

No : 00439/CV-IFS-2015

Bien Hoa, 13th Nov 2015

To : State Securities Commission

(Re: Explanatory for Consolidated business results of 3rd Quarter 2015)

First we would like to thank for your support recently.

We would like to provide the result of consolidation income statement for the 3rd quarter of year 2015 as following:

Descriptions	Quarter 3 - 2015	%	Quarter 3 - 2014	%	Variance	%
	Thousand VND		Thousand VND		Thousand VND	
Gross sales	280,286,718		276,361,940		3,924,778	1%
Less deductions:	7,745,449		7,826,817		(81,368)	-1%
Net sales	272,541,269	100%	268,535,123	100%	4,006,146	1.5%
Cost of sales	178,552,427	66%	192,267,244	72%	(13,714,817)	-7%
Gross profit	93,988,842	34%	76,267,879	28%	17,720,963	23%
Income from financial activities	5,729,157	2.1%	3,804,485	1.4%	1,924,672	51%
Expenses for financial activities	18,639,124	7%	3,184,933	1%	15,454,191	485%
<i>Including: interest expense</i>	1,525,397	1%	1,722,871	1%	(197,474)	-11%
Selling expenses	85,423,611	31%	109,911,311	41%	(24,487,700)	-22%
General and administration expenses	10,286,005	4%	8,708,427	3%	1,577,578	18%
Operating profit (loss)	(14,630,741)	-5%	(41,732,307)	-16%	27,101,566	-65%
Other income	4,039,276	1%	1,571,547	1%	2,467,729	157%
Other expenses	1,748,723	1%	2,582,353	1%	(833,630)	-32%
Profit (loss) before tax	(12,340,188)	-5%	(42,743,113)	-16%	30,402,925	-71%
CIT for the current year	-	0%	-	0%	-	
Deferred CIT	97,370	0%	151,678	0%	(54,308)	0%
Profit(loss) after tax	(12,437,558)	-5%	(42,894,791)	-16%	30,457,233	-71%
Minority interest	116,632	0%	99,263	0%	17,369	17%
Net profit	(12,554,190)	-5%	(42,994,054)	-16%	30,439,864	-71%

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

Net sales revenue of the 3rd Quarter 2015 increased 1.5% 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 66% of net sales, it's significantly decreased comparing to 72% 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 3rd Quarter 2015 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 3rd Quarter 2015 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 3rd Quarter 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 the 3rd Quarter 2015.

Thanks and best regards!

ONBEHALF OF THE COMPANY

(Signed and Sealed)

Toru Yamasaki
Chairman, General Director