

No : 00272/CV-IFS-2015

Bien Hoa, 28th August 2015

To : State Securities Commission

(Re: Explanatory for Consolidated business results of 1st half year 2015)

First we would like to thank for your support recently.

We would like to provide the result of consolidation income statement for the 1st half year 2015 as following:

Descriptions	1st half year 2015	%	1st half year 2014	%	Variance	%
	Thousand VND		Thousand VND		Thousand VND	
Gross sales	585,296,603		546,199,824		39,096,779	7%
Less deductions:	16,294,245		19,648,111		(3,353,866)	-17%
Net sales	569,002,358	100%	526,551,713	100%	42,450,645	8%
Cost of sales	406,482,796	71%	396,026,609	75%	10,456,187	3%
Gross profit	162,519,562	29%	130,525,104	25%	31,994,458	25%
Income from financial activities	11,035,148	1.9%	3,339,738	0.6%	7,695,410	230%
Expenses for financial activities	21,346,571	4%	11,281,954	2%	10,064,617	89%
<i>Including: interest expense</i>	2,691,360	0%	3,470,061	1%	(778,701)	-22%
Selling expenses	184,972,298	33%	201,950,887	38%	(16,978,589)	-8%
General and administration expenses	17,614,665	3%	17,245,930	3%	368,735	2%
Operating profit (loss)	(50,378,824)	-9%	(96,613,929)	-18%	46,235,105	-48%
Other income	3,892,702	1%	8,171,776	2%	(4,279,074)	-52%
Other expenses	2,275,443	0%	1,423,856	0%	851,587	60%
Profit (loss) before tax	(48,761,565)	-9%	(89,866,009)	-17%	41,104,444	-46%
CIT for the current year	-	0%	-	0%	-	
Deferred CIT	196,881	0%	(290,895)	0%	487,776	0%
Profit(loss) after tax	(48,958,446)	-9%	(89,575,114)	-17%	40,616,668	-45%
Minority interest	243,837	0%	279,937	0%	(36,100)	-13%
Net profit	(49,202,283)	-9%	(89,855,051)	-17%	40,652,768	-45%

We would like to explain key factors that drive to the results of consolidated operations as of the reporting period as follows:

Net sales revenue of the first half year 2015 increased 8% compared to its of 2014 respectively, it's caused by company had been expanding outlets in the nationwide, maintaining and deploying more sale supporting programs in order to increase volume.

COGS reduced, it took 71% of net sales, it's significantly decreased comparing to 75% of its respective period of last year. It's caused by provision of production volume for the Overhaul & maintenance time that taken in near end of Quarter 2/2015. It results on reducing of fixed costs in the costing structure

Income from financial activities in the 1st half year increased, compared to the same period last year, mostly related to the difference of exchange rate for the items of foreign currencies according to the regulations.

Expenses for financial activities in the 1st half year increased, related to the foreign exchange rate revaluation, the loan interest was kept at 1% per net sale due to the Company is still maintaining the inter-company off-shore loans with interest rates about 1.1% per annual.

In the 1st half year 2015, the company keeps performance of the promotion & advertising program, supporting for distributors, outlets, and salesmen.... lead to the high selling expenses at for 33% net sale.

General and administration expenses has maintained similar rate as same period in 2014 at 3% net sale

Other income increased due to the discounts from the main suppliers from last period buying

Other expenses mostly referred to the depreciation cost of several idled assets.

Above are some explanation for operating results of 1st half year 2015.

Thanks and best regards!

ONBEHALF OF THE COMPANY

(Signed and Sealed)

Toru Yamasaki
Chairman, General Director