

Consolidated financial statements and auditors' report of
factual findings

Interfood Shareholding Company and its subsidiary

31 December 2011

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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 subsidiary (“the Group”) for the year ended 31 December 2011.

Results of operation

The results of the Group’s operations for the year ended 31 December 2011 are set out in the consolidated statement of income.

Financial indicators of the business

	Unit	Year 2011	Year 2010
Assets structure and capital structure			
Assets structure			
Non-current assets/total assets	%	70.91	72.62
Current assets/total assets	%	29.09	27.38
Capital structure			
Liabilities/total resources	%	88.01	80.21
Owner’s equity/total assets	%	11.99	19.79
Liquidity			
Total assets/liabilities	times	1.14	1.25
Current ratio	times	0.40	0.42
Quick ratio	times	0.08	0.01
Profitability			
Loss/net sales			
Profit (loss) before tax/net sales	%	(6.15)	1.14
Net profit (loss)/net sales	%	(6.39)	0.71
Lost/total assets			
Profit (loss) before tax/total assets	%	(7.79)	1.81
Net profit (loss)/total assets	%	(8.10)	1.12
Net loss /owner’s equity	%	(67.53)	5.65

Auditors

The consolidated financial statements presented in United States Dollars for the year ended 31 December 2011 have been audited by Grant Thornton (Vietnam) Ltd. The present statements, translated to Vietnamese Dong, have not been audited but have been reviewed in accordance with circular 244/2009/TT-BTC.

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 2006/23 May 2011
Michio Nagabayashi	Chairman	23 May 2011
Ryoichi Yonemura	Member	14 March 2011
Hiroshi Fujikawa	Member	14 March 2011
Nguyen Thi Kim Lien	Member	15 August 2006
Pang Tze Yi	Member	15 August 2006/14 March 2011
Teng Po Wen	Member	15 August 2006/14 March 2011
Pang Tze Wei	Member	28 August 2010

Board of Directors:		
Pang Tee Chiang	General Director	15 August 2006/23 May 2011
Michio Nagabayashi	General Director	23 May 2011
Hajime Kobayashi	Director	23 May 2011
Kazufumi Nagashima	Director	23 May 2011
Pang Tze Yi	1st Deputy General Director	11 January 2010/14 March 2011
Nguyen Thi Kim Lien	Director	15 August 2006
Hidefumi Matsuo	Director	23 May 2011
Pang Tze Wei	2nd Deputy General Director	29 August 2010/23 May 2011

Statement of responsibility 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 2011 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 the 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 the 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.

Approval of the consolidated financial statements

The Board of Directors hereby approves the accompanying consolidated financial statements of the Group for the year ended 31 December 2011, which include the consolidated balance sheet, consolidated statement of income and consolidated statement of cash flows, together with the notes thereto. In the opinion of the Board of Directors these consolidated financial statements have been properly drawn up and give a true and fair view of the financial position of the Group as at 31 December 2011 and of its results of operations and cash flows for the year then ended in accordance with the Vietnamese Accounting Standards and System and in compliance with relevant statutory requirements.

On behalf of the Board of Directors

Michio Nagabayashi
General Director

Dong Nai Province, Vietnam
Date _____

Report of factual findings

On the consolidated financial statements of
Interfood Shareholding Company and its subsidiary
for the year ended 31 December 2011

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No. HCM/12/26/1

To the Board of Management of Interfood Shareholding Company

We have performed the procedures agreed with Interfood Shareholding Company (“the Company”) with respect to the translation of all figures in the accompanying consolidated financial statements for the year ended 31 December 2011 from the United States Dollar (USD) into Vietnamese dong (VND). Our engagement was undertaken in accordance with VSA 920 “Engagements to perform agreed-upon procedures regarding financial information”. The agreed-procedures that we performed are as follows:

1. Obtained the consolidated financial statements which contained the translated amounts from USD to VND and reviewed the figures prior to translation to ascertain whether or not said figures were consistent with the figures in the Company’s audited consolidated financial statements as at and for the year ended 31 December 2011.
2. Reviewed the exchange rates used in the translation and ascertained whether or not said rates were consistent with the guidance mentioned under Circular No.244/2009/TT-BTC dated 31 December 2009 issued by Ministry of Finance. In accordance with this circular, consolidated financial statements expressed in foreign currencies (including comparative amounts) should be converted into Vietnamese Dong at the average inter-bank exchange rate at the balance sheet date. If such exchange rate is not available at the balance sheet date, the nearest average inter-bank exchange rate may be used.
3. Reviewed the accuracy of the translation.

We report our findings below:

- a) With respect to item 1: The figures used and translated from USD to VND were consistent with the figures presented in the audited consolidated financial statements as at and for the year ended 31 December 2011.
- b) With respect to item 2: The audited consolidated financial statements expressed in USD were translated into Vietnamese Dong at the average inter-bank exchange rate at the balance sheet date.
- c) With respect to item 3: The translation was accurately performed.

Because the above procedures do not constitute either an audit or a review made in accordance with Vietnamese Standards on Auditing, we do not express any assurance on the Company's translated consolidated financial statements for the year ended 31 December 2011.

Had we performed additional procedures or had we performed an audit or review of the consolidated financial statements in accordance with Vietnamese Standards on Auditing, other matters might have come to our attention that would have been reported to you.

Our report is solely for the purpose set forth in the first paragraph of this report and is not to be used for any other purpose or to be distributed to any other parties. This report relates only to the accounts and items specified above and does not extend to any other financial statements of Interfood Shareholding Company.

GRANT THORNTON (VIETNAM) LTD

Melvyn George Crowle
Auditor's Certificate No. N0297/KTV
General Director

Tran Vuong Vu
Auditor's Certificate No. 1210/KTV
Auditor

Ho Chi Minh City, Vietnam
Date: _____

Consolidated balance sheet

	Notes	Code	31 December 2011 VND million	31 December 2010 VND million
ASSETS				
Current assets				
Cash and cash equivalents				
Cash	7	111	41,214	2,477
Accounts receivable				
Trade accounts receivable		131	8,681	8,221
Prepayments to suppliers		132	10,210	21,098
Other receivables		135	1,335	2,663
Provision for short term doubtful debts		139	-	(462)
		130	20,226	31,520
Inventories				
Inventories	8	141	137,424	142,564
Provision for decline in inventory value	8	149	-	(2,775)
		140	137,424	139,789
Other current assets				
Short term prepaid expenses		151	250	257
Value added tax to be reclaimed		152	2,171	-
Taxes and amounts receivable from the State	9	154	2,227	2,024
Other current assets		158	872	1,460
		150	5,520	3,741
		100	204,384	177,527
Non-current assets				
Fixed assets				
Tangible fixed assets	10	221	396,914	399,679
- Historical cost		222	714,323	649,911
- Accumulated depreciation		223	(317,409)	(250,232)
Construction in progress	11	230	29,336	3,576
		220	426,250	403,255
Other non-current assets				
Long term prepaid expenses	12	261	29,100	27,114
Deferred tax assets	13,33	262	42,788	40,421
Other non-current assets		268	146	153
		260	72,034	67,688
		200	498,284	470,943
		270	702,668	648,470

The accompanying notes are an integral part of these financial statements

	Note	Code	31 December 2011 VND million	31 December 2010 VND million
RESOURCES				
Liabilities				
Current liabilities				
Short term borrowings and debts	14	311	395,732	290,315
Trade accounts payable	15	312	65,667	95,618
Advances from customers		313	3,150	4,733
Taxes and amounts payable to State Budget	16	314	3,844	10,196
Payables to employees		315	7,816	8,412
Accrued expenses payable	17	316	9,757	8,798
Other payables	18	319	22,769	3,030
		310	508,735	421,102
Long term borrowings and debts				
Long term deposits		331	26	24
Long term borrowings and debts	19	334	104,007	94,539
Deferred tax liabilities	20	335	2,880	2,181
Provision for severance allowance		336	2,758	2,312
		330	109,671	99,056
		300	618,406	520,158
Owners' equity				
Capital sources and funds				
Share capital	21,22	411	381,444	346,721
Share premium	21	412	85,036	77,295
Other reserves	21	419	(32,535)	(29,574)
Accumulated losses	21	420	(350,176)	(266,130)
		410	83,769	128,312
Minority interest				
Minority interest	23	439	493	-
		430	84,262	128,312
		440	702,668	648,470

Off balance sheet items

	31 December 2011	31 December 2010
Foreign currencies		
Vietnamese dong (million)	5,641	1,568
Euro	383	369

Date: _____

Michio Nagabayashi
General Director

Nguyen Hong Phong
Chief Accountant

Consolidated statement of income

	Note	Code	Year ended 31 Dec VND million	Year ended 31 VND million
Gross sales	24	01	914,461	1,052,826
Less sale deductions:	24	02	(23,916)	(27,022)
Net sales		10	890,545	1,025,804
Cost of sales	25	11	(741,497)	(783,069)
Gross margin		20	149,048	242,735
Income from financial activities	26	21	33,323	33,105
Expenses from financial activities	27	22	(42,753)	(61,745)
<i>Including: interest expense</i>		23	29,063	35,124
Selling expenses	28	24	(149,686)	(151,185)
General and administration expenses	29	25	(38,939)	(50,776)
Operating profit/(loss)		30	(49,007)	12,134
Other income	30	31	10,997	13,489
Other expenses	31	32	(16,728)	(13,912)
Other loss			(5,731)	(423)
Profit/(loss) before tax		50	(54,738)	11,711
Corporate income tax	33	51	-	-
Deferred corporate income tax	33	52	(2,162)	(4,468)
Net profit (loss)			(56,900)	7,243
Minority interest	23	59	493	-
Net profit (loss) attributable to the shareholders of parent company		60	(57,393)	7,243
Earning (loss) per share – Basic & Diluted			(1,969)	249

Date: _____

Michio Nagabayashi
General Director

Nguyen Hong Phong
Chief Accountant

Consolidated statement of cash flows

	Code	Year ended 31 December 2011 VND million	Year ended 31 December 2010 VND million
Cash flows from operating activities			
Profit(Loss) before income tax	01	(54,738)	11,711
<i>Adjustments for:</i>			
Depreciation and amortisation	02	44,357	41,201
Decrease in provisions	03	(3,561)	(10,858)
Loss /(gain) from unrealised foreign exchange differences	04	49	(1,879)
(Gain)/loss on divestment and disposal of certain assets	05	1,459	(6,255)
Interest expense	06	29,063	35,124
Interest income	07	(234)	(188)
Operating profit before adjustments to working capital	08	16,395	68,856
Changes in accounts receivable	09	13,472	18,129
Changes in inventories	10	19,418	8,618
Changes in accounts payable	11	(40,744)	(8,040)
Changes in prepaid expenses	12	(233)	3,110
Interest paid	13	(35,064)	(29,785)
Cash generated from/(used in) operating activities	20	(26,756)	60,888
Cash flows from investing activities			
Acquisition of fixed assets and construction in progress	21	(26,427)	(5,498)
Interest received	27	234	188
Net cash outflows from investing activities	30	(26,193)	(5,310)

	Code	Year ended 31 December 2011 VND million	Year ended 31 December 2010 VND million
Cash flows from financing activities			
Loan proceeds	33	931,386	482,952
Debt repayments	34	(839,839)	(540,751)
Net cash inflows/(outflows) from financing activities	40	91,547	(57,799)
Net increase/(decrease) in cash and cash equivalents			
	50	38,598	(2,221)
Cash and cash equivalents at beginning of the year	60	2,477	4,453
Effects of changes in foreign exchange rates	61	139	245
Cash and cash equivalents at end of the year	70	41,214	2,477

Date: _____

 Michio Nagabayashi
 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 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 USD 30,000,000 and USD 13,000,000, respectively. The Company’s total number of shares was 13,000,000 with par value of USD 1 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 USD 1 per share to VND 10,000 per share and the Company’s charter capital was changed from USD 13,000,000 to VND 206,636,000 thousand. As a result, the total shares of the Company changed from 13,000,000 shares with par value of USD 1 per share to 20,663,600 shares with par value of VND 10,000 per share;
- Investment Licence No. 270 CPH/GCND3 dated 23 August 2006 allowed the Company to increase its charter capital to VND 242,841,600 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 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 VND 1,444,500 million, equivalent to USD 90 million. The charter capital of the Company is VND 291,409,920 thousand. The total shares of the Company were increased to 29,140,992 with par value of VND 10,000 per share. An additional 4,856,832 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.

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 addition, under the resolution of the 1st Extraordinary General Assembly of Shareholders dated 30 July 2011, the Company will delist its shares currently listed on Ho Chi Minh City Stock Exchange. However, as at 31 December 2011, the Company has not yet submitted the application to the Stock 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; and to manufacture packaging for foods and beverages.

Information relating to the subsidiary is presented in Note 5 to the consolidated financial statements.

2 Fiscal year and currency

Fiscal year

The Company’s fiscal year end is 31 December.

Reporting currency and foreign exchange

As approved by the Ministry of Finance in its Official Letter No. 550 TC/CDKT dated 5 September 1998, the Company used the United States Dollar as its reporting currency in the preparation and presentation of its consolidated financial statements. The accompanying consolidated financial statements were prepared for the purpose of complying with Circular No. 244/2009/TT-BTC dated 31 December 2009 issued by the Ministry of Finance. Under the said circular, consolidated financial statements expressed in foreign currencies have to be translated into Vietnamese Dong using the average inter-bank exchange rate at reporting date. The average inter-bank exchange rate as at 31 December 2011 was VND 20,828/USD.

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

3 Basis of preparation of consolidated financial statements

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with the Vietnamese Accounting Standards and System, and relevant statutory requirements of the Ministry of Finance, which may differ in some material respects from the 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 accounting principles, procedures and practices.

3.2 Basis of consolidation

The consolidated financial statements are composed of the accounts of the Company and its subsidiary

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 same time.

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, equity 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.

For a business combination involving entities under common control, identifiable assets acquired and liabilities and contingent liabilities assumed in the business combination are recognised at the acquirer's carrying value at the acquisition date, irrespective of the extent of any minority interest. The difference between the consideration given and the aggregate value of the assets and liabilities of the acquired entity is recorded as other reserve under shareholders' entity. No goodwill is created from a business combination of entities under common control.

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 subsidiary 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 interests that are not owned, directly or indirectly through a subsidiary, 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

Adoption of new regulations

The Group has adopted the Circular No. 210/2009/TT-BTC ("the Circular") dated 06 November 2009 guiding the application of International Financial Reporting Standards (IAS 32 and IFRS 7) on the presentation of financial statements and disclosures on financial instruments, which is relevant to and effective for the Group's consolidated financial statements for fiscal years beginning 01 January 2011. The above mentioned circular will be applied prospectively in accordance with Circular No. 20/2006/TT-BTC.

The adoption of the Circular did not have any material impact on the presentation and disclosures of the consolidated financial statements of the Group.

The related disclosures are presented in Note 39 and Note 40.

4.1 Cash and cash equivalents

Cash and cash equivalents include cash on hand and cash in bank as well as bank deposits with an original maturity term of 3 months or less.

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 follows:

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

The above depreciation rates are not consistent with the guidelines under Decision 203/2009/TT-BTC dated 20 October 2009. However the Group 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.

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 is recognised as part of “Other expenses”.

4.5 Construction in progress

Construction in progress represents the costs of the new ERP software and the cost of machinery and equipment under development. No depreciation is recognised until the project is complete and until the asset is available for its intended use at which time the related costs are transferred to their 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, Long Thanh District, 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 Financial instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets

For presentation and disclosure purposes in accordance with Circular 210/2009/TT-BTC, financial assets other than those designated and effective as hedging instruments are classified into the following specified categories: financial assets at fair value through profit or loss (FVTPL), held-to-maturity investments (HTM), available-for-sale (AFS) financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at FVTPL

Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument or financial guarantee contract.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset. During the year, the Group did not invest in any financial assets at FVTPL.

Held-to-maturity investments

HTM investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as HTM if the Group has the intention and ability to hold them until maturity

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market

AFS financial assets

AFS financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other category of financial assets.

Fair value of financial assets under each group is disclosed at each relevant note. Fair value is determined in the manner described in Note 40.

Financial liabilities and equity instruments***Classification as debt or equity***

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Compound instruments

The component parts of compound instruments issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole.

Transaction costs relating to the issue of a compound financial instrument shall be amortized in proportion to liability and equity components of such instrument. Transaction costs relating to different transactions shall be amortized for such transactions on a pro-rata basis. Transaction costs shall be accounted for as a deduction from equity in the reporting period.

Financial liabilities

For presentation and disclosure purpose in accordance with Circular 210/2009/TT-BTC, financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities at amortized cost.

Financial liabilities at FVTPL

A financial liability at fair value through profit or loss is a financial liability that meets either of the following conditions:

- It has been incurred principally for the purpose of re-purchasing in the near future; or
- It is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument or financial guarantee contract.

Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability. Fair value is determined in the manner described in Note 40.

Other financial liabilities

Other financial liabilities, including borrowings are measured at cost. Information on amortised cost of other financial liabilities is disclosed in the notes to the financial statements as required under Circular 210/2009/TT-BTC, and is determined as equalling the initially recognized value of that financial liability minus principal repayments, plus or minus accrued amortizations calculated by the effective interest method of the difference between the initially recorded value and the value upon maturity, minus deductions (directly or through a contingency account) due to impairment or irrecoverability.

Effective interest method is a method of calculating the amortized cost of one or a group of financial liabilities and allocating the interest income or expense over the relevant period. Effective interest rate is the discount interest rate of cash flows forecast to be settled in the future throughout the expected life cycle of a financial instrument or in a shorter period, when necessary, to return to the current net carrying amount of financial liability.

Employee benefits

Post employment benefits

Post employment benefits are paid to retired employees of the Group by the Social Insurance Agency which belongs to the Ministry of Labor and Social Affairs. The Group is required to contribute to these post employment benefits by paying social insurance premium to the Social Insurance Agency at the rate of 16% of an employee's basic salary on a monthly basis. The Group has no further obligation to fund the post employment benefits of its employees.

Unemployment benefits

According to Circular No. 04/2009/TT-BLDTBXH guiding Decree No. 127/2008/ND-CP on unemployment insurance, from 1 January 2009, the Company is obliged to pay unemployment insurance at 1% of its salary fund for payment of unemployment insurance for insurance participants and deduct 1% of salary of each employee to simultaneously pay to the Unemployment Insurance Fund.

4.8 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.

4.9 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.

4.10 Provisions

Provisions are recognised when the Group 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.

4.11 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.

4.12 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 periods, 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 Group 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.

4.13 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.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares

4.14 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 costs 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).

4.15 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.

4.16 Segment reporting

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 Subsidiary

The relevant information about the subsidiary of the Company at the balance sheet date was as follows:

	Amount		% of equity held	
	31 December 2011 USD	31 December 2010 USD	31 December 2011 %	31 December 2010 %
Subsidiary:				
AvaFood Shareholding Company	4,500,000	4,500,000	90	90
Equivalent to VND million	93,726	85,194	-	-

AvaFood Shareholding Company

On 30 June 2007, the Company acquired 90% of the paid-up capital of AvaFood Shareholding Company (“Avafood”) based on the par value of the shares from Wonderfarm Biscuits & Confectionery Sdn Bhd. AvaFood Shareholding Company used to be an entity under common control before it was acquired by the Company.

AvaFood Shareholding Company (formerly AvaFood Industries Ltd) was established in the Socialist Republic of Vietnam as a limited liability company 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, wholly owned by Wonderfarm Biscuits & Confectionery Sdn Bhd, a company incorporated in Malaysia.

In December 2007, following Investment Certificate No. 472033000355 dated 31 issued by the Board of Management of Dong Nai Industrial Zone, Avafood changed its legal status from a limited liability company into a shareholding company under the name of AvaFood Shareholding Company with a total investment capital of VND 259,200 million (equivalent to USD 16,000,000), and charter capital of VND 81,000 million (equivalent to USD 5,000,000). Avafood’s total number of shares was 8,100,000 with a par value of VND 10,000 per share.

The principal activities of Avafood Shareholding Company are to produce processed products for Interfood, its Parent Company, including fruit juice, bottled filtered water, biscuits, jams and sweets of all kinds, and from agricultural and aquatic products as well as livestock and to lease a 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 14,612,573 (equivalent to VND 304,351 million) as at 31 December 2011 (31 December 2010: USD 12,865,795, equivalent to VND 243,575 million).

The Group's continued existence as a going concern is dependent on the continued financial support of its ultimate parent company and ultimately on its ability to operate profitably. The ultimate 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 the carrying values of assets or to amounts and classifications of liabilities that may be necessary if the Group is unable to continue as a going concern.

7 Cash

	31 December 2011	31 December 2010
	VND million	VND million
Cash on hand	240	703
Cash in banks	40,974	1,774
	41,214	2,477

8 Inventories

	31 December 2011	31 December 2010
	VND million	VND million
Goods in transit	-	6,369
Raw materials	39,033	48,514
Tool and supplies	8,542	5,246
Work in progress	12,879	22,225
Finished goods	76,970	60,210
	137,424	142,564
Provision for decline in inventory value	-	(2,775)
	137,424	139,789

9 Taxes and amounts receivable from the State Budget

The amount of USD 106,907 (equivalent to VND 2,227 million) represents over-payment of the Company's corporate income tax for the year 2007. This amount will be applied to future tax liabilities or tax filings in the ensuing years.

10 Tangible fixed assets

	Buildings VND million	Machinery and Equipment VND million	Motor vehicles VND million	Office equipment VND	Total VND million
Historical cost					
1 January 2011	90,498	543,213	10,562	5,638	649,911
Acquisitions	65	2,619	-	339	3,023
Written-off	-	(2,764)	(96)	(837)	(3,697)
Translation differences	9,063	54,402	1,057	564	65,086
31 December 2011	99,626	597,470	11,523	5,704	714,323
<i>Fully depreciated</i>	-	23,421	6,858	790	31,069
<i>Fixed assets not in use (*)</i>	-	165,970	4,025	1,210	171,205
Accumulated depreciation					
1 January 2011	(11,784)	(226,977)	(8,245)	(3,226)	(250,232)
Charge for the year	(3,391)	(39,509)	(878)	(579)	(44,357)
Written-off	-	1,414	81	744	2,239
Translation differences	(1,180)	(22,731)	(826)	(322)	(25,059)
31 December 2011	(16,355)	(287,803)	(9,868)	(3,383)	(317,409)
<i>Fixed assets not in use (*)</i>	-	(98,200)	(4,021)	(1,149)	(103,370)
Net book value					
1 January 2011	78,714	316,236	2,317	2,412	399,679
31 December 2011	83,271	309,667	1,655	2,321	396,914
<i>Fixed assets not in use (*)</i>	-	67,770	4	61	67,835

As at 31 December 2011, certain fixed assets with a total carrying value of USD 3,852,615; equivalent to VND 80,242 million (2010: USD 17,579,816, equivalent to VND 332,821million) have been pledged with Vietcombank as security for the Group's unused credit line with Vietcombank under Credit contract No. 2010031/KHDN/NHNT dated 20 August 2010 (Note 14).

(*) These assets 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. They also include certain idle assets such as vending machines and machines pertaining to biscuit processing lines. The Group has insufficient demand to justify their re-commissioning and bringing back these assets into its production lines at the present time. Subsequently in February 2012, the Board of Management approved for disposal certain idle assets with an aggregate historical cost of USD 779,085 (equivalent to VND 16,227 million) with a nil carrying value.

11 Construction in progress ("CIP")

	31 December 2011 VND million	31 December 2010 VND million
Opening balance	3,576	7,369
Additions during the year	25,401	2,342
Transferred to tangible fixed assets	-	(6,542)
Translation differences	359	407
Closing balance	29,336	3,576
<i>Breakdown:</i>		
<i>Viet Kien Xanh - construction of steam boiler's frame and platform</i>	1,586	-
<i>Koastal - construction of waste water treatment system</i>	13,127	-
<i>Wou Xi Ming - supply of steam boiler machine</i>	7,527	-
<i>ERP software (*)</i>	7,096	3,390
<i>Others</i>	-	186
	29,336	3,576

(*) This pertains to the development of the ERP system. As at 31 December 2011, the ERP software was in its trial period and is expected to be fully operational by the end of the first quarter of 2012.

12 Long-term prepaid expenses

	31 December 2011	31 December 2010
	VND million	VND million
Opening balance	27,114	26,323
Amortisation	(729)	(663)
Translation differences	2,715	1,454
Ending balance	29,100	27,114

As at 31 December 2011, the carrying value of long-term prepaid expenses representing prepaid land rentals has been pledged with Vietcombank as security for the unused credit line as mentioned in Note 14.

13 Deferred tax assets

The carrying balance of deferred tax assets of USD 2,054,327 327 (equivalent to VND 42,787 million) pertains to the tax deductible loss in 2008 which can be carried forward to offset against future taxable income. All deferred tax assets from other temporary differences were not recognised. The movements are disclosed in Note 33.

14 Short term borrowings and debts

	31 December 2011	31 December 2010
	VND million	VND million
Loans from Vietcombank, Dong Nai Branch (1)	-	201,758
Loans from Viet A Bank (2)	-	56,423
Loans from Kirin (3)	395,732	-
Current portion of long-term loans (Note 19)	-	32,134
	395,732	290,315

(1) Loans from Vietcombank, Dong Nai Branch

	31 December 2011	31 December 2010
	VND million	VND million
Denominated in USD	-	28,145
Denominated in EUR	-	953
Denominated in VND	-	172,660
	-	201,758

Loan from Vietcombank, Dong Nai Branch (“VCB”) – Agreement No 2010031/KHDN/NHNT dated 20 August 2010 pertains to a working capital credit facility with a credit limit of VND 200 billion. On 24 November 2011, VCB decreased the credit line to VND 120 billion as covered by the principal Agreement No. 2010047/KHDN/NHNT dated 24 November 2011 for the term of 60 months from the agreement date.

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 of the loan drawdown. 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.

The applicable interest rates of these loans from January to October in 2011 for dollar denominated loans were 6.5% to 7% while it was 15.5% 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).

Except for the factory and land use rights of Avafood Shareholding Company (“Avafood”) which were pledged to secure the Company’s credit line facility with VCB, the bank released the pledged assets on 15 November 2011. As at 31 December 2011, the net book value of Avafood’s pledged assets is USD 5,249,796 (equivalent to VND 109,343 million). Those assets are secured under the following mortgaged agreements:

- 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 USD 1,950,552 (equivalent to VND 40,626 million) (Note 10).
- 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 was USD 1,902,063 (equivalent to VND 39,616 million) (Note 10).
- Agreement on mortgaged land lease rights dated 20 Aug 2010 and Appendix No. 1 dated 26 Oct 2011, in which these loans are secured by all rights and interest arising from or in connection with the Land lease Agreement. As at 31 December 2011, the carrying value of the land lease rights was USD 1,397,181 (equivalent to VND 29,100 million) (Note 12).

(2) Loans from Viet A Bank

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 USD 3,000,000. 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 Company has settled all its outstanding obligations to Viet A Bank in June 2011 and Viet A bank terminated the loan agreement and released all secured assets to the Company at the same time.

(3) Kirin Holdings Company Ltd (Note 34)

	31 December 2011	31 December 2010
	VND million	VND million
Denominated in USD	395,732	-

In 2011, the Company entered into several revolving loan agreements amounting to USD 19 millions 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 US 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 rates of these loans range from 1.425% to 1.749%. All these loans will mature in 2012.

In December 2011, the Company entered into another revolving loan agreement with Kirin Holdings Company Ltd amounting to USD 6 millions. The facility is subject to interest based on the same base rate above plus 1% per annum. The amount of USD 1million was partially released to the Company in January 2012 (Note 18).

15 Trade accounts payable

	31 December 2011	31 December 2010
	VND million	VND million
Payable to suppliers	40,540	69,199
Payable to related parties (Note 34)	25,127	26,419
	65,667	95,618

16 Taxes and amounts payable to State Budget

	31 December 2011	31 December 2010
	VND million	VND million
Value added tax	2,044	5,489
Corporate income tax	-	2,236
Personal income tax	419	2,370
Import, export tax	240	39
Other taxes	1,141	62
	3,844	10,196

17 Accrued expenses payables

	31 December 2011	31 December 2010
	VND million	VND million
Accrual for transportation expense	2,980	3,897
Trade discounts	973	1,584
Accrual to related party (Note 34)	3,909	-
Others	1,895	3,317
	9,757	8,798

18 Other payables

	31 December 2011	31 December 2010
	VND million	VND million
Dividends payable (Note 36)	505	459
Trade union, social and health insurance	167	297
Other payables to Ex Chairman (Note 34)	-	2,023
Payable to related parties (*)	21,492	251
Others	605	-
	22,769	3,030

(*) This pertains to cash transferred from Kirin Holdings Company and was subsequently converted to loan in January 2012 in accordance with the revolving loan agreement in December 2011 as mentioned in Note 14.

19 Long term borrowings and debts

	31 December 2011	31 December 2010
	VND million	VND million
Bank loan		
Loan from Vietcombank, Dong Nai branch (1)	-	32,134
Less: amount due within one year	-	(32,134)
	-	-
Related party loans		
Loan from Ex Chairman (2)	-	64,954
Loan from the Parent Company –Trade Ocean Holdings Sdn Bhd (2)	71,459	-
Loan from Wonderfarm Biscuits &	32,548	29,585

Confectionery Sdn. Bhd. (3)

104,007

94,539

(1) Loan from Vietcombank Dong Nai Branch

The loans under Avafood with the amount of USD 1,697,337 (equivalent to VND32,134 million) was granted in accordance with the agreement No 2007176/NHNT dated 30 August 2007 and agreement No. 2000846/NHNT dated 21 February 2008 and were paid at the end of May 2011. On 8 June 2011, Avafood was granted by Vietcombank - Dong Nai branch, exemption from payment of interest of VND 5 billion (equivalent to USD 242,272) in consideration of the full settlement of all outstanding interest by 30 June 2011 and continuing security from all existing pledged assets of the Avafood to the bank for Interfood's unused credit line (Note 14). The remaining interest of USD 331,890 was paid in June 2011.

(2) Loan from Chairman

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"), the parent company, the Company and Mr Pang Tee Chiang ("PTC") entered into a Loan Novation Agreement whereby TOH agreed to assume the rights and obligations of the USD 3,430,928 (equivalent to VND 71,459 million) loan PTC had extended to the Company.

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

According to the Resolution of the BOM dated 25 December 2008, the balance of the loan from Wonderfarm Biscuits & Confectionery Sdn Bhd, a related party, would be converted to a five-year shareholder loan which will be due in 2013. This loan bears interest at SIBOR 3 months less 1% per annum. There is no interest expense accrued during the year as the applicable interest rate based on the foregoing calculation would have been below zero. This loan is unsecured.

20 Deferred tax liabilities

Deferred tax liabilities of USD 138,280 (equivalent to VND 2,880 million) pertains to temporary differences arising from differences between the accounting base and tax base as at the balance sheet date in relation to tangible fixed assets. The movements are disclosed in Note 33.

21 Owner's equity

	Paid in capital	Share premium	Acquisition Reserves	Accumulated losses	Total
	VND million	VND million	VND million	VND million	VND million
Balance, 1 January 2010	328,571	73,249	(28,025)	(259,064)	114,731
Net profit	-	-	-	7,243	7,243
Translation differences	18,150	4,046	(1,549)	(14,309)	6,338
Balance, 31 December 2010	346,721	77,295	(29,574)	(266,130)	128,312
Balance, 1 January 2011	346,721	77,295	(29,574)	(266,130)	128,312
Net loss	-	-	-	(57,393)	(57,393)
Translation differences	34,723	7,741	(2,961)	(26,653)	12,850
Balance, 31 December 2011	381,444	85,036	(32,535)	(350,176)	83,769

22 Share capital

The Company's charter capital is VND 291,409,920 thousand, which is divided into 29,140,992 ordinary shares with par value of VND 10,000 each.

	Number of shares	VND '000	31 December 2011	
			USD	
Authorised	29,140,992	291,409,920		18,314,000
Issued and fully paid	29,140,984	291,409,920		18,313,995

The details of shareholders as at 31 December 2011 are as follows:

	Number of shares			Capital amount	
	Listed	Unlisted	Total	VND '000	%
	shares	shares			
Trade Ocean Holding SDN					
BHD	-	16,684,646	16,684,646	166,846,460	57.25
Pang Tee Chiang (*)	606,984	5,499,840	6,106,824	61,068,240	20.96
Yau Hau Jan	-	81,139	81,139	811,390	0.28
Nguyen Thi Kim Lien	12,000	-	12,000	120,000	0.04
Public shareholders	6,256,375	-	6,256,375	62,563,750	21.47
	6,875,359	22,265,625	29,140,984	291,409,840	100.00

The details of shareholders as at 31 December 2010 are as follows:

	Number of shares			Equivalent capital amount	
	Listed	Unlisted	Total	VND '000	%
	shares	shares			
Trade Ocean Holding SDN					
BHD	-	16,684,646	16,684,646	166,846,460	57.25
Pang Tee Chiang	1,237,469	5,499,840	6,737,309	67,373,090	23.12
Ng Eng Huat	800,403	-	800,403	8,004,030	2.75
Yau Hau Jan	-	81,139	81,139	811,390	0.28
Nguyen Thi Kim Lien	12,000	-	12,000	120,000	0.04
Public shareholders	4,825,487	-	4,825,487	48,254,870	16.56
	6,875,359	22,265,625	29,140,984	291,409,840	100

(*) The Board of Management of Dong Nai Industrial Zone granted the amended Investment Certificate to the Company dated 22 April 2011 which approved Mr. Pang Tee Chiang, the former General Director, to transfer 5,499,840 unlisted shares (equivalent to 18,87% of equity interest) to Indochina Beverage Holdings Ltd., a company established in British Virgin Isles. Subsequently, on 5 March 2012, the Vietnam Securities Depository approved said transfer.

In addition, under a resolution of the 1st Extraordinary General Assembly of Shareholders dated 30 July 2011, the Company will delist its shares currently listed on Ho Chi Minh City Stock Exchange. However, as at 31 December 2011, the Company has not yet submitted the application to the Stock Exchange.

23 Minority interest

	31 December 2011 VND million	31 December 2010 VND million
Opening balance	-	-
Minority interest in net profit of Avafood	493	-
Closing balance	493	-

24 Net sales

	Year ended 31 December 2011 VND million	Year ended 31 December 2010 VND million
Revenue		
Domestic sales	855,330	1,008,899
Export sales	59,131	43,927
	914,461	1,052,826
Sales deduction:		
Sales allowance	(23,484)	(26,529)
Sales returns	(432)	(493)
	(23,916)	(27,022)
Net sales	890,545	1,025,804

25 Cost of goods sold

	Year ended 31 December 2011 VND million	Year ended 31 December 2010 VND million
Cost of goods sold for domestic sales	688,899	744,192
Cost of goods sold for export sales	52,598	38,877
	741,497	783,069

26 Income from financial activities

	Year ended 31 December 2011 VND million	Year ended 31 December 2010 VND million
Interest income from bank deposits	234	188
Gain from disposal of investment in associate	-	6,255
Realised gain from foreign exchange differences	33,015	24,783
Unrealised gain from foreign exchange differences	74	1,879
	33,323	33,105

27 Expenses for financial activities

	Year ended 31 December 2011 VND million	Year ended 31 December 2010 VND million
Interest expense	29,063	35,124
Realised loss from foreign exchange differences	13,404	26,514
Unrealised loss from foreign exchange differences	123	-
Other finance expenses	163	107
	42,753	61,745

28 Selling expenses

	Year ended 31 December 2011	Year ended 31 December 2010
	VND million	VND million
Transportation expense	46,125	49,632
Labour cost	37,054	32,050
Commission for salesmen and distributors	56,662	27,465
Depreciation	854	1,175
Other expenses	8,991	40,863
	149,686	151,185

29 General and administration expenses

	Year ended 31 December 2011	Year ended 31 December 2010
	VND million	VND million
Labour cost	17,499	22,973
Depreciation	983	931
Office expenses	6,567	13,473
Bank charges	725	456
Outside services expenses	0	2,276
Professional fees	9,478	0
Other expenses	3,687	10,667
	38,939	50,776

30 Other income

	Year ended 31 December 2011	Year ended 31 December 2010
	VND million	VND million
Exemption of loan interest from Vietcombank Dong Nai	5,046	-
Reversal of Avafood Corporate income tax payable for the year 2008	2,460	-
Income from sale of scrap	1,339	-
Income from disposal of fixed assets previously written off	-	1,299
Compensation for loss of inventories	-	7,013
Other income	2,152	5,177
	10,997	13,489

31 Other expenses

	Year ended 31 December 2011	Year ended 31 December 2010
	VND million	VND million
Accounts receivable and prepayments to suppliers written off	1,849	-
Depreciation of idle assets	10,917	8,076
Administration and tax penalties	1,804	4,491
Fixed assets written off	1,459	-
Others	699	1,345
	16,728	13,912

32 Cost by element

	Year ended 31 December 2011	Year ended 31 December 2010
	VND million	VND million
Raw materials	649,363	708,425
Labour cost	88,755	88,520
Depreciation and amortisation	45,086	41,201
Outside service costs	80,798	67,772
Other costs	76,296	96,013
	940,298	1,001,931

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

In 2008, Decree No. 124/2008/ND-CP dated 11 December 2008 (which replaced Decree No. 24/2007/ND-CP dated 14 February 2007), the Company will continue to enjoy its tax incentives under Decree No. 24/2007/ND-CP dated 14 February 2007.

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 Investment Certificate No. 472033000355 dated 31 December 2007, Avafood is liable to corporate income tax at the rate of 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 Avafood officially commenced business operations. Thereafter the Avafood is subject to corporate income tax at 25%.

Avafood is entitled to corporate income tax exemption for a period of 2 years from the first profitable 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 (2010: 25%; 2009: 25%).

The Group:

No provision for corporate income tax has been made for the year ended 31 December 2011 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:

The reconciliation between the profit/(loss) before income tax and taxable profit/(loss) is shown below:

	Year ended 31 December 2011	Year ended 31 December 2010
	VND million	VND million
Accounting profit (loss) before tax	(54,738)	11,711
Permanent differences		
- Expenses without appropriate supporting documents	320	514
- Fee for the Board of Management	120	254
- Depreciation of idle assets	10,917	8,076
- Administration penalties	1,804	4,491
- Other income pertains to reverse of Corporate income tax payable of year 2008	(2,460)	-
Temporary differences		
- Temporary differences of prior year realised in this year	(2,164)	(357)
- Accrued expenses	8,637	8,256
- Unrealised losses from foreign exchange difference	106	95
- Severances allowances	746	865
- Temporary differences between accounting base and tax base in relation to the carrying value of tangible fixed assets	(1,922)	(1,747)
- Accrued expenses recognised from prior years	(9,083)	(10,603)
- Unrealised loss from previous years' foreign exchange difference realised in the current year	(105)	(72)
Taxable profit /(loss) from normal business comprised of:	(47,822)	21,483
<i>Taxable profit /(loss) of the Company</i>	<i>(59,583)</i>	<i>22,852</i>
<i>Taxable profit /(loss) of Avafood</i>	<i>11,761</i>	<i>(1,369)</i>
Less: Gain on capital assignment	-	(5,680)
Taxable profit for normal operating activities	(47,822)	17,172
Utilisation of losses carried forward	(11,761)	(17,172)
Assessable profit for the year	-	-
Corporate income tax expenses for the current year	-	-
Deferred income tax expense of the Company	-	(3,826)
Deferred Income tax expense of Avafood	(481)	(643)
Deferred tax asset of the Company written off	(1,681)	-
Deferred income tax expenses of the Group	(2,162)	(4,468)

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 a tax audit which will be carried out by the local tax authorities. Tax losses available for offset against future taxable income are as follows:

Year	Status of tax audit	Taxable loss	Utilised	Expired	Tax losses carried forward	Year of Expiration
		VND million	VND million	VND million	VND million	
2006	Not yet performed	(20,020)	11,761	8,259	-	2011
2007	Not yet performed	(4,618)	-	-	(4,618)	2012

2008	Not yet performed	(263,239)	22,852	-	(240,387)	2013
2009	Not yet performed	(17,099)	-	-	(17,099)	2014
2010	Not yet performed	(1,369)	-	-	(1,369)	2015
2011	Not yet performed	(59,583)	-	-	(59,583)	2016
		(365,928)	34,613	8,259	(323,056)	

Deferred corporate income tax

The details of deferred tax asset recognised by the Company, and the movements thereon are as shown below:

	31 December 2011	31 December 2010
	VND million	VND million
Deferred tax asset		
Balance, 1 January	40,421	41,930
Utilization of tax losses carried forward	-	(3,826)
Write off during the year	(1,681)	-
Translation differences	4,048	2,317
Balance, 31 December (*)	42,788	40,421
Deferred tax liability		
Balance, 1 January	2,181	1,457
Temporary differences on depreciation expenses of current year	481	437
Unrecorded temporary difference on depreciation expenses of previous year	-	206
Translation differences	218	81
Balance, 31 December (**)	2,880	2,181

(*) Deferred tax assets pertain mostly to the tax deductible loss in 2008 which can be carried forward to offset against taxable income within 5 years which will expire after 2013. The Management believe that the Company will have sufficient future taxable income to utilise this tax loss.

(**) This pertains to the temporary differences between the accounting base and tax base of tangible fixed assets at the balance sheet date.

34 Related party transaction and balances

The following transactions with related parties were recorded:

For year ended 31 December 2011:

Related party	Relation	Transaction	VND million
Chuan Li Can Manufacturing (Vietnam) Co., Ltd	Ex-Affiliate	Purchases of materials	22,529
Mr. Pang Tee Chiang	Ex-Chairman/ Ex - General Director	Transfer of loan to Trade Ocean Holding SDN BHD Other payable	71,459
		Interest for other payable	1,814 156
Trade Ocean Holding SDN BHD Company	Parent Company	Loan extended to the Company	71,459
Kirin Holding Company Limited	Ultimate	Loans to the Company	395,732

	parent company	Interest expense charged to the Company	2,425
		Secondment fees paid on behalf of Company	1,975
		Other cash transferred	20,828
Vietnam Kirin Beverage Company	Affiliate	Processing fees	11,569

For year ended 31 December 2010:

Related party	Relation	Transaction	VND million
Crown Beverage Cans (Dong Nai) Limited.	Ex - Associate	Purchases of materials	325,360
Chuan Li Can Manufacturing (Vietnam) Co., Ltd	Ex-Affiliate	Purchases of materials	16,080
Mr. Pang Tee Chiang	Ex-Chairman/ General Director	Advance	3,369

The following balances were outstanding with related parties:

As at 31 December 2011:

Related party	Relation	Transaction	Trade payables VND million	Other/Accrual payables VND million	Loans VND million
Kirin Holding Company Limited	Ultimate parent company	Loan	-	-	395,732
		Payable interest	-	1,933	-
		Other payable	-	20,828	-
		Secondment fees payable	-	1,975	-
Trade Ocean Holding SDN BHD	Parent Company	Loan	-	-	71,459
Wonderfarm Biscuits & Confectionery Sdn. Bhd	Shareholder	Licence fee	-	664	-
		Loan	-	-	32,548
Vietnam Kirin Beverage Company	Affiliate	Processing fee	8,152	-	-
Crown Beverage Cans Dong Nai Ltd	Ex – Associate	Purchases of materials	6,237	-	-
Crown Beverage Cans Saigon Limited	Ex – Affiliate	Purchases of materials	6,713	-	-
Chuan Li Can Manufacturing	Ex-Affiliate	Purchases of materials	4,025	-	-
			25,127	25,400	499,739

As at 31 December 2010:

Related party	Relation	Transaction	Other payables VND million	Trade Payables VND million	Loan VND million
Crown Beverage Cans Dong Nai Ltd	Ex-Associate	Purchases of materials	-	22,400	-
Chuan Li Can Manufacturing (Vietnam)	Ex-Affiliate	Purchases of materials	-	4,019	-
Mr. Pang Tee Chiang	Ex-Chairman/ General Director	Loan	-	-	64,954
		Other payables	2,023	-	-

Wonderfarm Biscuits & Confectionery Sdn. Bhd.	Shareholder	Loan	-	-	29,585
			2,023	26,419	94,539

35 Segmental information

At 31 December 2011, Management determined the following reportable segments by categories of sales markets: (1) domestic sales and (2) export sales.

The results by revenue market segments for the year ended 31 December 2011 are as follows:

	Domestic VND million	Export VND million	Total VND million
Sales revenue – net	831,414	59,131	890,545
Cost of sales	(688,899)	(52,598)	(741,497)
Gross profit	142,515	6,533	149,048

The results by revenue market segments for the year ended 31 December 2010 are as follows:

	Domestic VND million	Export VND million	Total VND million
Sales revenue – net	981,941	43,864	1,025,804
Cost of sales	(744,192)	(38,877)	(783,069)
Gross profit	237,749	4,987	242,736

Management also determined the following reportable segments by categories of products: (1) drinks, (2) biscuits and (3) others.

The results of the segmentation by product or the year ended 31 December 2011 are as follows:

	Drinks VND million	Biscuits VND million	Other VND million	Total VND million
Sales revenue – net	778,407	30,484	81,654	890,545
Cost of sales	(622,688)	(31,095)	(87,714)	(741,497)
Gross profit	155,719	(611)	(6,060)	149,048

The results of product segmentation by product for the year ended 31 December 2010 are as follows:

	Drinks VND million	Biscuits VND million	Other VND million	Total VND million
Sales revenue – net	948,907	23,605	53,292	1,025,804
Cost of sales	(705,113)	(29,985)	(47,971)	(783,069)
Gross profit	243,795	(6,379)	5,320	242,736

36 Earning/(loss) per share and dividends

(a) *Basic*
Basic earnings (loss) per share is shown below

	Year ended 31 December 2011	Year ended 31 December 2010
Profit/(Loss) attributable to shareholders of the Company (VND million)	(57,393)	7,243
Weighted average number of ordinary shares on issue	29,140,984	29,140,984
Basic earnings (loss) per share (VND per share)	(1,969)	249

No dividend was declared in 2011. As at 31 December 2011, the 2007 dividend payable amounting to USD 24,265 (equivalent to VND 505 million) was not paid and included in the other payables (Note 18).

(b) Diluted

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares. The Group has no category of potentially dilutive ordinary shares. Therefore, diluted earnings per share are equal to basic earnings per share.

37 Board of Director and Management's remuneration

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

	VND million
Salary	7,850
	7,850

38 Commitments

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

	2011 VND million	2010 VND million
Within the next year	1,325	2,372
Within two to five years	-	1,356
Over five years	-	-
	1,325	3,728

39 Risk management objectives and policies

The Group is exposed to various risks in relation to financial instruments. The Group's financial assets and liabilities by category are summarised below. The main types of risks are market risk, credit risk and liquidity risk.

The Board of Directors ("the Board") has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board establishes policies to identify and analyse the risks faced by the Group, to set up appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed are described below.

(a) Market risk

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities.

Foreign currency sensitivity

The Group is exposed to foreign currency risk on sales and purchases that are denominated in currencies other than the USD. The main currency giving rise to this risk is primarily Vietnam Dong ("VND"). The Group ensures that the net exposure to this risk is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

The Board does not enter into currency hedging transactions since it considers that the cost of such instruments outweigh the potential risk of exchange rate fluctuations.

Foreign currency denominated financial assets and liabilities, translated into USD at the closing rate, are as follows.

	31 December 2011		31 December 2010	
	VND million		VND million	
	VND	EUR	VND	EUR
Financial assets	22,345	10	19,057	9
Financial liabilities	(83,572)	-	(117,997)	(953)
Short-term exposure	(61,228)	10	(98,939)	(943)
Financial assets	-	-	-	-
Financial liabilities	(2,784)	-	(2,583)	-
Long-term exposure	(2,784)	-	(2,583)	-

The following table illustrates the sensitivity of the net result for the year and equity in regards to the Group's financial assets and financial liabilities and the VND /US Dollar exchange rate and Euro/USD exchange rate.

It assumes a +/- 10% change of the US-Dollar/VND exchange rate for the year ended at 31 December 2011. A +/- 4% change is considered for the Euro/USD exchange rate. Both of these percentages have been determined based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Group's foreign currency financial instruments held at each balance sheet date.

If the USD had strengthened against the VND and Euro by 10% and 4% respectively then this would have had the following impact:

	For the year ended 31 December 2011	
	VND million	
	VND	EUR
Net result for the year	10,687	0.4
Equity	10,687	0.4

If the USD had weakened against the VND and Euro by 10% and 4% respectively then this would have had the following impact:

	For the year ended 31 December 2011	
	VND million	
	VND	EUR
Net result for the year	(10,687)	(0.4)
Equity	(10,687)	(0.4)

Exposures to foreign exchange rates vary during the year depending on the volume of transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk.

Interest rate sensitivity

The Group's policy is to minimise interest rate cash flow risk exposures on short term and long-term financing. At 31 December 2011, the Group is exposed to changes in market interest rates through its related borrowings from related parties, which is subject to variable interest rates.

The following table illustrates the sensitivity of the net result for the year and equity to a reasonably possible change in interest rates of +2% and -2%, with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on the Group's financial instruments held at each balance sheet date. All other variables are held constant.

	For the year ended	
	31 December 2011	
	VND million	
	+2%	-2%
Net result for the year	(8,386)	8,386
Equity	(8,386)	8,386

(b) Credit risk

The Group's exposure to credit risk is limited to the carrying amount of financial assets recognised at the balance sheet date, as summarised below:

	31 December 2011	31 December 2010
	VND million	VND million
Classes of financial assets - carrying amounts		
Cash and cash equivalents	41,214	2,477
Trade and other receivables	23,325	35,005

The Group continuously monitors defaults of customers and other counterparties, and incorporate this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties.

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

(c) Liquidity risk

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day lookout period are identified monthly.

The Group maintains cash to meet its liquidity requirements for up to 30-day periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

As at 31 December 2011, the contractual maturities of the Group's liabilities are summarised below:

31 December 2011	Current			Non-current
	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years
	VND million	VND million	VND million	VND million
Short-term borrowing	-	395,732	-	-
Long-term borrowing	-	-	104,007	-
Trade payables	65,667	-	-	-
Other short term financial liabilities	26,508	20,828	2,784	-
	92,175	416,560	106,791	-

40 Fair value of financial instruments

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded approximate their fair values other than the following financial liabilities:

	31 December 2011		31 December 2010	
	Carrying amount	Fair value	Carrying amount	Fair value
	VND million	VND million	VND million	VND million
Financial liabilities				
Long term borrowing and debts	104,007	99,287	94,539	88,702

(*) The fair value of above financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis, in which the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets.

41 Subsequent events

Subsequently on 5 March 2012, the Vietnam Securities Depository approved the transfer of 5,499,840 unlisted shares (equivalent to 18,87% of equity interest) from Mr. Pang Tee Chiang, the former General Director, to Indochina Beverage Holdings Ltd., a company established in The British Virgin Isles. Approval was given to amend the Investment Certificate dated 22 April 2011 granted by The Board of Management of Dong Nai Industrial Zone (Note 22).

42 Approval for issuance of the financial statements

The consolidated financial statements for the year ended 31 December 2011 were approved by the Board of Directors on _____

Michio Nagabayashi
General Director

Nguyen Hong Phong
Chief Accountant



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