Consolidated financial statements and Independent auditors' report

Interfood Shareholding Company and its subsidiaries

31 December 2009

Contents

Report of the Board of Directors

The Board of Directors submits its report together with the audited consolidated financial statements of Interfood Shareholding Company ("the Company") and its subsidiaries ("the Group") for the year ended 31 December 2009.

Results

The results of the Group for the year ended 31 December 2009 are set out in the consolidated statement of income.

Financial indicators of the business

	Unit	**2009**	2008 (Restated)
Assets structure and capital structure			
Assets structure			
Fixed assets/total assets	%	**77.32**	85.27
Current assets/total assets	%	**22.68**	14.73
Capital structure			
Liabilities/total resources	%	**83.95**	86.28
Owners' equity/ total resources	%	**16.05**	13.72
Liquidity			
Total assets/liabilities	times	**1.19**	1.16
Current ratio	times	**0.36**	0.18
Quick ratio	times	**0.01**	0.00
Profitability			
Loss/net sales			
Loss before tax/net sales	%	**(2.75)**	(36.13)
Loss/net sales	%	**(2.78)**	(31.69)
Loss/total assets			
Loss before tax/total assets	%	**(3.83)**	(25.80)
Net loss/total assets	%	**(3.88)**	(22.63)
Net loss/owners' equity	%	**(24.17)**	(164.93)

Auditors

The consolidated financial statements for the year ended 31 December 2009 have been audited by Grant Thornton (Vietnam) Ltd.

Boards of Management and Directors

The members of the Boards of Management and Directors during the year and to the date of this report were:

Board of Management:		**Appointed/Resigned on**
Pang Tee Chiang	Chairman	15 August 2006
Yau Hau Jan	Member	15 August 2006/ 11 January 2010
Nguyen Thi Kim Lien	Member	15 August 2006
Pang Tze Yi	Member	15 August 2006
Teng Po Wen	Member	15 August 2006

Board of Directors:		
Pang Tee Chiang	General Director	15 August 2006
Yau Hau Jan	Deputy General Director	15 August 2006/ 11 January 2010
Pang Tze Yi	Deputy General Director	11 January 2010
Nguyen Thi Kim Lien	Finance Director	15 August 2006

Statement by the Board of Directors

The Board of Directors is responsible for ensuring that the consolidated financial statements are properly drawn up so as to give a true and fair view of the financial position of the Group as at 31 December 2009 and of the results of its operations and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards and System and in compliance with relevant statutory requirements. When preparing the consolidated financial statements, the Board of Directors is required to:

- adopt appropriate accounting policies which are supported by reasonable and prudent judgements and estimates and then apply them consistently;
- comply with the disclosure requirements of Vietnamese Accounting Standards and System;
- maintain adequate accounting records and an effective system of internal control;
- prepare the consolidated financial statements on a going concern basis unless it is inappropriate to assume that the Group will continue its operations in the foreseeable future; and
- control and direct effectively the Group in all material decisions affecting its operations and performance and ascertain that such decisions and/or instructions have been properly reflected in the consolidated financial statements.

The Board of Directors is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.The Board of Directors confirms that the Group has complied with the above requirements in preparing the consolidated financial statements.On behalf of the Board of Directors

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Pang Tee Chiang
Chairman, General Director

Dong Nai province, Vietnam
Date ____________________

Grant Thornton

Independent auditors' report

On the consolidated financial statements of
Interfood Shareholding Company and its subsidiaries
for the year ended 31 December 2009

Grant Thornton (Vietnam) Ltd.
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No. HCM/10/118

To the Board of Management of Interfood Shareholding Company

We have audited the accompanying consolidated financial statements of Interfood Shareholding Company ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated balance sheet as at 31 December 2009 and the consolidated statement of income and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out from page 5 to 34.

The consolidated financial statements of the Group as of and for the year ended 31 December 2008 were audited by other auditors whose report dated 11 August 2009 expressed a qualified opinion with respect to certain differences between the recorded quantities of inventory and the actual quantities of inventory.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Vietnamese Accounting Standards and System. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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

Basis of opinion

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

As indicated in Note 3 – Basis of preparation of consolidated financial statements, the accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than the Socialist Republic of Vietnam.

Basis for qualified opinion

As stated in the auditor's report on the prior year's consolidated financial statements of Interfood Shareholding Company and its subsidiaries, the predecessor auditor issued a qualified opinion with respect to the carrying value of inventory stated at USD6,302,404 (equivalent to VND106,996 million) as at 31 December 2008 due to un-reconciled differences between the recorded quantities of inventory and the actual quantities of inventory. The differences were adjusted in the financial statements as at 31 December 2009, however, due to lack of satisfactory explanations and due to lack of documentary evidence we could not determine if the adjustments should have been taken as an adjustment to the 2008 financial statements instead of the charging them to the results of operations in the 2009 financial statements.

Opinion

In our opinion, except for the effects to the consolidated financial statements of the matter referred to in the *Basis for qualified opinion* paragraph, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2009, and of its financial performance and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards and System and in compliance with relevant statutory requirements.

Without qualifying our opinion, we draw the readers' attention to Note 6 to the consolidated financial statements. The accompanying consolidated financial statements have been prepared assuming that the Group will continue as a going concern. The Group's total current liabilities exceeded its total current assets by USD15,735,569 (equivalent to VND282,311 million) as of 31 December 2009. Such matter raises substantial doubt about the Group's ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. The parent company of the Group has undertaken to provide the necessary financial support to enable the Group to carry on business as a going concern for at least twelve months from the reporting date.

GRANT THORNTON (VIETNAM) LTD

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Melvyn George Crowle	**Tran Vuong Vu**
Auditor's Certificate No. N0297/KTV	Auditor's Certificate No. 1210/KTV
General Director	Auditor

Ho Chi Minh City, Vietnam

Date: ___________________

Consolidated balance sheet

	Notes	Code	**31 December 2009**	31 December 2008
			VND million	VND million
				(Restated)
ASSETS				
Current assets				
Cash and cash equivalents				
Cash	8	111	**4,453**	3,943
Accounts receivable				
Trade accounts receivable		131	**10,456**	4,505
Prepayments to suppliers		132	**3,906**	27,656
Other receivables	9	135	**7,378**	3,435
Provision for short term doubtful debts		139	**-**	(1,614)
		130	**21,740**	33,982
Inventories				
Inventories	10	141	**143,268**	128,314
Provision for decline in inventory	10	149	**(13,357)**	(6,118)
		140	**129,911**	122,196
Other current assets				
Short term prepaid expenses		151	**3,066**	2,550
Value added tax to be reclaimed		152	**29**	7,555
Taxes and amounts receivable from State Budget	11	154	**1,918**	1,815
Other current assets		158	**1,027**	1,722
		150	**6,040**	13,642
		100	**162,144**	173,763
Non-current assets				
Long term receivables				
Other non -current receivables	12	211	**15,873**	-
Fixed assets				
Tangible fixed assets	13	221	**407,983**	432,109
Construction in progress	14	230	**7,369**	498,901
		220	**415,352**	931,010
Long term investments				
Investments in associates	15	252	**53,278**	-
Other non-current assets				
Long-term prepaid expenses	16	261	**26,323**	34,818
Deferred tax assets	17	262	**41,929**	39,676
Other non-current assets		268	**145**	-
		260	**68,397**	74,494
		200	**552,900**	1,005,504
		270	**715,044**	1,179,267

	Notes	Code	**31 December 2009**	31 December 2008
			VND million	VND million
				(Restated)
RESOURCES				
Liabilities				
Current liabilities				
Short term borrowings and debts	18	311	**253,450**	631,870
Trade accounts payable	19	312	**136,608**	174,262
Advances from customers		313	**6,595**	5,200
Taxes and amounts payable to state budget	20	314	**26,850**	13,939
Payable to employees		315	**7,747**	5,957
Accrued expenses payable	21	316	**12,139**	50,534
Other payables	22	319	**1,066**	104,253
		310	**444,455**	986,015
Long term liabilities				
Long term deposits		331	**23**	21
Long term borrowings and debts	23	334	**152,268**	27,647
Deferred tax liabilities	24	335	**1,457**	1,074
Provision for severance allowance		336	**2,110**	2,680
		330	**155,858**	31,422
			600,313	1,017,437
Owners' equity				
Capital sources and funds				
Share capital	25,26	411	**328,571**	310,917
Share premium	25	412	**73,249**	69,313
Foreign exchange differences	25	416	**-**	10,554
Other reserve	25	419	**(28,025)**	(26,520)
Accumulated losses	25	420	**(259,064)**	(220,665)
		410	**114,731**	143,599
Minority interest				
Minority interest	27	439	**-**	18,231
		430	**114,731**	161,830
		440	**715,044**	1,179,267

Off balance sheet items

	31 December 2009	31 December 2008
Foreign currencies		
Vietnamese dong (million)	**4,943**	3,470
Euro	**250**	240

Date: ____________________

Pang Tee Chiang
General Director

Nguyen Hong Phong
Chief Accountant

Consolidated statement of income

	Notes	Code	**Year ended 31 December 2009 VND million**	Year ended 31 December 2008 VND million (Restated)
Gross sales	28	01	**1,042,752**	887,753
Sale deductions	28	02	**(45,137)**	(45,500)
Net sales		10	**997,615**	842,253
Cost of sales	29	11	**(791,056)**	(789,836)
Gross profit		20	**206,559**	52,417
Income from financial activities	30	21	**21,800**	12,950
Expenses for financial activities	31	22	**(109,673)**	(61,462)
Including: interest expense		*23*	***50,112***	53,918
Selling expenses	33	24	**(92,808)**	(80,752)
General and administration expenses	33	25	**(42,317)**	(54,631)
Operating loss		30	**(16,439)**	(131,478)
Other income	34	31	**12,451**	2,833
Other expenses	35	32	**(23,423)**	(175,623)
Loss before tax		50	**(27,411)**	(304,268)
Corporate income tax for the current year	36	51	**-**	(1,617)
Deferred corporate income tax	36	52	**(322)**	38,982
Loss after tax			**(27,733)**	(266,903)
Minority interest		59	**(1,864)**	(4,557)
Net loss attributable to the Parent Company		60	**(25,869)**	(262,346)
Loss per share (VND thousand)	41	70	**(0.888)**	(9.514)

Date: ___________________

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Pang Tee Chiang
General Director

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Nguyen Hong Phong
Chief Accountant

Consolidated statements of cash flows

	Code	**Year ended 31 December 2009 VND million**	Year ended 31 December 2008 VND million (Restated)
Cash flows from operating activities			
Loss before tax	01	**(27,411)**	(304,267)
Adjustments for:			
Depreciation and amortisation	02	**41,239**	35,786
Increase in provisions	03	**5,186**	1,647
Gain on foreign currency translation	04	**(11,063)**	(9,231)
Loss from disposal investments, fixed assets	05	**47,924**	166,459
Interest expense	06	**50,112**	53,918
Interest income	07	**(2,390)**	(459)
Operating profit/(loss) before adjustments to working capital	08	**103,597**	(56,147)
Change in accounts receivable	09	**8,606**	19,437
Change in inventories	10	**(7,668)**	60,293
Change in accounts payable	11	**93,314**	89,129
Change in prepaid expenses	12	**(371)**	4,069
Interest paid	13	**(50,112)**	(17,913)
Interest income received	15	**2,390**	459
Cash generated from operating activities	20	**149,756**	99,327
Cash flows from investing activities			
Acquisition of fixed assets, investment and construction in progress	21	**(11,085)**	(311,585)
Proceeds from disposal of investments and fixed assets	22	**91,804**	7,450
Additional investments in associates	25	**(17,941)**	-
Capital contributions from minority interest		**-**	16,977
Net cash inflows/(outflows) from investing activities	30	**62,778**	(287,158)

		Year ended 31 December 2009 VND million	Year ended 31 December 2008 VND million (Restated)
Cash flows from financing activities			
Proceeds from loan	33	**845,718**	1,335,708
Repayments for debt	34	**(1,057,876)**	(1,161,507)
Dividend payments to investors	36	**-**	(20)
Net cash inflows/(outflows) from financing activities	40	**(212,158)**	174,181
Net increase/(decrease) in cash	50	**376**	(13,650)
Cash and cash equivalents at beginning of the year	60	**3,943**	7,019
Effects of changes in foreign exchange rates	61	**134**	10,574
Cash and cash equivalents at end of the year	70	**4,453**	3,943

Date: ______________________

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Pang Tee Chiang
General Director

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Nguyen Hong Phong
Chief Accountant

Notes to the consolidated financial statements

1 Nature of operations

Interfood Shareholding Company (formerly Interfood Processing Industry Ltd.) ("the Company") was established in the Socialist Republic of Vietnam as a wholly owned subsidiary by Trade Ocean Holdings Sdn. Bhd., a company incorporated in Malaysia for a period of 40 years pursuant to Investment Licence No. 270/GP, dated 16 November 1991.

After the initial Investment License, there were a series of amendments as follows:

- Investment Licence No. 270 CPH/GP dated 9 August 2005 which allowed the Company to convert into a shareholding company with foreign owned capital under the name of Interfood Shareholding Company with a total investment capital and charter capital of USD30,000,000 and USD13,000,000, respectively. The Company's total number of shares was 13,000,000 with par value of USD1 per share and held by four founding shareholders;

- Investment Licence No. 270 CPH/GPDC2 dated 15 June 2006 allowing the Company to change the par value of its shares from USD1 per share to VND10,000 per share and the Company's charter capital was changed from USD13,000,000 to VND206,336,000 thousand. As a result, the total shares of the Company changed from 13,000,000 shares with par value of USD1 per share to 20,633,600 shares with par value of VND10,000 per share;

- Investment Licence No. 270 CPH/GCNDC3 dated 23 August 2006 allowed the Company to increase its charter capital to VND242,841,600 thousand. The total shares of the Company increased to 24,284,160 by registering and issuing 3,620,560 new shares.

On 17 October 2006, the Company listed the 3,620,560 new shares (stock code IFS) mentioned above on the Ho Chi Minh City Securities Trading Centre after receiving Listing Licence No. 61/UBCK-GPNY issued by the State Securities Commission on 29 September 2006. According to the Listing Licence, the founding shareholders were also allowed to sell 2,108,912 shares held by them to the public. The number of shares listed totalled 5,729,472.

Under the latest Investment License under Investment Certificate No. 472033000328 dated 28 November 2007 issued by the Board of Management of Dong Nai Industrial Zone, the total investment capital of the Company is VND1,444,500 million, equivalent to USD90 million. The charter capital of the Company is VND291,409,920 thousand. The total number of shares of the Company was increased to 29,140,992 with par value of VND10,000 per share. An additional 4,820,832 new shares were issued and registered, in which 1,145,887 shares were allowed to be listed bringing the total to 6,875,359 shares being listed.

The principal activities of the Company are to process agricultural and aquatic products into canned, dried, frozen, salted, and pickled products and the production of biscuits and snack food, carbonated fruit juice and fruit juice with 5% alcohol content, bottled filtered water and PET bottle; to manufacture packaging for foods and beverages.

Particulars of the Group's principal subsidiaries are set out in Note 5 to the consolidated financial statements.

As at 31 December 2009, the Group had 1,228 employees (2008: 1,382 employees).

2 Fiscal year and currency

Fiscal year
The Company's fiscal year end is 31 December.

Reporting currency and foreign exchange
The Company's separate financial statements and those of the consolidated subsidiary are measured and presented using United States dollar (USD) as approved by the Ministry of Finance in Official Letter No. 550 TC/CDKT dated 5 September 1998 and No. 1906 TC/CDKT dated 16 February 2005, respectively. As such, the Group used the United States Dollar as its reporting currency in the preparation and presentation of its consolidated financial statements. However according to the Official letter No.627/UBCK-QLPH dated 16 April 2008 of the Sate Securities commission of Vietnam, the consolidated financial statements of the Group must be presented in Vietnam Dong. Following that, the Group converted the financial statements to Vietnam Dong using the exchange rate published by the State Bank of Vietnam of VND17,941/USD (2008: VND16,977/USD) that closely approximates the rate ruling at the balance sheet date. All resulting foreign currency translation differences are dealt with through the balance sheet.

3 Basis of preparation of consolidated financial statements

3.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System, and relevant statutory requirements of the Ministry of Finance, which may differ in some material respects from International Financial Reporting Standards and the generally accepted accounting principles and standards of the country of the reader. Accordingly, the consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with generally accepted accounting principles and practices in countries or jurisdictions other than The Socialist Republic of Vietnam and furthermore their use is not designed for those who are not informed about Vietnam's principles, procedures and practices.

User of these consolidated financial statements should read them together with the consolidated financial statement of the Group prepared in USD as at and for the year ended 31 December 2009 in order to obtain the full information, result of operation and changes in financial position of the Group in accordance with Vietnamese Accounting Standards and System and in compliance with relevant statutory requirements.

3.2 Basis of consolidation

The consolidated financial statements are composed of the accounts of the Company and its subsidiaries, hereinafter collectively referred to as the "Group".

Subsidiaries
Subsidiaries are those companies over which the Group has the power to govern the financial and operating policies. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases. When the Parent company loses control of a subsidiary, it derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost; and derecognises the carrying amount of any minority interest in the former subsidiary at the date when control is lost.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured at the fair value of the assets given, equities instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair value at the acquisition date, irrespective of the extent of the minority interest. The excess of cost of acquisition over the fair value of the Group's share of identifiable assets acquired is recorded as goodwill. Goodwill is recognised in expenses (if it is of small value) and otherwise amortised in a uniform manner during its estimated useful life (if it is material). The useful life of goodwill is estimated as the time during which economic benefits are recovered by the Group. Such useful life is not beyond 10 years from the date of recognition. Negative goodwill represents the excess of the Group's interest in the fair value of identifiable net assets and liabilities, and contingent liabilities over costs of acquisition. It is recognised directly in the statement of income at the date of acquisition.

Inter-company balances, transactions and unrealised gains on transactions between those companies and the Group are eliminated. Unrealised losses are also eliminated unless they provide evidence of an impairment of the asset transferred. The accounting policies of subsidiaries have been changed where necessary to ensure the consistency with the policies adopted by the Group.

Minority interest
Minority interest is the portion of the profit or loss and net assets of a subsidiary attributable to equity interest that are not owned, directly or indirectly through subsidiaries, by the parent.

The losses applicable to the minority in the subsidiary may exceed the minority interest in the equity of the subsidiary. In such cases, the excess, and any further losses applicable to the minority, are charged against the majority interest except to the extent that the minority has a binding obligation to, and is able to, make good the losses. If the subsidiary subsequently reports profits, the majority interest is allocated all such profits until the minority's share of losses previously absorbed by the majority has been recovered.

4 Accounting policies

4.1 Cash and cash equivalents

Cash and cash equivalents include cash on hand and cash in bank as well as bank deposits with a maturity term of not more than 3 months.

4.2 Inventory

Inventory is accounted for using the perpetual method and valued at the lower of cost and net realizable value. Cost of finished goods and work in progress, calculated on a weighted average basis, is composed of materials, direct labour and production overhead. Cost of raw material, tools and supplies is valued at purchase and related costs. Net realizable value comprises estimated sales proceeds less selling expenses. A provision for decline is recorded where cost exceeds net realizable value.

4.3 Accounts receivable

Accounts receivable are carried at invoice value less a provision for doubtful debts in an amount that reflects the extent to which it is estimated that the accounts will not be collected in full.

4.4 Tangible fixed assets

Tangible fixed assets are valued at historical cost less accumulated depreciation. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follow:

Buildings	15 – 30 years
Plant and machinery	10 – 15 years
Motor vehicles	6 years
Office equipment	10 years

The Company obtained permission from the Ministry of Finance to depreciate based on the depreciation rates above through Official letter No.2536/TC-TCDN dated 20 March 2003. The said depreciation rates are not consistent with the guidelines under Decision 206/2003/QD -BTC dated 12 December 2003.

Gains or losses from disposals are determined by comparing the net proceeds from disposal with the carrying amounts of the assets sold and are recognised as income or expense in the income statement.

Depreciation of assets which are not in use was recognised as part of "Other expenses".

4.5 Construction in progress

Construction in progress represents the costs of new ERP software under development. No depreciation is recognized until the project is complete and until the asset is available for its intended use at which time the related costs are transferred to tangible fixed assets.

4.6 Investments in associates

Associates are those entities over which the Group is able to exert significant influence, generally accompanying a shareholding of between 20% to 50% of voting rights, but which are neither subsidiaries nor investments in joint ventures. In the consolidated financial statements, investments in associates are initially recorded at cost and subsequently accounted for using the equity method.

The equity method is a method of accounting whereby the investment is initially recorded at cost and adjusted thereafter for the post acquisition change in the investor's share of net assets of the investee. The income statement reflects the investor's share of the results of operations of the investee.

4.7 Borrowing costs

Borrowing costs comprising interest and related costs are recognised as an expense in the period in which they are incurred, except for borrowing costs relating to the acquisition of tangible fixed assets that are incurred during the period of construction and installation of the assets, which are capitalised as a cost of the related assets.

4.8 Revenue

Revenue from sale of goods is recognised in the consolidated statement of income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognized if there are significant uncertainties regarding the ultimate receipt of the proceeds, the reasonable estimation of the associated costs of the sale or the possibility of the return of the goods.

Interest income is recognised in the consolidated statement of income on a time-proportion basis using the effective interest method.

4.9 Provision for severance allowance

In accordance with Vietnamese labour laws, employees of the Group are entitled to a severance allowance based on their years of service. This will be paid as a lump sum when the employee leaves the Group. A provision for severance allowance is made for the estimated liability for employment termination as a result of services rendered by employees up to the balance sheet date. The provision is calculated on the basis of a half-month salary for each employee for each year of service with the Group, based on salary levels at the balance sheet date.

Following a change in current regulation of severance allowance starting 1 January 2009, the Group is no longer liable to accrue and pay for severance allowance for periods after 31 December 2008, which will be replaced by the Government's unemployment insurance scheme.

4.10 Operating leases

Leases wherein substantially all the rewards and risks of ownership of assets remain with the leasing company are accounted for as operating leases. Rental payments applicable to such leases are recorded in the results of operations as incurred.

4.11 Income taxes

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in the consolidated statement of income.

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amounts of assets and liabilities in the consolidated financial statements with their respective tax bases. In addition, tax losses available to be carried forward as well as other income tax credits to the Company are assessed for recognition as deferred tax assets.

Deferred tax liabilities are always provided for in full. Deferred tax assets are recognised to the extent that it is probable that they will be able to be offset against future taxable income.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date. Most changes in deferred tax assets or liabilities are recognised as a component of tax expense in the consolidated statement of income. Only changes in deferred tax assets or liabilities that relate to a change in value of assets or liabilities that is charged directly to equity are charged or credited directly to equity.

4.12 Earnings/loss per share

The Group presents basic earnings/loss per share (EPS) for its ordinary shares and this is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

4.13 Equity and reserves

Share capital represents the nominal value of shares that have been issued.

Share premium includes any premiums received on issue of share capital. Any transaction cost associated with the issuing of shares are deducted from premium, net of any related income tax benefits.

Other reserve represents the negative goodwill carried forward after the Company acquired a subsidiary (Note 3.2)

4.14 Related parties

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.

4.15 Segment report

The Group identifies its operating segments based on market segments where the risks and returns are different in each of the markets. For all periods presented, the Group operated in two segments: domestic sales and export sales. In addition, there are two main kinds of product: Drinks and Biscuits.

5 Subsidiaries and associate

5.1 Disposal of equity interest in subsidiary – Interfood Packaging Limited

On 6 January 2009, the Company entered into an agreement to sell 70% of its ownership of Interfood Packaging Limited to Crown Packaging Investment Pte. Ltd, a Singaporean company. Under the agreement, the transfer has taken effect on 31 January 2009 when all of the terms in the agreement were expected to meet. For purposes of control, management believes that the Company lost control around 31 January 2009 but for consolidation purposes management decided not to include the results of operations of the said former subsidiary from 1 January 2009 due to the immateriality of amounts involved.

5.2 Subsidiaries and associate of the Company at the balance sheet date were as follows:

	Amount		% equity held	
	31 December 2009	31 December 2008	**31 December 2009**	31 December 2008
	VND million	VND million	**%**	%
Subsidiary:				
AvaFood Shareholding Company (1)	**80,735**	76,397	**90**	90
Northern Interfood Shareholding Company (2)	**-**	-	**-**	-
Interfood Packaging Limited (3)	**-**	152,793	**-**	90
	80,735	229,190		
Associate:				
Interfood Packaging Limited (3)	**53,823**	-	**20**	-

1. AvaFood Shareholding Company

On 30 June 2007, the Company acquired 90% of the paid-up share capital of AvaFood Shareholding Company ("Avafood") based on the par value of the shares from Wonderfarm Biscuits & Confectionery Sdn. Bhd.

AvaFood Shareholding Company (formerly AvaFood Industries Ltd.) was established in SR Vietnam for a period of 50 years pursuant to Investment Licence No. 48/GP-ĐN, dated 19 July 2002 issued by the People's Committee of Dong Nai Province. The Company was wholly owned by Wonderfarm Biscuits & Confectionery Sdn. Bhd., a company incorporated in Malaysia.

The amended Investment Licence No. 48/GPĐC2-ĐN-KCN dated 17 September 2004 allowed Avafood to increase its investment capital to USD11,000,000.

Pursuant to Investment Certificate No. 472033000355 dated 31 December 2007 issued by the Board of Management of Dong Nai Industrial Zone, the Subsidiary was allowed to convert into a shareholding company under the name of AvaFood Shareholding Company with the total investment capital of VND259,200 million, equivalent to USD16,000,000. The charter capital of the Subsidiary is VND81,000 million, equivalent to USD5,000,000. Avafood's total number of shares were 8,100,000 with par value of VND10,000 per share.

The principal activities of the Avafood are to produce processed products including fruit juice, bottled filtered water, biscuits, jams and sweets of all kinds, and from agricultural and aquatic products as well as livestock; to lease workshop.

2. Northern Interfood Shareholding Company

Pursuant to Investment Certificate No. 212032000111 dated 14 Feb 2008 issued by the Board of Management of Bac Ninh Industrial Zone, the subsidiary was established as a shareholding company under the name of Northern Interfood Shareholding Company ("NIFS") with a total investment capital of VND583,200 million, equivalent to USD36,000,000. The charter capital of the NIFS is VND178,200 million, equivalent to USD11,000,000. As at 31 December 2009, the Company has still operated yet. There has been no capital contribution up to the date of this report.

The principal activities of the NIFS are to produce carbonated fruit juice and noncarbonated fruit juice, food from agricultural product, forest product and seafood and product packing of soft drink.

3. Interfood Packaging Limited

On 6 May 2008, Interfood Packaging Limited (IPL) received the approval from the Board of Management of Dong Nai Industry Zones to establish operations for a period of 46 years pursuant to Investment Certificate No. 470233000646 with charter capital of USD10 million. As at 31 December 2008, the Company had fully contributed the capital, equivalent to USD9 million, to Interfood Packaging Limited.

Subsequent to the Company's loss of control over IPL in Jan 2009 (mentioned in Note 5.1), on 19 June 2009, Interfood Packaging Limited received its amended Investment Certificate No. 472023000464 which approved the change of its name to Crown Beverage Cans (Dong Nai) Limited ("Crown Dong Nai"). Under the new license, its charter capital was increased from USD10,000,000 to USD15,000,000. The Company contributed an additional amount of USD1,000,000 to maintain its equity interest of 20% in Crown Dong Nai (Note 15).

6 Going concern assumption

The consolidated financial statements have been prepared assuming that the Group will continue as a going concern notwithstanding the fact that the Group's current liabilities exceeded current assets by USD15,735,569 (equivalent to VND282,311 million) as at 31 December 2009 (31 December 2008: USD47,844,248 – equivalent to VND812,252 million).

The Group's continued existence as a going concern is dependent on the continued financial support of its parent company and ultimately on its ability to operate profitably. The parent company issued a formal undertaking to provide financial support in connection with third party undertakings and relief from related party financial obligations. Accordingly, the consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded assets amounts or to amounts and classifications of liabilities that may be necessary if the Group is unable to continue as a going concern.

7 Comparative figures

As a result of the disposal of Interfood Packaging Limited, the Company lost control of said subsidiary and reclassified its investment from investment in subsidiary to investment in associate. Therefore the Company excluded the accounts and amounts of such former subsidiary in the 2009 consolidated financial statements. In the comparative figures, such subsidiary was included in the 2008 consolidated financial statements.

The figures for the year ended 31 December 2008, which are included in this year's consolidated financial statements for comparative purposes, have been restated and reclassified to reflect accounting errors noted after the date of issuance of the consolidated financial statements for the year ended 31 December 2008. Such adjustments resulted in the following effects on the Group's net loss and accumulated losses:

Net profit/(loss)	No.	As previously reported VND million	Restatements VND million	**As restated VND million**
Year ended 31 December 2006	1	59,653	(276)	**59,377**
Year ended 31 December 2007	2,	68,089	(49)	**68,041**
Year ended 31 December 2008	3,6,8,10, 11,12,13	(261,513)	(833)	**(262,346)**
Accumulated losses				
1 January 2007	1	37,321	(307)	**37,014**
1 January 2008	1,2	39,963	(361)	**39,602**
1 January 2009	3,6,8,10, 11,12,13	(219,452)	(1,213)	**(220,665)**

Details of prior years' adjustments and reclassifications their effects to each item on the consolidated financial statements in the year 2008 are as follows:

Consolidated balance sheet as at 31 December 2008 (extracted)

	No.	31 December 2008		
		As previously reported	Restatements	**As restated**
		VND million	VND million	**VND million**
ASSETS				
Accounts receivable				
Other receivables	5, 6, 7	3,359	76	**3,435**
Fixed assets				
Tangible fixed assets	4	433,066	(957)	**432,109**
Construction in progress	4, 6, 7	498,901	-	**498,901**
TOTAL ASSETS		1,180,148	(881)	**1,179,267**
RESOURCES				
Liabilities				
Current liabilities				
Trade accounts payable	6, 7, 8	174,550	(288)	**174,262**
Other payables	6, 8, 9	104,582	(329)	**104,253**
Non current liabilities				
Deferred tax liabilities	1, 2, 12	-	1,074	**1,074**
TOTAL LIABILITIES		1,016,980	457	**1,017,437**
Owners' equity				
Capital sources and funds				
Foreign currency translation differences	11	10,587	(33)	**10,554**
Accumulated losses	3, 11	(219,453)	(1,213)	**(220,666)**
TOTAL EQUITY		144,844	(1,246)	**143,598**
Minority interest	13	18,323	(92)	**18,231**
TOTAL RESOURCES		1,180,148	(881)	**1,179,267**

Consolidated statement of income for the year ended 31 December 2008 (Extracted)

	No.	Year ended 31 December 2008		
		As previously reported	Restatements & reclassifications	**As restated**
		VND million	VND million	**VND million**
Cost of sales	3	(789,509)	(327)	**(789,836)**
Incomes from financial activities	11	12,917	33	**12,950**
Expenses for financial activities	6	(61,273)	(189)	**(61,462)**
Selling expenses	10	(68,918)	(1,339)	**(70,257)**
General and administration expenses	3,10	(56,297)	1,666	**(54,631)**
Operating loss		(131,322)	(156)	**(131,478)**
Other expenses	8	(172,714)	(75)	**(172,789)**
Deferred corporate income tax	12	-	(695)	**(695)**
Loss after tax		(265,977)	(926)	**(266,903)**
Minority Interest	13	(4,464)	(93)	**(4,557)**
Net loss attributable to the Parent company		(261,513)	(833)	**(262,346)**

Adjustments and reclassifications were made for the followings:

No.	Description	Amount VND million
	Year 2006	
1	To recognise deferred tax liabilities due to temporary difference between tax base and accounting base	323
	Year 2007	
2	To recognise deferred tax liabilities due to temporary difference between tax base and accounting base	57
	Year 2008	
3	To reclassify land lease expenses	327
4	To reclassify the disposal of fixed assets	957
5	To record additional output VAT from disposal of fixed assets sold in 2008	153
6	To net-off payable to Tan Phuoc Thinh and receivable from Crown Dong Nai in 2008	
	Decrease in other receivables	153
	Increase in expenses from financial activities	189
	Decrease in trade account payables	1,679
	Decrease in construction in progress	1,715
7	To recognise construction cost when receiving final invoice from Tasin	
	Increase in construction in progress	758
	Increase in other receivables	76
	Decrease in trade payables	833
8	To accrue VAT liabilities for sale of goods in September 2008 and fixed assets sold to Crown Dong Nai in 2008	
	Increase in other payables	75
	Increase in other expenses	75
9	To reclassify payable to Nguyen Hoang Phuong from other payable to trade payable	557
10	To reclassify location rental for vending machine from general administration expenses to selling expenses	1,339
11	To reclassify unrealised gain from foreign currency translation differences to financial income	33
12	To record the deferred tax liability to recognise temporary difference between tax base and accounting base	695
13	To adjust net effect on results to minority interest	93

8 Cash

	31 December 2009 VND million	31 December 2008 VND million
Cash on hand	**1,020**	1,004
Cash in bank	**3,433**	2,939
	4,453	3,943

9 Other receivables

Included in other receivables is an amount of VND2,112 million represents the VAT input for services rendered by Avafood Shareholding Company, a subsidiary.

10 Inventories

	31 December 2009	31 December 2008
	VND million	VND million
Goods-in-transit	**-**	6,336
Raw materials	**54,158**	53,879
Tools and supplies	**3,202**	2,794
Work in process	**21,510**	24,129
Finished goods	**64,398**	41,176
	143,268	128,314
Provision for decline in inventory	**(13,357)**	(6,118)
	129,911	122,196

11 Taxes and amounts receivable from the state budget

The amount of VND1,918 million represents over-payment of the Company's corporate income tax made for the year 2007. The amounts will be net off with tax liabilities or tax filings in the succeeding years.

12 Other non – current receivables

This amount represents prepayments to a supplier, Kota Lavenda Sdn. Bhd. for the purchase of materials in 2008 and will be paid back by the supplier in 2011.

13 Tangible fixed assets

	Building	Machinery and Equipment	Motor vehicles	Office equipment	**Total**
	VND million	VND million	VND million	VND million	**VND million**
Historical cost					
1 January 2009	92,044	498,231	11,814	5,989	**608,078**
Acquisition	23	7,841	-	41	**7,905**
Disposals	(12,907)	(25,997)	(1,117)	(1,395)	**(41,416)**
Elimination (*)	-	(86)	(1,841)	(15)	**(1,942)**
Translation differences	5,228	28,291	671	339	**34,529**
31 December 2009	84,388	508,280	9,527	4,959	**607,154**
Fully depreciated	-	*4,766*	-	*18*	***4,784***
Fixed assets not in use (**)	-	*124,544*	-	*138*	***124,682***
Accumulated depreciation					
1 January 2009	(9,730)	(156,078)	(6,951)	(3,210)	**(175,969)**
Charge for the year	(3,220)	(36,048)	(868)	(475)	**(40,611)**
Disposals	5,169	19,658	1,196	1,251	**27,274**
Elimination (*)	-	1	126	-	**127**
Translation differences	(552)	(8,862)	(395)	(183)	**(9,992)**
31 December 2009	(8,333)	(181,329)	(6,892)	(2,617)	**(199,171)**
Fixed assets not in use	-	*(59,195)*	-	*(102)*	***(59,297)***
Net book value					
1 January 2009	82,314	342,153	4,863	2,779	**432,109**
31 December 2009	76,055	326,951	2,635	2,342	**407,983**
Fixed assets not in use	-	*65,349*	-	*36*	***65,385***

(*) In January 2009 the Company known at that time as Interfood Packaging Limited ceased to be a subsidiary and the fixed assets of that Company have been excluded from the present consolidated financial statements.

As at 31 December 2009, certain fixed assets with an aggregate carrying value of USD16,878,540 (equivalent to VND302,818 million) (2008: USD18,906,614 – equivalent to VND320,297 million) have been pledged with Vietcombank as security for short-term and long term borrowings (Note 18 and Note 23).

The Company's building with carrying value of USD357,422 is located in Bien Hoa City. On 22 January 2007, the People Committee of Dong Nai Province issued a letter to the Company asking them to relocate their manufacturing facilities out of the urbanized areas of Bien Hoa City. The Company complied with such an order and made arrangements for a new manufacturing facilities in Long Thanh district. The Company stopped production in Bien Hoa City around September 2009 and since then the building has been idle. As a consequence, the Company has written off the carrying amount of the building.

(**) Those assets had been moved from the old factory located in the central of Bien Hoa City to new one located in Tam Phuoc Industrial Park, Long Thanh district. The Company has insufficient demand to warrant bringing these assets into use at the present time.

14 Construction in progress

	Year ended 31 December 2009 VND million	Year ended 31 December 2008 VND million
Opening balance	**498,901**	74,329
Additions during the year	**4,018**	494,290
Elimination (*)	**(523,879)**	-
Transferred to tangible fixed assets	**-**	(73,617)
Translation difference	**28,329**	3,899
Closing balance	**7,369**	498,901

(*) Elimination of construction in progress belonging to a former subsidiary.

15 Investments in associate

	Year ended 31 December 2009 VND million	Year ended 31 December 2008 VND million
Opening balance	**-**	-
Investments in associates (Note 5)	**53,823**	-
Share of loss from investments in associates (Note 31)	**(545)**	-
	53,278	-

16 Long term prepaid expenses

	Year ended 31 December 2009 VND million	Year ended 31 December 2008 VND million
Opening balance	**34,818**	39,253
Additions	**-**	444
Elimination (*)	**(9,844)**	-
Amortisation	**(628)**	(6,937)
Translation differences	**1,977**	2,058
Closing balance	**26,323**	34,818

(*) Elimination of long term prepaid expenses belonging to a former subsidiary.

17 Deferred tax assets

	31 December 2009	31 December 2008
	VND million	VND million
Deferred tax assets	**41,929**	39,676

This pertains to the deferred income tax recognized in 2008 relative to the Company's net loss reported for that year.

18 Short term borrowings and debts

	31 December 2009	31 December 2008
	VND million	VND million
Loans from Vietcombank, Dong Nai Branch(1)	**190,893**	291,415
Loans from ANZ Bank (2)	**-**	153,975
Loans from Citibank (3)	**-**	29,778
Loans from Asia Commercial Bank(4)	**-**	78,254
Loans from Chinatrust Commercial Bank (5)	**8,044**	32,997
Loans from HSBC Bank (6)	**-**	28,357
Loans from supplier (7)	**17,940**	-
Current portion of long term debts (Note 23)	**36,573**	17,094
	253,450	631,870

(1) Loans from Vietcombank Dong Nai

	31 December 2009	31 December 2008
	VND million	VND million
Denominated in USD	**28,271**	61,337
Denominated in VND	**162,622**	230,078
	190,893	291,415

The Company has a Loan from short term credit facility with a limit of 162 billion VND (equivalent to USD9,029,597 as at 31 December 2009). During the year, the bank approved the extension of the repayment of the outstanding interest and in July 2009 the Company paid all outstanding interest charges and the bank has waived the VND1 billion overdue interest charges. On 06 August 2009, the Company also received a letter from Vietcombank confirming that the status of credit facilities was back to normal and the Company can now continue using the unused credit facilities which amounts to USD127,631 as at 31 December 2009.

Avafood also has two short term credit facilities from Vietcombank, Dong Nai branch a revolving loan credit facility of USD2,000,000 and a short term loan of USD3,000,000. Avafood defaulted on the payments of this loan as at 31 December 2008.

However, on 14 July 2009, Avafood was able to obtain the "Restructure of Outstanding loan and Interest" letter from Vietcombank, Dong Nai branch which extended the Company's existing USD2,000,000 short-term loan agreement to 31 December 2009. The bank will continue to finance the short-term loan for a period of at least 12 months from its expiry date of 31 December 2009. The Company has to make payment of USD310,000 by 30 September 2009 and payment of monthly interest. The Company had made the required payments on 29 September 2009.

On 8 September 2009, the bank has agreed to restructure for outstanding loan and interest owing by Aavafood, which allowed the non-revolving short term loan plus the outstanding interest to be converted to mid-term loan and total outstanding long-term to be repaid in 42 monthly instalments. The first repayment amounting to USD150,000 was due in October 2009.

The applicable interest rates of these loans in 2009 for dollar denominated loans were 4.5% while it was 10.5% for VND denominated loans. The loans are secured by the aggregated values of the buildings and certain machinery amounting to USD18,431,948 (equivalent to VND330,688million). As at 31 December 2009, the carrying value of these pledged assets amounts to USD12,710,325 (equivalent to VND228,036 million) (Note 13).

(2) Loans from ANZ Bank

	31 December 2009	31 December 2008
	VND million	VND million
Denominated in USD	**-**	75,275
Denominated in VND	**-**	78,700
	-	153,975

The Company had short-term credit facilities of USD6 million from ANZ Bank and on 3 March 2008, the Company entered into a bridging loan facility of USD18 million to finance the investment in a subsidiary, Northern Interfood Shareholding Company, in Bac Ninh province. Dollar denominated loans are subject to interest based on SIBOR plus a margin of 1.25% per annum while loan denominated in VND are subject to a base rate plus a margin of 1.25% per annum. The loans are unsecured. The loans including all accrued interests were settled on 5 August 2009.

(3) Loans from Citibank

	31 December 2009	31 December 2008
	VND million	VND million
Denominated in USD	**-**	29,778

The loan from Citibank dated 30 January 2007 bears interest at the rate of 8.46% per annum. This loan is unsecured. All outstanding balances were paid on 29 October 2009.

(4) Loans from Asia Commercial Bank, Dong Nai Branch under Contract No DNA.DN.01291107 dated 29 November 2007, bears interest ranging from 18% to 31.5% per annum in 2009. This loan is unsecured. The loans including all accrued interests were settled on 25 June 2009.

(5) Loans from Chinatrust Commercial Bank

	31 December 2009	31 December 2008
	VND million	VND million
Denominated in USD	**-**	493
Denominated in VND	**8,044**	32,504
	8,044	32,997

The loan from Chinatrust Commercial Bank Ho Chi Minh City Branch under Contract No. HCMC204/2007 dated 7 January 2008 was made to finance the Company's working capital requirements. The loans are subject to interest based on the aggregate of SIBOR plus a margin of 1.2% per annum. In 2009, dollar denominated loans carried interest at the rates ranging from 5.79% to 11.25% per annum while VND denominated loans carried interest at the rates ranging from 17.19% to 18.59% per annum. These loans are unsecured.

On 3 July 2009, the Company and the bank entered into an amendment facility letter in which the Company agreed to pay 60% of the outstanding balance by 30 September 2009 and the remaining 40% will be repaid in 12 monthly instalments. On 4 August 2009, the Company made early repayment of the 60% of the outstanding loan balance amounting to USD1 million.

According to the agreement dated 8 December 2009, the Company will pay back the balance on 7 monthly instalments starting on 15 December 2009. Subsequently, the Company settled this amount in May 2010.

(6) Loans from HSBC Bank

	31 December 2009	31 December 2008
	VND million	VND million
Denominated in USD	-	11,265
Denominated in VND	-	17,092
	-	28,357

The loan from HSBC under Contract No. VNM CDT 080306 dated 6 June 2008 bears interest at the prevailing bank rates plus a margin of 2% per annum. In 2009, loans denominated in US dollar bore interest at rates ranging from 4.5% to 7.71% per annum while loans denominated in VND was subjected to interest at rates ranging from 10.3% to 15 % per annum. This loan is secured by the client's receivables amounting least to USD 2,320,000. All outstanding balances were paid on 6 October 2009.

(7) Loan from supplier

This loan represents the unpaid balance from the purchase of certain machinery. The machine was originally bought by the Company from Summitmark Worldwide Limited ("Summitmark") and then subsequently assigned to IPL. During the assignment, there's a remaining unpaid portion of the purchase cost amounting to USD5 million which required IPL paid directly to Summitmark. The Chairman of the Company – Mr. Pang Tee Chiang paid USD4million on behalf of IPL to Summitmark (Note 23). The remaining USD1 million was given by IPL to the Company with Summitmark's consent under a loan agreement dated 9 June 2009 and its annex dated 2 Nov 2009. The loan was supposed to be paid within ten months from 5 August 2009 and carries interest at the rate of 7% per annum.

Subsequently, the Company settled this amount in June 2010.

19 Trade accounts payable

	31 December 2009	31 December 2008
	VND million	VND million
		(Restated)
Payable to suppliers	92,116	173,545
Payable to related parties (Note 39)	44,492	717
	136,608	174,262

20 Taxes and amounts payable to State Budget

	31 December 2009	31 December 2008
	VND million	VND million
Value added tax	20,769	9,183
Corporate income tax	2,119	1,617
Personal income tax	2,112	1,171
Import, export tax	322	444
Other taxes	1,528	1,523
	26,850	13,939

21 Accrued expenses payable

	31 December 2009	31 December 2008
	VND million	VND million
Interest expense	-	36,972
Transportation	5,040	6,894
Trade discounts	4,490	3,088
Others	2,609	3,580
	12,139	50,534

22 Other payables

	31 December 2009 VND million	31 December 2008 VND million (Restated)
Dividend payable (Note 41)	**435**	412
Trade union, social and health insurance	**243**	2,176
Payables to Wonderfarm Biscuit & Confectionery Sdn. Bhd. (*) (Note 39).	**-**	26,530
Payable to Chairman of Group (**) (Note 39)	**144**	74,890
Other payables	**244**	245
	1,066	104,253

(*) The amount payable to Wonderfarm Biscuit & Confectionery Sdn. Bhd, related party, was transferred to long term loan under a loan agreement signed in July 2009 (Note 23).

(**) The Chairman of the Group made payment directly to a supplier on behalf of the Group for fixed asset purchases in 2008. In 2009, this payable was converted to a shareholder loan under a loan agreement dated 30 July 2009 (Note 23).

23 Long term borrowings and debts

	31 December 2009 VND million	31 December 2008 VND million
Loans from Vietcombank, Dong Nai Branch (1)	**96,984**	44,741
Loan from Chairman (2) (Note 39)	**63,820**	-
Loan from Wonderfarm Biscuits & Confectionery Sdn. Bhd. (3)	**28,037**	-
Less: amount due within one year	**(36,573)**	(17,094)
	152,268	27,647

(1) Loans from Vietcombank, Dong Nai Branch:
As mentioned in Note 18, on 8 September 2009, Vietcombank, Dong Nai branch agreed to restructure the outstanding balance of the loan and the related interest (both normal and overdue interest) of Avafood. Said amounts will be repaid in 42 monthly instalments with the first instalment amounting to USD150,000 being paid on October 2009.

The details of outstanding loan from Vietcombank, Dong Nai branch of Avafood as below:

	31 December 2009 VND million
Contract No.2007176/NHNT dated 30 August 2007 (a)	**24,331**
Contract No 200846/NHNT dated 21 February 2008 (b)	**15,686**
Contract No 2007225/NHNT dated 31 December 2007 ©	**44,683**
Overdue interest	**12,284**
	96,984

(a) This pertains to five-year loan amounting to USD1,500,000 under loan contract No.2007176/NHNT dated 30 August 2007. The loan carries interest at the rate of 10% per annum. This loan is secured by a building valued at USD2,244,014 under agreement No. 139/HDBD/NHNT dated 30 August 2007. As at 31 December 2009, the carrying value of the pledged asset is USD2,100,153 (equivalent to VND37,679 million) (Note 13).

(b) This represents a loan under contract No 200846/NHNT dated 21 February 2008. The loan bears interest at 10.5% per annum. This loan is secured by a factory building valued at USD2,388,379 under the agreement No.28/HDBD/NHNT dated 21 Feb 2008. As at 31 December 2009, the carrying value of this pledged asset amounts to USD2,068,062 (equivalent to VND37,103million) (Note 13)

(c) This is the remaining balance of the loan taken out under Contract No. 2007225/NHNT dated 31 December 2007 after an amount of USD2,970,000 was transferred from short-term loan to long-term loan (Note 18). The loan bears interest at the rate of 7.2% per annum. Up to June 2010, the Company settled an amount of USD1,380,000 and remaining balance as at 30 June 2010 is USD1,590,000.

(2) Loan from Chairman

As mentioned in Note 18, IPL owed the Chairman of the Company – Mr. Pang Tee Chiang the amount of USD4million. To finance for Company's working capital, the Company assumed IPL's liability to Mr. Pang while IPL proceeded payment for Company's loans from Citi bank and ANZ bank amounting to USD2,271,435 and USD1,131,565 respectively. This assumed liability was subsequently converted into a five-year shareholder loan under a loan agreement dated 30 July 2009. The loan bears interest at SIBOR three months less 1%. The actual interest rate for the year 2009 was from 2% to 3% per annum (Note 39).

(3) Loan from Wonderfarm Biscuits & Confectionery Sdn. Bhd

According to a Resolution of the BOM dated 25 December 2008, the balance of payables from Wonderfarm Biscuits & Confectionary Sdn. Bhd. of Avafood will be converted to a five-year shareholder loan. This loan bears interest at SIBOR 3 months less 1% per annum. The actual interest expense of this loan for the year 2009 was from 2% to 2.36%. This loan is unsecured.

24 Deferred tax liabilities

	31 December 2009	31 December 2008
	VND million	VND million
		(Restated)
Deferred tax liabilities	**1,457**	1,074

This pertains to temporary differences between accounting base and tax base in relation to the carrying value of fixed assets of Avafood Shareholding Company at the balance sheet date.

25 Owner's equity

	Share capital	Share premium	Other Reserve	Foreign exchange differences	Undistributed earnings (Accumulated losses)	**Total**
	VND million	VND million	VND million	VND million	VND million	**VND million**
1 January 2008, as restated	295,423	65,859	(25,198)	-	39,602	**375,686**
Prior year's net loss, as restated	-	-	-	-	(262,346)	**(262,346)**
Foreign exchange differences	-	-	-	10,554	-	**10,554**
Translation differences	15,494	3,454	(1,322)	-	2,079	**19,705**
31 December 2008, as restated	310,917	69,313	(26,520)	10,554	(220,665)	**143,599**
1 January 2009	310,917	69,313	(26,520)	10,554	(220,665)	**143,599**
Current year's net loss	-	-	-	-	(25,869)	**(25,869)**
Elimination (*)	-	-	-	(11,153)	-	**(11,153)**
Translation differences	17,654	3,936	(1,505)	599	(12,530)	**8,154**
31 December 2009	328,571	73,249	(28,025)	-	(259,064	**114,731**

(*) Elimination of net loss belonging to a former subsidiary.

26 Share capital

The Company's charter capital is VND291,409,840 thousand (equivalent to USD18,313,995), which is divided into 29,140,984 ordinary shares with par value of VND10,000 each.

		31 December 2009	
	Number of shares	**VND'000**	**USD equivalent**
Authorized	29,140,992	291,409,920	**18,314,000**
Issued and fully paid	29,140,984	291,409,840	**18,313,995**

Details of shareholders as at 31 December 2009 are as follows:

	Number of shares					
	Listed shares	Unlisted shares	**Total**	Par value	Equivalent capital amount	
				VND'000	**VND'000**	%
Trace Ocean Holding SDN BHD	-	16,684,646	**16,684,646**	10	**166,846,460**	57.25%
Pang Tee Chiang	1,200,189	5,499,840	**6,700,029**	10	**67,000,290**	22.99%
Ng. Eng Haut	800,403	-	**800,403**	10	**8,004,030**	2.75%
Yau Hau Jan	-	81,139	**81,139**	10	**811,390**	0.28%
Nguyen Thi Kim Lien	12,000	-	**12,000**	10	**120,000**	0.04%
Public shareholders	4,862,767	-	**4,862,767**	10	**48,627,670**	16.69%
	6,875,359	22,265,625	**29,140,984**		**291,409,840**	100%

27 Minority interest

	Year ended 31 December 2009 VND million	Year ended 31 December 2008 VND million (Restated)
Opening balance	**18,232**	5,812
Minority interest in Interfood Packaging	**(17,403)**	16,977
Minority interest in net loss of AvaFood	**(1,864)**	(4,048)
Minority interest in net loss of Interfood Packaging Limited	**-**	(509)
Translation differences	**1,035**	-
Closing balance	**-**	18,232

28 Net sales

	Year ended 31 December 2009 VND million	Year ended 31 December 2008 VND million
Revenue		
Domestic sales	**1,004,440**	837,945
Export sales	**38,312**	49,808
	1,042,752	887,753
Sales deduction:	**-**	**-**
Sales allowance	**(44,845)**	(45,071)
Sales return	**(292)**	(429)
	(45,137)	(45,500)
Net sales	**997,615**	842,253

29 Cost of goods sold

	Year ended 31 December 2009 VND million	Year ended 31 December 2008 VND million (Restated)
Cost of goods sold for domestic sales	**762,459**	742,950
Cost of goods sold for export sales	**28,597**	46,886
	791,056	789,836

30 Income from financial activities

	Year ended 31 December 2009 VND million	Year ended 31 December 2008 VND million (Restated)
Interest income from bank deposits	**293**	459
Interest income from loan to a related party (Note 39)	**2,097**	-
Realised gains from foreign exchange	**8,347**	3,260
Unrealised gains from foreign exchange	**11,063**	9,231
	21,800	12,950

31 Expenses for financial activities

	Year ended 31 December 2009 VND million	Year ended 31 December 2008 VND million
Loss from disposal of equity interest in Crown Dong Nai (Note 5)	**36,423**	-
Interest expense	**50,112**	53,918
Realised foreign exchange losses	**22,593**	7,544
Share of loss from investment in associate (Note 15)	**545**	-
	109,673	61,462

32 Selling expenses

	Year ended 31 December 2009 VND million	Year ended 31 December 2008 VND million
Transportation expense	**61,790**	52,752
Salary	**13,945**	10,496
Commission for salesman	**10,043**	10,494
Depreciation	**1,882**	2,163
Office rental fee	**207**	186
Other expenses	**4,941**	4,661
	92,808	80,752

33 General and administration expenses

	Year ended 31 December 2009 VND million	Year ended 31 December 2008 VND million (Restated)
Salary	**24,449**	18,875
Depreciation and amortisation of pre-operation expenses	**845**	7,185
Office expenses	**5,744**	10,254
Bank charges	**830**	3,101
Outside services expenses	**1,521**	2,076
Consultant fee	**258**	695
Others	**8,670**	12,445
	42,317	54,631

34 Other income

	Year ended 31 December 2009 VND million	Year ended 31 December 2008 VND million
Income from waved liabilities from customer	**3,845**	-
Income from disposal of fixed assets	**2,640**	-
Write-off account payables and advance from customers	**3,576**	-
Other income	**2,390**	2,833
	12,451	2,833

35 Other expenses

	Year ended 31 December 2009 VND million	Year ended 31 December 2008 VND million
Write-off of prepayments for machineries	**-**	152,550
Write-off of prepayments for land lease and others	**-**	13,889
Write-off unaccounted accounts receivable and prepayments to suppliers	**4,732**	-
Net book value of written-off fixed assets	**9,554**	-
Net book value of disposed fixed assets	**4,587**	123
Depreciation of idle assets	**4,254**	2,066
Others	**296**	6,995
	23,423	175,623

36 Cost by element

	Year ended 31 December 2009 VND million	Year ended 31 December 2008 VND million
Raw materials	**701,535**	652,901
Labour cost	**68,400**	55,298
Depreciation and amortisation	**35,808**	42,258
Outside service costs	**106,706**	88,892
Other costs	**54,710**	59,852
	967,159	899,201

37 Corporate income tax

Interfood Shareholding Company

The Company is liable to corporate income tax at the rate of 15% for a period of 12 years from 1994, the year it commenced commercial operations. Thereafter, from 2006 onwards the Company is subject to income tax at the rate of 25%.

According to Decree No. 24/2007/NĐ-CP dated 14 February 2007 (which replaced Decree No. 164/2003/NĐ-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, Long Thanh District. As a result, profit derived from this line is exempt from Corporate income tax for 2 years and a reduction of 50% for the following 6 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.

In accordance with 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.

Avafood Shareholding Company

Pursuant to the Investment Certificate No. 472033000355 dated 31 December 2007, Avafood is liable to corporate income tax at 15% of its taxable income from manufacturing processed products, including fruit juice, bottled filtered water, biscuits, jams and sweets of all kinds, and from agricultural and aquatic products as well as livestock in the first twelve years from 1 January 2006 when the Company officially commenced business operations. Thereafter the Company is subject to corporate income tax at 25%.

The Company is entitled to corporate income tax exemption for a period of 2 years from the first profit-making year and a reduced income tax equivalent to 50% of the applicable income tax rate in the next 3 years following its full exemption.

Corporate income tax is payable at the rate stipulated by the current regulations on annual profit from workshop lease activity (2009: 25%; 2008: 28%).

The Group:
No provision for corporate income tax has been made for the year ended 31 December 2009 because the Group incurred a loss for this year. The tax on the Group's loss before tax differs from the theoretical amount that would arise using the tax rate regulated in the Investment Certificate of each company within the Group as follows:

	Year ended 31 December 2009 VND million	Year ended 31 December 2008 VND million (Restated)
Accounting loss before tax	**(27,411)**	(304,268)
Add:		
Estimated not yet deductible expenses for tax purposes	**16,021**	-
Estimated non deductible expenses for tax purposes	**709**	(1,622)
Taxable loss	**(10,681)**	(305,890)
Deferred income tax income of Interfood Shareholding Company	**-**	39,676
Deferred income tax expenses of Avafood Shareholding Company	**(322)**	(696)
Corporate income tax payable	**-**	-
Loss after tax	**(11,003)**	(266,910)

Tax losses can be carried forward to offset future years' taxable income up to five years from the year in which they were incurred. The actual amount of accumulated losses that can be carried forward is subject to the result of tax audit carried out by the local tax authorities. Tax losses available for offset against future taxable income are as follows:

Year	**Status of tax audit**	**Tax losses VND million (Restated)**
2006	Not yet performed	**22,308**
2007	Not yet performed	**5,141**
2008	Not yet performed	**266,910**
2009	Not yet performed	**11,003**
		305,362

38 Non-cash transaction

Non-cash transactions occurring during the year which have impact on the consolidated statement of cash flows include:

	2009 VND million
Converted amount payable to Wonderfarm Biscuits & Confectionery Sdn. Bhd. to long term loan	**28,036**

39 Related party transaction and balances

During the year, the following transactions with related parties were recorded:

Related parties	Relation	Transaction	VND million
Crown Beverage Cans (Dong Nai) Limited.	Associate	Purchases of materials	**68,717**
		Interest income	**2,092**
		Share of loss for the year	**545**
Chuan Li Can Manufacturing (Vietnam) Limited Company	Affiliate	Purchases of materials	**14,357**
Wonderfarm Biscuits & Confectionery Sdn. Bhd.	Minority interest	Converted amount payable to long term loan	**28,036**

At 31 December 2009, the following balances were outstanding with related parties:

Related party	Relation	Transaction	Other payable VND million	Trade payable VND million	Loan VND million
Wonderfarm Biscuits & Confectionery Sdn. Bhd. (Note 23)	Minority interest	Loan	-	-	28,036
Crown Beverage Cans (Dong Nai) Limited (Note 19)	Associate	Purchases of materials	-	41,176	-
Chuan Li Can Manufacturing (Vietnam) Limited Company (Note 19)	Affiliate	Purchases of materials	-	3,316	-
Mr. Pang Tee Chiang (Note 23)	Chairman/	Loan	-	-	-
	General Director	Other payable	144	-	63,820
			144	**44,492**	**91,856**

40 Segmental information

At 31 December 2009, management determined the following reportable segments by categories of sales: (1) domestic sales and (2) export sales. The Group analyses segment revenue and cost of sales.

The segment results for the year ended 31 December 2009 are as follows:

	Domestic VND million	Export VND million	**Total VND million**
Sales revenue – net	961,331	36,284	**997,615**
Cost of sales	(762,459)	(28,597)	**(791,056)**
Gross profit	198,872	7,687	**206,559**

The segment results for the year ended 31 December 2008 are as follows:

	Domestic VND million	Export VND million	**Total VND million**
Sales revenue - net	792,445	49,808	**842,253**
Cost of sales	(742,950)	(46,886)	**(789,836)**
Gross profit	49,495	2,922	**52,417**

Management also determined the following reportable segments by categories of products: (1) drinks, (2) biscuits and (3) others. The Group analyses segment revenue and cost of revenue.

The segment results for the year ended 31 December 2009 are as follows:

	Drinks	Biscuits	Other	**Total**
	VND million	VND million	VND million	**VND million**
Sales revenue - net	936,633	21,692	39,290	**997,615**
Cost of sales	(742,991)	(17,097)	(30,968)	**(791,056)**
Gross profit	193,642	4,595	8,322	**206,559**

The segment results for the year ended 31 December 2008 are as follows:

	Drinks	Biscuits	Other	**Total**
	VND million	VND million	VND million	**VND million**
Sales revenue - net	801,534	34,836	5,883	**842,253**
Cost of sales	(755,898)	(28,368)	(5,570)	**(789,836)**
Gross profit	45,636	6,468	313	**52,417**

41 Loss per share and dividends

Basic loss per share is shown below:

	Year ended 31 December 2009	Year ended 31 December 2008 Restated
Loss attributable to shareholders of the Company (VND million)	**(25,869)**	(262,346)
Weighted average number of ordinary shares on issue	**29,140,984**	29,140,984
Basic loss per share (VND thousand per share)	**(0.888)**	(9.514)

No dividend was declared in 2009. As at 31 December 2009, the 2007 dividend payable amounting to VND435 million was not paid and included in the other payables (Note 22).

42 Board of Director and Management's remuneration

During the year, the members of Board of Director and Management received remuneration as follows:

	VND million
Board of Management fees	**315**
Salary	**5,165**
	5,480

43 Commitments

As at 31 December 2009, the Group was committed under non cancellable operating lease agreements in the following amounts:

	2009	2008
	VND million	VND million
Within the next year	**2,654**	15,134
Within two to five years	**6,066**	56,019
Over five years	**227**	40,715
	8,947	111,868

44 Subsequent event

In May 2010, the Company disposed its remaining 20% equity interest in Crown Beverage Cans (Dong Nai) Limited for USD3,300,000. This transaction was approved by the shareholders under resolution No.EGM100531 date 31 May 2010.

45 Approval for issuance of the financial statements

The consolidated financial statements for the year ended 31 December 2009 were approved by the Board of Directors on ________________

____

Pang Tee Chiang
General Director

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Nguyen Hong Phong
Chief Accountant