

Dear Valued Shareholders,

As mentioned in our letter reporting our performances for the previous quarter, FIT is still implementing its restructuring process and could not fully benefit yet from its effect. Therefore, operating indicators have not improved quarter on quarter and the Group has been loss making during Q3/2018. The main reason for this unexpected result continues to lie in the poor performances of our operating subsidiaries with the notable exception of Beverages. Besides, the unfavorable financial market conditions during the 2018 summer have influenced our profit from financial activities at the mother company level, which have been our strength previously.

Specifically, below are the main activities happening at our core business lines in this quarter:

- The group: In terms of corporate governance, we have built and been in the process of making our holdings business model more transparent, efficient and honest. In terms of business, the worsening market conditions have been the reason for declining financial revenues and profit. The group will be more conservative for the rest of the year as the market conditions are not expected to improve in near term.
- DCL: Revenues were slightly increasing during Q3/2018 compared to Q3/2017 with break even operating profit due to bad performance at EVP and higher raw material price. The situation should be improving in coming quarters notably thanks to the ramp up of the new production lines for Capsules.
- Westfood: Revenues were stable in Q3/2018 compared to Q3/2017 with lower operating profit. However, operating margin remains acceptable at almost 9%.
- Beverage: revenues increased by 13% in Q3/2018 thanks to the reshaping of distribution channels and productivity efforts. Consequently, operating profit became positively for this quarter. Vikoda launched at the end of this quarter new labelling and bottle for its main products and it expect to bring more benefit for company at the last quarter of the year.

During the last quarter of 2018, the performances of the Group is better compared to Q3/2017. Nevertheless, full year result would show a loss at operating profit level and break even for net profit group share. This result, although disappointing in terms of numbers, has reflected our honesty in reviewing, discovering and removing the unprofitable business lines. I hope the group will try the best effort to ensure that the performance for the year will be close to what have been planned at the beginning of the year.

The charts and figures below show the data for sales and operating indicators for previous quarters.

Table 1 – Profitability of F.I.T Group (as of Q3/2018, in VND ml)

	Q3-2017	Q4-2017	Q1-2018	Q2-2018	Q3-2018
Net sales	390,820	407,160	353,901	399,781	404,215
Costs of goods sold	307,772	308,501	270,946	320,936	318,608
Gross profit	83,047	98,659	82,955	78,845	85,607
Financial income	38,781	34,559	44,516	38,786	35,012
Financial expense	15,061	5,103	14,959	32,905	18,605
Selling expenses	41,409	60,434	49,693	62,019	63,871
Administrative expenses	29,921	46,621	29,694	32,418	38,244
Operating income	36,330	10,882	29,133	-10,235	-13,337
Profit before tax	35,766	9,940	29,166	-7,421	-13,144
Profit after tax	23,848	154	22,760	-8,328	-17,745
Profit after tax (Group)	20,280	9,949	20,789	-7,518	-8,268

Financial position

Strong assets and equity base although declined profitability

Although the profitability is not promising, the financial position is not that bad. The group's financial position even though has been strong and healthy with reasonable asset and capital structure.

Table 2- Financial Position of F.I.T Group (as of Q3/2018, in VND ml)

	Q3-2017	Q4-2017	Q1-2018	Q2-2018	Q3-2018
Current assets	2,425,474	2,421,819	3,021,148	2,781,633	2,701,664
Cash and equivalents	149,862	44,148	38,199	55,166	38,351
Short-term investments	1,445,489	1,642,018	2,160,440	1,867,916	1,825,378
Long term assets	2,305,469	2,477,670	2,649,119	2,734,429	2,601,799
Fixed assets	454,048	557,506	558,624	551,647	724,556
Long-term financial investments	1,474,265	1,462,907	1,608,666	1,715,344	1,579,557
Total assets	4,730,943	4,899,489	5,670,267	5,516,062	5,303,463
Liabilities	737,607	901,611	1,570,915	1,518,850	1,328,647
Current liabilities	636,610	665,919	944,630	858,901	682,561
Non-current liabilities	100,997	235,692	626,285	659,949	646,085
Equity	3,993,336	3,997,878	4,099,352	3,997,212	3,974,817
Equity capital	2,547,302	2,547,302	2,547,302	2,547,302	2,547,302
Capital surplus	70,046	70,046	70,046	70,046	70,046
Retained earnings	216,413	222,991	244,486	226,743	215,870
Total liabilities and equity	4,730,943	4,899,489	5,670,267	5,516,062	5,303,463

In line with the social responsibility activities in previous quarters, in this period we have done a number of activities that provide social values to communities. As said in my previous letters, apart from financial goals, we have positioned ourself as a company that is leading in corporate social responsibility. Our social activities are small in scale but they all show our strong commitment to making better communities, and society- as a whole.

In closing

3rd Quarter 2018

It could have been said that the first severe consequences of the restructuring process are now uncovered. Although it is not what we expect to see in the short term, in the long term, we are confident that we have made our business lines solid and strong. We still actively await more challenges and obstacles in the time to come.

Though facing with more difficulties, we continue to committ to making our business models more transparent and honest to our stakeholders. We continue with investing more in technology and knowhow and recruiting more quality personel to work for us. The recruitment of a new leader for the HPC (with new CEO of FIT Cosmetics) and pharmaceutical business is an example that shows our strong committmment that is expected to make us better in the future in these business lines.

In closing, on behalf of the group, I would like to express my sincere thanks to the team, the staff, customers and shareholders – those who have been always with me in both good and bad times. Thank you very much for continuing trust in and support for the future of our group.

Yours sincerely,



Nguyễn Thị Minh Nguyệt
CEO