



**Interfood Shareholding Company**

Separate Financial Statements  
for the year ended 31 December 2016



**Interfood Shareholding Company**  
**Corporate information**

**Investment Licence No.** 270/GP 16 November 1991

**Investment Certificates No.** 472033000328 (1<sup>st</sup> amendment) 28 November 2007  
 472033000328 (2<sup>nd</sup> amendment) 20 May 2010  
 472033000328 (3<sup>rd</sup> amendment) 22 April 2011  
 472033000328 (4<sup>th</sup> amendment) 18 October 2011  
 472033000328 (5<sup>th</sup> amendment) 14 May 2014  
 472033000328 (6<sup>th</sup> amendment) 30 December 2015  
 6525867086 (7<sup>th</sup> amendment) 5 February 2016  
 6525867086 (8<sup>th</sup> amendment) 28 December 2016

The Company's Investment Licence has been amended several times, the most recent of which is by the 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 Company's 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.

**Enterprise Registration Certificate No.** 3600245631 21 January 2016

The Company's Enterprise Registration Certificate was issued by the Department of Planning and Investment of Dong Nai Province.

**Board of Management**

|                     |          |
|---------------------|----------|
| Toru Yamasaki       | Chairman |
| Hajime Kobayashi    | Member   |
| Hirotsugu Otani     | Member   |
| 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 (until 1 October 2016) |
| Yutaka Ogami        | Director/General Manager of Planning                     |

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

**Auditor** KPMG Limited  
 Vietnam

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

The Board of Directors of Interfood Shareholding Company (“the Company”) presents this statement and the accompanying separate financial statements of the Company for the year ended 31 December 2016.

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

- (a) the separate financial statements set out on pages 5 to 38 give a true and fair view of the unconsolidated financial position of the Company as at 31 December 2016, and of its unconsolidated results of operations and its unconsolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting;
- (b) at the date of this statement, there are no reasons to believe that the Company will not be able to pay its debts as and when they fall due; and
- (c) the separate financial statements have included all necessary disclosures relevant to the Company’s ability to continue as a going concern in the foreseeable future.

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

On behalf of the Board of Directors

  
Toru Yamasaki  
Chairman / *Chief General Director*

Ho Chi Minh City, 21 March 2017



KPMG Limited Branch  
10<sup>th</sup> Floor, Sun Wah Tower  
115 Nguyen Hue Street, Ben Nghe Ward  
District 1, Ho Chi Minh City, Vietnam  
+84-8 3821 9266 | kpmg.com.vn

## **INDEPENDENT AUDITOR'S REPORT**

### **To the Shareholders Interfood Shareholding Company**

We have audited the accompanying separate financial statements of Interfood Shareholding Company ("the Company"), which comprise the separate balance sheet as at 31 December 2016, the separate statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Company's Board of Directors on 21 March 2017, as set out on pages 5 to 38.

### **Board of Directors' 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 is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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

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

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



## Auditor's Opinion

In our opinion, the separate financial statements give a true and fair view, in all material respects, of the unconsolidated financial position of Interfood Shareholding Company as at 31 December 2016 and of its unconsolidated results of operations and its unconsolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

### KPMG Limited's Branch in Ho Chi Minh City

Vietnam

Audit Report No.: 16-01-298(c)



---

Nguyễn Chánh Nghi  
Practicing Auditor Registration  
Certificate No. 0304-2013-007-1  
*Deputy General Director*

---

Auvarin Phor  
Practicing Auditor Registration  
Certificate No. 2252-2013-007-1

Ho Chi Minh City, 21 March 2017

**Interfood Shareholding Company**  
**Separate balance sheet as at 31 December 2016**

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

|  | Code       | Note     | 31/12/2016<br>VND'000 | 1/1/2016<br>VND'000 |
|--|------------|----------|-----------------------|---------------------|
| <b>ASSETS</b>  |            |          |                       |                     |
| <b>Current assets</b><br>(100 = 110 + 130 + 140 + 150) | <b>100</b> |          | <b>493,359,792</b>    | <b>463,367,290</b>  |
| <b>Cash</b>  | <b>110</b> | <b>4</b> | <b>237,769,724</b>    | <b>172,256,452</b>  |
| Cash   | 111        |          | 237,769,724           | 172,256,452         |
| <b>Accounts receivable – short-term</b>                | <b>130</b> |          | <b>125,556,627</b>    | <b>106,669,822</b>  |
| Accounts receivable from customers                     | 131        | 5        | 25,744,256            | 22,218,569          |
| Prepayments to suppliers                               | 132        |          | 3,733,446             | 3,301,691           |
| Short-term loans receivable                            | 135        | 6        | 97,998,165            | 82,726,107          |
| Other short-term receivables                           | 136        |          | 972,456               | 719,547             |
| Allowance for doubtful debts                           | 137        |          | (2,891,696)           | (2,296,092)         |
| <b>Inventories</b>                                     | <b>140</b> | <b>7</b> | <b>128,837,468</b>    | <b>183,485,382</b>  |
| Inventories  | 141        |          | 130,128,682           | 185,404,269         |
| Allowance for inventories                              | 149        |          | (1,291,214)           | (1,918,887)         |
| <b>Other current assets</b>                            | <b>150</b> |          | <b>1,195,973</b>      | <b>955,634</b>      |
| Short-term prepaid expenses                            | 151        |          | 1,122,062             | 881,723             |
| Taxes receivable from State Treasury                   | 153        |          | 73,911                | 73,911              |

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

**Interfood Shareholding Company**  
**Separate balance sheet as at 31 December 2016 (continued)**

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

|   | Code       | Note | 31/12/2016<br>VND'000 | 1/1/2016<br>VND'000 |
|---|------------|------|-----------------------|---------------------|
| <b>Long-term assets</b><br><b>(200 = 210 + 220 + 240 + 250 + 260)</b> | <b>200</b> |      | <b>191,105,692</b>    | <b>256,980,953</b>  |
| <b>Accounts receivable – long-term</b>                                | <b>210</b> |      | <b>1,575,362</b>      | <b>26,568,962</b>   |
| Long-term loans receivable  | 215        | 6    | -                     | 24,993,600          |
| Other long-term receivables   | 216        |      | 1,575,362             | 1,575,362           |
| <b>Fixed assets</b>   | <b>220</b> |      | <b>92,637,017</b>     | <b>131,725,663</b>  |
| Tangible fixed assets   | 221        | 8    | 84,102,059            | 121,964,494         |
| Cost  | 222        |      | 325,929,103           | 384,694,679         |
| Accumulated depreciation  | 223        |      | (241,827,044)         | (262,730,185)       |
| Finance lease tangible fixed assets                                   | 224        | 9    | 195,293               | -                   |
| Cost  | 225        |      | 198,603               | -                   |
| Accumulated depreciation  | 226        |      | (3,310)               | -                   |
| Intangible fixed assets   | 227        | 10   | 8,339,665             | 9,761,169           |
| Cost  | 228        |      | 13,042,688            | 12,913,118          |
| Accumulated amortisation  | 229        |      | (4,703,023)           | (3,151,949)         |
| <b>Long-term work in progress</b>                                     | <b>240</b> |      | <b>156,329</b>        | <b>107,897</b>      |
| Construction in progress  | 242        | 11   | 156,329               | 107,897             |
| <b>Long-term financial investments</b>                                | <b>250</b> |      | <b>94,145,809</b>     | <b>94,145,809</b>   |
| Investment in a subsidiary  | 251        | 12   | 94,145,809            | 94,145,809          |
| <b>Other long-term assets</b>   | <b>260</b> |      | <b>2,591,175</b>      | <b>4,432,622</b>    |
| Long-term prepaid expenses  | 261        | 13   | 2,591,175             | 4,432,622           |
| <b>TOTAL ASSETS (270 = 100 + 200)</b>                                 | <b>270</b> |      | <b>684,465,484</b>    | <b>720,348,243</b>  |

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

**Interfood Shareholding Company**  
**Separate balance sheet as at 31 December 2016 (continued)**

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

|  | Code       | Note      | 31/12/2016<br>VND'000 | 1/1/2016<br>VND'000 |
|--|------------|-----------|-----------------------|---------------------|
| <b>RESOURCES</b>                         |            |           |                       |                     |
| <b>LIABILITIES (300 = 310 + 330)</b>     | <b>300</b> |           | <b>422,313,325</b>    | <b>501,490,256</b>  |
| <b>Current liabilities</b>               | <b>310</b> |           | <b>418,673,984</b>    | <b>352,721,929</b>  |
| Accounts payable to suppliers            | 311        | 14        | 74,235,899            | 72,199,918          |
| Advances from customers                  | 312        |           | 5,273,767             | 3,116,598           |
| Taxes payable to State Treasury          | 313        | 15        | 8,299,412             | 10,146,490          |
| Payable to employees                     | 314        |           | 8,662,729             | 9,983,488           |
| Accrued expenses                         | 315        | 16        | 75,015,698            | 75,212,784          |
| Other short-term payables                | 319        | 17        | 1,108,479             | 1,742,651           |
| Short-term borrowings                    | 320        | 18(a)     | 246,078,000           | 180,320,000         |
| <b>Long-term liabilities</b>             | <b>330</b> |           | <b>3,639,341</b>      | <b>148,768,327</b>  |
| Long-term borrowings and liabilities     | 338        | 18(b)     | 194,839               | 146,510,000         |
| Provision                                | 342        | 19        | 3,444,502             | 2,258,327           |
| <b>Equity (400 = 410)</b>                | <b>400</b> |           | <b>262,152,159</b>    | <b>218,857,987</b>  |
| <b>Owners' equity</b>                    | <b>410</b> | <b>20</b> | <b>262,152,159</b>    | <b>218,857,987</b>  |
| Share capital                            | 411        | 21        | 871,409,840           | 871,409,840         |
| - Ordinary shares with voting rights     | 411a       |           | 871,409,840           | 871,409,840         |
| Share premium                            | 412        |           | 85,035,704            | 85,035,704          |
| Other capital                            | 420        | 22        | 90,034,048            | 90,034,048          |
| Accumulated losses                       | 421        |           | (784,327,433)         | (827,621,605)       |
| - Accumulated losses brought forward     | 421a       |           | (827,621,605)         | (726,418,882)       |
| - Net profit/(loss) for the current year | 421b       |           | 43,294,172            | (101,202,723)       |
| <b>TOTAL RESOURCES (440 = 300 + 400)</b> | <b>440</b> |           | <b>684,465,484</b>    | <b>720,348,243</b>  |

21 March 2017

Prepared by:



Nguyen Hong Phong  
Chief Accountant

Approved by:



Toru Yamasaki  
Chairman cum General Director

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



**Interfood Shareholding Company**  
**Separate statement of income for the year ended 31 December 2016**

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

|  | Code      | Note      | 2016<br>VND'000      | 2015<br>VND'000      |
|--|-----------|-----------|----------------------|----------------------|
| Revenue from sale of goods   | 01        | 24        | 1,437,840,787        | 1,318,377,515        |
| Revenue deductions   | 02        | 24        | 107,329,767          | 38,218,537           |
| <b>Net revenue (10 = 01 - 02)</b>  | <b>10</b> | <b>24</b> | <b>1,330,511,020</b> | <b>1,280,158,978</b> |
| Cost of sales  | 11        | 25        | 926,582,235          | 954,346,345          |
| <b>Gross profit (20 = 10 - 11)</b>   | <b>20</b> |           | <b>403,928,785</b>   | <b>325,812,633</b>   |
| Financial income   | 21        | 26        | 31,702,774           | 19,744,033           |
| Financial expenses   | 22        | 27        | 36,322,285           | 43,748,235           |
| <i>In which: Interest expense</i>  | 23        |           | 5,357,813            | 5,933,545            |
| Selling expenses   | 25        | 28        | 294,617,177          | 360,120,414          |
| General and administration expenses  | 26        | 29        | 40,335,708           | 38,579,001           |
| <b>Net operating profit/(loss)</b><br><b>{30 = 20 + (21 - 22) - (25 + 26)}</b> | <b>30</b> |           | <b>64,356,389</b>    | <b>(96,890,984)</b>  |
| Other income   | 31        | 30        | 980,280              | 6,556,299            |
| Other expenses   | 32        | 31        | 22,042,497           | 8,140,367            |
| <b>Results of other activities (40 = 31 - 32)</b>                              | <b>40</b> |           | <b>(21,062,217)</b>  | <b>(1,584,068)</b>   |
| <b>Accounting profit/(loss) before tax</b><br><b>(50 = 30 + 40)</b>            | <b>50</b> |           | <b>43,294,172</b>    | <b>(98,475,052)</b>  |
| Income tax expense – current   | 51        | 33        | -                    | 2,727,671            |
| Income tax expense – deferred  | 52        | 33        | -                    | -                    |
| <b>Net profit/(loss) after tax</b><br><b>(60 = 50 - 51 - 52)</b>               | <b>60</b> |           | <b>43,294,172</b>    | <b>(101,202,723)</b> |

21 March 2017

Prepared by:



Nguyen Hong Phong  
Chief Accountant

Approved by:



Tomiyama Yamasaki  
Chairman – cum General Director

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

**Interfood Shareholding Company**  
**Separate statement of cash flows for the year ended 31 December 2016**  
**(Indirect method)**

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

|  | Code      | Note | 2016<br>VND'000     | 2015<br>VND'000     |
|--|-----------|------|---------------------|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |           |      |                     |                     |
| <b>Accounting profit/(loss) before tax</b>   | <b>01</b> |      | <b>43,294,172</b>   | <b>(98,475,052)</b> |
| <b>Adjustments for</b>   |           |      |                     |                     |
| Depreciation and amortisation  | 02        |      | 20,590,191          | 26,525,584          |
| Allowances and provisions  | 03        |      | 1,645,011           | 11,582,489          |
| Exchange losses arising from revaluation of monetary items denominated in foreign currencies | 04        |      | 5,542,562           | 14,815,424          |
| Losses/(profits) from investing activities   | 05        |      | 16,668,325          | (3,182,827)         |
| Interest expense   | 06        |      | 5,357,813           | 5,933,545           |
| <b>Operating profit/(loss) before changes in working capital</b>                             | <b>08</b> |      | <b>93,098,074</b>   | <b>(42,800,837)</b> |
| Change in receivables and other assets   | 09        |      | 32,716,437          | 13,692,545          |
| Change in inventories  | 10        |      | 55,275,587          | (13,295,688)        |
| Change in payables and other liabilities   | 11        |      | 1,201,339           | 61,324,550          |
| Change in prepaid expenses   | 12        |      | 1,601,108           | (1,584,114)         |
|  |           |      | <b>183,892,545</b>  | <b>17,336,456</b>   |
| Interest paid  | 14        |      | (6,913,256)         | (5,596,531)         |
| Corporate income tax paid  | 15        |      | -                   | (2,727,671)         |
| <b>Net cash flows from operating activities</b>  | <b>20</b> |      | <b>176,979,289</b>  | <b>9,012,254</b>    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |           |      |                     |                     |
| Payments for additions to fixed assets and other long-term assets                            | 21        |      | (3,475,354)         | (4,270,694)         |
| Proceeds from disposals of fixed assets  | 22        |      | 2,577,273           | 645,455             |
| Payments for granting loans  | 23        |      | (25,250,000)        | (32,110,000)        |
| Receipts of interest   | 27        |      | 945,828             | 381,906             |
| <b>Net cash flows from investing activities</b>  | <b>30</b> |      | <b>(25,202,253)</b> | <b>(35,353,333)</b> |

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

**Interfood Shareholding Company**  
**Separate statement of cash flows for the year ended 31 December 2016**  
**(Indirect method – continued)**

**Form B 03 – DN**

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

|  | Code      | Note     | 2016<br>VND'000     | 2015<br>VND'000    |
|--|-----------|----------|---------------------|--------------------|
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                  |           |          |                     |                    |
| Proceeds from shares issued                                  | 31        |          | -                   | 160,000,000        |
| Proceeds from borrowings                                     | 33        |          | 240,570,000         | 77,250,000         |
| Payments to settle loan principals                           | 34        |          | (326,830,000)       | (149,930,000)      |
| Payments to settle finance lease liabilities                 | 35        |          | (3,764)             | -                  |
| <b>Net cash flows from financing activities</b>              | <b>40</b> |          | <b>(86,263,764)</b> | <b>87,320,000</b>  |
| <b>Net cash flows during the year</b><br>(50 = 20 + 30 + 40) | <b>50</b> |          | <b>65,513,272</b>   | <b>60,978,921</b>  |
| <b>Cash at the beginning of the year</b>                     | <b>60</b> |          | <b>172,256,452</b>  | <b>111,277,531</b> |
| <b>Cash at the end of the year (70 = 50 + 60)</b>            | <b>70</b> | <b>4</b> | <b>237,769,724</b>  | <b>172,256,452</b> |

21 March 2017

Prepared by:



Nguyen Hong Phong  
Chief Accountant

Approved by:



Toru Yamasaki  
Chairman and General Director

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

**Interfood Shareholding Company**  
**Notes to the separate financial statements for the year ended 31 December 2016**

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

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

**1. Reporting entity**

**(a) Ownership structure**

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

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

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

The Company’s shares were listed on the Unlisted Public Company Market in accordance with the Decision No. 717/QD-SGDHN issued by the Ha Noi Stock Exchange on 7 November 2016.

**(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; process milk and milk related products; and to export, import products in accordance with business operation.

**(c) Normal operating cycle**

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

**(d) Company structure**

As at 31 December 2016, the Company had 1,241 employees (1/1/2016: 1,323 employees).

**Interfood Shareholding Company**  
**Notes to the separate financial statements for the year ended 31 December 2016**  
**(continued)**

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

**2. Basis of preparation**

**(a) Statement of compliance**

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

The Company prepares and issues its consolidated financial statements separately. For a comprehensive understanding of the consolidated financial position as at 31 December 2016 of the Company and its subsidiary (collectively referred to as “the Group”), its consolidated results of operations and its consolidated cash flows for the year then ended, the separate financial statements should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2016.

**(b) Basis of measurement**

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

**(c) Going concern assumption**

The separate financial statements have been prepared on a going concern basis. The Company 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 Company generating enough operating and financing cash flows to meet the operational expenses and on the ultimate majority shareholder and the majority shareholder continuing to provide such financial assistance as is necessary to enable the Company to meet its liabilities as and when they fall due and to maintain the Company in existence as a going concern for the foreseeable future.

At the time of this report, the Company had a USD25.5 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 and the majority shareholder will not continue its support.

**(d) Annual accounting period**

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

**(e) Accounting and presentation currency**

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

**Interfood Shareholding Company**  
**Notes to the separate financial statements for the year ended 31 December 2016**  
**(continued)**

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

**3. Summary of significant accounting policies**

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

**(a) Foreign currency transactions**

Transactions in currencies other than VND during the year have been translated into VND at rates approximating actual rates of exchange ruling at the transaction dates.

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at the account transfer buying rate and the account transfer selling rate at the end of the annual accounting period, respectively, quoted by the commercial bank where the Company most frequently conducts transactions.

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

**(b) Cash**

Cash comprises cash balances and call deposits.

**(c) Investment in a subsidiary**

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

**(d) Accounts receivable**

Accounts receivable from customers and other receivables are stated at cost less allowance for doubtful debts.

**Interfood Shareholding Company**  
**Notes to the separate financial statements for the year ended 31 December 2016**  
**(continued)**

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

**(e) Inventories**

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

The Company applies the perpetual method of accounting for inventories.

**(f) Tangible fixed assets**

**(i) Cost**

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

**(ii) Depreciation**

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

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

**(g) Finance lease tangible fixed assets**

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Tangible fixed assets acquired by way of finance leases are stated at an amount equal to the lower of fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation.

Depreciation on finance leased assets is computed on a straight-line basis over the estimated useful lives of items of the leased assets. The estimated useful lives of finance leased assets are consistent with the useful lives of tangible fixed assets as described in accounting policy 3(f).

**Interfood Shareholding Company**  
**Notes to the separate financial statements for the year ended 31 December 2016**  
**(continued)**

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

**(h) 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.

**(i) Construction in progress**

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

**(j) Long-term prepaid expenses**

**(i) *Renovation expense***

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

**(ii) *Tools and supplies***

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

**(iii) *Insurance and rental expenses***

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

**(k) Trade and other payables**

Accounts payable to suppliers and other payables are stated at their costs.

**(l) Provisions**

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



**Interfood Shareholding Company**  
**Notes to the separate financial statements for the year ended 31 December 2016**  
**(continued)**

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

***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 employees 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.

Provision for severance allowance to be paid to the existing eligible employees as of 31 December 2016 has been made based on the eligible employees’ years of service, being the total employees’ years of service less the number of years for which the employees participated in and contributed to unemployment insurance in accordance with prevailing laws and regulations and the period for which severance allowance has been paid by the Company, if any, and their average salary for the six-month period prior to the end of the annual accounting period.

**(m) Share capital**

***Ordinary shares***

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

**(n) Taxation**

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

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the end of the annual accounting period, 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 the tax rates enacted or substantively enacted at the end of the annual accounting period.

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.

**Interfood Shareholding Company**  
**Notes to the separate financial statements for the year ended 31 December 2016**  
**(continued)**

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

**(o) Revenue and other income**

**(i) Goods sold**

Revenue from sale of goods is recognised in the separate statement of income when significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods. Revenue from 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 separate statement of income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the separate statement of income as an integral part of the total lease expense.

**(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) Related parties**

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

**4. Cash**

|  | <b>31/12/2016</b> | <b>1/1/2016</b> |
|--|-------------------|-----------------|
|  | <b>VND'000</b>    | <b>VND'000</b>  |
| Cash on hand                                 | 105,230           | 156,214         |
| Cash at banks                                | 237,664,494       | 172,100,238     |
|  | 237,769,724       | 172,256,452     |
| Cash in the separate statement of cash flows | 237,769,724       | 172,256,452     |

**Interfood Shareholding Company**  
**Notes to the separate financial statements for the year ended 31 December 2016**  
**(continued)**

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

**5. Accounts receivable from customers**

**(a) Accounts receivable from customers detailed by significant customers**

|  | <b>31/12/2016</b> | <b>1/1/2016</b> |
|--|-------------------|-----------------|
|  | <b>VND'000</b>    | <b>VND'000</b>  |
| Saigon Union of Trading Co-operatives  | 3,271,980         | 5,042,063       |
| EB Services Co., Ltd                   | 3,616,366         | 4,075,204       |
| MM Mega Market Vietnam Company Limited | 4,046,686         | 1,966,796       |
| Others                                 | 14,809,224        | 11,134,506      |
|  | <hr/>             | <hr/>           |
|  | 25,744,256        | 22,218,569      |
|  | <hr/>             | <hr/>           |

**(b) Accounts receivable from customers classified by payment term**

|            | <b>31/12/2016</b> | <b>1/1/2016</b> |
|------------|-------------------|-----------------|
|            | <b>VND'000</b>    | <b>VND'000</b>  |
| Short-term | 25,744,256        | 22,218,569      |
|            | <hr/>             | <hr/>           |

**6. Loans receivable**

|   | <b>31/12/2016</b> | <b>1/1/2016</b> |
|---|-------------------|-----------------|
|   | <b>VND'000</b>    | <b>VND'000</b>  |
| <b>Short-term</b>   |                   |                 |
| Short-term loans granted to a subsidiary (i)                    | 73,004,565        | 82,726,107      |
| Current portion of long-term loans granted to a subsidiary (ii) | 24,993,600        | -               |
|   | <hr/>             | <hr/>           |
|   | 97,998,165        | 82,726,107      |
|   | <hr/>             | <hr/>           |
| <b>Long-term</b>  |                   |                 |
| Long-term loans granted to a subsidiary (ii)                    | -                 | 24,993,600      |
|   | <hr/>             | <hr/>           |

(i) Short-term loans to Avafood Shareholding Company (“Avafood”), a subsidiary with the credit limit of USD7 million were unsecured and earned interest at Libor plus 1% per annum. The interest rate was 1.869% per annum during the year (2015: 1.731% to 1.869% per annum).

(ii) Long-term loans to Avafood were unsecured and earned fixed interest rate of 1.896% per annum during the year (2015: 1.896% per annum). The principal and related interest are due in May 2017.

**Interfood Shareholding Company**  
**Notes to the separate financial statements for the year ended 31 December 2016**  
(continued)

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

**7. Inventories**

|                    | 31/12/2016         |                      | 1/1/2016           |                      |
|--------------------|--------------------|----------------------|--------------------|----------------------|
|                    | Cost<br>VND'000    | Allowance<br>VND'000 | Cost<br>VND'000    | Allowance<br>VND'000 |
| Goods in transit   | 146,300            | -                    | 790,291            | -                    |
| Raw materials      | 47,372,082         | (668,185)            | 39,684,219         | -                    |
| Tools and supplies | 7,566,599          | (296,819)            | 9,712,514          | -                    |
| Work in progress   | 3,602,740          | -                    | 4,646,405          | -                    |
| Finished goods     | 71,440,961         | (326,210)            | 130,570,840        | (1,918,887)          |
|                    | <b>130,128,682</b> | <b>(1,291,214)</b>   | <b>185,404,269</b> | <b>(1,918,887)</b>   |

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

|                                       | 2016<br>VND'000  | 2015<br>VND'000  |
|---------------------------------------|------------------|------------------|
| Opening balance                       | 1,918,887        | 3,435,021        |
| Increase in allowance during the year | 1,291,214        | 9,241,017        |
| Written back                          | (1,918,887)      | (10,757,151)     |
| Closing balance                       | <b>1,291,214</b> | <b>1,918,887</b> |

**Interfood Shareholding Company**  
**Notes to the separate financial statements for the year ended 31 December 2016**  
**(continued)**

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

**8. Tangible fixed assets**

|  | <b>Machinery<br/>and<br/>equipment<br/>VND'000</b> | <b>Motor<br/>vehicles<br/>VND'000</b> | <b>Office<br/>equipment<br/>VND'000</b> | <b>Total<br/>VND'000</b> |
|--|--|---------------------------------------|---|--------------------------|
| <b>Cost</b>                                |  |                                       |   |                          |
| Opening balance                            | 373,078,067  | 7,039,094                             | 4,577,518                               | 384,694,679              |
| Additions                                  | 1,250,557  | 110,000                               | 1,313,554                               | 2,674,111                |
| Transfers from construction<br>in progress | 623,241  | -                                     | -                                       | 623,241                  |
| Disposals                                  | (62,062,928)                                       | -                                     | -                                       | (62,062,928)             |
| <b>Closing balance</b>                     | <b>312,888,937</b>                                 | <b>7,149,094</b>                      | <b>5,891,072</b>                        | <b>325,929,103</b>       |
| <b>Accumulated depreciation</b>            |  |                                       |   |                          |
| Opening balance                            | 254,655,340  | 5,040,664                             | 3,034,181                               | 262,730,185              |
| Charge for the year                        | 17,810,075   | 588,547                               | 637,185                                 | 19,035,807               |
| Disposals                                  | (39,938,948)                                       | -                                     | -                                       | (39,938,948)             |
| <b>Closing balance</b>                     | <b>232,526,467</b>                                 | <b>5,629,211</b>                      | <b>3,671,366</b>                        | <b>241,827,044</b>       |
| <b>Net book value</b>                      |  |                                       |   |                          |
| Opening balance                            | 118,422,727  | 1,998,430                             | 1,543,337                               | 121,964,494              |
| Closing balance                            | 80,362,470   | 1,519,883                             | 2,219,706                               | 84,102,059               |

Included in tangible fixed assets were assets costing VND50,944 million which were fully depreciated as of 31 December 2016 (1/1/2016: VND60,372 million), but are still in active use.

The net book value of temporarily idle tangible fixed assets amounted to VND1,849 million as of 31 December 2016 (1/1/2016: VND22,737 million).

**Interfood Shareholding Company**  
**Notes to the separate financial statements for the year ended 31 December 2016**  
 (continued)

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

**9. Finance lease tangible fixed assets**

|                                 | <b>Office<br/>equipment<br/>VND'000</b> |
|---------------------------------|---|
| <b>Cost</b>                     |   |
| Opening balance                 | -                                       |
| Additions                       | 198,603                                 |
|                                 | 198,603                                 |
| <b>Closing balance</b>          |   |
|                                 | 198,603                                 |
| <b>Accumulated depreciation</b> |   |
| Opening balance                 | -                                       |
| Charge for the year             | 3,310                                   |
|                                 | 3,310                                   |
| <b>Closing balance</b>          |   |
|                                 | 3,310                                   |
| <b>Net book value</b>           |   |
| Opening balance                 | -                                       |
| Closing balance                 | 195,293                                 |
|                                 | 195,293                                 |

**Interfood Shareholding Company**  
**Notes to the separate financial statements for the year ended 31 December 2016**  
**(continued)**

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

**10. Intangible fixed assets**

|                                 | <b>Software</b><br><b>VND'000</b> |
|---------------------------------|-----------------------------------|
| <b>Cost</b>                     |                                   |
| Opening balance                 | 12,913,118                        |
| Additions                       | 129,570                           |
|                                 | 13,042,688                        |
| <b>Closing balance</b>          |                                   |
|                                 | 13,042,688                        |
| <b>Accumulated amortisation</b> |                                   |
| Opening balance                 | 3,151,949                         |
| Charge for the year             | 1,551,074                         |
|                                 | 4,703,023                         |
| <b>Closing balance</b>          |                                   |
|                                 | 4,703,023                         |
| <b>Net book value</b>           |                                   |
| Opening balance                 | 9,761,169                         |
| Closing balance                 | 8,339,665                         |

**11. Construction in progress**

|                                      | <b>2016</b><br><b>VND'000</b> | <b>2015</b><br><b>VND'000</b> |
|--------------------------------------|-------------------------------|-------------------------------|
| Opening balance                      | 107,897                       | 1,435,765                     |
| Additions during the year            | 671,673                       | 2,714,682                     |
| Transfers to tangible fixed assets   | (623,241)                     | (1,944,625)                   |
| Transfers to intangible fixed assets | -                             | (2,097,925)                   |
|                                      | 156,329                       | 107,897                       |
| <b>Closing balance</b>               | <b>156,329</b>                | <b>107,897</b>                |

**Interfood Shareholding Company**  
**Notes to the separate financial statements for the year ended 31 December 2016**  
**(continued)**

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

**12. Investment in a subsidiary**

Investment in a subsidiary represented 90.4% shareholding investment in Avafood Shareholding Company whose principal activities are to provide processing service and produce products including fruit juice, beverage, bottled filtered water; biscuits, jams and sweets, snack food; and agricultural, aquatic and livestock products; lease a workshop, office; and to export, import products in accordance with business operation under the Investment Licence No. 48/GP-DN issued by the People's Committee of Dong Nai Province on 19 July 2002.

**13. Long-term prepaid expenses**

|                           | <b>Renovation<br/>expense<br/>VND'000</b> | <b>Tools and<br/>supplies<br/>VND'000</b> | <b>Insurance<br/>expense<br/>VND'000</b> | <b>Rental<br/>expense<br/>VND'000</b> | <b>Total<br/>VND'000</b> |
|---------------------------|---|---|--|---------------------------------------|--------------------------|
| Opening balance           | 1,635,788                                 | 2,474,849                                 | 280,150                                  | 41,835                                | 4,432,622                |
| Additions                 | -   | 518,800                                   | -  | -                                     | 518,800                  |
| Amortisation for the year | (654,315)                                 | (1,441,940)                               | (231,505)                                | (32,487)                              | (2,360,247)              |
| Closing balance           | 981,473                                   | 1,551,709                                 | 48,645                                   | 9,348                                 | 2,591,175                |

**14. Accounts payable to suppliers**

**(a) Accounts payable to suppliers detailed by significant suppliers**

|   | <b>31/12/2016</b>       |   | <b>1/1/2016</b>         |   |
|---|-------------------------|---|-------------------------|---|
|   | <b>Cost<br/>VND'000</b> | <b>Amount<br/>within<br/>payment<br/>capacity<br/>VND'000</b> | <b>Cost<br/>VND'000</b> | <b>Amount<br/>within<br/>payment<br/>capacity<br/>VND'000</b> |
| Vietnam Kirin Beverage Company Limited              | 16,611,852              | 16,611,852  | 4,272,267               | 4,272,267   |
| Crown Beverage Can (Dong Nai) Co., Ltd              | 14,348,481              | 14,348,481  | 23,567,042              | 23,567,042  |
| Crown Beverage Cans Saigon Limited                  | 8,917,371               | 8,917,371   | 3,388,779               | 3,388,779   |
| Vietnam Chuanli Can Manufacturing Co., Ltd          | 8,192,210               | 8,192,210   | 3,914,483               | 3,914,483   |
| Hoa Lam Transportation – Service – Trading Co., Ltd | 4,664,580               | 4,664,580   | 7,034,398               | 7,034,398   |
| Others  | 21,501,405              | 21,501,405  | 30,022,949              | 30,022,949  |
|   | 74,235,899              | 74,235,899  | 72,199,918              | 72,199,918  |



**Interfood Shareholding Company**  
**Notes to the separate financial statements for the year ended 31 December 2016**  
(continued)

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

**(b) Accounts payable to suppliers classified by payment term**

|            | 31/12/2016      |  | 1/1/2016        |  |
|------------|-----------------|--|-----------------|--|
|            | Cost<br>VND'000 | Amount<br>within<br>payment<br>capacity<br>VND'000 | Cost<br>VND'000 | Amount<br>within<br>payment<br>capacity<br>VND'000 |
| Short-term | 74,235,899      | 74,235,899   | 72,199,918      | 72,199,918   |

**(c) Accounts payable to suppliers who are related parties**

|   | 31/12/2016      |  | 1/1/2016        |  |
|---|-----------------|--|-----------------|--|
|   | Cost<br>VND'000 | Amount<br>within<br>payment<br>capacity<br>VND'000 | Cost<br>VND'000 | Amount<br>within<br>payment<br>capacity<br>VND'000 |
| Vietnam Kirin Beverage Company Limited, a related party | 16,611,852      | 16,611,852   | 4,272,267       | 4,272,267  |

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

**15. Taxes payable to State Treasury**

|                     | 1/1/2016<br>VND'000 | Incurred<br>VND'000 | Paid<br>VND'000 | Netted-off<br>VND'000 | 31/12/2016<br>VND'000 |
|---------------------|---------------------|---------------------|-----------------|-----------------------|-----------------------|
| Value added tax     | 9,923,699           | 133,307,487         | (50,933,369)    | (84,596,660)          | 7,701,157             |
| Personal income tax | 219,142             | 4,868,316           | (4,497,267)     | -                     | 590,191               |
| Others              | 3,649               | 1,683,854           | (1,679,439)     | -                     | 8,064                 |
|                     | 10,146,490          | 139,859,657         | (57,110,075)    | (84,596,660)          | 8,299,412             |

**Interfood Shareholding Company**  
**Notes to the separate financial statements for the year ended 31 December 2016**  
(continued)

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

**16. Accrued expenses**

|                                | <b>31/12/2016</b> | <b>1/1/2016</b> |
|--------------------------------|-------------------|-----------------|
|                                | <b>VND'000</b>    | <b>VND'000</b>  |
| Sales discounts and commission | 18,603,236        | 21,522,323      |
| Promotion expense              | 33,288,771        | 25,292,954      |
| Transportation expense         | 4,571,700         | 6,000,705       |
| Secondment fee (*)             | 4,219,204         | 5,470,153       |
| Interest expense               | 624,294           | 2,179,737       |
| Others                         | 13,708,493        | 14,746,912      |
|                                | 75,015,698        | 75,212,784      |

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

**17. Other short-term payables**

|  | <b>31/12/2016</b> | <b>1/1/2016</b> |
|--|-------------------|-----------------|
|  | <b>VND'000</b>    | <b>VND'000</b>  |
| Non-trade amounts due to a related party | 459,041           | 852,501         |
| Dividends payable                        | 505,391           | 505,391         |
| Others                                   | 144,047           | 384,759         |
|  | 1,108,479         | 1,742,651       |

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

**Interfood Shareholding Company**

**Notes to the separate financial statements for the year ended 31 December 2016 (continued)**

**Form B 09 – DN**

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

**18. Borrowings and liabilities**

**(a) Short-term borrowings**

|   | 1/1/2016                |  | Movements during the year |                   |  | 31/12/2016              |  |
|---|-------------------------|--|---------------------------|-------------------|--|-------------------------|--|
|   | Carrying amount VND'000 | Amount within repayment capacity VND'000 | Addition VND'000          | Repayment VND'000 | Unrealised foreign exchange losses VND'000 | Carrying amount VND'000 | Amount within repayment capacity VND'000 |
| Short-term borrowings                       | 180,320,000             | 180,320,000                              | 240,570,000               | (180,320,000)     | 5,508,000                                  | 246,078,000             | 246,078,000                              |
| Current portion of long-term borrowings (b) | -                       | -  | 146,510,000               | (146,510,000)     | -  | -                       | -  |
|   | 180,320,000             | 180,320,000                              | 387,080,000               | (326,830,000)     | 5,508,000                                  | 246,078,000             | 246,078,000                              |

**Interfood Shareholding Company**  
**Notes to the separate financial statements for the year ended 31 December 2016**  
**(continued)**

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

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

|  | Currency | Annual<br>interest rate | 31/12/2016<br>VND'000 | 1/1/2016<br>VND'000 |
|--|----------|-------------------------|-----------------------|---------------------|
| Loan 1 from Kirin Holdings<br>Singapore Pte. Ltd | USD      | Libor plus 0.8%         | 246,078,000           | -                   |
| Loan 1 from Kirin Holdings<br>Company, Limited   | USD      | Libor plus 0.8%         | -                     | 135,240,000         |
| Loan 2 from Kirin Holdings<br>Company, Limited   | USD      | Libor plus 0.8%         | -                     | 45,080,000          |
|  |          |                         | 246,078,000           | 180,320,000         |

The applicable interest rates of these borrowings ranged from 1.336% to 2.062% per annum during the year (2015: 1.036% to 1.536% per annum).

**(b) Long-term borrowings and liabilities**

|                                | 31/12/2016<br>VND'000 | 1/1/2016<br>VND'000 |
|--------------------------------|-----------------------|---------------------|
| Long-term borrowings (i)       | -                     | 146,510,000         |
| Finance lease liabilities (ii) | 194,839               | -                   |
|                                | 194,839               | 146,510,000         |

**(i) Long-term borrowings**

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

|  | Currency | Annual<br>interest rate | Year of<br>maturity | 31/12/2016<br>VND'000 | 1/1/2016<br>VND'000 |
|--|----------|-------------------------|---------------------|-----------------------|---------------------|
| Unsecured loans from<br>Kirin Holdings<br>Company, Limited | USD      | 1.896%                  | 2017                | -                     | 146,510,000         |

During the year, the Company made full repayments of long-term borrowings before their due dates.

**Interfood Shareholding Company**  
**Notes to the separate financial statements for the year ended 31 December 2016**  
**(continued)**

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

**(ii) Finance lease liabilities**

Terms and conditions of finance lease liabilities were as follows:

|  | Currency | Annual interest rate | Year of maturity | 31/12/2016<br>VND'000 | 1/1/2016<br>VND'000 |
|--|----------|----------------------|------------------|-----------------------|---------------------|
| Liability from Chailease International Leasing Company Limited | VND      | 21.6%                | 2021             | 194,839               | -                   |

The future minimum lease payments under non-cancellable finance leases are as follows:

|                          | Payments<br>VND'000 | Interest<br>VND'000 | Principal<br>VND'000 |
|--------------------------|---------------------|---------------------|----------------------|
| Within one year          | 69,246              | 43,610              | 25,636               |
| Within two to five years | 258,351             | 89,148              | 169,203              |
|                          | 327,597             | 132,758             | 194,839              |

**19. Provision**

Movements of provision during the year were as follows:

|                                    | Severance allowance<br>VND'000 |
|------------------------------------|--------------------------------|
| Opening balance                    | 2,258,327                      |
| Provision made during the year     | 1,677,080                      |
| Provision utilised during the year | (490,905)                      |
| Closing balance                    | 3,444,502                      |

**Interfood Shareholding Company**

**Notes to the separate financial statements for the year ended 31 December 2016 (continued)**

**Form B 09 – DN**

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

**20. Changes in owners' equity**

|                                       | Share<br>capital<br>VND'000 | Share<br>premium<br>VND'000 | Other<br>capital<br>VND'000 | Accumulated<br>losses<br>VND'000 | Total<br>VND'000 |
|---------------------------------------|-----------------------------|-----------------------------|-----------------------------|----------------------------------|------------------|
| <b>Balance as at 1 January 2015</b>   | 711,409,840                 | 85,035,704                  | 90,034,048                  | (726,418,882)                    | 160,060,710      |
| Share capital issued                  | 160,000,000                 | -                           | -                           | -                                | 160,000,000      |
| Net loss for the year                 | -                           | -                           | -                           | (101,202,723)                    | (101,202,723)    |
| <b>Balance as at 1 January 2016</b>   | 871,409,840                 | 85,035,704                  | 90,034,048                  | (827,621,605)                    | 218,857,987      |
| Net profit for the year               | -                           | -                           | -                           | 43,294,172                       | 43,294,172       |
| <b>Balance as at 31 December 2016</b> | 871,409,840                 | 85,035,704                  | 90,034,048                  | (784,327,433)                    | 262,152,159      |

**Interfood Shareholding Company**  
**Notes to the separate financial statements for the year ended 31 December 2016**  
**(continued)**

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

**21. Share capital**

The Company's authorised and issued share capital are as follows:

|  | <b>31/12/2016 and 1/1/2016</b> |                |
|--|--------------------------------|----------------|
|  | <b>Number of<br/>shares</b>    | <b>VND'000</b> |
| <b>Authorised and issued share capital</b> |                                |                |
| Ordinary shares                            | 87,140,992                     | 871,409,920    |
|  |                                |                |
| <b>Shares in circulation</b>               |                                |                |
| Ordinary shares                            | 87,140,984                     | 871,409,840    |
|  |                                |                |

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.

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 its entire interest in the Company to Kirin Singapore. The share transfer was completed during the year.

There were no movements of share capital during the year.

**22. Other capital**

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 capital.

**Interfood Shareholding Company**  
**Notes to the separate financial statements for the year ended 31 December 2016**  
(continued)

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

**23. Off balance sheet items**

**(a) Lease**

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

|                          | <b>31/12/2016</b> | <b>1/1/2016</b> |
|--------------------------|-------------------|-----------------|
|                          | <b>VND'000</b>    | <b>VND'000</b>  |
| Within one year          | 12,772,280        | 12,937,430      |
| Within two to five years | 20,891,471        | 33,384,160      |
|                          | 33,663,751        | 46,321,590      |

**(b) Foreign currencies**

|     | <b>31/12/2016</b>            |                               | <b>1/1/2016</b>              |                               |
|-----|------------------------------|-------------------------------|------------------------------|-------------------------------|
|     | <b>Original<br/>currency</b> | <b>VND'000<br/>equivalent</b> | <b>Original<br/>currency</b> | <b>VND'000<br/>equivalent</b> |
| USD | 78,453                       | 1,781,281                     | 1,118,655                    | 25,113,813                    |
| EUR | 328                          | 7,834                         | 339                          | 8,291                         |
|     |                              | 1,789,115                     |                              | 25,122,104                    |



**Interfood Shareholding Company**  
**Notes to the separate financial statements for the year ended 31 December 2016**  
**(continued)**

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

**24. Revenue from sale of goods**

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

Net revenue comprised:

|                           | <b>2016</b>               | <b>2015</b>               |
|---------------------------|---------------------------|---------------------------|
|                           | <b>VND'000</b>            | <b>VND'000</b>            |
| Total revenue             |                           |                           |
| ▪ Sales of drinks         | 1,256,870,444             | 1,151,774,724             |
| ▪ Sales of biscuits       | 541,741                   | 10,625,268                |
| ▪ Sales of other products | 179,389,902               | 153,875,639               |
| ▪ Sales of scraps         | 1,038,700                 | 2,101,884                 |
|                           | <hr/> 1,437,840,787       | <hr/> 1,318,377,515       |
| Less revenue deductions   |                           |                           |
| ▪ Sales allowance         | 106,985,890               | 37,370,580                |
| ▪ Sales returns           | 343,877                   | 847,957                   |
|                           | <hr/> 107,329,767         | <hr/> 38,218,537          |
| Net revenue               | <hr/> <hr/> 1,330,511,020 | <hr/> <hr/> 1,280,158,978 |

**25. Cost of sales**

|                          | <b>2016</b>       | <b>2015</b>       |
|--------------------------|-------------------|-------------------|
|                          | <b>VND'000</b>    | <b>VND'000</b>    |
| Total cost of sales      |                   |                   |
| ▪ Cost of drinks         | 845,959,597       | 857,871,647       |
| ▪ Cost of biscuits       | 1,578,039         | 14,775,791        |
| ▪ Cost of other products | 79,044,599        | 81,698,907        |
|                          | <hr/> 926,582,235 | <hr/> 954,346,345 |

**Interfood Shareholding Company**  
**Notes to the separate financial statements for the year ended 31 December 2016**  
**(continued)**

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

**26. Financial income**

|  | <b>2016</b>    | <b>2015</b>    |
|--|----------------|----------------|
|  | <b>VND'000</b> | <b>VND'000</b> |
| Interest income from deposits at banks | 945,828        | 381,906        |
| Interest income from loans to Avafood  | 1,932,554      | 2,210,809      |
| Foreign exchange gains                 | 28,824,392     | 17,151,318     |
|  | 31,702,774     | 19,744,033     |
|  | 31,702,774     | 19,744,033     |

**27. Financial expenses**

|                         | <b>2016</b>    | <b>2015</b>    |
|-------------------------|----------------|----------------|
|                         | <b>VND'000</b> | <b>VND'000</b> |
| Interest expense        | 5,357,813      | 5,933,545      |
| Foreign exchange losses | 30,964,472     | 37,814,690     |
|                         | 36,322,285     | 43,748,235     |
|                         | 36,322,285     | 43,748,235     |

**28. Selling expenses**

|                                      | <b>2016</b>    | <b>2015</b>    |
|--------------------------------------|----------------|----------------|
|                                      | <b>VND'000</b> | <b>VND'000</b> |
| Staff costs                          | 146,587,246    | 163,973,427    |
| Advertisement and promotion expenses | 51,207,622     | 87,223,620     |
| Transportation expense               | 71,957,377     | 86,301,552     |
| Rental expense                       | 8,129,459      | 7,607,197      |
| Others                               | 16,735,473     | 15,014,618     |
|                                      | 294,617,177    | 360,120,414    |
|                                      | 294,617,177    | 360,120,414    |

**Interfood Shareholding Company**  
**Notes to the separate financial statements for the year ended 31 December 2016**  
**(continued)**

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

**29. General and administration expenses**

|                               | <b>2016</b><br><b>VND'000</b> | <b>2015</b><br><b>VND'000</b> |
|-------------------------------|-------------------------------|-------------------------------|
| Staff costs                   | 14,841,720                    | 13,966,943                    |
| Consultant fee                | 5,121,901                     | 5,765,826                     |
| Rental expense                | 3,085,981                     | 2,791,031                     |
| Allowance                     | 595,603                       | 2,341,472                     |
| Depreciation and amortisation | 2,146,597                     | 1,833,585                     |
| Others                        | 14,543,906                    | 11,880,144                    |
|                               | <hr/> 40,335,708              | <hr/> 38,579,001              |

**30. Other income**

|   | <b>2016</b><br><b>VND'000</b> | <b>2015</b><br><b>VND'000</b> |
|---|-------------------------------|-------------------------------|
| Gains from disposals of tangible fixed assets | -                             | 590,112                       |
| Others  | 980,280                       | 5,966,187                     |
|   | <hr/> 980,280                 | <hr/> 6,556,299               |

**31. Other expenses**

|  | <b>2016</b><br><b>VND'000</b> | <b>2015</b><br><b>VND'000</b> |
|--|-------------------------------|-------------------------------|
| Losses from disposals of tangible fixed assets | 19,546,707                    | -                             |
| Depreciation of idle tangible fixed assets     | 1,514,191                     | 3,169,864                     |
| Tax penalties                                  | 278,825                       | 3,495,646                     |
| Others   | 702,774                       | 1,474,857                     |
|  | <hr/> 22,042,497              | <hr/> 8,140,367               |

**Interfood Shareholding Company**  
**Notes to the separate financial statements for the year ended 31 December 2016**  
**(continued)**

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

**32. Production and business costs by elements**

|   | <b>2016</b>    | <b>2015</b>    |
|---|----------------|----------------|
|   | <b>VND'000</b> | <b>VND'000</b> |
| Raw material costs included in production costs | 568,915,382    | 659,990,981    |
| Labour and staff costs                          | 198,945,085    | 225,628,661    |
| Depreciation and amortisation                   | 20,590,191     | 26,525,584     |
| Outside services                                | 370,083,620    | 508,989,359    |
| Other expenses                                  | 28,029,246     | 30,165,096     |

**33. Income tax**

**(a) Reconciliation of effective tax rate**

|                                     | <b>2016</b>    | <b>2015</b>    |
|-------------------------------------|----------------|----------------|
|                                     | <b>VND'000</b> | <b>VND'000</b> |
| Accounting profit/(loss) before tax | 43,294,172     | (98,475,052)   |
| Tax at the Company's tax rate       | 8,658,834      | (21,664,511)   |
| Non-deductible expenses             | 720,504        | 3,505,046      |
| Unrecognised deferred tax assets    | (45,831)       | 18,159,465     |
| Tax losses utilised                 | (9,333,507)    | -              |
| Under provision in prior years      | -              | 2,727,671      |
|                                     | -              | 2,727,671      |

**(b) Unrecognised deferred tax assets**

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

|                                  | <b>31/12/2016</b>           |                  | <b>1/1/2016</b>             |                  |
|----------------------------------|-----------------------------|------------------|-----------------------------|------------------|
|                                  | <b>Temporary difference</b> | <b>Tax value</b> | <b>Temporary difference</b> | <b>Tax value</b> |
|                                  | <b>VND'000</b>              | <b>VND'000</b>   | <b>VND'000</b>              | <b>VND'000</b>   |
| Deductible temporary differences | 79,198,608                  | 15,839,722       | 79,427,763                  | 15,885,553       |
| Tax losses                       | 68,007,014                  | 13,601,403       | 114,674,549                 | 22,934,910       |
|                                  | 147,205,622                 | 29,441,125       | 194,102,312                 | 38,820,463       |

**Interfood Shareholding Company**  
**Notes to the separate financial statements for the year ended 31 December 2016**  
**(continued)**

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

The tax losses expire in the following year:

| Year of expiry | Status of tax review | Tax losses<br>available<br>VND'000 |
|----------------|----------------------|------------------------------------|
| 2020           | Outstanding          | 68,007,014                         |

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

**(c) Applicable tax rates**

Under the terms of the Company's Investment 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. 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.

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 20% from 2016 onwards (2015: 22%).

**Interfood Shareholding Company**  
**Notes to the separate financial statements for the year ended 31 December 2016**  
**(continued)**

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

**34. Significant transactions with related parties**

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

|   | <b>Transaction value</b> |                |
|---|--------------------------|----------------|
|   | <b>2016</b>              | <b>2015</b>    |
|   | <b>VND'000</b>           | <b>VND'000</b> |
| <b>Ultimate Parent Company</b>                |                          |                |
| <b>Kirin Holdings Company, Limited</b>        |                          |                |
| Short-term borrowings                         | -                        | 77,250,000     |
| Interest expense                              | 4,556,838                | 5,933,545      |
| Secondment fee                                | 9,592,410                | 10,693,893     |
| <b>Parent Company</b>                         |                          |                |
| <b>Kirin Holdings Singapore Pte. Ltd</b>      |                          |                |
| Short-term borrowings                         | 240,570,000              | -              |
| Interest expense                              | 800,975                  | -              |
| Shares issued                                 | -                        | 160,000,000    |
| <b>Subsidiary</b>                             |                          |                |
| <b>Avafood Shareholding Company</b>           |                          |                |
| Short-term loans granted                      | 25,250,000               | 32,110,000     |
| Interest income                               | 1,932,554                | 2,210,809      |
| Processing fee                                | 27,616,967               | 45,220,792     |
| Office and factory rental fee                 | 5,932,212                | 5,932,213      |
| <b>Other related parties</b>                  |                          |                |
| <b>Vietnam Kirin Beverage Company Limited</b> |                          |                |
| Processing fee                                | 165,913,334              | 160,073,961    |
| Purchases of services                         | 3,307,710                | 2,021,010      |
| Sales of goods                                | 39,291                   | 9,652          |
| <b>Members of Board of Directors</b>          |                          |                |
| Secondment fee                                | 5,642,680                | 5,709,669      |
| Salary  | 1,818,000                | 1,848,300      |

**Interfood Shareholding Company**  
**Notes to the separate financial statements for the year ended 31 December 2016**  
**(continued)**

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

**35. Non-cash investing activities**

|   | 2016<br>VND'000 | 2015<br>VND'000 |
|---|-----------------|-----------------|
| Net off inter-company payable against receivable for loans principal and interest from a subsidiary | 36,904,096      | 56,268,305      |
| Convert loans interest receivable to short-term loans receivable                                    | 1,932,554       | 2,210,809       |
|   |                 |                 |

21 March 2017

Prepared by:



Nguyen Hong Phong  
 Chief Accountant

Approved by:




Totu Yamasaki  
 Chairman – cum General Director

112 11 11 11 11 11

112 11 11 11 11 11