,385,790</b>	<b>879,382,008</b>
<b>Less revenue deductions:</b>	<b>02</b>	<b>21</b>	<b>5,978,510</b>	<b>5,170,552</b>	<b>20,424,911</b>	<b>25,594,821</b>
<b>Net revenue (10=01-02)</b>	<b>10</b>	<b>21</b>	<b>209,188,985</b>	<b>178,765,759</b>	<b>705,960,879</b>	<b>853,787,187</b>
<b>Cost of sales</b>	<b>11</b>	<b>22</b>	<b>162,179,858</b>	<b>142,564,208</b>	<b>516,223,691</b>	<b>673,469,089</b>
<b>Gross profit (20=10-11)</b>	<b>20</b>		<b>47,009,127</b>	<b>36,201,552</b>	<b>189,737,188</b>	<b>180,318,098</b>
Financial income	21	23	762,829	800,155	2,988,277	4,027,864
Financial expenses	22	24	2,207,987	2,026,481	11,348,653	9,546,014
<i>In which: Interest expenses</i>	23		2,078,489	2,026,490	6,356,739	7,902,206
Selling expenses	24		102,188,880	42,714,592	299,971,364	215,082,987
G&A expenses	25		7,241,254	6,965,860	23,549,171	28,525,321
<b>Operating profit/(loss)</b> <b>{30=20+(21-22)-(24+25)}</b>	<b>30</b>		<b>(63,866,165)</b>	<b>(14,705,227)</b>	<b>(142,143,723)</b>	<b>(68,808,360)</b>
Other income	31	25	573,346	967,649	75,749,342	25,958,311
Other expenses	32	26	9,668,218	1,572,705	11,964,692	43,050,497
<b>Result of other activities</b> <b>(40 = 31 - 32)</b>	<b>40</b>		<b>(9,094,872)</b>	<b>(605,056)</b>	<b>63,784,650</b>	<b>(17,092,186)</b>
<b>Profit (loss) before tax</b>	<b>50</b>		<b>(72,961,037)</b>	<b>(15,310,283)</b>	<b>(78,359,073)</b>	<b>(85,900,546)</b>
Income tax expenses - current	51	27	-	(2,540,279)	-	4,148,958
Income tax expenses - deferred	52	27	-	-	-	42,787,523
<b>Profit(loss) after tax</b>	<b>60</b>		<b>(72,961,037)</b>	<b>(12,770,004)</b>	<b>(78,359,073)</b>	<b>(132,837,028)</b>
Earning(loss) per share	36		(2.504)	(0.438)	(2.689)	(4.558)

14th November 2013

Prepared by:

Approved by:

Signed

Signed and seal

Nguyễn Hồng Phong  
 Chief Accountant

Michio Nagabayashi  
 Chairman, General Director

**Interfood Shareholding Company**  
**Separated statements of cash flows**

	Code	30/09/2013 VND'000	31/12/2012 VND'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit/(loss) before tax</b>	<b>01</b>	<b>(78,359,073)</b>	<b>(85,900,546)</b>
Adjustments for:		-	-
Depreciation and amortisation	02	19,654,890	31,583,350
Increase in provisions	03	(172,093)	7,499,392
Gain on foreign exchange loss	04	5,337,546	-
Income from loan waiving	05	(71,459,368)	-
Interest income	05	(643,447)	(3,417,832)
Loss from disposal fixed assets	05	-	28,542,712
Interest expenses	06	6,356,739	7,902,206
<b>Operating profit/(loss) before adjustments to w</b>	<b>8</b>	<b>(119,284,806)</b>	<b>(13,790,718)</b>
Change in accounts receivable	09	7,798,887	37,501,272
Change in inventory	10	(45,691,568)	(26,701,996)
Change in accounts payable	11	(16,525,517)	5,377,748
Change in prepaid expenses	12	(3,168,885)	(3,628,467)
Interest paid	13	-	(4,279,925)
Business income tax paid	14	-	(1,922,299)
Other payable	16	-	(1,514,758)
<b>Cash generated from operating activities</b>	<b>20</b>	<b>(176,871,889)</b>	<b>(8,959,143)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of fixed assets and investment construc	21	855,606	(9,418,630)
Payments for purchase of debt instrument of the subsidiary		-	(24,678,889)
Interest income received	27	643,447	421,829
<b>Net cash inflows/(outflows) from investing activ</b>	<b>30</b>	<b>1,499,053</b>	<b>(33,675,690)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from loan	33	126,216,000	83,312,000
Repayments for debt	34	(20,828,000)	-
<b>Net cash inflows/(outflows) from financing activ</b>	<b>40</b>	<b>105,388,000</b>	<b>83,312,000</b>
<b>Net increase/(decrease) in cash</b>	<b>50</b>	<b>(69,984,836)</b>	<b>40,677,167</b>
<b>Cash at beginning of the year</b>	<b>60</b>	<b>81,642,948</b>	<b>40,965,781</b>
Effects of changes in foreign exchange rates	61	-	-
<b>Cash at end of the year</b>	<b>70</b>	<b>11,658,112</b>	<b>81,642,948</b>

14th November 2013

Prepared by:

Signed

Nguyễn Hồng Phong  
*Chief Accountant*

Approved by:

Signed and seal

Michio Nagabayashi  
*Chairman, General Director*

## Interfood Shareholding Company

### Notes to the seperated financial statements

#### 1. Reporting Entity

Interfood Shareholding Company (“the Company”) is a joint stock company incorporated in Vietnam. The principal activities of the Company 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.

As at 30 September 2013, the Company had 1283 employees (the year ended 31 December 2012: 1,196 employees).

#### 2. Basis of preparation

##### (a) Statement of compliance

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

##### (b) Basis of measurement

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

##### (c) Going concern assumption

The seperated financial statements have been prepared on a going concern basis. The Company has made loss of 78,359 Million VND(2012: Loss 132,837 Million VND) during the year and at the balance sheet date, current liabilities still exceeded current assets by 201,654 Million VND (31/12/2012: 71,787 Million VND) and liabilities exceeded total assets 38,895 Million VND (31/12/2012: total liabilities exceeded total assets 38,970 Million VND ). Furthermore, the Company has significant loans that will require refinancing within the next 12 months (Note 12). The validity of the going concern assumption fundamentally depends on the ultimate majority shareholder continuing to provide such financial assistance as is necessary to enable the Company to meet its liabilities as and when they fall due and to maintain the Company in existence as a going concern for the foreseeable future.

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

##### (d) Annual accounting period

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

##### (e) Accounting currency

the Company maintains its accounting records in Vietnam Dong (“VND”) and presents its seperated financial statements in VND.



## Interfood Shareholding Company

### Notes to the seperated financial statements (continues)

#### 3. Summary of significant accounting policies

##### (a) Foreign currency transactions

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

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

##### (b) Cash

Cash comprises cash balances and call deposits.

##### (c) Investments

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

##### (d) Accounts receivable

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

##### (e) Inventories

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

the Company applies the perpetual method of accounting for inventory.

##### (f) Tangible fixed assets

##### (i) Cost

**Interfood Shareholding Company**  
**Notes to the seperated financial statements (continues)**

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

**(ii) Depreciation**

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

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

**(g) Construction in progress**

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

**(h) Long-term prepayments**

***Renovation expenses***

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

**(i) Trade and other payables**

Trade and other payables are stated at their cost.

**(j) Provisions**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

**Interfood Shareholding Company**  
**Notes to the seperated financial statements (continues)**

***Severance allowance.***

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

Pursuant to Law on Social Insurance, effective from 1 January 2009 the Company and its employees are required to contribute to an unemployment insurance fund managed by the Vietnam Social Insurance Agency. The contribution to be paid by each party is calculated at 1% of the lower of the employees’ basic salary and 20 times the general minimum salary level as specified by the Government from time to time. With the implementation of unemployment insurance scheme, the Company is no longer required to provide severance allowance for the service period after 1 January 2009. However, severance allowance to be paid to the existing eligible employees as of 30 September 2013 will be determined based on the eligible employees’ years of service as of 31 December 2008 and their average salary for the six-month period prior to the termination date.

**(k) Classification of financial instruments**

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

**(i) Financial assets**

*Financial assets at fair value through profit or loss.*

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

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

*Held-to-maturity investments*

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

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

**Interfood Shareholding Company**  
**Notes to the seperated financial statements (continues)**

*Loans and receivables*

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

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

*Available-for-sale financial assets*

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

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

The Company's financial assets, comprising cash in bank, accounts receivable and other receivables, are under the category of loans and receivables.

**(ii) Financial liabilities**

*Financial liabilities at fair value through profit or loss*

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

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

*Financial liabilities carried at amortised cost*

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

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

**Interfood Shareholding Company**  
**Notes to the seperated financial statements (continues)**

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

**(l) Taxation**

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

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

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

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

**(m) Revenue**

***Goods sold***

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

**(n) Operating lease payments**

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

**(o) Borrowing costs**

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

**Interfood Shareholding Company**  
**Notes to the seperated financial statements (continues)**

**(p) Related companies**

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

<b>4. Cash</b>	<b>30/09/2013</b>	<b>31/12/2012</b>
	VND'000	VND'000
Cash on hand	156,954	105,514
Cash in banks	11,501,158	81,537,434
	<u>11,658,112</u>	<u>81,642,948</u>
	-	-
<b>5. Accounts receivable short-term and long-term</b>	<b>30/09/2013</b>	<b>31/12/2012</b>
	VND'000	VND'000
Short-term receivable:		
Short-term loan granted to a related company (a)	119,874,898	131,506,846
	<u>119,874,898</u>	<u>131,506,846</u>
	-	-
	<b>30/09/2013</b>	<b>31/12/2012</b>
Long-term receivable:	VND'000	VND'000
Long-term loan granted to a related company (b)	24,993,600	24,993,600
	<u>24,993,600</u>	<u>24,993,600</u>
	-	-

(a) This amount represented the short-term loan receivable from Avafood Shareholding Company (“Avafood”), a subsidiary.

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

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

	<b>30/09/2013</b>	<b>31/12/2012</b>
	VND'000	VND'000
Other receivables comprised:		
Marketing support receivable from KHSPL*	-	5,087,364
Received for expenses pay on behalf of VKBC.	-	-
Other receivable	3,119,921	100,953
	<u>3,119,921</u>	<u>5,188,317</u>
	-	-

(\*) The amount represented the financial support for marketing activities by Kirin Holdings Singapore Pte, Ltd., (KHSPL), a related company, which was received in 2013

**Interfood Shareholding Company**  
**Notes to the separated financial statements (continues)**

<b>6. Inventories</b>	<b>30/09/2013</b>	<b>31/12/2012</b>
	VND'000	VND'000
Raw materials	80,353,828	63,741,782
Tools and supplies	8,538,467	8,727,411
Work in progress	1,495,543	4,413,016
Finished goods	<u>119,429,245</u>	<u>87,243,306</u>
	209,817,083	164,125,515
Allowance for inventories	<u>(6,303,603)</u>	<u>(6,475,696)</u>
	<b><u>203,513,480</u></b>	<b><u>157,649,819</u></b>
	-	-

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

<b>7. Fixed assets</b>				
<b>(i) Tangible fixed assets</b>	<b>Machinery &amp; Equipment</b>	<b>Motor vehicles</b>	<b>Office</b>	<b>Total</b>
	VND'000	VND'000	VND'000	VND'000
<b>Historical cost</b>				
Opening balance	366,490,529	9,194,250	4,247,788	<b>379,932,567</b>
Additions	2,307,548	-	20,400	<b>2,327,948</b>
Disposals(*)	<u>(2,573,072)</u>	<u>(65,810)</u>	<u>(895,775)</u>	<b><u>(3,534,657)</u></b>
Closing balance	<u>366,225,005</u>	<u>9,128,440</u>	<u>3,372,413</u>	<b><u>378,725,858</u></b>
<b>Accumulated depreciation</b>				
Opening balance	184,426,733	5,610,543	1,902,075	<b>191,939,351</b>
Charge for the year	18,043,743	748,536	374,386	<b>19,166,665</b>
Disposals(*)	<u>(1,645,531)</u>	<u>(30,778)</u>	<u>(430,279)</u>	<b><u>(2,106,588)</u></b>
Closing balance	<u>200,824,945</u>	<u>6,328,301</u>	<u>1,846,182</u>	<b><u>208,999,428</u></b>
<b>Net book value</b>				
Opening balance	182,063,796	3,583,707	2,345,713	<b>187,993,216</b>
Closing balance	<u>165,400,060</u>	<u>2,800,139</u>	<u>1,526,231</u>	<b><u>169,726,430</u></b>

Included in the cost of tangible fixed assets were assets costing 22,278 million VND which were fully depreciated as of 30 September 2013 (31/12/2012: 16,435 million VND), but are still in active use.

The carrying amount of temporarily idle tangible fixed assets amounted to 1,819 million VND as of 30 Sept 2013 (31/12/2012: 2,177 million VND).

(\*) During this year, the fixed asset carrying historical cost lower than 30 million VND has been transferred to the prepayment expenses account in accordance to the Circular No 45/2013/TT-BTC dated 25/4/2013

**Interfood Shareholding Company**  
**Notes to the separated financial statements (continues)**

(ii) Intangible fixed assets	ERP				Total
	VND'000				VND'000
<b>Historical cost</b>					
Opening balance					-
Transfer from CIP	8,369,566	-			8,369,566
Written off					-
Closing balance	8,369,566	-	-	-	8,369,566
<b>Accumulated depreciation</b>					
Opening balance	-	-			-
Charge for the year	488,225	-			488,225
Disposals	-	-			-
Closing balance	488,225	-	-	-	488,225
<b>Net book value</b>					
Opening balance	-	-	-	-	-
Closing balance	7,881,341	-	-	-	7,881,341

8. Construction in progress	30/09/2013	31/12/2012
	VND'000	VND'000
Opening balance	8,398,224	7,095,558
Additions during the quarter	1,620,931	1,302,666
Transferred to fixed assets	(9,639,398)	-
Closing balance	379,757	8,398,224
	-	-

**10. Long-term prepayment**

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

In July to December 2012, the Company acquired a further 0.4% shareholding in Avafood for a consideration of USD20,156, increasing its equity interest in Avafood from 90% to 90.4%.



**Interfood Shareholding Company**  
**Notes to the seperated financial statements (continues)**

**10. Long-term prepayment**

	<b>Total</b>
	VND'000
Opening balance	3,684,952
Additions	1,411,091
Amortisation	(1,193,084)
Closing balance	<u><u>3,902,959</u></u>

**11. Deferred tax assets and liabilities**

*(i). Recognised deferred tax assets and liabilities*

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

	<b>30/09/2013</b>	<b>30/09/2013</b>	<b>31/12/2012</b>	<b>31/12/2012</b>
	VND'000	VND'000	VND'000	VND'000
Deductible temporary differences	-	-	48,587,663	12,146,916
Tax losses	-	-	79,723,544	19,930,886
	<u>-</u>	<u>-</u>	<u><b>128,311,207</b></u>	<u><b>32,077,802</b></u>

The tax losses expire in the following years:

Year of expiry	Status of tax review	Tax losses available VND'000
2016	Finalized	34,454,816
2017	Outstanding	<u>11,668,930</u>
		<u><b>46,123,746</b></u>

During the year, the Company's 2010 and 2011 open tax years were reviewed and finalised by the Tax Authorities. Based on the assessments made, the Company's previous tax losses were reduced by VND 25,128 million. the Company 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 Company can utilise the benefits therefrom.

**Interfood Shareholding Company**  
**Notes to the seperated financial statements (continues)**

**12. Short-term borrowings**

	<b>30/09/2013</b>	<b>31/12/2012</b>
	VND'000	VND'000
Short-term Loans from Kirin Holdings Company, Limited	473,310,000	364,490,000

- -

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

			<b>30/09/2013</b>	<b>31/12/2012</b>
	Currency	Nominal interest rate	VND'000	VND'000
Loan 7 Million USD	USD	LIBOR + 0,8%/p.a	147,252,000	145,796,000
Loan 2.5 Million USD	USD	LIBOR + 0,8%/p.a	52,590,000	52,070,000
Loan 3 Million USD	USD	LIBOR + 0,8%/p.a	63,108,000	62,484,000
Loan 6 Million USD	USD	LIBOR + 0,8%/p.a	105,180,000	104,140,000
Loan 9 Million USD	USD	LIBOR + 0,8%/p.a	105,180,000	-
			<b>473,310,000</b>	<b>364,490,000</b>

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

**13. Accounts payable – trade**

- -

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

	<b>30/09/2013</b>	<b>31/12/2012</b>
	VND'000	VND'000
Amounts due to Vietnam Kirin Beverage Company, Limited	9,747,402	3,176,332
Amounts due to other related companies	-	-

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

**14. Taxes payable to State Treasury**

	<b>30/09/2013</b>	<b>31/12/2012</b>
	VND'000	VND'000
Value added tax	-	1,580,137
Import, export tax	(19,551)	591,662
Personal income tax	132,190	243,979
Foreign contractor tax	-	100,349
Other tax	100,355	-
	<b>212,994</b>	<b>2,516,127</b>

- -

**Interfood Shareholding Company**  
**Notes to the seperated financial statements (continues)**

**15. Accrued expenses**

	<b>30/09/2013</b>	<b>31/12/2012</b>
	VND'000	VND'000
Transportation fee	5,181,943	3,802,151
Sales discounts and commission	1,851,646	2,021,795
Loans interest payable	1,562,149	5,555,744
Secondment fee payable (*)	2,267,407	5,021,464
Others	415,375	555,400
	<u>11,278,520</u>	<u>16,956,554</u>
	-	-

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

**16. Other payables**

	<b>30/09/2013</b>	<b>31/12/2012</b>
	VND'000	VND'000
Dividend payable (Note 36)	524,551	505,391
Trade union, social and health insurance	30,905	164,229
Other payable	197,336	515,452
	<u>752,792</u>	<u>1,185,072</u>
	-	-

**17. Long-term borrowings**

			<b>30/09/2013</b>	<b>31/12/2012</b>
	<b>Curre</b>		<b>VND'000</b>	<b>VND'000</b>
	<b>ncy</b>	<b>Interest rate</b>		
			<b>Year of</b>	
			<b>maturity</b>	
Loan from Trade Ocean Holdings Sdn Bhd (a)	USD	three-month SIBOR minus 1% p.a.	2014	71,459,368
Unsecured loan from Kirin Holdings Company, Limited (b)	USD	1.896% p.a.	2017	135,382,000
				136,734,000
				<u>206,841,368</u>

(a) The loans were unsecured and bore effective interest at 0% during the year as the interest at SIBOR three-month period less 1% p.a was negative (year ended 31 December 2012: 0%).

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

## Interfood Shareholding Company

### Notes to the separated financial statements (continues)

On 1 March 2013, Trade Ocean Holding Sdn. Bhd., shareholders (“the Lenders”), issued Deeds of Release (“Deeds”) to waive the loans of 71,459 Million VND (“the Loans”) granted to the Company 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 Company, without any representation or warranty and without any recourse of any nature whatsoever (whether past, present or future and whether actual or contingent), from any and all of its obligations to repay the Loans to the Lenders and also releases the Company from all of its liabilities (including the interest) in all aspects whatsoever in respect of the Loans.

#### 18. Provision for severance allowance

Movements of provision during the year were as follow:

	30/09/2013	31/12/2012
	VND'000	VND'000
Opening balance	3,105,122	4,276,030
Provision made during the year	-	1,023,696
Utilised during the year	(79,773)	(2,194,604)
Closing balance	<u>3,025,349</u>	<u>3,105,122</u>
	-	-

During the year, the Company contributed 700 million VND (year ended 31 December 2012: 701 million VND) to the unemployment insurance fund and the amount is recorded as part of labour and staff costs in the separated statement of income.

#### 19. Movement in owner's equity

	Paid in capital	Share premium	Acquisition Reserves	Undistributed earnings	Total
	VND'000	VND'000	VND'000	VND'000	VND'000
Prior year's opening balance	381,443,888	85,035,704	-	(294,672,440)	171,807,152
Prior year's adjustment				-	-
Prior year's net loss	-	-	-	(132,837,027)	(132,837,027)
Prior year's closing balance	<u>381,443,888</u>	<u>85,035,704</u>	<u>-</u>	<u>(427,509,467)</u>	<u>38,970,125</u>
Current year's opening balance	381,443,888	85,035,704	-	(427,509,467)	38,970,125
Current year's net profit	-	-	-	(78,359,073)	(78,359,073)
Foreign exchange differences	-	-	-	493,757	493,757
Current year's closing balance	<u>381,443,888</u>	<u>85,035,704</u>	<u>-</u>	<u>(505,374,783)</u>	<u>(38,895,191)</u>

**Interfood Shareholding Company**  
**Notes to the separated financial statements (continues)**

**20. Share capital**

the Company's authorised and issued share capital is:

	30/09/2013		31/12/2012	
	Number of shares	VND'000	Number of shares	VND'000
<b>Authorised and issued share capital</b>				
Ordinary shares	29,140,992	381,443,992	29,140,992	381,443,992
<b>Shares in circulation</b>				
Ordinary shares	29,140,984	381,443,888	29,140,984	381,443,888

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

There were no movements in share capital during the year.

**21. Revenues**

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

	Q3-2013	Q3-2012	YTD2013	YTD2012
	VND'000	VND'000	VND'000	VND'000
<b>Total revenue</b>				
■ Sales of drinks	184,853,326	170,850,261	633,457,473	795,969,367
■ Sales of biscuits	5,222,164	7,142,044	17,861,337	29,868,164
■ Sales of other products	25,092,005	5,944,007	75,066,980	53,544,477
	<b>215,167,495</b>	<b>183,936,311</b>	<b>726,385,790</b>	<b>879,382,008</b>
	-	-	-	-
<b>Less sales deductions:</b>				
■ Sales allowances	5,978,510	5,148,011	20,424,911	25,180,156
■ Sales return	-	22,540	-	414,665
	5,978,510	5,170,552	20,424,911	25,594,821
<b>Net sales</b>	<b>209,188,985</b>	<b>178,765,759</b>	<b>705,960,879</b>	<b>853,787,187</b>
	-	-	-	-

**Interfood Shareholding Company**  
**Notes to the seperated financial statements (continues)**

<b>23. Cost of goods sold</b>	<b>Q3-2013</b>	<b>Q3-2012</b>	<b>YTD2013</b>	<b>YTD2012</b>
	VND'000	VND'000	VND'000	VND'000
<b>Total cost of sales</b>				
■ Cost of drinks	142,893,502	115,043,653	455,326,443	603,878,888
■ Cost of biscuit	5,792,839	8,501,839	18,189,237	31,801,586
■ Cost of other products	13,493,517	19,018,716	42,708,011	37,788,615
	<b>162,179,858</b>	<b>142,564,208</b>	<b>516,223,691</b>	<b>673,469,089</b>
	-	-	-	-
<b>24. Income from financial activities</b>	<b>Q3-2013</b>	<b>Q3-2012</b>	<b>YTD2013</b>	<b>YTD2012</b>
	VND'000	VND'000	VND'000	VND'000
Interest income from bank deposits	31,720	43,836	643,447	421,829
Interest income from loan to Avafood	683,947	769,193	2,114,189	2,996,003
Realised gains from foreign exchange	47,162	(12,875)	230,641	610,032
Unrealised gains from foreign exchange	-	-	-	-
	<b>762,829</b>	<b>800,155</b>	<b>2,988,277</b>	<b>4,027,864</b>
	-	-	-	-
<b>25. Financial expenses</b>	<b>Q3-2013</b>	<b>Q3-2012</b>	<b>YTD2013</b>	<b>YTD2012</b>
	VND'000	VND'000	VND'000	VND'000
Interest expense	2,078,488	2,026,481	6,356,738	7,902,197
Realised foreign exchange losses	129,499	-	4,991,915	1,642,508
Unrealised foreign exchange losses	-	-	-	-
Other finance expenses	-	-	-	1,309
	<b>2,207,987</b>	<b>2,026,481</b>	<b>11,348,653</b>	<b>9,546,014</b>
	-	-	-	-
<b>26. Other income</b>	<b>Q3-2013</b>	<b>Q3-2012</b>	<b>YTD2013</b>	<b>YTD2012</b>
	VND'000	VND'000	VND'000	VND'000
Support for marketing fee from KHSPL(*)	-	-	-	10,244,668
Reimbursement received for tax penalty	-	-	-	10,026,016
Internal Loan waiver	-	-	71,459,368	-
Others	573,346	967,649	4,289,974	5,687,627
	<b>573,346</b>	<b>967,649</b>	<b>75,749,342</b>	<b>25,958,311</b>
	-	-	-	-
(*) KHSPL - Kirin Holdings Singapore Pte, Ltd				
<b>27. Other expenses</b>	<b>Q3-2013</b>	<b>Q3-2012</b>	<b>YTD2013</b>	<b>YTD2012</b>
	VND'000	VND'000	VND'000	VND'000
Book value of tangible fixed assets written off	-	-	-	28,542,712
Tax penalties	-	-	-	7,605,365
Depreciation of idle fixed assets	113,960	1,554,662	304,699	6,255,086
Others	9,554,258	18,043	11,659,993	647,334
	<b>9,668,218</b>	<b>1,572,705</b>	<b>11,964,692</b>	<b>43,050,497</b>
	-	-	-	-

**Interfood Shareholding Company**  
**Notes to the seperated financial statements (continues)**

**28. Coporate Income Taxes**

**(a) Recognised in the seperated statement of income**

	<b>2013</b> <b>VND'000</b>	<b>2012</b> <b>VND'000</b>
<b>Current tax expense</b>		
Under provision in prior years	-	4,148,958
<b>Deferred tax income</b>		
Written down of deferred tax asset	-	42,787,523
Origination and reversal of temporary	-	-
	-	<b>42,787,523</b>
<b>Income tax expense</b>	-	<b>46,936,481</b>

**(b) Reconciliation of effective tax rate**

	<b>2013</b> <b>VND'000</b>	<b>2012</b> <b>VND'000</b>
Loss before tax	(78,359,073)	(85,900,547)
Tax at the Company's tax rate	(19,589,768)	(21,475,137)
Non-deductible expenses	25,728,128	9,116,260
Deferred tax assets not recognised	-	12,358,877
Tax losses not previously recognised utilised	(6,138,359)	-
Written down of deferred tax assets	-	42,787,523
Under provision in prior years	-	4,148,958
	<b>(0)</b>	<b>46,936,481</b>

**(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%.

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.

**Interfood Shareholding Company**  
**Notes to the seperated financial statements (continues)**

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

**30. Financial instruments**  
**(a) Financial risk management**  
**(i) Overview**

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

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

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

Risk management framework

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

**(b) Credit risk**

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

**(i) Exposure to credit risk**

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

	Notes	<b>2013</b> <b>VND'000</b>	<b>2012</b> <b>VND'000</b>
Cash in bank		11,501,158	81,537,434
Trade and other receivables		17,979,059	20,147,341
Intra company receivable short term		119,874,898	131,506,846
Long-term loan receivable		24,993,600	24,993,600
		<u><b>174,348,715</b></u>	<u><b>258,185,221</b></u>

**(ii) Cash in bank**

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



**Interfood Shareholding Company**  
**Notes to the separated financial statements (continues)**

(iii) *Trade and other receivables*

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

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

Based on historic default rates, the Company believes that no allowance for doubtful debts is necessary in respect of the outstanding trade and other receivables as of 30 June 2013.

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

	<b>2013</b>	<b>2012</b>
	<b>VND'000</b>	<b>VND'000</b>
Non past due	8,973,661	12,784,142
Past due 0 – 30 days	6,221,429	3,466,342
Past due 31 – 180 days	471,748	3,090,709
Over 180 days	2,312,222	806,148
	<u><u>17,979,059</u></u>	<u><u>20,147,341</u></u>

(c) **Liquidity risk**

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

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

<b>30/09/2013</b>	Carrying amount.	Contractual cash flows	Within 1 year	1 – 2 years	2 – 5 years
	<b>VND'000</b>	<b>VND'000</b>	<b>VND'000</b>	<b>VND'000</b>	<b>VND'000</b>
Trade and other payables.	87,379,003	87,379,003	87,379,003	-	-
Short-term borrowings.	431,238,000	433,853,940	433,853,940	-	-
Long-term borrowings.	136,734,000	146,102,430	2,599,579	2,599,579	140,903,271
	<u><u>655,351,003</u></u>	<u><u>667,335,373</u></u>	<u><u>523,832,522</u></u>	<u><u>2,599,579</u></u>	<u><u>140,903,271</u></u>

**Interfood Shareholding Company**  
**Notes to the seperated financial statements (continues)**

<b>31/12/2012</b>	Carrying amount <b>VND'000</b>	Contractual cash flows <b>VND'000</b>	Within 1 year <b>VND'000</b>	1 – 2 years <b>VND'000</b>	2 – 5 years <b>VND'000</b>
Trade and other payables.	92,969,527	92,969,527	92,969,527	-	-
Short-term borrowings.	364,490,000	368,196,343	368,196,343	-	-
Long-term borrowings.	206,841,368	218,037,044	74,033,251	2,573,883	141,429,910
	<b>664,300,895</b>	<b>679,202,914</b>	<b>535,199,121</b>	<b>2,573,883</b>	<b>141,429,910</b>

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

- USD 13 million unused short-term loan facility which renew automatically at the option of the Company. Interest would be payable at rates of Libor + 0.8% per annum.

**(d) Market risk**

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

**(i) Currency risk**

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

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

*Exposure to currency risk*

At 30 September 2013 and year 2012, the Company had the following net monetary liability position exposed to currency risk. The following balances are presented in original currency:

	<b>USD</b>	<b>VND'000</b>
	<b>30/09/2013</b>	<b>31/12/2012</b>
Cash	348,979	48,157,077
Accounts receivable – trade.	243,888	11,653,021
Intrareceivable	-	131,506,846
Intra-company long-term receivables	-	24,993,600
Account payables.	(172,887)	(62,606,200)
Other receivables.	-	100,953
Short-term deposit.	-	279,344
Long-term deposit.	-	1,514,758
Short-term loan	(22,500,000)	
Long-term loan	(6,500,000)	
Payables to employees.	(12,170)	(6,914,479)
Other payables.	-	(1,089,428)
	<b>(28,592,190)</b>	<b>147,595,492</b>

**Interfood Shareholding Company**  
**Notes to the seperated financial statements (continues)**

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

	<b>VND</b>	<b>VND</b>
	<b>30/09/2013</b>	<b>31/12/2012</b>
1 USD	<u>21,036</u>	<u>20,828</u>

Below is an analysis of the possible impact on the net profit of the Company, after taking into account the current level of exchange rates and the historical volatility as well as market expectations as at 30 September 2013. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases.

	Increase in net loss.
	<b>VND'000</b>
30/09/2013.	<b>30/09/2013</b>
USD (1% strenthening of USD)	<u>(4,501,353)</u>
	Increase in net loss.
	<b>VND'000</b>
31/12/2012.	<b>31/12/2012</b>
VND (1% weakening)	<u>5,077,842</u>

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

**(ii) Interest rate risk**

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

	Carrying amount	
	<b>30/09/2013</b>	<b>31/12/2012</b>
	<b>VND'000</b>	<b>VND'000</b>
<b>Fixed rate instruments.</b>		
Financial asset	24,993,600	24,993,600
Financial liabilities	<u>(136,734,000)</u>	<u>(135,382,000)</u>
	<u>(111,740,400)</u>	<u>(110,388,400)</u>
<b>Variable rate instruments.</b>		
Financial assets	131,376,056	213,044,280
Financial liabilities	<u>(473,310,000)</u>	<u>(435,949,368)</u>
	<u>(341,933,944)</u>	<u>(222,905,088)</u>

A change of 100 basis points in interest rates would have increased net losses of the Company by Million VND 1,455 (2012: Million VND1,672). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

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

**Interfood Shareholding Company**  
**Notes to the seperated financial statements (continues)**

(e) **Liquidity risk**

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

**31. Significant transactions with related parties**

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

<i>Related companies</i>	Carrying amount	
	30/09/2013 VND'000	31/12/2012 VND'000
<b>Kirin Holdings Company, Limited</b>		
<b>Ultimate Parent Company</b>		
Short-term loan repayment	20,828,000	83,312,000
Short-term loan received	129,648,000	-
Interest expenses	6,356,739	7,902,206
Secondment fee	6,754,821	8,718,434
<b>Kirin Holdings Singapore Pte, Ltd.</b>		
Financial support for marketing activities	-	10,244,668
<b>Avafood Shareholding Company.</b>		
Short-term loan granted	22,400,000	24,678,889
Interest income	2,128,097	2,996,004
Processing service	31,374,406	35,094,638
Office and factory rental fee	4,891,524	5,927,795
<b>Vietnam Kirin Beverage Company, Limited</b>		
Purchase of goods	-	17,209,468
Processing fee	34,353,924	21,552,564
<b>Board of Directors and Board of Management</b>		
Secondment fees	3,389,112	8,582,386
Salary	982,675	1,304,270

**Interfood Shareholding Company**  
**Notes to the seperated financial statements (continues)**

**32. Commitments**

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

	<b>VND'000</b>	<b>VND'000</b>
	<b>30/09/2013</b>	<b>31/12/2012</b>
Within one year	11,341,249	11,271,343
Within two to five years	28,586,035	31,492,769
Over five years	12,941,657	17,387,506
	<b><u>52,868,941</u></b>	<b><u>60,151,618</u></b>

**33. Production and business costs by element**

	<b>Q3-2013</b>	<b>Q3-2012</b>	<b>YTD2013</b>	<b>YTD2012</b>
	VND'000	VND'000	VND'000	VND'000
Raw material costs	137,211,097	131,649,464	408,977,821	601,653,437
Labour costs and staff costs	40,444,143	25,229,244	118,662,816	98,154,158
Depreciation and amortisation	6,670,430	6,402,309	19,650,982	31,583,350
Outside services	102,528,799	28,300,905	294,243,222	160,054,057
Other expenses	8,511	22,246,139	13,462,373	86,163,728
	<b><u>286,862,980</u></b>	<b><u>213,828,062</u></b>	<b><u>854,997,214</u></b>	<b><u>977,608,730</u></b>

**34. Subsequent events**

According to the Plan of increasing and using Charter capital approved by the 1st Extraordinary General Assembly of Shareholders of Interfood Shareholding Company (“EGM-20130-1”) dated 10/09/2013, the Board of Management has resolved to approve the issuance of 21,000,000 shares of the Company to Kirin Holdings Limited Company at the selling price of VND 10,000 per share.

14th November 2013

Prepared by:

Approved by:

Signed

Signed and seal

Nguyễn Hồng Phong  
*Chief Accountant*

Michio Nagabayashi  
*Chairman, General Director*