

Dear Valued Shareholders,

As mentioned in our letters 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 are still negative but with some improvement in 4Q 2018 compared to the previous quarter, even though the Group has been loss making during Q4 2018.

For the full year 2018, the Group is at break even with stable revenues compared to 2017.

The main reason for this unexpected result continues to lie in the poor performances of our operating subsidiaries with however a promising turn around for Pharmaceutical. 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 and full year:

- 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.
- DCL: Revenues increases by almost 10% during Q4 2018 compared to Q4 2017 with improved operating profit compared to Q3 2018.
For the full year 2018, even though revenues are up, profitability is down due to bad performance at EVP and higher raw material price.
The situation should continue to improve in coming quarters notably thanks to the ramp up of the new production lines for Capsules.
- Westfood: Revenues increases by 6% in 2018 compared to 2017 thanks to a favorable Q4 2018. However, operating margin remains acceptable at 6% for the year.
- Vikoda: revenues increased by 25% in Q4 18, compared to the previous year, thanks to reshaping of distribution channels and productivity efforts. Therefore, revenues for 2018 increased by 14% on a yearly basis. Consequently, operating profit became break even for the last quarter and the net loss reduced by 25% on yearly basis. Vikoda launched during the second semester of 2018 new labelling and bottle for its main products as Danh Thanh, Vikoda brand.
- HPC: following the implementation of new commercial policy, revenues are lower in 2018 compared to 2017 but the profitability of this Division have reached break even at the end of the year thanks to the lower discount.

During the last quarter of 2018, the performances of the Group are better compared to Q3 2018. Nevertheless, full year result would show a loss at operating profit level and with net profit group share. This result, although unexpecting in terms of numbers, has reflected our honesty in reviewing, discovering and removing the unprofitable business lines. The group will try the best effort to ensure that better performance in next 2019.

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 31 December 2018, in VND ml)

	Q4-2017	Q1-2018	Q2-2018	Q3-2018	Q4-2018
Net sales	407,160	353,901	399,781	404,215	438,700
Costs of goods sold	311,242	270,946	320,936	318,608	349,719
Gross profit	95,917	82,955	78,845	85,607	88,981
Financial income	34,559	44,516	38,786	35,012	30,765
Financial expense	5,103	14,959	32,905	18,605	21,085
Selling expenses	57,692	49,693	62,019	63,871	60,654
Administrative expenses	46,621	29,694	32,418	38,244	37,235
Operating income	10,882	29,133	-10,235	-13,337	489
Profit before tax	9,940	29,166	-7,421	-13,144	-2,285
Profit after tax	154	22,760	-8,328	-17,745	-6,001
Profit after tax (Group)	9,949	20,789	-7,518	-8,268	-4,707

In spite of poor operational performance, FIT Group enjoys stable financial position with very acceptable level of debt, the increase of long-term debt is mostly due by the issuance of 20 MUSD Convertible Bonds by DCL, and good liquidity ratios

Table 2- Financial Position of F.I.T Group (as of 30 September 2018, in VND ml)

	Q4-2017	Q1-2018	Q2-2018	Q3-2018	Q4-2018
Current assets	2,421,819	3,021,148	2,781,633	2,701,664	2,568,443
Cash and equivalents	44,148	38,199	55,166	38,351	40,802
Short-term investments	1,642,018	2,160,440	1,867,916	1,825,378	1,716,311
Long term assets	2,477,670	2,649,119	2,734,429	2,601,799	2,628,848
Fixed assets	557,506	558,624	551,647	724,556	714,384
Long-term financial investments	1,462,907	1,608,666	1,715,344	1,579,557	1,619,574
Total assets	4,899,489	5,670,267	5,516,062	5,303,463	5,197,292
Liabilities	901,611	1,570,915	1,518,850	1,328,647	1,228,665
Current liabilities	665,919	944,630	858,901	682,561	598,492
Non-current liabilities	235,692	626,285	659,949	646,085	630,173
Equity	3,997,878	4,099,352	3,997,212	3,974,817	3,968,627
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	222,991	244,486	226,743	215,870	211,114
Total liabilities and equity	4,899,489	5,670,267	5,516,062	5,303,463	5,197,292

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 such as Free Health Check for poor people, Free food for poor patients, Giving gift for poor people on Lunar New Year etc. 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

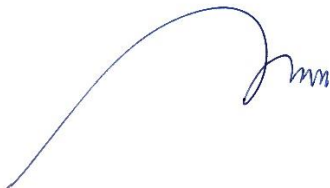
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It could have been said that the first severe consequences of the restructuring processs are now cleared. Although it is not what we expect to see in the short term, in the long term, we are confident that we have made our business lines solid and stronger. 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 joined the Group since June 2018 and new CEO of pharmaceutical business will join at the Q1 2019 is an example that shows our strong committmment that is expected to make us better in the future in this business line.

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