

## **INTERFOOD SHAREHOLDING COMPANY 2010 ANNUAL REPORT**

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# **ANNUAL REPORT INTERFOOD SHAREHOLDING COMPANY REPORT YEAR: 2010**

## **1. OVERVIEW**

Established in 1991, with almost 20 years of track record in the Vietnam F&B industry, Interfood is ranked one of 1<sup>st</sup> enterprises in the juice drink industry and many of Interfood's other products are also at No.1 position in the market of Vietnam.

### **1.1. The principal activities of the Company:**

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.

### **1.2. Vision**

- To be an attractive and valuable company for customers by bringing health, pleasure and comfort to their lives through offering products based on their needs.
- To be a rewarding company where each employee is proud of and enjoys good quality of life.
- To be the leading company in Vietnam's soft drink market by placing consistent emphasis on its customers and the quality of products and services.

### **1.3. Code of conduct**

#### **• Greeting**

- We will greet our customers and colleagues with goodwill and appreciation to foster the relationship of people.

#### **• Sincerity**

- We will always conduct ourselves sincerely to be a faithful company trusted by all the stakeholders such as our customers, shareholders and employees.

#### **• Teamwork**

- We will respect the importance of teamwork and collaboration to maximize what we can offer to the society.

#### **• Professionalism**

- We will be proud of being professionals who are committed to the best quality and continuous learning.

#### **• Customer Focus**

- We will always make actions focusing on the customers' point of view to consistently improve and enhance our offerings.

## **2. KEY DEVELOPMENT MILESTONES OF THE COMPANY**

# **1991**

Interfood Shareholding Company – formerly Interfood Processing Industry Ltd. (“IFPI”) – was established on 16<sup>th</sup> November 1991 in accordance with the Investment license No 270/GP issued by Sated Committee of Co-operation and Investment (now the Ministry of Plan 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 26<sup>th</sup> February 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.

# **1994**

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

# **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.

## 2004

On 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.

## 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.

In 2003, Decree No 38/2003/ND – CP of the Government on the conversion of a number of Foreign Invested Enterprises into Shareholding Companies was issued. IFPI was company applying for conversion to receive approval from Ministry of Planning and Investment. Accordingly, IFPI was converted into a shareholding company which is now known as Interfood Shareholding Company (IFS) in accordance with License No 270 CPH/GP granted by the Ministry of Planning and Investment on 09<sup>th</sup> August 2005. The total investment capital and charter capital of IFS were US\$30,000,000 and 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 four founding shareholders.

## 2006

The Company removed to new factory at Tam Phuoc Industrial Zone, Bien Hoa City, Dong Nai Province.

On 17 October 2006, the Company listed the 3,620,560 new shares mentioned above on the Ho Chi Minh City Securities Trading Centre. Shares listed under “IFS” code at HOSE.

## 2007

On 16 October 2007, the Company issued bonus share at the rate 5:1 with additional 6,875,359 shares issued. In which, the total of 1,145,887 shares was listed at Ho Chi Minh Stock Exchange according to the approval letter No. 936/UBCK-QLPH issued in 27 June 2007 by State Security Exchange Committee. In total, the number of listed share of The Company is 6,875,359.

Subsidiary - AvaFood was allowed to convert into a shareholding company under the name of AvaFood Shareholding Company. 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.

## 2008

During 2008, the Company established Interfood Packaging Limited (formerly Interfood Packaging Shareholding Company) as a 90% owned subsidiary with total investment capital and charter capital of US\$32 million and US\$10 million respectively. The principal activity of Interfood Packaging Limited is to produce packaging materials for foods and soft drinks.

On 14 Feb 2008, Northern Interfood Shareholding Company was established in Bac Ninh Province with total investment capital and charter capital of US\$36 million and US\$11 million. However, the company could not arrange funding for the project activities and completed the termination of the project in December 2010.

# 2009

Also during late 2009, the Company ceased operations at its factory located in the urban area of Bien Hoa City, and relocated all production lines, equipment and inventory to its factory in Tam Phuoc Industrial Zone.

In 2009, Company disposed its 70% contributed capital at Interfood Packaging Limited to CROWN PACKAGING INVESTMENT PTE.LTD and became a minority shareholder holding 20% contributed capital of this company. Subsequently, Interfood Packaging Limited was renamed Crown Beverage Cans Dong Nai Ltd. ("Crown Dong Nai").

# 2010

In 2010, Company disposed its 20% contributed capital at Crown Beverage Cans Dong Nai Ltd. ("Crown Dong Nai"). to Crown Packaging Investment Pte.Ltd

# 2011

On March 11, 2011, Kirin Holdings Company Limited ("Kirin") acquired all shares of Trade Ocean Holding Sdn Bhd. ("TOH"). Kirin hold 57.25% shares in the company through TOH. Kirin, a public company listed on the Tokyo Exchange, is one of the largest beverage companies in the region.

### 3. FINANCING AND TRADING OPERATION STATUS

Financial status of the Company as at 31/12/2010:

#### CONSOLIDATED BALANCE SHEET

	Notes	Code	31 December 2010		31 December 2009	
			USD	VND million	USD	VND million
<b>ASSETS</b>						
<b>Current assets</b>						
<b>Cash and cash equivalents</b>						
Cash	7	111	130,854	2,477	248,185	4,453
<b>Accounts receivable</b>						
Trade accounts receivable		131	434,257	8,221	582,773	10,456
Prepayments to suppliers		132	1,114,422	21,098	217,703	3,906
Other receivables	8	135	140,650	2,663	411,237	7,378
Provision for short term doubtful debts		139	(24,405)	(462)	-	-
		130	1,664,924	31,520	1,211,713	21,740
<b>Inventories</b>						
Inventories	9	141	7,530,300	142,564	7,985,502	143,268
Provision for decline in inventory's value	9	149	(146,582)	(2,775)	(744,522)	(13,357)
		140	7,383,718	139,789	7,240,980	129,911
<b>Other current assets</b>						
Short term prepaid expenses		151	13,555	257	170,920	3,066
Value added tax to be reclaimed		152	-	-	1,631	29
Taxes and amounts receivable from State Budget	10	154	106,907	2,024	106,907	1,918
Other current assets		158	77,129	1,460	57,207	1,027
		150	197,591	3,741	336,665	6,040
		100	9,377,087	177,527	9,037,543	162,144
<b>Non-current assets</b>						
<b>Fixed assets</b>						
Tangible fixed assets	11	221	21,111,296	399,679	22,740,266	407,983
- Historical cost		222	34,328,710	649,911	33,841,646	607,154
- Accumulated depreciation		223	(13,217,414)	(250,232)	(11,101,380)	(199,171)
Construction in progress	12	230	188,896	3,576	410,742	7,369
		220	21,300,192	403,255	23,151,008	415,352
<b>Long term receivables</b>						
Other non - current receivables		228	-	-	884,738	15,873
<b>Long term investments</b>						
Investments in associates	13	252	-	-	2,969,614	53,278
<b>Other non-current assets</b>						
Long-term prepaid expenses	14	261	1,432,197	27,114	1,467,213	26,323
Deferred tax assets	15	262	2,135,050	40,421	2,337,065	41,929
Other non-current assets		268	8,068	153	8,068	145
		260	3,575,315	67,688	3,812,346	68,397
		200	24,875,507	470,943	30,817,706	552,900
		270	34,252,594	648,470	39,855,249	715,044

	Notes	Code	31 December 2010		31 December 2009	
			USD	VND million	USD	VND million
<b>RESOURCES</b>						
<b>Liabilities</b>						
<b>Current liabilities</b>						
Short term borrowings and debts	16	311	15,334,594	290,315	14,126,867	253,450
Trade accounts payable	17	312	5,050,620	95,618	7,614,265	136,608
Advances from customers		313	249,998	4,733	367,608	6,595
Taxes and amounts payable to state budget	18	314	538,567	10,196	1,496,565	26,850
Payable to employees		315	444,303	8,412	431,786	7,747
Accrued expenses payable	19	316	464,741	8,798	676,597	12,139
Other payables	20	319	160,059	3,030	59,424	1,066
		310	22,242,882	421,102	24,773,112	444,455
<b>Long term liabilities</b>						
Long term deposits		331	1,255	24	1,255	23
Long term borrowings and debts	21	334	4,993,613	94,539	8,487,130	152,268
Deferred tax liabilities	22	335	115,209	2,181	81,221	1,457
Provision for severance allowance		336	122,134	2,312	117,627	2,110
		330	5,232,211	99,056	8,687,233	155,858
			27,475,093	520,158	33,460,345	600,313
<b>Owners' equity</b>						
<b>Capital sources and funds</b>						
Share capital	23,24	411	18,313,995	346,721	18,313,995	328,571
Share premium	23	412	4,082,759	77,295	4,082,759	73,249
Other reserves	23	419	(1,562,092)	(29,574)	(1,562,092)	(28,025)
Accumulated losses	23	420	(14,057,161)	(266,130)	(14,439,758)	(259,064)
		410	6,777,501	128,312	6,394,904	114,731
<b>Minority interest</b>						
Minority interest	25	439	-	-	-	-
		440	6,777,501	128,312	6,394,904	114,731
			34,252,594	648,470	39,855,249	715,044



## 4. INCOME STATEMENT

### 4.1. CONSOLIDATED INCOME STATEMENT IN 2010

	Notes	Code	Year ended		Year ended	
			31 December 2010		31 December 2009	
			USD	VND million	USD	VND million
Gross sales	26	01	55,610,913	1,052,826	58,121,172	1,042,752
Sales deductions	26	02	(1,427,294)	(27,022)	(2,515,849)	(45,137)
Net sales		10	54,183,619	1,025,804	55,605,323	997,615
Cost of sales	27	11	(41,362,168)	(783,069)	(44,092,069)	(791,056)
Gross profit		20	12,821,451	242,735	11,513,254	206,559
Income from financial activities	28	21	1,748,622	33,105	1,215,110	21,800
Expenses for financial activities	29	22	(3,261,430)	(61,745)	(6,112,961)	(109,673)
<i>Including: interest expense</i>		23	(1,855,247)	(35,124)		(50,112)
Selling expenses	30	24	(7,985,673)	(151,185)	(5,172,933)	(92,808)
General and administration expenses	31	25	(2,682,000)	(50,776)	(2,358,677)	(42,317)
Operating profit/(loss)		30	640,970	12,134	(916,207)	(16,439)
Other income	32	31	712,511	13,489	693,985	12,451
Other expenses	33	32	(734,880)	(13,912)	(1,305,561)	(23,423)
Profit/(Loss) before tax		50	618,601	11,711	(1,527,783)	(27,411)
Corporate income tax	35	51	-	-	-	-
Deferred income tax	35	52	(236,004)	(4,468)	(17,941)	(322)
Profit/(Loss) after tax			382,597	7,243	(1,545,724)	(27,733)
Minority interest		59	-	-	103,871	1,864
<b>Net profit/(loss) attributable to the shareholders of parent company</b>		60	382,597	7,243	(1,441,853)	(25,869)
Earnings (loss) per share – Basic & Diluted (USD/ VND thousand)	39	70	0.013	0.249	(0.049)	(0.888)

## 4.2. REPORT ON THE IMPLEMENTATION OF THE BUSINESS PLAN 2010

DESCRIPTION	Projected figure		Performed figure		+ / -		Note
	Year ended		Year ended				
	31-Dec-10		31-Dec-10				
	Million VND	%	Million VND	%	Million VND	%	
Gross sales	1,094,890		1,052,826		(42,064)	96.2%	
Sales deductions	(61,491)		(27,022)		34,469	43.9%	
Net sales	1,033,398	100.0%	1,025,804	100.0%	(7,594)	99.3%	1
Cost of sales	(818,631)	-79.2%	(783,069)	-76.3%	35,562	95.7%	2
Gross profit	214,767	20.8%	242,735	23.7%	27,968	113.0%	
Income from financial activities	11,438	1.1%	33,105	3.2%	21,667	289.4%	3
Expenses for financial activities	(37,485)	-3.6%	(61,745)	-6.0%	(24,260)	164.7%	4
<i>Including: interest expense</i>	(32,006)	-3.1%	(35,124)	-3.4%	(3,118)	109.7%	
Selling expenses	(84,068)	-8.1%	(151,185)	-14.7%	(67,117)	179.8%	5
General and administration expenses	(52,848)	-5.1%	(50,776)	-4.9%	2,072	96.1%	
Operating profit/(loss)	51,804	5.0%	12,134	1.2%	(39,670)	23.4%	
Other income	508	0.0%	13,489	1.3%	12,981		
Other expenses	(642)	-0.1%	(13,912)	-1.4%	(13,270)		
Profit/(Loss) before tax	51,670	5.0%	11,711	1.1%	(39,959)	22.7%	
Corporate income tax		0.0%		0.0%			
Deferred income tax	-	0.0%	(4,468)	-0.4%	(4,468)		
Profit/(Loss) after tax	51,670	5.0%	7,243	0.7%	(44,427)	14.0%	

In 2010, profit before tax of Interfood Shareholding Company archived 11.711 million VND, down 76.58% over the projected figure of 51.670 million VND. The main reasons lead to the company could not meet profit set as follows:

### 1/ Sales

'Basically, the net sales of the company reached 1,025,804 million VND, reaching 99.27% compared to the plan of 1,033,398 million VND. Such sales performance is relatively meet the plan.

### 2/ Cost of goods sold

Performed cost of goods sold amounted to 783.069 million VND, lower than the planned amount of 818.631 million VND, reaching 95.66% compared to the plan. Reduction of cost of goods sold causing by the company has implemented well the policies to maximize benefits from reducing cost of materials, labor and production costs and implemented policies of saving cost and improving production efficiency, Ratio of cost of goods sold in 2010 achieved 76.3% net sales, while the actual implementation ratio in 2009 was 79.29%.

Because of the performed sales mostly achieved the approved plan and cost of goods sold was lower planned cost so the company has achieved a gross profit of 242.735 million VND, achieving 113.02% of the approved plan.

**3/ Revenue from Financial activities**

Income from financial activities at 33.105 million VND in 2010 primarily related to income from revaluation of foreign exchange rate difference of 24.8 billion VND and profit from the liquidation of investments in Crown Dong nai (6.3 billion VND). Due to exchange rate fluctuations about 5.5% in 2010, led to the company's performance reached the target of income from financial activities which 289.43% higher than approved plan.

**4/ Expenditure from Financial activities**

Financial expenses in fiscal year 2010 related to loan interest expense of 35.1 billion VND and losses from assessment of FX rate difference about 26.5 billion VND. Interest expense increased 9.74% over the estimated cost of 32.006 million VND due to loan interest rates in 2010 higher than in 2009, but the company's total loans decreased.

**5/ Selling expenditure**

Selling expenses increased 79.84% mainly due to change the accounting of support to distributors in 2010, these amounts in prior years are accounted for sales reduction items.

## **5. REPORT OF THE BOARD OF MANAGEMENT AND BOARD OF DIRECTORS:**

### **1. General information of the company:**

Interfood Shareholding Company (formerly Interfood Processing Industry Ltd.) - Vietnamese name is Công ty Cổ phần Thực phẩm Quốc Tế (“the Company”) was established in SR Vietnam for a period of 50 years pursuant to Investment License No. 270/GP, dated 16 November 1991. The Company was wholly owned by Trade Ocean Holdings Sdn. Bhd., a company incorporated in Malaysia.

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.

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.

On 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.

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

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In 2006, The Company removed its head office and main activities to new factory at Tam Phuoc Industrial Zone, Bien Hoa City, Dong Nai Province.

On 17 October 2006, the Company listed the 3,620,560 new shares mentioned above on the Ho Chi Minh City Securities Trading Centre. Shares listed under “IFS” code at HOSE.

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Also during late 2009, the Company ceased operations at its factory located in the urban area of Bien Hoa City, and relocated all production lines, equipment and inventory to its factory in Tam Phuoc Industrial Zone.

In 2009, Company disposed its 70% contributed capital at Interfood Packaging Limited to Crown Packaging Investment Pte.Ltd and became a minority shareholder holding 20% contributed capital of this company. Subsequently, Interfood Packaging Limited was renamed Crown Beverage Cans Dong Nai Ltd. ("Crown Dong Nai").

In 2010, Company disposed its remained 20% contributed capital at Crown Beverage Cans Dong Nai Ltd. ("Crown Dong Nai") to Crown Packaging Investment Pte.Ltd

In March 2011, Kirin Holdings Company Limited ("Kirin") acquired all shares of Trade Ocean Holding Sdn Bhd. ("TOH"). Through TOH, Kirin held 57.25% shares in the company. Kirin - a public company listed on the Tokyo Exchange, is one of the largest beverage companies in the region.

As at 31 December 2010, the Group of companies had 1,267 employees (2009: 1,228 employees)

## 6. ORGANIZATION AND HUMAN RESOURCES

### LIST OF KEY PERSON OF THE COMPANY

#### 6.1.a. Board of Management:

Item	Name in full	Position	Appoint	Resign
1	PANG TEE CHIANG	Chairman	15/08/2006	31/05/2011
2	NGUYỄN THỊ KIM LIÊN	Member	15/08/2006	
3	PANG TZE YI	Member	15/08/2006	14/03/2011
4	TENG PO WEN	Member	15/08/2006	14/03/2011
5	YAU HAU JAN	Member	15/08/2006	11/01/2010
6	PANG TZE WEI	Member	28/08/2010	
7	RYOICHI YONEMURA	Member	14/03/2011	
8	HIROSHI FUJIKAWA	Member	14/03/2011	
9	MICHIO NAGABAYASHI	Chairman	31/05/2011	

#### 6.1.b. Board of Directors:

Item	Name in full	Position	Appoint	Resign
1	PANG TEE CHIANG	General Director	15/08/2006	23/05/2011
2	YAU HAU JAN	Deputy General Director	15/08/2006	11/01/2010
3	PANG TZE YI	1 <sup>st</sup> Deputy General Director	11/01/2010	14/03/2011
4	NGUYỄN THỊ KIM LIÊN	Director	15/08/2006	
5	PANG TZE WEI	2 <sup>nd</sup> Deputy General Director	29/08/2010	23/05/2011
6	MICHIO NAGABAYASHI	General Director	23/05/2011	
7	HAJIME KOBAYASHI	Director	23/05/2011	
8	KAZUFUMI NAGASHIMA	Director	23/05/2011	
9	HIDEFUMI MATSUO	Director	23/05/2011	

**6.2. Curriculum vitae of Managing Board and Director of Board****CURRICULUM VITAE**

1. Full name: **MICHIO NAGABAYASHI**
2. Gender: Male
3. Date of birth: October 14 1964
4. Place of birth: Tokyo – Japan
5. Nationality: Japan
6. Race: Japanese
7. Nativebirthplace: Tokyo, Japan
8. Permanent address: 1-18-21 Minami Oizumi Nerimaku Tokyo Japan
9. Office phone No: + 083 8277226
10. Education: University
11. Qualifications:
12. Working experience: (give a brief summary of working places, positions taken, career):
  - /Deputy Manager marketing Department Kirin
  - /Temporary Transfer French Alcohol Company
  - /General Manager Regional Department of Miyazaki Prefecture Kirin
13. Present position: Chairman cum General Director of Interfood Shareholding Company

**CURRICULUM VITAE**

1. Full name: **RYOICHI YONEMURA**
2. Gender: Male
3. Date of birth: August 15, 1959
4. Place of birth: Hokkaido, Japan
5. Nationality: Japan
6. Race: Japanese
7. Nativebirthplace: Hokkaido, Japan
8. Permanent address: 16-1 Matsukazedai, Aoba-ku, Yokohama-City, Kanagawa, Japan
9. Office phone No: +81 3 5540 3587
10. Education: University
11. Qualifications: Bachelor of Commerce and Management

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12. Working experience: (give a brief summary of working places, positions taken, career):

General Manager

Finance and Accounting Department

Kirin Business Expert Company, Limited

13. Present position:

General Manager Strategy Planning Department

Kirin Holdings Company, Limited

Member of BOM of Interfood Shareholding Company

## **CURRICULUM VITAE**

1. Full name: **HIROSHI FUJIKAWA**

2. Gender: Male

3. Date of birth: May 6<sup>th</sup>, 1963

4. Place of birth: Tokyo, Japan

5. Nationality: Japan

6. Race: Japanese

7. Nativebirthplace: Tokyo, Japan

8. Permanent address: 6-18, Sotokanda, Chiyoda-ku, Tokyo, Japan

9. Office phone No: +65 6832 5084

10. Education: University

11. Qualifications: Bachelor of Law, Politics

12. Working experience: (give a brief summary of working places, positions taken, career):

Deputy General Manager

Strategy Planning Department

Kirin Holdings Company, Limited

13. Present position:

Managing Director of Kirin Holdings Singapore

Member of BOM of Interfood Shareholding Company

## **CURRICULUM VITAE**

1. Full name: **HIDEFUMI MATSUO**

2. Gender: Male

3. Date of birth: October 25 1972

4. Place of birth: Kanagawa

5. Nationality: Japan

6. Race: Japanese

7. Nativebirthplace: Kanagawa, Japan

8. Permanent address: 4-50-9-2 Kamiasao, Asao-ku, Kawasaki City, Kanagawa, Japan



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9. Office phone No: +84 61 351 1138
  10. Education: University
  11. Qualifications: Bachelor of Economics
  12. Working experience: (give a brief summary of working places, positions taken, career):
    - /Deputy Manager of Finance Section
    - Finance and Accounting Department
    - Kirin Group Office
  13. Present position: Director / Finance Controller of Interfood Shareholding Company

## **CURRICULUM VITAE**

1. Full name: **NGUYỄN THỊ KIM LIÊN**
2. Gender: Female
3. Date of birth: 26/06/1967
4. Place Of Birth: Nam Định, Vietnam
5. Nationality: Vietnam
6. Race: Kinh
7. Native Birthplace: Quang Nam, Vietnam
8. Permanent address: 123/17/8 Quốc Lộ 1, Biên Hòa, Đồng Nai, Việt Nam
9. Office phone No: 061-511138
10. Education: University
11. Qualifications: Ho Chi Minh City - Economic University graduated, Subject: Accounting;  
Chief accountant certificate issued by Ho Chi Minh City - Economic University
12. Working experience: (give a brief summary of working places, positions taken, career):

. 1990 – 1992	Thong nhat Textile Factory	Accountant
. 1992 – 1994	Interfood Processing Industry Ltd.	Account executive
. 1995 – 2003	Interfood Processing Industry Ltd.	Chief accountant
. 2003 – present	Interfood Processing Industry Ltd.	Finance Manager
. 11/2001- present	Interfood Processing Industry Ltd.	Member of Board of Directors (Interfood Shareholding Company)
. 9/2005 – present	Interfood Processing Industry Ltd.	Member of Board of anagement) (Interfood Shareholding Company)
13. Present position: Director / Member of Managing Board of Interfood Shareholding Company

**CURRICULUM VITAE**

1. Full name: **PANG TZE WEI**
2. Gender: Male
3. Date of birth: June 8 1988
4. Place of birth: Malaysia
5. Nationality: Malaysian
6. Race: Chinese
7. Native birthplace: Malaysia
8. Permanent address: 30 Cangkat Minden Jalan 1, 11700 Gelugor, Penang, Malaysia
9. Office phone No: +84 8 3827 7226
10. Education: University
11. Qualifications: Simon Fraser University  
Bachelor of Business Administration, Concentration Finance
12. Working experience: (give a brief summary of working places, positions taken, career):  
**TRADE OCEAN HOLDINGS SDN BHD**  
Director (2008 - Present)  
**INTERFOOD SHAREHOLDING COMPANY**  
Special Assistant to the Chairman (2006 - 2010)  
Deputy General Director / Member of BOM of Interfood Shareholding Company (2010 - 23/05/2011)
13. Present position: Member of BOM of Interfood Shareholding Company

### 6.3. Control Board

Item	Name in full	Position	Appoint	Resign
1	THÁI THU THẢO	Chief	28/09/2009	
2	SAW HENG SOO	Member	28/09/2009	30/07/2011
3	LÂM QUYỀN QUÝ	Member	28/09/2009	30/07/2011
4	HAJIME KOBAYASHI	Member	30/07/2011	
5	KAZUFUMI NAGASHIMA	Member	30/07/2011	

### 6.4. Curriculum vitae of Control board

#### CURRICULUM VITAE

1. Full name: **THÁI THU THẢO**
2. Gender: female
3. Date of birth: 23/7/1966 (July 23rd, 1966)
4. Place of birth: Saigon
5. Nationality: Vietnamese
6. Race: Kinh
7. Native birthplace: Go Vap dist., HCMC
8. Permanent address: 487/56 Le Quang Dinh Street, Ward 1st , Govap Dist., Hochiminh City
9. Office phone No: (84).8.38275711
10. Education: University
11. Qualification: University, Accounting – Financing
12. Working experience: give a brief summary of working places, positions taken, career:
  - 1989 – 1992: Deputy Chief Accountant - Linh Xuân Company
  - 1992 – 1993: Chief Accountant - Lotus College.
  - 1993 – 1997: General Accountant- Triumph International Vietnam Ltd.
  - 1998 – 2000: Chief Accountant -Business Manager – Intraco- informatics Vietnam College
  - 2000 – 2003: Chief Accountant- Asphalt Distribution Company
  - 2003 – present: Financial Director cum Chief Accountant – Saigon RDC Co., Ltd
13. Present position: Financial Director cum Chief Accountant - Saigon RDC Co.,Ltd.  
Chief of Control Board of Interfood Shareholding Company

#### CURRICULUM VITAE

1. Full name: **HAJIME KOBAYASHI**
2. Gender: Male

3. Date of birth: July 5, 1965
4. Place of birth: Nagano, Japan
5. Nationality: Japan
6. Race: Japanese
7. Nativebirthplace: Nagano, Japan
8. Permanent address: 3-5 Namamugi, Tsurumi-ku, Yokohama-City, Kanagawa, Japan
9. Office phone No: +84 61 351 1138
10. Education: University
11. Qualifications: Bachelor of Economics
12. Working experience: (give a brief summary of working places, positions taken, career):  
Deputy General Manager  
Strategy Planning Department  
Kirin Holdings Company, Limited
13. Present position: Director/General Manager of Corporate Planning of Interfood Shareholding Company.

## **CURRICULUM VITAE**

1. Full name: **KAZUFUMI NAGASHIMA**
2. Gender: Male
3. Date of birth: 25 March 1966
4. Place of birth: Fukuoka, Japan
5. Nationality: Japan
6. Race: Japanese
7. Nativebirthplace: Tokyo, Japan
8. Permanent address: 22-33 Imayakami-cho, Kashiwa-City, Chiba Pref., 277-0074, Japan
9. Office phone No: +84 61 351 1138
10. Education: University
11. Qualifications: Master Degree
12. Working experience: (give a brief summary of working places, positions taken, career):  
/R&D Staff, Packaging Development Department, Kirin  
/Loughborough University of Technology in UK  
/Senior Staff of Brewing and Utility Section, Kobe Plant, Kirin  
/Senior Staff of Packaging section, Toride Plant, Kirin.  
/Manager of Production & Quality Section, Production & Quality Control Dept. Kirin.  
/Manager of Packaging Section, Okayama Plant, Kirin
13. Present position: Director/General Manager of Factory of Interfood Shareholding Company.

**6.5. REPORT OF SETTMENT OF REMUNERATION FOR MANAGING BOARD  
AND CONTROL BOARD IN 2010**

No	Full name	Position	Đvt (Unit)		VND
			Remuneration per month	Service months	Total remuneration
<b>a/ Managing Board</b>					
1	PANG TEE CHIANG	Chairman	5,000,000	12	60,000,000
2	NGUYEN THI KIM LIEN	Member	5,000,000	12	60,000,000
3	PANG TZE YI	Member	5,000,000	12	60,000,000
4	TENG PO WEN	Member	5,000,000	12	60,000,000
5	PANG TZE WEI	Member	5,000,000	4	20,000,000
	<b>Total</b>				<b>260,000,000</b>
<b>b/ Control Board</b>					
1	THAI THU THAO	Chief	5,000,000	12	60,000,000
2	SAW HENG SOO	Member	3,000,000	12	36,000,000
3	LAM QUYEN QUY	Member	3,000,000	12	36,000,000
	<b>Total</b>				<b>132,000,000</b>
<b>C/ Gross salary and other benefit</b>					
1	Parent Company – IFS				<b>7,675,720,062</b>
2	Subsidiary Company – AVA				<b>1,843,726,368</b>
	<b>Total</b>				<b>9,519,446,430</b>
<b>Grant total</b>					<b>9,911,446,430</b>

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## **7. FLUCTUATIONS AFFECTING TO THE BUSINESS RESULTS OF THE COMPANY IN 2010**

### **In the world:**

The world market and economy is still in the “post-periods” of the economic recession and financial crisis in the world; the U.S. economy slowly recovered, the European market expressed and is spreading affect from the crisis of public debt in Greece. Currency market is unfolded complicatedly and there are some stressful times, the relationship between currency exchange rates of major economies to reflect trends of extremist policies of each country, the country can not find out the control mechanisms of international currency is consensus and avoid the common risks, the dollar continued the price reducing policy; oil prices increased step by step and gold prices increased suddenly, the euro depreciated, the Chinese Yuan (RMB) was adjusted but the adjustment did not increase significantly and more and more important impact.

### **In Vietnam:**

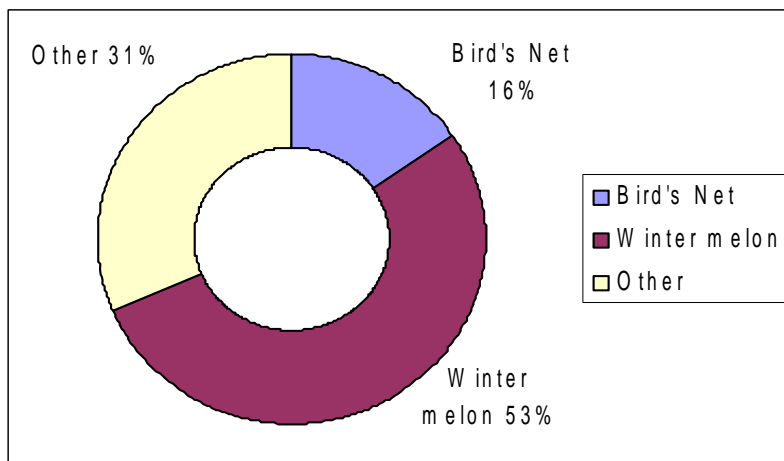
In 2010 with many fluctuations in economic and politics in the world has a great influence on other countries - including Vietnam. Inflation in 2010 was 11.75%, exceeding targets set by the Vietnam Government, directly affected the business results of many enterprises - including Interfood Shareholding Company.

Vietnamese economic slowdown had been prevented, the domestic market and enterprises began to recover, but the deficit was high. Inflation was been "restraint" in the year beginning but the prices started increasing since the third quarter; the potential risk has been hyperinflation. USD/VND exchange rate has been adjusted slightly; recurrence status was differences between the official exchange rate and free transactions from 4<sup>th</sup> quarter in 2010, interest rates of borrowing and lending increased material from the year ending. Raw material price increased up to 25% compared to 2009.

Stock market trading volume has increased in the first quarter, but gradually decreased to the end of third quarter 2010 due to uncertainties of the global economic and stocks markets, the macro environment was unstable and the domestic monetary policies were not effective, and also due to the effects of pricing speculation in the market, as investors moved cash flow into other channels with more attractive when the stock was put on as much. As a "barometer", the Vietnam stock market index showed that although VN economy is recovering but still has many uncertainties. The year-end stock market index was recovered closer with the value of the beginning of 2010.

### **In Interfood**

The company has focused on re-planning of products, reduced production of products that have no competitive advantage. Focus on building two major products of Winter Melon Tea, Bird's Nest, through the upgrading of product quality, image-building and increase the presence in shops, as well the customer service, united price management to reduce on price conflict of channels, penetrate new distribution channels such as agencies, schools, hospitals ... The result created a firm position for two product lines of Winter Melon Tea and Bird's Nest.



In this context, the company had faced the changes and inflation in the economy to overcome the difficulties of 2010, core business activities of the company was still positive with strongly support from the brand. Despite financial crisis, the company grew revenue of 3% in 2010. At the same time the cost of sales decreased 1%, along with cut off some other expenses showing the company has been recovery and development.

In terms of investment in 2010, the company has achieved gains of 10% of the total initial investment equivalent to 300,000 USD from the successful disposal of 20% investment interest in Crown Beverage Cans (Dong Nai) limited ("Dong Nai Crown").

#### **7. 1. Main factors affected to turnover:**

After balancing the investment resources, the BOM decided to postpone investment for new products in 2010 in which priority focus on investment for advantaged products such as Winter Melon Tea, Bird's Nest, and kind of fruit drinks to create the product lines strongly before expanding investment into other products.

In 2010, the company was still faced difficulties such as the effects of high inflation, the unstable exchange rates and prices of key raw materials increased sharply from 6% - 36% (sugar, aluminum cans, Carton ...) while the pressure of competition from strong competitors does not allow the company to adjust selling price, result of profit before tax in 2010 archived US\$618.601 only.

The company has managed to focus on raw materials and packaging - including special attention to raw materials, packing with high volume such as sugar, cans, bottles, carton, etc. ... to get the best price in the context of price increases continuous in recent years. In addition, the Company continued focus strongly on investing in long-term strategy, such as recovery and re-plan of the distribution system and supporting their activities.

According to assessment of our company, 2010 is the most successful year compared to last 3 years: from losses of US\$ 15,403,881 in 2008 reduced losses of US\$ 1,441,853 in 2009 and earning net profit of US\$ 382.597 in 2010, mainly efforts by better management on selling expenses, administrative costs, along with contributions from financing activities.... The company has gradually overcome the most difficult phase, the current operations of the company is gradually

being improved and developed, the company's Directors Board is cooperating with the Managing Board to reform and improve the performance of the Company. The Managing Board has confident to assess the good development in the future of company.

## **7.2. Main factors affected to Expenditure and profit of the company**

### **7.2.1. Manufacturing and trading activities**

The rising cost of living was the cause of high inflation; the Company has maintaining adjustment of salary increase for workers, so labor costs of the company in 2010 increased approximately 22% comparing to 2009.

- Due to the fluctuation of fuel oil price in the country and in the world, fuel oil cost, transportation fees ... also increased from 2% to 60%.

- Cost of main raw materials such as: sugar, coconut, winter melon, white fungus... increased from 9% to 155%.

- Specially, plastic packaging, carton appropriated high ratio of the manufacturing cost also increased from 25% to 34%

- The expenditure relating to distribution of products such as market development, promotion, training, salary, allowance and commission of the sales team... increased approximately 135%

### **7.2.2. Financing activities:**

- The main supporting bank - Vietcombank Dong Nai has restructured part of short-term loans into medium-term loans of 3.5 years and has committed financial support to the Group for next five years.

- Chairman of Boards has supported the Group via a medium-term loan of USD5.5 million for 5 years.

- In addition, the Company has obtained a financial support commitment from the Parent company to maintain its operations in bad situations.

- Current liquidity ratio (current assets / short-term payables) of year 2010 was 0,42 times and increased 16.6% comparing to year 2009 (0,36 times).

- The company has accessing the loans with reasonable interest rates of short-term loans in VND from 12% to 15.5% per year, and 6% -7% per year for loans in U.S. dollars.

### **7.2.3. Investment activities:**

The Company was successful on disposal of its 20% investment interest in the charter capital of Crown Beverage Cans (Dong Nai) Limited ("Crown Dong Nai") for a consideration equivalent to US\$3,300,000, to Crown Packaging Investment Pte. Ltd, being a premium of 10% to the total initial investment value, after consideration of pricing determined and negotiated by the Managing Board. The disposal is to raise fund for the company working capital.



### **7.3. Advantage factors:**

- WONDERFARM product lines meet the predilection of modern consumers "*products from natural and being profitable for health of human*".
- Superiority in quality, design and to meet the needs of customers.
- Ownership of production technologies, modern production lines of the beverage, cakes and canned food products.
- Wonderfarm Products close to consumers in Vietnam, but unique because it is bottled or canned in the special production conditions to retain nutrients, beneficial to the body-health.
- WONDERFARM products are sold at more than 91,000 retail outlets all the country and we continue to grow and expand distribution networks to ensure greater penetration into the market.
- Strengthening strategic partnerships with sustainable suppliers, ensuring a stable and reliable source of materials with the most competitive prices in the market
- Keeping modernization of the equipment of production, technology and continuously improve productivity and reduce overhead production costs. The Company continues to control the cost structure to make the most reasonable product price and face the increasing competition in the market.
- The traditional products such as Winter Melon, Bird's nest, Aloe Vera drink, assorted cakes, canned food, ... combined with modern products such as kinds of Green Tea and Herbal Tea ... all products are bottled, canned or boxed and they are advantageous to consumers. The company has combined all the advantages of the elements of quality, design and price range to create a strong brand of Wonderfarm as today;
- All mentioned advantageous factors above quickly create customers' interest for WONDERFARM Brand; Brand image is friendly, loving and having confidence for the product line of the beverage, cakes and other canned food.

### **7.4. The cost-control policies**

- Strictly control of revenues and expenditures, payments, monitoring of debt and frequently gather information, assess the financial situation of customers, managing and coordinating cash flow well to ensure financial balance for the activities as per approved planning / expenditure plan
- Strictly control of the use, input and output of inventory of raw materials, technical materials, semi-finished and finished products.
- Update and supply information of actual costs (rapid changes in the cost of raw materials, electricity, labor ...) as a basis for building competitive price and actual cost analysis to evaluate the effectiveness of the each product.
- All departments and production factory established acting plan to save electricity, petroleum, water, manpower, materials, stationery, transportation fee, delivery fees, reduce the waste material, reduce identified wastes so that contribute to decrease manufacturing cost and other operation costs.
- Set up checking mode, information, response, report to detect in order to correct immediately link to specific responsibilities and authorities of each management.

***BOM and BOD have decided to cut down:***

- Selling expenses, General and administration expenses: the management apparatus reduced but ensuring corporate control, administration and management capacity, improving the scientific, rational and standard work processes, application of professional management software.

- Improving the preparation and production plan to reduce inventory: saving the costs involved such as cost of materials handling, obsolescence, loss ... reduce the number of inventory also help the company to reduce the amount of significant interest expense for the value of unsold inventory has not circulated in time

- Financial expenses: Conversion of high-interest loans into low-interest loans, short-term payables converted into medium-term loans; increasing the turnover of capital, reducing the inventory to reduce outstanding loans.

**7.5. Policies, methods to maximize retained earning as below:****\* Financial polities**

- Strengthen the Corporate governance and risk management in order to reduce the able loss for company and shareholders.

- To control the balance of capital strictly, ensure the financial status being stable, healthy and restructure capital, concomitantly capitalize properties reasonably.

- To organize, analyze, evaluate, control the expenses, investment operation before carrying out in order to save cost and improve the effect of capital usage.

- Strengthen the forecast activities and frequently internal control as rate of progress and rate of using budget to ensure the usage of capital according to the aim of operation activities of business.

- Do well in the forecast activities on fluctuation of price, market, capital in order to reasonable storage activities of raw material & package material.

- Continue expanding the relationship with Credit organization, Bank; do research and explore channels creating capital in order to increase the financial potential of business to meet the need of long-term capital for investment projects.

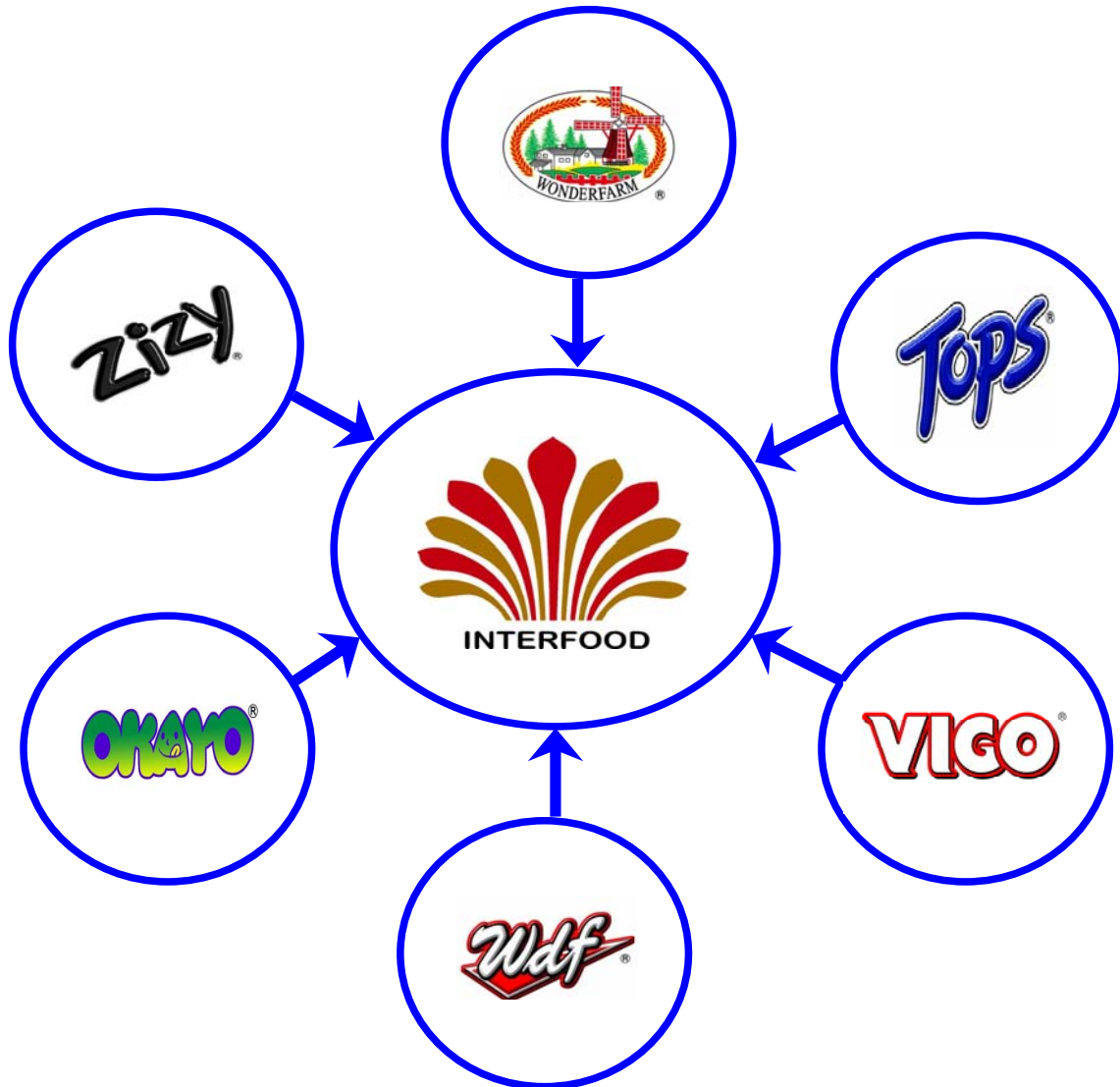
- Suitable Balance of stock to reduce outstanding short-term loans equal to lower borrowing costs.

**\* Customer Relations Policies**

Customer Service Department have been set up and operated very efficient with the task: to combine with the Marketing Department with implementation of customer care programs, receiving and resolving queries, and advice customers about the product.

**8. LIST OF TRADEMARKS**

**SIX TRADEMARKS UNDER ITS WINGS**



## 9. SOME PRIMARY PRODUCTS OF THE COMPANY

	<p>Danish Butter Cookies</p>		<p>Cream Wafer</p>
	<p>Canned Pineapple Juice drink (330ml)</p>		<p>Okayo Wafer with Cream</p>
	<p>Canned Passion Fruit Drink (330ml)</p>		<p>Bird's Nest (250ml)</p>
	<p>Canned coffee (250ml)</p>		<p>Canned Green Grass Jelly Drink (330ml)</p>
	<p>Canned Tamarind Drink (330ml)</p>		<p>Canned Winter melon tea (330ml)</p>

**\* Product Policy**

Continuing research and maintain the new product development trends and demands of the market *"products from natural and being profitable for health of human"*.

Investment in order to expand production and business the healthy beverage of consumers through WONDERFARM trade mark to meet growing consumer trends for the beverage from natural and beneficial to human health;

**\* Distribution channel**

Designing a new distribution of high autonomy, to ensure the increase and maintain coverage with intensive retail operations and achieve best results, this model will continue to expand into the region nation wide in 2011. On the other hand, strongly focus on investment in research Marketing planning and positioning of products, planning the flagship product line with high potential such as Winter melon tea, Bird Nest, Green Tea, Fruit Juice ... as well as investing into marketing tools to best support for selling activities. The company has also controlled the selling costs better by assigning sales targets and evaluation and monitoring of promotions in order to improve efficiency and reduce waste.

New distribution designs were highly active, ensured the increase and maintain the cover by retail operations and get the very good results. This design continued enlarging in other sections over the country in 2011. By the hand, also focused in investing the main products with high potential such as Winter Melon Tea, Bird's nest, Green Tea, Fruit drink...and investing for marketing tools with aim to support best the sale operations. Company also controlled well the sale costs by assign scheduled figures, concomitantly verify, monitor the promotion programs in order to increase the efficiency and reduce waste.

From its establishment, the Company has implemented development strategy based on the distribution system of Tradition and Modern. With centralized and unified management under the general policy, through the distribution system, Interfood has controlled the quality of the products to final consumers. This has created strong belief for the products of Interfood.

Distribution channel is a tool to leverage for increased coverage of goods, bringing the products to consumers.

Moreover, over 19 years of development, distribution systems across the country has become a major advantage of Interfood direct access to consumers, flexible sales policies to generate stable cash flow. In the recent economic crisis period, traditional and modern distribution systems as promoting the strategic role, maintaining liquidity in Interfood to create a stable base of production and exploit investment opportunities, catch the market when the economy is showing recovery signs.

The network's distribution system of Interfood coverage nationwide by the end of 2010 is over 91.000 large and small retail outlets.

In 2010, Interfood has also reforming the structure of the distribution system towards standard

## Domestic Market

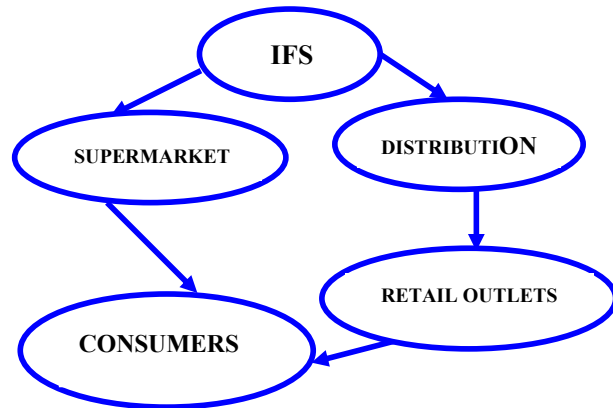
Domestic sales represent over 95,72% of the total turnover of the Company and is the main focus market in the Company's strategic business plan. Products are distributed to consumers through two channels:

### **Tradition channel**

**Distribution → retail outlet → consumers**

### **Modern channel**

**Metro and Supermarkets → consumers**



## Oversea market:

Export earnings proportion is about 4.28% of total revenue of the Company. Main export markets are the company's Asia, Australia, America, Europe...

Continue to maintain and expand business with existing customers; the company also actively exploited new markets in different countries and regions. The Company has often sent its managers to survey the demands of overseas customers to better understand the market situation and develop good relationships with customers.

## Dividends

The Company has not declared and allocated dividend for year 2010 due to profit arisen in 2010 would be recovered losses of previous years and added working capital.

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## **10. INVESTMENT AND DEVELOPMENT STRATEGY**

### **10.1. Implemented Projects**

- The Company was successful on disposal of its 20% investment interest in the charter capital of Crown Beverage Cans (Dong Nai) Limited (“Crown Dong Nai”) for a consideration equivalent to US\$3,300,000, to Crown Packaging Investment Pte. Ltd, being a premium of 10% to the total initial investment value, after consideration of pricing determined and negotiated by the Managing Board. The disposal is to raise fund for the company working capital.

- In 2010, The Company restructured capital sources and loans effectively in order to increase cash flow and property.

- In Dec 2010, the investment project in Northern Interfood Shareholding Company has completed the termination procedure because the Company could not arrange capital funding for the investment project

### **10.2. Development Strategy in 2010**

**10.2.1. Continue to pursue the objectives of the company is "maximizing shareholder value" and business development strategy based on key elements of 2011 as follows:**

Marketing effectively with the competitive price in order to have enough orders in base with priority over export orders and select local orders effectively to manufacture.

Strictly control to save energy, material, against waste; carried out synchronously the program of reduction in waste material & against mistakes effectively – focus in the key stages.

Continue using all kinds of raw materials, package materials effectively in order to decrease the manufacturing cost but still assure the technical parameters and quality of products; strictly controlling the quality of provision of incoming material, the norm using materials for production.

Closely control of the supply activities and there are reasonable measures of price and volume purchasing of raw materials in the context of increasing raw material prices and changing fast of Foreign exchange rate of USD and VND,

Focus on financial risk management, good controlling cash flow, monitoring the trends of FX rates to exploit the advantages of foreign currency from export; regularly review of the actual cost in order for selection and adjustment conformity of production costs and selling prices.

Monitoring and updating information regularly on financial & economy policies of the countries and Vietnamese Government, the pricing (inputs and outputs), marketing and client companies, from which issuing the decisions flexibly and timely, specific, consistent with the objective / subjective conditions and best effective.

- Investment in developing a Tradition distribution system and the Modern distribution system.
- Diversified product: To extend the scope of our products by developing new products.
- To develop strong and friendly brands.

- To promote the image of our brand development and marketing of new product lines are all kinds of tea and juice products for health benefits designed plastic packaging (PET bottles).
- To implement innovative marketing programs, diversity, effective for building brand Interfood system more powerful, creating reliable, consumer-friendly in the field of beverage and food products.
- To increase profitability and competitiveness by implementing a plan to save costs but quality is not changed simultaneously with the research and product development;
- Investment in human resources by training and retaining talent through employee are guaranteed income and employment. Their material life and spirit to always improve their work safely and promote innovative, proactive work.

### **10.2.2. Synergies of strategy between Kirin and Interfood**

#### **Clear strategy**

- Implement clear corporate strategy synchronized with Kirin Group's vision.
- Implement well established communication structure to share new corporate strategy and vision in Interfood.

#### **Product development/ Technology-related**

- Utilizing Kirin Group's technical expertise combined with customer relationship to support product development.
- Strong support for product development of green tea, black tea, mineral water, carbonated drinks and other products can be provided.
- Technical support relating to production technology, packaging, production facility and quality control.

#### **Well established Supply Chain System (SCM)**

- Implement well established information sharing mechanism between Sales and Production to enhance Interfood's SCM capability.
- Introduction of the Kirin Group's knowledge and experiences to achieve further progress in the quality of products and reduction of production cost.

#### **Joint procurement**

- Joint procurement of ingredients to secure a stable supply and reduce costs.

#### **Supporting the building of "Modern Trade" distribution channel**

- Provision of sales-related know-how which Kirin Group has accumulated through its distribution of products through a wide range of channels (supermarkets, discount stores, convenience stores, etc.) under a competitive market environment in Japan.

#### **Enhance marketing capability**

- Implement well established marketing mechanism.
- Enhance promotion activities.

#### **Human resource development**

- Provision of human development support
- Fostering experts and specialists who are committed to high quality and safety of products.



- Supporting skill development of Interfood’s employees through personnel exchanges, etc.

**10.2.3. Roadmap of 3 step approach for collaboration between Kirin and Interfood**

- This program will follow 3 step approach to enhance Interfood’s business by leveraging Kirin Group capability by end of year 2012.
  - Step 1: Start Collaboration.
  - Step 2: Synergy In-place
  - Step 3: maximize leverage of Kirin Group’s Capability.

<b>End of June</b>	<b>End of 2011</b>	<b>End of 2012</b>
<ul style="list-style-type: none"> <li>▪ New strategy and organization to be in-place.</li> <li>▪ Corporate Value-up Team to be established</li> <li>▪ All Interfood’s people to have clear understanding and same view on the strategy as well as the roadmap towards year 2012</li> </ul>	<ul style="list-style-type: none"> <li>▪ Planed value-up initiatives to be implemented</li> <li>▪ Collaboration within Kirin Group to be realized</li> </ul>	<ul style="list-style-type: none"> <li>▪ Leverage Kirin Groups capability to maximize Interfood’s business</li> <li>▪ Maximize efficiency within the South East Asia region by utilizing Kirin Group capability to deliver high performance (eg. Shared service, centralized procurement etc)</li> </ul>

## 11. BUSINESS OPERATION PLANNING IN 2011

Code	DESCRIPTION	2010		2011	
		USD	VND million	USD	VND million
1	Sales	55,610,913	1,052,826	45,203,690	932,010
3	Less deductions	-1,427,294	-27,022	-203,690	-4,200
10	Net sales	54,183,619	1,025,804	45,000,000	927,810
11	Cost of sales	-41,362,168	-783,069	-34,345,928	-708,144
20	Gross profit	12,821,451	242,736	10,654,072	219,666
21	Finance income	342,439	6,483	863,893	17,812
22	Finance expenditure	-1,855,247	-35,124	-1,430,798	-29,500
24	Selling expenses	-7,985,673	-151,185	-7,949,073	-163,894
25	General & administration expenses	-2,682,000	-50,776	-2,087,999	-43,050
	Total expenditure	-12,180,481	-230,601	-10,603,978	-218,633
30	Operating profit	640,970	12,135	50,094	1,033
40	Net other income	-22,369	-423	48,906	1,008
50	Net profit /(loss) before tax	618,601	11,711	99,000	2,041
51	Business income tax - current				
52	Business income tax - deferred	-236,004	-4,468		0
60	Net profit / (loss) after tax	382,597	7,243	99,000	2,041

### 2011 Business Plan Outline

1. Because the soft drink market has been more competitive and customer's preference has widely varied, the first half sales dropped sharply, so we estimate 2011 net turnover will be 45M USD, decreasing about 17% comparing to 2010.
  2. In the 2<sup>nd</sup> half, in order to stop the slide of sales in our 1<sup>st</sup> half, we do our best to shore up our main product "winter melon tea", strengthen measures to appeal to consumers directly, and brush up all products' quality.
  3. We also continue to save cost and change financing for improving our performance.
  4. As a result, we will keep net profit USD99,000 in 2011 business plan.
  5. And we are beginning serious consideration of collaboration with Kirin Group companies to generate our synergies.
  6. We are now challenging to improve IFS. We should break away from the old family-management style and grow more as one of Kirin Group companies.
- This year we will focus on changing and developing the management basis for our future growth.

## 12. FINANCIAL INDICATORS OF BUSINESS

Content	Unit	2010	2009
<b>Assets structure and capital structure</b>			
<b>Assets structure</b>			
Fixed assets/total assets	%	<b>72.62</b>	77.32
Current assets/total assets	%	<b>27.38</b>	22.68
<b>Capital structure</b>			
Liabilities/total resources	%	<b>80.21</b>	83.95
Owners' equity/ total resources	%	<b>19.79</b>	16.05
<b>Liquidity</b>			
Total assets/liabilities	times	<b>1.25</b>	1.19
Current ratio	times	<b>0.42</b>	0.36
Quick ratio	times	<b>0.01</b>	0.01
<b>Profitability</b>			
<b>Loss/net sales</b>			
Loss before tax/net sales	%	<b>1.14</b>	(2.75)
Loss profit/net sales	%	<b>0.71</b>	(2.78)
<b>Loss/total assets</b>			
Loss before tax/total assets	%	<b>1.81</b>	(3.83)
Net loss/total assets	%	<b>1.12</b>	(3.88)
<b>Net loss/owners' equity</b>	%	<b>5.65</b>	(24.17)

### 13.SHAREHOLDERS AND SHARES STRUCTURE

#### 13.1. SHAREHOLDERS STRUCTURE

Particular	Domestic shareholders		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</b>	<b>0.000%</b>		<b>0.000%</b>		<b>0.000%</b>
- Proxy shareholders						0.000%
- Granted shareholders						0.000%
- Other shareholders						0.000%
<b>2. Special shareholders</b>	<b>12,860</b>	<b>0.044%</b>	<b>24,304,697</b>	<b>83.404%</b>	<b>24,317,557</b>	<b>83.448%</b>
- Managing Board	12,000	0.041%			12,000	0.041%
- Board of Directors						0.000%
- Control Board	860	0.003%	1,200	0.004%	2,060	0.007%
- Founding shareholders			24,303,497	83.400%	24,303,497	83.400%
<b>3. Shareholders working in the Company</b>	<b>0</b>	<b>0.00%</b>	<b>8</b>	<b>0.00%</b>	<b>8</b>	<b>0.000%</b>
- Fund shares			8	0.000%	8	0.000%
- Preferential shareholders						0.000%
<b>4. Other Shareholders</b>	<b>3,735,778</b>	<b>12.820%</b>	<b>1,087,649</b>	<b>3.732%</b>	<b>4,823,427</b>	<b>16.552%</b>
<b>Total owned equity</b>	<b>3,748,638</b>	<b>12.864%</b>	<b>25,392,354</b>	<b>87.136%</b>	<b>29,140,992</b>	<b>100.000%</b>

#### 13.2. STRUCTURE OF SHARE 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>		<b>0.000%</b>		<b>0.000%</b>		<b>0.000%</b>
- Proxy shareholders						
- Granted shareholders						
- Other shareholders						
<b>2. Special shareholders</b>	<b>128,600,000</b>	<b>0.187%</b>	<b>20,390,720,000</b>	<b>29.658%</b>	<b>20,519,320,000</b>	<b>29.845%</b>
- Managing Board	120,000,000	0.175%			120,000,000	0.175%
- Board of Directors						
- Control Board	8,600,000	0.012%	12,000,000	0.018%	20,600,000	0.030%
- Founding shareholders			20,378,720,000	29.640%	20,378,720,000	29.640%
<b>3. Shareholders working in the Company</b>		<b>0.000%</b>		<b>0.000%</b>		<b>0.000%</b>
- Fund shares						
- Preferential shareholders						
<b>4. Other Shareholders</b>	<b>37,357,780,000</b>	<b>54.336%</b>	<b>10,876,490,000</b>	<b>15.820%</b>	<b>48,234,270,000</b>	<b>70.155%</b>
<b>Total owned equity</b>	<b>37,486,380,000</b>	<b>54.29%</b>	<b>31,267,210,000</b>	<b>45.71%</b>	<b>68,753,590,000</b>	<b>100.000%</b>

Structure of shareholders fixed as at 08/07/2011. 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 2010 enclosed.

**For Interfood Shareholding Company  
Chairman  
(Signed and sealed)**

**MICHIO NAGABAYASHI**