

Interfood Shareholding Company

Lot 13, Tam Phuoc IZ,
Bien Hoa City, Dong Nai

SOCIALIST REPUBLIC OF VIETNAM

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No : 0017/CV-IFS-2016

Bien Hoa, 29th January 2016

To : State Securities Commission

(Re: Explanatory for Consolidated business results of 4th Quarter 2015)

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 2015 as following:

Descriptions	Quarter 4 - 2015	%	Quarter 4 - 2014	%	Variance	%
	Thousand VND		Thousand VND		Thousand VND	
Gross sales	449,844,772		363,357,257		86,487,515	24%
Less deductions:	13,331,306		11,232,866		2,098,440	19%
Net sales	436,513,466	100%	352,124,391	100%	84,389,075	24.0%
Cost of sales	315,550,653	72%	245,071,085	70%	70,479,568	29%
Gross profit	120,962,813	28%	107,053,306	30%	13,909,507	13%
Income from financial activities	857,060	0.2%	3,123,550	0.9%	(2,266,490)	-73%
Expenses for financial activities	3,781,214	1%	9,457,083	3%	(5,675,869)	-60%
<i>Including: interest expense</i>	1,716,788	0%	1,766,929	1%	(50,141)	-3%
Selling expenses	129,277,821	30%	137,407,508	39%	(8,129,687)	-6%
General and administration expenses	15,201,093	3%	8,056,185	2%	7,144,908	89%
Operating profit (loss)	(26,440,255)	-6%	(44,743,920)	-13%	18,303,665	-41%
Other income	806,275	0%	891,099	0%	(84,824)	-10%
Other expenses	6,352,557	1%	(7,265)	0%	6,359,822	-87541%
Profit (loss) before tax	(31,986,537)	-7%	(43,845,556)	-12%	11,859,019	-27%
CIT for the current year	2,727,671	1%	-	0%	2,727,671	
Deferred CIT	97,370	0%	98,983	0%	(1,613)	0%
Profit(loss) after tax	(34,811,578)	-8%	(43,944,539)	-12%	9,132,961	-21%
Minority interest	119,065	0%	112,027	0%	7,038	6%
Net profit	(34,930,643)	-8%	(44,056,566)	-13%	9,125,923	-21%

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

Net sales in Q4-2015 increased 29% compared to the same period in year 2014, caused by 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 the sales target of the 4th quarter and also for the whole year 2015.

Cost of good sold in 4th Quarter increased at 72% of net sales comparing to 70% of its respective period of last year. It's caused by the reclassification of cost of promotion good with condition from Selling expenses into Cost of goods sold as per new regulation.

Income from financial activities in the 4th Quarter 2015 decreased, compared to the same period last year, mostly related to the difference of exchange rate for the items of foreign currencies according to the regulations.

Expenses for financial activities in the 4th Quarter 2015 increased, related to the foreign exchange rate revaluation, the loan interest was kept at 1% per net sale due to the Company is still maintaining the inter-company off-shore loans with interest rates about 1.1% per annual.

In Q4 2015, the company promoted the sales support programs such as discount program , the special promotions, sales volume bonus for distributors and sales team, outlet shop programs in order to pushing up the volume of sales for Tet holiday, causing selling expenses increased. 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 30 % of sales vs 39% of last same period.

General and administration expenses has maintained similar rate as same period in 2014 at 3% net sale

Other income mostly refer to the sale of waste material

Other expenses mostly referred to the depreciation cost of several idled assets (1,648 million VND) and the VAT and penalty from tax inspection of period 2012 - 2013 (3,496 million VND)

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

Above are some explanation for operating results of the 4th Quarter 2015.

Thanks and best regards!

ONBEHALF OF THE COMPANY

(Signed and Sealed)

Toru Yamasaki
Chairman, General Director