

Separate financial statements and independent
auditors' report

Interfood Shareholding Company

31 December 2010

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Report of the Board of Directors

The Board of Directors submits its report together with the audited separate financial statements of Interfood Shareholding Company (“the Company”) for the year ended 31 December 2010.

Results

The results of the Company for the year ended 31 December 2010 are set out in the separate statement of income.

Financial indicators of the business

	Unit	2010	2009
Assets structure and capital structure			
Assets structure			
Fixed assets/total assets	%	56.09	71.05
Current assets/total assets	%	43.91	28.95
Capital structure			
Liabilities/total resources	%	66.88	68.40
Owners' equity/total resources	%	33.12	31.60
Liquidity			
Total assets/liabilities	Times	1.50	1.46
Current ratio	Times	0.77	0.50
Quick ratio	Times	0.01	0.01
Profitability			
Loss/net sales			
Loss before tax/net sales	%	1.50	(1.21)
Net loss/net sales	%	1.13	(1.21)
Loss/total assets			
Loss before tax/total assets	%	2.31	(1.92)
Net loss/total assets	%	1.73	(1.92)
Net loss/owners' equity	%	5.24	(6.08)

Auditors

The separate financial statements for the year ended 31 December 2010 have been audited by Grant Thornton (Vietnam) Ltd.

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 on
Pang Tee Chiang	Chairman	15 August 2006
Nguyen Thi Kim Lien	Member	15 August 2006
Pang Tze Yi	Member	15 August 2006/14 March 2011
Teng Po Wen	Member	15 August 2006/14 March 2011
Yau Hau Jan	Member	15 August 2006/11 January 2010
Pang Tze Wei	Member	28 August 2010
Ryoichi Yonemura	Member	14 March 2011
Hiroshi Fujikawa	Member	14 March 2011

Board of Directors:

Pang Tee Chiang	General Director	15 August 2006
Yau Hau Jan	Deputy General Director	15 August 2006/11 January 2010
Pang Tze Yi	1st Deputy General Director	11 January 2010/14 March 2011
Nguyen Thi Kim Lien	Finance Director	15 August 2006
Pang Tze Wei	2nd Deputy General Director	29 August 2010

Statement of responsibility by the Board 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 2010 and of the results of its operations and its cash flows for the year then ended, in accordance with Vietnamese Accounting Standards and System and in compliance with the 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 the 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 separate 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.

Approval of the separate financial statements

The Board of Directors hereby approve the accompanying separate financial statements of the Company for the year ended 31 December 2010, which include the balance sheet, statement of income and statement of cash flows, together with the notes thereto. In the opinion of the Board of Directors these separate financial statements have been properly drawn up and give a true and fair view of the financial position of the Company as at 31 December 2010 and of its results of operations and cash flows for the year then ended in accordance with the Vietnamese Accounting Standards and System and in compliance with relevant statutory requirements.

On behalf of the Board of Directors

Pang Tee Chiang
General Director

Dong Nai Province, Vietnam

Date _____

Independent auditors' report

on the separate financial statements of Interfood Shareholding Company
for the year ended 31 December 2010

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No. HCM/11/068

To the Board of Management of Interfood Shareholding Company

We have audited the accompanying separate financial statements of Interfood Shareholding Company, which comprise the separate balance sheet as at 31 December 2010 and the separate statement of income and separate statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 10 to 27.

Management's Responsibility for the separate financial statements

Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with the Vietnamese Accounting Standards and System. 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. We conducted our audit in accordance with the Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the separate financial statements are free from material misstatement.

Basis of opinion

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 the 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 control 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 control. 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.

As indicated in Note 3 – Basis of preparation of 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 the Socialist Republic of Vietnam.

Opinion

In our opinion, the separate financial statements give a true and fair view of the financial position of Interfood Shareholding Company as of 31 December 2010, and of its financial performance and its cash flows for the year then ended, in accordance with the Vietnamese Accounting Standards and System and in compliance with relevant statutory requirements.

GRANT THORNTON (VIETNAM) LTD

Melvyn George Crowle

Auditor's Certificate No. N0297/KTV
General Director

Formatted: Portuguese (Portugal)

Tran Vuong Vu

Auditor's Certificate No. 1210/KTV
Auditor

Ho Chi Minh City, Vietnam

Date: _____

Separate balance sheet

	Notes	Code	31 December 2010		31 December 2009	
			USD	VND million	USD	VND million
ASSETS						
Current assets						
Cash and cash equivalents						
Cash	6	111	117,731	2,229	227,922	4,089
		110				
Accounts receivable						
Trade accounts receivable		131	434,257	8,221	582,773	10,456
Prepayments to suppliers		132	833,701	15,784	178,511	3,203
Receivables from related parties	33	133	6,330,174	119,843	1,902,433	34,132
Other receivables	7	135	132,933	2,517	403,521	7,240
Provision for short term doubtful debts		139	(24,405)	(462)	-	-
		130	7,706,660	145,903	3,067,238	55,031
Inventories						
Inventories	8	141	7,628,807	144,429	7,236,243	129,825
Provision for decline in inventory value	8	149	(146,582)	(2,775)	(709,946)	(12,737)
		140	7,482,225	141,654	6,526,297	117,088
Other current assets						
Short term prepaid expenses		151	6,663	126	170,920	3,066
Taxes and amounts receivable from the State Budget	9	154	106,907	2,024	106,907	1,918
Other current assets		158	77,128	1,460	48,514	870
		150	190,698	3,610	326,341	5,854
		100	15,497,314	293,396	10,147,798	182,062
Non-current assets						
Fixed assets						
Tangible fixed assets	10	211	12,973,526	245,615	14,141,073	253,705
- Historical cost		212	23,588,797	446,583	23,243,419	417,010
- Accumulated depreciation		213	(10,615,271)	(200,968)	(9,102,346)	(163,305)
Construction in progress	11	230	188,896	3,576	293,956	5,274
		210	13,162,422	249,191	14,435,029	258,979
Long-term receivables						
Other non-current receivables		228	-	-	637,429	11,436
Long-term investments						
Investments in subsidiaries	12	251	4,500,000	85,194	4,500,000	80,735
Investments in associates	13	258	-	-	3,000,000	53,823
		250	4,500,000	85,194	7,500,000	134,558
Other non-current assets						
Deferred income tax assets	14	262	2,135,050	40,421	2,337,065	41,929
		200	19,797,472	374,806	24,909,523	446,902
		270	35,294,786	668,202	35,057,321	628,964

The accompanying notes are an integral part of these financial statements

	Notes	Code	31 December 2010		31 December 2009	
			USD	VND million	USD	VND million
RESOURCES						
Liabilities						
Current liabilities						
Short term borrowings and debts	15	311	13,477,096	255,148	10,350,302	185,695
Trade accounts payable	16	312	4,985,611	94,388	7,309,000	131,131
Advances from customers		313	249,998	4,733	367,608	6,595
Taxes and amounts payable to State						
Budget	17	314	370,098	7,007	1,326,257	23,794
Payable to employees		315	387,348	7,333	371,670	6,668
Accrued expenses payable	18	316	436,093	8,256	560,040	10,048
Other payables	19	319	155,717	2,948	34,780	624
		310	20,061,961	379,813	20,319,657	364,555
Long-term liabilities						
Long-term deposits		331	1,255	24	1,255	23
Long-term borrowings and debts	20	334	3,430,928	64,954	3,557,216	63,820
Provision for severance allowance		336	109,751	2,078	100,659	1,806
		330	3,541,934	67,056	3,659,130	65,649
			23,603,895	446,869	23,978,787	430,203
Owners' equity						
Capital sources and funds						
Share capital	21,22	411	18,313,995	346,721	18,313,995	328,571
Share premium	21	412	4,082,759	77,295	4,082,759	73,249
Accumulated losses	21	420	(10,705,863)	(202,683)	(11,318,220)	(203,060)
		400	11,690,891	221,333	11,078,534	198,760
		440	35,294,786	668,202	35,057,321	628,963

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Off balance sheet items

	31 December 2010		31 December 2009	
Foreign currencies				
Vietnamese dong (million)		1,335		3,137
Euro		369		250

Date: _____

Pang Tee Chiang
General Director

Nguyen Hong Phong
Chief Accountant

Separate statement of income

	Notes	Code	Year ended		Year ended	
			31 December 2010		31 December 2009	
			VND		VND	
			USD	million	USD	million
Gross sales	23	01	55,573,162	1,052,111	58,098,604	1,042,347
Sales deductions:	23	02	(1,427,294)	(27,022)	(2,515,849)	(45,137)
Net sales		10	54,145,868	1,025,089	55,582,755	997,210
Cost of sales	24	11	(42,567,639)	(805,891)	(44,426,871)	(797,062)
Gross profit		20	11,578,229	219,198	11,155,884	200,148
Income from financial activities	25	21	1,745,666	33,049	1,056,071	18,947
Expenses for financial activities	26	22	(2,432,246)	(46,047)	(5,525,509)	(99,133)
<i>Including: interest expense</i>		23	(1,178,758)	(22,316)	(2,018,139)	(36,207)
Selling expenses	27	24	(7,899,684)	(149,557)	(4,979,555)	(89,338)
General and administration expenses	28	25	(2,368,756)	(44,845)	(2,020,889)	(36,257)
Operating profit/(loss)		30	623,209	11,798	(313,998)	(5,633)
Other income	29	31	711,622	13,472	692,803	12,430
Other expenses	30	32	(520,458)	(9,853)	(1,052,652)	(18,886)
Profit (Loss) before income tax		50	814,373	15,417	(673,847)	(12,089)
Current corporate income tax	32	51	-	-	-	-
Deferred corporate income tax	32	52	(202,016)	(3,825)	-	-
Net profit/(loss)		60	612,357	11,592	(673,847)	(12,089)
Basic earnings/(loss) per share (USD/VND thousand per share)	36	70	0.021	0.40	(0.023)	(0.41)

Date: _____

Pang Tee Chiang
General Director

Nguyen Hong Phong
Chief Accountant

The accompanying notes are an integral part of these financial statements

Separate statement of cash flows

	Code	Year ended		Year ended	
		31 December 2010		31 December 2009	
		USD	VND million	USD	VND million
Cash flows from operating activities					
Profit(Loss) before income tax	01	814,373	15,417	(673,847)	(12,089)
<i>Adjustments for:</i>					
Depreciation and amortisation	02	1,538,111	29,120	1,660,446	29,790
Increase/(decreased) in provisions	03	(538,959)	(10,204)	280,516	5,033
Gain on foreign currency translation	04	(18,200)	(345)	(260,771)	(4,678)
(Gain)/Loss from investing activities	05	(300,000)	(5,680)	2,859,451	51,301
Interest expense	06	1,178,758	22,316	2,018,139	36,207
Interest income	07	(455,344)	(8,621)	(351,085)	(6,299)
Operating profit before adjustments to working capital					
	08	2,218,739	42,003	5,532,849	99,265
Changes in accounts receivable	09	(3,613,642)	(68,413)	11,769,665	211,160
Changes in inventories	10	(392,564)	(7,432)	(593,500)	(10,648)
Changes in accounts payable	11	(66,608)	(1,261)	(631,307)	(11,326)
Changes in prepaid expenses	12	164,257	3,110	(21,491)	(386)
Interest paid	13	(1,178,758)	(22,316)	(2,018,139)	(36,207)
Cash generated from (used in) operating activities	20	(2,868,576)	(54,309)	14,038,077	251,858
Cash flows from investing activities					
Acquisition of fixed assets and additions to construction in progress	21	(265,504)	(5,027)	(565,764)	(10,150)
Proceeds from disposal of investments and fixed assets	22	-	-	4,847,142	86,963
Interest income received		8,953	169	110,466	1,982
Additional investment in associate	25	-	-	(1,000,000)	(17,941)
Net cash inflows/(outflows) from investing activities	30	(256,551)	(4,858)	3,391,844	60,854

The accompanying notes are an integral part of these financial statements

	Code	Year ended		Year ended	
		31 December 2010		31 December 2009	
		USD	VND million	USD	VND million
Cash flows from financing activities					
Loan proceeds	33	25,509,834	482,952	40,105,905	719,540
Debt repayments	34	(22,494,898)	(425,873)	(57,514,535)	(1,031,868)
Net cash inflows/(outflows) from financing activities	40	3,014,936	57,079	(17,408,629)	(312,328)
Net increase/(decrease) in cash and cash equivalents					
	50	(110,191)	(2,088)	21,292	384
Cash and cash equivalents at beginning of the year	60	227,922	4,089	211,704	3,594
Effects of changes in foreign exchange rates	61	-	228	(5,074)	111
Cash and cash equivalents at end of the year	70	117,731	2,229	227,922	4,089

Date: _____

Pang Tee Chiang
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 by Trade Ocean Holdings Sdn Bhd, a company incorporated in Malaysia, for a period of 40 years pursuant to Investment Licence No. 270/GP, dated 16 November 1991.

After the initial investment license, there were a series of amendments as follows:

- Investment Licence No. 270 CPH/GP dated 9 August 2005 which allowed the Company to convert into a shareholding company with foreign owned capital under the name of Interfood Shareholding Company with a total investment capital and charter capital of USD30,000,000 and USD13,000,000, respectively. The Company’s total number of shares was 13,000,000 with par value of USD1 per share and held by four founding shareholders;
- Investment Licence No. 270 CPH/GPDC2 dated 15 June 2006 allowing the Company to change the par value of its shares from USD1 per share to VND10,000 per share and the Company’s charter capital was changed from USD13,000,000 to VND206,636,000 thousand. As a result, the total shares of the Company changed from 13,000,000 shares with par value of USD1 per share to 20,663,600 shares with par value of VND10,000 per share;
- Investment Licence No. 270 CPH/GCNDC3 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 (stock code: IFS) 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.

Under the 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 VND1,444,500 million, equivalent to USD90 million. The charter capital of the Company is VND291,409,920 thousand. The total shares of the Company were increased to 29,140,992 with par value of VND10,000 per share. An additional 4,856,832 new shares were issued and registered, in which 1,145,887 shares were allowed to be listed bringing the total to 6,875,359 shares being listed.

Subsequently 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 new ultimate parent company.

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

As at 31 December 2010, the Company had 1,284 employees (2009: 923 employees).

2 Fiscal year and currency

Fiscal year

The Company’s fiscal year end is 31 December.

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 used the United States Dollar as its reporting currency in the preparation and presentation of its separate financial statements.

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 Vietnamese Dong for statutory filing purpose. Consequently, the Company converted the financial statements to Vietnamese Dong using the exchange rate published by the State Bank of Vietnam of VND18,932/USD (2009: VND17,941/USD).

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.

3 Basis of preparation of separate financial statements

Basis of preparation of separate financial statements

The separate financial statements have been prepared in accordance with the 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. Furthermore, their use is not designed for those who are not informed about Vietnam’s accounting principles, procedures and practices.

Accounting system and form of records

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

Separate financial statements

This set of financial statements 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.

Subsidiaries are all entities over which the Company has the power to control the financial and operating policies. The Company obtains and exercises control through voting rights. In the separate financial statements investment in subsidiaries is accounted for at cost.

4 Accounting policies

Cash and cash equivalents

Cash and cash equivalents include cash on hand and cash in bank as well as bank deposits.

Inventory

Inventory is accounted for using the perpetual method and valued at the lower of cost and net realisable 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 materials, tools and supplies is valued at purchase and related costs. Net realisable value comprises estimated sales proceeds less selling expenses. A provision for decline is recorded where cost exceeds net realisable value.

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.

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 follows:

Machinery and equipment	10 – 15 years
Motor vehicles	6 years
Office equipment	10 years

The above depreciation rates are not consistent with the guidelines under Decision 203/2009/TT-BTC dated 20 October 2009. However the Company obtained permission from the Ministry of Finance to depreciate based on the depreciation rates above through official letter No. 2536/TC-TCDN dated 20 March 2003.

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 are recognised as part of “Other expenses”.

Construction in progress

Construction in progress represents the costs of new ERP software, machinery and equipment incurred under development. No depreciation is recognised until the project is complete and until the asset is available for its intended use at which time the related costs are transferred to tangible fixed assets.

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.

Investment in associates

Associates are those entities over which the Company is able to exert significant influence but which are neither subsidiaries nor investments in a joint venture.

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

Borrowing costs

Borrowing costs comprising interest and related costs are recognised as an expense in the period in which they are incurred, except for borrowing 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.

Revenue

Revenue from the sale of goods is recognised in the statement of income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised 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 statement of income on a time-proportion basis using the effective interest method.

Provisions

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.

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.

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 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 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 balance sheet date. Most changes in deferred tax assets or liabilities are recognised as a component of tax expense in the 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.

Basic earnings (loss) per share

The Company 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.

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.

Segment report

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 two segments: domestic sales and export sales. In addition, there are 2 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 USD4,564,647 as at 31 December 2010 (31 December 2009: USD10,171,859)

The Company's continued existence as a going concern is dependent on the continued financial support of its new ultimate parent company and ultimately on its ability to operate profitably. The new ultimate 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.

6 Cash

	31 December 2010		31 December 2009	
	USD	VND million	USD	VND million
Cash on hand	28,943	548	47,666	855
Cash in banks	88,788	1,681	180,256	3,234
	117,731	2,229	227,922	4,089

7 Other receivables

	31 December 2010		31 December 2009	
	USD	VND million	USD	VND million
Receivables from subsidiary for Input VAT	53,480	1,012	117,771	2,113
Other receivables	79,453	1,505	285,750	5,127
	132,933	2,517	403,521	7,240

8 Inventories

	31 December 2010		31 December 2009	
	USD	VND million	USD	VND million
Goods in transit	336,401	6,369	-	-
Raw materials	2,562,539	48,515	2,382,002	42,735
Tool and supplies	277,095	5,246	178,475	3,202
Work in process	1,173,964	22,225	1,097,214	19,685
Finished goods	3,278,808	62,074	3,578,552	64,203
	7,628,807	144,429	7,236,243	129,825
Provision for decline in inventory value	(146,582)	(2,775)	(709,946)	(12,737)
	7,482,225	141,654	6,526,297	117,088

9 Taxes and amounts receivable from the State Budget

The amount of US\$106,907 (equivalent to VND2,024 million) represents over- payment of the Company's corporate income tax made for the year 2007. This amount will be net off with tax liabilities or tax filings in the succeeding years.

10 Tangible fixed assets

	Machinery and equipment USD	Motor vehicles USD	Office equipment USD	Total USD
Historical cost				
1 January 2010	22,539,464	468,462	235,493	23,243,419
Acquisition	118,467	37,200	11,013	166,680
Transferred from CIP	203,884	-	-	203,884
Written-off	(25,186)	-	-	(25,186)
31 December 2010	22,836,629	505,662	246,506	23,588,797
<i>Fully depreciated</i>	1,023,178	262,559	52,207	1,337,944
<i>Fixed assets not in use(*)</i>	3,547,339	-	-	3,547,339
Accumulated depreciation				
1 January 2010	(8,610,669)	(363,691)	(127,986)	(9,102,346)
Charge for the year	(1,474,161)	(45,664)	(18,286)	(1,538,111)
Written-off	25,186	-	-	25,186
31 December 2010	(10,059,644)	(409,355)	(146,272)	(10,615,271)
<i>Fixed assets not in use</i>	(2,111,825)	-	-	(2,111,825)
Net book value				
1 January 2010	13,928,795	104,771	107,507	14,141,073
31 December 2010	12,776,985	96,307	100,234	12,973,526
<i>Fixed assets not in use (*)</i>	1,435,514	-	-	1,435,514

In VND:

	Machinery and equipment VND million	Motor vehicles VND million	Office equipment VND million	Total VND million
Historical cost				
1 January 2010	404,381	8,405	4,225	417,011
Acquisition	2,243	704	209	3,156
Transferred from CIP	3,860	-	-	3,860
Written-off	(477)	-	-	(477)
Translation differences	22,336	464	233	23,033
31 December 2010	432,343	9,573	4,667	446,583
<i>Fully depreciated</i>	19,371	4,971	988	25,330
<i>Fixed assets not in use</i>	67,158	-	-	67,158
Accumulated depreciation				
1 January 2010	(154,485)	(6,525)	(2,296)	(163,306)
Charge for the year	(27,908)	(865)	(346)	(29,119)
Written-off	477	-	-	477
Translation differences	(8,533)	(360)	(127)	(9,020)
31 December 2010	(190,449)	(7,750)	(2,769)	(200,968)
<i>Fixed assets not in use</i>	(39,981)	-	(108)	(40,089)
Net book value				
1 January 2010	249,896	1,880	1,929	253,705
31 December 2010	241,894	1,823	1,898	245,615
<i>Fixed assets not in use (*)</i>	27,177	-	-	27,177

As at 31 December 2010, certain fixed assets with an aggregate carrying value of US\$9,803,601 (2009: USD8,531,108) have been pledged with Vietcombank and Viet A bank as security for the short-term and long-term borrowings (Note 15 and Note 20).

(*) These assets had been moved from the old factory located in the centre of Bien Hoa City to the new one located in Tam Phuoc Industrial Park, Long Thanh district. The Company has insufficient demand to justify their re-commissioning and bringing back these assets into its production lines at the present time.

11 Construction in progress ("CIP")

	Year ended		Year ended	
	31 December 2010		31 December 2009	
	USD	VND million	USD	VND million
Opening balance	293,956	5,274	165,235	2,805
Additions during the year	98,824	1,871	128,721	2,310
Transferred to tangible fixed assets	(203,884)	(3,860)	-	-
Translation differences	-	291	-	159
Closing balance	188,896	3,576	293,956	5,274
<i>Including:</i>				
Goods shelving system	-	-	160,866	2,886
ERP software	179,060	3,390	123,254	2,211
Others	9,836	186	9,836	176
	188,896	3,576	293,956	5,274

12 Investments in subsidiaries

	Amount		% equity held	
	31 December	31 December	31 December	31 December
	2010	2009	2010	2009
	USD	USD	%	%
AvaFood Shareholding Company (1)	4,500,000	4,500,000	90	90
Northern Interfood Shareholding Company (2)	-	-	-	-
	4,500,000	4,500,000		
VND million	85,194	80,735		

(1) As at 31 December 2010, 7,290,000 shares in Avafood Shareholding Company held by the Company (equivalent 90% charter capital of Avafood Shareholding Company) have been pledged with Vietcombank as security for short-term and long-term borrowings

(2) On 14 February 2008, Northern Interfood Shareholding Company (NIFS) received the approval from the Board of Management of Bac Ninh Industry Park. The new company was granted a license over a period of 50 years pursuant to Investment Certificate No. 212032.000111 with a total investment capital and a charter capital of USD36 million and USD11 million, respectively.

The principal activities of the NIFS are to produce carbonated fruit juice and non-carbonated fruit juice, food from agricultural products, forest product and seafood and product packing for soft drinks.

On 29 Dec 2010, The Board of Management of Bac Ninh Industry Park decided to revoke Investment Certificate No. 212032.000111 granted to NIFS as the Company has not yet started operations and there had been no capital contribution since the establishment date.

13 Investment in associate

	31 December 2010		31 December 2009	
	USD	VND million	USD	VND million
Crown Beverage Cans (Dong Nai) Limited (formerly known as Interfood Packaging Limited)	-	-	3,000,000	53,823

On 18th May 2010, the Company entered into an agreement to sell its remaining 20% equity interest in Crown Beverage Cans (Dong Nai) Limited to Crown Packaging Investment Pte Ltd, a Singaporean company which is the parent company of Crown Beverage Cans (Dong Nai) Limited for USD3,300,000. This transaction was approved by the shareholders under Resolution No. EGM100531 date 31 May 2010.

14 Deferred tax assets

	31 December 2010		31 December 2009	
	USD	VND million	USD	VND million
Opening balance	2,337,066	41,929	2,337,065	39,676
Utilised tax loss brought forward (Note 32)	(202,016)	(3,825)	-	-
Foreign exchange difference	-	2,317	-	2,253
Closing balance	2,135,050	40,421	2,337,065	41,929

Deferred tax assets pertain mostly to the tax deductible loss which can be carried forward to offset against taxable income in the following years.

15 Short term borrowings and debts

	31 December 2010		31 December 2009	
	USD	VND million	USD	VND million
Loans from Vietcombank, Dong Nai Branch(1)	10,496,785	198,725	8,901,966	159,710
Loans from Chinatrust Commercial Bank (2)	-	-	448,336	8,044
Loans from Viet A Bank (3)	2,980,311	56,423	-	-
Loans from supplier (4)	-	-	1,000,000	17,941
	13,477,096	255,148	10,350,302	185,695

(1) Loans from Vietcombank, Dong Nai Branch

	31 December 2010		31 December 2009	
	USD	VND million	USD	VND million
Denominated in USD	1,484,741	28,109	1,482,773	26,602
Denominated in EUR	50,322	953	-	-
Denominated in VND	8,961,722	169,663	7,419,193	133,108
	10,496,785	198,725	8,901,966	159,710

The company has a short-term revolving credit line from Vietcombank, Dong Nai Branch under the Loan Agreement No. 2008148/NHNT dated 9 September 2008 which pertains to a working capital credit facility with a credit limit of VND162 billion. On 20 August 2010, Vietcombank Dong Nai increased the credit line to VND200 billion (equivalent to USD10,564,124 as at 31 December 2010) as covered by the principal Agreement No. 2010031/KHDN/NHNT dated 20 August 2010 for the term of 60 months from the agreement date. 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.

The applicable interest rate in 2010 for dollar denominated loans was 6.0 % to 7% and from 12% to 15.5% per annum for VND denominated loans. (In 2009 the dollar denominated loans carried interest at the rate of 4.5 % while it was 10.5% per annum for VND denominated loans.).

The loans are secured by certain machinery under contract No. 016/QHKH/NHNT dated 24 September 2004. As at 31 December 2010, the carrying value of these pledged assets amounted to USD4,113,505 (Note 10).

Deleted: the aggregated values of

Deleted: amounting to USD1,500,000

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. The carrying value of Avafood's assets pledged to secure the Company's loans amounts to USD9,208,412.

(2) Loans from Chinatrust Bank - Ho Chi Minh City

	31 December 2010		31 December 2009	
	USD	VND million	USD	VND million
Denominated in USD	-	-	448,336	8,044
	-	-	448,336	8,044

The loan from Chinatrust Commercial Bank Ho Chi Minh City branch, under Contract No. HCMC204/2007 dated 7 January 2008, was made to finance the Company's working capital requirements. The loans are subject to interest based on the aggregate of SIBOR plus a margin of 1.2% per annum.

In 2010, VND denominated loans carried interest at the rates at 12% per annum. These loans are unsecured. The Company settled this amount in May 2010.

(3) Loans from Viet A Bank

	31 December 2010		31 December 2009	
	USD	VND million	USD	VND million
Denominated in USD	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 credit facility is subject to interest based on the actual rate at the time each loan is drawn and such interest is payable on the 25th day of each month or after one month from withdrawal.

The applicable interest rate in 2010 was at rates ranging from 0.55% to 0.63% per month. The loans are secured by the aggregated values of certain machinery amounting to VND'000 47,260,000 (equivalent to USD2,496,303 as at 31 December 2010) under contract No. No.274/10/VAB-SGD/TCDS dated on 21 December 2010 and machinery amounting to VND'000 42,000,000 (equivalent to USD2,218,466 as at 31 December 2010) under contract No. No.242/10/VAB-SGD/TCDS dated on 11 November 2010. As at 31 December 2010, the carrying value of these pledged assets amounts to USD5,690,096 (Note 10).

(4) Loan from supplier

This loan represents the unpaid balance from the purchase of certain machinery. The machine was originally bought by the Company from Summitmark Worldwide Limited ("Summitmark") and then subsequently assigned to Crown Beverage Cans (Dong Nai) Limited (formerly known as Interfood Packaging Limited) ("Crown Dong Nai"). During the assignment, there was a remaining unpaid portion of the purchase cost amounting to USD5 million which required Crown Dong Nai to pay directly to Summitmark. The Chairman of the Company – Mr Pang Tee Chiang paid USD4million on behalf of Crown Dong Nai to Summitmark (Note 20). Crown Dong Nai assigned the remaining USD1 million to the Company with Summitmark's consent under a loan agreement dated 9 June 2009 and its annex dated 02 November 2009. The loan was supposed to be paid within ten months from 5 August 2009 and carries interest at the rate of 7% per annum.

The Company settled this amount in June 2010.

16 Trade accounts payable

	31 December 2010		31 December 2009	
	USD	VND million	USD	VND million
Payable to suppliers	3,590,165	67,969	4,829,074	86,639
Payable to related parties (Note 33)	1,395,446	26,419	2,479,926	44,492
	4,985,611	94,388	7,309,000	131,131

17 Taxes and amounts payable to State Budget

	31 December 2010		31 December 2009	
	USD	VND million	USD	VND million
Value added tax	242,514	4,591	1,108,692	19,890
Personal income tax	122,254	2,315	114,460	2,054
Import, export tax	2,076	39	17,933	322
Other taxes	3,254	62	85,172	1,528
	370,098	7,007	1,326,257	23,794

18 Accrued expenses payables

	31 December 2010		31 December 2009	
	USD	VND million	USD	VND million
Transportation	205,841	3,897	280,936	5,040
Trade discounts	83,659	1,584	250,265	4,490
Others	146,593	2,775	28,839	518
	436,093	8,256	560,040	10,048

19 Other payables

	31 December 2010		31 December 2009	
	USD	VND million	USD	VND million
Dividends payable (Note 36)	24,265	459	24,265	435
Trade union, social and health insurance	13,002	246	2,482	45
Other payables to Chairman (Note 33)	106,851	2,023	8,033	144
Other payables	11,599	220	-	-
	155,717	2,948	34,780	624

20 Long term borrowings and debts

	31 December 2010		31 December 2009	
	USD	VND million	USD	VND million
Loan from the Chairman (Note 33)	3,430,928	64,954	3,557,216	63,820

As mentioned in Note 15, Crown Dong Nai owed the Chairman of the Company – Mr Pang Tee Chiang the amount of USD4million. To finance the Company's working capital, the Company assumed Crown Dong Nai's liability to Mr Pang while Crown Dong Nai (proceeded payment for Company's loans from Citi bank and ANZ bank amounting to USD2,271,435 and USD1,131,565 respectively. This assumed liability was subsequently converted into a five-year shareholder loan under a loan agreement dated 30 July 2009. The loan bears interest at SIBOR three months less 1%.

Subsequently on February 28, 2011, Trade Ocean Holdings Sdn Bhd ("TOH"), parent company, and The Company and Mr Pang Tee Chiang ("PTC") have entered into a Loan Novation Agreement whereby TOH has agreed to assume the rights and obligations of the US\$3,430,928 loan PTC had extended to the Company.

21 Owner's equity

	Share capital	Share premium	Accumulated Losses	Total
	USD	USD	USD	USD
Balance, 1 January 2009	18,313,995	4,082,759	(10,644,373)	11,752,381
Prior year's net loss	-	-	(673,847)	(673,847)
Balance, 31 December 2009	18,313,995	4,082,759	(11,318,220)	11,078,534
Balance, 1 January 2010	18,313,995	4,082,759	(11,318,220)	11,078,534
Current year's net profit	-	-	612,357	612,357
Balance, 31 December 2010	18,313,995	4,082,759	(10,705,863)	11,690,891

In VND:

	Share capital	Share premium	Accumulated Losses	Total
	VND million	VND million	VND million	VND million
Balance, 1 January 2009	310,917	69,313	(180,710)	199,520
Prior year's net loss	-	-	(12,089)	(12,089)
Translation differences	17,654	3,936	(10,261)	11,329
Balance, 31 December 2009	328,571	73,249	(203,060)	198,760
Balance, 1 January 2010	328,571	73,249	(203,060)	198,760
Current year's net profit	-	-	11,592	11,592
Translation differences	18,150	4,046	(11,215)	10,981
Balance, 31 December 2010	346,721	77,295	(202,683)	221,333

22 Share capital

The Company's charter capital is VND291,409,920 thousand, which is divided into 29,140,992 ordinary shares with par value of VND10,000 each.

	31 December 2010		USD
	Number of shares	VND'000	equivalent
Authorised	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			Par value VND'000	Equivalent capital amount	
	Listed shares	Unlisted shares	Total		VND'000	%
Trade Ocean Holding SDN BHD	-	16,684,646	16,684,646	10	166,846,460	57.25%
Pang Tee Chiang	1,237,469	5,499,840	6,737,309	10	67,373,090	23.12%
Ng Eng Huat	800,403	-	800,403	10	8,004,030	2.75%
Yau Hau Jan	-	81,139	81,139	10	811,390	0.28%
Nguyen Thi Kim Lien	12,000	-	12,000	10	120,000	0.04%
Public shareholders	4,825,487	-	4,825,487	10	48,254,870	16.56%
	6,875,359	22,265,625	29,140,984		291,409,840	100.0%

23 Net sales

	Year ended		Year ended	
	31 December 2010		31 December 2009	
	USD	VND million	USD	VND million
Revenue				
Domestic sales	53,252,903	1,008,184	55,963,149	1,004,035
Export sales	2,320,259	43,927	2,135,455	38,312
	55,573,162	1,052,111	58,098,604	1,042,347
Sales deduction:				
Sales allowance	(1,401,256)	(26,529)	(2,499,592)	(44,845)
Sales returns	(26,038)	(493)	(16,257)	(292)
	(1,427,294)	(27,022)	(2,515,849)	(45,137)
Net sales	54,145,868	1,025,089	55,582,755	997,210

24 Cost of goods sold

	Year ended		Year ended	
	31 December 2010		31 December 2009	
	USD	VND million	USD	VND million
Cost of goods sold for domestic sales	40,514,132	767,014	42,832,901	768,465
Cost of goods sold for export sales	2,053,507	38,877	1,593,970	28,597
	42,567,639	805,891	44,426,871	797,062

25 Income from financial activities

	Year ended		Year ended	
	31 December 2010		31 December 2009	
	USD	VND million	USD	VND million
Interest income from bank deposits	8,953	169	15,765	283
Interest income from loan to related parties (Note 33)	446,391	8,451	335,320	6,016
Gain from disposal of investment in associate	300,000	5,680	-	-
Realised gains from foreign exchange	972,122	18,404	444,215	7,970
Unrealised gains from foreign exchange	18,200	345	260,771	4,678
	1,745,666	33,049	1,056,071	18,947

26 Expenses for financial activities

	Year ended		Year ended	
	31 December 2010		31 December 2009	
	USD	VND million	USD	VND million
Interest expense	1,178,758	22,316	2,018,139	36,207
Loss from disposal of equity interest in Crown Dong Nai (formerly known as Interfood Packaging Limited)	-	-	2,300,000	41,264
Realised foreign exchange losses	1,247,853	107	1,207,370	-
Other finance expenses	5,635	23,624	-	21,662
	2,432,246	46,047	5,525,509	99,133

27 Selling expenses

	Year ended		Year ended	
	31 December 2010		31 December 2009	
	USD	VND million	USD	VND million
Transportation expense	2,621,615	49,632	3,444,072	61,790
Salary	1,657,062	31,371	743,893	13,346
Commission for salesmen	1,450,730	27,465	559,756	10,043
Depreciation	54,465	1,031	45,448	815
Other expenses	2,115,812	40,058	186,386	3,344
	7,899,684	149,557	4,979,555	89,338

28 General and administration expenses

	Year ended		Year ended	
	31 December 2010		31 December 2009	
	USD	VND million	USD	VND million
Salary	1,066,471	20,190	1,234,660	22,151
Depreciation	17,947	340	17,880	321
Office expenses	730,645	13,833	320,136	5,744
Bank charges	24,073	456	46,275	830
Other expenses	529,620	10,026	401,938	7,211
	2,368,756	44,845	2,020,889	36,257

29 Other income

	Year ended		Year ended	
	31 December 2010		31 December 2009	
	USD	VND million	USD	VND million
Income from waived liabilities from customer	-	-	214,290	3,845
Income from disposal of fixed assets	-	-	147,142	2,640
Income from disposal of fixed assets previously written off	68,633	1,299	-	-
Write-off account payables and advance from customers	-	-	199,343	3,576
Promotion from suppliers	6,636	126	-	-
Compensation for loss of inventories	370,441	7,013	-	-
Other income	265,912	5,034	132,028	2,369
	711,622	13,472	692,803	12,430

30 Other expenses

	Year ended		Year ended	
	31 December 2010		31 December 2009	
	USD	VND million	USD	VND million
Write-off accounts receivable and prepayments to suppliers	-	-	263,743	4,732
Net book value of written-off fixed assets	-	-	532,529	9,554
Net book value of disposed fixed assets	-	-	174,064	3,123
Depreciation of idle assets	214,528	4,061	76,851	1,379
Penalty for late payment of tax	237,239	4,491	-	-
Others	68,691	1,301	5,465	98
	520,458	9,853	1,052,652	18,886

31 Cost by element

	Year ended		Year ended	
	31 December 2010		31 December 2009	
	USD	VND million	USD	VND million
Raw materials	36,546,008	691,889	38,347,369	687,990
Labour cost	4,181,128	79,157	3,270,987	58,685
Depreciation and amortisation	1,538,111	29,120	1,660,446	29,790
Outside service costs	6,430,895	121,750	5,617,882	100,790
Other costs	4,057,688	76,820	2,058,830	36,937
	52,753,829	998,736	50,955,514	914,192

32 Corporate income tax

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/ND-CP dated 14 February 2007 (which replaced Decree No. 164/2003/ND-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, Long Thanh District. As a result, profit derived from this line is exempt from corporate income tax for two years and a reduction of 50% for the following six 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 2008, Decree No. 124/2008/ND-CP dated 11 December 2008 (which replaced Decree No. 24/2007/ND-CP dated 14 February 2007), the Company will continue to enjoy its tax incentives under Decree No. 24/2007/ND-CP dated 14 February 2007.

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.

The reconciliation between the profit/(loss) before income tax and taxable profit/(loss) is shown below:

	Year ended		Year ended	
	31 December 2010		31 December 2009	
	USD	VND million	USD	VND million
Accounting profit (loss) before tax	814,373	15,417	(673,847)	(12,089)
Permanent difference				
- Expenses without appropriate supporting document	4,194	79	2,220	40
- Fee for the Board of Management	13,401	254	-	-
- Depreciation of idle assets	214,528	4,061	76,851	1,379
- Administration penalty	237,598	4,498	1,046	19
Temporary difference				
- Accrued expenses	436,093	8,256	560,040	10,048
- Unrealised loss from foreign exchange difference	5,019	95	3,797	68
- Severances allowances	45,691	865	-	-
Less: Adjustments for decreasing profit before tax				

	Year ended 31 December 2010		Year ended 31 December 2009	
	USD	VND million	USD	VND million
- Accrued expenses recognised from prior years	(560,040)	(10,603)	-	-
- Unrealised loss on foreign exchange difference in the prior year is realised in the current year	(3,797)	(70)	-	-
Taxable profit/(loss) from normal business	1,207,060	22,852	(29,892)	(536)
Less: Gain on capital assignment	(300,000)	(5,680)	-	-
Taxable profit for normal operating activities	907,060	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	-	-
Utilisation of taxable loss carried forward	(202,016)	(3,825)	-	-
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 a tax audit which will be 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	VND million
2008	Not yet performed	11,867,212	199,110
2009	Not yet performed	29,892	536
		11,897,104	199,646

Deferred corporate income tax

The details of deferred tax asset recognised by the Company, and the movements thereon are as shown below:

	Year ended 31 December 2010		Year ended 31 December 2009	
	USD	VND million	USD	VND million
Deferred tax asset				
Balance, 1 January	2,337,065	41,929	2,337,065	39,676
Utilisation of tax losses carried forward	(202,015)	(3,825)	-	-
Translation differences	-	2,317	-	2,253
Balance, 31 December	2,135,050	40,421	2,337,065	41,929

33 Related party transaction and balances

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

Related party	Relation	Transaction	USD	VND million
Crown Beverage Cans (Dong Nai) Limited.	Ex - associate	Purchases of materials	17,185,713	325,360
Chuan Li Can Manufacturing (Vietnam) Co Ltd	Affiliate	Purchases of materials	849,354	16,080
Avafood Shareholding Company	Subsidiary	Loans granted (1)	9,250,616	175,133
		Interest income (1)	446,391	8,449
		Payment by Ava on behalf of the Company	190,135	3,600
		Processing fee charged to the Company (2)	2,767,861	52,401
		Purchases of raw materials	1,089,837	20,633
		Sales of drink products	34,952	662
		Office and factory rentals fee charged to the Company	19,011	360
		Carrying value of assets pledged by Avafood for the Company's loans	9,208,412	174,334
Mr. Pang Tee Chiang	Chairman/ General Director	Advance	177,955	3,369

Transactions with Avafood Shareholding Company ("Avafood")

(1) In 2010, the Company signed a loan agreement with Avafood in which the Company granted a loan facility of USD7,000,000 to Avafood. The loan was subject to interest at rates ranging from 11.4% to 13.6% which is consistent with those published by Vietcombank Dong Nai.

Any outstanding balance will be net-off with any inter-company balances between the two parties such as the processing agreement (2), sale of finished goods or any other debt settlement.

(2) Processing agreement:

- The Company and Avafood signed a renewed processing agreement dated 2 January 2010 in which Avafood will process canned/bottled fruit juice products, biscuits and confectionery products. Processing fees for both canning products and biscuit products will be determined based on a margin of 7% of the monthly average production cost of the Company for each kind of product produced in the factory located at the address of Avafood.

At 31 December 2010 the following balances were outstanding with related parties:

Related party	Relation	Transaction	Other		Trade	Loan
			Receivable	payable	Payable	
			USD	USD	USD	USD
Avafood Shareholding Company	Subsidiary	Loan	6,058,330	-	-	-
Crown Beverage Cans (Dong Nai) limited	Associate	Sales of products	271,844	-	-	-
Chuan Li Can Manufacturing (Vietnam)	Affiliate	Purchases of materials	-	-	1,183,165	-
Mr Pang Tee Chiang	Chairman/ General Director	Purchases of materials	-	-	212,281	-
		Loan	-	-	-	3,430,928
		Other payables	-	106,851	-	-
			6,330,174	106,851	1,395,446	3,430,928
VND million			119,843	2,023	26,419	64,954

34 Segmental information

At 31 December 2010, Management determined the following reportable segments by categories of sales markets: (1) domestic sales and (2) export sales.

The results by revenue market segments for the year ended 31 December 2010 are as follows:

	Domestic USD	Export USD	Total USD
Sales revenue – net	51,828,964	2,316,904	54,145,868
Cost of sales	(40,514,132)	(2,053,507)	(42,567,639)
Gross profit	11,314,832	263,397	11,578,229
Gross profit - VND Million	214,212	4,986	219,198

The results by revenue market segments for the year ended 31 December 2009 are as follows:

	Domestic USD	Export USD	Total USD
Sales revenue – net	53,560,337	2,022,418	55,582,755
Cost of sales	(42,832,901)	(1,593,970)	(44,426,871)
Gross profit	10,727,436	428,448	11,155,884
Gross profit - VND Million	192,461	7,687	200,148

Management also determined the following reportable segments by categories of products: (1) drinks, (2) biscuits and (3) others.

The results by product segments for the year ended 31 December 2010 are as follows:

	Drinks USD	Biscuits USD	Other USD	Total USD
Sales revenue – net	50,084,114	1,246,848	2,814,906	54,145,868
Cost of sales	(38,375,454)	(1,658,302)	(2,533,883)	(42,567,639)
Gross profit	11,708,660	(411,454)	281,023	11,578,229
Gross profit - VND Million	221,668	(7,790)	5,320	219,198

The results by product segments for the year ended 31 December 2009 are as follows:

	Drinks USD	Biscuits USD	Other USD	Total USD
Sales revenue – net	52,183,706	1,209,087	2,189,962	55,582,755
Cost of sales	(41,747,810)	(952,941)	(1,726,120)	(44,426,871)
Gross profit	10,435,896	256,146	463,842	11,155,884
Gross profit - VND Million	187,230	4,596	8,322	200,148

35 Non cash transactions

Non-cash transactions occurring during the year which have an impact on the statement of cash flows include:

	USD	2010 VND million
Interest income from loan to Avafood (Note 33)	446,391	8,451
Proceed from disposal of associate investment	3,300,000	62,476

36 Earning/(loss) per share and dividends

Basic earnings (loss) per share is shown below

	Year ended 31 December 2010		Year ended 31 December 2009	
	USD	VND thousand	USD	VND thousand
Profit/(Loss) attributable to shareholders of the Company (USD)	612,357	11,593,143	(673,847)	(12,089,489)
Weighted average number of ordinary shares on issue	29,140,984	29,140,984	29,140,984	29,140,984
Basic earnings (loss) per share (USD or thousand Dong per share)	0.021	0.40	(0.023)	(0.41)

No dividend was declared in 2010. As at 31 December 2010, the 2007 dividends payable amounting to USD24,265 was not paid and included in the other payables (Note 19).

37 Board of Director and Management's remuneration

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

	USD	VND million
Board of Management fees	13,863	262
Salary	370,754	7,019
	384,617	7,281

38 Commitments

As at 31 December 2010, the Company was committed under operating lease agreements in the following amounts:

	2010		2009	
	USD	VND million	USD	VND million
Within the next year	127,405	2,412	118,641	2,129
Within two to five years	139,911	2,649	274,250	4,920
Over five years	-	-	12,672	227
	267,316	5,061	405,563	7,276

39 Subsequent events

The Company's immediate parent company, Trade Ocean Holdings Sdn Bhd ("TOH") which holds approximately 57.25% of total outstanding shares of the Company, was acquired by Kirin Holding Company Limited ("Kirin") on 11 March 2011. Kirin has also acquired 100% of the total outstanding shares of Wonderfarm Biscuits & Confectionery Sdn Bhd ("WBC"), the licensor of the intellectual property used by the Company. There are no significant changes at the Company level as a result of this transaction as TOH remains the founding shareholder and immediate parent company of the Company, and both TOH and WBC continue to support IFS and its business.

40 Approval for issuance of the financial statements

The separate financial statements for the year ended 31 December 2010 were approved by the Board of Directors on _____

Pang Tee Chiang
General Director

Nguyen Hong Phong
Chief Accountant



Grant Thornton

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