

No: /CV-HAGL
(Re: Explanation for
the separate financial statements
for Quarter IV of 2018)



Gia Lai, January 30, 2019

- To:
- **The State Securities Commission**
 - **Ho Chi Minh Stock Exchange**

Hoang Anh Gia Lai Joint Stock Company (“the Company”) (stock code: HAG) would like to give the explanation for the loss and fluctuations in business results in the Separate financial statements for Quarter IV of 2018 as follows:

I. Explanation for the loss in Quarter IV of 2018:

The Company's total pre-tax loss in Quarter IV of 2018 was VND 143.9 billion, including operating loss of VND 163.6 billion and other profits of VND 19.7 billion. The operating loss is constituted as follows:

| | | | |
|---------------------------------------|---|-------------|---------|
| - Gross profit | : | VND 1,4 | billion |
| - Financial income | : | VND 313,7 | billion |
| - Financial expenses | : | VND (412,2) | billion |
| - Selling expenses | : | VND (4,1) | billion |
| - General and administrative expenses | : | VND (62,4) | billion |
| - Operating loss | : | VND (163,6) | billion |

It was mainly resulted from high interest expenses and some provisions for expenses related to business operations made by the Company.

II. Explanation for fluctuations in business results:

1. Business operations

- Revenues from sales of commodities and rendering of services in the period decreased by VND 10.6 billion as compared to those in the same period of 2017 (Quarter IV of 2017: VND 30.7 billion; Quarter IV of 2018: VND 20.1 billion). The major fluctuations are presented as follows:
 - + Revenue from rendering of services increased by VND 2.4 billion (Quarter IV of 2017: VND 5.9 billion; Quarter IV of 2018: VND 8.3 billion), which was mainly caused by the increased supply of fruit-processing services and activities of leasing premises.
 - + Revenue from construction contracts decreased by VND 12 billion (Quarter IV of 2017: VND 12.0 billion; Quarter IV of 2018: not generated).
- Cost of goods sold in the period decreased by VND 9.1 billion as compared to that in the same period in 2017 (Quarter IV of 2017: VND 27.8 billion; Quarter IV of 2018: VND 18.7 billion). The major fluctuations are presented as follows:
 - + Cost of rendering of services decreased by VND 1.7 billion (Quarter IV of 2017: VND 6.9 billion; Quarter IV of 2018: VND 5.2 billion).
 - + Cost of construction contracts decreased by VND 6.7 billion (Quarter IV of 2017: VND 6.7 billion; Quarter IV of 2018: not generated).

2. Financial activities

- Financial income in the period increased by VND 35.6 billion as compared to that in the same period in 2017 (Quarter IV of 2017: VND 278.1 billion; Quarter IV of 2018: VND 313.7 billion).

- Financial expenses in the period decreased by VND 411.7 billion as compared to that in the same period of 2017 (Quarter IV of 2017: VND 823.9 billion; Quarter IV of 2018: VND 412.2 billion). Major fluctuations are presented as follows:
 - + Provision for impairment of investment in subsidiaries decreased by VND 377.6 billion (Quarter IV of 2017: VND 510.5 billion; Quarter IV of 2018: VND 132.9 billion).
 - + Interest expenses decreased by VND 40.4 billion (Quarter IV of 2017: VND 311.9 billion; Quarter IV of 2018: VND 271.5 billion).

The Company's other operations have been going on normally with no considerable fluctuations.

Above is the Company's explanation for the loss and fluctuations in business results in the Separate financial statements for Quarter IV of 2018.

Yours faithfully,

To:

- As above;
- Filed at Filing and Planning and Investment Department.

**HOANG ANH GIA LAI JOINT STOCK COMPANY
GENERAL DIRECTOR**

VO TRUONG SON