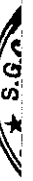




**Interfood Shareholding Company and
its subsidiary**

Consolidated Financial Statements for
the year ended 31 December 2015



Interfood Shareholding Company
Corporate information

Investment Licence No. 270/GP 16 November 1991

Investment Certificates 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
 472033000328 (6th amendment) 30 December 2015
 6525867086 (7th amendment) 5 February 2016

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
Hajime Kobayashi	Member (from 9 April 2015)
Hirotsugu Otani	Member (from 9 April 2015)
Hiroshi Fujikawa	Member (until 9 April 2015)
Nguyen Thi Kim Lien	Member
Takayuki Morisawa	Member

Board of Directors

Toru Yamasaki	General Director
Yoshihisa Fujiwara	Director/General Manager of Factory
Takayuki Morisawa	Director/General Manager of Administration
Nguyen Thi Kim Lien	Director/General Manager of Internal Control
Taiichiro Iizumi	Director/General Manager of Sales
Yutaka Ogami	Director/General Manager of Finance

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

Auditor KPMG Limited
 Vietnam

Interfood Shareholding Company Statement of the Board of Directors

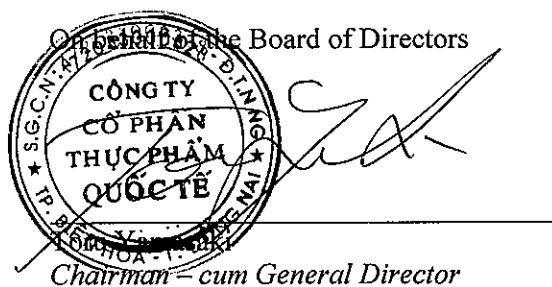
The Board of Directors of Interfood Shareholding Company (“the Company”) presents this statement and the accompanying consolidated financial statements of the Company and its subsidiary (together referred to as “the Group”) for the year ended 31 December 2015.

The Board of Directors is responsible for the preparation and fair 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 5 to 41 give a true and fair view of the consolidated financial position of the Group as at 31 December 2015, and of its consolidated results of operations and its consolidated cash flows 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 the accompanying consolidated financial statements for issue.

On behalf of the Board of Directors



Chairman = cum General Director

Ho Chi Minh City, 21 March 2016



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

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

INDEPENDENT AUDITOR'S REPORT

To the Shareholders Interfood Shareholding Company

We have audited the accompanying consolidated financial statements of Interfood Shareholding Company ("the Company") and its subsidiary (together referred to as "the Group"), which comprise the consolidated balance sheet as at 31 December 2015, the consolidated statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Company's Board of Directors on 21 March 2016, as set out on pages 5 to 41.

Management's Responsibility

The Company's Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting, and for such internal control as the Board of Directors determines necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Auditor's Opinion

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of Interfood Shareholding Company and its subsidiary as at 31 December 2015 and of its consolidated results of operations and its consolidated cash flows 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.

KPMG Limited's Branch in Ho Chi Minh City

Vietnam

Audit Report No.: 14-01-284



Lam Thi Hoa

Practicing Auditor Registration

Certificate No. 0866-2013-007-1

Deputy General Director

Nguyen Anh Tuan

Practicing Auditor Registration

Certificate No. 0436-2013-007-1

Ho Chi Minh City, 21 March 2016

Interfood Shareholding Company and its subsidiary
Consolidated balance sheet as at 31 December 2015

Form B 01 – DN/HN
*(Issued under Circular No. 200/2014/TT-BTC and No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	31/12/2015 VND'000	1/1/2015 VND'000 Reclassified
ASSETS				
Current assets (100 = 110 + 130 + 140 + 150)	100		383,161,036	339,000,879
Cash	110	6	172,435,846	114,345,439
Cash	111		172,435,846	114,345,439
Accounts receivable – short-term	130		26,263,656	42,521,295
Accounts receivable from customers	131	7	22,218,569	36,547,087
Prepayments to suppliers	132		5,543,647	6,948,340
Other receivables – short-term	136		797,532	1,071,336
Allowance for doubtful debts	137	8	(2,296,092)	(2,045,468)
Inventories	140	9	183,485,382	179,430,711
Inventories	141		185,404,269	182,865,732
Allowance for inventories	149		(1,918,887)	(3,435,021)
Other current assets	150		976,152	2,703,434
Short-term prepaid expenses	151		902,241	2,703,434
Taxes receivable from State Treasury	153		73,911	-
Long-term assets (200 = 210 + 220 + 240 + 260)	200		291,472,732	325,011,033
Accounts receivable – long-term	210		1,575,362	1,561,502
Other receivables – long-term	216		1,575,362	1,561,502
Fixed assets	220		255,929,850	288,049,130
Tangible fixed assets	221	10	246,168,681	279,095,084
Cost	222		609,272,533	607,104,916
Accumulated depreciation	223		(363,103,852)	(328,009,832)
Intangible fixed assets	227	11	9,761,169	8,954,046
Cost	228		12,913,118	10,815,193
Accumulated amortisation	229		(3,151,949)	(1,861,147)
Long-term work in progress	240		189,670	1,990,465
Construction in progress	242	12	189,670	1,990,465
Other long-term assets	260		33,777,850	33,409,936
Long-term prepaid expenses	261	13	33,777,850	33,409,936
TOTAL ASSETS (270 = 100 + 200)	270		674,633,768	664,011,912

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 2015 (continued)

Form B 01 – DN/HN
(Issued under Circular No. 200/2014/TT-BTC and No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

	Code	Note	31/12/2015 VND'000	1/1/2015 VND'000 Reclassified
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		509,554,905	562,725,468
Current liabilities	310		356,330,596	416,900,346
Accounts payable to suppliers	311	14	73,591,149	97,422,844
Advances from customers	312		3,116,598	3,316,859
Taxes payable to State Treasury	313	15	10,444,482	5,840,145
Payable to employees	314		10,591,749	10,167,951
Accrued expenses	315	16	76,511,785	53,415,552
Other payables – short-term	319	17	1,754,833	866,995
Short-term borrowings	320	18(a)	180,320,000	245,870,000
Long-term liabilities	330		153,224,309	145,825,122
Long-term borrowings	338	18(b)	146,510,000	138,970,000
Deferred tax liabilities	341	19	4,170,398	3,778,777
Provision – long-term	342	20	2,543,911	3,076,345
EQUITY (400 = 410)	400		165,078,863	101,286,444
Owners' equity	410	21	165,078,863	101,286,444
Share capital	411	22	871,409,840	711,409,840
- Ordinary shares with voting rights	411a		871,409,840	711,409,840
Share premium	412		85,035,704	85,035,704
Other reserves	420	23	57,498,796	57,498,796
Accumulated losses	421		(852,821,119)	(756,134,004)
- Accumulated losses brought forward	421a		(756,134,004)	(579,228,333)
- Net loss for the current year	421b		(96,687,115)	(176,905,671)
Non-controlling interest	429		3,955,642	3,476,108
TOTAL RESOURCES (440 = 300 + 400)	440		674,633,768	664,011,912

21 March 2016

Prepared by:



Nguyen Hong Phong
Chief Accountant

Approved by:



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 2015

Form B 02 – DN/HN
*(Issued under Circular No. 200/2014/TT-BTC and No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	2015 VND'000	2014 VND'000 Reclassified
Revenue from sale of goods	01	25	1,318,402,242	1,188,164,969
Revenue deductions	02	25	38,218,537	38,707,794
Net revenue (10 = 01 - 02)	10	25	1,280,183,705	1,149,457,175
Cost of sales	11	26	941,763,989	889,318,885
Gross profit (20 = 10 - 11)	20		338,419,716	260,138,290
Financial income	21	27	17,537,953	10,225,704
Financial expenses	22	28	43,683,496	23,881,901
<i>In which: Interest expense</i>	23		5,933,545	6,959,861
Selling expenses	25	29	360,120,414	393,315,759
General and administration expenses	26	30	41,476,966	34,010,542
Net operating loss {30 = 20 + (21 - 22) - (25 + 26)}	30		(89,323,207)	(180,844,208)
Other income	31	31	6,556,299	7,841,201
Other expenses	32	32	10,321,381	3,451,671
Results of other activities (40 = 31 - 32)	40		(3,765,082)	4,389,530
Accounting loss before tax (50 = 30 + 40)	50		(93,088,289)	(176,454,678)
Income tax expense – current	51	34	2,727,671	-
Income tax expense/(benefit) – deferred	52	34	391,621	(40,234)
Net loss after tax (60 = 50 - 51 - 52)	60		(96,207,581)	(176,414,444)

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 2015 (continued)

Form B 02 – DN/HN
*(Issued under Circular No. 200/2014/TT-BTC and No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	2015 VND'000	2014 VND'000 Reclassified
Net loss after tax	60		(96,207,581)	(176,414,444)
Attributable to:				
Equity holders of the Company	61		(96,687,115)	(176,905,671)
Non-controlling interest	62		479,534	491,227
Loss per share				
Basic loss per share (in VND)	70	35	(1,352)	(3,468)

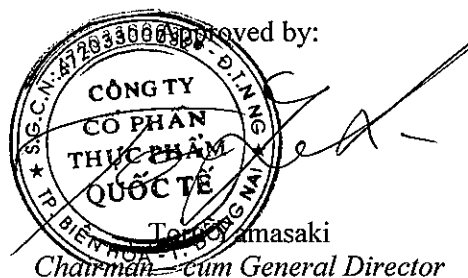
21 March 2016

Prepared by:



Nguyen Hong Phong
Chief Accountant

Approved by:



Toomasaki
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 cash flows for the year ended 31 December 2015
(Indirect method)

Form B 03 – DN/HN
*(Issued under Circular No. 200/2014/TT-BTC and No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	2015 VND'000	2014 VND'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before tax	01		(93,088,289)	(176,454,678)
Adjustments for				
Depreciation and amortisation	02		38,381,229	38,192,612
Allowances and provisions	03		11,618,253	3,435,021
Exchange losses arising from revaluation of monetary items denominated in foreign currencies	04		14,750,685	4,900,524
Profits from investing activities	05		(976,747)	(259,296)
Interest expense	06		5,933,545	6,959,861
Operating loss before changes in working capital	08		(23,381,324)	(123,225,956)
Change in receivables	09		13,836,193	(13,970,952)
Change in inventories	10		(13,295,688)	(2,442,325)
Change in payables and other liabilities	11		4,458,796	49,536,935
Changes in prepaid expenses	12		1,433,279	(2,521,907)
			(16,948,744)	(92,624,205)
Interest paid	14		(5,922,380)	(7,928,475)
Income tax paid	15		(2,727,671)	-
Other payments for operating activities	16		-	(55,039)
Net cash flows from operating activities	20		(25,598,795)	(100,607,719)
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for additions to fixed assets and other long-term assets	21		(4,662,888)	(9,253,971)
Proceeds from disposals of fixed assets	22		645,455	547,273
Receipts of interests	27		386,635	335,798
Net cash flows from investing activities	30		(3,630,798)	(8,370,900)

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

Interfood Shareholding Company and its subsidiary
Consolidated statement of cash flows for the year ended 31 December 2015
(Indirect method – continued)

Form B 03 – DN/HN

*(Issued under Circular No. 200/2014/TT-BTC and No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	2015 VND'000	2014 VND'000
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from shares issued	31		160,000,000	210,000,000
Proceeds from borrowings	33		77,250,000	126,945,000
Payments to settle loan principals	34		(149,930,000)	(210,800,000)
Net cash flows from financing activities	40		87,320,000	126,145,000
Net cash flows during the year (50 = 20 + 30 + 40)	50		58,090,407	17,166,381
Cash at beginning of the year	60		114,345,439	97,180,048
Effect of exchange rate fluctuations on cash	61		-	(990)
Cash at end of the year (70 = 50 + 60 + 61)	70	6	172,435,846	114,345,439

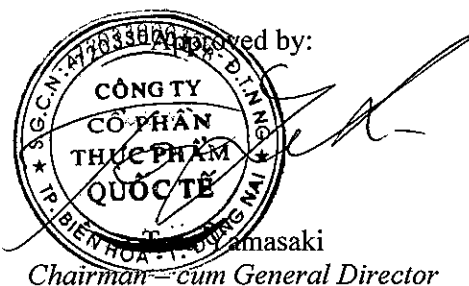
21 March 2016

Prepared by:



Nguyen Hong Phong
Chief Accountant

Approved by:



**CÔNG TY
CƠ PHÂN
THỰC PHẨM
QUỐC TẾ**
TR. BIÊN HÒA - T. DƯƠNG MẠI

Masaki
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 2015

Form B 09 – DN/HN
*(Issued under Circular No. 200/2014/TT-BTC and No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

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

1. Reporting entity

(a) Ownership structure

Interfood Shareholding Company (“the Company”) is incorporated as a joint stock company in Vietnam. The Company owns 90.4% of the equity interests in Avafood Shareholding Company (“Avafood”). The consolidated financial statements for the year ended 31 December 2015 comprise the Company and its subsidiary, Avafood (together referred to as “the Group”).

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 the Ho Chi Minh Stock Exchange, the Company’s shares were delisted on 3 May 2013 and thereafter traded on Vietnam Security Depository.

(b) Principal activities

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 principal activities of Avafood 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.

(c) Normal operating cycle

The normal operating cycle of the Group is generally within 12 months.

Interfood Shareholding Company and its subsidiary
Notes to the consolidated financial statements for the year ended 31 December 2015
(continued)

Form B 09 – DN/HN
*(Issued under Circular No. 200/2014/TT-BTC and No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

(d) Group structure

As at 31 December 2015, the Group had 1,422 employees (1/1/2015: 1,539 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

The consolidated financial statements have been prepared on a going concern basis. The Group incurred net loss after tax of VND96,208 million (2014: VND176,414 million) during the year. Furthermore, the Group had significant loans that will require refinancing within the next 12 months (Note 18). The validity of the going concern assumption fundamentally depends on the Group generating enough operating and financing cash flows to meet the operational expenses and 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, the Group had USD17.5 million unused short-term facility which can be used to meet the operational expenses and 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 and presentation currency

The Company's accounting currency is Vietnam Dong ("VND"). The consolidated financial statements are prepared and presented in Vietnam Dong rounded to the nearest thousand ("VND'000").

Interfood Shareholding Company and its subsidiary
Notes to the consolidated financial statements for the year ended 31 December 2015
(continued)

Form B 09 – DN/HN
*(Issued under Circular No. 200/2014/TT-BTC and No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

3. Adoption of new guidance on accounting system for enterprises

On 22 December 2014, the Ministry of Finance issued Circular No. 200/2014/TT-BTC providing guidance on Vietnamese Accounting System for enterprises (“Circular 200”). Circular 200 replaces previous guidance on Vietnamese Accounting System for enterprises under Decision No. 15/2006/QĐ-BTC dated 20 March 2006 and Circular No. 244/2009/TT-BTC dated 31 December 2009. Circular 200 is effective after 45 days from the signing date and applicable for annual accounting periods beginning on or after 1 January 2015.

On the same date of 22 December 2014, the Ministry of Finance also issued Circular No. 202/2014/TT-BTC providing guidance on preparation and presentation of consolidated financial statements (“Circular 202”). Circular 202 replaces previous guidance on preparation and presentation of consolidated financial statements provided in Part XIII of Circular No. 161/2007/TT-BTC dated 31 December 2007 of the Ministry of Finance. Circular 202 is also effective after 45 days from the signing date and applicable for annual accounting periods beginning on or after 1 January 2015.

The Group has adopted the applicable requirements of Circular 200 and Circular 202 effective from 1 January 2015 on a prospective basis. The significant changes to the Group’s accounting policies and the effects on the consolidated financial statements, if any, are disclosed in the following note to the consolidated financial statements:

- Recognition of foreign exchange differences (Note 4(b)).

4. 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) Subsidiary

Subsidiary is an entity controlled by the Group. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Transactions eliminated on consolidation

Inter-group balances, and any unrealised income and expenses arising from inter-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 2015
(continued)

Form B 09 – DN/HN
*(Issued under Circular No. 200/2014/TT-BTC and No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

(b) Foreign currency transactions

Transactions in currencies other than VND during the year have been translated into VND at actual rates of exchange ruling at the transaction dates. The actual rates of exchange applied to account for foreign currency transaction are determined as follows:

- Exchange rate applied to buying or selling foreign currency is the exchange rate stipulated in the currency exchange contract between the Group and the bank.
- Exchange rate applied to capital contribution transaction is the foreign currency buying rate at the transaction date quoted by the bank through which the investor transfers funds for the capital contribution.
- Exchange rate applied to recognise trade and other receivables is the foreign currency buying rate at the transaction date quoted by the bank through which the Group receives money from the customer or counterparty.
- Exchange rate applied to recognise trade and other payables is the foreign currency selling rate at the transaction date quoted by the bank through which the Group intends to make payment for the liability.
- For asset acquisitions or expenses that are settled with immediate payment, the exchange rate applied is the foreign currency buying rate at the transaction date quoted by the bank through which the Group makes payment.

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at actual rates of exchange ruling at the balance sheet date. The actual rates of exchange applied to retranslate monetary items denominated in foreign currency at reporting date are determined as follows:

- For monetary assets (cash and receivables): the foreign currency buying rate at the reporting date quoted by the commercial bank where the Group most frequently conducts transactions. Cash at banks and bank deposits are retranslated using the foreign currency buying rate of the bank where the Group deposits the money or maintains those bank accounts.
- For monetary liabilities (payables and borrowings): the foreign currency selling rate at reporting date quoted by the commercial bank where the Group most frequently conducts transactions.

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

The application of this accounting regulation has no significant impact on the consolidated financial statements.

(c) Cash

Cash comprises cash balances and call deposits.

Interfood Shareholding Company and its subsidiary
Notes to the consolidated financial statements for the year ended 31 December 2015
(continued)

Form B 09 – DN/HN
*(Issued under Circular No. 200/2014/TT-BTC and No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

(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.

(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

Interfood Shareholding Company and its subsidiary
Notes to the consolidated financial statements for the year ended 31 December 2015
(continued)

Form B 09 – DN/HN
*(Issued under Circular No. 200/2014/TT-BTC and No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

(g) Intangible fixed assets

Software

Cost of acquiring a 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 costs 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 prepaid expenses

(i) *Prepaid land costs*

Prepaid land costs comprise prepaid land lease rentals, including those for which the Group obtained land use rights certificate but are not qualified as intangible fixed assets under Circular No. 45/2013/TT-BTC dated 25 April 2013 of the Ministry of Finance providing guidance on management, use and depreciation of fixed assets, and other costs incurred in conjunction with securing the use of leased land. These costs are recognised in the consolidated statement of income on a straight-line basis over the term of the lease of 40 years.

(ii) *Renovation expense*

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

(iii) *Tools and supplies*

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 prevailing regulation. Cost of tools and supplies are amortised on a straight-line basis over 3 years.

(iv) *Insurance and rental expenses*

Insurance and rental expenses are initially stated at cost and are amortised on a straight-line basis over the insurance and rental terms.

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(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 2015 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) Share capital

Ordinary shares

Incremental costs directly attributable to the issue of shares, net of tax effects, are recognised as a deduction from share premium.

(m) Acquisition reserve

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.

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(n) 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 in equity, in which case it is recognised in equity.

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

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

(o) Revenue and other income

(i) Goods sold

Revenue from sale of goods is recognised in the consolidated statement of income when 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. Revenue on sale of goods is recognised at the net amount after deducting sales discounts stated on the invoice.

(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

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.

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(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. The Company does not present diluted EPS as it has no potentially diluted 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 to the Group 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, or where the Group and the other party are subject to common control or significant influence. Related parties may be individuals or corporate entities and include close family members of any individual considered to be a related party.

5. Segment reporting

The Group mainly operates in one business segment, which is the production and sale of foods and beverages and in one geographical segment, which is in Vietnam.

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6. Cash

	31/12/2015	1/1/2015
	VND'000	VND'000
Cash on hand	161,043	173,776
Cash at banks	172,274,803	114,171,663
	172,435,846	114,345,439
Cash in the consolidated statement of cash flows	172,435,846	114,345,439

7. Accounts receivable from customers

(a) Accounts receivable from customers detailed by significant customers

	31/12/2015	1/1/2015
	VND'000	VND'000
Saigon Union of Trading Co-operatives	5,042,063	4,298,327
EB Services Co., Ltd.	4,075,204	3,944,174
Others	13,101,302	28,304,586
	22,218,569	36,547,087
	22,218,569	36,547,087

(b) Accounts receivable from customers classified by payment term

	31/12/2015	1/1/2015
	VND'000	VND'000
Short-term	22,218,569	36,547,087
	22,218,569	36,547,087

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8. Allowance for doubtful debts

Movements in the allowance for doubtful debts during the year were as follows:

	2015 VND'000	2014 VND'000
Opening balance	2,045,468	2,045,468
Increase in allowance during the year	2,341,472	-
Allowance utilised during the year	(2,090,848)	-
	<hr/>	<hr/>
Closing balance	2,296,092	2,045,468

9. Inventories

	31/12/2015		1/1/2015	
	Cost VND'000	Allowance VND'000	Cost VND'000	Allowance VND'000
Goods in transit	790,291	-	-	-
Raw materials	39,684,219	-	52,314,741	(2,609,907)
Tools and supplies	9,712,514	-	10,882,858	-
Work in progress	4,646,405	-	13,602,577	-
Finished goods	130,570,840	(1,918,887)	106,065,556	(825,114)
	<hr/>	<hr/>	<hr/>	<hr/>
	185,404,269	(1,918,887)	182,865,732	(3,435,021)

Included in inventories as at 31 December 2015 was VND14,207 million (1/1/2015: nil) of finished goods carried at net realisable value.

Movements in the allowance for inventories during the year were as follows:

	2015 VND'000	2014 VND'000
Opening balance	3,435,021	-
Increase in allowance during the year	9,241,017	3,435,021
Allowance utilised during the year	(10,757,151)	-
	<hr/>	<hr/>
Closing balance	1,918,887	3,435,021

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10. 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	116,703,036	475,041,079	9,916,896	5,443,905	607,104,916
Additions	-	1,270,315	110,000	312,937	1,693,252
Transfers from construction in progress	425,096	2,053,199	-	47,820	2,526,115
Disposals	-	-	(2,051,750)	-	(2,051,750)
Closing balance	117,128,132	478,364,593	7,975,146	5,804,662	609,272,533
Accumulated depreciation					
Opening balance	27,980,435	289,323,730	7,227,510	3,478,157	328,009,832
Charge for the year	4,042,109	31,682,465	695,305	670,548	37,090,427
Disposals	-	-	(1,996,407)	-	(1,996,407)
Closing balance	32,022,544	321,006,195	5,926,408	4,148,705	363,103,852
Net book value					
Opening balance	88,722,601	185,717,349	2,689,386	1,965,748	279,095,084
Closing balance	85,105,588	157,358,398	2,048,738	1,655,957	246,168,681

Included in tangible fixed assets were assets costing VND61,681 million which were fully depreciated as of 31 December 2015 (1/1/2015: VND26,515 million), but are still in active use.

The net book value of temporarily idle tangible fixed assets amounted to VND33,602 million as at 31 December 2015 (1/1/2015: VND14,455 million).

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11. Intangible fixed assets

	Software VND'000
Cost	
Opening balance	10,815,193
Transfers from construction in progress	2,097,925
	12,913,118
Closing balance	
	12,913,118
Accumulated amortisation	
Opening balance	1,861,147
Charge for the year	1,290,802
	3,151,949
Closing balance	
	3,151,949
Net book value	
Opening balance	8,954,046
Closing balance	9,761,169
	9,761,169

12. Construction in progress

	2015 VND'000	2014 VND'000
Opening balance	1,990,465	2,731,811
Additions during the year	2,823,245	5,023,285
Transfers to tangible fixed assets	(2,526,115)	(5,726,831)
Transfers to intangible fixed assets	(2,097,925)	(37,800)
	189,670	1,990,465
Closing balance	189,670	1,990,465

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13. Long-term prepaid expenses

	Prepaid land costs VND'000	Renovation expense VND'000	Tools and supplies VND'000	Insurance expense VND'000	Rental expense VND'000	Total VND'000
Opening balance	26,964,009	4,310,399	2,135,528	-	-	33,409,936
Additions	-	2,933,761	2,217,247	497,276	2,344,425	7,992,709
Amortisation for the year	(694,999)	(2,553,083)	(1,856,997)	(217,126)	(2,302,590)	(7,624,795)
Closing balance	26,269,010	4,691,077	2,495,778	280,150	41,835	33,777,850

14. Accounts payable to suppliers

(a) Accounts payable to suppliers detailed by significant suppliers

	31/12/2015		1/1/2015	
	Cost VND'000	Amount within payment capacity VND'000	Cost VND'000	Amount within payment capacity VND'000
Crown Beverage Cans (Dong Nai) Co., Ltd	23,567,042	23,567,042	-	-
Hoa Lam Transportation – Service – Trading Company Limited	7,034,398	7,034,398	-	-
Vietnam Kirin Beverage Company Limited	4,272,267	4,272,267	38,979,224	38,979,224
Crown Beverage Cans Saigon Limited	3,388,779	3,388,779	10,810,785	10,810,785
Others	35,328,663	35,328,663	47,632,835	47,632,835
	73,591,149	73,591,149	97,422,844	97,422,844

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(b) Accounts payable to suppliers classified by payment term

	31/12/2015		1/1/2015	
	Cost VND'000	Amount within payment capacity VND'000	Cost VND'000	Amount within payment capacity VND'000
Short-term	73,591,149	73,591,149	97,422,844	97,422,844

(c) Accounts payable to suppliers who are related parties

	31/12/2015		1/1/2015	
	Cost VND'000	Amount within payment capacity VND'000	Cost VND'000	Amount within payment capacity VND'000
Vietnam Kirin Beverage Company Limited, a related party	4,272,267	4,272,267	38,979,224	38,979,224

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

15. Taxes payable to State Treasury

	1/1/2015 VND'000	Incurred VND'000	Netted-off VND'000	Paid VND'000	31/12/2015 VND'000
Value added tax	5,448,172	129,530,013	(99,639,311)	(25,117,509)	10,221,365
Corporate income tax	-	2,727,671	-	(2,727,671)	-
Personal income tax	311,156	3,148,845	-	(3,240,533)	219,468
Others	80,817	2,864,784	-	(2,941,952)	3,649
	5,840,145	138,271,313	(99,639,311)	(34,027,665)	10,444,482

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16. Accrued expenses

	31/12/2015	1/1/2015
	VND'000	VND'000
Sales discounts and commission	21,522,323	15,373,539
Promotion expense	25,292,954	8,835,982
Transportation fee	6,000,705	7,920,713
Secondment fee payable (*)	5,470,153	4,742,113
Loans interest payable	2,179,737	2,168,572
Others	16,045,913	14,374,633
	<hr/>	<hr/>
	76,511,785	53,415,552
	<hr/>	<hr/>

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

17. Other payables – short-term

	31/12/2015	1/1/2015
	VND'000	VND'000
Non-trade amounts due to a related party	852,501	-
Dividends payable	505,391	505,391
Others	396,941	361,604
	<hr/>	<hr/>
	1,754,833	866,995
	<hr/>	<hr/>

The non-trade amounts due to a related party were unsecured, interest free and are payable on demand.

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18. Borrowings	(a) Short-term borrowings			
	1/1/2015	Movement during the year		31/12/2015
	Carrying amount VND'000	Increase VND'000	Decrease VND'000	Amount within repayment capacity VND'000
Loans from Kirin Holdings Company, Limited	245,870,000	77,250,000	(149,930,000)	180,320,000
			Unrealised foreign exchange losses VND'000	Amount within repayment capacity VND'000
			7,130,000	180,320,000

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

	Currency	Annual interest rate	31/12/2015 VND'000	1/1/2015 VND'000
Loan 1	USD	Libor plus 0.8%	135,240,000	149,660,000
Loan 2	USD	Libor plus 0.8%	-	96,210,000
Loan 3	USD	Libor plus 0.8%	45,080,000	-
			180,320,000	245,870,000

The applicable interest rates of these borrowings ranged from 1.036% to 1.536% per annum during the year (2014: 0.954% to 1.492% per annum).

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(b) Long-term borrowings

	Currency	Annual interest rate	Year of maturity	31/12/2015 VND'000	1/1/2015 VND'000
Unsecured loans from Kirin Holdings Company, Limited	USD	1.896%	2017	146,510,000	138,970,000

The unsecured loans bore fixed interest rate of 1.896% per annum during the year (2014: 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.

19. Deferred tax liabilities

(a) Recognised deferred tax liabilities

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

(b) Unrecognised deferred tax assets

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

	31/12/2015		1/1/2015	
	Temporary difference VND'000	Tax value VND'000	Temporary difference VND'000	Tax value VND'000
Deductible temporary differences	79,427,763	15,885,553	57,434,153	12,635,514
Tax losses	118,282,854	23,728,737	55,323,290	12,171,124
	<u>197,710,617</u>	<u>39,614,290</u>	<u>112,757,443</u>	<u>24,806,638</u>

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The tax losses expire in the following years:

Year of expiry	Status of tax review	Tax losses available VND'000
2017	Outstanding	11,692,311
2019	Outstanding	37,786,831
2020	Outstanding	68,803,712
		118,282,854

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.

20. Provision – long-term

Movements of provision during the year were as follows:

	Severance allowance VND'000
Opening balance	3,076,345
Provision made during the year	35,764
Provision utilised during the year	(568,198)
	2,543,911
Closing balance	

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21. Changes in owners' equity

	Share capital VND'000	Share premium VND'000	Other reserves VND'000	Accumulated losses VND'000	Non-controlling interest VND'000	Total VND'000
Balance as at 1 January 2014	591,443,888	85,035,704	(32,535,252)	(579,228,333)	2,984,881	67,700,888
Share capital issued	210,000,000	-	-	-	-	210,000,000
Net (loss)/profit for the year	-	-	-	(176,905,671)	491,227	(176,414,444)
Reclassification	(90,034,048)	-	90,034,048	-	-	-
Balance as at 1 January 2015	711,409,840	85,035,704	57,498,796	(756,134,004)	3,476,108	101,286,444
Share capital issued	160,000,000	-	-	-	-	160,000,000
Net (loss)/profit for the year	-	-	-	(96,687,115)	479,534	(96,207,581)
Balance as at 31 December 2015	871,409,840	85,035,704	57,498,796	(852,821,119)	3,955,642	165,078,863

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22. Share capital

The Company's authorised and issued share capital are:

	31/12/2015		1/1/2015	
	Number of shares	VND'000	Number of shares	VND'000
Authorised and issued share capital				
Ordinary shares	87,140,992	871,409,920	71,140,992	711,409,920
Shares in circulation				
Ordinary shares	87,140,984	871,409,840	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 dividends 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.

Movements in share capital during the year were as follows:

	2015		2014	
	Number of shares	VND'000	Number of shares	VND'000
Balance at beginning of the year	71,140,984	711,409,840	50,140,984	501,409,840
Shares issued during the year	16,000,000	160,000,000	21,000,000	210,000,000
Balance at end of the year	87,140,984	871,409,840	71,140,984	711,409,840

23. Other reserves

	31/12/2015 VND'000	1/1/2015 VND'000
Acquisition reserve (i)	(32,535,252)	(32,535,252)
Other reserve (ii)	90,034,048	90,034,048
	57,498,796	57,498,796

- (i) 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.

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- (ii) 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. Accordingly, all balances in USD as at 31 December 2012 have been translated to VND at the exchange rate of VND20,828 to USD1. The difference between the converted value and par value of ordinary shares of VND90,034,048,000 is reflected as other reserves.

24. Off balance sheet items

(a) Lease

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

	31/12/2015	1/1/2015
	VND’000	VND’000
Within one year	7,005,674	3,331,765
Within two to five years	10,056,987	1,135,397
	17,062,661	4,467,162
	17,062,661	4,467,162

(b) Foreign currencies

	31/12/2015		1/1/2015	
	Original currency	VND’000 equivalent	Original currency	VND’000 equivalent
USD	1,120,316	25,151,090	2,229,236	47,661,063
EUR	339	8,291	350	8,938
		25,159,381		47,670,001
		25,159,381		47,670,001

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25. Revenue from sale of goods

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

Net revenue comprised:

	2015	2014
	VND'000	VND'000
Total revenue		
▪ Sales of drinks	1,151,774,724	1,027,224,926
▪ Sales of biscuits	10,625,268	22,852,895
▪ Sales of other products	153,875,639	135,841,200
▪ Sales of scraps	2,126,611	2,245,948
	1,318,402,242	1,188,164,969
Less revenue deductions		
▪ Sales allowances	37,370,580	34,815,472
▪ Sales returns	847,957	3,892,322
	38,218,537	38,707,794
Net revenue	1,280,183,705	1,149,457,175

26. Cost of sales

	2015	2014
	VND'000	VND'000
Total cost of sales		
▪ Cost of drinks	845,289,291	754,340,647
▪ Cost of biscuits	14,775,791	25,771,590
▪ Cost of other products	81,698,907	109,206,648
	941,763,989	889,318,885

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27. Financial income

	2015	2014
	VND'000	VND'000
Interest income from bank deposits	386,635	335,798
Foreign exchange gains	17,151,318	9,889,906
	<hr/>	<hr/>
	17,537,953	10,225,704
	<hr/>	<hr/>

28. Financial expenses

	2015	2014
	VND'000	VND'000
Interest expense	5,933,545	6,959,861
Foreign exchange losses	37,749,951	16,922,040
	<hr/>	<hr/>
	43,683,496	23,881,901
	<hr/>	<hr/>

29. Selling expenses

	2015	2014
	VND'000	VND'000
Staff costs	163,973,427	133,135,610
Advertisement and promotion expenses	87,223,620	151,812,914
Transportation fee	86,301,552	87,587,479
Rental fee	7,607,197	15,681,983
Others	15,014,618	5,097,773
	<hr/>	<hr/>
	360,120,414	393,315,759
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30. General and administration expenses

	2015	2014
	VND'000	VND'000
Staff costs	15,389,946	14,677,895
Consultant fee	5,765,826	4,701,434
Rental fee	2,791,031	3,678,629
Depreciation and amortisation	2,517,059	3,173,956
Allowance	2,341,472	-
Others	12,671,632	7,778,628
	<hr/>	<hr/>
	41,476,966	34,010,542
	<hr/>	<hr/>

31. Other income

	2015	2014
	VND'000	VND'000
Compensation received for unqualified materials	-	4,523,606
Gains from disposals of tangible fixed assets	590,112	-
Others	5,966,187	3,317,595
	<hr/>	<hr/>
	6,556,299	7,841,201
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32. Other expenses

	2015	2014
	VND'000	VND'000
Depreciation of idle tangible fixed assets	5,329,383	2,600,780
Loss from disposals of tangible fixed assets	-	76,502
Tax penalties	3,495,646	2,576
Others	1,496,352	771,813
	<hr/>	<hr/>
	10,321,381	3,451,671
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33. Production and business costs by element

	2015	2014
	VND'000	VND'000
Raw material costs included in production costs	659,990,981	619,669,008
Labour costs and staff costs	235,841,385	195,481,680
Depreciation and amortisation	38,381,229	38,192,612
Outside services	530,362,350	456,494,815
Other expenses	30,351,869	9,407,851

34. Income tax

(a) Recognised in the consolidated statement of income

	2015	2014
	VND'000	VND'000
Current tax expense		
Under provision in prior years	2,727,671	-
Deferred tax expense/(benefit)		
Origination and reversal of temporary differences	391,621	418,047
Effect of change in tax rate	-	(458,281)
	391,621	(40,234)
Income tax expense/(benefit)	3,119,292	(40,234)

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(b) Reconciliation of effective tax rate

	2015	2014
	VND'000	VND'000
Accounting loss before tax	(93,088,289)	(176,454,678)
Tax at the Group's tax rate	(20,479,423)	(38,820,029)
Non-deductible expenses	3,808,243	23,844,065
Effect of change in tax rate	-	1,363,341
Deferred tax assets not recognised	18,348,514	14,938,873
Tax losses not previously recognised utilised	(1,285,713)	(1,366,484)
Under provision in prior years	2,727,671	-
	3,119,292	(40,234)

(c) Applicable tax rates

(i) Interfood Shareholding Company

Under the terms of the Company's Investment Certificates, 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 No. 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.

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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.

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

(ii) Avafood Shareholding Company

Under the terms of its Investment Certificates, 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.

Corporate income tax is payable at the rate stipulated by the current regulations on annual profit from processing service, office and workshop lease activity (2015 and 2014: 22%).

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

35. Basic loss per share

The calculation of basic loss per share for the year ended 31 December 2015 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:

(a) Net loss attributable to ordinary shareholders

	2015	2014
	VND'000	VND'000
Net loss attributable to ordinary shareholders	(96,687,115)	(176,905,671)

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(b) Weighted average number of ordinary shares

	2015	2014
Issued ordinary shares at beginning of the year	71,140,984	50,140,984
Effect of shares issued during the year	350,685	863,014
	71,491,669	51,003,998
Weighted average number of ordinary shares for the year	71,491,669	51,003,998

36. Significant transactions with related parties

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

	Transaction value	
	2015	2014
	VND'000	VND'000
Ultimate Parent Company		
Kirin Holdings Company, Limited		
Short-term borrowings	77,250,000	126,945,000
Shares issued	-	210,000,000
Interest expense	5,933,545	6,959,861
Secondment fee	10,693,893	9,626,009
Other related parties		
Kirin Holdings Singapore Pte. Ltd		
Shares issued	160,000,000	-
Vietnam Kirin Beverage Company Limited		
Processing fee	160,073,961	132,662,976
Purchases of services	2,021,010	-
Sales of goods	9,652	8,808
Member of Board of Directors		
Secondment fee	5,709,669	4,198,548
Salary	1,848,300	1,818,001

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37. Non-cash investing activities

	2015	2014
	VND'000	VND'000
Cost of fixed assets acquired through incurrence of liabilities	-	146,391

38. Post balance sheet event

On 21 December 2015, Kirin Holdings Company, Limited entered into a Share Transfer Agreement with Kirin Holdings Singapore Pte. Ltd (“Kirin Singapore”), a related party, to transfer all of its interests in the Company to Kirin Singapore. The share transfer was completed subsequent to the financial year end.

39. Corresponding figures

As described in Note 3, the Group adopted Circular 200 and Circular 202 effective from 1 January 2015. As a result, the presentation of certain financial statements captions has been changed. Certain corresponding figures for the year ended 31 December 2014 have been reclassified to conform to the requirements of Circular 200 in respect of financial statements presentation. A comparison of the amounts previously reported and as reclassified is as follows:

(a) Consolidated balance sheet

	1/1/2015	1/1/2015
	(as	(as previously
	reclassified)	reported)
	VND'000	VND'000
Other receivables – short-term	1,071,336	578,895
Other current assets	-	492,441
Other receivables – long-term	1,561,502	-
Other long-term assets	-	1,561,502

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(b) Consolidated statement of income

	2014 (as reclassified) VND'000	2014 (as previously reported) VND'000
Revenue from sale of goods	1,188,164,969	1,185,919,021
Cost of sales	889,318,885	833,364,938
Financial income	10,225,704	10,267,773
Financial expenses	23,881,901	23,923,970
Selling expenses	393,315,759	449,269,706
Other income	7,841,201	10,634,422
Other expenses	3,451,671	3,998,944

21 March 2016

Prepared by:



Nguyen Hong Phong
Chief Accountant

Approved by:




Toru Yamasaki
Chairman – cum General Director

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