Separate financial statements and independent auditors' report

Interfood Shareholding Company

31 December 2011

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Report of the Board of Directors

The Board of Directors submits its report together with the audited separate financial statements of Interfood Shareholding Company ("the Company") for the year ended 31 December 2011.

Result of operations

The results of the Company's operations for the year ended 31 December 2011 are set out in the separate 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	%	**50.99**	56.09
Current assets/total assets	%	**49.01**	43.91
Capital structure			
Liabilities/total resources	%	**76.93**	66.88
Owner's equity/total assets	%	**23.07**	33.12
Liquidity			
Total assets/liabilities	times	**1.30**	1.50
Current ratio	times	**0.73**	0.77
Quick ratio	times	**0.08**	0.01
Profitability			
Profit/net sales			
Profit (loss) before tax/net sales	%	**(7.67)**	1.50
Net profit (loss)/net sales	%	**(7.86)**	1.13
Profit/total assets			
Profit (loss) before tax/total assets	%	**(9.08)**	2.31
Net profit (loss)/total assets	%	**(9.30)**	1.73
Net profit (loss)/owner's equity	%	**(40.32)**	5.24

Auditors

The separate financial statements for the year ended 31 December 2011 have been audited by Grant Thornton (Vietnam) Ltd.

Boards of Management and Directors

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

Board of Management:		**Appointed/Resigned on**
Pang Tee Chiang	Chairman	15 August 2006/23 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 separate financial statements are properly drawn up so as to give a true and fair view of the financial position of the Company 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 separate 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 financial statements on a going concern basis unless it is inappropriate to assume that the Company will continue its operations in the foreseeable future; and
- Control and direct effectively the Company in all material decisions affecting its operations and performance and ascertain that such decisions and/or instructions have been properly reflected in the separate financial statements.

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

Approval of the separate financial statements

The Board of Directors hereby approves the accompanying separate financial statements of the Company for the year ended 31 December 2011, which include the balance sheet, statement of income and statement of cash flows, together with the notes thereto. In the opinion of the Board of Directors these separate financial statements 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 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

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Michio Nagabayashi
Chairman, General Director

Dong Nai Province, Vietnam
Date ______________________

Independent auditors' report

on the separate financial statements of Interfood Shareholding Company
for the year ended 31 December 2011

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No. HCM/12/027

To the Board of Management of Interfood Shareholding Company

We have audited the accompanying separate financial statements of Interfood Shareholding Company, which comprise the separate balance sheet as at 31 December 2011 and the separate statement of income and separate statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 11 to 34.

Management's Responsibility for the separate financial statements

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

Auditor's responsibility

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

Basis of opinion

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

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

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

Opinion

In our opinion, the separate financial statements give a true and fair view of the financial position of Interfood Shareholding Company as of 31 December 2011, and of its financial performance and its cash flows for the year then ended, in accordance with the Vietnamese Accounting Standards and System and in compliance with relevant statutory requirements.

GRANT THORNTON (VIETNAM) LTD

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

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

Ho Chi Minh City, Vietnam
Date: ___________________

Separate balance sheet

	Notes	Code	31 December 2011	31 December 2010
			USD	USD
ASSETS				
Current assets				
Cash and cash equivalents				
Cash	7	111	**1,966,861**	117,731
Accounts receivable				
Trade accounts receivable		131	**416,546**	434,257
Prepayments to suppliers		132	**226,336**	833,701
Receivables from related parties	32	133	**8,338,485**	6,330,174
Other receivables		135	**4,431**	132,933
Provision for short term doubtful debts		139	**-**	(24,405)
		130	**8,985,798**	7,706,660
Inventories				
Inventories	8	141	**6,598,018**	7,628,807
Provision for decline in inventory value	8	149	**-**	(146,582)
		140	**6,598,018**	7,482,225
Other current assets				
Short term prepaid expenses		151	**3,323**	6,663
Taxes and amounts receivable from the State Budget	9	154	**106,907**	106,907
Other current assets		158	**41,885**	77,128
		150	**152,115**	190,698
		100	**17,702,792**	15,497,314
Non-current assets				
Fixed assets				
Tangible fixed assets	10	221	**11,523,109**	12,973,526
- Historical cost		*222*	***23,553,248***	*23,588,797*
- Accumulated depreciation		*223*	***(12,030,139)***	*(10,615,271)*
Construction in progress	11	230	**340,674**	188,896
		220	**11,863,783**	13,162,422
Long term investments				
Investments in subsidiary	12	251	**4,500,000**	4,500,000
Other non-current assets				
Deferred tax assets	13	262	**2,054,327**	2,135,050
		200	**18,418,110**	19,797,472
		270	**36,120,902**	35,294,786

	Note	Code	31 December 2011 USD	31 December 2010 USD
RESOURCES				
Liabilities				
Current liabilities				
Short term borrowings and debts	14	311	**19,000,000**	13,477,096
Trade accounts payable	15	312	**3,102,650**	4,985,611
Advances from customers		313	**151,256**	249,998
Taxes and amounts payable to State Budget	16	314	**136,574**	370,098
Payables to employees		315	**336,314**	387,348
Accrued expenses payable	17	316	**414,678**	436,093
Other payables	18	317	**1,093,090**	155,717
		310	**24,234,562**	20,061,961
Long term borrowings and debts				
Other long term liability		333	**1,255**	1,255
Long term borrowings and debts	19	334	**3,430,928**	3,430,928
Provision for severance allowance		336	**122,802**	109,751
		330	**3,554,985**	3,541,934
		300	**27,789,547**	23,603,895
Owners' equity				
Capital sources and funds				
Paid-in capital	20,21	411	**18,313,995**	18,313,995
Share premium	20	412	**4,082,759**	4,082,759
Accumulated losses	20	420	**(14,065,399)**	(10,705,863)
		410	**8,331,355**	11,690,891
		440	**36,120,902**	35,294,786

Off balance sheet items

	31 December 2011	31 December 2010
Foreign currencies		
Vietnamese dong (million)	**5,407**	1,335
Euro	**383**	369

Date: ______________

Michio Nagabayashi
General Director

Nguyen Hong Phong
Chief Accountant

Separate statement of income

	Note	Code	**Year ended 31 Dec 2011**	Year ended 31 Dec 2010
			USD	USD
Gross sales	22	PL01	**43,888,800**	55,573,162
Less sale deductions:	22	PL02	**(1,148,305)**	(1,427,294)
Net sales	22		**42,740,495**	54,145,868
Cost of sales	23	PL11	**(36,255,137)**	(42,567,639)
Gross margin			**6,485,358**	11,578,229
Income from financial activities	24	PL21	**1,934,318**	1,745,666
Expenses from financial activities	25	PL22	**(2,507,506)**	(2,432,246)
Including: interest expense			***1,366,496***	*1,178,758*
Selling expenses	26	PL24	**(7,146,315)**	(7,899,684)
General and administration expenses	27	PL25	**(1,622,376)**	(2,368,756)
Operating profit/(loss)			**(2,856,521)**	623,209
Other income	28	PL31	**116,998**	711,622
Other expenses	29	PL32	**(539,290)**	(520,458)
Other profit (loss)			**(422,292)**	191,164
Profit/(loss) before tax			**(3,278,813)**	814,373
Corporate income tax	31	PL51	**-**	-
Deferred corporate income tax	31	PL52	**(80,723)**	(202,016)
Net profit (loss)			**(3,359,536)**	612,357
Basic earnings /(loss) per share – Basic and Diluted	35		**(0.12)**	0.021

Date: ________________

Michio Nagabayashi
General Director

Nguyen Hong Phong
Chief Accountant

Separate statement of cash flows

	Code	**Year ended 31 December 2011 USD**	Year ended 31 December 2010 USD
Cash flows from operating activities			
Profit(Loss) before income tax	01	**(3,278,813)**	814,373
Adjustments for:			
Depreciation and amortisation	02	**1,522,395**	1,538,111
Decrease in provisions	03	**(170,987)**	(538,959)
Gain from unrealised foreign exchange differences	04	**(3,559)**	(18,200)
(Gain)/ loss on divestment and disposal of certain assets	05	**70,029**	(300,000)
Interest expense	06	**1,366,496**	1,178,758
Interest income	07	**(521,910)**	(455,344)
Operating profit before adjustments to working capital	08	**(1,016,349)**	2,218,739
Changes in accounts receivable	09	**(1,219,490)**	(3,613,642)
Changes in inventories	10	**1,030,789**	(392,564)
Changes in accounts payable	11	**(933,389)**	(66,608)
Changes in prepaid expenses	12	**3,340**	164,257
Interest paid	13	**(1,273,666)**	(1,178,758)
Cash used in operating activities	20	**(3,408,765)**	(2,868,576)
Cash flows from investing activities			
Acquisitions of fixed assets and construction in progress	21	**(275,531)**	(265,504)
Interest received	27	**10,522**	8,953
Net cash outflows from investing activities	30	**(265,009)**	(256,551)

	Code	**Year ended 31 December 2011 USD**	Year ended 31 December 2010 USD
Cash flows from financing activities			
Loan proceeds	33	**44,717,957**	25,509,834
Debt repayments	34	**(39,195,053)**	(22,494,898)
Net cash inflows from financing activities	40	**5,522,904**	3,014,936
Net increase/(decrease) in cash and cash equivalents	50	**1,849,130**	(110,191)
Cash and cash equivalents at beginning of the year	60	**117,731**	227,922
Cash and cash equivalents at end of the year	70	**1,966,861**	117,731

Date: ______________________

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Michio Nagabayashi
General Director

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Nguyen Hong Phong
Chief Accountant

Notes to the separate 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/GCNDC3 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.

As at 31 December 2011, the Company had 674 employees (2010: 1,284 employees).

2 Fiscal year and currency

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

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 separate financial statements.

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 separate financial statements

Basis of preparation of separate financial statements
The separate financial statements have been prepared in accordance with the 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 separate 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. Furthermore, their use is not designed for those who are not informed about Vietnam's accounting principles, procedures and practices.

Accounting system and form of records
The Company uses the general journal method to record its transactions.

Separate financial statements
This set of financial statements is the separate financial statements of Interfood Shareholding Company. The consolidated financial statements of the Company and its subsidiaries are to be prepared by the Management in accordance with the requirements of Vietnamese Accounting Standards and System and presented separately.

Subsidiaries are all entities over which the Company has the power to control the financial and operating policies. The Company obtains and exercises control through voting rights. In the separate financial statements investment in subsidiaries is accounted for at cost.

4 Changes in accounting policies

Adoption of new regulations

The Company 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 statement and disclosures on financial instruments, which is relevant to and effective for the Company's separate 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 separate financial statements of the Company.

The related disclosures are presented in Note 38 and Note 39.

5 Accounting policies

Cash and cash equivalents

Cash and cash equivalents include cash on hand and cash in bank as well as bank deposits of three months or less.

Inventory

Inventory is accounted for using the perpetual method and valued at the lower of cost and net realisable 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 materials, tools and supplies is valued at purchase and related costs. Net realisable value comprises estimated sales proceeds less selling expenses. A provision for decline is recorded where cost exceeds net realisable value.

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.

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:

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 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.

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".

Construction in progress
Construction in progress mainly represents the costs of new ERP software. 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 intangible fixed assets.

Investment in subsidiaries
Subsidiaries are all entities (including special purpose entities) over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost.

Financial instruments
Recognition and initial measurement
Financial assets and financial liabilities are recognised when the Company 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 Company 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 a 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 Company 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 Company 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 39.

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 Company are recorded at the proceeds received, net of direct issue costs.

Compound instruments
The component parts of compound instruments issued by the Company 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 the 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 the 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 Company 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 a 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 39.

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.

Payables and accruals

Payables and accruals are recognised as the amount to be paid in the future for goods and services received, whether or not billed to the Company.

Employee benefits

Post employment benefits

Post employment benefits are paid to retired employees of the Company by the Social Insurance Agency which belongs to the Ministry of Labour and Social Affairs. The Company 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 Company 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.

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.

Revenue

Revenue from the sale of goods is recognised in the statement of income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised 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 statement of income on a time-proportion basis using the effective interest method.

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.

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.

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 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 separate financial statements with their respective tax bases. In addition, tax losses available to be carried forward as well as other income tax credits to the Company are assessed for recognition as deferred tax assets.

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

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date. Most changes in deferred tax assets or liabilities are recognised as a component of tax expense in the 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.

Earnings (loss) per share

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

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.

Segment reporting

The Company 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 Company operated in two segments: domestic sales and export sales. In addition, there are 2 main kinds of product: Drinks and Biscuits.

6 Going concern assumption

The separate financial statements have been prepared assuming that the Company will continue as a going concern notwithstanding the fact that the Company's current liabilities exceeded its current assets by USD 6,531,770 as at 31 December 2011 (31 December 2010: USD 4,564,647).

The Company'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 separate financial statements do not include any adjustments relating to the recoverability and classification of recorded assets amounts or to amounts and classifications of liabilities that may be necessary if the Company is unable to continue as a going concern.

7 Cash

	31 December 2011	31 December 2010
	USD	USD
Cash on hand	**9,014**	28,943
Cash in banks	**1,957,847**	88,788
	1,966,861	117,731

8 Inventories

	31 December 2011	31 December 2010
	USD	USD
Goods in transit	**-**	336,401
Raw materials	**1,874,081**	2,562,539
Tool and supplies	**410,135**	277,095
Work in progress	**618,363**	1,173,964
Finished goods	**3,695,439**	3,278,808
	6,598,018	7,628,807
Provision for decline in inventory value	**-**	(146,582)
	6,598,018	7,482,225

9 Taxes and amounts receivable from the State Budget

The amount of USD 106,907 represents over - payment of the Company's corporate income tax made for the year 2007. This amount will be netted off against tax liabilities or tax filings in the coming year.

10 Tangible fixed assets

	Plant and machinery	Motor vehicles	Office Equipment	Total
	USD	USD	USD	USD
Historical cost				
1January 2011	22,836,629	505,662	246,506	**23,588,797**
Additions	125,747	-	16,260	**142,007**
Disposals and write offs	(132,721)	(4,629)	(40,206)	**(177,556)**
31 December 2011	22,829,655	501,033	222,560	**23,553,248**
Fully depreciated	*1,124,509*	*329,272*	*37,930*	***1,491,711***
Fixed assets not in use (*)	*5,204,853*	*193,237*	*58,082*	***5,456,172***
Accumulated depreciation				
1January 2011	(10,059,644)	(409,355)	(146,272)	**(10,615,271)**
Charge for the year	(1,463,690)	(36,126)	(22,579)	**(1,522,395)**
Disposals and write-offs	67,886	3,900	35,741	**107,527**
31 December 2011	(11,455,448)	(441,581)	(133,110)	**(12,030,139)**
Fixed assets not in use (*)	*(3,641,421)*	*(193,068)*	*(55,159)*	***(3,889,648)***
Net book value				
1January 2011	12,776,985	96,307	100,234	**12,973,526**
31 December 2011	**11,374,207**	**59,452**	**89,450**	**11,523,109**
Fixed assets not in use (*)	*1,563,432*	*169*	*2,923*	***1,566,524***

(*) These assets were from its old factory located in the centre of Bien Hoa. The Company 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 with the nil carrying value.

11 Construction in progress ("CIP")

	31 December 2011	31 December 2010
	USD	USD
Opening balance	188,896	293,956
Additions during the year	151,778	98,824
Transferred to tangible fixed assets	-	(203,884)
Closing balance	**340,674**	**188,896**
Breakdown		-
ERP software (*)	*340,674*	*179,060*
Others	-	*9,836*
	340,674	**188,896**

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

12 Investments in subsidiary

		Amount		% equity held
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
	USD	USD	%	%
AvaFood Shareholding Company (*)	4,500,000	4,500,000	90	90
	4,500,000	4,500,000		

(*) 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 to the Company.

13 Deferred tax assets

The carrying balance of deferred tax assets of USD 2,054,327 as at 31 December 2011 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 detail of movement is disclosed in Note 31.

14 Short term borrowings and debts

	31 December 2011	31December 2010
	USD	USD
Loans from Vietcombank, Dong Nai Branch (1)	-	10,496,785
Loans from Viet A Bank (2)	-	2,980,311
Loans from Kirin (3)	19,000,000	-
	19,000,000	13,477,096

(1) Loans from Vietcombank, Dong Nai Branch

	31 December 2011	31 December 2010
	USD	USD
Denominated in USD	-	1,484,741
Denominated in EUR	-	50,322
Denominated in VND	-	8,961,722
	-	10,496,785

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 6.8% 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 5,247,496.

(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 32)

	31 December 2011	31 December 2010
	USD	USD
Denominated in USD	**19,000,000**	-

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 November 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
	USD	USD
Payable to suppliers	**1,896,241**	3,590,165
Payable to related parties (Note 32)	**1,206,409**	1,395,446
	3,102,650	4,985,611

16 Taxes and amounts payable to State Budget

	31 December 2011	31 December 2010
	USD	USD
Value added tax	**98,116**	242,514
Personal income tax	**19,729**	122,254
Import, export tax	**-**	2,076
Other taxes	**18,729**	3,254
	136,574	370,098

17 Accrued expenses payables

	31 December 2011	31 December 2010
	USD	USD
Transportation	**143,072**	205,841
Trade discounts and commission	**46,724**	83,659
Accrual to related party (Note 32)	**187,668**	-
Others	**37,214**	146,593
	414,678	436,093

18 Other payables

	31 December 2011	31 December 2010
	USD	USD
Dividends payable (Note 35)	**24,265**	24,265
Trade union, social and health insurance	**8,002**	13,002
Other payables to Ex -chairman (Note 32)	**-**	106,851
Payable to related parties (*) (Note 32)	**1,031,901**	-
Other payables	**28,922**	11,599
	1,093,090	155,717

(*) 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
	USD	USD
Loan from the Chairman	**-**	3,430,928
Loan from the Parent Company (Note 32)	**3,430,928**	-
	3,430,928	3,430,928

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 loan PTC had extended to the Company.

20 Owner's equity

	Share capital	Share premium	Accumulated losses	Total
	USD	USD	USD	**USD**
Balance, 1 January 2010	18,313,995	4,082,759	(11,318,220)	**11,078,534**
Prior year's net profit	-	-	612,357	**612,357**
Balance, 31 December 2010	18,313,995	4,082,759	(10,705,863)	**11,690,891**
Balance, 1 January 2011	18,313,995	4,082,759	(10,705,863)	**11,690,891**
Current year's net loss	-	-	(3,359,536)	**(3,359,536)**
Balance, 31 December 2011	**18,313,995**	**4,082,759**	**(14,065,399)**	**8,331,355**

21 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.

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

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

	Number of shares				
	Listed shares	Unlisted shares	**Total**	**Capital amount**	
				VND '000	%
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
Public shareholders	6,268,375	-	**6,268,375**	**62,683,750**	21.51
	6,875,359	22,265,625	**29,140,984**	**291,409,840**	100

Details of shareholders as at 31 December 2010 are as follows:

	Number of shares				
	Listed shares	Unlisted shares	**Total**	**Capital amount**	
				VND '000	%
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 The British Virgin Isle. Subsequently on 5 March 2012, the Vietnam Securities Depository approved for 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.

22 Net sales

	Year ended 31 December 2011 USD	Year ended 31 December 2010 USD
Revenue		
Domestic sales	**41,049,780**	53,252,903
Export sales	**2,839,020**	2,320,259
	43,888,800	55,573,162
Sales deduction:		
Sales allowance	**(1,127,533)**	(1,401,256)
Sales returns	**(20,772)**	(26,038)
	(1,148,305)	(1,427,294)
Net sales	**42,740,495**	54,145,868

23 Cost of goods sold

	Year ended 31 December 2011 USD	Year ended 31 December 2010 USD
Cost of goods sold for domestic sales	**33,729,822**	40,514,132
Cost of goods sold for export sales	**2,525,315**	2,053,507
	36,255,137	42,567,639

24 Income from financial activities

	Year ended 31 December 2011 USD	Year ended 31 December 2010 USD
Interest income from bank deposits	**10,522**	8,953
Interest income from loan to related parties (Note 32)	**511,388**	446,391
Gain from disposal of investment in associate	**-**	300,000
Realised gains from foreign exchange differences	**1,408,849**	972,122
Unrealised gains from foreign exchange differences	**3,559**	18,200
	1,934,318	1,745,666

25 Expenses for financial activities

	Year ended 31 December 2011 USD	Year ended 31 December 2010 USD
Interest expense	**1,366,496**	1,178,758
Realised loss from foreign exchange differences	**1,133,131**	1,247,853
Other finance expenses	**7,879**	5,635
	2,507,506	2,432,246

26 Selling expenses

	Year ended 31 December 2011 USD	Year ended 31 December 2010 USD
Transportation expense	**2,214,567**	2,621,615
Labour cost	**1,759,111**	1,657,062
Commission for salesmen and distributors	**2,720,487**	3,371,132
Depreciation	**32,151**	54,465
Other expenses	**419,999**	195,410
	7,146,315	7,899,684

27 General and administration expenses

	Year ended 31 December 2011 USD	Year ended 31 December 2010 USD
Labour cost	**714,481**	1,066,471
Depreciation	**16,677**	17,947
Office expenses	**231,985**	524,988
Bank charges	**34,823**	24,073
Professional fees	**455,044**	294,325
Other expenses	**169,366**	440,952
	1,622,376	2,368,756

28 Other income

	Year ended 31 December 2011 USD	Year ended 31 December 2010 USD
Refund import tax	**18,808**	-
Income from sale of scrap	**64,266**	-
Income from disposal of fixed assets previously written off	**-**	68,633
Write-off account payables and advance from customers	**11,163**	-
Promotion from suppliers	**-**	6,636
Compensation for loss of inventories	**-**	370,441
Other income	**22,761**	265,912
	116,998	711,622

29 Other expenses

	Year ended 31 December 2011 USD	Year ended 31 December 2010 USD
Write-off accounts receivable and prepayments to suppliers	**37,580**	-
Depreciation of idle assets	**313,138**	214,528
Administration and tax penalty	**86,626**	237,239
Fixed assets written off	**70,029**	-
Others	**31,917**	68,691
	539,290	520,458

30 Cost by element

	Year ended 31 December 2011 USD	Year ended 31 December 2010 USD
Raw materials	**31,172,708**	36,546,008
Labour cost	**3,830,003**	4,181,128
Depreciation and amortisation	**1,522,395**	1,538,111
Outside service costs	**5,740,282**	6,430,895
Other costs	**3,045,839**	4,057,687
	45,311,227	52,753,829

31 Corporate income tax

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.

Under 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.

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

	Year ended 31 December 2011 USD	Year ended 31 December 2010 USD
Accounting profit (loss) before tax	**(3,278,813)**	814,373
Permanent differences		
- Expenses without appropriate supporting documents	**3,184**	4,194
- Fee for the Board of Management	**5,761**	13,401
- Depreciation of idle assets	**313,138**	214,528
- Administration penalties	**86,626**	237,598
Temporary difference		
- Accrued expenses	**414,678**	436,093
- Unrealised losses from foreign exchange differences	**-**	5,019
- Severance allowances	**35,822**	45,691
- Accrued expenses recognised from prior years	**(436,093)**	(560,040)
- Unrealised loss from previous years' foreign exchange difference realised in the current year	**(5,019)**	(3,797)

	Year ended 31 December 2011 USD	Year ended 31 December 2010 USD
Taxable profit /(loss) from normal business	**(2,860,716)**	1,207,060
Less: Gain on capital assignment	**-**	(300,000)
Taxable profit for normal operating activities	**-**	907,060
Income tax expenses at tax rate of 25%	**-**	226,765
Tax incentive on income from incremental investment and relocation	**-**	(99,749)
Income tax expense from normal operating activities	**-**	127,016
Corporate income tax expenses from disposal of capital assignment	**-**	75,000
Corporate income tax expense	**-**	202,016
Utilisation of losses carried forward	**-**	(202,016)
Total corporate income tax expenses for the current year	**-**	-

Tax losses can be carried forward to offset future years' taxable income of 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 USD	Utilised USD	Expired USD	Tax losses carried forward USD	Year of Expiration
2008	Not yet performed	(13,074,272)	1,207,060	-	(11,867,212)	2013
2009	Not yet performed	(29,892)	-	-	(29,892)	2014
2010	Not yet performed	-	-	-	-	-
2011	Not yet performed	(2,860,716)	-	-	(2,860,716)	2015
		(15,964,880)	**1,207,060**	**-**	**(14,757,820)**	

Deferred corporate income tax

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

	Year ended 31 December 2011 USD	Year ended 31 December 2010 USD
Deferred tax asset		
Balance, 1 January	**2,135,050**	2,337,066
Utilisation of tax losses carried forward	**-**	(202,016)
Write off during the year	**(80,723)**	-
Balance, 31 December	**2,054,327**	2,135,050

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.

32 Related party transaction and balances

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

<u>**For year ended 31 December 2011:**</u>

Related party	Relation	Transaction	USD
Chuan Li Can Manufacturing (Vietnam) Co., Ltd	Ex-Affiliate	Purchases of materials by the Company	1,081,647
Avafood Shareholding Company	Subsidiary	Loans granted by the Company (1)	3,296,619

		Interest income earned by the Company	511,388
		Processing fees charged to the Company (2)	1,821,869
		Sale of drink products by the Company	14,510
		Office and factory rental fee charged to the Company (3)	315,503
		Carrying value of assets pledged by Avafood for the Company's loans	5,249,796
		Payment for the waste water treatment system on behalf of Avafood (1)	740,808
		Advance to Avafood	140,364
Mr. Pang Tee Chiang	Ex-Chairman/ Ex - General Director	Transfer of loan to Trade Ocean Holding SDN BHD	3,430,928
		Prepayments other payable	106,851
		Paid interest for other payable	7,485
Trade Ocean Holding SDN BHD	Parent Company	Loan extended to the Company	3,430,928
Kirin Holding Company Limited	Ultimate parent company	Loans to the Company	19,000,000
		Interest expense charged to the Company	116,443
		Secondment fees paid on behalf of Company	94,838
		Other cash transferred	1,000,000
Vietnam Kirin Beverage Company	Affiliate	Processing fees	555,471

For year ended 31 December 2010:

Related party	Relation	Transaction	USD
Crown Beverage Cans (Dong Nai) Limited.	Ex - associate	Purchases of materials	17,185,713
Chuan Li Can Manufacturing (Vietnam) Co Ltd	Ex-Affiliate	Purchases of materials	849,354
Avafood Shareholding Company	Subsidiary	Loans granted (1)	9,250,616
		Interest income (1)	446,391
		Payment by Ava on behalf of the Company	190,135
		Processing fee charged to the Company (2)	2,767,861
		Purchases of raw materials	1,089,837
		Sales of drink products	34,952
		Office and factory rentals fee charged to the Company	19,011
		Carrying value of assets pledged by Avafood for the Company's loans	9,208,412

Mr. Pang Tee Chiang	Chairman/ General Director	Advance	177,955

Transactions with Avafood Shareholding Company ("Avafood"):

(1) The Company has signed two loan agreements with Avafood as follows:

In 2010, the Company signed a loan agreement with Avafood in which the Company granted a loan facility of USD 7,000,000 to Avafood. During the period from 1 January 2011 to 31 May 2011, the loan of USD 3,296,619 was disbursed in VND currency with interest rates ranging from 14.72% to 16.91%. The monthly revaluation from the VND denominated loan balance to the USD reporting currency resulted in foreign exchange losses of USD 557,008.

In July 2011, the Company signed an Addendum to the loan agreement to covert all the VND denominated loans to USD at the date of transaction and change the interest rate to 1.731% per annum. Therefore, there were no foreign exchange differences arising after this date.

In December 2011, the Company entered into another revolving credit line with Avafood for a maximum amount of VND 24.993 billions, equivalent to USD 1,200,000 subject to interest at the rate of 1.731% per annum from the date of the loan agreement to 01 December 2012. As at 31 December 2011, the Company has disbursed to Avafood the amount of VND 24.993 billions (equivalent to USD 740,808) to finance the prepayment of its waste water treatment system and the stream boiler machine.

(2) Processing agreement:

In 2010, the Company and Avafood signed a processing agreement No.01-2010/IFS-Ava dated 2 January 2010 in which Avafood was appointed as the exclusive processor for all kinds of canned and bottled fruit juice products and biscuits and confectionery products of the Company.

On 1 December 2011, the Company signed an Annex to the foregoing agreement with respect to changing the method of processing fees calculation for whole year 2011. Accordingly, the processing fee of both canning products or biscuits products would be around on 102% of Avafood's monthly operating expenses while it was 7% of the Company's monthly average production cost in the previous agreement. As a result of these, the Company's loss has been decreased by USD 652,361 for the period from January 2011 to November 2011.

The following balances were outstanding with related parties:

As at 31 December 2011:

Related party	Relation	Transaction	Receivables USD	Trade payables USD	Other/Accrual payables USD	Loans USD
Avafood Shareholding Company	Subsidiary	Loan, net off sales	8,198,121	-	-	-
		Other receivable	140,354	-	-	-
Kirin Holding Company Limited	Ultimate parent company	Loan	-	-		19,000,000
		Payable interest			92,830	
		Other payable	-	-	1,000,000	-
		Secondment fees payable	-	-	94,838	-
Trade Ocean Holding SDN BHD	Parent Company	Loan			-	3,430,928

Wonderfarm Biscuits & Confectionery Sdn. Bhd	Affiliate	Licence fee	-	-	31,901	-
Vietnam Kirin Beverage Company	Affiliate	Processing fee	-	391,394	-	-
Crown Beverage Cans Dong Nai Ltd	Ex –associate	Purchases of materials	-	- 299,469	-	-
Crown Beverage Cans Saigon Limited	Ex – Affiliate	Purchases of materials	-	- 322,284	-	-
Chuan Li Can Manufacturing (Vietnam) Co., Ltd	Ex-Affiliate	Purchases of materials	-	- 193,262	-	-
			8,338,485	**1,206,409**	**1,219,569**	**22,430,928**

As at 31 December 2010:

Related party	**Relation**	**Transaction**	**Receivable**	**Other payable**	**Trade Payable**	**Loan**
			USD	**USD**	**USD**	**USD**
Avafood Shareholding Company	Subsidiary	Loan	6,058,330	-	-	-
		Sales of products	271,844	-	-	-
Crown Beverage Cans Dong Nai Ltd	Ex –associate	Purchases of materials	-	-	1,183,165	-
Chuan Li Can Manufacturing (Vietnam)	Ex-Affiliate	Purchases of materials	-	-	212,281	-
Mr Pang Tee Chiang	Ex-Chairman/	Loan	-	-	-	3,430,928
	General Director	Other payables	-	106,851	-	-
			6,330,174	**106,851**	**1,395,446**	**3,430,928**

33 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	**Export**	**Total**
	USD	**USD**	**USD**
Sales revenue – net	39,901,475	2,839,020	**42,740,495**
Cost of sales	(33,729,822)	(2,525,315)	**(36,255,137)**
Gross profit	6,171,653	313,705	**6,485,358**

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

	Domestic	**Export**	**Total**
	USD	**USD**	**USD**
Sales revenue – net	51,828,964	2,316,904	**54,145,868**
Cost of sales	(40,514,132)	(2,053,507)	**(42,567,639)**
Gross profit	11,314,832	263,397	**11,578,229**

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

The result of the segmentation by product for the year ended 31 December 2011 is as shown below:

	Drinks	Biscuits	Other	Total
	USD	USD	USD	USD
Sales revenue – net	37,356,506	1,463,591	3,920,398	**42,740,495**
Cost of sales	(30,550,856)	(1,492,931)	(4,211,350)	**(36,255,137)**
Gross profit	6,805,650	(29,340)	(290,952)	**6,485,358**

The result of the segmentation by product for the year ended 31 December 2010 is as shown below:

	Drinks	Biscuits	Other	Total
	USD	USD	USD	USD
Sales revenue – net	50,084,114	1,246,848	2,814,906	**54,145,868**
Cost of sales	(38,375,454)	(1,658,302)	(2,533,883)	**(42,567,639)**
Gross profit	11,708,660	(411,454)	281,023	**11,578,229**

34 Non cash transactions

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

	2011
	USD
Interest income from loan to Avafood (Note 32)	511,388

35 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 (USD)	**(3,359,536)**	612,357
Weighted average number of ordinary shares	**29,140,984**	29,140,984
Basic earnings (loss) per share (USD per share)	**(0.12)**	0.021

No dividend was declared in 2011. As at 31 December 2011, the 2007 dividend payable amounting to USD 24,265 is still outstanding and included in 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 Company has no category of potentially dilutive ordinary shares. Therefore, diluted earnings per share are equal to basic earnings per share.

36 Board of Directors and Management's remuneration

During the year, the members of the Board of Directors and Management received remunerations as follows:

	USD
Salary	322,917
	322,917

37 Commitments

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

	2011	2010
	USD	USD
Within the next year	**343,054**	127,405
Within two to five years	**1,148,730**	139,911
Over five years	**1,129,722**	-
	2,621,506	267,316

38 Risk management objectives and policies

The Company is exposed to various risks in relation to financial instruments. The Company'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 Company's risk management framework. The Board establishes policies to identify and analyse the risks faced by the Company, 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 Company's activities.

The Company 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 Company is exposed are described below.

(a) Market risk

The Company 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 Company 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 Company 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	
		USD		USD
	VND	**EUR**	VND	EUR
Financial assets	**885,691**	**491**	959,865	494
Financial liabilities	**(3,857,380)**	**-**	(6,077,690)	(50,322)
Short-term exposure	**(2,971,689)**	**491**	(5,117,825)	(49,828)
Financial assets	**-**	**-**	-	-
Financial liabilities	**(124,057)**	**-**	(124,057)	-
Long-term exposure	**(124,057)**	**-**	(124,057)	-
Net Currency exposure	**(3,063,845)**	**491**	(5,241,882)	(49,828)

The following table illustrates the sensitivity of the net result for the year and equity in regards to the Company'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 Company'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		For the year ended 31 December 2010	
		USD		USD
	VND	**EUR**	VND	EUR
Net result for the year	**486,713**	**21**	716,161	2,130
Equity	**486,713**	**21**	716,161	2,130

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		For the year ended 31 December 2010	
		USD		USD
	VND	**EUR**	VND	EUR
Net result for the year	**(486,713)**	**(21)**	(716,161)	(2,130)
Equity	**(486,713)**	**(21)**	(716,161)	(2,130)

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 Company's exposure to currency risk.

Interest rate sensitivity

The Company's policy is to minimise interest rate cash flow risk exposures on short term and long-term financing. At 31 December 2011, the Company 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 Company's financial instruments held at each balance sheet date. All other variables are held constant.

	For the year ended 31 December 2011	
		USD
	+2%	**-2%**
Net result for the year	**(380,000)**	**380,000**
Equity	**(380,000)**	**380,000**

(b) Credit risk

The Company'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
	USD	USD
Classes of financial assets - carrying amounts		
Cash and cash equivalents	**1,966,861**	117,731
Trade and other receivables	**9,134,590**	7,890,695

The Company 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 Company's policy is to deal only with creditworthy counterparties.
In respect of trade and other receivables, the Company 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 Company 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.

As at 31 December 2011, the Company's liabilities have contractual maturities which are summarised below:

31 December 2011		**Current**		**Non-current**
	Within 6 months	**6 to 12 months**	**1 to 5 years**	**Later than 5 years**
	USD	**USD**	**USD**	**USD**
Short-term borrowing	**-**	**19,000,000**	**-**	**-**
Long-term borrowing	**-**	**-**	**3,430,928**	**-**
Trade payables	**3,102,650**	**-**	**-**	**-**
Other short term financial liabilities	**1,131,912**	**1,000,000**	**124,057**	**-**
	4,234,562	**20,000,000**	**3,554,985**	**-**

39 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
	USD	**USD**	USD	USD
Financial liabilities				
Long term borrowing and debts (*)	3,430,928	**3,257,025**	3,430,928	3,201,039

(*) 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.

40 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 21).

41 Approval for issuance of the financial statements

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

_________________________	_________________________
Michio Nagabayashi	Nguyen Hong Phong
General Director	Chief Accountant

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