

**Interfood Shareholding Company**

Lot 13, Tam Phuoc IZ,  
 Bien Hoa City, Dong Nai  
**No : 00036/CV-IFS-2015**

**SOCIALIST REPUBLIC OF VIETNAM**

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*Bien Hoa, 13th February 2014*

**To : State Securities Commission**

*(Re: Explanatory for Separated business results of 4th 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 4th quarter of year 2014 as following:

Descriptions	Quarter 4 - 2014	%	Quarter 4 - 2013	%	Variance	%
	Thousand VND		Thousand VND		Thousand VND	
Gross sales	363,357,257		295,632,884		67,724,373	23%
Less deductions:	11,232,866		8,447,877		2,784,989	33%
Net sales	352,124,391	100%	287,185,007	100%	64,939,384	23%
Cost of sales	245,717,251	70%	205,740,754	72%	39,976,497	19%
Gross profit	106,407,140	30%	81,444,253	28%	24,962,887	31%
Income from financial activities	3,762,647	1.1%	2,380,006	1%	1,382,641	58%
Expenses for financial activities	9,449,839	3%	4,587,002	2%	4,862,837	106%
<i>Including: interest expense</i>	1,766,929	1%	2,045,324	1%	(278,395)	-14%
Selling expenses	137,407,508	39%	114,574,592	40%	22,832,916	20%
General and administration expenses	7,288,810	2%	10,105,322	4%	(2,816,512)	-28%
Operating profit (loss)	(43,976,370)	-12%	(45,442,657)	-16%	1,466,287	-3%
Other income	891,099	0%	6,318,689	2%	(5,427,590)	-86%
Other expenses	2,026,206	1%	(105,013)	0%	2,131,219	-2029%
Profit (loss) before tax	(45,111,477)	-13%	(39,018,955)	-14%	(6,092,522)	16%
CIT for the current year	-	0%	3,172,595	1%	(3,172,595)	
Deferred CIT	-	0%	-	0%	-	0%
Profit(loss) after tax	(45,111,477)	-13%	(42,191,550)	-15%	(2,919,927)	7%

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

Net sales in Q4-2014 increased 23% compared to the same period in year 2013, due to the company has expanded the sale outlets nationwide, deployed selling programs, launching special incentive program for customer and sales team to increase the customer consuming for the Tet season, results: the company has achieved and overcome the sales target of the 4th quarter and also for the whole year 2014.

Cost of goods sold in the Q4 of 2014 has reduced, accounting of 70% net sales, compared to 72% of last year due to the production's volume increasing that bring to reducing the overhead cost which has been allocated to finished good cost. Beside that, reduction of empty can cost for some main products also cut down COGS

Income from financial activities in the 4th quarter of 2014 reduced due to the year-end revaluation of exchange rate for the items of foreign currencies.

Expenses for financial activities in the 4th quarter of 2014 increased relating to the foreign exchange rate revaluation, reduction of loan interest resulted from repayment for short term loan of US\$ 10 million to the Parent Company. Beside, the Company is still maintaining the inter-company off-shore loans with interest rates about 1.9% per annual.

In Q4 2014, the company promoted the sales support programs such as special discount program , the promotions activation, sales volume bonus for distributors and sales team, loyalty shop programs ... pushing up the cost of sales, up about 22.8 billion compared to the same period last year . However, due to strong sales growth in the fourth quarter , the proportion of cost of sales was lower than the same period last year , accounting for 39 % of sales .

G&A Cost during the quarter decreased comparing to the same period last year at 2 % of sales caused by the company made provision for doubtful debts amount to 2 billion in Q4 2013.

Other income in this period increase due to disposal of several unused material

Other expenses increased mostly referred to liquidation of some unuse material in this quarter

Above are some explanation for operating results of 4th Quarter 2014.

Thanks and best regards!

**ONBEHALF OF THE COMPANY**

*(Signed and Sealed)*

**Michio Nagabayashi**  
**Chairman, General Director**