

No : 356/CV/IFS-2019

Bien Hoa, 24th October 2019

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

(Re: Explanatory for Separated business results of 3rd Quarter 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 3rd Quarter of year 2019 as following:

Unit: VND'000

Descriptions	3rd Quarter - 2019	3rd Quarter - 2018	%	YTD2019Q3	YTD2018Q3	%
Revenue from sale of goods	419,924,294	395,457,696	6%	1,271,264,018	1,206,334,037	5%
Revenue deductions	31,359,956	29,807,464	5%	102,233,633	82,708,685	24%
<i>Deduction %</i>	<i>7%</i>	<i>8%</i>		<i>8%</i>	<i>7%</i>	
Net revenue	388,564,338	365,650,232	6%	1,169,030,385	1,123,625,352	4%
Cost of sales	221,919,728	218,254,486	2%	671,704,179	674,374,950	0%
<i>COGS %</i>	<i>57%</i>	<i>60%</i>		<i>57%</i>	<i>60%</i>	
Gross profit	166,644,610	147,395,746	13%	497,326,206	449,250,402	11%
<i>GP %</i>	<i>43%</i>	<i>40%</i>		<i>43%</i>	<i>40%</i>	
Financial income	847,847	994,015	-15%	2,508,970	2,322,439	8%
Financial expenses	45,659	510,290	-91%	432,099	3,324,466	-87%
<i>In which: interest expense</i>	<i>6,861</i>	<i>392,444</i>	<i>-98%</i>	<i>23,152</i>	<i>2,116,018</i>	<i>-99%</i>
Selling expenses	85,209,911	86,779,902	-2%	248,047,182	258,853,718	-4%
<i>Selling expenses %</i>	<i>22%</i>	<i>24%</i>		<i>21%</i>	<i>23%</i>	
General and administration expenses	9,928,458	7,475,634	33%	25,364,217	23,165,622	9%
Operating profit (loss)	72,308,429	53,623,935	35%	225,991,678	166,229,035	36%
Other income	2,135,895	79,704	2580%	2,302,360	2,471,981	-7%
Other expenses	1,277,356	1,311,100	-3%	3,990,510	4,879,841	-18%
Profit (loss) before tax	73,166,968	52,392,539	40%	224,303,528	163,821,175	37%
CIT for the current year	13,687,568	11,732,762	17%	37,172,719	29,354,426	27%
Deferred CIT	-	-		7,317,978	(10,041,625)	-173%
Profit (loss) after tax	59,479,400	40,659,777	46%	179,812,831	144,508,374	24%
<i>PL %</i>	<i>15%</i>	<i>11%</i>		<i>15%</i>	<i>13%</i>	

In the 3rd Quarter of 2019, the Company achieved a profit after tax of VND **59.5** billion, **increased** of **46%** compared to the same period in 2018, the results was from the following reasons:

Total sales revenue in the 3rd Quarter of 2019 increased by 6% compared to the same period in 2018, due to 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 6% compared to the same period in 2018, and accumulated net revenue from beginning of the year increased by 4% compared to the same period in 2018.

Cost of sales in the 3rd Quarter of 2019 decreased, accounting for 57% of net revenue compared to 60% of the same period last year because in this quarter, 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 3rd Quarter of 2019 as the company repaid all the loans from the parent company at the end of 2018.

In the 3rd Quarter of 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, ... with the aim of maintaining and growing sales. Selling expenses remain at 22% of net revenue, reduced 2% compared with same period last year.

General and administration expenses slightly increased by 2.6% on net revenue compared to 2.0% in the same period last year due to the increase of some related operating expenses.

Other incomes in this quarter mostly referred to the collection of scrap sale

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 3rd Quarter of 2019, the company achieved a profit before tax margin of 15%, equally to the 3rd Quarter of 2018.

Above are some explanation for operating results of the 3rd Quarter of 2019.

Thanks and best regards.

ONBEHALF OF THE COMPANY

(Signed and sealed)

Yutaka Ogami
Chairman cum General Director