

No : 424/CV/IFS-2020

Bien Hoa, 22nd January 2020

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

(Re: Explanatory for Consolidated business results of 4th Quarter 2019)

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

We would like to provide the result of Consolidated income statement for the 4th Quarter of year 2019 as following:

Unit: VND'000

Descriptions	4th Quarter - 2019	4th Quarter - 2018	%	YTD2019Q4	YTD2018Q4	%
Revenue from sale of goods	525,496,921	512,973,160	2%	1,796,760,938	1,719,312,753	5%
Revenue deductions	59,789,183	59,059,338	1%	162,022,816	141,768,023	14%
<i>Deduction ratio</i>	11%	12%		9%	8%	
Net revenue	465,707,738	453,913,822	3%	1,634,738,122	1,577,544,730	4%
Cost of sales	287,259,034	286,132,678	0%	951,411,846	953,603,017	0%
<i>COGS ratio</i>	62%	63%		58%	60%	
Gross profit	178,448,704	167,781,144	6%	683,326,276	623,941,713	10%
<i>Gross Profit ratio</i>	38%	37%		42%	40%	
Financial income	2,461,987	7,628,314	-68%	3,085,328	8,463,045	-64%
Financial expenses	2,155,745	8,480,547	-75%	2,587,844	11,814,144	-78%
<i>In which: interest expense</i>	6,251	328,383	-98%	29,404	2,444,401	-99%
Selling expenses	95,657,550	110,975,912	-14%	343,704,731	369,829,630	-7%
<i>Selling expenses ratio</i>	21%	24%		21%	23%	
General and administration expenses	8,587,926	10,057,261	-15%	35,997,159	35,194,613	2%
Operating profit	74,509,470	45,895,738	62%	304,121,870	215,566,371	41%
Other income	(520,174)	780,400	-167%	1,788,204	4,073,716	-56%
Other expenses	8,297,329	2,441,147	240%	15,738,116	10,837,235	45%
Profit before tax	65,691,967	44,234,991	49%	290,171,958	208,802,852	39%
CIT for the current year	26,737,163	16,501,077	62%	65,214,044	47,749,243	37%
Deferred CIT	(5,409,481)	(8,374,619)	-35%	1,282,616	(19,042,125)	-107%
Profit after tax	44,364,285	36,108,533	23%	223,675,298	180,095,734	24%
<i>Profit after tax ratio</i>	10%	8%		14%	11%	
Equity holders of the Company	44,376,913	36,127,630	23%	223,736,100	180,164,864	24%
Non-controlling interest	(12,628)	(19,097)	-34%	(60,802)	(69,130)	-12%

In the 4th Quarter of 2019, the Company achieved a profit after tax of VND 44.3 billion, increased of 23% compared to the same period in 2018, the results was from the following reasons:

Total sales revenue in the 4th Quarter of 2019 increased by 2% 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 3% 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 4th Quarter of 2019 decreased, accounting for 62% of net revenue compared to 63% 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 4th Quarter of 2019 as the company repaid all the loans from the parent company at the end of 2018.

In the 4th 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 21% of net revenue, reduced 3% compared with same period last year.

General and administration expenses decreased by 1.8% on net revenue compared to 2.2% in the same period last year due to the increase of some related operating expenses.

Other incomes in this quarter mostly referred to the adjustment of collection of disposal fixed asset in Q3-2019.

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

Current corporate income tax expense increased because in 4th Quarter of 2019, the company achieved a profit before tax margin of 14.1%, increase 4.4% compared the 4th Quarter of 2018.

Deferred corporate income tax expense in the quarter mostly related to the reversal of the deferred tax assets.

Above are some explanation for operating results of the 4th Quarter 2019.

Thanks and best regards.

ONBEHALF OF THE COMPANY

(Signed and sealed)

Yutaka Ogami
Chairman cum General Director