

# **Consolidated financial statements**

## **Quarter 4 - 2011**

## Consolidated financial statements Quarter 4 - 2011

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## Report of the Board of Directors

The Board of Directors submits its report together with the reviewed interim consolidated financial statements of Interfood Shareholding Company (“the Company”) and its subsidiaries (“the Group”) for the period ended 31 December 2011.

### Results

The results of the Group for the period ended 31 December 2011 are set out in the consolidated statement of income.

### Financial indicators of the business

	Unit	2011	2010
<b>Assets structure and capital structure</b>			
<b>Assets structure</b>			
Fixed assets/total assets	%	<b>71.45</b>	72.62
Current assets/total assets	%	<b>28.55</b>	27.38
<b>Capital structure</b>			
Liabilities/total resources	%	<b>72.43</b>	<b>64.94</b>
Owner’s equity/total resources	%	<b>12.02</b>	<b>19.79</b>
<b>Liquidity</b>			
Total assets/liabilities	times	1.14	1.25
Current ratio	times	0.39	0.42
Quick ratio	times	0.16	0.12
<b>Profitability</b>			
<b>Profit (Loss) /net sales</b>			
Profit (Loss) before tax/net sales	%	(21.63)	(6.42)
Profit (Loss) profit/net sales	%	(21.63)	(6.42)
<b>Profit (Loss)/total assets</b>			
Profit (Loss) before tax/total assets	%	(6.06)	(8.01)
Net Profit (Loss) /total assets	%	(6.06)	(8.01)
Net Profit (Loss)/owner’s equity	%	(11.13)	(14.99)

## 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:

<b>Board of Management:</b>		<b>Appointed:</b>	<b>Resigned:</b>
Pang Tee Chiang	Chairman	15-08-2006	31-05-2011
Nguyen Thi Kim Lien	Member	15-08-2006	
Pang Tze Yi	Member	15-08-2006	14-03-2011
Teng Po Wen	Member	15-08-2006	14-03-2011
Pang Tze Wei	Member	28-08-2010	
Ryoichi Yonemura	Member	14-03-2011	
Hiroshi Fujikawa	Member	14-03-2011	
Michio Nagabayashi	Chairman	31-05-2011	
<b>Board of Director:</b>			
Pang Tee Chiang	General Director	15-08-2006	23-05-2011
Pang Tze Yi	1st Deputy General Director	11-01-2010	14-03-2011
Nguyen Thi Kim Lien	Director/ General Manager of Finance	15-08-2006	
Pang Tze Wei	2nd Deputy General Director	29-08-2010	23-05-2011
Michio Nagabayashi	General Director	23-05-2011	
Hajime Kobayashi	Director/General Manager of Corporate Plannin	23-05-2011	
Kazumi Nagashima	Director/General Manager of Factory	23-05-2011	
Hidefumi Matsuo	Director/Finance Controller	23-05-2011	

## Statement of Boards of Directors

In the opinion of the Board of Directors, the accompanying consolidated balance sheet, consolidated statement of income and statement of cash flows, together with the notes thereto, have been properly drawn up and give a true and fair view

of the financial position of the Company as at 31 December 2011 and of its results of operations and cash flows for the period ended 31 December 2011 in accordance with Vietnamese Accounting Standards and system and in compliance with relevant statutory requirements

On behalf of the Board of Directors

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Michio Nagabayashi  
Chairman, General Director  
Dong Nai province, Vietnam

## Consolidated balance sheet

	Notes	Code	31 December 2011		31 December 2010	
			USD	VND million	USD	VND million
<b>Current assets</b>						
<b>Cash and cash equivalents</b>						
Cash	7	111	<b>1,971,086</b>	<b>41,054</b>	130,854	2,477
<b>Accounts receivable</b>						
Trade accounts receivable		131	<b>416,774</b>	<b>8,681</b>	434,257	8,221
Prepayments to suppliers		132	<b>486,195</b>	<b>10,126</b>	1,114,422	21,098
Other receivables	8	135	<b>146,945</b>	<b>3,061</b>	140,650	2,663
Provision for doubtful debts		139	-	-	(24,405)	(462)
		130	<b>1,049,914</b>	<b>21,868</b>	1,664,924	31,520
<b>Inventories</b>						
Inventories	9	141	<b>6,390,232</b>	<b>133,096</b>	7,530,300	142,564
Provision for decline in inventory value	9	149	-	-	(146,582)	(2,775)
		140	<b>6,390,232</b>	<b>133,096</b>	7,383,718	139,789
<b>Other current assets</b>						
Short term prepaid expenses		151	<b>24,957</b>	<b>520</b>	13,555	257
Value added tax to be reclaimed		152	-	-	-	-
Taxes and amounts receivable from the state	10	154	<b>106,907</b>	<b>2,227</b>	106,907	2,024
Other current assets		158	<b>60,107</b>	<b>1,252</b>	77,129	1,460
		150	<b>191,971</b>	<b>3,998</b>	197,591	3,741
		100	<b>9,603,203</b>	<b>200,016</b>	9,377,087	177,527
<b>Fixed assets</b>						
Tangible fixed assets	11	221	<b>19,054,363</b>	<b>396,864</b>	21,111,296	399,679
<i>Historical cost</i>	<i>11</i>	<i>222</i>	<i><b>34,296,281</b></i>	<i><b>714,323</b></i>	<i>34,328,710</i>	<i>649,911</i>
<i>Accumulated depreciation</i>	<i>11</i>	<i>223</i>	<i><b>(15,241,918)</b></i>	<i><b>(317,459)</b></i>	<i>(13,217,414)</i>	<i>(250,232)</i>
Construction in progress	12	230	<b>1,444,851</b>	<b>30,093</b>	188,896	3,576
		220	<b>20,499,214</b>	<b>426,958</b>	21,300,192	403,255
<b>Other non-current assets</b>						
Long-term prepaid expenses	13	261	<b>1,397,181</b>	<b>29,100</b>	1,432,197	27,114
Deferred tax assets	14	262	<b>2,135,050</b>	<b>44,469</b>	2,135,050	40,421
Other non-current assets		268	<b>7,020</b>	<b>146</b>	8,068	153
		260	<b>3,539,251</b>	<b>73,716</b>	3,575,315	67,688
		200	<b>24,038,465</b>	<b>500,673</b>	24,875,507	470,943
		270	<b>33,641,668</b>	<b>700,689</b>	34,252,594	648,470

# Consolidated balance sheet

	Notes	Code	31 December 2011		31 December 2010	
			USD	VND million	USD	VND million
<b>RESOURCES</b>						
<b>Liabilities</b>						
<b>Current liabilities</b>						
Short term borrowings and debts	15	311	19,000,000	395,732	15,334,594	290,315
Trade accounts payable	16	312	3,176,637	66,163	5,050,620	95,618
Advances from customers		313	151,256	3,150	249,998	4,733
Taxes and amounts payable to state budget	17	314	80,570	1,678	538,567	10,196
Payable to employees		315	375,276	7,816	444,303	8,412
Accrued expenses payable	18	316	443,206	9,231	464,741	8,798
Intercompany payable		317	67,815	1,412	-	-
Other payables	19	319	1,072,944	22,347	160,059	3,030
		310	24,367,704	507,531	22,242,882	421,102
<b>Long term liabilities</b>						
Long term deposits		331	1,569	33	1,255	24
Long term borrowings and debts	20	334	4,993,613	104,007	4,993,613	94,539
Deferred tax liabilities	21	335	126,745	2,640	115,209	2,181
Provision for severance allowance		336	132,109	2,752	122,134	2,312
		330	5,254,036	109,431	5,232,211	99,056
			29,621,740	616,962	27,475,093	520,158
<b>Owners' equity</b>						
<b>Capital sources and funds</b>						
Share capital	22	411	18,313,995	381,444	18,313,995	346,721
Share premium	23	412	4,082,759	85,036	4,082,759	77,295
Acquisition reserve		419	(1,562,092)	(32,535)	(1,562,092)	(29,574)
Accumulated losses		420	(16,792,601)	(349,756)	(14,057,161)	(266,130)
		410	4,042,061	84,188	6,777,501	128,312
<b>Minority interest</b>						
Minority interest	24	439	(22,133)	(461)	-	-
		440	4,019,928	83,727	6,777,501	128,312
			33,641,668	700,689	34,252,594	648,470
<b>Off balance sheet items</b>						
<b>Foreign currencies</b>						
Vietnamese dong (Million)			5,661		1,568	
Euro			383		369	

Date: 20 January 2012

Michio Nagabayashi  
Chairman, General Director

Nguyen Hong Phong  
Chief Accountant

## Consolidated statement of income-USD

	Notes	Code	Q4-2011 USD	Q4-2010 USD	YTD 2011 USD	YTD 2010 USD
Gross sales	25		9,691,009	12,819,149	43,905,392	55,610,913
Less deductions:	25		(267,340)	(333,230)	(1,148,305)	(1,427,294)
Net sales			9,423,669	12,485,919	42,757,087	54,183,619
Cost of sales	26		(9,054,261)	(9,992,372)	(35,866,489)	(41,362,168)
Gross profit			369,408	2,493,548	6,890,598	12,821,451
Financial income	27		141,411	247,366	1,637,251	1,748,622
Financial expenses	28		(224,724)	(1,021,638)	(2,079,258)	(3,261,430)
<i>Including: interest expense</i>			(184,490)	(506,670)	(1,395,373)	(1,855,247)
Selling expenses	29		(1,671,781)	(2,134,909)	(7,288,639)	(7,985,673)
G&A expenses	30		(462,391)	(591,701)	(1,797,790)	(2,682,000)
Operating loss			(1,848,077)	(1,007,334)	(2,637,838)	640,970
Other income	31		86,555	382,332	520,312	712,511
Other expenses	32		(276,527)	(170,834)	(627,568)	(734,880)
Profit (loss) before tax			(2,038,049)	(795,836)	(2,745,094)	618,601
CIT for the current year	34		-	-	-	-
Deferred CIT			-	25,066	-	(236,004)
Profit(loss) after tax			(2,038,049)	(770,770)	(2,745,094)	382,597
Minority interest			-	47,487	22,133	-
Net profit			(2,038,049)	(723,283)	(2,722,961)	382,597
Earning(loss) per share	37		(0.06994)	(0.02482)	(0.09344)	0.01313

Date: 20 January 2012

Michio Nagabayashi  
Chairman, General Director

Nguyen Hong Phong  
Chief Accountant

## Consolidated statement of income in VND

	Notes	Code	Q4-2011	Q4-2010	YTD 2011	YTD 2010
			VND million	VND million	VND million	VND million
Gross sales	25		201,844	242,692	914,462	1,158,264
Less deductions:	25		(5,568)	(6,309)	(23,917)	(29,728)
Net sales			196,276	236,383	890,545	1,128,536
Cost of sales	26		(188,582)	(189,176)	(747,027)	(861,491)
Gross profit			7,694	47,208	143,517	267,045
Financial income	27		2,945	4,683	34,101	36,420
Financial expenses	28		(4,681)	(19,342)	(43,307)	(67,929)
<i>Including: interest expense</i>			<i>(3,843)</i>	<i>(9,592)</i>	<i>(29,063)</i>	<i>(38,641)</i>
Selling expenses	29		(34,820)	(40,418)	(151,808)	(166,326)
G&A expenses	30		(9,631)	(11,202)	(37,444)	(55,861)
Operating loss			(38,492)	(19,071)	(54,941)	13,350
Other income	31		1,803	7,238	10,837	14,840
Other expenses	32		(5,760)	(3,234)	(13,071)	(15,306)
Profit (loss) before tax			(42,448)	(15,067)	(57,175)	12,884
CIT for the current year	34		-	-	-	-
Deferred CIT			-	475	-	(4,915)
Profit(loss) after tax			(42,448)	(14,592)	(57,175)	7,969
			-	-	-	-
Minority interest			-	899	461	-
Net profit			(42,448)	(13,693)	(56,714)	7,969
			-	-	-	-
Earning(loss) per share)	37		(0.00146)	(0.00047)	(0.00195)	0.00027

Date: 20 January 2012

Michio Nagabayashi  
Chairman, General Director

Nguyen Hong Phong  
Chief Accountant



## Consolidated statements of cash flows

	Notes	Code	31 December 2011		31 December 2010	
			USD	VND million	USD	VND million
<b>Cash flows from operating activities</b>						
Profit/(loss) before tax		1	(2,745,094)	(57,175)	618,601	11,711
Adjustments for:						
Depreciation and amortisation		2	2,129,662	44,357	2,176,237	41,201
Increase in provisions		3	(170,987)	(3,561)	(573,535)	(10,858)
Gain on foreign currency translation		4	9,654	201	(99,248)	(1,879)
Loss from disposal investments, fixed assets		5	(105,158)	(2,190)	(330,386)	(6,255)
Interest expense		6	184,490	3,843	1,855,247	35,124
Interest income		7	11,233	234	(9,956)	(188)
<b>Operating profit/(loss) before adjustments to w</b>		<b>8</b>	<b>(686,200)</b>	<b>(14,292)</b>	<b>3,636,960</b>	<b>68,855</b>
Change in accounts receivable		9	656,437	13,672	957,600	18,129
Change in inventory		10	1,140,068	23,745	455,202	8,618
Change in accounts payable		11	(1,530,295)	(31,873)	(424,660)	(8,040)
Change in prepaid expenses		12	23,614	492	164,257	3,110
Interest paid		13	(195,723)	(4,077)	(1,573,256)	(29,785)
Business income tax paid			11,536	240	-	-
<b>Cash generated from operating activities</b>		<b>20</b>	<b>(580,563)</b>	<b>(12,092)</b>	<b>3,216,103</b>	<b>60,887</b>
<b>Cash flows from investing activities</b>						
Acquisition of fixed assets and investment construct		21	(1,222,478)	(25,462)	(290,405)	(5,498)
Proceeds from disposal of investments and fixed ass		22	-	-	-	-
Additional investment in associate		25	-	-	-	-
Capital contributions from minority interest			(22,133)	(461)	9,956	188
<b>Net cash inflows/(outflows) from investing acti</b>		<b>30</b>	<b>(1,244,611)</b>	<b>(25,923)</b>	<b>(280,449)</b>	<b>(5,309)</b>
<b>Cash flows from financing activities</b>						
Proceeds from loan		33	46,258,187	963,466	25,509,834	482,952
Repayments for debt		34	(42,592,781)	(887,122)	(28,562,819)	(540,751)
Dividend payments to investors		36	-	-	-	-
<b>Net cash inflows/(outflows) from financing acti</b>		<b>40</b>	<b>3,665,406</b>	<b>76,343</b>	<b>(3,052,985)</b>	<b>(57,799)</b>
<b>Net increase/(decrease) in cash</b>		<b>50</b>	<b>1,840,232</b>	<b>38,328</b>	<b>(117,331)</b>	<b>(2,221)</b>
<b>Cash and cash equivalents at beginning of the y</b>		<b>60</b>	<b>130,854</b>	<b>2,725</b>	<b>248,185</b>	<b>4,699</b>
Effects of changes in foreign exchange rates		61	-	-	-	-
<b>Cash and cash equivalents at end of the year</b>		<b>70</b>	<b>1,971,086</b>	<b>41,054</b>	<b>130,854</b>	<b>2,477</b>

Date: 20 January 2012

Michio Nagabayashi  
Chairman, General Director

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 majority owned subsidiary of Trade Ocean Holdings Sdn. Bhd., a company incorporated in Malaysia for a period of 50 years pursuant to Investment Licence No. 270/GP, dated 16 November 1991.

After the initial investment license, there were a series of amendments. Recently on 11 March 2011, Trade Ocean Holdings Sdn Bhd which holds approximately 57.25% of the total outstanding shares of the Company was acquired by Kirin Holdings Company Limited (“Kirin”). Kirin, a public company listed on the Tokyo Exchange, is one of the largest beverage companies in the region. Kirin is now the new ultimate parent company.

In accordance to the Amended Investment Certificate No. 472033000328 dated 22 April 2011 issued by the Board of Management of Dong Nai Industrial Zone, Mr. Pang Tee Chiang, former General Director, has been allowed to transfer 5,499,840 unlisted shares (equivalent to 18,87% of equity interest) to Indochina Beverage Holdings Ltd. which was established in the British Virgin Island. The Company is in the progress of getting approval from Vietnam Securities Depository.

As approved by the General Shareholders Assembly on 31 July 2011, the Company will submit a letter to the Hochiminh Stock Exchange to delist its shares from the exchange.

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 2011, the Group had 830 employees (2010: 1,284 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 (US\$) 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 Company 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 State Securities commission of Vietnam, the separate financial statements of the Company must be presented in Vietnam Dong. Consequently, the Company converted the financial statements to Vietnam Dong using the exchange rate published by the State Bank of Vietnam of VND 20,828 /USD (2010: VND18,932 /USD). All resulting foreign currency translation differences are dealt with through equity.

Transactions arising in currencies other than the reporting currency are translated at exchange rates in effect on the transaction dates. Monetary assets and liabilities denominated in currencies other than the reporting currency are translated at the exchange rates in effect at the consolidated balance sheet date. Translation gains and losses and expenses relating to foreign exchange transactions arising thereafter are recorded in the consolidated statement of income.

### 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.

#### 3.2 Basis of consolidation

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

#### *Subsidiaries*

An entity is considered a subsidiary when the Group has the power to govern its 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 subsidiary 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.

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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.

**Minority interest**

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.

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**3.3 Accounting system and form of records**

The Company uses the general journal method to record its transactions.

**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.

**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 sole and are recognised as income or expense in the income statement.

Depreciation of assets which are not in used was recognised as part of "Other expense".

**4.5 Construction in progress**

Construction in progress represents the costs of new the ERP software and cost of waste water treatmet plant and husk boiler system 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 its rightful accounts.

#### 4.6 Long term prepaid expenses

##### *Land rental*

Prepaid land rental relates to an area of land leased at the Tam Phuoc Industrial Zone, Bien Hoa City, Dong Nai province. The prepayment is charged to the income statement on a straight-line basis over the period of 45.5 years from 2006.

#### 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 borrowings 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 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

#### 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 consolidated 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 consolidated 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.

## Interfood Shareholding Company and its subsidiaries

### 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.

Acquisition reserves represents the negative goodwill when 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 Subsidiaries and associate of the Company at the balance sheet date were as follows:

	Amount		% equity held	
	30 Jun 11 USD	31-Dec-10 USD	30 Jun 11 %	31-Dec-10 %
<b>Subsidiary:</b>				
AvaFood Shareholding Company (1)	4,500,000	4,500,000	90	90
	<b>4,500,000</b>	<b>4,500,000</b>		

#### 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 share 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 US\$11,000,000.

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 US\$16,000,000.

The charter capital of the Subsidiary is VND81,000 million, equivalent to US\$5,000,000. 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.

## 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 USD 14,764,501 as at 31 December 2011 (31 December 2010: USD12,865,795).

The Group's continued existence as a going concern is dependent on the continued financial support of its new ultimate parent company and ultimately on its ability to operate profitably. The new ultimate parent company has issued a formal undertaking to provide financial support in connection with third party liabilities and relief from related party financial obligations. Accordingly, the interim consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded assets 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

The figures for the 4th quarter 2010, which are included in this period's financial statements for comparative purposes, have been adjusted to reflect accounting errors noted after the date of issuance of the said financial statements for the period 31 December 2010.

8 Cash and cash equivalents	31 December 2011		31 December 2010	
	USD	VND million	USD	million
Cash on hand	12,093	252	37,162	704
Cash in banks	1,958,993	40,802	93,692	1,774
	<b>1,971,086</b>	<b>41,054</b>	130,854	2,477

9 Inventories	31 December 2011		31 December 2010	
	USD	VND million	USD	million
Goods in transit	-	-	336,401	6,369
Raw materials	1,874,081	39,033	2,562,539	48,514
Tools and supplies	410,135	8,542	277,095	5,246
Work in progress	618,363	12,879	1,173,964	22,225
Finished goods	3,487,653	72,641	3,180,301	60,209
	<b>6,390,232</b>	<b>133,096</b>	<b>7,530,300</b>	142,564
Provision for decline in inventory value	-	-	(146,582)	(2,775)
	<b>6,390,232</b>	<b>133,096</b>	<b>7,383,718</b>	<b>139,789</b>

## 10 Taxes and amounts receivable from the State Budget

This represents over- payment of the Company's corporate income tax made for the year 2007. This amounts will be net off against any future tax liabilities or tax filings.

## 11 Tangible fixed assets

	Building	Machinery & Equipment	Motor vehicles	Office	Total
	USD	USD	USD	USD	USD
<b>Historical cost</b>					
01/01/2011	4,780,157	28,692,891	557,893	297,769	34,328,710
Acquisition	3,118	125,747	-	16,263	145,127
Disposals	-	(177,556)	-	-	(177,556)
31/12/2011	<b>4,783,275</b>	<b>28,641,082</b>	<b>557,893</b>	<b>314,032</b>	<b>34,296,281</b>
31/12/2011 (VND million)	99,626	596,536	11,620	6,541	714,323

**Interfood Shareholding Company and its subsidiaries**

<i>Fully depreciated</i>	-	1,144,371	262,559	54,416	<b>1,461,346</b>
<i>Fixed assets not in use (*)</i>	-	6,745,518	134,013	87,404	<b>6,966,936</b>
<b>Accumulated depreciation</b>	USD	USD	USD	USD	USD
01/01/2011	(622,442)	(11,989,056)	(435,533)	(170,383)	<b>(13,217,414)</b>
Charge for the year	(162,793)	(1,896,920)	(27,790)	(42,159)	<b>(2,129,662)</b>
Disposals	-	105,158	-	-	<b>105,158</b>
31/12/2011	<b>(785,235)</b>	<b>(13,780,818)</b>	<b>(463,323)</b>	<b>(212,542)</b>	<b>(15,241,918)</b>
31/12/2011 (VND million)	<b>(16,355)</b>	<b>(287,027)</b>	<b>(9,650)</b>	<b>(4,427)</b>	<b>(317,459)</b>
<i>Fixed assets not in use (*)</i>	-	(3,541,029)	(133,277)	(83,256)	<b>(3,757,562)</b>
<b>Net book value</b>	USD	USD	USD	USD	USD
01/01/2011	<b>4,157,715</b>	<b>16,703,835</b>	<b>122,360</b>	<b>127,386</b>	<b>21,111,296</b>
31/12/2011	<b>3,998,040</b>	<b>14,860,264</b>	<b>94,570</b>	<b>101,489</b>	<b>19,054,363</b>
31/12/2011 (VND million)	<b>83,271</b>	<b>309,510</b>	<b>1,970</b>	<b>2,114</b>	<b>396,864</b>
<i>Fixed assets not in use (*)</i>	-	<b>3,204,489</b>	<b>736</b>	<b>4,149</b>	<b>3,209,374</b>

As at 31 December 2011, certain fixed assets with an aggregate carrying value of USD 4,000,000 (2010: USD17,579,816) have been pledged with Vietcombank as security for loan facility to be financed by Vietcombank (Note 17 and Note 21).

(\*)These assets include in the assets which had been moved from the old factory located in the centre of Bien Hoa City to the new one located in Tam Phuoc Industrial Park, Bien Hoa City and the idled vending machine and biscuit processing lines. The Company has insufficient demand to justify their re-commissioning and bringing back assets moved from Bien Hoa into its production lines at the present time.

**12 Construction in progress**

	31 December 2011		31 December 2010	
	USD	VND million	USD	million
Opening balance	<b>188,896</b>	<b>3,934</b>	410,742	7,776
Additions during the year	<b>1,255,955</b>	<b>26,159</b>	123,725	2,342
Transferred to tangible fixed assets	-	-	(345,571)	(6,542)
Closing balance	<b>1,444,851</b>	<b>30,093</b>	188,896	3,576
<b>Including:</b>				
<i>ERP system</i>	<b>346,140</b>	<b>7,209</b>	179,060	3,390
<i>Waste water system</i>	<b>656,808</b>	<b>13,680</b>	-	-
<i>House for husk boiler</i>	<b>76,152</b>	<b>1,586</b>	-	-
<i>Husk boiler</i>	<b>361,381</b>	<b>7,527</b>	-	-
<i>Other</i>	<b>4,370</b>	<b>91</b>	9,836	186
	<b>1,444,851</b>	<b>30,093</b>	188,896	3,576

**13 Long term prepaid expenses**

	31 December 2011		31 December 2010	
	USD	VND million	USD	million
Opening balance	<b>1,432,197</b>	<b>29,830</b>	1,467,213	27,777
Amortisation	<b>(35,016)</b>	<b>(729)</b>	(35,016)	(663)
Closing balance	<b>1,397,181</b>	<b>29,100</b>	1,432,197	27,114

As at 31 December 2011, the carrying value of long term prepaid expenses represents the prepaid land rentals which have been pledged with Vietcombank as security for all loan contracts as mentioned in Notes 16 and 21.

**14 Deferred tax assets**

31 December 2011                      31 December 2010



	USD	VND million	USD	million
Opening balance	2,135,050	44,469	2,337,066	44,245
Utilization of tax losses brought forward	-	-	(202,016)	(3,825)
Closing balance	2,135,050	44,469	2,135,050	40,421

Deferred tax asset pertain mostly to the tax deductible loss which can be carried forward to offset with taxable income of the following years.

## 15 Short term borrowings and debts

	31 December 2011		31 December 2010	
	USD	VND million	USD	million
Loans from Vietcombank, Dong Nai (1)	-	-	10,656,946	201,757
Loans from Kirin Holding Company (2)	19,000,000	395,732	-	-
Loans from Viet A Bank (3)	-	-	2,980,311	56,423
Current portion of long term debts (Note 23)	-	-	1,697,337	32,134
	19,000,000	395,732	15,334,594	290,315

(1) Loans from Vietcombank Dong Nai	31 December 2011		31 December 2010	
	USD	VND million	USD	million
Denominated in USD	-	-	1,486,633	28,145
Denominated in EUR	-	-	50,322	953
Denominated in VND	-	-	9,119,991	172,660
	-	-	10,656,946	201,757

Loan from Vietcombank, Dong Nai Branch – Agreement No 2010031/KHDN/NHNT dated 20 August 2010 pertains to a working capital credit facility with a credit limit of VND200 billion (equivalent to USD9,700,262 as at 31 December 2011). The loan is due within 60 months from the date of the execution of the above mentioned contract and each promissory note should be settled no more 6 months from the date loan availment. The credit facility is subject to interest based on the actual rates at the time each loan is drawn and such interest is payable on the 26th day of each month.

As requested from the Company, on November 15, 2011, Vietcombank sent a document approved for adjustment of credit limit and collateral. The limit for short-term loans was adjusted down to 120 billion VND, and the bank agreed to discharge the the entire machinery and equipment pledged at the bank and maintain the mortgaged property as factories building and land use right with the residual value is assessed at about U.S. \$ 4 million.

The applicable interest rates of these loans in 2011 for dollar denominated loans were 6% to 7% while it was 13.0% to 19% for VND denominated loans. (In 2010 for dollar denominated loans were 6% to 7% while it was 12.0% to 15.5% for VND denominated loans

All loans from Vietcombank are secured under the following mortgaged agreements:

- Agreement No.016/QHKH/NHNT dated 24 September 2004, in which these loans are secured by the aggregated values of certain machinery. This agreement has been terminated when the Company settled all outstanding debts to Vietcombank in Oct' 2011
- Agreement No. 2007114/HDBD/NHNT dated 10 Jul 2007 and Appendix No. 2 dated 20 Aug 2010, in which subject loans are secured by pledged machinery and equipment. This agreement has been terminated when the Company settled all outstanding debts to Vietcombank in Oct' 2011

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- Agreement No. 139/HDBD/NHNT dated 30 Aug 2007 and Appendix No. 1 dated 20 Aug 2010, in which subject loans are secured by a building. As at 31 December 2011, the carrying value of the pledged asset is USD1,922,813 (Note 8)
- Agreement No. 09/QHKH/HD dated 24 May 2004 and Appendix No. 1 dated 20 Aug 2010, in which subject loans are secured by another building. As at 31 December 2011, the carrying value of the pledged assets is USD 1,969,252 (Note 8).
- Agreement on mortgaged land lease right dated 20 Aug 2010, in which these loan are secured by all rights and interest arising from or in connection to the Land lease Agreement. As at 31 December 2011, the carrying value of the land lease rights is USD1,405,935 (Note 10).
- Agreement No. 2010020/HDBD/NHNT dated 20 August 2010 regarding mortgaged ownership of capital contribution of Interfood Shareholding Company (“Interfood”), the parent company, in by Avafood amounting to USD 4,500,000. In addition, Interfood also issued a guarantee which includes performance of guaranteed obligations in the event of dissolution, bankruptcy or insolvency in accordance with Agreement No. 201009/HDBL/NHNT dated 20 August 2010. This agreement has been terminated when Avafood settle all outstanding debts to Vietcombank in June 2011.

(2) Loans from Kirin Holding Company	31 December 2011		31 December 2010	
	USD	VND million	USD	million
Denominated in USD	19,000,000	395,732	-	-
	19,000,000	395,732	-	-

On 25 May 2011, the Company entered into a USD7,000,000 revolving loan agreement with Kirin Holdings Company Ltd, the ultimate parent company. The credit facility is subject to interest based on the base rate plus 1% per annum. The base interest rate is equal to the London Inter-Bank Offered Rate for U.S. Dollars published and released to the market at approximately 11:00 AM London time two London Banking Days before the commencement of the Interest period. The applicable interest rate of this loan for the first 6 months of 2011 is 1.731% per annum. The loan matures on 30 May 2012.

In June 2011, the Company entered into another revolving loan agreement with Kirin Holdings Company Ltd, the ultimate parent company, amounting to USD3,000,000. The facility is subject to interest based on the same base rate above plus 1% per annum. Its maturity date is on 01 June 2012. This loan was released to the Company in July 2011.

In Oct 2011, the Company entered into another revolving loan agreement with Kirin Holdings Company Ltd, the ultimate parent company, amounting to USD2,500,000. The facility is subject to interest based on the same base rate 1.428% per annum. Its maturity date is on 01 November 2012. This loan was released to the Company in November 2011.

In Oct 2011, the Company also entered into another revolving loan agreement with Kirin Holdings Company Ltd, the ultimate parent company, amounting to USD6,500,000. The facility is subject to interest based on the same base rate 1.425% per annum. Its maturity date is on 31 October 2012. This loan was released to the Company in November 2011.

(3) Loans from Viet A Bank	31 December 2011		31 December 2010	
	USD	VND million	USD	million
Denominated in USD	-	-	2,980,311	56,423
	-	-	2,980,311	56,423
	19,000,000	395,732	(2,980,311)	(56,423)

The loan from Viet A Bank under Contract No. 131/10/VAB/HDTHH dated 26 March 2010 pertains to a working capital credit facility with a credit limit of USD3,000,000. The applicable interest rate for the first six months of 2011 was at rates ranging from 0.63% to 0.84% per month (In 2010, interest rates were from 0.55% to 0.63% per month). The loans were secured by certain machineries. The Company has settled all principal and interest to Viet A Bank in June 2011 and Viet A bank has released all secured assets to the Company at the same time.

#### 16 Trade accounts payable

	31 December 2011		31 December 2010	
	USD	VND million	USD	million
Payable to suppliers	2,591,981	53,986	3,655,174	69,200
Payable to related parties (Note 39)	584,656	12,177	1,395,446	26,419
	<b>3,176,637</b>	<b>66,163</b>	5,050,620	95,618

#### 17 Taxes and amounts payable to state budget

	31 December 2011		31 December 2010	
	USD	VND million	USD	million
Value added tax	51,539	1,073	289,964	5,490
Corporate income tax	-	-	118,093	2,236
Personal income tax	20,104	419	125,180	2,370
Import, export tax	1,323	28	2,076	39
Other taxes	7,604	158	3,253	62
	<b>80,570</b>	<b>1,678</b>	538,567	10,196

#### 18 Accrued expenses payable

	31 December 2011		31 December 2010	
	USD	VND million	USD	million
Transportation	186,559	3,886	205,841	3,897
Trade discounts	46,723	973	83,659	1,584
Others	209,925	4,372	175,241	3,318
	<b>443,206</b>	<b>9,231</b>	464,741	8,798

#### 19 Other payables

	31 December 2011		31 December 2010	
	USD	VND million	USD	million
Dividend payable (Note 39)	24,265	505	24,265	459
Trade union, social and health insurance	6,391	133	15,700	297
Other payable to BOM	40,623	846	106,851	2,023
Other payable	1,001,665	20,863	13,243	251
	<b>1,072,944</b>	<b>22,347</b>	160,059	3,030

#### 20 Long term borrowings and debts

	31 December 2011		31 December 2010	
	USD	VND million	USD	million
Loans from Vietcombank, Dong Nai (1)	-	-	1,697,337	32,134
Loan from Parent Company	3,430,928	71,459	3,430,928	64,954
Loan from Wonderfarm Biscuits & Confectionery Sdn. Bhd.	1,562,685	32,548	1,562,685	29,585
Less: amount due within one year	-	-	(1,697,337)	(32,134)
	<b>4,993,613</b>	<b>104,007</b>	4,993,613	94,539

##### (1) Loans from Vietcombank, Dong Nai

This should be read along with note 16. The detail of the outstanding loan from Vietcombank, Dong nai branch, are The details of outstanding loan from Vietcombank, Dong Nai branch of Avafood as below:

	31 December 2011		31 December 2010	
	USD	VND million	USD	million
Contract No.2007176/NHNT dated 30 August 2007 (a)	-	-	1,176,127	22,266
Contract No 200846/NHNT dated 21 February 2008 (b)	-	-	197,229	3,734
Overdue interest	-	-	-	-
Less: amount due within one year	-	-	323,981	6,134
	-	-	1,697,337	32,134

(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 13.8% per annum for loan in VND and 6.8% for loan in USD.

(b) This represents a loan under contract No 200846/NHNT dated 21 February 2008. The loan bears interest at 15.5% per annum for loan in VND.

All loan agreement signed by VCBDN and Ava have terminated in Jun'2011 when Avafood has settled all principal loan and outstanding interest to VCBDN in Jun'2011

## (2) Loan from parent Company

Previously it was a converted five year shareholder loan under a loan agreement dated 30 July 2009. The loan bears interest at SIBOR three months less 1%. On February 28, 2011, Trade Ocean Holdings Sdn Bhd ("TOH"), parent company, and The Company and Mr Pang Tee Chiang ("PTC") entered into a Loan Novation Agreement whereby TOH has agreed to assume the rights and obligations of the USD3,430,928 loan PTC had extended to the company.

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

According to a Resolution of the BOM's dated 25 December 2008, the balance of payables from Wonderfarm Biscuits & Confectionery 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 2011 was 0%. This loan is unsecured.

## 21 Deferred tax liabilities

	31 December 2011		31 December 2010	
	USD	VND million	USD	million
Opening balance	115,209	2,400	81,221	1,538
Charging in the period	11,536	240	33,988	643
<b>Deferred tax liabilities</b>	<b>126,745</b>	<b>2,640</b>	115,209	2,181

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

## 22 Owner's equity

	Paid in capital	Share premium	Acquisition Reserves	Undistribut ed earnings	Total
	USD	USD	USD	USD	USD
Prior year's opening balance	18,313,995	4,082,759	(1,562,092)	(14,439,758)	6,394,904
Prior year's net loss	-	-	-	1,011,497	1,011,497
Prior year's closing balance	18,313,995	4,082,759	(1,562,092)	(13,428,261)	7,406,401
31 December 2010 (VND million)	346,721	77,295	(29,574)	(254,224)	140,218
Current year's opening balance	18,313,995	4,082,759	(1,562,092)	(14,057,161)	6,777,501
Current year's net profit	-	-	-	(2,722,961)	(2,722,961)
Foreign exchange differences	-	-	-	(12,479)	(12,479)

**Interfood Shareholding Company and its subsidiaries**

Current year's closing balance	<b>18,313,995</b>	<b>4,082,759</b>	<b>(1,562,092)</b>	<b>(16,792,601)</b>	<b>4,042,061</b>
31 December 2011 (VND million)	381,444	85,036	(32,535)	(349,756)	84,188

**23 Paid-in capital**

The Company's charter capital is VND291,409,840 thousand (equivalent US\$18,313,995), which is divided into 29,140,984 ordinary shares with par value of VND10,000 each.

	Number of shares	31-Mar-11 VND'000	USD equivalent
Authorized	29,140,992	291,409,920	<b>18,314,000</b>
Issued and fully paid	29,140,984	291,409,840	<b>18,313,995</b>

Details of shareholders as at 31 December 2011 are as follows:

	Number of shares			Equivalent capital amount	
	Listed shares	Unlisted shares	Total	VND'000	%
Trace Ocean Holding SDN BHD	-	16,684,646	<b>16,684,646</b>	<b>166,846,460</b>	57.25%
Pang Tee Chiang	-	5,499,840	<b>5,499,840</b>	<b>54,998,400</b>	18.87%
Yau Hau Jan	-	81,139	<b>81,139</b>	<b>811,390</b>	0.28%
Public shareholders	6,875,359	-	<b>6,875,359</b>	<b>68,753,590</b>	23.59%
	6,875,359	22,265,625	<b>29,140,984</b>	<b>291,409,840</b>	100%

**24 Minority interest**

	31 December 2011		31 December 2010	
	USD	VND million	USD	million
Opening balance	-	-	-	-
Minority interest in net loss of AvaFood	(22,133)	(461)	-	-
Closing balance	(22,133)	(461)	-	-

**25 Revenues**

Revenue	Q4-2011		Q4-2010	
	USD	VND million	USD	million
Domestic sales	9,098,562	189,505	12,282,933	232,540
Export sales	592,447	12,339	545,654	10,330
	<b>9,691,009</b>	<b>201,844</b>	12,828,586	242,871
Sales deduction:				
Sales allowance	(264,350)	(5,506)	(338,786)	(6,414)
Sales return	(2,990)	(62)	(3,881)	(73)
	<b>9,423,669</b>	<b>196,276</b>	12,485,919	236,383
<b>Net sales</b>	<b>9,423,669</b>	<b>196,276</b>	12,485,919	236,383

**26 Cost of goods sold**

	Q4-2011		Q4-2010	
	USD	VND million	USD	million
Cost of goods sold for domestic sales	8,511,177	177,271	9,474,828	179,377
Cost of goods sold for export sales	543,084	11,311	517,543	9,798
	<b>9,054,261</b>	<b>188,582</b>	9,992,372	189,176

**27 Income from financial activities**

	Q4-2011	Q4-2010
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	USD	VND million	USD	million
Interest income from bank deposits	2,513	52	1,659	31
Interest income from disposal investment in subsidiary		-	-	-
Realised gains from foreign exchange	138,898	2,893	245,706	4,652
Unrealised gains from foreign exchange		-	-	-
	<b>141,411</b>	<b>2,945</b>	<b>247,366</b>	<b>4,683</b>

### 28 Expenses for financial activities

	Q4-2011		Q4-2010	
	USD	VND million	USD	million
Interest expense	184,490	3,843	500,468	9,475
Realised foreign exchange losses	40,234	838	520,906	9,862
UnRealised foreign exchange losses	-	-	-	-
Other finance expenses	-	-	264	5
	<b>224,724</b>	<b>4,681</b>	<b>1,021,638</b>	<b>19,342</b>

### 29 Selling expenses

	Q4-2011		Q4-2010 (restated)	
	USD	VND million	USD	million
Transportation expense	451,311	9,400	526,625	9,970
Salary	442,050	9,207	441,054	8,350
Sale commission/promotion	598,396	12,463	1,030,336	19,506
Depreciation	32,452	676	27,741	525
Office rental fee	35,829	746	29,562	560
Other expenses	111,742	2,327	79,591	1,507
	<b>1,671,781</b>	<b>34,820</b>	<b>2,134,909</b>	<b>40,418</b>

### 30 General and administration expenses

	Q4-2011		Q4-2010 (restated)	
	USD	VND million	USD	million
Salary	159,902	3,330	237,528	4,497
Depreciation and amortisation	14,311	298	21,000	398
Office expenses	48,734	1,015	7,616	144
Bank charges	7,226	151	8,439	160
Outside services expenses	30,804	642	136,227	2,579
Consultant fee	178,011	3,708	82,443	1,561
Others	23,401	487	98,447	1,864
	<b>462,391</b>	<b>9,631</b>	<b>591,701</b>	<b>11,202</b>

### 31 Other income

	Q4-2011		Q4-2010	
	USD	VND million	USD	million
Write-off account payables and advance from customers	63,286	1,318	-	-
Other income	23,269	485	382,332	7,238
	<b>86,555</b>	<b>1,803</b>	<b>382,332</b>	<b>7,238</b>

### 32 Other expenses

	Q4-2011		Q4-2010 (restated)	
	USD	VND million	USD	million
Depreciation of idle assets	111,913	2,331	92,442	1,750
Write-off unaccounted accounts receivable and prepayments	91,788	1,912	-	-
Net book value of written-off fixed assets	72,398	1,508	-	-

Others	428	9	78,392	1,484
	<b>276,527</b>	<b>5,760</b>	170,834	3,234

### 33 Cost by element

	Q4-2011		Q4-2010	
	USD	VND million	USD	million
Raw materials	7,682,482	160,011	7,809,544	147,850
Labour cost	963,620	20,070	1,005,331	19,033
Depreciation and amortisation	322,800	6,723	395,470	7,487
Outside service costs	580,898	12,099	1,360,977	25,766
Other costs	1,384,571	28,838	3,334,186	63,123
	<b>10,934,371</b>	<b>227,741</b>	13,905,509	263,259

### 34 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, Biên Hòa City. As at the end of year 2009, the company has completed for the relocation the remaining production lines from Bien Hoa City to Tam Phuoc Industrial Zone.

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 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.

#### Avafood Shareholding Company

Pursuant to the Investment Certificate No. 472033000355 dated 31 December 2007, the Company 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 (2011: 25%; 2010: 25%).

#### The Group:

No provision for corporate income tax has been made for the period ended 31 December 2011 because of the Group has still made loss. 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

	<b>31 December 2011</b>	31 December 2010
	<b>USD VND million</b>	USD million

**Interfood Shareholding Company and its subsidiaries**

Accounting profit/loss before tax	-	(2,745,094)	(51,970)
<b>Temporary difference</b>			
Estimated temporary differences not yet deductible expenses for tax purpose:	-	698,878	13,231
Temporary differences of prior year realised in this year	-	(483,145)	(9,147)
Temporary differences between accounting base and tax base in relation to th	-	(92,284)	(1,747)
<b>Permanent differences</b>	-		
Estimated non deductible expenses for tax purposes		492,264	
<b>Taxable profit/(loss)</b>	-	(2,129,381)	(49,633)
Utilization of taxable loss carried forward of Interfood Shareholding Compan	-	(202,016)	(3,825)
Deferred Income tax expense of Avafood Shareholding Com	-	(33,988)	(643)
<b>Profit after tax</b>	-	(2,365,385)	(54,101)

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
2006	Not yet performed	1,243,385
2007	Not yet performed	286,568
2008	Not yet performed	14,514,664
2009	Not yet performed	541,481
2011	Not yet performed	2,745,094
		<b>19,331,192</b>

**35 Related party transaction and balances**

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

Related parties	Relation	Transaction	USD
Mr. Pang Tee Chiang (Note 23)	Former	Loan and interest	94,597
	Chairman	Other payable	7,485
Chuan Li Can Manufacturing (Vietnam) Co.	Affiliate	Purchase material	1,081,647
Kirin Holding Limited	Ultimated Parent	Short-term loan	19,000,000
		Loan interest	116,443
		Other payable	1,000,000
		Secondment fee	94,838
Vietnam Kirin Beverage Company	Affiliate	Processing fee	504,974
Trade Ocean Holdings Sdn Bhd	Parent Company	Transfer loan from Mr TC Pang	3,430,928

At 31 December 2011, the following balances were outstanding with related parties:

Related parties	Relation	Balances	Payable	Loan
			USD	USD
Wonderfarm Biscuits & Confectionery Sdn.	Minority interest	Loan	-	1,562,685
Chuan Li Can Manufacturing (Vietnam) Co.	Affiliate	Purchase material	193,262	-
Kirin Holding Limited	Ultimated Parent	Short-term loan	-	19,000,000
		Loan interest	92,830	
		Other payable	1,000,000	
		Secondment fee	94,838	
Vietnam Kirin Beverage Company	Affiliate	Processing fee	391,394	
Trade Ocean Holdings Sdn Bhd	Parent Company	Long-term loan	-	3,430,928



1,772,324 23,993,613

**36 Segmental information**

At 31 December 2011, management determined the following reportable segments by categories of sales: (1) domestic sales and (2) export sales. The Company analyses segment revenue and cost of sales.

The segment results for the 4th quarter 2011 are as follows:

	Domestic USD	Export USD	Total USD
Sales revenue - net	8,831,222	592,447	9,423,669
Cost of sales	(8,511,177)	(543,084)	(9,054,261)
Gross profit	320,045	49,363	369,408
Gross profit (VND million)	6,666	1,028	7,694

The segment results for the 4th quarter 2010 are as follows:

	Domestic USD	Export USD	Total USD
Sales revenue - net	11,941,391	544,529	12,485,919
Cost of sales	(9,474,828)	(517,543)	(9,992,372)
Gross profit	2,466,562	26,985	2,493,548
Gross profit (VND million)	46,697	511	47,208

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

The segment results for the 4th quarter 2011 are as follows:

	Drinks USD	Biscuits USD	Other USD	Total USD
Sales revenue - net	7,881,712	532,280	1,009,677	9,423,669
Cost of sales	(7,925,855)	(845,634)	(282,772)	(9,054,261)
Gross profit	(44,143)	(313,354)	726,905	369,408
Gross profit (VND million)	(919)	(6,527)	15,140	7,694

The segment results for the 4th quarter 2010 are as follows:

	Drinks USD	Biscuits USD	Other USD	Total USD
Sales revenue - net	11,292,296	398,707	794,916	12,485,919
Cost of sales	(9,245,681)	(447,968)	(298,723)	(9,992,372)
Gross profit	2,046,615	(49,261)	496,194	2,493,548
Gross profit (VND million)	38,747	(933)	9,394	47,208

**37 Profit (Loss) per share and dividends**

Basic profit(loss) per share is shown below:

	31 December 2011		31 December 2010	
	USD	VND million	USD	million
Profit(Loss) attributable to shareholders of the Company	(2,038,049)	(42,448)	382,597	7,243
Weighted average number of ordinary shares on issue	29,140,984	29,140,984	29,140,984	29,140,984
Basic profit (loss) per share (USD/VND thousand)	(0.070)	(1.457)	0.013	0.249

No dividend was declared in 2011. As at 31/12/2011, the 2007 dividends payable amounting to USD24,265 was not paid and included in the other payables (Note 22).

**38 Board of Directors and Management's remuneration**

During the period, the members of Board of Directors and Management received remuneration as follows:

	31 December 2011		31 December 2010	
	USD	VND million	USD	million
Board of Management fees	-	-	13,863	262

**Interfood Shareholding Company and its subsidiaries**

Salary	<b>178,229</b>	<b>3,712</b>	459,810	8,705
	<b>178,229</b>	<b>3,712</b>	<b>473,673</b>	<b>8,968</b>

**39 Commitments**

As at 31 December 2011, the Company was committed under non cancellable operating lease agreements in the following amounts:

	<b>31 December 2011</b>		31 December 2010	
	<b>USD</b>	<b>VND million</b>	USD	million
Within the next year	<b>65,919</b>	<b>1,373</b>	184,574	3,494
Within two to five years	-	-	273,483	5,178
Over five years	-	-	3,168	60
	<b>65,919</b>	<b>1,373</b>	461,225	8,732

The consolidated financial statements were approved by the Board of Directors on 20 January 2012.

\_\_\_\_\_  
 Michio Nagabayashi  
 Chairman, General Director

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 Nguyen Hong Phong  
 Chief Accountant