



MESSAGE FROM CEO:

Dear Shareholder and Investor,

I am pleased to report the performance of FIT Group during the first 6 months of 2017 and to give an update on our strategy and its implementation.

As part of the Group transformation process, , FIT has implemented several initiatives, including:

Pharma business:

- The acquisition of Euvipharm in January 2017 for an amount of VND 170 billion.
- The construction of new factory for the Capsule activity at VPC. The establishment of Benovas by VPC, in collaboration notably with SCIC, to enter the oncology segment with the objective to build the leading factory in Vietnam specialized in that type of products.
- The launching of new products by VPC notably Panagan.

All of the above initiatives are expected to allow VPC (HSX: DCL) not only to increase its production capacity but also to expand its product range to new areas such as injectable and eye drops that ultimately help the company to improve sales revenues in the coming time.

FMCG business: F.I.T Consumer continues the revamping of its portfolio with innovative products under Tero and IMen brands.

Agri business: As previously announced, FIT has reduced its presence in the Agri sector with the discontinuing of the seeds activity and the sale of plant protection assets.

Additionally, FIT has made an investment in the real estate sector in Hanoi with the acquisition of 2 floors in an office building to notably relocate its Head Office.

The transformation process, while is expected to increase the Group's financial performance in long-term, has resulted in a decrease in sales revenues by 37% to VND 827 billion during the 1H17 compared to the same period of last year. The net profit after tax attributable to the shareholders of FIT reached VND 75.8 billion, however, has increased 21.3% year-on-year, thanks to a surge in financial revenues.

We are confident that although there is a negative impact in short-term in some financial indicators, we are investing to create long term shareholder value.

Overall, the Group has a sound financial position, reinforced in January 2017 by the VND 358 billion capital increase, allowing us to have the means to invest in the future to sustain growth and improve profitability.

Nguyen Thi Minh Nguyet



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Our performances: mild start of the year as

- The Group is continuing to invest in the development of its various brands and to launch new products, especially for Beverages, Home & Personal Care as well as at Pharma;
- 4Q16 saw strong activity with distributors what creates delay in re-orders during the first quarter, notably for Pharma and Beverage. Situation is back to normal from 2Q17.
- Some factories were shut down for investments or maintenance during 1Q17 for Pharma and Food



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PHARMACEUTICAL:

Following strong activity at the end of 2016, Cuu Long Pharmaceutical Company (DCL) has mild performances in 1H17 with revenue increasing by 2.18% year-on-year at VND 373 bio and Operating Profit decreasing by 15.5% year-on-year to reach VND 43.57 bio as production stopped at many workshops for maintenance and revamping in order to comply with WHO standards and distributors delayed orders due to high inventory during at the end of 2016. The second quarter saw resuming growth with an increase of revenues by 18%.



Also, DCL has closed in January 2017 the acquisition of Euvipharm which has negatively impacted this Business Line profitability as EVP reported a loss during the period as anticipated.

DCL launched during 1Q17 its oncology project with the establishment of BENOVAS PHARMACEUTICAL JSC, in partnership with SCIC. Benovas has signed collaboration agreement with two European companies in order to develop 5 oncology products to be manufactured in the future in Vietnam.

DCL has three main business lines:

Medicine:

Revenue increased by 10% year-on-year to VND 253.4 bio as the integration of EVP compensated the loss of revenue in 1Q17 when workshops were closed for maintenance and revamping in view of WHO certification renewal. The OTC segment contributed 69% of revenue and ETC segment the remaining 31%. DCL has integrated in its portfolio the range of products from EVP which are sold by specific sales forces. VPC has launched in July Panalgan, an analgelsic product, with new packaging and brand identity.



Gelatin capsule:

Revenue were down 5% year-on-year at VND 80.8 bio due to shut down of operations for maintenance and revamping during the first quarter. Operations resumed at full capacity afterwards. Capsule segment is still delivering significant cash flow and profitability.

During the period, DCL has continued the construction of new workshop in order to increase its production facilities by 60%, with a first phase to be completed by year end for an investment of about VND 160 bio, in order to be able to fulfill the growing demand.



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Site construction:



Medical instrument:

Revenue saw a decline of 8.8% year-on-year at VND 35.6 bio as similarly workshops were closed for upgrading and maintenance at the beginning of the year. ETC segment represented 80% of the sales.

Second part of 2017 will seeing much better trend with growth of revenues, resuming production at normal rate, and higher profit excluding M&A and new project impact.

FOOD:

Due to the shut down of the main factory for heavy maintenance and installation of new equipments for 90 days, production of Westfood reduced significantly during 1H17 what leads to Revenues at VND 129 billion, minus 18% year-on-year. However, Current Profit (Operating Profit plus financial income) reached VND 12.24 billion, growing 9% year-on-year.



With additional production capacity and new offer such as ready to eat products in small packaging, Westfood is confident to compensate this lack of revenue during coming quarters, especially with exports to Australia, Japan, Korea and US.

In order to pursue sustainable growth, Westfood continues to invest in new profitable varieties of fruits plantations to guarantee the stable and excellent quality fruits supply with the objective to operate 40 ha by year end.



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AGRI:

F.I.T, via TSC, remains active in the agri sector, at lower scale, with agricultural products trading cassava after the sale of the plant protection assets and the discontinuation of the seeds activity. Revenues during 1H17 reached VND 138.42 billion, decreasing 78% year-on-year, mostly coming from change in scope as the trading activity decreases its sales by 61% year-on-year.

Operating Profit amounted to VND minus 2.2 billion as lower commodity prices for cassava affected volume and profitability.



Due to reduced activity following scale down of this Business Line and seasonal effect, performances of TSC during 2H17 should decrease compared to the previous year.



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F.I.T CONSUMER:

F.I.T Consumer (FC) manages the FMCG activities of F.I.T Group starting with Beverages and Home & Personal Care. FC is acting as distributor in Vietnam of the operating companies which are consolidated following equity method.



Since the 49% investments in Vikoda and Sao Nam, FC has been focused in restructuring these companies with revamping the distribution system to expand coverage and moving to pro-active selling model, transforming brands identity to create higher awareness for consumers, extending product lines and launching new innovative products as well as reorganizing Marketing departments with notably the hiring of experienced personnel.

Following strong growth in 2016, FC faced some headwinds in 1H17 with delay by distributors for repurchase orders, unfavorable weather and impact of the sales team restructuring. Therefore, revenues of FC for 1H17 decreased by 9% year-on-year on a pro-format basis while Operating Profit was negative by VND 8.08 bio following the implementation of the restructuring plans and investments in marketing and promotions.

FC is active in two sectors:

Beverage

Revenues decreased by 11% year-on-year for the first half of 2017 as distributors delayed repurchase order following strong activity in late 2016 and unfavorable weather conditions during the semester. Also, new regulations on sweet products negatively affected Sumo and ISport which were discontinued. Operating Profit was negative at VND 6 bio due to the implementation of the overall restructuring.



During the period, new products have been launched such as Imen Café Ban Me, packaged coffee, and Iteen, ready to drink tea.

During the second part of the year, Beverage will focus on launching new mineral water products and improvement of brand identity.



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Personal and Home Care

Revenues reduced by 5% year-on-year at VND 72 bio during 1H17 as the discontinuation of some brands, mainly imported ones, was partially compensated by the strong development of our own brands, especially Tero which represents more than 15% of this business line revenues. Operating Loss reduced from VND 12 bio to VND 2 bio due to better efficiency in marketing and promotion expenses.

New products were launched in March 17 such as new smell (Cocomilk and Ocean Iris) for handwash gel Dr Clean, and during 2Q17 such as Tero Detergent and softening in April and Nuwhite Yogurt, body shower gel, in June.

Thanks to the new launched products, especially Tero, HPC is expecting higher sale volume in 2H17.



F.I.T LAND:

F.I.T Land, created in 2016 with a charter capital of VND 100 bio, will invest in offices, industrial and commercial real estate to primarily serve the needs of the operating companies of the Group.

F.I.T Land will constitute a portfolio with the objectives to generate recurrent cash flow and to increase its asset value over time.

The first transaction completed by FIT Land in March 2017 is the acquisition of 2 floors in an office building in Hanoi to notably lodge the new Head Office of the Group.

HOLDING AND VARIOUS:

In line with its strategy to focus on building an entrepreneurial investment group, F.I.T has reduced, compared to previous years, its financial market activities, notably stock and bond trading. However thanks to the good performance of the Stock market, the current profit, mainly generated by the short term investment portfolio, was VND 56.86 bio, growing 52% year-on-year.



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CHANGES IN OWNERSHIP IN THE MAIN SUBSIDIARIES OF THE GROUP DURING 1H17

Increase of ownership of F.I.T in DCL for 7.1% to 71.72% by investing VND 100.7 bio.

CAPITAL INCREASES OF F.I.T GROUP JSC

Following the approval of the Extraordinary General Meeting of Shareholders hold on September 22 2016 to issue 31,181,285 new shares at a price of VND 11,500 per share, FIT issued such shares during 1Q17 what increased the Charter Capital of F.I.T to VND 2,547 billion.



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	Codes	Ending balance	Beginning balance
A - CURRENT ASSETS	100	2,897,977,326,679	2,298,900,738,968
I. Cash and cash equivalents	110	159,327,112,474	47,232,054,588
1. Cash	111	31,327,112,474	43,732,054,588
2. Cash equivalents	112	128,000,000,000	3,500,000,000
II. Short-term financial investments	120	1,874,099,719,370	1,227,245,102,236
1. Trading securities	121	178,809,392,635	223,638,003,610
2. Provision	122	(3,055,449,343)	(13,089,677,452)
3. Held to maturity Investments	123	1,698,345,776,078	1,016,696,776,078
III. Short-term receivables	130	470,609,113,481	700,263,184,361
1. Trade accounts receivables	131	358,484,321,834	646,345,653,860
2. Short-term advances to suppliers	132	96,089,004,261	74,803,832,487
3. Short-term lending receivables	135	2,000,000,000	-
4. Other short-term receivables	136	76,122,084,988	44,257,064,854
5. Provisions for short-term doubtful debts	137	(62,277,601,467)	(65,617,702,921)
6. Shortage assets waiting resolution	139	191,303,865	474,336,081
IV. Inventories	140	362,159,294,226	299,409,105,580
1. Inventories	141	383,195,691,937	305,102,274,229
2. Provisions for devaluation of inventories	149	(21,036,397,711)	(5,693,168,649)
V. Other current assets	150	31,782,087,128	24,751,292,203
1. Short-term prepaid expenses	151	6,813,244,173	3,569,315,183
2. Taxes receivable	152	23,200,322,638	19,358,177,212
3. Tax and other receivables of state	153	1,768,520,317	1,823,799,808

B - LONG-TERM ASSETS	200	2,336,227,895,572	2,040,422,570,775
I. Long-term account receivables	210	7,859,427,146	6,261,870,115
1. Other long-term receivables	216	7,859,427,146	6,261,870,115
II. Fix assets	220	467,577,229,851	339,351,366,323
1. Tangible fixed assets	221	368,024,589,657	232,978,489,726
- Historical cost	222	883,835,597,968	602,956,689,187
- Accumulate depreciation	223	(515,811,008,311)	(369,978,199,461)
2. Intangible assets	227	99,552,640,194	106,372,876,597
- Initial costs	228	105,187,221,085	108,359,379,145
- Accumulate depreciation	229	(5,634,580,891)	(1,986,502,548)
III. Investment property	230	11,705,873,568	13,988,887,651
- Historical cost	231	12,878,700,000	15,781,667,712
- Accumulate depreciation	232	(1,172,826,432)	(1,792,780,061)
IV. Unfinished long-term assets	240	114,282,517,573	71,107,152,461



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1. The production cost, long-term work in progress	241	5,033,519,214	3,418,123,704
2. The cost of construction in progress	242	109,248,998,359	67,689,028,757
V. Long-term investments	250	1,515,449,157,012	1,420,971,815,673
1. Investments in business concerns and joint ventures	252	814,211,154,790	787,805,635,673
2. Equity investments in other entities	253	3,302,180,000	3,302,180,000
3. Investors holding to maturity	255	697,935,822,222	629,864,000,000
VI. Other long-term assets	260	19,314,746,881	19,524,340,854
1. Long-term prepaid expenses	261	14,763,423,275	17,374,212,797
2. Deferred income tax	262	4,551,323,606	2,150,128,057
VII. Goodwill	269	200,038,943,541	169,217,137,698
TOTAL ASSETS (270=100+200)	270	5,234,205,222,251	4,339,323,309,743

C - LIABILITIES	300	1,245,470,906,540	576,364,909,277
I. Current liabilities	310	1,167,566,521,180	543,281,500,921
1. Payable to suppliers	311	167,289,773,201	103,293,248,207
2. Advances from customers	312	11,273,365,172	7,668,528,249
3. Taxes and other obligations to the state budget	313	31,939,294,468	45,978,550,165
4. Payable to employees	314	27,241,421,884	36,785,562,136
5. Accrued expenses	315	27,447,451,571	24,440,509,581
6. Payable according to the progress of construction contracts	318	283,331,400	202,593,478
7. Other payables	319	24,139,159,008	20,911,752,017
8. Loans and short-term finance lease liabilities	320	864,742,956,875	291,867,279,413
9. Bonus and welfare funds	322	13,209,767,601	12,133,477,675
II. Long-term liabilities	330	77,904,385,360	33,083,408,356
1. Other long-term payables	337	9,641,893,864	9,446,929,821
2. Borrowings and long-term finance lease liabilities	338	66,112,223,665	23,636,478,535
3. Income Tax Deferred	341	2,150,267,831	-

D - OWNER'S EQUITY	400	3,988,734,315,711	3,762,958,400,466
I. Owner's equity	410	3,988,734,315,711	3,762,958,400,466
1. Owner's contributed capital	411	2,547,302,470,000	2,235,489,620,000
- Ordinary shares with voting rights	411a	2,547,302,470,000	2,235,489,620,000
2. Share premiums	412	70,045,649,714	23,284,722,214
3. Other Owner's contributed capital	414	80,481,887,391	80,481,887,391
4. Investment and development fund	418	886,852,413	886,852,413
5. Retained earnings	421	198,516,350,176	179,329,530,562
- Accumulated undistributed profit after tax by the end of the previous period	421a	122,697,795,726	67,299,969,318
- EAT undistributed this period	421b	75,818,554,450	112,029,561,244
6. Benefit of non-controlling shareholders	429	1,091,501,106,017	1,243,485,787,886
TOTAL RESOURCES (440=300+400)	440	5,234,205,222,251	4,339,323,309,743



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ITEMS	Codes	From 01/01/2017 to 30/06/2017	From 01/01/2016 to 30/06/2016
1. Sales of merchandise and services	1	848,582,473,639	1,337,834,347,811
2. Deductions	2	21,201,219,069	32,194,516,008
3. Net sales of merchandise and services (10=01-02)	10	827,381,254,570	1,305,639,831,803
4. Cost of sales	11	624,467,092,623	1,086,855,450,207
5. Gross profit from sales (20=10-11)	20	202,914,161,947	218,784,381,596
6. Financial income	21	91,352,137,430	107,839,639,681
7. Financial expenses	22	14,808,564,699	28,342,790,028
- In which: Interest expense	23	22,110,871,640	23,306,199,496
8. Profit or loss of joint ventures, associates	24	(1,049,891,674)	
9. Selling expenses	25	108,878,374,597	112,300,322,433
10. General and administration expenses	26	60,926,212,333	60,822,282,629
11. Operating profit {30 = 20 + (21-22)-(25+26)}	30	108,603,256,074	125,158,626,187
12. Other income	31	11,431,943,175	1,156,659,730
13. Other expenses	32	1,332,070,500	1,662,219,294
14. Profit from other activities (40 = 31 - 32)	40	10,099,872,675	(505,559,564)
15. Accounting profit before tax	50	118,703,128,749	124,653,066,623
16. Current corporate income tax expenses	51	31,545,798,655	30,634,493,553
17. Deffered corporate income tax expenses	52	(1,423,354,774)	(422,482,031)
18. Net profit after corporate income tax (60 = 50 - 51 - 52)	60	88,580,684,868	94,441,055,100
19. Profit after tax of parent company	61	75,818,554,450	62,499,226,971
20. Profit after tax of non-controlling	62	12,762,130,418	31,941,828,129
21. Basic earnings per share	70	299	349



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ITEMS	Codes	From 01/01/2017 to 30/06/2017	From 01/01/2016 to 30/06/2016
I. Cash flows from operating activities			
<i>1. Profit before tax</i>	1	118,703,128,749	124,653,066,623
<i>2. Adjustments for</i>			
-Depreciation and amortisation	2	34,869,468,982	29,901,017,595
- Provisions	3	(19,093,129,546)	5,523,464,797
- Foreign exchange (gain)/loss due to the revaluation	4	(1,329,908)	32,942,200
- (Gain)/loss from investing activities	5	(77,035,478,479)	(74,789,082,332)
- Interest expense	6	22,341,308,127	23,306,199,496
<i>3. Operating profit before working capital changes</i>	8	79,783,967,925	108,627,608,379
- (Increase) decrease in receivables	9	10,975,368,862	(28,523,799,715)
- (Increase) decrease in inventories	10	(7,076,892,707)	(6,694,034,506)
- Increase (decrease) in accounts payables (excluding interest, corporate tax)	11	(12,127,247,472)	(82,529,279,135)
- (Increase) decrease in prepaid expenses	12	797,115,987	(9,558,635,999)
- (Increase) decrease in trading securities	13	44,828,610,975	135,342,469,319
- Interest paid	14	(21,482,998,057)	(15,294,960,259)
- Corporate income tax paid	15	(46,374,019,219)	(53,015,536,780)
- Other cash inflows	16	-	643,219,266
- Other cash outflows	17	(934,710,074)	(4,601,197,346)
<i>Net cash flow from operating activities</i>	20	48,389,196,220.13	44,395,853,224.00
II. Cash flow from investing activities			
1. Acquisition and construction of fixed assets and other long term assets	21	(135,150,713,916)	(46,078,331,302)
2. Proceeds from sale, disposal of fixed assets and other long term assets	22	32,585,195,465	1,247,090,909
3. Cash outflow for lending, buying debt instruments	23	(2,537,032,416,240)	(1,820,692,000,000)
4. Cash inflow from selling debt instruments	24	1,793,811,594,018	1,339,167,437,500
5. Investments in other entities	25	(443,679,010,026)	(442,103,445,978)
6. Cash from divesting	26	290,882,181,554	160,386,690,600
7. Interest earned, dividends and profits received	27	42,347,281,621	42,446,202,878
<i>Net cash flow from investing activities</i>	30	(956,235,887,525)	(765,626,355,393)



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III. Cash flows from financial activities			
1. Proceeds from issuing new shares	31	404,584,777,500	97,500,000,000
2. Proceeds from borrowings	33	3,172,365,798,504	3,252,714,067,933
3. Repayments of borrowings	34	(2,557,014,375,912)	(3,269,943,704,366)
Net cash flow from financial activities	40	1,019,936,200,092.00	80,270,363,567.00
Total cash flow (50 = 20 +30 +40)	50	112,089,508,787	(640,960,138,602)
Beginning cash balance	60	47,232,054,588	739,123,566,937
Effect of exchange rate	61	5,549,099	-
Ending cash balance	70	159,327,112,474	98,163,428,335



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