

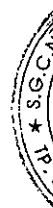


ANNUAL REPORT | 2015



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MESSAGE FROM CHAIRMAN OF THE BOARD

Dear our valued Stakeholders,

On behalf of the Board of Management of Interfood Shareholding Company, I would like to deeply thank all our shareholders, customers, business partners and other agencies/organizations for your support, adherence and along with IFS to overcome obstacles and complete the set objectives in 2015.

Over the last few years, IFS has made a great effort to improve product quality, cost control, and restructuring the sales management process, etc., and overcome many production/business difficulties by mobilizing all the IFS resources and support from Kirin Group.

In 2016, IFS would like to forward a big step to achieve the double-digits sales growth (above average of overall industrial growth) as well as carry out structural reforms that make the company transform into a solid management structure. After achieving these business plans, IFS will shift to more and more active investment and management stance and work to expand business with the aim of targeting a scale to capture to top position in the market.

Again, I sincerely thank and look forward to continue receiving support from you.

Wish you all good health and success.

Chairman cum General Director



TORU YAMASAKI



I. COMPANY OVERVIEW

1. GENERAL INFORMATION

- Trading name: Interfood Shareholding Company (Interfood)
- Certificate of enterprise registration No.: 3600245631
- Charter capital: 871.409.920.000 VND
- Address: Lot 13, Tam Phuoc IZ, Tam Phuoc Ward, Bien Hoa, Dong Nai, Viet Nam
- Telephone: 0613 511 138 - Fax: 0613 512 498
- Website: www.wonderfarmonline.com
- Securities code: IFS

2. COMPANY HISTORY

1991 Interfood Shareholding Company - formerly Interfood Processing Industry Ltd. (“IFPI”) - was established on 16th November 1991 in accordance with the Investment license No. 270/GP issued by State Committee of Co-operation and Investment (now the Ministry of Plan and Investment). IFPI was a 100% FDI enterprise operating under the Vietnam Foreign Investment Law. Interfood’s original owner was Trade Ocean Exporters Sdn. Bhd. (Penang, Malaysia). In 1996, Interfood’s owner was changed to Trade Ocean Holdings Sdn. Bhd. (Penang, Malaysia) in accordance with the License No. 270/GPDC5 dated 26th February 1996 issued by the Ministry of Planning and Investment.

Initial main activities of the Company were processing agricultural products, seafood to canned, dried, frozen, preserved and pickled products. Total initial investment capital was US\$1,140,000.

1994 The Company’s business was expanded by penetrating into the biscuits segment.

2003 The Company was approved to produce carbonated fruit juices and fruit juices with low alcohol content (5%), and its investment capital increased to US\$23,000,000.

2004 In April 2004, Interfood signed a processing agreement with AVA Food Industries Ltd. to mitigate Interfood’s production, space and logistic constraints at its Bien Hoa factory whereby AVA would provide the production facilities and Interfood would provide the technology and machinery to manufacture Interfood’s products.

2005 In January 2005, the Company was approved to produce purified water and PET bottle, its investment capital increased to US\$30,000,000.

From 09th August 2005, IFPI was converted into a shareholding company which is now known as Interfood Shareholding Company (IFS) in accordance with License No. 270 CPH/GP granted by the Ministry of Planning and Investment. IFS was one of the first six FDI companies approved by the Ministry of Planning and Investment on conversion activities from Limited Company into Shareholding Company under Decree No. 38/2003/ND – CP of the Government. Total investment capital and charter capital

of the Company were US\$30,000,000 and US\$13,000,000 respectively.

- 2006** The Company moved its head quarter and factory to new location at Tam Phuoc Industrial Zone, Bien Hoa City, Dong Nai Province.

During this year, the Company increased its owned equity up to VND242,841,600,000 (equivalent to 24,284,160 shares with par value at VND10,000) and on 17th October 2006, listed 3,620,560 shares at the Ho Chi Minh City Securities Trading Centre (“HOSE”) under “IFS” code.

- 2007** On 16th October 2007, the Company issued bonus shares in ratio of 5:1, according to which total number of the Company’ shares are listed on the HOSE being 6,875,359 shares. Total registered capital of the Company increased to VND1,444,500,000,000 (approximately US\$90,000,000) and charter capital grew to VND291,409,920,000 (equivalent to 29,140,992 shares at par value of VND10,000).

In 2007, IFS acquired 90% contributed capital of Avafood Shareholding Company (“AVA”) and became the controlling shareholder of this company. The principal activities of AVA are to produce the processed products including fruit juice, purified water, biscuits, jams and sweets of all kinds, agricultural and aquatic products, livestock; and workshop for lease.

- 2008** Interfood Packaging Limited (formerly Interfood Packaging Shareholding Company) was established with 90% capital owned by the Company, total investment capital and charter capital registered as US\$32 million and US\$10 million respectively. The principal activity of Interfood Packaging Limited is to produce packaging materials for foods and soft drinks.

On 14th February 2008, Northern Interfood Shareholding Company was established in Bac Ninh Province with total investment capital and charter capital of US\$36 million and US\$11 million respectively and the Company owned 90% its charter capital. However, the Company could not arrange funding for the project activities and completed the termination of the project in December 2010.

- 2009** In late 2009, the Company ceased operations of its factory located in the urban area of Bien Hoa City, and relocated all production lines, equipment and inventory into its factory in Tam Phuoc Industrial Zone.

In 2009, the Company disposed 70% of its holding in Interfood Packaging Limited to Crown Packaging Investment Pte. Ltd. and became a minority shareholder holding 20% contributed capital of this company. Subsequently, Interfood Packaging Limited was renamed Crown Beverage Cans Dong Nai Ltd. (“Crown Dong Nai”).

The Company disposed its 20% remained contributed capital at Crown Dong Nai to Crown Packaging Investment Pte. Ltd.

- 2011** On 11th March 2011, Kirin Holdings Company Limited (“Kirin”) acquired all shares of Trade Ocean Holding Sdn. Bhd. (“TOH”). Kirin was holding 57.25% shares in the Company through TOH. Kirin, a public company listed on the Tokyo Exchange, is one of the largest beverage companies in the region.

- 2012** In June 2012, Kirin increased its stake in Interfood to 80.37% (equivalent to 23,421,955 shares) through TOH by acquiring all outstanding shares of Indochina

Beverage Holdings ("IBH") who holds 23.12% (equivalent to 6,737,309 shares) of total shares of Interfood.

In December 2012, all shares in Grande Indigo Global Ltd. (including 1,938,327 shares of Interfood) were bought by Kirin, Grande Indigo Global Ltd. became an associate with TOH and IBH.

2013 In 2013, the Company's charter capital increased from VND 291,409,920,000 to VND 501,409,920,000 (equivalence to 50,140,992 shares) through a private placement of shares to Kirin. After the purchase, Kirin increased its stake in Interfood to 92.46%

2014 In 2014, the Company's charter capital increased from VND 501,409,920,000 to VND 711,409,920,000 (equivalence to 71,140,992 shares) through a private placement of 21,000,000 shares to Kirin Holdings Company Limited.

2015 In 2015, the Company's charter capital increased from VND 711,409,920,000 to VND 871,409,920,000 (equivalence to 87,140,992 shares) through a private placement of 16,000,000 shares to Kirin Kirin Holdings Singapore Pte. Limited ("KHSPL"), 100%-owned subsidiary of Kirin Holdings Company, Limited ("Kirin").

Aiming to integrate the business operation of its subsidiaries of the Group in South East Asia, at the end of December 2016, Kirin transferred all its shares of IFS to KHSPL, pursuant to which KHSPL currently owns 83,360,282 shares of IFS equivalent to 95.66% of total outstanding shares of the Company.

3. BUSINESS LINES AND LOCALITIES

MAIN LINES OF BUSINESS

- Manufacture of soft drinks, production of mineral waters and other bottled waters: processing carbonated and non-carbonated fruit-juice, processing carbonated and noncarbonated soft drinks without alcohol or with low alcohol (less than 10%); production of filtered water.
- Processing and preserving of fruit and vegetables: Processing agricultural products into canned, dried, frozen, salted, vinegary products.
- Manufacture of bakery products: production of cakes and snacks.
- Processing of milk and milk products.
- Exercising the right to export and import of products suitable for business and production sectors of the Company in accordance with laws.

Brands

Description



WONDERFARM has been **long existing drinks brand** presented in Vietnamese families. With proper carefulness from Kirin Japan in selection of ingredients and manual production process, **WONDERFARM products provide a deep and full taste of traditional Vietnamese drinks.**

WONDERFARM products are made from natural fruits, which contain high nutritional facts and healthy benefits. Through the advanced technologies and strict manufacture procedures, our beverages taste so natural and mildly sweet that consumers can enjoy their daily portions of nutritious fruit juices, in a comfortable and easy way.

KIRIN

Over 100 year old Japanese brand KIRIN proudly brings **pleasure and healthiness** to consumer's life by providing **high quality products** produced under **advanced technology** from the group with **more than 100 year of history in Japan.**

KIRIN brand products and WONDERFARM brand PET products are manufactured by ASEPTIC line - advanced aseptic filling technology of Japan in Vietnam KIRIN factory - that helps to preserve the natural flavor, ensure product quality and food safety without preservatives and artificial colorings.

WONDERFARM PRODUCTS

Winter Melon Tea: cooling characters that help cleanse and cool the body.



Well-known brand: popular for more than 20 years and recognized as No.1 Winter Melon Tea in Vietnam.

Natural ingredient: made from actual winter melon fruits, hence have natural and delightful taste and smell

Healthy: introducing Winter Melon Tea less sugar to capture health conscious customers.

More choices with Winter Melon Tea in PET bottle which is easily portable for convenient use.

Bird's Nest: nutrient-rich and suitable to gift to families and friends.



Bird's Nest White Fungus Drink: nutritious ingredients are balanced with real bird's nests and sugar bar to deliver a delicious and healthy drink.

Drink it to recover your health or serve it to friends and family in your parties. WONDERFARM Bird's Nest is also an ideal gift.

Soft drinks

Our products contain the fresh and copious ingredients in Vietnam, whose origin and flavor are guaranteed and satisfactory for Vietnamese consumers.



Wonderfarm Coconut Milk: our condensed and aromatic ingredients are indispensable in the kitchens of Vietnamese ladies.



Our fresh coconut are directly selected from Ben Tre. With diverse flavors, our coconut products can be used in various ways. Each of our products can be used for many purposes.

This product was featured in Master Chef Vietnam and used in restaurants throughout VN.

Wonderfarm Winter Melon Milk Tea Wonderfarm Green Tea

Manufactured by Aseptic line of Japan in Vietnam KIRIN factory, Wonderfarm Winter Melon Milk Tea will not only become the first winter melon milk tea in convenient PET bottle but also has reasonable price for customers.



Refreshing lemon favored Green tea with Japan technology quality.

Manufactured by Aseptic lines - aseptic filling technology of Japan in Vietnam KIRIN beverage company, Wonderfarm Green Tea lemon flavor with perfect taste help crush thirst quenching brings instant refreshing feeling.

KIRIN PRODUCTS

KIRIN ICE+

As the first fruit water in Vietnam, Ice+ is made by the advanced Aseptic's Japanese technology. Ice+ harmonizes pure water and fruit juice. Our drinks are frozen at -18°C below zero to preserve the succulence of just-picked fruits and to maintain the absolute food safety without preservatives, colorings and odorants.



KIRIN LATTE

With the Secrets of Creating Delicious Tastes from Japan, Latte combines the finest quintessence of natural extracts blended with milk. Latte delivers the pure flavors and mild after-taste to quench your thirst and gently refresh you.



KIRIN TEA BREAK



Gogo no Kocho - Best-selling product in Japan now coming to Vietnam with a new name: **Tea Break**. This

product is made from real English Tea leaves with classic style mixed with modern. Light sweetness taste and rich aroma of real tea will let you feel relax whenever you drink.

NEW PRODUCTS: KIRIN TRÀ XANH NHẬT



Introducing KIRIN Trà Xanh Nhật 100% Green Tea leaf, brewed and extracted for the finest tea to relax your minds.

Fresh tea leaf from Shizuoka is collected, processed and direct to Viet Nam.

- Product uses pure water.
- Produced at exact temperature required real technology.
- Only extract first brew.
- PET bottle, less or no sugar.

LOCALITIES OF BUSINESS

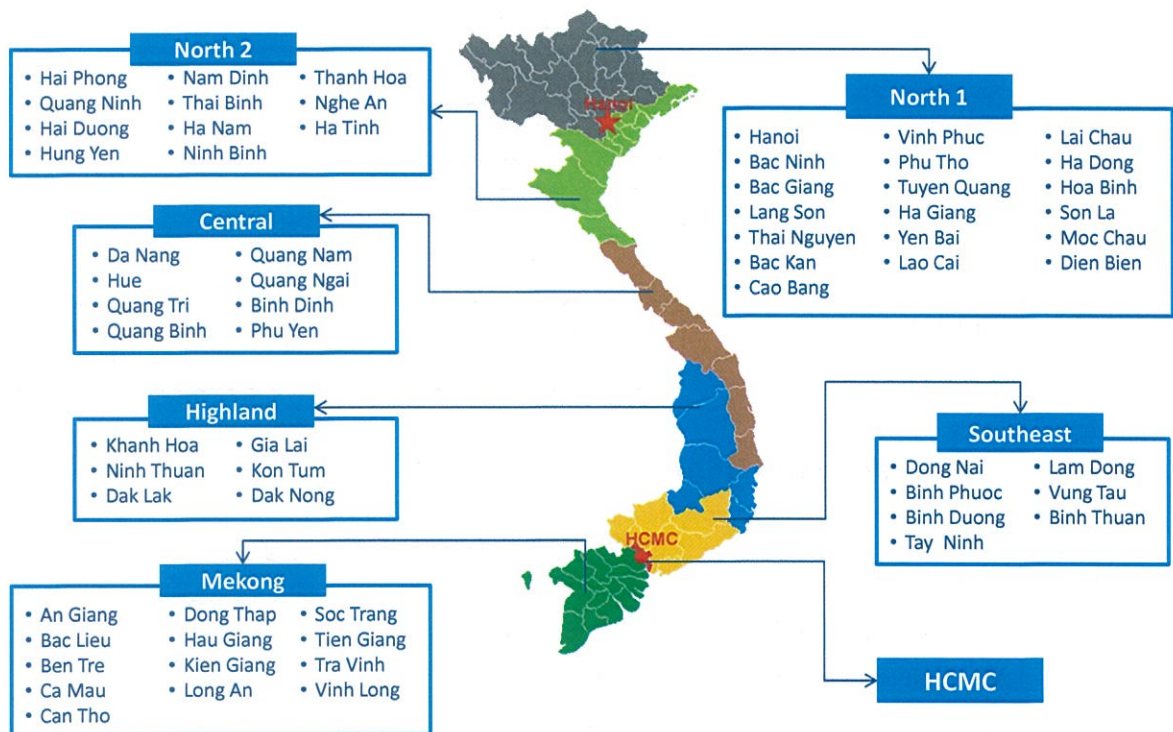
▪ Domestic market

Domestic revenue is accounting for 97% of the total revenue of the company and considered the main market in the Company's strategy. The distribution system of Interfood covers the 64 provinces with 167 distributors, 110,000 retailers and all supermarket chains in Vietnam.

▪ Overseas market

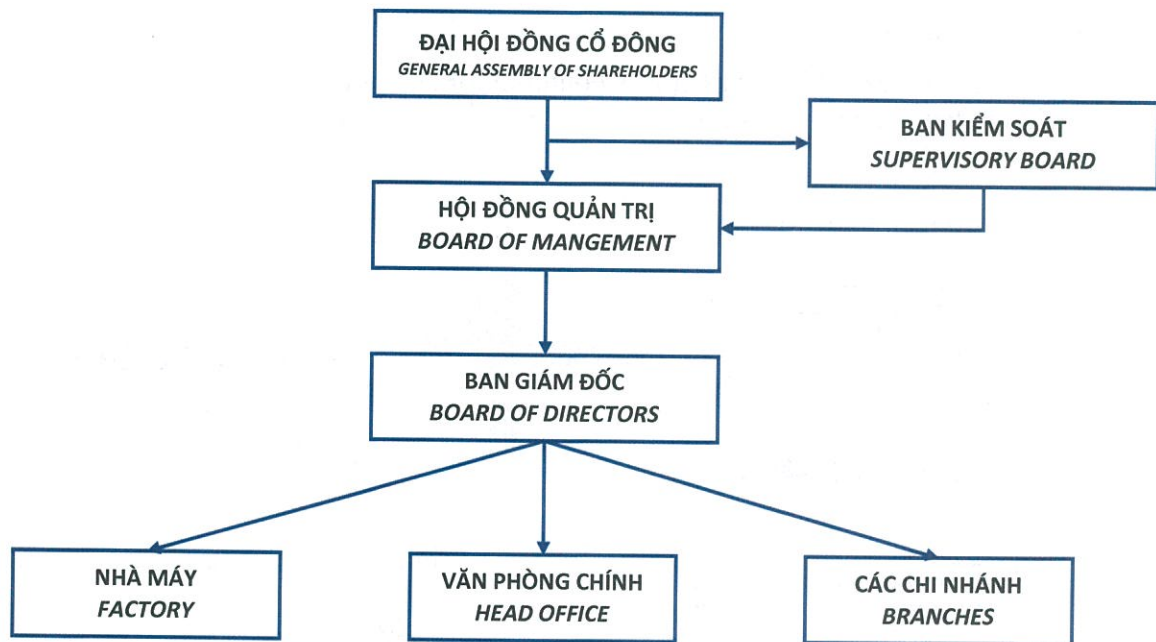
Revenue from exporting market is accounting for 3% of total revenue of the Company. The main market is nations in Europe, Asia, Australia and America.

Local distribution network



4. ORGANIZATION AND MANAGEMENT STRUCTURE

ORGANIZATION STRUCTURE



MANAGEMENT STRUCTURE

No.	Name	Position
Board of Management		
1	Mr. Toru Yamasaki	Chairman
2	Ms. Nguyen Thi kim Lien	Member
3	Mr. Takayuki Morisawa	Member
4	Mr. Hajime Kobayashi	Member
5	Mr. Hirotsugu Otani	Member
Supervisory Board (SB)		
1	Ms. Thai Thu Thao	Chief of SB
2	Mr. Yasuhiro Oki	Member
3	Mr. Akira Shimizu	Member
Board of Directors		
1	Mr. Toru Yamasaki	General Director/ General Manager (GM) of Marketing
2	Mr. Morisawa Takayuki	Director/ GM of Administration
3	Ms. Nguyen Thi Kim Lien	Director/ GM of Internal Control
4	Mr. Taiichiro Iizumi	Director/ General Manager (GM of Sales
5	Mr. Yoshihisa Fujiwara	Director/ GM of Factory
6	Mr. Yutaka Ogami	Director/ GM of Finance

BRANCHES AND FACTORIES

Branch and Factory	Address
Hanoi Branch	11 Floor, Vinafor Building, 127 Lo Duc, Dong Mac Ward, Hai Ba Trung District, Hanoi City
Hochiminh Branch	4A Floor, Vincom Center, 72 Le Thanh Ton and 47 Ly Tu Trong, Ben Nghe Ward, District 1, Hochiminh City
Long Thanh Factory	Lot 13, Tam Phuoc IZ, Tam Phuoc Ward, Bien Hoa City, Dong Nai Province

SUBSIDIARIES AND ASSOCIATED COMPANIES

Subsidiary:

AVAFFOOD SHAREHOLDING COMPANY



Address: Lot 13, Tam Phuoc IZ, Tam Phuoc Ward, Bien Hoa, Dong Nai, Viet Nam

Major business lines: Production of fruit-juice, beverage, pure water; production of cakes, confectionery, snacks; products processed from agricultural products, aquatic products, livestock.

Paid-in charter capital: 81.000.000.000 VNĐ

Ownership rates of the Company: 90,4% (7.322.400 shares with par value of VND10,000 per share)

Associated company VIETNAM KIRIN BEVERAGES COMPANY, LIMITED



Address: LOT D-3A-CN, My Phuoc 2 IZ, My Phuoc Ward, Ben Cat Town, Binh Duong, Viet Nam

Major business lines: Production of non-alcoholic drinks.

Paid-in charter capital: 795.800.000.000 VNĐ

Ownership rates of the Non Company:

4. DEVELOPMENT DIRECTIONS

VISION

- ✚ To be an attractive and valuable company for customers: bringing health, pleasure and comfort to their lives through offering products based on their needs.
- ✚ To be a rewarding company for employees: becoming a company whose employees are proud to work for and enjoy a high quality of life.
- ✚ To be the leading soft drink company in Vietnam market: providing products and services that focus on customer and quality.

DEVELOPMENT STRATEGIES IN MEDIUM AND LONG TERM

Interfood aims to acquire the leading position in the “Healthy and Natural Beverage” segment in 2020 by providing naturally-derived healthy beverages.

- Create a product strategy based on consumer needs and build a structure to support the achievement of this product strategy throughout the entire supply chain.
- The Company will implement the strategy for the core “Winter Melon Tea” products. After that, we will expand the strategy to promote “Kirin” brand products.

SUSTAINABLE DEVELOPMENT OBJECTIVES

Compliance with legal and ethical requirements is the foundation for business success and sustainable growth. Developing and maintaining a culture of compliance is essential to building corporate reputation and enhancing competitiveness of the Company.

We are working to increase CSR and compliance awareness among all IFS employees to ensure CSR-based management to be applied and observed throughout the company.

- **CSR (Corporate Social Responsibility):** our commitment by business to contribute to economic development while protecting the environment and improving our quality of life.
- **Compliance:** observe laws and regulations, internal and external rules and regulations, fulfill legal obligations and social ethical responsibilities to maintain and increase the trust of the society.
- **Risk Management:** a system is designed to prevent and minimize losses due to unforeseen events by identifying and managing significant risks that could affect our business operations.



5. RISK MANAGEMENT

Interfood establish risk management system as part of the management system of business activities and collaboration with the parent company to implement risk management program.

Interfood and its subsidiary thoroughly implement compliance and risk management in order to prevent potential risks, through which can receive long-term trust of customers and society.

Risk Management Committee, directly controlled by the Board of Directors and comprised primarily of the heads of each business units, is established to monitor risk management activities. The Committee conducts periodic meetings twice a year and when necessary to review and oversee the implementation of risk management program and risk response plan throughout the Company.

Implementation of Risk Management in 2015

- Establishment of Risk Management (RM) system and RM policy based on Kirin Group's RM program.
- Development of RM plan and crisis response manual and conduction of RM training to target employees.
- Establishment of internal control system to follow processes and monitor RM plan execution.

Implementation of Risk Management in 2016

Major Risks	Responses to Risks
Strategic risks: Risk that errors in the sales strategy and in particular in pricing measures will cause a substantial decline in sales volume.	<ul style="list-style-type: none">• Review marketing expenses and plant expenses to improve profit and loss structures without relying on price increases.
Market risks: Risk that costs will increase as a result of higher raw materials costs and profit targets cannot be achieved.	<ul style="list-style-type: none">• Follow up market situation and review contracts with suppliers to control base unit prices of raw materials.• Promote the use of less sugar in relation to rising health awareness.
Compliance risks: Risk in misunderstanding and/or wrong application of governing laws and regulations that causes negative impacts to proper business operation of the Company.	<ul style="list-style-type: none">• Follow up and update laws and regulations applicable to the business operations of the Company.• Communicate and provide guidelines for application of new laws and regulations to relevant departments.

II. BUSINESS OPERATION

1. SITUATION OF BUSINESS OPERATIONS

RESULTS OF BUSINESS OPERATIONS IN 2015

▪ Sales

Gross sales reached 1,318 billion VND and could hit the annual target. Net sales was 1,280 billion VND, also near to the target.

▪ Gross profit

Cost of Goods Sold ("COGS") increased by 4% compared to the target, however it was because of the change in accounting standard regarding promotion goods, from selling expenses to COGS (64 billion VND). Besides the change, COGS was reduced because the Company implemented cost reduction program and cost of raw materials was lower than expected.

As a result, gross profit was 338 billion VND, less 40 billion VND than target. Except for the influence of accounting standard change, Gross Profit target was achieved.

- **Net operation profit**

Financial income and expense arose from devaluation of Vietnamese Dong in last year.

Selling expenses was saved to 25% compared to the target. The Company could successfully control selling expenses efficiently, the other reason was the mentioned reclassification in promotion goods.

Net operating loss was 89 billion VND, much more improved than the target.

FINANCIAL PERFORMANCE

Description	Actual 2014 (Reclassified)		Plan 2015		Actual 2015 (Audited)		Variance (vs Plan 2015) (%)
	USD	VND'000	USD	VND'000	USD	VND'000	
Sales	55,573,666	1,188,164,969	58,714,166	1,318,133,016	58,726,158	1,318,402,242	0,02%
Deductions	(1,810,467)	(38,707,794)	(1,349,381)	(30,293,596)	(1,702,385)	(38,218,537)	26%
Net sales and services	53,763,198	1,149,457,175	57,364,785	1,287,839,420	57,023,773	1,280,183,705	-1%
Cost of goods sold	(41,595,832)	(889,318,885)	(40,521,522)	(909,708,165)	(41,949,398)	(941,763,989)	4%
Gross profit	12,167,366	260,138,290	16,843,263	378,131,255	15,074,375	338,419,716	-11%
Financial income	478,284	10,225,704	25,739	577,851	781,201	17,537,953	2,935%
Financial expenses	(1,117,021)	(23,881,901)	(367,916)	(8,259,705)	(1,945,813)	(43,683,496)	429%
Selling expenses	(18,396,434)	(393,315,759)	(21,476,153)	(482,139,635)	(16,040,998)	(360,120,414)	-25%
General & administration expenses	(1,590,764)	(34,010,542)	(1,655,382)	(37,163,318)	(1,847,526)	(41,476,966)	12%
Net operating profit (loss)	(8,458,569)	(180,844,208)	(6,630,448)	(148,853,551)	(3,978,762)	(89,323,207)	-40%
Other income	366,754	7,841,201	236,318	5,305,339	292,040	6,556,299	24%
Other expenses	(161,444)	(3,451,671)	(330,456)	(7,418,736)	(459,750)	(10,321,381)	39%
Other profit (loss), net	205,310	4,389,530	(94,138)	(2,113,398)	(167,710)	(3,765,082)	78%
Profit (Loss) before tax	(8,253,259)	(176,454,678)	(6,724,586)	(150,966,949)	(4,146,472)	(93,088,289)	-38%
Current corporate income tax expenses	-	-	-	-	(121,500)	(2,727,671)	-
Deferred corporate income tax expenses	1,882	40,234	-	-	(17,444)	(391,621)	-
Net profit (loss) after tax	(8,251,377)	(176,414,444)	(6,724,586)	(150,966,949)	(4,285,416)	(96,207,581)	-36%
Minority interest	(22,976)	(491,227)	-	-	(21,360)	(479,534)	-
Net Profit (Loss) for the year	(8,274,353)	(176,905,671)	(6,724,586)	(150,966,949)	(4,306,776)	(96,687,115)	-36%

2. ORGANIZATION STRUCTURE AND HUMAN RESOURCES

BOARD OF MANAGEMENT

No	Name	Position	Birth year	Nationality	ID card (Passport) No.	Address	Ratio of voting shares owned
Board of Management							
1	Mr. Toru Yamasaki	Chairman	1965	Japan	TH3366955	HCMC, VN	0%
2	Mr. Hajime Kobayashi	Member	1965	Japan	TH8783816	Japan	0%
3	Mr. Hirotsugu Otani	Member	1972	Japan	TH2738913	Japan	0%
4	Mr. Morisawa Takayuki	Member	1975	Japan	TK5209610	HCMC, VN	0%
5	Ms. Nguyen Thi Kim Lien	Member	1967	Vietnam	271255441	Dong Nai, VN	0%
Board of Directors							
1	Mr. Toru Yamasaki	General Director	1965	Japan	TH3366955	HCMC, VN	0%
2	Mr. Yoshihisa Fujiwara	Director/ GM of Factory	1967	Japan	TR1350962	HCMC, VN	0%
3	Ms. Nguyen Thi Kim Lien	Director/ GM of Finance	1967	Vietnam	271255441	Dong Nai, VN	0,014% (12.000)
4	Mr. Yutaka Ogami	Director/ Finance Controller	1973	Japan	TH5379976	HCMC, VN	0%
5	Mr. Morisawa Takayuki	Director/ GM of Administration	1975	Japan	TK5209610	HCMC, VN	0%
6	Mr. Taiichiro Iizumi	Director/ GM of Sales and Marketing	1969	Japan	TK1284537	HCMC, VN	0%
Chief accountant							
1	Mr. Nguyen Hong Phong	Chief accountant	1977	Vietnam	182126771	Dong Nai, VN	0%

CHANGES IN THE BOARD OF MANAGEMENT IN 2015

No	Name	Position		Birth year	Nationality	ID card (Passport) No.	Address	Ratio of voting shares owned
		(Before change)	(After change)					
Board of Management								
1	Mr. Michio Nagabayashi	Chairman	Resigned on 16/03/2015	1964	Japan	TH6350049	Japan	0%
2	Mr. Hiroshi Fujikawa	Member	Resigned on 09/04/2015	1963	Japan	MS4595821	Singapore	0%
3	Mr. Toru Yamasaki	Member	Chairman (Appointed on 09/04/2015)	1965	Japan	TH3366955	HCMC, VN	0%
4	Mr. Hajime Kobayashi	Member	Member (Appointed on 09/04/2015)	1965	Japan	TH8783816	Japan	0%
5	Mr. Hirotsugu Otani	Member	Member (Appointed on 09/04/2015)	1972	Japan	TH2738913	Japan	0%
6	Mr. Morisawa Takayuki	Member	Member	1975	Japan	TK5209610	HCMC, VN	0%
7	Ms. Nguyen Thi Kim Lien	Member	Member	1967	Vietnam	271255441	Dong Nai, VN	0%
Board of Directors								
1	Mr. Michio Nagabayashi	General Director	Resigned on 16/03/2015	1964	Japan	TH6350049	Japan	0%
2	Mr. Toru Yamasaki		General Director (From 16/03/2015)	1965	Japan	TH3366955	HCMC, VN	0%
3	Mr. Yoshihisa Fujiwara	Director/ GM of Factory	Director/ GM of Factory	1967	Japan	TR1350962	Dong Nai, VN	0%
4	Ms. Nguyen Thi Kim Lien	Director/ GM of Finance	Director/ GM of Internal Control (From 01/05/2015)	1967	Vietnam	271255441	HCMC, VN	0,014% (12.000)
5	Mr. Yutaka Ogami	Director/ Finance Controller	Director/ GM of Finance (From 01/05/2015)	1973	Japan	TH5379976	HCMC, VN	0%
6	Mr. Morisawa Takayuki	Director/ GM of Administration	Director/ GM of Administration	1975	Japan	TK5209610	HCMC, VN	0%
7	Mr. Taiichiro Iizumi	Director/ GM of Sales and Marketing	Director/ GM of Sales (From 01/05/2015)	1969	Japan	TK1284537	HCMC, VN	0%

SUMMARY AND CHANGES IN THE PERSONNEL POLICIES

Number of employees: 1,544 (as of 31/12/2015)

- Development of human resources, enhancement of organizational structure and improvement of management information system.
- Strengthen the relationship between the Company and employees through the implementation of periodically monitoring meeting, the good policies based on the results of employee satisfaction survey (ESS), improving accuracy management data and governance performance based on adherence (compliance).
- Develop and implement training programs tailored to staffs at each level and to each department.
- Implement the personnel transfer based on the human resources development of the Company and career development plan of individuals.

3. SITUATION OF INVESTMENT AND PROJECT IMPLEMENTATION

PRIVATE PLACEMENT OF SHARES TO INCREASE CHARTER CAPITAL

As approved by AGM-2015 on 09/04/2015, at the end of 2015, IFS issued 16 million shares at par value of VND10,000 under private placement to eligible investor, Kirin Holdings Singapore Pte., Ltd. (“KHSPL”), resulting in increasing its charter capital from VND711,409,920,000 to VND871,409,920,000, in which ratio of foreign ownership increased from 99.25% to 99.39%, equivalent to 86,607,712 of total 87,140,992 outstanding shares of the Company.

Total proceeds raised from the shares issuance was used to settle the debts from Kirin Holdings Company, Limited and added into the working capital in December 2015.

The entire proceeds raised from the private placement of shares of the Company has been used in accordance with the plan for issuance of shares and purpose for the use of the proceeds.

4. FINANCIAL SITUATION

Financial situation

Description	Actual 2014 VND'000	Actual 2015 VND'000	Variance (%)
Sales	1,188,164,969	1,318,402,242	11.0%
Deductions	(38,707,794)	(38,218,537)	-1.3%
Net sales and services	1,149,457,175	1,280,183,705	11.4%
Cost of goods sold	(889,318,885)	(941,763,989)	5.9%
Gross profit	260,138,290	338,419,716	30.1%
Financial income	10,225,704	17,537,953	71.5%
Financial expenses	(23,881,901)	(43,683,496)	82.9%
Selling expenses	(393,315,759)	(360,120,414)	-8.4%
General & administration expenses	(34,010,542)	(41,476,966)	22.0%
Net operating profit (loss)	(180,844,208)	(89,323,207)	-50.6%
Other income	7,841,201	6,556,299	-16.4%
Other expenses	(3,451,671)	(10,321,381)	199.0%
Other profit (loss), net	4,389,530	(3,765,082)	-185.8%
Profit (Loss) before tax	(176,454,678)	(93,088,289)	-47.2%
Current corporate income tax expenses		(2,727,671)	
Deferred corporate income tax expenses	40,234	(391,621)	-1073.4%
Net profit (loss) after tax	(176,414,444)	(96,207,581)	-45.5%
Minority interest	(491,227)	(479,534)	-2.4%
Net Profit (Loss) for the year	(176,905,671)	(96,687,115)	-45.3%

Major financial indicators

Indicators	Year 2014	Year 2015	Notes
1. Solvency ratio			
+ Current ratio: (Short term Asset/Short term debt)	81%	108%	
+ Quick ratio: <u>Short term Asset - Inventories</u> Short term Debt	38%	56%	
2. Capital structure Ratio			
+ Debt/Total assets ratio	85%	76%	
+ Debt/Owners' Equity ratio	575%	316%	
3. Operation capability Ratio			
+ Inventory turnover: Cost of goods sold/Average inventory	4.9	5.2	
Net revenue/ Total Assets	1.7	1.9	
4. Target on Profitability			
+ Profit after tax/ Net revenue Ratio	-15%	-8%	
+ Profit after tax/ Total capital Ratio	-180%	-60%	
+ Profit after tax/ Total assets Ratio	-27%	-14%	
+ Operating profit/ Net revenue Ratio	-16%	-7%	

5. SHAREHOLDERS STRUCTURE AND CHANGE IN THE OWNER'S EQUITY

A. NUMBER OF SHARES

No.	Contents	Quantity
1	Total number of shares	87,140,992
2	Treasury shares	8
3	Outstanding voting shares	87,140,984
4	Freely transferable shares	71,140,984
5	Conditionally transferable shares	16,000,000 Limited to be transferred within one (01) year as of closing date of the offering (from 30/12/2015 to 30/12/2016)

B. SHAREHOLDERS STRUCTURE

No.	Shareholder	Domestic shareholders		Foreign shareholders		Total	
		Quantity	%	Quantity	%	Quantity	%
1	Major shareholders (holding 5% or more)	0	0%	83,360,282	95.66%	83,360,282	95.66%
	- Individual	0	0%				
	- Organization	0	0%	83,360,282	95.66%		
2	Other shareholders (holding less than 5%)	533,272	0.61%	3,247,430	3.73%	3,780,702	4.34%
	- Individual	518,088	0.59%	208,743	0.24%	726,831	0.83%
	- Organization	15,184	0.02%	3,038,687	3.49%	3,053,871	3.50%
3	Treasury shares					8	0.00%
	TOTAL	533,272		86,607,712		87,140,992	100%

C. CHANGE IN THE OWNER'S EQUITY

In 2015, IFS issued 16 million shares at par value of VND10,000 under private placement to eligible investor, Kirin Holdings Singapore Pte., Ltd. ("KHSPL"), resulting in increasing its charter capital from VND711.409.920.000 to VND871.409.920.000, in which ratio of foreign ownership increased from 99,25% to 99,39%, equivalent to 86.607.712 of total 87.140.992 outstanding shares of the Company.

- Name of shares : Stock of Interfood Shareholding Company
- Type of shares/ Par value : Common shares/ VND10,000
- Number of shares registered to be offered : 16,000,000
- Date starting offering : 24/12/2015
- Date closing issuance : 30/12/2015

Aiming to integrate the business operation of its subsidiaries of the Group in South East Asia, Kirin Holdings Company, Limited ("Kirin") transferred all its shares of IFS to Kirin Holdings Singapore Pte. Ltd. (KHSPL) at the end of December 2016, pursuant to which KHSPL currently owns 83,360,282 shares of IFS equivalent to 95.66% of total outstanding shares of the Company.

D. TREASURY STOCKS

- Number of existing treasury stocks: 8
- Transactions of treasury stocks conducted in 2015: Non

III. REPORT AND ASSESSMENT OF THE BOARD OF DIRECTORS

1. ASSESSMENT OF OPERATING RESULTS

In 2015, the Company strived to achieve its business targets through increasing market shares for its key products, diversifying its product portfolios and expanding its distribution network to maintain and develop its business operation. Gross sales revenue was increased 10% compared to the previous year.

The Company focused on strengthening its core product Wonderfarm Winter Melon Tea as well as expanding market for Kirin brand products. Besides, the Company developed and launched Wonderfarm Winter Melon Milk Tea and Ice+ Salty Lychee in order to meet the needs of consumers and diversify its product portfolios.

The Company implemented cost reduction programs and effective use of promotion and marketing expenses to improve its business efficiency and competitiveness. All the planned cost reduction programs at the factory were steadily implemented to achieve the manufacturing cost target required by the Company. As a result of these activities, net operating loss of the Company has been improved compared to its plan.

2. FINANCIAL SITUATION

The Company has the loans denominated in USD from Kirin Holdings, ultimate parent company. The amount of this loan outstanding as of FY2015 ended was 14.5 million USD. Foreign currency translation loss incurred from the loans. The net amount of foreign currency loss was 21 billion VND.

Financial figures	Year 2014 VND'000	Year 2015 VND'000	Variance (%)
Total asset	664,011,912	674,633,768	2%
Net revenue	1,149,457,175	1,280,183,705	11%
Profit from operating activities	(180,844,208)	(89,323,207)	-51%
Other profits	4,389,530	(3,765,082)	-186%
Profit before tax	(176,454,678)	(93,088,289)	-47%
Profit after tax	(176,414,444)	(96,207,581)	-45%

3. IMPROVEMENTS IN ORGANIZATIONAL STRUCTURE, POLICIES AND MANAGEMENT

▪ Management activities

- CSR-based (Corporate Social Responsibility-CSR) management is our commitment by business to contribute to economic development while protecting the environment and improving our quality of life. CSR-based management will focus on:
 - Strengthen corporate governance, promote compliance and risk management system to achieve transparent management to win the trust of the society.
 - Enhance environmental awareness and positively participate in local community activities to contribute to social and economic development as a responsible corporate citizen.
- The Company has established Internal Control Department with personnel support from Kirin Group to help to reduce the risks associated with our business operations in Vietnam by providing independent, objective assurance and consulting activities.

▪ Sales Division

- Establishment of the specialized team to reinforce maintenance and development of KA.
- Review and implementation of strategic policies for distributors and management policies for wholesalers

▪ Production Division

- Continuous implementation for low cost operations.
- Further improvement of product quality.
- Development and introduction of new products which come from nature and promote positive health and wellbeing for customers.

▪ Back office

- Development of human resources, enhancement of organizational structure and improvement of management information system.
- Strengthen the relationship between the Company and employees through the implementation of periodically monitoring meeting, the good policies based on the results of employee satisfaction survey (ESS), improving accuracy management data and governance performance based on adherence (compliance).
- Develop and implement training programs tailored to staffs at each level and to each department.
- Implement the personnel transfer based on the human resources development of the Company and career development plan of individuals.

4. DEVELOPMENT PLAN IN THE FUTURE

In 2016, the Company aims at increasing its sales volume, expanding its market and improving profitability as well as improve its brand equity with following strategies:

- Increase sales volume and expand market by expanding distribution system, enhance selling activities and improve competencies of its sales team.

- Implementation of manufacturing cost reduction and effective and efficient use of selling expenses.
- Build a product strategy based on consumer need and develop systems to support the implementation of that strategy throughout the supply chain, leading to strengthened IFS competitiveness in the future.

Total gross sales is expected to be approximately VND1.445 billion (increase of approximately 10% compared to the year 2015) and loss before tax is about VND -57 billion.

Description	Plan 2016		Actual 2015		Variance (%)
	USD	VND'000	USD	VND'000	
Sales	64,238,822	1,445,373,485	58,726,158	1,318,402,242	10%
Net sales and services	60,212,657	1,354,784,781	57,023,773	1,280,183,705	6%
Gross profit	18,318,713	412,171,037	15,074,375	338,419,716	22%
Net operating profit (loss)	(1,275,147)	(28,690,812)	(3,978,762)	(89,323,207)	-68%
Profit (Loss) before tax	(2,535,147)	(57,040,812)	(4,146,472)	(93,088,289)	-39%
Net profit (loss) after tax	(2,553,147)	(57,445,812)	(4,285,416)	(96,207,581)	-40%

5. REPORT ON ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES ENVIRONMENTAL INITIATIVES

We observe all laws and regulations related to the environment and continue to invest in equipment and technology research and development to provide environment friendly products and services.

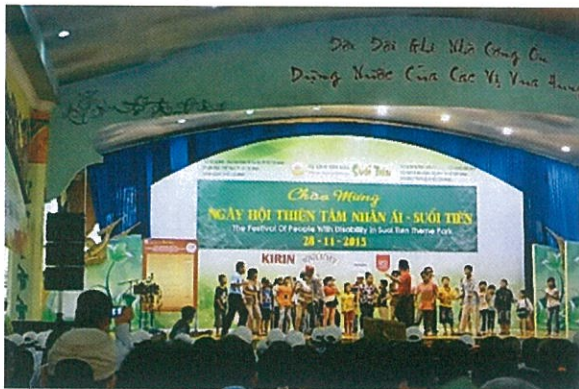
- Continue efforts concerning awareness of personnel and measures to achieve true safety including safety education at monthly companywide meetings, confirmation of the status of measures to prevent reoccurrence of past accidents, checks of unsafe areas by periodic patrols to achieve intrinsic safety, and measures that rank priorities.
- Take measures to continuously improve quality including periodic checks of the implementation of measures to prevent reoccurrence with a focus on priority issues, deepening understanding of ISO and HACCP by personnel, and raising the effectiveness of systems.

CORPORATE RESPONSIBILITY TO THE LOCAL COMMUNITY

Concern and proactively engage in social contribution activities through our business operations of the Company. In 2015, Interfood joined the Festival Of People With Disabilities 2015 held by Suoi Tien; joined Thanh Nien News to bring Tet Gifts 2016 to children and poor families; provided Company products Charity's Free Meals where provides free meals to poor patients; joined other donation and social activities organized by charitable groups.

Joined the Festival Of People With Disabilities 2015

On the occasion of the International Day of People with Disabilities (3/12), Suoi Tien Cultural Tourism and the Municipal Department of Labour, Invalids and Social Affairs co-organized the Festival of People with Disabilities 2015.



Suoi Tien has held this annual social event the first time in 2000 and received support and donation from many individuals and organizations. More than 7,000 people with disabilities in HCMC and from the Protection and Advocacy for People with Disabilities Organizations in neighbouring provinces took part in the 2015 Festival of People with Disabilities. Responding to the sponsor invitation from Suoi Tien for this meaningful social event, Interfood provided more than 2,000 cases of KIRIN-WONDERFARM products to serve for buffet party and serve as door-gifts for participants.

Joined Thanh Nien News to bring Tet Gifts 2016 to children and poor families

On the occasion of Lunar New Year, the Year of the Fire Monkey, Thanh Nien News and Border Soldier Offices of Ha Giang and Cao Bang provinces visited and presented 2,000 cases of Wonderfarm-Kirin products to poor pupils in border communes of Meo Vac, Dong Van, Yen Minh, Quan Ba, Hoang Su Phi, Vi Xuyen (Ha Giang) and Tra Linh, Ha Quang and Handicapped and Orphaned Children Patronage Centre (Cao Bang). 2,000 gifts valued at more than 200 million dong in total has been provided by Interfood.

As a part of the Tet Gift 2016 organized by Thanh Nien News, Interfood provided more than 1,000 cases of Wonderfarm-Kirin products to present to poor families in remote areas of Ben Tre, Lam Dong and Dong Nai provinces with the desire that these gifts will bring happiness and warmth to their families during the Tet holidays.



IV. ASSESSMENTS OF THE BOARD OF MANAGEMENT ON THE COMPANY'S OPERATION

1. ASSESSMENT ON THE COMPANY'S OPERATION

In 2015, the Company strived to achieve its business targets through increasing market shares for its key products, diversifying its product portfolios and expanding its distribution network to maintain and develop its business operation. Gross sales revenue was increased 10% compared to the previous year.

- The Company focused on strengthening its core product Wonderfarm Winter Melon Tea as well as expanding market for Kirin brand products. Besides, the Company developed and launched Wonderfarm Winter Melon Milk Tea and Ice+ Salty Lychee in order to meet the
- The Company implemented cost reduction programs and effective use of promotion and marketing expenses to improve its business efficiency and competitiveness. All the planned cost reduction programs at the factory were steadily implemented to achieve the manufacturing cost target required by the Company.

Financial Figure	Year 2014 VND'000	Year 2015 VND'000	Variance (%)
Total asset	664,011,912	674,633,768	2%
Net revenue	1,149,457,175	1,280,183,705	11%
Profit from operating activities	(180,844,208)	(89,323,207)	-51%
Other profits	4,389,530	(3,765,082)	-186%
Profit before tax	(176,454,678)	(93,088,289)	-47%
Profit after tax	(176,414,444)	(96,207,581)	-45%

2. ASSESSMENT ON PERFORMANCE OF THE BOARD OF DIRECTORS

- GD and BOD has fulfilled the targets and tasks assigned, conducted business operation in compliance with applicable laws and regulations of the Company.
- Under the management and direction of the GD and BOD, the Company has conducted its business activities as assigned, increased market shares for its key products, diversified its product portfolios and expanded its distribution network to maintain and develop its business operation.
- Besides, the Company has organized the Annual General Meeting of Shareholders in 2015; amended the Company Charter and issued Corporate Governance Regulation; increased investment capital, added operational objectives and expanded production scale; implemented business plan in accordance with resolutions of AGM and BOM.

3. FUTURE PLAN OF THE BOARD OF MANAGEMENT

In 2016, the BOM performs its functions, rights and obligations in compliance with laws, Company's Charter and AGM resolutions in 2016.

- To decide the strategies and business plan in 2016, develop midterm business plan in 2016-2018 of the Company.

- To review and revise the Regulation on Corporate Governance of the Company in accordance with applicable laws and regulations and Company's Charter.
- To supervise, direct General Director and members of the Board of Directors to run daily business operation of the Company.
- To work closely with the management of the Company to provide appropriate business development direction, adequate support on implementation and development of business strategy and improvement of corporate governance of the Company to achieve sustainable business strategy of Interfood.
- To collaborate with Supervisory Board in supervising the activities of GD and BOD.

V. CORPORATE GOVERNANCE

1. BOARD OF MANAGEMENT

1.1 Information about the members of the Board of Management (BOM)

No.	BOM's member	Position	Day becoming/no longer BOM member	Number of attendance	Percentage	Reasons for absence
1	Mr. Michio Nagabayashi	Chairman	16/03/2015	4/4	100%	Resigned on 16/03/2015
2	Ms. Nguyen Thi kim Lien	Member	15/08/2006	12/12	100%	
3	Mr. Hiroshi Fujikawa	Member	09/04/2015	7/7	100%	Resigned on 09/04/2015
4	Mr. Toru Yamasaki	Chairman	12/04/2012	12/12	100%	
5	Mr. Takayuki Morisawa	Member	11/12/2013	12/12	100%	
6	Mr. Hajime Kobayashi	Member	09/04/2015	5/5	100%	Appointed from 09/04/2015
7	Mr. Hirotugu Otani	Member	09/04/2015	5/5	100%	Appointed from 09/04/2015

1.2 Supervision by the BOM over General Directors and the Board of Directors

Under the Charter and Corporate Governance Regulation of the Company, the BOM conducted its supervision on activities of General Director (GD) and the Boards of Directors (BOD) in 2015 as follows:

Method of supervision:

- Through BOM meetings organized periodically or as necessary, discussion and consultation conducted directly or via telephone and electronic mail.

- Through adequate, detailed and timely reports of GD and BOD reporting progress of business plan execution, pointing out its difficulties and obstacles as well as the causes and proposed solutions.
- Collaboration with Supervisory Board in supervising the activities of GD and BOD.

Contents of supervision:

Supervision and evaluation of the operational efficiency of GD and BOD on management, execution of BOM resolutions, implementation of business plan and investment project.

Results of supervision:

- GD and BOD has fulfilled the targets and tasks assigned, conducted business operation in compliance with applicable laws and regulations of the Company.
- Under the management and direction of the GD and BOD, the Company has conducted its business activities as assigned, increased market shares for its key products, diversified its product portfolios and expanded its distribution network to maintain and develop its business operation.
- Besides, the Company has organized the Annual General Meeting of Shareholders in 2015; amended the Company Charter and issued Corporate Governance Regulation; increased investment capital, added operational objectives and expanded production scale; implemented business plan in accordance with resolutions of AGM and BOM.

1.3 Activities of the BOM's committees:

- The BOM has conducted its activities in compliance with laws, charter and corporate governance regulation of the Company, ensure the number of the meetings, attendance of the members, procedures for adopting decisions comply with applicable rules.
- Sub-Committees of BOM has not been established. However, BOM members worked with clear assignments and close coordination; appointed BOD members in charge of Sales, Marketing, Finance, Human Resources and Internal Control respectively to support BOM in management of the Company business activities.

1.4 Resolutions/Decisions of the BOM:

No.	Resolution No.	Date	Contents
1	RBM150126	26/01/2015	Approved the contents of the Company Charter 2015 replacing the Company Charter issued in 2013.
2	RBM150212	12/02/2015	Decided on the schedule for organizing AGM-2015; proposed AGM to authorize BOM to select independent audit firm; approved the contents of regulation on corporate governance.
3	RBM150306	06/03/2015	Approved and proposed AGM to remove the current BOM member, Chairman of the BOM cum General Director (GD) and appoint new Chairman of the BOM cum GD; appointed new bank account holder and authorized signature for all the transactions at existing bank accounts of the Company and its subsidiaries.
4	RBM150311	11/03/2015	Proposed AGM to approve the draft content of the audited financial statement 2014; business plan 2015; not to declare and pay remuneration; not to declare and allocate dividend in 2014.

5	RBM150323	23/03/2015	Approved the restructure of BOD for tenure 2015-2017; approved and proposed AGM to remove the current BOM member and appoint new BOM member; approved and proposed AGM to remove current Supervisory Board (SB) member and appoint new SB member; proposed AGM to approve the increase of the charter capital, admemend of the Company Charter; amendment of the Investment Certificate accordingly.
6	RBM150331	31/03/2015	Liquidation of idled assets valued less than 50% of the total assets calculated in the audited financial statement.
7	RBM150402	02/04/2015	Accepted the change of candidate for Supervisory Board member of Kirin Holdings Company, Limited.
8	RBM150511	11/05/2015	Approved the structure of BOD and appointed Company Secretary.
9	RBM150803	03/08/2015	Amending the personal information of Mr. Toru Yamasaki - Chairman of BOM cum GD.
10	RBM150930	30/09/2015	Changing position of members of the BOD and the structure of BOD for tenure 2015-2017.
11	RMB151104	04/11/2015	Approved Approval Matrix of the Company effective from 04/11/2015.
12	RMB151120	20/11/2015	Approved the issuance of 16,000,000 shares of the Company at par value of VND10,000 per share to the eligible investor Kirin Holdings Singapore Pte. Limited

2. SUPERVISORY BOARD

2.1 Information about members of Supervisory Board (SB)

No.	Members of SB	Position	Day becoming/ no longer SB member	Number of meeting attendance	Percentage	Reasons for absence
1	Ms. Thai Thu Thao	Chief of SB	12/04/2012	2/2	100%	
2	Mr. Yasuhiro Oki	Member	09/04/2015	2/2	100%	
3	Mr. Akira Shimizu	Member	10/09/2013	2/2	100%	

2.2 Supervision activities of the Supervisory Board toward the Board of Management, Board of Directors and Shareholders:

Supervise the BOM, GD and BOD general in the management and administration of the Company to ensure the compliance with laws and company rules.

- Review and evaluate the effect and efficiency of internal control and risk management systems of the Company.
- Inspect the quarterly, biannual and annual financial statement; discuss the outstanding issues and difficulties arising and propose solutions accordingly.

2.3 Coordination among the Supervisory Board with the Board of Management, Board of Directors and different managers:

- Attend and/or discuss in the BOM meetings.
- Collaborate with BOM in supervising the activities of GD and BOD.

3. REMUNERATION AND EXPENSES ON ACTIVITIES OF THE BOM

3.1 Remuneration and expenses on activities of the BOM

No.	Name	Position	Amount (USD)	Remarks
1	Mr. Michio Nagabayashi	Chairman	14.516	Secondment fee (01/01/2015 - 15/03/2015)
2	Mr. Toru Yamasaki	Chairman	54.000	Secondment fee (16/03/2015 - 31/12/2015)
2	Mr. Takayuki Morisawa	Member	48.000	Secondment fee (01/01/2015 - 31/12/2015)
2	Ms. Nguyen Thi Kim Lien	Member	82.330	Salary & allowance (01/01/2015 - 31/12/2015)
	Total		198.846	

Notes: Secondment fee is the payment of the Company to Kirin Holdings Company, Limited, under secondment agreement, no being paid directly to the relating members.

3.2 Remuneration and expenses on activities of the Supervisory Board: Non

4. Transactions of internal parties, major shareholders and related parties

- **Private placement of shares:** IFS issued 16 million shares at par value of VND10,000 under private placement to eligible investor, Kirin Holdings Singapore Pte. Ltd. ("KHSPL"), resulting in increasing its charter capital from VND711,409,920,000 to VND871,409,920,000.
 - Time of transaction: 12/2015
 - Number of shares purchased/sold: 16,000,000 shares
 - Number of shares owned after the transaction (ownership ratio): 16,000,000 shares (18,36%)
- **Transfer of shares of major shareholders:** in order to integrate the business operation of its subsidiaries of the Group in South East Asia, Kirin Holdings Company, Limited ("Kirin") transferred all its shares of IFS to Kirin Holdings Singapore Pte. Ltd. ("KHSPL") in 2015, pursuant to which KHSPL currently owns 83,360,282 shares of IFS equivalent to 95.66% of total outstanding shares of the Company.
 - Time of transaction: 12/2015
 - Number of shares purchased/sold: 67,320,282 shares
 - Number of shares owned after the transaction (ownership ratio): 83,360,282 shares (95,66%)

VI. FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31/12/2015
(ENCLOSED)

- STATEMENT OF THE BOARD OF DIRECTORS
- INDEPENDENT AUDITOR'S REPORT
- CONSOLIDATED BALANCE SHEET
- CONSOLIDATED STATEMENT OF INCOME
- CONSOLIDATED STATEMENT OF CASH FLOWS
- NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

INTERFOOD SHAREHOLDING COMPANY

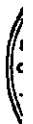


TORU YAMASAKI
Chairman cum General Director



**Interfood Shareholding Company and
its subsidiary**

**Consolidated Financial Statements for
the year ended 31 December 2015**



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Interfood Shareholding Company
Corporate information

Investment Licence No. 270/GP 16 November 1991

Investment Certificates No. 472033000328 (1st amendment) 28 November 2007
 472033000328 (2nd amendment) 20 May 2010
 472033000328 (3rd amendment) 22 April 2011
 472033000328 (4th amendment) 18 October 2011
 472033000328 (5th amendment) 14 May 2014
 472033000328 (6th amendment) 30 December 2015
 6525867086 (7th amendment) 5 February 2016

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

The Investment Certificates were issued by the Dong Nai Industrial Zone Authority and are valid for 50 years from the date of the initial Investment Licence.

Board of Management

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

Board of Directors

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

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

Auditor KPMG Limited
 Vietnam

**Interfood Shareholding Company
Statement of the Board of Directors**

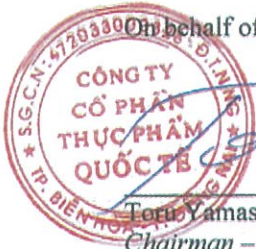
The Board of Directors of Interfood Shareholding Company (“the Company”) presents this statement and the accompanying consolidated financial statements of the Company and its subsidiary (together referred to as “the Group”) for the year ended 31 December 2015.

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting. In the opinion of the Board of Directors:

- (a) the consolidated financial statements set out on pages 5 to 41 give a true and fair view of the consolidated financial position of the Group as at 31 December 2015, and of its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting; and
- (b) at the date of this statement, there are no reasons to believe that the Group will not be able to pay its debts as and when they fall due.

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

On behalf of the Board of Directors




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

Management's Responsibility

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

Auditor's Responsibility

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

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

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

Auditor's Opinion

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of Interfood Shareholding Company and its subsidiary as at 31 December 2015 and of its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

KPMG Limited's Branch in Ho Chi Minh City

Vietnam

Audit Report No.: 14-01-284




Tran Thi Ngoc Hao

Practicing Auditor Registration
Certificate No. 0866-2013-007-1
Deputy General Director



Nguyen Anh Tuan
Practicing Auditor Registration
Certificate No. 0436-2013-007-1

Ho Chi Minh City, 21 March 2016

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

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

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

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

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

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

21 March 2016

Prepared by:



Nguyen Hong Phong
Chief Accountant

Approved by:



Joji Yamasaki
Chairman – cum General Director

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

Interfood Shareholding Company and its subsidiary
Consolidated statement of income for the year ended 31 December 2015

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

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

Interfood Shareholding Company and its subsidiary
Consolidated statement of income for the year ended 31 December 2015 (continued)

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

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

21 March 2016

Prepared by:



Nguyen Hong Phong
Chief Accountant

Approved by:



[Handwritten signature]
 Toru Yamasaki
Chairman – cum General Director

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

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

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

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

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

Form B 03 – DN/HN

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

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

21 March 2016

Prepared by:



Nguyen Hong Phong
Chief Accountant

Approved by:



Toru Yamasaki
Chairman – cum General Director

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

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

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

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

1. Reporting entity

(a) Ownership structure

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

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

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

(b) Principal activities

The principal activities of the Company are to process agricultural and aquatic products into canned, dried, frozen, salted, and pickled products; the production of biscuits and snack food; carbonated and non-carbonated fruit juice, non-carbonated and carbonated beverages, with or without low level of alcohol (less than 10%); bottled filtered water; packaging for foods and beverages; and to export, import products in accordance with business operation.

The principal activities of Avafood are to provide processing service and produce products including fruit juice, beverage, bottled filtered water; biscuits, jams and sweets, snack food; and agricultural, aquatic and livestock products; lease a workshop, office; and to export, import products in accordance with business operation under the Investment Licence No. 48/GP-DN issued by the People’s Committee of Dong Nai Province on 19 July 2002.

(c) Normal operating cycle

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

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

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

(d) Group structure

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

2. Basis of preparation

(a) Statement of compliance

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

(b) Basis of measurement

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

(c) Going concern assumption

The consolidated financial statements have been prepared on a going concern basis. The Group incurred net loss after tax of VND96,208 million (2014: VND176,414 million) during the year. Furthermore, the Group had significant loans that will require refinancing within the next 12 months (Note 18). The validity of the going concern assumption fundamentally depends on the Group generating enough operating and financing cash flows to meet the operational expenses and on the ultimate majority shareholder continuing to provide such financial assistance as is necessary to enable the Group to meet its liabilities as and when they fall due and to maintain the Group in existence as a going concern for the foreseeable future.

At the time of this report, the Group had USD17.5 million unused short-term facility which can be used to meet the operational expenses and there is no reason for the management to believe that the ultimate majority shareholder will not continue its support.

(d) Annual accounting period

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

(e) Accounting and presentation currency

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

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

Form B 09 – DN/HN
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dated 22 December 2014 of the Ministry of Finance)*

3. Adoption of new guidance on accounting system for enterprises

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

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

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

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

4. Summary of significant accounting policies

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

(a) Basis of consolidation

(i) Subsidiary

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

(ii) Transactions eliminated on consolidation

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

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

Form B 09 – DN/HN
*(Issued under Circular No. 200/2014/TT-BTC and No. 202/2014/TT-BTC
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(b) Foreign currency transactions

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

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

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

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

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

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

(c) Cash

Cash comprises cash balances and call deposits.

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

Form B 09 – DN/HN
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(d) Accounts receivable

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

(e) Inventories

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

The Group applies the perpetual method of accounting for inventories.

(f) Tangible fixed assets

(i) Cost

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

(ii) Depreciation

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

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

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

Form B 09 – DN/HN
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(g) Intangible fixed assets

Software

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

(h) Construction in progress

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

(i) Long-term prepaid expenses

(i) *Prepaid land costs*

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

(ii) *Renovation expense*

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

(iii) *Tools and supplies*

Tools and supplies include assets held for use by the Group in the normal course of business whose costs of individual items are less than VND30 million and therefore not qualified for recognition as fixed assets under prevailing regulation. Cost of tools and supplies are amortised on a straight-line basis over 3 years.

(iv) *Insurance and rental expenses*

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

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

Form B 09 – DN/HN
*(Issued under Circular No. 200/2014/TT-BTC and No. 202/2014/TT-BTC
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(j) Trade and other payables

Trade and other payables are stated at their cost.

(k) Provisions

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

Severance allowance

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

Pursuant to Law on Social Insurance, effective from 1 January 2009 the Group and its employees are required to contribute to an unemployment insurance fund managed by the Vietnam Social Insurance Agency. With the implementation of unemployment insurance scheme, the Group is no longer required to provide severance allowance for the service period after 1 January 2009. However, severance allowance to be paid to the existing eligible employees as of 31 December 2015 will be determined based on the eligible employees’ years of service as of 31 December 2008 and their average salary for the six-month period prior to the termination date.

(l) Share capital

Ordinary shares

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

(m) Acquisition reserve

The difference between the consideration given and the aggregate value of the assets and liabilities of the acquired entity in a business combination involving entities under common control is recorded as acquisition reserve under other reserves.

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

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

(n) Taxation

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

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

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

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

(o) Revenue and other income

(i) Goods sold

Revenue from sale of goods is recognised in the consolidated statement of income when significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods. Revenue on sale of goods is recognised at the net amount after deducting sales discounts stated on the invoice.

(ii) Interest income

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

(p) Operating lease payments

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

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

Form B 09 – DN/HN
*(Issued under Circular No. 200/2014/TT-BTC and No. 202/2014/TT-BTC
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(q) Borrowing costs

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

(r) Earnings per share

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

(s) Segment reporting

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

(t) Related parties

Parties are considered to be related to the Group if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or where the Group and the other party are subject to common control or significant influence. Related parties may be individuals or corporate entities and include close family members of any individual considered to be a related party.

5. Segment reporting

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

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

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

6. Cash

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

7. Accounts receivable from customers

(a) Accounts receivable from customers detailed by significant customers

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

(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

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8. Allowance for doubtful debts

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

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

9. Inventories

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

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10. Tangible fixed assets

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

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

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

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11. Intangible fixed assets

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

12. Construction in progress

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

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13. Long-term prepaid expenses

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

14. Accounts payable to suppliers

(a) Accounts payable to suppliers detailed by significant suppliers

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

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(b) Accounts payable to suppliers classified by payment term

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

(c) Accounts payable to suppliers who are related parties

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

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

15. Taxes payable to State Treasury

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

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16. Accrued expenses

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

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

17. Other payables – short-term

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

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

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18. Borrowings

(a) Short-term borrowings

	1/1/2015		Movement during the year		31/12/2015		
	Carrying amount VND'000	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).

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(b) Long-term borrowings

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

The unsecured loans bore fixed interest rate of 1.896% per annum during the year (2014: 1.896% per annum), which is based on USD Swap Semi 30/360 5-year plus 0.8% per annum according to current Kirin Group's financial rules.

19. Deferred tax liabilities

(a) Recognised deferred tax liabilities

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

(b) Unrecognised deferred tax assets

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

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

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The tax losses expire in the following years:

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

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

20. Provision – long-term

Movements of provision during the year were as follows:

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

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21. Changes in owners' equity

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

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22. Share capital

The Company's authorised and issued share capital are:

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

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

Movements in share capital during the year were as follows:

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

23. Other reserves

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

- (i) In 2007, the Company acquired 90.4% shareholding of Avafood in a business combination under common control. This amount represented the difference between consideration given and the net amounts of assets and liabilities of Avafood attributable to the Group at the acquisition date.

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- (ii) On 1 January 2013, the Company changed its accounting currency from United States Dollars (“USD”) to Vietnam Dong (“VND”) in accordance with the requirements of Circular No. 244/2010/TT/BTC dated 31 December 2009 of the Ministry of Finance. Accordingly, all balances in USD as at 31 December 2012 have been translated to VND at the exchange rate of VND20,828 to USD1. The difference between the converted value and par value of ordinary shares of VND90,034,048,000 is reflected as other reserves.

24. Off balance sheet items

(a) Lease

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

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

(b) Foreign currencies

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

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25. Revenue from sale of goods

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

Net revenue comprised:

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

26. Cost of sales

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

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27. Financial income

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

28. Financial expenses

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

29. Selling expenses

	2015 VND'000	2014 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

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30. General and administration expenses

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

31. Other income

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

32. Other expenses

	2015 VND'000	2014 VND'000
Depreciation of idle tangible fixed assets	5,329,383	2,600,780
Loss from disposals of tangible fixed assets	-	76,502
Tax penalties	3,495,646	2,576
Others	1,496,352	771,813
	10,321,381	3,451,671

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33. Production and business costs by element

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

34. Income tax

(a) Recognised in the consolidated statement of income

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

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(b) Reconciliation of effective tax rate

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

(c) Applicable tax rates

(i) Interfood Shareholding Company

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

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

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

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

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

(ii) Avafood Shareholding Company

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

All the above tax exemption and reduction are not applicable to other income which is taxed at the tax rate applicable to enterprises before any incentives.

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

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

35. Basic loss per share

The calculation of basic loss per share for the year ended 31 December 2015 was based on the net loss attributable to ordinary shareholders of the Company and a weighted average number of ordinary shares outstanding during the year, calculated as follows:

(a) Net loss attributable to ordinary shareholders

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

Interfood Shareholding Company and its subsidiary
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(b) Weighted average number of ordinary shares

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

36. Significant transactions with related parties

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

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

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37. Non-cash investing activities

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

38. Post balance sheet event

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

39. Corresponding figures

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

(a) Consolidated balance sheet

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

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(b) Consolidated statement of income

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

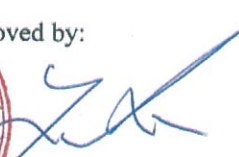
21 March 2016

Prepared by:



Nguyen Hong Phong
Chief Accountant

Approved by:

Toru Yamasaki
Chairman – cum General Director



Interfood Shareholding Company (Interfood)

Lot 13, Tam Phuoc IZ, Tam Phuoc Ward, Bien Hoa, Dong Nai - Tel: 061.3511138 - Fax: 061.3512498

Website: www.wonderfarmonline.com