

No : 00254/CV-IFS-2015

Bien Hoa, 14th August 2015

To : State Securities Commission

(Re: Explanatory for Consolidated business results of 2nd 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 2nd quarter of year 2015 as following:

Descriptions	Quarter 2 - 2015	%	Quarter 2 - 2014	%	Variance	%
	Thousand VND		Thousand VND		Thousand VND	
Gross sales	350,840,089		310,377,378		40,462,711	13%
Less deductions:	9,676,398		11,810,663		(2,134,265)	-18%
Net sales	341,163,691	100%	298,566,715	100%	42,596,976	14.3%
Cost of sales	251,483,550	74%	229,060,519	77%	22,423,031	10%
Gross profit	89,680,141	26%	69,506,196	23%	20,173,945	29%
Income from financial activities	7,178,984	2.1%	3,063,872	1.0%	4,115,112	134%
Expenses for financial activities	13,801,992	4%	9,333,466	3%	4,468,526	48%
<i>Including: interest expense</i>	1,399,597	0.4%	1,749,920	1%	(350,323)	-20%
Selling expenses	107,143,528	31%	121,904,602	41%	(14,761,074)	-12%
General and administration expenses	9,413,541	3%	8,911,547	3%	501,994	6%
Operating profit (loss)	(33,499,936)	-10%	(67,579,547)	-23%	34,079,611	-50%
Other income	2,939,244	1%	7,526,911	3%	(4,587,667)	-61%
Other expenses	1,535,301	0%	769,940	0%	765,361	99%
Profit (loss) before tax	(32,095,993)	-9%	(60,822,576)	-20%	28,726,583	-47%
CIT for the current year	-	0%	-	0%	-	
Deferred CIT	97,370	0%	94,551	0%	2,819	0%
Profit(loss) after tax	(32,193,363)	-9%	(60,917,127)	-20%	28,723,764	-47%
Minority interest	129,473	0%	120,008	0%	9,465	8%
Net profit	(32,322,836)	-9%	(61,037,135)	-20%	28,714,299	-47%

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

Net sales revenue increased 14.3% compared to its of 2014 respectively, continuing to expand outlets in the nationwide, maintaining sale supporting programs in order to increase volume.

COGS reduced, it took 74% of net sales, 3% decreased significantly, compared to the same period last year. It caused by reducing of fixed costs in the costing structure of Q2/2015

Financial income increased, compared to the same period last year, mostly related to the difference of exchange rate revaluation of foreign currencies as per requiremet of regulations

Financial income increased, mostly related to the foreign exchange rate revaluation. Loan interest was kept at 0.4% per net sale due to the Company has being maintained the inter-company off-shore loans with interest rates about 1.9% per annual.

Selling expense maintained at 31% net sales revenue, caused by performing of the advertising program, promotion and supporting for distributors, outlets.

General and administration expenses maintained at 3%, compared to the same period in 2014

Other income increases caused by liquidation of several material and scrap

Other expenses mostly related to the depreciation of several idled assets.

Above are some explanation for operating results of 2nd Quarter 2015.

Thanks and best regards!

ONBEHALF OF THE COMPANY

(Signed and Sealed)

Toru Yamasaki
Chairman, General Director