

Interfood Shareholding Company
 Lot 13, Tam Phuoc IZ,
 Bien Hoa City, Dong Nai
 No : 250/CV-IFS-2014

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Bien Hoa, 15th May 2014

To : State Securities Commission

(Re: Explanatory for Separated business results of 1st quarter 2014)

First we would like to thank for your support recently.

We would like to provide the result of consolidation income statement for the 1st quarter of year 2014 as following:

Descriptions	Quarter 1 - 2014	%	Quarter 1 - 2013	%	Variance	%
	Thousand VND		Thousand VND		Thousand VND	
Gross sales	234,882,861		229,697,087		5,185,774	2%
Less deductions:	6,897,863		6,542,900		354,963	5%
Net sales	227,984,998	100%	223,154,187	100%	4,830,811	2%
Cost of sales	170,157,104	75%	151,866,945	68%	18,290,159	12%
Gross profit	57,827,894	25%	71,287,242	32%	(13,459,348)	-19%
Income from financial activities	927,595	0.4%	1,034,130	0%	(106,535)	-10%
Expenses for financial activities	1,948,211	1%	2,187,457	1%	(239,246)	-11%
<i>Including: interest expense</i>	1,720,141	1%	2,187,457	1%	(467,316)	-21%
Selling expenses	80,046,285	35%	75,664,815	34%	4,381,470	6%
General and administration expenses	7,615,712	3%	8,764,707	4%	(1,148,995)	-13%
Operating profit (loss)	(30,854,719)	-14%	(14,295,607)	-6%	(16,559,112)	116%
Other income	644,865	0%	74,448,944	33%	(73,804,079)	-99%
Other expenses	545,046	0%	993,683	0%	(448,637)	-45%
Profit (loss) before tax	(30,754,900)	-13%	59,159,654	27%	(89,914,554)	-152%
CIT for the current year	-	0%	-	0%	-	
Deferred CIT	-	0%	-	0%	-	0%
Profit(loss) after tax	(30,754,900)	-13%	59,159,654	27%	(89,914,554)	-152%

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

Net sales in 1st Quarter 2014 increased by 2% compared to the same period in year 2013, due to in this quarter, the company continue to increase sale for the Tet season.

Cost of goods sold in 1st Quarter of 2014 increase compared to the same last year period and increase to 75% of net sales compared to 68% of last year. This is nearly same with last year average ratio, this variance due to in the 1st quarter of year 2013, the company obtain the discount of can cost from one of main supplier about VND 17 billion.

Financial revenue in the 1st Quarter 2014 increased compared to the same period last year, mostly related to the difference of exchange rate due to revaluation of cash and receivable items according to the regulations.

Financial expenses in the 1st Quarter 2014 reduce 11% compare with last period and took 1% of net sale due in year 2013, company have restructured the shorterterm loan in to the charter capital, beside that the Company is still maintaining the inter-company off-shore loans with interest rates about 1.9% per annual.

In the 1st Quarter 2014, the company continues promoting the promotion, supporting programe for distributors, shops and sales staff, for the purposes of sales growth for the new year, which puts the cost of sales to the high level, accounting for 35% of revenue and 6% increase over the same period last year.

General and administration expenses decreased compared to the same period in 2013 and kept at 3% net sale

The reduce of other income in this period because in last year Quarter 1, the company received the waiver for long term loan from major shareholder.

Other expenses mostly referred to the disposal of some material and cost of the idle assets.

Above are some explanation for operating results of 1st Quarter 2014.

Thanks and best regards!

ONBEHALF OF THE COMPANY

(Signed and Sealed)

Michio Nagabayashi
Chairman, General Director