

Consolidated financial statements and  
independent auditors' report

Interfood Shareholding Company and its subsidiary

31 December 2011

# Contents

	<b>Page</b>
Report of the Board of Directors	1
Independent auditors' report	4
Consolidated balance sheet	6
Consolidated statement of income	8
Consolidated statement of cash flows	9
Notes to the consolidated financial statements	11

# Report of the Board of Directors

The Board of Directors submits its report together with the audited consolidated financial statements of Interfood Shareholding Company (“the Company”) and its subsidiary (“the Group”) for the year ended 31 December 2011.

## Results of operation

The results of the Group’s operations for the year ended 31 December 2011 are set out in the consolidated statement of income.

## Financial indicators of the business

	Unit	Year 2011	Year 2010
<b>Assets structure and capital structure</b>			
<b>Assets structure</b>			
Non-current assets/total assets	%	<b>70.91</b>	72.62
Current assets/total assets	%	<b>29.09</b>	27.38
<b>Capital structure</b>			
Liabilities/total resources	%	<b>88.01</b>	80.21
Owner’s equity/total assets	%	<b>11.99</b>	19.79
<b>Liquidity</b>			
Total assets/liabilities	times	<b>1.14</b>	1.25
Current ratio	times	<b>0.40</b>	0.42
Quick ratio	times	<b>0.08</b>	0.01
<b>Profitability</b>			
<b>Loss/net sales</b>			
Profit (loss) before tax/net sales	%	<b>(6.15)</b>	1.14
Net profit (loss)/net sales	%	<b>(6.39)</b>	0.71
<b>Lost/total assets</b>			
Profit (loss) before tax/total assets	%	<b>(7.79)</b>	1.81
Net profit (loss)/total assets	%	<b>(8.10)</b>	1.12
<b>Net loss /owner’s equity</b>	%	<b>(67.53)</b>	5.65

## Auditors

The consolidated financial statements for the year ended 31 December 2011 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:

<b>Board of Management:</b>		<b>Appointed/Resigned on</b>
Pang Tee Chiang	Chairman	15 August 2006/23 May 2011
Michio Nagabayashi	Chairman	23 May 2011
Ryoichi Yonemura	Member	14 March 2011
Hiroshi Fujikawa	Member	14 March 2011
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
Pang Tze Wei	Member	28 August 2010

<b>Board of Directors:</b>		
Pang Tee Chiang	General Director	15 August 2006/23 May 2011
Michio Nagabayashi	General Director	23 May 2011
Hajime Kobayashi	Director	23 May 2011
Kazufumi Nagashima	Director	23 May 2011
Pang Tze Yi	1st Deputy General Director	11 January 2010/14 March 2011
Nguyen Thi Kim Lien	Director	15 August 2006
Hidefumi Matsuo	Director	23 May 2011
Pang Tze Wei	2nd Deputy General Director	29 August 2010/23 May 2011

### Statement of responsibility by the Board of Directors

The Board of Directors is responsible for ensuring that the consolidated financial statements are properly drawn up so as to give a true and fair view of the financial position of the Group as at 31 December 2011 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 consolidated 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 consolidated financial statements on a going concern basis unless it is inappropriate to assume that the Group will continue its operations in the foreseeable future; and
- control and direct effectively the Group in all material decisions affecting its operations and performance and ascertain that such decisions and/or instructions have been properly reflected in the consolidated financial statements.

The Board of Directors is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Board of Directors confirms that the Group has complied with the above requirements in preparing the consolidated financial statements.

**Approval of the consolidated financial statements**

The Board of Directors hereby approves the accompanying consolidated financial statements of the Group for the year ended 31 December 2011, which include the consolidated balance sheet, consolidated statement of income and consolidated statement of cash flows, together with the notes thereto. In the opinion of the Board of Directors these consolidated financial statements have been properly drawn up and give a true and fair view of the financial position of the Group as at 31 December 2011 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

---

Michio Nagabayashi  
General Director  
Dong Nai Province, Vietnam  
Date \_\_\_\_\_

# Independent auditors' report

On the consolidated financial statements of  
Interfood Shareholding Company and its subsidiary  
for the year ended 31 December 2011

**Grant Thornton (Vietnam) Limited**  
Ho Chi Minh City Office  
28<sup>th</sup> Floor, Saigon Trade Center  
37 Ton Duc Thang Street  
District 1, Ho Chi Minh City  
Vietnam

T +84 (8) 3910 9100  
F +84 (8) 3914 3748  
[www.gt.com.vn](http://www.gt.com.vn)

No. HCM/12/26

## **To the Board of Management of Interfood Shareholding Company**

We have audited the accompanying consolidated financial statements of Interfood Shareholding Company (“the Company”) and its subsidiary (“the Group”), which comprise the consolidated balance sheet as at 31 December 2011 and the consolidated statement of income and consolidated 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 11 to 36.

### **Management's Responsibility for the consolidated financial statements**

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, the accompanying consolidated 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 consolidated financial statements give a true and fair view of the financial position of Interfood Shareholding Company and its subsidiary as of 31 December 2011, 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

---

**Tran Vuong Vu**  
Auditor's Certificate No. 1210/KTV  
Auditor

Ho Chi Minh City, Vietnam  
ate: \_\_\_\_\_

# Consolidated balance sheet

	Notes	Code	31 December 2011 USD	31 December USD
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents				
Cash	7	111	1,978,801	130,854
<b>Accounts receivable</b>				
Trade accounts receivable		131	416,774	434,257
Prepayments to suppliers		132	490,192	1,114,422
Other receivables		135	64,141	140,650
Provision for short term doubtful debts		139	-	(24,405)
		130	971,107	1,664,924
<b>Inventories</b>				
Inventories	8	141	6,598,018	7,530,300
Provision for decline in inventory value	8	149	-	(146,582)
		140	6,598,018	7,383,718
<b>Other current assets</b>				
Short term prepaid expenses		151	12,025	13,555
Value added tax to be reclaimed		152	104,216	-
Taxes and amounts receivable from the State	9	154	106,907	106,907
Other current assets		158	41,885	77,129
		150	265,033	197,591
		100	9,812,959	9,377,087
<b>Non-current assets</b>				
<b>Fixed assets</b>				
Tangible fixed assets	10	221	19,056,730	21,111,296
- Historical cost		222	34,296,280	34,328,710
- Accumulated depreciation		223	(15,239,550)	(13,217,414)
Construction in progress	11	230	1,408,478	188,896
		220	20,465,208	21,300,192
<b>Other non-current assets</b>				
Long term prepaid expenses	12	261	1,397,181	1,432,197
Deferred tax assets	13,33	262	2,054,327	2,135,050
Other non-current assets		268	7,020	8,068
		260	3,458,528	3,575,315
		200	23,923,736	24,875,507
		270	33,736,695	34,252,594

The accompanying notes are an integral part of these financial statements



	Note	Code	31 December 2011 USD	31 December 2010 USD
<b>RESOURCES</b>				
<b>Liabilities</b>				
<b>Current liabilities</b>				
Short term borrowings and debts	14	311	19,000,000	15,334,594
Trade accounts payable	15	312	3,152,829	5,050,620
Advances from customers		313	151,256	249,998
Taxes and amounts payable to State Budget	16	314	184,576	538,567
Payables to employees		315	375,276	444,303
Accrued expenses payable	17	316	468,455	464,741
Other payables	18	319	1,093,140	160,059
		310	24,425,532	22,242,882
<b>Long term borrowings and debts</b>				
Long term deposits		331	1,255	1,255
Long term borrowings and debts	19	334	4,993,613	4,993,613
Deferred tax liabilities	20	335	138,280	115,209
Provision for severance allowance		336	132,423	122,134
		330	5,265,571	5,232,211
		300	29,691,103	27,475,093
<b>Owners' equity</b>				
<b>Capital sources and funds</b>				
Share capital	21,22	411	18,313,995	18,313,995
Share premium	21	412	4,082,759	4,082,759
Other reserves	21	419	(1,562,092)	(1,562,092)
Accumulated losses	21	420	(16,812,730)	(14,057,161)
		410	4,021,932	6,777,501
<b>Minority interest</b>				
Minority interest	23	439	23,660	-
		430	4,045,592	6,777,501
		440	33,736,695	34,252,594

**Off balance sheet items**

	31 December 2011	31 December 2010
<b>Foreign currencies</b>		
Vietnamese dong (million)	5,641	1,568
Euro	383	369

Date: \_\_\_\_\_

\_\_\_\_\_  
Michio Nagabayashi  
General Director

\_\_\_\_\_  
Nguyen Hong Phong  
Chief Accountant

# Consolidated statement of income

	Note	Code	Year ended 31 Dec 2011 USD	Year ended 31 Dec 2010 USD
Gross sales	24	01	43,905,391	55,610,913
Less sale deductions:	24	02	(1,148,305)	(1,427,294)
Net sales		10	42,757,086	54,183,619
Cost of sales	25	11	(35,600,946)	(41,362,168)
Gross margin		20	7,156,140	12,821,451
Income from financial activities	26	21	1,599,913	1,748,622
Expenses from financial activities	27	22	(2,052,684)	(3,261,430)
<i>Including: interest expense</i>		23	(1,395,373)	(1,855,247)
Selling expenses	28	24	(7,186,764)	(7,985,673)
General and administration expenses	29	25	(1,869,546)	(2,682,000)
Operating profit/(loss)		30	(2,352,941)	640,970
Other income	30	31	528,006	712,511
Other expenses	31	32	(803,180)	(734,880)
Other loss			(275,174)	(22,369)
Profit/(loss) before tax		50	(2,628,115)	618,601
Corporate income tax	33	51	-	-
Deferred corporate income tax	33	52	(103,794)	(236,004)
Net profit (loss)			(2,731,909)	382,597
Minority interest	23	59	23,660	-
Net profit (loss) attributable to the shareholders of parent company		60	(2,755,569)	382,597
Earning (loss) per share – Basic & Diluted			(0.095)	0.013

Date: \_\_\_\_\_

\_\_\_\_\_  
Michio Nagabayashi  
General Director

\_\_\_\_\_  
Nguyen Hong Phong  
Chief Accountant

# Consolidated statement of cash flows

	Code	Year ended 31 December 2011 USD	Year ended 31 December 2010 USD
<b>Cash flows from operating activities</b>			
Profit(Loss) before income tax	01	(2,628,115)	618,601
<i>Adjustments for:</i>			
Depreciation and amortisation	02	2,129,663	2,176,237
Decrease in provisions	03	(170,987)	(573,535)
Loss /(gain) from unrealised foreign exchange differences	04	2,340	(99,248)
(Gain)/loss on divestment and disposal of certain assets	05	70,029	(330,386)
Interest expense	06	1,395,373	1,855,247
Interest income	07	(11,234)	(9,956)
<b>Operating profit before adjustments to working capital</b>	08	<b>787,069</b>	<b>3,636,960</b>
Changes in accounts receivable	09	646,812	957,600
Changes in inventories	10	932,282	455,202
Changes in accounts payable	11	(1,956,192)	(424,660)
Changes in prepaid expenses	12	(11,202)	164,257
Interest paid	13	(1,683,501)	(1,573,256)
<b>Cash generated from/(used in) operating activities</b>	20	<b>(1,284,732)</b>	<b>3,216,103</b>
<b>Cash flows from investing activities</b>			
Acquisition of fixed assets and construction in progress	21	(1,268,828)	(290,405)
Interest received	27	11,234	9,956
<b>Net cash outflows from investing activities</b>	30	<b>(1,257,594)</b>	<b>(280,449)</b>

	Code	Year ended 31 December 2011 USD	Year ended 31 December 2010 USD
<b>Cash flows from financing activities</b>			
Loan proceeds	33	44,717,957	25,509,834
Debt repayments	34	(40,322,571)	(28,562,819)
<b>Net cash inflows/(outflows) from financing activities</b>	40	<b>4,395,386</b>	<b>(3,052,985)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>			
	50	<b>1,853,060</b>	<b>(117,331)</b>
Cash and cash equivalents at beginning of the year	60	130,854	248,185
Effects of changes in foreign exchange rates	61	(5,113)	-
<b>Cash and cash equivalents at end of the year</b>	70	<b>1,978,801</b>	<b>130,854</b>

Date: \_\_\_\_\_

\_\_\_\_\_  
 Michio Nagabayashi  
 General Director

\_\_\_\_\_  
 Nguyen Hong Phong  
 Chief Accountant

# Notes to the consolidated 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 USD 30,000,000 and USD 13,000,000, respectively. The Company’s total number of shares was 13,000,000 with par value of USD 1 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 USD 1 per share to VND 10,000 per share and the Company’s charter capital was changed from USD 13,000,000 to VND 206,636,000 thousand. As a result, the total shares of the Company changed from 13,000,000 shares with par value of USD 1 per share to 20,663,600 shares with par value of VND 10,000 per share;
- Investment Licence No. 270 CPH/GCNDC3 dated 23 August 2006 allowed the Company to increase its charter capital to VND 242,841,600 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 VND 1,444,500 million, equivalent to USD 90 million. The charter capital of the Company is VND 291,409,920 thousand. The total shares of the Company were increased to 29,140,992 with par value of VND 10,000 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.

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 addition, under the resolution of the 1st Extraordinary General Assembly of Shareholders dated 30 July 2011, the Company will delist its shares currently listed on Ho Chi Minh City Stock Exchange. However, as at 31 December 2011, the Company has not yet submitted the application to the Stock 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; and to manufacture packaging for foods and beverages.

Information relating to the subsidiary is presented in Note 5 to the consolidated financial statements.

## **2 Fiscal year and currency**

### **Fiscal year**

The Company’s fiscal year end is 31 December.

### **Reporting currency and foreign exchange**

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

Transactions arising in currencies other than the reporting currency are translated at the prevailing exchange rates on transaction dates. Monetary assets and liabilities denominated in currencies other than the reporting currency are translated at the prevailing exchange rates 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 consolidated financial statements**

### **3.1 Basis of preparation of consolidated financial statements**

The consolidated financial statements have been prepared in accordance with the Vietnamese Accounting Standards and System, and relevant statutory requirements of the Ministry of Finance, which may differ in some material respects from the International Financial Reporting Standards and the generally accepted accounting principles and standards of the country of the reader. Accordingly, the consolidated 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 accounting principles, procedures and practices.

### **3.2 Basis of consolidation**

The consolidated financial statements are composed of the accounts of the Company and its subsidiary

### ***Subsidiaries***

Subsidiaries are those companies over which the Group has the power to govern the financial and operating policies. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases. When the Parent company loses control of a subsidiary, it derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost; and derecognises the carrying amount of any minority interest in the former subsidiary at the same time.

The purchase method of accounting is used to account for the acquisition of subsidiary by the Group. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair value at the acquisition date, irrespective of the extent of the minority interest. The excess of cost of acquisition over the fair value of the Group's share of identifiable assets acquired is recorded as goodwill. Goodwill is recognised in expenses (if it is of small value) and otherwise amortised in a uniform manner during its estimated useful life (if it is material). The useful life of goodwill is estimated as the time during which economic benefits are recovered by the Group. Such useful life is not beyond 10 years from the date of recognition. Negative goodwill represents the excess of the Group's interest in the fair value of identifiable net assets and liabilities, and contingent liabilities over costs of acquisition. It is recognised directly in the statement of income at the date of acquisition.

For a business combination involving entities under common control, identifiable assets acquired and liabilities and contingent liabilities assumed in the business combination are recognised at the acquirer's carrying value at the acquisition date, irrespective of the extent of any minority interest. The difference between the consideration given and the aggregate value of the assets and liabilities of the acquired entity is recorded as other reserve under shareholders' entity. No goodwill is created from a business combination of entities under common control.

Inter-company balances, transactions and unrealised gains on transactions between those companies and the Group are eliminated. Unrealised losses are also eliminated unless they provide evidence of an impairment of the asset transferred. The accounting policies of subsidiary have been changed where necessary to ensure the consistency with the policies adopted by the Group.

#### ***Minority interest***

Minority interest is the portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through a subsidiary, by the parent.

The losses applicable to the minority in the subsidiary may exceed the minority interest in the equity of the subsidiary. In such cases, the excess, and any further losses applicable to the minority, are charged against the majority interest except to the extent that the minority has a binding obligation to, and is able to, make good the losses. If the subsidiary subsequently reports profits, the majority interest is allocated all such profits until the minority's share of losses previously absorbed by the majority has been recovered.

## **4 Accounting policies**

### **Adoption of new regulations**

The Group has adopted the Circular No. 210/2009/TT-BTC ("the Circular") dated 06 November 2009 guiding the application of International Financial Reporting Standards (IAS 32 and IFRS 7) on the presentation of financial statements and disclosures on financial instruments, which is relevant to and effective for the Group's consolidated financial statements for fiscal years beginning 01 January 2011. The above mentioned circular will be applied prospectively in accordance with Circular No. 20/2006/TT-BTC.

The adoption of the Circular did not have any material impact on the presentation and disclosures of the consolidated financial statements of the Group.

The related disclosures are presented in Note 39 and Note 40.

### **4.1 Cash and cash equivalents**

Cash and cash equivalents include cash on hand and cash in bank as well as bank deposits with an original maturity term of 3 months or less.

#### 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 follows:

Buildings	15 – 30 years
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 Group 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 use is recognised as part of “Other expenses”.

#### 4.5 Construction in progress

Construction in progress represents the costs of the new ERP software and the cost of machinery and equipment 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 their rightful accounts.

#### 4.6 Long term prepaid expenses

##### *Land rental*

Prepaid land rental relates to an area of land leased at the Tam Phuoc Industrial Zone, Long Thanh District, Dong Nai Province. The prepayment is charged to the income statement on a straight-line basis over the period of 45.5 years from 2006.

#### 4.7 Financial instruments

##### *Recognition and initial measurement*

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

##### *Financial assets*

For presentation and disclosure purposes in accordance with Circular 210/2009/TT-BTC, financial assets other than those designated and effective as hedging instruments are classified into the



following specified categories: financial assets at fair value through profit or loss (FVTPL), held-to-maturity investments (HTM), available-for-sale (AFS) financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

#### *Financial assets at FVTPL*

Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument or financial guarantee contract.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset. During the year, the Group did not invest in any financial assets at FVTPL.

#### *Held-to-maturity investments*

HTM investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as HTM if the Group has the intention and ability to hold them until maturity

#### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market

#### *AFS financial assets*

AFS financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other category of financial assets.

Fair value of financial assets under each group is disclosed at each relevant note. Fair value is determined in the manner described in Note 40.

### ***Financial liabilities and equity instruments***

#### *Classification as debt or equity*

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

#### *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

#### *Compound instruments*

The component parts of compound instruments issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole.

Transaction costs relating to the issue of a compound financial instrument shall be amortized in proportion to liability and equity components of such instrument. Transaction costs relating to different transactions shall be amortized for such transactions on a pro-rata basis. Transaction costs shall be accounted for as a deduction from equity in the reporting period.

*Financial liabilities*

For presentation and disclosure purpose in accordance with Circular 210/2009/TT-BTC, financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities at amortized cost.

*Financial liabilities at FVTPL*

A financial liability at fair value through profit or loss is a financial liability that meets either of the following conditions:

- It has been incurred principally for the purpose of re-purchasing in the near future; or
- It is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument or financial guarantee contract.

Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability. Fair value is determined in the manner described in Note 40.

*Other financial liabilities*

Other financial liabilities, including borrowings are measured at cost. Information on amortised cost of other financial liabilities is disclosed in the notes to the consolidated financial statements as required under Circular 210/2009/TT-BTC, and is determined as equalling the initially recognized value of that financial liability minus principal repayments, plus or minus accrued amortizations calculated by the effective interest method of the difference between the initially recorded value and the value upon maturity, minus deductions (directly or through a contingency account) due to impairment or irrecoverability.

Effective interest method is a method of calculating the amortized cost of one or a group of financial liabilities and allocating the interest income or expense over the relevant period. Effective interest rate is the discount interest rate of cash flows forecast to be settled in the future throughout the expected life cycle of a financial instrument or in a shorter period, when necessary, to return to the current net carrying amount of financial liability.

**Employee benefits***Post employment benefits*

Post employment benefits are paid to retired employees of the Group by the Social Insurance Agency which belongs to the Ministry of Labor and Social Affairs. The Group is required to contribute to these post employment benefits by paying social insurance premium to the Social Insurance Agency at the rate of 16% of an employee's basic salary on a monthly basis. The Group has no further obligation to fund the post employment benefits of its employees.

*Unemployment benefits*

According to Circular No. 04/2009/TT-BLDTBXH guiding Decree No. 127/2008/ND-CP on unemployment insurance, from 1 January 2009, the Company is obliged to pay unemployment insurance at 1% of its salary fund for payment of unemployment insurance for insurance participants and deduct 1% of salary of each employee to simultaneously pay to the Unemployment Insurance Fund.

**4.8 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.

#### 4.9 Revenue

Revenue from sale of goods is recognised in the consolidated 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 consolidated statement of income on a time-proportion basis using the effective interest method.

#### 4.10 Provisions

Provisions are recognised when the Group 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.

#### 4.11 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.

#### 4.12 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 periods, 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 consolidated 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 consolidated 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 Group 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 consolidated 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.

#### 4.13 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.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares

#### 4.14 Equity and reserves

Share capital represents the nominal value of shares that have been issued.

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from premium, net of any related income tax benefits.

Other reserve represents the negative goodwill carried forward after the Company acquired a subsidiary (Note 3.2).

#### 4.15 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.

#### 4.16 Segment reporting

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 Subsidiary

The relevant information about the subsidiary of the Company at the balance sheet date was as follows:

	Amount		% of equity held	
	31 December 2011 USD	31 December 2010 USD	31 December 2011 %	31 December 2010 %
<b>Subsidiary:</b>				
AvaFood Shareholding Company	<b>4,500,000</b>	4,500,000	<b>90</b>	90
	<b>4,500,000</b>	4,500,000		

#### AvaFood Shareholding Company

On 30 June 2007, the Company acquired 90% of the paid-up capital of AvaFood Shareholding Company (“Avafood”) based on the par value of the shares from Wonderfarm Biscuits & Confectionery Sdn Bhd. AvaFood Shareholding Company used to be an entity under common control before it was acquired by the Company.

AvaFood Shareholding Company (formerly AvaFood Industries Ltd) was established in the Socialist Republic of Vietnam as a limited liability company for a period of 50 years pursuant to Investment Licence No. 48/GP-ĐN, dated 19 July 2002 issued by the People’s Committee of Dong Nai Province, wholly owned by Wonderfarm Biscuits & Confectionery Sdn Bhd, a company incorporated in Malaysia.

In December 2007, following Investment Certificate No. 472033000355 dated 31 issued by the Board of Management of Dong Nai Industrial Zone, Avafood changed its legal status from a limited liability company into a shareholding company under the name of AvaFood Shareholding Company with a total investment capital of VND 259,200 million (equivalent to USD 16,000,000), and charter capital of VND 81,000 million (equivalent to USD 5,000,000). Avafood’s total number of shares was 8,100,000 with a par value of VND 10,000 per share.

The principal activities of Avafood Shareholding Company are to produce processed products for Interfood, its Parent Company, including fruit juice, bottled filtered water, biscuits, jams and sweets of all kinds, and from agricultural and aquatic products as well as livestock and to lease a workshop.

## 6 Going concern assumption

The consolidated financial statements have been prepared assuming that the Group will continue as a going concern notwithstanding the fact that the Group's current liabilities exceeded current assets by USD 14,612,573 as at 31 December 2011 (31 December 2010: USD 12,865,795).

The Group's continued existence as a going concern is dependent on the continued financial support of its ultimate parent company and ultimately on its ability to operate profitably. The 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 consolidated financial statements do not include any adjustments relating to the recoverability and classification of the carrying values of assets or to amounts and classifications of liabilities that may be necessary if the Group is unable to continue as a going concern

## 7 Cash

	31 December 2011	31 December 2010
	USD	USD
Cash on hand	11,535	37,162
Cash in banks	1,967,266	93,692
	<b>1,978,801</b>	<b>130,854</b>

## 8 Inventories

	31 December 2011	31 December 2010
	USD	USD
Goods in transit	-	336,401
Raw materials	1,874,081	2,562,539
Tool and supplies	410,135	277,095
Work in progress	618,363	1,173,964
Finished goods	3,695,439	3,180,301
	<b>6,598,018</b>	<b>7,530,300</b>
Provision for decline in inventory value	-	(146,582)
	<b>6,598,018</b>	<b>7,383,718</b>

## 9 Taxes and amounts receivable from the State Budget

The amount of USD 106,907 represents over-payment of the Company's corporate income tax for the year 2007. This amount will be applied to future tax liabilities or tax filings in the ensuing years.

**10 Tangible fixed assets**

	Buildings	Machinery and Equipment	Motor vehicles	Office equipment	Total
	USD	USD	USD	USD	USD
<b>Historical cost</b>					
1 January 2011	4,780,157	28,692,891	557,893	297,769	<b>34,328,710</b>
Acquisitions	3,118	125,747	-	16,260	<b>145,125</b>
Written-off	-	(132,723)	(4,629)	(40,203)	<b>(177,555)</b>
31 December 2011	4,783,275	28,685,915	553,264	273,823	<b>34,296,280</b>
<i>Fully depreciated</i>	-	1,124,509	329,272	37,930	<b>1,491,711</b>
<i>Fixed assets not in use (*)</i>	-	7,968,583	193,237	58,082	<b>8,219,902</b>
<b>Accumulated depreciation</b>					
1 January 2011	(622,441)	(11,989,056)	(435,533)	(170,384)	<b>(13,217,414)</b>
Charge for the year	(162,793)	(1,896,920)	(42,158)	(27,791)	<b>(2,129,662)</b>
Written-off	-	67,888	3,900	35,738	<b>107,526</b>
31 December 2011	(785,234)	(13,818,088)	(473,791)	(162,437)	<b>(15,239,550)</b>
<i>Fixed assets not in use (*)</i>	-	(4,714,829)	(193,068)	(55,159)	<b>(4,963,056)</b>
<b>Net book value</b>					
1 January 2011	4,157,716	16,703,835	122,360	127,385	<b>21,111,296</b>
31 December 2011	<b>3,998,041</b>	<b>14,867,827</b>	<b>79,473</b>	<b>111,389</b>	<b>19,056,730</b>
<i>Fixed assets not in use (*)</i>	-	3,253,754	169	2,923	<b>3,256,846</b>

As at 31 December 2011, certain fixed assets with a total carrying value of USD 3,852,615 (2010: USD 17,579,816) have been pledged with Vietcombank as security for the Group's unused credit line with Vietcombank under Credit contract No. 2010031/KHDN/NHNT dated 20 August 2010 (Note 14).

(\*) 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, Bien Hoa City. They also include certain idle assets such as vending machines and machines pertaining to biscuit processing lines. The Group has insufficient demand to justify their re-commissioning and bringing back these assets into its production lines at the present time. Subsequently in February 2012, the Board of Management approved for disposal certain idle assets with an aggregate historical cost of USD 779,085 with a nil carrying value.

**11 Construction in progress ("CIP")**

	31 December 2011	31 December 2010
	USD	USD
Opening balance	<b>188,896</b>	410,742
Additions during the year	<b>1,219,582</b>	123,725
Transferred to tangible fixed assets	-	(345,571)
<b>Closing balance</b>	<b>1,408,478</b>	188,896
<i>Breakdown:</i>		
<i>Viet Kien Xanh - construction of steam boiler's frame and platform</i>	<b>76,152</b>	-
<i>Koastal - construction of waste water treatment system</i>	<b>630,270</b>	-
<i>Wou Xi Ming - supply of steam boiler machine</i>	<b>361,382</b>	-
<i>ERP software (*)</i>	<b>340,674</b>	179,060
<i>Others</i>	-	9,836
	<b>1,408,478</b>	188,896

(\*) This pertains to the development of the ERP system. As at 31 December 2011, the ERP software was in its trial period and is expected to be fully operational by the end of the first quarter of 2012.

## 12 Long-term prepaid expenses

	31 December 2011	31 December 2010
	USD	USD
Opening balance	1,432,197	1,467,213
Amortisation	(35,016)	(35,016)
<b>Ending balance</b>	<b>1,397,181</b>	<b>1,432,197</b>

As at 31 December 2011, the carrying value of long-term prepaid expenses representing prepaid land rentals has been pledged with Vietcombank as security for the unused credit line as mentioned in Note 14.

## 13 Deferred tax assets

The carrying balance of deferred tax assets of USD 2,054,327 pertains to the tax deductible loss in 2008 which can be carried forward to offset against future taxable income. All deferred tax assets from other temporary differences were not recognised. The movements are disclosed in Note 33.

## 14 Short term borrowings and debts

	31 December 2011	31 December 2010
	USD	USD
Loans from Vietcombank, Dong Nai Branch (1)	-	10,656,946
Loans from Viet A Bank (2)	-	2,980,311
Loans from Kirin (3)	19,000,000	-
Current portion of long-term loans (Note 19)	-	1,697,337
	<b>19,000,000</b>	<b>15,334,594</b>

### (1) Loans from Vietcombank, Dong Nai Branch

	31 December 2011	31 December 2010
	USD	USD
Denominated in USD	-	1,486,633
Denominated in EUR	-	50,322
Denominated in VND	-	9,119,991
	-	<b>10,656,946</b>

Loan from Vietcombank, Dong Nai Branch (“VCB”) – Agreement No 2010031/KHDN/NHNT dated 20 August 2010 pertains to a working capital credit facility with a credit limit of VND 200 billion. On 24 November 2011, VCB decreased the credit line to VND 120 billion as covered by the principal Agreement No. 2010047/KHDN/NHNT dated 24 November 2011 for the term of 60 months from the agreement date.

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 6 months from the date of the loan drawdown. 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 October in 2011 for dollar denominated loans were 6.5% to 7% while it was 15.5% 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).

Except for the factory and land use rights of Avafood Shareholding Company (“Avafood”) which were pledged to secure the Company’s credit line facility with VCB, the bank released the pledged

assets on 15 November 2011. As at 31 December 2011, the net book value of Avafood's pledged assets is USD 5,249,796. Those assets are secured under the following mortgaged agreements:

- Agreement No. 139/HDBD/NHNT dated 30 Aug 2007 and Appendix No. 1 dated 20 Aug 2010, in which subject loans are secured by a building. As at 31 December 2011, the carrying value of the pledged asset is USD 1,950,552 (Note 10).
- Agreement No. 09/QHKH/HD dated 24 May 2004 and Appendix No. 1 dated 20 Aug 2010, in which subject loans are secured by another building. As at 31 December 2011, the carrying value of the pledged assets was USD 1,902,063 (Note 10).
- Agreement on mortgaged land lease rights dated 20 Aug 2010 and Appendix No. 1 dated 26 Oct 2011, in which these loans are secured by all rights and interest arising from or in connection with the Land lease Agreement. As at 31 December 2011, the carrying value of the land lease rights was USD 1,397,181 (Note 12).

### (2) Loans from Viet A Bank

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 USD 3,000,000. 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 Company has settled all its outstanding obligations to Viet A Bank in June 2011 and Viet A bank terminated the loan agreement and released all secured assets to the Company at the same time.

### (3) Kirin Holdings Company Ltd (Note 34)

	31 December 2011	31 December 2010
	USD	USD
Denominated in USD	<b>19,000,000</b>	-

In 2011, the Company entered into several revolving loan agreements amounting to USD 19 millions with Kirin Holdings Company Ltd, the ultimate parent company. The credit facility is subject to interest based on the base rate plus 1% per annum. The base interest rate is equal to the London Inter-Bank Offered Rate for US Dollars published and released to the market at approximately 11:00 AM London time two London Banking Days before the commencement of the Interest period. The applicable interest rates of these loans range from 1.425% to 1.749%. All these loans will mature in 2012.

In December 2011, the Company entered into another revolving loan agreement with Kirin Holdings Company Ltd amounting to USD 6 millions. The facility is subject to interest based on the same base rate above plus 1% per annum. The amount of USD 1million was partially released to the Company in January 2012 (Note 18).

## 15 Trade accounts payable

	31 December 2011	31 December 2010
	USD	USD
Payable to suppliers	<b>1,946,420</b>	3,655,174
Payable to related parties (Note 34)	<b>1,206,409</b>	1,395,446
	<b>3,152,829</b>	5,050,620



**16 Taxes and amounts payable to State Budget**

	31 December 2011	31 December 2010
	USD	USD
Value added tax	98,116	289,964
Corporate income tax	-	118,093
Personal income tax	20,104	125,180
Import, export tax	11,531	2,076
Other taxes	54,825	3,254
	<b>184,576</b>	<b>538,567</b>

**17 Accrued expenses payables**

	31 December 2011	31 December 2010
	USD	USD
Accrual for transportation expense	143,072	205,841
Trade discounts	46,724	83,659
Accrual to related party (Note 34)	187,668	
Others	90,991	175,241
	<b>468,455</b>	<b>464,741</b>

**18 Other payables**

	31 December 2011	31 December 2010
	USD	USD
Dividends payable (Note 36)	24,265	24,265
Trade union, social and health insurance	8,002	15,699
Other payables to Ex Chairman (Note 34)	-	106,851
Payable to related parties (*)	1,031,901	13,244
Others	28,972	-
	<b>1,093,140</b>	<b>160,059</b>

(\*) This pertains to cash transferred from Kirin Holdings Company and was subsequently converted to loan in January 2012 in accordance with the revolving loan agreement in December 2011 as mentioned in Note 14.

**19 Long term borrowings and debts**

	31 December 2011	31 December 2010
	USD	USD
<b>Bank loan</b>		
Loan from Vietcombank, Dong Nai branch (1)	-	1,697,337
Less: amount due within one year	-	(1,697,337)
	-	-
<b>Related party loans</b>		
Loan from Ex Chairman (2)	-	3,430,928
Loan from the Parent Company –Trade Ocean Holdings Sdn Bhd (2)	3,430,928	-
Loan from Wonderfarm Biscuits & Confectionery Sdn. Bhd. (3)	1,562,685	1,562,685
	<b>4,993,613</b>	<b>4,993,613</b>

**(1) Loan from Vietcombank Dong Nai Branch**

The loans under Avafood with the amount of USD 1,697,337 was granted in accordance with the agreement No 2007176/NHNT dated 30 August 2007 and agreement No. 2000846/NHNT dated 21 February 2008 and were paid at the end of May 2011. On 8 June 2011, Avafood was granted by

Vietcombank - Dong Nai branch, exemption from payment of interest of VND 5 billion (equivalent to USD 242,272) in consideration of the full settlement of all outstanding interest by 30 June 2011 and continuing security from all existing pledged assets of the Avafood to the bank for Interfood's unused credit line (Note 14). The remaining interest of USD 331,890 was paid in June 2011.

### (2) Loan from Chairman

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"), the parent company, the Company and Mr Pang Tee Chiang ("PTC") entered into a Loan Novation Agreement whereby TOH agreed to assume the rights and obligations of the USD 3,430,928 loan PTC had extended to the Company.

### (3) Loan from Wonderfarm Biscuits & Confectionery Sdn. Bhd

According to the Resolution of the BOM dated 25 December 2008, the balance of the loan from Wonderfarm Biscuits & Confectionery Sdn Bhd, a related party, would be converted to a five-year shareholder loan which will be due in 2013. This loan bears interest at SIBOR 3 months less 1% per annum. There is no interest expense accrued during the year as the applicable interest rate based on the foregoing calculation would have been below zero. This loan is unsecured.

## 20 Deferred tax liabilities

Deferred tax liabilities of USD 138,280 pertains to temporary differences arising from differences between the accounting base and tax base as at the balance sheet date in relation to tangible fixed assets. The movements are disclosed in Note 33.

## 21 Owner's equity

	Paid in capital	Share premium	Acquisition Reserves	Accumulated losses	Total
	USD	USD	USD	USD	USD
Balance, 1 January 2010	18,313,995	4,082,759	(1,562,092)	(14,439,758)	<b>6,394,904</b>
Net loss	-	-	-	382,597	<b>382,597</b>
<b>Balance, 31 December 2010</b>	<b>18,313,995</b>	<b>4,082,759</b>	<b>(1,562,092)</b>	<b>(14,057,161)</b>	<b>6,777,501</b>
Balance, 1 January 2011	18,313,995	4,082,759	(1,562,092)	(14,057,161)	<b>6,777,501</b>
Net loss	-	-	-	(2,755,569)	<b>(2,755,569)</b>
<b>Balance, 31 December 2011</b>	<b>18,313,995</b>	<b>4,082,759</b>	<b>(1,562,092)</b>	<b>(16,812,730)</b>	<b>4,021,932</b>

## 22 Share capital

The Company's charter capital is VND 291,409,920 thousand, which is divided into 29,140,992 ordinary shares with par value of VND 10,000 each.

	Number of shares	VND '000	31 December 2011 USD
Authorised	29,140,992	291,409,920	<b>18,314,000</b>
Issued and fully paid	29,140,984	291,409,920	<b>18,313,995</b>

The details of shareholders as at 31 December 2011 are as follows:

	Number of shares			Equivalent capital amount	
	Listed	Unlisted	Total	VND '000	%
	shares	shares			
Trade Ocean Holding SDN					
BHD	-	16,684,646	<b>16,684,646</b>	<b>166,846,460</b>	57.25
Pang Tee Chiang (*)	606,984	5,499,840	<b>6,106,824</b>	<b>61,068,240</b>	20.96
Yau Hau Jan	-	81,139	<b>81,139</b>	<b>811,390</b>	0.28
Nguyen Thi Kim Lien	12,000	-	<b>12,000</b>	<b>120,000</b>	0.04
Public shareholders	6,256,375	-	<b>6,256,375</b>	<b>62,563,750</b>	21.47
	6,875,359	22,265,625	<b>29,140,984</b>	<b>291,409,840</b>	100.00

The details of shareholders as at 31 December 2010 are as follows:

	Number of shares			Equivalent capital amount	
	Listed	Unlisted	Total	VND '000	%
	shares	shares			
Trade Ocean Holding SDN					
BHD	-	16,684,646	<b>16,684,646</b>	<b>166,846,460</b>	57.25
Pang Tee Chiang	1,237,469	5,499,840	<b>6,737,309</b>	<b>67,373,090</b>	23.12
Ng Eng Huat	800,403	-	<b>800,403</b>	<b>8,004,030</b>	2.75
Yau Hau Jan	-	81,139	<b>81,139</b>	<b>811,390</b>	0.28
Nguyen Thi Kim Lien	12,000	-	<b>12,000</b>	<b>120,000</b>	0.04
Public shareholders	4,825,487	-	<b>4,825,487</b>	<b>48,254,870</b>	16.56
	6,875,359	22,265,625	<b>29,140,984</b>	<b>291,409,840</b>	100

(\*) The Board of Management of Dong Nai Industrial Zone granted the amended Investment Certificate to the Company dated 22 April 2011 which approved Mr. Pang Tee Chiang, the former General Director, to transfer 5,499,840 unlisted shares (equivalent to 18.87% of equity interest) to Indochina Beverage Holdings Ltd., a company established in British Virgin Island. Subsequently on 5 March 2012, the Vietnam Securities Depository approved said transfer.

In addition, under a resolution of the 1<sup>st</sup> Extraordinary General Assembly of Shareholders dated 30 July 2011, the Company will delist its shares currently listed on Ho Chi Minh City Stock Exchange. However, as at 31 December 2011, the Company has not yet submitted the application to the Stock Exchange.

### 23 Minority interest

	31 December 2011	31 December 2010
	USD	USD
Opening balance	-	-
Minority interest in net profit of Avafood	<b>23,660</b>	-
Closing balance	<b>23,660</b>	-

**24 Net sales**

	Year ended 31 December 2011	Year ended 31 December 2010
	USD	USD
<b>Revenue</b>		
Domestic sales	41,066,371	53,290,654
Export sales	2,839,020	2,320,259
	<b>43,905,391</b>	<b>55,610,913</b>
<b>Sales deduction:</b>		
Sales allowance	(1,127,533)	(1,401,257)
Sales returns	(20,772)	(26,037)
	<b>(1,148,305)</b>	<b>(1,427,294)</b>
<b>Net sales</b>	<b>42,757,086</b>	<b>54,183,619</b>

**25 Cost of goods sold**

	Year ended 31 December 2011	Year ended 31 December 2010
	USD	USD
Cost of goods sold for domestic sales	33,075,631	39,308,661
Cost of goods sold for export sales	2,525,315	2,053,507
	<b>35,600,946</b>	<b>41,362,168</b>

**26 Income from financial activities**

	Year ended 31 December 2011	Year ended 31 December 2010
	USD	USD
Interest income from bank deposits	11,234	9,956
Gain from disposal of investment in associate	-	330,386
Realised gain from foreign exchange differences	1,585,120	1,309,032
Unrealised gain from foreign exchange differences	3,559	99,248
	<b>1,599,913</b>	<b>1,748,622</b>

**27 Expenses for financial activities**

	Year ended 31 December 2011	Year ended 31 December 2010
	USD	USD
Interest expense	1,395,373	1,855,247
Realised loss from foreign exchange differences	643,534	1,400,548
Unrealised loss from foreign exchange differences	5,898	-
Other finance expenses	7,879	5,635
	<b>2,052,684</b>	<b>3,261,430</b>

**28 Selling expenses**

	Year ended 31 December 2011	Year ended 31 December 2010
	USD	USD
Transportation expense	2,214,567	2,621,615
Labour cost	1,779,036	1,692,885
Commission for salesmen and distributors	2,720,487	1,450,730
Depreciation	41,021	62,052
Other expenses	431,653	2,158,391
	<b>7,186,764</b>	<b>7,985,673</b>

**29 General and administration expenses**

	Year ended 31 December 2011	Year ended 31 December 2010
	USD	USD
Labour cost	840,163	1,213,473
Depreciation	47,192	49,175
Office expenses	315,285	711,637
Bank charges	34,823	24,073
Outside services expenses	-	120,206
Professional fees	455,044	-
Other expenses	177,039	563,436
	<b>1,869,546</b>	<b>2,682,000</b>

**30 Other income**

	Year ended 31 December 2011	Year ended 31 December 2010
	USD	USD
Exemption of loan interest from Vietcombank Dong Nai	242,272	-
Reversal of Avafood Corporate income tax payable for the year 2008	118,093	-
Income from sale of scrap	64,266	-
Income from disposal of fixed assets previously written off	-	68,633
Compensation for loss of inventories	-	370,441
Other income	103,375	273,437
	<b>528,006</b>	<b>712,511</b>

**31 Other expenses**

	Year ended 31 December 2011	Year ended 31 December 2010
	USD	USD
Accounts receivable and prepayments to suppliers written off	88,777	-
Depreciation of idle assets	524,150	426,603
Administration and tax penalties	86,626	237,239
Fixed assets written off	70,029	-
Others	33,598	71,038
	<b>803,180</b>	<b>734,880</b>

**32 Cost by element**

	Year ended 31 December 2011	Year ended 31 December 2010
	USD	USD
Raw materials	31,177,416	37,419,433
Labour cost	4,261,347	4,675,664
Depreciation and amortisation	2,164,679	2,176,237
Outside service costs	3,879,275	3,579,763
Other costs	3,663,129	5,071,492
	<b>45,145,846</b>	<b>52,922,589</b>

**33 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/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 with 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.

#### **Avafood Shareholding Company**

Pursuant to Investment Certificate No. 472033000355 dated 31 December 2007, Avafood is liable to corporate income tax at the rate of 15% of its taxable income from manufacturing processed products, including fruit juice, bottled filtered water, biscuits, jams and sweets of all kinds, and from agricultural and aquatic products as well as livestock in the first twelve years from 1 January 2006 when the Avafood officially commenced business operations. Thereafter the Avafood is subject to corporate income tax at 25%.

Avafood is entitled to corporate income tax exemption for a period of 2 years from the first profitable year and a reduced income tax equivalent to 50% of the applicable income tax rate in the next 3 years following its full exemption.

Corporate income tax is payable at the rate stipulated by the current regulations on annual profit from workshop lease activity (2010: 25%; 2009: 25%).

#### **The Group:**

No provision for corporate income tax has been made for the year ended 31 December 2011 because the Group incurred a loss for this year. The tax on the Group's loss before tax differs from the theoretical amount that would arise using the tax rate regulated in the Investment Certificate of each company within the Group as follows:

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

	Year ended 31 December 2011	Year ended 31 December 2010
	USD	USD
<b>Accounting profit (loss) before tax</b>	<b>(2,628,115)</b>	618,601
<b>Permanent differences</b>		
- Expenses without appropriate supporting documents	15,297	27,096
- Fee for the Board of Management	5,761	13,401
- Depreciation of idle assets	524,150	426,603
- Administration penalties	86,626	237,239
- Other income pertains to reverse of Corporate income tax payable of year 2008	<b>(118,093)</b>	-

	Year ended 31 December 2011	Year ended 31 December 2010
	USD	USD
<b>Temporary differences</b>		
- Temporary differences of prior year realised in this year	(103,890)	(18,872)
- Accrued expenses	414,678	436,093
- Unrealised losses from foreign exchange difference	5,113	5,019
- Severances allowances	35,822	45,691
- Temporary differences between accounting base and tax base in relation to the carrying value of tangible fixed assets	(92,284)	(92,284)
- Accrued expenses recognised from prior years	(436,093)	(560,040)
- Unrealised loss from previous years' foreign exchange difference realised in the current year	(5,019)	(3,797)
<b>Taxable profit /(loss) from normal business comprised of:</b>	<b>(2,296,047)</b>	1,134,750
<i>Taxable profit /(loss) of the Company</i>	<i>(2,860,716)</i>	<i>1,207,060</i>
<i>Taxable profit /(loss) of Avafood</i>	<i>564,669</i>	<i>(72,310)</i>
<b>Less: Gain on capital assignment</b>	-	(300,000)
<b>Taxable profit for normal operating activities</b>	<b>(2,296,047)</b>	907,060
Utilisation of losses carried forward	(564,669)	(907,060)
Assessable profit for the year	-	-
Corporate income tax expenses for the current year	-	-
Deferred income tax expense of the Company	-	(202,106)
Deferred Income tax expense of Avafood	(23,071)	(33,988)
Deferred tax asset of the Company written off	(80,723)	-
Deferred income tax expenses of the Group	(103,794)	(236,004)

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	Taxable loss	Utilised	Expired	Tax losses carried forward	Year of Expiration
		USD	USD	USD	USD	
2006	Not yet performed	(1,243,385)	564,669	678,716	-	2011
2007	Not yet performed	(286,568)	-	-	(286,568)	2012
2008	Not yet performed	(15,505,609)	1,207,060	-	(14,298,549)	2013
2009	Not yet performed	(953,095)	-	-	(953,095)	2014
2010	Not yet performed	(72,310)	-	-	(72,310)	2015
2011	Not yet performed	(2,860,716)	-	-	(2,860,716)	2016
		<b>(20,921,683)</b>	<b>1,771,729</b>	<b>678,716</b>	<b>(18,471,238)</b>	

### Deferred corporate income tax

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

	31 December 2011	31 December 2010
	USD	USD
<b>Deferred tax asset</b>		
Balance, 1 January	2,135,050	2,337,066
Utilization of tax losses carried forward	-	(202,016)
Write off during the year	(80,723)	-

	31 December 2011	31 December 2010
	USD	USD
<b>Balance, 31 December (*)</b>	<b>2,054,327</b>	2,135,050
<b>Deferred tax liability</b>		
Balance, 1 January	115,209	81,221
Temporary differences on depreciation expenses of current year	23,071	23,071
Unrecorded temporary difference on depreciation expenses of previous year	-	10,917
<b>Balance, 31 December (**)</b>	<b>138,280</b>	115,209

(\*) Deferred tax assets pertain mostly to the tax deductible loss in 2008 which can be carried forward to offset against taxable income within 5 years which will expire after 2013. The Management believe that the Company will have sufficient future taxable income to utilise this tax loss.

(\*\*) This pertains to the temporary differences between the accounting base and tax base of tangible fixed assets at the balance sheet date.

### 34 Related party transaction and balances

The following transactions with related parties were recorded:

#### For year ended 31 December 2011:

Related party	Relation	Transaction	USD
Chuan Li Can Manufacturing (Vietnam) Co., Ltd	Ex-Affiliate	Purchases of materials	1,081,647
Mr. Pang Tee Chiang	Ex-Chairman/ Ex - General Director	Transfer of loan to Trade Ocean Holding SDN BHD	3,430,928
		Other payable	87,113
		Interest for other payable	7,485
Trade Ocean Holding SDN BHD	Parent Company	Loan extended to the Company	3,430,928
Kirin Holding Company Limited	Ultimate parent company	Loans to the Company	19,000,000
		Interest expense charged to the Company	116,443
		Secondment fees paid on behalf of Company	94,838
		Other cash transferred	1,000,000
Vietnam Kirin Beverage Company	Affiliate	Processing fees	555,471



For year ended 31 December 2010:

Related party	Relation	Transaction	USD
Crown Beverage Cans (Dong Nai) Limited.	Ex - Associate	Purchases of materials	17,185,713
Chuan Li Can Manufacturing (Vietnam) Co., Ltd	Ex-Affiliate Ex-Chairman/	Purchases of materials	849,354
Mr. Pang Tee Chiang	General Director	Advance	177,955

The following balances were outstanding with related parties:

**As at 31 December 2011:**

Related party	Relation	Transaction	Other/Accrual		Loans
			Trade payables	payables	
			USD	USD	USD
Kirin Holding Company Limited	Ultimate parent company	Loan	-		19,000,000
		Payable interest		92,830	
		Other payable	-	1,000,000	-
		Secondment fees payable	-	94,838	-
Trade Ocean Holding SDN BHD	Parent Company	Loan		-	3,430,928
Wonderfarm Biscuits & Confectionery Sdn. Bhd	Shareholder	Licence fee	-	31,901	-
		Loan	-	-	1,562,685
Vietnam Kirin Beverage Company	Affiliate	Processing fee	391,394	-	-
Crown Beverage Cans Dong Nai Ltd	Ex – Associate	Purchases of materials	299,469	-	-
Crown Beverage Cans Saigon Limited	Ex – Affiliate	Purchases of materials	322,284	-	-
Chuan Li Can Manufacturing	Ex-Affiliate	Purchases of materials	-	-	-
			193,262		
			<b>1,206,409</b>	<b>1,219,569</b>	<b>23,993,613</b>

As at 31 December 2010:

Related party	Relation	Transaction	Other	Trade	Loan
			payables	Payables	
			USD	USD	USD
Crown Beverage Cans Dong Nai Ltd	Ex-Associate	Purchases of materials	-	1,183,165	-
Chuan Li Can Manufacturing (Vietnam)	Ex-Affiliate	Purchases of materials	-	212,281	-
Mr. Pang Tee Chiang	Ex-Chairman/	Loan	-	-	3,430,928
	General Director	Other payables	106,851	-	-
Wonderfarm Biscuits & Confectionery Sdn. Bhd.	Shareholder	Loan	-	-	1,562,685
			<b>106,851</b>	<b>1,395,446</b>	<b>4,993,613</b>

### 35 Segmental information

At 31 December 2011, 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 2011 are as follows:

	Domestic USD	Export USD	Total USD
Sales revenue – net	39,918,066	2,839,020	42,757,086
Cost of sales	(33,075,631)	(2,525,315)	(35,600,946)
Gross profit	6,842,435	313,705	7,156,140

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	51,866,715	2,316,904	54,183,619
Cost of sales	(39,308,661)	(2,053,507)	(41,362,168)
Gross profit	12,558,054	263,397	12,821,451

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

The results of the segmentation by product or the year ended 31 December 2011 are as follows:

	Drinks USD	Biscuits USD	Other USD	Total USD
Sales revenue – net	37,373,097	1,463,591	3,920,398	42,757,086
Cost of sales	(29,896,665)	(1,492,931)	(4,211,350)	(35,600,946)
Gross profit	7,476,432	(29,340)	(290,952)	7,156,140

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

	Drinks USD	Biscuits USD	Other USD	Total USD
Sales revenue – net	50,121,865	1,246,848	2,814,906	54,183,619
Cost of sales	(37,244,485)	(1,583,800)	(2,533,883)	(41,362,168)
Gross profit	12,877,380	(336,952)	281,023	12,821,451

### 36 Earning/(loss) per share and dividends

(a) *Basic*

Basic earnings (loss) per share is shown below

	Year ended 31 December 2011	Year ended 31 December 2010
Profit/(Loss) attributable to shareholders of the Company (USD)	(2,755,569)	382,597
Weighted average number of ordinary shares on issue	29,140,984	29,140,984
Basic earnings (loss) per share (USD per share)	(0.095)	0.013

No dividend was declared in 2011. As at 31 December 2011, the 2007 dividend payable amounting to USD 24,265 was not paid and included in the other payables (Note 18).

(b) *Diluted*

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares. The Group has no

category of potentially dilutive ordinary shares. Therefore, diluted earnings per share are equal to basic earnings per share.

### 37 Board of Director and Management's remuneration

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

	USD
Salary	376,917
	<b>376,917</b>

### 38 Commitments

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

	2011	2010
	USD	USD
Within the next year	63,615	125,293
Within two to five years	-	71,623
Over five years	-	-
	<b>63,615</b>	<b>196,916</b>

### 39 Risk management objectives and policies

The Group is exposed to various risks in relation to financial instruments. The Group's financial assets and liabilities by category are summarised below. The main types of risks are market risk, credit risk and liquidity risk.

The Board of Directors ("the Board") has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board establishes policies to identify and analyse the risks faced by the Group, to set up appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed are described below.

#### (a) Market risk

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities.

##### *Foreign currency sensitivity*

The Group is exposed to foreign currency risk on sales and purchases that are denominated in currencies other than the USD. The main currency giving rise to this risk is primarily Vietnam Dong ("VND"). The Group ensures that the net exposure to this risk is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances. The Board does not enter into currency hedging transactions since it considers that the cost of such instruments outweighs the potential risk of exchange rate fluctuations.

Foreign currency denominated financial assets and liabilities, translated into USD at the closing rate, are as follows.

	31 December 2011		31 December 2010	
	VND	USD EUR	VND	USD EUR
Financial assets	1,072,813	491	1,006,608	494
Financial liabilities	(4,012,487)	-	(6,232,650)	(50,322)
<b>Short-term exposure</b>	<b>(2,939,674)</b>	<b>491</b>	<b>(5,226,042)</b>	<b>(49,828)</b>
Financial assets	-	-	-	-
Financial liabilities	(133,678)	-	(136,440)	-
<b>Long-term exposure</b>	<b>(133,678)</b>	<b>-</b>	<b>(136,440)</b>	<b>-</b>

The following table illustrates the sensitivity of the net result for the year and equity in regards to the Group's financial assets and financial liabilities and the VND /US Dollar exchange rate and Euro/USD exchange rate.

It assumes a +/- 10% change of the US-Dollar/VND exchange rate for the year ended at 31 December 2011. A +/- 4% change is considered for the Euro/USD exchange rate. Both of these percentages have been determined based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Group's foreign currency financial instruments held at each balance sheet date.

If the USD had strengthened against the VND and Euro by 10% and 4% respectively then this would have had the following impact:

	For the year ended 31 December 2011	
	VND	USD EUR
Net result for the year	513,102	21
Equity	513,102	21

If the USD had weakened against the VND and Euro by 10% and 4% respectively then this would have had the following impact:

	For the year ended 31 December 2011	
	VND	USD EUR
Net result for the year	(513,102)	(21)
Equity	(513,102)	(21)

Exposures to foreign exchange rates vary during the year depending on the volume of transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk.

#### *Interest rate sensitivity*

The Group's policy is to minimise interest rate cash flow risk exposures on short term and long-term financing. At 31 December 2011, the Group is exposed to changes in market interest rates through its related borrowings from related parties, which is subject to variable interest rates.

The following table illustrates the sensitivity of the net result for the year and equity to a reasonably possible change in interest rates of +2% and -2%, with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on the Group's financial instruments held at each balance sheet date. All other variables are held constant.

	For the year ended 31 December 2011	
	+2%	-2%
Net result for the year	(402,649)	402,649
Equity	(402,649)	402,649

**(b) Credit risk**

The Group's exposure to credit risk is limited to the carrying amount of financial assets recognised at the balance sheet date, as summarised below:

	31 December 2011	31 December 2010
	USD	USD
<b>Classes of financial assets - carrying amounts</b>		
Cash and cash equivalents	1,978,801	130,854
Trade and other receivables	1,119,899	1,848,960

The Group continuously monitors defaults of customers and other counterparties, and incorporate this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties.

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

**(c) Liquidity risk**

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day lookout period are identified monthly.

The Group maintains cash to meet its liquidity requirements for up to 30-day periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

As at 31 December 2011, the contractual maturities of the Group's liabilities are summarised below:

31 December 2011	Current			Non-current
	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years
	USD	USD	USD	USD
Short-term borrowing	-	19,000,000	-	-
Long-term borrowing	-	-	4,993,613	-

Trade payables	3,152,829	-	-	-
Other short term financial liabilities	1,272,703	1,000,000	133,678	-
	4,425,532	20,000,000	5,127,291	-

#### 40 Fair value of financial instruments

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded approximate their fair values other than the following financial liabilities:

	31 December 2011		31 December 2010	
	Carrying amount	Fair value	Carrying amount	Fair value
	USD	USD	USD	USD
<b>Financial liabilities</b>				
Long term borrowing and debts	4,993,613	4,766,983	4,993,613	4,685,304

(\*) The fair value of above financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis, in which the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets.

#### 41 Subsequent events

Subsequently on 5 March 2012, the Vietnam Securities Depository approved the transfer of 5,499,840 unlisted shares (equivalent to 18.87% of equity interest) from Mr. Pang Tee Chiang, the former General Director, to Indochina Beverage Holdings Ltd., a company established in The British Virgin Isles. Approval was given to amend the Investment Certificate dated 22 April 2011 granted by The Board of Management of Dong Nai Industrial Zone (Note 22).

#### 42 Approval for issuance of the financial statements

The consolidated financial statements for the year ended 31 December 2011 were approved by the Board of Directors on \_\_\_\_\_

\_\_\_\_\_  
Michio Nagabayashi  
General Director

\_\_\_\_\_  
Nguyen Hong Phong  
Chief Accountant



Grant Thornton (Vietnam) Limited  
28<sup>th</sup> Floor, Saigon Trade Center  
37 Ton Duc Thang Street  
District 1, Ho Chi Minh City  
Vietnam

T (84 8) 3910 9100  
F (84 8) 3914 3748

[www.gt.com.vn](http://www.gt.com.vn)

Grant Thornton (Vietnam) Limited  
8<sup>th</sup> Floor, Vinaplast – Tai Tam Building  
39A Ngo Quyen Street  
Hoan Kiem District, Hanoi  
Vietnam

T (84 4) 2220 2600  
F (84 4) 2220 6449

Grant Thornton (Cambodia) Limited  
2<sup>nd</sup> Floor, 99 Norodom Boulevard  
Sangkat Beung Rang  
Khan Duan Penh, Phnom Penh  
Kingdom of Cambodia

T (855) 23 966 520

[www.gt.com.kh](http://www.gt.com.kh)