

## **HAG: Explanation for business results in Quarter 3.2014 (Consolidated FS)**

Hoang Anh Gia Lai Joint Stock Company has explained fluctuation of business results in Quarter 3.2014 compared to Quarter 3/2013 as follows:

- Profit before tax in Quarter 3/2014: 971,956,788 thousand dongs
- Profit before tax in Quarter 3/2013: 238,096,982 thousand dongs

Reasons:

### **1. Transaction business:**

- Revenue from sales in Quarter 3/2014 increased by 178 billion dongs compared to the same period of 2013 (in Quarter 3/2013: 599 billion dongs, in Quarter 3/2014: 777 billion dongs) because of the following reasons:

- + Revenue from sugar sales in the period increased by 172 billion dongs compared to the same period of last year (in Quarter 3.2013: 9 billion dongs, in Quarter 3.2014: 181 billion dongs). In 2013 farming season, sugar sales focused in Quarter 1 and Quarter 2, 2013. In 2014 farming reason, output production was higher than the 2013 farming reason.

- + Revenue from corn sales in Quarter 3, 2014 by 88 billion dongs, which had not arisen in the same period of last year.

- + Revenue from rubber latex sales in the period increased by 11 billion dongs compared to the same period of last year (in Quarter 3.2013: 62 billion dongs, in Quarter 2.2014: 73 billion dongs)

- + Revenue from construction contract in the period decreased by 46 billion dongs compared to the same period of last year (in Quarter 3.2013: 255 billion dongs, in Quarter 3.2014: 208 billion dongs).

- + Revenue from minerals in the period decreased by 22 billion dongs compared to the same period of last year (in Quarter 3, 2013: 36 billion dongs; in Quarter 3, 2014: 14 billion dongs).

- Cost of goods sold increased by 81 billion dongs compared to the same period of last year (in Quarter 3, 2013: 384 billion dongs, in Quarter 3, 2014: 465 billion dongs). The main fluctuation were as follows:

- + Cost of sugar sold in period increased by 83 billion dongs compared to the same period of last year (in Quarter 3, 2013: 6 billion dongs; in Quarter 3, 2014: 89 billion dongs)

- + Cost of corn sold in period increased by 33 billion dongs

- + Cost of rubber latex sold in the period increased 14 billion dongs compared to the same period of last year (in Quarter 3, 2013: 17 billion dongs; in Quarter 3, 2014: 32 billion dongs)
- + Cost of construction contract in period decreased 4 billion dongs compared to the same period of last year (in Quarter 3, 2013: 123 billion dongs; in Quarter 3, 2014: 119 billion dongs). Mainly because construction cost of Attapeu international airport decreased by 64 billion dongs and the cost of the contracts newly recorded in the period was 51 billion dongs
- + Cost of minerals in the period decreased by 18 billion dongs compared to the same period of last year (in Quarter 3, 2013: 43 billion dongs; in Quarter 3, 2014: 25 billion dongs)
- Gross profit in the period increased by 97 billion dongs compared to the same period of last year.

## **2. Financial:**

Income financial in the period increased by 619 billion dongs compared to the same period of 2013 (in Quarter 3, 2013: 309 billion dongs, in Quarter 3, 2014: 925 billion dongs).

- + Interest on share ownership transfer increased by 545 billion dongs compare to the same period of last year (in Quarter 3, 2013: 211 billion dongs; in Quarter 3, 2014: 759 billion dongs). Mainly reason, Hoang Anh Construction and Housing Development JSC issued the private placement of shares to shareholders the first stage for 1,100 billion dongs and the surplus of 750 billion dongs was presented as consolidated financial statements
- + Interest on loans given increased by 99 billion dongs compared to the same period of last year (in Quarter 3, 2013: 55 billion dongs; in Quarter 3, 2014: 154 billion dongs).
- Financial expenses in the period decreased by 46 billion dongs (in Quarter 3, 2013: 181 billion dongs; in Quarter 3, 2014: 135 billion dongs).
- + Interest expense decreased by 26 billion dongs compared to the same period of last year (in Quarter 3, 2013: 154 billion dongs; in Quarter 3, 2014: 128 billion dongs) because the decrease in interest rates and the decrease of loan balance due to the restructuring of the Group.
- + Provision for long term investment decreased by 25 billion dongs compared to the same period of last year due to reversal of provision for the devaluation of other long-term investment of the Group.

