



INTERFOOD SHAREHOLDING COMPANY

Annual Report Year 2011



Dong Nai, 20th April' 2012

MESSAGE FROM THE CHAIRMAN OF THE MANAGING BOARD

Ladies and Gentlemen,

First of all, on behalf of Board of Management of Interfood Shareholding Company, I sincerely thank to all our shareholders, customers, business partners, government agencies and organizations, who have provided a great deal of trust and supports to IFS ,bringing efforts to overcome the difficulties , looking for the steady growths in years ahead.

Many practical achievements have been recognized in the beverage market not only in Vietnam but also in other countries in the region over the past 20 years. Interfood Shareholding Company (“IFS”) has stably stepped on the path of its strategy with the goals as below:

- To create a brand with prestige and high quality;
- To bring prosperity to the staff;
- To ensure maximum efficiency of investment of nearly one thousand shareholders;
- At the same time to constantly innovate and modernize all aspects to improve the quality of unshakeable development of the company.

Year 2011 marked a historicity important change at the Company as Kirin Holdings Company Limited has become a strategic shareholder of IFS. With experience and extensive network of Kirin, we believe that the combination of Kirin Group and IFS will bring the new development to Wonderfarm Brand.

In 2011 the teamwork of BOM, BOD and staffs of Interfood Shareholding Company have made much effort in all fields to implement comprehensive restructuring which focused on improving product quality in conformity with standards of the multinational companies and consumers’ tastes and rebuilding the sale system in accordance with long-term orientation of the Company. Restructuring above directly impacted on the Company's turnover in 2011.

Obviously, global financial crisis still make year 2012 become the difficult year. However, the opportunity of growth is ours to capture. Consumers are more favour to the high international standard products like Interfood’s products with competitive price. We are working hard to strengthen and re-structure our potential to bring good result for the year 2012. Interfood endeavors with all efforts to meet the expectation of our dear Shareholders.

Once again, thank you very much and I wish you all good health and success.

Dong Nai, 20 April 2012

On behalf of Interfood Shareholding Company
Chairman of BOM
(Signed and sealed)

MICHIO NAGABAYASHI

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ANNUAL REPORT INTERFOOD SHAREHOLDING COMPANY REPORT YEAR: 2011

1. OVERVIEW

Established in 1991, with 20 years of track record in the Vietnam F&B industry, Interfood Shareholding Company (herein after called as “Interfood” or “the Company”) is ranked as one of the leading Companies in the juice drink industry and many products of Interfood are also holding No.1 position in the market of Vietnam.

1.1. THE PRINCIPAL ACTIVITIES OF INTERFOOD:

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 OF INTERFOOD

- 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 OF INTERFOOD

ÿ Greeting

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

ÿ Sincerity

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

ÿ Teamwork

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

ÿ Professionalism

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

ÿ Customer Focus

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

2. KEY DEVELOPMENTAL MILESTONES OF THE COMPANY

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 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. Interfood’s owner was originally Trade Ocean Exporters Sdn. Bhd. (Penang, Malaysia). In 1996, Interfood’s owner was changed to Trade Ocean Holdings Sdn.Bhd. (Penang, Malaysia) in accordance with the License No 270/GPDC5 dated 26th February 1996 issued by the Ministry of Planning and Investment.

Initial main activities 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, 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 one of first six FDI companies received approval from Ministry of Planning and Investment on conversion activities from limited Company to Shareholding Company. 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 09th August 2005. The total investment capital and charter capital of IFS were US\$30,000,000 and US\$13,000,000, respectively. Total shares of the Company 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.

In 2007, IFS acquired 90% of contributed capital of Avafood Shareholding Company (AVA) and became the governing shareholder of this 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

In 2008, Interfood Packaging Limited (formerly Interfood Packaging Shareholding Company) established with 90% capital owned by the Company, entire investment capital and charter capital registered as 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 and IFS owned 90% its charter capital. However the Company could not arrange funding

for the project activities and completed the termination of the project in December 2010.

2009

In 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% remained contributed capital at 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 is holding 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

3.1. CONSOLIDATED BALANCE SHEET AS AT 31/12/2011

The consolidated financial statements which contained by USD

	Notes	Code	31 December 2011 USD	31 December 2010 USD
ASSETS				
Current assets				
Cash and cash equivalents				
Cash	7	111	1.978.801	130,854
Accounts receivable				
Trade accounts receivable		131	416.774	434,257
Prepayments to suppliers		132	490.192	1,114,422
Other receivables		135	64.141	140,650
Provision for short term doubtful debts		139	-	(24,405)
		130	971.107	1,664,924
Inventories				
Inventories	8	141	6.598.018	7,530,300
Provision for decline in inventory value	8	149	-	(146,582)
		140	6.598.018	7,383,718
Other current assets				
Short term prepaid expenses		151	12.025	13,555
Value added tax to be reclaimed		152	104.216	-
Taxes and amounts receivable from the	9	154	106.907	106,907
Other current assets		158	41.885	77,129
		150	265.033	197,591
		100	9.812.959	9,377,087
Non-current assets				
Fixed assets				
Tangible fixed assets	10	221	19.056.730	21,111,296
- <i>Historical cost</i>		222	34.296.280	34,328,710
- <i>Accumulated depreciation</i>		223	(15.239.550)	(13,217,414)
Construction in progress	11	230	1.408.478	188,896
		220	20.465.208	21,300,192
Other non-current assets				
Long term prepaid expenses	12	261	1.397.181	1,432,197
Deferred tax assets	13,33	262	2.054.327	2,135,050
Other non-current assets		268	7.020	8,068
		260	3.458.528	3,575,315
		200	23.923.736	24,875,507
		270	33.736.695	34,252,594

	Note	Code	31 December 2011 USD	31 December 2010 USD
RESOURCES				
Liabilities				
Current liabilities				
Short term borrowings and debts	14	311	19.000.000	15,334,594
Trade accounts payable	15	312	3.152.829	5,050,620
Advances from customers		313	151.256	249,998
Taxes and amounts payable to State	16	314	184.576	538,567
Payables to employees		315	375.276	444,303
Accrued expenses payable	17	316	468.455	464,741
Other payables	18	319	1.093.140	160,059
		310	24.425.532	22,242,882
Long term borrowings and debts				
Long term deposits		331	1.255	1,255
Long term borrowings and debts	19	334	4.993.613	4,993,613
Deferred tax liabilities	20	335	138.280	115,209
Provision for severance allowance		336	132.423	122,134
		330	5.265.571	5,232,211
		300	29.691.103	27,475,093
Owners' equity				
Capital sources and funds				
Share capital	21,22	411		18,313,995
Share premium	21	412	18.313.995	4,082,759
Other reserves	21	419	4.082.759	(1,562,092)
Accumulated losses	21	420	(1.562.092)	(14,057,161)
		410	(16.812.730)	6,777,501
			4.021.932	
Minority interest				
Minority interest	23	439	23.660	-
		430	4.045.592	6,777,501
		440	33.736.695	34,252,594

Off balance sheet items

	31 December 2011	31 December 2010
Foreign currencies		
Vietnamese dong (million)	5,641	1.568
Euro	383	369

The consolidated financial statements which contained the translated amounts from USD to VND

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

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

Off balance sheet items

	31 December 2011	31 December 2010
Foreign currencies		
Vietnamese dong (million)	5,641	1.568
Euro	383	369

3.2. CONSOLIDATED STATEMENT OF INCOME IN 2011

The consolidated statement of income which contained by USD

	Not	Cod	Year ended 31 Dec 2011	Year ended 31 Dec 2010
			USD	USD
Gross sales	24	01	43,905,391	55,610,913
Less sale deductions:	24	02	(1,148,305)	(1,427,294)
Net sales		10	42,757,086	54,183,619
Cost of sales	25	11	(35,600,946)	(41,362,168)
Gross margin		20	7,156,140	12,821,451
Income from financial activities	26	21	1,599,913	1,748,622
Expenses from financial activities	27	22	(2,052,684)	(3,261,430)
<i>Including: interest expense</i>		23	(1,395,373)	(1,855,247)
Selling expenses	28	24	(7,186,764)	(7,985,673)
General and administration	29	25	(1,869,546)	(2,682,000)
Operating profit/(loss)		30	(2,352,941)	640,970
Other income	30	31	528,006	712,511
Other expenses	31	32	(803,180)	(734,880)
Other loss			(275,174)	(22,369)
Profit/(loss) before tax		50	(2,628,115)	618,601
Corporate income tax	33	51	-	-
Deferred corporate income tax	33	52	(103,794)	(236,004)
Net profit (loss)			(2,731,909)	382,597
Minority interest	23	59	23,660	-
Net profit (loss) attributable to the shareholders of parent company		60	(2,755,569)	382,597
Earning (loss) per share – Basic &			(0.095)	0.013

The consolidated statement of income which contained the translated amounts from USD to VND

	Note	Code	Year ended 31 December 2011 VND million	Year ended 31 December 2010 VND million
Gross sales	24	01	914,461	1,052,826
Less sale deductions:	24	02	(23,916)	(27,022)
Net sales		10	890,545	1,025,804
Cost of sales	25	11	(741,497)	(783,069)
Gross margin		20	149,048	242,735
Income from financial activities	26	21	33,323	33,105
Expenses from financial activities	27	22	(42,753)	(61,745)
<i>Including: interest expense</i>		23	29,063	35,124
Selling expenses	28	24	(149,686)	(151,185)
General and administration expenses	29	25	(38,939)	(50,776)
Operating profit/(loss)		30	(49,007)	12,134
Other income	30	31	10,997	13,489
Other expenses	31	32	(16,728)	(13,912)
Other loss			(5,731)	(423)
Profit/(loss) before tax		50	(54,738)	11,711
Corporate income tax	33	51	-	-
Deferred corporate income tax	33	52	(2,162)	(4,468)
Net profit (loss)			(56,900)	7,243
Minority interest	23	59	493	-
Net profit (loss) attributable to the shareholders of parent company		60	(57,393)	7,243
Earning (loss) per share – Basic & Diluted – Vietnam Dong			(1,969)	249

4. REPORT OF THE IMPLEMENTATION OF THE BUSINESS PLAN 2011

Description	Projected 2011		Performed 2011		+/- %
	USD	Million VND	USD	Million VND	
Gross sales	45,203,690	932,010	43,905,391	914,461	-3%
<u>Less deductions:</u>	<u>-203,690</u>	<u>-4,200</u>	<u>-1,148,305</u>	<u>-23,916</u>	464%
Net sales	45,000,000	927,810	42,757,086	890,545	-5%
Cost of sales	-34,345,928	-708,144	-35,600,946	-741,497	4%
<u>Gross profit</u>	<u>10,654,072</u>	<u>219,666</u>	<u>7,156,140</u>	<u>149,048</u>	-33%
Financial income	863,893	17,812	1,599,913	33,323	85%
Financial expenses	-1,430,798	-29,500	-2,052,684	-42,753	43%
Selling expenses	-7,949,073	-163,894	-7,186,764	-149,686	-10%
G&A expenses	-2,087,999	-43,050	-1,869,546	-38,939	-10%
<u>Total expenditure</u>	<u>-10,603,978</u>	<u>-218,633</u>	<u>-9,509,081</u>	<u>-198,055</u>	-10%
Operating loss	50,094	1,033	-2,352,941	-49,007	-4797%
<u>Net other income / (loss)</u>	<u>48,906</u>	<u>1,008</u>	<u>-275,174</u>	<u>-5,731</u>	-663%
<u>Profit (loss) before tax</u>	<u>99,000</u>	<u>2,041</u>	<u>-2,628,115</u>	<u>-54,738</u>	-2755%
CIT for the current year			0	0	
Deferred CIT		0	-103794	(2,162)	
<u>Profit(loss) after tax</u>	<u>99,000</u>	<u>2,041</u>	<u>-2,731,909</u>	<u>-56,900</u>	-2860%

In 2011, Interfood Shareholding Company incurred losses of 2.6 million US Dollars over the projected profit of 99 thousand US Dollars. The main reasons lead to the Company could not meet profit set as follows:

4.1. Sales

Net sales of the Company in 2011 reached USD 43.9 million, down 3% compared to the planned sale of USD45.2 million. Reasons: Beside the objective reasons such as economic difficulties, high inflation, tightening spending of consumers for non-essential products, there are subjective reasons from itself, such as the Company has being in the restructuring process, the new Management Board of the Company was implementing a comprehensive restructuring which focused on improving product's quality consistent with standards of multinational companies and the acceptance of the consumers, focused on producing the key products and eliminated the production of the products were not competitive, improved the sales policies for sales channels and sales staffs and reorganizing sales system in accordance with long-term orientation of the Company. The positive impact of this restructuring has latency and directly affected to sales of the Company in the current period.

4.2. Cost of goods sold

Performed cost of goods sold amounted to USD35.6 million, higher than the planned amount of USD34.3 million, increased 4% compared to the plan. Increase of cost of goods sold was caused by:

- Revenue decreased, while the fixed costs in cost of goods sold was still maintained. Cost of raw material, packaging increased, especially purchased price of aluminum cans increased 10% over 2011.

- Cost of labor increased, minimum wage paid for workers led to the wage of other labors also increased, in 2011 salary of employees increased 16% over year 2010.

4.3. Revenue from Financial activities

Income from financial activities at USD1.6 million in 2011 primarily related to income from revaluation of foreign exchange rate difference. Due to exchange rate fluctuations about 10% in 2011, led to income from financial activities increased 85% higher than approved plan.

4.4. Expenses from Financial activities

Financial expenses in fiscal year 2011 related to loan interest expense of USD1.395 million and losses from assessment of foreign exchange rate difference about USD649 thousand. Financial expenses decreased 7% over the estimated cost of USD1.43 million. The reason is that although the effect of loan interest rates in 2011 is higher than 2010, from Q2 – 2011, The Company received internal offshore loan with low interest rates (about 1.7% per year) to repay for the local bank loans with high interest rates and additional working capital, led to total loan interest decreased. However, total financial costs increased due to changing foreign exchange rate.

4.5. Selling expenses

Selling expenses increased about 10% affected primarily from reduction of selling revenue led to sales commissions for the sales team decreased, transport costs was high due to oil prices, on the other hand the Company must strengthen the promotion to attract customers, strengthen brand image and increase sales for the last quarter of the year as well as preparing plan for next year.

5. REPORT OF THE MANAGING BOARD AND BOARD OF DIRECTORS:

5.1 GENERAL INFORMATION OF THE COMPANY:

Interfood Shareholding Company (formerly Interfood Processing Industry Ltd.(IFPI) - Vietnamese name is Công ty Cổ phần Thực phẩm Quốc Tế (“The Company” or “IFS”) 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 activities 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.

In January 2005, 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 one of first six FDI companies received approval from Ministry of Planning and Investment on conversion activities from limited Company to Shareholding Company. . 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 09th August 2005. The total investment capital and charter capital of IFS were US\$30,000,000 and US\$13,000,000, respectively. Total shares of the Company were 13,000,000 with par value of US\$1 per share and held by four founding shareholders.

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 (Now known as Ho Chi Minh Stock Exchange (HOSE)). Shares of Company are traded under the stock code: “IFS”.

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In 2007, IFS acquired 90% of contributed capital of Avafood Shareholding Company (“AVA”) and became the dominant shareholder of this company. The principal activities of AVA 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.

In 2008, Interfood Packaging Limited (formerly Interfood Packaging Shareholding Company) established with 90% capital owned by the Company, entire investment capital and charter capital registered as 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. In 2009, the Company transferred 70% of contributed capital and in 2010 the company continually transferred 20% of remaining contributed capital of Interfood Packaging Limited Ltd. (now Crown of Dong Nai) for Crown Packaging Investment Pte. Ltd

In 2008, Northern Interfood Shareholding Company (IFS hold 90% of contributed capital) was established in Bac Ninh Province with total investment capital and charter capital of US\$36 million and US\$11 million and IFS owned 90% its charter capital. However, the Company could not arrange capital funding for operation of the project and completed the termination of the project in December 2010.

In March 2011, Kirin Holdings Company Limited ("Kirin") acquired all shares of Trade Ocean Holdings 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 2011, the Group of companies had 828 employees (2010: 1,267 employees)

5.2. ORGANIZATION AND HUMAN RESOURCES

5.2.1 LIST OF KEY PERSONS OF THE COMPANY

a. Managing Board:

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	PANG TZE WEI	Member	28/08/2010	
6	RYOICHI YONEMURA	Member	14/03/2011	
7	HIROSHI FUJIKAWA	Member	14/03/2011	
8	MICHIO NAGABAYASHI	Chairman	31/05/2011	

b. Board of Directors:

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

5.2.2. CURRICULUM VITAE OF MANAGING BOARD AND BOARD OF DIRECTORS**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. Native birthplace: 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. Native birthplace: 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
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 6th, 1963
4. Place of birth: Tokyo, Japan
5. Nationality: Japan
6. Race: Japanese
7. Native birthplace: 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. Native birthplace: Kanagawa, Japan
8. Permanent address: 4-50-9-2 Kamiasao, Asao-ku, Kawasaki 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 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 Dinh, Vietnam
5. Nationality: Vietnam
6. Race: Kinh
7. Native Birthplace: Quang Nam, Vietnam
8. Permanent address: 123/17/8 Quoc Lo 1, Bien Hoa, Dong Nai, VietNam
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 accountants
. 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 management) (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

5.2.3. 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	

5.2.4. 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. Native birthplace: 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. Native birthplace: Fukuoka, 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.

5.2.5 REMUNERATION OF MANAGING BOARD AND CONTROL BOARD IN 2011

The Managing Board and the Annual General Assembly of Shareholders in 2012 of the Company has decided not to declare and pay remuneration for all members of the Managing Board and Control Board in 2011 due to business activities of the Company have made loses in 2011.

5.3. FLUCTUATIONS AFFECTED TO BUSINESS RESULTS OF THE COMPANY IN 2011

5.3. 1. THE GENERAL SITUATION OF ECONOMY

a/ In the world:

In the United State, the World's largest economy has taking necessary steps to restore confidence of investors as reducing the unemployment rate down to 8.6%, its lowest level for recent 2.5 years, keeping un-increased consumer prices in the recent months (Nov'2011). The European economy almost certainly would fall into recession. All 17 countries in a common currency of Eurozone were warned by the leading credit rating organizations on lower level classification or evaluated lower ratings (in 12/2011). At the other economies, the situation did not seem much better.

China, the 2nd largest economy in the World was exposing to large holes in its growth model. Real estate market was beginning to negative chain reaction for businesses, investors and governmental tax revenues. The boom in the construction industry, once the engine of the economy has slowed; slower exports as demand from the U.S. and Europe was falling. In addition, the rate of inflation, despite the downward trend but remains at a high level would be the major obstacle for the Beijing government to implement measures to promote economic growth.

The stock market, the traditional investment channels such as gold, dollars and real estate has become too risky. Recovery rate of the manufacturing sector was also something that the economists concerned really. While unemployment rates in Europe and the United States remained high, high inflation, tough life, so many demonstrations of the people were always broken out in many countries.

Currency devaluation was being one of big problems. The countries could not simultaneously devalue their currencies and improve the balance of exports. Therefore, every decision of a country would impact many global trading partners and would certainly meet with big opposition. In the context of inflation, most countries chose tighten monetary policy to curb the runaway growth of this index. However, monetary policy has been becoming effete. This problem was really serious for the developed economies and also brought difficult problems for the remaining countries.

(Source: Center for Industry and Trade Information)

b/ In Vietnam:

+ The general situation

Macroeconomic situation in 2011 has achieved initial positive results compared to 2010 caused by the strong, uniform solutions of the Government, the objective to control inflation, stabilize macro-economy has achieved positive results. According to GSO, from the second quarter, the growth rate of price has decreased; the consumer price index has been contained well below 1% in the last 4 months of 2011 and increased 18.13% for whole year compared with 2010. Credit interest rates tend to decline in the last months in 2011, exports increased 33.3% compared with 2010, surpassing the target set; trade deficit by 9.9% of total exports, much lower than the National Assembly's target of 18%, foreign exchange reserves increased from 3.5 weeks of imports to 7.5 weeks of imports, budget deficit fell 4.9% GDP (the plan is 5.3%).

Economic growth continuously, the next quarter higher than the previous quarter, GDP in 2011 was estimated to be 5.89%, in which, agriculture, forestry and aquatic products increased by 4%, industry and construction increased by 5.53%, the service increased by 6.99%.

+ Finance and banking

In 2011, the FX rate was still considered the hottest variables of Vietnam's economy when the central bank decided to adjust the official exchange rate by 9.3% in February' 2011. However, due to stabilize foreign exchange policies: (1) increase the foreign currency reserve requirement, lowering the ceiling of foreign currency interest rates, (2) foreign exchange reserves also increased from 2.5 weeks up almost 6.5 weeks of imports, and (3) the tight management of the central bank, the exchange rate began to cool from quarter 2/2011 and remained under control until the present time.

2011 is the year that the entire economy section focused to contain inflation, stabilized macro-economy. In particular, the commercial banking system kept the leading role with the norms imposed specifically on credit growth, total payment, credit structure ... In general, performance is better than the targeted figure. However, its negative consequences on the economy in general and banking and financial system in particular is quite large

+ Stock Market

Overall, Vietnam's stock market in 2011 plummeted on both stock exchanges under the pressure of internal macro-economy. Declining of stock market expanded in the last fiscal year and no strong enough for the recovery phases. In 2011, VN-Index lost nearly 26%, HASTC-Index lost even approaching 47%, one of the main reasons is the State Bank improved tightens monetary policy to curb inflation, the continuous domestic currency devaluation made foreign investment cash flow declined.

VIETNAM STOCK MARKET IN 2011

Target	Unit	HOSE	HNX	UPCOM
Opening index	Points	485.7	113.4	45.3
Closing index	Points	351.6	58.7	33.8
Increased / (decreased) index in the year	Points	(134.4)	(54.6)	(11.3)
Increased / (decreased) index rate	%	(27.7%)	(48.2)	(25.0)
The total trading volume	Million	6.577,7	7.043,4	118.3
The total transaction value	Billion VND	119.622	84.640	2.261

+ Booming M & A activity

Year 2011 passed to leave the ups and downs marks of the stock market: fluctuations contrariwise of the market, the efforts of management agencies with the issuance of new stipulations to ensure the transparency and stability operations of the market, the difficulties of enterprises and investors ... In this context, one of trends to be appraised as outstanding in 2011 was being a series of business merger and acquisition (M & A) business in the vibrant place.

+ Work program of the Government in 2012.

Government's overall objectives identified in the direction and management is priority in controlling inflation, macroeconomic stability, sustain growth at a reasonable level associated with innovative models of growth and restructuring the economy, improve quality, efficiency and competitiveness and ensuring social welfare, social security and improve people's lives...

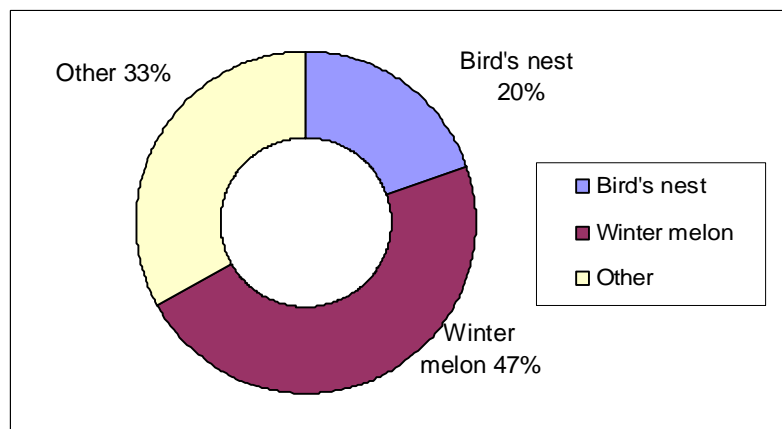
The key tasks to implement the above objectives are identified as focus of macroeconomic stability, inflation control, ensuring the major balances of the economy; overcome difficulties, promote development of business and market expansion; restructuring the economy, innovation-led growth models improve efficiency and competitiveness; to continue to effectively implement social security policies, social welfare development, continuing innovation and improve the efficiency of direct administration, implementation of the regulations on work and work program ...

c/ In Interfood

In 2011, after TOH acquired by Kirin, The Company was taken over by the Corporate Value-up Team dispatched by Kirin; the Company has focused on comprehensive restructuring by transition from family management style to the management style of multi-national companies.

From June to the end of 2011, the Company has received an internal offshore loan from Kirin worth USD20 million for restructuring capital and debts to increase performance of cash flow and properties.

The Company is continuing to focus on reorganizing production, stop manufacturing the non- competitive products and improve quality of products consistent with the health and demands of the consumers. 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.



With requirement of comprehensively restructuring in 2011, the Company has not set sales growth targets and its planned sales decreased 17% compared with 2010, but with the high volatility and high inflation of economy, tightening consumer spending, sales value in VND of the Company only meet 98% planned target.

5.3.2. MAIN FACTORS AFFECTED TO TURNOVER, EXPENDITURE AND PROFIT OF THE COMPANY

5.3.2.1. Manufacturing and trading activities

In 2011, Interfood Shareholding Company incurred losses of 2.6 million US Dollars over the projected profit of 99 thousand US Dollars. The main reasons lead to the Company could not meet profit set as follows:

a/ Sales

Net sales of the Company in 2011 reached USD 43.9 million, down 3% compared to the planned sale of USD45.2 million. Reasons: Beside the objective reasons such as economic difficulties, high inflation, tightening spending of consumers for non-essential products, there are subjective reasons from itself, such as the Company has being in the restructuring process, the new Management Board of the Company was implementing a comprehensive restructuring which focused on improving product's quality consistent with standards of multinational companies and the acceptance of the consumers, focused on producing the key products and eliminated the production of the products were not competitive, improved the sales policies for sales channels and sales staffs and reorganizing sales system in accordance with long-term orientation of the Company. The positive impact of this restructuring has latency and directly affected to sales of the Company in the current period.

b) Cost of goods sold

Performed cost of goods sold amounted to USD35.6 million, higher than the planned amount of USD34.3 million, increased 4% compared to the plan. Increase of cost of goods sold was caused by:

- Revenue decreased, while the fixed costs in cost of goods sold was still maintained.
- Cost of raw material, packaging increased, especially purchased price of aluminum cans increased 10% in comparison with 2010.
- Cost of labor increased, minimum wage paid for workers led to the wage of other labors also increased, in 2011 salary of employees increased 16% over year 2010.

c) Revenue from Financial activities

Income from financial activities at USD1.6 million in 2011 primarily related to income from revaluation of foreign exchange rate difference. Due to exchange rate fluctuations about 10% in 2011, led to income from financial activities increased 85% higher than approved plan.

d) Expenses from Financial activities

Financial expenses in fiscal year 2011 related to loan interest expense of USD1.395 million and losses from assessment of foreign exchange rate difference about USD649 thousand. Financial expenses decreased 7% over the estimated cost of USD1.43 million. The reason is that although the effect of loan interest rates in 2011 is higher than 2010, from Q2 – 2011, The Company received internal offshore loan with low interest rates (about 1.7% per year) to repay for the local bank loans with high interest rates and additional working capital, led to total loan interest decreased. However, total financial costs increased due to changing foreign exchange rate.

e) Selling expenses

Selling expenses increased about 10% affected primarily from reduction of selling revenue led to sales commissions for the sales team decreased, transport costs was high due to oil prices, on the other hand the Company must strengthen the promotion to attract customers, strengthen brand image and increase sales for the last quarter of the year as well as preparing plan for next year.

5.3.2.2. Financing activities:

In 2011, with the financial support from Kirin, the Company has succeeded in restructuring its financial situation; the Interfood group has repaid all banking loans in October' 2011.

TOH has transferred all debts of the Company owed to Mr. Pang Tee Chiang - former Chairman of the Company's Board – and become to the creditor of the Company for the medium-term loan worth about USD 3.9 million with terms and conditions remain unchanged.

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

Current liquidity ratio (current assets / short-term payables) of year 2011 was 0.40 times and decreased 5% comparing to year 2010 (0.42 times).

The Company has accessing the bank loans with 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. The Company has receiving an internal offshore loan from Kirin worth USD20 million for restructuring capital, debts and adding working capital.

5.3.2.3. Investment activities:

In 2011, the Company has not performed outside investment operations, which focuses on restructuring, intensive investment for quality, design and diversification of products. In particular, the PET bottled products were priority developing in order to meet the divesting demands of the consumers, increasing the usability of products and savings cost.

In 2011, Interfood group focused on new investments related to environmental protection works worth about 1.2 million U.S. Dollars which building wastewater treatment system - Phase 1 with a capacity of 2.000 m³ / day to bring the company's waste water archived standards before discharging outside and investing the boiler system with fuel using by coal / husk to reduce the emissions impact on the environment and reduce costs.

5.3.2.4. 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 110.000 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 improving productivity and reducing 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 advantage of the elements of quality, design and price range to create a strong brand of WONDERFARM as today;

- All mentioned advantage 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.

5.3.2.5. 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 establish the acting plans 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: reorganization of management, recruitment and training the quality staffs to ensure the 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 control the operating capital

- 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 capital expenditure.

5.3.2.6. Policies, methods to maximize retained earning:

a/ 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.

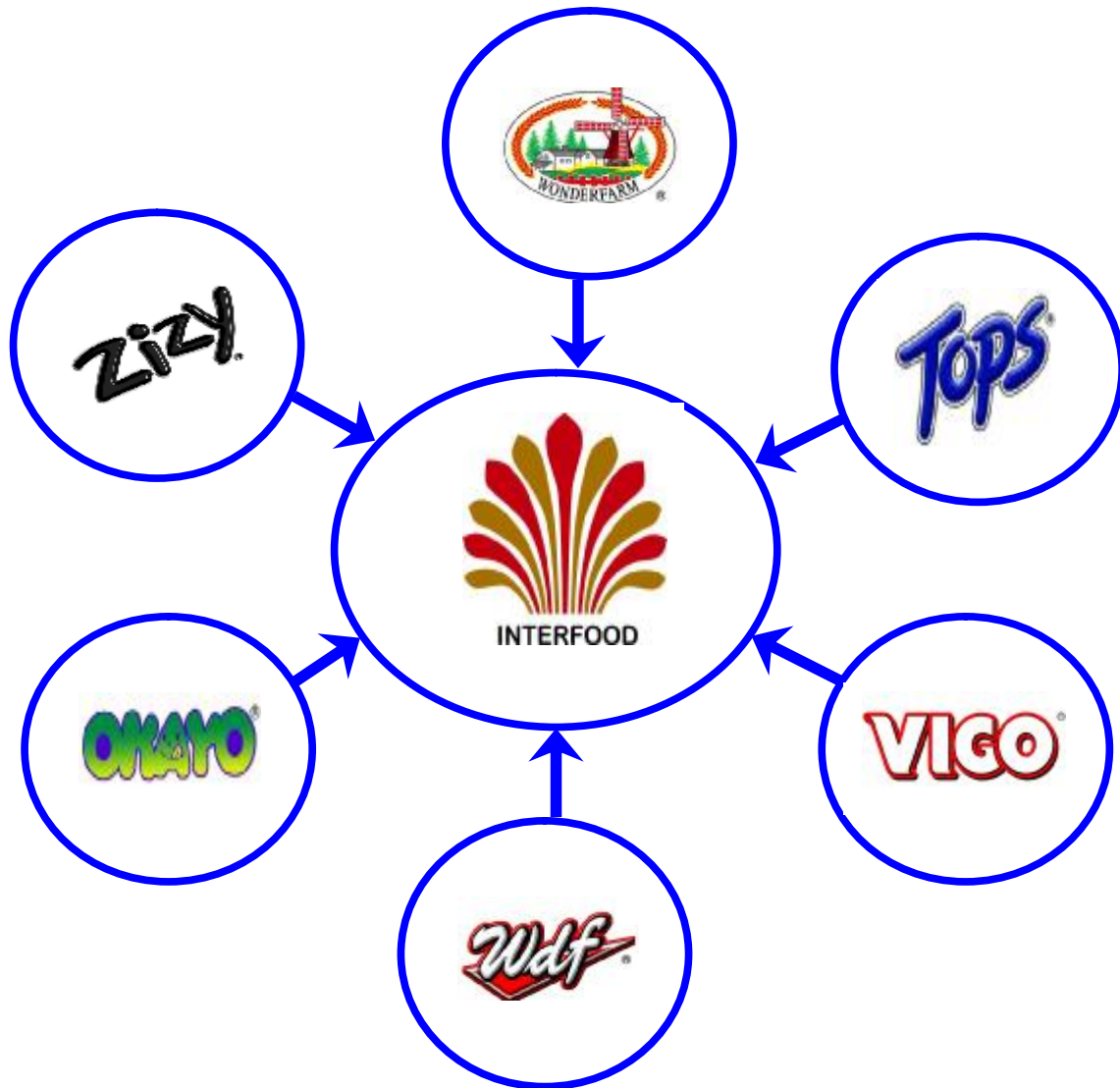
- Do well in the forecast activities on fluctuation of price, market, capital in order to reasonable storage activities of raw material & package material.

- Continue maintaining the relationship with Credit organization, Banks; 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.

b/ Customer Relations Policies

Customer Service Department has been set up and operated 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 products.



5.4. LIST OF TRADEMARKS



5.5. PRODUCTS AND DISTRIBUTION
5.5.1. SOME PRIMARY PRODUCTS WITH NEW DESIGNED PACKAGING

	<p>Danish Butter Cookies</p>		<p>Cream Wafer</p>
	<p>Canned lychee (320ml)</p>		<p>Okayo</p>
	<p>Canned Passion Fruit Drink (320ml)</p>		<p>Canned Bird's Nest (240ml)</p>
	<p>Canned Sarsi (320ml)</p>		<p>Canned Orange juice (320ml)</p>
	<p>Canned tamarind drink (320ml)</p>		<p>Canned winter melon tea (320ml)</p>

5.5.2 NEW PRODUCTS OF THE COMPANY

	<p>Peach Ice Plus 500 ml (orange lemon / peach)</p>		<p>PET bottled Winter melon tea (350ml)</p>
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5.5.3 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 brand and other famous brands from the Kirin Group to meet growing consumer trends for the beverage from natural and beneficial to human health;

5.5.4 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.

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 20 years of development, distribution systems across the country has become a major advantage of Interfood to access the consumers directly, 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 is covering nationwide with over 110.000 large and small retail outlets.

In 2011, the Company has continuing restructure of the contribution system towards standardized the traditional distribution channels as the backbone of distribution system, creating a foundation for developing the following years.

Domestic Market

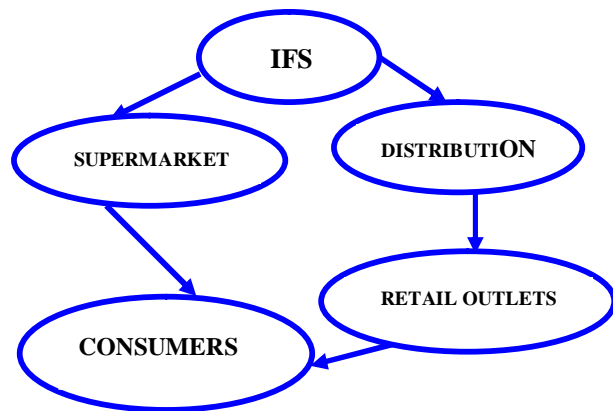
Domestic sale represented over 93% of the total turnover of the Company and is the main focus market in its strategic business plan. Products are distributed to consumers through two channels:

Tradition channel

Distribution → retail outlet → consumers

Modern channel

Metro and Supermarkets → consumers



Oversea market:

Export earnings proportion is about 7% of total revenue of the Company. Its main export markets are 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.

5.6. INVESTMENT AND DEVELOPMENT STRATEGY

5.6.1. IMPLEMENTED PROJECTS

In 2011, the event of Kirin acquired entire shares of TOH and through TOH, Kirin has owning more than 57% shares in Interfood and become the ultimate parent company of Interfood, has changed the overall operations of the company. From Q2 - 2011, Kirin has sent staffs to participate in the Managing Board and Board of Directors of Interfood and takeover the entire business operation and personnel of the Company, step by step to restructure activities of production, trading, finance and personnel of the company following the style of multi-national companies.

From mid-2011, the Company has starting the cooperation with the companies in Kirin group to improve the financial capability, strength in business, diversify products and improve product quality.

Under financial funding from Kirin through internal offshore loans worth USD20 million, in 2011 the Company has successfully implemented restructuring of capital and debts to increase performance of cash flow and properties.

By end of 2011, the Company has recalculated and re-evaluated its entire assets included fixed assets, inventory, receivable and payable accounts, liquidate the unused and expired inventory, the unused properties, write-off some of the un-active receivables and payables for past many years.

5.6.2. DEVELOPMENT STRATEGY IN 2012

5.6.2.1. Continue to pursue the objectives of the Company is "maximizing shareholder value" and business development strategy based on key elements of 2012:

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 advantage 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.

- Ø Investment in developing a Tradition distribution system and the Modern distribution system.
- Ø Diversified product: To extend the scope of our products by developing new products.
- Ø To develop strong and friendly brands.
- Ø 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).
- Ø 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.
- Ø To increase profitability and competitiveness by implementing a plan to save costs but quality is not changed simultaneously with the research and product development;
- Ø 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.

5.6.2.2. 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.

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

§ This program has performed from Q2-2011 to end of 2012 as following 3 steps approached 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.

Step 1: End of June-2011	Step 2: End of 2011	Step 3: End of 2012
§ New strategy and organization to be in-place.	§ Planed value-up initiatives to be implemented	§ Leverage Kirin Groups capability to maximize Interfood's business
§ Corporate Value-up Team to be established.	§ Collaboration within Kirin Group to be realized	§ Maximize efficiency within the South East Asia region by utilizing Kirin Group capability to deliver high performance (e.g. Shared service, centralized procurement etc)
§ Planning of Value-up initiatives to be completed.		
§ All Interfood's people to have clear understanding and same view on the strategy as well as the roadmap towards year 2012		

5.7. BUSINESS OPERATION PLANNING IN 2012 (CONSOLIDATED)

DESCRIPTION	Performed in 2011		Planed in 2012	
	USD	Million VND	USD	Million VND
Sales	43,905,391	914,461	68,849,688	1,434,001
Less deductions	<u>-1,148,305</u>	<u>-23,916</u>	<u>-1,398,060</u>	<u>-29,119</u>
Net sales	42,757,086	890,545	67,451,628	1,404,883
Cost of sales	-35,600,946	-741,497	-49,258,194	-1,025,950
Gross profit	<u>7,156,140</u>	<u>149,048</u>	<u>18,193,434</u>	<u>378,933</u>
Finance income	1,599,913	33,323	0	0
Finance expenditure	-2,052,684	-42,753	-500,000	-10,414
Selling expenses	-7,186,764	-149,686	-12,597,006	-262,370
General & administration expenses	-1,869,546	-38,939	-2,504,849	-52,171
Total expenditure	<u>-9,509,081</u>	<u>-198,055</u>	<u>-15,601,856</u>	<u>-324,955</u>
Operating profit	-2,352,941	-49,007	2,591,578	53,977
Net other income	<u>-275,174</u>	<u>-5,731</u>	-	0
Net profit /(loss) before tax	<u>-2,628,115</u>	<u>-54,738</u>	<u>2,591,578</u>	<u>53,977</u>
Business income tax – current	0	0		0
Business income tax – deferred	-103,794	-2,162	-647,895	-13,494
Net profit / (loss) after tax	<u>-2,731,909</u>	<u>-56,900</u>	<u>1,943,684</u>	<u>40,483</u>
Sales				

2012 business plan outline

- With the experience and advantages of the Company over past 20 years in the field of food and beverage, besides continuing to expand production and improve quality, packaging designs of the advantage traditional commodities, in 2012 the company continues to cooperate with the companies of Kirin group to create its synergy in production and distribution of new products with high quality and famous on the world to meet the diversified demands of consumers.

- Priority in the development of producing the non-carbonated beverage products in PET bottles to meet consumer demand with convenience and quality of products and low cost.

- Adding the business objectives of the Company on performance of the right to distribute products made from agricultural products, aquatic products; kinds of biscuits, confectionery and beverage with none-carbonate, carbonate.

- The Company expected turnover reached about USD68.8 million up 57% compared to 2011, profit before tax reached about 4% of revenue in 2012.

5.8. FINANCIAL INDICATORS OF BUSINESS IN 2011

Items	Unit	2011	2010
Asset structure and resource structure			
Asset structure			
- Fixed assets/ Total assets	%	70,91	72,62
- Current assets/ Total assets	%	29,09	27,38
Equity structure			
- Total liabilities / Total resources	%	88,01	80,21
- Owner's equity/ Total resources	%	11,99	19,79
Liquidity			
Total assets/liabilities	Times	1,14	1,25
- Current ratio (times)	Times	0,40	0,42
- Quick ratio (times)	Times	0,08	0,01
Profit margin			
- Net profit / Revenue			
- Net profit before tax/ Revenue	%	(6,15)	1,14
- Net profit after tax/ Revenue	%	(6,39)	0,71
- Net profit/ Total asset			
- Net profit before tax/ Total asset	%	(7,79)	1,81
- Net profit after tax/ Total asset	%	(8,10)	1,12
- Net profit after tax/ Total resources	%	(67,53)	5,65

5.9. SHAREHOLDERS AND SHARES STRUCTURE

5.9.1. SHAREHOLDERS STRUCTURE

Particular	Domestic shareholders		Foreign shareholders		Total	
	Number of shares	%	Number of shares	Total owned equity	Number of shares	%
1. State owned shareholders	0	0.000%		0.000%		0.000%
- Proxy shareholders						0.000%
- Granted shareholders						0.000%
- Other shareholders						0.000%
2. Special shareholders	12,000	0.041%	23,503,094	80.653%	23,515,094	80.694%
- Managing Board	12,000	0.041%			12,000	0.041%
- Board of Directors						0.000%
- Control Board		0.000%		0.000%	-	0.000%
- Founding shareholders			23,503,094	80.653%	23,503,094	80.653%
3. Shareholders working in the Company	0	0.00%	8	0.00%	8	0.000%
- Fund shares			8	0.000%	8	0.000%
- Preferential shareholders						0.000%
4. Other Shareholders	3,504,533	12.026%	2,121,357	7.280%	5,625,890	19.306%
Total owned equity	3,516,533	12.067%	25,624,459	87.933%	29,140,992	100.000%

5.9.2. STRUCTURE OF SHARE LISTED SHAREHOLDERS

Particular	Domestic shareholders		Foreign shareholders		Total	
	Number of shares	%	Number of shares	Total owned equity	Number of shares	%
1. State owned shareholders		0.000%		0.000%		0.000%
- Proxy shareholders						
- Granted shareholders						
- Other shareholders						
2. Special shareholders	120,000,000	0.175%	12,374,690,000	17.999%	12,494,690,000	18.173%
- Managing Board	120,000,000	0.175%	-		120,000,000	0.175%
- Board of Directors	-		-		-	
- Control Board	-	0.000%	-	0.000%	-	0.000%
- Founding shareholders			12,374,690,000	17.999%	12,374,690,000	17.999%
3. Shareholders working in the Company		0.000%		0.000%		0.000%
- Fund shares						
- Preferential shareholders						
4. Other Shareholders	35,045,330,000	50.972%	21,213,570,000	30.854%	56,258,900,000	81.827%
Total owned equity	35,165,330,000	54.29%	33,588,260,000	45.71%	68,753,590,000	100.00%

Structure of shareholders fixed as at 13/03/2012 as the list of shareholders attending the Annual General Assembly of Shareholders in 2012.

5.9.3. DIVIDENDS

The Company has not declared and allocated dividend for year 2011 due to its business activities have made losses in 2011

Other events relating to the annual report were disclosed in the audited financial statement in 2011 (separated and consolidated reports) enclosed.

**For Interfood Shareholding Company
Chairman**

(Signed and sealed)

MICHIO NAGABAYASHI