

Interfood Shareholding Company
 Lot 13, Tam Phuoc IZ,
 Bien Hoa City, Dong Nai
 No : 779/CV-IFS

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Bien Hoa, 20th July 2012

To : Ho Chi Minh Stock Exchange
CC: State Securities Commission

(Re: explanatory for business results of 2nd quarter 2012)

First we would like to thank for your support recently.

We would like to report the result of income statement for the second quarter of year 2012 as following:

	Quarter 2 - 2012		Quarter 2 - 2011		Variance	
	USD	%	USD	%	USD	%
Gross sales	12,772,452		11,774,036		998,416	8%
Less deductions:	(371,887)		(296,446)		(75,441)	25%
Net sales	12,400,565	100%	11,477,590	100%	922,975	8%
Cost of sales	(9,442,043)	-76%	(9,948,465)	-87%	506,422	-5%
Gross profit	2,958,522	24%	1,529,125	13%	1,429,397	93%
Income from financial activities	43,291	0%	681,340	6%	(638,049)	-94%
Expenses for financial activities	(126,412)	-1%	(651,186)	-6%	524,774	-81%
<i>Including: interest expense</i>	<i>(77,656)</i>	<i>-1%</i>	<i>(403,954)</i>	<i>-4%</i>	<i>326,298</i>	<i>-81%</i>
Selling expenses	(2,443,530)	-20%	(2,037,855)	-18%	(405,675)	20%
General and administration expenses	(272,568)	-2%	(446,505)	-4%	173,937	-39%
Operating loss	159,303	1%	(925,081)	-8%	1,084,384	-117%
Other income	481,486	4%	44,179	0%	437,307	990%
Other expenses	(172,454)	-1%	(119,093)	-1%	(53,361)	45%
Profit (loss) before tax	468,335	4%	(999,995)	-9%	1,468,330	-147%

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

Net sales in Q2-2012 reached US\$ 12.4 million, increased 8% comparing with the same period in 2011, this was result from the sale price adjustment for main SKUs, selecting and launching new product which more suitable with customer taste, expansion of market for new products and push up promotion, advertising and supporting program for customers.

Cost of goods sold of 2nd quarter 2012 was reduced 5% and take part of 76% of total net sale comparing with 87% of last same period. This was the impact of decrease on price of some main raw material, the official operation of husk boiler with lower fuel cost, running new waste water treatment system to reduce the manufacturing cost and implementation of production efficiency and saving.

Financial income in quarter 2 - 2012 only took part of 0.3% net sale, reduced by 94% comparing with last same period, reasons from there was no fluctuation of foreign exchange rate in this period, causing the decrease of foreign exchange revaluation.

Financial expenses in the Q2- 2012 decreased 81% over the same period last year and took 1% of net sale, due to the company is still maintaining the inter-company off-shore loans with interest rates about 1.7% per annual replaced for the loan financed by local bank with higher interest.

In quarter 2 of year 2012, selling cost was accounting for 20% of sales compared with 18% same period last year. The reason: wage costs, sales commissions for the sales team still increased, transport costs remained high, on the other hand the Company has increased promotions and adverting activities to increase of sales volume.

General and administration expenses in Q2-2012 down 39% over the same period in 2011 mainly caused by changing some key members of the Board of Directors led to income of BOD decreased significantly.

Other income in the quarter 2-2012 increased about 10 times over the same period mainly due to the collection of money from disposal of raw and packaging materials and marketing expenditure supported from the trademarks owners towards the brands using by the Company

Above are some explanation for operating results of quarter 2 -2012. Board of Directors and the entire company are still in the effort to push the sale volume to achieve the business result as per planning in 2012

Thanks and best regards!
ONBEHALF OF THE COMPANY

Signed and Sealed

Signed

Hidefumi Matsuo
Director/Finance Controller

Nguyen Thi Kim Lien
Director/ General Manager of Finance