

No : 425/CV/IFS-2020

Bien Hoa, 22nd January 2020

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

(Re: Explanatory for Separated 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 Separated 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	512,973,157	2%	1,796,760,939	1,719,307,194	5%
Revenue deductions	59,789,183	59,059,338	1%	162,022,816	141,768,023	14%
<i>Deduction %</i>	11%	12%		9%	8%	
Net revenue	465,707,738	453,913,819	3%	1,634,738,123	1,577,539,171	4%
Cost of sales	289,637,490	288,925,801	0%	961,341,669	963,300,751	0%
<i>COGS %</i>	62%	64%		59%	61%	
Gross profit	176,070,248	164,988,018	7%	673,396,454	614,238,420	10%
<i>GP %</i>	38%	36%		41%	39%	
Financial income	3,014,423	8,285,535	-64%	5,523,393	10,607,974	-48%
Financial expenses	3,270,116	8,479,617	-61%	3,702,215	11,804,083	-69%
<i>In which: interest expense</i>	6,251	328,383	-98%	29,403	2,444,401	-99%
Selling expenses	95,657,550	110,975,912	-14%	343,704,732	369,829,630	-7%
<i>Selling expenses %</i>	21%	24%		21%	23%	
General and administration expenses	7,989,589	9,244,004	-14%	33,353,806	32,409,626	3%
Operating profit (loss)	72,167,416	44,574,020	62%	298,159,094	210,803,055	41%
Other income	(523,174)	780,400	-167%	1,779,186	3,252,381	-45%
Other expenses	7,147,238	1,291,055	454%	11,137,748	6,170,896	80%
Profit (loss) before tax	64,497,004	44,063,365	46%	288,800,532	207,884,540	39%
CIT for the current year	26,316,689	15,921,898	65%	63,489,408	45,276,324	40%
Deferred CIT	(5,200,854)	(8,165,992)	-36%	2,117,124	(18,207,617)	-112%
Profit (loss) after tax	43,381,169	36,307,459	19%	223,194,000	180,815,833	23%
<i>PL %</i>	9%	8%		14%	11%	

In the 4th Quarter of 2019, the Company achieved a profit after tax of VND 43.3 billion, increased of 19% 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 64% 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 1.7% on net revenue compared to 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 13.8%, increase 4.1% 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 of 2019.

Thanks and best regards.

ONBEHALF OF THE COMPANY

(Signed and sealed)

Yutaka Ogami
Chairman cum General Director