

THE SOCIALIST REPUBLIC OF VIETNAM  
Independence – Freedom – Happiness



No.: 0942020-1/CV-HAGL  
(Ref: Interpretation of the audited  
Consolidated Financial Statements  
2019)

Gia Lai, 9<sup>th</sup> April 2020

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

Hoang Anh Gia Lai Joint Stock Company (“the Company”), and the subsidiaries (“the Group”) (stock code: HAG), would like to interpret the audited consolidated financial statements for 2019 as follows:

**I. Interpretation of differences in the income statement between the unaudited consolidated financial statements Quarter IV/2019 and the audited consolidated financial statements 2019:**

VND'000			
Item	Audited CFS Quarter IV/2019 (Unaudited)	Audited CFS 2019 (Audited)	Difference
Profit after corporate income tax	(1,609,153,035)	(1,808,804,302)	(199,651,267)

It is mainly because the auditor suggests more provisions related to the subsidiaries' business cooperation contracts.

**II. Interpretation of losses in 2019:**

Loss before tax 2019 is 1,905,465,562 thousand VND, including operating loss 567,902,358 thousand VND and other losses 1,337,563,204 thousand VND. The main components are as follows:

**1. Operating loss**

- Gross profit : 227.784.373 thousand VND
- Financial income : 2.137.143.442 thousand VND
- Financial expenses : (1.963.934.151) thousand VND
- Selling expenses : (308.856.859) thousand VND
- General and administrative expenses : (672.601.510) thousand VND
- Shares of profit in associates : 12.562.347 thousand VND
- Net operating loss : (567.902.358) thousand VND

It is mainly because in 2019 revenues from sale of goods and gross profit decreased and transportation expenses increased.

**Other losses**

It is mainly because the Group made an assessment of non-performing assets and adjusted costs of oil palm, rubber plantations to the cost of conversion into fruit plantation.

**III. Interpretation of income statement in the audited Consolidated Financial Statements 2019 as compared against 2018:**

VND'000

Item	Audited CFS 2019	Audited CFS 2018	Difference
Profit after corporate income tax	(1,808,804,302)	6,244,405	(1,815,048,707)

The main reasons are as follows:

- Gross profit decreased by 2,146,920,801 thousand VND, due to the Group's decreased revenue from fruits. And the Group no longer consolidated fruit revenue from the group of Indochina companies, Trung Nguyen Rubber Joint Stock Company and revenue from leasing service and other services from Hoang Anh Gia Lai – Myanmar centre.
- Profit from finance income increased by 490,094,276 thousand VND, mainly because the Group recorded profit from disposal of investments and interest expense decreased.
- Selling expense and general and administrative expenses decreased by 200,323,935 thousand VND, mainly because in 2018 the Group accrued some amounts related to operations, which did not arise in 2019.
- Other losses increased by 444,381.669 thousand VND, mainly because the Group made an assessment of non-performing assets and adjusted costs of oil palm, rubber plantations to the cost of conversion into fruit plantation.

The Company experienced no other significant fluctuation.

Above is the Company's interpretation of 2019 audited consolidated financial statements.

Yours faithfully,

**Recipients:**

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

**HOANG ANH GIA LAI JOINT STOCK  
COMPANY**

**GENERAL DIRECTOR**

**VO TRUONG SON**