



No: 3007/19/CV-HAGL
(Re: Explanation for
the separate financial
statements
for Quarter II of 2019)

Gia Lai, July 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 losses and fluctuations in business results in the separate financial statements for Quarter II of 2019 as follows:

I. Explanation for the loss in Quarter II of 2019

The total losses after tax in Quarter II of 2019 of the Company was VND 36.6 billion, including VND 24.0 billion of the profits in business operations and VND 60.5 billion of other losses.

1. Profits in business operations

Gross profit	: VND 3.9 billion
Financial income	: VND 284.5 billion
Financial expenses	: VND (253.6) billion
Selling expenses	: VND (1.7) billion
Corporate administrative expenses	: VND (9.1) billion
Net loss from business operations	: VND 24.0 billion

2. Other losses

The main reason lied in the provision for the receivable from Hoang Anh Gia Lai - Kon Tum Mineral One Member Co., Ltd.

II. Explanation for the fluctuations in business results

1. Business operations

As the main function of the parent company was management, it did not generate a considerable amount of revenue and gross profit. The gross profit of Quarter II of 2019 was VND 3.9 billion (compared with VND 2.9 billion in Quarter II of 2018).

2. Financial operations

- Financial income in the period decreased by VND 186.8 billion year-over-year (Quarter II of 2018: VND 471.3 billion; Quarter II of 2019: VND 284.5 billion) mainly due to the Company’s lower dividend from its subsidiaries.
- Financial expenses in the period decreased by VND 102.4 billion year-over-year (Quarter II of 2018: VND 356 billion; Quarter II of 2019: VND 253.6 billion) with the major fluctuations as follows:
 - + Interest expenses decreased by VND 10.5 billion year over year (Quarter II of 2018: VND 261.4 billion; Quarter II of 2019: VND 250.9 billion) mainly due to the reduction of loan balance.
 - + Loss of exchange rate difference decreased by VND 8.3 billion year over year (Quarter II of 2018: VND 8.9 billion; Quarter II of 2019: VND 0.6 billion).
 - + Provision for investment in subsidiaries decreased by VND 83.6 billion year over year (Quarter II of 2018: VND 85.7 billion; Quarter II of 2019: VND 2.1 billion).

3. Other operations

Other expenses in the period increased by VND 61.4 billion year over year (Quarter II of 2018: VND 1.4 billion; Quarter II of 2019: VND 62.8 billion) mainly due to the provision for the receivable from Hoang Anh Gia Lai - Kon Tum Mineral One Member Co., Ltd. in the period.

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

Above is the Company’s explanation for the losses and fluctuations in business results in the separate financial statements for Quarter II of 2019.

Yours faithfully,

 **GENERAL DIRECTOR**

To:

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

