

Interfood Shareholding Company

Lot 13, Tam Phuoc IZ,
 Bien Hoa City, Dong Nai
 No : 98 /CV-IFS-2014

SOCIALIST REPUBLIC OF VIETNAM

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Bien Hoa, 27th March 2015

To : State Securities Commission

(Re: Explanatory for Separated business results of year 2014)

First we would like to thank for your support recently.

We would like to provide the result of separate income statement for year 2014 as following:

Descriptions	Year 2014	%	Year 2013	%	Variance	%
	Thousand VND		Thousand VND		Thousand VND	
Gross sales	1,185,919,021		1,022,018,674		163,900,347	16%
Less deductions:	38,707,794		28,872,788		9,835,006	34%
Net sales	1,147,211,227	100%	993,145,886	100%	154,065,341	16%
Cost of sales	846,280,556	74%	721,964,445	73%	124,316,111	17%
Gross profit	300,930,671	26%	271,181,441	27%	29,749,230	11%
Income from financial activities	12,763,212	1.1%	5,368,283	1%	7,394,929	138%
Expenses for financial activities	23,909,833	2%	15,935,655	2%	7,974,178	50%
<i>Including: interest expense</i>	6,959,861	1%	8,402,063	1%	(1,442,202)	-17%
Selling expenses	449,269,706	39%	414,545,956	42%	34,723,750	8%
General and administration expenses	31,012,598	3%	33,654,493	3%	(2,641,895)	-8%
Operating profit (loss)	(190,498,254)	-17%	(187,586,380)	-19%	(2,911,874)	2%
Other income	10,086,852	1%	82,068,031	8%	(71,981,179)	-88%
Other expenses	1,119,985	0%	8,687,084	1%	(7,567,099)	-87%
Profit (loss) before tax	(181,531,387)	-16%	(114,205,433)	-11%	(67,325,954)	59%
CIT for the current year	-	0%	3,172,595	0%	(3,172,595)	
Deferred CIT	-	0%	-	0%	-	0%
Profit(loss) after tax	(181,531,387)	-16%	(117,378,028)	-12%	(64,153,359)	55%

We would like to explain several factors related to the results of separated operations as of the reporting period as follows:

In 2014 the Company has expanded sales outlets across the country, launched new product, deployed additional sales programs, specially supported for customers and sales staffs in order to increasing consumers. Even though the general economic difficulties as consumers tighten spending together with the intense competition in the beverage market, but in year 2014, the Company' net sales still reached 1,147 million VND, up 16% compared to 2013.

In 2014, the purchase price of raw materials for some key products such as aluminum cans, sugar, coconut materials increased. However, the Company continued to maintain the plan of production cost saving, improving production capacity and holding the manufacturing cost steady at 74% of net revenue, up 1% compared with 73% of last year.

Financial income increased primarily due to fluctuations in the exchange rate difference.

Financial expenses increased primarily due to fluctuations in the exchange rate difference, the loan interest was kept at 1% per net sale, beside the Company is still maintaining the inter-company off-shore loans with interest rates about 1.9% per annual.

In 2014, the Company promoted the sales support programs such as special discount programs and promotions, bonus sales to distributors and sales team, customer loyalty programs for point of sale ... making cost of sales remained at high level reached 39% of sales.

The general and administration expenditure in 2014 was kept steady at 3% of sales compare with 4% of last period

Other income in this period increased due to the discounts from the main suppliers.

Other expenses mostly referred to the depreciation cost of several idled assets.

Above are some explanation for operating results of year 2014.

Thanks and best regards!

ONBEHALF OF THE COMPANY

(Signed and Sealed)

Toru Yamasaki
Chairman, General Director