

**Interfood Shareholding Company and
its subsidiary**

Consolidated Financial Statements for the
year ended 31 December 2014

**Interfood Shareholding Company
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
 472033000328 (5th amendment) 14 May 2014

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

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

Board of Management

Toru Yamasaki	Chairman (from 16 March 2015)
Toru Yamasaki	Member (until 16 March 2015)
Michio Nagabayashi	Chairman (until 16 March 2015)
Hiroshi Fujikawa	Member
Nguyen Thi Kim Lien	Member
Takayuki Morisawa	Member

Board of Directors

Toru Yamasaki	General Director (from 16 March 2015)
Michio Nagabayashi	General Director (until 16 March 2015)
Kazufumi Nagashima	Director/General Manager of Factory (until 24 March 2014)
Yoshihisa Fujiwara	Director/General Manager of Factory (from 24 March 2014)
Hidefumi Matsuo	Director/General Manager of Administration (until 24 September 2014)
Takayuki Morisawa	Director/General Manager of Administration (from 24 September 2014)
Nguyen Thi Kim Lien	Director/General Manager of Finance
Taiichiro Iizumi	Director/General Manager of Sales and Marketing
Yutaka Ogami	Director/General Manager of Finance Controller

**Interfood Shareholding Company
Corporate information (continued)**

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 for enterprises and the relevant statutory requirements applicable to financial reporting. In the opinion of the Board of Directors:

- (a) the consolidated financial statements set out on pages 6 to 44 give a true and fair view of the consolidated financial position of Interfood Shareholding Company (“the Company”) and its subsidiary (collectively “the Group”) as at 31 December 2014, and of the consolidated results of operations and the consolidated cash flows of the Group for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to 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 financial statements for issue.

On behalf of the Board of Directors

(Signed and sealed)

Toru Yamasaki
Chairman – cum General Director

Ho Chi Minh City, 27 March 2015

**Interfood Shareholding Company and its subsidiary
Consolidated balance sheet as at 31 December 2014**

Form B 01 – DN/HN

	Code	Note	31/12/2014 VND'000	31/12/2013 VND'000
ASSETS				
Current assets (100 = 110 + 130 + 140 + 150)	100		339,000,879	310,139,687
Cash	110	5	114,345,439	97,180,048
Accounts receivable – short-term	130		41,942,400	30,435,600
Accounts receivable – trade	131		36,547,087	27,402,646
Prepayments to suppliers	132		6,948,340	4,981,139
Other receivables	135		492,441	97,283
Allowance for doubtful debts	139		(2,045,468)	(2,045,468)
Inventories	140	6	179,430,711	180,423,407
Inventories	141		182,865,732	180,423,407
Allowance for inventories	149		(3,435,021)	-
Other current assets	150		3,282,329	2,100,632
Short-term prepayments	151		2,703,434	1,115,439
Deductible value added tax	152		-	509,851
Taxes receivable from State Treasury	154		-	19,552
Other current assets	158		578,895	455,790
Long-term assets (200 = 220 + 260)	200		325,011,033	353,382,119
Fixed assets	220		290,039,595	346,940,878
Tangible fixed assets	221	7	279,095,084	308,326,494
Cost	222		607,104,916	601,363,233
Accumulated depreciation	223		(328,009,832)	(293,036,739)
Intangible fixed assets	227	8	8,954,046	35,882,573
Cost	228		10,815,193	43,675,947
Accumulated amortisation	229		(1,861,147)	(7,793,374)
Construction in progress	230	9	1,990,465	2,731,811
Other long-term assets	260		34,971,438	6,441,241
Long-term prepayments	261	10	33,409,936	4,990,766
Other long-term assets	268		1,561,502	1,450,475
TOTAL ASSETS (270 = 100 + 200)	270		664,011,912	663,521,806

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

Interfood Shareholding Company and its subsidiary
Consolidated balance sheet as at 31 December 2014 (continued)

Form B 01 – DN/HN

	Code	Note	31/12/2014 VND'000	31/12/2013 VND'000
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		562,725,468	595,820,918
Current liabilities	310		416,900,346	451,830,974
Short-term borrowings	311	11	245,870,000	326,740,000
Accounts payable – trade	312	12	97,422,844	86,605,589
Advances from customers	313		3,316,859	6,118,814
Taxes payable to State Treasury	314	13	5,840,145	456,850
Payables to employees	315		10,167,951	13,440,963
Accrued expenses	316	14	53,415,552	17,748,074
Other payables	319	15	866,995	720,684
Long-term borrowings and liabilities	330		145,825,122	143,989,944
Other long-term liabilities	333		-	26,139
Long-term borrowings	334	16	138,970,000	137,020,000
Deferred tax liabilities	335	17	3,778,777	3,819,011
Provision for severance allowance	337	18	3,076,345	3,124,794
EQUITY (400 = 410)	400		97,810,336	64,716,007
Owners' equity	410	19	97,810,336	64,716,007
Share capital	411	20	711,409,840	591,443,888
Share premium	412		85,035,704	85,035,704
Other reserves	418	21	57,498,796	(32,535,252)
Accumulated losses	420		(756,134,004)	(579,228,333)
MINORITY INTEREST	439		3,476,108	2,984,881
TOTAL RESOURCES (440 = 300 + 400 + 439)	440		664,011,912	663,521,806

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

Interfood Shareholding Company and its subsidiary
Consolidated balance sheet as at 31 December 2014 (continued)

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OFF BALANCE SHEET ITEMS

	31/12/2014	31/12/2013
	VND'000	VND'000
Foreign currency		
• USD	47,696,513	43,676,277
• EUR	8,938	10,426

27 March 2015

Prepared by:

Approved by:

(Signed)

(Signed and sealed)

Nguyen Hong Phong
Chief Accountant

Toru Yamasaki
Chairman – cum General Director

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

Interfood Shareholding Company and its subsidiary
Consolidated statement of income for the year ended 31 December 2014

Form B 02 – DN/HN

	Code	Note	2014 VND'000	2013 VND'000
Total revenue	01	22	1,185,919,021	1,022,018,674
Less revenue deductions	02	22	38,707,794	28,872,788
Net revenue (10 = 01 - 02)	10	22	1,147,211,227	993,145,886
Cost of sales	11	23	833,364,938	709,078,303
Gross profit (20 = 10 - 11)	20		313,846,289	284,067,583
Financial income	21	24	10,267,773	2,595,965
Financial expenses	22	25	23,923,970	15,945,780
<i>In which: Interest expense</i>	23		6,959,861	8,402,063
Selling expenses	24		449,269,706	414,545,956
General and administration expenses	25		34,010,542	36,532,865
Net operating loss {30 = 20 + (21 - 22) - (24 + 25)}	30		(183,090,156)	(180,361,053)
Other income	31	26	10,634,422	115,374,238
Other expenses	32	27	3,998,944	11,259,845
Results of other activities (40 = 31 - 32)	40		6,635,478	104,114,393
Loss before tax (50 = 30 + 40)	50		(176,454,678)	(76,246,660)
Income tax expense – current	51	28	-	3,172,595
Income tax (benefit)/expense – deferred	52	28	(40,234)	458,403
Net loss after tax (60 = 50 - 51 - 52)	60		(176,414,444)	(79,877,658)

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

Interfood Shareholding Company and its subsidiary
Consolidated statement of income for the year ended 31 December 2014 (continued)

Form B 02 – DN/HN

	Code	Note	2014 VND'000	2013 VND'000
Net loss after tax	60		(176,414,444)	(79,877,658)
Attributable to:				
Minority interest	61		491,227	3,600,036
Equity holders of the Company	62		(176,905,671)	(83,477,694)
Loss per share				
Basic loss per share (in VND)	70	29	(3,468)	(2,709)

27 March 2015

Prepared by:

(Signed)

Nguyen Hong Phong
Chief Accountant

Approved by:

(Signed and sealed)

Toru Yamasaki
Chairman – cum General Director

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

Interfood Shareholding Company and its subsidiary
Notes to the consolidated financial statements for the year ended 31 December 2014

Form B 09 – DN/HN

	Code	Note	2014 VND'000	2013 VND'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before tax	01		(176,454,678)	(76,246,660)
Adjustments for				
Depreciation and amortisation	02		38,192,612	38,073,175
Allowances and provisions	03		3,435,021	(4,509,934)
Unrealised foreign exchange losses	04		4,900,524	3,476,141
Income from loan waiver	05		-	(104,006,971)
Loss on disposals of fixed assets	05		76,502	-
Interest income	05		(335,798)	(734,472)
Interest expense	06		6,959,861	8,402,063
Operating loss before changes in working capital	08		(123,225,956)	(135,546,658)
Change in receivables	09		(13,970,952)	(5,475,305)
Change in inventories	10		(2,442,325)	(16,297,892)
Change in payables and other liabilities	11		49,536,935	22,973,911
Changes in prepayments	12		(2,521,907)	(388,950)
			(92,624,205)	(134,734,894)
Interest paid	13		(7,928,475)	(10,820,621)
Income tax paid	14		-	(3,172,595)
Other payments for operating activities	16		(55,039)	-
Net cash flows from operating activities	20		(100,607,719)	(148,728,110)
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for additions to fixed assets and other long-term assets	21		(9,253,971)	(7,438,463)
Proceeds from disposals of fixed assets	22		547,273	-
Receipts of interests from bank deposits	27		335,798	734,472
Net cash flows from investing activities	30		(8,370,900)	(6,703,991)

Interfood Shareholding Company and its subsidiary
Notes to the consolidated financial statements for the year ended 31 December 2014
(continued)

Form B 09 – DN/HN

	Code	Note	2014 VND'000	2013 VND'000
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from shares issued	31		210,000,000	210,000,000
Proceeds from short-term borrowings	33		126,945,000	199,842,000
Payments to settle loan principals	34		(210,800,000)	(239,522,000)
Net cash flows from financing activities	40		126,145,000	170,320,000
Net cash flows during the year (50 = 20 + 30 + 40)	50		17,166,381	14,887,899
Cash at beginning of the year	60		97,180,048	82,201,930
Effect of exchange rate fluctuations on cash	61		(990)	90,219
Cash at end of the year (70 = 50 + 60 + 61)	70	5	114,345,439	97,180,048

27 March 2015

Prepared by:

(Signed)

Nguyen Hong Phong
Chief Accountant

Approved by:

(Signed and sealed)

Toru Yamasaki
Chairman – cum General Director

Interfood Shareholding Company and its subsidiary
Notes to the consolidated financial statements for the year ended 31 December 2014
(continued)

Form B 09 – DN/HN

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

1. Reporting entity

Interfood Shareholding Company (“the Company”) is incorporated as a joint stock company in Vietnam. The consolidated financial statements for the year ended 31 December 2014 comprises the Company and its subsidiary, Avafood Shareholding Company (“Avafood”) (collectively “the Group”). The principal activities of the Company are to process agricultural and aquatic products into canned, dried, frozen, salted, and pickled products; the production of biscuits and snack food; carbonated and non-carbonated fruit juice, non-carbonated and carbonated beverages, with or without low level of alcohol (less than 10%); bottled filtered water; packaging for foods and beverages; and to export, import products in accordance with business operation.

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, beverage, bottled filtered water; biscuits, jams and sweets, snack food; and agricultural, aquatic and livestock products; lease a workshop, office; and to export, import products in accordance with business operation under the Investment Licence No. 48/GP-DN 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 on 3 May 2013 and thereafter traded on Vietnam Security Depository.

As at 31 December 2014, the Group had 1,539 employees (31/12/2013: 1,434 employees).

2. Basis of preparation

(a) Statement of compliance

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

(b) Basis of measurement

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

(c) Going concern assumption

Interfood Shareholding Company and its subsidiary
Notes to the consolidated financial statements for the year ended 31 December 2014
(continued)

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The consolidated financial statements have been prepared on a going concern basis. The Group incurred net loss after tax of VND176,414 million (2013: VND79,878 million) during the year and at the balance sheet date, current liabilities exceeded current assets by VND77,899 million (31/12/2013: VND141,691 million). Furthermore, the Group had significant loans that will require refinancing within the next 12 months (Note 11). 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 financial statements are prepared and presented in Vietnam Dong (“VND”) rounded to the nearest thousand (“VND’000”).

3. Summary of significant accounting policies

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

(a) Basis of consolidation

(i) Subsidiaries

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

(ii) Transactions eliminated on consolidation

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

Interfood Shareholding Company and its subsidiary
Notes to the consolidated financial statements for the year ended 31 December 2014
(continued)

Form B 09 – DN/HN

(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 year have been translated into VND at rates of exchange 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 inventories.

(f) Tangible fixed assets

(i) Cost

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

Interfood Shareholding Company and its subsidiary
Notes to the consolidated financial statements for the year ended 31 December 2014
(continued)

Form B 09 – DN/HN

(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 follows:

▪ buildings	6 – 30 years
▪ machinery and equipment	6 – 15 years
▪ motor vehicles	6 – 10 years
▪ office equipment	3 – 10 years

(g) Intangible fixed assets

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.

(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) *Prepaid land costs*

Prior to 1 January 2014, rights to use leased land obtained after the effective date of Land Law (2003) were classified as intangible fixed assets and had been amortised on a straight-line basis over the terms of related land lease contracts. Effective from 1 January 2014, the Group prospectively adopted the requirement of Circular No. 45/2013/TT-BTC dated 25 April 2013 of the Ministry of Finance which provides guidance on management, use and depreciation of fixed assets (“Circular 45”) which stipulates that land use rights from land lease contract obtained after 1 July 2004, the effective date of Land Law (2003), are not recognised as intangible fixed assets and were therefore reclassified as long-term prepayments. Prepayments for land use rights under land lease contracts are initially stated at cost and amortised on a straight-line basis over the terms of related lease contracts of 40 years.

(ii) *Renovation expenses*

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

(iii) *Tools and supplies*

Interfood Shareholding Company and its subsidiary
Notes to the consolidated financial statements for the year ended 31 December 2014
(continued)

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Tools and supplies include assets held for use by the Group in the normal course of business whose costs of individual items are less than VND30 million and therefore not qualified for recognition as fixed assets under Circular 45. Cost of tools and supplies 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.

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. With the implementation of unemployment insurance scheme, the Group is no longer required to provide severance allowance for the service period after 1 January 2009. However, severance allowance to be paid to the existing eligible employees as of 31 December 2014 will be determined based on the eligible employees’ years of service as of 31 December 2008 and their average salary for the six-month period prior to the termination date.

Interfood Shareholding Company and its subsidiary
Notes to the consolidated financial statements for the year ended 31 December 2014
(continued)

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(l) Classification of financial instruments

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

(i) Financial assets

Financial assets at fair value through profit or loss

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

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

Loans and receivables

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

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

Interfood Shareholding Company and its subsidiary
Notes to the consolidated financial statements for the year ended 31 December 2014
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Available-for-sale financial assets

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

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

(ii) *Financial liabilities*

Financial liabilities at fair value through profit or loss

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

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

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

Interfood Shareholding Company and its subsidiary
Notes to the consolidated financial statements for the year ended 31 December 2014
(continued)

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(m) Taxation

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

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

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

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

(n) Acquisition reserves

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 is recorded as acquisition reserve under other reserves.

(o) Revenue and other income

(i) Goods sold

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

(ii) Interest income

Interest income is recognised on a time proportion basis with reference to the principal outstanding and the applicable interest rate.

(p) Operating lease payments

Interfood Shareholding Company and its subsidiary
Notes to the consolidated financial statements for the year ended 31 December 2014
(continued)

Form B 09 – DN/HN

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

(q) Borrowing costs

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

(r) Earnings per share

The Group presents basic earnings per share (“EPS”) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Shares that are issuable in the future for which all contributions have been received and conditions discharged are included in the weighted average number of ordinary shares outstanding during the year to compute basic EPS. The Company 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 parties

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 foods and beverages and in one geographical segment, which is Vietnam.

Interfood Shareholding Company and its subsidiary
Notes to the consolidated financial statements for the year ended 31 December 2014
(continued)

Form B 09 – DN/HN

5. Cash

	31/12/2014	31/12/2013
	VND'000	VND'000
Cash on hand	173,776	150,812
Cash at banks	114,171,663	97,029,236
	<hr/>	<hr/>
	114,345,439	97,180,048
	<hr/> <hr/>	<hr/> <hr/>

6. Inventories

	31/12/2014	31/12/2013
	VND'000	VND'000
Raw materials	52,314,741	57,807,048
Tools and supplies	10,882,858	10,352,938
Work in progress	13,602,577	2,439,256
Finished goods	106,065,556	109,824,165
	<hr/>	<hr/>
	182,865,732	180,423,407
Allowance for inventories	(3,435,021)	-
	<hr/>	<hr/>
	179,430,711	180,423,407
	<hr/> <hr/>	<hr/> <hr/>

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

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Notes to the consolidated financial statements for the year ended 31 December 2014
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7. 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	115,917,681	471,348,970	9,686,896	4,409,686	601,363,233
Additions	-	1,513,536	120,000	892,169	2,525,705
Transfers from construction in progress	785,355	4,689,426	110,000	142,050	5,726,831
Disposals	-	(2,510,853)	-	-	(2,510,853)
Closing balance	116,703,036	475,041,079	9,916,896	5,443,905	607,104,916
Accumulated depreciation					
Opening balance	23,991,103	259,782,769	6,476,420	2,786,447	293,036,739
Charge for the year	3,989,332	31,428,039	751,090	691,710	36,860,171
Disposals	-	(1,887,078)	-	-	(1,887,078)
Closing balance	27,980,435	289,323,730	7,227,510	3,478,157	328,009,832
Net book value					
Opening balance	91,926,578	211,566,201	3,210,476	1,623,239	308,326,494
Closing balance	88,722,601	185,717,349	2,689,386	1,965,748	279,095,084

Included in the cost of tangible fixed assets were assets costing VND26,515 million which were fully depreciated as of 31 December 2014 (31/12/2013: VND23,357 million), but are still in active use.

The net book value of temporarily idle tangible fixed assets amounted to VND14,455 million as of 31 December 2014 (31/12/2013: VND16,753 million).

8. Intangible fixed assets

Land use rights Software Total

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Notes to the consolidated financial statements for the year ended 31 December 2014
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	VND'000	VND'000	VND'000
Cost			
Opening balance	34,749,926	8,926,021	43,675,947
Additions	-	1,851,372	1,851,372
Transfers from construction in progress	-	37,800	37,800
Reclassifications (*)	(34,749,926)	-	(34,749,926)
Closing balance	-	10,815,193	10,815,193
Accumulated amortisation			
Opening balance	7,090,919	702,455	7,793,374
Charge for the year	173,749	1,158,692	1,332,441
Reclassifications (*)	(7,264,668)	-	(7,264,668)
Closing balance	-	1,861,147	1,861,147
Net book value			
Opening balance	27,659,007	8,223,566	35,882,573
Closing balance	-	8,954,046	8,954,046

(*) The reclassifications represented net book value of land use rights from long-term land lease contracts obtained after 1 July 2004, the effective date of Land Law 2003, for which the payments were made in full. These assets are reclassified to long-term prepayments (Note 10).

9. Construction in progress

	2014	2013
	VND'000	VND'000
Opening balance	2,731,811	8,398,225
Additions	5,023,285	5,609,160
Transfers to tangible fixed assets	(5,726,831)	(2,334,471)
Transfers to intangible fixed assets	(37,800)	(8,875,031)
Written off	-	(66,072)
Closing balance	1,990,465	2,731,811

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Notes to the consolidated financial statements for the year ended 31 December 2014
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10. Long-term prepayments

	Prepaid land costs VND'000	Renovation expenses VND'000	Tools and supplies VND'000	Total VND'000
Opening balance	-	1,914,580	3,076,186	4,990,766
Additions	-	3,669,853	930,131	4,599,984
Reclassifications (*)	27,485,258	-	-	27,485,258
Amortisation for the year	(521,249)	(1,274,033)	(1,870,790)	(3,666,072)
Closing balance	26,964,009	4,310,400	2,135,527	33,409,936

(*) The reclassifications represented net book value of land use rights from long-term land lease contracts obtained after 1 July 2004, the effective date of Land Law 2003, for which the payments were made in full. These assets are reclassified from intangible fixed assets (Note 8).

11. Short-term borrowings

	31/12/2014 VND'000	31/12/2013 VND'000
Loans from Kirin Holdings Company, Limited	245,870,000	326,740,000

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

	Currency	Annual interest rate	31/12/2014 VND'000	31/12/2013 VND'000
Loan 1	USD	Libor plus 0.8%	149,660,000	147,560,000
Loan 2	USD	Libor plus 0.8%	-	179,180,000
Loan 3	USD	Libor plus 0.8%	96,210,000	-
			245,870,000	326,740,000

The applicable interest rates of these borrowings ranged from 0.954% to 1.492% per annum during the year (2013: 1.077% to 1.487% per annum).

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Notes to the consolidated financial statements for the year ended 31 December 2014
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12. Accounts payable – trade

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

	31/12/2014	31/12/2013
	VND'000	VND'000
Amounts due to Vietnam Kirin Beverage Company Limited	38,979,224	2,502,632

The amounts due to Vietnam Kirin Beverage Company Limited represented processing fee payable, which were unsecured, interest free and are payable on demand.

13. Taxes payable to State Treasury

	31/12/2014	31/12/2013
	VND'000	VND'000
Value added tax	5,448,172	221,221
Personal income tax	311,156	135,274
Foreign contractor tax	80,817	100,355
	5,840,145	456,850

14. Accrued expenses

	31/12/2014	31/12/2013
	VND'000	VND'000
Sales discounts and commission	15,373,539	2,110,356
Transportation fees	7,920,713	5,378,039
Secondment fee payable (*)	4,742,113	4,591,183
Loans interest payable	2,168,572	3,137,186
Display expenses	3,090,617	-
Promotion expenses	5,745,365	-
Others	14,374,633	2,531,310
	53,415,552	17,748,074

(*) According to the Secondment Agreement dated 1 July 2011, the Group agreed to pay 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.

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Notes to the consolidated financial statements for the year ended 31 December 2014
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15. Other payables

Other payables comprised:

	31/12/2014	31/12/2013
	VND'000	VND'000
Dividends payable	505,391	505,391
Trade union, social and health insurance	137,776	122,077
Others	223,828	93,216
	<hr/>	<hr/>
	866,995	720,684
	<hr/> <hr/>	<hr/> <hr/>

16. Long-term borrowings

	Currency	Annual interest rate	Year of maturity	31/12/2014	31/12/2013
				VND'000	VND'000
Unsecured borrowings from Kirin Holdings Company, Limited	USD	1.896%	2017	138,970,000	137,020,000
				<hr/> <hr/>	<hr/> <hr/>

The unsecured borrowings bore fixed interest rate of 1.896% per annum during the year (2013: 1.896% per annum), which is based on USD Swap Semi 30/360 5-year plus 0.8% per annum according to current Kirin Group's financial rules.

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17. Deferred tax liabilities

(i) Recognised deferred tax liabilities

Deferred tax liabilities related to temporary differences arising from depreciation of fixed assets.

(ii) Unrecognised deferred tax assets

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

	31/12/2014		31/12/2013	
	Temporary difference VND'000	Tax value VND'000	Temporary difference VND'000	Tax value VND'000
Deductible temporary differences	57,434,153	12,635,514	19,036,916	4,759,229
Tax losses	55,323,290	12,171,124	70,364,730	17,591,183
	112,757,443	24,806,638	89,401,646	22,350,412

The tax losses expire in the following years:

Year of expiry	Status of tax review	Tax losses available VND'000
2015	Outstanding	1,506,073
2017	Outstanding	16,030,386
2019	Outstanding	37,786,831
		55,323,290

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.

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18. Provision for severance allowance

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

	2014 VND'000	2013 VND'000
Opening balance	3,124,794	3,327,503
Provision made during the year	28,226	38,141
Provision utilised during the year	(76,675)	(123,003)
Provision reversed during the year	-	(117,847)
Closing balance	<u>3,076,345</u>	<u>3,124,794</u>

During the year, the Group contributed VND1,156 million (2013: VND1,020 million) to the unemployment insurance fund and the amount is recorded as part of labour and staff costs in the consolidated statement of income.

19. Movements in owners' equity

	Share capital VND'000	Share premium VND'000	Other reserves VND'000	Accumulated losses VND'000	Total VND'000
Balance at 31 December 2012	381,443,888	85,035,704	(32,535,252)	(495,750,639)	(61,806,299)
Share capital issued	210,000,000	-	-	-	210,000,000
Net loss for the year	-	-	-	(83,477,694)	(83,477,694)
Balance at 31 December 2013	591,443,888	85,035,704	(32,535,252)	(579,228,333)	64,716,007
Share capital issued	210,000,000	-	-	-	210,000,000
Net loss for the year	-	-	-	(176,905,671)	(176,905,671)
Reclassifications (Note 21)	(90,034,048)	-	90,034,048	-	-
Balance at 31 December 2014	<u>711,409,840</u>	<u>85,035,704</u>	<u>57,498,796</u>	<u>(756,134,004)</u>	<u>97,810,336</u>

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Notes to the consolidated financial statements for the year ended 31 December 2014
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20. Share capital

The Company's authorised and issued share capital is:

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

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.

Please refer to Notes 19 and 21 for movements in share capital.

21. Other reserves

	31/12/2014 VND'000	31/12/2013 VND'000
Acquisition reserve (a)	(32,535,252)	(32,535,252)
Other reserve (b)	90,034,048	-
	57,498,796	(32,535,252)

- (a) In 2007, the Company acquired 90.4% shareholding of Avafood in a business combination under common control. This amount represented the difference between consideration given and the net amounts of assets and liabilities of Avafood attributable to the Group at the acquisition date.
- (b) On 1 January 2013, the Company changed its accounting currency from United States Dollars ("USD") to Vietnam Dong ("VND") in accordance with the requirements of Circular No. 244/2010/TT/BTC dated 31 December 2009 of the Ministry of Finance ("Circular 244"). Accordingly, all balances in USD as at 31 December 2012 have been translated to VND at the exchange rate of VND20,828 to USD1. During 2014, the Company adjusted the share capital to reflect the issued capital at par. The difference between the converted value and par value of ordinary shares of VND90,034,048,000 is reflected as other reserves.

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Notes to the consolidated financial statements for the year ended 31 December 2014
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22. Total revenue

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

Net revenue comprised:

	2014	2013
	VND'000	VND'000
Total revenue	1,027,224,92	
▪ Sales of drinks	6	888,947,223
▪ Sales of biscuits	22,852,895	28,550,969
▪ Sales of other products	135,841,200	104,520,482
	<hr/> 1,185,919,02	
	1	<hr/> 1,022,018,674
Less revenue deductions		
▪ Sales allowances	34,815,472	28,842,246
▪ Sales returns	3,892,322	30,542
	<hr/> 38,707,794	<hr/> 28,872,788
Net revenue	<hr/> 1,147,211,22	<hr/> 993,145,886
	7	

23. Cost of sales

	2014	2013
	VND'000	VND'000
Total cost of sales		
▪ Cost of drinks	707,720,763	619,735,324
▪ Cost of biscuits	20,815,688	26,578,647
▪ Cost of other products	104,828,487	62,764,332
	<hr/> 833,364,938	<hr/> 709,078,303
	<hr/> <hr/>	<hr/> <hr/>

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24. Financial income

	2014 VND'000	2013 VND'000
Interest income from bank deposits	335,798	734,472
Realised foreign exchange gains	9,889,906	1,763,019
Unrealised foreign exchange gains	42,069	98,474
	<hr/>	<hr/>
	10,267,773	2,595,965
	<hr/> <hr/>	<hr/> <hr/>

25. Financial expenses

	2014 VND'000	2013 VND'000
Interest expense	6,959,861	8,402,063
Realised foreign exchange losses	12,021,516	3,969,102
Unrealised foreign exchange losses	4,942,593	3,574,615
	<hr/>	<hr/>
	23,923,970	15,945,780
	<hr/> <hr/>	<hr/> <hr/>

26. Other income

	2014 VND'000	2013 VND'000
Compensation received for unqualified materials	4,523,606	-
Proceeds from disposals of fixed assets	547,273	-
Reimbursement received for tax penalty payment	-	4,824,380
Loan waiver from Trade Ocean Holdings Sdn. Bhd. and Wonderfarm Biscuits & Confectionery Sdn. Bhd.	-	104,006,971
Others	5,563,543	6,542,887
	<hr/>	<hr/>
	10,634,422	115,374,238
	<hr/> <hr/>	<hr/> <hr/>

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27. Other expenses

	2014 VND'000	2013 VND'000
Depreciation of idle fixed assets	2,600,780	2,551,748
Net book value of disposed tangible fixed assets	623,775	-
Tax penalties	2,576	6,282,256
Others	771,813	2,425,841
	<hr/> 3,998,944	<hr/> 11,259,845 <hr/> <hr/>

28. Income tax

(a) Recognised in the consolidated statement of income

	2014 VND'000	2013 VND'000
Current tax expense		
Under provision in prior years	-	3,172,595
		<hr/>
Deferred tax (benefit)/expense		
Origination and reversal of temporary differences	418,047	458,403
Effect of change in tax rate	(458,281)	-
	<hr/> (40,234)	<hr/> 458,403 <hr/> <hr/>
Income tax (benefit)/expense	<hr/> (40,234)	<hr/> 3,630,998 <hr/> <hr/>

(b) Reconciliation of effective tax rate

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	2014	2013
	VND'000	VND'000
Loss before tax	(176,454,678)	(76,246,660)
Tax at the Group's tax rate	(38,820,029)	(19,061,665)
Non-deductible expenses	23,844,065	38,720,567
Effect of change in tax rate	1,363,341	-
Deferred tax assets not recognised	14,938,873	-
Tax losses not previously recognised utilised	(1,366,484)	(19,200,499)
Under provision in prior years	-	3,172,595
	(40,234)	3,630,998

(c) Applicable tax rates

(i) Interfood Shareholding Company

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 rate applicable to enterprises before any incentives 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.

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

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

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The usual income tax rate applicable to enterprises before any incentives has been changed to 22% for 2014 and 2015, and will be reduced to 20% from 2016.

(ii) Avafood Shareholding Company

Under the terms of its Investment Certificate Avafood has an obligation to pay the government income tax at the rate of 15% of taxable profits from manufacturing processed products, including fruit juice, bottled filtered water, biscuits, jams and sweets of all kinds, and from agricultural and aquatic products as well as livestock for the first 12 years starting from the first year of operation (from 2006 to 2018) and the tax rate applicable to enterprises before any incentives of 25% for the succeeding years. The current tax regulations allow the Avafood to be exempt from income tax for 2 years starting from the first year it generates a taxable profit (from 2011 to 2012) and entitled to a 50% reduction in income tax for the 3 succeeding years. The income tax regulations also specify that if the Avafood does not generate any taxable profit in three consecutive years from the first year it generates revenue, the above tax exemption period will start in the fourth year despite the fact that no taxable profit has been made. All the above tax exemption and reduction are not applicable to other income which is taxed at the tax rate applicable to enterprises before any incentives of 25%.

Corporate income tax is payable at the rate stipulated by the current regulations on annual profit from processing service, office and workshop lease activity (2014: 22%; 2013: 25%).

The usual income tax rate applicable to enterprises before any incentives has been changed to 22% for 2014 and 2015, and will be reduced to 20% from 2016.

29. Basis loss per share

The calculation of basic loss per share at 31 December 2014 was based on the net loss attributable to ordinary shareholders of the Company and a weighted average number of ordinary shares outstanding during the year, calculated as follows:

(i) Net loss attributable to ordinary shareholders

	2014	2013
	VND'000	VND'000
Net loss attributable to ordinary shareholders	(176,905,671)	(83,477,694)

(ii) Weighted average number of ordinary shares

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	2014	2013
Issued ordinary shares at beginning of the year	50,140,984	29,140,984
Effect of shares issued during the year	863,014	1,673,077
	<hr/>	<hr/>
Weighted average number of ordinary shares for the year	51,003,998	30,814,061
	<hr/> <hr/>	<hr/> <hr/>

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.

The Company's Board of Directors oversees and monitors the Group's compliance with risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

(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 of Directors is responsible for developing and monitoring the Group's risk management policies.

(b) Credit risk

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

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Notes to the consolidated financial statements for the year ended 31 December 2014
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(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 follows:

	Note	31/12/2014 VND'000	31/12/2013 VND'000
Cash at banks	(ii)	114,171,663	97,029,236
Trade and other receivables	(iii)	34,994,060	25,454,461
		149,165,723	122,483,697
		149,165,723	122,483,697

(ii) Cash at banks

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

(iii) Trade and other receivables

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

The Group's exposure to credit risk in relation to receivables is mainly influenced by the individual characteristics of each customer. In response to the risk, the Group has established a credit policy under which most customers have to settle payment in advance before the goods delivery is carried out. Only customers considered with high creditworthiness by the management are offered credit terms. Receivables are due within 30 days to 50 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.

Trade and other receivables that are neither past due nor impaired are mostly due from companies with good collection track records with the Group. Management believes that those receivables are of high credit quality.

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The aging of trade and other receivables at year-end is as follows:

	31/12/2014	31/12/2013
	VND'000	VND'000
Not past due	18,186,392	23,186,248
Past due 0 – 30 days	13,599,968	1,410,811
Past due 31 – 180 days	3,516,347	857,402
Over 180 days	1,736,821	2,045,468
	<hr/>	<hr/>
	37,039,528	27,499,929
	<hr/>	<hr/>

There was no movement in allowance for doubtful debts during the year.

(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 company by managing the financing terms with the related company.

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

31 December 2014

	Carrying amount VND'000	Contractual cash flows VND'000	Within 1 year VND'000	1 – 2 years VND'000	2 – 5 years VND'000
Trade and other payables	161,873,342	161,873,342	161,873,342	-	-
Short-term borrowings	245,870,000	247,045,142	247,045,142	-	-
Long-term borrowings	138,970,000	145,257,095	2,634,871	2,634,871	139,987,353
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	546,713,342	554,175,579	411,553,355	2,634,871	139,987,353
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

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31 December 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	118,515,310	118,515,310	118,515,310	-	-
Short-term borrowings	326,740,000	328,762,855	328,762,855	-	-
Other long-term liabilities	26,139	26,139	-	26,139	-
Long-term borrowings	137,020,000	145,753,212	2,605,017	2,605,017	140,543,178
	582,301,449	593,057,516	449,883,182	2,631,156	140,543,178

The Group manages its ability to meet the expected operational expenses and servicing its debts by maintaining the financial facility as follows:

- USD5 million unused short-term loan facility which renews automatically at the option of the Group. Interest would be payable at a rate of Libor + 0.8% per annum.

(d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates 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 the accounting currency of the Group, which is the VND. 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 entering into currency transactions to address short-term over-exposures.

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Exposure to currency risk

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

	31/12/2014	31/12/2013
	USD	USD
Cash	2,230,894	2,073,661
Accounts receivable – trade	339,568	306,838
Short-term borrowings	(11,500,000)	(15,500,000)
Accounts payable – trade	(197,469)	(129,092)
Other monetary liabilities	(317,543)	(3,110)
Long-term borrowings	(6,500,000)	(6,500,000)
	<hr/>	<hr/>
	(15,944,550)	(19,751,703)
	<hr/>	<hr/>

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

	Exchange rate as at	
	31/12/2014	31/12/2013
	VND	VND
USD 1	21,380	21,080
	<hr/>	<hr/>

Below is an analysis of the possible impact on the net loss after tax 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.

	Increase
	net loss
	VND'000
31 December 2014	
USD (1% strengthening of USD)	2,658,977
	<hr/>
31 December 2013	
USD (1% strengthening of USD)	4,167,609
	<hr/>

The opposite movement of the currency would have the equal but opposite effect to the net loss after tax of the Group.

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Notes to the consolidated financial statements for the year ended 31 December 2014
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(ii) Interest rate risk

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

	Carrying amount	
	31/12/2014	31/12/2013
	VND'000	VND'000
Fixed rate instruments		
Financial liabilities	(138,970,000)	(137,020,000)
<hr/>		
Variable rate instruments		
Financial assets	114,171,663	97,029,236
Financial liabilities	(245,870,000)	(326,740,000)
	<hr/>	<hr/>
	(131,698,337)	(229,710,764)
	<hr/>	<hr/>

A change of 100 basis points in interest rates would have increased net loss after tax of the Group by VND1,027 million (2013: VND1,723 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.

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(e) Fair values

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	31/12/2014		31/12/2013	
	Carrying amount VND'000	Fair value VND'000	Carrying amount VND'000	Fair value VND'000
Categorised as loans and receivables:				
- Cash at banks	114,171,663	114,171,663	97,029,236	97,029,236
- Trade and other receivables	34,994,060	(*)	25,454,461	(*)
Categorised as liabilities at amortised cost:				
- Trade and other payables	(161,873,342)	(*)	(118,515,310)	(*)
- Short-term borrowings	(245,870,000)	(*)	(326,740,000)	(*)
- Other long-term liabilities	-		(26,139)	(*)
- Long-term borrowings	(138,970,000)	(*)	(137,020,000)	(*)
	(397,547,619)		(459,817,752)	

- (*) The Group has not determined fair values of these financial instruments for disclosure in the consolidated financial statements because information about their market prices is not available and there is currently no guidance on determination of fair value using valuation techniques under the Vietnamese Accounting Standards or the relevant requirements of the Vietnamese Accounting System for enterprises. The fair values of these financial instruments may differ from their carrying amounts.

31. Non-cash investing and financing activities

	2014 VND'000	2013 VND'000
Waiver of long-term borrowings	-	104,006,971
Cost of fixed assets acquired through incurrence of liabilities	146,391	-

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32. Significant transactions with related parties

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

	Transaction value	
	2014	2013
	VND'000	VND'000
Ultimate Parent Company		
Kirin Holding Company, Limited		
Short-term borrowings	126,945,000	199,842,000
Shares issued	210,000,000	210,000,000
Interest expense	6,959,861	8,402,063
Secondment fees	9,626,009	9,087,597
Related companies		
Vietnam Kirin Beverage Company, Limited		
Processing fee	132,662,976	42,472,216
Sales of goods	8,808	57,078
Board of Directors and Board of Management		
Secondment fees	4,198,548	4,517,690
Salary	1,307,374	1,312,409

33. Commitments

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

	31/12/2014	31/12/2013
	VND'000	VND'000
Within one year	3,331,765	11,528,803
Within two to five years	1,135,397	27,499,588
Over five years	-	11,463,660
	4,467,162	50,492,051

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34. Production and business costs by element

	2014	2013
	VND'000	VND'000
Raw material costs included in production costs	619,669,008	632,248,251
Labour costs and staff costs	195,481,680	170,247,934
Depreciation and amortisation	38,192,612	38,073,175
Outside services	456,494,815	342,434,513
Other expenses	9,407,851	2,949,946

27 March 2015

Prepared by:

(Signed)

Nguyen Hong Phong
Chief Accountant

Approved by:

(Signed and sealed)

Toru Yamasaki
Chairman – cum General Director