

Separate financial statements
Quarter 4 - 2011

Interim separate financial statements
Quarter 4 - 2011

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Report of the Board of Directors

The Board of Directors submits the Separate financial statements of Interfood Shareholding Company (“the Company”) for the period ended 31 December 2011.

Results

The results of the Company for the period ended 31 December 2011 are set out in the Separate statement of income.

Financial indicators of the business

	Unit	31-12-2011	2010
Assets structure and capital structure			
Assets structure			
Fixed assets/total assets	%	50.91	56.09
Current assets/total assets	%	49.09	43.91
Capital structure			
Liabilities/total resources	%	76.60	66.88
Owner’s equity/total resources	%	23.40	33.12
Liquidity			
Total assets/liabilities	times	1.31	1.50
Current ratio	times	0.73	0.77
Quick ratio	times	0.08	0.01
Profitability			
Profit (Loss)/net sales			
Profit (Loss) before tax/net sales	%	(16.34)	(7.45)
Profit (Loss)/net sales	%	(16.34)	(7.45)
Profit (Loss)/total assets			
Profit (Loss) before tax/total assets	%	(4.22)	(9.02)
Net profit (loss)/total assets	%	(4.22)	(9.02)
Net profit (loss)/owner’s equity	%	(18.04)	(27.24)

Boards of Management and Directors

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

Board of Management:

		Appointed:	Resigned:
Pang Tee Chiang	Chairman	15-08-2006	31-05-2011
Nguyen Thi Kim Lien	Member	15-08-2006	
Pang Tze Yi	Member	15-08-2006	14-03-2011
Teng Po Wen	Member	15-08-2006	14-03-2011
Pang Tze Wei	Member	28-08-2010	
Ryoichi Yonemura	Member	14-03-2011	
Hiroshi Fujikawa	Member	14-03-2011	
Michio Nagabayashi	Chairman	31-05-2011	

Board of Director:

Pang Tee Chiang	General Director	15-08-2006	23-05-2011
Pang Tze Yi	1st Deputy General Director	15-08-2006	14-03-2011
Nguyen Thi Kim Lien	Director/ General Manager of Finance	15-08-2006	
Pang Tze Wei	2nd Deputy General Director	29-08-2010	23-05-2011
Michio Nagabayashi	General Director	23-05-2011	
Hajime Kobayashi	Director/General Manager of Corporate Plannin	23-05-2011	
Kazumi Nagashima	Director/General Manager of Factory	23-05-2011	
Hidefumi Matsuo	Director/Finance Controller	23-05-2011	

Statement of Boards of Directors

The Board of Directors is responsible for ensuring that the separate financial statements are properly drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2011, and of the results of its operations and its cash flows for the year in accordance with Vietnamese Accounting Standards and System and in compliance with relevant statutory requirements. When preparing the separate financial statements, the Board of Directors is required to:

- adopt appropriate accounting policies which are supported by reasonable and prudent judgements and estimates and then apply them consistently;
- comply with the disclosure requirements of Vietnamese Accounting Standards and System;
- maintain adequate accounting records and an effective system of internal control;
- prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Company will continue its operations in the foreseeable future; and;
- control and direct effectively the Company in all material decisions affecting its operations and performance and ascertain that such decisions and/or instructions have been properly reflected in the financial statements.

The Board of Directors is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Directors confirms that the Company has complied with the above requirements in preparing the separate financial statements.

On behalf of the Board of Directors

Michio Nagabayashi
Chairman, General Director
Dong Nai province, Vietnam

Separate balance sheet

	Notes	Code	31 December 2011		31 December 2010	
			USD	VND million	USD	VND million
ASSETS						
Current assets						
Cash and cash equivalents						
Cash	6	111	1,959,145	40,805	117,731	2,229
Accounts receivable						
Trade accounts receivable		131	416,546	8,676	434,257	8,221
Prepayments to suppliers		132	226,336	4,714	833,701	15,784
Receivables from related parties	35	134	8,348,306	173,879	6,330,174	119,843
Other receivables	7	135	130,488	2,718	132,933	2,517
Provision for doubtful debts		139	-	-	(24,405)	(462)
		130	9,121,676	189,986	7,706,660	145,902
Inventories						
Inventories	8	141	6,598,018	137,424	7,628,807	144,429
Provision for decline in inventory value	8	149	-	-	(146,582)	(2,775)
		140	6,598,018	137,424	7,482,225	141,653
Other current assets						
Short term prepaid expenses		151	6,152	128	6,663	126
Taxes receivable from the state budget	9	154	106,907	2,227	106,907	2,024
Other current assets		158	52,923	1,102	77,128	1,460
		150	165,982	3,457	190,698	3,610
		100	17,844,821	371,672	15,497,314	293,395
Fixed assets						
Tangible fixed assets						
<i>Cost</i>	10	221	11,520,741	239,954	12,973,525	245,615
<i>Accumulated depreciation</i>			(12,032,508)	(250,613)	(10,615,272)	(200,968)
Construction in progress	11	230	350,509	7,300	188,896	3,576
		220	11,871,250	247,254	13,162,421	249,191
Long term investments						
Investments in subsidiaries			4,500,000	93,726	4,500,000	85,194
Investments in associates	12	252	-	-	-	-
			4,500,000	93,726	4,500,000	85,194
Other non-current assets						
Deferred tax assets	14	262	2,135,050	44,469	2,135,050	40,421
		260	2,135,050	44,469	2,135,050	40,421
		200	18,506,300	385,449	19,797,471	374,806
		270	36,351,121	757,121	35,294,785	668,201

	Notes	Code	31 December 2011		31 December 2010	
			USD	VND million	USD	VND million
RESOURCES						
Liabilities						
Current liabilities						
Short term borrowings and debts	15	311	19,000,000	395,732	13,477,096	255,148
Trade accounts payable	16	312	3,126,221	65,113	4,985,611	94,388
Advances from customers		313	151,256	3,150	249,998	4,733
Taxes payable to state budget	17	314	136,574	2,845	370,098	7,007
Payable to employees		315	336,314	7,005	387,348	7,333
Accrued expenses payable	18	316	398,680	8,304	436,093	8,256
Intercompany payable		317	67,815	1,412	-	-
Other payables	19	319	1,072,894	22,346	155,716	2,948
		310	24,289,754	505,907	20,061,960	379,813
Long term liabilities						
Long term deposits		331	1,255	26	1,255	24
Long term borrowings and debts	20	334	3,430,928	71,459	3,430,928	64,954
Provision for severance allowance		336	122,802	2,558	109,751	2,078
		330	3,554,985	74,043	3,541,934	67,056
			27,844,739	579,950	23,603,894	446,869
Owners' equity						
Capital sources and funds						
Share capital	21	411	18,313,995	381,444	18,313,995	346,721
Share premium	22	412	4,082,759	85,036	4,082,759	77,295
Accumulated profit/(loss)		416	(13,890,372)	(289,309)	(10,705,863)	(202,683)
		440	8,506,382	177,171	11,690,891	221,332
			36,351,121	757,121	35,294,785	668,201

Off balance sheet items

	31 December 2011	31 December 2010
Foreign currencies		
Million Vietnam Dong	5,427	1,345
Euro	383	369

Date: 20 January 2012

 Michio Nagabayashi
 Chairman, General Director

 Nguyen Hong Phong
 Chief Accountant

Separate statement of income

	Notes	Code	Quarter 4 - 2011 USD	Quarter 4 - 2010 USD	YTD 2011 USD	YTD 2010 USD
Gross sales	23	1	9,661,055	12,819,149	43,888,800	55,573,162
Less deductions:	23	2	(267,340)	(342,667)	(1,148,305)	(1,427,294)
Net sales		10	9,393,715	12,476,482	42,740,495	54,145,869
Cost of sales	24	11	(8,656,065)	(10,293,739)	(36,320,500)	(42,567,639)
Gross profit		20	737,650	2,182,742	6,419,995	11,578,230
Income from financial activities	25	21	142,601	270,153	1,922,613	1,745,666
Expenses for financial activities	26	22	(220,354)	(719,145)	(2,516,182)	(2,432,246)
<i>Including: interest expense</i>		23	(184,490)	(328,337)	(1,366,496)	(1,178,758)
Selling expenses	27	24	(1,644,550)	(2,117,631)	(7,189,802)	(7,899,684)
General and administration expenses	28	25	(396,666)	(520,783)	(1,562,033)	(2,368,756)
Operating loss		30	(1,381,318)	(904,664)	(2,925,409)	623,210
Other income	29	31	43,826	381,765	116,998	711,621
Other expenses	30	32	(197,153)	(108,716)	(376,098)	(520,457)
Profit (loss) before tax		50	(1,534,645)	(631,615)	(3,184,509)	814,374
Current corporate income tax	32	51	-	-	-	-
Deferred corporate income tax	32	52	-	(23,445)	-	(202,016)
Profit(loss) after tax			(1,534,645)	(655,060)	(3,184,509)	612,359
Earning(loss) per share	35	70	(0.053)	(0.022)	(0.109)	0.021

Date: 20 January 2012

Michio Nagabayashi
Chairman, General Director

Nguyen Hong Phong
Chief Accountant

Separate statement of income-VND

	Notes	Code	Quarter 4 - 2011 VND million	Quarter 4 - 2010 VND million	YDT 2011 VND million	YDT 2010 VND million
Gross sales	23	1	201,220	242,692	914,116	1,052,111
Less deductions:	23	2	(5,568)	(6,487)	(23,917)	(27,022)
Net sales		10	195,652	236,205	890,199	1,025,090
Cost of sales	24	11	(180,289)	(194,881)	(756,483)	(805,891)
Gross profit		20	15,364	41,324	133,716	219,199
Income from financial activities	25	21	2,970	5,115	40,044	33,049
Expenses for financial activities	26	22	(4,590)	(13,615)	(52,407)	(46,047)
Including: interest expense		23	(3,843)	(6,216)	(28,461)	(22,316)
Selling expenses	27	24	(34,253)	(40,091)	(149,749)	(149,557)
General and administration expenses	28	25	(8,262)	(9,859)	(32,534)	(44,845)
Operating loss		30	(28,770)	(17,127)	(60,930)	11,799
Other income	29	31	913	7,228	2,437	13,472
Other expenses	30	32	(4,106)	(2,058)	(7,833)	(9,853)
Profit (loss) before tax		50	(31,964)	(11,958)	(66,327)	15,418
Current corporate income tax	32	51	-	-	-	-
Deferred corporate income tax	32	52	-	(444)	-	(3,825)
Profit(loss) after tax			(31,964)	(12,402)	(66,327)	11,593
Earning(loss) per share	35	70	(0.001)	(0.000)	(0.002)	0.000

Date: 20 January 2012

Michio Nagabayashi
Chairman, General Director

Nguyen Hong Phong
Chief Accountant

Separate statements of cash flows

	Code	31 December 2011		31 December 2010	
		USD	VND million	USD	VND million
Cash flows from operating activities					
Profit/Loss before tax	1	(3,184,509)	(66,327)	814,373	15,418
Adjustments for:		-	-		
Depreciation and amortisation	2	1,522,394	31,708	1,538,111	29,120
Increase in provisions	3	(170,987)	(3,561)	(538,959)	(10,204)
Gain on foreign currency translation	4	-	-	(18,200)	(345)
Loss from disposal investments	5	(105,158)	(2,190)	(300,000)	(5,680)
Interest expense	6	1,366,496	28,461	1,178,758	22,316
Interest income	7	(33,004)	(687)	(455,345)	(8,621)
Operating profit/(loss) before adjustments to working capital	8	(604,768)	(12,596)	2,218,738	42,005
Change in accounts receivable	9	(1,335,218)	(27,810)	(3,613,640)	(68,413)
Change in inventory	10	1,030,789	21,469	(392,564)	(7,432)
Change in accounts payable	11	(1,282,058)	(26,703)	(66,608)	(1,261)
Change in prepaid expenses	12	511	11	164,257	3,110
Interest paid	13	(1,366,496)	(28,461)	(1,178,758)	(22,316)
Interest income	14	-	-	-	-
Interest income received	14	1,815	38	8,953	169
Cash generated from operating activities	20	(3,555,425)	(74,052)	(2,859,622)	(54,138)
Cash flows from investing activities					
Acquisition of fixed assets and investment CIP	21	(126,065)	(2,626)	(265,504)	(5,027)
Proceeds from disposal of investments and fixed a:	22	-	-	-	-
Additional investment in associate	25	-	-	-	-
Net cash inflows/(outflows) from investing ac:	30	(126,065)	(2,626)	(265,504)	(5,027)
Cash flows from financing activities					
Loan proceeds	33	44,762,904	932,322	25,509,834	482,952
Debt repayments	34	(39,240,000)	(817,291)	(22,494,899)	(425,873)
Net cash inflows/(outflows) from financing ac	40	5,522,904	115,031	3,014,935	57,079
Net increase/(decrease) in cash	50	1,841,414	38,353	(110,191)	(2,086)
Cash and cash equivalents at beginning of the	60	117,731	2,452	227,922	4,315
Effects of changes in foreign exchange rates	61	-	-	-	-
Cash and cash equivalents at year end	70	1,959,145	40,805	117,731	2,229

Date: 20 January 2012

Michio Nagabayashi
Chairman, General Director

Nguyen Hong Phong
Chief Accountant

Notes to the Separate financial statements

1 Nature of operations

Interfood Shareholding Company, formerly Interfood Processing Industry Ltd. (“the Company”) was established in the Socialist Republic of Vietnam as a majority owned subsidiary of Trade Ocean Holdings Sdn. Bhd., a company incorporated in Malaysia for a period of 50 years pursuant to Investment Licence No. 270/GP, dated 16 November 1991.

After the initial investment license, there were a series of amendments. Recently on 11 March 2011, Trade Ocean Holdings Sdn Bhd which holds approximately 57.25% of the total outstanding shares of the Company was acquired by Kirin Holdings Company Limited (“Kirin”). Kirin, a public company listed on the Tokyo Exchange, is one of the largest beverage companies in the region. Kirin is now the ultimate parent company.

In accordance to the Amended Investment Certificate No. 472033000328 dated 22 April 2011 issued by the Board of Management of Dong Nai Industrial Zone, Mr. Pang Tee Chiang, former General Director, has been allowed to transfer 5,499,840 unlisted shares (equivalent to 18.87% of equity interest) to Indochina Beverage Holdings Ltd. which was established in the British Virgin Island. The Company is in the process of getting approval from Vietnam Securities Depository.

As approved by the General Shareholders Assembly on 31 July 2011, the Company has submitted a letter to the Hochiminh Stock Exchange on 31 August 2011 to delist its shares from the exchange.

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

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

2 Reporting currency and foreign exchange

As approved by the Ministry of Finance in its Official Letter No. 550 TC/CDKT dated 5 September 1998, the Company uses the United States Dollar (USD) as its reporting currency in the preparation and presentation of its separate financial statements.

Transactions arising in currencies other than the reporting currency are translated at exchange rates in effect on the transaction dates. Monetary assets and liabilities denominated in currencies other than the reporting currency are translated at the exchange rates in effect at the balance sheet date. Translation gains and losses and expenses relating to foreign exchange transactions arising thereafter are recorded in the statement of income.

However according to the Official letter No.627/UBCK-QLPH dated 16 April 2008 of the State Securities Commission of Vietnam, the separate financial statements of the Company must be presented in Vietnam Dong for statutory filing purpose. Consequently, the Company converted the financial statements to Vietnam Dong using the exchange rate published by the State Bank of Vietnam of VND 20,828/USD (2010: VND18,932/USD).

3 Basis of preparation of Separate financial statements

3.1 Basis of preparation

The Separate financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System, and relevant statutory requirements of the Ministry of Finance, which may differ in some material respects from International Financial Reporting Standards and the generally accepted accounting principles and standards of the country of the reader. Accordingly, the Separate financial statements are not intended to present the financial position and results of operations and cash flows in accordance with generally accepted accounting principles and practices in countries or jurisdictions other than The Socialist Republic of Vietnam and furthermore their use is not designed for those who are not informed about Vietnam’s principles, procedures and practices.

3.2 Accounting system and form of records

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

3.3 Separate financial statements

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

4 Accounting policies

4.1 Cash and cash equivalents

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

4.2 Inventory

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

4.3 Accounts receivable

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

4.4 Tangible fixed assets

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

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

The Company obtained permission from the Ministry of Finance to depreciate its assets over the useful life periods as mentioned above through official letter No.2536/TC-TCDN dated 20 March 2003 although they are not consistent with the guidelines under Decision 203/2009/TT-BTC dated 20 October 2009.

Gains or losses from disposals are determined by comparing the net proceeds from disposal with the carrying amounts of the assets sold and are recognised as income or expense in the income statement.

Depreciation of assets which are not in used was recognised as part of “Other expense”.

4.5 Construction in progress

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

4.6 Investment in subsidiaries

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

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

4.7 Borrowing costs

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

4.8 Revenue

Revenue from sale of goods is recognised in the Separate statement of income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognized if there are significant uncertainties regarding the ultimate receipt of the proceeds, the reasonable estimation of the associated costs of the sale or the possibility of the return of the goods.

Interest income is recognised in the Separate statement of income on a time-proportion basis using the effective interest method.

4.9 Provision

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

4.10 Operating leases

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

4.11 Income taxes

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the Separate balance sheet date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate based on the taxable profit for the year.

All changes to current tax assets or liabilities are recognised as a component of tax expense in the Separate statement of income.

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amounts of assets and liabilities in the Separate financial statements with their respective tax bases. In addition, tax losses available to be carried forward as well as other income tax credits to the Company are assessed for recognition as deferred tax assets.

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

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the Separate balance sheet date.

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

4.12 Earnings/loss per share

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

4.13 Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

4.14 Segment report

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

5 Going concern assumption

The separate financial statements have been prepared assuming that the Company will continue as a going concern notwithstanding the fact that the Company's current liabilities exceeded current assets by USD 6,444,933 as at 31 December 2011 (31 December 2010: USD4,564,646).

The Company's continued existence as a going concern is dependent on the continued financial support of its parent company and ultimately on its ability to operate profitably. The parent company issued a formal undertaking to provide financial support in connection with third party undertakings and relief from related party financial obligations.

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

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6 Cash and cash equivalents

	31 December 2011		31 December 2010	
	USD	VND million	USD	VND million
Cash on hand	9,974	208	28,943	548
Cash in banks	1,949,171	40,597	88,788	1,681
	1,959,145	40,805	117,731	2,229

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7 Other receivables

	31 December 2011		31 December 2010	
	USD	VND million	USD	VND million
Receivable from subsidiary for VAT input	53,373	1,112	53,373	1,010
Other receivables	77,115	1,606	79,560	1,506
	130,488	2,718	132,933	2,517

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8 Inventories

	31 December 2011		31 December 2010	
	USD	VND million	USD	VND million
Goods in transit		-	336,401	6,369
Raw materials	1,874,081	39,033	2,562,539	48,514
Tools and supplies	410,135	8,542	277,095	5,246
Work in progress	618,363	12,879	1,173,964	22,225
Finished goods	3,695,438	76,969	3,278,808	62,074
	6,598,018	137,424	7,628,807	144,429
Provision for decline in inventory value	-	-	(146,582)	(2,775)
	6,598,018	137,424	7,482,225	141,653

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9 Taxes and amounts receivable from the State Budget

The outstanding balance including an amount of US\$106,907 represents over- payment of the Company's corporate income tax made for the year 2007. The amounts will be net off with tax liabilities or tax filings in the succeeding years.

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10 Tangible fixed assets

	Building USD	Machinery & Equipment USD	Motor vehicles USD	Office equipment USD	Total USD
Historical cost					
01/01/2011	-	22,836,629	505,662	246,506	23,588,797
Acquisition	-	125,747	-	16,261	142,008
Transfer from CIP	-	-	-	-	-
Disposals	-	(177,556)	-	-	(177,556)
31/12/2011	-	22,784,820	505,662	262,767	23,553,249
31 December 2011 (VND million)	-	431,362	9,573	4,975	445,910
Fully depreciated	-	845,622	262,559	52,207	1,160,388
Fixed assets not in use (**)	-	2,186,318	129,870	81,606	2,397,794
Accumulated depreciation					
01/01/2011	-	(10,059,645)	(409,355)	(146,272)	(10,615,272)
Charge for the year	-	(1,463,690)	(22,579)	(36,125)	(1,522,394)
Disposals	-	105,158	-	-	105,158
31/12/2011	-	(11,418,177)	(431,934)	(182,397)	(12,032,508)
31 December 2011 (VND million)	-	(216,169)	(8,177)	(3,453)	(227,799)
Fixed assets not in use (**)	-	(2,534,932)	(133,845)	(84,064)	(2,752,840)
Net book value					
01/01/2011	-	12,776,984	96,307	100,234	12,973,525
31/12/2011	-	11,366,643	73,728	80,370	11,520,741

Interfood Shareholding Company

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31 December 2011 (VND million)	-	215,193	1,396	1,522	218,111
<i>Fixed assets not in use (**)</i>		(348,614)	(3,975)	(2,457)	(355,046)

As at 15 November 2011, Vietcombank Dong Nai has discharged all the pledge asset of the company, which was carrying value of USD 3,640,705 as at 30 September 2011 (2010: USD 9,803,601).

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

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11 Construction in progress

	31 December 2011		31 December 2010	
	USD	VND million	USD	VND million
Opening balance	188,896	3,934	293,956	5,565
Additions during the year	161,613	3,366	98,824	1,871
Transferred to tangible fixed assets	-	-	(203,884)	(3,860)
Closing balance	350,509	7,300	188,896	3,576
Including:				
ERP software	346,140	7,209	179,060	3,390
Others	4,369	91	9,836	186
	350,509	7,300	188,896	3,576

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12 Investment in subsidiaries

	31 December 2011		% equity held	
	USD	31 Dec 2010 USD	2011 USD	31 Dec 2010 VND million
Avafood Shareholding company	4,500,000	4,500,000	90%	90%
	4,500,000	4,500,000	-	-

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14 Deferred tax assets

	31 December 2011		31 December 2010	
	USD	VND million	USD	VND million
Deferred tax assets	2,135,050	44,469	2,135,050	40,421

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

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15 Short term borrowings and debts

	31 December 2011		31 December 2010	
	USD	VND million	USD	VND million
Loans from Vietcombank, Dong Nai (1)	-	-	10,496,785	198,725
Loans from Viet A Bank (2)	-	-	2,980,311	56,423
Loans from Kirin (3)	19,000,000	395,732	-	-
	19,000,000	395,732	13,477,096	255,148

(1) Loans from Vietcombank Dong Nai

	31 December 2011		31 December 2010	
	USD	VND million	USD	VND million
Denominated in USD	-	-	1,484,741	28,109
Denominated in EUR	-	-	50,322	953
Denominated in VND	-	-	8,961,722	169,663
	-	-	10,496,785	198,725

Loan from Vietcombank, Dong Nai Branch – Agreement No 2010031/KHDN/NHNT dated 20 August 2010 pertains to a working capital credit facility with a credit limit of VND200 billion (equivalent to USD9,700,262 as at 31 December 2011). The loan is due within 60 months from the date of the execution of the above mentioned contract and each promissory note should be settled no more than 6 months from the date loan avails. The credit facility is subject to interest based on the actual rates at the time each loan is drawn and such interest is payable on the 26th day of each month.

As requested from the Company, on November 15, 2011, Vietcombank sent a document approved for adjustment of credit limit and collateral. The limit for short-term loans was adjusted down to 120 billion VND, and the bank agreed to discharge the the entire machinery and equipment pledged at the bank and maintain the mortgaged property as factories building and land use right with the residual value is assessed at about U.S. \$ 4 million.

The applicable interest rates of these loans from January to September in 2011 for dollar denominated loans were 6% to 7% while it was 13.0% to 19% for VND denominated loans. (In 2010 for dollar denominated loans were 6% to 7% while it was 12.0% to 15.5% for VND denominated loans

- Agreement No.016/QHKH/NHNT dated 24 September 2004, in which these loans are secured by the aggregated values of certain machinery. This agreement has been terminated when the Company settled all outstanding debts to Vietcombank in Oct' 2011

In addition, certain fixed assets and prepaid land rentals of Avafood Shareholding Company's, its subsidiary, were used to secure the loan by the Company from Vietcombank, Dong Nai Branch. As at 31 December 2011, the carrying value of Avafood's assets pledged to secure the Company's loans amounts to USD 5,300,000.

(2) Loans from Viet A Bank

	31 December 2011		31 December 2010	
	USD	VND million	USD	VND million
Denominated in USD	-	-	2,980,311	56,423
	-	-	2,980,311	56,423

The loan from Viet A Bank under Contract No. 131/10/VAB/HDTHH dated 26 March 2010 pertains to a working capital credit facility with a credit limit of USD3,000,000. The applicable interest rate for the first six months of 2011 was at rates ranging from 0.63% to 0.84% per month (In 2010, interest rates were from 0.55% to 0.63% per month). The loans were secured by certain machineries. The Company has settled all principal and interest to Viet A Bank in June 2011 and Viet A bank has released all secured assets to the Company at the same time.

(3) Loans from Kirin Holding Limited

	31 December 2011		31 December 2010	
	USD	VND million	USD	VND million
Denominated in USD	19,000,000	395,732	-	-
	19,000,000	395,732	-	-

In May' 2011, the Company has a revolving loan agreement with Kirin Holdings Company, Ltd amount to USD7,000,000 with loan interest of 1.731% per annual and maturity date on 30/05/2012.

In Jun' 2011, the Company also has a revolving loan agreement with Kirin Holdings Company, Ltd amount to USD3,000,000 with loan interest of 1.749% per annual and maturity date on 01/06/2012, this loan amount have been released to Interfood in July 2011.

In Oct 2011, the Company entered into another revolving loan agreement with Kirin Holdings Company Ltd, the ultimate parent company, amounting to USD2,500,000. The facility is subject to interest based on the same base rate 1.428% per annum. Its maturity date is on 01 November 2012. This loan was released to the Company in November 2011.

In Oct 2011, the Company also entered into another revolving loan agreement with Kirin Holdings Company Ltd, the ultimate parent company, amounting to USD6,500,000. The facility is subject to interest based on the same base rate 1.425% per annum. Its maturity date is on 31 October 2012. This loan was released to the Company in November 2011.

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16 Trade accounts payable

	31 December 2011		31 December 2010	
	USD	VND million	USD	VND million
Payable to suppliers	2,541,565	52,936	3,590,165	67,969
Payable to related parties (Note 39)	584,656	12,177	1,395,446	26,419
	3,126,221	65,113	4,985,611	94,388

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17 Taxes and amounts payable to state budget

	31 December 2011		31 December 2010	
	USD	VND million	USD	VND million
Value added tax	98,116	2,044	242,514	4,591
Personal income tax	19,729	411	122,254	2,315
Import, export tax	-	-	2,076	39
Other taxes	18,729	390	3,254	62

	136,574	2,845	370,098	7,007
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18 Accrued expenses payable

	31 December 2011		31 December 2010	
	USD	VND million	USD	VND million
Transportation	186,559	3,886	205,841	3,897
Trade discounts	46,723	973	83,659	1,584
Others	165,399	3,445	146,593	2,775
	398,680	8,304	436,093	8,256

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19 Other payables

	31 December 2011		31 December 2010	
	USD	VND million	USD	VND million
Dividend payable (Note 35)	24,265	505	24,265	459
Trade union, social and health insurance	8,004	167	13,003	246
Other payables to Board of management	40,623	846	106,851	2,023
Other payable	1,000,003	20,828	11,597	220
	1,072,894	22,346	155,716	2,948

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20 Long term borrowings and debts

	31 December 2011		31 December 2010	
	USD	VND million	USD	VND million
Loan from Parent Company	3,430,928	71,459	3,430,928	64,954
	3,430,928	71,459	3,430,928	64,954

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

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21 Owner’s equity

	Share capital	Share premium	Undistributed earnings	Total
	USD	USD	USD	USD
Prior year’s opening balance	18,313,995	4,082,759	(11,318,220)	11,078,534
Prior year’s net profit/loss	-	-	612,357	612,357
Prior year’s closing balance	18,313,995	4,082,759	(10,705,863)	11,690,891
31 December 2010 (VND million)	346,721	77,295	(202,683)	221,332
Current year’s opening balance	18,313,995	4,082,759	(10,705,863)	11,690,891
Current year’s net profit/loss			(3,184,509)	(3,184,509)
Current year’s closing balance	18,313,995	4,082,759	(13,890,372)	8,506,382
31 December 2011 (VND million)	381,444	85,036	(289,309)	177,171

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22 Paid-in capital

The Company’s charter capital is VND291,409,840 thousand (equivalent US\$18,313,995), which is divided into 29,140,984 ordinary shares with par value of VND10,000 each.

	31 December 2011		USD equivalent
	Number of shares	VND’000	
Authorized	29,140,992	291,409,920	18,314,000
Issued and fully paid	29,140,984	291,409,840	18,313,995

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

Number of shares		Total	Par value	Equivalent capital amount
Listed shares	Unlisted shares			

			VND'000	VND'000	%	
Trace Ocean Holding						
SDN BHD	-	16,684,646	16,684,646	10	166,846,460	57.25%
Pang Tee Chiang	-	5,499,840	5,499,840	10	54,998,400	18.87%
Yau Hau Jan	-	81,139	81,139	10	811,390	0.28%
Public shareholders	6,875,367	-	6,875,367	10	68,753,670	23.59%
	6,875,367	22,265,625	29,140,992		291,409,920	100%

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23 Revenues

	USD	Quarter 4 - 2011		Quarter 4 - 2010	
		VND million	USD	VND million	
Revenue					
Domestic sales	9,068,625	188,881	12,273,495	232,362	
Export sales	592,447	12,339	545,654	10,330	
	9,661,071	201,221	12,819,149	242,692	
Sales deduction:					
Sales allowance	(264,350)	(5,506)	(338,786)	(6,414)	
Sales return	(3,007)	(63)	(3,881)	(73)	
	9,393,715	195,652	12,476,482	236,205	
Net sales	9,393,715	195,652	12,476,482	236,205	

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24 Cost of goods sold

	USD	Quarter 4 - 2011		Quarter 4 - 2010	
		VND million	USD	VND million	
Cost of goods sold for domestic sales	8,112,981	168,977	9,776,196	185,083	
Cost of goods sold for export sales	543,084	11,311	517,543	9,798	
	8,656,065	180,289	10,293,739	194,881	

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25 Income from financial activities

	USD	Quarter 4 - 2011		Quarter 4 - 2010	
		VND million	USD	VND million	
Interest income from bank deposits	1,815	38	1,474	28	
Interest income from loan to a related party (Note 33)	31,188	650	207,707	3,932	
Interest income from disposal investment in subsidiary	-	-	-	-	
Realised gains from foreign exchange	109,598	2,283	60,972	1,154	
Unrealised gains from foreign exchange	-	-	-	-	
	142,601	2,970	270,153	5,115	

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26 Expenses for financial activities

	USD	Quarter 4 - 2011		Quarter 4 - 2010	
		VND million	USD	VND million	
Interest expense	184,490	3,843	328,337	6,216	
Other finance expenses	-	-	-	-	
Realised foreign exchange losses	35,864	747	390,468	7,392	
unrealised foreign exchange losses	-	-	341	6	
	220,354	4,590	719,145	13,615	

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27 Selling expenses

	USD	Quarter 4 - 2011		Quarter 4 - 2010	
		VND million	USD	VND million	
Transportation expense	451,311	9,400	526,625	9,970	
Salary	442,050	9,207	431,784	8,175	
Sale commission and promotion	598,396	12,463	1,030,336	19,506	
Depreciation	7,243	151	19,448	368	
Office rental fee	31,575	658	29,562	560	
Other expenses	113,974	2,374	79,875	1,512	
	1,644,550	34,253	2,117,631	40,091	

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28 General and administration expenses

	Quarter 4 - 2011		Quarter 4 - 2010	
	USD	VND million	USD	VND million
Salary	137,583	2,866	197,379	3,737
Depreciation expenses	6,682	139	4,532	86
Office expenses	39,261	818	7,458	141
Bank charges	7,226	151	8,439	160
Outside services expenses	18,011	375	88,024	1,666
Consultant fee	178,011	3,708	82,443	1,561
Others	9,891	206	132,509	2,509
	396,666	8,262	520,783	9,859

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29 Other income

	Quarter 4 - 2011		Quarter 4 - 2010	
	USD	VND million	USD	VND million
Write-off account payables and advance from customers	27,601	575	-	-
Other income	16,225	338	381,765	7,228
	43,826	913	381,765	7,228

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30 Other expenses

	Quarter 4 - 2011		Quarter 4 - 2010	
	USD	VND million	USD	VND million
Write-off unaccounted accounts receivable and prepayment	67,045	1,396	-	-
Net book value of written-off fixed assets	72,398	1,508	-	-
Depreciation of idle assets	57,673	1,201	32,672	619
Administration penalty	-	-	59,310	1,123
Others	37	1	16,734	317
	197,153	4,106	108,716	2,058

31 Cost by element

	Quarter 4 - 2011		Quarter 4 - 2010	
	USD	VND million	USD	VND million
Raw materials	7,682,482	160,011	7,809,544	147,850
Labour cost	963,620	20,070	1,005,331	19,033
Depreciation and amortisation	322,800	6,723	395,470	7,487
Outside service costs	580,900	12,099	1,360,977	25,766
Other costs	1,398,698	29,132	3,334,186	63,123
	10,948,500	228,035	13,905,509	263,259

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32 Corporate income tax**Interfood Shareholding Company**

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

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

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

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

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

	Quarter 4 - 2011		YTD - 2010	
	USD	VND million	USD	VND million
Accounting profit/loss before tax	(1,534,645)	(31,964)	814,374	15,418
Permanent difference				
- Expenses without appropriate supporting document		-	4,194	79
- Depreciation of idle assets		-	214,528	4,061
- Administration Penalty		-	237,598	4,498
- Others		-	13,401	254
Temporary difference				
- Accrued expenses		-	436,093	8,256
- Unrealized loss from foreign exchange difference		-	5,019	95
- Severances allowances		-	45,691	865
Less: Adjustments for decreasing profit before tax				
- Accrued expenses recognized from prior years		-	(560,040)	(10,603)
- Unrealised loss on foreign exchange difference in the prior year is realized in t		-	(3,797)	(72)
Taxable Profit (loss) from normal business	(1,534,645)	(31,964)	1,207,061	22,852
Less: Gain on capital assignment		-	(300,000)	(5,680)
Taxable profit for normal operating activities	(1,534,645)	(31,964)	907,061	17,172
Income tax expenses at tax rate of 25%		-	226,765	4,293
Tax incentive on income from incremental investment and relocation		-	(99,749)	(1,888)
Income tax expense from normal operating activities	-	-	127,016	2,405
Corporate income tax expenses from disposal of capital assignment	-	-	75,000	1,420
Corporate income tax expense	-	-	202,016	3,825
Utilization of taxable loss carried forward	-	-	(202,016)	(3,825)
Total corporate income tax expenses for the current year	-	-	-	-
Total corporate income tax expenses for the current year	-	-	-	-

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

Year	Status of tax audit	Tax losses USD
2008	Not yet performed	13,074,272
2009	Not yet performed	29,892
2011	Not yet performed	3,184,509
		16,288,673

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33 Related party transaction and balances

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

Related parties	Relation	Transaction	USD	
			Payable	Loan
Mr. Pang Tee Chiang (Note 23)	Former Chairman	Loan and interest		94,597
		Other payable	7,485	
Chuan Li Can Manufacturing (Vietnam) Co., Ltd	Affiliate	Purchase material		1,081,647
Kirin Holding Limited	Ultimated Parent	Short-term loan		19,000,000
		Loan interest	116,443	-
		Other payable	1,000,000	-
		Secondment fee	94,838	-
Trade Ocean Holding SDN BHD	Parent Company	Transfer loan from Mr TC Pang		3,430,928
Vietnam Kirin Beverage Company	Affiliate	Processing fee	504,974	-

At 31 December 2011, the following balances were outstanding with related parties:

Related parties	Relation	Transaction	Payable	Loan USD
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Interfood Shareholding Company

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Kirin Holding Limited	Ultimated Parent Company	Short-term loan		19,000,000
		Loan interest	92,830	-
		Other payable	1,000,000	-
		Secondment fee	94,838	-
Chuan Li Can Manufacturing (Vietnam) Co., Ltd	Affiliate	Purchase material	3,430,928	-
Trade Ocean Holding SDN BHD	Parent Company	Transfer loan from Mr TC Pang		3,430,928
Vietnam Kirin Beverage Company	Affiliate	Processing fee	391,394	-
			-	5,009,989
				22,430,928

34 Segmental information

At 31 December 2011, management determined the following reportable segments by categories of sales: (1) domestic sales and (2) export sales. The Company analyses segment revenue and cost of sales.

The segment results for Quarter 4 - 2011 are as follows:

	Domestic USD	Export USD	Total USD
Sales revenue - net	8,801,268	592,447	9,393,715
Cost of sales	(8,112,981)	(543,084)	(8,656,065)
Gross profit	688,287	49,363	737,650
Gross profit - VND Million	13,031	935	13,965

The segment results for Quarter 4 - 2010 are as follows:

	Domestic USD	Export USD	Total USD
Sales revenue - net	11,931,953	544,529	12,476,482
Cost of sales	(9,776,196)	(517,543)	(10,293,739)
Gross profit	2,155,757	26,985	2,182,742
Gross profit - VND Million	40,813	511	41,324

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

The segment results for Quarter 4 - 2011 are as follows:

	Drinks USD	Biscuits USD	Others USD	Total USD
Sales revenue - net	7,881,696	532,280	979,739	9,393,715
Cost of sales	(7,925,855)	(845,634)	115,424	(8,656,065)
Gross profit	(44,159)	(313,354)	1,095,163	737,650
Gross profit - VND Million	(920)	(6,527)	22,810	15,364

The segment results for Quarter 4 - 2010 are as follows:

	Drinks USD	Biscuits USD	Others USD	Total USD
Sales revenue - net	11,292,296	398,707	785,479	12,476,482
Cost of sales	(9,547,048)	(447,968)	(298,723)	(10,293,739)
Gross profit	1,745,248	(49,261)	486,756	2,182,742
Gross profit - VND Million	33,041	(933)	9,215	41,324

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35 Profit/Loss per share and dividends

Basic loss per share is shown below:

	31 December 2011		31 December 2010	
	USD	VND million	USD	VND million
Profit/(Loss) attributable to shareholders of the Company	(1,534,645)	(655,060)	(3,184,509)	612,359
Weighted average number of ordinary shares on issue	29,140,984	29,140,984	29,140,984	29,140,984
Basic loss per share	(0.053)	(0.022)	(0.109)	0.021

No dividend was declared in 1st 9 months 2010. As at 31 December 2011, the 2007 dividends payable amounting to USD24,265 was not paid and included in the other payables (Note 22).

36 Board of Director and Management's remuneration

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

	31 December 2011		31 December 2010	
	USD	VND million	USD	VND million
Board of Management fees	-	-	13,863	262
Salary	178,229	3,712	370,754	7,019
	178,229	3,712	384,617	7,282

37 Commitments

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

	31 December 2011		31 December 2010	
	USD	VND million	USD	VND million
Within the next year	344,654	7,178	127,405	2,412
Within two to five years	1,123,386	23,398	139,911	2,649
Above five years	804,524	16,757	-	-
	2,272,563	47,333	267,316	5,061

The Separate financial statements were approved by the Board of Directors on 20 January 2012

 Michio Nagabayashi
 Chairman, General Director

 Nguyen Hong Phong
 Chief Accountant