

No : 00161/CV-IFS-2015

Bien Hoa, 12th May 2015

To : State Securities Commission

(Re: Explanatory for Consolidated business results of 1st 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 1st quarter of year 2015 as following:

Descriptions	Quarter 1 - 2015	%	Quarter 1 - 2014	%	Variance	%
	Thousand VND		Thousand VND		Thousand VND	
Gross sales	234,456,514		235,822,446		(1,365,932)	-1%
Less deductions:	6,617,847		7,837,448		(1,219,601)	-16%
Net sales	227,838,667	100%	227,984,998	100%	(146,331)	-0.1%
Cost of sales	154,999,246	68%	166,966,090	73%	(11,966,844)	-7%
Gross profit	72,839,421	32%	61,018,908	27%	11,820,513	19%
Income from financial activities	3,856,164	1.7%	275,866	0.1%	3,580,298	1298%
Expenses for financial activities	7,544,579	3%	1,948,488	1%	5,596,091	287%
<i>Including: interest expense</i>	1,291,763	1%	1,720,141	1%	(428,378)	-25%
Selling expenses	77,828,770	34%	80,046,285	35%	(2,217,515)	-3%
General and administration expenses	8,201,124	4%	8,334,383	4%	(133,259)	-2%
Operating profit (loss)	(16,878,888)	-7%	(29,034,382)	-13%	12,155,494	-42%
Other income	953,458	0%	644,865	0%	308,593	48%
Other expenses	740,142	0%	653,916	0%	86,226	13%
Profit (loss) before tax	(16,665,572)	-7%	(29,043,433)	-13%	12,377,861	-43%
CIT for the current year	-	0%	-	0%	-	
Deferred CIT	99,511	0%	(385,446)	0%	484,957	0%
Profit(loss) after tax	(16,765,083)	-7%	(28,657,987)	-13%	11,892,904	-41%
Minority interest	114,364	0%	159,929	0%	(45,565)	-28%
Net profit	(16,879,447)	-7%	(28,817,916)	-13%	11,938,469	-41%

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

Net sales revenue kept stable, compared to its of 2014 respectively. Company had been continuing to expand outlets in the nationwide, maintaining sale supporting programs in order to maintain volume in the difficult situation of low power market after Tet. .

COGS reduced, it took 69% of net sales, 5% decreased significantly, compared to the same period last year. It caused by provision volume of the Overhaul & maintenance that will be taken in Q2. It results on reducing of fixed costs in the costing structure of Q1/2015

Financial income increased, compared to the same period last year, mostly related to the difference of exchange rate revaluation of foreign currencies as per requiremet of regulations

Financial income increased, mostly related to the foreign exchange rate revaluation. 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 1.9% per annual.

Selling expense took 34% net sales revenue, caused by performing of the advertising program, promotion and supporting for distributors, outlets.

General and administration expenses maintained at 4%, compared to the same period in 2014

Other income increases due to liquidation of several material and scrap

Other expenses mostly related to the depreciation of several idled assets.

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

Thanks and best regards!

ONBEHALF OF THE COMPANY

(Signed and Sealed)

Toru Yamasaki
Chairman, General Director