

Separate financial statements
Quarter 3 - 2011

Interim separate financial statements
Quarter 3 - 2011

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Report of the Board of Directors

The Board of Directors submits the Separate financial statements of Interfood Shareholding Company (“the Company”) for the period ended 30 September 2011.

Results

The results of the Company for the period ended 30 September 2011 are set out in the Separate statement of income.

Financial indicators of the business

	Unit	30-09-2011	2010
Assets structure and capital structure			
Assets structure			
Fixed assets/total assets	%	55.41	56.09
Current assets/total assets	%	44.59	43.91
Capital structure			
Liabilities/total resources	%	70.89	66.88
Owner’s equity/total resources	%	29.11	33.12
Liquidity			
Total assets/liabilities	times	1.41	1.50
Current ratio	times	0.74	0.77
Quick ratio	times	0.01	0.01
Profitability			
Profit (Loss)/net sales			
Profit (Loss) before tax/net sales	%	(9.09)	(5.07)
Profit (Loss)/net sales	%	(9.09)	(5.07)
Profit (Loss)/total assets			
Profit (Loss) before tax/total assets	%	(2.44)	(4.79)
Net profit (loss)/total assets	%	(2.44)	(4.79)
Net profit (loss)/owner’s equity	%	(8.37)	(14.46)

Boards of Management and Directors

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

Board of Management:

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

Board of Director:

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

Statement of Boards of Directors

The Board of Directors is responsible for ensuring that the separate financial statements are properly drawn up so as to give a true and fair view of the financial position of the Company as at 30 September 2011, and of the results of its operations and its cash flows for the year in accordance with Vietnamese Accounting Standards and System and in compliance with relevant statutory requirements.

When preparing the separate financial statements, the Board of Directors is required to:

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

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

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

On behalf of the Board of Directors

Michio Nagabayashi
Chairman, General Director
Dong Nai province, Vietnam

Separate balance sheet

	Notes	Code	30 September 2011		31 December 2010	
			USD	VND million	USD	VND million
ASSETS						
Current assets						
Cash and cash equivalents						
Cash	6	111	126,554	2,611	117,731	2,229
Accounts receivable						
Trade accounts receivable		131	313,175	6,460	434,257	8,221
Prepayments to suppliers		132	664,722	13,712	833,701	15,784
Receivables from related parties	35	134	6,889,319	142,113	6,330,174	119,843
Other receivables	7	135	94,829	1,956	132,933	2,517
Provision for doubtful debts		139	(24,405)	(503)	(24,405)	(462)
		130	7,937,640	163,738	7,706,660	145,902
Inventories						
Inventories	8	141	7,274,697	150,062	7,628,807	144,429
Provision for decline in inventory value	8	149	(255,842)	(5,278)	(146,582)	(2,775)
		140	7,018,855	144,785	7,482,225	141,653
Other current assets						
Short term prepaid expenses		151	23,606	487	6,663	126
Taxes receivable from the state budget	9	154	106,907	2,205	106,907	2,024
Other current assets		158	104,459	2,155	77,128	1,460
		150	234,972	4,847	190,698	3,610
		100	15,318,021	315,980	15,497,314	293,395
Fixed assets						
Tangible fixed assets						
<i>Cost</i>	10	221	11,869,826	244,851	12,973,525	245,615
<i>Accumulated depreciation</i>			(11,757,193)	(242,527)	(10,615,272)	(200,968)
Construction in progress	11	230	529,941	10,932	188,896	3,576
		220	12,399,767	255,782	13,162,421	249,191
Long term investments						
Investments in subsidiaries			4,500,000	92,826	4,500,000	85,194
Investments in associates	12	252	-	-	-	-
			4,500,000	92,826	4,500,000	85,194
Other non-current assets						
Deferred tax assets	14	262	2,135,050	44,042	2,135,050	40,421
		260	2,135,050	44,042	2,135,050	40,421
		200	19,034,817	392,650	19,797,471	374,806
		270	34,352,838	708,630	35,294,785	668,201

	Notes	Code	30 September 2011		31 December 2010	
			USD	VND million	USD	VND million
RESOURCES						
Liabilities						
Current liabilities						
Short term borrowings and debts	15	311	16,959,444	349,839	13,477,096	255,148
Trade accounts payable	16	312	2,803,310	57,827	4,985,611	94,388
Advances from customers		313	85,586	1,765	249,998	4,733
Taxes payable to state budget	17	314	80,504	1,661	370,098	7,007
Payable to employees		315	370,385	7,640	387,348	7,333
Accrued expenses payable	18	316	341,448	7,043	436,093	8,256
Intercompany payable		317	67,815	1,399	-	-
Other payables	19	319	79,120	1,632	155,716	2,948
		310	20,787,612	428,807	20,061,960	379,813
Long term liabilities						
Long term deposits		331	1,255	26	1,255	24
Long term borrowings and debts	20	334	3,430,928	70,773	3,430,928	64,954
Provision for severance allowance		336	132,808	2,740	109,751	2,078
		330	3,564,991	73,539	3,541,934	67,056
			24,352,603	502,345	23,603,894	446,869
Owners' equity						
Capital sources and funds						
Share capital	21	411	18,313,995	377,781	18,313,995	346,721
Share premium	22	412	4,082,759	84,219	4,082,759	77,295
Accumulated profit/(loss)		416	(12,396,519)	(255,715)	(10,705,863)	(202,683)
		440	10,000,235	206,285	11,690,891	221,332
			34,352,838	708,630	35,294,785	668,201

Off balance sheet items

	30 September 2011	31 December 2010
Foreign currencies		
Million Vietnam Dong	10,021	1,345
Euro	388	369

Date: 20 October 2011

 Michio Nagabayashi
 General Director

 Nguyen Hong Phong
 Chief Accountant

Separate statement of income

	Notes	Code	Quarter 3 - 2011 USD	Quarter 3 - 2010 USD	YTD 2011 USD	YTD 2010 USD
Gross sales	23	1	9,450,534	12,631,521	34,227,728	55,573,162
Less deductions:	23	2	(247,409)	(325,154)	(880,965)	(1,427,294)
Net sales		10	9,203,125	12,306,366	33,346,763	54,145,869
Cost of sales	24	11	(7,778,889)	(9,859,498)	(27,701,003)	(42,567,639)
Gross profit		20	1,424,236	2,446,868	5,645,760	11,578,230
Income from financial activities	25	21	43,418	366,732	1,781,079	1,745,666
Expenses for financial activities	26	22	(442,335)	(300,713)	(2,301,100)	(2,432,246)
<i>Including: interest expense</i>		23	(387,702)	(284,384)	(1,182,006)	(1,178,758)
Selling expenses	27	24	(1,546,757)	(1,912,021)	(5,545,253)	(7,899,684)
General and administration expenses	28	25	(274,656)	(411,506)	(1,165,368)	(2,368,756)
Operating loss		30	(796,094)	189,360	(1,584,882)	623,210
Other income	29	31	18,352	76,693	73,173	711,621
Other expenses	30	32	(58,984)	(96,088)	(178,947)	(520,457)
Profit (loss) before tax		50	(836,726)	169,965	(1,690,656)	814,374
Current corporate income tax	32	51	-	-	-	-
Deferred corporate income tax	32	52	-	-	-	(202,016)
Profit(loss) after tax			(836,726)	169,965	(1,690,656)	612,359
Earning(loss) per share	35	70	(0.029)	0.006	(0.058)	0.021

Date: 20 October 2011

Michio Nagabayashi
General Director

Nguyen Hong Phong
Chief Accountant

Separate statement of income-VND

	Notes	Code	Quarter 3 - 2011 VND million	Quarter 3 - 2010 VND million	YDT 2011 VND million	YDT 2010 VND million
Gross sales	23	1	194,946	239,140	706,050	1,052,111
Less deductions:	23	2	(5,104)	(6,156)	(18,173)	(27,022)
Net sales		10	189,842	232,984	687,877	1,025,090
Cost of sales	24	11	(160,463)	(186,660)	(571,416)	(805,891)
Gross profit		20	29,379	46,324	116,461	219,199
Income from financial activities	25	21	896	6,943	36,740	33,049
Expenses for financial activities	26	22	(9,124)	(5,693)	(47,467)	(46,047)
Including: interest expense		23	(7,998)	(5,384)	(24,382)	(22,316)
Selling expenses	27	24	(31,907)	(36,198)	(114,387)	(149,557)
General and administration expenses	28	25	(5,666)	(7,791)	(24,039)	(44,845)
Operating loss		30	(16,422)	3,585	(32,693)	11,799
Other income	29	31	379	1,452	1,509	13,472
Other expenses	30	32	(1,217)	(1,819)	(3,691)	(9,853)
Profit (loss) before tax		50	(17,260)	3,218	(34,875)	15,418
Current corporate income tax	32	51	-	-	-	-
Deferred corporate income tax	32	52	-	-	-	(3,825)
Profit(loss) after tax			(17,260)	3,218	(34,875)	11,593
Earning(loss) per share	35	70	(0.001)	0.000	(0.001)	0.000

Date: 20 October 2011

Michio Nagabayashi
General Director

Nguyen Hong Phong
Chief Accountant

Separate statements of cash flows

	Code	30 September 2011		31 December 2010	
		USD	VND million	USD	VND million
Cash flows from operating activities					
Profit/Loss before tax	1	(1,690,656)	(34,875)	814,373	15,418
Adjustments for:		-	-		
Depreciation and amortisation	2	1,141,921	23,556	1,538,111	29,120
Increase in provisions	3	109,260	2,254	(538,959)	(10,204)
Gain on foreign currency translation	4	-	-	(18,200)	(345)
Loss from disposal investments	5	-	-	(300,000)	(5,680)
Interest expense	6	1,182,006	24,382	1,178,758	22,316
Interest income	7	(31,904)	(658)	(455,345)	(8,621)
Operating profit/(loss) before adjustments to working capital	8	710,627	14,659	2,218,738	42,005
Change in accounts receivable	9	(228,657)	(4,717)	(3,613,640)	(68,413)
Change in inventory	10	354,110	7,305	(392,564)	(7,432)
Change in accounts payable	11	(2,733,638)	(56,389)	(66,608)	(1,261)
Change in prepaid expenses	12	(16,943)	(350)	164,257	3,110
Interest paid	13	(1,182,006)	(24,382)	(1,178,758)	(22,316)
Interest income	14	-	-	-	-
Interest income received	14	2,249	46	8,953	169
Cash generated from operating activities	20	(3,094,258)	(63,828)	(2,859,622)	(54,138)
Cash flows from investing activities					
Acquisition of fixed assets and investment CIP	21	(379,267)	(7,824)	(265,504)	(5,027)
Proceeds from disposal of investments and fixed a:	22	-	-	-	-
Additional investment in associate	25	-	-	-	-
Net cash inflows/(outflows) from investing ac:	30	(379,267)	(7,824)	(265,504)	(5,027)
Cash flows from financing activities					
Loan proceeds	33	33,837,519	698,000	25,509,834	482,952
Debt repayments	34	(30,355,171)	(626,166)	(22,494,899)	(425,873)
Net cash inflows/(outflows) from financing ac	40	3,482,348	71,834	3,014,935	57,079
Net increase/(decrease) in cash	50	8,823	182	(110,191)	(2,086)
Cash and cash equivalents at beginning of the	60	117,731	2,429	227,922	4,315
Effects of changes in foreign exchange rates	61	-	-	-	-
Cash and cash equivalents at year end	70	126,554	2,611	117,731	2,229

Date: 20 October 2011

Michio Nagabayashi
General Director

Nguyen Hong Phong
Chief Accountant

Notes to the Separate financial statements

1 Nature of operations

Interfood Shareholding Company, formerly Interfood Processing Industry Ltd. (“the Company”) was established in the Socialist Republic of Vietnam as a majority owned subsidiary of Trade Ocean Holdings Sdn. Bhd., a company incorporated in Malaysia for a period of 50 years pursuant to Investment Licence No. 472033000328 dated 28 November 2007.

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

In accordance to the Amended Investment Certificate No. 472033000328 dated 22 April 2011 issued by the Board of Management of Dong Nai Industrial Zone, Mr. Pang Tee Chiang, former General Director, has been allowed to transfer 5,499,840 unlisted shares (equivalent to 18,87% of equity interest) to Indochina Beverage Holdings Ltd. which was established in the British Virgin Island. The Company is in the progress of getting approval from Vietnam Securities Depository.

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

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

As at 30 September 2011, the Company had 952 employees (2010: 1,284 employees).

2 Fiscal year and currency

Fiscal year

The Company’s fiscal year end is 31 December.

Reporting currency and foreign exchange

The Company’s separate financial statements and those of the Separate subsidiary 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

However according to the Official letter No.627/UBCK-QLPH dated 16 April 2008 of the State Securities Commission of Vietnam, the separate financial statements of the Company must be presented in Vietnam Dong for statutory filing purpose. Consequently, the Company converted the financial statements to Vietnam Dong using the exchange rate published by the State Bank of Vietnam of VND 20,628/USD (2010: VND18,932/USD).

3 Basis of preparation of Separate financial statements

3.1 Basis of preparation

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

3.2 Separate financial statements

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

Interfood Shareholding Company

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. The results of the subsidiary are accounted for by the Company on the basis of dividends received and receivable at the balance sheet date.

3.3 Accounting system and form of records

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

4 Accounting policies

4.1 Cash and cash equivalents

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

4.2 Inventory

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

4.3 Accounts receivable

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

4.4 Tangible fixed assets

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

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

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

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

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

4.5 Construction in progress

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

4.6 Investment in subsidiaries

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

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

4.7 Borrowing costs

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

4.8 Revenue

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

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

4.9 Provision

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

4.10 Operating leases

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

4.11 Income taxes

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

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

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

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

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

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

4.12 Earnings/loss per share

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

4.13 Related parties

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

4.14 Segment report

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

5 Going concern assumption

The separate financial statements have been prepared assuming that the Company will continue as a going concern notwithstanding the fact that the Company's current liabilities exceeded current assets by USD 5,469,591 as at 30 September 2011 (31 December 2010: USD4,564,646).

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

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

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6 Cash and cash equivalents

	30 September 2011		31 December 2010	
	USD	VND million	USD	VND million
Cash on hand	3,775	78	28,943	548
Cash in banks	122,779	2,533	88,788	1,681
	126,554	2,611	117,731	2,229

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7 Other receivables

	30 September 2011		31 December 2010	
	USD	VND million	USD	VND million
Receivable from subsidiary for VAT input		-	53,373	1,010
Other receivables	94,829	1,956	79,560	1,506
	94,829	1,956	132,933	2,517

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8 Inventories

	30 September 2011		31 December 2010	
	USD	VND million	USD	VND million
Goods in transit	-	-	336,401	6,369
Raw materials	2,636,232	54,380	2,562,539	48,514
Tools and supplies	313,288	6,463	277,095	5,246
Work in progress	1,016,722	20,973	1,173,964	22,225
Finished goods	3,308,456	68,247	3,278,808	62,074
	7,274,697	150,062	7,628,807	144,429
Provision for decline in inventory value	(255,842)	(5,278)	(146,582)	(2,775)
	7,018,855	144,785	7,482,225	141,653

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9 Taxes and amounts receivable from the State Budget

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

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10 Tangible fixed assets

	Building USD	Machinery & Equipment USD	Motor vehicles USD	Office equipment USD	Total USD
Historical cost					
01/01/2011	-	22,836,629	505,662	246,506	23,588,797
Acquisition	-	25,022	-	13,200	38,222
Transfer from CIP	-	-	-	-	-
Disposals	-	-	-	-	-
30/09/2011	-	22,861,651	505,662	259,706	23,627,019
30 September 2011 (VND million)	-	432,817	9,573	4,917	447,307
Fully depreciated	-	1,023,178	262,559	52,207	1,337,944
Fixed assets not in use (**)	-	2,363,874	129,870	81,606	2,575,350
Accumulated depreciation					
01/01/2011	-	(10,059,645)	(409,355)	(146,272)	(10,615,272)
Charge for the year	-	(1,097,795)	(28,883)	(15,243)	(1,141,921)
Disposals	-	-	-	-	-
30/09/2011	-	(11,157,440)	(438,238)	(161,515)	(11,757,193)
30 September 2011 (VND million)	-	(211,233)	(8,297)	(3,058)	(222,587)
Fixed assets not in use (**)	-	(2,534,932)	(133,845)	(84,064)	(2,752,840)

Net book value

01/01/2011	-	12,776,984	96,307	100,234	12,973,525
30/09/2011	-	11,704,211	67,424	98,191	11,869,826
30 September 2011 (VND million)	-	221,584	1,276	1,859	224,720
Fixed assets not in use (**)		(171,058)	(3,975)	(2,457)	(177,490)

As at 30 September 2011, certain fixed assets with an aggregate carrying value of USD 3,640,705 (2010: USD 9,803,601) have been pledged with Vietcombank as security for short-term borrowings (Note 17 and Note 22).

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

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11 Construction in progress

	30 September 2011		31 December 2010	
	USD	VND million	USD	VND million
Opening balance	188,896	3,897	293,956	5,565
Additions during the year	341,045	7,035	98,824	1,871
Transferred to tangible fixed assets	-	-	(203,884)	(3,860)
Closing balance	529,941	10,932	188,896	3,576
Including:	-	-	-	-
ERP software	232,192	4,790	179,060	3,390
Waste water treatment system	287,913	5,939	-	-
Others	9,836	203	9,836	186
	529,941	10,932	188,896	3,576

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12 Investment in subsidiaries

	30 September 2011		31 Dec 2010	
	USD	USD	USD	VND million
Avafood Shareholding company	4,500,000	4,500,000	90%	90%
	4,500,000	4,500,000	-	-

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14 Deferred tax assets

	30 September 2011		31 December 2010	
	USD	VND million	USD	VND million
Deferred tax assets	2,135,050	44,042	2,135,050	40,421

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

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15 Short term borrowings and debts

	30 September 2011		31 December 2010	
	USD	VND million	USD	VND million
Loans from Vietcombank, Dong Nai (1)	6,959,444	143,559	10,496,785	198,725
Loans from Viet A Bank (2)	-	-	2,980,311	56,423
Loans from Kirin Group (3)	10,000,000	206,280	-	-
	16,959,444	349,839	13,477,096	255,148

(1) Loans from Vietcombank Dong Nai

	30 September 2011		31 December 2010	
	USD	VND million	USD	VND million
Denominated in USD	626,409	12,922	1,484,741	28,109
Denominated in EUR	-	-	50,322	953
Denominated in VND	6,333,035	130,638	8,961,722	169,663
	6,959,444	143,559	10,496,785	198,725

Loan from Vietcombank, Dong Nai Branch – Agreement No 2010031/KHDN/NHNT dated 20 August 2010 pertains to a working capital credit facility with a credit limit of VND200 billion (equivalent to USD9,700,262 as at 30 September 2011). The loan is due within 60 months from the date of the execution of the above mentioned contract and each promissory note should be settled no more than 6 months from the date loan availability. 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 rates of these loans from January to September in 2011 for dollar denominated loans were 6% to 7% while it was 13.0% to 19% for VND denominated loans. (In 2010 for dollar denominated loans were 6% to 7% while it was 12.0% to 15.5% for VND denominated loans)

The loans are secured by the aggregated value of certain machinery under the Agreement No.016/QHKH/NHNT dated 24 September 2004. As at 30 September 2011, the carrying value of these pledged assets amounted to USD 3,640,705 (Note 10).

In addition, certain fixed assets and prepaid land rentals of Avafood Shareholding Company's, its subsidiary, were used to secure the loan by the Company from Vietcombank, Dong Nai Branch. As at 30 September 2011, the carrying value of Avafood's assets pledged to secure the Company's loans amounts to USD 8,756,786.

(3) Loans from Viet A Bank

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

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

(3) Loans from Kirin Holding Limited

	30 September 2011		31 December 2010	
	USD	VND million	USD	VND million
Denominated in USD	10,000,000	206,280	-	-
	10,000,000	206,280	-	-

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

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

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16 Trade accounts payable

	30 September 2011		31 December 2010	
	USD	VND million	USD	VND million
Payable to suppliers	2,718,138	56,070	3,590,165	67,969
Payable to related parties (Note 39)	85,172	1,757	1,395,446	26,419
	2,803,310	57,827	4,985,611	94,388

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17 Taxes and amounts payable to state budget

	30 September 2011		31 December 2010	
	USD	VND million	USD	VND million
Value added tax	61,208	1,263	242,514	4,591
Personal income tax	17,727	366	122,254	2,315
Import, export tax	-	-	2,076	39
Other taxes	1,569	32	3,254	62
	80,504	1,661	370,098	7,007

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18 Accrued expenses payable

	30 September 2011		31 December 2010	
	USD	VND million	USD	VND million

Interfood Shareholding Company

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Transportation	199,889	4,123	205,841	3,897
Trade discounts	83,998	1,733	83,659	1,584
Others	57,560	1,187	146,593	2,775
	341,448	7,043	436,093	8,256

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19 Other payables

	30 September 2011		31 December 2010	
	USD	VND million	USD	VND million
Dividend payable (Note 35)	24,265	501	24,265	459
Trade union, social and health insurance	18,979	392	13,003	246
Other payables to Chairman (Note 33)	35,416	731	106,851	2,023
Other payable	459	9	11,597	220
	79,120	1,632	155,716	2,948

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20 Long term borrowings and debts

	30 September 2011		31 December 2010	
	USD	VND million	USD	VND million
Loan from Parent Company	3,430,928	70,773	3,430,928	64,954
	3,430,928	70,773	3,430,928	64,954

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

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21 Owner's equity

	Share capital	Share premium	Undistributed earnings	Total
	USD	USD	USD	USD
Prior year's opening balance	18,313,995	4,082,759	(11,318,220)	11,078,534
Prior year's net profit/loss	-	-	612,357	612,357
Prior year's closing balance	18,313,995	4,082,759	(10,705,863)	11,690,891
31 December 2010 (VND million)	346,721	77,295	(202,683)	221,332
Current year's opening balance	18,313,995	4,082,759	(10,705,863)	11,690,891
Current year's net profit/loss			(1,690,656)	(1,690,656)
Current year's closing balance	18,313,995	4,082,759	(12,396,519)	10,000,235
30 September 2011 (VND million)	377,781	84,219	(255,715)	206,285

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22 Paid-in capital

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

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

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

	Number of shares		Total	Par value VND'000	Equivalent capital amount VND'000	%
	Listed shares	Unlisted shares				
Trace Ocean Holding SDN BHD	-	16,684,646	16,684,646	10	166,846,460	57.25%

Interfood Shareholding Company

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Indochina Beverage Holding LTD	-	5,499,840	5,499,840	10	54,998,400	18.87%
Yau Hau Jan	-	81,139	81,139	10	811,390	0.28%
Public shareholders	6,875,367	-	6,875,367	10	68,753,670	23.59%
	6,875,367	22,265,625	29,140,992		291,409,920	100%

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23 Revenues

Revenue	Quarter 3 - 2011		Quarter 3 - 2010	
	USD	VND million	USD	VND million
Domestic sales	8,775,783	181,027	11,972,625	226,666
Export sales	674,211	13,908	658,895	12,474
	9,449,994	194,934	12,631,521	239,140
Sales deduction:				
Sales allowance	(239,959)	(4,950)	(322,910)	(6,113)
Sales return	(6,910)	(143)	(2,244)	(42)
	9,203,125	189,842	12,306,366	232,984
Net sales	9,203,125	189,842	12,306,366	232,984

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24 Cost of goods sold

	Quarter 3 - 2011		Quarter 3 - 2010	
	USD	VND million	USD	VND million
Cost of goods sold for domestic sales	7,185,780	148,228	9,213,518	174,430
Cost of goods sold for export sales	593,109	12,235	645,980	12,230
	7,778,889	160,463	9,859,498	186,660

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25 Income from financial activities

	Quarter 3 - 2011		Quarter 3 - 2010	
	USD	VND million	USD	VND million
Interest income from bank deposits	2,249	46	1,956	37
Interest income from loan to a related party (Note 33)	29,654	612	79,561	1,506
Interest income from disposal investment in subsidiary	-	-	-	-
Realised gains from foreign exchange	11,514	238	285,215	5,400
Unrealised gains from foreign exchange	-	-	-	-
	43,418	896	366,732	6,943

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26 Expenses for financial activities

	Quarter 3 - 2011		Quarter 3 - 2010	
	USD	VND million	USD	VND million
Interest expense	387,700	7,997	284,384	5,384
Other finance expenses	-	-	16,123	305
Realised foreign exchange losses	-	-	-	-
unrealised foreign exchange losses	54,635	1,127	206	4
	442,335	9,124	300,713	5,693

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27 Selling expenses

	Quarter 3 - 2011		Quarter 3 - 2010	
	USD	VND million	USD	VND million
Transportation expense	511,570	10,553	657,315	12,444
Salary	423,216	8,730	402,705	7,624
Sale commission and promotion	509,700	10,514	724,300	13,712
Depreciation	8,038	166	10,129	192
Office rental fee	26,943	556	29,336	555
Other expenses	67,292	1,388	88,237	1,670
	1,546,757	31,907	1,912,021	36,198

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28 General and administration expenses

	Quarter 3 - 2011		Quarter 3 - 2010	
	USD	VND million	USD	VND million
Salary	136,811	2,822	210,192	3,979
Depreciation expenses	4,406	91	4,583	87
Office expenses	630	13	3,098	59
Bank charges	7,855	162	8,439	160
Outside services expenses	11,529	238	59,899	1,134
Consultant fee	41,148	849	49,504	937
Others	72,276	1,491	75,791	1,435
	274,656	5,666	411,506	7,791

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29 Other income

	Quarter 3 - 2011		Quarter 3 - 2010	
	USD	VND million	USD	VND million
Income from disposal of fixed assets	-	-	-	-
Promotion from suppliers	-	-	-	-
Compensation for loss of inventories	-	-	-	-
Other income	18,352	379	76,693	1,452
	18,352	379	76,693	1,452

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30 Other expenses

	Quarter 3 - 2011		Quarter 3 - 2010	
	USD	VND million	USD	VND million
Depreciation of idle assets	58,395	1,205	32,672	619
Administration penalty	-	-	59,310	1,123
Others	589	12	4,106	78
	58,984	1,217	96,088	1,819

31 Cost by element

	Quarter 3 - 2011		Quarter 3 - 2010	
	USD	VND million	USD	VND million
Raw materials	5,661,090	116,777	9,320,573	176,457
Labour cost	257,945	5,321	356,280	6,745
Depreciation and amortisation	308,820	6,370	363,781	6,887
Outside service costs	485,760	10,020	731,510	13,849
Other costs	771,245	15,909	758,990	14,369
	7,484,860	154,398	11,531,134	218,307

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32 Corporate income tax**Interfood Shareholding Company**

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

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

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

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

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

	Quarter 3 - 2011		YTD - 2010	
	USD	VND million	USD	VND million
Accounting profit/loss before tax	(836,726)	(17,260)	814,374	15,418
Permanent difference				
- Expenses without appropriate supporting document		-	4,194	79
- Depreciation of idle assets		-	214,528	4,061
- Administration Penalty		-	237,598	4,498
- Others		-	13,401	254
Temporary difference				
- Accrued expenses		-	436,093	8,256
- Unrealized loss from foreign exchange difference		-	5,019	95
- Severances allowances		-	45,691	865
Less: Adjustments for decreasing profit before tax				
- Accrued expenses recognized from prior years		-	(560,040)	(10,603)
- Unrealised loss on foreign exchange difference in the prior year is realized in t		-	(3,797)	(72)
Taxable Profit (loss) from normal business	(836,726)	(17,260)	1,207,061	22,852
Less: Gain on capital assignment		-	(300,000)	(5,680)
Taxable profit for normal operating activities	(836,726)	(17,260)	907,061	17,172
Income tax expenses at tax rate of 25%		-	226,765	4,293
Tax incentive on income from incremental investment and relocation		-	(99,749)	(1,888)
Income tax expense from normal operating activities	-	-	127,016	2,405
Corporate income tax expenses from disposal of capital assignment	-	-	75,000	1,420
Corporate income tax expense	-	-	202,016	3,825
Utilization of taxable loss carried forward	-	-	(202,016)	(3,825)
Total corporate income tax expenses for the current year	-	-	-	-
Total corporate income tax expenses for the current year	-	-	-	-

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

Year	Status of tax audit	Tax losses USD
2008	Not yet performed	13,074,272
2009	Not yet performed	29,892
		13,104,164

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33 Related party transaction and balances

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

Related parties	Relation	Transaction	USD
Mr. Pang Tee Chiang (Note 23)	Chairman/	Loan and Interest	94,597
		Other payable	7,485
Kirin Holding Limited	Parent Company	Shortterm Loan	10,000,000
Trade Ocean Holding SDN BHD	Parent Company	Convert of Loan from Mr Pang	3,430,928

At 30 September 2011, the following balances were outstanding with related parties:

Related parties	Relation	Transaction	Loan USD
Kirin Holding Limited	Parent Company	Shortterm Loan	10,000,000
Trade Ocean Holding SDN BHD	Parent Company	Convert of Loan from Mr Pang	3,430,928
		-	-
			13,430,928

At 30 September 2011, management determined the following reportable segments by categories of sales: (1) domestic sales and (2) export sales. The Company analyses segment revenue and cost of sales.

The segment results for the Period ended 30 September 2011 are as follows:

	Domestic USD	Export USD	Total USD
Sales revenue - net	8,528,914	674,211	9,203,125
Cost of sales	(7,191,393)	(587,496)	(7,778,889)
Gross profit	1,337,521	86,715	1,424,236
Gross profit - VND Million	25,322	1,642	26,964

The segment results for the Period ended 31 December 2010 are as follows:

	Domestic USD	Export USD	Total USD
Sales revenue - net	11,648,701	657,665	12,306,366
Cost of sales	(9,213,518)	(645,980)	(9,859,498)
Gross profit	2,435,183	11,685	2,446,868
Gross profit - VND Million	46,103	221	46,324

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

The segment results for the Period ended 30 September 2011 are as follows:

	Drinks USD	Biscuits USD	Others USD	Total USD
Sales revenue - net	7,757,283	183,415	1,262,427	9,203,125
Cost of sales	(7,259,674)	(348,185)	(171,030)	(7,778,889)
Gross profit	497,609	(164,770)	1,091,397	1,424,236
Gross profit - VND Million	10,265	(3,399)	22,513	29,379

The segment results for the Period ended 31 December 2010 are as follows:

	Drinks USD	Biscuits USD	Others USD	Total USD
Sales revenue - net	11,162,807	307,037	836,522	12,306,366
Cost of sales	(9,334,923)	(321,266)	(203,309)	(9,859,498)
Gross profit	1,827,884	(14,229)	633,213	2,446,868
Gross profit - VND Million	34,605	(269)	11,988	46,324

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35 Profit/Loss per share and dividends

Basic loss per share is shown below:

	30 September 2011		31 December 2010	
	USD	VND million	USD	VND million
Profit/(Loss) attributable to shareholders of the Company	(836,726)	169,965	(1,690,656)	612,359
Weighted average number of ordinary shares on issue	29,140,984	29,140,984	29,140,984	29,140,984
Basic loss per share	(0.029)	0.006	(0.058)	0.021

No dividend was declared in 1st 9 months 2010. As at 30 September 2011, the 2007 dividends payable amounting to USD24,265 was not paid and included in the other payables (Note 22).

36 Board of Director and Management's remuneration

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

	30 September 2011		31 December 2010	
	USD	VND million	USD	VND million
Board of Management fees	12,514	258	13,863	262
Salary	284,107	5,861	370,754	7,019
	296,621	6,119	384,617	7,282

As at 30 September 2011, the Company was committed under non cancellable operating lease agreements in the following amounts:

	30 September 2011		31 December 2010	
	USD	VND million	USD	VND million
Within the next year	368,589	7,603	127,405	2,412
Within two to five years	1,130,538	23,321	139,911	2,649
Above five years	871,567	17,979	-	-
	2,370,695	48,903	267,316	5,061

The Separate financial statements were approved by the Board of Directors on 20 October 2011

 Michio Nagabayashi
 General Director

 Nguyen Hong Phong
 Chief Accountant