

HSG: Explanation for business results in QIV of FY2013-2014 (Parent company)

Ho Sen Group explained the fluctuation in business results of the parent company in Quarter IV of fiscal year 2013-2014 (“FY 2013-2014”) as follows:

Unit: VND

| Items | QIV of 2013-2014 (Jul 01, 2014 – Sep 30, 2014) | QIV of 2012-2013 (Jul 01, 2013 – Sep 30, 2013) | Difference | |
|----------------------------------|--|--|-------------------|------|
| | | | Value | % |
| Net revenue | 8,165,132,056,049 | 5,573,497,365,313 | 2,591,634,690,736 | 46.5 |
| Cost of goods sold | 7,810,743,072,134 | 5,258,333,999,540 | 2,552,409,072,594 | 48.5 |
| Gross profit | 354,388,983,915 | 315,163,365,773 | 39,225,618,142 | 12.4 |
| Financial income | 172,943,246,991 | 126,541,159,480 | 46,402,087,511 | 36.7 |
| Financial expenses | 74,458,142,665 | 61,278,730,620 | 13,179,412,045 | 21.5 |
| <i>Interest expenses</i> | 45,019,578,915 | 25,213,531,797 | 19,806,047,118 | 78.6 |
| Selling expense | 157,432,506,290 | 130,044,708,913 | 27,387,797,377 | 21.1 |
| General & administrative expense | 92,651,756,822 | 89,529,991,752 | 3,121,765,070 | 3.5 |
| Net operating profit | 202,789,825,129 | 160,851,093,968 | 41,938,731,161 | 26.1 |
| Other incomes | 59,853,937,361 | 56,070,323,537 | 3,783,613,824 | 6.7 |

| | | | | |
|-------------------------------|-----------------|------------------|------------------|---------|
| Other expenses | 41,907,624,904 | 73,048,013,410 | (31,140,388,506) | (42.6) |
| Other profit | 17,946,312,457 | (16,977,689,873) | 34,924,002,330 | 205.7 |
| Profit before tax | 220,736,137,586 | 143,873,404,095 | 76,862,733,491 | 53.4 |
| Current corporate income tax | 28,241,042,439 | 12,291,048,544 | 15,949,993,895 | 129.8 |
| Deferred corporate income tax | - | 3,039,661,290 | (3,039,661,290) | (100.0) |
| Profit after tax | 192,495,095,147 | 134,621,966,841 | 57,873,128,306 | 43.0 |

In Quarter IV of FY 2013-2014, the parent company's profit after tax was VND192.5 billion increasing VND57.9 billion compared to the same period of FY 2012-2013, mainly because:

- Net revenue increased VND2,591.6 billion while cost of goods sold increased VND2,552.4 billion, so gross profit increased VND39.2 billion from VND315.2 billion to VND354.4 billion.
- Financial income increased VND46.4 billion from VND126.5 billion to VND172.9 billion
- Financial expense increased VND13.2 billion from VND61.3 billion to VND74.5 billion.
- Selling expense increased VND27.4 billion from VND130 billion to VND157 billion.
- Administrative expense increased VND3.1 billion from VND89.5 billion to VND92.6 billion.

1. The FY 2013-2014 (10/01/2013 – 09/30/2014):

2. *Unit: VND*

| Items | 2013-2014 (Oct 01, 2013 – Sep 30, 2014) | 2012-2013 (Oct 01, 2012 – Sep 30, 2013) | Difference | |
|-------------|---|---|-------------------|------|
| | | | Value | % |
| Net revenue | 27,950,272,169,378 | 21,078,838,872,43 | 6,871,433,296,948 | 32.6 |

| | | | | |
|----------------------------------|--------------------|--------------------|-------------------|---------|
| | | 0 | | |
| Cost of goods sold | 26,540,709,186,469 | 19,623,508,945,055 | 6,917,200,241,414 | 35.2 |
| Gross profit | 1,409,562,972,909 | 1,455,329,927,375 | (45,766,954,466) | (3.1) |
| Financial income | 198,927,727,898 | 153,911,101,809 | 45,016,626,089 | 29.2 |
| Financial expenses | 243,854,141,320 | 244,294,199,811 | (440,058,491) | (0.2) |
| <i>Interest expenses</i> | 178,723,523,233 | 165,766,703,044 | 12,956,820,189 | 7.8 |
| Selling expense | 602,456,742,223 | 428,747,629,257 | 173,709,112,966 | 40.5 |
| General & administrative expense | 329,827,411,453 | 288,914,910,770 | 40,912,500,683 | 14.2 |
| Net operating profit | 432,352,405,811 | 647,284,289,346 | (214,931,883,535) | (33.2) |
| Other incomes | 148,428,030,724 | 199,428,929,409 | (51,000,898,685) | (25.6) |
| Other expenses | 85,435,509,308 | 163,225,799,527 | (77,790,290,219) | (47.7) |
| Other profit | 62,992,521,416 | 36,203,129,882 | 26,789,391,534 | 74.0 |
| Profit before tax | 495,344,927,227 | 683,487,419,228 | (188,142,492,001) | (27.5) |
| Current corporate income tax | 93,334,314,766 | 80,670,557,845 | 12,663,756,921 | 15.7 |
| Deferred corporate income tax | - | 3,166,854,257 | (3,166,854,257) | (100.0) |

| | | | | |
|------------------|-----------------|-----------------|-------------------|--------|
| Profit after tax | 402,010,612,461 | 605,983,715,640 | (203,973,103,179) | (33.7) |
|------------------|-----------------|-----------------|-------------------|--------|

In FY 2013-2014, the parent company's profit after tax was VND402 billion decreasing VND204 billion compared to the FY 2012-2013, mainly because:

- Net revenue increased VND6,871.4 billion while cost of goods sold increased VND6,917.2 billion, so gross profit lost VND45.7 billion from VND1,455.3 billion to VND1,409.6 billion.
- Financial expense decreased VND0.4 billion from VND244.3 billion to VND243.9 billion.
- Selling expense increased VND173.7 billion from VND428.7 billion to VND602.4 billion.
- Administrative expense increased VND40.9 billion from VND288.9 billion to VND329.8 billion.