



Kinh Do Corporation

Interim separate financial statements

30 June 2011



Kinh Do Corporation

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Kinh Do Corporation

GENERAL INFORMATION

THE COMPANY

Kinh Do Corporation ("the Company") is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the Business Registration Certificate ("BRC") No. 4103001184 issued by the Ho Chi Minh City Department of Planning and Investment on 6 September 2002 and the following amended BRC:

Amended BRC:

No. 4103001184

The first amendment
The second amendment
The third amendment
The fourth amendment
The fifth amendment
The sixth amendment
The seventh amendment
The eighth amendment
The ninth amendment
The tenth amendment

Date:

26 November 2002
22 September 2003
11 December 2003
3 August 2004
7 October 2004
11 May 2005
18 May 2006
6 July 2006
6 November 2007
10 October 2008

No. 0302705302

The eleventh amendment
The twelfth amendment

21 January 2010
1 November 2010

The Company was listed on the Ho Chi Minh Stock Exchange in accordance with the License No. 39/UBCK-GPNY issued by the State Securities Commission on 18 November 2005.

The principal activities of the Company are to process agricultural products and foods; produce confectionery, purified water, and fruit juice; sell and purchase agricultural products and foods, industrial products, and fabric.

The registered head office of the Company is located at 141 Nguyen Du, Ben Thanh Ward, District 1, Ho Chi Minh City, Vietnam.

THE BOARD OF DIRECTORS

The members of the Board of Directors during the period and at the date of this report are:

Mr Tran Kim Thanh	Chairman	
Mr Tran Le Nguyen	Vice Chairman	
Mr Wang Chin Hua	Member	
Ms Vuong Buu Linh	Member	
Mr Co Gia Tho	Member	
Ms Vuong Ngoc Xiem	Member	appointed on 29 April 2011
Mr Tran Quoc Nguyen	Member	appointed on 29 April 2011
Mr Ma Thanh Danh	Member	appointed on 29 April 2011
Mr Nguyen Van Thuan	Member	appointed on 29 April 2011

BOARD OF SUPERVISION

The members of the Board of Supervision during the period and at the date of this report are:

Mr Le Cao Thuan
Ms Luong My Duyen
Mr Vo Long Nguyen

Kinh Do Corporation

GENERAL INFORMATION (continued)

MANAGEMENT

Members of the management during the period and at the date of this report are:

Mr Tran Le Nguyen	General Director
Ms Vuong Buu Linh	Deputy General Director
Ms Vuong Ngoc Xiem	Deputy General Director
Mr Wang Ching Hua	Deputy General Director
Mr Nguyen Khac Huy	Deputy General Director
Mr Foo Woh Seng	Deputy General Director
Mr Nguyen Xuan Luan	Deputy General Director
Mr Luong Quang Hien	Deputy General Director
Mr Mai Xuan Tram	Deputy General Director
Mr Bui Thanh Tung	Deputy General Director
Mr Le Anh Quan	Deputy General Director
Mr Tran Quoc Nguyen	Deputy General Director
Mr Tran Quoc Viet	Deputy General Director
Mr Tran Tien Hoang	Deputy General Director
Mr Le Van Thinh	Deputy General Director
Mr Nguyen Quoc Nam	Deputy General Director

LEGAL REPRESENTATIVE

The legal representative of the Company during the period and at the date of this report is Mr. Tran Le Nguyen.

AUDITORS

The auditor of the Company is Ernst & Young Vietnam Limited.

Kinh Do Corporation

REPORT OF MANAGEMENT

Management of Kinh Do Corporation ("the Company") is pleased to present its report and the interim separate financial statements of the Company as at and for the six-month period ended 30 June 2011.

MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE INTERIM SEPARATE FINANCIAL STATEMENTS

Management is responsible for the interim separate financial statements of the Company which give a true and fair view of the interim separate state of affairs of the Company and of the interim separate results of its operations and its interim separate cash flows for the period. In preparing those interim separate financial statements, management is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the interim separate financial statements; and
- prepare the interim separate financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the interim separate financial position of the Company and to ensure that the accounting records comply with the registered accounting system. It is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.


Management confirmed that it has complied with the above requirements in preparing the accompanying interim separate financial statements.

STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying interim separate financial statements give a true and fair view of the interim separate financial position of the Company as at 30 June 2011 and of the interim separate results of its operations and its interim separate cash flows for the six-month period then ended in accordance with the Vietnamese Accounting Standards and System and comply with relevant statutory requirements.

Users of these interim separate financial statements should read them together with the interim consolidated financial statements of the Company and its subsidiaries as at and for the period ended 30 June 2011 in order to obtain full information on the interim consolidated financial position, interim consolidated results of operations and the interim consolidated cash flows of the Company and its subsidiaries as a whole.

For and on behalf of management:


Tran Le Nguyen
General Director

12 August 2011

Reference: 60752643/15053333

REPORT ON REVIEW OF INTERIM SEPARATE FINANCIAL STATEMENTS

To: The Shareholders of Kinh Do Corporation

We have reviewed the interim separate financial statements of Kinh Do Corporation ("the Company") as set out on pages 6 to 45 which comprise the interim separate balance sheet as at 30 June 2011, the interim separate income statement and the interim separate cash flow statement for the six-month period then ended and the notes thereto.

The preparation and presentation of these interim separate financial statements are the responsibility of management. Our responsibility is to issue a report on these interim separate financial statements based on our review.

We conducted our review in accordance with Vietnamese Standard on Auditing No. 910 – Engagements to Review Financial Statements. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the interim separate financial statements are free from material misstatement. A review is limited primarily to inquiries of the Company's personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

We refer to Note 9 on Intangible fixed assets.

The Company's total assets as at 30 June 2011 included an intangible asset valued at VND 50,000,000,000 representing the brand name "Kinh Do" which was contributed as capital by Kinh Do Food Processing and Construction Co., Ltd. The Company recognized a corresponding increase in share capital of the same amount. However, according to VAS 04 – Intangible Fixed Assets, and Official Letter No. 12414/BTC-CDKT dated 3 October 2005 issued by the Ministry of Finance, internally generated brands should not be recognized as intangible assets because (1) they are indeterminable resources, (2) they are not assessed reliably, and (3) enterprises cannot control them.

In addition, according to the said official letter, there have been no specific regulations for the determination of the value of brand use rights. As the recognition of brands as intangible assets has not been addressed in Circular No. 203/2009/TT-BTC dated 20 October 2009 by the Ministry of Finance stipulating the policies on the management, use and calculation of depreciation of such intangible fixed assets, no basis of accounting for such intangible assets is available. Consequently, whilst there have been no specific regulations, companies are not authorized to use brands to contribute as capital.

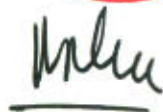
The Company has amortized the "Kind Do" brand name on the basis of 20 years. The amortization charge of VND 1,250,000,000 was recognised to the interim separate income statement for the six-month period ended 30 June 2011 has the effect of decreasing the net profit after tax by that amount. The accumulated amortization charge of VND 21,666,667,000 as at 30 June 2011 has the effect of decreasing undistributed earnings by that amount. Likewise, the recognition of the "Kinh Do" brand name increased total assets and share capital by VND 28,333,333,000 and VND 50,000,000,000 respectively as at 30 June 2011.

Based on our review, except for the effects of the matter discussed in the preceding paragraphs, nothing has come to our attention that causes us to believe that the accompanying interim separate financial statements do not give a true and fair view of the interim separate financial position of the Company as at 30 June 2011, and of the interim separate results of its operations and its interim separate cash flows for the six-month period then ended in accordance with the Vietnamese Accounting Standards and System and comply with the relevant statutory requirements.

We draw attention to Note 2.1 to the interim separate financial statements, which states that the Company is a parent company with subsidiaries and it is in the process of completing the interim consolidated financial statements of the Company and its subsidiaries ("the Group") as at 30 June 2011 and for the six-month period then ended to meet the prevailing regulatory reporting requirements. Users of these interim separate financial statements should read them together with the interim consolidated financial statements of the Group as at 30 June 2011 and for the six-month period then ended in order to obtain full information on the interim consolidated financial position, interim consolidated results of operations and interim consolidated cash flows of the Group as a whole.



Ernst & Young Vietnam Ltd.
Ernst & Young Vietnam Limited



Mai Viet Hung Tran
Deputy General Director
Certificate No. D.0048/KTV

Ho Chi Minh City, Vietnam

12 August 2011



Bui Xuan Vinh
Auditor
Certificate No. 0842/KTV

INTERIM SEPARATE BALANCE SHEET
as at 30 June 2011

VND

Code	ASSETS	Notes	30 June 2011	31 December 2011
100	A. CURRENT ASSETS		1,360,053,403,022	1,597,000,495,642
110	I. Cash	4	55,476,163,058	564,798,974,165
120	II. Short-term investments	11	657,020,012,400	87,005,993,400
121	1. Short-term investments		663,311,488,052	91,811,488,052
129	2. Provision for short-term investments		(6,291,475,652)	(4,805,494,652)
130	III. Accounts receivable	5	573,350,849,137	886,812,981,066
131	1. Trade receivables		69,325,097,187	116,389,044,768
132	2. Advances to suppliers		37,944,570,902	29,541,298,121
135	3. Other receivables		466,081,181,048	740,882,638,177
141	IV. Inventories	6	44,432,036,391	48,288,106,190
150	V. Other current assets		29,774,342,036	10,094,440,821
151	1. Short-term prepaid expenses		13,965,061,583	6,368,150,962
152	2. Value-added tax deductible		8,918,994,287	416,321,268
154	3. Tax and other receivable from the State		3,841,308,021	-
158	4. Other current assets		3,048,978,145	3,309,968,591
200	B. NON-CURRENT ASSETS		2,680,826,552,447	2,385,217,828,570
210	I. Long-term receivables		345,000,000	345,000,000
220	II. Fixed assets		131,316,264,300	133,682,181,597
221	1. Tangible fixed assets	7	64,631,138,175	65,051,905,357
222	Cost		130,509,225,330	135,565,551,204
223	Accumulated depreciation		(65,878,087,155)	(70,513,645,847)
224	2. Finance leases	8	12,976,172	32,440,430
225	Cost		272,499,564	272,499,564
226	Accumulated depreciation		(259,523,392)	(240,059,134)
227	3. Intangible fixed assets	9	46,137,812,932	43,343,512,308
228	Cost		69,204,134,287	64,376,924,007
229	Accumulated amortisation		(23,066,321,355)	(21,033,411,699)
230	4. Construction in progress	10	20,534,337,021	25,254,323,502
250	III. Long-term investments	11	2,529,006,437,671	2,219,509,842,160
251	1. Investments in subsidiaries		1,473,129,676,500	1,091,979,676,500
252	2. Investments in associates and jointly controlled entity		802,300,000,000	800,500,000,000
258	3. Other long-term investments		329,003,679,714	421,202,213,291
259	4. Provision for long-term investments		(75,426,918,543)	(94,172,047,631)
260	IV. Other long-term assets		20,158,850,476	31,680,804,813
261	1. Long-term prepaid expenses		2,266,070,121	3,786,385,755
262	2. Deferred tax assets	23.3	17,892,780,355	27,894,419,058
270	TOTAL ASSETS		4,040,879,955,469	3,982,218,324,212

INTERIM SEPARATE BALANCE SHEET (continued)
as at 30 June 2011

VND

Code	RESOURCES	Notes	30 June 2011	31 December 2010
300	A. LIABILITIES		600,560,617,536	544,242,503,625
310	I. Current liabilities		588,290,348,949	531,212,378,955
311	1. Short-term loans and borrowings	12	105,608,128,460	99,086,199,909
312	2. Trade payables	13	266,478,002,125	182,818,937,913
313	3. Advances from customers		16,969,727,007	16,339,408,232
314	4. Statutory obligations	14	1,151,184,036	2,363,329,098
315	5. Payables to employees		17,396,010,157	3,792,623,370
316	6. Accrued expenses	15	59,405,870,256	98,629,977,463
319	7. Other payables	16	113,120,608,304	106,952,171,870
323	8. Bonus and welfare fund		8,160,818,604	21,229,731,100
330	II. Non-current liability		12,270,268,587	13,030,124,670
336	1. Provision for severance allowance		12,270,268,587	13,030,124,670
400	B. OWNERS' EQUITY		3,440,319,337,933	3,437,975,820,587
410	I. Capital	17.1	3,440,319,337,933	3,437,975,820,587
411	1. Issued share capital		1,195,178,810,000	1,195,178,810,000
412	2. Share premium		1,950,665,093,455	1,950,665,093,455
414	3. Treasury shares		(137,401,029,200)	(137,401,029,200)
416	4. Foreign exchange differences reserve		2,294,306,174	986,166,812
417	5. Investment and development fund		25,370,280,515	25,370,280,515
418	6. Financial reserve fund		25,792,635,752	25,792,635,752
419	7. Other funds belonging to owners' equity		16,135,952,841	16,135,952,841
420	8. Undistributed earnings		362,283,288,396	361,247,910,412
440	TOTAL LIABILITIES AND OWNERS' EQUITY		4,040,879,955,469	3,982,218,324,212

OFF BALANCE SHEET ITEM

ITEM	30 June 2011	31 December 2010
Foreign currency - United States dollar (US\$)	318,474	185,353

Huynh Tan Vu
Chief Accountant

Tran Le Nguyen
General Director

12 August 2011

INTERIM SEPARATE INCOME STATEMENT
for the six-month period ended 30 June 2011

VND

Code	ITEMS	Notes	For the six-month period ended 30 June 2011	For the six-month period ended 30 June 2010
01	1. Revenue from sale of goods	18.1	847,349,911,088	598,804,293,450
02	2. Deductions	18.1	(3,754,649,498)	(1,475,924,561)
10	3. Net revenue	18.1	843,595,261,590	597,328,368,889
11	4. Cost of goods sold	19, 21	(676,967,558,118)	(515,744,759,389)
20	5. Gross profit		166,627,703,472	81,583,609,500
21	6. Financial income	18.2	37,231,522,238	606,793,469,028
22 23	7. Financial expenses In which: Interest expense	20	(34,056,507,524) (10,300,980,186)	(207,974,563,604) (8,468,966,379)
24	8. Selling expenses	21	(104,895,518,504)	(83,966,173,145)
25	9. General and administration expenses	21	(59,455,996,850)	(41,295,355,436)
30	10. Operating profit		5,451,202,832	355,140,986,343
31	11. Other income	22	20,439,597,628	12,894,864,071
32	12. Other expenses	22	(14,853,783,773)	(3,177,915,723)
40	13. Other profit	22	5,585,813,855	9,716,948,348
50	15. Profit before tax		11,037,016,687	364,857,934,691
51	16. Current corporate income tax expense	23.1	-	(98,007,412,515)
52	17. Deferred income tax (expense) benefit	23.1	(10,001,638,703)	849,012,963
60	18. Net profit after tax		1,035,377,984	267,699,535,139

Huynh Tan Vu
Chief Accountant

12 August 2011


 Tran Le Nguyen
General Director

INTERIM SEPARATE CASH FLOW STATEMENT
for the six-month period ended 30 June 2011

VND

Code	ITEMS	Notes	For the six-month period ended 30 June 2011	For the six-month period ended 30 June 2010
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	Profit before tax		11,037,016,687	364,857,934,691
	<i>Adjustments for:</i>			
02	Depreciation and amortisation	7, 8, 9	7,528,203,419	6,692,080,254
03	Provisions		(17,259,148,088)	53,970,404,101
05	Profit from investing activities		(124,556,894)	(606,900,860,162)
06	Interest expense	20	10,300,980,186	8,468,966,379
08	Operating profit (loss) before changes in working capital		11,482,495,310	(172,911,474,737)
09	Decrease in receivables		325,385,941,334	159,722,883
10	(Increase) decrease in inventories		3,856,069,799	12,876,669,408
11	Increase(decrease) in payables		40,563,734,343	(110,541,359,521)
12	Increase in prepaid expenses		(6,076,594,987)	(1,007,533,979)
13	Interest paid		(10,058,410,799)	(7,898,909,315)
14	Corporate income tax paid	23.2	(4,079,030,866)	(163,152,966,909)
16	Other cash inflows (outflows) from operating activities		13,068,912,496	(935,391,709)
20	Net cash flows from (used in) operating activities		374,143,116,630	(443,411,243,879)
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchase and construction of fixed assets		(19,114,678,998)	(9,236,266,712)
22	Proceeds from disposals of fixed assets		16,928,624,956	1,323,568,182
23	Loans to other entities		(586,500,000,000)	(396,000,000,000)
24	Collections from borrowers		15,000,000,000	108,500,000,000
25	Payments for investments in other entities		(383,536,347,000)	(1,000,000,000)
26	Proceeds from sale of investments in other entities		52,996,704,000	131,543,440,000
27	Dividends and interest received		12,929,701,392	28,887,034,023
30	Net cash flows used in investing activities		(891,295,995,650)	(135,982,224,507)
	III. CASH FLOWS FROM FINANCING ACTIVITIES			
31	Capital contribution		-	33,649,000,000
33	Borrowings received		215,398,723,022	208,725,482,899
34	Borrowings repaid		(208,876,794,471)	(256,981,819,465)
35	Finance lease principal paid		-	(704,996,111)
40	Net cash flows from (used in) financing activities		6,521,928,551	(15,312,332,677)

INTERIM SEPARATE CASH FLOW STATEMENT (continued)
for the six-month period ended 30 June 2011

VND

Code	ITEMS	Notes	For the six-month period ended 30 June 2011	For the six-month period ended 30 June 2010
50	Net decrease in cash		(510,630,950,469)	(594,705,801,063)
60	Cash at the beginning of the period	4	564,798,974,165	949,242,292,714
61	Impact of exchange rate fluctuation		1,308,139,362	413,153,327
70	Cash at the end of the period	4	55,476,163,058	354,949,644,978


Huynh Tan Vu
Chief Accountant


Tran Le Nguyen
General Director

12 August 2011

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS
as at and for the six-month period ended 30 June 2011

1. CORPORATE INFORMATION

Kinh Do Corporation ("the Company") is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the Business Registration Certificate ("BRC") No. 4103001184 issued by the Ho Chi Minh City Department of Planning and Investment on 6 September 2002 and the following amended BRC:

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The principal activities of the Company are to process agricultural products and foods; produce confectionery, purified water, and fruit juice; sell and purchase agricultural products and foods, industrial products, and fabric.

The registered head office of the Company is located at 141 Nguyen Du, Ben Thanh Ward, District 1, Ho Chi Minh City, Vietnam.

The number of the Company's employees as at 30 June 2011 was 412 (31 December 2010: 580).

2. BASIS OF PREPARATION

2.1 Accounting standards and system

The interim separate financial statements of the Company, expressed in Vietnam dong ("VND"), are prepared in accordance with the Vietnamese Accounting System and Vietnamese Accounting Standard No. 27 – Interim Financial Reporting and other Vietnamese Accounting Standards issued by the Ministry of Finance as per the:

- Decision No. 149/2001/QD-BTC dated 31 December 2001 on the Issuance and Promulgation of Four Vietnamese Standards on Accounting (Series 1);
- Decision No. 165/2002/QD-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Standards on Accounting (Series 2);
- Decision No. 234/2003/QD-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Standards on Accounting (Series 3);
- Decision No. 12/2005/QD-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese Standards on Accounting (Series 4); and
- Decision No. 100/2005/QD-BTC dated 28 December 2005 on the Issuance and Promulgation of Four Vietnamese Standards on Accounting (Series 5).

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 30 June 2011

2. BASIS OF PREPARATION (continued)

2.1 Accounting standards & system (continued)

Accordingly, the accompanying interim separate balance sheet, interim separate income statement, interim separate cash flow statement and related notes, including their utilisation are not designed for those who are not informed about Vietnam's accounting principles, procedures and practices and furthermore are not intended to present the interim separate financial position and interim separate results of operations and interim separate cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

The Company is the parent company with subsidiaries listed in Note 11 (together known as "the Group") and it is in the process of completing the interim consolidated financial statements of the Group as at and for the six-month period ended 30 June 2011 to meet the prevailing regulatory reporting requirements.

Users of these interim separate financial statements should read them together with the interim consolidated financial statements of the Group as at and for the six-month period ended 30 June 2011 in order to obtain full information on the interim consolidated financial position, interim consolidated results of operations and interim consolidated cash flows of the Group as a whole.

2.2 Registered accounting documentation system

The Company's registered accounting documentation system is the General Journal system.

2.3 Fiscal year

The Company's fiscal year starts on 1 January and ends on 31 December.

2.4 Accounting currency

The Company maintains its accounting records in VND.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Change in accounting policies and disclosures

The accounting policies adopted by the Company in preparation of the interim separate financial statements are consistent with those followed in the preparation of the Company's annual separate financial statements for the year ended 31 December 2010 and the interim separate financial statements for the six-month period ended 30 June 2011 except for the change in the accounting policy and disclosure in relation to the Circular No. 210/2009/TT-BTC issued by the Ministry of Finance on 6 November 2009 providing guidance for the adoption in Vietnam of the International Financial Reporting Standards on presentation and disclosures of financial instruments ("Circular 210") with effectiveness from financial years beginning on or after 1 January 2011.

The adoption of Circular 210 results in new disclosures being added to the interim separate financial statements as shown in Note 25 and Note 26.

Circular 210 also requires the Company to evaluate the terms of non-derivative financial instrument issued by the Company to determine whether it contains both a liability and an equity component. Such components are classified separately as financial liabilities, financial assets or equity instruments in the interim separate balance sheet. This requirement has no impact on the interim separate financial position or interim separate result of operation of the Company as the Company has not yet issued such non-derivative financial instrument.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 30 June 2011

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Cash

Cash comprise cash on hand, cash in banks and cash in transit.

3.3 Inventories

Inventories are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value. Net realisable value represents the estimated selling price less anticipated cost of disposal and after making allowance for damaged, obsolete and slow-moving items.

The perpetual method is used to record inventories, which are valued as follows:

Raw materials, and goods for resale - actual cost on a weighted average basis.

Work-in-process - cost of direct materials and labour.

Finished goods - cost of direct materials and labour plus attributable overheads based on the normal level of activities.

Provision for obsolete inventories

An inventory provision is created for the estimated loss arising due to the impairment (through diminution, damage, obsolescence, etc.) of raw materials, finished goods, and other inventories owned by the Company, based on appropriate evidence of impairment available at the balance sheet date. Increases and decreases to the provision balance are recorded into the cost of goods sold account in the interim separate income statement.

3.4 Receivables

Receivables are presented in the interim separate financial statements at the carrying amounts due from customers and other debtors, along with the provision for doubtful debts.

The provision for doubtful debts represents the estimated loss due to non-payment arising on receivables that were outstanding at the balance sheet date. Increases and decreases to the provision balance are recorded as general and administration expense in the interim separate income statement.

3.5 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

The cost of a tangible fixed asset comprises its purchase price and any directly attributable costs of bringing the tangible fixed asset to working condition for its intended use. Expenditures for additions, improvements and renewals are added to the carrying amount of the assets and expenditures for maintenance and repairs are charged to the interim separate income statement. When tangible fixed assets are sold or retired, their cost and accumulated depreciation are removed from the interim separate balance sheet and any gain or loss resulting from their disposal is included in the interim separate income statement.

3.6 Leased assets

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of specific assets and the arrangement conveys a right to use the asset.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the asset to the lessee. All other leases are classified as operating leases.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 30 June 2011

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

3.6 **Leased assets** (continued)

Assets held under finance leases, in which substantially all the risks and rewards of ownership of the asset have passed to the Company, are capitalised in the interim separate balance sheet at the inception of the lease at the fair value of the leased asset or, if lower, at the net present value of the minimum lease payments. The principal amount included in future lease payments under finance leases are recorded as a liability. The interest amounts included in lease payments are charged to the interim separate income statement over the lease term to achieve a constant rate on interest on the remaining balance of the finance lease liability.

Capitalised financial leased assets are depreciated using straight-line basis over the estimated useful life of the asset as the Company has the right to acquire these assets by the end of the lease term.

Rentals under operating leases are charged to the interim separate income statement on a straight-line basis over the term of the lease.

3.7 **Intangible fixed assets**

Intangible fixed assets are stated at cost less accumulated amortisation.

The cost of an intangible fixed asset comprises its purchase price and any directly attributable costs of preparing the intangible fixed asset for its intended use. Expenditures for additions, improvements are added to the carrying amount of the assets and other expenditures are charged to the interim separate income statement as incurred. When intangible fixed assets are sold or retired, their costs and accumulated amortisation are removed from the interim separate balance sheet and any gain or loss resulting from their disposal is included in the interim separate income statement.

Land use rights

Land use rights are recorded as intangible fixed assets representing the value of the right to use the lands acquired by the Company. The useful lives of land use rights are assessed as either definite or indefinite. Accordingly, the land use right with definite useful lives representing the land lease are amortised over the lease term while the land use right with indefinite useful lives is not amortised.

3.8 **Depreciation and amortisation**

Depreciation of tangible fixed assets and amortisation of intangible fixed assets are calculated on a straight-line basis over the estimated useful life of each asset as follows:

Buildings and structures	10 years
Machinery and equipment	5 - 10 years
Motor vehicles	6 - 10 years
Office equipment	3 - 5 years
Brand name	20 years
Accounting software	3 years

The useful life of the fixed assets and depreciation and amortisation rates are reviewed periodically to ensure that the method and the period of the depreciation and amortisation are consistent with the expected pattern of economic benefits that will be derived from the use of fixed assets.

3.9 **Construction in progress**

Construction in progress represents tangible fixed assets under construction and is stated at cost. This includes costs of construction, installation of equipment and other direct costs. Construction in progress is not depreciated until such time as the relevant assets are completed and put into operation.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 30 June 2011

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Borrowing costs

Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing costs are recorded as expense during the period in which they are incurred.

3.11 Prepaid expenses

Prepaid expenses are reported as short-term or long-term prepaid expenses on the interim separate balance sheet and amortised over the period for which the amounts are paid or the period in which economic benefits are generated in relation to these expenses.

3.12 Investment in subsidiaries

Investments in subsidiaries over which the Company has control are carried at cost. Distributions from accumulated net profits of the subsidiaries arising subsequent to the date of acquisition are recognised in the interim separate income statement. Distributions from sources other than from such profits are considered a recovery of investment and are deducted to the cost of the investment.

3.13 Investment in associates and jointly controlled entities

Investments in associates and jointly controlled entities over which the Company has significant influence are accounted for under the cost method of accounting.

Distributions from the accumulated net profits of the associates or jointly controlled entities arising subsequent to the date of acquisition by the Company are recognized as income in the interim separate income statement. Distributions from sources other than from such profits are considered a recovery of investment and are deducted to the cost of the investment.

3.14 Investments in securities and other investments

Investments in securities and other investments are stated at their acquisition costs. Provision is made for any diminution in value of the marketable investments at the balance sheet date representing the excess of the acquisition cost over the market value at that date in accordance with the guidance under Circular No. 228/2009/TT-BTC issued by the Ministry of Finance on 7 December 2009. Increases and decreases to the provision balance are recorded as finance expense in the interim separate income statement.

3.15 Payables and accruals

Payables and accruals are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Company.

3.16 Accrual for severance pay

The severance pay to employee is accrued at the end of each reporting period for all employees who have more than 12 months in service up to 31 December 2008 at the rate of one-half of the average monthly salary for each year of service up to 31 December 2008 in accordance with the Labour Code, the Law on Social Insurance and related implementing guidance. Commencing 1 January 2009, the average monthly salary used in this calculation will be revised at the end of each reporting period following the average monthly salary of the 6-month period up to the balance sheet date. Any changes to the accrued amount will be taken to the interim separate income statement.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 30 June 2011

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Foreign currency translation

The Company has adopted the Circular No. 201/2009/TT-BTC issued by the Ministry of Finance on 15 October 2009 (the "Circular 201") providing guidance for the treatment of foreign exchange differences in relation to foreign currency transactions as applied consistently since 2009.

Transactions in currencies other than the Company's reporting currency of VND are recorded at the exchange rates ruling at the date of the transaction. At year-end, monetary assets and liabilities denominated in foreign currencies are retranslated at inter-bank exchange rates ruling at the balance sheet date. All realised and unrealised foreign exchange differences are taken to the interim separate income statement except to the extent that they are deferred as explained in the following paragraph.

All unrealised foreign exchange differences arising from the retranslation of short-term monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are taken to the "Foreign exchange differences reserve" account in the equity section of the interim separate balance sheet and reversed in the following year.

The above guidance related to unrealized foreign exchange differences provided by the Circular 201 is different from those stipulated in the Vietnamese Accounting Standard No. 10, *The effects of changes in exchange rates* ("VAS 10") as follows:

<i>Transaction</i>	<i>Under VAS 10</i>	<i>Under Circular 201</i>
Re-translation of short-term monetary assets and liabilities denominated in foreign currencies.	All unrealised foreign exchange differences are taken to the interim separate income statement.	All unrealised foreign exchange differences are taken to the "Foreign exchange differences reserve" account in the equity section of the interim separate balance sheet and will be reversed on the following year.
Re-translation of long-term monetary liabilities denominated in foreign currencies at period end.	All unrealised foreign exchange differences are taken to the interim separate income statement.	<p>All unrealized foreign exchange gains are taken to the interim separate income statement.</p> <p>All foreign exchange losses will be charged to the interim separate income statement. However, if the charging of all foreign exchange losses results in net loss before tax for the Company, part of the exchange losses can be deferred and allocated to the interim separate income statement within the subsequent years. In any case, the total foreign exchange loss to be charged to current period's interim separate income statement must be at least equivalent to the foreign exchange losses arising from the translation of the current portion of the long-term liabilities, while the remaining portion of the foreign exchange losses can be deferred in the interim separate balance sheet and allocated to the interim separate income statement within the subsequent five years.</p>

The impact to the interim separate financial statements had the Company adopted the VAS 10 for the six-month period ended 30 June 2011 was not material as a whole.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 30 June 2011

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18 Treasury shares

Treasury shares, which represent reacquired shares of the Company, are deducted from equity at acquisition cost. No gain or loss is recognised in profit or loss upon purchase, sale, re-issue or cancellation of the Company's own equity instruments.

3.19 Appropriation of net profits

Net profit after tax is available for appropriation to shareholders after approval in the shareholders' meeting, and after making appropriation to reserve funds in accordance with the Company's Charter and Vietnamese regulatory requirements.

The Company maintains the following reserve funds which are appropriated from the Company's net profit as proposed by the Board of Directors and subject to approval by shareholders at the Annual General Meeting:

Financial reserve fund

This fund is set aside to protect the Company's normal operations from business risks or losses, or to prepare for unforeseen losses or damages for objective reasons and force majeure, such as fire, economic and financial turmoil of the country or elsewhere.

Investment and development fund

This fund is set aside for use in the Company's expansion of its operation or in-depth investments.

Bonus and welfare fund

This fund is set aside for the purpose of pecuniary rewarding and encouragement, common benefits and improvement of the employees' benefits.

Dividends

Final dividends proposed by the Company's Board of Directors are classified as a separate allocation of undistributed earnings within the equity section of the interim separate balance sheet, until they have been approved by the Company's shareholders at the Annual General Meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability in the interim separate balance sheet.

3.20 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding trade discount, rebate and sales return. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually upon the delivery of the goods.

Interest

Revenue is recognised as the interest accrues (taking into account the effective yield on the asset) unless collectability is in doubt.

Dividends

Revenue is recognised when the Company is entitled to receive dividends.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 30 June 2011

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.21 Taxation

Current income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted by the balance sheet date.

Current income tax assets and liabilities are offset when there is a legally enforceable right for the Company to set off current tax assets against current tax liabilities and when the Company intends to settle its current tax assets and liabilities on a net basis.

Deferred income tax

Deferred income tax is provided using the balance sheet liability method on temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amount for financial reporting purpose.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures where timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carried forward unused tax credit and unused tax losses, to the extent that it is probable that taxable profits will be available against which deductible temporary differences, carried forward unused tax credit and unused tax losses can be utilised, except:

- where the deferred tax asset in respect of deductible temporary difference which arises from the initial recognition of an asset or liability which at the time of the related transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profits will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Previously unrecognised deferred income tax assets are re-assessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled based on tax rates and tax laws that have been enacted at the balance sheet date.

Deferred tax is charged or credited to the interim separate income statement, except when it relates to items recognised directly to equity, in which case the deferred tax is also dealt with in equity account.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxable entity on either the same taxable entity or when the Company intends to either settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 30 June 2011

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.22 *Financial instruments*

Initial recognition and presentation

Financial assets

Financial assets within the scope of Circular 210 are classified, for disclosures in the notes to the interim separate financial statements, as financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables or available-for-sale financial assets as appropriate. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at cost plus directly attributable transaction costs.

The Company's financial assets include cash and short-term deposits, trade and other receivables, loan receivables and short-term and long-term investments.

Financial liabilities

Financial liabilities within the scope of Circular 210 are classified, for disclosures in the notes to the interim separate financial statements, as financial liabilities at fair value through profit or loss or financial liabilities measured at amortised cost as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at cost plus directly attributable transaction costs.

The Company's financial liabilities include trade and other payables and loans and borrowings.

Subsequent measurement

No subsequent measure of financial instruments is currently required.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the interim separate balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

4. CASH

VND

30 June 2011 31 December 2010

Cash on hand	22,713,441	19,546,444
Cash in banks	53,419,213,507	562,135,742,263
Cash in transit	2,034,236,110	2,643,685,458
TOTAL	55,476,163,058	564,798,974,165

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 30 June 2011

5. ACCOUNTS RECEIVABLE

	VND	
	30 June 2011	31 December 2010
Trade receivables	69,325,097,187	116,389,044,768
<i>In which:</i>		
<i>Due from related parties (Note 24)</i>	29,807,703,778	47,925,231,896
<i>Due from third parties</i>	39,517,393,409	68,463,812,872
Advances to suppliers	37,944,570,902	29,541,298,121
Other receivables	466,081,181,048	740,882,638,177
<i>In which:</i>		
<i>Due from related parties (Note 24)</i>	309,983,509,157	576,386,531,397
<i>Receivables from the sale of the Company's investment</i>	154,993,440,000	154,993,440,000
<i>Other receivables</i>	1,104,231,891	9,502,666,780
NET TRADE AND OTHER RECEIVABLES	573,350,849,137	886,812,981,066

The Company's receivables with an amount of VND 10,000,000,000 were placed as collateral for the Company's short-term loans from banks. Details are further presented in Note 12.

6. INVENTORIES

	VND	
	30 June 2011	31 December 2010
Merchandise goods	41,488,781,235	43,301,262,223
Tools and supplies	1,522,213,050	910,306,568
Raw materials	1,416,705,595	3,050,763,775
Work in process	4,336,511	-
Goods in transit	-	1,025,773,624
TOTAL	44,432,036,391	48,288,106,190

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 30 June 2011

7. TANGIBLE FIXED ASSETS

	Buildings and structures	Machinery and equipment	Motor vehicles	Office equipment	VND Total
Cost:					
As at 31 December 2010	2,830,588,944	53,539,132,658	50,895,943,235	28,299,886,367	135,565,551,204
Additions	-	-	10,550,697,728	5,208,238,943	15,758,936,671
<i>In which:</i>					
Newly purchased	-	-	10,550,697,728	4,278,416,145	14,829,113,873
Transfer from construction in progress	-	-	-	929,822,798	929,822,798
Decreases - sold, disposed	-	(19,060,376,620)	(1,575,640,216)	(179,245,709)	(20,815,262,545)
As at 30 June 2011	2,830,588,944	34,478,756,038	59,871,000,747	33,328,879,601	130,509,225,330
<i>In which</i>					
Fully depreciated	-	17,787,343,986	9,883,242,275	5,815,839,250	33,486,425,511
Accumulated depreciation:					
As at 31 December 2010	117,941,206	34,237,226,984	23,333,637,553	12,824,840,104	70,513,645,847
Depreciation for the period	141,529,447	707,757,612	2,916,151,922	1,710,390,524	5,475,829,505
Decreases - sold, disposed	-	(8,537,460,363)	(1,573,927,834)	-	(10,111,388,197)
As at 30 June 2011	259,470,653	26,407,524,233	24,675,861,641	14,535,230,628	65,878,087,155
Net carrying amount:					
As at 31 December 2010	2,712,647,738	19,301,905,674	27,562,305,682	15,475,046,263	65,051,905,357
As at 30 June 2011	2,571,118,291	8,071,231,805	35,195,139,106	18,793,648,973	64,631,138,175

The Company's machinery and equipment with a cost of VND 32,000,184,684 were placed as collateral for the Company's short-term loans from banks. Details are further presented in Note 12.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 30 June 2011

8. FINANCE LEASES

	VND
	<i>Machinery and equipment</i>
Cost:	
As at 31 December 2010 and 30 June 2011	272,499,564
Accumulated depreciation:	
As at 31 December 2010	240,059,134
Depreciation for the period	19,464,258
As at 30 June 2011	259,523,392
Net carrying amount:	
As at 31 December 2010	32,440,430
As at 30 June 2011	12,976,172

The Company is leasing a number of machinery and equipment under financial lease agreements with the Financial Lease Company of the Industrial and Commercial Bank of Vietnam ("ICB"). In accordance with these agreements, the Company is entitled to purchase the machinery and equipment upon expiration of the lease contracts.

9. INTANGIBLE FIXED ASSETS

	VND
	<i>Total</i>
	<i>Brand name Computer software</i>
Cost:	
As at 31 December 2010	50,000,000,000 14,376,924,007 64,376,924,007
Additions	- 8,075,728,808 8,075,728,808
<i>In which:</i>	
<i>Transfer from construction in progress</i>	- 8,075,728,808 8,075,728,808
<i>Decreases - sold, disposed</i>	- (3,248,518,528) (3,248,518,528)
As at 30 June 2011	50,000,000,000 19,204,134,287 69,204,134,287
Accumulated amortization:	
As at 31 December 2010	20,416,667,000 616,744,699 21,033,411,699
Amortization for the period	1,250,000,000 782,909,656 2,032,909,656
As at 30 June 2011	21,666,667,000 1,399,654,355 23,066,321,355
Net carrying amount:	
As at 31 December 2010	29,583,333,000 13,760,179,308 43,343,512,308
As at 30 June 2011	28,333,333,000 17,804,479,932 46,137,812,932

Brand name "Kinh Do"

On 6 September 2002, the Company recorded the brand name "Kinh Do" as intangible asset at a value of VND 50,000,000,000 representing capital contribution by Kinh Do Food Processing and Construction Co., Ltd. This brand name is amortized on a straight-line basis over 20 years and is included in the Company's total assets as at 30 June 2011.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 30 June 2011

10. CONSTRUCTION IN PROGRESS

	VND	
	30 June 2011	31 December 2010
Software development	16,618,368,294	21,202,021,606
Hiep Binh Phuoc project	3,915,968,727	3,915,968,727
Others	-	136,333,169
TOTAL	20,534,337,021	25,254,323,502

11. INVESTMENTS

	VND	
	30 June 2011	31 December 2010
Short-term investments		
Marketable securities, net	2,520,012,400	4,005,993,400
<i>of which:</i>		
Short-term securities	8,811,488,052	8,811,488,052
Provision for diminution in value of securities	(6,291,475,652)	(4,805,494,652)
Other short-term investments to related parties	654,500,000,000	83,000,000,000
<i>of which:</i>		
Loans to Kinh Do Investment Co., Ltd.	527,500,000,000	-
Investment delegation to Kinh Do Investment Co., Ltd.	50,000,000,000	50,000,000,000
Loans to Hung Vuong Corporation	44,000,000,000	-
Loans to Dat Thang Company	15,000,000,000	15,000,000,000
Loans to Vimec Trading Investment Corporation	10,000,000,000	10,000,000,000
Loans to Tribeco Binh Duong Corporation	8,000,000,000	8,000,000,000
Net value of short-term investments	657,020,012,400	87,005,993,400
Long-term investments		
Investments in subsidiaries (i)	1,473,129,676,500	1,091,979,676,500
Investments in associates and jointly control entity (ii)	802,300,000,000	800,500,000,000
Other long-term investments	329,003,679,714	421,202,213,291
<i>of which:</i>		
Securities	252,180,065,464	344,368,599,291
Government bond	-	10,000,000
Other long-term investments	76,823,614,250	76,823,614,000
<i>of which:</i>		
Tribeco Binh Duong Corporation	43,837,500,000	43,837,500,000
An Phuc Fund Management JSC	32,986,114,250	32,986,114,000
	2,604,433,356,214	2,313,681,889,791
Provision for long-term investments	(75,426,918,543)	(94,172,047,631)
Net value of long-term investments	2,529,006,437,671	2,219,509,842,160

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 30 June 2011

11. INVESTMENTS (continued)

i) Investments in subsidiaries

Name of subsidiaries	30 June 2011		31 December 2010	
	Cost of investment	% interest	Cost of investment	% interest
North Kinh Do Ltd., Co.	694,175,525,000	100.00	694,175,525,000	100.00
Kinh Do Binh Duong Corporation	461,150,000,000	99.80	80,000,000,000	80.00
Kido Corporation	247,559,771,500	100.00	247,559,771,500	100.00
Vinabico Confectionery Joint Stock Company	70,244,380,000	51.20	70,244,380,000	51.20
TOTAL	1,473,129,676,500		1,091,979,676,500	

North Kinh Do One Member Company Limited ("NKD"), was formerly a shareholding company, is currently a one member limited liability company incorporated under the Law on Enterprise of Vietnam pursuant to the Decision No.139/QD-UB dated 19 August 1999 issued by the People's Committee of Hung Yen Province and Business Registration Certificate No. 0503000001 and No. 0900178525 issued by the Department of Planning and Investment of Hung Yen Province on 28 January 2000 and 25 January 2011, respectively. Its principal activities are to produce and process food stuffs, including a various range of high-grade cookies, to trade food and food stuffs, various types of beverages and liquors as well as cigarettes produced in Vietnam, and to lease a factory.

Kinh Do Binh Duong Corporation is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the BRC No. 4603000129 issued by the Department of Planning and Investment of Binh Duong Province on 13 October 2004. Its principal activities are to process agricultural products and foods, produce confectionery, purified water, and fruit juice, and sell and purchase agricultural products and foods, industrial products and fabric.

KIDO Corporation ("KIDO") is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the BRC No. 4103001557 issued by the Ho Chi Minh City Department of Planning and Investment on 14 April 2003. Its principal activities are to produce and trade all kinds of food and drink products such as ice, ice cream, milk and other dairy products.

Vinabico Confectionery Joint Stock Company ("Vinabico") is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the BRC No. 4103001904 issued by the Ho Chi Minh City Department of Planning and Investment on 3 November 2003. Its principal activities are to manufacture and trade confectionery and purified water.

ii) Investments in associates and jointly controlled entity

Name of associates and jointly controlled entity	30 June 2011		31 December 2010	
	Cost of investment	% Interest	Cost of investment	% Interest
Lavenue Investment Corporation	600,000,000,000	50.00	600,000,000,000	50.00
Tan An Phuoc Company Limited	200,500,000,000	49.00	200,500,000,000	49.00
Thanh Thai Real Estate Corporation	1,800,000,000	30.00	-	-
TOTAL	802,300,000,000		800,500,000,000	

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 30 June 2011

11. INVESTMENTS (continued)

ii) *Investments in associates and jointly controlled entity* (continued)

Lavenue Investment Corporation is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the BRC No. 0310306044 issued by the Ho Chi Minh City Department of Planning and Investment on 10 September 2010. Its principal activities are to operate in the real estate industry.

Tan An Phuoc Company Limited is a limited liability company with two and more members incorporated under the Law on Enterprise of Vietnam pursuant to the BRC No. 0309403269 issued by the Ho Chi Minh City Department of Planning and Investment on 24 September 2009. Its principal activities are to operate in the real estate industry.

Thanh Thai Real Estate Corporation is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the BRC No. 0310442801 issued by the Ho Chi Minh City Department of Planning and Investment on 10 November 2010. Its principal activities are to operate in the real estate industry.

12. SHORT-TERM LOANS AND BORROWINGS

VND

30 June 2011 31 December 2010

Short-term loans and borrowings	105,608,128,460	99,086,199,909
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The Company has obtained loans from banks to finance its working capital requirements with balances as at 30 June 2011 as set out in the table below:

<i>Name of lenders</i>	<i>Ending balance</i> VND	<i>Term and</i> <i>maturity date</i>	<i>Interest rate</i>	<i>Description of</i> <i>collateral</i>
Short-term loans from banks				
Eximbank	60,000,000,000	4 months from drawdown date	18.5% - 23.3% p.a.	Unsecured
Western Bank	10,000,000,000	4 months from drawdown date	20.5% p.a.	Total of account receivables arising from these purchase contracts
Hong Kong and Shanghai Bank ("HSBC") - VND	12,608,128,460	90 days from drawdown date	Floating rate plus margin 1.45%/p.a.	Machinery and equipment
	82,608,128,460			
Loans from related parties (Note 24)				
North Kinh Do Ltd., Co.	20,000,000,000	3 months from drawdown date	12% p.a.	Unsecured
Vinabico	3,000,000,000	3 months from drawdown date	21% p.a.	Unsecured
	23,000,000,000			
TOTAL	105,608,128,460			

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 30 June 2011

13. TRADE PAYABLES

	VND	
	30 June 2011	31 December 2010
Due to related parties (Note 24)	247,478,724,604	159,965,954,762
Due to third parties	18,999,277,521	22,852,983,151
TOTAL	266,478,002,125	182,818,937,913

14. STATUTORY OBLIGATIONS

	VND	
	30 June 2011	31 December 2010
Personal income tax	1,047,435,745	887,270,176
Corporate income tax	-	894,804,194
Import/export duties	-	129,124,939
Other taxes	103,748,291	452,129,789
TOTAL	1,151,184,036	2,363,329,098

15. ACCRUED EXPENSES

	30 June 2011 31 December 2010	
Tax on changing of the using purpose of land	34,594,000,000	34,594,000,000
Marketing expenses	18,152,061,126	52,830,800,000
Transportation fee	3,269,432,486	6,807,096,431
Sales commission	2,477,468,608	3,610,333,904
Interest expense	587,890,611	345,321,224
Others	325,017,425	442,425,904
TOTAL	59,405,870,256	98,629,977,463

16. OTHER PAYABLES

	VND	
	30 June 2011	31 December 2010
Due to related parties (Note 24)	100,336,775,554	100,286,515,554
Deposits received	1,192,218,796	1,202,218,796
Social and health insurance	881,127,428	161,243,914
Trade union fee	163,191,780	75,851,080
Others	10,547,294,746	5,226,342,526
TOTAL	113,120,608,304	106,952,171,870

Kinh Do Corporation

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NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 30 June 2011

17. OWNERS' EQUITY

17.1 Increase and decrease in owners' equity

	Issued share capital	Share premium	Treasury shares	Foreign exchange differences	Investment and development fund	Financial reserve fund	Other funds belonging to owners' equity	Undistributed earnings	Total
									VND
For the six-month period ended 30 June 2010									
31 December 2009	795,462,590,000	1,395,547,016,955	(137,401,029,200)	324,273,705	25,370,280,515	25,792,635,752	17,002,430,550	228,657,039,777	2,350,755,238,054
Issuance of new shares	16,824,500,000	16,824,500,000	-	-	-	-	-	-	33,649,000,000
Issuance of new shares arising from bonus issue	200,478,790,000	(200,478,790,000)	-	-	-	-	-	-	-
Net profit for the period	-	-	-	-	-	-	-	267,699,535,139	267,699,535,139
Funds appropriated	-	-	-	-	-	-	-	(22,422,197,100)	(22,422,197,100)
Funds utilised	-	-	-	-	-	-	(329,077,709)	-	(329,077,709)
Foreign exchange differences	-	-	-	413,153,327	-	-	-	-	413,153,327
30 June 2010	1,012,765,880,000	1,211,892,726,955	(137,401,029,200)	737,427,032	25,370,280,515	25,792,635,752	16,673,352,841	473,934,377,816	2,629,765,651,711
For the six-month period ended 30 June 2011									
31 December 2010	1,195,178,810,000	1,950,665,093,455	(137,401,029,200)	986,166,812	25,370,280,515	25,792,635,752	16,135,952,841	361,247,910,412	3,437,975,820,587
Foreign exchange differences	-	-	-	1,308,139,362	-	-	-	-	1,308,139,362
Net profit for the period	-	-	-	-	-	-	-	1,035,377,984	1,035,377,984
30 June 2011	1,195,178,810,000	1,950,665,093,455	(137,401,029,200)	2,294,306,174	25,370,280,515	25,792,635,752	16,135,952,841	362,283,288,396	3,440,319,337,933

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 30 June 2011

17. OWNERS' EQUITY (continued)

17.2 Capital transactions with owners and distribution of dividends, profits

	VND	
	For the six-month period ended 30 June 2011	For the six-month period ended 30 June 2010
Issued share capital		
Beginning balance	1,195,178,810,000	795,462,590,000
Increase	-	217,303,290,000
Ending balance	<u>1,195,178,810,000</u>	<u>1,012,765,880,000</u>
Dividends		
Stock dividends	-	200,478,790,000
TOTAL	<u>-</u>	<u>200,478,790,000</u>

17.3 Shares

	For the six-month period ended 30 June 2011	For the six-month period ended 30 June 2010
	Share	Share
Ordinary shares authorized to be issued	119,517,881	101,276,588
Ordinary shares issued and fully paid	119,517,881	101,276,588
Treasury shares held by the Company	1,033,186	1,033,186
Outstanding ordinary shares	118,484,695	100,243,402

18. REVENUE

18.1 Revenue from sale of goods

	VND	
	For the six-month period ended 30 June 2011	For the six-month period ended 30 June 2010
Gross revenue	847,349,911,088	598,804,293,450
<i>In which:</i>		
Sale of merchandise goods	847,349,911,088	598,804,293,450
Less:		
Sales returns	(3,754,649,498)	(1,475,924,561)
NET REVENUE	<u>843,595,261,590</u>	<u>597,328,368,889</u>

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 30 June 2011

18. REVENUE (continued)

18.2 Financial income

		VND
	<i>For the six-month period ended 30 June 2011</i>	<i>For the six-month period ended 30 June 2010</i>
Interest income	36,280,306,433	48,933,802,124
Dividends income	656,194,958	-
Realised foreign exchange gains	295,020,847	145,732,904
Gains from disposal of investments	-	556,913,120,000
Gains from securities investments	-	800,814,000
TOTAL	37,231,522,238	606,793,469,028

19. COST OF GOODS SOLD

		VND
	<i>For the six-month period ended 30 June 2011</i>	<i>For the six-month period ended 30 June 2010</i>
Cost of merchandise goods sold	676,967,558,118	515,744,759,389

20. FINANCIAL EXPENSES

		VND
	<i>For the six-month period ended 30 June 2011</i>	<i>For the six-month period ended 30 June 2010</i>
Provision for investment diminution	20,157,038,272	54,291,687,846
Loan interests	10,300,980,186	8,468,966,379
Loss on disposal of investments	2,361,990,217	-
Realised foreign exchange losses	1,106,876,134	477,369,967
Transaction fee	129,622,715	-
Interest from finance lease	-	38,755,412
Commission fee for disposal of investment	-	144,697,784,000
TOTAL	34,056,507,524	207,974,563,604

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 30 June 2011

21. PRODUCTION AND OPERATING COSTS

	VND	
	<i>For the six-month period ended 30 June 2011</i>	<i>For the six-month period ended 30 June 2010</i>
Cost of merchandise goods	676,967,558,118	515,744,759,389
Labor costs	74,277,765,720	50,561,042,506
Depreciation and amortisation (Notes 7, 8 and 9)	7,528,203,419	6,692,080,254
External services costs	45,774,147,453	41,599,410,464
Others	36,771,398,762	26,408,995,357
TOTAL	841,319,073,472	641,006,287,970

22. OTHER INCOME AND EXPENSES

	VND	
	<i>For the six-month period ended 30 June 2011</i>	<i>For the six-month period ended 30 June 2010</i>
Other income	20,439,597,628	12,894,864,071
Proceeds on disposal of fixed assets	16,928,624,956	1,323,568,182
Income from server rental and maintenance services	1,264,137,850	-
Income from leasing of factory and machinery	-	2,244,674,558
Advertising fee charged	900,000,000	-
Income from rendering of consulting service on SAP software	-	521,063,000
Support fee for removal of factory	-	7,272,727,273
Others	1,346,834,822	1,532,831,058
Other expenses	14,853,783,773	3,177,915,723
Expenses on disposal of fixed assets	14,665,075,153	1,070,444,144
Expenses on disposal of scrap materials	2,272,727	182,803,046
Others	186,435,893	1,924,668,533
NET	5,585,813,855	9,716,948,348

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 30 June 2011

23. CORPORATE INCOME TAX

The Company has the obligation to pay corporate income tax ("CIT") of 25% of taxable profits.

The Company is entitled to an exemption from CIT for two (2) years commencing from the first year of earning profits and a 50% reduction of CIT for the following three (3) years. The Company made its initial profit in the financial year 2002.

The tax returns filed by the Company are subject to examination by the tax authorities. Because the application of tax laws and regulations to many types of transactions is susceptible to varying interpretations, amounts reported in the interim separate financial statements could be changed at a later date upon final determination by the tax authorities.

23.1 CIT expense

	VND	
	<i>For the six-month period ended 30 June 2011</i>	<i>For the six-month period ended 30 June 2010</i>
Current CIT expense	-	98,007,412,515
Deferred CIT expense (benefit)	10,001,638,703	(849,012,963)
TOTAL	10,001,638,703	97,158,399,552

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 30 June 2011

23. CORPORATE INCOME TAX (continued)

23.2 Current CIT

Taxable profit (tax loss) differs from profit (loss) as reported in the interim separate income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or deductible.

A reconciliation between the taxable profit (tax loss) and the accounting profit as reported in the interim separate income statement is presented below:

	VND	
	For the six-month period ended 30 June 2011	For the six-month period ended 30 June 2010
Profit before tax	11,037,016,687	364,857,934,691
Adjustments:		
Accruals	(39,246,698,728)	4,845,077,973
Amortization of brand name "Kinh Do"	1,250,000,000	1,250,000,000
Depreciation of fixed assets exceeded	401,923,182	-
Payments not related to taxable income	2,118,635,531	829,828,607
Advertising expenses in excess of 10% cap	-	5,460,806,216
Severance allowance	(759,856,083)	(321,283,745)
Dividends received	(656,194,958)	(800,814,000)
Others	3,100,000	3,500,000
Estimated current (tax loss) taxable profit	(25,852,074,369)	376,125,049,742
Estimated CIT expense	-	94,031,262,436
CIT payable at beginning of period	894,804,193	55,586,032,743
Under accrual of CIT from previous years	-	3,976,150,079
CIT paid during the period	(4,079,030,866)	(163,152,966,909)
CIT refundable at end of period	(3,184,226,673)	(9,559,521,651)

23.3 Deferred CIT

The following are the major deferred tax assets recognized by the Company as at the interim separate balance sheet date:

	VND			
	Interim separate balance sheet		Interim separate income statement	
	30 June 2011	31 December 2010	For the six-month period ended 30 June 2011	For the six-month period ended 30 June 2010
Accruals	14,825,213,208	24,636,887,890	(9,811,674,682)	(1,211,269,493)
Severance allowance	3,067,567,147	3,257,531,168	(189,964,021)	(64,717,544)
Advanced expenses	-	-	-	2,125,000,000
TOTAL	17,892,780,355	27,894,419,058	(10,001,638,703)	849,012,963

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 30 June 2011

23. CORPORATE INCOME TAX (continued)

23.4 CIT related to tax incentives

For the years 2006 and 2007, the Company declared to the General Department of Taxation ("GDT") that it was entitled to an exemption from CIT as a result of 50% in accordance with the Law on Income Tax and 50% reduction resulting from having its shares initially listed on the Ho Chi Minh City Stock Exchange ("HOSE"). This exemption was approved by the GDT through the issuance of the Official Letter No. 1309/TCT-PCCS dated 11 April 2006.

However, in accordance with Article 43 of Decree No. 24/2007/ND-CP issued by the Government on 14 February 2007, providing detailed guidance on the implementation of the Law on CIT, where business establishments are entitled to CIT exemptions and reductions pursuant to various circumstances, the Company should select the most favourable tax incentive and notify the tax authority of their selection.

According to the above Decree, the Company was not entitled to a 100% exemption from CIT for the years 2006 and 2007. Instead, the Company was required to select the most favourable incentive and notify the tax authority of its selected option.

On 10 October 2008, the Company was assessed by the Government Inspection Mission ("GIM") who conducted an inspection on the implementation of the Law and policies on tax in Ho Chi Minh City in accordance with the Decision No. 454/QĐ-TTCT dated 25 March 2008 issued by Government General Inspection. Accordingly, the GIM recalculated the CIT which resulted in an additional CIT of VND 57,381,543,000 for the years 2006 and 2007.

On 13 November 2008, in accordance with the Announcement No. 318/TB-VPCP issued by the Office of the Premier, enterprises having their shares initially listed on the stock exchange are entitled to a reduction of 50% on CIT within two years from the date of when the shares are listed. However, this Announcement did not clarify whether the enterprises are allowed to aggregate both incentives as mentioned above.

On 25 March 2009, the Company obtained a copy of the Letter No. 31/TCT-VP dated 16 March 2009 issued by the GDT to the Departments of Taxation stating that the Ministry of Finance is in process of obtaining a resolution from the Prime Minister on the exemption and reduction of CIT for enterprises having their shares initially listed on the stock exchange. The GDT requested the Ho Chi Minh City Department of Taxation not to inform or provisionally collect amounts related to this tax matter until a resolution is made by the Prime Minister. As at the date of these interim separate financial statements, a resolution is still pending from the Prime Minister. The Company believes that the possibility of any outflow in settlement is remote.

As mentioned above and in accordance with Vietnamese Accounting Standard 18 – *Provisions, contingent assets and contingent liabilities*, the Company's management is of the opinion that the ultimate outcome of the matter cannot presently be determined and therefore no provision for any liability that may result has been made in the interim separate financial statements.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 30 June 2011

24. TRANSACTIONS WITH RELATED PARTIES

Related parties transactions include all transactions undertaken with other companies to which the Company is related, either through the investor/investee relationship or because they share a common investor and thus are considered to be a part of the same corporate group.

Significant transactions with related parties during the period were as follows:

<i>Related parties</i>	<i>Relationship</i>	<i>Transactions</i>	<i>VND Amount</i>
Kinh Do Binh Duong Corporation	Subsidiary	Purchase of finished goods	(633,583,103,927)
		Sale of finished goods	3,922,984,310
		Purchase of raw and packing materials	(1,199,289,497)
		Sale of raw and packing materials	42,928,208,072
		Server rental	287,952,000
		Expenses paid on behalf	519,656,629
		Sale of fixed assets	10,920,000,000
		Purchase discount	63,207,665,338
Vinabico Confectionery Joint Stock Company	Subsidiary	Purchase of finished goods	(20,746,764,688)
Kinh Do Saigon Bakery Joint Stock Corporation	Related party	Sale of finished goods	6,590,402,641
		Purchase of finished goods	(153,447,363)
North Kinh Do Ltd., Co.	Subsidiary	Sale of finished goods	37,682,186,762
		Sale of raw and packing materials, tools and supplies, and others	20,120,227,374
		Sale of fixed assets	3,429,820,237
		Consulting fee and server for rental	814,402,276
		Payment on behalf	705,750,707
		Purchase of finished goods	(5,338,627,552)
		Loan interest payables	(1,783,333,333)
		Expenses paid by the company	(82,323,511)
		Receipt on behalf	(230,372,915)

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 30 June 2011

24. TRANSACTIONS WITH RELATED PARTIES (continued)

Significant transactions with related parties during the period were as follows: (continued)

<i>Related parties</i>	<i>Relationship</i>	<i>Transactions</i>	<i>VND Amount</i>
Kinh Do Investment Co., Ltd.	Related party	Loan interest receivable	22,302,799,999
Kido Corporation	Subsidiary	Sale of finished goods	92,315,875
		Sale of fixed assets	1,624,259,264
		Purchase of finished goods	(41,047,306)
		Consulting, marketing fee and server rental	1,236,854,832
		Expenses paid on behalf	31,231,080
Saigon Beverages Joint Stock Company	Related party	Purchase of finished goods	(48,636,340)
		Car rental fee	25,000,000
		Expenses paid on behalf	172,902,365
		Loan interest receivable	482,666,668
Branch of Kinh Do Construction and Food Production Co., Ltd.	Related party	Expenses paid on behalf	53,010,000
Kinh Do Trading Co., Ltd.	Related party	Expenses paid on behalf	5,200,000
Thuong Phu Gia Corporation	Related party	Expenses paid on behalf	5,200,000
Hung Vuong Corporation	Related party	Loan interest receivable	1,653,333,333
Mr. Tran Kim Thanh	Chairman of Board of Directors ("BOD")	Advances	15,237,425,924
		Advances reimbursement	(66,948,833,563)
Mr. Tran Le Nguyen	General Director and member of BOD	Advances	94,836,023,838
		Advances reimbursement	(398,908,140,000)
Ms Vuong Buu Linh	Deputy General Director and member of BOD	Advances	1,137,503,734
		Advances reimbursement	(306,000,000)

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 30 June 2011

24. TRANSACTIONS WITH RELATED PARTIES (continued)

Amounts due to related parties at the interim balance sheet date, other than the investments disclosed in Note 11, were as follows:

<i>Related party</i>	<i>Relationship</i>	<i>Transactions</i>	<i>VND Amount</i>
Trade receivables			
Kinh Do Binh Duong Corporation	Subsidiary	Sale of finished goods, materials, tools & supplies	1,388,705,226
North Kinh Do Ltd., Co.	Subsidiary	Sale of finished goods, materials, tools & supplies	5,637,198,893
Kinh Do Saigon Bakery Joint Stock Corporation	Related party	Sale of finished goods, materials, tools & supplies	18,159,695,121
Kido Corporation	Subsidiary	Sale of finished goods, materials, tools and supplies	4,271,055,012
Kinh Do Food Processing and Construction Co., Ltd. – Branch	Related party	Sale of finished goods, materials, tools and supplies	297,926,809
Kinh Do Investment Co., Ltd.	Related party	Sale of goods	4,297,916
Saigon Beverages Joint Stock Company	Related party	Sale of finished goods	27,500,000
Kinh Do Land Corporation	Related party	Sale of finished goods	21,324,801
			29,807,703,778
Advance from customers			
Kinh Do Binh Duong Corporation	Subsidiary	Advance for sales of goods	(3,000,000,000)

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 30 June 2011

24. TRANSACTIONS WITH RELATED PARTIES (continued)

Amounts due to related parties at the interim balance sheet date, other than the investments disclosed in Note 11, were as follows: (continued)

<i>Related parties</i>	<i>Relationship</i>	<i>Transactions</i>	<i>VND Amount</i>
Other receivables			
Kinh Do Binh Duong Corporation	Subsidiary	Purchase discount	63,667,565,212
North Kinh Do Ltd., Co.	Subsidiary	Sale of finished goods	764,160,086
Kido Corporation	Subsidiary	Sale of finished goods	63,064,080
Branch of Kinh Do Construction and Food Production Co., Ltd.	Related party	Payment on behalf	111,610,000
Thuong Phu Gia Corporation	Related party	Payment on behalf	18,920,000
Kinh Do Security Joint Stock Company	Related party	Payment on behalf	9,243,299,913
Kinh Do Trading Corporation	Related party	Payment on behalf	26,980,000
International Ho Chi Minh School	Related party	Payment on behalf	162,037,200
Tan An Phuoc Co., Ltd.	Associate	Payment on behalf	297,866,616
Kinh Do Investment Co., Ltd.	Related party	Loan interest	169,939,671,529
		Payment on behalf	13,991,058,698
		Sale of securities	6,813,341,808
		Stock dividends	4,413,693,000
Saigon Beverages Joint Stock Company	Related party	Loan interest receivable	146,666,667
Hung Vuong Corporation	Related party	Loan interest receivable	1,653,333,333
Mr. Tran Le Nguyen	General Director and BOD member	Advances	20,321,031,091
Mr. Tran Kim Thanh	Chairman of BOD	Advances	835,565,121
Ms Vuong Buu Linh	Deputy General Director and member of BOD	Advances	8,125,559,803
Mr. Tran Quoc Nguyen	Shareholder	Advances	7,700,000,000
Mr. Tran Boi Nguyen	Shareholder	Advances	937,480,000
Ms Tran Dieu Huong	Shareholder	Advances	300,000,000
Mr. Tran Boi Tai	Shareholder	Advances	450,605,000
			<u>309,983,509,157</u>

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 30 June 2011

24. TRANSACTIONS WITH RELATED PARTIES (continued)

Amounts due to related parties at the interim balance sheet date, other than the investments disclosed in Note 11, were as follows: (continued)

<i>Related parties</i>	<i>Relationship</i>	<i>Transactions</i>	<i>VND Amount</i>
Short-term loan			
North Kinh Do Ltd., Co.	Subsidiary	Long-term loan	20,000,000,000
Vinabico Confectionery Joint Stock Company	Subsidiary	Short-term loan	3,000,000,000
			23,000,000,000
Trade payables			
Kinh Do Binh Duong Corporation	Subsidiary	Purchase of finished goods	(234,995,507,088)
Vinabico Confectionery Joint Stock Company	Subsidiary	Purchase of finished goods	(5,881,779,027)
North Kinh Do Ltd., Co.	Subsidiary	Purchases of raw and packing materials and others	(6,495,988,126)
Kido Corporation	Subsidiary	Purchases of raw and packing materials and others	(37,436,363)
Kinh Do Saigon Bakery Joint Stock Corporation	Affiliate	Purchase of raw and packaging materials, tools and supplies	(68,014,000)
			(247,478,724,604)
Other payables			
Tan An Phuoc Co., Ltd	Affiliate	Contribution for BCC contract	(100,000,000,000)
Kinh Do Binh Duong Corporation	Subsidiary	Expenses paid by the company	(50,760,000)
Kido Corporation	Subsidiary	Payment on behalf	(105,750,000)
Kinh Do Saigon Bakery Joint Stock Corporation	Related party	Payment on behalf	(180,265,554)
			(100,336,775,554)

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 30 June 2011

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company has loan and other receivables, trade and other receivables, and cash and short-term deposits that arise directly from its operations. The Company also hold available-for-sale investment. The Company does not hold or issue derivative financial instruments.

The Company is exposed to market risk, credit risk and liquidity risk.

Risk management is integral to the whole business of the Company. The Company has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved.

Management reviews and agrees policies for managing each of these risks which are summarized below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits and available-for-sale investments.

The sensitivity analyses in the following sections relate to the position as at 30 June in 2011 and 31 December 2010.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and the proportion of financial instruments in foreign currencies are all constant.

In calculating the sensitivity analyses, management assumed that the interim separate balance sheet relates to available-for-sale debt instrument; the sensitivity of the relevant income statement item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 30 June 2011 and 31 December 2010.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to market risk for changes in interest rate relates primarily to the Company's cash and short-term deposits. These investments are mainly short term in nature and they are not held for speculative purposes.

The Company manages interest rate risk by looking at the competitive structure of the market to obtain rates which are favourable for its purposes within its risk management limits.

A sensitivity analysis is not performed for interest rate risk as the Company's exposure to interest-rate risk is minimal at reporting date.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 30 June 2011

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk (continued)

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities.

The Company is not exposed to foreign currency risk as most of the Company's operating activities, which are relating to purchases and sales of goods, are denominated in VND, the Company's accounting currency. In addition, the Company does not employ any derivative financial instruments to hedge its foreign currency exposure.

Equity price risk

The Company's listed and unlisted equity securities are susceptible to market price risk arising from uncertainty about future values of the investment securities. The Company manages equity price risk by placing a limit on equity investments. The Company's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to listed equity securities at fair value was VND 39,340,110,480 (31 December 2010: VND 88,265,778,520). A decrease of 10% on the stock market index could have an impact of approximately VND 3,945,613,568 (31 December 2010: VND 22,306,289,101) on the Company's profit before tax, depending on whether or not the decline is significant or prolonged. An increase of 10% in the value of the listed securities would increase the Company's profit before tax by VND 3,922,408,528 (31 December 2010: VND 4,653,133,397).

Commodity price risk

The Company is exposed to commodity price risk in relation to purchase of certain commodities. The Company manages its commodity price risk by keeping close watch on relevant information and situation of commodity market in order to properly manage timing of purchases, production plans and inventories level. The Company does not employ any derivative financial instruments to hedge its commodity price risk.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks, short-term investments, foreign exchange transactions and other financial instruments.

Trade receivables

Customer credit risk is managed by the Company based on its established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance. The requirement for impairment is analyzed at each reporting date on an individual basis for major clients. The Company seeks to maintain strict control over its outstanding receivables and has a credit control department to minimize credit risk. In view of the aforementioned and the fact that the Company's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 30 June 2011

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Bank deposits

The Company's bank balances are mainly maintained with well-known banks in Vietnam. Credit risk from balances with banks is managed by the Company's treasury department in accordance with the Company's policy. The Company's maximum exposure to credit risk for the components of the interim separate balance sheet at each reporting dates are the carrying amounts. The Company evaluates the concentration of credit risk in respect to bank deposit is as low.

Other financial instruments

Other financial instruments of the Company mainly include short-term and long-term loans to related parties and the Company's management evaluate all financial assets are neither past due nor impaired as they related to recognized and creditworthy counterparties except for the following receivable which are past due but not impaired as at 30 June 2011.

	Total	Neither past due nor impaired	Past due but not impaired				VND
			< 90 days	91–180 days	181–210 days	> 210 days	
30 June 2011							
Bank deposits	53,419,213,507	53,419,213,507	-	-	-	-	-
Trade receivables and other receivables	548,166,580,543	45,409,199,151	99,599,011,464	33,756,378,650	2,322,573,691	367,079,417,587	-
Other short-term investments to related parties	654,500,000,000	-	-	571,500,000,000	-	83,000,000,000	-
31 December 2010							
Bank deposits	562,135,742,263	562,135,742,263	-	-	-	-	-
Trade receivables and other receivables	857,688,004,213	111,147,614,385	55,044,772,882	180,915,192,559	155,517,236,847	355,063,187,540	-
Other short-term investments to related parties	83,000,000,000	-	-	25,000,000,000	-	58,000,000,000	-

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 30 June 2011

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk (continued)

Liquidity risk

The liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligation due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of maturities of financial assets and liabilities.

The Company monitors its liquidity risk by maintaining a level of cash and cash equivalents and bank loans deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

	On demand	Less than 1 year	From 1 to 5 years	Total
30 June 2011				VND
Loans and borrowings	-	(105,608,128,460)	-	(105,608,128,460)
Trade payables	(266,478,002,125)	-	-	(266,478,002,125)
Other payables and accrued expenses	(199,234,491,357)	-	-	(199,234,491,357)
	(465,712,493,482)	(105,608,128,460)	-	(571,320,621,942)
31 December 2010				
Loans and borrowings	-	(99,086,199,909)	-	(99,086,199,909)
Trade payables	(182,818,937,913)	-	-	(182,818,937,913)
Other payables and accrued expenses	(232,967,832,901)	-	-	(232,967,832,901)
	(415,786,770,814)	(99,086,199,909)	-	(514,872,970,723)

The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 30 June 2011

26. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Set out below is a comparison by class of the carrying amounts and fair value of the Company's financial instruments that are carried in the interim separate financial statements:

	Carrying amount		Fair value	
	30 June 2011		30 June 2011	
	Cost	Provision	30 June 2011	31 December 2010
Financial assets				
Held for trading investments				
- Listed shares	8,811,488,052	(6,291,475,652)	2,508,411,880	4,005,998,520
- Unlisted shares	260,053,614,250	(43,308,551,411)	216,745,062,839	228,610,671,518
Investment designated as financial assets through profit and loss				
- Listed shares	68,950,065,464	(32,118,367,132)	36,831,698,600	84,259,780,000
- Government bond	-	-	-	10,000,000
Loans to related parties	654,500,000,000	-	654,500,000,000	83,000,000,000
Short-term deposit	1,183,550,000	-	1,183,550,000	-
Trade receivable	39,517,393,409	-	39,517,393,409	68,463,812,872
Receivable from related parties	339,791,212,935	-	339,791,212,935	624,311,763,293
Other receivables	168,857,974,199	-	168,857,974,199	164,912,428,048
Cash and cash equivalents	55,476,163,058	-	55,476,163,058	564,798,974,165
Total	1,597,141,461,367	(81,718,394,195)	1,515,411,466,920	1,822,373,428,416

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 30 June 2011

26. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

	Carrying amount		Fair value		VND
	30 June 2011	31 December 2010	30 June 2011	31 December 2010	
Financial liabilities					
Loans and borrowings	(105,608,128,460)	(99,086,199,909)	(105,608,128,460)	(99,086,199,909)	
Payables to related parties	(347,815,500,158)	(260,252,470,316)	(347,815,500,158)	(260,252,470,316)	
Trade payable	(18,999,277,521)	(22,852,983,151)	(18,999,277,521)	(22,852,983,151)	
Other current liabilities	(98,897,715,803)	(132,681,317,347)	(98,897,715,803)	(132,681,317,347)	
Total	(571,320,621,942)	(514,872,970,723)	(571,320,621,942)	(514,872,970,723)	

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following method and assumption were used to estimate the fair values:

- Cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Company based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken to account for the expected losses of these receivables. As at 30 June 2011, the carrying amounts of such receivables, net of allowances, are not materially different from their calculated fair values.
- Fair value of quoted notes and bonds is based on price quotations at the reporting date.
- Fair value of available-for-sale financial assets is derived from quoted market prices in active markets, if available.
- Fair value of unquoted available-for-sale financial assets is estimated using appropriate valuation.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS (continued)
as at and for the six-month period ended 30 June 2011

27. EVENTS AFTER THE BALANCE SHEET DATE

There has been no significant event occurring after the interim balance sheet date which would require adjustments or disclosures to be made in the interim separate financial statements.

28. CORRESPONDING FIGURES

Certain amounts in the prior period's interim separate financial statements have been reclassified to conform with the current period's interim separate financial statements.



Huynh Tan Vu
Chief Accountant

12 August 2011



Tran Le Nguyen
General Director