

INTERFOOD SHAREHOLDING COMPANY

**SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008**

INTERFOOD SHAREHOLDING COMPANY

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TABLE OF CONTENTS	PAGE
Corporate information	1
Statement by management	2
Auditor's report	3
Balance sheet (Form B 01 - DN)	5
Income statement (Form B 02 - DN)	7
Cash flow statement (Form B 03 - DN)	8
Notes to the separate financial statements (Form B 09 - DN)	10

INTERFOOD SHAREHOLDING COMPANY

CORPORATE INFORMATION

Investment Certificate No. 472033000328 dated 28 November 2007

The Investment Certificate was issued by the Board of Management of Dong Nai Industrial Zone covering a period of 50 years from the date of the initial investment licence No. 270/GP dated 16 November 1991 issued by the Ministry of Planning and Investment.

Board of Management	Mr Pang Tee Chiang Mr Yau Hau Jan Ms Nguyen Thi Kim Lien Ms Pang Tze Yi Mr Teng Po Wen	Chairman Member Member Member Member
Board of Directors	Mr Pang Tee Chiang Mr Yau Hau Jan Ms Nguyen Thi Kim Lien	General Director Deputy General Director Finance Director
Legal Representative	Mr Pang Tee Chiang	Chairman and General Director
Registered Office	Lot 13 Tam Phuoc Industrial Zone, Long Thanh District, Dong Nai Province, Vietnam	
Auditor	PricewaterhouseCoopers (Vietnam) Limited	

INTERFOOD SHAREHOLDING COMPANY

STATEMENT OF THE RESPONSIBILITY OF MANAGEMENT IN RESPECT OF THE SEPARATE FINANCIAL STATEMENTS

Management is responsible for separate financial statements which give a true and fair view of the financial position of the Company as at 31 December 2008 and of the results of its operations and cash flows for the year then ended. In preparing these separate financial statements, management is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- prepare the separate financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Company and which enable separate financial statements to be prepared which comply with the basis of accounting set out in Note 2 to the separate financial statements. Management 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.

APPROVAL OF THE SEPARATE FINANCIAL STATEMENTS

I hereby approve the accompanying separate financial statements as set out on pages 5 to 36 which give a true and fair view of the financial position of the Company as at 31 December 2008 and of the results of its operations and cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and prevailing regulations in SR Vietnam.

Users of these separate financial statements should read them together with the Group's consolidated financial statements as at and for the year ended 31 December 2008 in order to obtain full information on the financial position, results of operations and changes in financial position of the Group as a whole.

On behalf of the Board of Directors

Pang Tee Chiang
Chairman, General Director

Ho Chi Minh City, SR Vietnam
11 August 2009

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS
OF INTERFOOD SHAREHOLDING COMPANY**

We have audited the accompanying separate financial statements of Interfood Shareholding Company ("the Company"), which comprise the balance sheet as at 31 December 2008, the income statement and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Separate Financial Statements

Management of the Company is responsible for the preparation and fair presentation of these separate financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and prevailing regulations in SR Vietnam. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of separate financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these separate financial statements based on our audit. Except as set out under the Basis for Qualified Opinion paragraphs below, we conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit in order to obtain reasonable assurance as to whether the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditor's judgment, including an assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the separate financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

During the year ended 31 December 2008, the Company recorded sales transactions amounting to US\$1.3 million, for which proceeds were collected in cash. The Company's accounting records do not adequately explain and support these sales transactions. Accordingly, we were unable to obtain sufficient appropriate audit evidence to ensure the occurrence of these sales transactions and we were unable to satisfy ourselves by other audit procedures.

In respect of the inventory carrying value of US\$6,302,404 as at 31 December 2008, there were differences between the physical count records and the accounting records. The Company has been unable to satisfactorily explain these differences. We were unable to satisfy ourselves as to the completeness and accuracy of the inventory balance by other audit procedures.

Qualified Opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraphs above, the separate financial statements give a true and fair view of the financial position of the Company as at 31 December 2008, and of its financial performance and cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and prevailing regulations in SR Vietnam.

Ian S. Lydall
AC No. N.0559/KTV
Authorised signatory

Le Van Hoa
AC No. 0248/KTV

PricewaterhouseCoopers (Vietnam) Limited
Ho Chi Minh City, SR Vietnam
Audit report number HCM2330
11 August 2009

As indicated in Note 2.1 to the separate financial statements, the accompanying separate financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than SR Vietnam, and furthermore their utilisation is not designed for those who are not informed about SR Vietnam's accounting principles, procedures and practices.

INTERFOOD SHAREHOLDING COMPANY

Form B 01 – DN

BALANCE SHEET

Code	ASSETS	Note	As at 31 December	
			2008 US\$	2007 US\$
100	CURRENT ASSETS		21,963,580	17,254,721
110	Cash and cash equivalents	3	211,704	414,638
111	Cash		211,704	414,638
130	Accounts receivable		15,128,895	6,731,640
131	Trade accounts receivable		265,376	1,050,230
132	Prepayments to suppliers		1,114,419	1,741,815
133	Intercompany receivables	26(b)	13,681,833	4,028,686
135	Other receivables	4	156,358	-
139	Provision for doubtful debts		(89,091)	(89,091)
140	Inventories	5	6,302,404	9,838,930
141	Inventories		6,642,743	10,100,532
149	Provision for decline in value of inventories		(340,339)	(261,602)
150	Other current assets		320,577	269,513
151	Short-term prepayments		144,852	7,380
152	Value Added Tax to be reclaimed		-	5,201
154	Other taxes receivable	6	106,907	188,931
158	Other current assets		68,818	68,001
200	LONG-TERM ASSETS		32,073,369	37,178,465
220	Fixed assets		16,236,304	16,654,707
221	Tangible fixed assets	7(a)	16,071,069	13,203,252
222	Cost		25,029,636	20,649,334
223	Accumulated depreciation		(8,958,567)	(7,446,082)
230	Construction in progress	7(b)	165,235	3,451,455
250	Long-term investments	8	13,500,000	4,500,000
251	Investments in subsidiaries		13,500,000	4,500,000
260	Other long-term assets		2,337,065	16,023,758
262	Deferred income tax assets	14	2,337,065	-
268	Other long-term assets	9	-	16,023,758
270	TOTAL ASSETS		54,036,949	54,433,186

The notes on pages 10 to 36 are an integral part of these separate financial statements.

BALANCE SHEET
(continued)

Code	RESOURCES	Note	As at 31 December	
			2008 US\$	2007 US\$
300	LIABILITIES		42,284,568	29,702,091
310	Current liabilities		42,145,800	29,611,423
311	Short-term borrowings	10	31,316,184	25,154,226
312	Trade accounts payable		7,075,572	3,548,425
313	Advances from customers		306,285	300,225
314	Taxes and other payables to the State Budget	11	551,448	4,389
315	Payable to employees		263,629	153,267
316	Accrued expenses	12	2,527,328	415,836
319	Other payables	13	105,354	35,055
330	Long-term liabilities		138,768	90,668
333	Other long-term payables		1,255	1,255
336	Provision for severance allowances		137,513	89,413
400	OWNERS' EQUITY		11,752,381	24,731,095
410	Capital and reserves		11,752,381	24,731,095
411	Owners' capital	15	18,313,995	18,313,995
412	Share premium	16	4,082,759	4,082,759
420	(Accumulated losses)/undistributed earnings	16	(10,644,373)	2,334,341
440	TOTAL RESOURCES		54,036,949	54,433,186

OFF BALANCE SHEET ITEMS

Included in cash and cash equivalents are balances held in currencies other than US\$ of VND3,182 million and EUR250 (2007: VND4,701 million).

 Nguyen Thi Kim Lien
 Finance Director

 Pang Tee Chiang
 Chairman, General Director
 11 August 2009

The notes on pages 10 to 36 are an integral part of these separate financial statements.

INCOME STATEMENT

Code		Note	Year ended 31 December	
			2008 US\$	2007 US\$
01	Sales		52,242,637	47,039,468
02	Less deductions		(3,298,256)	(2,278,262)
10	Net sales	18(a)	48,944,381	44,761,206
11	Cost of sales	19	(46,072,603)	(35,774,150)
20	Gross profit		2,871,778	8,987,056
21	Financial income	18(b)	896,185	499,290
22	Financial expenses	20	(2,913,368)	(992,617)
24	Selling expenses	21	(3,913,726)	(2,530,550)
25	General and administration expenses	22	(2,440,306)	(1,621,357)
30	Operating loss		(5,499,437)	4,341,822
40	Net other (expense)/income	23	(9,816,342)	141,713
50	Net accounting (loss)/profit before tax		(15,315,779)	4,483,535
51	Business income tax - current	24	-	(405,586)
52	Business income tax - deferred	14	2,337,065	-
60	Net (loss)/profit after tax		(12,978,714)	4,077,949
70	Basic (loss)/earnings per share	25	(0.445)	0.140

Nguyen Thi Kim Lien
Finance Director

Pang Tee Chiang
Chairman, General Director
11 August 2009

The notes on pages 10 to 36 are an integral part of these separate financial statements.

CASH FLOW STATEMENT
 (Indirect method)

Code	Note	Year ended 31 December	
		2008 US\$	2007 US\$
CASH FLOWS FROM OPERATING ACTIVITIES			
01		(15,315,779)	4,483,535
		Adjustments for:	
02	7(a)	1,513,613	1,361,442
03		78,737	102,203
04	18(b)	(437,212)	-
05		9,804,944	(7,835)
06	20	2,491,236	945,388
08		(1,864,461)	6,884,733
		Operating (loss)/profit before changes in working capital	
09		1,921,036	65,895
10		3,457,789	1,211,423
11		4,845,604	4,795,106
12		(137,472)	(7,380)
13		(768,779)	(911,881)
14		-	(422,547)
20		7,453,717	11,615,349
		Net cash inflows from operating activities	
CASH FLOWS FROM INVESTING ACTIVITIES			
21		(15,266,420)	(19,887,478)
22			
		438,808	88,620
25		-	(1,937,315)
30		(14,827,612)	(21,736,173)
		Net cash outflows from investing activities	
CASH FLOWS FROM FINANCING ACTIVITIES			
32		-	(5)
33		59,492,606	59,194,639
34		(52,307,542)	(44,852,190)
36		(1,177)	(4,031,782)
40		7,183,887	10,310,662
		Net cash inflows from financing activities	
50		(190,008)	189,838
		Net (decrease)/increase in cash and cash equivalents	
60		414,638	224,800
61	3	(12,926)	-
		Cash and cash equivalents at beginning of year	
70	3	211,704	414,638
		Cash and cash equivalents at end of year	

The notes on pages 10 to 36 are an integral part of these separate financial statements.

CASH FLOW STATEMENT
(Indirect method)
(continued)

Major non-cash transactions in the year were:

- Capital contribution in Interfood Packaging Limited (formerly known as Interfood Packaging Shareholding Company) in form of assets: US\$9 million (Note 8).
- Loan granted to Interfood Packaging Limited in form of assets: US\$10,771,176 (Note 9(b)).

Nguyen Thi Kim Lien
Finance Director

Pang Tee Chiang
Chairman, General Director
11 August 2009

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008****1 GENERAL INFORMATION**

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

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

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

The amended Investment Licence No. 270 CPH/GCND3 dated 23 August 2006 allowed the Company to increase its charter capital to VND242,841,600 thousand. The total shares of the Company increased to 24,284,160 by registering and issuing 3,620,560 new shares.

On 17 October 2006, the Company listed the 3,620,560 new shares mentioned above on the Ho Chi Minh City Securities Trading Centre after receiving Listing Licence No. 61/UBCK-GPNY issued by the State Securities Commission on 29 September 2006. According to the Listing Licence, the founding shareholders were also allowed to sell 2,108,912 shares held by them to the public. The number of shares listed totalled 5,729,472.

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

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

As at 31 December 2008, the Company had 959 employees (2007: 875 employees).

2 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES

2.1 Basis of preparation of separate financial statements

The separate financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and prevailing regulations in SR Vietnam. The separate financial statements have been prepared under the historical cost convention.

The accompanying separate financial statements are not intended to present the financial position and financial performance and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than SR Vietnam. The accounting principles and practices utilised in SR Vietnam may differ from those generally accepted in countries and jurisdictions other than SR Vietnam.

During the year, due to the material adverse changes in financial market conditions in Vietnam, such as high inflation, credit-tightening policies of the Government and the worldwide financial crisis, the Company had certain financial difficulties and defaulted some bank loan agreements (Note 10) and a contract for purchasing of fixed assets (Note 9(a)). The Company incurred a net loss of US\$12,978,714 for the year ended 31 December 2008. As of the balance sheet date, its current liabilities exceeded its current assets by US\$20,182,220, which mainly resulted from the short-term bank loans of US\$31,316,184.

During June to August 2009, the Company received additional funding through the sale of its subsidiary (Note 9(b)) of US\$21.5 million. Of which, US\$4.7 million received through the sale of 70% of the shares in the subsidiary and US\$16.8 million received through additional loan provided by the buyer to the subsidiary and the subsidiary used this amount to repay a loan from the Company.

In August 2009, the Company repaid US\$21.5 million outstanding loans and interest payables from banks using this funding. After the repayments, the defaults of all loan agreements have been resolved and the remaining 2008 bank loan balance was US\$11 million. Of which US\$9.4 million was the loan from Vietcombank Dong Nai. The Company has also received a letter from Vietcombank Dong Nai expressing its intention to renew the Company's existing US\$10 million short-term loan agreement due on 30 September 2009 for a period of at least 12 months from its expiry date. Based on these events, the management of the Company determined that it is appropriate to prepare the separate financial statements on a going concern basis.

Users of these separate financial statements should read them together with the Group's consolidated financial statements as at and for the year ended 31 December 2008 in order to obtain full information on the financial position, results of operations and changes in financial position of the Group as a whole.

2.2 Fiscal year

The Company's fiscal year is from 1 January to 31 December.

2.3 Currency

The separate financial statements are measured and presented using United States dollar (US\$) as approved by the Ministry of Finance in Official Letter No. 550 TC/CDKT dated 5 September 1998.

Transactions arising in currencies other than US\$ are translated at exchange rates ruling at the transaction dates. Exchange differences arising from these transactions are recognised in the income statement.

Monetary assets and liabilities denominated in currencies other than US\$ at the balance sheet date are translated at the rates of exchange ruling at the balance sheet date. Exchange differences arising from these translations are recognised in the income statement.

2.4 Form of records applied

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

2.5 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at bank, cash in transit, demand deposits and other short-term investments with an original maturity of three months or less.

2.6 Trade receivables

Trade receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review by management of all outstanding amounts at the year end. Bad debts are written off when identified.

2.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method and includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured products, cost includes all direct expenditure and production overheads absorbed based on normal levels of operating activity. Net realisable value is the estimated selling price in the normal course of business, less the estimated costs of completion and selling expenses. Provision is made, where necessary, for obsolete, slow-moving and defective inventory items.

2.8 Fixed assets*Tangible fixed assets*

Fixed assets are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the fixed assets.

2.8 Fixed assets (continued)*Depreciation*

Fixed assets are depreciated on the straight-line method to write off the cost of the assets over the shorter of their estimated useful lives and the remaining period of the Investment Certificate. The principal annual rates used are:

Buildings	15 - 30 years
Machinery and equipment	10 - 15 years
Motor vehicles	6 years
Office equipment	10 years

Disposals

Gains and losses on disposals are determined by comparing net disposal proceeds with the carrying amount and are recognised as income or expense in the income statement.

2.9 Investments in subsidiaries*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.

2.10 Leased assets

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

2.11 Borrowing costs

Borrowing costs that are directly attributable to the construction or production of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are recognised in the income statement when incurred.

2.12 Revenue recognition**(a) Sales of goods**

Revenue from the sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the likely return of goods.

(b) Interest income

Interest income is recognised on an earned basis.

2.13 Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the separate financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined at the tax rates that are expected to apply to the financial year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantially enacted by the balance sheet date.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred income tax assets relating to tax loss carry-forwards are recognised to the extent that the realisation of the related tax benefit through future taxable profits is probable.

2.14 Dividend distribution

The Company's net profit after tax is available for appropriation to shareholders as dividends after approval by shareholders at the Company's Annual General Meeting.

Dividends may be declared and paid based on the estimated earnings of the year to date. Dividends also may be declared and paid in the following year from undistributed earnings as at the balance sheet date based on the approval of shareholders at the Company's Annual General Meeting.

2.15 Related parties

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

2.16 Provisions

Provisions are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

2.16 Provisions (continued)

Provisions are measured at the expenditures expected to be required to settle the obligation. If the time value of money is material, provisions will be measured at their present value using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expenses.

2.17 Provision for severance allowances

In accordance with Vietnamese labour laws, employees of the Company are entitled to a severance allowance based on their years of service. This will be paid as a lump sum when the employee leaves the Company. A provision for severance allowances is made for the estimated liability for employment termination as a result of services rendered by employees up to the balance sheet date. The provision is calculated on the basis of a half-month's salary for each employee for each year of service with the Company, based on salary levels at the balance sheet date.

2.18 Segmental reporting

The Company 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 Company operated in three segments: domestic sales, export sales and sales of contract manufactured goods. In addition, there are two main kinds of product: Drinks and Biscuits.

3 CASH AND CASH EQUIVALENTS

	2008	2007
	US\$	US\$
Cash on hand	45,087	45,291
Cash at bank	166,617	369,347
	<u>211,704</u>	<u>414,638</u>
	<u><u>211,704</u></u>	<u><u>414,638</u></u>

4 OTHER RECEIVABLES

Other receivables balance mainly represented the receivables on disposal of a vehicle to An Phu My Trading Service Construction Company Limited, which is half-owned and managed by an employee of the Company.

INTERFOOD SHAREHOLDING COMPANY

Form B 09 – DN

5 INVENTORIES

	2008	2007
	US\$	US\$
Goods in transit	373,232	1,250,565
Raw materials	2,504,674	3,794,016
Tools and supplies	160,527	229,085
Work in progress	1,166,294	1,601,652
Finished goods	2,438,016	3,225,214
Provision for decline in value of inventories	(340,339)	(261,602)
	<u>6,302,404</u>	<u>9,838,930</u>
	<u><u>6,302,404</u></u>	<u><u>9,838,930</u></u>

6 OTHER TAXES RECEIVABLE

	2008	2007
	US\$	US\$
Advanced payment of business income tax	106,907	106,907
Import duties to be deducted	-	65,126
Other taxes	-	16,898
	<u>106,907</u>	<u>188,931</u>
	<u><u>106,907</u></u>	<u><u>188,931</u></u>

7 FIXED ASSETS**(a) Tangible fixed assets**

	Buildings US\$	Machinery and equipment US\$	Motor vehicles US\$	Office equipment US\$	Total US\$
Historical cost					
At 1 January 2008	645,558	19,243,778	473,188	286,810	20,649,334
New purchases	-	848,668	195,168	20,718	1,064,554
Transferred from construction in progress	-	3,498,113	-	-	3,498,113
Disposal	-	(44,707)	(137,658)	-	(182,365)
At 31 December 2008	<u>645,558</u>	<u>23,545,852</u>	<u>530,698</u>	<u>307,528</u>	<u>25,029,636</u>
Accumulated depreciation					
At 1 January 2008	(233,696)	(6,709,868)	(354,127)	(148,391)	(7,446,082)
Charge for the year	(32,921)	(1,419,312)	(35,014)	(26,366)	(1,513,613)
Disposals	-	-	1,128	-	1,128
At 31 December 2008	<u>(266,617)</u>	<u>(8,129,180)</u>	<u>(388,013)</u>	<u>(174,757)</u>	<u>(8,958,567)</u>
Net book value					
At 1 January 2008	<u>411,862</u>	<u>12,533,910</u>	<u>119,061</u>	<u>138,419</u>	<u>13,203,252</u>
At 31 December 2008	<u><u>378,941</u></u>	<u><u>15,416,672</u></u>	<u><u>142,685</u></u>	<u><u>132,771</u></u>	<u><u>16,071,069</u></u>

As at 31 December 2008, buildings, machinery and equipment with a carrying value of US\$9,336,254 (2007: machinery and equipment with carrying value of US\$5,989,241) have been pledged with banks as security for short-term borrowings granted to the Company by Vietcombank Dong Nai (Note 10(a)).

Included in machinery and equipment is the biscuit production line with historical cost of US\$2,347,508 and net book value, as at 31 December 2008, of US\$1,008,224 (2007: US\$1,164,724) being used by AvaFood Shareholding Company for the production of biscuit products as part of the processing contract the Company entered into with AvaFood Shareholding Company.

Historical cost of fully depreciated fixed assets as at 31 December 2008 was US\$1,582,688 (2007: US\$363,435).

7 FIXED ASSETS (continued)**(b) Construction in progress**

	2008	2007
	US\$	US\$
At 1 January	3,451,455	39,856
Additions	211,893	3,411,599
Transferred to tangible fixed assets	(3,498,113)	-
	<u>165,235</u>	<u>3,451,455</u>
At 31 December	<u>165,235</u>	<u>3,451,455</u>

Construction in progress completed and transferred to tangible fixed assets during the year was mainly related to two new canning fruit juice lines located at Lot 13, Tam Phuoc Industrial Zone, Long Thanh District, Dong Nai Province.

8 INVESTMENTS IN SUBSIDIARIES

	Amount		% equity held	
	2008	2007	2008	2007
	US\$	US\$	%	%
AvaFood Shareholding Company	4,500,000	4,500,000	90	90
Interfood Packaging Limited (*)	9,000,000	-	90	-
Northern Interfood Shareholding Company (**)	-	-	-	-
	<u>13,500,000</u>	<u>4,500,000</u>		
	<u>13,500,000</u>	<u>4,500,000</u>		

(*) On 6 May 2008, Interfood Packaging Limited (formerly known as Interfood Packaging Shareholding Company) received the approval from the Board of Management of Dong Nai Industrial Zones to be established for a period of 46 years pursuant to Investment Certificate No. 472033000464 with total investment capital and charter capital of US\$32 million and US\$10 million respectively. As at 31 December 2008, the Company has fully contributed the capital, equivalent to US\$9 million, to Interfood Packaging Limited in form of assets transferred (Note 9(b) and Note 30(a)).

(**) On 14 February 2008, Northern Interfood Shareholding Company received the approval from the Board of Management of Bac Ninh Industrial Park to be established for a period of 50 years pursuant to Investment Certificate No. 212032000111 with total investment capital and charter capital of US\$36 million and US\$11 million respectively. As at 31 December 2008, the Company has not yet contributed the capital to Northern Interfood Shareholding Company.

9 OTHER LONG-TERM ASSETS

		2008 US\$	2007 US\$ Restated
Prepayments for assets for Northern Interfood Shareholding Company	(a)	-	803,053
Prepayments for assets for Interfood Packaging Limited	(b)	-	14,781,897
Advance to An Phu My Trading Service Construction Company Limited	(c)	-	438,808
		<u> </u>	<u> </u>
		-	16,023,758
		<u> </u>	<u> </u>

Pursuant to the Company's Resolution No. EGM01150907 dated 15 September 2007, the Company began investing in two 90% - owned subsidiaries: (1) Northern Interfood Shareholding Company, and (2) Interfood Packaging Shareholding Company (latterly known as Interfood Packaging Limited). The balances as at 31 December 2007 represent the prepayments to two suppliers to lease land and purchase fixed assets which shall be transferred to the subsidiaries as capital contribution and intercompany loans when the subsidiaries receive the investment certificates from the authorities.

(a) Prepayments for assets for Northern Interfood Shareholding Company

		2008 US\$	2007 US\$
At 1 January		803,053	-
Additions		9,000,694	803,053
Forfeiture and write-off of prepayments for machinery	(i)	(8,985,664)	-
Write-off of prepayments for land lease and other advances for expenses	(ii)	(818,083)	-
		<u> </u>	<u> </u>
At 31 December		-	803,053
		<u> </u>	<u> </u>

9 OTHER LONG-TERM ASSETS (continued)**(a) *Prepayments for assets for Northern Interfood Shareholding Company (continued)***

- (i) In September 2007, the Company signed a contract with a supplier, Summitmark Worldwide Limited, a company registered in British Virgin Island for the purchase of canning machines for two two-piece aluminium cans production lines. The prices of the first and second production lines were US\$20 million and US\$18 million, respectively. The contract requires instalment deposits as work progresses and forfeiture of deposits upon breach of contract by the Company. If the supplier could not deliver the machines, a penalty of 200% of the paid deposits would be compensated to the Company.

The purchase of the first production line was completed and the Company subsequently transferred this production line to its subsidiary, Interfood Packaging Limited (formerly known as Interfood Packaging Shareholding Company) (Note 9(b)).

The second production line was intended to be purchased and contributed to Northern Interfood Shareholding Company. However, due to material adverse changes in financial market conditions in Vietnam in 2008 such as high inflation, credit-tightening policies of the Government and the worldwide financial crisis, the Company could not get the committed funding from banks. Consequently, the Company was unable to make the remaining payments for the second production line under the terms of the contract.

As at June 2008, the Company had accumulative progress payments of US\$9 million for the second production line. Management had several discussions and negotiations with the supplier to extend the payment terms. However, on 13 February 2009, the supplier formally notified the Company that due to the breach of terms in the contract, the US\$9 million accumulative payments by the Company has been forfeited and the contract was deemed to be terminated, null, and void. As a result, the Company has written off the prepayment for the machineries (Note 23).

- (ii) The Company entered into contract with a third party, Kinh Bac City Development Joint Stock Company on 17 March 2008 for the lease of land in the Bac Ninh Industrial Park and had made cumulative payments of US\$686,798 pursuant to the contract and other advances of US\$131,285. This site was intended to be the location for the Northern Interfood Shareholding Company's factory. Due to the financial difficulties noted above, the Company also could not fulfil the remaining payment obligation under the terms of the contract and therefore wrote off the prepayment.

According to Article No. 4 of the Northern Interfood Shareholding Company's Investment Certificate No. 212032000111, dated 14 February 2008 issued by the Board of Management of Bac Ninh Industrial Park, if no construction is executed within 12 months from the date of land transfer, the investment certificate shall be revoked. As at the date of issuance of the financial statements, the Company has neither began construction of the factory nor received any notice from authorities to revoke the investment certificate.

Accordingly, the Company has written-off the partial payments for the land lease and other advances relating to Northern Interfood Shareholding Company (Note 23).

9 OTHER LONG-TERM ASSETS (continued)**(b) Prepayments for assets for Interfood Packaging Limited**

	2008	2007
	US\$	US\$
At 1 January	14,781,897	-
Additions	9,778,995	14,781,897
Transfer to a subsidiary	(24,560,892)	-
	<hr/>	<hr/>
At 31 December	-	14,781,897
	<hr/> <hr/>	<hr/> <hr/>

Total borrowing cost that has been capitalised during the year ended 31 December 2008 is US\$1,454,744 (2007: US\$86,025). The average interest rate used to determine the amount of borrowing costs capitalised is 16% per annum (2007: 6.5%).

As per Assets Transfer Agreement dated 31 October 2008 and its annexes dated 31 December 2008 entered between the Company and Interfood Packaging Limited, the Company transferred all assets and liabilities engaged on behalf of Interfood Packaging Limited valued at US\$24,560,892 and US\$4,789,716, respectively, to Interfood Packaging Limited as capital contribution for US\$9,000,000 (Note 8), and remaining balance of US\$10,771,176 (VND182,862 million) as unsecured short-term loans (Note 26(b)). The loans bear an interest rate that Vietcombank applied for the Company's short-term loan in Vietnam Dong, which ranged from 9.8% to 21% per annum.

(c) Advance to An Phu My Trading Service Construction Company Limited ("An Phu My Company")

In November 2007, the Company entered into an agreement with An Phu My Company to establish a two-member limited company with total investment capital and charter capital of US\$43 million and US\$10 million respectively. As at 31 December 2007, the Company advanced US\$438,808 to An Phu My Company, which is 50% owned and managed by an employee of the Company.

In June 2008, the Company and An Phu My Company terminated the agreement and the advance was returned to the Company.

10 SHORT-TERM BORROWINGS

		2008	2007
		US\$	US\$
Loans from Vietcombank, Dong Nai	(a)	12,269,209	12,636,383
Loans from ANZ Bank	(b)	9,069,606	5,600,591
Loans from Citibank, N.A, HCMC	(c)	1,754,038	1,917,252
Loans from Asia Commercial Bank, Dong Nai	(d)	4,609,413	5,000,000
Loans from Chinatrust Commercial Bank – HCMC	(e)	1,943,635	-
Loans from HSBC Bank - HCMC	(f)	1,670,283	-
		<hr/>	<hr/>
		31,316,184	25,154,226
		<hr/> <hr/>	<hr/> <hr/>

10 SHORT-TERM BORROWINGS (continued)**(a) Loans from Vietcombank Dong Nai**

	2008 US\$	2007 US\$
Denominated in US\$	550,767	9,758,947
Denominated in VND	11,718,442	2,877,436
	<u>12,269,209</u>	<u>12,636,383</u>
	<u><u>12,269,209</u></u>	<u><u>12,636,383</u></u>

The Company has two short-term credit facilities: revolving loans of US\$10 million and a short-term loan of US\$3 million from Vietcombank Dong Nai. The principal repayment dates are ranging from 11 February 2009 to 30 June 2009. The loans are secured by the factory building, machinery and equipment plus the insured amounts on these properties (Note 7(a)). The interest rates ranged from 5.97% to 9.84% per annum (2007: SIBOR 3 months plus 1.2%) on drawdown in US\$ and ranged from 10% to 21% per annum (2007: 9.6% per annum) on drawdown in VND.

During the year, the Company requested and the bank accepted the extension the repayment of the interest on loans. Consequently, all outstanding loan balances were classified as non-performing loan by the bank. However, in July 2009, the Company made repayments for all overdue principal and interest to the bank and the bank has waived the VND1 billion overdue interest charges. On 6 August 2009, the Company also received a letter from the bank confirming that the status of credit facilities was back to normal and the Company was able to continue using the unused credit facilities.

(b) Loans from ANZ Bank

	2008 US\$	2007 US\$
Denominated in US\$	4,433,922	2,696,284
Denominated in VND	4,635,684	2,904,307
	<u>9,069,606</u>	<u>5,600,591</u>
	<u><u>9,069,606</u></u>	<u><u>5,600,591</u></u>

The Company has short-term credit facilities of US\$6 million from ANZ Bank and on 3 March 2008, the Company entered into a bridging loan facility of US\$18 million to finance the investment in the Northern subsidiary. The interest rates ranged from 4.97% to 10% per annum (2007: SIBOR plus 1.5% per annum) on drawdown in US\$, and from 9.2% to 21% per annum (2007: VNIBOR plus 1.5% per annum) on drawdown in VND. In the event of default, there is a set-off arrangement over all of the Company's bank accounts with the bank.

During the year, the Company could not repay the loan principals within their due date and as at the balance sheet date, the Company is in default of the payment terms under the loan agreements. On 5 June 2009, ANZ Bank issued an amendment to the Debt Settlement Agreement dated 21 April 2009 which allowed the Company to settle the remaining debt by 7 August 2009. On 5 August 2009, the Company fully repaid all outstanding loan balance and related interest with the bank.

10 SHORT-TERM BORROWINGS (continued)**(c) Loans from Citibank, N.A, HCMC**

	2008 US\$	2007 US\$
Denominated in US\$	1,754,038	1,917,252
	<u>1,754,038</u>	<u>1,917,252</u>

The Company has short-term credit facilities of US\$2,500,000 from Citibank, N.A, HCMC. Interest rates ranged from 4.22% to 8.46% per annum (2007: 5.9% to 6.73% per annum). In the event of default, there is a set-off arrangement over all of the Company's bank accounts with the bank.

During the year, the Company could not repay the loan principals within their due date and as at the balance sheet date, the Company is in default of the payment terms under the loan agreements. On 21 April 2009, the bank agreed the revised repayment schedule, under which, the loans would be repaid into 3 installments. The first installment of US\$1.1 million was due on 7 August 2009. The second installment of approximately US\$755 thousand is due on 21 August 2009; and the third installment of US\$76 thousand is due on 4 September 2009. On 4 August 2009, the Company paid the first installment of US\$1,131,565.

(d) Loans from Asia Commercial Bank, Dong Nai

	2008 US\$	2007 US\$
Denominated in US\$	-	5,000,000
Denominated in VND	4,609,413	-
	<u>4,609,413</u>	<u>5,000,000</u>
	<u>4,609,413</u>	<u>5,000,000</u>

The Company has unsecured short-term credit facilities of US\$5,000,000 from Asia Commercial Bank. The drawdown can be made in either US\$ or VND. Interest rates ranged from 18% to 31.5% per annum (2007: 6.3% per annum).

During the year, the Company could not repay the loan principals within their due date and as at the balance sheet date, the Company is in default of the payment terms under the loan agreements. On 25 June 2009, all outstanding loan balance and interest was fully repaid.

(e) Loans from Chinatrust Commercial Bank – Ho Chi Minh City

	2008 US\$	2007 US\$
Denominated in US\$	29,070	-
Denominated in VND	1,914,565	-
	<u>1,943,635</u>	<u>-</u>
	<u>1,943,635</u>	<u>-</u>

10 SHORT-TERM BORROWINGS (continued)**(e) Loans from Chinatrust Commercial Bank – Ho Chi Minh City (continued)**

The Company has unsecured short-term credit facilities of US\$2,160,693 from Chinatrust Commercial Bank - Ho Chi Minh City. The interest rates ranged from 5.79% to 11.25% per annum on drawdown in US\$ and ranged from 17.19% to 18.59% per annum on drawdown in VND.

On 3 July 2009, the Company and the bank entered into an amendment facility letter in which the Company agreed to pay 60% of the outstanding balance by 30 September 2009 and the remaining 40% will be repaid in 12 monthly installments. On 4 August 2009, the Company made early repayment of 60% of the outstanding loan balance approximately amounting to US\$1 million.

(f) Loans from HSBC – Ho Chi Minh City

	2008	2007
	US\$	US\$
Denominated in US\$	663,517	-
Denominated in VND	1,006,766	-
	<u>1,670,283</u>	<u>-</u>
	<u><u>1,670,283</u></u>	<u><u>-</u></u>

The Company has short-term credit facilities of US\$2,000,000 from HSBC Bank – Ho Chi Minh City. Interest rates ranged from 4.5% to 11.7% per annum for drawdown in US\$ and from 12.75% to 21% per annum on drawdown in VND. The loans are secured by the Company's trade accounts receivable valued at US\$2,320,000.

According to HSBC's Letter Number CRM09003 dated 7 July 2009, the Company is required to make the first repayment of US\$1,102 thousand by 6 August 2009 and repay the remaining outstanding loan principal and interest payable by 5 October 2009. On 5 August 2009, the Company repaid US\$1,102 thousand.

11 TAXES AND OTHER PAYABLES TO THE STATE BUDGET

	2008	2007
	US\$	US\$
VAT output payable	370,302	-
Import duties	26,161	-
Personal income tax	67,430	4,389
Others tax	87,555	-
	<u>551,448</u>	<u>4,389</u>
	<u><u>551,448</u></u>	<u><u>4,389</u></u>

INTERFOOD SHAREHOLDING COMPANY

Form B 09 – DN

12 ACCRUED EXPENSES

	2008	2007
	US\$	US\$
Transportation	406,080	180,533
Utilities	15,846	40,326
Interest expense	1,768,264	45,807
Trade discount	181,874	99,446
Others	155,264	49,724
	<u>2,527,328</u>	<u>415,836</u>
	<u><u>2,527,328</u></u>	<u><u>415,836</u></u>

13 OTHER PAYABLES

	2008	2007
	US\$	US\$
Dividends payable (Note 17)	24,265	25,442
Trade union, social and health insurance	72,804	9,613
Other payables to a related party (Note 26(b))	8,033	-
Other payables	252	-
	<u>105,354</u>	<u>35,055</u>
	<u><u>105,354</u></u>	<u><u>35,055</u></u>

14 DEFERRED INCOME TAX

The gross movement of the deferred income tax account during the year is as follows:

	2008
	US\$
At 1 January	-
Charged to the income statement	2,337,065
	<u>2,337,065</u>
At 31 December	<u><u>2,337,065</u></u>

Deferred income tax assets are derived from 2008 tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable.

14 DEFERRED INCOME TAX (continued)

The Company's tax losses can be carried forward to offset against future taxable profits for up to five years from the year in which the loss was incurred. The actual amount of tax losses that can be carried forward is subject to review and approval of the tax authorities and may be different from the figures presented. The estimated amount of tax losses available for offset against the Company's future taxable profits are:

Year of tax loss	Status of tax authorities' review	Losses available US\$
2008	Outstanding	13,074,272

The Company did not recognise the deferred income tax assets in relation to a portion of the certain tax losses carried forward as shown above amounting to US\$3,726,014, as the future taxable profit within next five years is assessed not to be sufficient to utilise the full amount of the tax losses available.

15 OWNERS' CAPITAL

	Number of shares	Ordinary Shares VND'000	Ordinary Shares Equivalent US\$
At 1 January and 31 December 2008	29,140,984	291,409,840	18,313,995
		2008	2007
		Ordinary shares	Ordinary shares
Number of shares registered		29,140,992	29,140,992
Number of shares issued and existing		29,140,984	29,140,984

As at 31 December 2008, the charter capital has been fully contributed.

16 MOVEMENTS IN OWNERS' EQUITY

	Owners' capital US\$	Share premium US\$	Retained earnings US\$	Total US\$
At 1 January 2007	15,300,000	7,096,759	2,313,616	24,710,375
Issuance of bonus shares from share premium	3,014,000	(3,014,000)	-	-
Treasury shares	(5)	-	-	(5)
Profit for the year	-	-	4,077,949	4,077,949
Dividends declared	-	-	(4,057,224)	(4,057,224)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2007	18,313,995	4,082,759	2,334,341	24,731,095
Loss for the year	-	-	(12,978,714)	(12,978,714)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2008	<u>18,313,995</u>	<u>4,082,759</u>	<u>(10,644,373)</u>	<u>11,752,381</u>

17 DIVIDENDS

No dividend is declared for the year ended 31 December 2008 as the Company made loss. As at 31 December 2008, the 2007 dividends payable amounting to US\$24,265 was not paid and included in the other payables (Note 13).

18 REVENUE**(a) Net sales**

	2008 US\$	2007 US\$
Sales		
Domestic	49,308,767	40,190,632
Export	2,933,870	3,963,539
Contract manufactured goods	-	2,885,297
	<hr/>	<hr/>
	52,242,637	47,039,468
	<hr/>	<hr/>
Sales deductions		
Sales discounts	(3,272,972)	(2,250,094)
Sales returns	(25,284)	(28,168)
	<hr/>	<hr/>
	(3,298,256)	(2,278,262)
	<hr/>	<hr/>
	<u>48,944,381</u>	<u>44,761,206</u>
	<hr/> <hr/>	<hr/> <hr/>

INTERFOOD SHAREHOLDING COMPANY

Form B 09 – DN

18 REVENUE (continued)

(b) Financial income

	2008	2007
	US\$	US\$
Interest income from bank deposits	25,007	11,785
Interest income from loan to a related party (Note 26(a)(i))	433,966	487,505
Unrealised foreign exchange gains	437,212	-
	<u>896,185</u>	<u>499,290</u>

19 COST OF SALES

	2008	2007
	US\$	US\$
Raw materials	38,350,504	31,974,036
Labour costs	1,067,369	882,275
Depreciation expense	1,368,190	1,129,922
Other expenses	5,286,540	1,787,917
	<u>46,072,603</u>	<u>35,774,150</u>

20 FINANCIAL EXPENSES

	2008	2007
	US\$	US\$
Interest expense	2,491,236	945,388
Other financial expense	182,669	-
Realised foreign exchange losses	239,463	47,229
	<u>2,913,368</u>	<u>992,617</u>

21 SELLING EXPENSES

The following items have been included in selling expenses:

	2008	2007
	US\$	US\$
Transportation expenses	2,500,340	1,685,451
Staff costs	618,275	542,977
	<u>3,118,615</u>	<u>2,228,428</u>

22 GENERAL AND ADMINISTRATION EXPENSES

The following items have been included in general and administration expenses:

	2008 US\$	2007 US\$
Depreciation of tangible fixed assets	34,293	70,347
Staff costs	1,119,568	601,883
	<u> </u>	<u> </u>

23 NET OTHER (EXPENSES)/INCOME

	2008 US\$	2007 US\$
Other income		
Sundry income	122,338	183,538
	<u> </u>	<u> </u>
Other expenses		
Write-off of prepayments for machineries (Note 9(a))	(8,985,664)	-
Write-off prepayments for land lease and other advances made for Northern Interfood Shareholding Company (Note 9(b))	(818,083)	-
Other expenses	(134,933)	(41,825)
	<u> </u>	<u> </u>
	(9,938,680)	(41,825)
	<u> </u>	<u> </u>
Net other (expenses)/income	(9,816,342)	141,713
	<u> </u>	<u> </u>

24 TAXATION**Provision for business income tax**

The Company was granted a business income tax ("BIT") rate of 15% for a period of 12 years from 1994, the first year it commenced commercial operations. BIT rate of 25% is applied from 2006 onwards.

According to Decree No. 24/2007/NĐ-CP dated 14 February 2007 (replaced Decree No. 164/2003/NĐ-CP dated 22 December 2003) of the Government, 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, Long Thanh District. As a result, profit derived from this line is exempt from BIT for two years and a reduction of 50% for the following six years. Also 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 BIT 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.

24 TAXATION (continued)

	2008 US\$	2007 US\$
Net accounting (loss)/profit before tax	(15,315,779)	4,483,535
Tax calculated at a reduced rate of 25% (2007: 12.5%)	(3,828,945)	560,442
Effect of:		
Income not subject to tax	-	(179,756)
Expenses not deductible for tax purposes	795	24,900
Tax losses for which no deferred income tax asset was recognised	1,491,085	-
Business income tax (credit)/charge	(2,337,065)	405,586

25 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Company and held as treasury shares:

	2008	2007
Net (losses)/ profits attributable to shareholders (US\$)	(12,978,714)	4,077,949
Weighted average number of ordinary shares in issue (shares)	29,140,984	29,140,991
Basic (loss)/earnings per share (US\$)	(0.445)	0.140

There has been no potential dilutive ordinary share in issue during the year.

26 RELATED PARTY TRANSACTIONS

The Company is controlled by Trade Ocean Holdings Sdn. Bhd., a company incorporated in Malaysia and owned by the Chairman. As at 31 December 2008, Trade Ocean Holdings Sdn. Bhd. and the Chairman owned 57% and 23% of the Company's share capital respectively (2007: 57% and 23% respectively).

Other related parties that the Company had relationship with included:

- Avafood Shareholding Company, a company incorporated in SR Vietnam and 90% of the shareholding was acquired by the Company in June 2007.
- Interfood Packaging Limited, a company incorporated in SR Vietnam in May 2008 and 90% of the shareholding was owned by the Company.
- Wonderfarm Biscuits & Confectionery Sdn. Bhd., a company incorporated in Malaysia and controlled by the Company's Chairman and General Director.
- Chuan Li Can Manufacturing (Vietnam) Limited Company, a company incorporated in SR Vietnam and managed by a member of the Company's Board of Management.

(a) Related party transactions

During the year, the following transactions were carried out with related parties:

i) Loans to AvaFood Shareholding Company

	2008	2007
	US\$	US\$
Opening balance	4,028,686	4,499,355
Loans granted in the year	8,888,396	6,773,855
Interest charged in the year	433,966	487,505
Depreciation of biscuits production line charged back to AvaFood	156,501	156,501
Material received from the Company	95,705	-
Purchase of drinks products	136,810	30,521
Repayments received in the year	(6,550,001)	(923,413)
Contra-account with net purchases of goods & services from AvaFood Shareholding Company	(3,122,025)	(4,432,953)
Realised exchange loss	(103,573)	-
Processing fee for drinks charge to the Company	(1,053,808)	-
Contra-account with acquisition and additional capital	-	(2,562,685)
	<hr/>	<hr/>
Closing balance	2,910,657	4,028,686
	<hr/> <hr/>	<hr/> <hr/>

26 RELATED PARTY TRANSACTIONS (continued)

(a) Related party transactions (continued)

ii) Purchases of goods and services from AvaFood Shareholding Company

	2008 US\$	2007 US\$
Office, warehouse and workshop rentals	944,499	413,232
Materials purchased and processing fees charged	2,891,917	3,906,793
	<u>3,836,416</u>	<u>4,320,025</u>

iii) Other related party transactions

	2008 US\$	2007 US\$
Related companies		
Description of transactions		
Trade Ocean Holdings Sdn. Bhd. ("TOH")		
Advance received from TOH during the year	-	1,000,000
Repayments of advance to TOH during the year	-	1,000,000
	<u>-</u>	<u>2,000,000</u>
Wonderfarm Biscuits & Confectionery Sdn. Bhd.		
Payment for acquisition of AvaFood	-	1,937,315
Conversion of loan to equity investment in AvaFood	-	1,662,685
	<u>-</u>	<u>3,600,000</u>
Chuan Li Can Manufacturing (Vietnam) Limited Company		
Purchases of goods and services	612,811	1,133,435
	<u>612,811</u>	<u>1,133,435</u>

iv) Compensation of key management

	2008 US\$	2007 US\$
Gross salaries and other benefits	135,829	83,471
	<u>135,829</u>	<u>83,471</u>

26 RELATED PARTY TRANSACTIONS (continued)

(a) Related party transactions (continued)

v) *Dividends paid*

	2008 US\$	2007 US\$
Trade Ocean Holdings Sdn. Bhd.	-	2,323,979
Founding shareholders/Company's directors	-	953,094
	<u> </u>	<u> </u>

vi) *Others*

According to the Resolution of the BOM's meeting dated 25 December 2008, the Chairman has agreed to provide additional loan to the Company through the reassignment of Interfood Packaging Limited's debts, that owing to the Chairman, to the Company amounting to US\$3,903,219. The payable balance will then be converted to a five-year shareholder loan.

In July 2009, Interfood Packaging Limited (subsequently named "Crown Beverage Cans (Dong Nai) Limited") entered the agreement with the Company to transfer a portion of 2008 debts of US\$3,903,219 owed to the Chairman into the debts owed to the Company.

(b) Year end balances with related parties

	2008 US\$	2007 US\$
Receivables		
AvaFood Shareholding Company (Note 26(a)(i))	2,910,657	4,028,686
Interfood Packaging Limited (Note 9(b))	10,771,176	-
	<u> </u>	<u> </u>
	<u>13,681,833</u>	<u>4,028,686</u>

In 2008, the Company formalised the amounts it advanced to AvaFood Shareholding Company into a loan facility of US\$4,000,000 with interest rate ranging from 9.84% to 21% per annum. Drawdown amounts that exceeded the facility limit are subject to the same interest rate.

	2008 US\$	2007 US\$
Payables (included in trade accounts payable)		
Interfood Packaging Limited	236,016	-
Chuan Li Can Manufacturing (Vietnam) Limited Company	42,232	161,181
	<u> </u>	<u> </u>

26 RELATED PARTY TRANSACTIONS (continued)**(b) Year end balances with related parties (continued)**

	2008	2007
	US\$	US\$
Other payables		
Payables to the Chairman (Note 13)	8,033	-
	<u>=====</u>	<u>=====</u>

27 SEGMENTAL INFORMATION

At 31 December 2008, 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 categories of sales for the year ended 31 December 2008 are as follows:

	Domestic	Export	Total
	US\$	US\$	US\$
Sales revenue - net	46,010,511	2,933,870	48,944,381
Cost of sales	(43,310,876)	(2,761,727)	(46,072,603)
	<u>=====</u>	<u>=====</u>	<u>=====</u>
Gross profit	2,699,635	172,143	2,871,778
	<u>=====</u>	<u>=====</u>	<u>=====</u>

The segment results for categories of sales for the year ended 31 December 2007 are as follows:

	Domestic	Export	Contract	Total
	US\$	US\$	manufactured	US\$
			goods	
			US\$	
Sales revenue - net	37,912,370	3,963,539	2,885,297	44,761,206
Cost of sales	(30,128,583)	(3,149,785)	(2,495,782)	(35,774,150)
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>
Gross profit	7,783,787	813,754	389,515	8,987,056
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

Contract manufactured goods are for sales outside Vietnam.

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

27 SEGMENTAL INFORMATION (continued)

The segment results for the year ended 31 December 2008 are as follows:

	Drinks US\$	Biscuit US\$	Others US\$	Total US\$
Sales revenue - net	46,545,893	2,051,974	346,514	48,944,381
Cost of sales	(44,073,544)	(1,670,951)	(328,108)	(46,072,603)
Gross profit	<u>2,472,349</u>	<u>381,023</u>	<u>18,406</u>	<u>2,871,778</u>

The segment results for the year ended 31 December 2007 are as follows:

	Drinks US\$	Biscuit US\$	Others US\$	Total US\$
Sales revenue - net	40,289,826	4,071,351	400,029	44,761,206
Cost of sales	(32,245,142)	(3,232,964)	(296,044)	(35,774,150)
Gross profit	<u>8,044,684</u>	<u>838,387</u>	<u>103,985</u>	<u>8,987,056</u>

28 COMMITMENTS UNDER OPERATING LEASES

The future minimum lease payments under non -cancellable operating leases are as follows:

	Property	
	2008 US\$	2007 US\$
Within 1 year	879,645	525,533
Between 1 and 5 years	3,299,688	1,617,009
Over 5 years	2,398,262	1,378,554
Total minimum payments	<u>6,577,595</u>	<u>3,521,096</u>

Operating lease commitments represent land, office, warehouse and workshop rentals for the Company's factories and branches.

29 CAPITAL COMMITMENTS

Capital expenditure contracted for at the balance sheet date but not recognised in the separate financial statements is as follows:

	2008 US\$	2007 US\$
Property, plant and equipment	-	<u>25,257,330</u>

30 SUBSEQUENT EVENTS

- (a) On 6 January 2009, the Company entered into an Agreement on Assignment of Capital Contribution with a third party for the sale of 70% of the total chartered capital of Interfood Packaging Limited (“IPL”), equivalent to US\$7 million for a consideration of US\$4.7 million. The buyer will also provide the shareholder’s loan to IPL approximately US\$18 million. The loan is to be used by IPL to repay its intercompany loans and payables. The Company incurred a loss of US\$ 2.3 million on disposals of the subsidiary, which is determined on the cash consideration of US\$4.7 million. The Company neither recognises the impairment loss in 2008 nor carries out an impairment test on the investment in subsidiaries, because the accounting standard for impairment is not mandatory under Vietnamese Accounting Standard.
- (b) Subsequent to the sales of 70% of the shares in IPL, IPL has changed its name to Crown Beverage Cans (Dong Nai) Limited according to the amended Investment Certificate No. 472023000464 dated 19 June 2009 issued by the Board of Management of Dong Nai Industrial Zone.

31 COMPARATIVE FIGURES

Certain comparative figures in the separate financial statements have been reclassified to conform with the current year’s presentation.

The separate financial statements were approved by the Board of Directors on 11 August 2009.

Nguyen Thi Kim Lien
Finance Director

Pang Tee Chiang
Chairman, General Director