

No : 112/CV/IFS-2018

Bien Hoa, 29th October 2018

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

(Re: Explanatory for Separated business results of 3rd Quarter 2018)

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

We would like to provide the result of Separated income statement for the 3rd Quarter of year 2018 as following:

Unit: VND'000

Descriptions	3rd Quarter - 2018	3rd Quarter - 2017	%	YTD2018Q3	YTD2017Q3	%
Revenue from sale of goods	395,457,696	362,269,705	9%	1,206,334,037	1,047,769,923	15%
Revenue deductions	29,807,464	20,077,768	48%	82,708,685	61,419,010	35%
<i>Deduction %</i>	8%	6%		7%	6%	
Net revenue	365,650,232	342,191,937	7%	1,123,625,352	986,350,913	14%
Cost of sales	218,254,486	215,095,848	1%	674,374,950	639,047,621	6%
<i>COGS %</i>	60%	63%		60%	65%	
Gross profit	147,395,746	127,096,089	16%	449,250,402	347,303,292	29%
<i>GP %</i>	40%	37%		40%	35%	
Financial income	994,015	1,242,888	-20%	2,322,439	8,278,280	-72%
Financial expenses	510,290	1,608,387	-68%	3,324,466	9,485,836	-65%
<i>In which: interest expense</i>	392,444	1,020,450	-62%	2,116,018	3,428,278	-38%
Selling expenses	86,779,902	76,935,541	13%	258,853,718	224,074,383	16%
<i>Selling expenses %</i>	24%	22%		23%	23%	
General and administration expenses	7,475,634	7,835,241	-5%	23,165,622	23,835,255	-3%
Operating profit (loss)	53,623,935	41,959,808	28%	166,229,035	98,186,098	69%
Other income	79,704	205,828	-61%	2,471,981	1,041,716	137%
Other expenses	1,311,100	219,872	496%	4,879,841	725,141	573%
Profit (loss) before tax	52,392,539	41,945,764	25%	163,821,175	98,502,673	66%
CIT for the current year	11,732,762	-		29,354,426	-	
Deferred CIT	-	-		(10,041,625)	-	
Profit (loss) after tax	40,659,777	41,945,764	-3%	144,508,374	98,502,673	47%
<i>PL %</i>	11%	12%		13%	10%	

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

Net revenue in 3rd Quarter 2018 continuously increased 7% compared with same period in year 2017, resulting from the Company's effort to maximize its sales forth in nationwide and also take advantage in increase sale during this quarter.

Cost of sales (COS) in 3rd Quarter was accounting at 60% of net sales comparing to 63% of its respective period of last year, for the Company increased production volume, maintained purchase price of raw materials, reduced the outsource processing fee and utilities the overhead ...causing the reduction of the production cost per case, which resulting in the COS reduced accordingly.

Income from financial activities in the 3rd Quarter 2018 decreased compared to the same period last year due to no significant effect of foreign currency exchange rate fluctuations in the quarter.

Expenses for financial activities in the 3rd Quarter 2018 decreased as same above reason. Besides, loan interest was reduced at 0.2 % per net sales due to the Company has made addition repayment for partial of the inter-company off-shore loans with interest rates about 3% per annum.

In the 3rd Quarter 2018, the company implemented the sales support programs such as discount/ promotion programs, sales incentives for distributors and sales team, programs for outlets... in order to expand the volume of sales for the Quarter and onward. The selling expenses increased and accounting for 24% per net sales compared to 22% of last same period.

General and administration expenses was accounting for 2% of net sale compare with last year 2.3% due to the reduction of several operation cost

Other incomes in this quarter 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.

Corporate income tax expense increased due to in this quarter, the Company gain the earnings before tax with ratio 14.3%, beside, the company have fully utilize the tax losses from previous years.

Above are some explanation for operating results of the 3rd Quarter 2018.

Thanks and best regards.

ONBEHALF OF THE COMPANY

(Signed and sealed)

Yutaka Ogami
Chairman cum General Director