

*Dong Nai, 24 August 2009*

**To: - HO CHI MINH CITY STOCK EXCHANGE  
- STATE SECURITIES COMMITTEE**

**Re: Explaining difference of finance statement in 2008 before and after audit**

First of all, we would like to extend our gratitude for your continuous assistance and support.

In compliance with information disclosure guidelines, we would like to explain the differences between our finance statements in 2008 before and after audit, as follows:

**1. Auditors' qualified opinion:**

Turnover collected by cash amounting to USD1.3 million

In the 1<sup>st</sup> 4 months of 2008, besides the traditional selling channels such as Interfood Shareholding Company (IFS) collecting money before delivery or granting limited credits to suppliers against their securities or guaranteed by the bank, in order to satisfy the demand of the consumers as well as increasing turnover and reducing expenditure of the company, we have carried out sales and collection by cash. This type of sales was through some distributors that have achieved the allocated target yet wanted to buy more goods to supply for consumer demand on and after the "Tet" season. Since such additional purchases were not included in the normal sales policy of the company, these distributors would not enjoy certain incentives usually accorded by the company such as transportation fees, salesmen, And commission. Moreover, the payment terms have been extended until June 2009 when the company collected the full amount from such sales. Thereafter, the company has elected to cease such practice due to the shortage of manpower and the risks involved in the controlling and collection of such receivables.

Stock balance

In the 2<sup>nd</sup> half of year 2008 and beginning of 2009, due to effects of high inflation of the country, the tight monetary policies of the Government, and the global economic and financial crisis, our main supporting banks violated their financing commitment while other banks recalled our short-term loan facility. This has caused difficulties for the company's finances and disrupted our working capital. In turn, there were substantial changes in the manpower of the company including personnel in functions of account, store, logistics and sales. Former employees have not completed their obligations at time of leaving while new employees were unfamiliar and had not yet been fully oriented. Therefore, during the stock take for year ending 2008, various mistakes resulted in register stock quantities that were less than the actual. The raw materials and goods not already counted at the year end of 2008 will be corrected in the finance report of the first half of 2009.

**2. The difference in the financial statements before and after the audit**

**2.1. Conversion recorded currency from USD into VND in the financial statements:**

In the financial statements before audit: Charter capital and share premium in VND and USD were unchanged when the company converted from limited company into shareholding

company and issued new shares to increase capital, the difference of foreign exchange rates were recorded in the item: Foreign exchange differences of the resources group.

In the audited finance statement: the auditor has audited using USD as the main currency then later converting total balance of items in the finance statement into VND at the year end foreign exchange rate.

2.2 . Difference of figure in the finance statement: (Detail as per attached appendix 1)

a/ Total assets reduced about 5%, affected by changing below items:

- Current assets reduced 32% due to some amount advanced to suppliers were subsequently re-recorded into long term investment assets
- Stock balance value reduced 23% due to additional provision for dead line in value of inventories and revaluation of stock balance as per results of stock take at year end 2008 and this stocks take result were assessed mistake and less than actual stocks. The raw material and goods have not counted at the year end 2008 to be corrected in the finance report of 1<sup>st</sup> six months 2009.

b/ Total resources in VND reduced about 5% affected by below items:

- Charter capital in VND increased because in the audited finance statement the method of conversion of USD into VND is by multiplying the balance in USD with year end foreign exchange rate instead of the method mentioned in above said item 2.1, so amount in VND of items in resource group were changed accordingly such as owners' capital increased 7%, share premium increased 7%, other reserved fund increased 5% and foreign exchanged difference decreased 36%,

c/ Business operation results:

- Net sales decreased 2% and gross margin decreased 50% due to the un-audit report did not eliminated some kind of internal sales and cost of goods sold contributed by the subsidiaries .
- Finance income decreased 53% due to revaluation of income from foreign exchange rate difference.
- Finance expenditure increased 6% due to additional accruals of payables related to bank interest updated to 31/12/2008.
- Other income decreased 47% due to write off of some amount repaid to suppliers relating to the investment in the North of Vietnam such as desposit for land leasing fees with amount of USD686 K and other expenditure.
- The audited finance statement added the defferred tax valued of about USD2.3 million which was not recored in un-audited finance statement .
- Changes in the report of business operation mentioned above caused profit after tax to decrease 19%

Above information explains the difference between the finance statement of the company before and after audit. We look forward to receiving from your continuous support.

Thanks and best regards.  
For Interfood Shareholding Company  
Deputy General Director  
(Signed and sealed)

YAU HAU JAN