

Bien Hoa, 14th August 2013

To : State Securities Commission

(Re: Explanatory for Consolidated business results of 2nd quarter 2013)

First we would like to thank for your support recently.

We would like to provide the result of consolidation income statement for the 2nd quarter of year 2013 as following:

Descriptions	Quarter 2 - 2013	%	Quarter 2 - 2012	%	Variance	%
	Thousand VND		Thousand VND		Thousand VND	
Gross sales	281,521,217		266,024,609		15,496,608	6%
Less deductions:	7,903,493		7,745,662		157,831	2%
Net sales	273,617,724	100%	258,278,947	100%	15,338,777	6%
Cost of sales	198,824,552	73%	193,272,343	75%	5,552,209	3%
Gross profit	74,793,172	27%	65,006,604	25%	9,786,568	15%
Income from financial activities	490,533	0.2%	182,537	0%	307,996	169%
Expenses for financial activities	6,960,943	3%	2,634,971	1%	4,325,972	164%
<i>Including: interest expense</i>	2,090,789	1%	1,617,419	1%	473,370	29%
Selling expenses	122,117,672	45%	52,181,909	20%	69,935,763	134%
General and administration expenses	8,401,323	3%	7,243,104	3%	1,158,219	16%
Operating profit (loss)	(62,196,233)	-23%	3,129,157	1%	(65,325,390)	-2088%
Other income	725,504	0%	9,654,111	4%	(8,928,607)	-92%
Other expenses	1,837,750	1%	3,552,590	1%	(1,714,840)	-48%
Profit (loss) before tax	(63,308,479)	-23%	9,230,678	4%	(72,539,157)	-786%
CIT for the current year	-	0%	2,540,287	1%	(2,540,287)	
Deferred CIT	120,125	0%	240,272	0%	(120,147)	0%
Profit(loss) after tax	(63,428,604)	-23%	6,450,119	2%	(69,878,723)	-1083%
Minority interest	(41,265)	0%	(11,143)	0%	(30,122)	270%
Net profit	(63,387,339)	-23%	6,461,262	3%	(69,848,601)	-1081%

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

Net sales in 2nd Quarter 2013 increased by 6% compared to the same period in 2012, caused by the company in the second quarter was the best preparation for the year 2013 sales program, such as: fully prepared goods, to ensure the best quality and variety of product design, supplement for main product meet the needs of customers. In addition, the company had a competitive prices policy, increasing TVC program, open new sale channel which contributing to strong sales in the second quarter of year 2013.

Cost of goods sold in 2nd Quarter of 2013 increased by 3% compared to the same period last year and decreased to 73% of net sales compared to 75% last year. This is the result of efforts to reduce production costs of companies such as: reduce of empty can from main supplier due to increase of production volume, reduce cost of husk boiler and the wastewater treatment systems's operation, and efficient use of raw materials.

Financial revenue in the 2nd Quarter 2013 increased 169% compared to the same period last year. The reason is during the last month of 2nd Quarter there was an increasing of the exchange rate of the State bank, causing the Group had to revalue several related accounts, causing the increase of the foreign exchange rates differences.

Financial expenses in the 2nd Quarter 2013 significant increased 164% over the same period last year and took 3% of net sale, due to the impact of the changing in the exchange rate. Besides, the loan interest expenses still kept at 1% net sale due to the Group is still maintaining the inter-Group off-shore loans with interest rates about 1.9% per annual.

In the 2nd Quarter 2013, the Group continues promoting the promotion, TVC advertising and supporting programe for distributors and sales staff, for the purposes of sales growth for the new year, which puts the cost of sales to the next level, accounting for 45% of revenue and 134% increase over the same period last year.

2nd Quarter 2013, general and administration expenses increased 16% compared to the same period in 2012 and kept at 3% net sale, caused the companies has to expand the operation such as restructure for human resources, or the increase of outsource such as office renting fee and other facilities.

Other income in the quarter decreased due to last same period, the Group received the support amount from a related party, this period it is only relating to the income of several disposal material.

Other expenses reduced due to the impact from the account written off assets not used in have been disposal in year 2012

Above are some explanation for operating results of 2nd Quarter 2013.

Thanks and best regards!

ONBEHALF OF THE COMPANY

Signed and sealed

Michio Nagabayashi
Chairman, General Director