



2008

**Interfood Shareholding Company  
Annual Report**

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# Interfood at a Glance

## Mission Statement

- » To provide nutritious, quality, and innovative products to consumers
- » To provide sustainable stakeholder value while balancing with overall responsibilities
- » To contribute to the growth of the Vietnamese people and economy

## Our Focus

### Brand

Build and actively market our brands to become trusted names

### Customers

Care about customers' needs and anticipate their desires

### Partners

Build a strong network of stalwart partners

### Employees

Provide an environment that inspires employees to do their best

### Products

Maintain a portfolio of nutritious, quality and innovative products

### Shareholders

Maximize shareholders' value, confidence and impression

## Vision

To be the leading food and beverage company in Southeast Asia

## Company Background

Interfood Shareholding Company is a public-listed company on the Ho Chi Minh City Stock Exchange (HoSE), under the symbol "IFS."

The company manufactures and markets a wide range of food and beverage products under its own brand names. "Wonderfarm" is the leading brand of the company and also a highly recognized and highly trusted household brand in Vietnam.

The company was originally founded in 1991 as a subsidiary of a Malaysian corporation. Please visit [www.wonderfarmonline.com](http://www.wonderfarmonline.com).

## Principal Activities

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 to manufacture packaging for food and beverages.

Ultimately, we take pride in who we are and what we do.

# Key Milestones...

# 1991

Interfood Shareholding Company – formerly Interfood Processing Industry Ltd. (“IFPI”) – was established on 16th November 1991

in accordance with the Investment license No 270/GP issued by State Committee of Co-operation and Investment (now the Ministry of Planning and Investment). IFPI was a 100% FDI enterprise operating under the Vietnam Foreign Investment Law. IFPI’s owner was originally Trade Ocean Exporters Sdn. Bhd. (Penang, Malaysia). In 1996, IFPI’s owner was changed to Trade Ocean Holdings Sdn.Bhd. (Penang, Malaysia) in accordance with the License No 270/GPDC5 dated February 26, 1996 issued by the Ministry of Planning and Investment.

Main activity of the company was processing agricultural products, seafood to canned, dried, frozen, preserved and pickled products. Total initial investment capital was US\$1,140,000.

In 1994, the company’s business expanded by penetrating into the biscuits segment.

# 1994

# 2003

In 2003, the company was approved to produce carbonated fruit juices and fruit juices with low alcohol content (5%), and its investment capital increased to US\$23,000,000.

In the same year, Decree No 38/2003 - CP of the Government to convert a number Foreign Invested Enterprises into Shareholding Companies was issued. IFPI was one of the initial 6 companies applying for conversion to receive approval from the from the Ministry of Planning and Investment.

In April 2004, Interfood signed a processing agreement with AVA Food Industries Ltd. to mitigate Interfood’s production, space and logistic constraints at its Bien Hoa factory whereby AVA would provide the production facilities and Interfood would provide the technology and machinery to manufacture Interfood’s products.

# 2004

# 2005

In January 2005, as the company was approved to produce purified water and PET bottle, its investment capital increased to US\$30,000,000.

Additionally, 2005 saw IFPI being converted into a shareholding company which is now known as Interfood Shareholding Company (IFS) after the Ministry of Planning and Investment granted it the license (No. 270 CPH/ GP) on August 9. The total investment capital and charter capital of IFS were US\$13,000,000, respectively. The Company’s total shares were 13,000,000 with par value of US\$1 per share and held by 4 founding shareholders.

The Company officially relocated its head office to its new headquarters building and main factory at Tam Phuoc Industrial Zone in Long Thanh District of Dong Nai Province. Within the same year, the Company officially listed 3,620,560 shares on the HCMC Securities Trading Centre on 17 October 2006. Its shares trade under the symbol “IFS” on the HoSTC.

# 2006

# 2007

On October 16, 2007, the Company declared stock dividends calculated at 5:1 ratio. Accordingly, the Company issued over 6.8 million ordinary shares to pay for the declared dividend, of which 1,145,887 shares were listed on the Ho Chi Minh Stock Exchange (HoSE), bringing the total listed shares of the Company to 6,875,359.

The Company’s subsidiary, Ava Food, was converted into a shareholding company by the name: Avafood Shareholding Company. The principal activities of AvaFood consist of producing processed products including fruit juice, bottled filtered water, biscuits, jams and sweets of all kinds, agricultural and aquatic products, as well as livestock. Additionally, Avafood is to lease its workshop.

During 2008, the Company established Interfood Packaging Shareholding Company (subsequently renamed Interfood Packaging Limited) as a 90% owned subsidiary, with total investment capital and charter capital of USD32 million and USD10 million, respectively. The principal activity of Interfood Packaging Limited is to produce packaging for food and beverage products.

On 14 February 2008, Northern Interfood Shareholding Company was established in Bac Ninh with total investment capital and charter capital of USD36 million and USD11 million respectively.

# 2008



# Consolidated Balance Sheet

		As at December 31, 2008			
Code	ASSETS	2008 USD	2008 Million dong	2007 USD	2007 Million dong
<b>100</b>	<b>CURRENT ASSETS</b>	<b>10.230.649</b>	<b>173.685</b>	<b>14.948.717</b>	<b>240.884</b>
<b>110</b>	<b>Cash and cash equivalents</b>	<b>232.265</b>	<b>3.943</b>	<b>435.143</b>	<b>7.012</b>
<b>111</b>	Cash	232.265	3.943	435.143	7.012
<b>130</b>	<b>Accounts receivable</b>	<b>1.997.184</b>	<b>33.906</b>	<b>3.385.827</b>	<b>54.559</b>
<b>131</b>	Trade accounts receivable	265.376	4.505	1.050.230	16.923
<b>132</b>	Prepayments to suppliers	1.629.043	27.656	2.418.968	38.98
<b>135</b>	Other receivables	197.853	3.359	5.72	92
<b>139</b>	Provision for doubtful debts	(95.088)	(1.614)	(89.091)	(1.436)
<b>140</b>	<b>Inventories</b>	<b>7.197.738</b>	<b>122.196</b>	<b>10.840.183</b>	<b>174.679</b>
<b>141</b>	Inventories	7.558.127	128.314	11.109.566	179.02
<b>149</b>	Provision for decline in value of inventories	(360.389)	(6.118)	(269.383)	(4.341)
<b>150</b>	<b>Other current assets</b>	<b>803.462</b>	<b>13.64</b>	<b>287.564</b>	<b>4.634</b>
<b>151</b>	Short-term prepayments	150.222	2.55	7.38	119
<b>152</b>	Value Added Tax to be reclaimed	445.04	7.555	7.352	119
<b>154</b>	Other taxes receivable	106.907	1.815	193.641	3.12
<b>158</b>	Other current assets	101.293	1.72	79.191	1.276
<b>200</b>	<b>LONG-TERM ASSETS</b>	<b>59.283.777</b>	<b>1.006.461</b>	<b>44.913.182</b>	<b>723.731</b>
<b>220</b>	<b>Fixed assets</b>	<b>54.895.842</b>	<b>931.967</b>	<b>26.456.047</b>	<b>426.313</b>
<b>221</b>	Tangible fixed assets	25.508.965	433.066	21.848.196	352.062
<b>222</b>	Cost	35.874.145	609.035	30.109.667	485.187
<b>223</b>	Accumulated depreciation	(10.365.180)	(175.969)	(8.261.471)	(133.125)
<b>230</b>	Construction in progress	29.386.877	498.901	4.607.851	74.251
<b>260</b>	<b>Other long-term assets</b>	<b>4.387.935</b>	<b>74.494</b>	<b>18.457.135</b>	<b>297.418</b>
<b>261</b>	Long-term prepayments	2.050.870	34.818	2.433.377	39.211
<b>262</b>	Deferred income tax assets	2.337.065	39.676	-	-
<b>268</b>	Other long-term assets	-	-	16.023.758	258.207
<b>270</b>	<b>TOTAL ASSETS</b>	<b>69.514.426</b>	<b>1.180.146</b>	<b>59.861.899</b>	<b>964.615</b>

Code	RESOURCES	As at December 31, 2008			
		2008 USD	2008 Million dong	2007 USD	2007 Million dong
300	<b>LIABILITIES</b>	<b>59.903.298</b>	<b>1.016.978</b>	<b>36.207.488</b>	<b>583.448</b>
310	<b>Currents liabilities</b>	<b>58.115.710</b>	<b>986.63</b>	<b>34.639.869</b>	<b>558.187</b>
311	Short-term borrowings	37.219.168	631.87	27.554.765	444.017
312	Trade accounts payable	10.281.541	174.549	4.506.680	72.621
313	Advances from customers	306.285	5.2	300.225	4.838
314	Taxes and other payables to the State Budget	821.032	13.939	29.176	470
315	Payable to employees	350.88	5.956	208.912	3.367
316	Accured expenses	2.976.590	50.534	432.816	6.974
319	Other payable	6.160.214	104.582	1.607.295	25.9
330	<b>Long-term liabilities</b>	<b>1.787.588</b>	<b>30.348</b>	<b>1.567.619</b>	<b>25.261</b>
332	Long-term borrowings	1.628.473	27.647	1.469.063	23.673
333	Long-term deposits	1.255	21	1.255	20
336	Provision for severance allowances	157.86	2.68	97.301	1.568
400	<b>OWNERS' EQUITY</b>	<b>9.611.128</b>	<b>163.168</b>	<b>23.654.411</b>	<b>381.167</b>
410	<b>Capital and reserves</b>	<b>8.531.788</b>	<b>144.844</b>	<b>23.312.080</b>	<b>375.651</b>
411	Owners' capital	18.313.995	310.917	18.313.995	295.112
412	Share premium	4.082.759	69.313	4.082.759	65.79
416	Foreign exchange differences	623.589	10.587	-	-
419	Other reserves	(1.562.092)	(26.52)	(1.562.092)	(25.172)
420	(Accumulated losses)/undistributed earnings	(12.926.463)	(219.453)	2.477.418	39.921
500	<b>MINORITY INTEREST</b>	<b>1.079.340</b>	<b>18.324</b>	<b>342.331</b>	<b>5.516</b>
500	Minority interest	1.079.340	18.324	342.331	5.516
440	<b>TOTAL RESOURCES</b>	<b>69.514.426</b>	<b>1.180.146</b>	<b>59.861.899</b>	<b>964.615</b>

# 2008 Business Performance

Code	Year Ended December 31			
	2008 USD	2008 Million dong	2007 USD	2007 Million dong
1	52,291,527	887,753	47,051,809	758,193
2	(3,298,256)	(55,994)	(2,278,262)	(36,712)
10	<b>48,993,271</b>	<b>831,759</b>	<b>44,773,547</b>	<b>721,481</b>
11	(46,504,631)	(789,509)	(35,024,270)	(564,381)
20	<b>2,488,640</b>	<b>42,25</b>	<b>9,749,277</b>	<b>157,1</b>
21	760,842	12,917	288,129	4,643
22	(3,609,186)	(61,273)	(1,054,599)	(16,994)
24	(4,059,488)	(68,918)	(2,530,550)	(40,777)
25	(3,316,088)	(56,297)	(2,006,255)	(32,329)
30	<b>(7,735,280)</b>	<b>(131,321)</b>	<b>4,446,002</b>	<b>71,643</b>
40	(10,173,421)	(172,714)	196,507	3,167
50	<b>(17,908,701)</b>	<b>(304,035)</b>	<b>4,642,509</b>	<b>74,81</b>
51	(95,236)	(1,617)	(405,586)	(6,536)
52	2,337,065	39,676	-	-
60	<b>(15,666,872)</b>	<b>(265,976)</b>	<b>4,236,923</b>	<b>68,274</b>
61	262,991	4,465	(15,897)	(256)
62	<b>(15,403,881)</b>	<b>(261,511)</b>	<b>4,221,026</b>	<b>68,018</b>
70	(0,529)	(8,981)	0,144	2,32



# Report of the Board of Management and Board of Directors

## General Information of the Company

Interfood Shareholding Company (formerly Interfood Processing Industry Ltd.) was established in SR Vietnam pursuant to Investment Licence No. 270/GP, issued on 16 November 1991 for a period of 50 years. The Company was wholly owned by Trade Ocean Holdings Sdn. Bhd., a company incorporated in Malaysia.

The amended Investment Licence No. 270 CPH/GP dated 9 August 2005 allowed the Company to convert into a shareholding company with foreign owned capital under the name of Interfood Shareholding Company with the total investment capital and charter capital of US\$30,000,000 and US\$13,000,000, respectively. The Company's total number of shares was 13,000,000 with par value of US\$1 per share and held by four founding shareholders.

The amended Investment Licence No. 270 CPH/GPDC2 dated 15 June 2006 allowed the Company to change the par value of its shares from US\$1 per share to VND10,000 per share and the Company's charter capital changed from US\$13,000,000 to VND206,336,000,000. As a result, the total shares of the Company changed from 13,000,000 shares with par value of US\$1 per share to 20,633,600 shares with par value of VND10,000 per share.

The amended Investment Licence No. 270 CPH/GCNC3 dated 23 August 2006 allowed the Company to increase its charter capital to VND242,841,600 thousand. The total shares of the Company increased to 24,284,160 by registering and issuing 3,620,560 new shares.

On 17 October 2006, the Company listed the 3,620,560 new shares mentioned above on the

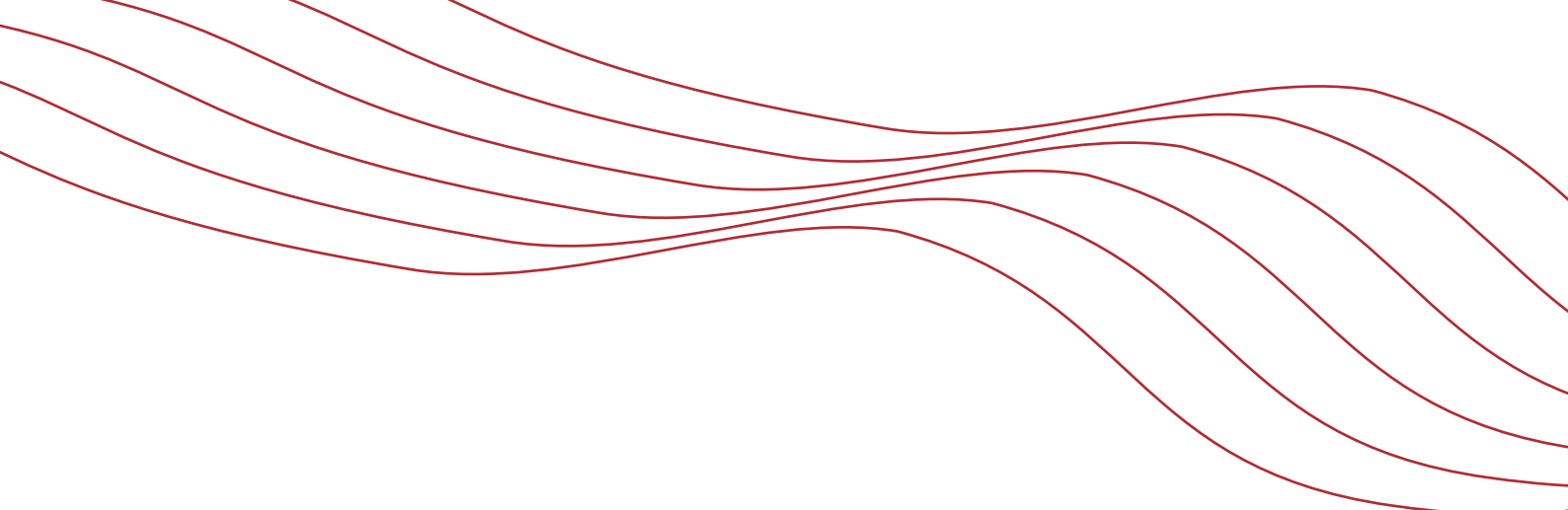
Ho Chi Minh City Securities Trading Centre after receiving Listing Licence No. 61/UBCK-GPNY issued by the State Securities Commission on 29 September 2006. According to the Listing Licence, the founding shareholders were also allowed to sell 2,108,912 shares held by them to the public. The number of shares listed totaled 5,729,472.

Pursuant to Investment Certificate No. 472033000328 dated 28 November 2007 and issued by the Board of Management of Dong Nai Industrial Zone, the total investment capital of the Company is VND144,450 billion, equivalent to US\$90 million. The charter capital of the Company is VND291,409,920 thousand. The total shares of the Company increased to 29,140,992 at par value of VND10,000 per share by registering and issuing 4,820,832 new shares, in which 1,145,887 shares were allowed to be listed. This resulted in 6,875,359 shares being listed.

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

On 30 June 2007, the Company acquired 90% of the paid-up share capital of AvaFood Shareholding Company (formerly AvaFood Industries Ltd.) ("AvaFood") at par value per share from Wonderfarm Biscuits & Confectionery Sdn. Bhd.

Pursuant to Investment Certificate No. 472033000355 dated 31 December 2007 issued by the Board of Management of Dong Nai Industrial Zone,



AvaFood was allowed to convert into a shareholding company under the name of AvaFood Shareholding Company with the total investment capital of VND259,200 million, equivalent to US\$16,000,000. The charter capital of AvaFood is VND81,000 million, equivalent to US\$5,000,000. AvaFood's total number of shares was 8,100,000 with par value of VND10,000 per share.

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

During 2008, the Company established Interfood Packaging Shareholding Company as a 90% owned subsidiary. Interfood Packaging Limited was established in SR Vietnam pursuant to Investment Certificate No. 472033000464, dated 6 May 2008 which was issued by the Board of Management of Dong Nai Industrial Zone for a period of 46 years from the date of the initial Investment Certificate.

The amended Investment Certificate No. 472043000464 dated 24 December 2008 allowed Interfood Packaging Shareholding Company to convert into a limited company with two members or more, under the name of Interfood Packaging Limited with the total investment capital of VND513,600 million, equivalent to US\$32,000,000. The charter capital of the Interfood Packaging Limited is VND160,050 million, equivalent to US\$10,000,000.

The principal activity of Interfood Packaging Limited is to produce packaging materials for use in the manufacturing of food and beverage.

On 14 February 2008, Northern Interfood Shareholding Company received the approval from the Board of Management of Bac Ninh Industrial Park to be established for a period of 50 years pursuant to Investment Certificate No. 212032.000111 with total investment capital and charter capital of US\$36 million and US\$11 million respectively.

As at 31 December 2008, the Company has not yet contributed the capital to Northern Interfood Shareholding Company.

As at 31 December 2008, the Group of companies had 1,425 employees (2007: 1,317 employees).

# List of Key Persons in the Company

## Board of Management

Name	Position
Pang Tee Chiang	Chairman
Nguyen Thi Kim Lien	Member
Yau Hau Jan	Member
Pang Tze Yi	Member
Teng Po Wen	Member

## Board of Directors

Name	Position
Pang Tee Chiang	General Director
Yau Hau Jan	Deputy General Director
Nguyen Thi Kim Lien	Finance Director

## Control Board

Name	Position
Thai Ngoc Dinh	Chief
Saw Eng Soo	Member
Dan So Giang	Member

# 2008 Result of Business Operation

Active business income has been affected by the main factors such as:

In 2008, the steep inflation and subsequent tightening of monetary policy in Vietnam, as well as the global financial crisis and economic downturn have all affected the Company in its trading and financing activities. The operation result of the Interfood group in 2008 can be attributed to the following main factors (in no particular order):

- » Melamine contamination of raw materials affected the production and sales of biscuits and wafer products of the Company (the Company also had to absorb costs associated with recalls related to this situation)
- » Inflation directly translated into higher input costs, namely in raw materials, packing materials and fuel oil
- » Higher petrol and oil prices also resulted in higher transportation expenditure
- » Labour cost during the year had increased due to market forces and wage policies set by the Government
- » High interest rate on bank loans sharply increased interest expense
- » High volatility in foreign exchange rate caused for increase in bank loan fees, and costs of imported raw materials
- » Failed attempt to issue corporate bonds affected the financing structure and cash flow of the Company

## Main factors that affected turnover

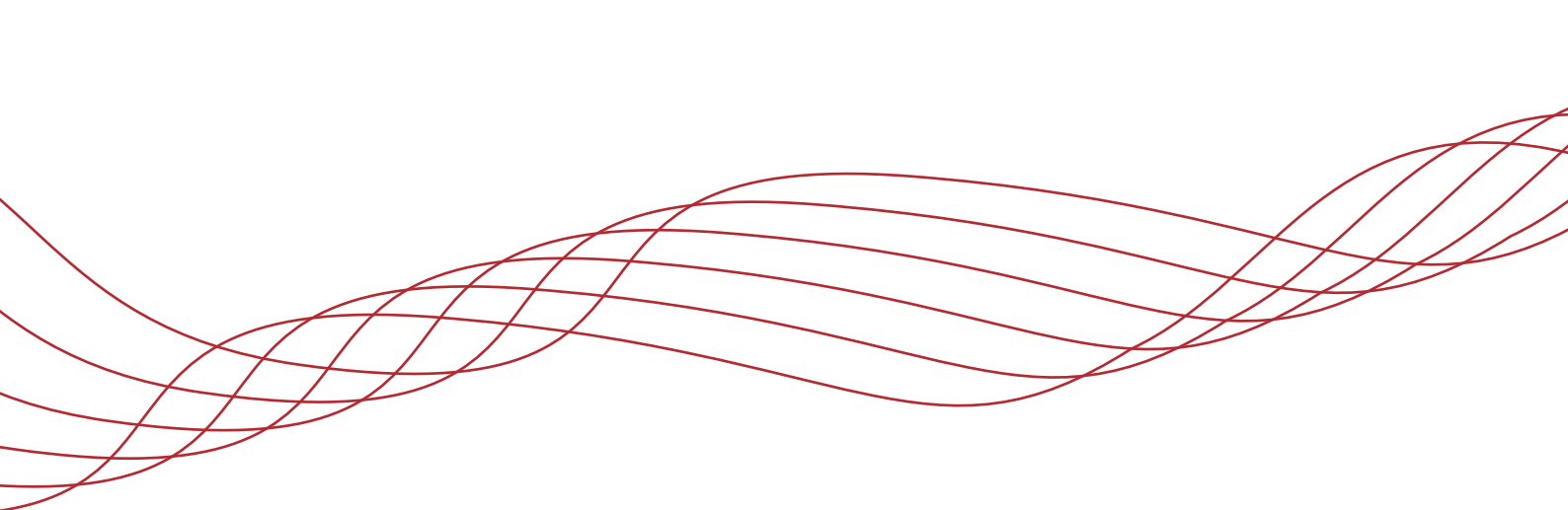
In the 4th quarter of 2008, the Company was affected by the melamine contamination of milk-related raw materials. Despite its rigorous selection of raw materials and suppliers, the Company detected higher than permitted melamine content in a number of biscuits and wafer products.

However, incorrect information publicized by concerning agencies and the media had seriously affected the business of the Company, especially the sales of biscuits and wafer products. The Company had to recall from the market a total of 14 kinds of products which the concerning agencies suspected to have excessive melamine content. At one time, the Company also had to reduce the sales volume and suspend production of these products.

## Main factors affecting profits of the Company

Manufacturing and trading activities

- » In line of the rise in cost of living caused by high inflation in the country, the Company had to increase the salary for employees and therefore the labour cost of the company in 2008 increased by 15% compared to 2007.
- » The price of oil and petrol in the country increased sharply amid record high oil prices in the global commodities market resulted in fuel oil and transportation expenditure to increase up to 30%.
- » As global prices of commodities increased, so did the costs of primary raw materials used by the



Company, namely sugar, aluminum cans, and other agricultural raw materials, such as coconut, winter melon and white fungus, with increases ranging from 10% to 80%.

- Costs of empty cans, plastic packaging and cartons, which makes up a large part of our product costs, elevated by 10% to 60%.
- » In the course of double-digit inflation in the country, expenditure related to distribution and marketing of products, such as promotion, advertisement, training, and the salary, commission and allowance of our sales force, increased by 30% and up to a staggering 200% for some items.

### Financing activities

In the year 2008, the Company had financed its investment projects and expansion both in northern and southern Vietnam, including in the establishment of packaging business, by a combination of available equity and bank loans. The working capital of the ongoing operations of the Company was majority financed by bank facilities.

During the year, borrowing rates increased from 9% to 21% and 4% to 10% for VND and USD, respectively. At one point, when liquidity was tight, banks further added a lending fee making effective interest rate up to 25%. Consequently, the interest expense of the Company had increased sharply compared to 2007.

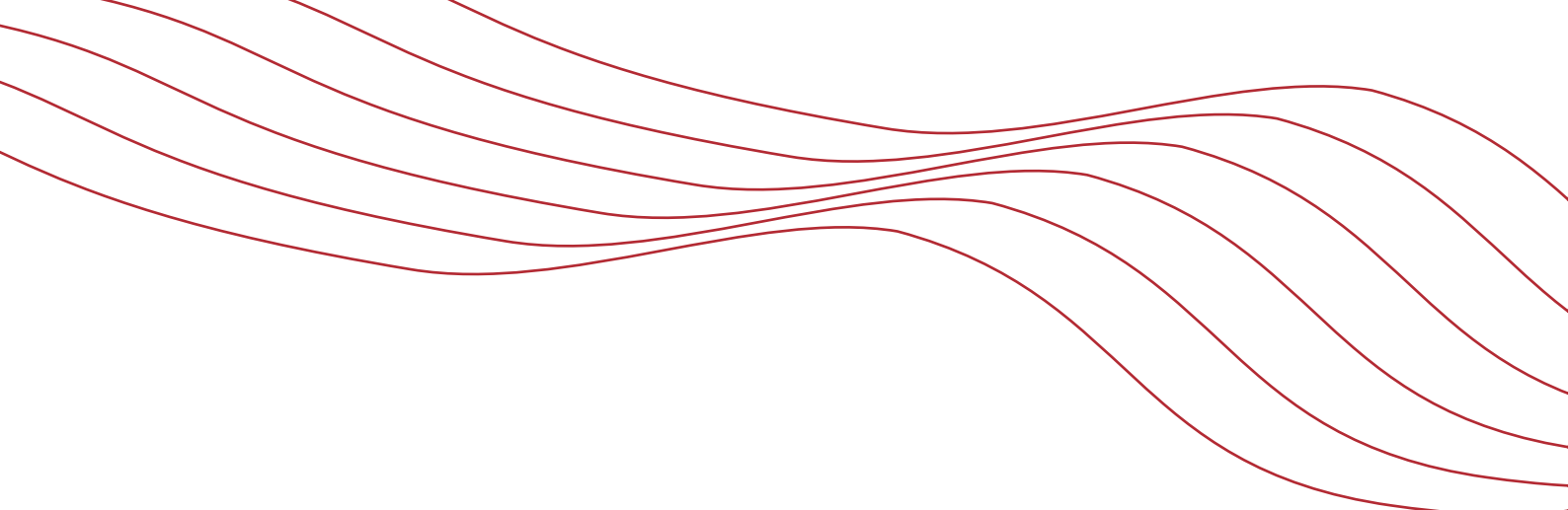
To aggravate the situation, the VND depreciated by about 6% against the USD and at periods when market liquidity was dry, actual foreign exchanges executed by the Company saw upward fluctuations of

20% compared to 2007. The majority of revenue of the Company is collected in VND, but the purchase of imported goods and raw materials, and servicing of USD loan, were on USD terms.

### Investment activities

In 2008, due to the global credit crisis and the tightening of monetary policy in Vietnam, the Company could not mobilize financial resources to continue with investments in Interfood Packaging Limited (IPL) and Northern Interfood Shareholding Company (NIFS). As a result, these projects were suspended. Consequently, the Company had to divest from its majority holding in IPL to raise funds and to concentrate on its core business.

During the divestment from IPL, the Company has disposed of a 70% stake in IPL to Crown Packaging Investment Pte. Ltd. at the cost of USD4.7 million (a discount of USD2.3 million compared to the initial capital contribution; this loss will be recorded in the year 2009 as the agreement of transferring contributed capital was signed in January 2009). As part of the conditions of the capital transfer agreement described above, Avafood Shareholding Company (AVA), a related company of Interfood, has transferred 25,300 m<sup>2</sup> of leased land together with the IPL factory building at the original cost as well as cancel factory rental fees charged to IPL in the year 2008 valued about USD480,000. In return, Crown Packaging Investment Pte. Ltd. agreed to arrange financing for IPL to repay in full the outstanding loan owing by IPL to IFS and Ava. Total proceeds that Interfood and Ava will receive from these transactions plus a loan from our Chairman totaled about USD20.8 million



after deduction of additional capital contribution in IPL (ratio 2:1). The proceeds are used to reduce bank borrowings by the Company.

For investment projects in the North, the Company made prepayments to suppliers to buy machinery, equipment and as deposit for leasing of land valued up to USD10 million. The Company planned to fund these investment projects by issuing corporate bonds, as per a bond issue and underwriting agreement signed with ANZ Bank – Hanoi branch in December 2007. As part of aforementioned agreement, a bridging loan of USD18 million was to be provided by ANZ Bank to support the Company while pending bond issuance and this bridging loan would be repaid using proceeds from the bond issue. As of March 2008, USD4 million from the bridging loan has been withdrawn from said facility. However, citing instability in the financial market and tight liquidity in Vietnam and globally, ANZ Bank froze the bridging loan and did not proceed with commitment to issue and underwrite the Company's bond issuance. As a result, the Company had to suspend its investment projects. Consequently, when the Company was unable to fulfill its contractual obligation with some suppliers, previous payments and deposits were forfeited as a result of the Company's breach of contract. Losses from investments in the North were recorded in 2008.

### Positive outlook

- » In 2009, the Vietnamese economy is still forecast to grow at about 5%, according to IMF and the World Bank. Our business forecast calls for revenue to grow more than 5% due to our strong position in the market as well as continuous effort to entrench our reach of the market.
- » According to the latest census report released by the Government of Vietnam, the population of the country has almost reached 86 million; and in the eastern part of the South where growth is most pronounced, the rate is reported to be 3.2% annually. Vietnam ranks 13th in the largest population in the world. Urbanization rate also increased from 25% in 2003 to 28% by 2008. These trends suggest the continued growth of the consumer market and particularly food and beverage sector.
- » Our best-selling products continue to advance their position in their segments of the beverage market. The market share of the beverage market for our Winter Melon Tea has increased by 30%; by 11% for our Special Bird's Nest; and by 4% for our Bird's Nest Competition.
- » Our trademark, WONDERFARM, continues to enjoy its reputation as a high-quality household brand in Vietnam, and retains the confidence of consumers.
- » WONDERFARM products are being sold at over 110,000 retail locations throughout Vietnam while we continue to develop our sales and distribution networks to ensure further penetration of the market.

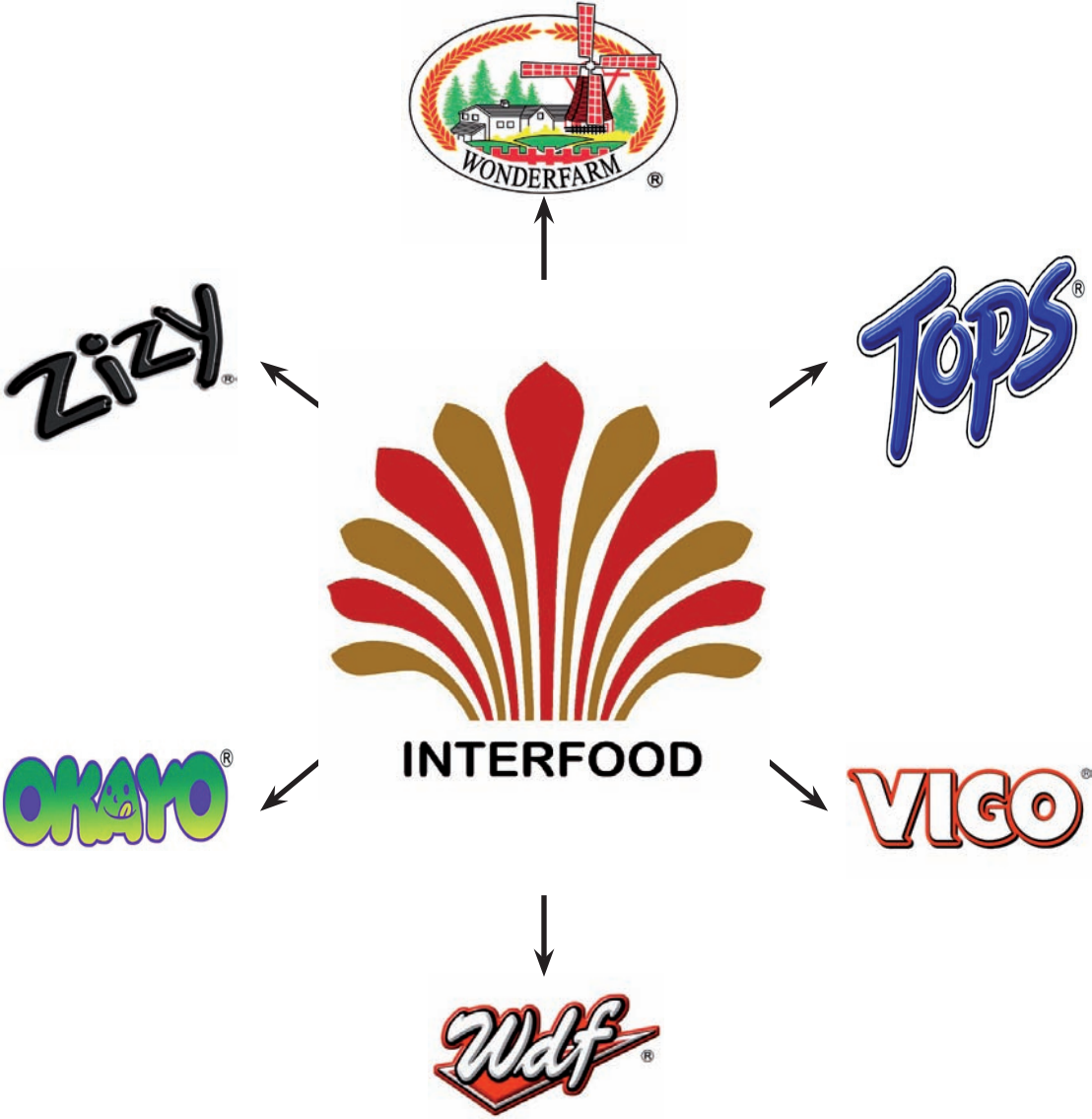
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- » The Company, through its staunch relationships with key suppliers and strategic partners, continues to enjoy stable supply and favourable pricing for its procurement of raw materials.
  - » The Company's ongoing investment in modernization of manufacturing equipment, technology and processes continues to improve production yield and overall production costs. The Company has also embarked on initiatives to further control its cost structure to be as lean as possible in the face of growing competition.

### Cost control

The Company utilizes ERP systems to manage all aspects of its operations, including related costs and expenditure of each process. Through such computerization, the Company can capitalize on technology to allocate resources accordingly in order to maximize efficiency while meeting all targets, such as volume, turnover and profit. Timely and accurate data is the backbone of up-to-date operational and financial reports which enable the Company to make the suitable and prompt managerial decisions.

The Information Systems and Technology Department of the Company constantly monitors and maintains these systems and conduct periodic backup of data, which are invaluable assets of the Company. Furthermore, the department also studies new advancements in systems as they plan to implement upgrades and introduce new technology to maximize efficiency and controls of all operations of the Company, including Human Resources and Customer Relationship.

# Trademarks Under Interfood





# Select Primary Products



Canned Winter Melon Tea 330ml



Bird's Nest 250ml



Canned Tamarind Drink 330ml



Canned Passion Fruit Drink 330ml



Canned Coffee 250ml



Canned Pineapple Juice Drink 330ml



Canned Green Glass Jelly Drink 330ml



Bird's Nest with Rock Sugar



Danish Butter Cookies



Okayo Wafer with Cream



Cream Wafer

# New Products

1. Green Tea + Jasmine
2. Green Tea + Apple
3. Green Tea + Fresh Lemon
4. Green Tea + Peach
5. Canned 'Than Nong' Herbal Tea



## Product

Research and development is always an ongoing effort at the Company as we develop or enhance products according to the demands and trends in the market, as well as develop innovative products to lead the market.

The Company is also actively developing products that are even more nutritious to cater to increasingly health-conscious consumers.

## Distribution

The Company's sales and distribution network spans across the country and to date, its reach extends to over 110,000 retailers across the country.

Its network is supported by its nationwide branches and by logistic teams working from main regional distribution centres in Ho Chi Minh City and Hanoi.

## Domestic market

Domestic sales represent over 94% of the total turnover of the Company and is the main focus market in the Company's strategic business plan. Products are distributed to consumers through two channels:

### **Traditional channel**

Distribution ▶ Retail outlet ▶ Consumers

### **Modern channel**

Metro and Supermarkets ▶ Consumers

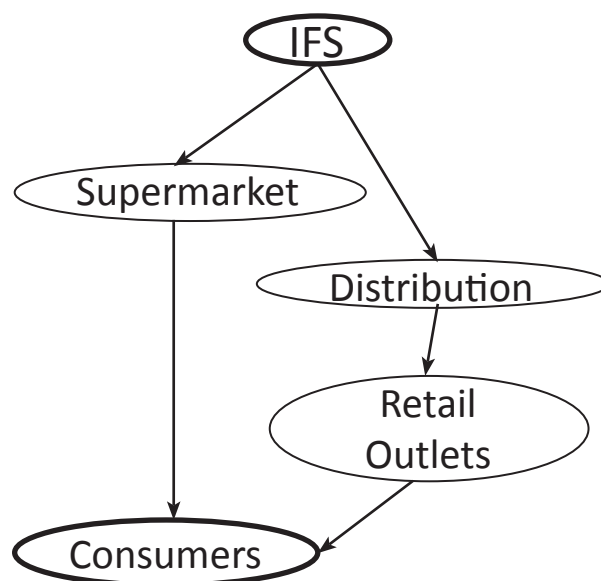
## Export market

Export sales represented about 5% of the total turnover of the Company. Main export markets are the US, Canada, Australia and Europe.

In addition to retaining and expanding business with current customers, the Company also actively explores new markets in various countries and regions. The Company routinely sends its managers to pay courtesy visits to overseas customers to better understand the market situation and to develop better relationships with the customers. Furthermore, the Company participates in industry trade shows and exhibitions to gain international exposure for its products.

## Dividend:

Unexpected and unforeseen circumstances during the year 2008 resulted in losses for the Company. Therefore, the Board of Directors intends to not declare dividends for the year 2008 as the Company attempts to strengthen its balance sheet and to continue carrying out crucial developments, in order to maximize shareholder value for the long term.



# Strategies of Business Development

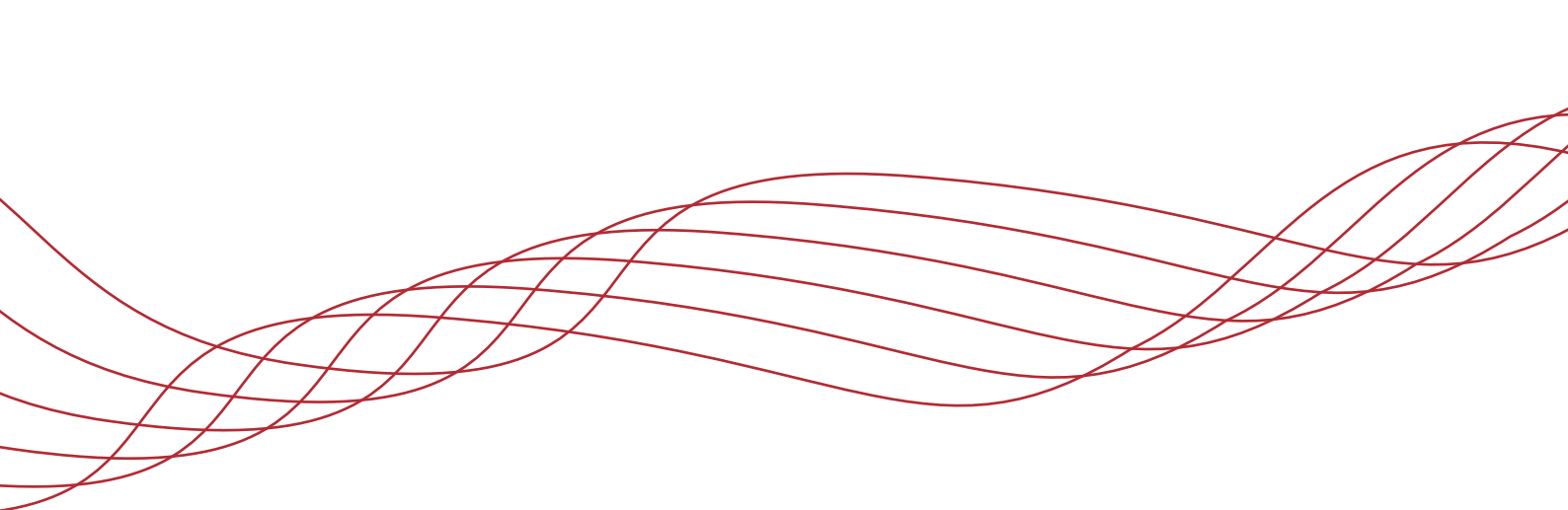
## Completed projects:

In light of the circumstances in 2008, after careful consideration and evaluation by the Board of Management, it was decided that it would be in the best interest of the Company to sell 70% of the common shares of Interfood Packaging Limited (IPL) to Crown Packaging Investment Pte. Ltd (CROWN), a company existed and established under the laws of the Republic of Singapore. Transactions related to this sale was completed in 2009 and IPL was renamed Crown Beverage Cans (Dong Nai) Limited after effectively becoming a joint venture between the Company and CROWN, in which the Company held a 20% interest. As part of the transactions related to this sale, when the charter capital of Crown Dong Nai was increased from USD10 million to USD15 million, the Company made the additional contribution directly from proceeds of the sale of shares to CROWN. The remainder of the proceeds was used to repay bank borrowings owed by the Company.

## Development strategy in 2009:

An objective of the Company is to maximize shareholders' value through prudent business strategies and development. The focus of 2009 will be:

- » To expand our product range by developing new products;
- » To enhance margins and competitiveness by implementing a cost savings plan that will review all costs and identify non-value adding expenses without sacrificing product quality and R&D initiatives;
- » To bolster our distribution network by supporting or appointing distributors who can work closely with;
- » To increase our market share by penetrating channels where our presence is not strong and by extending our reach further into new market and rural markets;
- » To boost the image of our brands by developing and marketing our new line of healthy tea-based products in plastic packaging (PET bottles); and
- » To invest in our people by training and retaining talent to propel our growth; by ensuring healthy work-life balance, psychological and physical fitness in our employees, they can develop better productivity and creativity.



Furthermore, in 2009, the Company will restructure its debt and capital structure in order to increase cash flow performance and improve equity. The Company will seek to further reduce short-term borrowings by converting portion of short-term debt into medium-term debt; and negotiate with strategic investors for placement of new shares to be issued by the Company. These exercises will coincide with the Government's policies to reduce interest rates, and the results will be reflected in the financial reports of 2009 and 2010.

Also, in the second half of 2009, the Company will cease operation at its Bien Hoa factory. Part of the machinery and equipment will be moved to the existing main factory in Long Thanh while the remainder will be moved to the North to continue a project there. This event will not affect the operations of the Company in 2009 and subsequent years because this had been planned for and accounted for in the planning of the Company. More details regarding this event can be found on the Company website.

# 2009 Business Operation Planning

Code	2009 USD	2009 Million dong	2008 USD	2008 Million dong
1 Sales	57.109.854	967.441	52.291.527	887.753
2 Less deductions	(3.271.035)	(55.411)	(3.298.256)	(55.994)
<b>10 Net sales</b>	<b>53.838.819</b>	<b>912.030</b>	<b>48.993.271</b>	<b>831.759</b>
11 Cost of sales	(41.619.371)	(705.032)	(46.504.631)	(789.509)
<b>20 Gross profit</b>	<b>12.219.448</b>	<b>206.997</b>	<b>2.488.640</b>	<b>42.250</b>
21 Financial income	400.180	6.779	760.842	12.917
22 Financial expenses	(2.499.756)	(42.346)	(3.609.186)	(61.273)
24 Selling expenses	(4.301.444)	(72.866)	(4.059.488)	(68.918)
25 General and administration expenses	(1.914.600)	(32.433)	(3.316.088)	(56.297)
<b>30 Operating Loss / Profit</b>	<b>3.903.828</b>	<b>66.131</b>	<b>(7.735.280)</b>	<b>(131.321)</b>
40 Net other Loss / Profit	(2.288.663)	(38.770)	(10.173.421)	(172.714)
<b>50 Net accounting Loss / Profit before tax</b>	<b>1.615.165</b>	<b>27.361</b>	<b>(17.908.701)</b>	<b>(304.035)</b>
51 Business income tax – current		0.000	(95.236)	(1.617)
52 Business income tax – deferred		0.000	2.337.065	39.676
<b>60 Net Loss / Profit after tax</b>	<b>1.615.165</b>	<b>27.361</b>	<b>(15.666.872)</b>	<b>(265.976)</b>

## Financial Indicators of Business

	Unit	2007	2008
<b>Asset structure</b>			
- Fixed assets/ Total assets	%	75	85
- Current assets/ Total assets	%	25	15
<b>Equity structure</b>			
- Total liabilities / Total resources	%	60	86
- Owner's equity/ Total resources	%	40	14
<b>Liquidity</b>			
- Quick ratio	Times	0.69	0.044
- Current ratio	Times	0.25	0.15
<b>Profit margin</b>			
- Net profit before tax/ Total assets	%	7.76	-25.76
- Net profit after tax/ Revenue	%	9	-34.25
- Net profit after tax/ Owner's equity	%	17.91	-186.33

## Shareholders Structure

Particular	Domestic		Foreign shareholders		Total	
	Number of shares	%	Number of shares	%	Number of shares	%
<b>Total owned equity</b>						
<b>1. State owned shareholders</b>	-	<b>0,00%</b>	-	<b>0,00%</b>	-	<b>0,00%</b>
- Proxy shareholders	-		-		-	0,00%
- Granted shareholders	-		-		-	0,00%
- Other shareholders	-		-		-	0,00%
<b>2. Special shareholders</b>	<b>12.12</b>	<b>0,04%</b>	<b>24.267.417</b>	<b>83,28%</b>	<b>24.279.537</b>	<b>83,32%</b>
- Managing Board	12	0,04%			12	0,04%
- Board of Directors					-	0,00%
- Control Board	120	0,00%	1.2	0,00%	1.32	0,00%
- Founding shareholders			24.266.217	83,27%	24.266.217	83,27%
<b>3. Shareholders working in the Company</b>	-	<b>0,00%</b>	-	<b>0,00%</b>	-	<b>0,00%</b>
- Fund shares					-	0,00%
- Preferential shareholders					-	0,00%
<b>4. Other Shareholders</b>	<b>3.682.036</b>	<b>12,64%</b>	<b>1.179.411</b>	<b>4,05%</b>	<b>4.861.447</b>	<b>16,68%</b>
<b>Total owned equity</b>	<b>3.694.156</b>	<b>12,68%</b>	<b>25.446.828</b>	<b>87,32%</b>	<b>29.140.984</b>	<b>100,00%</b>

# Structures of Shares

## Structure of Listed Shareholders

Particular	Domestic shareholders		Foreign shareholders		Total	
	Value of shares	%	Value of shares	%	Value of shares	%
<b>Total owned equity</b>						
<b>1. State owned shareholders</b>	-		-		-	
- Proxy shareholders	-		-		-	
- Granted shareholders	-		-		-	
- Other shareholders	-		-		-	
<b>2. Special shareholders</b>	<b>121.200.000</b>	<b>0,18%</b>	<b>20.017.920.000</b>	<b>29,12%</b>	<b>20.139.120.000</b>	<b>29,29%</b>
- Managing Board	120.000.000	0,17%			120.000.000	0,17%
- Board of Directors					-	
- Control Board	1.200.000	0,00%	12.000.000	0,02%	13.200.000	0,02%
- Founding shareholders			20.005.920.000	29,10%	20.005.920.000	29,10%
<b>3. Shareholders working in the Company</b>	-	<b>0</b>	-	<b>0</b>	-	<b>0</b>
- Fund shares					-	
- Preferential shareholders					-	
<b>4. Other Shareholders</b>	<b>36.820.360.000</b>	<b>53,55%</b>	<b>11.794.110.000</b>	<b>17,15%</b>	<b>48.614.470.000</b>	<b>70,71%</b>
<b>Total owned equity</b>	<b>36.941.560.000</b>	<b>53,73%</b>	<b>31.812.030.000</b>	<b>46,27%</b>	<b>68.753.590.000</b>	<b>100,00%</b>

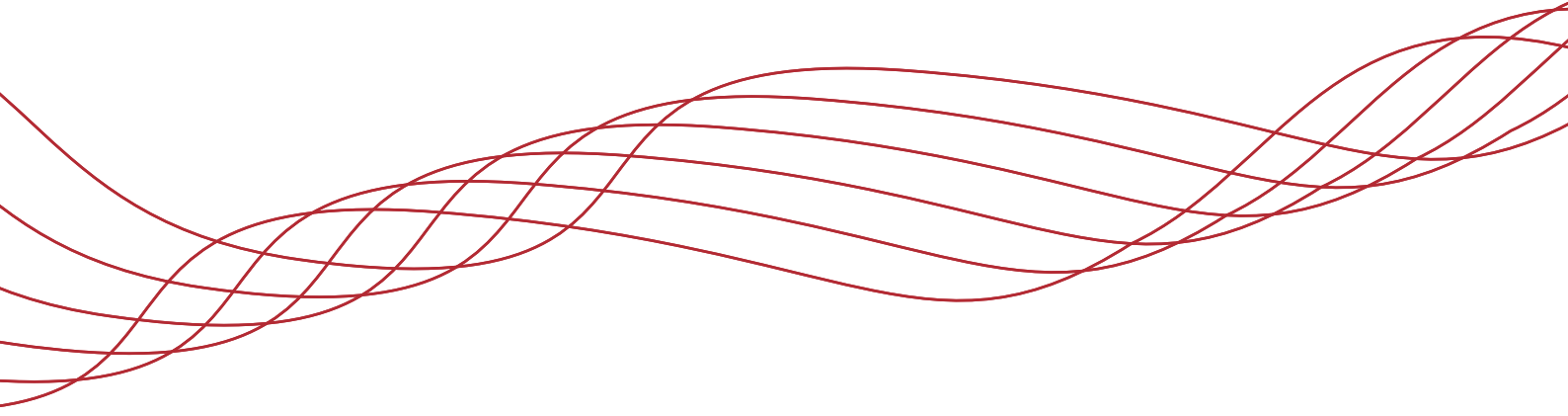
## Structure of Listed Shares

Share holders	Number of shares	Proportion
Shares held by BOM, Control Board, Directors	13,320	0.19%
Transferable shares held by founding shareholders.	2,000,592	29.10%
Shares held by other shareholders	4,861,447	70.71%
<b>Total</b>	<b>6,875,359</b>	<b>100.00%</b>

Structure of shareholders fixed as at 28/08/2009. Holding ratio of shareholders groups unchanged since the Company started listing on The State Securities Trading Center – Ho Chi Minh City.

Other events relating to the annual report were disclosed in the summary finance report and audit statement in 2008 enclosed.





For Interfood Shareholding Company

Pang Tee Chiang  
Chairman



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