

**Separated financial statements
Quarter 1 - 2017**

Corporate information

Investment Licence No.	270/GP	16/11/1991
Investment Certificate No.	472033000328 (1st amendment)	28/11/2007
	472033000328 (2nd amendment)	20/05/2010
	472033000328 (3rd amendment)	22/04/2011
	472033000328 (4th amendment)	18/10/2011
	472033000328 (5th amendment)	14/05/2014
	472033000328 (6th amendment)	30/12/2015
	6525867086 (7th amendment)	05/02/2016
	6525867086 (8th amendment)	28/12/2016
	6525867086 (9th amendment)	25/01/2017

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
Nguyen Thi Kim Lien	Member
Takayuki Morisawa	Member
Hajime Kobayashi	Member
Hirotsugu Otani	Member

Board of Director:

Toru Yamasaki	General Director/General Manager of Sales and Marketing
Nguyen Thi Kim Lien	Director/General Manager of Internal Control
Yutaka Ogami	Director/General Manager of Planning
Takayuki Morisawa	Director/General Manager of Administration
Yoshihisa Fujiwara	Director/General Manager of Factory

Registered Office

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

Auditors

KPMG Limited
Vietnam

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 March 2017.

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

- (a) the separate financial statements set out on pages 4 to 26 give a true and fair view of the unconsolidated financial position of the Company as at 31 March 2017, and of its unconsolidated results of operations and its unconsolidated cash flows for the three month period then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting; and
- (b) at the date of this statement, there are no reasons to believe that the Company will not be able to pay its debts as and when they fall due.

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

On behalf of the Board of Directors



The stamp is circular with a red border. The text inside the stamp, from top to bottom, reads: "M.S.D.N : 3600245631", "CÔNG TY", "CỔ PHẦN", "THỰC PHẨM", "QUỐC TẾ", and "ĐÔNG NAI". There is a small star symbol on the left side of the stamp.

Toru Yamasaki
Chairman, General Director

Dong Nai province, dated 28th April 2017.

Interfood Shareholding Company

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Separated balance sheet

ASSETS	Code	Notes	31/03/2017 VND'000	31/12/2016 VND'000
Current assets (100=110+130+140+150)	100		499,569,483	493,359,792
Cash	110	4	209,823,564	237,769,724
Cash	111		209,823,564	237,769,724
Accounts receivable – short-term	130		116,264,254	125,556,627
Accounts receivable from customers	131	5	15,734,155	25,744,256
Prepayments to suppliers	132		6,864,509	3,733,446
Loan receivables – short-term	135	6	95,941,753	97,998,165
Other receivables – short-term	136		615,533	972,456
Allowance for doubtful debts	137		(2,891,696)	(2,891,696)
Inventories	140	7	172,285,892	128,837,468
Inventories	141		173,578,117	130,128,682
Allowance for inventories	149		(1,292,225)	(1,291,214)
Other current assets	150		1,195,773	1,195,973
Short-term prepaid expenses	151		1,121,862	1,122,062
Deductible value added tax	152		-	-
Taxes receivable from State Treasury	153		73,911	73,911
Long-term assets (200 = 210 + 220 + 240 + 260)	200		187,501,466	191,105,692
Accounts receivable – long-term	210		1,575,362	1,575,362
Loan receivables – long-term	215	6	-	-
Other receivables – long-term	216		1,575,362	1,575,362
Fixed assets	220		88,615,260	92,637,017
Tangible fixed assets	221	8	80,422,812	84,102,059
Cost	222		326,825,504	325,929,103
Accumulated depreciation	223		(246,402,692)	(241,827,044)
Finance Lease Tangible fixed assets	224	9	185,363	195,293
Cost	225		198,603	198,603
Accumulated depreciation	226		(13,240)	(3,310)
Intangible fixed assets	227	10	8,007,085	8,339,665
Cost	228		13,108,031	13,042,688
Accumulated depreciation	229		(5,100,946)	(4,703,023)
Long-term work in progress	240		55,949	156,329
Construction in progress	242	11	55,949	156,329
Long-term financial investments	250		94,145,809	94,145,809
Investment in subsidiary	251	12	94,145,809	94,145,809
Other long-term assets	260		3,109,086	2,591,175
Long-term prepaid expenses	261	13	3,109,086	2,591,175
TOTAL ASSETS (270=100+200)	270		687,070,949	684,465,484

Separated balance sheet

RESOURCES	Code	Notes	31/03/2017 VND'000	31/12/2016 VND'000
LIABILITIES (300=310+330)	300		407,330,883	422,313,325
Current liabilities	310		403,814,171	418,673,984
Accounts payable to suppliers	311	14	87,305,963	74,235,899
Advances from customers	312		10,301,409	5,273,767
Taxes payable to State Treasury	313	15	4,095,200	8,299,412
Payable to employees	314		12,645,221	8,662,729
Accrued expenses	315	16	42,522,931	75,015,698
Other payables – short-term	319	17	811,447	1,108,479
Short-term borrowings	320	18(a)	246,132,000	246,078,000
Long term liabilities	330		3,516,712	3,639,341
Long-term borrowings and finance lease	338	18(b)	188,935	194,839
Provision – long-term	342	19	3,327,777	3,444,502
EQUITY (400=410)	400		279,740,066	262,152,159
Owners' equity	410	21	279,740,066	262,152,159
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 reserves	420	22	90,034,048	90,034,048
Accumulated losses	420		(766,739,526)	(784,327,433)
- Accumulated losses brought forward	421a		(784,327,434)	(827,621,605)
- Net profit (loss) for the current year	421b		17,587,908	43,294,172
TOTAL RESOURCES (440=300+400)			687,070,949	684,465,484

28th April 2017

Prepared by:


Nguyễn Hồng Phong
Chief Accountant

Approved by:


Torii Yamasaki
Chairman, General Director

Separated statement of income

	Code	Notes	Q1-2017 VND'000	Q1-2016 VND'000	YTD2017 VND'000	YTD2016 VND'000
Revenue from sale of goods	01	25	291,674,805	255,098,022	291,674,805	1,437,840,787
Revenue deductions	02	25	19,010,329	8,070,369	19,010,329	107,329,767
Net revenue (10=01-02)	10	25	272,664,476	247,027,653	272,664,476	1,330,511,020
Cost of sales	11	26	183,979,082	172,342,550	183,979,082	926,582,235
Gross profit (20=10-11)	20		88,685,394	74,685,103	88,685,394	403,928,785
Financial income	21	27	2,190,618	6,833,809	2,190,618	31,702,774
Financial expenses	22	28	2,814,642	4,521,466	2,814,642	36,322,285
<i>In which: Interest expenses</i>	23		1,204,334	1,293,024	1,204,334	5,357,813
Selling expenses	25	29	63,125,531	58,609,785	63,125,531	294,617,177
G&A expenses	26	30	7,719,167	9,165,785	7,719,167	40,335,708
Operating profit/(loss) {30=20+(21-22)-(25+26)}	30		17,216,672	9,221,876	17,216,672	64,356,389
Other income	31	31	608,361	103,117	608,361	980,280
Other expenses	32	32	237,125	20,694,441	237,125	22,042,497
Results of other activities (40 = 31 - 32)	40		371,236	(20,591,324)	371,236	(21,062,217)
Profit (loss) before tax (50 = 30 + 40)	50		17,587,908	(11,369,448)	17,587,908	43,294,172
Income tax expenses - current	51	34	-	-	-	-
Income tax expenses - deferred	52	34	-	-	-	-
Profit (loss) after tax (60= 50 - 51- 52)	60		17,587,908	(11,369,448)	17,587,908	43,294,172

28th April 2017

Prepared by:


Nguyễn Hồng Phong
Chief Accountant

Approved by:


Toru Yamasaki
Chairman, General Director


M.S.D.N : 36002783
CÔNG TY
CỔ PHẦN
THỰC PHẨM
QUỐC TẾ
TP. BẾN HỒ, QUẬN THỦ ĐỨC, TP. HỒ CHÍ MINH

Separated statements of cash flows
(Indirect method)

	Code	Notes	31/03/2017 VND'000	31/12/2016 VND'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(loss) before tax	01		17,587,907	43,294,172
Adjustments for:				
Depreciation and amortisation	02		4,983,501	20,590,191
Allowances and provisions	03		1,011	1,645,011
Exchange losses arising from revaluation of	04		54,000	5,542,562
Profits from investing activities	05		(2,577,273)	16,668,325
Interest expense	06		1,204,334	5,357,813
Operating profit/(loss) before changes in working c:	08		21,253,480	93,098,074
Change in receivable	09		9,047,041	32,716,437
Change in inventories	10		(43,449,435)	55,275,587
Change in payables and other liabilities	11		(14,867,553)	1,201,339
Change in prepaid expenses	12		(634,436)	1,601,108
Interest paid	14		-	(6,913,256)
Income tax paid	15		(1,061,659)	-
Net cash flow from operating activities	20		(29,712,562)	176,979,289
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for additions to fixed assets	21		(861,364)	(3,475,354)
Proceeds from disposals of fixed assets	22		2,577,273	2,577,273
Payment for granting loans	23		-	(25,250,000)
Receipts of interests	27		245,332	945,828
Net cash inflows/(outflows) from investing activities	30		1,961,241	(25,202,253)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from shares issued	31		-	-
Proceeds from borrowings	33		-	240,570,000
Payments to settle loan principals	34		-	(326,830,000)
Payments to settle finance lease liabilities	35		(194,839)	(3,764)
Net cash inflows/(outflows) from financing activities:	40		(194,839)	(86,263,764)
Net increase/(decrease) in cash	50		(27,946,160)	65,513,272
(50= 20 +30 + 40)				
Cash at beginning of the year	60		237,769,724	172,256,452
Cash at end of the year (70= 50 + 60)	70	5	209,823,564	237,769,724

28th April 2017

Prepared by:


Nguyễn Hồng Phong
Chief Accountant

Approved by:


Toru Yamasaki
Chairman, General Director

Notes to the separate financial statements

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

1. Reporting Entity

(a) Ownership structure

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

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

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

The Company’s shares were listed on the Unlisted Public Company Market in accordance with the Decision No. 717/QĐ-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 March 2017, the Company had 1,241 employees (31/12/2016: 1,323 employees).

2. Basis of preparation

(a) Statement of compliance

The separate financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for the enterprises and the relevant statutory requirements applicable for financial reporting. The company prepares and issues its consolidated financial statements separately. For a comprehensive understanding of the Company's consolidated financial position, its consolidated results of operations and its consolidated cash flows. These separate financial statements should be read in conjunction with the consolidated financial statements

Notes to the separate financial statements

(b) Basis of measurement

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

(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 17). The validity of the going concern assumption fundamentally depends on the Company generating enough operating and financing cash flows to meet the operational expenses and on the ultimate majority shareholder continuing to provide such financial assistance as is necessary to enable the Company to meet its liabilities as and when they fall due and to maintain the Company in existence as a going concern for the foreseeable future.

As at 31 March 2017, the Company had USD 25.5 million unused short-term facility which can be used to meet the operational expenses and there is no reason for the management to believe that the ultimate majority shareholder will not continue its support.

(d) Annual accounting period

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

(e) Accounting and presentation currency

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

3. Summary of significant accounting policies

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

(a) Foreign currency transactions

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

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 or its subsidiary most frequently conducts transactions.

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

(b) Cash

Cash comprises cash balances and call deposits.

Notes to the separate financial statements (continues)**(c) Investment in subsidiary**

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

(d) Accounts receivable

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

(e) Inventories

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

The Company applies the perpetual method of accounting for inventory.

(f) Tangible fixed assets**(i) Cost**

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition 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 fixed assets. The estimated useful lives are as follow:

Machinery and equipment	10 – 15 years
Motor vehicles	6 years
Office equipment	10 years

Notes to the separate financial statements (continues)

(g) Finance lease tangible fixed assets

Leases in terms of which the Group 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).

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

(j) Long-term prepaid expenses**(i) *Renovation expense***

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

(ii) *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.

(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

Trade and other payables are stated at their cost.

Notes to the separate financial statements (continues)**(l) Provisions**

A provision is recognised if, as a result of a past event, the Group has a present legal or contractual 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.

Provision for severance allowance to be paid to the existing eligible employees as of 31 March 2017 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***

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 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 to 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 the tax rates enacted or substantively enacted at the balance sheet date.

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

Notes to the separate financial statements (continues)

(o) Revenue

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.

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

(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 companies

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

4. Cash	31/03/2017 VND'000	31/12/2016 VND'000
Cash on hand	140,272	105,230
Cash in banks	209,683,292	237,664,494
Cash in the consolidated statement of cash flows	<u>209,823,564</u>	<u>237,769,724</u>
	-	-

Notes to the separate financial statements (continues)

5.	Accounts receivable from customers		
	(a) Accounts receivable from customers detailed by significant customers		
		31/03/2017	31/12/2016
		VND'000	VND'000
	Saigon Union of Trading Co-operatives	1,633,362	3,271,980
	EB Services Co., Ltd	1,460,308	3,616,366
	MM Mega Market Co., Ltd (Vietnam)	2,674,529	4,046,686
	Others	9,965,956	14,809,224
		<u>15,734,155</u>	<u>25,744,256</u>
		-	-
	(b) Accounts receivable from customers classified by payment term		
		31/03/2017	31/12/2016
		VND'000	VND'000
	Short-term	15,734,155	25,744,256
		<u>15,734,155</u>	<u>25,744,256</u>
		-	-
6.	Loans receivable		
		31/03/2017	31/12/2016
		VND'000	VND'000
	Short-term		
	Short-term loans granted to a related party (i)	70,948,153	73,004,565
	Current portion of long-term loans granted to a related party (ii)	24,993,600	24,993,600
		<u>95,941,753</u>	<u>97,998,165</u>
		-	-
7.	Inventories		
		31/03/2017	31/12/2016
		Cost	Cost
		Allowance	Allowance
		VND'000	VND'000
	Goods in transit	51,687	146,300
	Raw materials	55,888,611	47,372,082
	Tools and supplies	6,483,743	7,566,599
	Work in progress	5,918,937	3,602,740
	Finished goods	105,235,139	71,440,961
		<u>173,578,117</u>	<u>130,128,682</u>
		<u>(1,292,225)</u>	<u>(1,291,214)</u>
		-	-

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

		31/03/2017	31/12/2016
		VND'000	VND'000
	Opening balance	1,291,214	1,918,887
	Increase in allowance during the year	1,011	1,291,214
	Allowance utilised during the year	-	(1,918,887)
	Closing balance	<u>1,292,225</u>	<u>1,291,214</u>
		-	-

Notes to the separate financial statements (continues)

8. Tangible fixed assets

	Building VND'000	Machinery & Equipment VND'000	Motor vehicles VND'000	Office equipment VND'000	Total VND'000
Historical cost					
Opening balance	-	312,888,937	7,149,094	5,891,072	325,929,103
Additions	-	806,901	-	89,500	896,401
Transfer from CIP	-	-	-	-	-
Disposals(*)	-	-	-	-	-
Closing balance	-	313,695,838	7,149,094	5,980,572	326,825,504
Accumulated depreciation					
Opening balance	-	232,526,467	5,629,211	3,671,366	241,827,044
Charge for the year	-	4,244,851	148,390	182,407	4,575,648
Disposals(*)	-	-	-	-	-
Closing balance	-	236,771,318	5,777,601	3,853,773	246,402,692
Net book value					
Opening balance	-	80,362,470	1,519,883	2,219,706	84,102,059
Closing balance	-	76,924,520	1,371,493	2,126,799	80,422,812

Included in the cost of tangible fixed assets were assets costing 56,450 million VND which were fully depreciated as of 31 March 2017 (31/12/2016: 50,944 million VND), but are still in active use.

The net book value of temporarily idle tangible fixed assets amounted to VND 1,643 million as at 31 March 2017 (31/12/2016: VND 1,849 million).

9. Finance lease tangible fixed assets

	Office equipment VND'000	Total VND'000
Historical cost		
Opening balance	198,603	198,603
Additions	-	-
Closing balance	198,603	198,603
Accumulated depreciation		
Opening balance	3,310	3,310
Charge for the year	9,930	9,930
Closing balance	13,240	13,240
Net book value		
Opening balance	195,293	195,293
Closing balance	185,363	185,363

Notes to the separate financial statements (continues)

10. Intangible fixed assets

	Software VND'000	Total VND'000
Historical cost		
Opening balance	13,042,688	13,042,688
Additions	65,343	65,343
Written off	-	-
Closing balance	<u>13,108,031</u>	<u>13,108,031</u>
Accumulated depreciation		
Opening balance	4,703,023	4,703,023
Charge for the year	397,923	397,923
Disposals	-	-
Closing balance	<u>5,100,946</u>	<u>5,100,946</u>
Net book value		
Opening balance	8,339,665	8,339,665
Closing balance	<u>8,007,085</u>	<u>8,007,085</u>

11. Construction in progress

	31/03/2017 VND'000	31/12/2016 VND'000
Opening balance	156,329	107,897
Additions during the year	-	671,673
Transferred to tangible fixed assets	-	(623,241)
Transferred to allocation expenses	<u>(100,380)</u>	-
Closing balance	<u>55,949</u>	<u>156,329</u>
	0	-

12. Investment in subsidiary

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

13. Long-term prepaid expenses

	Renovation expenses VND'000	Tool and supplies VND'000	Insurance expense VND'000	Rental expense VND'000	Total VND'000
Opening balance	981,473	1,551,709	48,645	9,348	2,591,175
Additions	419,859	655,200	-	-	1,075,059
Amortisation	<u>(219,542)</u>	<u>(288,961)</u>	<u>(48,645)</u>	-	<u>(557,148)</u>
Closing balance	<u>1,181,790</u>	<u>1,917,948</u>	-	<u>9,348</u>	<u>3,109,086</u>

Notes to the separate financial statements (continues)

14. Accounts payable to suppliers

(a) Accounts payable to suppliers detailed by significant suppliers

	31/03/2017		31/12/2016	
	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	21,739,318	21,739,318	14,348,481	14,348,481
Hoa Lam Transportation	1,691,607	1,691,607	4,664,580	4,664,580
Vietnam Kirin Beverage Company Limited	20,719,030	20,719,030	16,611,852	16,611,852
Crown Beverage Cans Saigon Limited	7,775,240	7,775,240	8,917,371	8,917,371
Vietnam Chuanli Can Manufacturing Co., Ltd	6,464,317	6,464,317	8,192,210	8,192,210
Others	28,916,451	28,916,451	21,501,405	21,501,405
	87,305,963	87,305,963	74,235,899	74,235,899

(b) Accounts payable to suppliers classified by payment term

	31/03/2017		31/12/2016	
	Cost VND'000	Amount within payment capacity VND'000	Cost VND'000	Amount within payment capacity VND'000
Short-term	87,305,963	87,305,963	74,235,899	74,235,899
	87,305,963	87,305,963	74,235,899	74,235,899

(c) Accounts payable to suppliers who are related parties

	31/03/2017		31/12/2016	
	Cost VND'000	Amount within payment capacity VND'000	Cost VND'000	Amount within payment capacity VND'000
Vietnam Kirin Beverage Company, Limited	20,719,030	20,719,030	16,611,852	16,611,852
	20,719,030	20,719,030	16,611,852	16,611,852

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

Notes to the separate financial statements (continues)

15. Taxes payable to State Treasury

	31/12/2016	Incurred	Netted-off	Paid	31/03/2017
	VND'000	VND'000	VND'000	VND'000	VND'000
Value added tax	7,701,157	25,550,937	20,351,761	9,849,067	3,051,266
Corporate income tax	-	-	-	-	-
Personal income tax	590,191	2,138,601	-	1,684,858	1,043,934
Other tax	8,064	494,857	-	502,921	-
	8,299,412	28,184,395	20,351,761	12,036,846	4,095,200

16. Accrued expenses

	31/03/2017	31/12/2016
	VND'000	VND'000
Sales discounts and commission	12,737,389	18,603,236
Promotion expenses	18,923,794	33,288,771
Transportation fee	4,911,717	4,571,700
Secondment fee payable (*)	1,761,270	4,219,204
Loans interest payable	1,828,628	624,294
Others	2,360,133	13,708,493
	42,522,931	75,015,698

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

	31/03/2017	31/12/2016
	VND'000	VND'000
Non-trade amounts due to a related party	192,313	459,041
Dividends payable	505,391	505,391
Other payable	113,743	144,047
	811,447	1,108,479

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

Notes to the separate financial statements (continues)

18. Borrowings

a) Short-term borrowings

31/12/2016		Movement during the year			31/03/2017	
Carrying amount	Amount within repayment capacity	Addition	Repayment	Unrealised foreign exchange gain	Carrying amount	Amount within repayment capacity
VND'000	VND'000	VND'000	VND'000	VND'000	VND'000	VND'000
246,078,000	246,078,000	-	-	54,000	246,132,000	246,132,000
246,078,000	246,078,000	-	-	54,000	246,132,000	246,132,000

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

	Currency	Annual interest rate	31/03/2017 VND'000	31/12/2016 VND'000
Loans from Kirin Holding Singapore Pte, Ltd	USD	LIBOR + 0.8%	246,132,000	246,078,000
			246,132,000	246,078,000
			-	-

The applicable interest rates of these borrowings was 2.062% per annum during the year (2016: 1.336% to 2.062% per annum).

b) Long-term borrowings and liabilities

	31/03/2017 VND'000	31/12/2016 VND'000
Finance lease liabilities	194,839	194,839
	194,839	194,839

Terms and conditions of Finance lease liabilities were as follows:

	Currency	Annual Interest rate	Year of maturity	31/03/2017 VND'000	31/12/2016 VND'000
Liability from Chailease International Leasing Company Limited	VND	21.6%	2021	194,839	194,839
				194,839	194,839
				-	-

Notes to the separate financial statements (continues)

19. Provision - long-term

Movements of provision during the year were as follow:	Severance allowance	Severance allowance
	31/03/2017 VND'000	31/12/2016 VND'000
Opening balance	3,444,502	2,258,327
Provision made during the year	-	1,677,080
Utilised during the year	(116,725)	(490,905)
Closing balance	<u>3,327,777</u>	<u>3,444,502</u>

20. Changes in owners' equity

	Share capital VND'000	Share premium VND'000	Other Reserves VND'000	Accumulated losses VND'000	Total VND'000
Balance as at 01/01/2016	871,409,840	85,035,704	90,034,048	(827,621,605)	218,857,987
Share capital issued					-
Net profit (loss) for the year				43,294,172	43,294,172
Balance as at 31/03/2017	<u>871,409,840</u>	<u>85,035,704</u>	<u>90,034,048</u>	<u>(784,327,433)</u>	<u>262,152,159</u>
Share capital issued					-
Net profit (loss) for the year				17,587,908	17,587,908
Balance as at 31/03/2017	<u>871,409,840</u>	<u>85,035,704</u>	<u>90,034,048</u>	<u>(766,739,526)</u>	<u>279,740,068</u>

21. Share capital

The Company's authorised and issued share capital is:

	31/03/2017		31/12/2016	
	Number of shares	VND'000	Number of shares	VND'000
Authorised and issued share capital				
Ordinary shares	<u>87,140,992</u>	<u>871,409,920</u>	<u>87,140,992</u>	<u>871,409,920</u>
Shares in circulation				
Ordinary shares	<u>87,140,984</u>	<u>871,409,840</u>	<u>87,140,984</u>	<u>871,409,840</u>
Treasury shares				
Treasury shares	<u>8</u>	<u>80</u>	<u>8</u>	<u>80</u>

Notes to the separate financial statements (continues)

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

Movements in share capital during the year were as follows:

	31/03/2017		31/12/2016	
	Number of shares	VND'000	Number of shares	VND'000
Balance at the beginning of the period	87,140,984	871,409,840	87,140,984	871,409,840
Shares issued during the year				
Balance at the end of period:	<u>87,140,984</u>	<u>871,409,840</u>	<u>87,140,984</u>	<u>871,409,840</u>

22. Other reserves

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

23. Off balance sheet items

(a) Lease

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

	31/03/2017	31/12/2016
	VND'000	VND'000
Within one year	12,507,054	12,772,280
Within two to five years	17,910,223	20,891,471
Over five years	-	-
	<u>30,417,277</u>	<u>33,663,751</u>

(b) Foreign currencies

	31/03/2017		31/12/2016	
	Original currency	VND'000	Original currency	VND'000
USD	133,647	3,035,127	78,453	1,781,281
EUR	330	7,872	328	7,834
		<u>3,043,000</u>		<u>1,789,115</u>

Notes to the separate financial statements (continues)

24. Revenues from sales of goods

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

Net revenue comprised:

	Q1-2017 VND'000	Q1-2016 VND'000	YTD2017 VND'000	YTD2016 VND'000
Total revenue				
■ Sales of drinks	250,100,328	226,211,948	250,100,328	1,256,870,444
■ Sales of biscuits	-	541,576	-	541,741
■ Sales of food stuff	41,298,373	27,942,675	41,298,373	179,389,902
■ Sales of scraps	276,104	401,823	276,104	1,038,700
	<u>291,674,805</u>	<u>255,098,022</u>	<u>291,674,805</u>	<u>1,437,840,787</u>
	-	-	-	-
	Q1-2017 VND'000	Q1-2016 VND'000	YTD2017 VND'000	YTD2016 VND'000
Less revenue deductions:				
■ Sales allowances	19,010,329	8,029,119	19,010,329	106,985,890
■ Sales return	-	41,250	-	343,877
	<u>19,010,329</u>	<u>8,070,369</u>	<u>19,010,329</u>	<u>107,329,767</u>
	-	-	-	-
Net revenue	<u>272,664,476</u>	<u>247,027,653</u>	<u>272,664,476</u>	<u>1,330,511,020</u>
	€-	-	-	-

25. Cost of sales

	Q1-2017 VND'000	Q1-2016 VND'000	YTD2017 VND'000	YTD2016 VND'000
Total cost of sales				
■ Cost of drinks	161,117,733	156,593,739	161,117,733	845,959,597
■ Cost of biscuit	-	1,573,131	-	1,578,039
■ Cost of other products	22,861,349	14,175,680	22,861,349	79,044,599
	<u>183,979,082</u>	<u>172,342,550</u>	<u>183,979,082</u>	<u>926,582,235</u>
	-	-	-	-

26. Financial income

	Q1-2017 VND'000	Q1-2016 VND'000	YTD2017 VND'000	YTD2016 VND'000
Interest income from bank deposits	245,332	206,154	245,332	945,828
Interest income from loans to Avafood	451,798	499,901	451,798	1,932,554
Foreign exchange gains	1,493,488	6,127,754	1,493,488	28,824,392
	<u>2,190,618</u>	<u>6,833,809</u>	<u>2,190,618</u>	<u>31,702,774</u>
	€ -	-	-	-

27. Financial expenses

	Q1-2017 VND'000	Q1-2016 VND'000	YTD2017 VND'000	YTD2016 VND'000
Interest expenses	1,293,024	1,293,024	1,293,024	5,357,813
Foreign exchange losses	1,521,618	3,228,442	1,521,618	30,964,472
	<u>2,814,642</u>	<u>4,521,466</u>	<u>2,814,642</u>	<u>36,322,285</u>
	€ -	-	-	-

Notes to the separate financial statements (continues)

28. Selling expenses	Q1-2017	Q1-2016	YTD2017	YTD2016
	VND'000	VND'000	VND'000	VND'000
Staff costs	36,228,657	30,908,506	36,228,657	146,587,246
Advertisement and promotion expenses	8,571,322	6,801,253	8,571,322	51,207,622
Transportation fee	13,611,146	15,826,660	13,611,146	71,957,377
Rental fee	1,946,103	1,652,292	1,946,103	8,129,459
Others	2,768,303	3,421,075	2,768,303	16,735,473
	63,125,531	58,609,785	63,125,531	294,617,177
29. General and administration expenses	Q1-2017	Q1-2016	YTD2017	YTD2016
	VND'000	VND'000	VND'000	VND'000
Staff costs	2,620,358	3,546,332	2,620,358	14,841,720
Consultant fee	1,187,175	1,463,001	1,187,175	5,121,901
Rental fee	891,474	749,154	891,474	3,085,981
Depreciation and amortisation	575,590	483,628	575,590	2,146,597
Allowance	-	-	-	595,603
Others	2,444,570	2,923,670	2,444,570	14,543,906
	7,719,167	9,165,785	7,719,167	40,335,708
30. Other income	Q1-2017	Q1-2016	YTD2017	YTD2016
	VND'000	VND'000	VND'000	VND'000
Proceeds from disposals of fixed assets	-	-	-	-
Others	608,361	103,117	608,361	980,280
	608,361	103,117	608,361	980,280
31. Other expenses	Q1-2017	Q1-2016	YTD2017	YTD2016
	VND'000	VND'000	VND'000	VND'000
Depreciation of idle tangible fixed assets	205,962	973,193	205,962	1,514,191
Loss from disposals of tangible fixed assets	-	19,546,707	-	19,546,707
Tax penalties	-	-	-	278,825
Others	31,163	174,541	31,163	702,774
	237,125	20,694,441	237,125	22,042,497
32. Production and business costs by element	Q1-2017	Q1-2016	YTD2017	YTD2016
	VND'000	VND'000	VND'000	VND'000
Raw material costs included in production cost	151,789,915	142,927,015	151,789,915	568,915,382
Labour costs and staff costs	46,194,495	41,072,957	46,194,495	198,945,085
Depreciation and amortisation	4,798,514	4,878,187	4,798,514	20,590,191
Outside services	82,501,468	86,502,997	82,501,468	370,083,620
Other expenses	6,793,338	6,199,414	6,793,338	28,029,246
	292,077,729	281,580,569	292,077,729	1,186,563,524

Notes to the separate financial statements (continues)

33. Corporate Income Taxes

(a) Reconciliation of effective tax rate

	31/03/2017 VND'000	31/12/2016 VND'000
Accounting profit (loss) before tax	17,587,908	43,294,172
Tax at the Company's tax rate	3,517,582	8,658,834
Non-deductible expenses	57,106	720,504
Unrecognised deferred tax assets	(3,574,688)	(45,831)
Under provision in prior years	-	(9,333,507)
	<u>-</u>	<u>-</u>

(b) Unrecognised deferred tax assets

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

	31/03/2017		31/12/2016	
	Temporary difference VND'000	Tax value VND'000	Temporary difference VND'000	Tax value VND'000
Deductible temporary differences	46,706,852	9,341,370	79,198,608	15,839,722
Tax losses	82,625,331	16,525,066	68,007,014	13,601,403
	<u>129,332,183</u>	<u>25,866,437</u>	<u>147,205,622</u>	<u>29,441,124</u>

The tax losses expire in the following years:

Year of expiry	Status of tax review	Tax losses available
2020	Outstanding	68,007,014
2022	Outstanding	14,618,317
		<u>82,625,331</u>

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

Notes to the separate financial statements (continues)

(d) Applicable tax rates

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

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

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

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

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

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:

	Transaction value	
	31/03/2017	31/12/2016
	VND'000	VND'000
<i>Related companies</i>		
Kirin Holding Company, Limited - Ultimate Parent Company		
Short-term loan received	-	-
Share subscription	-	-
Interest expenses	-	4,556,838
Secondment fee	1,944,029	9,592,410

Notes to the separate financial statements (continues)

Kirin Holding Singapore Pte, Ltd - Parent company

Share subscription	-	-
Short-term loan received	-	240,570,000
Interest expenses	1,204,334	800,975

Subsidiary

Avafood Shareholding Company.

Short-term loan granted	6,150,000	25,250,000
Interest income	451,798	1,932,554
Processing service	6,388,047	27,616,967
Office and factory rental fee	1,483,053	5,932,212

Vietnam Kirin Beverage Company, Limited

Processing fee	35,168,944	165,913,334
Purchases of services	573,460	3,307,710
Sale of finished goods	12,373	39,291

Board of Directors and Board of Management

Secondment fees	1,219,320	5,642,680
Salary	454,500	1,818,000

35. Non-cash investing activities

	Q1-2017 VND'000	Q1-2016 VND'000	YTD2017 VND'000	YTD2016 VND'000
Net off inter-company payable against receivable for loans principal and interest from a subsidiary	8,658,210	10,244,784	8,658,210	36,904,096
Convert loans interest receivable to short-term loans receivable	451,798	499,901	451,798	1,932,554
	9,110,008	10,744,685	9,110,008	38,836,650

28th April 2017

Prepared by:


Nguyễn Hồng Phong
Chief Accountant

Approved by:


Toru Yamasaki
Chairman, General Director