

# **INTERFOOD SHAREHOLDING COMPANY**

## **REPORT OF CONTROL BOARD**

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### **Respectfully to: Shareholders of Interfood Shareholding Company**

We would like to represent to Annual Shareholder Meeting of Interfood Shareholding Company (Hereafter called The Company) the report of Control board on controlling activities in 2007 and the active plan for 2008 as follow:

### **PART 1: CONTROLLING ACTIVITIES IN 2007.**

#### **I. Activities of Control Board:**

- Fully attend the meeting of Board of Management on receiving invitation from Board of Management.
- Check quarterly, semi-annual, and annual financial reports in according to Vietnam Accounting Standards and legal requirements.
- Discuss with independent auditors on the obstacles encountered in semi-annual and annual audit results; checking and approving the audit reports from independent auditors.
- Supervise the implementation of resolution of Shareholder meeting.
- Supervise the activities of Board of Management and Board of Director.
- Consult the Board of Management about the loan interest rate, constraints, and pledged assets of credit facilities signed during the year.
- Check the allocation of profit, payment of dividends to shareholders according to the resolutions of shareholder meeting and legal requirements.
- Check the professional competence of related parties.
- Consult the Board of Management on the policy applying to employment, and to the management system of The Company.

#### **II. Result of evaluating financial report and business activities:**

- In 2007, the net profit was 4,077,949 USD equivalent to 65,712 million VND and the gross profit increases 15,8% in comparison to 2006. In details, the gross profits of domestic market and export increase 38,7% and 36,7% respectively while the one of contractual sale decreases 74,9%. This financial situation proves that the business of The Company still keeps developing, and cost controlling process is highly effective, that is accountable for the net profit being achieved while the costs of labor and raw material are continuously rising up.
- The receivable from customer at 31/12/2007 decreases over 70% in comparison to the one in 2006.
- The advances to Interfood Processing Industry (Cantho) Ltd. Claimed back all in 2007 and the ending balance of this account at 31/12/2007 was 0.
- The provisions is established at regulations.

- Dividend payment for 2007: the total amount of dividend payment for the first six months of 2007 is 1,204,198 USD distributed to the list of shareholder registered at 01/07/2007. For the last six months of 2007, the total dividend amount is 1,445,839 USD distributed to the list of shareholder registered at 16/12/2007.
- We, the Control Board, believe that the information of financial situation and the result of business activity of The Company are represented fully and reasonably in Financial report for the year 2007.

### **III. Results of supervising activity on implementation the resolution of Shareholder meeting:**

1. According to the content of Resolution of Shareholder meeting at 25/04/2007:
  - The plan on acquiring 90% equity capital of Avafood Industries Company Limited: in June, 2007, The Company acquired 90% of the paid-up share capital of AvaFood Shareholding Company at par value per share. The total amount of this acquisition is 3,600,000 USD. In December 2007, The Company contributed additional 900,000 USD into share capital to increase the charter capital from 4 millions USD to 5 millions USD.
  - The turnover and profit increased 10% in comparison to 2006: net turnover increased 12,4%, or 2,4% over the planed one. After-tax profit increased 10% as plan.
  - Establishment of a subsidiary company in the North: completed.
  - Issuing additional share about 10% of charter capital: not yet.
  - Issuing bonus share: issued 4,856,832 bonus shares.
  - Appointment of audit company: Pricewaterhousecoopers is still independent audit company for the fiscal year ending at 31/12/2007.
2. According to the content of Resolution of Shareholder meeting at 15/09/2007 ( Getting Shareholders' approval by mail):
  - Increasing charter capital to 90 millions USD.
  - Investing in two new canned drink lines: in process
  - Expanding manufacturing and business activities and manufacturing package: got the license already.
  - Expanding business coverage to real-estate, financial, and commercial investment: not got license yet because there is no legal regulation for shareholding company dominated by foreign capital.
  - Establishing a presentative office in Ho Chi Minh City: completed and on the process of seeking place for office building.
  - Listing all the bonus shares: completed.
  - Moving manufacturing activities of the factory in Bien Hoa City, Dong Nai Province: in process.
  - Establishment of a subsidized packaging company in the South: on waiting for license.

## **PART 2: ACTIVE PLAN OF CONTROL BOARD IN 2008**

In 2008, beside implementing the missions dictated by Business Law and The Company's charter, Control Board is going to focus on the following issues:

1. Control the implementation of resolution of Shareholder Meeting in 2008.
2. Control the investing activities in the subsidized companies.
3. Control the investing in new canned drink lines planed to come into official operation in October 2008.
4. Control the execution of getting permission in transforming land-using purpose of factory area in Bien Hoa City.
5. Work with independent audit company on financial report of 2008.

Stated-above content is the report of Control Board of Interfood Shareholding Company in the fiscal year 2007.

For Control Board  
Chief of Control Board  
(Signed)  
Thai Ngoc Dinh