

Interfood Shareholding Company

Lot 13, Tam Phuoc IZ,
 Bien Hoa City, Dong Nai
 No :CV-IFS-2013

SOCIALIST REPUBLIC OF VIETNAM

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Bien Hoa, 14th August 2013

To : State Securities Commission

(Re: Explanatory for Separated business results of 2nd quarter 2013)

First we would like to thank for your support recently.

We would like to provide the result of consolidation income statement for the 2nd quarter of year 2013 as following:

Descriptions	Quarter 1 - 2013	%	Quarter 1 - 2012	%	Variance	%
	Thousand VND		Thousand VND		Thousand VND	
Gross sales	281,521,208		266,024,624		15,496,584	6%
Less deductions:	7,903,501		7,745,671		157,830	2%
Net sales	273,617,707	100%	258,278,953	100%	15,338,754	6%
Cost of sales	202,176,888	74%	196,261,149	76%	5,915,739	3%
Gross profit	71,440,819	26%	62,017,804	24%	9,423,015	15%
Income from financial activities	1,191,318	0.4%	901,656	0%	289,662	32%
Expenses for financial activities	6,953,209	3%	2,632,909	1%	4,320,300	164%
<i>Including: interest expense</i>	2,090,793	1%	1,617,409	1%	473,384	29%
Selling expenses	122,117,669	45%	52,181,909	20%	69,935,760	134%
General and administration expenses	7,543,210	3%	6,700,741	3%	842,469	13%
Operating profit (loss)	(63,981,951)	-23%	1,403,902	1%	(65,385,853)	-4657%
Other income	727,052	0%	9,571,460	4%	(8,844,408)	-92%
Other expenses	1,302,791	0%	1,873,563	1%	(570,772)	-30%
Profit (loss) before tax	(64,557,690)	-24%	9,101,798	4%	(73,659,488)	-809%
CIT for the current year	-	0%	2,540,279	1%	(2,540,279)	
Deferred CIT	-	0%	-	0%	-	0%
Profit(loss) after tax	(64,557,690)	-24%	6,561,519	3%	(71,119,209)	-1084%

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

Net sales in 2nd Quarter 2013 increased by 6% compared to the same period in 2012, caused by the company in the second quarter was the best preparation for the year 2013 sales program, such as: fully prepared goods, to ensure the best quality and variety of product design, supplement for main product meet the needs of customers. In addition, the company had at competitive prices policy, increasing TVC program, open new sale channel which contributing to strong sales in the second quarter of year 2013.

Cost of goods sold in 2nd Quarter of 2013 increased by 3% compared to the same period last year and decreased to 74% of net sales compared to 76% last year. This is the result of efforts to reduce production costs of companies such as: reduce of empty can from main supplier due to increase of production volume, reduce cost of husk boiler and the wastewater treatment systems's operation, and efficient use of raw materials.

Financial revenue in the 2nd Quarter 2013 increased 164% compared to the same period last year. The reason is during the last month of 2nd Quarter there was a increasing of the exchange rate of the State bank, causing the Company had to reevaluate several related accounts, causing the increase of the foreign exchange rates differences.

Financial expenses in the 2nd Quarter 2013 significal increased 164% over the same period last year and took 3% of net sale, due to the impact of the changing in the exchange rate. Besides, the loan interest expenses still kept at 1% net sale due to the Company is still maintaining the inter-company off-shore loans with interest rates about 1.9% per annual.

In the 2nd Quarter 2013, the company continues promoting the promotion, TVC advertising and supporting programs for distributors and sales staff, for the purposes of sales growth for the new year, which puts the cost of sales to the next level, accounting for 45% of revenue and 134% increase over the same period last year.

2nd Quarter 2013, general and administration expenses increased 16% compared to the same period in 2012 and kept at 3% net sale, caused the company to expand the operation such as restructure for human resources, or the increase of outsource such as office renting fee and other facilities.

Other income in the quarter decreased due to last same period, the Company received the support amount from a related party, this period it is only relating to the income of several disposal material.

Other expenses reduced due to the impact from the account written off assets not used in have been disposal in year 2012

Above are some explanation for operating results of 2nd Quarter 2013.

Thanks and best regards!

ONBEHALF OF THE COMPANY

Michio Nagabayashi
Chairman, General Director