

Interfood Shareholding Company

Separate Interim Financial Statements
for the six-month period ended
30 June 2014

Interfood Shareholding Company Corporate information

Investment Licence No. 270/GP 16 November 1991

Investment Certificate No. 472033000328 (1st amendment) 28 November 2007
472033000328 (2nd amendment) 20 May 2010
472033000328 (3rd amendment) 22 April 2011
472033000328 (4th amendment) 18 October 2011
472033000328 (5th amendment) 14 May 2014

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

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

Board of Management	Michio Nagabayashi Toru Yamasaki Hiroshi Fujikawa Nguyen Thi Kim Lien Takayuki Morisawa	Chairman Member Member Member Member
Board of Directors	Michio Nagabayashi Kazufumi Nagashima Yoshihisa Fujiwara Hidefumi Matsuo Nguyen Thi Kim Lien Taichiro Iizumi Yutaka Ogami	General Director Director/General Manager of Factory (until 24 March 2014) Director/General Manager of Factory (from 24 March 2014) Director/General Manager of Administration Director/General Manager of Finance Director/General Manager of Sales and Marketing Director/General Manager of Finance Controller
Registered Office	Lot 13, Tam Phuoc Industrial Zone Bien Hoa City Dong Nai Province Vietnam	
Auditors	KPMG Limited Vietnam	

Interfood Shareholding Company
Statement of the Board of Directors

The Board of Directors is responsible for the preparation and presentation of the separate interim financial statements in accordance with Vietnamese Accounting Standard 27 – Interim Financial Reporting, the relevant requirements of the Vietnamese Accounting System for Enterprises and the relevant statutory requirements applicable to interim financial reporting. In the opinion of the Board of Directors:

- (a) the separate interim financial statements set out on pages 4 to 37 give a true and fair view of the unconsolidated financial position of the Company as at 30 June 2014, and of the unconsolidated results of operations and the unconsolidated cash flows of the Company for the six-month period then ended in accordance with Vietnamese Accounting Standard 27 – Interim Financial Reporting, the relevant requirements of the Vietnamese Accounting System for Enterprises and the relevant statutory requirements applicable to interim financial reporting; and
- (b) at the date of this statement, there are no reasons to believe that the Company will not be able to pay its debts as and when they fall due.

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

On behalf of the Board of Directors

(Signed and Seal)

Michio Nagabayashi
Chairman – cum General Director

Ho Chi Minh City, 18 August 2014

INTERIM FINANCIAL STATEMENTS REVIEW REPORT

To the Shareholders Interfood Shareholding Company

We have reviewed the accompanying separate interim financial statements of Interfood Shareholding Company (“Company”), which comprise the separate balance sheet as at 30 June 2014, the related separate statements of income and cash flows for the six-month period then ended and the explanatory notes thereto which were authorized for issue by the Company’s Board of Directors on 18 August 2014, as set out on pages 4 to 37. These separate interim financial statements are the responsibility of the Company’s management. Our responsibility is to issue a report on these separate interim financial statements based on our review.

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

Based on our review, nothing has come to our attention that causes us to believe that the accompanying separate interim financial statements do not give a true and fair view of the unconsolidated financial position of Interfood Shareholding Company as at 30 June 2014 and of its unconsolidated results of operations and its unconsolidated cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standard 27 – Interim Financial Reporting, the relevant requirements of the Vietnamese Accounting System for Enterprises and the relevant statutory requirements applicable to interim financial reporting.

KPMG Limited’s Branch in Ho Chi Minh City

Vietnam

Operating registration certificate No.: 4114000230

Review Report No.: 14-01-284

(Signed)

(Signed and sealed)

Nguyen Thanh Nghi
Practicing Auditor Registration
Certificate No. 0304-2013-007-1
Deputy General Director

Chong Kwang Puay
Practicing Auditor Registration
Certificate No. 0864-2013-007-1

Ho Chi Minh City, 18 August 2014

Interfood Shareholding Company
Separate balance sheet as at 30 June 2014

Form B 01a – DN

	Code	Note	30/6/2014 VND'000	31/12/2013 VND'000
ASSETS				
Current assets (100 = 110 + 130 + 140 + 150)	100		393,386,153	423,371,659
Cash	110	4	67,967,418	96,582,678
Accounts receivable	130	5	131,191,551	144,730,352
Accounts receivable – trade	131		19,446,476	27,402,646
Prepayments to suppliers	132		4,681,864	2,631,416
Intra-company receivables	133		109,010,404	116,644,475
Other receivables	135		98,275	97,283
Allowance for doubtful debts	139		(2,045,468)	(2,045,468)
Inventories	140	6	192,658,055	180,423,407
Inventories	141		208,996,491	180,423,407
Allowance for inventories	149		(16,338,436)	-
Other current assets	150		1,569,129	1,635,222
Short-term prepayments	151		883,864	650,029
Taxes and other receivables from State Treasury	154		95,239	529,403
Other current assets	158		590,026	455,790
Long-term assets (200 = 210 + 220 + 250 + 260)	200		288,190,629	297,092,300
Accounts receivable – long-term	210	5	24,993,600	24,993,600
Intra-company long-term receivables	213		24,993,600	24,993,600
Fixed assets	220		164,061,173	172,202,425
Tangible fixed assets	221	7	152,947,434	163,978,859
Cost	222		379,901,396	378,446,061
Accumulated depreciation	223		(226,953,962)	(214,467,202)
Intangible fixed assets	227	8	9,587,391	8,223,566
Cost	228		10,815,193	8,926,021
Accumulated amortisation	229		(1,227,802)	(702,455)
Construction in progress	230	9	1,526,348	-
Long-term investments	250	10	94,145,809	94,145,809
Investment in subsidiary	251		94,145,809	94,145,809

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

Interfood Shareholding Company
Separate balance sheet as at 30 June 2014 (continued)

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	Code	Note	30/6/2014 VND'000	31/12/2013 VND'000
Other long-term assets	260		4,990,047	5,750,466
Long-term prepayments	261	11	3,536,072	4,299,991
Other long-term assets	268		1,453,975	1,450,475
TOTAL ASSETS (270 = 100 + 200)	270		681,576,782	720,463,959
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		642,475,810	588,871,862
Current liabilities	310		501,219,426	448,951,728
Short-term borrowings	311	12	362,015,000	326,740,000
Accounts payable – trade	312	13	98,848,006	85,727,963
Advances from customers	313		4,040,036	6,118,814
Taxes payable to State Treasury	314	14	119,036	231,016
Payables to employees	315		10,744,572	12,367,541
Accrued expenses	316	15	24,801,240	17,089,922
Other payables	319	16	651,536	676,472
Long-term borrowings and liabilities	330		141,256,384	139,920,134
Other long-term liabilities	333		26,139	26,139
Long-term borrowings	334	17	138,417,500	137,020,000
Provision for severance allowance	337	18	2,812,745	2,873,995
EQUITY (400 = 410)	400		39,100,972	131,592,097
Equity	410	19	39,100,972	131,592,097
Share capital	411	20	501,409,840	591,443,888
Share premium	412		85,035,704	85,035,704
Other reserves	418	21	90,034,048	-
Accumulated losses	420		(637,378,620)	(544,887,495)
TOTAL RESOURCES (440 = 300 + 400)	440		681,576,782	720,463,959

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

Interfood Shareholding Company
Separate balance sheet as at 30 June 2014 (continued)

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OFF BALANCE SHEET ITEMS

	30/6/2014	31/12/2013
	VND'000	VND'000
Foreign currency		
• USD	34,843,921	43,639,871
• EUR	10,268	10,426

18 August 2014

Prepared by:

Approved by:

(Signed)

(Signed and sealed)

Nguyen Hong Phong
Chief Accountant

Michio Nagabayashi
Chairman – cum General Director

Interfood Shareholding Company
Separate statement of income for the six-month period ended 30 June 2014

Form B 02a – DN

	Code	Note	Six-month period ended	
			30/6/2014 VND'000	30/6/2013 VND'000
Total revenue	01	22	546,199,824	511,218,295
Less sales deductions	02	22	19,648,111	14,446,401
Net revenue (10 = 01 - 02)	10	22	526,551,713	496,771,894
Cost of sales	11	23	402,495,981	354,043,833
Gross profit (20 = 10 - 11)	20		124,055,732	142,728,061
Financial income	21	24	4,621,753	2,225,448
Financial expenses	22	25	11,272,716	9,140,666
<i>In which: Interest expense</i>	23		3,470,061	4,278,250
Selling expenses	24		201,950,887	197,782,484
General and administration expenses	25		15,764,451	16,307,917
Net operating loss {30 = 20 + (21 - 22) - (24 + 25)}	30		(100,310,569)	(78,277,558)
Other income	31	26	8,171,479	75,175,996
Other expenses	32		352,035	2,296,474
Results of other activities (40 = 31 - 32)	40		7,819,444	72,879,522
Loss before tax (50 = 30 + 40)	50		(92,491,125)	(5,398,036)
Income tax expense – current	51	27	-	-
Income tax expense – deferred	52	27	-	-
Net loss after tax (60 = 50 - 51 - 52)	60		(92,491,125)	(5,398,036)

18 August 2014

Prepared by:

Approved by:

(Signed)

(Signed and sealed)

Nguyen Hong Phong
Chief Accountant

Michio Nagabayashi
Chairman – cum General Director

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

Interfood Shareholding Company
Separate statement of cash flows for the six-month period ended 30 June 2014
(Indirect method)

Form B 03a – DN

	Code	Note	Six-month period ended	
			30/6/2014 VND'000	30/6/2013 VND'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before tax	01		(92,491,125)	(5,398,036)
Adjustments for				
Depreciation and amortisation	02		13,012,107	13,129,107
Allowances and provisions	03		16,338,436	-
Unrealised foreign exchange losses	04		4,694,629	4,678,937
Income from loan waiver	05		-	(71,459,368)
Interest income	05		(1,444,482)	(2,041,969)
Interest expense	06		3,470,061	4,278,250
Operating loss before changes in working capital	08		(56,420,374)	(56,813,079)
Change in receivables	09		6,197,085	25,323,449
Change in inventories	10		(28,573,084)	(24,972,888)
Change in payables and other liabilities	11		44,107,633	51,039,916
Change in prepayments	12		530,084	(1,250,947)
			(34,158,656)	(6,673,549)
Interest paid	13		(4,058,413)	(6,892,360)
Net cash flows from operating activities	20		(38,217,069)	(13,565,909)
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for additions to fixed assets and other long-term assets	21		(4,870,855)	(2,330,554)
Loan granted to a related company	23		(17,650,000)	(15,000,000)
Receipts of interests from bank deposits	27		156,341	611,727
Net cash flows from investing activities	30		(22,364,514)	(16,718,827)

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

Interfood Shareholding Company
Separate statement of cash flows for the six-month period ended 30 June 2014
(Indirect method - continued)

Form B 03a – DN

	Code	Note	Six-month period ended	
			30/6/2014	30/6/2013
			VND'000	VND'000
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from short-term borrowings	33		31,590,000	-
Payments to settle loan principals	34		-	(20,828,000)
Net cash flows from financing activities	40		31,590,000	(20,828,000)
Net cash flows during the year (50 = 20 + 30 + 40)	50		(28,991,583)	(51,112,736)
Cash at the beginning of the year	60		96,582,678	81,642,948
Effect of exchange rate fluctuations on cash	61		376,323	82,515
Cash at the end of the year (70 = 50 + 60)	70	4	67,967,418	30,612,727

NON-CASH ACTIVITIES

			Six-month period ended	
			30/6/2014	30/6/2013
			VND'000	VND'000
Net off intra-company payable against receivables for loan principal and interest from the subsidiary			26,572,212	24,060,681

18 August 2014

Prepared by:

(Signed)

Nguyen Hong Phong
Chief Accountant

Approved by:

(Signed and sealed)

Michio Nagabayashi
Chairman – cum General Director

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

Interfood Shareholding Company
Notes to the separate interim financial statements for the six-month period ended
30 June 2014

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

1. Reporting Entity

Interfood Shareholding Company (“the Company”) is incorporated as a joint stock company in Vietnam. The principal activities of the Company are to process agricultural and aquatic products into canned, dried, frozen, salted, and pickled products; and the production of biscuits and snack food; carbonated fruit juice and non-carbonated fruit juice, beverage with non-carbonated or carbonated, with or without low alcohol (less than 10%); bottled filtered water; manufactured packaging for foods and beverages; and performance of the right to export, import products in accordance with business operation as required by law.

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

According to the Announcement No. 395/2013 of Ho Chi Minh Stock Exchange, the Company’s shares were delisted on 3 May 2013 and thereafter traded on Vietnam Security Depository.

As at 30 June 2014, the Company had 1,386 employees (31/12/2013: 1,288 employees).

2. Basis of preparation

(a) Statement of compliance

The separate interim financial statements have been prepared in accordance with Vietnamese Accounting Standard 27 – Interim Financial Reporting, the relevant requirements of the Vietnamese Accounting System for Enterprises and the relevant statutory requirements applicable to interim financial reporting.

The Company separately prepares and issues consolidated financial statements.

(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.

Interfood Shareholding Company
Notes to the separate financial statements for the six-month period ended 30 June 2014 (continued)

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(c) Going concern assumption

The separate financial statements have been prepared on a going concern basis. The Company incurred net loss after tax of VND92,491 million (six-month period ended 30/6/2013: VND5,398 million) during the period and at the balance sheet date, current liabilities exceeded current assets by VND107,833 million (31/12/2013: VND25,580 million). Furthermore, the Company has significant loans that will require refinancing within the next 12 months (Note 12). The validity of the going concern assumption fundamentally depends on the ultimate majority shareholder continuing to provide such financial assistance as is necessary to enable the Company to meet its liabilities as and when they fall due and to maintain the Company in existence as a going concern for a foreseeable future.

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

(d) Annual accounting period

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

(e) Accounting currency

The separate interim financial statements are prepared and presented in Vietnam Dong (“VND”) rounded to the nearest thousand (“VND’000”).

3. Summary of significant accounting policies

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

(a) Foreign currency

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

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

(b) Cash

Cash comprises cash balances and call deposits.

Interfood Shareholding Company
Notes to the separate financial statements for the six-month period ended 30 June
2014 (continued)

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(c) Investments

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

(d) Accounts receivable

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

(e) Inventories

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

The Company applies the perpetual method of accounting for inventory.

(f) Tangible fixed assets

(i) Cost

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

Interfood Shareholding Company
Notes to the separate financial statements for the six-month period ended 30 June
2014 (continued)

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(ii) Depreciation

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

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

(g) Intangible fixed assets

Software

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

(h) Construction in progress

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

(i) Long-term prepayments

(i) Renovation expenses

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

(ii) Tools and supplies

Tools and supplies and instruments 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 Circular 45/2013/TT-BTC dated 25 April 2013 of the Ministry of Finance which provides guidance on management, use and depreciation of fixed assets (“Circular 45”). Cost of tools and supplies are amortised on a straight-line basis over 3 years.

(j) Trade and other payables

Trade and other payables are stated at their cost.

Interfood Shareholding Company
Notes to the separate financial statements for the six-month period ended 30 June 2014 (continued)

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(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 30 June 2014 will be determined based on the eligible employees’ years of service as of 31 December 2008 and their average salary for the six-month period prior to the termination date.

(l) Classification of financial instruments

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

(i) *Financial assets*

Financial assets at fair value through profit or loss

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

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

Interfood Shareholding Company
Notes to the separate financial statements for the six-month period ended 30 June
2014 (continued)

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Held-to-maturity investments

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

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

Loans and receivables

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

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

Available-for-sale financial assets

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

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

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

Interfood Shareholding Company
Notes to the separate financial statements for the six-month period ended 30 June
2014 (continued)

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(ii) Financial liabilities

Financial liabilities at fair value through profit or loss

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

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

Financial liabilities carried at amortised cost

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

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

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

(m) Taxation

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

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

Interfood Shareholding Company
Notes to the separate financial statements for the six-month period ended 30 June 2014 (continued)

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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

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

(o) Operating lease payments

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

(p) Borrowing costs

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

(q) Related companies

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

Interfood Shareholding Company
Notes to the separate financial statements for the six-month period ended 30 June
2014 (continued)

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4. Cash

	30/6/2014	31/12/2013
	VND'000	VND'000
Cash on hand	92,513	142,279
Cash in banks	67,874,905	96,440,399
	<hr/>	<hr/>
	67,967,418	96,582,678
	<hr/> <hr/>	<hr/> <hr/>

5. Accounts receivable short-term and long-term

Intra-company receivables comprised:

	30/6/2014	31/12/2013
	VND'000	VND'000
Short-term		
Short-term loan granted to a related company (a)	109,010,404	116,644,475
	<hr/>	<hr/>
Long-term		
Long-term loan granted to a related company (b)	24,993,600	24,993,600
	<hr/>	<hr/>

- (a) The amount due from a related company represented a short-term loan receivable from Avafood Shareholding Company (“Avafood”), a subsidiary.

The short-term loan to Avafood with credit limit of VND145,796 million was unsecured and earns interest at Libor plus 1% per annum. The interest rate was 1.896% per annum during the period (2013: 1.896% per annum for loans in USD).

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

Interfood Shareholding Company
Notes to the separate financial statements for the six-month period ended 30 June
2014 (continued)

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6. Inventories

	30/6/2014	31/12/2013
	VND'000	VND'000
Goods in transit	964,025	-
Raw materials	43,744,336	57,807,048
Tools and supplies	13,669,153	10,352,938
Work in progress	4,234,158	2,439,256
Finished goods	146,384,819	109,824,165
	<hr/>	<hr/>
	208,996,491	180,423,407
Allowance for inventories	(16,338,436)	-
	<hr/>	<hr/>
	192,658,055	180,423,407
	<hr/>	<hr/>

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

7. Tangible fixed assets

	Machinery and equipment VND'000	Motor vehicles VND'000	Office equipment VND'000	Total VND'000
Cost				
Opening balance	366,322,805	8,750,844	3,372,412	378,446,061
Additions	1,335,335	120,000	-	1,455,335
	<hr/>	<hr/>	<hr/>	<hr/>
Closing balance	367,658,140	8,870,844	3,372,412	379,901,396
Accumulated depreciation				
Opening balance	206,765,331	5,727,482	1,974,389	214,467,202
Charge for the period	11,957,072	364,595	165,093	12,486,760
	<hr/>	<hr/>	<hr/>	<hr/>
Closing balance	218,722,403	6,092,077	2,139,482	226,953,962
Net book value				
Opening balance	159,557,474	3,023,362	1,398,023	163,978,859
Closing balance	148,935,737	2,778,767	1,232,930	152,947,434
	<hr/>	<hr/>	<hr/>	<hr/>

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Notes to the separate interim financial statements for the six-month period ended
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Included in the cost of tangible fixed assets were assets costing VND24,419 million which were fully depreciated as of 30 June 2014 (31/12/2013: VND23,105), but are still in active use.

The carrying amount of temporarily idle tangible fixed assets amounted to VND1,631 million million as of 30 June 2014 (31/12/2013: VND1,706 million).

8. Intangible fixed assets

	Software VND'000
Cost	
Opening balance	8,926,021
Addition	1,889,172
	<hr/>
Closing balance	10,815,193
	<hr/>
Accumulated amortisation	
Opening balance	702,455
Charge for the period	525,347
	<hr/>
Closing balance	1,227,802
	<hr/>
Net book value	
Opening balance	8,223,566
Closing balance	9,587,391
	<hr/> <hr/>

9. Construction in progress

	Six-month period ended	
	30/6/2014	30/6/2013
	VND'000	VND'000
Opening balance	-	8,398,224
Additions during the period	1,526,348	1,510,187
Transfer to intangible fixed assets	-	(8,369,566)
		<hr/>
Closing balance	1,526,348	1,538,845
		<hr/> <hr/>

Interfood Shareholding Company
Notes to the separate interim financial statements for the six-month period ended
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10. Investments

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 from agricultural and aquatic products, livestock; lease a workshop, office; and performance of the right to export, import products in accordance with business operation under the Investment Licence No. 48/GP-ĐN issued by the People’s Committee of Dong Nai Province on 19 July 2002.

11. Long-term prepayments

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

	Renovation expenses VND’000	Tools and supplies VND’000	Total VND’000
Opening balance	1,350,129	2,949,862	4,299,991
Additions	-	434,722	434,722
Amortisation for the period	(437,143)	(761,498)	(1,198,641)
Closing balance	912,986	2,623,086	3,536,072

12. Short-term borrowings

	30/6/2014 VND’000	31/12/2013 VND’000
Loans from Kirin Holdings Company, Limited	362,015,000	326,740,000

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

	Currency	Nominal interest rate	30/6/2014 VND’000	31/12/2013 VND’000
Loan 1	USD	LIBOR plus 0.8% p.a.	149,065,000	147,560,000
Loan 2	USD	LIBOR plus 0.8% p.a.	181,007,500	179,180,000
Loan 3	USD	LIBOR plus 0.8% p.a.	31,942,500	-
			362,015,000	326,740,000

The applicable interest rates of these loans range from 0.990% to 1.492% per annum during the period (year ended 31 December 2013: 1.077% to 1.487%).

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Notes to the separate interim financial statements for the six-month period ended
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13. Accounts payable - trade

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

	30/6/2014	31/12/2013
	VND'000	VND'000
Amounts due to Vietnam Kirin Beverage Company Limited	20,390,121	2,502,632

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

14. Taxes payable to State Treasury

	30/6/2014	31/12/2013
	VND'000	VND'000
Personal income tax	18,681	130,661
Foreign contractor tax	100,355	100,355
	<u>119,036</u>	<u>231,016</u>

15. Accrued expenses

	30/6/2014	31/12/2013
	VND'000	VND'000
Transportation fees	9,369,054	5,378,039
Sales discounts and commission	3,330,029	2,110,356
Loans interest payable	2,548,834	3,137,186
Secondment fee payable (*)	4,855,191	4,591,183
Others	4,698,132	1,873,158
	<u>24,801,240</u>	<u>17,089,922</u>

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

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Notes to the separate interim financial statements for the six-month period ended
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16. Other payables

Other payables comprised:

	30/6/2014	31/12/2013
	VND'000	VND'000
Dividends payable	505,391	505,391
Trade union, social and health insurance	132,227	122,077
Others	13,918	49,004
	<hr/>	<hr/>
	651,536	676,472
	<hr/>	<hr/>

17. Long-term borrowings

			Year of	30/6/2014	31/12/2013
	Currency	Interest rate	maturity	VND'000	VND'000
Unsecured loan from Kirin Holdings Company, Limited (*)	USD	1.896% p.a.	2017	138,417,500	137,020,000
				<hr/>	<hr/>

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

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18. Provision for severance allowance

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

	Six-month period ended	
	30/6/2014	30/6/2013
	VND'000	VND'000
Opening balance	2,873,995	3,105,122
Utilised during the period	(61,250)	(67,876)
	<hr/>	<hr/>
Closing balance	2,812,745	3,037,246
	<hr/> <hr/>	<hr/> <hr/>

During the period, the Company contributed VND444 million (year ended 31 December 2013: VND964 million) to the unemployment insurance fund and the amount is recorded as part of labour and staff costs in the separate statement of income.

19. Movement in owner's equity

	Share capital VND'000	Share premium VND'000	Other reserves VND'000	Accumulated losses VND'000	Total VND'000
Balance at 31 December 2012	381,443,888	85,035,704	-	(427,509,467)	38,970,125
Net loss for the period	-	-	-	(5,398,036)	(5,398,036)
Balance at 30 June 2013	<hr/> 381,443,888	<hr/> 85,035,704	<hr/>	<hr/> (432,907,503)	<hr/> 33,572,089
Balance at 31 December 2013	591,443,888	85,035,704	-	(544,887,495)	131,592,097
Net loss for the period	-	-	-	(92,491,125)	(92,491,125)
Reclassification (Note 21)	(90,034,048)	-	90,034,048	-	-
Balance at 30 June 2014	<hr/> 501,409,840	<hr/> 85,035,704	<hr/> 90,034,048	<hr/> (637,378,620)	<hr/> 39,100,972

Interfood Shareholding Company
Notes to the separate interim financial statements for the six-month period ended
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20. Share capital

The Company's authorised and issued share capital is:

	30/6/2014	
	Number of shares	VND'000
Authorised and issued share capital		
Ordinary shares	50,140,992	501,409,920
Shares in circulation		
Ordinary shares	50,140,984	501,409,840

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

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

21. 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 ("Circular 244"). Accordingly, all balances in USD as at 31 December 2012 have been translated to VND at the exchange rate of VND20,828 to USD1. During 2014, the Company adjusted the share capital to reflect the issued capital at par. The difference between the converted value and par value of ordinary shares of VND90,034,048,000 is reflected as other reserves.

Interfood Shareholding Company
Notes to the separate interim financial statements for the six-month period ended
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22. Total revenue

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

Net revenue comprised:

	Six-month period ended	
	30/6/2014	30/6/2013
	VND'000	VND'000
Total revenue		
▪ Sales of drinks	472,484,092	448,604,147
▪ Sales of biscuits	9,881,325	12,639,173
▪ Sales of other products	63,834,407	49,974,975
Less sales deductions		
▪ Sales allowance	(15,755,789)	(14,415,858)
▪ Sales returns	(3,892,322)	(30,543)
Net revenue	526,551,713	496,771,894
	526,551,713	496,771,894

23. Cost of sales

	Six-month period ended	
	30/6/2014	30/6/2013
	VND'000	VND'000
Total cost of sales		
▪ Cost of drinks	342,379,062	312,432,941
▪ Cost of biscuits	8,850,694	12,396,398
▪ Cost of other products	51,266,225	29,214,494
	402,495,981	354,043,833
	402,495,981	354,043,833

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Notes to the separate interim financial statements for the six-month period ended
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24. Financial income

	Six-month period ended	
	30/6/2014	30/6/2013
	VND'000	VND'000
Interest income from bank deposits	156,341	611,727
Interest income from loan to Avafood	1,288,141	1,430,242
Realised foreign exchange gains	2,776,691	-
Unrealised foreign exchange gains	400,580	183,479
	<hr/>	<hr/>
	4,621,753	2,225,448
	<hr/>	<hr/>

25. Financial expenses

	Six-month period ended	
	30/6/2014	30/6/2013
	VND'000	VND'000
Interest expense	3,470,061	4,278,250
Realised foreign exchange losses	2,707,446	-
Unrealised foreign exchange losses	5,095,209	4,862,416
	<hr/>	<hr/>
	11,272,716	9,140,666
	<hr/>	<hr/>

26. Other income

	Six-month period ended	
	30/6/2014	30/6/2013
	VND'000	VND'000
Loan waiver from Trade Ocean Holdings Sdn. Bhd	-	71,459,368
Others	8,171,479	3,716,628
	<hr/>	<hr/>
	8,171,479	75,175,996
	<hr/>	<hr/>

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27. Income tax

(a) Reconciliation of effective tax rate

	Six-month period ended	
	30/6/2014	30/6/2013
	VND'000	VND'000
Loss before tax	(92,491,125)	(5,398,036)
Tax at the Company's tax rate	(20,348,048)	(1,349,509)
Non-deductible expenses	4,231,155	14,128,487
Deferred tax assets not recognised	16,116,893	(7,208,593)
Tax losses utilised	-	(5,570,385)
	-	-

(b) Unrecognised deferred tax assets

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

	30/6/2014		31/12/2013	
	Temporary difference VND'000	Tax value VND'000	Temporary difference VND'000	Tax value VND'000
Deductible temporary differences	42,784,564	9,412,604	19,036,916	4,188,122
Tax losses	91,194,759	20,062,848	41,683,805	9,170,437
	133,979,323	29,475,452	60,720,721	13,358,559

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The tax losses expire in the following years:

Year of expiry	Status of tax review	Tax losses available VND'000
2016	Outstanding	30,014,879
2017	Outstanding	11,668,926
2019	Outstanding	49,510,954
		91,194,759

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.

(c) Applicable tax rates

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

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

Under Decree No. 124/2008/ND-CP dated 11 December 2008 (which replaced Decree No. 24/2007/ND-CP dated 14 February 2007) and Decree 122/2011ND-CP dated 27 December 2012 (which provided a number of amendments to prevailing Decree 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.

On 19 June 2013, the National Assembly approved the Law on amendments and supplements to a number of articles of the Corporate Income Tax Law. Accordingly, the highest income tax rate shall be reduced from 25% to 22% for 2014 and 2015, and to 20% from 2016.

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28. Financial instruments

(a) Financial risk management

(i) Overview

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

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

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

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

(ii) Risk management framework

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

(b) Credit risk

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

(i) Exposure to credit risk

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

	Note	30/6/2014 VND'000	31/12/2013 VND'000
Cash in bank	(ii)	67,874,905	96,440,399
Trade and other receivables	(iii)	17,499,283	25,454,461
Short-term loan receivable	(iv)	109,010,404	116,644,475
Long-term loan receivable	(iv)	24,993,600	24,993,600
		219,378,192	263,532,935
		219,378,192	263,532,935

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(ii) Cash in bank

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

(iii) Trade and other receivables

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

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

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

The aging of trade and other receivables is as follows:

	30/6/2014	31/12/2013
	VND'000	VND'000
Not past due	13,549,427	23,186,248
Past due 0 – 30 days	2,719,361	1,410,811
Past due 31 – 180 days	862,671	857,402
Past due more than 180 days	2,413,292	2,045,468
	<hr/>	<hr/>
	19,544,751	27,499,929
	<hr/>	<hr/>

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

(iv) Intra-company receivables – short-term and long-term loan receivables

The Company believes that the amounts receivable from its subsidiary will be receivable through purchases from the subsidiary.

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(c) Liquidity risk

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

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

30 June 2014

	Carrying amount VND'000	Contractual cash flows VND'000	Within year VND'000	1 – 2 years VND'000	2 – 5 years VND'000
Trade and other payables	135,045,354	135,045,354	135,045,354	-	-
Short-term borrowings	362,015,000	362,959,196	362,959,196	-	-
Long-term borrowings	138,417,500	145,938,372	2,631,586	2,631,586	140,675,199
Other long-term liabilities	26,139	26,139	-	26,139	-
	635,503,993	643,969,061	500,636,136	2,657,725	140,675,199

31 December 2013

	Carrying amount VND'000	Contractual cash flows VND'000	Within year VND'000	1 – 2 years VND'000	2 – 5 years VND'000
Trade and other payables	115,861,898	115,861,898	115,861,898	-	-
Other long-term liabilities	26,139	26,139	-	26,139	-
Short-term borrowings	326,740,000	328,762,855	328,762,855	-	-
Long-term borrowings	137,020,000	145,753,212	2,605,017	2,605,017	140,543,178
	579,648,037	590,404,104	447,229,770	2,631,156	140,543,178

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

- USD8.5 million unused short-term loan facility which renews automatically at the option of the Company. Interest would be payable at rates of Libor + 0.8% per annum.

(d) Market risk

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

(i) Currency risk

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

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

Exposure to currency risk

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

	30/06/2014	31/12/2013
	USD	USD
Cash	1,636,250	2,071,930
Accounts receivable – trade	316,679	306,838
Short-term borrowings	(17,000,000)	(15,500,000)
Account payable – trade	(111,555)	(96,171)
Long-term borrowings	(6,500,000)	(6,500,000)
	<hr/>	<hr/>
	(21,658,627)	(19,717,403)
	<hr/> <hr/>	<hr/> <hr/>

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

	Exchange rate as at	
	30/06/2014	31/12/2013
	VND	VND
USD 1	21,295	21,080

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

	Increase net loss VND'000
30 June 2014	
USD (1% strengthening of USD)	4,613,288
31 December 2013	
USD (1% strengthening of USD)	4,160,372

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

(ii) Interest rate risk

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

	Carrying amount	
	30/06/2014	31/12/2013
	VND'000	VND'000
Fixed rate instruments		
Financial assets	24,993,600	24,993,600
Long-term borrowings	(138,417,500)	(137,020,000)
	(113,423,900)	(112,026,400)
Variable rate instruments		
Financial assets	176,885,309	213,084,874
Short-term borrowings	(362,015,000)	(326,740,000)
	(185,129,691)	(113,655,126)

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A change of 100 basis points in interest rates would have increased net losses of the Company by VND1,851 million (2013: VND852 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

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

(e) Fair values

The carrying amounts of financial assets and liabilities shown in the balance sheet, are as follow:

	30/6/2014		31/12/2013	
	Carrying amount VND'000	Fair value VND'000	Carrying amount VND'000	Fair value VND'000
Categorised as loans and receivables:				
▪ Cash in banks	67,874,905	67,874,905	96,440,399	96,440,399
▪ Trade and other receivables	17,499,283	(*)	25,454,461	(*)
▪ Intra-company receivable - short-term	109,010,404	(*)	116,644,475	(*)
▪ Long-term loan receivable	24,993,600	(*)	24,993,600	(*)
Categorised as liabilities at amortised cost:				
▪ Trade and other payables	(135,045,354)	(*)	(115,861,898)	(*)
▪ Short-term borrowings	(362,015,000)	(*)	(326,740,000)	(*)
▪ Long-term borrowings	(138,417,500)	(*)	(137,020,000)	(*)
▪ Other long-term liabilities	(26,139)	(*)	(26,139)	(*)
	(416,125,801)		(316,115,102)	

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

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29. Significant transactions with related parties

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

	Transaction value	
	Six-month period ended	Six-month period ended
	30/6/2014	30/6/2013
	VND'000	VND'000
Kirin Holding Company, Limited		
Ultimate Parent Company		
Short-term loan received	31,590,000	-
Interest expense	3,470,061	4,278,250
Secondment fees	4,837,586	4,642,731
Avafood Shareholding Company		
Short-term loan granted	17,650,000	15,000,000
Interest income	1,288,141	1,430,242
Processing service	21,190,433	18,909,438
Office and factory rental fee	2,966,124	2,963,901
Vietnam Kirin Beverage Company, Limited		
Purchase of goods	5,109	-
Processing fee	48,272,295	23,692,931
Member of Board of Directors		
Secondment fees	2,811,544	2,253,168
Salary	659,312	652,200

30. Commitments

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

	30/6/2014	31/12/2013
	VND'000	VND'000
Within one year	5,597,046	5,597,046
Within two to five years	2,373,301	3,772,563
	7,970,347	9,369,609

Interfood Shareholding Company
Notes to the separate interim financial statements for the six-month period ended
30 June 2014 (continued)

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31. Production and business costs by element

	Six-month period ended	
	30/6/2014	30/6/2013
	VND'000	VND'000
Raw material costs included in production costs	334,339,625	271,766,724
Labour costs and staff costs	85,300,099	78,218,673
Depreciation and amortisation	13,012,107	13,129,107
Outside services	215,412,590	191,714,423
Other expenses	556,637	13,453,862

18 August 2014

Prepared by:

Approved by:

(Signed)

(Signed and sealed)

Nguyen Hong Phong
Chief Accountant

Michio Nagabayashi
Chairman – cum General Director