

Dear valued Shareholders,

The year 2017 has passed and we have welcome the year 2018 with an impressive performance. Although sales have declined as expected, resulted from corporate and business model restructuring during 2017, we have made our business more efficient. The operating efficiency ratios, as shown in the next page, have seen three consecutive quarters better than before on year on year basis. This certainly has strengthened my viewing previous letters on the necessity of corporate restructuring and hence you should not be worried about the the declined sales.

The year 2018 continues to be a challenging one for our effort. On the one hand, we have to commit to ongoing restructuring. On the other hand, we have to prove our efforts by more performance indicators beyond the operating efficiency that has been seen. I have worked with the management teams at the group and member companies to ensure that a comprehensive plan for growth relevant to the group's current conditions must be implemented. I would like to share the main points as below:

- FIT Group: Improving the Group's business model to make the relationships between the Group and member companies more transparent, efficient and effective; focusing on investment and financial services; attaining a sales growth of 25% and profit before tax growth of 13%.
- FIT Beverage - Vikoda: Investing in improving the production process, product quality, and distribution network; turning profit from negative to positive.
- Duoc Cuu Long: Focusing on improving sales expected from last year's acquisition of Euvipharm and new construction of Capsule III factory; developing new product lines; implementing the joint venture Benovas and making a construction plan for the new factory Capsule IV and the Hi-Tech Medical Supplies factory; targeting a sales growth of 26% and profit of 15%.
- TSC: Developing input areas for foods processing (Westfood) and expanding the consumer goods sector; achieving sales growth of 25% and turning the loss of VND 30bn in 2017 to break even in 2018.

	FIT		DCL		VKD		TSC	
	Act17	P18	Act17	P18	Act17	P18	Act17	P18
Net sales (bn)	1,625	2,037	765	963	211	245	825	1,028
Profit after tax (bn)	112	127	75	86	-0.01	0.1	-30	0
Sales growth		25%		26%		16%		25%

Unit: bil VND

Note:

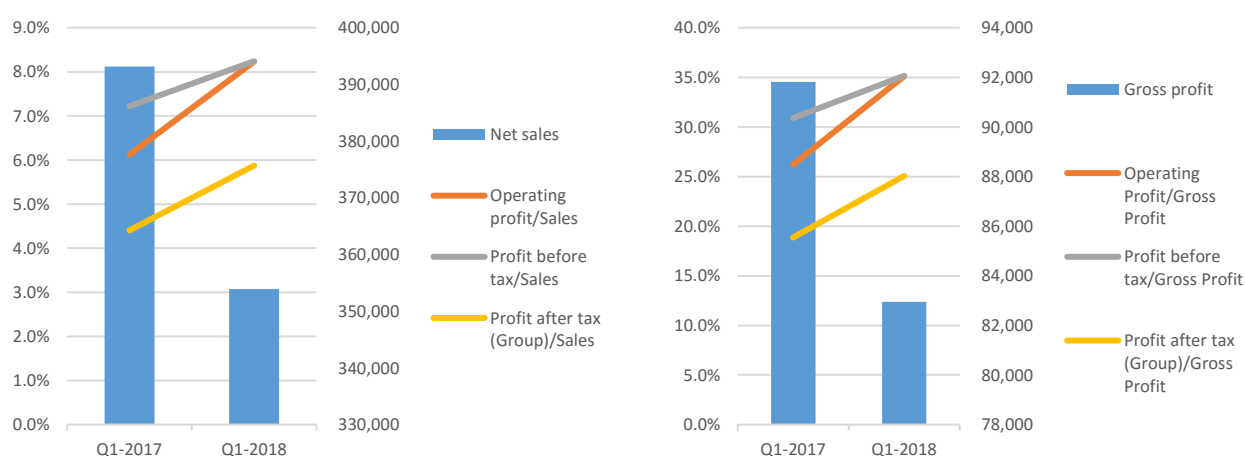
Act17: Actual17

P18: Plan18

Sales declined; but operating efficiency improved

Performance

The chart below shows the sales figures and operating ratios for Q1/2018, comparing to those in the same period last year. More data and information are presented in the Table 1 at the end of this section. The chart on the left presents the net sales in relation to operating ratios. The gross profit is on the right.



As planned and expected, the sales and gross profit both declined, from VND 393bn and 92bn in Q1/2017 to VND 353bn and 83bn accordingly. The gross profit margin is stable above 23%, implying that there is no significant change in sales and production. However, in line with the post-restructuring trend, operating efficiency ratios have been improving. All operating ratios in relation to sales and gross profit have improved comparing to last year on year on year basis, indicating that the Group have become more efficient in business and corporate management. Especially, although sales and gross profit have both declined, the profit after tax has reached VND 20.8bn, higher than last year at VND 17.3bn.

The result suggests that this is the third consecutive quarter the operating ratios are better on year on year basis, implying that our views on more efficiency in business operation have now been proved with data. In other words, I believe that the Group have benefited from the corporate restructuring and business model innovating process, and that the shareholders' value has indeed been improved thanks to more operating efficiency.

**Table 1 – Profitability of F.I.T Group (as of October 2017, in VND ml)**

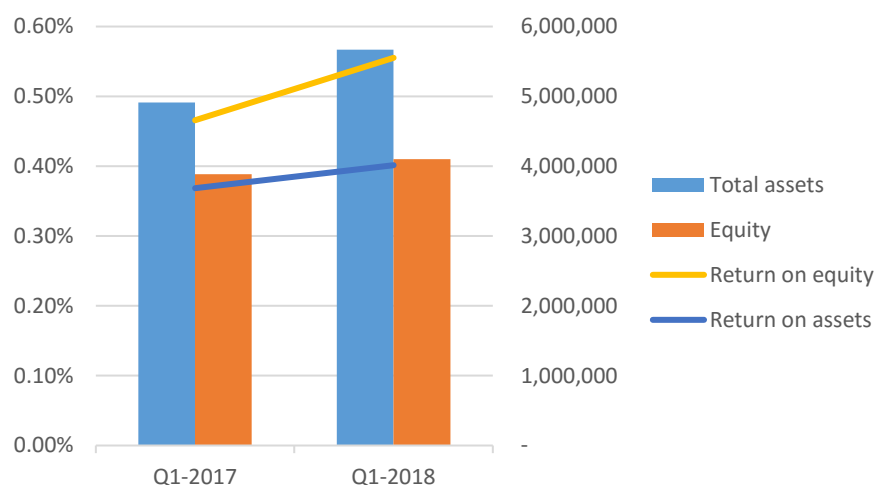
	Q1-2017	Q2-2017	Q3-2017	Q4-2017	Q1-2018
<b>Net sales</b>	<b>393,128</b>	<b>434,253</b>	<b>390,820</b>	<b>407,160</b>	<b>353,901</b>
Costs of goods sold	301,308	323,160	307,772	308,501	270,946
<b>Gross profit</b>	<b>91,820</b>	<b>111,094</b>	<b>83,047</b>	<b>98,659</b>	<b>82,955</b>
Financial income	33,927	57,425	38,781	34,559	44,516

Financial expense	7,520	7,289	15,061	5,103	14,959
Selling expenses	57,311	51,567	41,409	60,434	49,693
Administrative expenses	32,422	28,504	29,921	46,621	29,694
<b>Operating income</b>	<b>24,076</b>	<b>84,528</b>	<b>36,330</b>	<b>10,882</b>	<b>29,133</b>
<b>Profit before tax</b>	<b>28,380</b>	<b>90,323</b>	<b>35,766</b>	<b>9,940</b>	<b>29,166</b>
<b>Profit after tax</b>	<b>18,096</b>	<b>70,485</b>	<b>23,848</b>	<b>154</b>	<b>22,760</b>
<b>Profit after tax (Group)</b>	<b>17,321</b>	<b>58,498</b>	<b>20,280</b>	<b>9,949</b>	<b>20,789</b>

## Financial Position

## Strong assets and equity base; better return ratios

The chart below depicts figures for total assets, total equity, and return ratios for Q1/2017 and Q1/2018. More data and information are presented in Table 2 at the end of the page.



The data suggests that the Group's total assets and equity have increased, compared to the same quarter last year, with assets and equity totaling VND 5,670bn and VND 4,910bn, in comparison to VND 4,099bn and VND 3,884bn respectively last year. Growth in assets and equity, supported by healthy asset and reasonable capital structure, is an evidence of the Group's overall strong and healthy financial position.

Return on assets and on equity, as seen on the above chart, have both improved, on year on year basis, strengthening the attainments from financial performance. Although the numbers are relatively small, they are good enough to make me think that we have been going in the right direction and we keep being confident about the growth story in the time to come.

**Table 2- Financial Position of F.I.T Group (as of 31 March 2018, in VND ml)**

	Q1-2017	Q2-2017	Q3-2017	Q4-2017	Q1-2018
<b>Current assets</b>	<b>2,612,158</b>	<b>2,897,977</b>	<b>2,425,474</b>	<b>2,421,819</b>	<b>3,021,148</b>
Cash and equivalents	99,294	159,327	149,862	44,148	38,199
Short-term investments	1,642,806	1,874,100	1,445,489	1,642,018	2,160,440
<b>Current assets</b>	<b>2,298,291</b>	<b>2,336,228</b>	<b>2,305,469</b>	<b>2,477,670</b>	<b>2,649,119</b>
Cash and equivalents	458,360	467,577	454,048	557,506	558,624
Long-term financial investments	1,467,573	1,515,449	1,474,265	1,462,907	1,608,666
<b>Total assets</b>	<b>4,910,449</b>	<b>5,234,205</b>	<b>4,730,943</b>	<b>4,899,489</b>	<b>5,670,267</b>
<b>Liabilities</b>	<b>1,025,716</b>	<b>1,245,471</b>	<b>737,607</b>	<b>901,611</b>	<b>1,570,915</b>
Current liabilities	935,707	1,167,567	636,610	665,919	944,630
Non-current liabilities	90,009	77,904	100,997	235,692	626,285

<b>Equity</b>	<b>3,884,733</b>	<b>3,988,734</b>	<b>3,993,336</b>	<b>3,997,878</b>	<b>4,099,352</b>
Equity capital	2,547,302	2,547,302	2,547,302	2,547,302	2,547,302
Capital surplus	70,057	70,046	70,046	70,046	70,046
Retained earnings	146,246	198,516	216,413	222,991	244,486
<b>Total liabilities and equity</b>	<b>4,910,449</b>	<b>5,234,205</b>	<b>4,730,943</b>	<b>4,899,489</b>	<b>5,670,267</b>

## Communities

## Corporate Social Responsibility (CSR)

Financial performance is not the only objective for shareholders in the modern world. Positioned ourselves for sustainable growth, in line with international practices, we consider CSR as part of our business model. In our view, making society better is as important as our business performance. We have actively participated in community activities, such as offering free medical examination to 1,000 poor households in Tra Vinh or monthly providing free meals to patients at the Cancer (K) Hospital or the National Institute of Burns in Hanoi or participating in philanthropic activities during the Lunar New Year. Our involvement and contribution, although small scale, have shown our strong commitment to the communities and society. We aim to be a leading company practicing CSR in Vietnam.

### In closing

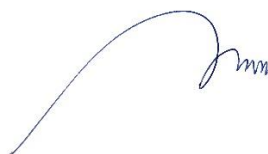
1<sup>st</sup> Quarter 2018

The year 2017 has passed with financial results negatively affected by the corporate restructuring process. We are looking for more challenging opportunities in 2018. We have finished the first quarter with an impressive performance and I really hope we keep doing this for the whole year, in line with business plans we presented at the Annual General Shareholders Meeting.

We continue to commit to making our business more transparent and honest to stakeholders. We will also continue our investments in new technology, knowhow and human resource. The recent involvement of Mr. Kieu Huu Dung – a famous name in financial markets – in our board of directors is another example of our commitment to long-term growth.

To conclude, and on behalf of the Group, I would like to express my deepest gratitude to our people, clients and shareholders – those who have always shown their honest trust in our strategy and future. I am proud to be working with you.

Best Regards,



**Nguyễn Thị Minh Nguyệt**  
CEO