

No : 231/CV/IFS-2019

Bien Hoa, 25th April 2019

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

(Re: Explanatory for Separated business results of 1st 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 1st Quarter of year 2019 as following:

Unit: VND'000

Descriptions	1st Quarter - 2019	1st Quarter - 2018	%	YTD2019Q1	YTD2018Q1	%
Revenue from sale of goods	390,353,858	346,221,620	13%	390,353,858	346,221,620	13%
Revenue deductions	27,578,953	20,387,895	35%	27,578,953	20,387,895	35%
<i>Deduction %</i>	7%	6%		7%	6%	
Net revenue	362,774,905	325,833,725	11%	362,774,905	325,833,725	11%
Cost of sales	214,127,329	197,458,859	8%	214,127,329	197,458,859	8%
<i>COGS %</i>	59%	61%		59%	61%	
Gross profit	148,647,576	128,374,866	16%	148,647,576	128,374,866	16%
<i>GP %</i>	41%	39%		41%	39%	
Financial income	809,508	609,081	33%	809,508	609,081	33%
Financial expenses	351,568	927,253	-62%	351,568	927,253	-62%
<i>In which: interest expense</i>	8,852	929,413	-99%	8,852	929,413	-99%
Selling expenses	80,269,010	79,229,707	1%	80,269,010	79,229,707	1%
<i>Selling expenses %</i>	22%	24%		22%	24%	
General and administration expenses	7,268,002	8,155,071	-11%	7,268,002	8,155,071	-11%
Operating profit (loss)	61,568,504	40,671,916	51%	61,568,504	40,671,916	51%
Other income	133,320	237,976	-44%	133,320	237,976	-44%
Other expenses	1,355,557	222,116	510%	1,355,557	222,116	510%
Profit (loss) before tax	60,346,267	40,687,776	48%	60,346,267	40,687,776	48%
CIT for the current year	4,500,916	2,503,144	80%	4,500,916	2,503,144	80%
Deferred CIT	-	-		-	-	
Profit (loss) after tax	55,845,351	38,184,632	46%	55,845,351	38,184,632	46%
<i>PL %</i>	15%	12%		15%	12%	

In the 1st quarter of 2019, the Company achieved a profit after tax of VND 55.8 billion, increase of 46% compared to the same period in 2018, the results achieved from the following reasons:

Total sales revenue in the 1st quarter of 2019 increased by 13% compared to the same period in 2018, because the sales team of the Company always adheres to the sales target, thoroughly complying with the basic sales rules, utilize sales opportunities during the Tet holiday 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 11% compared to the same period in 2018.

Cost of sales in the 1st quarter of 2019 decreased, accounting for 59% of net revenue compared to 61% 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 1st quarter of 2019 as the company repaid all the loans from the parent company at the end of 2018.

In the 1st 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, reduce compared with same period last year.

General and administration expenses decreased by 2% on net revenue compared to 2.5% in the same period last year due to the reduction of some related operating expenses.

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.

Current corporate income tax expense increased because in 1st Quarter of 2019, the company achieved a profit before tax margin of 15%, higher than 12% of 1st Quarter of 2018.

Above are some explanation for operating results of the 4th Quarter 2018.

Thanks and best regards.

ONBEHALF OF THE COMPANY

(Signed and sealed)

Yutaka Ogami
Chairman cum General Director