

No: /CV- HAGL Agrico
(Re. Explanation on changes in business results
in the consolidated financial statements
for the 2nd quarter of 2015)

Gia Lai, 17 August 2015

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

Hoang Anh Gia Lai Agricultural Joint Stock Company (stock code: HNG) would like to give the explanations on the fluctuations in business results in the consolidated financial statements for the 2nd quarter of 2015 as compared to those for the 2nd quarter of 2014 as follows:

- Profit after tax in the 2nd quarter of 2015 : VND 486,881,321 thousand
- Profit after tax in the 2nd quarter of 2014: VND 225,921,094 thousand

Description of the fluctuations:

1. Business Operations

- Revenue from merchandize in the period increased by VND 1,022 billion as compared to that in the same period of 2014 (Quarter II/2014: VND 544 billion; Quarter II/2015: VND 1566 billion). The fluctuations as follows:
 - + Revenue from sale of beef generated in Quarter II/2015 is VND 766 billion. This revenue was not generated in the same period of 2014.
 - + Revenue from building contracts in the period increased by VND 148 billion as compared to that in the same period of 2014.
 - + Revenue from sale of corn in the period increased by VND 159 billion as compared to that in the same period of 2014 (Quarter II/2014: VND 114 billion; Quarter II/2015: VND 273 billion) which is mainly due to an increase in the cultivation area and consumption as compared to that in the same period of previous year.
 - + Revenue from sale of sugar in the period decreased by VND 93 billion as compared to that in the same period of 2014 (Quarter II/2014: VND 296 billion; Quarter II/2015: VND 203 billion). The major reason is that only part of the output of 2014-2015 crop was consumed and the rest of that was planned for consumption in Vietnam market.
- The cost of goods sold increased by VND 657 billion as compared to that in the same period of 2014 (Quarter II/2014: VND 287 billion; Quarter II/2015: VND 944 billion). The major fluctuations were as follows:
 - + The cost of beef sold in Quarter II/2015: VND 477 billion.
 - + The cost from building contract in the period increased by VND 102 billion as compared to that in the same period of 2014.
 - + The cost of corn sold in the period increased by VND 64 billion as compared to that in the same period of 2014 (Quarter II/2014: VND 51 billion; Quarter II/2015: VND 115 billion) due

to an increase in the consumption as compared to that in the same period of the previous year.

- + The cost of sugar sold in the period decreased by VND 29 billion as compared to that in the same period of 2014 (Quarter II/2014: VND 150 billion; Quarter II/2015: VND 121 billion)
- Gross profit from sales of goods in the period increased by VND 365 billion as compared to that in 2014.

2. Financial operations

- Finance income in the period increased by VND 72 billion as compared to that in the same period of 2014 (Quarter II/2014: VND 17 billion; Quarter II/2015: VND 89 billion) due to the gain on disposal of investments in subsidiaries and an increase of VND 26 billion in foreign exchange differences as compared to that in the same period of the previous year .
- Finance expenses in the period increased by VND 20 billion as compared to that in 2014 (Quarter II/2014: VND 88 billion; Quarter II/2015: VND 108 billion) mainly because the foreign exchange differences increased by VND 13 billion and loan interest expense increased by VND 7 billion as compared to that in the same period of the previous year .

3. Other activities

Loss resulting from other activities increased by VND 127 billion as compared to that in the same period of 2014 (Profit in Quarter II/2014: VND 84 billion, Loss in Quarter II/2015: VND 43 billion). The major reasons are the loss of VND 12 billion from disposal of mines and other expenses of VND 27 billion as compared to the proceeds from disposals of fixed assets of VND 84 billion in the same period of the previous year

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

Above is the company's explanation on the business results in the consolidated financial statements for the Quarter II/2015.

Yours faithfully.

**GENERAL DIRECTOR
(Signed and Sealed)**

To:

- *As above;*
- *Filed at the Planning and Investment Department,
Accounting Department.*

NGUYEN XUAN THANG