Interfood Shareholding Company
and its subsidiary

Consolidated Interim Financial Statements
for the six-month period ended
30 June 2013

Interfood Shareholding Company and its subsidiary
Corporate information

Investment Licence No.	270/GP	16 November 1991
Investment Certificate No.	472033000328 (1st amendment)	28 November 2007
	472033000328 (2nd amendment)	20 May 2010
	472033000328 (3rd amendment)	22 April 2011
	472033000328 (4th amendment)	18 October 2011

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

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

Board of Management	Michio Nagabayashi	Chairman
	Toru Yamasaki	Member
	Hiroshi Fujikawa	Member
	Nguyen Thi Kim Lien	Member
	Pang Tze Wei	Member
Board of Directors	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 and its subsidiary
Statement of the Board of Directors

The Board of Directors is responsible for the preparation and presentation of the consolidated 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 consolidated interim financial statements set out on pages 4 to 39 are prepared and presented so as to give a true and fair view of the consolidated financial position of the Group as at 30 June 2013, and the consolidated results of operations and the consolidated cash flows of the Group for the six-month period then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and the relevant statutory requirements applicable to interim financial reporting; and

(b) at the date of this statement, there are no reasons to believe that the 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 consolidated interim financial statements for issue.

On behalf of the Board of Directors

Signed and sealed

Michio Nagabayashi
Chairman – cum General Director

Ho Chi Minh City, 29 August 2013

INTERIM FINANCIAL STATEMENTS REVIEW REPORT

To the Shareholders
Interfood Shareholding Company and its subsidiary

We have reviewed the accompanying consolidated interim financial statements of Interfood Shareholding Company ("the Company") and its subsidiary (collectively "the Group") as at 30 June 2013, which comprise the consolidated interim balance sheet as at 30 June 2013, the related consolidated interim statements of income and cash flows for the six-month period then ended and the explanatory notes thereto which were authorised for issue by the Group's management on 29 August 2013, as set out on pages 4 to 39. These consolidated interim financial statements are the responsibility of the Group's management. Our responsibility is to issue a report on these consolidated interim financial statements based on our review.

We conducted our review in accordance with the Vietnamese Standard on Auditing 910 on Engagements to Review Financial Statements. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the consolidated interim financial statements are free of material misstatements. A review is limited primarily to inquiries of group personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not give a true and fair view of the consolidated financial position of Interfood Shareholding Company and its subsidiary as at 30 June 2013 and of their consolidated results of operations and their consolidated cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and the relevant statutory requirements applicable to interim financial reporting.

KPMG Limited
Vietnam
Investment Certificate No: 011043000345
Review Report No: 13-01-290

Signed	Signed and sealed
______________________________	______________________________
Lam Thi Ngoc Hao	Chong Kwang Puay
Practicing Auditor Registration	Practicing Auditor Registration
Certificate No. 0866-2013-007-1	Certificate No. 0864-2013-007-1
Deputy General Director	

Ho Chi Minh City, 29 August 2013

Interfood Shareholding Company and its subsidiary
Consolidated balance sheet as at 30 June 2013

Form B 01a – DN/HN

	Code	Note	30/6/2013 VND'000	31/12/2012 VND'000
ASSETS				
Current assets (100 = 110 + 130 + 140 + 150)	**100**		**243,836,550**	**267,847,456**
Cash	**110**	**5**	**30,813,499**	**82,201,930**
Accounts receivable – short-term	**130**	**6**	**24,569,523**	**25,804,851**
Accounts receivable – trade	131		14,419,380	14,959,024
Prepayments to suppliers	132		9,504,002	5,657,510
Other receivables	135		646,141	5,188,317
Inventories	**140**	**7**	**182,622,707**	**157,649,819**
Inventories	141		189,098,403	164,125,515
Allowance for inventories	149		(6,475,696)	(6,475,696)
Other current assets	**150**		**5,830,821**	**2,190,856**
Short-term prepayments	151		2,414,201	76,355
Deductible value added tax	152		2,996,496	1,365,672
Taxes and other receivables from State Treasury	154		-	2,999
Other current assets	158		420,124	745,830
Long-term assets (200 = 220 + 260)	**200**		**370,602,302**	**384,797,320**
Fixed assets	**220**		**363,879,104**	**351,226,439**
Tangible fixed assets	221	8	324,026,918	342,828,214
Cost	222		599,525,594	601,920,515
Accumulated depreciation	223		(275,498,676)	(259,092,301)
Intangible fixed assets	227	9	36,097,086	-
Cost	228		43,119,492	-
Accumulated amortisation	229		(7,022,406)	-
Construction in progress	230	10	3,755,100	8,398,225
Other long-term assets	**260**		**6,723,198**	**33,570,881**
Long-term prepayments	261	11	5,208,440	32,056,123
Other long-term assets	268		1,514,758	1,514,758
TOTAL ASSETS (270 = 100 + 200)	**270**		**614,438,852**	**652,644,776**

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

Interfood Shareholding Company and its subsidiary
Consolidated balance sheet as at 30 June 2013 (continued)

Form B 01a – DN/HN

	Code	Note	30/6/2013 VND'000	31/12/2012 VND'000
RESOURCES				
LIABILITIES (300 = 310 + 330)	**300**		**646,716,059**	**715,066,230**
Current liabilities	**310**		**503,067,005**	**468,962,998**
Short-term borrowings	311	12	347,094,000	364,490,000
Accounts payable – trade	312	13	121,713,436	67,219,267
Advances from customers	313		5,341,555	6,552,905
Taxes payable to State Treasury	314	14	426,860	2,521,875
Payables to employees	315		10,135,509	9,446,623
Accrued expenses	316	15	17,395,260	17,526,866
Other payables	319	16	960,385	1,205,462
Long-term borrowings and liabilities	**330**		**143,649,054**	**246,103,232**
Long-term deposits	331		26,139	26,139
Long-term borrowings	334	17	136,734,000	239,388,971
Deferred tax liabilities	335	18	3,600,870	3,360,619
Provision for severance allowance	337	19	3,288,045	3,327,503
EQUITY (400 = 410)	**400**		**(35,074,111)**	**(61,806,299)**
Owners' equity	**410**	**20**	**(35,074,111)**	**(61,806,299)**
Share capital	411	21	381,443,888	381,443,888
Share premium	412		85,035,704	85,035,704
Acquisition reserve	419	22	(32,535,252)	(32,535,252)
Accumulated losses	420		(469,018,451)	(495,750,639)
MINORITY INTEREST	**439**		**2,796,904**	**(615,155)**
TOTAL RESOURCES (440 = 300 + 400 + 439)	**440**		**614,438,852**	**652,644,776**

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

Form B 01a – DN/HN

OFF BALANCE SHEET ITEMS

	30/6/2013 VND'000	31/12/2012 VND'000
Foreign currencies:		
• USD	8,382,299	33,479,357
• EUR	10,030	13,546

29 August 2013

Prepared by:	Approved by:
Signed	Signed and sealed
Nguyen Hong Phong *Chief Accountant*	Michio Nagabayashi *Chairman – cum General Director*

Interfood Shareholding Company and its subsidiary
Consolidated statement of income for the six-month period ended 30 June 2013

Form B 02a – DN/HN

	Code	Note	Six-month period from 1/1/2013 to 30/6/2013 VND'000	Six-month period from 1/1/2012 to 30/6/2012 VND'000
Total revenue	**01**	**23**	**511,218,295**	**476,952,431**
Less revenue deductions	**02**	**23**	**14,446,401**	**14,015,702**
Net revenue (10 = 01 - 02)	**10**	**23**	**496,771,894**	**462,936,729**
Cost of sales	**11**	**24**	**347,527,703**	**355,891,556**
Gross profit (20 = 10 - 11)	**20**		**149,244,191**	**107,045,173**
Financial income	21	25	800,495	455,175
Financial expenses	22	26	9,148,404	4,740,536
In which: Interest expenses	*23*		*4,278,250*	*3,617,158*
Selling expenses	24		197,782,484	88,837,377
General and administration expenses	25		17,801,749	14,502,266
Net operating loss {30 = 20 + (21 - 22) - (24 + 25)}	**30**		**(74,687,951)**	**(579,831)**
Other income	31	27	108,454,793	12,244,156
Other expenses	32		3,382,334	6,386,156
Results of other activities (40 = 31 - 32)	**40**		**105,072,459**	**5,858,000**
Profit before tax (50 = 30 + 40)	**50**		**30,384,508**	**5,278,169**
Income tax expense – current	**51**	**28**	**-**	**2,540,287**
Income tax expense – deferred	**52**	**28**	**240,261**	**240,272**
Net profit after tax (60 = 50 - 51- 52)	**60**		**30,144,247**	**2,497,610**

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

Interfood Shareholding Company and its subsidiary
Consolidated statement of income for the six-month period ended 30 June 2013 (continued)

Form B 02a – DN/HN

	Code	Note	Six-month period from 1/1/2013 to 30/6/2013 VND'000	Six-month period from 1/1/2012 to 30/6/2012 VND'000
Attributable to:				
Minority interest	61		3,412,059	76,459
Equity holders of the Company	62		26,732,188	2,421,151
Earnings per share		**29**		
Basic earnings per share	70		0.9173	0.0831

29 August 2013

Prepared by: Approved by:

Signed Signed and sealed

Nguyen Hong Phong
Chief Accountant

Michio Nagabayashi
Chairman – cum General Director

Interfood Shareholding Company and its subsidiary
Consolidated statement of cash flows for the six-month period ended 30 June 2013
(Indirect method)

Form B 03a – DN/HN

	Code	Note	Six-month period from 1/1/2013 to 30/6/2013 VND'000	Six-month period from 1/1/2012 to 30/6/2012 VND'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	**01**		**30,384,508**	**5,278,169**
Adjustments for				
Depreciation and amortisation	02		18,891,921	22,535,292
Allowances and provisions	03		28,418	2,561,719
Unrealised foreign exchange losses, net	04		4,686,675	-
Income from loan waiving	05		(104,006,972)	-
Interest income	05		(617,016)	(254,289)
Interest expense	06		4,278,250	3,617,158
Operating profit before changes in working capital	**08**		**(46,354,216)**	**33,738,049**
Change in receivables and other current assets	09		34,173	(9,288,330)
Change in inventories	10		(24,972,888)	(30,975,672)
Change in payables and other liabilities	11		53,960,078	17,404,668
Change in prepayments	12		(1,928,515)	(128,321)
			(19,261,368)	**10,750,394**
Interest paid	13		(6,892,360)	(3,184,081)
Net cash flows from operating activities	**20**		**(26,153,728)**	**7,566,313**
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for additions to fixed assets and other long-term assets	21		(5,106,234)	(9,630,701)
Receipts of interests	27		617,016	254,289
Net cash flows from investing activities	**30**		**(4,489,218)**	**(9,376,412)**

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

Interfood Shareholding Company and its subsidiary
Consolidated statement of cash flows for the six-month period ended 30 June 2013
(Indirect method - continued)

Form B 03a – DN/HN

	Code	Note	Six-month period from 1/1/2013 to 30/6/2013 VND'000	Six-month period from 1/1/2012 to 30/6/2012 VND'000
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments to settle loan principals	34		(20,828,000)	-
Net cash flows from financing activities	**40**		**(20,828,000)**	**-**
Net cash flows during the period (50 = 20 + 30 +40)	**50**		**(51,470,946)**	**(1,810,099)**
Cash at the beginning of the period	**60**		**82,201,930**	**41,214,467**
Effect of exchange rate fluctuations on cash	**61**		**82,515**	**-**
Cash at the end of the period (70 = 50 + 60 + 61)	**70**	**5**	**30,813,499**	**39,404,368**

NON-CASH INVESTING AND FINANCING ACTIVITIES

	Six-month period from 1/1/2013 to 30/6/2013 VND'000	Six-month period from 1/1/2012 to 30/6/2012 VND'000
Transfer from other payables to short-term borrowings	-	20,828,000

29 August 2013

Prepared by:	Approved by:
Signed	Signed and sealed
Nguyen Hong Phong *Chief Accountant*	Michio Nagabayashi *Chairman – cum General Director*

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

1. Reporting entity

Interfood Shareholding Company ("the Company") is incorporated as a joint stock company in Vietnam. The consolidated interim financial statements for the six-month period ended 30 June 2013 comprises the Company and its subsidiary, Avafood Shareholding Company ("Avafood") (collectively "the Group"). The principal activities of the Group are to process agricultural and aquatic products into canned, dried, frozen, salted, and pickled products and the production of biscuits and snack food, carbonated fruit juice and fruit juice with 5% alcohol content, bottled filtered water and PET bottle; and to manufacture packaging for foods and beverages.

The Company owns 90.4% 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 were listed on the Ho Chi Minh Stock Exchange in accordance with the Listing License No. 61/UBCK-GPNY issued by the Ho Chi Minh City Stock Exchange on 29 September 2006.

According to the Announcement No. 395/2013 of Ho Chi Minh Stock Exchange, the Company's shares were delisted from 3 May 2013 and trading in Vietnam Security Depository.

As at 30 June 2013, the Group had 1,433 employees (31/12/2012: 1,351 employees).

2. Basis of preparation

(a) Statement of compliance

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

(b) Basis of measurement

The consolidated interim 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 consolidated interim financial statements have been prepared on a going concern basis. At the balance sheet date, current liabilities exceeded current assets by VND259,230 million (31/12/2012: VND201,116 million) and the total liabilities exceeded total assets by VND32,277 million (31/12/2012: VND62,421 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 consolidated interim financial statements are prepared and presented in Vietnam Dong ("VND") rounded to the nearest thousand ("VND'000").

On 1 January 2013, the Group changed its accounting currency from United States Dollars ("USD") to Vietnam Dong ("VND") in accordance with the requirements of Circular No. 244/2010/TT/BTC dated 31 December 2009 of the Ministry of Finance ("Circular 244"). The method of translation applied is as follows:

- All balances in USD as at 31 December 2012 have been translated to VND at the closing exchange rate of VND20,828 to USD1.

- The corresponding figures in USD as at 31 December 2011, 31 December 2012 and as at 30 June 2012 and for the six-month period ended 30 June 2012 presented in the consolidated statements of income and cash flows and notes to consolidated interim financial statements have been calculated by translating the amounts in the consolidated financial statements for the years ended 31 December 2011, 31 December 2012 and for the six-month period ended 30 June 2012 at the exchange rate of VND20,828 to USD1.

3. Summary of significant accounting policies

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

The same accounting policies and methods of computation are followed in these interim financial statements as compared with the most recent annual financial statements as of and for the year ended 31 December 2012.

The interim financial statements should be read in conjunction with the most recent audited annual financial statements.

(a) Basis of consolidation

(i) Subsidiaries

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

(ii) Transactions eliminated on consolidation

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

(b) Foreign currency

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at rates of exchange ruling at the balance sheet date. Transactions in currencies other than VND during the period have been translated into VND at rates 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.

(f) Tangible fixed assets

(i) Cost

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

(ii) Depreciation

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

▪ buildings	15 – 30 years
▪ machinery and equipment	10 – 15 years
▪ motor vehicles	6 years
▪ office equipment	10 years

(g) Intangible fixed assets

(i) Software

Cost of acquiring new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible asset. Software cost is amortised on a straight-line basis over 10 years.

(ii) Land use rights

Land use rights are stated at cost less accumulated amortisation. The initial cost of a land use right comprises its purchase price and any directly attributable costs incurred in conjunction with securing the land use rights. Amortisation is computed on a straight-line basis over 50 years.

(h) Construction in progress

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

(i) Long-term prepayments

(i) Renovation expenses

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

(ii) Tools and supplies

Tools and supplies which do not qualify for recognition of tangible fixed assets under Vietnamese regulation as their cost is less than VND30 million are classified as long-term prepayments and are amortised on a straight line basis over 3 years.

(j) Trade and other payables

Trade and other payables are stated at their cost.

(k) Provisions

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

(i) 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 30 June 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.

(l) Classification of financial instruments

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

(i) Financial assets

Financial assets at fair value through profit or loss

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

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

Held-to-maturity investments

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

- those that the Group 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 on initial recognition designates as available-for-sale; or
- for which the Group may not recover substantially all of its initial investment, other than because of credit deterioration, which are classified as available-for-sale.

Available-for-sale financial assets

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

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

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:

  - acquired or 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 a financial guarantee contract or a designated and effective hedging instrument).

- Upon initial recognition, it is designated by the Group as financial liabilities at fair value through profit or loss.

Financial liabilities carried at amortised cost

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

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.

(m) Taxation

Income tax on the profit or loss for the period 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 period, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

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

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

(n) Acquisition reserve

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

(o) Revenue

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

(p) Operating lease payments

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

(q) Borrowing costs

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

(r) Earnings per share

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

(s) Segment reporting

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

(t) Related companies

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

4. Segment reporting

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

5. Cash

	30/6/2013 VND'000	31/12/2012 VND'000
Cash on hand	164,141	125,780
Cash in bank	30,649,358	82,076,150
	30,813,499	82,201,930

6. Accounts receivable

Other receivables comprised:

	30/6/2013 VND'000	31/12/2012 VND'000
Marketing support receivable from Kirin Holdings Singapore Pte, Ltd.	-	5,087,364
Others	646,141	100,953
	646,141	5,188,317

7. Inventories

	30/6/2013 VND'000	31/12/2012 VND'000
Raw materials	60,973,968	63,741,782
Tools and supplies	10,348,159	8,727,411
Work in progress	7,253,090	4,413,016
Finished goods	110,523,186	87,243,306
	189,098,403	164,125,515
Allowance for inventories	(6,475,696)	(6,475,696)
	182,622,707	157,649,819

There was no movement in the allowance for inventories during the period.

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	115,827,236	470,647,484	10,130,302	5,315,493	601,920,515
Additions	-	799,966	-	20,401	820,367
Transfer from construction in progress	39,118	520,308	-	-	559,426
Transfer to long-term prepayments	(52,333)	(2,788,119)	(42,559)	(891,703)	(3,774,714)
Closing balance	115,814,021	469,179,639	10,087,743	4,444,191	599,525,594
Accumulated depreciation					
Opening balance	20,061,342	230,120,344	6,291,077	2,619,538	259,092,301
Charge for the period	1,966,671	15,811,976	546,204	288,084	18,612,935
Transfer to long-term prepayments	(11,008)	(1,764,872)	(7,527)	(423,153)	(2,206,560)
Closing balance	22,017,005	244,167,448	6,829,754	2,484,469	275,498,676
Net book value					
Opening balance	95,765,894	240,527,140	3,839,225	2,695,955	342,828,214
Closing balance	93,797,016	225,012,191	3,257,989	1,959,722	324,026,918

Included in the cost of tangible fixed assets were assets costing VND21,319 million which were fully depreciated as of 30 June 2013 (31 December 2012: VND16,687 million), but which are still in active use.

The carrying amount of temporarily idle equipment in tangible fixed assets amounted to VND33,843 million as of 30 June 2013 (31 December 2012: VND19,352 million).

9. Intangible fixed assets

	Land use rights VND'000	Software VND'000	Total VND'000
Cost			
Opening balance	-	-	-
Transfer from construction in progress	-	8,369,566	8,369,566
Transfer from long-term prepayments	34,749,926	-	34,749,926
Closing balance	34,749,926	8,369,566	43,119,492
Accumulated amortisation			
Opening balance	-	-	-
Charge for the period	-	278,986	278,986
Transfer from long-term prepayments	6,743,420	-	6,743,420
Closing balance	6,743,420	278,986	7,022,406
Net book value			
Opening balance	-	-	-
Closing balance	28,006,506	8,090,580	36,097,086

10. Construction in progress

	Six-month period from 1/1/2013 to 30/6/2013 VND'000	Year ended 31/12/2012 VND'000
Opening balance	8,398,225	29,335,779
Additions during the period/year	4,285,867	3,889,630
Transfers to tangible fixed assets	(559,426)	(24,827,184)
Transfers to intangible fixed assets	(8,369,566)	-
Closing balance	3,755,100	8,398,225

11. Long-term prepayments

Movements of long-term prepayments during the period were as follow:

	Prepaid land costs VND'000	Renovation expenses VND'000	Tools and supplies VND'000	Total VND'000
Opening balance	28,371,171	2,297,273	1,387,679	32,056,123
Additions	-	725,724	-	725,724
Transfer from tangible fixed assets	-	-	1,568,154	1,568,154
Transfer to intangible fixed assets	(28,006,506)	-	-	(28,006,506)
Amortisation for the period	(364,665)	(496,404)	(273,986)	(1,135,055)
Closing balance	-	2,526,593	2,681,847	5,208,440

12. Short-term borrowings

	30/6/2013 VND'000	31/12/2012 VND'000
Loans from Kirin Holdings Company, Limited	347,094,000	364,490,000

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

	Currency	Annual interest rate	30/6/2013 VND'000	31/12/2012 VND'000
Loan 1	USD	LIBOR plus 0.8% p.a	126,216,000	145,796,000
Loan 2	USD	LIBOR plus 0.8% p.a	52,590,000	52,070,000
Loan 3	USD	LIBOR plus 0.8% p.a	63,108,000	62,484,000
Loan 4	USD	LIBOR plus 0.8% p.a	105,180,000	104,140,000
			347,094,000	364,490,000

The applicable interest rates of these loans range from 1.117% to 1.866% per annum during the period (year ended 31 December 2012: 1.456% to 1.928% per annum).

13. Accounts payable - trade

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

	30/6/2013 VND'000	31/12/2012 VND'000
Amounts due to Vietnam Kirin Beverage Company, Limited	15,692,627	3,176,332

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

	30/6/2013 VND'000	31/12/2012 VND'000
Value added tax	-	1,580,137
Import-export tax	166,670	591,661
Personal income tax	163,835	249,728
Other taxes	96,355	100,349
	426,860	2,521,875

15. Accrued expenses

	30/6/2013 VND'000	31/12/2012 VND'000
Transportation fees	6,268,662	3,802,151
Sales discounts and commission	2,499,332	2,021,795
Loans interest payable	2,941,634	5,555,744
Secondment fee payable (*)	4,563,918	5,021,464
Others	1,121,714	1,125,712
	17,395,260	17,526,866

(*) 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.

16. Other payables

Other payables comprised:

	30/6/2013 VND'000	31/12/2012 VND'000
Dividends payable	505,391	505,391
Trade union, social and health insurance	169,176	184,619
Others	285,818	515,452
	960,385	1,205,462

17. Long-term borrowings

	Currency	Annual Interest rate	Year of maturity	30/6/2013 VND'000	31/12/2012 VND'000
Loan from Trade Ocean Holdings Sdn. Bhd. (a)	USD	three-month SIBOR minus 1% p.a	2014	-	71,459,368
Loan from Wonderfarm Biscuits & Confectionery Sdn. Bhd. (a)	USD	three-month SIBOR minus 1% p.a	2014	-	32,547,603
Unsecured loan from Kirin Holdings Company, Limited (b)	USD	1.896% p.a	2017	136,734,000	135,382,000
				136,734,000	239,388,971

(a) 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 USD3,430,928 (equivalent to VND71,459 million) and USD1,562,685 (equivalent to VND32,548 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.

(b) The unsecured loan bears fixed interest rate of 1.986% p.a., which is based on USD Swap Semi 30/360 5-year plus 0.8% per annum according to current Kirin Group's financial rules.

18. Deferred tax liabilities

Recognised deferred tax liabilities

	30/06/2013 VND'000	31/12/2012 VND'000
Deferred tax liabilities:		
Fixed assets	3,600,870	3,360,619

19. Severance allowance

Movements of severance allowance during the period/year were as follow:

	Six-month period from 1/1/2013 to 30/6/2013 VND'000	Year ended 31/12/2012 VND'000
Opening balance	3,327,503	4,814,871
Provision made during the period/year	28,418	1,057,771
Utilised during the period/year	(67,876)	(2,545,139)
Closing balance	3,288,045	3,327,503

During the period, the Group contributed VND516 million (year ended 31 December 2012: VND748 million) to the unemployment insurance fund and the amount is recorded as part of labour and staff costs in the statement of income.

20. Changes in owners' equity

	Share capital VND'000	Share premium VND'000	Acquisition reserve VND'000	Accumulated losses VND'000	Total VND'000
Balance at 31 December 2011 – as restated	381,443,888	85,035,704	(32,535,252)	(352,232,305)	81,712,035
Net profit for the period	-	-	-	2,421,151	2,421,151
Balance at 30 June 2012	381,443,888	85,035,704	(32,535,252)	(349,811,154)	84,133,186
Balance at 31 December 2012	381,443,888	85,035,704	(32,535,252)	(495,750,639)	(61,806,299)
Net profit for the period	-	-	-	26,732,188	26,732,188
Balance at 30 June 2013	381,443,888	85,035,704	(32,535,252)	(469,018,451)	(35,074,111)

21. Share capital

The Group's authorised and issued share capital are:

	30/6/2013		31/12/2012	
	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

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

There were no movements in share capital during the period.

22. Acquisition reserve

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

23. Revenue

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

Net revenue comprised

	Six-month period from 1/1/2013 to 30/6/2013 VND'000	Six-month period from 1/1/2012 to 30/6/2012 VND'000
Total revenue		
▪ Sales of drinks	448,604,147	435,844,478
▪ Sales of biscuits	12,639,173	13,420,397
▪ Sales of other products	49,974,975	27,687,556
Less sales deductions		
▪ Sales allowance	14,415,858	13,796,633
▪ Sales returns	30,543	219,069
Net revenue	496,771,894	462,936,729

24. Cost of sales

	Six-month period from 1/1/2013 to 30/6/2013 VND'000	Six-month period from 1/1/2012 to 30/6/2012 VND'000
Total cost of sales		
▪ Cost of drinks	312,432,941	322,593,936
▪ Cost of biscuit	12,396,398	14,782,840
▪ Cost of other products	22,698,364	18,514,780
	347,527,703	355,891,556

25. Financial income

	Six-month period from 1/1/2013 to 30/6/2013 VND'000	Six-month period from 1/1/2012 to 30/6/2012 VND'000
Interest income from bank deposits	617,016	254,289
Realised foreign exchange gains	-	200,886
Unrealised foreign exchange gains	183,479	-
	800,495	455,175

26. Financial expenses

	Six-month period from 1/1/2013 to 30/6/2013 VND'000	Six-month period from 1/1/2012 to 30/6/2012 VND'000
Interest expense	4,278,250	3,617,158
Realised foreign exchange losses	-	1,123,378
Unrealised foreign exchange losses	4,870,154	-
	9,148,404	4,740,536

27. Other income

	Six-month period from 1/1/2013 to 30/6/2013 VND'000	Six-month period from 1/1/2012 to 30/6/2012 VND'000
Support for marketing activities from Kirin Holdings Singapore Pte, Ltd.	-	6,439,705
Loan waiving from Trade Ocean Holdings Sdn. Bhd. and Wonderfarm Biscuits & Confectionery Sdn. Bhd. (Note 17(a))	104,006,971	-
Others	4,447,822	5,804,451
	108,454,793	12,244,156

28. Income tax

(a) Recognised in the statement of income

	Six-month period from 1/1/2013 to 30/6/2013 VND'000	Six-month period from 1/1/2012 to 30/6/2012 VND'000
Current tax expense		
Current period	-	2,540,287
Deferred tax income		
Origination and reversal of temporary differences	240,261	240,272
	240,261	2,780,559

(b) Reconciliation of effective tax rate

	Six-month period from 1/1/2013 to 30/6/2013 VND'000	Six-month period from 1/1/2012 to 30/6/2012 VND'000
Profit before tax	30,384,508	5,278,169
Tax at the Group's tax rate	7,596,127	1,319,542
Non-deductible expenses	14,397,009	1,356,357
Deferred tax assets not previously recognised relating to deductible temporary differences	(7,146,116)	685,267
Tax losses utilised	(14,606,759)	(580,607)
	240,261	2,780,559

(c) Unrecognised deferred tax assets

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

	30/6/2013		31/12/2012	
	Temporary difference VND'000	Tax value VND'000	Temporary difference VND'000	Tax value VND'000
Deductible temporary differences	20,003,201	5,000,800	48,587,663	12,146,916
Tax losses	100,617,279	25,154,320	159,044,316	39,761,079
	120,620,480	30,155,120	207,631,979	51,907,995

The tax losses expire in the following years:

Year of expiry	Status of tax review	Tax losses available VND'000
2013	Finalised	14,494,351
2014	Finalised	19,228,472
2015	Outstanding	1,506,073
2016	Outstanding	45,773,074
2017	Outstanding	19,615,309
		100,617,279

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

(d) Applicable tax rates

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

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

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

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

29. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share at 30 June 2013 was based on the profit or loss attributable to ordinary shareholders of the Group and a weighted average number of ordinary shares outstanding during the period, calculated as follows:

(i) Net profit attributable to ordinary shareholders

	Six-month period from 1/1/2013 to 30/6/2013 VND'000	Six-month period from 1/1/2012 to 30/6/2012 VND'000
Net profit attributable to ordinary shareholders	26,732,188	2,421,151

(ii) Weighted average number of ordinary shares

	Six-month period from 1/1/2013 to 30/6/2013	Six-month period from 1/1/2012 to 30/6/2012
Weighted average number of ordinary shares for the period	29,140,984	29,140,984

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.

(ii) 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	30/6/2013 VND'000	31/12/2012 VND'000
Cash in bank	(ii)	30,649,358	82,076,150
Trade and other receivables	(iii)	15,065,521	20,147,341
		45,714,879	102,223,491

(ii) Cash in bank

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

(iii) Trade and other receivables

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

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

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

The aging of trade and other receivables is as follows:

	30/6/2013 VND'000	31/12/2012 VND'000
Not past due	711,726	12,784,142
Past due 0 – 30 days	9,309,860	3,466,342
Past due 31 – 180 days	3,652,474	3,090,709
Past due more than 180 days	1,391,461	806,148
	15,065,521	20,147,341

There was no material impairment of receivables at of 30 June 2013 and 31 December 2012.

(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.

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

30 June 2013

	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	150,204,590	150,204,590	150,204,590	-	-
Short-term borrowings	347,094,000	349,959,847	349,959,847	-	-
Long-term borrowings	136,734,000	146,755,875	2,599,579	2,599,579	141,556,717
	634,032,590	646,920,312	502,764,016	2,599,579	141,556,717

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

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

- USD19 million unused short-term loan facility which renew automatically at the option of 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, purchases and borrowings that are denominated in a currency other than its accounting currency of the Group. The currency in which these transactions primarily are denominated is USD.

The Group's exposure to currency risk is managed by keeping the exposure to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term over-exposures.

Exposure to currency risk

The Group had the following net monetary liability position exposed to currency risk. The following balances are presented in original currency:

	30/06/2013 USD	31/12/2012 USD
Cash	398,474	1,607,578
Accounts receivable - trade	299,830	158,704
Short-term borrowings	(16,500,000)	(19,062,685)
Accounts payable – trade	(468,030)	(216,228)
Long-term borrowings	(6,500,000)	(9,930,928)
	(22,769,726)	(27,443,559)

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

	Exchange rate as at 30/6/2013	Exchange rate as at 31/12/2012
USD1	21,104	20,828

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

	Decrease in net profit/(loss) VND'000
30 June 2013	
USD (1% strengthening of USD)	3,603,309
31 December 2012	
USD (1% weakening of USD)	5,653,373

The opposite movement of the currencies would have the equal but opposite effect to the net profit/(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	
	30/06/2013 VND'000	**31/12/2012 VND'000**
Fixed rate instruments		
Financial liabilities	(136,734,000)	(135,382,000)
Variable rate instruments		
Financial assets	30,649,358	82,076,150
Financial liabilities	(347,094,000)	(468,496,971)
	(316,444,642)	(386,420,821)

A change of 100 basis points in interest rates would have increased or decreased the net profit of the Group by VND2,373 million (year ended 31 December 2012: VND3,864 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 is not available for these financial assets and liabilities; and (ii) Vietnamese Accounting Standards and the Vietnamese Accounting System do not provide guidance on measurement of fair values in the case where quoted prices in active market is not available. Fair values of these financial instruments may be different from their carrying values.

31. Significant transactions with related parties

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

	Transaction value	
	Six-month period from 1/1/2013 to 30/6/2013 VND'000	Six-month period from 1/1/2012 to 30/6/2012 VND'000
Kirin Holding Company, Limited		
Ultimate Parent Company		
Short-term loan received		-
Convert other payable to short-term loan	-	20,828,000
Interest expenses	4,278,250	3,617,158
Secondment fee	4,642,731	3,727,233
Kirin Holding Singapore Pte, Ltd.		
Financial support for marketing activities	-	6,439,705
Other support	-	629,047
Vietnam Kirin Beverage Company, Limited		
Purchase	-	15,762,339
Processing fee	23,692,931	13,017,979
Board of Directors		
Secondment fees	2,253,168	2,249,424
Salary	652,200	908,996

32. Commitments

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

	30/6/2013 VND'000	31/12/2012 VND'000
Within one year	12,530,771	11,271,343
Within two to five years	30,800,566	31,492,769
Over five years	14,423,608	17,387,506
	57,754,945	60,151,618

33. Production and business costs by element

	Six-month period from 1/1/2013 to 30/6/2013 VND'000	Six-month period from 1/1/2012 to 30/6/2012 VND'000
Raw material costs included in production costs	271,766,724	337,664,640
Labour costs and staff costs	83,135,843	49,736,764
Depreciation and amortisation	18,891,921	22,535,292
Outside services	176,703,008	59,338,451
Other expenses	13,826,926	32,396,746

29 August 2013

Prepared by:	Approved by:
Signed	Signed and sealed
Nguyen Hong Phong *Chief Accountant*	Michio Nagabayashi *Chairman – cum General Director*