**HGW: Explanation for the difference of over 10% in the financial statement of the first 6 months of 2020 year on year**

On 17 Aug 2020, HauGiang Water Supply and Sewerage - Projects Urban JSC explained the difference of over 10% in the financial statement of the first 6 months of 2020 year on year as follows:

HauGiang Water Supply and Sewerage - Projects Urban JSC would like to explain some basic reasons that make after-tax profit in the financial statement of the first 6 months of 2020 increase by VND 5,179,422,627, equivalent to 93.28% compared to the first 6 months of 2019

Unit: VND

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| No | Indicator | The first 6 months of 2020 | The first 6 months of 2019 | Increase/ decrease (VND) | Rate (%) |
| 1 | Revenue of selling goods and services | 104,309,023,866  | 91,412,825,401 | 12,896,198,465 | 14.11 |
| 2 | Cost of goods sold | 72,505,418,907  | 69,597,659,953 | 2,907,758,954 | 4.18 |
| 3 | Gross profit | 31,803,604,959  | 21,815,165,448 | 9,988,439,511 | 45.79 |
| 4 | Financial income | 114,645,374  | 32,682,978 | 81,962,396 | 250.8 |
| 5 | Financial expense | 491,441,939 | 900,809,731 | (409,367,792) | (45.44) |
| 6 | General and administrative expense  | 18,085,877,020 | 14,518,805,939 | 3,567,071,081 | 24.57 |
| 7 | Net profit  | 13,340,931,374 | 6,428,232,756  | 6,912,698,618 | 107.54 |
| 8 | Other income  | 226,968,467 | 720,854,287 | (493,885,820) | (68.51) |
| 9 | Other expense | 152,898,509 | 166,672,256 | (13,773,747) | (8.26) |
| 10 | Other profit  | 74,069,958  | 554,182,031 | (480,112,073) | (86.63) |
| 11 | Profit before tax  | 13,415,001,332 | 6,982,414,787 | 6,432,586,545 | 92.13 |
| 12 | Corporate income tax  | 2,683,000,267  | 1,429,836,349 | 1,253,163,918 | 87.64 |
| 13 | Profit after tax  | 10,732,001,065 | 5,552,578,438 | 5,179,422,627 | 93.28 |

1. Revenue from selling goods and providing services increased by VND 12,896 million, an increase of 14.11% compared to the same period last year, mainly due to the increase in water revenue of VND 3,514 million, an increase of VND 12,718 million in urban subscription revenue, a decrease of VND 923 million in revenue of overtime project, a decrease of VND 2,415 million in bus revenue)

Cost of goods sold increased by VND 2,907.76 million, an increase of 4.18% compared to the same period last year, in which the main reason was due to increase in urban raw material expense (fertilizers, pesticides, planting trees, plants, waste treatment chemicals ...)

Revenue from selling goods and providing services increased more than cost of goods sold, making gross profit in sales and service provision increase by VND 9,988.44 million or 45.79%

2. Revenue from financial activities increased by VND 81.96 million, equivalent to 250.8%

Financial expense decreased by VND 409.37 million, equivalent to a reduction of 45.44% due to a decrease in interest expense

The revenue of financial activities increased while financial expense decreased, making financial profit in the first 6 months of 2020 increase by VND 491.3 million, equivalent to an increase of 56.6% compared to the same period

3. Administrative expense increased by VND 3,567.07 million, corresponding to an increase of 24.57% compared to the same period

4. Other income decreased by VND 493.89 million, equivalent to 68.51% compared to the same period; Other expense decreased by VND 13.77 million, equivalent to a decrease of 8.26% compared to the same period

The rate of reduction in other income was higher than the other cost reduction rate, making other profit decrease by VND 480.11 million, equivalent to 86.63% year on year

The increase in revenue of selling goods and services was larger than the cost of goods sold, so gross profit increased by VND 9,988.44 million, equivalent to 45.79%

\* The increase rate in gross profit was larger than the increase rate in administrative expense; the rate of profit from financial activities increased and the rate of other profit decreased, making profit after tax increase by VND 5,179.42 million, corresponding to an increase of 93.28%

The above are the main reasons for the increase in profit after tax in the first 6 months of 2020 compared to the first 6 months of 2019