

**No : 329/CV/IFS-2019**

**Bien Hoa, 22nd August 2019**

**To : - State Securities Commission (SSC)**  
**- Hanoi Stock Exchange (HNX)**

*(Re: Explanatory for Separated business results of First half of year 2019)*

First we would like to thank you for your continued support.

We would like to provide the result of Separated income statement for the First half of year 2019 as following:

Unit: VND'000

Descriptions	First half of year 2019	First half of year 2018	% Increase/ Decrease
Revenue from sale of goods	851,339,724	810,876,341	5%
Revenue deductions	70,873,677	52,901,221	34%
<i>Deduction %</i>	<i>8%</i>	<i>7%</i>	
<b>Net revenue</b>	<b>780,466,047</b>	<b>757,975,120</b>	<b>3%</b>
Cost of sales	449,784,451	456,120,464	-1%
<i>COGS %</i>	<i>58%</i>	<i>60%</i>	
<b>Gross profit</b>	<b>330,681,596</b>	<b>301,854,656</b>	<b>10%</b>
<i>GP %</i>	<i>42%</i>	<i>40%</i>	
Financial income	1,661,123	1,328,424	25%
Financial expenses	386,440	2,814,176	-86%
<i>In which: interest expense</i>	<i>16,291</i>	<i>1,723,574</i>	<i>-99%</i>
Selling expenses	162,837,271	172,073,816	-5%
<i>Selling expenses %</i>	<i>21%</i>	<i>23%</i>	
General and administration expenses	15,435,759	15,689,988	-2%
<b>Operating profit (loss)</b>	<b>153,683,249</b>	<b>112,605,100</b>	<b>36%</b>
Other income	166,465	2,392,277	-93%
Other expenses	2,713,154	3,568,741	-24%
<b>Profit (loss) before tax</b>	<b>151,136,560</b>	<b>111,428,636</b>	<b>36%</b>
CIT for the current year	23,485,151	17,621,664	33%
Deferred CIT	7,317,978	(10,041,625)	-173%
<b>Profit (loss) after tax</b>	<b>120,333,431</b>	<b>103,848,597</b>	<b>16%</b>
<i>PL %</i>	<i>15%</i>	<i>14%</i>	

In the first half of year 2019, the Company achieved a profit after tax of VND 120 billions, increased of 16% compared to the same period in 2018, the results was from the following reasons:

Total sales revenue in the first half of year 2019 increased by 5% compared to the same period in 2018, result from the sales team of the Company always adheres to the sales target, thoroughly complying with the basic sales rules and focus on opening new sale outlets. The sales management performs reasonable transferring of sale force structure, optimize sales zone and launching sale-promotion policies timely and effectively. As a result, net revenue increased by 3% compared to the same period in 2018.

Cost of sales in the first half of year 2019 decreased, accounting for 58% of net revenue compared to 60% of the same period last year because in this period, the company continued to increase production output, maintain stable purchasing price of materials, reduced processing costs and efficient and economical use of overhead production costs causing the reduction of costs per unit of product, resulting in reduction of the proportion of cost of goods sold

Financial operating expenses decreased in the first half of year 2019 as the company repaid all the loans from the parent company at the end of 2018.

In the first half of year 2019, the Company continued to implement sales support programs such as discount programs, promotions, special incentive for distributors and sales teams and support programs for outlets...in order of maintaining and growing sales. Selling expenses reduced at 21% of net revenue, reduce 2% compared with ratio of last year and reduce 5% compare with total cost last year.

General and administration expenses slightly reduced at 2% on net revenue compare with last year due period, total cost reduced 1% due to the company reduced some related operating expenses.

Other incomes in this period mostly referred to the compensation from several suppliers

Other expenses mostly referred to the depreciation cost of several idled assets which are not use in the period.

Current corporate income tax expense increased because in first half of year 2019, the company achieved a profit before tax margin of 19.4 %, increased 4.6% compared with the first half of year 2018.

Deferred income tax increased due to the reversal of the deferrred tax asset in Quarter 2 of 2019.

Above are some explanation for operating results of the first half of year 2019.

Thanks and best regards.

**ONBEHALF OF THE COMPANY**

*(Signed and sealed)*

**Yutaka Ogami**  
**Chairman cum General Director**