

No: VND 2904-1/19/CV-HAGL  
(Re: Explanation for fluctuations in business  
results in the Consolidated financial statements  
for the Quarter I of 2019)

**THE SOCIALIST REPUBLIC OF VIETNAM**  
**Independence – Freedom – Happiness**



Gia Lai, April 29, 2019

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

Hoang Anh Gia Lai Joint Stock Company (“the Company”) and its subsidiaries (“the Group”) (stock code: VND HAG) would like to explain the fluctuations in business results in the Consolidated financial statements for the Quarter I of 2019 as compared with those for the Quarter I of 2018 as follows:

- Profit after tax in the Quarter I of 2019: VND 22 billion.
- Profit after tax in the Quarter I of 2018: VND 57 billion.

### **Description of the fluctuations**

#### **1. Business operations**

- Revenues from sales of commodities and of services in the period decreased by VND 617 billion year over year (Quarter I of 2018: VND 1,027 billion; Quarter I of 2019: VND 410 billion). The major fluctuations are presented as follows:
  - + Sales of fruits decreased by VND 290 billion (Quarter I of 2018: VND 489 billion; Quarter I of 2019: VND 199 billion). It was because the planted areas of passion fruits were converted to those of other perennial fruits. At the same time, most of the banana plantations which were newly planted in 2018 were yet to be in harvest time in the Quarter I of 2019.
  - + Sales of chili decreased by VND 54 billion (Quarter I of 2018: VND 93 billion; Quarter I of 2019: VND 39 billion). The main reason was a decrease in the planted areas of chili.
  - + Revenue from investment properties decreased by VND 9 billion (Quarter I of 2018: VND 9 billion; Quarter I of 2019: not generated).
  - + Sales of goods and commodities decreased by VND 46 billion (Quarter I of 2018: VND 67 billion; Quarter I of 2019: VND 21 billion).
  - + Revenue from leasing services and other services decreased by VND 281 billion year over year (Quarter I of 2018: VND 331 billion; Quarter I of 2019: VND 50 billion). The main reason was that the Group did not consolidate revenues from the Hoang Anh Gia Lai - Myanmar complex.
  - + Sales of rubber latex increased by VND 63 billion (Quarter I of 2018: VND 38 billion; Quarter I of 2019: VND 101 billion).
- Costs of goods sold in the period decreased by VND 223 billion year over year (Quarter I of 2018: VND 548 billion; Quarter I of 2019: VND 325 billion). The major fluctuations are presented as follows:
  - + Costs of fruits decreased by VND 104 billion year over year (Quarter I of 2018: VND 244 billion; Quarter I of 2019: VND 140 billion).
  - + Costs of investment properties decreased by VND 10 billion year over year (Quarter I of 2018: VND 10 billion; Quarter I of 2019: not generated).
  - + Costs of goods and commodities decreased by VND 3 billion year over year (Quarter I of 2018: VND 17 billion; Quarter I of 2019: VND 14 billion).
  - + Costs of leasing and other services decreased by VND 157 billion year over year (Quarter I of 2018: VND 199 billion; Quarter I of 2019: VND 42 billion).
  - + Costs of selling rubber latex increased by VND 50 billion year over year (Quarter I of 2018: VND 40 billion; Quarter I of 2019: VND 90 billion).

## **2. Financial operations**

- Financial income in the period decreased by VND 66 billion year over year (Quarter I of 2018: VND 265 billion; Quarter I of 2019: VND 199 billion). It was due to a decrease in interest income.
- Financial expenses in the period decreased by VND 36 billion year over year (Quarter I of 2018: VND 396 billion; Quarter I of 2019: VND 360 billion). It was due to a decrease in interest expenses.

## **3. Other operations**

- Other incomes in the period increased by VND 339 billion year over year (Quarter I of 2018: VND 3 billion; Quarter I of 2019: VND 342 billion). It was because the Group reversed several provisions.
- Other costs in the period decreased by VND 38 billion year over year (Quarter I of 2018: VND 108 billion; Quarter I of 2019: VND 70 billion). It was due to lower costs of converting the fruit tree areas in the period.

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

Above is the Company's explanations on the business results in the Consolidated financial statements for the Quarter I of 2019.

Yours faithfully,

**To:**

- *As above;*
- *Archives at Filing and Planning and Investment Department.*

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

**VO TRUONG SON**