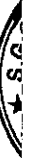




Interfood Shareholding Company

Separate 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)
Nguyen Thi Kim Lien	Member
Takayuki Morisawa	Member
Hiroshi Fujikawa	Member (until 9 April 2015)

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

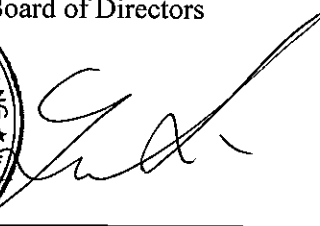
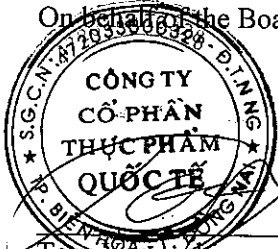
The Board of Directors of Interfood Shareholding Company (“the Company”) presents this statement and the accompanying separate financial statements of the Company for the year ended 31 December 2015.

The Board of Directors is responsible for the preparation and fair presentation of the separate 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 separate financial statements set out on pages 5 to 37 give a true and fair view of the unconsolidated financial position of the Company as at 31 December 2015, and of its unconsolidated results of operations and its unconsolidated 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 Company will not be able to pay its debts as and when they fall due.

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

On behalf of the Board of Directors

Toru Yamasaki

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 separate financial statements of Interfood Shareholding Company ("the Company"), which comprise the separate balance sheet as at 31 December 2015, the separate 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 37.

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 separate 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 separate 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 separate 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 Company'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 Company'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 separate financial statements give a true and fair view, in all material respects, of the unconsolidated financial position of Interfood Shareholding Company as at 31 December 2015 and of its unconsolidated results of operations and its unconsolidated 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



Lưu Thị Thảo
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
Separate balance sheet as at 31 December 2015

Form B 01 – DN
(Issued under Circular No. 200/2014/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		463,367,290	436,632,039
Cash	110	5	172,256,452	111,277,531
Cash	111		172,256,452	111,277,531
Accounts receivable – short-term	130		106,669,822	144,731,309
Accounts receivable from customers	131	6	22,218,569	36,547,087
Prepayments to suppliers	132		3,301,691	4,579,446
Loans receivable – short-term	135	7	82,726,107	104,673,603
Other receivables – short-term	136		719,547	976,641
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		955,634	1,192,488
Short-term prepaid expenses	151		881,723	1,192,488
Taxes receivable from State Treasury	153		73,911	-
Long-term assets (200 = 210 + 220 + 240 + 250 + 260)	200		256,980,953	277,382,447
Accounts receivable – long-term	210		26,568,962	26,555,102
Loans receivable – long-term	215	7	24,993,600	24,993,600
Other receivables – long-term	216		1,575,362	1,561,502
Fixed assets	220		131,725,663	152,708,028
Tangible fixed assets	221	10	121,964,494	143,753,982
Cost	222		384,694,679	383,245,792
Accumulated depreciation	223		(262,730,185)	(239,491,810)
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		107,897	1,435,765
Construction in progress	242	12	107,897	1,435,765
Long-term financial investments	250		94,145,809	94,145,809
Investment in subsidiary	251	13	94,145,809	94,145,809

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

Interfood Shareholding Company
Separate balance sheet as at 31 December 2015 (continued)

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

	Code	Note	31/12/2015 VND'000	1/1/2015 VND'000 Reclassified
Other long-term assets	260		4,432,622	2,537,743
Long-term prepaid expenses	261	14	4,432,622	2,537,743
TOTAL ASSETS (270 = 100 + 200)	270		720,348,243	714,014,486
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		501,490,256	553,953,776
Current liabilities	310		352,721,929	412,178,083
Accounts payable to suppliers	311	15	72,199,918	95,168,043
Advances from customers	312		3,116,598	3,316,859
Taxes payable to State Treasury	313	16	10,146,490	5,729,562
Payable to employees	314		9,983,488	9,496,505
Accrued expenses	315	17	75,212,784	51,940,032
Other payables – short-term	319	18	1,742,651	657,082
Short-term borrowings	320	19(a)	180,320,000	245,870,000
Long-term liabilities	330		148,768,327	141,775,693
Long-term borrowings	338	19(b)	146,510,000	138,970,000
Provision – long-term	342	20	2,258,327	2,805,693
Equity (400 = 410)	400		218,857,987	160,060,710
Owners' equity	410	21	218,857,987	160,060,710
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	90,034,048	90,034,048
Accumulated losses	421		(827,621,605)	(726,418,882)
- Accumulated losses brought forward	421a		(726,418,882)	(544,887,495)
- Net loss for the current year	421b		(101,202,723)	(181,531,387)
TOTAL RESOURCES (440 = 300 + 400)	440		720,348,243	714,014,486

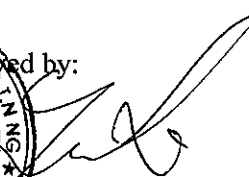
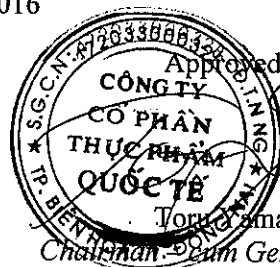
21 March 2016

Prepared by:



Nguyen Hong Phong
 Chief Accountant

Approved by:

Toru Masasaki
 Chairman / General Director

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

Interfood Shareholding Company
Separate statement of income for the year ended 31 December 2015

Form B 02 – DN
(Issued under Circular No. 200/2014/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	1,318,377,515	1,188,140,242
Revenue deductions	02	25	38,218,537	38,707,794
Net revenue (10 = 01 - 02)	10	25	1,280,158,978	1,149,432,448
Cost of sales	11	26	954,346,345	902,234,503
Gross profit (20 = 10 - 11)	20		325,812,633	247,197,945
Financial income	21	27	19,744,033	12,721,143
Financial expenses	22	28	43,748,235	23,867,764
<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	38,579,001	31,012,598
Net operating loss {30 = 20 + (21 - 22) - (25 + 26)}	30		(96,890,984)	(188,277,033)
Other income	31	31	6,556,299	7,865,631
Other expenses	32	32	8,140,367	1,119,985
Results of other activities (40 = 31 - 32)	40		(1,584,068)	6,745,646
Accounting loss before tax (50 = 30 + 40)	50		(98,475,052)	(181,531,387)
Income tax expense – current	51	34	2,727,671	-
Income tax expense – deferred	52	34	-	-
Net loss after tax (60 = 50 - 51 - 52)	60		(101,202,723)	(181,531,387)

21 March 2016

Prepared by:



Nguyen Hong Phong
Chief Accountant

Approved by:



Yamasaki
cum General Director

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

Interfood Shareholding Company
Separate statement of cash flows for the year ended 31 December 2015
(Indirect method)

Form B 03 – DN
(Issued under Circular No. 200/2014/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		(98,475,052)	(181,531,387)
Adjustments for				
Depreciation and amortisation	02		26,525,584	26,183,300
Allowances and provisions	03		11,582,489	3,435,021
Exchange losses arising from revaluation of monetary items denominated in foreign currencies	04		14,815,424	4,893,279
Profits from investing activities	05		(3,182,827)	(2,835,768)
Interest expense	06		5,933,545	6,959,861
Operating loss before changes in working capital	08		(42,800,837)	(142,895,694)
Change in receivables	09		13,692,545	(11,055,131)
Change in inventories	10		(13,295,688)	(2,442,325)
Change in payables and other liabilities	11		61,324,550	99,902,710
Change in prepaid expenses	12		(1,584,114)	1,219,789
			17,336,456	(55,270,651)
Interest paid	14		(5,596,531)	(7,928,475)
Income tax paid	15		(2,727,671)	-
Other payments for operating activities	17		-	(55,039)
Net cash flows from operating activities	20		9,012,254	(63,254,165)
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for additions to fixed assets and other long-term assets	21		(4,270,694)	(8,124,668)
Proceeds from disposals of fixed assets	22		645,455	-
Payments for granting loans	23		(32,110,000)	(40,400,000)
Receipts of interests	27		381,906	328,686
Net cash flows from investing activities	30		(35,353,333)	(48,195,982)

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

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

Form B 03 – DN
(Issued under Circular No. 200/2014/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		60,978,921	14,694,853
Cash at beginning of the year	60		111,277,531	96,582,678
Cash at end of the year (70 = 50 + 60)	70	5	172,256,452	111,277,531

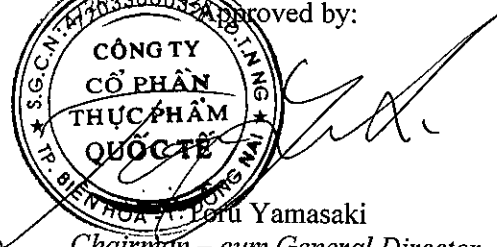
21 March 2016

Prepared by:

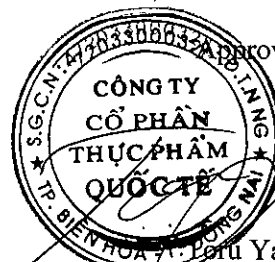


Nguyen Hong Phong
Chief Accountant

Approved by:



Toru Yamasaki
Chairman – cum General Director



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

Interfood Shareholding Company

Notes to the separate financial statements for the year ended 31 December 2015

Form B 09 – DN

*(Issued under Circular No. 200/2014/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 separate financial statements.

1. Reporting entity

(a) Ownership structure

Interfood Shareholding Company (“the Company”) is incorporated as a joint stock company in Vietnam.

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.

(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.

(c) Normal operating cycle

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

(d) Company structure

As at 31 December 2015, the Company had 1,323 employees (1/1/2015: 1,404 employees).

2. Basis of preparation

(a) Statement of compliance

The separate 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. The Company prepares and issues its consolidated financial statements separately. For a comprehensive understanding of the Company’s consolidated financial position, its consolidated results of operations and its consolidated cash flows, these separate financial statements should be read in conjunction with the consolidated financial statements.

Interfood Shareholding Company
Notes to the separate financial statements for the year ended 31 December 2015
(continued)

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

(b) Basis of measurement

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

(c) Going concern assumption

The separate financial statements have been prepared on a going concern basis. The Company incurred net loss after tax of VND101,203 million (2014: VND181,531 million) during the year. Furthermore, the Company had significant loans that will require refinancing within the next 12 months (Note 19). The validity of the going concern assumption fundamentally depends on the Company 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 Company to meet its liabilities as and when they fall due and to maintain the Company in existence as a going concern for the foreseeable future.

At the time of this report, the Company 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 Company is from 1 January to 31 December.

(e) Accounting and presentation currency

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

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 after 45 days from the signing date and applicable for annual accounting periods beginning on or after 1 January 2015.

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

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

Interfood Shareholding Company
Notes to the separate financial statements for the year ended 31 December 2015
(continued)

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

4. Summary of significant accounting policies

The following significant accounting policies have been adopted by the Company in the preparation of the accompanying separate financial statements.

(a) 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 Company 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 Company 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 Company 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 Company 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 Company most frequently conducts transactions. Cash at banks and bank deposits are retranslated using the foreign currency buying rate of the bank where the Company 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 Company most frequently conducts transactions.

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

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

Interfood Shareholding Company
Notes to the separate financial statements for the year ended 31 December 2015
(continued)

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

(b) Cash

Cash comprises cash balances and call deposits.

(c) Investment in subsidiary

For the purpose of these separate financial statements, investment in subsidiary is initially recognised at cost which includes purchase price plus any directly attributable transaction costs. Subsequent to initial recognition, the investment is stated at cost less allowance for diminution in value. An allowance is made for diminution in investment value if the subsidiary has suffered a loss, except where such a loss was anticipated by the Company's management before making the investment. The allowance is reversed if the subsidiary subsequently made a profit that offsets the previous loss for which the allowance had been made. An allowance is reversed only to the extent that the investment's carrying amount does not exceed the carrying amount that would have been determined if no allowance had been recognised.

(d) Accounts receivable

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

(e) Inventories

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

The Company applies the perpetual method of accounting for 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 separate 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
Notes to the separate financial statements for the year ended 31 December 2015
(continued)

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

(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:

- machinery and equipment 10 – 15 years
- motor vehicles 6 years
- office equipment 10 years

(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 or installation.

(i) Long-term prepaid expenses

(i) *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.

(ii) *Tools and supplies*

Tools and supplies include assets held for use by the Company 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.

(iii) *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.

Interfood Shareholding Company
Notes to the separate financial statements for the year ended 31 December 2015
(continued)

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

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

Severance allowance

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

Pursuant to Law on Social Insurance, effective from 1 January 2009 the Company and its employees are required to contribute to an unemployment insurance fund managed by the Vietnam Social Insurance Agency. With the implementation of unemployment insurance scheme, the Company is no longer required to provide severance allowance for the service period after 1 January 2009. However, severance allowance to be paid to the existing eligible employees as of 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) Taxation

Income tax on the separate profit or loss for the year comprises current and deferred tax. Income tax is recognised in the separate 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.

Interfood Shareholding Company

**Notes to the separate financial statements for the year ended 31 December 2015
(continued)**

Form B 09 – DN

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

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

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

(n) Revenue and other income

(i) Goods sold

Revenue from sale of goods is recognised in the separate 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.

(o) Operating lease payments

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

(p) Borrowing costs

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

Interfood Shareholding Company**Notes to the separate financial statements for the year ended 31 December 2015
(continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)***(q) Related parties**

Parties are considered to be related to the Company 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 Company 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. Cash

	31/12/2015	1/1/2015
	VND'000	VND'000
Cash on hand	156,214	159,047
Cash at banks	172,100,238	111,118,484
	<hr/>	<hr/>
Cash in the separate statement of cash flows	172,256,452	111,277,531

6. 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
	<hr/>	<hr/>
	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

Interfood Shareholding Company
Notes to the separate financial statements for the year ended 31 December 2015
(continued)

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

7. Loans receivable

	31/12/2015	1/1/2015
	VND'000	VND'000
Short-term		
Short-term loans granted to a related party (i)	82,726,107	104,673,603
Long-term		
Long-term loans granted to a related party (ii)	24,993,600	24,993,600

- (i) The short-term loans to Avafood Shareholding Company (“Avafood”) with credit limit of USD7 million were unsecured and earn interest at Libor plus 1% per annum. The interest rates were ranging from 1.731% to 1.869% per annum during the year (2014: 1.731% to 1.869% per annum).
- (ii) The long-term loans to Avafood were unsecured and earn fixed interest rate of 1.896% per annum during the year (2014: 1.896% per annum). The principal and related interest are due in May 2017.

8. Allowance for doubtful debts

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

	2015	2014
	VND'000	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)	-
Closing balance	2,296,092	2,045,468

Interfood Shareholding Company**Notes to the separate financial statements for the year ended 31 December 2015
(continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)***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/>			
	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/>	
Closing balance	1,918,887	3,435,021

Interfood Shareholding Company**Notes to the separate financial statements for the year ended 31 December 2015
(continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)***10. Tangible fixed assets**

	Machinery and equipment VND'000	Motor vehicles VND'000	Office equipment VND'000	Total VND'000
Cost				
Opening balance	370,000,367	8,980,844	4,264,581	383,245,792
Additions	1,133,075	110,000	312,937	1,556,012
Transfers from construction in progress	1,944,625	-	-	1,944,625
Disposals	-	(2,051,750)	-	(2,051,750)
Closing balance	373,078,067	7,039,094	4,577,518	384,694,679
Accumulated depreciation				
Opening balance	230,561,264	6,410,169	2,520,377	239,491,810
Charge for the year	24,094,076	626,902	513,804	25,234,782
Disposals	-	(1,996,407)	-	(1,996,407)
Closing balance	254,655,340	5,040,664	3,034,181	262,730,185
Net book value				
Opening balance	139,439,103	2,570,675	1,744,204	143,753,982
Closing balance	118,422,727	1,998,430	1,543,337	121,964,494

Included in tangible fixed assets were assets costing VND60,372 million which were fully depreciated as of 31 December 2015 (1/1/2015: VND26,263 million), but are still in active use.

The net book value of temporarily idle tangible fixed assets amounted to VND22,737 million as of 31 December 2015 (1/1/2015: VND1,415 million).

Interfood Shareholding Company
Notes to the separate financial statements for the year ended 31 December 2015
(continued)

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

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

12. Construction in progress

	2015 VND'000	2014 VND'000
Opening balance	1,435,765	-
Additions during the year	2,714,682	3,747,591
Transfers to tangible fixed assets	(1,944,625)	(2,274,026)
Transfers to intangible fixed assets	(2,097,925)	(37,800)
	107,897	1,435,765
Closing balance	107,897	1,435,765

13. Investment in subsidiary

Investment in subsidiary represented 90.4% shareholding investment in Avafood Shareholding Company (“Avafood”) whose principal activities are to provide processing service and produce products including fruit juice, 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.

Interfood Shareholding Company

Notes to the separate financial statements for the year ended 31 December 2015

(continued)

Form B 09 – DN

*(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)***14. Long-term prepaid expenses**

	Renovation expense VND'000	Tools and supplies VND'000	Insurance expense VND'000	Rental expense VND'000	Total VND'000
Opening balance	475,842	2,061,901	-	-	2,537,743
Additions	1,962,944	2,217,247	497,276	2,344,425	7,021,892
Amortisation for the year	(802,998)	(1,804,299)	(217,126)	(2,302,590)	(5,127,013)
Closing balance	1,635,788	2,474,849	280,150	41,835	4,432,622

15. 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 Can (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	33,937,432	33,937,432	45,378,034	45,378,034
	72,199,918	72,199,918	95,168,043	95,168,043

Interfood Shareholding Company
Notes to the separate financial statements for the year ended 31 December 2015
(continued)

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

(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	72,199,918	72,199,918	95,168,043	95,168,043

(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.

16. 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	5,338,398	124,412,240	(97,829,455)	(21,997,484)	9,923,699
Corporate income tax	-	2,727,671	-	(2,727,671)	-
Personal income tax	310,347	3,144,104	-	(3,235,309)	219,142
Others	80,817	2,861,784	-	(2,938,952)	3,649
	5,729,562	133,145,799	(97,829,455)	(30,899,416)	10,146,490

Interfood Shareholding Company
Notes to the separate financial statements for the year ended 31 December 2015
(continued)

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

17. 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	14,746,912	12,899,113
	<hr/>	<hr/>
	75,212,784	51,940,032
	<hr/>	<hr/>

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

18. 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	384,759	151,691
	<hr/>	<hr/>
	1,742,651	657,082
	<hr/>	<hr/>

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

Interfood Shareholding Company
Notes to the separate financial statements for the year ended 31 December 2015 (continued)

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

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

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).

Interfood Shareholding Company
Notes to the separate financial statements for the year ended 31 December 2015
(continued)

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

(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.

20. Provision – long-term

Movements of provision during the year were as follow:

	Severance allowance VND'000
Opening balance	2,805,693
Utilised during the year	(547,366)
Closing balance	2,258,327

Interfood Shareholding Company

Notes to the separate financial statements for the year ended 31 December 2015 (continued)

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

21. Changes in owners' equity

	Share capital VND'000	Share premium VND'000	Other reserves VND'000	Accumulated losses VND'000	Total VND'000
Balance as at 1 January 2014	591,443,888	85,035,704	-	(544,887,495)	131,592,097
Share capital issued	210,000,000	-	-	-	210,000,000
Net loss for the year	-	-	-	(181,531,387)	(181,531,387)
Reclassification	(90,034,048)	-	90,034,048	-	-
Balance as at 1 January 2015	711,409,840	85,035,704	90,034,048	(726,418,882)	160,060,710
Share capital issued	160,000,000	-	-	-	160,000,000
Net loss for the year	-	-	-	(101,202,723)	(101,202,723)
Balance as at 31 December 2015	871,409,840	85,035,704	90,034,048	(827,621,605)	218,857,987

Interfood Shareholding Company
Notes to the separate financial statements for the year ended 31 December 2015
(continued)

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

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
<hr/>				
Shares in circulation				
Ordinary shares	87,140,984	871,409,840	71,140,984	711,409,840
<hr/>				

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
<hr/>				
Balance at end of the year	87,140,984	871,409,840	71,140,984	711,409,840
<hr/>				

Interfood Shareholding Company
Notes to the separate financial statements for the year ended 31 December 2015
(continued)

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

23. Other reserves

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	12,937,430	9,263,521
Within two to five years	33,384,160	24,862,422
Over five years	-	5,531,904
	<hr/>	<hr/>
	46,321,590	39,657,847
	<hr/>	<hr/>

(b) Foreign currencies

	31/12/2015		1/1/2015	
	Original currency	VND’000 equivalent	Original currency	VND’000 equivalent
USD	1,118,655	25,113,813	2,229,236	47,661,063
EUR	339	8,291	350	8,938
		<hr/>		<hr/>
		25,122,104		47,670,001
		<hr/>		<hr/>

Interfood Shareholding Company
Notes to the separate financial statements for the year ended 31 December 2015
(continued)

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

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	2,101,884	2,221,221
	<hr/>	<hr/>
	1,318,377,515	1,188,140,242
Less revenue deductions		
▪ Sales allowance	37,370,580	34,815,472
▪ Sales returns	847,957	3,892,322
	<hr/>	<hr/>
	38,218,537	38,707,794
Net revenue	<hr/>	<hr/>
	1,280,158,978	1,149,432,448

26. Cost of sales

	2015	2014
	VND'000	VND'000
Total cost of sales		
▪ Cost of drinks	857,871,647	767,256,265
▪ Cost of biscuits	14,775,791	25,771,590
▪ Cost of other products	81,698,907	109,206,648
	<hr/>	<hr/>
	954,346,345	902,234,503

Interfood Shareholding Company
Notes to the separate financial statements for the year ended 31 December 2015
(continued)

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

27. Financial income

	2015	2014
	VND'000	VND'000
Interest income from bank deposits	381,906	328,686
Interest income from loans to Avafood	2,210,809	2,507,082
Foreign exchange gains	17,151,318	9,885,375
	19,744,033	12,721,143
	19,744,033	12,721,143

28. Financial expenses

	2015	2014
	VND'000	VND'000
Interest expense	5,933,545	6,959,861
Foreign exchange losses	37,814,690	16,907,903
	43,748,235	23,867,764
	43,748,235	23,867,764

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
	360,120,414	393,315,759
	360,120,414	393,315,759

Interfood Shareholding Company
Notes to the separate financial statements for the year ended 31 December 2015
(continued)

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

30. General and administration expenses

	2015	2014
	VND'000	VND'000
Staff costs	13,966,943	13,034,177
Consultant fee	5,765,826	4,701,434
Rental fee	2,791,031	3,678,629
Allowance	2,341,472	-
Depreciation and amortisation	1,833,585	2,485,914
Others	11,880,144	7,112,444
	<hr/>	<hr/>
	38,579,001	31,012,598
	<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	3,342,025
	<hr/>	<hr/>
	6,556,299	7,865,631
	<hr/>	<hr/>

32. Other expenses

	2015	2014
	VND'000	VND'000
Tax penalties	3,495,646	2,576
Depreciation of idle tangible fixed assets	3,169,864	457,099
Others	1,474,857	660,310
	<hr/>	<hr/>
	8,140,367	1,119,985
	<hr/>	<hr/>

Interfood Shareholding Company
Notes to the separate financial statements for the year ended 31 December 2015
(continued)

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

33. Production and business costs by elements

	2015	2014
	VND'000	VND'000
Raw material costs included in production costs	659,990,981	639,452,313
Labour costs and staff costs	225,628,661	195,481,680
Depreciation and amortisation	26,525,584	26,183,300
Outside services	508,989,359	456,494,815
Other expenses	30,165,096	9,407,851

34. Income tax

(a) Recognised in the separate statement of income

	2015	2014
	VND'000	VND'000
Current tax expense		
Under provision in prior years	2,727,671	-

(b) Reconciliation of effective tax rate

	2015	2014
	VND'000	VND'000
Accounting loss before tax	(98,475,052)	(181,531,387)
Tax at the Company's tax rate	(21,664,511)	(39,936,905)
Non-deductible expenses	3,505,046	23,176,410
Effect of change in tax rate	-	1,821,622
Deferred tax assets not recognised	18,159,465	14,938,873
Under provision in prior years	2,727,671	-
	2,727,671	-

Interfood Shareholding Company
Notes to the separate financial statements for the year ended 31 December 2015
(continued)

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

(c) 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	114,674,549	22,934,910	45,870,837	10,091,584
	<u>194,102,312</u>	<u>38,820,463</u>	<u>103,304,990</u>	<u>22,727,098</u>

The tax losses expire in the following years:

Year of expiry	Status of tax review	Tax losses available VND'000
2017	Outstanding	8,084,006
2019	Outstanding	37,786,831
2020	Outstanding	68,803,712
		<u>114,674,549</u>

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 Company can utilise the benefits therefrom.

(d) Applicable tax rates

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.

Interfood Shareholding Company**Notes to the separate financial statements for the year ended 31 December 2015****(continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

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.

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.

35. Significant transactions with related parties

In addition to related party balances disclosed in other notes to the separate financial statements, the Company 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
Subsidiary		
Avafood Shareholding Company		
Short-term loans granted	32,110,000	40,400,000
Interest income	2,210,809	2,507,082
Processing fee	45,220,792	43,955,455
Office and factory rental fee	5,932,213	5,932,230
Other related parties		
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
Kirin Holdings Singapore Pte. Ltd		
Shares issued	160,000,000	-

Interfood Shareholding Company**Notes to the separate financial statements for the year ended 31 December 2015
(continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

	Transaction value	
	2015	2014
	VND'000	VND'000
Member of Board of Directors		
Secondment fee	5,709,669	4,198,548
Salary	1,848,300	1,818,001

36. Non-cash investing activities

	2015	2014
	VND'000	VND'000
Net off inter-company payables against receivables for loan principal and interest from a subsidiary	56,268,305	54,877,954

37. 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.

38. Corresponding figures

As described in Note 3, the Company adopted Circular 200 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.

Interfood Shareholding Company
Notes to the separate financial statements for the year ended 31 December 2015
(continued)

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

A comparison of the amounts previously reported and as reclassified is as follows:

(a) Separate balance sheet

	1/1/2015 (as reclassified) VND'000	1/1/2015 (as previously reported) VND'000
Inter-company receivables	-	104,673,603
Loans receivable – short-term	104,673,603	-
Other receivables – short-term	976,641	404,746
Other current assets	-	571,895
Inter-company long-term receivables	-	24,993,600
Loans receivable – long-term	24,993,600	-
Other receivables – long-term	1,561,502	-
Other long-term assets	-	1,561,502

(b) Separate statement of income

	2014 (as reclassified) VND'000	2014 (as previously reported) VND'000
Revenue from sale of goods	1,188,140,242	1,185,919,021
Cost of sales	902,234,503	846,280,556
Financial income	12,721,143	12,763,212
Financial expenses	23,867,764	23,909,833
Selling expenses	393,315,759	449,269,706
Other income	7,865,631	10,086,852

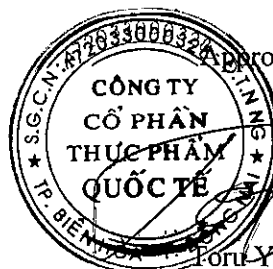
21 March 2016

Prepared by:



Nguyen Hong Phong
Chief Accountant

Approved by:



Foru Yamasaki
Chairman – cum General Director

1
2
3
4
5

6
7
8
9
10