

Separate financial statements
Quarter 3 - 2012

Interim separate financial statements

Quarter 3 - 2012

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Report of the Board of Directors

The Board of Directors submits the Separate financial statements of Interfood Shareholding Company (“the Company”) for the period ended 30 Sept 2012.

Results

The results of the Company for the period of Quarter 3 year 2012 are set out in the Separate statement of income.

Financial indicators of the business

	Unit	30-09-2012	2011
Assets structure and capital structure			
Assets structure			
Fixed assets/total assets	%	47.65	50.99
Current assets/total assets	%	52.35	49.01
Capital structure			
Liabilities/total resources	%	79.26	77.16
Owner’s equity/total resources	%	20.74	22.84
Liquidity			
Total assets/liabilities	times	1.26	1.30
Current ratio	times	1.00	0.73
Quick ratio	times	0.09	0.08
Profitability			
Profit (Loss)/net sales			
Profit (Loss) before tax/net sales	%	(8.56)	(1.72)
Profit (Loss) after tax/net sales	%	(7.14)	(1.72)
Profit (Loss)/total assets			
Profit (Loss) before tax/total assets	%	(1.97)	(1.47)
Net profit (loss) after tax/total assets	%	(1.65)	(1.47)
Net profit (loss) after tax /owner’s equity	%	(7.94)	(6.42)

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:
Michio Nagabayashi	Chairman	31-05-2011	
Ryoichi Yonemura	Member	14-03-2011	12-04-2012
Hiroshi Fujikawa	Member	14-03-2011	
Nguyen Thi Kim Lien	Member	15-08-2006	
Pang Tze Wei	Member	28-08-2010	
Toru Yamasaki	Member	12-04-2012	

Board of Director:

Michio Nagabayashi	General Director	23-05-2011
Hajime Kobayashi	Director/General Manager of Corporate Planning	23-05-2011
Kazufumi Nagashima	Director/General Manager of Factory	23-05-2011
Hidefumi Matsuo	Director/General Manager of Administration	23-05-2011
Nguyen Thi Kim Lien	Director/ General Manager of Finance	15-08-2006
Takaaki Suemitsu	Director/General Manager of Sales and Marketing	15-08-2012

Statement of Boards 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 30 Sept 2012, and of the results of its operations and its cash flows for the year in accordance with Vietnamese Accounting Standards and System and in compliance with 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 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 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.

On behalf of the Board of Directors

Michio Nagabayashi
Chairman, General Director
Dong Nai province, Vietnam

Separate balance sheet

	Notes	Code	USD	30 Sept 2012 VND million	USD	31 December 2011 VND million
ASSETS						
Current assets						
Cash and cash equivalents						
Cash	6	111	1,803,822	37,570	1,966,861	40,966
Accounts receivable						
Trade accounts receivable		131	510,812	10,639	416,546	8,676
Prepayments to suppliers		132	204,671	4,263	226,336	4,714
Receivables from related parties	35	134	7,747,644	161,368	8,338,485	173,674
Other receivables	7	135	129,349	2,694	4,431	92
Provision for doubtful debts		139	-	-	-	-
		130	8,592,476	178,964	8,985,798	187,156
Inventories						
Inventories	8	141	8,936,512	186,130	6,598,018	137,424
Provision for decline in inventory value	8	149	(73,537)	(1,532)	-	-
		140	8,862,975	184,598	6,598,018	137,424
Other current assets						
Short term prepaid expenses		151	8,029	167	3,323	69
Value added tax to be reclaimed		152	(955)	(20)	-	-
Taxes receivable from the state budget	9	154	106,907	2,227	106,907	2,227
Other current assets		158	113,183	2,357	41,885	872
		150	227,163	4,731	152,115	3,168
		100	19,486,436	405,863	17,702,792	368,714
Fixed assets						
Tangible fixed assets						
<i>Cost</i>	10	221	10,657,479	221,974	11,523,109	240,003
<i>Accumulated depreciation</i>			(13,163,702)	(274,174)	(12,030,139)	(250,564)
Construction in progress	11	230	375,753	7,826	340,674	7,096
		220	11,033,232	229,800	11,863,783	247,099
Long term investments						
Investments in subsidiaries			4,500,000	93,726	4,500,000	93,726
Investments in associates	12	252	-	-	-	-
			4,500,000	93,726	4,500,000	93,726
Other non-current assets						
Long term prepaid expenses		261	150,919	3,143	-	-
Deferred tax assets	14	262	2,054,327	42,788	2,054,327	42,788
		260	2,205,246	45,931	2,054,327	42,788
		200	17,738,478	369,457	18,418,110	383,612
		270	37,224,914	775,321	36,120,902	752,326

	Notes	Code	USD	30 Sept 2012 VND million	USD	31 December 2011 VND million
RESOURCES						
Liabilities						
Current liabilities						
Short term borrowings and debts	15	311	15,500,000	322,834	19,000,000	395,732
Trade accounts payable	16	312	2,850,624	59,373	3,102,650	64,622
Advances from customers		313	100,016	2,083	151,256	3,150
Taxes payable to state budget	17	314	98,689	2,055	136,574	2,845
Payable to employees		315	336,742	7,014	336,314	7,005
Accrued expenses payable	18	316	434,025	9,040	414,678	8,637
Intercompany payable		317	-	-	-	-
Other payables	19	319	102,883	2,143	1,093,090	22,767
		310	19,422,979	404,542	24,234,562	504,757
Long term liabilities						
Long term deposits		331	1,255	26	1,255	26
Long term borrowings and debts	20	334	9,930,928	206,841	3,430,928	71,459
Provision for severance allowance		336	150,738	3,140	205,302	4,276
		330	10,082,921	210,007	3,637,485	75,762
			29,505,901	614,549	27,872,047	580,519
Owners' equity						
Capital sources and funds						
Share capital	21	411	18,313,995	381,444	18,313,995	381,444
Share premium	22	412	4,082,759	85,036	4,082,759	85,036
Accumulated profit/(loss)		416	(14,677,741)	(305,708)	(14,147,899)	(294,672)
		440	7,719,013	160,772	8,248,855	171,807
			37,224,914	775,321	36,120,902	752,326

Off balance sheet items

		30 Sept 2012	31 December 2011
Foreign currencies			
Million Vietnam Dong		8,398	9,014
Euro		492	492

Date: 12 November 2012

(Signed and Sealed)

 Michio Nagabayashi
 Chairman, General Director

(Signed)

 Nguyen Hong Phong
 Chief Accountant

Separate statement of income

	Notes	Code	Quarter 3 - 2012 USD	Quarter 3 - 2011 USD	YTD 2012 USD	YTD 2011 USD
Gross sales	23	1	8,831,204	9,450,534	31,730,679	43,888,800
Less deductions:	23	2	(248,250)	(247,409)	(921,176)	(1,148,305)
Net sales		10	8,582,954	9,203,125	30,809,503	42,740,495
Cost of sales	24	11	(6,844,834)	(7,778,889)	(24,239,722)	(36,255,137)
Gross profit		20	1,738,119	1,424,236	6,569,781	6,485,358
Income from financial activities	25	21	38,417	43,418	128,611	1,934,318
Expenses for financial activities	26	22	(97,296)	(442,335)	(324,801)	(2,507,506)
<i>Including: interest expense</i>		23	(97,296)	(387,702)	(270,965)	(1,366,496)
Selling expenses	27	24	(2,050,825)	(1,546,757)	(6,315,795)	(7,146,315)
General and administration expenses	28	25	(334,447)	(274,656)	(970,954)	(1,622,376)
Operating profit/(loss)		30	(706,032)	(796,094)	(913,159)	(2,856,521)
Other income	29	31	46,459	18,352	630,361	116,998
Other expenses	30	32	(75,509)	(58,984)	(247,117)	(539,290)
Profit (loss) before tax		50	(735,082)	(836,726)	(529,915)	(3,278,813)
Current corporate income tax	32	51	121,965	-	-	-
Deferred corporate income tax	32	52	-	-	-	(80,723)
Profit(loss) after tax			(613,118)	(836,726)	(529,915)	(3,359,536)
				-		
Earning(loss) per share	35	70	(0.021)	(0.029)	(0.018)	(0.115)

Date: 12 November 2012

(Signed and Sealed)

(Signed)

Michio Nagabayashi
Chairman, General Director

Nguyen Hong Phong
Chief Accountant

Separate statement of income-VND

	Notes	Code	Quarter 3 - 2012 VND million	Quarter 3 - 2011 VND million	YTD 2012 VND million	YTD 2011 VND million
Gross sales	23	1	183,936	194,851	660,887	914,116
Less deductions:	23	2	(5,171)	(5,101)	(19,186)	(23,917)
Net sales		10	178,766	189,750	641,700	890,199
Cost of sales	24	11	(142,564)	(160,385)	(504,865)	(755,122)
Gross profit		20	36,202	29,365	136,835	135,077
Income from financial activities	25	21	800	895	2,679	40,288
Expenses for financial activities	26	22	(2,026)	(9,120)	(6,765)	(52,226)
Including: interest expense		23	(2,026)	(7,994)	(5,644)	(28,461)
Selling expenses	27	24	(42,715)	(31,891)	(131,545)	(148,843)
General and administration expenses	28	25	(6,966)	(5,663)	(20,223)	(33,791)
Operating loss		30	(14,705)	(16,414)	(19,019)	(59,496)
Other income	29	31	968	378	13,129	2,437
Other expenses	30	32	(1,573)	(1,216)	(5,147)	(11,232)
Profit (loss) before tax		50	(15,310)	(17,252)	(11,037)	(68,291)
Current corporate income tax	32	51	2,540	-	-	-
Deferred corporate income tax	32	52	-	-	-	(1,681)
Profit(loss) after tax			(12,770)	(17,252)	(11,037)	(69,972)
Earning(loss) per share	35	70	(0.000)	(0.001)	(0.000)	(0.002)

Date: 12 November 2012

(Signed and Sealed)

(Signed)

Michio Nagabayashi
Chairman, General Director

Nguyen Hong Phong
Chief Accountant

Separate statements of cash flows

	Code	30 Sept 2012		31 December 2011	
		USD	VND million	USD	VND million
Cash flows from operating activities					
Profit/Loss before tax	1	(529,915)	(11,037)	(3,278,813)	(68,291)
Adjustments for:		-			
Depreciation and amortisation	2	1,134,070	23,620	1,522,395	31,708
Increase in provisions	3	73,537	1,532	(170,987)	(3,561)
Gain on foreign currency translation	4	-	-	(3,559)	(74)
Loss from disposal investments	5	(507)	(11)	70,029	1,459
Interest expense	6	270,965	5,644	1,366,496	28,461
Interest income	7	(12,458)	(259)	(521,910)	(10,870)
Operating profit/(loss) before adjustments to working capital	8	935,692	19,489	(1,016,349)	(21,169)
Change in accounts receivable	9	322,980	6,727	(1,219,490)	(25,400)
Change in inventory	10	(2,338,494)	(48,706)	1,030,789	21,469
Change in accounts payable	11	(1,366,146)	(28,454)	(933,389)	(19,441)
Change in prepaid expenses	12	(155,625)	(3,241)	3,340	70
Interest paid	13	(270,965)	(5,644)	(1,273,666)	(26,528)
Cash generated from operating activities	20	(2,872,558)	(59,830)	(3,408,765)	(70,998)
Cash flows from investing activities					
Acquisition of fixed assets and investment CIP	21	(303,012)	(6,311)	(275,531)	(5,739)
Proceeds from disposal of investments and fixed as	22	-	-	-	-
Interest income received		12,458	259	10,522	219
Additional investment in associate	25				
Net cash inflows/(outflows) from investing act	30	(290,554)	(6,052)	(265,009)	(5,520)
Cash flows from financing activities					
Loan proceeds	33	3,000,000	62,484	44,717,957	931,386
Debt repayments	34	-	-	(39,195,053)	(816,355)
Net cash inflows/(outflows) from financing act	40	3,000,000	62,484	5,522,904	115,031
Net increase/(decrease) in cash	50	(163,112)	(3,397)	1,849,130	38,514
Cash and cash equivalents at beginning of the year	60	1,966,861	40,966	117,731	2,452
Effects of changes in foreign exchange rates	61	73	2	-	-
Cash and cash equivalents at year end	70	1,803,822	37,570	1,966,861	40,966

Date: 12 November 2012

(Signed and Sealed)

(Signed)

Michio Nagabayashi
Chairman, General Director

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 50 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.

On 07 Jun 2012, Kirin increased its shares in IFS to 80.37% through acquisition of Trade Ocean Holdings Sdn Bhd to all outstanding shares in Indochina Beverage Holdings Sdn. Bhd. (“IBH”). IBH, which holds 23.12% of the total outstanding shares of IFS (included: unlisted shares: 18.87% and listed shares: 4.52%).

In addition, under the resolution of the Annual General Assembly of Shareholders dated 12 Apr 2012, the Company has extended delisting its shares currently listed on Ho Chi Minh City Stock Exchange in 2012. However, as at 30 Jun 2012, 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; to manufacture packaging for foods and beverages.

As at 30 Sept 2012, the Company had 1,088 employees (2011: 674 employees).

2 Fiscal year and currency

Fiscal year

The Company’s fiscal year end is 31 December.

As approved by the Ministry of Finance in its Official Letter No. 550 TC/CDKT dated 5 September 1998, the Company uses the United States Dollar (USD) 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 exchange rates in effect on the transaction dates. Monetary assets and liabilities denominated in currencies other than the reporting currency are translated at the exchange rates in effect at the balance sheet date. Translation gains and losses and expenses relating to foreign exchange transactions arising thereafter are recorded in the statement of income.

However according to the Official letter No.627/UBCK-QLPH dated 16 April 2008 of the State Securities Commission of Vietnam, the separate financial statements of the Company must be presented in Vietnam Dong for statutory filing purpose. Consequently, the Company converted the financial statements to Vietnam Dong using the exchange rate published by the State Bank of Vietnam of VND 20,828/USD (2011: VND20,828/USD).

3 Basis of preparation of Separate financial statements

3.1 Basis of preparation

The Separate financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System, and relevant statutory requirements of the Ministry of Finance, which may differ in some material respects from International Financial Reporting Standards and the generally accepted accounting principles and standards of the country of the reader. Accordingly, the 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 and furthermore their use is not designed for those who are not informed about Vietnam's principles, procedures and practices.

3.2 Accounting system and form of records

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

3.3 Separate financial statements

This set of financial statement 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.

4 Accounting policies

4.1 Cash and cash equivalents

Cash and cash equivalents include cash on hand and cash in bank.

4.2 Inventory

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

4.3 Accounts receivable

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

4.4 Tangible fixed assets

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

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

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 used was recognised as part of “Other expense”.

4.5 Construction in progress

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

4.6 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.

4.7 Borrowing costs

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

4.8 Revenue

Revenue from sale of goods is recognised in the Separate 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 Separate statement of income on a time-proportion basis using the effective interest method.

4.9 Provision

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

4.10 Operating leases

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

4.11 Income taxes

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the Separate 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 Separate 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 Separate balance sheet date.

Most changes in deferred tax assets or liabilities are recognised as a component of tax expense in the Separate statement of income. Only changes in deferred tax assets or liabilities that relate to a change in value of assets or liabilities that is charged directly to equity are charged or credited directly to equity.

4.12 Earnings/loss per share

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

4.13 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.

4.14 Segment report

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

5 Going concern assumption

The separate financial statements have been prepared when the Company's current liabilities lower current assets by USD 63,456 as at 30 Sept 2012 (31 December 2011: - USD6,531,770).

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.

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6 Cash and cash equivalents

	30 Sept 2012		31 December 2011	
	USD	VND million	USD	VND million
Cash on hand	8,398	175	9,014	188
Cash in banks	1,795,424	37,395	1,957,847	40,778
	1,803,822	37,570	1,966,861	40,966

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7 Other receivables

	30 Sept 2012		31 December 2011	
	USD	VND million	USD	VND million
Other receivables	129,349	2,694	4,431	92
	129,349	2,694	4,431	92

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8 Inventories

	30 Sept 2012		31 December 2011	
	USD	VND million	USD	VND million
Raw materials	2,040,814	42,506	1,874,081	39,033
Tools and supplies	441,321	9,192	410,135	8,542
Work in progress	963,358	20,065	618,363	12,879
Finished goods	5,491,019	114,367	3,695,438	76,969
	8,936,512	186,130	6,598,018	137,424
Provision for decline in inventory value	(73,537)	(1,532)	-	-
	8,862,975	184,598	6,598,018	137,424

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9 Taxes and amounts receivable from the State Budget

The outstanding balance including an amount of US\$106,907 represents over- payment of the Company's corporate income tax made

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10 Tangible fixed assets

	Building USD	Machinery & Equipment USD	Motor vehicles USD	Office equipment USD	Total USD
Historical cost					
01/01/2012	-	22,829,655	501,033	222,561	23,553,249
Acquisition	-	157,779	68,977	42,487	269,243
Transfer from CIP	-	-	-	-	-
Disposals	-	-	-	(1,310)	(1,310)
30/09/2012	-	22,987,434	570,010	263,738	23,821,182
30 Sept 2012 (VND million)	-	478,782	11,872	5,493	496,148
Fully depreciated	-	990,777	259,779	37,930	1,288,486
Fixed assets not in use (**)	-	5,204,853	193,237	58,082	5,456,172
Accumulated depreciation					
01/01/2012	-	(11,455,449)	(428,034)	(146,656)	(12,030,139)
Charge for the year	-	(1,093,728)	(24,620)	(15,723)	(1,134,070)
Disposals	-	-	-	507	507
30/09/2012	-	(12,549,177)	(452,654)	(161,872)	(13,163,702)
30 Sept 2012 (VND million)	-	(261,374)	(9,428)	(3,371)	(274,174)
Fixed assets not in use (**)	-	(3,791,606)	(193,068)	(56,051)	(4,040,725)
Net book value					
01/01/2012	-	11,374,206	72,999	75,905	11,523,110
30/09/2012	-	10,438,257	117,356	101,866	10,657,479
30 Sept 2012 (VND million)	-	217,408	2,444	2,122	221,974
Fixed assets not in use (**)	-	1,413,248	168	2,031	1,415,447

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

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11 Construction in progress

	USD	30 Sept 2012 VND million	USD	31 December 2011 VND million
Opening balance	340,673	7,096	188,896	3,934
Additions during the year	35,080	731	161,614	3,366
Disposal	-	-	(9,836)	(205)
Closing balance	375,753	7,826	340,674	7,096
Including:				
ERP software	375,753	7,826	340,674	7,096
Others	-	-	-	-
	375,753	7,826	340,674	7,096

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12 Investment in subsidiaries

	30 Sept 2012 USD	31 Dec 2010 USD	% equity held	
	30 Sept 2012 USD	31 Dec 2010 USD	30 Sept 2012 USD	31 Dec 2010 VND million
Avafood Shareholding company	4,500,000	4,500,000	90%	90%
	4,500,000	4,500,000	-	-

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14 Deferred tax assets

	USD	30 Sept 2012 VND million	USD	31 December 2011 VND million
Opening balance	2,054,327	42,788	2,054,327	42,788
Utilised portion	-	-	-	-
Closing balance	2,054,327	42,788	2,054,327	42,788

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

15 Short term borrowings and debts

	30 Sept 2012		31 December 2011	
	USD	VND million	USD	VND million
Short-term Loans from Kirin Holding Company (1)	5,500,000	114,554	19,000,000	395,732
Current portion of mid-term loans from Kirin Holding Company (2)	10,000,000	208,280		
	15,500,000	322,834	19,000,000	395,732

Short-term Loans from Kirin Holding Company (1)

The company has obtained the short term loan facility from Kirin Holdings Company Ltd amounting to USD 27.5 million, including of:

- The revolving loan agreement amounting to USD 2.5 million signed on 28 Oct 2011 interest based on the base rate plus 1% per annum.

- The revolving loan agreement amounting to USD 6 million signed on 28 November 2011 interest based on the base rate plus 1% per annum.

-The new revolving loan agreement amounting to USD 9 million signed on 06 June 2012 with interest based on the base rate plus 0.8% per annum.

Besides, the Company have an available credit line VND 120 billion from Vietcombank Dong Nai covered by the principal Agreement No. 2010047/KHDN/ NHNT dated 24 November 2011 for the term of 60 months. This Loan is secured by the factory and land use rights of Avafood Shareholding Company with net book value of USD 5,153,388 as of 30 June 2012. As at 30 September 2012 this credit facility will be reduced to VND 40 billion without collateral (Notes 38)

(2) Current portion of mid-term loans from Kirin Holding Company

	30 September 2012		31 December 2011	
	USD	VND million	USD	VND million
Denominated in USD	10,000,000	-	-	-
	10,000,000	-	-	-

In Oct'2012, the Company has completed registered mid-term loan with local State Bank for renewal of revolving credit agreements for additional 12 months as following:

- The revolving loan agreement amounting to USD 3 million was renewal on 20 June 2012 interest based on the base rate plus 1% per annum.

- The renewal revolving loan agreement amounting to USD 7 million renewal on 30 May 2012 interest based on the base rate plus 0.8% per annum.

16 Trade accounts payable

	30 Sept 2012		31 December 2011	
	USD	VND million	USD	VND million
Payable to suppliers	2,558,330	53,285	2,517,994	52,445
Payable to related parties (Note 39)	292,295	6,088	584,656	12,177
	2,850,624	59,373	3,102,650	64,622

17 Taxes and amounts payable to state budget

	30 Sept 2012		31 December 2011	
	USD	VND million	USD	VND million
Value added tax	36,975	770	98,116	2,044
Personal income tax	22,358	466	19,729	411
Import, export tax	7,005	146	-	-
Other taxes	32,351	674	18,729	390
	98,689	2,055	136,574	2,845

18 Accrued expenses payable

16

	30 Sept 2012		31 December 2011	
	USD	VND million	USD	VND million
Transportation	94,520	1,969	143,072	2,980
Trade discounts	43,057	897	46,723	973
Others	296,447	6,174	224,884	4,684
	434,025	9,040	414,678	8,637

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19 Other payables

	30 Sept 2012		31 December 2011	
	USD	VND million	USD	VND million
Dividend payable (Note 35)	24,265	505	24,265	505
Trade union, social and health insurance	8,657	180	8,004	167
Other payable	69,961	1,457	1,060,821	22,095
	102,883	2,143	1,093,090	22,767

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20 Long term borrowings and debts

	30 Sept 2012		31 December 2011	
	USD	VND million	USD	VND million
Loan from Trade Ocean Holdings Sdn Bhd (1)	3,430,928	71,459	3,430,928	71,459
Loans from Kirin Holding Limited (2)	6,500,000	135,382	-	-
	9,930,928	206,841	3,430,928	71,459

1) Loan from Trade Ocean Holdings Sdn Bhd

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

2) Loans from Kirin Holding Limited

In May 2012, the Company entered into a mid-term loan agreement with Kirin Holdings Company Ltd amounting to USD 6.5 millions by partial conversion the current shortterm loan agreement. The credit facility is subject to interest of 1.896 % per annual.

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21 Owner's equity

	Share capital	Share premium	Undistributed earnings	Total
	USD	USD	USD	USD
Prior year's opening balance	18,313,995	4,082,759	(10,705,863)	11,690,891
Prior year's net profit/loss	-	-	(3,442,036)	(3,442,036)
Prior year's closing balance	18,313,995	4,082,759	(14,147,899)	8,248,855
31 December 2011 (VND million)	381,444	85,036	(294,672)	171,807
Current year's opening balance	18,313,995	4,082,759	(14,147,899)	8,248,855
Current year's net profit/loss			(529,842)	(529,842)
Current year's closing balance	18,313,995	4,082,759	(14,677,741)	7,719,013
30 September 2012 (VND million)	381,444	85,036	(305,708)	160,772

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22 Paid-in capital

The Company's charter capital is VND291,409,840 thousand (equivalent US\$18,313,995), which is divided into 29,140,984 ordinary shares with par value of VND10,000 each. Each share is entitled to one vote at meetings of the Group. Shareholders are entitled to receive dividend as declared from time to time. All ordinary shares are ranked equally with regard to the Group's residual assets. In respect of shares bought back by the Group, all rights are suspended until those shares are reissued.

There were no movements in share capital during the period.

	Number of shares	30 Sept 2012 VND'000	17 USD equivalent
Authorized	29,140,992	291,409,920	18,314,000
Issued and fully paid	29,140,984	291,409,840	18,313,995

Details of shareholders as at 30 Sept 2012 are as follows:

	Number of shares		Total	Par value VND'000	Equivalent capital amount	
	Listed shares	Unlisted shares			VND'000	%
Trace Ocean Holding	-	16,684,646	16,684,646	10	166,846,460	57.25%
Indochina Beverage		5,499,840	5,499,840	10	54,998,400	18.87%
Yau Hau Jan	-	81,139	81,139	10	811,390	0.28%
Public shareholders	6,875,359	-	6,875,359	10	68,753,590	23.59%
	6,875,359	22,265,625	29,140,984		291,409,840	100%

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 Islands. Approval was given to amend the Investment Certificate dated 22 April 2011 granted by The Board of Management of Dong Nai Industrial Zone.

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

	Number of shares		Total	Par value VND'000	Equivalent capital amount	
	Listed shares	Unlisted shares			VND'000	%
Trace Ocean Holding	-	16,684,646	16,684,646	10	166,846,460	57.25%
Pang Tee Chiang	606,984	5,499,840	6,106,824	10	61,068,240	20.96%
Yau Hau Jan	-	81,139	81,139	10	811,390	0.28%
Public shareholders	6,268,375	-	6,268,375	10	62,683,750	21.51%
	6,875,359	22,265,625	29,140,984		291,409,840	100%

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23 Net sales

	Q3-2012		Q3-2011	
	USD	VND million	USD	VND million
Revenue				
Domestic sales	8,327,217	173,439	8,775,575	180,935
Export sales	503,987	10,497	674,959	13,916
	8,831,204	183,936	9,450,534	194,851
Sales deduction:				
Sales allowance	(247,168)	(5,148)	(240,356)	(4,956)
Sales return	(1,082)	(23)	(7,053)	(145)
	8,582,954	178,766	9,203,125	189,750
Net sales	8,582,954	178,766	9,203,125	189,750

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24 Cost of goods sold

	Q3-2012		Q3-2011	
	USD	VND million	USD	VND million
Cost of goods sold for domestic sales	6,393,641	133,167	7,185,780	148,156
Cost of goods sold for export sales	451,193	9,397	593,109	12,229
	6,844,834	142,564	7,778,889	160,385

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25 Income from financial activities

	Q3-2012		Q3-2011	
	USD	VND million	USD	VND million
Interest income from bank deposits	1,487	31	2,109	43
Interest income from loan to a related party (Note 33)	36,931	769	29,609	610
Realised gains from foreign exchange	-	-	-	-

	38,417	800	43,418	18 895
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26 Expenses for financial activities

	Q3-2012		Q3-2011	
	USD	VND million	USD	VND million
Interest expense	97,296	2,026	387,702	7,994
Realised foreign exchange losses	-	-	54,632	1,126
Unrealised foreign exchange losses	-	-	-	-
Other finance expenses	-	-	-	-
	97,296	2,026	442,335	9,120

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27 Selling expenses

	Q3-2012		Q3-2011	
	USD	VND million	USD	VND million
Transportation expense	461,923	9,621	524,950	10,823
Salary	691,805	14,409	423,216	8,726
Sale commission and promotion	498,391	10,380	509,700	10,509
Depreciation	8,616	179	8,038	166
Office rental fee	45,911	956	26,943	556
Other expenses	344,179	7,169	53,911	1,112
	2,050,825	42,715	1,546,757	31,891

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28 General and administration expenses

	Q3-2012		Q3-2011	
	USD	VND million	USD	VND million
Salary	116,910	2,435	136,811	2,821
Depreciation expenses	7,680	160	4,406	91
Office expenses	76,807	1,600	38,550	795
Bank charges	9,247	193	7,855	162
Outside services expenses	30,041	626	11,529	238
Consultant fee	73,428	1,529	41,148	848
Others	20,335	424	34,356	708
	334,447	6,966	274,656	5,663

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29 Other income

	Q3-2012		Q3-2011	
	USD	VND million	USD	VND million
Other income	46,459	968	18,352	378
	46,459	968	18,352	378

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30 Other expenses

	Q3-2012		Q3-2011	
	USD	VND million	USD	VND million
Depreciation of idle assets	74,643	1,555	58,395	1,204
Others	866	18	589	12
	75,509	1,573	58,984	1,216

31 Cost by element

	Q3-2012		Q3-2011	
	USD	VND million	USD	VND million
Raw materials	6,320,792	131,649	6,242,709	130,023
Labour cost	1,211,314	25,229	840,479	17,506
Depreciation and amortisation	307,390	6,402	321,264	6,691
Outside service costs	1,358,791	28,301	1,122,016	23,369
Other costs	1,068,088	22,246	694,359	14,462
	10,266,375	213,828	9,220,827	192,051

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Interfood Shareholding Company

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

According to Decree No. 24/2007/NĐ-CP dated 14 February 2007 (which replaced Decree No. 164/2003/NĐ-CP dated 22 December 2003), the Company is entitled to tax incentives in relation to the relocation of its business activities out of an urban area. In 2006, the Company relocated one of its production lines from Bien Hoa City to Tam Phuoc Industrial Zone, Biên Hòa City. As at the end of year 2009, the company has completed for the relocation the remaining production lines from Bien Hoa City to Tam Phuoc Industrial Zone.

As a result, profit derived from this line is exempt from Corporate income tax for 2 years and a reduction of 50% for the following 6 years.

Also as stated in this Decree, the Company is entitled to tax incentives in relation to investments made in new production lines that are qualified under this Decree. The tax incentives include one year of exemption from Corporate income tax and a reduction of 50% for the following four years applied to profit derived from the new production lines

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

	Year ended 30 Sept 2012		Year ended 31 December 2011	
	USD	VND million	USD	VND million
Accounting profit/loss before tax	(529,915)	(11,037)	(3,278,813)	(68,291)
Permanent difference				
- Expenses without appropriate supporting document	-	-	3,184	66
- Fee for the Board of Management	-	-	5,761	120
- Depreciation of idle assets	-	-	313,138	6,522
- Administration Penalty	-	-	86,626	1,804
Temporary difference				
- Accrued expenses	-	-	414,678	8,637
- Unrealized loss from foreign exchange difference	-	-	-	-
- Severances allowances	-	-	35,822	746
Less: Adjustments for decreasing profit before tax				
- Accrued expenses recognized from prior years	-	-	(436,093)	(9,083)
- Unrealised loss on foreign exchange difference in the prio	-	-	(5,019)	(105)
Taxable Profit (loss) from normal business	(529,915)	(11,037)	(2,860,716)	(59,583)
Less: Gain on capital assignment	-	-	-	-
Taxable profit for normal operating activities	-	(11,037)	-	-
Income tax expenses at tax rate of 25%	-	-	-	-
Tax incentive on income from incremental investment and relocation	-	-	-	-
Income tax expense from normal operating activities	-	-	-	-
Corporate income tax expenses from disposal of capital assignment	-	-	-	-
Corporate income tax expense	-	-	-	-
Utilization of taxable loss carried forward	-	-	-	-
Total corporate income tax expenses for the current year	-	-	-	-
Total corporate income tax expenses for the current ye	-	-	-	-

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

Year	Status of tax audit	Tax losses	Utilised	Expired	Tax losses	Year of
		USD	USD	USD	carried forward	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
2012	Not yet performed	(529,915)	-	-	(529,915)	2016

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33 Related party transaction and balances

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

Related parties	Relation	Transaction	Receivable	Payable	USD Loan	
Kirin Holding Limited	Ultimated Parent Company	Converted other payable to short-term loan			1,000,000	
		Converted short-term loan to mid term loan			6,500,000	
		Converted short-term loan to current portion of longterm loan			10,000,000	
		Received additional short-term loan			2,000,000	
		Loan interest			270,965	-
		Secondment fee			289,727	-
Kirin Holding Singapore Pte, Ltd	Affiliate	Supporting for marketing expenditure	309,185			
		Other support	30,202			
Vietnam Kirin Beverage Company	Affiliate	Purchase		756,786	-	
		Processing fee		784,630	-	

At 30 Sept 2012, the following balances were outstanding with related parties:

Related parties	Relation	Transaction	Receivable	Payable	USD Loan	
Kirin Holding Limited	Ultimated Parent Company	Current Portion of mid-term loan			10,000,000	
		Short term loan			5,500,000	
		Mid term loan			6,500,000	
		Loan interest			158,305	-
		Secondment fee			276,150	-
Trade Ocean Holdings Sdn Bhd	Parent Company	Long-term loan		-	3,430,928	
Kirin Holding Singapore Pte, Ltd	Affiliate	Supporting for marketing expenditure	309,185			
		Other support	30,202			
Vietnam Kirin Beverage Company	Affiliate	Purchase		-	-	
		Processing fee		126,920	-	
			339,387	561,375	25,430,928	

34 Segmental information

At 30 Sept 2012, management determined the following reportable segments by categories of sales: (1) domestic sales and (2) export sales. The Company analyses segment revenue and cost of sales.

The segment results for Q3-2012 are as follows:

	Domestic USD	Export USD	Total USD
Sales revenue - net	8,078,967	503,987	8,582,954
Cost of sales	(6,393,641)	(451,193)	(6,844,834)
Gross profit	1,685,326	52,794	1,738,119
Gross profit - VND Million	35,102	1,100	36,202

The segment results for Q3-2011 are as follows:

	Domestic USD	Export USD	Total USD
Sales revenue - net	8,528,914	674,211	9,203,125
Cost of sales	(7,191,393)	(587,496)	(7,778,889)
Gross profit	1,337,521	86,715	1,424,236
Gross profit - VND Million	27,577	1,788	29,365

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

The segment results for Q3-2012 are as follows:

	Drinks USD	Biscuits USD	Others USD	Total USD
Sales revenue - net	7,954,662	342,906	285,385	8,582,954
Cost of sales	(6,065,519)	(408,193)	(371,122)	(6,844,834)
Gross profit	1,889,143	(65,287)	(85,737)	1,738,119
Gross profit - VND Million	39,347	(1,360)	(1,786)	36,202

The segment results for Q3-2011 are as follows:

	Drinks USD	Biscuits USD	Others USD	Total USD
Sales revenue - net	7,757,283	183,415	1,262,427	9,203,125
Cost of sales	(7,259,674)	(348,185)	(171,030)	(7,778,889)
Gross profit	497,609	(164,770)	1,091,397	1,424,236
Gross profit - VND Million	10,260	(3,397)	22,502	29,365

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35 Profit/Loss per share and dividends

Basic loss per share is shown below:

	30 Sept 2012		31 December 2011	
	USD	VND	USD	VND
Profit/(Loss) attributable to shareholders of the Company	(613,118)	(12,770)	(3,359,536)	(69,267)
Weighted average number of ordinary shares on issue	29,140,984	29,140,984	29,140,984	29,140,984
Basic loss per share	(0.021)	(0)	(0.115)	(0)

No dividend was declared in 1st six months of 2012. As at 30 Sept 2012, the 2007 dividends payable amounting to USD24,265 was not paid and included in the other payables (Note 22).

36 Board of Director and Management's remuneration

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

	Q3-2012		Q3-2011	
	USD	VND million	USD	VND million
Salary	15,655	326	15,655	326
Secondment fee	110,775	2,307	69,000	1,437
	126,430	2,633	84,655	1,763

37 Commitments

As at 30 Sept 2012, the Company was committed under non cancellable operating lease agreements in the following amounts:

	30 Sept 2012		31 December 2011	
	USD	VND million	USD	VND million
Within the next year	526,729	10,971	343,054	7,145
Within two to five years	1,518,342	31,624	1,148,730	23,926
Above five years	597,599	12,447	1,129,722	23,530
	2,642,669	55,042	2,621,506	54,601

38 Subsequent events

The Separate financial statements were approved by the Board of Directors on 12th November 2012

(Signed and Sealed)

(Signed)

Michio Nagabayashi
Chairman, General Director

Nguyen Hong Phong
Chief Accountant