

INTERFOOD SHAREHOLDING COMPANY

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2008**

INTERFOOD SHAREHOLDING COMPANY

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2008**

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INTERFOOD SHAREHOLDING COMPANY

CORPORATE INFORMATION

Investment Certificate No. 472033000328 dated 28 November 2007.

The Investment Certificate was issued by the Board of Management of Dong Nai Industrial Zone covering a period of 40 years from the date of the initial investment licence No. 270/GP dated 16 November 1991 issued by the Ministry of Planning and Investment.

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

INTERFOOD SHAREHOLDING COMPANY

STATEMENT OF THE RESPONSIBILITY OF THE BOARD OF DIRECTORS IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors is responsible for consolidated financial statements which give a true and fair view of the financial position of Interfood Shareholding Company and its subsidiary (collectively “the Group”) as at 30 September 2008 and of the results of its operations and cash flows for the year then ended. In preparing these consolidated financial statements, the Board of Directors is required to:

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

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

APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

We hereby approve the accompanying consolidated financial statements as set out on pages 5 to 31 which give a true and fair view of the financial position of the Group as at 30 September 2008 and of the results of its operations and cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System and prevailing regulations in SR Vietnam.

On behalf of the Board of Directors

Yau Hau Jan
D.General Director

Ho Chi Minh City, SR Vietnam
4-Nov-08

INTERFOOD SHAREHOLDING COMPANY

Form B01 – DN

BALANCE SHEET AS AT 30 SEPTEMBER 2008

CODE	ASSETS	NOTE	9/30/2008 VND	2007 VND
100	CURRENT ASSETS		420,143,666,645	240,883,625,738
110	Cash and cash equivalents	3	4,720,275,180	7,011,894,302
111	Cash		4,720,275,180	7,011,894,302
130	Accounts Receivable		185,309,531,075	55,835,300,052
131	Trade accounts receivable	4	5,606,716,480	16,923,406,220
132	Prepayment to suppliers		176,539,040,605	38,979,250,352
133	Intercompany receivables	21(b)	-	-
138	Other receivables	5	4,633,330,035	1,368,255,854
139	Provision for doubtful debts	4	(1,469,556,045)	(1,435,612,374)
140	Inventories	6	222,014,106,105	174,678,708,862
141	Inventories		226,457,578,690	179,019,546,524
149	Provision for decline in value of inventories		(4,443,472,585)	(4,340,837,662)
150	Other current assets		8,099,754,285	3,357,722,522
151	Short-term prepayments		4,780,514,920	118,921,320
152	VAT to be reclaimed		3,319,239,365	118,470,128
154	Other taxes receivable	7	-	3,120,331,074
200	LONG-TERM ASSETS		928,485,916,845	723,731,014,748
220	Fixed assets		868,791,715,980	426,312,741,358
221	Tangible fixed assets	8(a)	463,281,390,645	352,061,830,344
222	Cost	8(a)	624,076,366,125	485,187,174,038
223	Accumulated depreciation	8(a)	(160,794,975,480)	(133,125,343,694)
230	Construction in progress	8(b)	405,510,325,335	74,250,911,014
250	Long term investment		-	-
251	Investment in subsidiaries		-	-
260	Other long-term assets		59,694,200,865	297,418,273,390
261	Long-term prepaid expenses	9	59,694,200,865	39,211,436,978
268	Other long-term assets	10	-	258,206,836,412
270	TOTAL ASSETS		1,348,629,583,490	964,614,640,486

The notes on pages 09 to 40 are an integral part of these financial statements.

INTERFOOD SHAREHOLDING COMPANY

Form B01 – DN

BALANCE SHEET (Continued)

CODE	RESOURCES	NOTE	9/30/2008 VND	2007 VND
300	LIABILITIES		930,045,271,670	583,447,461,632
310	Current liabilities		887,989,801,115	558,186,849,066
311	Short-term borrowings	11(a)	615,611,725,945	444,017,483,210
312	Trade accounts payable		140,874,211,405	72,620,641,520
313	Advances from customers		-	4,837,825,650
314	Taxes and payable to state budget	12	4,648,208,525	470,142,064
315	Payable to employees		2,950,658,590	3,366,407,968
316	Accrued expenses	13	19,916,293,930	6,974,397,024
317	Intercompany payable	14	97,912,736,480	25,181,106,090
319	Other payables	15	6,075,966,240	718,845,540
330	Long-term liabilities		42,055,470,555	25,260,612,566
324	Long-term borrowings	11(b)	40,508,717,910	23,672,481,182
333	Long-term deposits		20,701,225	20,223,070
336	Provision for severance allowances		1,526,051,420	1,567,908,314
400	SHAREHOLDERS' EQUITY		418,584,311,820	381,167,178,854
410	Capital and reserves		397,037,256,210	375,650,857,120
411	Share capital	16	291,409,840,000	291,409,840,000
412	Share premium	17	65,057,888,349	65,057,888,349
419	Other reserves	17	(25,171,550,488)	(25,171,550,488)
420	Retained earnings	17	53,369,506,520	39,921,113,652
	Diffirence on exchange rate		12,371,571,829	4,433,565,607
430	Minority interest		21,547,055,610	5,516,321,734
439	Minority interest	18	21,547,055,610	5,516,321,734
430	TOTAL RESOURCE		1,348,629,583,490	964,614,640,486

Truong Van Thanh
Chief accountant

Yau Hau Jan
D. General Director

The notes on pages 09 to 40 are an integral part of these financial statements.

INCOME STATEMENT

CODE	DESCRIPTION	NOTE	9/30/2008 VND	2007 VND
1	Sales	20(a)	651,410,939,910	758,192,850,226
3	Less deductions		(40,163,757,975)	(36,711,913,868)
10	Net sales	20(a)	611,247,181,935	721,480,936,358
11	Cost of sales	21	(488,760,705,800)	(564,381,086,780)
20	Gross profit		122,486,476,135	157,099,849,578
21	Finance income	20(b)	14,970,482,615	4,642,910,706
22	Finance expenditure	22	(46,738,714,460)	(16,993,808,286)
24	Selling expenses	23	(42,413,313,085)	(40,777,282,700)
25	General & administration expenses	24	(37,128,925,400)	(32,328,793,070)
30	Operating profit		11,176,005,805	71,642,876,228
40	Net other income	25	3,242,092,250	3,166,513,798
50	Net profit /(loss) before tax		14,418,098,055	74,809,390,026
51	Business income tax - current	26	(2,358,850,980)	(6,535,612,804)
52	Business income tax - deferred		-	-
60	Net profit / (loss) after tax		12,059,247,075	68,273,777,222
61	Minority interest		445,249,535	(256,164,258)
62	Net profit for the year	27	12,504,496,610	68,529,941,480
70	Basic earnings per share	27	VND 429	VND 2,320

Truong Van Thanh
Chief accountant

Yau Hau Jan
D. General Director

The notes on pages 09 to 40 are an integral part of these financial statements.

INTERFOOD SHAREHOLDING COMPANY

Form B03 – DN

CASH FLOW STATEMENT (Indirect method)

CODE	DESCRIPTION	NOTE	9/30/2008 VND	2007 VND
CASH FLOWS FROM OPERATING ACTIVITIES				
01	Net profit before tax		14,418,098,055	74,809,390,026
	Adjustments for:			
02	Depreciation and amortisation	8(a)	24,522,011,335	28,771,176,378
03	Provisions		(78,928,575)	2,292,280,956
04	Profits from investing activities			(126,253,190)
06	Interest expense	19	46,738,714,460	16,993,808,286
07	Unrealised exchange (gain)/loss		(8,702,860)	
8	Operating profit before changes in working capital		85,599,895,275	122,740,402,456
09	Decrease in receivables		(132,816,700,815)	73,019,108,512
10	Decrease/(increase) in inventories		(43,205,287,520)	17,781,106,098
11	Increase/(decrease) in payables		142,732,290,680	(3,437,760,760)
12	Decrease in prepaid expenses		12,776,994,010	25,163,122,866
13	Interest paid		(46,738,714,460)	(17,475,681,342)
14	Business income tax paid		(2,358,850,980)	(6,808,938,472)
15	Other receipts from operating activities		-	1,340,539,774
20	Net cash outflows from operating activities		15,989,626,190	212,321,899,132
CASH FLOWS FROM INVESTING ACTIVITIES				
21	Purchases of fixed assets		(212,164,991,090)	(361,811,090,396)
22	Proceeds from disposals of fixed assets		-	1,428,022,680
25	Investment in other entities		16,345,555,300	(31,112,411,666)
30	Net cash outflows from investing activities		(195,819,435,790)	(391,495,479,382)
CASH FLOWS FROM FINANCING ACTIVITIES				
31	Proceeds from issuance of shares		-	-
32	Payment for shares repurchases		-	(80,000)
33	Proceeds from borrowings		1,084,208,811,785	1,016,566,820,476
34	Repayments of borrowings		(906,836,410,790)	(769,035,541,862)
36	Dividends paid		-	(64,968,135,148)
40	Net cash inflows from financing activities		177,372,400,995	182,563,063,466

The notes on pages 09 to 40 are an integral part of these financial statements.

INTERFOOD SHAREHOLDING COMPANY

Form B03 – DN

CASH FLOW STATEMENT (continued)

50	Net increase in cash and cash equivalents		(2,457,408,605)	3,389,483,216
60	Cash and cash equivalents at beginning of year		7,011,894,302	3,622,427,200
70	Cash and cash equivalents at end of year	3	4,720,275,180	7,011,894,302

Truong Van Thanh
Chief accountant

Yau Hau Jan
D. General Director

The notes on pages 09 to 40 are an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**AS AT 30 SEPTEMBER 2008****1 GENERAL INFORMATION**

Interfood Shareholding Company (formerly Interfood Processing Industry Ltd.)- Vietnamese name is Công ty Cổ phần Thực phẩm Quốc tế (“the Company”) was established in SR Vietnam for a period of 40 years pursuant to Investment Licence No. 270/GP, dated 16 November 1991. The Company was wholly owned by Trade Ocean Holdings Sdn. Bhd., a company incorporated in Malaysia.

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

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

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

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

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

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

On 30 June 2007, the Company acquired 90% of the paid-up share capital of AvaFood Shareholding Company (“AVAFOOD”) at par value per share from Wonderfarm Biscuits & Confectionery Sdn. Bhd. The Company and the Subsidiary are hereafter collectively referred to as the Group.

AvaFood Shareholding Company (formerly AvaFood Industries Ltd.) was established in SR Vietnam 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. The Company was wholly owned by Wonderfarm Biscuits & Confectionery Sdn. Bhd., a company incorporated in Malaysia.

The amended Investment Licence No. 48/GPĐC1-ĐN-KCN dated 5 March 2004 allowed the Subsidiary to increase its investment capital and charter capital to US\$10,000,000 and US\$4,000,000, respectively.

The amended Investment Licence No. 48/GPĐC2-ĐN-KCN dated 17 September 2004 allowed the AVAFOOD to increase its investment capital to US\$11,000,000.

Pursuant to Investment Certificate No. 472033000355 dated 31 December 2007 issued by the Board of Management of Dong Nai Industrial Zone, the Subsidiary was allowed to convert into a shareholding company under the name of AvaFood Shareholding Company with the total investment capital of VND259,200 million, equivalent to US\$16,000,000. The charter capital of the Subsidiary is VND81,000 million, equivalent to US\$5,000,000. AVAFOOD's total number of shares were 8,100,000 with par value of VND10,000 per share.

The principal activities of the Avafood are to produce 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; to lease workshop.

Pursuant to Investment Certificate No. 472033000464 dated 06 May 2008 issued by the Board of Management of Dong Nai Industrial Zone, the subsidiary was established a shareholding company under the name of Interfood Packaging Shareholding Company ("IPS") with the total investment capital of VND513,600 million, equivalent to US\$32,000,000. The charter capital of the IPS is VND160,050 million, equivalent to US\$10,000,000. The IPS 's total number of shares were 16,050,000 with par value of VND10,000 per share.

The principal activities of the IPS are to produce packing products including packing of food product and packing of soft drink.

Pursuant to Investment Certificate No. 212032000111 dated 14 Feb 2008 issued by the Board of Management of Bac Ninh Industrial Zone, the subsidiary was established a shareholding company under the name of Northern Interfood Shareholding Company ("NIFS") with the total investment capital of VND583,200 million, equivalent to US\$36,000,000. The charter capital of the NIFS is VND178,200 million, equivalent to US\$11,000,000.

The principal activities of the NIFS are to produce carbonated fruit juice and noncarbonated fruit juice, food from agricultural product, forest product and seafood and product packing of soft drink.

As at 30 September 2008, the Group had 1,346 employees (2007: 1355 employees).

2 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

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

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

2.2 Fiscal year

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

2.3 Currency

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

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

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

2.4 Form of records applied

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

2.5 Cash and cash equivalents

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

2.6 Trade receivables

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

2.7 Inventories

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

2.8 Fixed assets

Tangible and fixed assets

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

Depreciation

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

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

Disposals

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

2.9 Consolidation

(i) 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.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equities 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 of big value). The useful life of goodwill should be properly estimated as with the time during which sources embodying economic benefits are recovered by the Group. Such useful life is not beyond 10 years from the date of recognition. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated income statement

Inter-company balances, transactions and unrealised gains on transactions between those companies and the Group are eliminated. Unrealised losses also eliminated unless transaction provides 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.

(i) Minority interest

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

2.10 Leased assets

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

2.11 Borrowing costs

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

2.12 Revenue recognition

(a) Sales of goods

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

(b) Interest income

Interest income is recognised on an earned basis.

2.13 Deferred income tax

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

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

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

2.14 Dividend distribution

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

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

2.15 Related parties

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

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

2.16 Provisions

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

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

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

2.17 Provision for severance allowances

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

2.18 Segmental reporting

The 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 three segments: domestic sales, export sales and sales of contract manufactured goods. In addition, there are 2 main kinds of product: Drinks and Biscuits.

INTERFOOD SHAREHOLDING COMPANY

Form B09 – DN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT 30 SEPTEMBER 2008

3 CASH AND CASH EQUIVALENTS

	9/30/2008	2007
	VND	VND
Cash on hand	1,213,471,170	813,209,124
Cash at bank	3,506,804,010	6,198,685,178
	<u>4,720,275,180</u>	<u>7,011,894,302</u>

4 TRADE ACCOUNTS RECEIVABLE

	9/30/2008	2007
	VND	VND
Trade accounts receivable	5,606,716,480	16,923,406,220
Prepayment to suppliers	176,539,040,605	38,979,250,352
Provision for doubtful debts	(1,469,556,045)	(1,435,612,374)
	<u>180,676,201,040</u>	<u>54,467,044,198</u>

The company has advanced to one supplier amount of USD9,000,000 for purchase Machinery and equipment contributed to NIFS

5 OTHER RECEIVABLES

	9/30/2008	2007
	VND	VND
Advances	1,187,326,595	755,295,408
Deposit and other	3,446,003,440	612,960,446
	<u>4,633,330,035</u>	<u>1,368,255,854</u>

6 INVENTORIES

	9/30/2008	2007
	VND	VND
Goods in transit	-	20,151,604,410
Raw materials	77,699,994,410	68,068,936,054
Tool and supplies	3,347,528,290	3,691,475,690
Work in progress	63,028,417,690	35,563,179,036
Finished goods	82,381,638,300	51,544,351,334
Provision for decline in value of inventories	(4,443,472,585)	(4,340,837,662)
	<u>222,014,106,105</u>	<u>174,678,708,862</u>

7 OTHER TAX RECEIVABLE

	9/30/2008	2007
	VND	VND
Advanced payment of business income tax	-	1,722,699,398
Import duties to be deducted	-	1,104,195,736
Other taxes	-	293,435,940
	<hr/>	<hr/>
	-	3,120,331,074
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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8 FIXED ASSETS

(a) Tangible fixed assets

	Buildings and structures VND	Machinery and equipment VND	Motor, vehicles VND	Office equipment VND	Total VND
Historical cost					
At 1 Jan 2008	70,753,318,972	400,944,390,588	7,986,404,566	5,503,059,912	485,187,174,038
New purchases	627,799,700	18,754,518,090	2,511,726,640	140,125,025	22,034,169,455
Disposal	-	-	-	-	-
Transferred from CIP	46,572,840,740	58,810,398,765	-	-	105,383,239,505
Diffirence on exchange rate	(1,672,894,038)	(9,479,943,702)	(188,830,839)	(130,114,548)	(11,471,783,127)
At 30 September 2008	119,626,853,450	487,989,251,145	10,686,962,045	5,773,299,485	624,076,366,125
Accumulated depreciation					
At 1 Jan 2008	6,369,461,350	118,399,049,146	5,804,440,054	2,552,393,144	133,125,343,694
Charge for the year	2,254,586,085	21,453,215,555	415,212,140	398,997,555	24,522,011,335
Diffirence on exchange rate	150,599,775	2,799,431,409	137,240,391	60,348,876	3,147,620,451
At 30 September 2008	8,774,647,210	142,651,696,110	6,356,892,585	3,011,739,575	160,794,975,480
Net book value					
At 1 Jan 2008	64,383,857,622	282,545,341,442	2,181,964,512	2,950,666,768	352,061,830,344
At 30 September 2008	110,852,206,240	345,337,555,035	4,330,069,460	2,761,559,910	463,281,390,645

As at 30 September 2008 fixed assets with a carrying value of US\$21,132,911 (2007: US\$11,349,241) have been pledged with Vietcombank as security for short-term and long-term borrowings granted to the Group (Note 9).

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(b) Construction in progress

	9/30/2008	2007
	VND	VND
At 1 January 2008	74,250,911,014	642,239,584
Diffirence on exchange rate	1,755,591,231	
Additions	434,887,062,595	84,171,736,824
Acquisition of a subsidiary	-	12,968,676,112
Transferred to tangible fixed assets	(105,383,239,505)	(23,531,741,506)
	<u>405,510,325,335</u>	<u>74,250,911,014</u>
At 30 September 2008	<u>405,510,325,335</u>	<u>74,250,911,014</u>

Construction in progress relates to investment and factory building of Interfood Packaging shareholding company, In which machine is US\$23,511,078 and factory building is 547,075.

9 LONG-TERM PREPAID EXPENSES

	9/30/2008	2007
	VND	VND
At 1 January 2008	39,211,436,978	-
Diffirence on exchange rate	927,116,637	
Additions (Acquisition of a subsidiary)	24,787,102,480	42,616,019,012
Amortisation for the period	(5,231,455,230)	(3,404,582,034)
	<u>59,694,200,865</u>	<u>39,211,436,978</u>
At 30 September 2008	<u>59,694,200,865</u>	<u>39,211,436,978</u>

Long-term prepayment balance represented:

Prepaid land rental of US\$2,081,882 relates to an area of land leased at the Tam Phuoc Industrial Zone, Long Thanh District, Dong Nai Province. The prepayment is amortised on a straight-line basis over the period of 44 years, starting from 1 July 2007, the effective date of the business combination. As at 30 September 2008, the remaining balance was US\$2,022,738

Pre-operating expenses of US\$562,776 were also acquired in the acquisition of AvaFood Shareholding Company and is amortised on a straight-line basis over the period of 1.5 years, starting from 1 July 2007, the effective date of the business acquisition. As at 30 September 2008, the remaining balance was US\$ 93,796

10 OTHER LONG-TERM ASSETS

	9/30/2008	2007
	VND	VND
Northern Interfood Shareholding Company	-	96,344,397,450
Interfood Packaging Shareholding Company	-	154,791,486,850

An Phu My Trading Service Construction Company Limited	-	7,070,952,112
At 30 September 2008	-	258,206,836,412

(a) Northern Interfood Shareholding Company and Interfood Packaging Shareholding Company

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

US\$3,800,000 of the investment in Interfood Packaging Shareholding Company has been pledged with Vietcombank as security for the short-term borrowings granted to the Company by Vietcombank Dong Nai (Note 11).

Total borrowing costs that have been capitalised and included in the fixed assets to be contributed to Interfood Packaging Shareholding Company are US\$823,225. The average interest rate used to determine the amount of borrowing cost capitalised is 17.72% per annum.

On 14 February 2008, Northern Interfood Shareholding Company received the approval from Bac Ninh Province's People's Committee to be established for a period of 50 years pursuant to Investment Certificate No.212032.000111 with total investment capital and charter capital of US\$36 million and US\$11 million respectively.

11 BORROWINGS

(a) Short-term borrowings

		9/30/2008	2007
		VND	VND
Loans from Vietcombank, Dong Nai	(a)	291,650,948,635	234,624,351,920
Loans from ANZ Bank	(b)	148,139,368,175	90,247,923,374
Loans from Citibank, N.A, HCMC	(c)	28,932,856,810	30,894,598,728
Loans from Asia Commercial Bank	(d)	78,253,995,480	80,570,000,000
Loans from China Trust Bank - HCM City	(e)	35,640,631,035	-
Loans from HSBC Bank - HCM City	(f)	28,036,567,995	-
Current portion of long-term loans		4,957,357,815	7,680,609,188
		615,611,725,945	444,017,483,210

(a) Loans from Vietcombank Dong Nai

	9/30/2008	2007
	VND	VND
Denominated in US\$	58,994,697,400	160,032,355,868
Denominated in VND	232,656,251,235	74,591,996,052
	<u>291,650,948,635</u>	<u>234,624,351,920</u>

The Group has short-term credit facilities totalling US\$19,000,000 from Vietcombank Dong Nai. The borrowings are secured by the factory building, machinery and equipment, processing line plus the insured amounts on these properties, and part of the investment in Interfood Packaging Shareholding Company (Note 10(a)).

interest is from 6.3% to 10% per annum for drawdowns in US\$ and from 9.84% to 21% per annum on drawdowns in VND.

(b) Loans from ANZ Bank

	9/30/2008	2007
	VND	VND
Denominated in US\$	69,439,364,390	43,447,920,376
Denominated in VND	78,700,003,785	46,800,002,998
	<u>148,139,368,175</u>	<u>90,247,923,374</u>

The Company has short-term credit facilities of US\$6,000,000 and a loan of fixed asset investment of US\$18,000,000 from ANZ Bank. interest is 6.74% per annum for drawdowns in US\$ and from 9.24% per annum to 21% per annum on drawdowns in VND. In the event of default, there is a set-off arrangement over all of the Company's bank accounts with the Bank. The loan of fixed asset investment was secured by future purchased Machinery valued about USD18,000,000.

(c) Loans from Citibank, N.A, HCMC

	9/30/2008	2007
	VND	VND
Denominated in US\$	28,932,856,810	30,894,598,728
	<u>28,932,856,810</u>	<u>30,894,598,728</u>

The Company has short-term credit facilities of US\$2,500,000 from Citibank, N.A, HCMC. Interest rate from 5.94% to 8.46% per annum for drawdowns in US\$. In the event of default, there is a set-off arrangement over all of the Company's bank accounts with the Bank.

(d) Loans from Asia Commercial Bank

	9/30/2008	2007
	VND	VND
Denominated in US\$	78,253,995,480	80,570,000,000
	<u>78,253,995,480</u>	<u>80,570,000,000</u>

The Company has short-term credit facilities of US\$5,000,000 from Asia Commercial Bank. Interest rate from 18.84% to 21% per annum for drawdowns in US\$. The loan is granted on the clean basis.

(e) Loans from China Trust Bank - Ho Chi Minh City

	9/30/2008	2007
	VND	VND
Denominated in US\$	35,640,631,035	-
	<u>35,640,631,035</u>	<u>-</u>

The Company has short-term credit facilities of US\$2,000,000 and US\$1,000,000 L/C credit from China Trust Bank - Ho Chi Minh City. Interest rate from 4.32% to 8% per annum. The loan is granted on the clean basis.

(b) Loans from HSBC Bank

	9/30/2008	2007
	VND	VND
Denominated in US\$	10,944,696,420	-
Denominated in VND	17,091,871,575	-
	<u>28,036,567,995</u>	<u>-</u>

The Company has short-term credit facilities of US\$2,000,000 from HSBC Bank - Ho Chi Minh City. Interest is from 7.5% per annum for drawdowns in US\$ and 21% per annum on drawdowns in VND.

b Long-term borrowings

	9/30/2008	2007
	VND	VND
Amount assumed in acquisition of AvaFood	24,232,194,185	7,283,237,948
Add: Borrowings during the year	16,276,523,725	24,069,852,422
Less: Amount due within one year	-	(7,680,609,188)
	<u>40,508,717,910</u>	<u>23,672,481,182</u>

	9/30/2008	2007
	VND	VND
Denominated in US\$	2,262,206,775	2,019,760,988
Denominated in VND	38,246,511,135	21,652,720,194

<u>40,508,717,910</u>	<u>23,672,481,182</u>
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The Avafood has a five-year bank loan facility including one-year grace period of US\$2,480,000 with Vietcombank Dong Nai. The long-term loans are secured by Avafood's new factory building and the insurance amount on those properties as mentioned in Note 8. The interest rate on long-term loans is 7.2% per annum on drawdowns in US\$, and 16.8% per annum on drawdowns in VND.

The principal shall be repaid in 17 equal instalments on a quarterly basis. The first payment date is in September 2008.

12 TAXES AND OTHER PAYABLES TO THE STATE BUDGET

	9/30/2008	2007
	VND	VND
VAT on domestic sales	2,624,931,825	376,181,330
Other tax	1,864,033,970	-
Personal income tax	159,242,730	93,960,734
	<u>4,648,208,525</u>	<u>470,142,064</u>

13 ACCRUED EXPENSES

	9/30/2008	2007
	VND	VND
Transportation	2,639,200,000	2,909,108,762
Utilities	1,649,500,000	649,813,164
Interest expense	10,739,663,570	738,133,998
Trade discount	4,123,750,000	1,602,472,844
Others	764,180,360	1,074,868,256
	<u>19,916,293,930</u>	<u>6,974,397,024</u>

	9/30/2008	2007
	VND	VND
14 INTERCOMPANY PAYABLE		
Individual investment for IPS	72,136,247,405	
Wonderfarm Biscuits & Confectionery Sdn. Bhd. (Note 28(b))	25,776,489,075	25,181,106,090
	<u>97,912,736,480</u>	<u>25,181,106,090</u>

15 OTHER PAYABLES

	9/30/2008	2007
	VND	VND
Dividends payable	-	409,972,388

Trade union, social and health insurance	1,617,120,315	308,873,152
Other payable	4,458,845,925	-
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	6,075,966,240	718,845,540
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16 SHARE CAPITAL

	Number of shares	Ordinary Shares VND'000	Ordinary Shares Equivalent VND
At 1 January 2008	29,140,984	291,409,840	291,409,840,000
Nominal value of shares issued during the year			
At 30 September 2008	<u>29,140,984</u>	<u>291,409,840</u>	<u>291,409,840,000</u>
		9/30/2008	2007
		Ordinary Shares	Ordinary Shares
Number of shares registered		<u>29,140,992</u>	<u>29,140,992</u>
Number of shares issued and existing		<u>29,140,984</u>	<u>29,140,984</u>

Treasury share balance represented the odd lot shares, which resulted from the issuance of bonus shares in October 2007.

As at 31 December 2007, the charter capital has been fully contributed.

17 MOVEMENTS IN OWNERS' EQUITY	Share capital VND	Share premium VND	Other reserves VND	Retained earnings VND	Total VND
At 1 January 2007	242,841,600,000	113,626,208,349		41,393,939,526	397,861,747,875
Issuance of bonus shares from share premium	48,568,320,000	(48,568,320,000)		-	-
Treasury shares	(80,000)	-		-	(80,000)
Other reserves			(25,171,550,488)		(25,171,550,488)
Profit for the year	-	-		68,017,612,964	68,017,612,964
Dividends declared	-	-		(65,378,107,536)	(65,378,107,536)
Diffirent on exchange rate	-	-		321,234,305	321,234,305
As at 31 December 2007	<u>291,409,840,000</u>	<u>65,057,888,349</u>	<u>(25,171,550,488)</u>	<u>44,354,679,259</u>	<u>375,650,857,120</u>
As at 01 Jan 2008	291,409,840,000	65,057,888,349	(25,171,550,488)	44,354,679,259	375,650,857,120
Issuance of bonus shares from share premium	-	-			
Treasury shares	-	-			

Profit for the year	-	-		12,504,496,610	12,504,496,610
Dividends declared	-	-			-
Diffirent on exchange rate	-	-		8,881,902,480	8,881,902,480
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
As at 30 September 2008	291,409,840,000	65,057,888,349	(25,171,550,488)	65,741,078,349	397,037,256,210
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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18 MINORITY INTEREST

	9/30/2008 VND	2007 VND
Opening balance upon acquisition of AvaFood Shareholding Company	5,646,749,845	3,648,757,476
Conversion of payables to equity investment	-	1,611,400,000
Minority interest in net loss of AVAFOOD	(594,694,235)	256,164,258
	<u>5,052,055,610</u>	<u>5,516,321,734</u>
At 30 September 2008	<u>5,052,055,610</u>	<u>5,516,321,734</u>

	9/30/2008 VND	2007 VND
Opening balance upon acquisition of Interfood Packaging Shareholding Company	-	-
Equity investment from minority shareholders	16,495,000,000	-
Minority interest in net loss of IPS	-	-
	<u>16,495,000,000</u>	<u>-</u>
At 30 September 2008	<u>16,495,000,000</u>	<u>-</u>

19 DIVIDENDS

	9/30/2008 VND	2007 VND
The annual shareholders' meeting of the Company in 2008 declared dividends of 16% for the year 2007, payable to all shareholders on record as at 16 December 2007 and payment at 31/12/2007.	-	52,806,754,322
	<u>-</u>	<u>52,806,754,322</u>

20 REVENUE

(a) Net sales

	9/30/2008 VND	2007 VND
Sale		
Domestic	611,560,092,085	647,830,706,922
Export	39,850,847,825	63,868,467,446
Contract manufactured goods	-	46,493,675,858
	<u>651,410,939,910</u>	<u>758,192,850,226</u>

Sales deductions

Sales discounts	(39,926,510,390)	(36,258,014,716)
Sales returns	(237,247,585)	(453,899,152)

	<u>(40,163,757,975)</u>	<u>(36,711,913,868)</u>
	611,247,181,935	721,480,936,358
(b) Financial income		
	9/30/2008	2007
	VND	VND
Interest income from deposits	14,970,482,615	211,270,654
Foreign exchange gains	-	4,431,640,052
	<u>14,970,482,615</u>	<u>4,642,910,706</u>
21 COST OF SALES		
	9/30/2008	2007
	VND	VND
Raw materials	436,232,955,625	508,176,695,558
Labour costs	12,195,413,300	13,090,175,672
Depreciation expense	15,618,538,175	16,669,675,176
Other expenses	24,713,798,700	26,444,540,374
	<u>488,760,705,800</u>	<u>564,381,086,780</u>
22 FINANCIAL EXPENSES		
	9/30/2008	2007
	VND	VND
Interest expense	46,738,714,460	16,993,808,286
	<u>46,738,714,460</u>	<u>16,993,808,286</u>
23 SELLING EXPENSES		
The following items have been included in selling expenses:		
	9/30/2008	2007
	VND	VND
Transportation expenses	22,747,858,620	25,666,282,516
Staff costs	7,159,126,910	8,749,531,378
	<u>29,906,985,530</u>	<u>34,415,813,894</u>
24 GENERAL AND ADMINISTRATION EXPENSES		
The following items have been included in general and administration expenses:		
	9/30/2008	2007
	VND	VND
Depreciation of tangible fixed assets	781,863,000	1,331,483,706
Staff costs	12,202,044,290	9,921,019,178
Land rental and pre-operating	4,810,948,195	3,404,582,034
	<u>17,794,855,485</u>	<u>14,657,084,918</u>
25 NET OTHER INCOME		

	9/30/2008	2007
	VND	VND
Other income		
Business income tax refund	-	-
Sundry income	5,467,630,640	3,840,481,848
	<hr/>	<hr/>
	5,467,630,640	3,840,481,848
	<hr/>	<hr/>
Other expenses		
Sundry expenses	(2,225,538,390)	(673,968,050)
	<hr/>	<hr/>
Net other income	3,242,092,250	3,166,513,798

26 TAXATION

Provision for business income tax

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

According to Decree No.24/2007/NĐ-CP dated 14 February 2007 (replaced Decree No. 164/2003/NĐ-CP dated 22 December 2003) of the government, the Company is entitled to tax incentives in relation to the relocation of its business activities out of an urban area. In 2006, the Company relocated one of its production lines from Bien Hoa City to Tam Phuoc Industrial Zone, Long Thanh District. As a result, income derived from this line is exempt from BIT for two years and a reduction of 50% for the following two years. Also stated in this Decree, the Company is entitled to tax incentives in relation to investments made in new production lines that are qualified under this Decree. The tax incentives include one year of exemption from BIT and a reduction of 50% for the following four years applied to income 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.

Pursuant to the Investment Certificate No. 472033000355 dated 31 December 2007, Avafood has the obligation to pay business income tax (BIT) at a rate of 15% of annual profit 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 Subsidiary officially commenced business operations, and at a rate of 25% for the years thereafter. The Subsidiary is exempt from BIT for two years from its first year of profitable operations, and is entitled to a 50% reduction in the following three years. The BIT incentive is applicable until the end of year 2011. No provision for BIT has been provided for the period as the Subsidiary did not have assessable income.

BIT is payable at the rate stipulated by the current regulations on annual profit from workshop lease activity and at 28% on trading profit from import – export activities. According to Circular No 134/2007/TT-BTC dated 23 November 2007 issued by Ministry of Finance, Avafood has the obligation to pay BIT at a rate of 20% of annual profit from workshop lease activity in the first ten years starting from 1 January 2006 when the Subsidiary officially commenced business operations, and at a rate of 28% for the years thereafter. The Subsidiary is exempt from BIT for two years from its first year of profitable operations, and is entitled to a 50% reduction in the following six years. These incentives are subject to the changes in future regulations on BIT. The Subsidiary is entitled to these BIT incentives due to its establishment in the investment incentive areas. The year 2006 was the first year of profitable operations from the workshop lease activity. No provision for BIT has been provided for the period as the Subsidiary is in the exemption period.

Pursuant to the Investment Certificate No. 472033000464 dated 06 May 2008, Interfood Packaging Shareholding Company has the obligation to pay business income tax (BIT) at a rate of 15% of annual profit from manufacturing in the first twelve years from 06 May 2008 when the Subsidiary officially commenced business operations, and at a rate of 28% for the years thereafter. The IPS is exempt from BIT for three years from its first year of profitable operations, and is entitled to a 50% reduction in the following seven years.

Pursuant to the Investment Certificate No. 212032000111 dated 14 Feb 2008, Northern Interfood Shareholding Company has the obligation to pay business income tax (BIT) at a rate of 15% of annual profit in the first twelve years when the NIFS officially commenced business operations, and at a rate of 28% for the years thereafter. The NIFS is exempt from BIT for three years from its first year of profitable operations, and is entitled to a 50% reduction in the following seven years.

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the reduced tax rate of 12.5% as follows.

	9/30/2008	2007
	VND	VND
Net accounting profit before tax	14,418,098,055	74,809,390,026
Tax calculated at a reduced rate of 12.5% (2007: 12.5%)	1,802,260,195	9,351,179,796
Effect of:	-	-
Income not subject to tax	-	(3,216,805,592)
Expenses not deductible for tax purposes	556,590,785	401,238,600
Business income tax charge	<u>2,358,850,980</u>	<u>6,535,612,804</u>

The business income tax charge for the year is based on estimated taxable income and is subject to review and possible adjustment by the tax authorities.

27 EARNINGS PER SHARE

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

	9/30/2008	2007
	VND	VND
Net profit attributable to shareholders (US\$)	12,504,496,610	68,529,941,480
Weighted average number of ordinary shares in issue (shares)	29,140,991	29,140,991
Basic earnings per share (US\$)	<u>429</u>	<u>2,320</u>

There has been no potential dilutive ordinary share in issue during the first nine month.

28 BUSINESS COMBINATION

On 30 June 2007, Interfood Shareholding Company acquired 90% of the paid-up share capital AvaFood Shareholding Company at par value per share from Wonderfarm Biscuits & Confectionery Sdn. Bhd., partially via conversion of loan to equity investment. Adjustments for additional depreciation expense arising from fair value adjustment for acquired tangible assets of US\$ 13,981 and additional amortisation expense arising from fair value adjustment and changes in amortisation period for acquired land rental of US\$ 69,665 have been made in the consolidated financial statements for the year ended 31 March 2008.

	9/30/2008	2007
	VND	VND
The details to business combination are as follow:		
Purchase consideration:		
Amount settled in cash		31,217,893,910
Amount payable to Wonderfarm Biscuits & Confectionery		(26,792,506,090)
	<hr/>	<hr/>
Total purchase consideration	59,382,000,000	58,010,400,000
Carrying value of net assets acquired	33,615,292,460	32,838,849,512
	<hr/>	<hr/>
Other reserve (Note 16)	25,766,707,540	25,171,550,488
	<hr/> <hr/>	<hr/> <hr/>
The difference between the consideration given and the Group's interest in the aggregate carrying value of the assets and liabilities of the acquired entity is recorded as other reserve under shareholders' equity		
Cash and cash equivalent		105,482,244
Prepayment to suppliers		18,665,925,838
Other receivables		1,689,375,646
Inventories		14,519,809,752
Tangible fixed assets		120,022,824,698
Long-term prepayments		42,616,019,012
Short-term borrowings		(114,344,766,746)
Account payables and other liabilities		(12,711,319,418)
Payable to Wonderfarm Biscuits & Confectionery Sdn. Bhd.		(26,792,506,090)
Long-term borrowings		(7,283,237,948)
	<hr/>	<hr/>
Fair market value net assets		36,487,606,988
Minority interest (10%)		(3,648,760,699)
	<hr/>	<hr/>
Net assets acquired		32,838,846,289
	<hr/> <hr/>	<hr/> <hr/>
Total purchase consideration		58,010,400,000
Less amounts payable to Wonderfarm Biscuits & Confectionery Sdn. Bhd.		(26,792,506,090)
	<hr/>	<hr/>
Purchase consideration settled in cash		31,217,893,910
Less cash and cash equivalents in subsidiary acquired		(105,482,244)

Net cash outflow on acquisition

-	31,112,411,666
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(i) The negative goodwill is recognised directly in the income statement as other income (Note 24).

In the 1st nine months of 2008, Interfood Shareholding Company has invested 90% of the paid-up share capital to Interfood Packaging Shareholding Company with amounts: US\$9,000,000 and advanced US\$10,859,574 to IPS for purchase of machine and equipment.

In the 1st nine months of 2008, Interfood Shareholding Company has invested 90% of the paid-up share capital to Nothern Interfood Shareholding Company with amounts: US\$9,900,000 and advanced US\$4,575 to NIFS for purchase of machine and equipment and leasing land.

29 RELATED PARTY TRANSACTIONS

The Group is controlled by Trade Ocean Holdings Sdn. Bhd., a company incorporated in Malaysia which owns 57% of Interfood Shareholding Company's share capital as at 31 March 2008 (2007: 57%)

Other related parties that the Group conducted business with during the year included:

- Wonderfarm Biscuits & Confectionery Sdn. Bhd., a company incorporated in Malaysia and controlled by the Group's Chairman and General Director.
- Interfood Processing Industry (Can Tho) Ltd., a company incorporated in SR Vietnam, 90% owned by Wonderfarm Biscuits & Confectionery Sdn. Bhd. and managed by the Group's Chairman and General Director.
- Chuan Li Can Manufacturing (Vietnam) Limited Company, a company incorporated in SR Vietnam and managed by a member of the Group's Board of Management.

(a) Related party transactions

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

(i) *Advances to Interfood Processing Industry (Can Tho) Ltd.*

	9/30/2008	2007
	VND	VND
Opening balance	-	15,738,914,422
Advances made during the year	-	19,577,478,704
Repayments received during the year	-	(35,316,393,126)

Closing balance	-	-
Advances to Interfood Processing Industry (Can Tho) Ltd. are interest free and have no fixed terms of repayment. The balance was fully repaid at 31 December 2007.		
(ii) Related companies Description of transactions		
	9/30/2008	2007
	VND	VND
Trade Ocean Holdings Sdn.Bhd.(TOH) Advance received from TOH in the year		16,114,000,000
Repayments of advance to TOH in the year		16,114,000,000
Wonderfarm Biscuit&Confectionery Sdn.Bhd Acquisition of 90% of the paid-up share capital of AVAFOOD		
Conversion of payables to equity invesment in Avafood (note 17)		1,611,400,000
(iii) Payables		
Chuan Li Can Manufacturing (Viet nam) Limited Company (Included in trade accounts payable)	1,537,894,830	2,597,270,634
Wonderfarm Biscuit&Confectionery Sdn.Bhd (Included in other payables , note 14)	25,776,489,075	25,181,106,090
(iv) Other related party transactions		
	9/30/2008	2007
	VND	VND
*Chuan Li Can Manufacturing (Vietnam) Limited Company Purchases of goods and services	6,533,554,035	18,264,171,590
(v) Compensation of key management		
	9/30/2008	2007
	VND	VND
Gross salaries and other benefits	1,023,003,405	1,345,051,694
(vi) Dividends paid		
	9/30/2008	2007
	VND	VND
Trade Ocean Holdings Sdn. Bhd. Founding shareholders/Company's directors	-	37,448,597,606
	-	1,537,178,916

INTERFOOD SHAREHOLDING COMPANY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT 30 SEPTEMBER 2008**

30 SEGMENTAL INFORMATION

At 30 September 2008, management determined the following reportable segments by categories of sales: (1) domestic sales, (2) export sales, and (3) sales of contract manufactured goods. The Company analyses segment revenue and cost of sales.

The segment results for the year ended 30 September 2008 are as follows:

	Domestic	Export	Contract manufactured goods	Total
	VND	VND	VND	VND
Sales revenue - net	571,396,334,110	39,850,847,825	-	611,247,181,935
Cost of sales	(458,098,150,300)	(30,662,555,500)	-	(488,760,705,800)
	<hr/>	<hr/>	<hr/>	<hr/>
Gross profit	113,298,183,810	9,188,292,325	-	122,486,476,135
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Contract manufactured goods are for sales outside Vietnam.

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

	Domestic	Export	Contract manufactured goods	Total
	VND	VND	VND	VND
Sales revenue - net	609,090,781,698	65,896,478,802	46,493,675,858	721,480,936,358
Cost of sales	(474,115,035,156)	(50,049,020,476)	(40,217,031,148)	(564,381,086,780)
	<hr/>	<hr/>	<hr/>	<hr/>
Gross profit	134,975,746,542	15,847,458,326	6,276,644,710	157,099,849,578
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Management also determined the following reportable segments by categories of products: (1) drinks, (2) biscuits, (3) others. The Company analyses segment revenue and cost of revenue.

The segment results for the year ended 30 September 2008 are as follows:

	Drinks	Biscuit	Others	Total
	VND	VND	VND	VND
Sales revenue - net	581,750,146,640	27,442,187,165	2,054,848,130	611,247,181,935
Cost of sales	(467,068,659,140)	(20,110,984,415)	(1,581,062,245)	(488,760,705,800)
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Gross profit	114,681,487,500	7,331,202,750	473,785,885	122,486,476,135
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The segment results for the year ended 31 December 2007 are as follows:

	Drinks VND	Biscuit VND	Others VND	Total VND
Sales revenue	649,429,119,038	65,605,750,014	6,446,067,306	721,480,936,358
Cost of sales	(508,028,769,038)	(51,581,864,726)	(4,770,453,016)	(564,381,086,780)
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Gross profit	141,400,350,000	14,023,885,288	1,675,614,290	157,099,849,578
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INTERFOOD SHAREHOLDING COMPANY

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT 30 SEPTEMBER 2008

	9/30/2008	2007
	VND	VND
31 COMMITMENTS UNDER OPERATING LEASES		
The future minimum lease payments under non-cancellable operating leases are as follows:		
Within 1 year	2,482,728,430	9,701,546,498
Between 1 and 5 years	27,244,511,085	26,615,219,862
Over 5 years	22,739,248,230	22,214,019,156
	<u>52,466,487,745</u>	<u>58,530,785,516</u>

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

32 CAPITAL COMMITMENTS

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

	9/30/2008	2007
	VND	VND
Property, plant and equipment	<u>213,500,640,725</u>	<u>425,609,026,864</u>

Capital commitments represent the purchase of machinery and equipment from one supplier to invest in the two subsidiaries (Note 10(a)).

33 COMPARATIVE FIGURES

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

The consolidated financial statements were approved by the Board of Directors on 04 November 2008.

Truong Van Thanh
Chief accountant

Yau Hau Jan
D. General Director