

No : 111/CV/IFS-2018

Bien Hoa, 29th October 2018

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

(Re: Explanatory for Consolidated business results of 3rd Quarter 2018)

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

We would like to provide the result of Consolidated income statement for the 3rd Quarter of year 2018 as following:

Unit: VND'000

Descriptions	3rd Quarter - 2018	3rd Quarter - 2017	%	YTD2018Q3	YTD2017Q3	%
Revenue from sale of goods	395,463,252	362,269,705	9%	1,206,339,593	1,047,769,923	15%
Revenue deductions	29,807,464	20,077,768	48%	82,708,685	61,419,010	35%
<i>Deduction %</i>	8%	6%		7%	6%	
Net revenue	365,655,788	342,191,937	7%	1,123,630,908	986,350,913	14%
Cost of sales	215,831,813	212,740,859	1%	667,470,339	632,161,565	6%
<i>COGS %</i>	59%	62%		59%	64%	
Gross profit	149,823,975	129,451,078	16%	456,160,569	354,189,348	29%
<i>GP %</i>	41%	38%		41%	36%	
Financial income	301,289	813,353	-63%	834,731	6,958,827	-88%
Financial expenses	510,290	1,608,123	-68%	3,333,597	9,485,572	-65%
<i>In which: interest expense</i>	392,444	1,020,450	-62%	2,116,018	3,428,278	-38%
Selling expenses	86,779,902	76,935,541	13%	258,853,718	224,074,383	16%
<i>Selling expenses %</i>	24%	22%		23%	23%	
General and administration expenses	8,138,695	8,559,495	-5%	25,137,352	25,747,311	-2%
Operating profit (loss)	54,696,377	43,161,272	27%	169,670,633	101,840,909	67%
Other income	80,977	205,828	-61%	3,293,316	1,312,716	151%
Other expenses	2,461,193	1,377,414	79%	8,396,088	4,221,586	99%
Profit (loss) before tax	52,316,161	41,989,686	25%	164,567,861	98,932,039	66%
CIT for the current year	12,164,716	432,019	2716%	31,248,166	1,355,259	2206%
Deferred CIT	(208,627)	(208,627)	0%	(10,667,506)	(625,881)	1604%
Profit (loss) after tax	40,360,072	41,766,294	-3%	143,987,201	98,202,661	47%
<i>PL %</i>	11%	12%		13%	10%	
Equity holders of the Company	40,388,844	41,783,523	-3%	144,037,234	98,231,462	47%
Non-controlling interest	(28,772)	(17,229)	67%	(50,033)	(28,801)	74%

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

Net revenue in 3rd Quarter 2018 continuously increased 7% compared with same period in year 2017, resulting from the Company's effort to maximize its salesforth in nationwide and also take advantage in increase sale during this quarter.

Cost of sales (COS) in 3rd Quarter was accounting at 59% of net sales comparing to 62% of its respective period of last year, for the Company increased production volume, maintained purchase price of raw materials, reduced the outsource processing fee and utilities the overhead ...causing the reduction of the production cost per case, which resulting in the COS reduced accordingly.

Income from financial activities in the 3rd Quarter 2018 decreased compared to the same period last year due to no significant effect of foreign currency exchange rate fluctuations in the quarter.

Expenses for financial activities in the 3rd Quarter 2018 decreased as same above reason. Besides, loan interest was reduced at 0.2 % per net sales due to the Company has made addition repayment for partial of the inter-company off-shore loans with interest rates about 3% per annum.

In the 3rd Quarter 2018, the company implemented the sales support programs such as discount/ promotion programs, sales incentives for distributors and sales team, programs for outlets... in order to expand the volume of sales for the Quarter and onward. The selling expenses increased and accounting for 24% per net sales compared to 22% of last same period.

General and administration expenses was accounting for 2.2 % of net sale compare with last year 2.5% due to the reduction of several operation cost

Other incomes in this quarter mostly referred to the compensation from several suppliers

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

Corporate income tax expense increased due to in this quarter, the Company gain the earnings before tax with ratio 14.3%, beside, the company have fully utilize the tax losses from previous years.

Deferred corporate income tax expense in the quarter mostly related to the recognition of previously unrecognised deferred tax assets.

Above are some explanation for operating results of the 3rd Quarter 2018.

Thanks and best regards.

ONBEHALF OF THE COMPANY

(Signed and sealed)

Yutaka Ogami
Chairman cum General Director