



HAGL Agrico



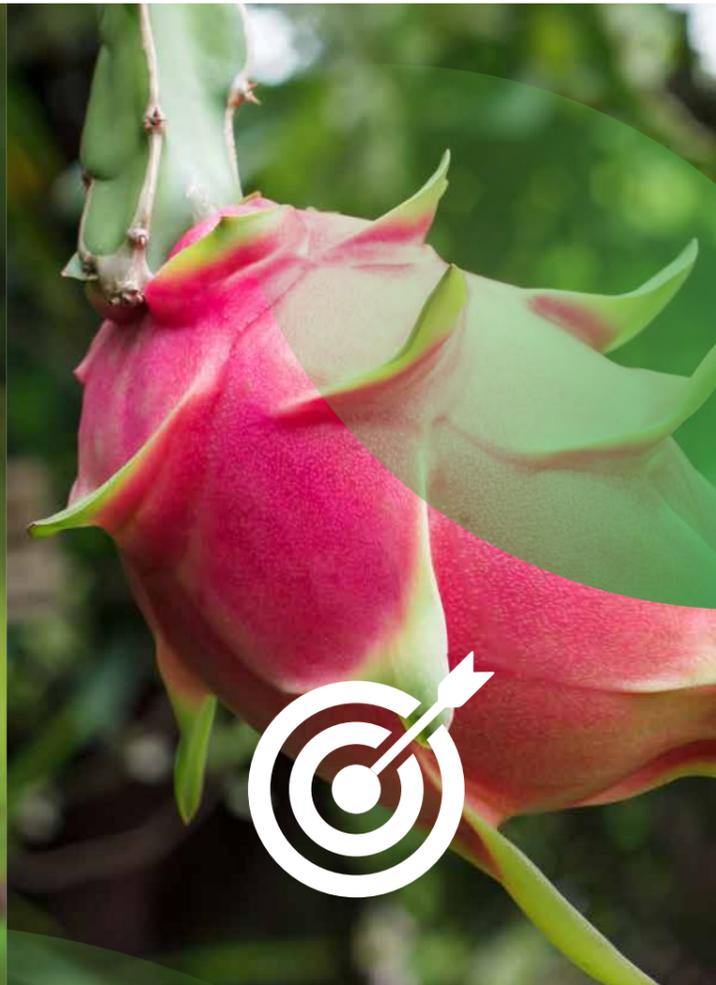
COMPOSITE CAPABILITY REINFORCED INTERNAL FORCE

ANNUAL REPORT 2018



Business philosophy

A business under high evaluation must create safety and stability in its operation, generate sustainable profit, and its market share is constantly expanding and growing.



Mission

Application of state-of-the-art technology in agribusiness to exploit land potentiality in order to produce useful agricultural products for life. Satisfactory treatment is provided both spiritually and materially to encourage executives and employees' creation of new values for customers, shareholders and the whole society.



Vision

To become the leading agribusiness company in Vietnam and in Asia.



Core value

Respect: Self-respect; Respect for colleagues; Respect for the Company; Respect for partners; Respect for cooperation.

Compliance: Compliance with the laws and regulation of Vietnam, Laos and Cambodia. Compliance with the Company's regulations and policies.

Willingness to survive hardship: Preparing to tackle challenges, making every effort and determination to find workable solutions.

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General information

Vietnamese name:

CÔNG TY CỔ PHẦN NÔNG NGHIỆP QUỐC TẾ
HOÀNG ANH GIA LAI

English name:

HOANG ANH GIA LAI AGRICULTURAL
JOINT STOCK COMPANY

Abbreviation name: HAGL AGRICO

Business registration certificate:

5900712753 first issued by the Department of Planning and Investment of Gia Lai Province on 26/5/2010 and 17th amendment on 30/11/2018.

Head office:

15 Truong Chinh, Phu Dong Ward, Pleiku City,
Gia Lai Province, Vietnam

Telephone: (84.269) 222 2283

Fax: (84.269) 222 2218

Website: www.haagrico.com.vn



Charter capital
(owner's equity):
VND 8,868,438,950,000



Securities code:
HNG



Par value:
VND 10,000



Total number of shares:
886,843,895



Message From Chairman

Mr. Doan Nguyen Duc
BOD Chairman

Dear distinguished shareholders and investors!

We look back to the journey when HAGL Agrico listed in Ho Chi Minh Stock Exchange in July 2015, it has been 4 years that the Investors and Shareholders have accompanied and faced many difficulties and challenges with us. The most difficult time was from 2015 to 2017 when the price of rubber latex has been falling sharply, pushing the Company into the very tough period.

To resolve this situation, in 2017, the Company decided to take advantage of the redundant land bank to plant fruit trees for the purpose of taking revenue from short-term plants to maintain the long-term projects.

As a result, in 2018, the fruit industry brought in a positive revenue of VND 2,352 billion, contributing 63.8% to the Company's total revenue. By the end of 2018, the total area of fruit trees planted was 16,676 ha with main products including banana, dragon fruit, mango, jackfruit, green-skin pomelo,

and more than 10 other types of fruit trees. Regarding the area of fruit trees, it is expected to provide a major source of revenue for 2019, confirming the Company's strategy of business restructuring is on the right track. This serves as a crucial foundation and motivation, and creates a momentum for the implementation of the Company's sustainable agriculture development strategy.

Besides, the signing of the strategic cooperation agreement with Truong Hai Auto Corporation ("THACO") proves to be a vital factor to HAGL Agrico's existence and development. THACO has supported capital for the Company to invest in expanding the areas of fruit trees and paying due debts. THACO also helped the Company in improving production management, applying mechanization into the agriculture and rearranging logistics, enhancing productivity and driving down production costs.

“ In the future, the Company will focus on administration by high technology on the basis of digitization and mechanization for all stages in the value chain of agricultural production: from cultivation to harvesting, transportation, storage, special processing of groups of fruit trees and industrial trees, especially the application of the achievements of the 4.0 technologies. ”

At the turn of 2019 which is determined to be an important year in the 2020 - 2025 period of HAGL Agrico's sustainable development, thereby accommodating HAGL Agrico with a leverage to become a leading agricultural corporation in Asia in 2025.

In order to accomplish this goal, in addition to core tasks involving expanding the fruit tree areas, selecting portfolios of effective products, and strengthening the administrative system, the Company will focus on the utilization of high technology on the administration on the basis of digitization and mechanization for all stages in the value chain of agricultural production: from cultivation to harvesting, transportation, storage, special processing of groups of fruit trees and industrial trees, especially the application of the achievements of the 4.0 technologies.

With the composite capacity and current reinforced internal force, I believe that HAGL Agrico will soon overcome the difficulties to step into the stage of sustainable development, and reach out of the continent. On behalf of the Board of Directors, I would like to express our sincere gratitude to Shareholders, Investors, Banks and Partners who have accompanied HAGL Agrico on this hard journey, and hope to receive your continued support in the future. Your companionship and support will hold the motivational key for us to consistently developing and pursuing the mission of "Sustainable Agriculture Development".

Chairman

Doan Nguyen Duc

History of the Company

Key milestones

Entering into the land lease agreements with Laos and Cambodia Governments, expanding overseas investment activities.



- The sugarcane industrial complex and rubber latex processing plant were inaugurated.
- Ground breaking of Nong Khang International Airport in Hua Phan, Laos on 14/03/2013.



- April 2015, changing name from Hoang Anh Gia Lai Rubber Joint Stock Company to Hoang Anh Gia Lai Agricultural Joint Stock Company.
- May 2015, Hoang Anh Attapeu International Airport was inaugurated and handed over.
- Listed on HOSE dated 10/07/2015.



- First harvesting of dragon fruits and banana.
- HAGL Agrico and Mobile World Investment Group (MWG) signed a MOU in which HAGL Agrico provided the fresh fruits to MWG's Bach Hoa Xanh chain in Vietnam.



2010

2011

2012

2013

2014

2015

2016

2017

2018



Establishment of Hoang Anh Gia Lai Rubber Joint Stock Company.



- Commencing construction of a sugarcane industrial cluster in Attapeu province.
- Commencing construction of rubber latex processing plant with a capacity of 25,000 tons/year in Attapeu



- Cultivation of 38,428 ha of rubber trees in Vietnam, Laos and Cambodia completed.
- Joining in beef cattle husbandry.
- Commencing construction of palm oil processing mill with a capacity of 45 tons of bunches/hour in Cambodia.



- Implementing the restructuring plan of Hoang Anh Gia Lai Agricultural Joint Stock Company.
- Developing of passion fruit cultivation project, participating in export value chain with fruits originating from Laos and Vietnam.
- Planting dragon fruit, banana and ten other fruit trees.



Signing of the strategic cooperation agreement with Truong Hai Auto Corporation ("THACO") which is specialized in mechanic, automation, experience in manufacture and production management in large scale



Other significant events

On 8th August, 2018 in Ho Chi Minh City, a ceremony to announce the strategic cooperation between Hoang Anh Gia Lai Group and Truong Hai Auto Corporation (THACO) took place. It welcomed the presence of Prime Minister Nguyen Xuan Phuc; former President Truong Tan Sang; leaders of the Government of

the Kingdom of Cambodia, Lao People's Democratic Republic; leaders of Ho Chi Minh City and some provinces, and leaders of Central Ministries.

Business sectors and Location

a. Business sectors

Fruit trees

In 2018, the fruit sector played a key role in the Company's operation structure with more than 15 types of fruits. So far, the Company has planted 16,676 hectares of fruit trees in Vietnam, Laos and Cambodia.

The Company always focuses on producing high quality products, meeting the GlobalGAP standards or equivalent standards, which make the products eligible to export to tough markets such as Japan, South Korea and Europe. Regarding the current consumption market, HAGL Agrico decides to choose China as the main market and determines that it will soon become the largest supplier of tropical fruits in this market.

The Company will also invest in post-harvesting processing to increase the product value and diversify the products supplying to the market. In the future, the Company aims to apply automated manufacturing systems from soil preparation, planting and weeding to harvesting, packaging, and post-harvest preservation. The Company will also invest in the construction of modern processing plants to produce high quality products such as concentrated fruit juice, dried fruits, and frozen fruits for export.

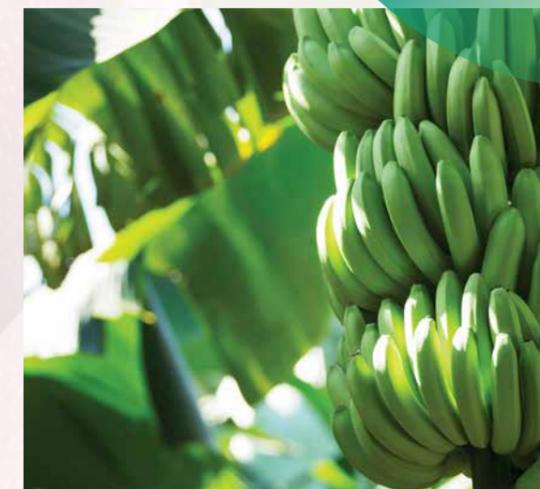
THE FRUIT TREE AREA OF 16,676 HA IS EXPECTED TO PROVIDE A MAJOR SOURCE OF REVENUE FOR 2019



17,848 TONS

DRAGON FRUIT

In 2018, the production of dragon fruit reached 17,848 tons, bringing in VND 553 billion in revenue for the Company. The dragon fruit plantations are all applied Israeli drip irrigation technology and Global GAP standards for export.



107,689 TONS

BANANA

The total area of banana plantations of HAGL Agrico by the end of 2018 was 4,658 ha. HAGL Agrico mainly exports bananas by sea and road to China and to other countries such as Korea and Singapore. Banana production in 2018 reached 107,689 tons, bringing in VND 1,550 billion in revenue.

Business sectors and Location (continued)

a. Business sectors (continued)



47,122 HA

RUBBER TREES

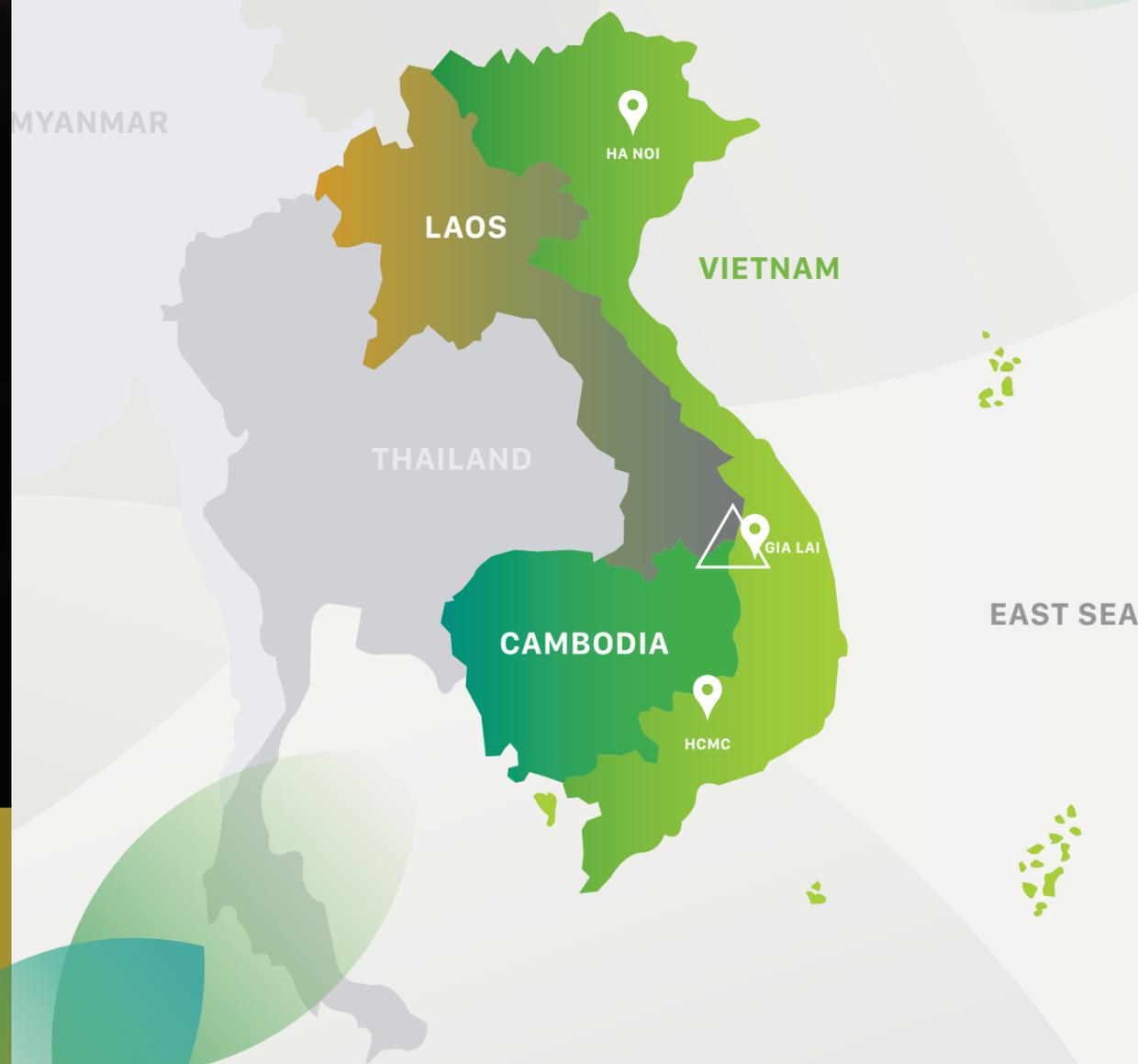
Over the past year, HAGL Agrico maintained and tended 47,122 hectares of rubber trees which comprised 20,361 in Laos, 4,972 hectares in Vietnam and 21,789 hectares in Cambodia.

There is a rubber latex processing factory with a capacity of 25,000 tons/year operating in Laos. It is expected that by 2022, the whole area of rubber trees will be harvested if the price of rubber latex recovers.



b. Business location

HAGL Agrico agribusiness lies in Vietnam-Laos-Cambodia delta within a distance of 200km



Subsidiaries and Associates

Detail of Subsidiaries on 31 December 2018

1.1. Subsidiaries

01. HOANG ANH - QUANG MINH RUBBER INDUSTRIAL AND AGRICULTURAL CO., LTD.

Office: Attapeu, Laos
Ownership: 97.77%
Charter capital: USD 40 million
Business lines: planting, harvesting and processing rubber latex; planting fruit trees, cattle husbandry.

02. HOANG ANH - QUANG MINH RUBBER JSC.

Office: Gia Lai, Vietnam
Ownership: 97.77%
Charter capital: VND 200 billion
Business lines: planting and nursing forest; planting rubber tree, sugarcane; cattle husbandry.

03. HOANG ANH DAK LAK JSC

Office: Dak Lak, Vietnam
Ownership: 99.53%
Charter capital: VND 320 billion
Business lines: real estate; planting and nursing forest; planting rubber tree, pepper and coffee.

04. HOANG ANH ATTAPEU AGRICULTURAL DEVELOPMENT CO., LTD.

Office: Attapeu, Laos
Ownership: 100.00%
Charter capital: USD 85 million
Business lines: planting, harvesting and processing rubber latex; planting and processing palm oil; planting fruit trees.



05. HOANG ANH RATTANAKIRI CO., LTD.

Office: Ratanakiri, Cambodia
Ownership: 100.00%
Charter capital: USD 16 million
Business lines: planting, harvesting and processing rubber latex.

06. HENG BROTHERS CO., LTD.

Office: Ratanakiri, Cambodia
Ownership: 100.00%
Charter capital: USD 17 million
Business lines: planting, harvesting and processing rubber latex.

07. HOANG ANH OYADAV CO., LTD.

Office: Ratanakiri, Cambodia
Ownership: 100.00%
Charter capital: USD 67 million
Business lines: planting, harvesting and processing rubber latex; planting fruit trees.

08. CRD CO., LTD.

Office: Ratanakiri, Cambodia
Ownership: 100.00%
Charter capital: USD 57 million
Business lines: planting, harvesting and processing rubber latex.

09. HOANG ANH ANDONG MEAS CO., LTD.

Office: Ratanakiri, Cambodia
Ownership: 97.77%
Charter capital: USD 42,5 million
Business lines: planting and processing palm oil; planting fruit trees.

10. HOANG ANH GIA LAI IMPORT - EXPORT TRADING ONE MEMBER CO., LTD.

Office: Gia Lai, Vietnam
Ownership: 100.00%
Charter capital: VND 100 billion
Business lines: importing and exporting sugar, palm oil, rubber products; trading in fertilizer, construction materials, equipment, and other parts.

11. HIGHLAND DAIRY CATTLE JSC

Office: Gia Lai, Vietnam
Ownership: 99.00%
Charter capital: VND 550 billion
Business lines: cattle husbandry, livestock services, planting services.

12. DAUN PENH JSC

Office: Gia Lai, Vietnam
Ownership: 99.9%
Charter capital: VND 200 billion
Business lines: planting rubber tree, seeded trees, oil-bearing crops.

13. AN DONG MIA JSC

Office: Gia Lai, Vietnam
Ownership: 99.5%
Charter capital: VND 200 billion
Business lines: planting rubber trees, seeded trees, oil-bearing crops.

14. HOANG ANH LUMPHAT CO., LTD.

Office: Ratanakiri, Cambodia
Ownership: 99.5%
Charter capital: USD 75,74 million
Business lines: planting rubber trees, oil palm trees, and construction of palm oil processing mill.

15. DAUN PENH AGRICO CO., LTD.

Office: Ratanakiri, Cambodia
Ownership: 99.9%
Charter capital: USD 1 million
Business lines: planting rubber trees, oil palm trees, and construction of palm oil processing mill; planting fruit trees.

16. INDOCHINA RUBBER INVESTMENT AND DEVELOPMENT CO., LTD.

Office: Ho Chi Minh City, Vietnam
Ownership: 100.00%
Charter capital: VND 1,465 billion

Business lines: planting rubber tree and processing rubber products; planting and nursing forests; building houses and civil works; wholesale of machines, equipment and machine spare parts; cargo transport.

17. EASTERN EUROPE RUBBER INVESTMENT CO., LTD.

Office: Ho Chi Minh City, Vietnam
Ownership: 100.00%
Charter capital: VND 300 billion
Business lines: planting rubber tree, and processing products from rubber; planting and nursing forests, building houses and civil works; wholesale of machines, equipment and machine spare parts; cargo transport.

18. EASTERN RUBBER CO., LTD.

Office: Kratie, Cambodia
Ownership: 100.00%
Charter capital: USD 49 million
Business lines: planting rubber tree and building latex processing plant; planting short-term and long-term fruit trees.

19. BINH PHUOC KRATIE RUBBER 2 CO., LTD.

Office: Kratie, Cambodia
Ownership: 100.00%
Charter capital: USD 49 million
Business lines: planting rubber tree and building latex processing latex processing plant; planting short-term and long-term fruit trees.

20. SOVANN VUTHY CO., LTD.

Office: Kratie, Cambodia
Ownership: 100.00%
Charter capital: USD 5,000
Business lines: planting, exploiting and processing latex.

21. TRUNG NGUYEN RUBBER JSC

Office: Gia Lai, Vietnam
Ownership: 99.91%
Charter capital: VND 820.8 billion
Business lines: planting and exploiting latex; planting fruit trees.

1.2. Investments in associates

BIDIPHAR RUBBER JSC

Ownership: 49.14%
Invested value: VND 299,45 billion
Business lines: planting rubber trees.



Organizational Apparatus





**COMPOSITE
CAPABILITY!**

Development Orientation



To adopt advanced technology in agribusiness to economize the resources and to make the difference



To share the community and society the benefits that the Company gains from its investment and business activities.

Business strategy

- To become the leading agribusiness company in Vietnam and in Asia.
- Main products are fruits. The Company will also invest in post-harvesting processing to increase the product value and diversify the products supplying to the market.
- The core benefit offered to customers is the reliability of agro products tagged with HAGL Agrico brand by its explicitness in tracing the origin of products.

Sustainable development goals

- To focus on the sustainable development in revenue and profit to guarantee the interest of shareholders and investors.
- To achieve economic growth and environment protection hand in hand and to share the community and society the benefits that the Company gains from its investment and business activities.
- To create stable employment for local people.

Risk factors

HAGL Agrico operates in many sectors and different countries which are associated with potential risks. Therefore, the Company has identified the types of risks and taken measures to manage them.

MARKET RISKS

Nature

Prices of the Company's products from livestock and plantation are all connected to global markets and subjected to fluctuation by day and hour. That directly affects the profit rate, cash flow and the payback period.

Currently, China market has been booming and opening up wonderful opportunities but HAGL Agrico concentration of exports in one market involves potential risks.

Risk management measures

The Company manages risks with effective cost-controlling system and adoption of technology to increase capacity, ensuring consistency of product quality in all the business sectors. The Company could always control investment expenses and costs at the lowest rate. Therefore, the profit margin of output products is high enough to maintain a minimum rate of profit for the Company in case of a sharp decrease in prices in the global market. Besides, the multisector strategy helps the Company to cover the loss in one sector by the profit of another sector when there is a reduction in the price of a product but others are not affected. In the long term, the Company will also do exchange rate risks. The Company will consider debt structuring corresponding to the cash flow from operating activities by currencies.

INTEREST RATE RISKS

Nature

The Company's operations require a huge investment capital source to invest in projects. Over 40% of this capital source is mobilized from banks and issuance of corporate bonds at a floating interest rate. If interest rate gets increased, the borrowing costs become more burdensome and adversely affect the Company's businesses.

Risk management measures

The Company has proactively developed a debt and equity structure according to each period of its production and operating activities. In the current circumstance of government-managed macro economy, interest rate risks could be assessed as acceptable for 2018.

In addition to capital mobilization from loans, and ordinary bonds, the Company also mobilized capital from issuance of shares and convertible bonds at low-interest rates from both domestic and foreign investors. The cost of these funds is usually expected to be low, predetermined and not deeply affected by interest rate fluctuations.

PROJECT IMPLEMENTATION RISKS

Nature

The Company has some business sectors, of which the project development periods are long, i.e. 7 years for rubber projects, 2-3 years for perennial fruit plantation projects. The implementation work includes legal procedures for land, environment, site clearance, reclamation, cultivation, construction, nursing etc. Problems arising during any phase can significantly affect the overall implementation progress, slow down the capital turnover, and adversely impact the plant quality and yield, thus leading to negative impacts on business results.



Risk management measures

With extensive experience in project management and close relationships with relevant authorities, The Company is always proactive in the implementation of its projects. Moreover, because many of the Company's projects overlap with each other, or short-term crops alternate with long-term ones, its business plans and capital turnover are not dependent on any single project research and apply risk protection instruments such as forward contracts, long-term trading contracts signed with major partners at a fixed price, etc.

Besides, the Company will gradually employ principles of dual board system for product quality control and diversify markets for its products, with an emphasis on large consumer markets, avoiding risks of price fluctuation in a single market.

EXCHANGE RATE RISK

Nature

In recent years, the exchange rates between VND and foreign currencies (especially USD) have not changed much, under the State Bank's control, and caused little effects on the Company's operations. However, the Company always places an importance on the exchange rate risk management and gives out appropriate risk management measures to avoid negative effects of the future large fluctuations in exchange rates.

Risk management measures

The Company's operations include both exports and imports oriented towards export for the most part. Revenue from export enables the Company to be more proactive in its prevention of exchange rate risks.

The Company carefully worked out the schedule for import and export activities related to foreign partners as well as payment term to minimize the risks.



LEGAL RISKS

Nature

As a listed company, the Company's operations are primarily governed by the Enterprise Law, Securities Law and legal documents of securities, stock exchange, etc. However, the sub-law documents and guidance are still under continuous improvement, so possible legal and policy changes will have certain impacts on the management and activities of The Company.

Moreover, agricultural markets are influenced by customs barrier, technique, environment and protectionism imposed by importing countries.

Risk management measures

The Company has a legal department comprising qualified and experienced lawyers. The department will update legal changes and possible impacts on a regular and timely basis to consult the Board of Directors and the Board of Management. Besides, the legal department is responsible for reviewing business agreements in the Company's daily transactions to mitigate legal risks. Forecast and diversification of consumption markets help to reduce dependence on any single market.

OTHER RISKS

Nature

Each business has one or more unsystematic risks. The cultivation, for example, is exposed to risks of natural disasters, drought, flood or fire. Whether they are expected or not, those risks always exist and potentially affect the Company's business activities.

Risk management measures

The Company is by degrees applying high technology as a model in forecast of natural disasters, diseases to take proactive measures in response to them. The Company has started to estimate probability of risks to each sector and extent of damage at risk occurrence and determine suitable insurance plans available for that particular risk and insurance premium. On that basis, the Company will make decision to either accept and self-manage the risk or take out appropriate insurance policies. The Company has fully purchased insurance policies covering buildings and factories; livestock risk insurance for cattle farms; tree insurance for rubber, fruit and spice plantations; labor accident insurance for employees, third party liability insurance.

Profile of Directors and Key Management

Board of Directors



01

MR. DOAN NGUYEN DUC
BOD Chairman

- Year of birth: 1963
- Working experience:
+ 1992 - now: HAGL JSC.
- Present position at HAGL Agrico: BOD Chairman
- Other major appointment: BOD Chairman of HAGL JSC.



02

MR. VO TRUONG SON
BOD member

- Year of birth: 1973
- Qualifications:
Master of Finance (CFA), Bachelor of Laws, Member of the Association of Chartered Certified Accountants (ACCA), the Vietnam Association of Certified Public Accountants (VACPA)
- Working experience:
+ 08/1996-11/2003: A&C Auditing and Consulting Co., Ltd.
+ 11/2003-10/2008: Senior Audit Manager at Ernst & Young Vietnam Limited
+ 10/2008 - now: HAGL JSC
- Present position at HAGL Agrico: BOD member
- Other major appointment: BOD member cum General Director of HAGL JSC



03

MR. NGUYEN HUNG MINH
BOD member

- Year of birth: 1961
- Qualifications:
Bachelor of Financial Accounting of HCMC University of Economics
- Working experience:
+ 01/01/1979 - 31/12/1995: Planning officer - Dong Nai Mechanical JSC
+ 01/01/1996 - 30/04/1997: Deputy head of Planning Department - Dong Nai Mechanical JSC
+ 01/05/1997 - 30/06/2003: Chief accountant - THACO
+ 01/07/2003 - 22/04/2013: Deputy Director - THACO
+ 23/04/2013 - 18/04/2018: General Director - THACO
+ 19/04/2018 - now: Vice Chairman of the BOD - THACO
- Present position at HAGL Agrico: BOD member
- Other major appointment: Vice Chairman of the BOD - THACO

Profile of Directors and Key Management (continued)

Board of Directors (continued)



04

MR. TRAN BAO SON
BOD member

- Year of birth: 1973
- Qualifications: Bachelor of Business Administration
- Working experience:
 - + 01/05/1997- 31/12/1999: Technician at Da Nang Branch of THACO
 - + 01/01/2000 - 30/06/2004: Head of Business Department of Long Bien KIA Showroom -- THACO
 - + 01/07/2004 - 07/08/2006: Director of Can Tho Showroom - THACO
 - + 08/08/2006 - 30/04/2008: Director of Long Bien KIA Showroom - THACO
 - + 01/05/2008 - 31/03/2009: Director of MAZDA Showroom in Northern region - THACO
 - + 01/04/2009 - 30/06/2009: Director of Showroom Management in Northern region - THACO
 - + 01/07/2009 - 30/06/2010: Director of MAZDA Showroom in Northern region - THACO
 - + 01/07/2010 - 18/04/2018: Director of Northern branch - THACO
 - + 19/04/2018 -now: Deputy Director - THACO
- Present position at HAGL Agrico: BOD Member
- Other major appointments: Deputy Director - THACO



05

MS. VO THI MY HANH
BOD member

- Year of birth: 1977
- Qualifications: Bachelor of Laws, MBA
- Working experience:
 - + 2001 - 2006: Sales Manager at Hoang Anh Enterprise
 - + 2006 - 2008: Deputy Director at HAGL Furniture Factory Branch
 - + 1 - 4/2009: Assistant Manager at Investment and Planning Department of HAGL JSC
 - + Since 4/2009: Deputy Director of HAGL Hydro Power JSC
 - + Since 12/2014 to 4/2017: Deputy Director of HAGL Agrico
 - + Since 2/2015 to 5/2017: DCFO at HAGL Medical Pharmacy University Hospital.
 - + Since 5/2017: General Director of HAGL Agrico
- Present position at HAGL Agrico: BOD member cum General Director
- Other major appointment: BOD Member of HAGL JSC



06

MS. VO THI HUYEN LAN
BOD member

- Year of birth: 1971
- Qualifications: Bachelor of Economics of HCMC University of Economics; MBA of HEC Paris, France; Master of Finance of Paris Dauphine University, France.
- Working experience:
 - + 1996 - 1998: Chief accountant at Prezioso Company
 - + 1998 - 2002: Chief accountant at Espace Bourbon An Lac Co., Ltd
 - + 2002 - 2006: Deputy General Director cum CFO at Big C Vietnam
 - + 2007 - now: General Director of Jaccar Holdings
- Present position at HAGL Agrico: BOD member
- Other major appointment:
 - + General Director - Jaccar Holdings
 - + BOD member - Bourbon Ben Luc JSC
 - + BOD member - Agrex Saigon Foodstuffs JSC
 - + BOD member - HAGL JSC



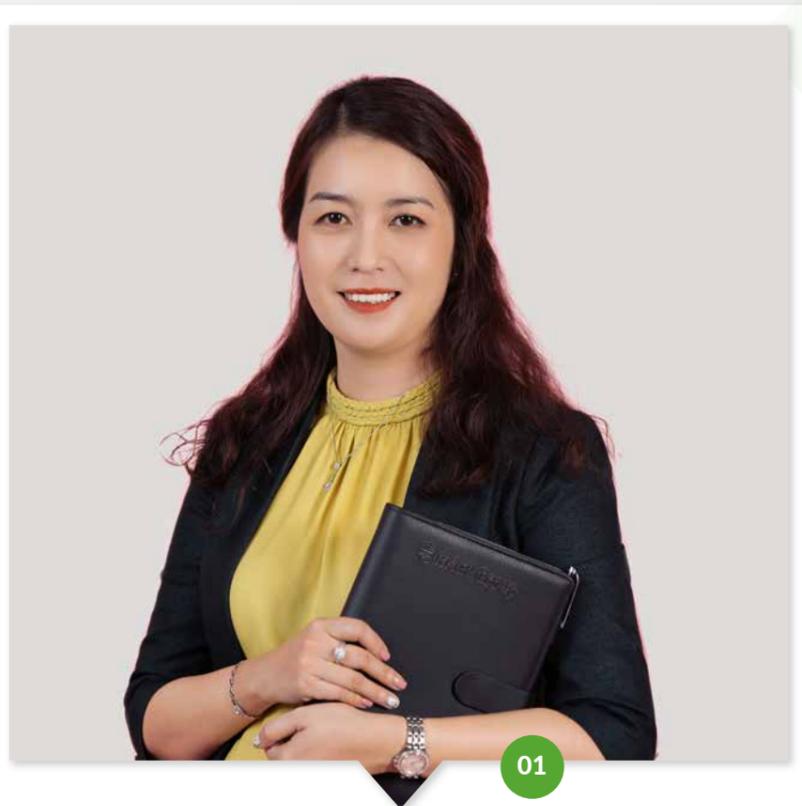
07

MR. NGUYEN QUAN ANH
BOD member

- Year of birth: 1969
- Working experience:
 - + 1993 - 2005: Hoang Anh Enterprise
 - + 2006 - 2009: Director of HAGL Furniture Factory
 - + 2010 - 6/2012: Director of Gia Lai Mining JSC
 - + 2013 - 2015: Director of HAGL Mining JSC, and Director of Kon Tum Mining JSC.
 - + 2016 - now: Director of Daun Penh Agrico One Member Co., Ltd
- Present position at HAGL Agrico: BOD member cum Deputy General Director
- Other major appointment: Director of Daun Penh Agrico One Member Co., Ltd

Profile of Directors and Key Management (continued)

Board of Management



MS. VO THI MY HANH
General Director

(For information see BOD)



MR. NGUYEN QUANG ANH
Deputy General Director

(For information see BOD)



MR. TRAN BAO SON
Deputy General Director

(For information see BOD)

Board of Supervision



01

MR. NGUYEN DUC QUANG

Head of BOS

- Year of birth: 1988
- Qualifications: ACCA Certification, Certified Public Accountant
- Working experience: from 12/2017: Chief Accountant, Hoang Anh Gia Lai Myanmar Co.,Ltd.
- Present position at HAGL Agrico: Head of BOS



02

MR. DANG CONG TRUC

Member of BOS

- Year of birth: 1970
Qualifications: MBA - Apollos University (USA), Bachelor of Economics - HCMC University of Economics
- Working experience:
 - + 01/04/2006 - 31/12/2006: Finance Consultant - Counselor Committee - Internal Audit - THACO
 - + 01/01/2007 - 20/06/2013: Head of Counselor Committee & Internal Audit - Counselor Committee - Internal Audit - THACO
 - + 21/06/2013 - 31/12/2013: Member of Board of Supervision - Counselor Committee - Internal Audit - THACO
 - + 01/01/2014 - now: Member of Board of Supervision - THACO
- Present position at HAGL Agrico: BOS Member



03

MR. PHAM NGOC CHAU

Member of BOS

- Year of birth: 1975
- Qualifications: Bachelor of Economics
- Working experience:
 - + 2001 - 2003: Saigon Trading & Packaging JSC
 - + 2004 - 2007: Europe Asia Co., Ltd.
 - + 2008 - 2012: HAGL Real Estate Management JSC
 - + 2012 - now: HAGL JSC
- Present position at HAGL Agrico: BOS Member



**REINFORCED
INTERNAL FORCE**

Business Performance



VND 3,688 BILLION
REVENUE IN 2018

1. Report on Operations in 2018

1.1 Business results in 2018 compared to 2017

In 2018, the revenue reached VND 3,688 billion, indicating an increase of 11.1% as compared to that in 2017. Loss after tax in 2018 was VND 656 billion. The reason for loss was the Company re-evaluated the inefficient assets, adjusted the investment cost in oil palm plantation to the cost of planting fruit trees.

Unit: VND billion

Items	2018	2017	% Increase/ (Decrease) compared to 2017 (%)
Net revenue	3,688	3,321	11.1%
(Loss) Profit before tax	(626)	441	-241.9%
(Loss) Profit after tax	(656)	530	-223.7%

Revenue structure:

Unit: VND billion

No	Business sector	2018	2017	% Increase/ (Decrease) compared to 2017 (%)
1	Rubber	345	454	-24.0%
2	Fruits	2,352	1,618	45.4%
3	Spices	535	58	822.4%
4	Livestock	127	758	-83.2%
5	Apartment leasing and service supply	38	108	-64.8%
6	Sugar and goods	291	325	-10.5%
	TOTAL	3,688	3,321	11.1%

Revenue from fruits reached VND 2,352 billion, increased by 45.4% compared to that in 2017 because of the increase in harvested area.

Revenue from chili and pepper sales reached VND 535 billion, increased by 822.4% compared to that in 2017. It was because, in 2018, the chili plantations were officially harvested in large scale.

Revenue from cattle sales reached VND 127 billion, decreased by 83.2% compared to that in 2017. It was because the Company gradually decreased the herd size and may terminate this sector in 2019.

Revenue from rubber latex reached VND 345 billion, decreased by 24.0% compared to that in 2017. Although the rubber price has increased again, the rebound was not much. So, HAGL Agrico's exploitation of rubber remained to a humble extent to maintain the rubber trees pending a considerable increase in prices to start large scaled exploitation.

Revenue from apartment leasing and rendering of other services reached VND 38 billion, decreased by 64.8% compared to that in 2017. It was because the Company has sold most of departments in year and the revenue was only generated from the remaining few departments.

Revenue from sugar and goods reached VND 291 billion, decreased by 10.5% compared to that in 2017. It was because the Company completed the transfer of sugar project to the Third party in 2017 whereby the revenue from sugar was not generated.

Business Performance

(continued)



VND 30,352 BILLION
TOTAL ASSETS IN 2018

1.2 Financial position

a. Financial

Unit: VND billion

Item	2018	2017	% Increase/ (Decrease) compared to 2017 (%)
Total assets	30,532	32,282	-5.42%
Short-term loans and debts	8,514	6,237	36.51%
Long-term loans and debts	11,342	15,892	-28.63%
Total loans and debts	19,856	22,129	-10.27%

Assets

As at 31 December 2018, the total value of assets was VND 30,532 billion, decreased by 5.42% as compared to that in 2017 due to the decrease in loans and debts and inefficient asset liquidation.

Liabilities

As at 31 December 2018, the total liabilities amounted to VND 19,856 billion as compared to VND 22,129 billion in 2017 because the loans to related parties decreased.

b. Preliminary financial items

Item	Unit	2017	2018
Liquidity			
Current ratio	Time	0.70	0.49
Quick ratio	Time	0.54	0.34
Capital structure			
Total loans and debts/ Total assets	Time	0.69	0.65
Total loans and debts/ Owner's equity	Time	2.18	1.86
Operation capability ratio			
Inventory turnover	Round	1.68	1.90
Net revenue/ Total assets (average)	Round	0.10	0.12
Profitability			
Profit after tax/ Net revenue	%	15.96	-17.79
Profit after tax/ Owner's equity (average)	%	5.33	-6.30
Profit after tax/ Total assets (average)	%	1.58	-2.09
Operating profit/ Net revenue	%	20.11	3.15

3. Investment activities and project implementation

Since 2016, the Company has changed its business strategy and affirmed that its core business is cultivation sector with the focus on fruit production in a large market scale, strong growth rate, fast reaching harvesting time and economic efficiency upon the large harvested area. Besides, the Company still maintains rubber plantations for the long-term future.

In 2018, HAGL Agrico persistently continued to implement the strategy by converting the planting areas, diversifying the products and actively penetrating China, the most potential fruit market in the world. Besides, it continued tending and exploiting the harvestable rubber plantations.

Fruit trees: the Company has converted several inefficient rubber and oil palm plantations in Vietnam, Laos and Cambodia to fruit tree plantations, bringing the total area of fruit trees so far to 16,676 hectares with key products including banana, dragon fruit, mango, green-skin pomelo, jackfruit and more than 10 other types of fruit trees. Currently, plants such as banana, dragon fruit, mango and jackfruit comes into harvesting. These are the types of fruits which are suitable to the tropical weather, are the short-day plants and bring in the high economic value.

Rubber trees: over the past year, the Company continued to tend 47,122 hectares of rubber trees.

Business Performance

(continued)



886,843,895 SHARES
TOTAL NUMBER OF SHARES IN 2018

4. Shareholder structure, change in charter capital

a. Shares: (as at 8 April 2019)

Number of shares	: 886,843,895 shares
Par value	: VND 10,000
Preferred shares	: none
Common shares	: 886,843,895 shares
Outstanding shares	: 886,843,895 shares
Treasury shares	: none
Freely transferable shares	: 886,843,895 shares
Restricted shares	: none

b. Shareholders structure

Shareholders	Number of shareholders	Number of share holding	Holding percentage/charter capital
State			
Domestic	2,560	879,580,465	99.18%
Organization	17	637,802,305	71.92%
Individual	2,543	241,778,160	27.26%
Foreign	50	7,263,430	0.82%
Organization	16	7,020,580	0.79%
Individual	34	242,850	0.03%
Total	2,610	886,843,895	100.00%

c. Major shareholders

01. Organization/Individual: **Hoanh Anh Gia Lai JSC**

Business registration certificate: 5900377720

Address: 15 Truong Chinh Street, Phu Dong Ward, Pleiku City, Gia Lai, Vietnam

Number of share holding: 512,665,840

Holding percentage /charter capital: 57.81%

02. Organization/Individual: **Hung Thang Loi Gia Lai JSC**

Business registration certificate: 5901046432

Number of share holding: 50,000,000

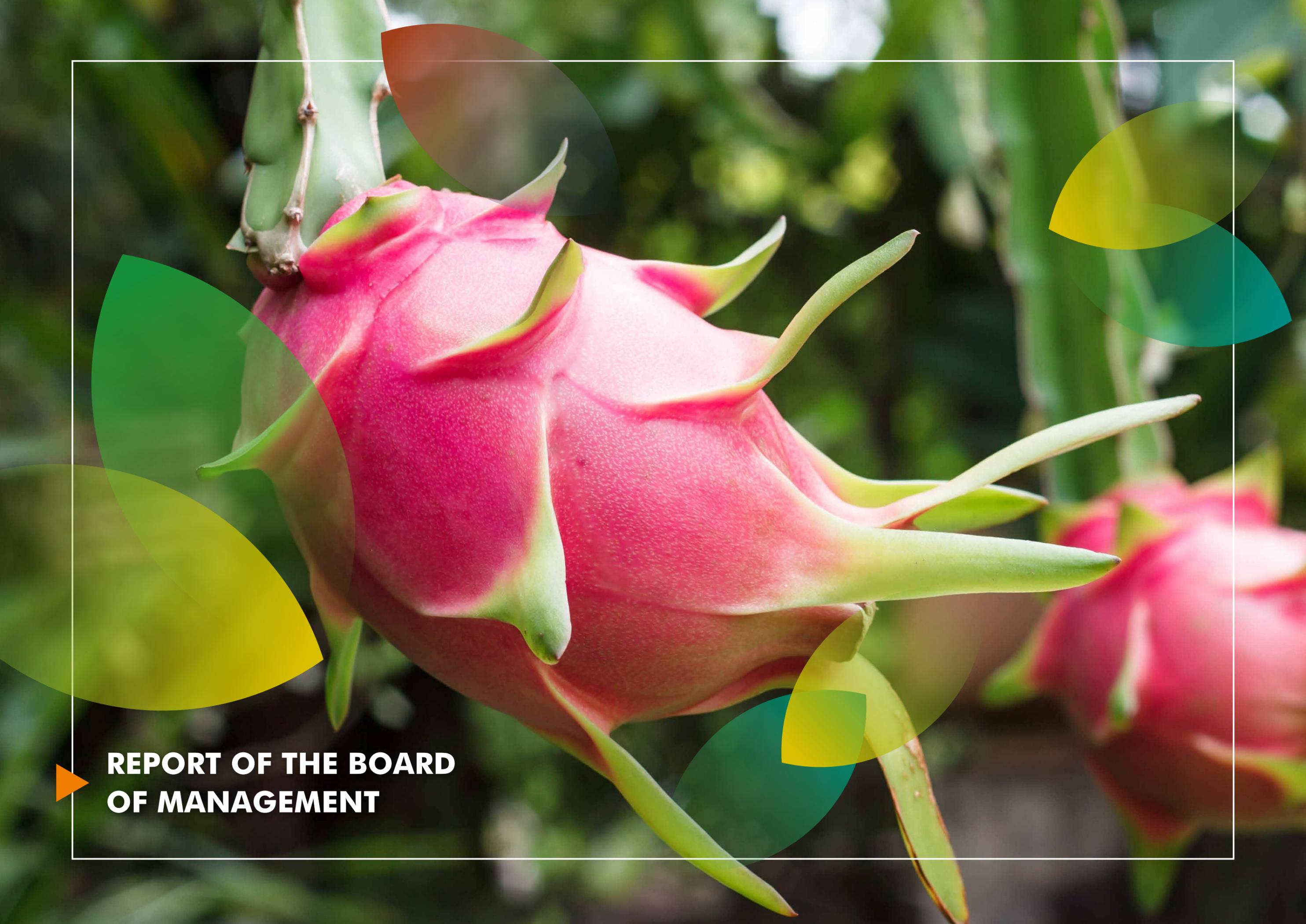
Holding percentage /charter capital: 5.64%

d. Change in charter capital:

In March 2018, the Company completed the private placement of shares whereby the charter capital was increased to VND 8,868,438,950,000.

Treasury share transaction: in 2018, there was no treasury share transaction implemented.

Other share transactions: none.



**REPORT OF THE BOARD
OF MANAGEMENT**

Report of the Board of Management

1. General assessment on the business results in 2018

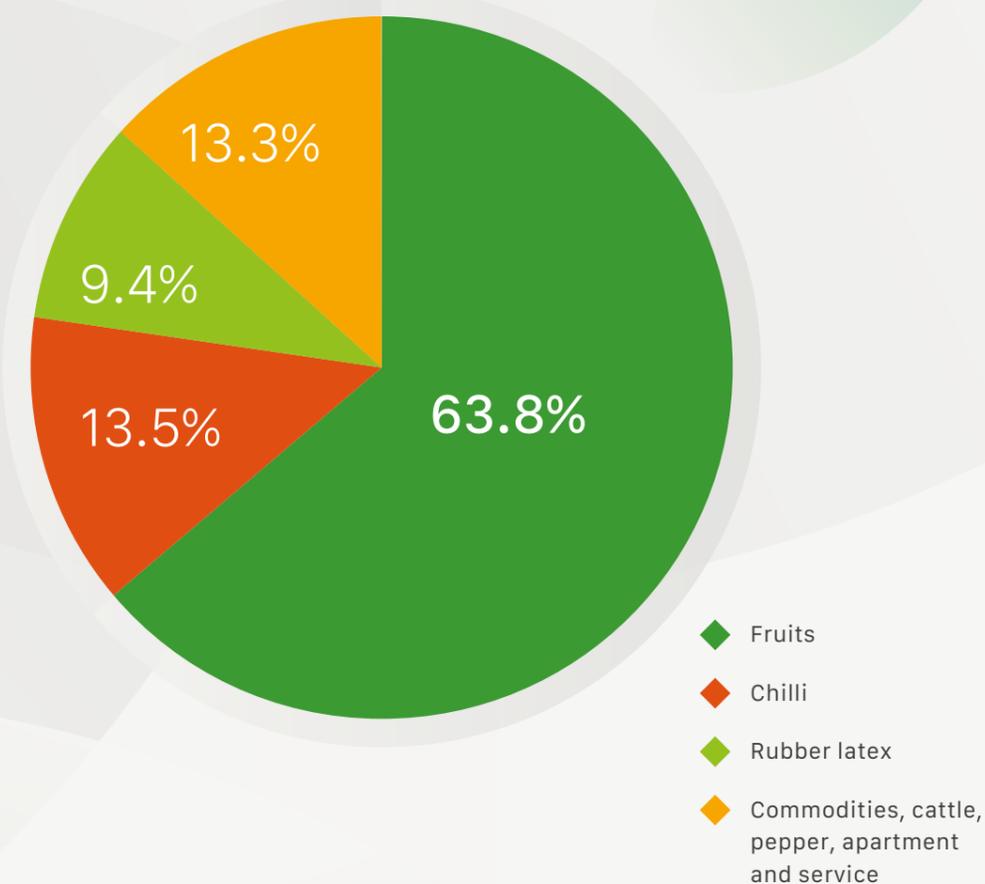


a. Net revenue

In 2018, the Company earned a net revenue of VND 3,688 billion, indicating an increase of 11.1% as compared to that in 2017. 86.7% of the revenue was derived from selling fruits, chili and rubber latex, 13.3% of the remaining came from services of leasing, selling commodities, providing services and selling cattle. Specifically:

- Fruits gave the largest contribution to the revenue, with the figure being VND 2,352 billion, accounting for 63.8% of the total revenue structure;
- The second highest revenue was the revenue from selling chili with VND 496 billion which took up 13.5% of the total revenue;
- Revenue of selling rubber latex was VND 345 billion, accounting for 9.4% of the total revenue, making it become the third biggest source of revenue;
- The remaining VND 495 billion of revenue came from selling commodities, rendering of services, selling cattle, selling pepper and apartment leasing that contributed 13.3% to the total revenue

Revenue structure



b. Loss after tax

Loss after tax in 2018 was VND 656 billion. The reason for loss was the Company re-evaluated the inefficient assets, adjusted the investment cost in oil palm plantation to the cost of planting fruit trees.

Report of the Board of Management

(continued)

2. Financial position

a. Assets

Items	2018	2017	% Increase/ (Decrease) compared to 2017
Total assets	30,532	32,282	-5.42%
Current assets	4,178	4,417	-5.41%
Long-term assets	26,354	27,865	-5.42%

As at 31 December 2018, the total value of assets was VND 30,532 billion, decreased by 5.42% as compared to that in 2017 due to the decrease in loans and inefficient asset liquidation.

b. Liabilities

Items	2018	2017	% Increase/ (Decrease) compared to 2017
Current liabilities	8,514	6,237	36.51%
- Short-term loans	5,879	1,725	240.81%
- Other short-term payables	2,635	4,512	-41.60%
Long-term liabilities	11,342	15,892	-28.63%
- Long-term loans	9,551	12,436	-23.20%
- Other long-term liabilities	1,791	3,456	-48.18%
Total liabilities	19,856	22,129	-10.27%

As at 31 December 2018, the total liabilities amounted to VND19,856 billion, decreased by 10.27%, equivalent to VND 2,273 billion as compared to that in 2017 because the loans to related parties decreased.

The ratio of liabilities over total assets at 0.69 time by the end of 2017 compared to 0.65 time by the end of 2018 and the ratio of liabilities over owner's equity at 2.18 times by the end of 2017 compared to 1.86 times by the end of 2018 show that despite a slight change in HAGL Agrico's settlement of liabilities, the whole difficulty was alleviated to some extent.

3. Operating plans in 2019

- To continuously implement the restructuring plan in the period of 2016-2026, especially in financial structure.
- In 2019, the Company will focus on mechanization for all stages in production and cultivation.
- To maintain and expand the investment on fruit plantations which are bringing in the high revenue and shortest time return on capital.
- To continuously improve operations to increase revenue, especially revenue of key business sectors.



Report of the Board of Directors

1. Assessment by the Board of Directors on the Company's activities



Fruit sector

Bringing in considerable revenue, representing a substantial proportion in revenue structure and a high ROE. That remains a strategic sector in the company's sustainable development stage.



Rubber sector

The Company is currently making exploitation of 20,942 ha of rubber. Over the last year, the rebound in rubber price has not improved much, so the revenue from this sector failed to meet expectations.



Livestock sector

It is HAGL Agrico's policy to decrease the herd size and to give the priority of capital source and labor force for fruit sector.

2. Assessment by the Board of Directors on the activities of the Board of Management

At the BOD's quarterly and extraordinary meetings, the BOD straightly questioned and discussed with the Board of Management over the implementation of strategy for business operation and the Resolutions passed by the General Meeting of Shareholders. Besides, the Board of Management was in regular communication with and made proactive report to the BOD on the work progress as well as difficulties, obstacles they encountered for the BOD's directions.

Despite failure to reach profit as planned, the Board of Management accomplished the tasks assigned, specifically:

- Completion of private placement, increasing the Company charter capital;
- Completion of the Company convertible bonds to the public;
- Implementation of the Company business activities in planting, tending and exploiting the fruit plantations, while tending and exploiting the rubber plantations;
- Reorganization of the Company's key department and personnel;
- Supervision of the execution of the General Meeting of Shareholders and BOD resolutions promulgated;
- And other issues falling within the BOD's jurisdiction.

3. The BOD plans and strategy

Fruit sector: HAGL Agrico will be expanding the area of fruit plantations complying with Global GAP in production for export, thus raising product value. The advantage of large-scale land enables HAGL Agrico to directly deal with the foreign partners, to make profit from both cultivation and the whole value chain and to fully eliminate middlemen as compared to the traditional cultivation of farmers.

Rubber sector: there is no plan for exploitation of latex in 2019; instead, maintenance and fire prevention are carried out to wait for the rubber prices bouncing back, or at least using rubberwood logs in the future for investment recovery.

Technology application: the Company will apply information technology management on the basis of digitization and mechanization for all stages in the value chain of agricultural production: from cultivation to harvesting, transportation, storage, special processing of groups of fruit trees and industrial trees.

Market for consumption: the Company highly evaluates China market, a country with a population of 1.5 billion and particularly sharing a border with Vietnam. Given such advantages, the Company decides to give top priority to China market and wishes to retain the rank of a leading supplier of tropical fruits in this market.

Finance: HAGL Agrico has been arranging capital and cash flow to settle the current liabilities and investing in development of fruit plantations to generate revenue in the future. Partial disposal of assets is a feasible measure that HAGL Agrico has been making. The Company applies the principle "essence but efficiency", makes disposals of inefficient assets and focuses resources for fruit sector.

Governance system: HAGL Agrico continues to consolidate and perfect the governance system, to improve the professional competence of the management and leadership, to enhance the business and strategic management including planning, implementing, checking and assessment.

Report of the activities of the Board of Supervision

I. MEMBERS AND ACTIVITIES OF THE BOARD OF SUPERVISION IN 2018

1. Structure of the Board of Supervision ("BOS")

No	BOS member	Position	Starting date as a BOS member	Number of meeting attendances	Rate	Reason for absence
1	Mr. Nguyen Duc Quang (**)	Head of the BOS	23/06/2018	2/2	100%	Appointed 23/06/2018
1	Ms. Nguyen Thi Hai Yen (***)	Member	30/06/2017	1/1	100%	Dismissed on 17/09/2018
2	Mr. Pham Ngoc Chau	Member	04/04/2015	2/2	100%	
3	Mr. Duong Tran Hung (**)	Member	30/06/2017	0		Dismissed on 23/06/2018
4	Mr. Dang Cong truc (***)	Member	17/09/2018	1/1	100%	Appointed 17/09/2018

(**) On 10 June 2018, the Company received the Resignation Letter of Member of the Board of the Supervision from Mr. Duong Tran Hung. On 23 June 2018, the 2018 Annual General Meeting of Shareholders approved the dismissal of member of the BOS for Mr. Duong Tran Hung, and additionally elected Mr. Nguyen Duc Quang as Member of the BOS from 23 June 2018. On 18 July 2018, Mr. Nguyen Duc Quang was elected as Head of the BOS.

(***) On 6 August 2018, the Company received the Resignation Letter of Member of the Board of Supervision from Ms. Nguyen Thi Hai Yen. On 17 September 2018, the Company's General Meeting of Shareholders approved the dismissal of member of the BOS for Ms. Nguyen Thi Hai Yen, and additionally elected Mr. Dang Cong Truc as member of the BOS from 17 September 2018.

2. Activities of the Board of Supervision in 2018

In 2018, the BOS supervised the production and business situation of the Company within the scope of rights and obligations under the Law and the Company Charter, specifically as follows:

- Attending the Company's meetings, and keeping track of practical business position, and checking the compliance with the provisions of the Law, and the Charter of the Company.
- Monitoring the implementation of the Resolution of the General Meeting of Shareholders in 2018.
- Evaluating the management, operation, and implementation of production and business activities of The Board of Management based on the Resolution and orientation of the BOD.
- Examining the periodic financial statements of the Company, and discussing with the Auditors about the results of the inspection of the financial statement for 2018.
- Performing other jobs as stipulated in the Charter of the Company.

The Board of Directors and The Board of Management always facilitated the BOS in the process of implementing their functions, duties and powers. The BOS had good coordination with the Board of Directors, and The Board of Management to timely keep track of the situation of production and business activities to contribute ideas on the principle of shareholders' benefits.

II. ACTIVITIES OF THE BOARD OF SUPERVISION IN 2018

1. Results of monitoring the production and business situation in 2018

Results in 2018

Item	Performance in 2018	Plan for 2018 (*)	% of actual performance
- Net revenue	3,688	3,743	99%
- Gross profit	1,501	1,673	90%
- Profit before tax	(626)	150	- 417%

(*) Based on the Resolution of the 2018 Annual General Meeting of Shareholders.

Results of verification of the financial situation of the Company

The BOS discussed with the audit firm on scope and results of auditing, and at the same time, reviewed key items on the Financial Statements as follows:

Unit: VND Billion

Item	2018	2017	Increase/(decrease)	%
Total asset	30,532	32,282	-1,750	-5.42%
1. Short-term assets	4,178	4,417	-239	-5.41%
2. Long-term assets	26,354	27,865	-1,511	-5.42%
Total of capital	30,532	32,282	-1,750	-5.42%
1. Liabilities	19,856	22,129	-2,273	-10.27%
- Short-term loans	8,514	6,237	2,277	36.51%
- Long-term loans	11,342	15,892	-4,550	-28.63%
2. Equity	10,676	10,153	523	5.15%

Report of the activities of the Board of Supervision (continued)

II. ACTIVITIES OF THE BOARD OF SUPERVISION IN 2018 (continued)

2. Results of monitoring the implementation of resolutions of the General Meeting of Shareholders in 2018

No.	Resolution	Performance in 2018
1	0605/18/NQĐHĐCĐ - HAGL Agrico dated 06/05/2018	
1.1	Approving the plan of offering bonds to the public	Finished on 07/08/2018
2	2306/18/NQĐHĐCĐ - HAGL Agrico dated 23/06/2018	
2.1	Approving business and investment plans for 2018	- Net revenue: VND 3,688 billion, achieving 99% of the plan - Gross profit: VND 1,501 billion, reaching 90% of the plan - Loss before tax: VND -626 billion, compared to VND 150 billion as planned
2.2	Approving the plans of profit distribution, appropriating fund and remuneration for the Board of Directors, the Board of Supervision and the Board of Secretary in 2018	Implemented in accordance with the approved Resolution of the General meeting of Shareholders
2.3	Approving the authorization of the BOD to amend and supplement the Charter of the Company and the Corporate Governance Regulations	Finished on 14/08/2018
3	1709/18/NQĐHĐCĐ-HAGL Agrico dated 17/09/2018	
3.1	Approval of the dismissal of members of the Board of Directors and the Board of Supervision	Completed the dismissal of Mr. Doan Nguyen Thu and Mr. Nguyen Ngoc Anh, and elected Mr. Nguyen Hung Minh and Mr. Tran Bao Son on 17 September 2018
3.2	Approving the additional election of members of the BOD and the BOS	Completed the dismissal of Ms. Nguyen Thi Hai Yen, and additionally elected Mr. Dang Cong Truc on 17 September 2018
3.3	Approving the plan of offering a private placement of shares	The BOD was in the process of implementing this item

II. ACTIVITIES OF THE BOARD OF SUPERVISION IN 2018 (continued)

3. Results of the supervision of management activities of the Board of Directors and the Board of Management

- The BOD held regular and irregular meetings in accordance with the Charter of the Company and Corporate Governance Regulations.
- The BOD issued Resolutions and Decisions related to the production and business activities of the Company within the scope of responsibilities and authority of the BOD, in accordance with the Resolution of the General Meeting of Shareholders, the Charter of the Company, the Law on Enterprises and other legal provisions.
- The BOD directed and supervised the Board of Management in managing the business operations of the Company in order to implement the resolutions approved by the General Meeting of Shareholders.
- The Board of Management actively planned and organized the operation of production and business activities according to the orientation of the BOD, and fully performed the obligations of the enterprise to the State in accordance with the law and ensured legitimate interests of the employees.

4. Operation plan of the Board of Supervision in 2019

- To attend the Company meetings, and timely keep track of production and business activities to monitor the implementation of the Resolution of the General Meeting of Shareholders.
- To supervise the BOD and the BOM in organizing and operating production and business activities in order to achieve the items under the Resolution approved by the General Meeting of Shareholders.
- To verify the periodic financial statements, including focusing on issues related to investments, capital use management, and cash flow plans.
- To perform other tasks as stipulated in the Charter of the Company.

Corporate governance report

1. Members of the BOD

No	Full name	Position	Number of share holding	Holding percentage/ charter capital	Remark
1	Mr. Doan Nguyen Duc	Chairman			
2	Ms. Vo Thi My Hanh	Member of the BOD cum General Director	505,000	0.057%	
3	Mr. Vo Truong Son	Member of the BOD	505,000	0.057%	
4	Mr. Tran Bao Son	Member of the BOD cum Deputy General Director			
5	Mr. Nguyen Hung Minh	Member of the BOD	5,000,000	0.56%	
6	Ms. Vo Thi Huyen Lan	Member of the BOD			
7	Mr. Nguyen Quan Anh	Member of the BOD cum Deputy General Director	5,000	0.001%	

2. The supervision of the BOD to the Board of Management

Performing the tasks as required by the Company Charter, in 2018, the BOD directed and supervised the BOM on the following activities:

- Completion of the private placement, increasing the Company charter capital;
- Completion of offering of convertible bonds to the public;
- To assign and supervise the Board of Management on business activities including planting, maintaining and harvesting the fruit plantations, at the same time maintaining and exploiting the rubber plantations;
- To preside and successfully convene the 2018 Annual General Meeting of Shareholders, to additional elect members for the Board of Supervision;
- To reorganize the Company's key departments and personnel;
- To supervise the execution of resolutions promulgated by the General Meeting of Shareholders and the BOD;
- To direct the implementation of 2018 Annual Report and Financial Statements.

a. Meetings of the BOD

In 2018, the BOD convened the following meetings:

In 2018, the BOD convened the following meetings: (continued)

No.	Member of the BOD	Position	Date of becoming member of the BOD	Number of attendance	Percentage	Reasons for absence
1	Mr. Doan Nguyen Duc	Chairman	15/06/2010	14/14	100%	
2	Ms. Vo Thi My Hanh	Member	30/06/2017	14/14	100%	
3	Mr. Nguyen Hung Minh	Member	17/09/2018	2/2	100%	Appointed on 17/09/2018
4	Mr. Vo Truong son	Member	04/04/2015	14/14	100%	
5	Mr. Tran Bao Son	Member	17/09/2018	2/2	100%	Appointed on 17/09/2018
6	Mr. Doan Nguyen Thu	Member	04/04/2015	12/12	100%	Resigned on 17/09/2018
7	Ms. Vo Thi Huyen Lan	Member	04/04/2015	14/14	100%	
8	Mr. Nguyen Ngoc Anh	Member	04/04/2015	12/12	100%	Resigned on 17/09/2018
9	Mr. Nguyen Quan Anh	Member	04/04/2015	14/14	100%	

Corporate governance report (tiếp theo)

2. The supervision of the BOD to the Board of Management (continued)

b. The Resolutions of the BOD

No.	Resolution No.	Date	Content
1	0503/18/NQHĐQT-HAGL Agrico	05/03/2018	Approval on the results of private placement
2	3003/18/NQHĐQT-HAGL Agrico	30/03/2018	Approval on the record date for offering convertible bonds to public
3	0605-1/18/NQHĐQT-HAGL Agrico	06/05/2018	Approval on the documents for offering convertible bonds
4	1705/18/NQHĐQT-HAGL Agrico	17/05/2018	Approval on the record date for convening the 2018 General Meeting of Shareholders
5	2405/18/NQHĐQT-HAGL Agrico	24/05/2018	Approval on the record date for executing the convertible bond purchase rights.
6	3005/18/NQHĐQT-HAGL Agrico	30/05/2018	Approval on change of the blocked account for the purchase of convertible bonds from existing shareholders.
7	0307/18/NQHĐQT-HAGL Agrico	03/07/2018	Approval on the result of the public offering and the distribution of unsold bonds
8	0308/18/NQHĐQT-HAGL Agrico	03/08/2018	Approval on contributing the excess bonds in the public offering of convertible bonds to existing shareholders
9	0708/18/NQHĐQT-HAGL Agrico	07/08/2018	Approval on the result of public offering of bonds
10	1108/18/NQHĐQT-HAGL Agrico	11/08/2018	Approval on the record date for the resignation and election of members to the Board of Directors and Board of Supervisors
11	1408/18/NQHĐQT-HAGL Agrico	14/08/2018	Approval on adjusting the Company's Charter and Corporate Governance Regulations.
12	1608/18/NQHĐQT-HAGL Agrico	16/08/2018	Approval on change of the area of fruit tree upon the use plan of proceeds from the public offering of convertible bonds
13	2708/18/NQHĐQT-HAGL Agrico	27/08/2018	Approval on supplementing the content of collecting shareholders opinion in writing as per the record date on 31 August 2018
14	0409/18/NQHĐQT-HAGL Agrico	04/09/2018	Approval on nominating the candidate for members of the Board of Directors
15	1010/18/NQHĐQT-HAGL Agrico	10/10/2018	Approval on adjusting the fruit tree area according to the Resolution No.1608/18/NQHĐQT-HAGL Agrico dated 16 August 2018
16	2712/18/NQHĐQT-HAGL Agrico	27/12/2018	Approval on appointment and resignation of the managerial positions of the Company

3. Transactions, salaries and other interests of the BOD, BOM and BOS

3.1 Transactions, salaries and other interests of the BOD, BOM and BOS

In 2018, the transactions, salaries and other interests of the BOD, BOM and BOS are VND 5.6 billion and presented in Item 33 of 2018 Audited Consolidated Financial Statements at "Transactions with related parties".

3.2 Transactions of internal persons and related persons with the shares of the Company

No.	Transaction execution	Relationship with internal person	Number of shares owned at the beginning of the period		Number of shares owned at the end of the period		Reason for increase/decrease
			Number of shares	Percentage	Number of shares	Percentage	
01	Hoang Anh Gia Lai JSC.	Holding company	488,665,840	55,10%	512,665,840	57.81%	Purchase
02	Vo Truong Son	Member of the BOD	1,000,000	0,11%	505,000	0.057%	Sell
Total			489,665,840		513,170,840		

3.3 Implementation of regulations on corporate governance

The Company always maintains up-to-date regulations promulgated by the State Securities Commission and strictly adheres to the internal management of the Company.

In addition, the Company always facilitates for the members of the BOD, the BOS, the BOM, and the Secretary of the Company to take part in the training courses on corporate governance.



**REPORT OF SUSTAINABLE
DEVELOPMENT**

Report of sustainable Development



Last year, although the business faced many difficulties, HAGL Agrico still made efforts to make flexible and timely decisions and business strategies in line with market developments. The company has promoted restructuring, given priority to exploiting the core strength of agriculture and cultivating short-term fruit trees such as dragon fruit, banana, mango and many other fruits, and actively created stable cash flow. In the business strategy, HAGL Agrico always sets its profit target associated with responsibilities to communities, society and the environment.

1. Policy of environment protection

Due to negative impacts of human activities, the world environment is becoming more and more severe. Vietnam ranks fifth worldwide in terms of climate change damage and also falls under the group of countries suffering many other environmental implications such as deforestation, environmental pollution, and depletion of natural resources. With agriculture as a major industry, HAGL Agrico always places importance on associating its production and business activities with sustainable development. To address considerable environmental issues, the Company has introduced main solutions to build a detailed plan based on the proposed orientation.

Power consumption

The Company has significantly reduced its power consumption in operations of processing plants, service workshops, water pumping, irrigation by adopting practical measures:

- Replacing old appliances and equipment such as incandescent bulbs, fluorescent bulbs, etc. with LED bulbs.
- Using solar heated tank.
- Building irrigation channel network to carry water to reservoirs for crop watering.
- Disseminating regulations of power-saving utilization to all employees.



"Israeli drip irrigation systems can save 50 - 70% of irrigation water compared to normal irrigation forms"

Water consumption

The company promotes economical water use which indirectly impacts on significant water use activities such as cultivation, animal husbandry and production to further efficiency, especially when it comes to increasingly expanded production. Specific solutions include:

- Application of Israeli drip irrigation systems is always the top choice in the irrigation work at its agricultural projects. This system can save 50 - 70% of irrigation water compared to normal irrigation forms.
- Waste water from processing plants is treated and reused to irrigate crops. Waste water from livestock farms is treated to partly produce biogas and the rest for crop irrigation. This measure helps the Company minimize environmental pollution, protect water sources and save costs.



Waste treatment

In order to ensure that solid waste and other types of waste do not leave adverse effects on the environment, the Company has imposed measures to save, recycle materials and minimize waste to the environment with the following specific solutions:

- Packages of animal manure: nylon bags, 50% of which are reused to collect plant waste such as broken fruits, branches ..., are used to store manure distributed to farms.
- The Company uses carton boxes to export fruits to the market because this is a biodegradable and environmentally friendly material.
- Irrigation pipes (such as PVC pipes, HDPE pipes, LDPE pipes) are used for drip irrigation in the plantations. 90% of broken irrigation pipes after use are shipped to the Company's factories for recycling.
- The Company uses manure sources available from cattle breeding to apply basal and top dressing for plants
- The Company makes efforts to reduce emissions into the environment through a variety of measures such as new technology application, equipment and infrastructure investments, optimization of production processes, and selection of product and eco-friendly production processes. At the same time, at the current manufacturing and processing factories, the Company prioritizes the construction of a wastewater process system, collection of hazardous substances before discharging it into the environment, and application of management measures to segregate waste.

Report of sustainable development (continued)

1. Policy of environment protection (continued)



2. Policies related to employees

As of 31 December 2018, the total number of employees of the Company is 11,315 with the specific structure as follows:



Complying with environmental laws

The Company's operations and investment are in compliance with the environmental laws and regulations made by the Governments of Vietnam, Laos, and Cambodia.

Before implementation of projects, the Company hired an independent third party to assess the environmental impacts, and introduce measures to mitigate the socio-environmental impacts of investment projects, then submitted them to competent authorities for approval.

The Company established the Environment Department ensuring the compliance of all production activities with the regulations of competent authorities. The Company promulgated Regulations on utilization of chemicals committing to use chemicals as per law, place maximum limit on the use of pesticides and chemical products. The Company issued Mechanism on receiving, handling feedback, petition and providing information for individuals and organizations regarding the Company's agriculture development projects in Laos and Cambodia.

The Company cooperates with Bureau Veritas - an international organization in testing, evaluating and certifying to implement commitments on the sustainability of planning, production and development towards the communal value protection and natural value preservation.

Location	Total number of employees	Long-term contract labor	Part-time labor
VIETNAM	1,531	463	1,068
LAOS	5,225	917	4,308
CAMBODIA	4,559	845	3,714
Total	11,315	2,225	9,090

Employee welfare policy

Considering human resources as the most valuable asset to drive the Company to sustainable development, HAGL Agrico always creates the best working environment and conditions to connect employees. In addition to complying with the law on welfare policy for employees, the Company also performs its responsibilities to employees based on the following factors:

Report of sustainable development (continued)

2. Policies related to employees (continued)



Ensuring labor safety and healthcare for workers

Work safety issues are strictly complied within the Company to ensure a safe working environment for workers. Occupational safety and fire prevention are regularly organized for employees. Workers are equipped with timely and adequate labor protection equipment to meet job requirements. The Company also issues and closely supervises the implementation of internal regulations on occupational safety and environmental sanitation, and regularly checks and evaluates labor safety at the workplace. In addition to Medical insurance, the Company provides employees with healthcare by supporting medical expenses at HAGL Medicine and Pharmacy University Hospital, and considers the exemption and reduction of medical expenses for staff working in Laos and Cambodia.

Ensuring a fair and healthy working environment

At HAGL Agrico, work is arranged to be best suited to the qualifications and capabilities of each employee, while it also fosters a healthy competition in each work area so that employees always strive to make the most of their capabilities. Besides attracting skilled human resources, the Company also encourages and maximizes chances for employees, especially for young officials, to participate in training courses to improve their qualifications by selftraining and on-site training.

Culture of fair competition is applied to employment from recruitment, training, development and promotion opportunities. HAGL Agrico gives priority in using local labourers and respects gender equality, and provides equal opportunities to both male and female employees. The Company's total number of employees is now 11,315 employees, of which female employees account for 40% and female managers take up 35%.



Promoting a sense of solidarity, according to the slogan "Solidarity is power"

The Company organizes annual entertainment, sports, arts and tourism activities so that employees can relax and recharge energy to continue contributing to the overall development of the Company. This is also an opportunity for them to chat, share life stories and work together, increasing their bonding and supporting mutual interaction in work for a sustainable development of HAGL Agrico.

3. Policies for local communities

With the mission of creating many values for society, besides investment in facilities, education and health, HAGL Agrico spares an annual budget for the Joining Hands for a better society Program: supporting the Fund for the Poor, the Child Protection Fund, the Agent Orange Fund, donating to flood and storm victims, and giving Tet gifts to underprivileged families. Such activities as donation, charity, and relief have been offered not only from the Company's welfare fund but also from individual contributions made by staff members and executives.

A dramatic event occurred at night of 23 July 2018 when a collapse of the Xe Pian-Xe Namnoy hydroelectric dam in Attapeu Province (Laos) led to hundreds dead and missing; and 06 villages in Sanamxay including Yai Thae, Hinlad, Mai, Thasengchan, Tha Hin, Samong flooded.

The disaster made 1,300 households homeless. At that time, 26 HAGL Agrico's officials and workers and people trapped in the plantation for 2 days and nights had to suffer extreme anxiety because of difficulties regarding lack of food, lack of fresh water and being isolated. The Company hired a rescue helicopter to evacuate all the workers. As an investor in Attapeu province, HAGL Agrico mobilized all resources for emergency relief including 100,000 packages of instant noodles, 50 tons of rice, 2,000 sets of clothes, 100 specialized medical bags, etc. medication and other essential items from Vietnam to Laos. Moreover, the Company founded a group of 20 doctors of HAGL University of Medicine and Pharmacy to access flooded areas and coordinate with the local authorities in Attapeu Province to provide troubled people with healthcare and medicine.

Then, at the ceremony of announcing the strategic cooperation of HAGL - Truong Hai Group (Thaco) on 8 August 2018, the leaders of the 2 companies HAGL and Thaco donated 2 billion Kip to the people of Attapeu (Lao PDR) (equivalent to VND 5.5 billion) to the people that were severely affected by the collapse of the hydroelectric dam.



FINANCIAL STATEMENTS

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General Information

THE COMPANY

Hoang Anh Gia Lai Agricultural Joint Stock Company ("the Company") is a shareholding company incorporated under the Law on Enterprises of Vietnam pursuant to Enterprise Registration Certificate ("ERC") No. 5900712753 issued by the Department of Planning and Investment ("DPI") of Gia Lai Province on 26 May 2010, and as amended seventeenth BRC on 30 November 2018.

The Company's shares were listed on the Ho Chi Minh City Stock Exchange (stock code "HNG") in accordance with Decision No. 278/QĐ-SGDHCM issued by the Ho Chi Minh City Stock Exchange on 10 July 2015.

As at 31 December 2018, the Company had eleven (11) direct subsidiaries, ten (10) indirect subsidiaries and one (1) associate.

The registered principal activities of the Company and its subsidiaries ("the Group") are breeding and trading dairy cows and cows for meat; planting and trading rubber latex, palm oil, fruits; generating and trading seeding; afforesting and related materials; constructing houses; constructing industrial and civil projects.

The Company's head office is located at No. 15, Truong Chinh Street, Phu Dong Ward, Pleiku City, Gia Lai Province, Vietnam.

BOARD OF DIRECTORS

Members of the Board of Directors during the year and at the date of this report are:

Name	Position	
Mr Doan Nguyen Duc	Chairman	
Mr Vo Truong Son	Member	
Mr Nguyen Quan Anh	Member	
Mrs Vo Thi My Hanh	Member	
Mrs Vo Thi Huyen Lan	Member	
Mr Nguyen Hung Minh	Member	appointed on 17 September 2018
Mr Tran Bao Son	Member	appointed on 17 September 2018
Mr Nguyen Ngoc Anh	Member	resigned on 17 September 2018
Mr Doan Nguyen Thu	Member	resigned on 17 September 2018

General Information

(continued)

BOARD OF SUPERVISORS

Members of the Board of Supervisors during the year and at the date of this report are:

Name	Position	
Mr Nguyen Duc Quang	Head	appointed on 18 July 2018
Mrs Nguyen Thi Hai Yen	Member	resigned on 17 September 2018
Mr Dang Cong Truc	Member	appointed on 17 September 2018
Mr Pham Ngoc Chau	Member	
Mr Duong Tran Hung	Member	resigned on 23 June 2018

MANAGEMENT

Members of the management during the year and at the date of this report are:

Name	Position	
Mrs Vo Thi My Hanh	General Director	
Mr Nguyen Quan Anh	Deputy General Director	
Mr Tran Bao Son	Deputy General Director	appointed on 27 December 2018
Mr Phan Thanh Thu	Deputy General Director	resigned on 27 December 2018
Mr Trinh Xuan Nhan	Deputy General Director	resigned on 27 December 2018
Mr Hoang Dinh Quy	Deputy General Director	resigned on 27 December 2018
Mr Nguyen Ngoc Anh	Deputy General Director	resigned on 27 December 2018
Mrs Nguyen Thi Thanh Thao	Deputy General Director	resigned on 27 December 2018
Mr Le Dinh Vu	Deputy General Director	resigned on 27 December 2018

LEGAL REPRESENTATIVE

The legal representative of the Company during the year and at the date of this report is Mrs Vo Thi My Hanh.

AUDITORS

The auditor of the Company is Ernst & Young Vietnam Limited.

Report of Management

Management of Hoang Anh Gia Lai Agricultural Joint Stock Company ("the Company") is pleased to present this report and the consolidated financial statements of the Company and its subsidiaries ("the Group") for the year ended 31 December 2018.

MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the consolidated financial statements of each financial year which give a true and fair view of the consolidated financial position of the Group and of the consolidated results of its operations and its consolidated cash flows for the year. In preparing those consolidated financial statements, management is required to:

- ▶ select suitable accounting policies and then apply them consistently;
- ▶ make judgements and estimates that are reasonable and prudent;
- ▶ state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the consolidated financial statements; and
- ▶ prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue its business.

Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the consolidated financial position of the Group and to ensure that the accounting records comply with the applied accounting system. It is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Management confirmed that it has complied with the above requirements in preparing the accompanying consolidated financial statements.

STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018 and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with the Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of the consolidated financial statements.

For and on behalf of management:



Vo Thi My Hanh
General Director

Gia Lai Province, Vietnam
30 March 2018



Ernst & Young Việt Nam Limited
20th floor, Bitexco Financial Tower,
2 Hai Trieu Street District 1, Ho Chi Minh City
Socialist Republic of Vietnam

Tel : +84 28 3824 5252
Fax : +84 28 3824 5250
Website: ey.com

Independent auditors' report

Reference: 61280353/20265408-HN

To: The Shareholders of Hoang Anh Gia Lai Agricultural Joint Stock Company

We have audited the accompanying consolidated financial statements of Hoang Anh Gia Lai Agricultural Joint Stock Company ("the Company") and its subsidiaries ("the Group") as prepared on 30 March 2019 and set out on pages 6 to 75, which comprise the consolidated balance sheet as at 31 December 2018, the consolidated income statement and consolidated cash flow statement for the financial year then ended and the notes thereto.

Management's responsibility

The Group's management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of the consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation and presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor's consider internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Ernst & Young Việt Nam Limited
20th floor, Bitexco Financial Tower,
2 Hai Trieu Street District 1, Ho Chi Minh City
Socialist Republic of Vietnam

Tel : +84 28 3824 5252
Fax : +84 28 3824 5250
Website: ey.com

B01-DN/HN

Consolidated balance sheet

as at 31 December 2018

VND'000

Independent auditors' report (continued)

Reference: 61280353/20265408-HN

Opinion

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of the Group as at 31 December 2018, and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of the consolidated financial statements.

Emphasis of matter

We draw attention to Notes 2.2 to the consolidated financial statements. The Group incurred a net loss after tax of VND'000 656,114,527 for the year ended 31 December 2018, and as at that date, the Group's current liabilities exceeded its current assets by VND'000 4,336,120,020. In addition, as of that date, the Group was also in violation of bond and loan covenants as mentioned in Notes 23.3, 23.5 and 23.6 to the consolidated financial statements. These factors indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Ernst & Young Vietnam Limited



Pham Thi Cam Tu
Deputy General Director
Audit Practicing Registration Certificate
No. 2266-2018-004-1

Ho Chi Minh City, Vietnam
30 March 2019

Nguyen Thi Nhu Quynh
Auditor
Audit Practicing Registration Certificate
No. 3040-2019-004-1

Code	ASSETS	Notes	balance Ending	Beginning balance
100	A. CURRENT ASSETS		4,177,427,203	4,416,622,838
110	I. Cash and cash equivalents	5	72,447,272	53,262,986
111	1. Cash		72,447,272	50,262,986
112	2. Cash equivalents		-	3,000,000
130	II. Current accounts receivable		2,766,412,291	3,315,582,027
131	1. Short-term trade receivables	6	2,318,603,106	2,008,940,531
132	2. Short-term advances to suppliers	7	183,774,708	735,872,145
135	3. Short-term loan receivables	8	76,814,000	357,633,041
136	4. Other short-term receivables	9	212,204,353	226,179,121
137	5. Provision for short-term doubtful receivables	6	(24,983,876)	(13,042,811)
140	III. Inventories	10	1,294,888,066	1,008,560,404
141	1. Inventories		1,306,450,947	1,015,931,766
149	2. Provision for obsolete inventories		(11,562,881)	(7,371,362)
150	IV. Other current assets		43,679,574	39,217,421
151	1. Short-term prepaid expenses	16	20,937,610	28,460,482
152	2. Value-added tax deductible		22,405,890	10,428,256
153	3. Tax and other receivables from the State		336,074	328,683
200	B. NON-CURRENT ASSETS		26,354,127,080	27,865,557,407
210	I. Long-term receivables		6,556,215	2,651,637,754
215	1. Long-term loan receivables	8	-	2,005,714,973
216	2. Other long-term receivables	9	6,556,215	645,922,781
220	II. Fixed assets		9,207,445,069	6,900,466,447
221	1. Tangible fixed assets	11	9,183,595,934	6,870,301,911
222	Cost		10,712,291,374	7,989,910,734
223	Accumulated depreciation		(1,528,695,440)	(1,119,608,823)
227	2. Intangible assets	12	23,849,135	30,164,536
228	Cost		54,845,260	54,845,260
229	Accumulated amortisation		(30,996,125)	(24,680,724)
240	III. Long-term asset in progress		12,751,110,909	13,347,574,348
242	1. Construction in progress	13	12,751,110,909	13,347,574,348
250	IV. Long-term investment	15	307,231,754	861,491,710
252	1. Investment in associates		299,447,924	861,491,710
253	2. Investment in other entities		7,783,830	-
260	V. Other long-term assets		4,081,783,133	4,104,387,148
261	1. Long-term prepaid expenses	16	942,011,275	552,520,160
262	2. Deferred tax assets	32.2	50,738,434	54,262,577
269	3. Goodwill	17	3,089,033,424	3,497,604,411
270	TOTAL ASSETS		30,531,554,283	32,282,180,245

Consolidated balance sheet (continued)

B01-DN/HN

as at 31 December 2018

VND'000

Code	RESOURCES	Notes	Ending balance	Beginning balance
300	C. LIABILITIES		19,855,671,686	22,129,411,861
310	I. Current liabilities		8,513,547,223	6,237,227,278
311	1. Short-term trade payables	18	413,725,650	684,133,747
312	2. Short-term advances from customers	19	86,711,848	368,099,058
313	3. Statutory obligations	20	46,065,717	71,013,027
314	4. Payables to employees		48,561,776	60,471,407
315	5. Short-term accrued expenses	21	1,548,036,970	1,273,106,206
318	6. Short-term unearned revenues		-	24,010,127
319	7. Other short-term payables	22	491,538,723	2,031,335,114
320	8. Short-term loans	23	5,878,906,539	1,725,058,592
330	II. Non-current liabilities		11,342,124,463	15,892,184,583
333	1. Long-term accrued expenses	21	759,275,084	1,589,659,464
337	2. Other long-term liabilities	22	988,865,252	1,854,427,184
338	3. Long-term loans	23	9,551,092,730	12,436,181,455
341	4. Deferred tax liabilities	32.2	42,891,397	11,916,480
400	D. OWNERS' EQUITY		10,675,882,597	10,152,768,384
410	I. Capital		10,675,882,597	10,152,768,384
411	1. Share capital	24.1	8,868,438,950	7,671,438,950
411a	- Shares with voting rights		8,868,438,950	7,671,438,950
412	2. Share premium	24.1	1,064,550,810	1,064,550,810
413	3. Convertible bond - options	24.1	105,576,190	-
417	4. Foreign exchange differences reserve	24.1	505,361,803	454,592,390
421	5. Undistributed earnings	24.1	102,645,162	911,299,891
421a	- Undistributed earnings up to prior year-end		761,794,920	383,861,675
421b	- (Loss) undistributed earnings of current year		(659,149,758)	527,438,216
429	6. Non-controlling interests	25	29,309,682	50,886,343
440	TOTAL LIABILITIES AND OWNERS' EQUITY		30,531,554,283	32,282,180,245

Pham Thi Luu Ly
Preparer

Pham Xuan Hoa
Chief AccountantVo Thi My Hanh
General Director

30 March 2019

B02-DN/HN

Consolidated
Income Statement

for the year ended 31 December 2018

VND'000

Code	ITEMS	Notes	Current year	Previous year
10	1. Net revenue from sale of goods and rendering of services	27.1	3,688,345,377	3,321,021,229
11	2. Cost of goods sold and services rendered	28	(2,187,064,427)	(2,106,498,608)
20	3. Gross profit from sale of goods and rendering of services		1,501,280,950	1,214,522,621
21	4. Finance income	27.2	150,727,589	1,014,721,130
22	5. Finance expenses	29	(690,572,665)	(854,439,086)
23	- In which: Interest expenses		(638,937,501)	(813,216,302)
24	6. Share of loss of associates	15.1	(11,458,148)	(28,069,575)
25	7. Selling expenses	30	(149,378,437)	(93,271,543)
26	8. General and administrative expenses	30	(684,976,628)	(585,188,578)
30	9. Operating profit		115,622,661	668,274,969
31	10. Other income	31	20,710,867	245,097,700
32	11. Other expenses	31	(762,096,594)	(472,117,888)
40	12. Other loss	31	(741,385,727)	(227,020,188)
50	13. Accounting (loss) profit before tax		(625,763,066)	441,254,781
51	14. Current corporate income tax income (expense)	32.1	4,147,599	(23,890,080)
52	15. Deferred tax (expense) income	32.2	(34,499,060)	113,097,948
60	16. Net (loss) profit after tax		(656,114,527)	530,462,649
61	17. Net (loss) profit after tax attributable to shareholders of the parent		(659,149,758)	527,438,216
62	18. Net profit after tax attributable to non-controlling interests	25	3,035,231	3,024,433
70	19. Basic (loss) earnings per share (VND)	26	(761)	688
71	20. Diluted (loss) earnings per share (VND)	26	(527)	581

Pham Thi Luu Ly
Preparer

Pham Xuan Hoa
Chief AccountantVo Thi My Hanh
General Director

30 March 2019

Consolidated cash flow statement

for the year ended 31 December 2018

B03-DN/HN

VND'000

Code	ITEMS	Notes	Current year	Previous year
I. CASH FLOWS FROM OPERATING ACTIVITIES				
01	Accounting (loss) profit before tax		(625,763,066)	441,254,781
<i>Adjustments for:</i>				
02	Depreciation and amortisation (include amortisation of goodwill)	11, 12, 17	969,016,977	970,643,111
03	Provisions (reversal of provisions)		16,132,584	(170,689,072)
04	Foreign exchange losses arisen from revaluation of monetary accounts denominated in foreign currencies		12,034,349	31,328
05	Losses (profits) from investing activities		238,622,330	(1,137,148,598)
06	Interest expenses	29	638,937,501	813,216,302
08	Operating profit before changes in working capital		1,248,980,675	917,307,852
09	(Increase) decrease in receivables		(631,488,764)	1,288,679,730
10	(Increase) decrease in inventories		(705,973,160)	438,256,606
11	Decrease in payables		(597,517,270)	(327,440,018)
12	Increase in prepaid expenses		(474,472,323)	(811,767,701)
14	Interest paid		(498,858,220)	(268,076,880)
15	Corporate income tax paid	32.1	(3,881,946)	(1,000,064)
20	Net cash flows (used in) from operating activities		(1,663,211,008)	1,235,959,525
II. CASH FLOWS FROM INVESTING ACTIVITIES				
21	Purchase and construction of fixed assets		(1,725,402,752)	(1,009,565,068)
22	Proceeds from disposals of fixed assets		218,763,013	463,410,814
23	Loans to other entities		(96,265,018)	(914,350,263)
24	Collections from borrowers		260,397,662	988,740,053
25	Payments for investments in other entities	15.2	(7,783,830)	-
26	Proceeds from disposal of investments		73,000,000	1,450,356,816
27	Interest received		21,309,714	54,094,406
30	Net cash flows (used in) from investing activities		(1,255,981,211)	1,032,686,758

B03-DN/HN

Consolidated cash flow statement (continued)

for the year ended 31 December 2018

VND'000

Code	ITEMS	Notes	Current year	Previous year
III. CASH FLOWS FROM FINANCING ACTIVITIES				
33	Drawdown of loans		6,409,622,237	2,465,240,508
34	Repayment of loans	23	(3,471,245,732)	(4,992,082,110)
40	Net cash flows from (used in) financing activities		2,938,376,505	(2,526,841,602)
50	Net increase (decrease) in cash and cash equivalents for the year		19,184,286	(258,195,319)
60	Cash and cash equivalents at beginning of the year		53,262,986	311,458,305
70	Cash and cash equivalents at the end of the year	5	72,447,272	53,262,986

Pham Thi Luu Ly
Preparer

30 March 2019

Pham Xuan Hoa
Chief AccountantVo Thi My Hanh
General Director

Notes to the consolidated financial statements

as at 31 December 2018 and for the year then ended

1. CORPORATE INFORMATION

Hoang Anh Gia Lai Agricultural Joint Stock Company ("the Company") is a shareholding company incorporated under the Law on Enterprises of Vietnam pursuant to Enterprise Registration Certificate ("ERC") No. 5900712753 issued by the Department of Planning and Investment ("DPI") of Gia Lai Province on 26 May 2010 and seventeenth amended BRCs on 30 November 2018.

The Company's shares were listed on the Ho Chi Minh City Stock Exchange in accordance with the Decision No. 278/QĐ-SGDHCM issued by the Ho Chi Minh City Stock Exchange on 10 July 2015 with transaction code of "HNG".

As at 31 December 2018, the Company had eleven (11) direct subsidiaries, ten (10) indirect subsidiaries and one (1) associate.

Details of subsidiaries are as follows:

Name of subsidiaries	Business	Location	Status of Holding	operation interest (%)
1. Hoang Anh - Quang Minh Rubber Industrial and Agricultural Co., Ltd. ("Hoang Anh - Quang Minh")	Planting and breeding	Sekong, Laos	Operating	97.77
2. Hoang Anh - Quang Minh Rubber Joint Stock Company	Planting and breeding	Gia Lai, Vietnam	Operating	97.77
3. Hoang Anh Dak Lak Joint Stock Company ("Hoang Anh Dak Lak")	Planting and breeding	Dak Lak, Vietnam	Operating	99.53
4. Hoang Anh Attapeu Agriculture Development Co., Ltd. ("Hoang Anh Attapeu")	Planting, breeding and constructing	Attapeu, Laos	Operating	100.00
5. Hoang Anh Rattanakiri Co., Ltd.	Planting	Rattanakiri, Cambodia	Pre-operating	100.00
6. Heng Brothers Co., Ltd.	Planting	Rattanakiri, Cambodia	Operating	100.00
7. Hoang Anh Oyadav Co., Ltd.	Planting	Rattanakiri, Cambodia	Pre-operating	100.00
8. CRD Co., Ltd.	Planting	Rattanakiri, Cambodia	Pre-operating	100.00
9. Hoang Anh Andong Meas Co., Ltd.	Planting and breeding	Rattanakiri, Cambodia	Operating	97.77
10. Hoang Anh Gia Lai Import - Export Trading One Member Co., Ltd. ("Hoang Anh Gia Lai Import - Export")	Trading	Gia Lai, Vietnam	Operating	100.00

B09-DN/HN

B09-DN/HN

Notes to the consolidated financial statements (continued)

as at 31 December 2018 and for the year then ended

1. CORPORATE INFORMATION (continued)

Name of subsidiaries	Business	Location	Status of Holding	operation interest (%)
11. Highland Dairy Cattle Joint Stock Company ("Highland Dairy Cattle")	Breeding	Gia Lai, Vietnam	Operating	99.00
12. Dong Penh Joint Stock Company ("Dong Penh")	Planting	Gia Lai, Vietnam	Operating	99.90
13. Daun Penh Agrico Co., Ltd. ("Daun Penh")	Planting	Rattanakiri, Cambodia	Operating	99.90
14. An Dong Mia Joint Stock Company ("An Dong Mia")	Planting	Gia Lai, Vietnam	Operating	99.50
15. Hoang Anh Lum Phat Co., Ltd. ("Hoang Anh Lumphat")	Planting	Rattanakiri, Cambodia	Operating	99.50
16. Indochina Rubber Investment and Development Co., Ltd. ("Indochina Rubber")	Planting	Ho Chi Minh, Vietnam	Operating	100.00
17. Binh Phuoc Kratie 2 Co., Ltd.	Planting	Kratie, Cambodia	Operating	100.00
18. Sovann Vuthy Co., Ltd.	Planting	Kratie, Cambodia	Operating	100.00
19. Eastern Europe Rubber Investment Co., Ltd.	Planting	Ho Chi Minh, Vietnam	Pre-operating	100.00
20. Eastern Rubber (Cambodia) Co., Ltd. ("Eastern Rubber")	Planting	Kratie, Cambodia	Pre-operating	100.00
21. Trung Nguyen Rubber Joint Stock Company ("Trung Nguyen Rubber")	Planting and breeding	Gia Lai, Vietnam	Operating	99.91

Pre-operating status means the subsidiaries are still under investments stage and have not yet started their commercial operations as at 31 December 2018.

The registered principal activities of the Company and its subsidiaries ("the Group") are breeding and trading dairy cows and cows for meat; planting and trading rubber latex, palm oil, fruits; generating and trading seeding; afforesting and related materials; constructing houses; constructing industrial and civil projects.

The Company's head office is located at No. 15, Truong Chinh Street, Phu Dong Ward, Pleiku City, Gia Lai Province, Vietnam.

The number of the Group's employees as at 31 December 2018 is 2,316 (31 December 2017: 2,129).

Notes to the consolidated financial statements (continued)

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as at 31 December 2018 and for the year then ended

2. BASIS OF PREPARATION

2.1 Applied accounting standards and system

The consolidated financial statements of the Company and its subsidiaries (the "Group"), expressed in Vietnam Dong ("VND"), are prepared in accordance with Vietnamese Enterprise Accounting System and Vietnamese Accounting Standards issued by the Ministry of Finance as per:

- ▶ Decision No. 149/2001/QD-BTC dated 31 December 2001 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 1);
- ▶ Decision No. 165/2002/QD-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 2);
- ▶ Decision No. 234/2003/QD-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 3);
- ▶ Decision No. 12/2005/QD-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 4); and
- ▶ Decision No. 100/2005/QD-BTC dated 28 December 2005 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 5).

Accordingly, the accompanying consolidated financial statements, including their utilisation are not designed for those who are not informed about Vietnam's accounting principles, procedures and practices and furthermore are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

2.2 Going concern assumption

The consolidated financial statements have been prepared on a going concern basis, which presumes that the Group will be able to realise its assets and discharge its liabilities in the normal course of operations for the foreseeable future.

As disclosed in the consolidated financial statements, the Group incurred a net loss after tax of VND'000 656,114,527. As at 31 December 2018, the Group's current liabilities exceeded its current assets by VND'000 4,336,120,020. In addition, as of that date, the Group was also in violation of certain bond and loan covenants as mentioned in Note 23.3, 23.5 and 23.6 of the consolidated financial statements. These factors indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

As at the date of these consolidated financial statements, the Group is still in progress to develop their projects in order to ensure operating cash flows of the Group, restructure debts and negotiate with lenders to amend some breached terms and conditions relating to loan and attached mortgage contracts. In addition, on 3 August 2018, the Group signed the Strategic Investment Cooperation Agreement with Truong Hai Auto Corporation ("THACO") as mentioned in Note 4, in which, THACO commits to assist the Group to restructure finance and raise capitals, which shall be used to finance to the Group's agricultural projects. On this basis, the Group's management consider it is appropriate to prepare the Group's consolidated financial statements on the going concern basis.

The consolidated financial statements do not include any adjustments to assets and liabilities that may be necessary if the Group is unable to continue as a going concern.

Notes to the consolidated financial statements (continued)

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as at 31 December 2018 and for the year then ended

2. BASIS OF PREPARATION (continued)

2.3 Applied accounting documentation system

The Group's applied accounting documentation system is the General Journal system.

2.4 Fiscal year

The Group's fiscal year applicable for the preparation of its consolidated financial statements starts on 1 January and ends on 31 December.

2.5 Accounting currency

The Group's accounting currency are VND.

The Group's consolidated financial statements are prepared in thousands of Vietnam Dong ("VND'000").

2.6 Basis of consolidation

The Group's consolidated financial statements comprise the financial statements of the Company and its subsidiaries for the year ended 31 December 2018.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. Adjustments are made to any difference in any accounting policies to ensure consistency between the subsidiaries and the Company.

All intra-company balances, income and expenses and unrealised gains or losses result from intra-company transactions are eliminated in full.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet, separately from parent shareholders' equity.

The subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control and continued to be consolidated until the date that such control ceases. Where there is a loss of control over the subsidiaries, the consolidated financial statements still include results for the period of the reporting year during which the Group has control.

Impact of change in the ownership interest of a subsidiary, without a loss of control, is recorded in undistributed earnings.

Notes to the consolidated financial statements (continued)

as at 31 December 2018 and for the year then ended

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and short-term, highly liquid investments with an original maturity of less than three months that are readily convertible into known amounts of cash and that are subject to an insignificant risk of change in value.

3.2 Receivables

Receivables are presented in the consolidated financial statements at the carrying amounts due from customers and other debtors, after provision for doubtful receivables.

The provision for doubtful debts represents amounts of outstanding receivables at the balance sheet date which are doubtful of being recovered. Increases or decreases to the provision balance are recorded as general and administrative expense in the consolidated income statement.

3.3 Inventories

Inventories are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value.

Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs to complete and the estimated costs necessary to make the sale.

The perpetual method is used to record inventories, which are valued as follows:

Raw and construction materials, tools and supplies and merchandise goods	- Cost on a weighted average basis.
Finished goods and work-in-process	- Cost of direct materials and labour plus attributable overheads based on the normal level of activities.

By-products

By-products resulted from livestock activities with nil in quantity and amount recorded into the accounting books as at the date of the consolidated financial statements.

Construction work-in-process – Construction contract

Construction work-in-process acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as construction work-in-process – Construction contract and is measured at the lower of cost and net realisable value.

Cost includes:

- Amounts paid to contractors for construction; and
- Borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

Net realisable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money if material, less costs to completion and the estimated costs of sale.

The cost of construction work-in-process recognised in profit or loss on disposal is determined with reference to the specific costs incurred on the construction work-in-process sold and an allocation of any non-specific costs based on the relative size of the construction work-in-process sold.

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Notes to the consolidated financial statements (continued)

as at 31 December 2018 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Inventories (continued)

Provision for obsolete inventories

An inventory provision is created for the estimated loss arising due to the impairment of value (through diminution, damage, obsolescence, etc.) of raw materials, finished goods, and other inventories owned by the Group, based on appropriate evidence of impairment available at the balance sheet date.

Increases or decreases to the provision balance are recorded into the cost of goods sold and services rendered account in the consolidated income statement.

3.4 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

The cost of a tangible fixed asset comprises its purchase price and any directly attributable costs of bringing the tangible fixed asset to working condition for its intended use.

Expenditures for additions, improvements and renewals are added to the carrying amount of the assets and expenditures for maintenance and repairs are charged to the consolidated income statement as incurred.

When tangible fixed assets are sold or retired, any gain or loss resulting from their disposal (the difference between the net disposal proceeds and the carrying amount) is included in the consolidated income statement.

3.5 Intangible fixed assets

Intangible fixed assets are stated at cost less accumulated amortisation.

The cost of an intangible fixed asset comprises its purchase price and any directly attributable costs of preparing the intangible asset for its intended use.

Expenditures for renewals and improvements are added to the carrying amount of the intangible assets and other expenditures are charged to the consolidated income statement as incurred.

When intangible fixed assets are sold or retired, any gain or loss resulting from their disposal (the difference between the net disposal proceeds and the carrying amount) is included in the consolidated income statement.

Land use rights

Land use rights are recorded as intangible fixed assets representing value of the right to use the land acquired or leased by the Group. The useful life of land use rights are assessed either definite or indefinite. Accordingly, land use rights with definite useful life representing the land lease are amortised over the lease term while land use rights with indefinite useful life are not amortised.

Notes to the consolidated financial statements (continued)

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as at 31 December 2018 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Depreciation and amortisation

Depreciation of tangible fixed assets and amortisation of intangible fixed assets are calculated on a straight-line basis over the estimated useful life of each asset as follows:

Buildings & structures	10 - 50 years
Machinery & equipment	3 - 20 years
Means of transportation & transmit instrument	6 - 20 years
Office equipment	3 - 10 years
Livestock	8 years
Perennial trees	14 - 20 years
Land use rights	20 years
Software system	5 - 8 years
Other assets	8 - 15 years

Depreciation of plantations
The details are as follows:

Year	Rate (%)			
	Rubber plantations (i)	Dragon fruit plantations (ii)	Pepper plantations (i)	Mango plantations (iv)
First year	2.50	1.00	4.60	0.30
Second year	2.80	3.40	8.50	1.00
Third year	3.50	5.00	8.50	2.20
Fourth year	4.40	6.70	8.50	4.30
Fifth year	4.80	8.40	8.50	5.80
Sixth year	5.40	8.40	8.50	5.80
Seventh year	5.40	8.40	6.20	5.80
Eighth year	5.10	8.40	6.20	5.80
Ninth year	5.10	8.40	6.20	5.80
Tenth year	5.00	8.40	3.80	5.80
Eleventh year	7.00	6.70	3.80	5.80
Twelfth year	6.60	6.70	3.80	5.80
Thirteenth year	6.20	6.70	3.80	5.80
Fourteenth year	5.90	6.70	3.80	5.80
Fifteenth year	5.50	Carrying amount	3.80	5.80
Sixteenth year	5.40	3.80	5.80	
Seventeenth year	5.00	3.80	5.80	
Eighteenth year	5.50	Carrying amount	5.80	
Nineteenth year	5.20		5.80	
Twentieth year	Carrying amount	Carrying amount		

(i) Rubber and pepper plantations

Management estimated to start harvesting the rubber and pepper plantations after seven (7) years and three (3) years of cultivation, respectively.

(ii) Dragon fruit plantations

Management estimated to start harvesting the dragon fruit plantation after eight (8) to nine (9) months of cultivation.

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Notes to the consolidated financial statements (continued)

as at 31 December 2018 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Depreciation and amortisation (continued)

(iii) Palm oil plantations

According to the research of the Group's palm oil plantations carried out by Vietnamese Academy of Forest Science of South Central Coast and Central Highlands on August 2017, the management estimated to start harvesting the palm oil plantation after six (6) years, which were suitable to development features of the Group's oil palm plantations in Cambodia and Laos.

Accordingly, the Group would be transferred from construction in progress to tangible fixed assets after such mentioned years and depreciation will be started accordingly.

Depreciation of plantations

(i) Depreciation of rubber plantations are calculated in accordance with Official Letter No. 1937/BTC-TCDN on 9 February 2010 issued by Department of Business Finance - Ministry of Finance providing guidance on depreciation of rubber plantations and Decision No. 221/QD-CSVN issued on 27 April 2010 by Vietnam Rubber Group providing guidance on the depreciation rates applicable to rubber plantations within twenty (20) years of exploitation cycle.

Depreciation of pepper plantations are calculated in accordance with Decision No. 115/17/QD-HAGL Agrico on 8 August 2017 of Management providing guidance on depreciation of pepper plantations over its exploitation cycle.

(ii) Depreciation of dragon fruits plantations are calculated in accordance with Decision No. 115/17/QD-HAGL Agrico dated 8 August 2017 of Management providing guidance on depreciation of dragon fruits over its exploitation cycle.

(iii) Depreciation of mango plantations are calculated in accordance with Decision No. 0101/18/QD-HAGL Agrico dated 2 Jan 2018 of Management providing guidance on depreciation of mango over its exploitation cycle.

3.7 Construction in progress

Construction in progress represents costs attributable directly to the construction and development of the Group's buildings and structures, factories, rubber, palm oil, and other plantations which have yet been completed as at the consolidated balance sheet date.

Factories, buildings and structures

Costs include attributable costs related directly to the construction of the Group's factories, buildings and structures such as construction costs, survey and designing fees and other related costs.

Plantation costs

Plantation costs include costs directly attributable to the rubber, palm oil, pepper, fruits and other plantations such as survey, land compensation, land clearance, rubber and palm oil seeds, fertilizer, transportation of seeds and other materials, workers' wages, building roads and fences, fire prevention and security guards, anti-botanic drugs and other related costs.

3.8 Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Borrowing costs are recorded as expense during the year in which they are incurred, except to the extent that they are capitalized as explained in the following paragraph.

Borrowing costs that are directly attributable to the acquisition, construction or production of a particular asset are capitalised as part of the cost of that asset. Capitalisation of borrowing costs is suspended during the periods in which active development of the asset is interrupted unless such interruption is considered necessary. Capitalisation of borrowing costs is ceased when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Notes to the consolidated financial statements (continued)

as at 31 December 2018 and for the year then ended

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Prepaid expenses

Prepaid expenses are reported as short-term or long-term prepaid expenses on the consolidated balance sheet which mainly includes cost of tools and supplies, prepaid land rentals, and fruit plantations and other plantations. They are amortised over the period for which the amounts are paid or the period in which economic benefits are generated in relation to these expenses.

- Prepaid land rental are amortised over the periods of land lease;
- Tools and consumables with large value issued into production and amortised no more than three (3) years and recognised in the consolidated income statement; and
- Fruit, grass plantation and other plantations expenses include: seeds, land preparation, planting costs. The seeding costs are amortised over the lifetime of the trees. Land preparation and planting costs are amortised over the period, in which economic benefits are generated in connection to the costs incurred.

3.10 Business combinations and goodwill

Business combinations are accounted for using the purchase method. The cost of a business combination is measured as the fair value of assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange plus any costs directly attributable to the business combination. Identifiable assets and liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of business combination.

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If the cost of a business combination is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated income statement. After initial recognition, goodwill is measured at cost less any accumulated amortisation. Goodwill is amortised over ten (10) years on a straight-line basis. The parent company conducts the periodical review for impairment of goodwill of investment in subsidiaries. If there are indicators of impairment loss incurred is higher than the yearly allocated amount of goodwill on the straight-line basis, the higher amount will be recorded in the consolidated income statement.

3.11 Investments

Investments in an associate

The Group's investment in an associate is carried at cost and accounted for using the equity method of accounting. An associate is an entity in which the Group has significant influence and which is neither subsidiaries nor joint ventures. The Group generally deems they have significant influence if they have over 20% of the voting rights.

Under the equity method, the investment is carried in the consolidated balance sheet at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill arising on acquisition of the associate is included in the carrying amount of the investment. Goodwill is not amortised and subject to annual review for impairment. The consolidated income statement reflects the share of the post-acquisition results of operation of the associate.

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Notes to the consolidated financial statements (continued)

as at 31 December 2018 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Investments (continued)

Investments in an associate (continued)

The share of post-acquisition profit (loss) of the associate is presented on the face of the consolidated income statement and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividend sharing receivable from associate reduces the carrying amount of the investment.

The financial statements of the associate are prepared for the same reporting period and use the same accounting policies as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Investments in other entities

Investments in other entities are stated at their acquisition costs.

Provision for investments in entities

Provision is made for any diminution in value of the held-for-trading securities and investments in other entities at the balance sheet date in accordance with the guidance under the Circular No. 228/2009/TT-BTC dated 7 December 2009 and Circular No. 89/2013/TT-BTC dated 28 June 2013 issued by the Ministry of Finance. Increases or decreases to the provision balance are recorded as finance expenses in the consolidated income statement.

3.12 Payables and accruals

Payables and accruals are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Group.

3.13 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

3.14 (Loss) earnings per share

Basic (loss) earnings per share amounts are calculated by dividing net profit after tax for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted (loss) earnings per share amounts are calculated by dividing the net profit after tax attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

Notes to the consolidated financial statements (continued)

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as at 31 December 2018 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 Foreign currency transactions

(i) Transactions in foreign currency

Transactions in currencies other than the Group's reporting currency of VND are recorded at the actual transaction exchange rates at transaction dates which are determined as follows:

- Transaction resulting in receivables are recorded at the buying exchange rates of the commercial banks designated for collection;
- Transactions resulting in liabilities are recorded at the selling exchange rates of the transaction of commercial banks designated for payment;
- Capital contributions are recorded at the buying exchange rates of the commercial banks designated for capital contribution; and
- Payments for assets or expenses without liabilities initially being recognised is recorded at the buying exchange rates of the commercial banks that process these payments.

At the end of the year, monetary balances denominated in foreign currencies are translated at the actual transaction exchange rates at the balance sheet date which are determined as follows:

- Monetary assets are translated at buying exchange rate of the commercial bank where the Group conducts transactions regularly; and
- Monetary liabilities are translated at selling exchange rate of the commercial bank where the Group conducts transactions regularly.

All foreign exchange differences incurred during the year and arisen from translation of monetary accounts denominated in foreign currency at balance sheet date are taken to the consolidated income statement.

(ii) Conversion of the financial statement of foreign subsidiaries

Conversion of the financial statements of a subsidiary of the Group which maintains its accounting records in other currency rather than the Group's accounting currency of VND for the consolidation purpose is as follows:

- Assets and liabilities are converted into VND by using the average buying and selling exchange rate, respectively, as announced by the commercial banks where the Group maintains bank accounts at the balance sheet date;
- Equity are converted into VND by using the actual transaction exchange rates; and
- Revenues, other income and expenses are converted into VND by using the average exchange rate for the year.

All foreign exchange differences resulting from conversion of financial statements of the subsidiary for the consolidation purpose are taken to the "foreign exchange reserve" on the consolidated balance sheet and charged to the consolidated income statement upon the disposal of the investment.

Notes to the consolidated financial statements (continued)

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as at 31 December 2018 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 Appropriation of net profits

Net profit after tax (excluding negative goodwill arising from a bargain purchase) is available for appropriation to shareholders after approval in the annual general meeting, and after making appropriation to reserve funds in accordance with the Company's Charter and Vietnam's regulatory requirements.

The Group maintains the following reserve funds which are appropriated from the Group's net profit as proposed by the Board of Directors and subject to approval by shareholders at the annual general meeting.

Bonus and welfare fund

This fund is set aside for the purpose of pecuniary rewarding and encouraging, common benefits and improvement of the employees' benefits, and presented as a liability on the consolidated balance sheet.

3.17 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding trade discount, rebate and sales return. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually upon the delivery of the goods.

Construction contracts

Where the outcome of a construction contract can be estimated reliably and certified by customers, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable to be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

Rendering of services

Revenue from rendering of services is recognized when the services are rendered.

Interest

Interest is recognised as the interest accrues (taking into account the effective yield on the asset) unless collectability is in doubt.

Notes to the consolidated financial statements (continued)

as at 31 December 2018 and for the year then ended

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18 Taxation

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted as at the balance sheet date.

Current income tax is charged or credited to the consolidated income statement, except when it relates to items recognised directly to equity, in which case the current income tax is also dealt with in equity.

Current income tax assets and liabilities are offset when there is a legally enforceable right for the Group to offset current tax assets against current tax liabilities and when the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amount for consolidated financial statements purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- ▶ Where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the related transaction affects neither the accounting profit nor taxable profit (or loss); and
- ▶ In respect of taxable temporary differences associated with investments in subsidiaries and associates where timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carried forward unused tax credit and unused tax losses, to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward unused tax credit and unused tax losses can be utilised, except:

- ▶ Where the deferred tax asset in respect of deductible temporary difference which arises from the initial recognition of an asset or liability which at the time of the related transaction, affects neither the accounting profit nor taxable profit (or loss); and
- ▶ In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is audited at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Previously unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

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Notes to the consolidated financial statements (continued)

as at 31 December 2018 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18 Taxation (continued)

Deferred tax (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled based on tax rates and tax laws that have been enacted at the balance sheet date.

Deferred tax is charged or credited to the consolidated income statement, except when it relates to items recognised directly to equity, in which case the deferred tax is also dealt with in the equity account.

Deferred tax assets and liabilities are offset when there is a legally enforceable right for the Group to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on either the same taxable entity or when the Group intends either settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously, in each future year in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3.19 Convertible bond

Bonds that are convertible by the holder into a fixed number of ordinary shares of the entity are separated into financial liability (a contractual arrangement to deliver cash or another financial asset) and equity instrument (a call option granting the holder the right, for a specified period of time) based on the terms of the contract.

On issuance of the convertible bond, the fair value of the liability component is determined by discounting the future payment (including principal and interest) to present value at the market rate for an equivalent non-convertible bond less issuance cost.

This component is recorded as financial liabilities and determined at amortised cost (less issuance cost) until it was terminated through conversion or payment.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity. The carrying amount of the conversion option is not re-measured in subsequent years.

Transaction costs are allocated during the lifetime of the bond following straight line basis. At initial recognition, issuance costs are deducted from the liability component of the bond.

3.20 Related parties

Parties are considered to be related parties of the Group if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions, or when the group and other party are under common control or under common significant influence. Related parties can be enterprises or individuals, including close members of the family of any such individual.

Notes to the consolidated financial statements (continued)

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as at 31 December 2018 and for the year then ended

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.21 Segment information

A segment is a component determined separately by the Group which is engaged in providing products or related services (business segment), or providing products or services in a particular economic environment (geographical segment), that is subject to risks and returns that are different from those of other segments.

The Group's business segment is derived mainly from sales of products (plantation, breeding, trading and services and others). Management defines the Group's geographical segments to be based on the location of the Group's assets.

4. SIGNIFICANT EVENTS DURING THE YEAR

Transferring all interests in Gia Lai Livestock Joint Stock Company ("CNGL")

On 20 March 2018, Highland Dairy Castle Joint Stock Company, a subsidiary of the Group, transferred its entire shares, equivalent to 23.46% equity interest in CNGL to Heygo Food Joint Stock Company. Accordingly, the gain resulted from this transaction of VND'000 73,082,312 were recorded as finance income in the Group's consolidated income statement (Note 27.2).

Partial acquisition of interests in An Dong Mia Joint Stock Company ("ADM")

On 31 March 2018, the Company acquired 6,000,000 shares, equivalent to 30% equity interest in ADM from CNGL. Accordingly, the Company increased its ownership in ADM from 69.50% to 99.50%.

The difference between consideration transferred and the value of net assets acquired in ADM as at the transaction date amounting to VND'000 148,694,971 was recorded as a deduction to undistributed earnings in the Group's consolidated balance sheet (Note 24.1).

Strategic Investment Co-operation Agreement between the Company and Truong Hai Auto Corporation ("THACO")

On 3 August 2018, the Company and THACO entered into the Strategic Investment Co-operation Agreement. Accordingly, the main contents were approved as below:

- ▶ THACO commits to assist the Company with restructuring debts, raising capital used for cultivation of existed fruits plantations, extended fruits plantations for the next two (2) years in 2019 and 2020; and
- ▶ THACO commits to assist the Company and its subsidiaries to transform into big agribusiness corporation, contributing to the development of agricultural industry particularly and the social economy of Vietnam - Laos - Cambodia generally.

5. CASH AND CASH EQUIVALENTS

	VND'000	
	Ending balance	Beginning balance
Cash at hand	11,309,966	3,810,087
Cash on banks	61,137,306	46,452,899
Cash equivalents	-	3,000,000
TOTAL	72,447,272	53,262,986

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Notes to the consolidated financial statements (continued)

as at 31 December 2018 and for the year then ended

6. SHORT-TERM TRADE RECEIVABLES

	VND'000	
	Ending balance	Beginning balance
Receivables from sales of goods and rendering of services	1,053,891,938	1,138,718,726
- <i>Mittaphap Import - Export Co.</i>	196,269,632	9,647,209
- <i>Gia Lai Livestock Joint Stock Company</i>	132,668,954	432,326,587
- <i>Others</i>	724,953,352	696,744,930
Receivable from the Laos Government for construction of airports	748,511,168	737,569,190
Receivable from disposal of investment		
- <i>Heygo Food Joint Stock Company</i>	516,200,000	-
Receivable from transfer of project	-	132,652,615
TOTAL	2,318,603,106	2,008,940,531
Provision for short-term doubtful receivables	(24,983,876)	(13,042,811)
NET	2,293,619,230	1,995,897,720
<i>In which:</i>		
<i>Due from third parties</i>	2,212,339,701	1,373,049,166
<i>Due from related parties (Note 33)</i>	106,263,405	635,891,365

7. SHORT-TERM ADVANCES TO SUPPLIERS

	VND'000	
	Ending balance	Beginning balance
Advances to suppliers of goods and services	137,811,769	698,980,458
- <i>Dai Thang Agricultural Development Co., Ltd.</i>	32,006,466	-
- <i>Gia Lai Livestock Joint Stock Company</i>	29,771,110	397,012,295
- <i>Netafim Co.,Ltd</i>	14,519,305	16,423,630
- <i>Other suppliers</i>	61,514,888	285,544,533
Advances to contractors of construction and suppliers of machineries	44,774,842	33,608,709
Advances to subcontractors of airport projects in Laos	1,188,097	3,282,978
TOTAL	183,774,708	735,872,145
<i>In which:</i>		
<i>Due from third parties</i>	145,305,439	103,139,592
<i>Due from related parties (Note 33)</i>	38,469,269	632,732,553

Notes to the consolidated financial statements (continued)

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as at 31 December 2018 and for the year then ended

8. LOAN RECEIVABLES

	VND'000	
	Ending balance	Beginning balance
Loans to third parties	73,000,000	77,026,408
- Ms Le Thuy Duong (i)	73,000,000	-
- Mr Pham Ngoc Anh	-	74,100,882
- Others	-	2,925,526
Loans to related parties (Note 33) (ii)	3,814,000	280,606,633
	<u>76,814,000</u>	<u>357,633,041</u>
Long-term		
Loans to third parties	-	169,658,491
- Samaki Agricultural Development Co., Ltd.	-	141,465,392
- Others	-	28,193,099
Loans to related parties (Note 33)	-	1,836,056,482
	-	2,005,714,973
TOTAL	<u>76,814,000</u>	<u>2,363,348,014</u>

(i) These loans are unsecured loans, with interest rate at 11.6% p.a and have the maturity dates within 2019.

(ii) These loans are unsecured loans, without interest and have the maturity dates within 2019.

9. OTHER RECEIVABLES

	VND'000	
	Ending balance	Beginning balance
Short-term		
Advances to employees	159,925,897	72,631,171
Interests from loans	9,955,931	61,470,348
Lending to other companies	5,777,694	17,589,684
Others	36,544,831	74,487,918
	<u>212,204,353</u>	<u>226,179,121</u>
Long-term		
Deposits	6,556,215	6,080,073
Interests from loans to other companies	-	266,086,939
Lending to other companies	-	248,004,788
Receivable from Business Cooperation Contract	-	125,750,981
	6,556,215	645,922,781
TOTAL	<u>218,760,568</u>	<u>872,101,902</u>
<i>In which:</i>		
Due from third parties	209,273,580	104,447,411
Due from related parties (Note 33)		
- Short-term	9,486,988	127,811,783
- Long-term	-	639,842,708

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Notes to the consolidated financial statements (continued)

as at 31 December 2018 and for the year then ended

10. INVENTORIES

	VND'000	
	Ending balance	Beginning balance
Work in process	1,088,623,555	828,112,025
<i>In which:</i>		
Construction contracts (i)	609,273,069	570,300,836
Manufacturing and planting activities	461,687,641	130,785,570
Cows for meat	17,662,845	127,025,619
Raw materials	132,746,014	119,053,882
Finished goods	46,872,104	12,120,220
Merchandise goods	28,543,749	20,005,515
Tools and supplies	9,665,525	36,640,124
TOTAL	<u>1,306,450,947</u>	<u>1,015,931,766</u>
Provision for obsolete inventories	(11,562,881)	(7,371,362)
NET	<u>1,294,888,066</u>	<u>1,008,560,404</u>

(i) This represented the work in process of Nongkhang Airport Construction Project in Huaphan Province, Lao People's Democratic Republic under contract No.LAO - NKP01, dated 15 June 2013 with total approved amount up to 31 December 2018 of USD 25,584,644 (31 December 2017: USD 25,584,644).

According to Meeting Minute No. 27610/GTVT dated 12 December 2017 between representatives of the Investor - the Department of Civil Aviation, the representative of the project Supervisor, and the Group, the project's deadline was extended to 20 June 2019.

Notes to the consolidated financial statements (continued)

as at 31 December 2018 and for the year then ended

11. TANGIBLE FIXED ASSETS

	Perennial trees	Means of transportation & transmit instruments	Buildings & structures	Machinery & equipment	Livestock	Office equipment	Other assets	Total
Cost								
Beginning balance	3,727,422,539	2,127,373,362	1,343,623,146	380,147,267	394,025,117	1,581,529	15,737,774	7,989,910,734
Transfer from construction in progress completed	2,927,607,634	79,575,789	77,028,249	465,956	-	115,066	-	3,084,792,694
New purchases	-	23,778,383	22,572,893	55,221,132	-	271,532	741,069	102,585,009
Reclassification from inventories	-	-	-	-	41,436,783	-	-	41,436,783
Disposals	(186,476)	(10,653,458)	(10,134,361)	(14,380,350)	(394,539,667)	-	-	(429,894,312)
Write-off	-	(873,232)	(20,230,786)	(1,592,631)	(23,715,968)	-	(1,002,440)	(47,415,057)
Foreign exchange differences	(38,442,261)	15,683,250	(2,645,790)	436,776	(3,985,434)	(8,280)	(162,738)	(29,124,477)
Ending balance	6,616,401,436	2,234,884,094	1,410,213,351	420,298,150	13,220,831	1,959,847	15,313,665	10,712,291,374
<i>In which:</i>								
Fully depreciated	-	32,908,195	19,409,067	35,908,040	-	1,061,528	3,251,066	92,537,896
Accumulated depreciation								
Beginning balance	(201,369,473)	(366,742,269)	(281,355,752)	(172,561,029)	(92,128,749)	(1,318,170)	(4,133,381)	(1,119,608,823)
Depreciation for the year	(194,807,629)	(179,794,955)	(98,408,856)	(50,233,351)	(27,832,120)	(106,031)	(2,947,647)	(554,130,589)
Disposals	-	3,579,337	5,375,515	6,198,345	116,414,284	-	-	131,567,481
Write-off	-	132,635	5,253,886	554,556	2,170,420	-	698,858	8,810,355
Foreign exchange differences	2,682,480	397,815	883,766	(2,791)	627,470	5,556	71,840	4,666,136
Ending balance	(393,494,622)	(542,427,437)	(368,251,441)	(216,044,270)	(748,695)	(1,418,645)	(6,310,330)	(1,528,695,440)
Net carrying amount								
31 December 2017	3,526,053,066	1,760,631,093	1,062,267,394	207,586,238	301,896,368	263,359	11,604,393	6,870,301,911
31 December 2018	6,222,906,814	1,692,456,657	1,041,961,910	204,253,880	12,472,136	541,202	9,003,335	9,183,595,934
<i>In which:</i>								
Pledged as loans security (Note 23)	6,222,906,814	1,692,456,657	990,780,891	201,155,560	12,472,136	-	7,209,391	9,126,981,449

As at 31 December 2018, construction costs of Hoang Anh Attapeu Hotel amounting to VND'000 51,861,063 owned by Hoang Anh Attapeu Agriculture Development Co., Ltd., a subsidiary of the Group, were mortgaged to secure for the outstanding loans of Thanh Thanh Cong Attapeu Sugar Cane Co., Ltd. - a third party.

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Notes to the consolidated financial statements (continued)

as at 31 December 2018 and for the year then ended

12. INTANGIBLE FIXED ASSETS

	Software system	Land use right	Total
Cost			
Beginning and ending balances	48,197,185	6,648,075	54,845,260
Accumulated amortisation			
Beginning balance	(23,766,614)	(914,110)	(24,680,724)
Amortisation for the year	(5,982,998)	(332,403)	(6,315,401)
Ending balance	(29,749,612)	(1,246,513)	(30,996,125)
Net carrying amount			
Beginning balance	24,430,571	5,733,965	30,164,536
Ending balance	18,447,573	5,401,562	23,849,135

13. CONSTRUCTION IN PROGRESS

	Ending balance	Beginning balance
Rubber plantations (*)	5,866,751,345	7,453,929,248
Oil palm plantations (*)	3,475,316,316	3,315,442,937
Fruits plantations (*)	2,401,125,837	1,680,929,811
Buildings and structures (*)	481,190,254	265,425,840
Palm oil manufacturing factories	434,245,963	417,589,499
Expenses of cow projects	-	6,617,792
Pepper plantations	-	114,959,517
Others	92,481,194	92,679,704
TOTAL	12,751,110,909	13,347,574,348

(*) These assets were mortgaged to secure for the loans of the Group (Note 23).

14. CAPITALISED BORROWING COSTS

During the year, the Group has capitalised borrowing costs amounting to VND'000 613,834,029 into the value of construction in progress (for the year ended 31 December 2017: VND'000 696,738,105). These are costs incurred on the bank loans and bonds to finance the construction and development of buildings and structures, machinery and equipment, development of rubber, oil palm and fruit plantations.

Notes to the consolidated financial statements (continued)

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15. LONG-TERM INVESTMENTS

VND'000

	Ending balance	Beginning balance
Investment in associates (Note 15.1)	299,447,924	861,491,710
Investments in other entities (Note 15.2)	7,783,830	-
TOTAL	307,231,754	861,491,710

15.1 Investment in associates

Associates	Business sector	Ending balance		Beginning balance	
		Ownership %	Carrying value VND'000	Ownership %	Carrying value VND'000
Bidiphar Rubber Joint Stock Company	Rubber plantations	49.14	299,447,924	49.14	297,149,821
CNGL (*)	Breeding and fruit	-	-	23.46	564,341,889
TOTAL			299,447,924		861,491,710

(*) On 20 March 2018, Highland Diary Cattle Joint Stock Company, a subsidiary of the Group, transferred all of its interests, equivalent to 23.46% ownership, in CNGL to Heygo Food Joint Stock Company. Accordingly, the gain resulted from this transaction of VND'000 73,082,312 were recorded as finance income in the consolidated income statement (Note 27.2).

Details of carrying value of the investment in associates on 31 December 2018 were as follows:

VND'000

	CNGL	Bidiphar	Amount
Cost of investment			
Beginning balance	589,200,000	286,004,636	875,204,636
Disposals	(589,200,000)	-	(589,200,000)
Ending balance	-	286,004,636	286,004,636
Accumulated share of (loss) profit in post-acquisition			
Beginning balance	(24,858,111)	11,145,185	(13,712,926)
Share of profits (losses) from associates	(24,214,074)	12,755,926	(11,458,148)
Disposals	49,072,185	-	49,072,185
Dividends for the year	-	(10,457,823)	(10,457,823)
Ending balance	-	13,443,288	13,443,288
Carrying amount			
Beginning balance	564,341,889	297,149,821	861,491,710
Ending balance	-	299,447,924	299,447,924

Notes to the consolidated financial statements (continued)

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as at 31 December 2018 and for the year then ended

15. LONG-TERM INVESTMENTS (continued)

15.2 Investment in other entities

Company	Business sector	Ownership %	Ending balance	Beginning balance	
			Cost VND'000	Ownership %	Cost VND'000
Canh Dong Vang Agriculture and Forestry Joint Stock Company (*)	Fruit trading	45.00	7,783,830	-	-

(*) On 1 November 2018, the Company received a transfer of 96,900 shares, equivalent to 51% ownership in Canh Dong Vang Agriculture and Forestry Joint Stock Company ("Canh Dong Vang") from Mr Nong Ngoc Trung with the purpose of holding less than 20% ownership in Canh Dong Vang according to the Resolution of Board of Directors No.1510/18/NQ-HDQT HAGL Agrico dated 15 October 2018. Therefore, this investment was presented as an investment in other entities.

On 20 November 2018, the Company transferred 11,400 shares, equivalent to 6% ownership in Canh Dong Vang to Tay Nguyen Agricultural Service Co., Ltd ("Nong nghiep Tay Nguyen"). Accordingly, the Company's ownership in Canh Dong Vang has decreased from 51% to 45% on that day.

On 25 January 2019, the Company transferred 57,000 shares, equivalent to 30% ownership in Canh Dong Vang to Nong nghiep Tay Nguyen. Accordingly, the Company's ownership in Canh Dong Vang has decreased from 45% to 15% on that day.

16. PREPAID EXPENSES

VND'000

	Ending balance	Beginning balance
Short term		
Chilli plantations	12,548,563	24,650,486
Tools and supplies	1,637,637	2,678,440
Others	6,751,410	1,131,556
	20,937,610	28,460,482
Long term		
Banana plantations	787,655,406	312,203,799
Land rental fees	65,526,788	67,902,411
Land clearance costs	52,379,067	119,745,845
Tools and supplies	18,622,267	11,690,885
Office rental	5,333,584	5,303,877
Passion fruit plantations	-	26,091,334
Others	12,494,163	9,582,009
	942,011,275	552,520,160
TOTAL	962,948,885	580,980,642

Notes to the consolidated financial statements (continued)

as at 31 December 2018 and for the year then ended

17. GOODWILL

Goodwill arising from acquisition of subsidiaries:

	Trung Nguyen Rubber	Dong Penh	An Dong Mia	Indochina Rubber	Highland Dairy Cattle	Total
Cost						
Beginning and ending balances	2,667,823,198	611,353,527	565,417,677	168,887,099	72,228,357	4,085,709,858
Accumulated amortisation						
Beginning balance	(289,014,180)	(130,397,632)	(118,470,104)	(30,962,635)	(19,260,896)	(588,105,447)
Amortisation for the year	(266,782,320)	(61,135,353)	(56,541,768)	(16,888,710)	(7,222,836)	(408,570,987)
Ending balance	(555,796,500)	(191,532,985)	(175,011,872)	(47,851,345)	(26,483,732)	(996,676,434)
Net carrying amount						
Beginning balance	2,378,809,018	480,955,895	446,947,573	137,924,464	52,967,461	3,497,604,411
Ending balance	2,112,026,698	419,820,542	390,405,805	121,035,754	45,744,625	3,089,033,424

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Notes to the consolidated financial statements (continued)

as at 31 December 2018 and for the year then ended

18. SHORT-TERM TRADE PAYABLES

	VND'000	
	Ending balance	Beginning balance
Payables to suppliers of goods and services	407,121,181	677,867,839
- Mr Pramoul Kaokitwilai.	28,152,973	28,086,149
- Minh Binh Gia Lai One Member Co., Ltd	13,973,835	1,323,730
- Others	364,994,373	648,457,960
Payables to constructors	6,558,393	4,873,670
Payables to suppliers of machineries and equipment	46,076	45,530
Others	-	1,346,708
TOTAL	413,725,650	684,133,747
In which:		
Due to third parties	329,655,344	234,741,093
Due to related parties (Note 33)	84,070,306	449,392,654

19. SHORT-TERM ADVANCES FROM CUSTOMERS

	VND'000	
	Ending balance	Beginning balance
Advances from third parties	86,711,848	222,218,380
- Mr.Lim Yau Hewy	24,149,000	23,370,000
- Lien Anh Production Rubber Co., Ltd	5,921,550	979,020
- Others	56,641,298	197,869,360
Advances from related parties (Note 33)	-	145,880,678
TOTAL	86,711,848	368,099,058

20. STATUTORY OBLIGATIONS

	VND'000			
	Beginning balance	Increase for the year	Decrease for the year	Ending balance
Corporate income tax	38,523,595	499,451	(8,687,658)	30,335,388
Value-added tax	21,093,682	10,313,288	(24,584,854)	6,822,116
Personal income tax	5,087,567	36,825,375	(35,830,532)	6,082,410
Others	6,308,183	962,990	(4,445,370)	2,825,803
TOTAL	71,013,027	48,601,104	(73,548,414)	46,065,717

Notes to the consolidated financial statements (continued)

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as at 31 December 2018 and for the year then ended

21. ACCRUED EXPENSES

	VND'000	
	Ending balance	Beginning balance
Short-term		
Operational costs	948,904,093	705,108,055
Interest expenses	577,022,877	545,998,151
Others	22,110,000	22,000,000
	<u>1,548,036,970</u>	<u>1,273,106,206</u>
Long-term		
Interest expenses	759,275,084	1,589,659,464
TOTAL	2,307,312,054	2,862,765,670
<i>In which:</i>		
Due to third parties	2,114,464,712	1,656,593,329
Due to related parties (Note 33)		
- Short-term	83,882,304	312,598,223
- Long-term	108,965,038	893,574,118

22. OTHER PAYABLES

	VND'000	
	Ending balance	Beginning balance
Short-term		
Borrowings payables from other companies and individuals	383,737,755	465,529,914
Land rental payables	77,030,840	51,528,927
Outstanding loans to be converted to share capital (Note 24.1)	-	1,197,000,000
Business Cooperation Contract	-	150,000,000
Other payables	30,770,128	167,276,273
	<u>491,538,723</u>	<u>2,031,335,114</u>
Long-term		
Business Cooperation Contract (i)	550,000,000	1,064,788,888
Borrowings payables from other companies and individuals	326,733,232	653,972,343
Land lease payables	112,132,020	135,665,953
	988,865,252	1,854,427,184
TOTAL	1,480,403,975	3,885,762,298
<i>In which:</i>		
Due to third parties	402,985,441	1,098,896,957
Due to related parties (Note 33)		
- Short-term	223,267,663	1,084,916,855
- Long-term	854,150,871	1,701,948,486

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22. OTHER PAYABLES (continued)

(i) BCC between Highland Dairy Cattle Joint Stock Company, a subsidiary of the Group, and An Tien Co., Ltd. ("An Tien"), a related party, for investment in breeding dairy cows and cows for meat projects, total amounting to VND'000 963,968,249 with duration of five (5) years in accordance with BCC dated 20 May 2016. Accordingly, An Tien will contribute the capital of VND'000 700,000,000 to the project. The BCC does not establish a new legal entity and the profits from the project would be shared based on the actual capital contribution of each party involved. As at 31 December 2018, An Tien contributed an amount of VND'000 550,000,000.

Besides, An Dong Mia Joint Stock Company, a subsidiary of the Group, and Hoang Anh Gia Lai Joint Stock Company, the parent company, completed the conversion of outstanding BCC payable to loan payable in accordance with the Loan Contract No.30-03/HDV-HAGL dated 30 March 2018 amounting to VND'000 514,788,889 (Note 23.7).

23. LOANS

	VND'000	
	Ending balance	Beginning balance
Short-term		
Short-term convertible bonds (Note 23.1)	2,153,212,703	-
Short-term loans from related parties (Note 23.4 and 33)	1,729,600,000	19,914,300
Current portion of long-term bank loans (Note 23.5)	762,209,407	99,041,730
Short-term loans from banks (Note 23.2)	683,258,273	681,528,062
Current portion of long-term bonds (Note 23.6)	484,897,156	86,717,200
Short-term loans from a company and individuals (Note 23.3)	60,729,000	61,357,300
Current portion of long-term loans from an individual (Note 23.8)	5,000,000	-
Current portion of long-term loans from related parties (Note 23.7 and 33)	-	776,500,000
	<u>5,878,906,539</u>	<u>1,725,058,592</u>
Long-term		
Long-term loans from banks (Note 23.5)	4,318,640,315	5,376,165,420
Long-term loans from related parties (Note 23.7 and 33)	3,679,224,833	5,024,597,558
Long-term bonds (Note 23.6)	1,553,227,582	2,030,418,477
Long-term loans from an individual (Note 23.8)	-	5,000,000
	<u>9,551,092,730</u>	<u>12,436,181,455</u>
TOTAL	15,429,999,269	14,161,240,047

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23. LOANS (continued)

Details of the movement of loans are as follows:

	VND'000		
	Short-term loans	Long-term loans	Total
Beginning balance	1,725,058,592	12,436,181,455	14,161,240,047
Drawdown of loans	3,237,959,857	954,562,380	4,192,522,237
Drawdown of bonds	2,217,100,000	-	2,217,100,000
Equity component of convertible bonds	(105,576,190)	-	(105,576,190)
Accumulated amortisation of discount value of convertible bonds	41,941,226	-	41,941,226
Repayment of loans	(1,742,692,910)	(1,728,552,822)	(3,471,245,732)
Conversion payables to loans	200,000,000	1,404,954,952	1,604,954,952
Current portion of long-term loans	1,279,917,215	(1,279,917,215)	-
Offsetting with receivables	(993,125,783)	(2,261,455,063)	(3,254,580,846)
Bonds issuance costs	(252,333)	7,754,925	7,502,592
Foreign exchange differences	18,576,865	17,564,118	36,140,983
Ending balance	<u>5,878,906,539</u>	<u>9,551,092,730</u>	<u>15,429,999,269</u>

Notes to the consolidated financial statements (continued)

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23. LOANS (continued)

23.1 Short-term convertible bonds

Issuance agents	Bondholder	Amount VND'000	Maturity term	Interest rate % p.a	Purposes	Collateral	Other notes
VNDIRECT Securities Corporation ("VNDIRECT")	Truong Hai Auto Corporation ("THACO") Other bondholders	2,216,880,000	9 August 2019	0.00	Invest in new fruit plantation, restructure the Company's finance structure	Unsecured	On 9 August 2019, the issuance agent will implement the issuance of convertible shares and increase charter capital corresponding to the above shares. Conversion price is determined by 10,000 VND/share. The value of convertible shares will be equal to all other outstanding shares.
Issuance costs		(252,333)					
Convertible bonds at par value		2,216,847,667					
Convertible bond at the balance sheet date (i)		2,153,212,703					

(i) Details of short-term convertible bonds were as follows:

	VND'000	Amount
For the year ended 31 December 2018		
Value of convertible bonds	2,216,847,667	
Equity component (Note 24.1)	(105,576,190)	
Liability component at initial recognition	2,111,271,477	
Add: Accumulated amortisation of discount		41,941,226
Beginning balance	-	
Amortisation for the year	41,941,226	
Ending balance	41,941,226	
Liability component at the end of year	2,153,212,703	

Notes to the consolidated financial statements (continued)

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as at 31 December 2018 and for the year then ended

23. LOANS (continued)

23.2 Short-term loans from banks

	VND'000	
	Ending balance	Beginning balance
Tien Phong Commercial Joint Stock Bank ("TPbank")	599,911,828	321,597,754
Saigon Thuong Tin Commercial Joint Stock Bank ("Sacombank")	83,346,445	80,737,650
Bank for Investment Development of Vietnam ("BIDV")	-	124,692,721
Laos - Vietnam Joint Venture Bank ("Laos - Viet Bank")	-	119,898,087
Bank for Investment Development of Cambodia ("BIDC")	-	34,601,850
TOTAL	683,258,273	681,528,062

Notes to the consolidated financial statements (continued)

as at 31 December 2018 and for the year then ended

23. LOANS (continued)

23.2 Short-term loans from banks (continued)

Banks	Ending balance VND'000	Original amount USD	Maturity	Interest rate % p.a.	Collaterals (Notes 10, 11 and 13)
TPbank, Hanoi Branch Loan facility dated 21 April 2017	599,911,828	-	From 17 January 2019 to 21 September 2019	10.00% p.a. for the first year, apply the basic interest rate of TPbank with maturity term three (3) months plus margin of 3.20% p.a. for quarterly period (2018: 10.20 - 10.50% p.a)	Assets owned by Eastern Rubber formed in current and future on land lots in accordance to certificate of land ownership right at Cambodia No. Kor Ror 0185, area of 925 ha; 453.7 ha of fruit plantation land at Huoi Kong Village, Paksong, Champasak, Laos owned by Dai Thang Agriculture Development Co., Ltd.; 32,829,686 HNG shares owned by HAG.
Sacombank, Cambodia Branch Loan facility dated 20 June 2017	83,346,445	3,500,000	10 April 2019	9.00	1,123 land and rubber plantation at Sre Thmay Hamlet, Khsom Commune, Snol District, Kro Ches Province, Cambodia of Land Contract Kr.0193 dated on 16 August 2016 owned by Eastern Rubber.

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Notes to the consolidated financial statements (continued)

as at 31 December 2018 and for the year then ended

23. LOANS (continued)

23.3 Short-term loans from a company and individuals

Details of the short-term loans from a company and individuals are as follows:

Lenders	Ending balance VND'000	Maturity	Interest rate % p.a.	Purpose	Collateral
<i>Mrs Tran Thi Huu Duyen</i>					
Loan facility 1	24,581,000	27 August 2019	7.00	To finance working capital requirements	Unsecured
Loan facility 2	8,948,000	30 January 2019	10.00	To finance working capital requirements	Unsecured
Canh Hung Hai Thanh Joint Stock Company (*)	18,000,000	27 October 2017	9.00	To finance working capital requirements	Unsecured
Mr Vu Duy Khuong	9,200,000	24 August 2019	10.00	To finance working capital requirements	Unsecured
TOTAL	60.729.000				

(*) As at 31 December 2018 and at the date of the consolidated financial statements, the Group has not paid for loans which were on due as mentioned above.

23.4 Short-term loans from related parties

Lenders	Ending balance VND'000	Maturity	Interest rate % p.a.	Purpose	Collateral
<i>Hoang Anh Gia Lai Joint Stock Company, parent company</i>					
Loan facility dated 1 October 2018	781,218,000	1 April 2019	6.00	To finance working capital requirements	Unsecured
Loan facility dated 26 November 2018	202,250,000	5 June 2019	6.50	To finance working capital requirements	Unsecured
<i>Truong Hai Auto Corporation, company with the same the Board of Directors ("BOD")</i>					
Loan facility dated 1 October 2018	592,682,000	1 April 2019	6.00	To finance working capital requirements	Unsecured
Loan facility dated 26 November 2018	153,450,000	5 June 2019	6.50	To finance working capital requirements	Unsecured
TOTAL	1,729,600,000				

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Notes to the consolidated financial statements (continued)

as at 31 December 2018 and for the year then ended

23. LOANS (continued)

23.5 Long-term loans from banks

	Ending balance	Beginning balance	Purpose
Bank for Investment Development of Vietnam ("BIDV")	1,888,233,421	2,295,153,685	To finance for the rubber, palm oil plantations projects and working capital.
Ho Chi Minh City Development Joint Stock Bank ("HD Bank")	1,034,341,177	1,101,803,662	To finance for the rubber, palm oil plantations projects and working capital.
Laos - Vietnam Joint Venture Bank ("Laos - Viet Bank")	1,004,832,520	1,028,561,205	To finance for the rubber, palm oil plantations projects and working capital.
Saigon Thuong Tin Commercial Joint Stock Bank ("Sacombank")	903,442,604	1,049,688,598	To finance for the rubber, palm oil, cow projects.
Tien Phong Commercial Joint Stock Bank ("TPbank")	250,000,000	-	To finance for the rubber, fruit plantations projects
TOTAL	5,080,849,722	5,475,207,150	
<i>In which:</i>			
Non-current portion	4,318,640,315	5,376,165,420	
Current portion	762,209,407	99,041,730	

VND'000

Notes to the consolidated financial statements (continued)

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as at 31 December 2018 and for the year then ended

23. LOANS (continued)

23.5 Long-term loans from banks (continued)

Banks	Ending balance		Maturity	Interest rate % p.a.	Collaterals (Notes 11 and 13)
	VND'000	USD			
BIDV, Gia Lai Branch Loan facility dated 1 April 2010	734,927,398	31,632,382	From 31 December 2019 to 31 December 2026	12-month saving deposit in USD interest rate of BIDV paid in arrears + 4.70% (2018: 7.20)	Land use right and rubber plantation of 9,996.9 ha at Saysetha Commune, and Phu Vong Commune, Attapeu Province, Laos owned by Hoang Anh Attapeu.
Loan facility dated 19 June 2015	577,088,948	12,361,050	From 1 June 2019 to 28 December 2019	USD 8.20 - 8.80; VND 8.20 - 11.6	2 floors of shopping centres located at Bau Thac Gian Commercial and Residential Building, Da Nang City, Vietnam owned by Hoang Anh Gia Lai Joint Stock Company ("HAG"); 7 cars owned by HAG; 3,310,000 shares of HNG held by HAG; 10,000,000 shares of HNG held by HAG; HAGL Hotel owned by HAG; Land use right of 1,194.74 ha rubber plantation at Po To Commune, Gia Lai Province, Vietnam owned by Trung Nguyen Rubber.

Notes to the consolidated financial statements (continued)

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as at 31 December 2018 and for the year then ended

23. LOANS (continued)

23.5 Long-term loans from banks (continued)

Banks	Ending balance		Maturity	Interest rate % p.a.	Collaterals (Notes 11 and 13)
	VND'000	USD			
BIDV, Chi nhánh Bình Định Khoản vay ngày 18 tháng 2 năm 2013 (*)	576,217,075	25,050,531	From 25 March 2020 to 25 Decem- ber 2026	12-month savings deposit in USD interest rate of BIDV paid in arrears + 5.00% (2018: 7.00)	Land use right of 47 luxury apartments in block A, B and C at No. 40 Hung Vuong Street, Buon Ma Thuot City, Dak Lak Province, Viet Nam owned by Hoang Anh Dak Lak; 119 apartments in HAGL office high-rise and luxury apartment building at No. 6 Hoang Van Thu Street, Pleiku City, Gia Lai Province, Vietnam owned by HAG; HAGL Granite Stone factory located alongside of the highway No. 14, Ia Bang Commune, Dak Doa District, Gia Lai Province, Vietnam owned by HAG; Land use right of 6,993.2 m2 at Phu Dong Ward, Pleiku City, Gia Lai Province, Viet Nam; Land use right of 4,733.01 ha rubber and 3,155.79 ha palm oil in Attapeu Province, Laos owned by Hoang Anh Attapeu.
TOTAL	1,888,233,421				
In which:					
- Non-current portion	1,305,862,648				
- Current portion	582,370,773				

(*) As at 31 December 2018 and at the date of the consolidated financial statements, the actual rubber plantation area of the Group was 14,825 ha, not complying with 17,950 ha as committed in the Loan contract. Besides, the Group did not purchase insurance for collateral and sold out all apartments in Buon Ma Thuot City, Daklak Province, which is owned by Hoang Anh Dak Lak.

Notes to the consolidated financial statements (continued)

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as at 31 December 2018 and for the year then ended

23. LOANS (continued)

23.5 Long-term loans from banks (continued)

Banks	Ending balance		Original amount		Maturity	Interest % p.a.	Collaterals (Notes 11 and 13)
	VND'000	VND'000	VND'000	USD			
HD Bank, Dong Nai Branch	887,541,177	450,000,000	18,827,073	USD	From 25 June 2020 to 25 December 2023	USD: 7.50 VND: 11.00	36,000,000 shares of HAG held by Mr. Doan Nguyen Duc ("Chairman"), and Mrs. Hoang Thi Ngoc Bich - Chairman's wife; Land use right of 7,924 ha in Ratanakiri Province, Cambodia owned by Hoang Anh Lumphat; 13.9 million shares of An Dong Mia held by HNG; 6 million shares of An Dong Mia held by Highland Dairy Cattle; 100,000 shares of An Dong Mia held by Gia Lai Livestock Joint Stock Company.
HD Bank, Dak Lak Branch	90,000,000	90,000,000	-	USD	From 31 March 2019 to 31 December 2020	11.50	Land use right of fruit plantations and harvesting rights in the future of fruits and herb project at EaH'Leo Commune, EaH'Leo District, Dak Lak Province, Vietnam and all cows for breeding, calves owned by Hoang Anh Dak Lak.

(*) As at 31 December 2018 and at the date of the consolidated financial statements, the actual rubber plantation area of the Group was 4,875.2 ha, not complying with 6,653 ha as committed in the Loan contract.

Notes to the consolidated financial statements (continued)

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as at 31 December 2018 and for the year then ended

23. LOANS (continued)

23.5 Long-term loans from banks (continued)

Banks	Ending balance		Original amount		Maturity	Interest rate % p.a.	Collaterals (Notes 11 and 13)
	VND'000	VND'000	VND'000	USD			
HD Bank, Gia Lai Branch	49,800,000	49,800,000	-	USD	From 30 September 2019 to 30 September 2021	12.50	All of fruit plantations and harvesting rights in the future of fruit plantation project including income, output and profits arising from project owned by Trung Nguyen Rubber.
Loan facility dated 29 December 2017	7,000,000	7,000,000	-	USD	From 30 June 2019 to 30 June 2020	13.00	All of fruit plantations and harvesting rights in the future of fruit plantation project (including all income, output and profits derived from fruit plantation project); 15 tractors and 15 semi-trailer cars owned by Hoang Anh Gia Lai Import - Export Trading.
TOTAL	1,195,648,003	1,195,648,003	1,004,341,177	30,000,000			
<i>In which:</i>							
- Non-current portion							
- Current portion							

Notes to the consolidated financial statements (continued)

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as at 31 December 2018 and for the year then ended

23. LOANS (continued)

23.5 Long-term loans from banks (continued)

Banks	Ending balance VND'000	Original amount		Maturity	Interest rate % p.a.	Collaterals (Notes 11 and 13)
		LAK'000	USD			
Laos - Viet Bank, Attapeu Branch						
Loan facility dated 5 August 2015 and 26 November 2015 (*)	348,901,858	-	15,168,202	From 25 August 2019 to 25 August 2022	10.00	Office building of Hoang Anh Attapeu, a subsidiary of the Group, at Km No.31; Hatxan Ward, Xaysettha District, Attapeu Province, Laos corresponding to the map No. 17 001 0008 with land area of 0.3 ha; rubber latex production factory in Xaysettha District, Attapeu Province, Laos and all imported cows (14,219) of Hoang Anh Attapeu.
Loan facility dated 15 March 2013 (**)	278,600,243	38,155,000	7,649,850	From 25 December 2019 to 25 December 2026	LAK: 12.75 USD: 10.00	Land use right and harvest right of 4,733.01 ha rubber plantations and 3,155.79 ha palm oil plantations on Attapeu Province, Laos owned by Hoang Anh Attapeu.

(*) As at 31 December 2018 and at the date of the consolidated financial statements, the Group disposed of all those cows. Therefore, the Group did not comply with 14,219 cows as committed in the Loan contract.

(**) As at 31 December 2018 and at the date of the consolidated financial statements, the actual palm oil plantation area of the Group was 2,850.27 ha, not complying with 3,155.79 ha as committed in the Loan contract.

Notes to the consolidated financial statements (continued)

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as at 31 December 2018 and for the year then ended

23. LOANS (continued)

23.5 Long-term loans from banks (continued)

Banks	Ending balance VND'000	Original amount		Maturity	Interest rate % p.a.	Collaterals (Notes 11 and 13)
		LAK'000	USD			
Laos - Viet Bank, Attapeu Branch (continued)						
Loan facility dated 9 July 2015 (*)	198,520,151	-	8,630,489	From 25 July 2019 to 1 October 2022	10.00	Land use right of 3 land plots 1,001.78 ha at Laman District, Sekong Province, Laos and all related assets belonged to breeding cows and import cows projects - value of 24,460,000 USD owned by Hoang Anh - Quang Minh.
Loan facility dated 25 November 2015	77,420,352	-	-	From 25 February 2019 to 25 November 2020	10.00	All equipment, materials and machineries for project of construction of palm oil processing factory owned by Hoang Anh Attapeu.
TOTAL	903,442,604					
In which:						
- Non-current portion	786,629,135					
- Current portion	116,813,469					

(*) As at 31 December 2018 and at the date of the consolidated financial statements, the Group did not maintain the cows at value of 24,460,000 USD as required in the Loan contract.



Notes to the consolidated financial statements (continued)

as at 31 December 2018 and for the year then ended

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23. LOANS (continued)

23.5 Long-term loans from banks (continued)

Banks	Ending balance		Maturity	Interest rate % p.a.	Collaterals (Notes 11 and 13)
	VND'000	USD			
Sacombank, Sai Gon Branch					
Loan facility dated 28 December 2016 (*)	300,000,000	-	From 25 July 2019 to 1 October 2022	10.00	15,000,000 shares of HNG held by HAG; Land use right of 687.9 ha at EaH'leo District, Dak Lak Province, Vietnam owned by Hoang Anh Dak Lak; 18,570,000 shares of HAG held by Mr Doan Nguyen Duc - Chairman; Incomes from 3,476.58 rubber plantations project; 4,999,000 shares of Hoang Anh - Quang Minh held by HNG.
Loan facility dated 3 January 2014 (**)	262,454,605	-	From 25 February 2019 to 25 November 2020	2018: 9.60% p.a. and from 2019 equal to 13 month savings deposit interest rate paid in areas of Sacombank plus 2.00% p.a. and be adjusted each of three-month	23,2 million shares of HAG owned by Mr Doan Nguyen Duc - Chairman and 14,5 million shares of Hoang Anh - Quang Minh owned by HNG.

(*) As at 31 December 2018 and at the date of the consolidated financial statements, the actual rubber plantation area of the Group was 3,122,72 ha, not complying with 3,476.58 ha as committed in the Loan contract. Besides, the Group did not purchase insurance for collateral assets as required in the Loan contract.

(**) As at 31 December 2018 and at the date of the consolidated financial statements, the actual plantation area of the Group was 44,479 ha, not complying with 70,643 ha as committed in the Loan contract.

Notes to the consolidated financial statements (continued)

as at 31 December 2018 and for the year then ended

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23. LOANS (continued)

23.5 Long-term loans from banks (continued)

Banks	Ending balance		Maturity	Interest rate % p.a.	Collaterals (Notes 11 and 13)
	VND'000	USD			
Sacombank, Thu Duc Branch					
Loan facility dated 29 November 2013 (*)	250,000,000	-	From 25 December 2021 to 6 December 2026	9.00	Land use right of 1,328.1 ha of rubber plantations and attached assets in Chuprong District, Gia Lai Province, Vietnam and land use rights of 479.2 ha at EaH'Leo Commune, EaH'Leo District valued at VND 95.84 billion and 683.33 ha at EaH'Leo Commune, EaH'Leo District, Dak Lak Province, Vietnam owned by Ban Me Rubber Joint Stock Company.
Loan facility dated 11 October 2016	85,000,000	-	From 25 April 2020 to 11 October 2021	9.50% for the first year and the saving interest rate of 13-month saving of Sacombank + margin of 2.50%/- year for the subsequent years (2018: 9.50%)	Land use right and attached assets of 1,382 ha of rubber plantation in Ia Puch Commune, Chuprong District, Gia Lai Province, Vietnam owned by Trung Nguyen Rubber.
Loan facility dated 18 July 2017	16,100,000	-	From 20 January 2020 to 20 July 2022	9.50% for the first year, and the following year the interest rate will be announced by the bank	All of rubber plantations, attached constructions, harvesting rights and other assets 1,328,1 ha owned by Trung Nguyen Rubber.

(*) As at 31 December 2018 and at the date of the consolidated financial statements, the actual rubber plantation area of the Group was 7,004 ha, which was lower than 9,470 ha as required in the Loan contract.

Notes to the consolidated financial statements (continued)

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as at 31 December 2018 and for the year then ended

23. LOANS (continued)

23.5 Long-term loans from banks (continued)

Banks	Ending balance		Maturity	Interest rate % p.a.	Collaterals (Notes 11 and 13)
	VND'000	USD			
Sacombank, Cambodia Branch					
Loan facility dated 16 June 2016	68,037,915	-	From 21 June 2019 to 21 June 2021	9.00	Land use rights: Land project No. 1 in Talao Commune, Ouchum District, Ratanakiri Province, Cambodia; and Land project No. 2 in Nhang Commune, An Dong Meas District, Ratanakiri Province, Cambodia owned by Eastern Rubber.
Loan facility dated 20 July 2017	23,240,000	-	From 21 June 2019 to 21 June 2021	9.00	Land use right of 728.24 ha economic land, land use right in Sre Thmay Hamlet, Khsum Commune, Snol District, Kro Ches Province, Cambodia owned by Eastern Rubber.
TOTAL	1,004,832,520				
<i>In which:</i>					
- Non-current portion	971,807,355				
- Current portion	33,025,165				

Notes to the consolidated financial statements (continued)

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as at 31 December 2018 and for the year then ended

23. LOANS (continued)

23.5 Long-term loans from banks (continued)

Banks	Ending balance		Maturity	Interest rate % p.a.	Collaterals (Notes 11 and 13)
	VND'000	USD			
TPbank, HO					
Loan facility dated 19 November 2018	100,000,000	-	From 25 May 2020 to 25 November 2021	11.00	Securities with income, dividends, rights and benefits arising from 15,000,000 shares of HNG held by HAG.
TPbank, Ha Noi Branch					
Loan facility dated 19 November 2018	150,000,000	-	From 25 May 2020 to 25 November 2021	11.00	878.3 ha land in Srae Thmey, Ksem, Snoul District, Kratie Province, Campuchia owned by Eastern Rubber.
TOTAL	250,000,000				
<i>In which:</i>					
- Non-current portion	250,000,000				
- Current portion	-				

Notes to the consolidated financial statements (continued)

as at 31 December 2018 and for the year then ended

23. LOANS (continued)

23.6 Bonds

Straight bonds

Issuance agent	Bond holder	Ending balance VND '000	Interest rate %/year	Maturity date	Purpose	Collaterals
Euro Capital Securities Joint Stock Company (*)	Vietnam Prosperity Joint Stock Commercial Bank ("VPB")	1,394,000,000	10.50% for the first 3 quarters and apply 12-month savings interest rate of deposit in VND of VPB + 4.50%/year (2018: 10.90 - 12.60)	From 17 August 2019 to 17 December 2021	Restructure part of the bonds with total par value of VND 2,000 billion (**), issued in December 2012, to finance investment projects of the Group, including the project of planting rubber trees, palm oil and sugar cane trees in Cambodia and Laos	166,717,250 shares of HNG held by HAG, parent company; of which, 16,000,000 shares of HNG were used to secure for the bonds with par value of VND 600 billion - HAG 600 Bonds issued by HAG.
IB Securities Joint Stock Company	VPB	344,234,136	10.50% for the first quarters and apply the saving interest rate of deposit in VND of VPB 12-month savings plus 4.00% for subsequent periods (2018: 11.10 - 11.50)	From 27 March 2019 to 27 December 2020	Restructure the Company's loan and payables	166,345,440 shares of HNG held by HAG, land use rights of 7,376 ha in Lumphat District, Ratanakiri Province, Cambodia and attached assets owned by Daun Penh and 4,700,000 shares of HAG held by Mr Doan Nguyen Duc - Chairman.
Bond issuance costs		(109,398)				
TOTAL		2,038,124,738				
In which:						
- Non-current portion		1,553,227,582				
- Current portion		484,897,156				

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Notes to the consolidated financial statements (continued)

as at 31 December 2018 and for the year then ended

23. LOANS (continued)

23.6 Bonds (continued)

Straight bonds (continued)

(*) As at 31 December 2018 and up to the date of these separate financial statements, the actual rubber plantation area of the Company's subsidiaries was 44,479 ha, smaller than the area of 70,643 ha registered in the bond purchase contract.

(**) Bonds with warrants

On 5 December 2012, the Company announced the issuance of new 20,000 bonds with total value of VND 2,000 billion (the par value per bond is VND 100 million) which was arranged by Vietnam Prosperity Bank Securities Company Limited ("VPBS"). These bonds are repaid after three (3) years and have grace period of one (1) year. The Company repurchased 17,000 bonds before the maturity date with total nominal value of VND 1,700 billion on 17 November 2015, and 3,000 bonds with total par value of VND 300 billion on 18 May 2016.

In addition, a warrant was granted for every bond issued and the warrants will be considered as independent securities with the bonds after being granted. Each warrant grants the holder the right to purchase a number of shares of the Company equivalent to 0.000775% of actual contributed share capital of the Company's right after all warrants are exercised. Should all warrants be exercised, the Company committed that warrant holders will own at least 15.5% ownership in the Company.

On 31 December 2018 and the date of this separate financial statements, the Company was in negotiation with Euro Capital about the renewal or exercise of bond warrants.

Notes to the consolidated financial statements (continued)

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as at 31 December 2018 and for the year then ended

23. LOANS (continued)

23.7 Long-term loans from related parties

Details of the loans from related parties are as follows:

Lenders	Ending balance VND'000	Maturity	Interest rate % p.a.	Purpose	Collateral
<i>HAG, parent company (Note 33)</i>					
Loan facility dated 4 July 2016	2,314,922,877	7 December 2021	4.20 - 11.60	To finance working capital requirements	Unsecured
Loan facility dated 30 March 2018	514,788,889	30 March 2023	10.00	To finance working capital requirements	Unsecured
Loan facility dated 5 July 2015	300,000,000	28 July 2020	9.75	To finance for palm oil factory and thermal power plant in Cambodia	Unsecured
Loan facility dated 7 December 2016	289,612,200	1 January 2022	12.50	To finance working capital requirements	Unsecured
Loan facility dated 6 January 2014	259,900,867	6 June 2020	9.75	To finance working capital requirements	Unsecured
TOTAL	3,679,224,833				

23.8 Long-term loan from an individual

Lenders	Ending balance VND'000	Maturity	Interest rate % p.a.	Purpose	Collateral
<i>Huynh Tran Thanh Phuong</i>					
Loan facility dated 28 June 2017	5,000,000	29 June 2019	6.50	To finance working capital requirements	Unsecured
TOTAL	5,000,000				

In which

- Non-current portion	-
- Current portion	5,000,000

Notes to the consolidated financial statements (continued)

as at 31 December 2018 and for the year then ended

24. OWNERS' EQUITY

24.1 Increase and decrease in owners' equity

	Share capital	Share premium	Equity component of convertible bond	Foreign exchange differences	Undistributed earnings	Total
Previous year						
Beginning balance	7,671,438,950	1,064,550,810	-	543,342,876	383,861,675	9,663,194,311
Net profit for the year	-	-	-	-	527,438,216	527,438,216
Disposal of subsidiaries	-	-	-	(36,974,621)	-	(36,974,621)
Foreign exchange differences	-	-	-	(51,775,865)	-	(51,775,865)
Ending balance	7,671,438,950	1,064,550,810	-	454,592,390	911,299,891	10,101,882,041
Current year						
Beginning balance	7,671,438,950	1,064,550,810	-	454,592,390	911,299,891	10,101,882,041
Shares issuance (*)	1,197,000,000	-	-	-	-	1,197,000,000
Net loss for the year	-	-	-	-	(659,149,758)	(659,149,758)
Equity transactions inside Group with non-controlling interests in subsidiary without changing control (Note 4)	-	-	-	-	(148,694,971)	(148,694,971)
Convertible bonds issuance	-	-	105,576,190	-	-	105,576,190
Remuneration of the Board of Supervision	-	-	-	-	(810,000)	(810,000)
Foreign exchange differences	-	-	-	50,769,413	-	50,769,413
Ending balance	8,868,438,950	1,064,550,810	105,576,190	505,361,803	102,645,162	10,646,572,915

(*) On 9 March 2018, the Company completed this issuance of additional 119,700,000 new shares to strategic investors (Note 22) to convert outstanding loans to share capital in accordance with the General Meeting of Shareholders' Resolution dated 22 September 2017. Therefore, share capital of the Company increased from VND'000 7,671,438,950 to VND'000 8,868,438,950. As at 30 March 2018, the Company received the amended ERC issued by the DPI of Gia Lai Province, approving such increase of share capital.

Notes to the consolidated financial statements (continued)

as at 31 December 2018 and for the year then ended

24. OWNERS' EQUITY (continued)

24.2 Capital transactions with owners

	Shares	
	Current year	Previous year
Beginning balance	767,143,895	767,143,895
Increase for the year	119,700,000	-
Ending balance	<u>886,843,895</u>	<u>767,143,895</u>

24.3 Shares

	Ending balance Shares	Beginning balance Shares
Shares authorised to be issued	886,843,895	767,143,895
Shares issued and fully paid Ordinary shares	886,843,895	767,143,895
Shares in circulation Ordinary shares	886,843,895	767,143,895

Par value of the Company's shares is VND 10,000 per share. The holders of the ordinary shares are entitled to receive dividends when declared by the Company. Each ordinary share carries one vote per share without restriction.

25. NON-CONTROLLING INTERESTS

	VND'000	
	Current year	Previous year
Beginning balance	50,886,343	59,875,052
Share of profit during the year	3,035,231	3,024,433
Equity transactions with non-controlling interests in subsidiaries without changing control	(24,116,892)	-
Dividends paid to non-controlling interests	(495,000)	-
Disposal of investments in subsidiaries	-	(12,013,142)
Ending balance	<u>29,309,682</u>	<u>50,886,343</u>

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Notes to the consolidated financial statements (continued)

as at 31 December 2018 and for the year then ended

26. (LOSS) EARNINGS PER SHARE

The Group used the following information to calculate basic and diluted (loss) earnings per share:

	Current year	Previous year
Net (loss) profit after tax attributable to ordinary shareholders (VND'000)	(659,149,758)	527,438,216
Weighted average number of ordinary shares for basic earnings per share (share)	866,183,347	767,143,895
Weighted average number of ordinary shares increased for the effect of right to purchase additional shares (i)	162,675,507	140,718,703
Weighted average number of ordinary shares increased for the effect of convertible bonds (ii)	221,710,000	-
Weighted average number of ordinary shares adjusted for the effect of dilution	1,250,568,854	907,862,598
Basic (loss) earnings per share (VND)	(761)	688
Diluted (loss) earnings per share (VND)	(527)	581

(i) As disclosed in Note 23.6 of the consolidated financial statements, on 5 December 2012, the Group issued bonds with warrants of VND 2,000 billion at par value of VND 100 million per bond. These warrants could potentially dilute (loss) earnings per share in the future.

(ii) As disclosed in Note 23.1 of the consolidated financial statements, on 7 August 2018, the Group issued convertible bonds with total value of VND'000 2,217,100,000 at par value of VND 10 million per bond. These convertible bonds could potentially dilute (loss) earnings per share in the future.

27. REVENUES

27.1 Net revenues from sale of goods and rendering of services

	VND'000	
	Current year	Previous year
Sale of fruits	2,351,617,889	1,617,509,655
Sale of chilli	496,448,129	24,931,966
Sale of rubber latex	345,167,899	454,358,577
Sale of goods, merchandises and by-products	292,364,339	244,417,863
Sale of cows	126,874,935	757,655,995
Sale of pepper	38,214,213	32,720,964
Sale of apartments	26,740,589	53,403,446
Revenue from rendering of services	10,917,384	55,258,521
Sale of sugar and related products	-	80,764,242
Net revenue	<u>3,688,345,377</u>	<u>3,321,021,229</u>
<i>In which:</i>		
Net revenue from third parties	3,104,071,336	3,001,433,740
Net revenue from related parties	584,274,041	319,587,489

Notes to the consolidated financial statements (continued)

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27. REVENUES (continued)

27.2 Finance income

	VND'000	
	Current year	Previous year
Income from disposal of investments	73,082,312	716,379,791
Interest income from loans to other companies	65,838,763	292,343,366
Foreign exchange difference gains	10,487,492	3,585,695
Interest income from bank deposits	1,199,251	353,768
Others	119,771	2,058,510
TOTAL	150,727,589	1,014,721,130
<i>In which:</i>		
Interest income from loans to related parties	49,037,033	285,962,314

28. COST OF GOODS SOLD AND SERVICES RENDERED

	VND'000	
	Current year	Previous year
Cost of fruit sold	1,247,147,011	748,210,484
Cost of chilli sold	335,048,650	7,673,011
Cost of rubber latex sold	361,367,131	341,100,975
Cost of goods sold	18,578,858	108,164,576
Cost of cows sold	138,206,269	691,466,666
Cost of pepper sold	34,962,327	16,793,630
Cost of apartments sold	27,632,944	55,918,445
Cost of services rendered	24,121,237	16,233,374
Cost of sugar and related products sold	-	120,937,447
TOTAL	2,187,064,427	2,106,498,608

29. FINANCE EXPENSES

	VND'000	
	Current year	Previous year
Loan and bond interest expenses	638,937,501	813,216,302
Foreign exchange difference losses	16,313,294	16,358,041
Others	35,321,870	24,864,743
TOTAL	690,572,665	854,439,086

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30. SELLING AND ADMINISTRATIVE EXPENSES

	VND'000	
	Current year	Previous year
Selling expenses		
Transportation expenses	109,693,562	59,002,160
External service expenses	22,632,265	18,612,095
Salary expenses	10,211,387	9,510,999
Depreciation expenses	2,188,094	1,956,253
Others	4,653,129	4,190,036
	149,378,437	93,271,543
General and administration expenses		
Allocation of goodwill (Note 17)	408,570,987	408,570,987
Salary expenses	56,185,369	63,523,379
External service expenses	28,800,846	21,521,250
Depreciation and amortisation expenses	14,120,863	14,854,390
Provision expenses	11,647,070	7,862,806
Others	165,651,493	68,855,766
	684,976,628	585,188,578
TOTAL	834,355,065	678,460,121

31. OTHER INCOME AND EXPENSES

	VND'000	
	Current year	Previous year
Other income		
Proceeds from disposals of fixed assets	-	128,071,673
Tax payable exempted	-	97,015,393
Others	20,710,867	20,010,634
	20,710,867	245,097,700
Other expenses		
Cost of changing plantations	(299,178,838)	(281,526,530)
Cost of developing plantations	(242,662,681)	(95,009,476)
Loss from disposal of assets	(79,563,818)	-
Depreciation of idle assets	(29,728,088)	(17,839,722)
Penalties	(26,972,709)	(10,616,826)
Others	(83,990,460)	(67,125,334)
	(762,096,594)	(472,117,888)
OTHER LOSS	(741,385,727)	(227,020,188)

Notes to the consolidated financial statements (continued)

as at 31 December 2018 and for the year then ended

32. CORPORATE INCOME TAX

The Company has the obligation to pay corporate income tax ("CIT") at the rate of 20% of taxable profit (2017:20%).

The Company's subsidiaries located in Lao People's Democratic Republic have the obligations to pay CIT at the rates of 24% of their taxable profits and 2% of taxable profit of disposal of projects, and subsidiaries located in Kingdom of Cambodia have the obligations to pay CIT at the rates of 20% of their taxable profits. They are also entitled to CIT exemption and reduction in accordance with their respective BRCs, Investment Licences and applicable tax regulations.

The Company and its subsidiaries' tax returns are subject to examination by the tax authorities. Because the application of tax laws and regulations to many types of transactions is susceptible to varying interpretations, the amounts reported in the consolidated financial statements could change at a later date upon final determination by the tax authorities.

32.1 Current CIT

The current CIT payable is based on taxable income for the current year. The taxable income of the Group for the year differs from the profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted by the consolidated balance sheet date.

	VND'000	
	Current year	Previous year
Current tax expense	499,451	22,297,875
(Over) under accrual of CIT in previous years	(4,647,050)	1,592,205
Deferred tax expense (income)	34,499,060	(113,097,948)
TOTAL	30,351,461	(89,207,868)

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Notes to the consolidated financial statements (continued)

as at 31 December 2018 and for the year then ended

32 . CORPORATE INCOME TAX (continued)**32.1 Current CIT (continued)**

A reconciliation between the (loss) profit before tax and taxable profit (loss) is presented below:

	VND'000	
	Current year	Previous year
Accounting (loss) profit before tax	(625,763,066)	441,254,781
Adjustments:		
Losses of subsidiaries	842,321,736	416,740,574
Amortisation of goodwill	408,570,987	408,570,987
Change in intra-group unrealised profits	(20,241,725)	74,529,370
Profits of activities which are exempted	(399,605,472)	(146,013,144)
Provision for investment into subsidiaries	(214,456,985)	(59,582,399)
Loss from associates shared	11,458,148	24,885,213
Foreign exchange differences	(97,302,362)	(73,893,319)
Non-deductible expenses	9,857,984	16,621,411
Gain from disposal subsidiaries and associates in the consolidated financial statements	(73,082,312)	(716,379,791)
Difference in intercompany interest income and expenses in consolidation	76,088,699	130,426,483
Offsetting losses carried forward	-	(559,282,330)
Others	82,154,368	147,954,027
Estimated current taxable profit for the year	-	105,831,863
Estimated current CIT expense	499,451	22,297,875
Adjustment for (over) under accrual of CIT in previous periods	(4,647,050)	1,592,205
Estimated current CIT for the year	(4,147,599)	23,890,080
CIT payable at beginning of the year	38,237,764	10,255,096
CIT collected during the year	-	1,225,741
CIT paid during the year	(3,881,946)	(1,000,064)
Others (decreases) increases	(158,662)	3,866,911
CIT payable at end of the year	30,049,557	38,237,764
In which:		
CIT payable (Note 20)	30,335,388	38,523,595
CIT receivable	(285,831)	(285,831)

32.2 Deferred tax

The following comprises the Group's deferred tax assets and deferred tax liabilities movements thereon during the year:

	VND'000			
	Consolidated balance sheet		Consolidated income statement	
	Ending balance	Beginning balance	Current year	Previous year
Deferred tax assets				
Unrealised intra-group profits	50,738,434	54,262,577	(3,524,143)	15,498,315
Deferred tax liabilities				
Provision for investments	(42,891,397)	(11,916,480)	(30,974,917)	97,599,633
Deferred tax (expense) income			(34,499,060)	113,097,948

Notes to the consolidated financial statements (continued)

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33. TRANSACTIONS WITH RELATED PARTIES

Significant transactions of the Group with its related parties during the current year and previous year were as follows:

			VND'000	
Related parties	Relationship	Transactions	Current year	Previous year
Hoang Anh Gia Lai Joint Stock Company	Parent company	Loans and borrowings	1,566,296,280	93,800,000
		Purchase of goods, services and materials	101,513,023	400,635,181
		Interest expenses	366,866,926	535,817,953
		Interest income	8,807,785	11,386,457
		Lending	3,814,000	52,530,000
Tay Nguyen Agricultural Service Co., Ltd.	Related company	Sales of fruits	526,802,033	61,067,210
Dai Thang Agricultural Development Co., Ltd.	Affiliate	Lending cash and materials	202,086,065	328,530,951
		Loans and borrowings	84,325,835	-
		Purchases of goods and services	54,047,157	161,930,104
		Sales of goods and services	32,228,890	76,011,925
Gia Lai Livestock Joint Stock Company	Related company (until 20 March 2018)	Purchases of goods	73,686,063	128,070,165
		Loan and borrowing	27,500,000	-
		Sales of goods	17,485,155	45,203,698
		Interest income	7,989,993	31,073,578
		Interest expenses	5,241,878	-
		Sales of cows	-	21,729,708
An Phu Real Estate Investment Joint Stock Company	Related company	Interest income	32,239,255	171,605,996
Hung Thang Loi Gia Lai Join Stock Company	Affiliate	Interest expenses	-	10,170,174
Truong Hai Auto Corporation	Company with the same member of BOD	Convertible bonds	2,153,465,036	-
		Loan	746,132,000	-
		Interest expenses	6,259,160	-
Hoang Anh Gia Lai Furniture Joint Stock Company	Related company	Borrowings	36,600,000	-
		Sales of goods	4,763,129	-
Mr Doan Nguyen Duc	Chairman	Borrowings	1,794,900,000	-
		Repayment	1,658,900,000	-
Le Me Joint Stock Company	Related company	Borrowings	11,685,000	-
Canh Dong Vang Agriculture and Forestry Joint Stock Company	Related company	Sales of goods	202,731,272	-

Notes to the consolidated financial statements (continued)

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as at 31 December 2018 and for the year then ended

33. TRANSACTIONS WITH RELATED PARTIES (continued)

Amounts due to and due from related parties as at the balance sheet date were as follows:

			VND'000	
Related parties	Relationship	Transactions	Ending balance	Beginning balance
Short-term trade receivables (Note 6)				
Tay Nguyen Agricultural Service Co., Ltd.	Related company	Sales of fruits	70,606,752	39,609,909
Canh Dong Vang Agriculture and Forestry Joint Stock Company	Related company	Sales of fruits	30,370,320	-
Hoang Anh Gia Lai Furniture Joint Stock Company	Related company	Sales of goods	4,854,442	-
Dai Thang Agricultural Development Co., Ltd.	Affiliate	Sales of goods	240,957	11,323,460
Hoang Anh Gia Lai Joint Stock Company	Parent company	Sales of goods	1,803	142,130,700
Gia Lai Livestock Joint Stock Company	Related company (until 20 March 2018)	Sales of goods	-	432,326,587
Heygo Food Joint Stock Company	Related company (until 31 January 2018)	Sales of fruits	-	4,653,973
Others	Related company	Sales of goods	189,131	5,846,736
			106,263,405	635,891,365
Short-term advances to suppliers (Note 7)				
Dai Thang Agricultural Development Co., Ltd.	Affiliate	Advances for purchase of goods	32,006,466	-
Tay Nguyen Agricultural Service Co., Ltd.	Related company	Advances for purchase of goods	3,850,000	-
Hoang Anh Gia Lai Joint Stock Company	Parent company	Advances for purchase of materials	2,612,803	219,936,349
Gia Lai Livestock Joint Stock Company	Related company (until 20 March 2018)	Advances for purchase of goods	-	397,012,295
Others	Related company	Advances for purchase of goods and construction	-	15,783,909
			38,469,269	632,732,553

Notes to the consolidated financial statements (continued)

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33. TRANSACTIONS WITH RELATED PARTIES (continued)

Amounts due to and due from related parties as at the balance sheet date were as follows:
(continued)

VND'000				
Related parties	Relationship	Interest rate (% p.a.)	Ending balance	Beginning balance
Short-term loan receivables (Note 8) (*)				
Hoang Anh Gia Lai Joint Stock Company	Parent company	0.00	3,814,000	-
Dai Thang Agricultural Development Co., Ltd.	Affiliate	0.00	-	225,109,500
Thang Long Agricultural Development Co., Ltd.	Related company	0.00	-	49,900,701
V&H Corporation (Laos) Co., Ltd.	Affiliate	0.00	-	5,596,432
			3,814,000	280,606,633
Long-term loan receivables (Note 8) (*)				
An Phu Real Estate Investment Joint Stock Company	Related company	12.00 - 15.00	-	879,354,876
Gia Lai Livestock Joint Stock Company	Related company (until 20 March 2018)	9.75 - 12.00	-	452,417,403
Hoang Anh Gia Lai Joint Stock Company	Parent company	8.00	-	450,231,350
Dai Thang Agricultural Development Co., Ltd.	Affiliate	0.00	-	54,052,853
			-	1,836,056,482

(*) Short-term and long-term loans to related parties were approved by the General Shareholders Meeting dated 23 June 2018, compliance with terms and conditions regarding lending or granting guarantee to shareholders and related individuals pursuant to Decree No. 71/2017/ND-CP issued by the Government on 6 June 2017 on Corporate Governance applicable to public companies.

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33. TRANSACTIONS WITH RELATED PARTIES (continued)

Amounts due to and due from related parties as at the balance sheet date were as follows:
(continued)

VND'000				
Related parties	Relationship	Transactions	Ending balance	Beginning balance
Other short-term receivables (Note 9)				
Hoang Anh Gia Lai Joint Stock Company	Parent company	Temporary lending	680,800	3,965,871
Others			3,917,872	313,680
Canh Dong Vang Agriculture and Forestry Joint Stock Company	Related company	Collection on behalf	3,589,369	-
Gia Lai Livestock Joint Stock Company	Related company (until 20 March 2018)	Payment on behalf Temporary lending	-	59,216,723 331,611
An Phu Real Estate Investment Joint Stock Company	Related company	Interest income	-	44,353,801
Dai Thang Agricultural Development Co., Ltd.	Affiliate	Lending materials and fixed assets	-	11,849,169
Thang Long Agricultural Development Co., Ltd.	Related company	Interest income	-	7,005,910
Others	Related parties	Others	1,298,947	775,018
			9,486,988	127,811,783
Other long-term receivables (Note 9)				
Gia Lai Livestock Joint Stock Company	Related company (until 20 March 2018)	Interest income Business co-operation contract	-	141,245,383 125,750,981
Thang Long Agricultural Development Co., Ltd.	Related company	Lending material and fixed assets	-	130,284,692
Dai Thang Agricultural Development Co., Ltd.	Affiliate	Lending material and fixed assets	-	117,720,096
An Phu Real Estate Investment Joint Stock Company	Related company	Interest income	-	2,551,686
Hoang Anh Gia Lai Joint Stock Company	Parent company	Interest income	-	110,903,413
			-	11,386,457
			-	639,842,708

Notes to the consolidated financial statements (continued)

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33. TRANSACTIONS WITH RELATED PARTIES (continued)

Amounts due to and due from related parties as at the balance sheet date were as follows:
(continued)

			VND'000	
Related parties	Relationship	Transactions	Ending balance	Beginning balance
Short-term trade payables (Note 18)				
Hoang Anh Gia Lai Joint Stock Company	Parent company	Purchase of materials	(62,246,015)	(236,543,574)
Iapacco Joint Stock Company	Related company	Purchase of materials	(17,788,694)	-
Hoang Anh Gia Lai Furniture Joint Stock Company	Related company	Warehouse rental	(3,934,019)	(22,997,784)
Others	Related company	Purchase of materials	(101,578)	(4,733,432)
Gia Lai Livestock Joint Stock Company	Related company (until 20 March 2018)	Purchase of goods and services	-	(101,950,898)
Dai Thang Agricultural Development Co., Ltd.	Affiliate	Purchase of goods and services	-	(83,166,966)
			(84,070,306)	(449,392,654)
Short-term advances from customers (Note 19)				
Dai Thang Agricultural Development Co., Ltd.	Affiliate	Purchase of goods	-	(123,784,994)
Hoang Anh Gia Lai Joint Stock Company	Parent company	Purchase of goods	-	(22,074,780)
Hoang Anh Gia Lai Wooden Furniture Joint Stock Company	Related company	Purchase of goods	-	(20,904)
			-	(145,880,678)
Short-term accrued expenses (Note 21)				
Hoang Anh Gia Lai Joint Stock Company	Parent company	Interest expense	(77,623,144)	(256,888,296)
Truong Hai Auto Corporation	The Company has the same members of Board of Management	Interest expense	(6,259,160)	-
Gia Lai Livestock Joint Stock Company	Related company (until 20 March 2018)	Interest expense	-	(40,329,333)
Hung Thang Loi Gia Lai Joint Stock Company	Affiliate	Interest expense	-	(10,120,174)
Hoang Anh Gia Lai Hydropower Joint Stock Company	Affiliate	Interest expense	-	(5,260,420)
			(83,882,304)	(312,598,223)

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33. TRANSACTIONS WITH RELATED PARTIES (continued)

Amounts due to and due from related parties as at the balance sheet date were as follows:
(continued)

			VND'000	
Related parties	Relationship	Transactions	Ending balance	Beginning balance
Long-term accrued expenses (Note 21)				
Hoang Anh Gia Lai Joint Stock Company	Parent company	Interest expense	(108,965,038)	(893,574,118)
Other short-term payables (Note 22)				
Mr Doan Nguyen Duc (*)	Chairman	Borrowing	(136,000,000)	-
Hoang Anh Gia Lai Joint Stock Company	Parent company	Borrowing	(39,871,191)	(4,907,428)
Dai Thang Agricultural Development Co., Ltd	Affiliate	Borrowing materials	(18,475,588)	-
Nam Kong 3 Electric Co., Ltd.	Affiliate	Borrowing	(15,974,883)	(90,788,879)
Le Me Joint Stock Company	Related company	Borrowing	(11,685,000)	-
Tay Nguyen Service Agricultural Co., Ltd.	Related company	Business co-operation contract Borrowing	-	(150,000,000) (4,100,000)
Hung Thang Loi Gia Lai Joint Stock Company	Affiliate	Receiving capital contribution	-	(500,000,000)
Gia Lai Livestock Joint Stock Company	Related company (until 20 March 2018)	Temporary borrowing Others	-	(243,676,688) (6,422,202)
Hoang Anh Gia Lai Hydropower Joint Stock Company	Affiliate	Borrowing	-	(67,800,000)
Others	Related company	Borrowing and other payable	(1,261,001)	(17,221,658)
			(223,267,663)	(1,084,916,855)

(*) This is unsecured and non-interest bearing loan from Mr Doan Nguyen Duc in accordance to Borrowing Contract No.1403/2018/HDV/NNQT-DND dated 14 March 2018 for financing working capital purpose.

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33. TRANSACTIONS WITH RELATED PARTIES (continued)

Amounts due to and due from related parties as at the balance sheet date were as follows:
(continued)

			VND'000	
Related parties	Relationship	Transactions	Ending balance	Beginning balance
Other long-term payables (Note 22)				
An Tien Co., Ltd.	Related company	Business co-operation contract	(550,000,000)	(550,000,000)
Nam Kong 3 Electric Co., Ltd.	Affiliate	Borrowing	(225,217,760)	(616,381,679)
Hoang Anh Gia Lai Joint Stock Company	Parent company	Business co-operation contract	-	(514,788,889)
		Borrowing	(78,933,111)	(20,777,918)
			(854,150,871)	(1,701,948,486)
Short-term loans (Notes 23.1 and 23.4)				
Hoang Anh Gia Lai Joint Stock Company	Parent company	Loans	(983,468,000)	(478,500,000)
Truong Hai Auto Corporation	The Company has the same members of Board of Management	Convertible bonds	(2,216,880,000)	-
		Loans	(746,132,000)	-
Gia Lai Livestock Joint Stock Company	Related company (until 20 March 2018)	Loans	-	(298,000,000)
Hung Thang Loi Gia Lai Joint Stock Company	Affiliate	Loans	-	(12,091,300)
Mr. Duong Hoang Bac	Related party	Loans	-	(7,823,000)
			(3,946,480,000)	(796,414,300)
Long-term loans (Note 23.7)				
Hoang Anh Gia Lai Joint Stock Company	Parent company	Long-term loans	(3,679,224,833)	(4,898,429,558)
Hoang Anh Gia Lai Hydropower Joint Stock Company	Affiliate	Long-term loans	-	(126,168,000)
			(3,679,224,833)	(5,024,597,558)

Salaries, bonus and remunerations for the members of the Board of Directors and the management are as follows:

			VND'000	
			Current year	Previous year
Salary, remunerations and bonus			5,619,873	7,126,024

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34. OPERATING LEASE COMMITMENTS

The Group leases parcels of land in Vietnam, Laos and Cambodia to build factories, hotels, plant rubber and other plantations and offices lease under the operating lease agreements. The future lease commitments are as follows:

			VND'000	
			Ending balance	Beginning balance
Less than one year			27,650,133	27,650,133
From 1 to 5 years			110,600,534	110,600,534
More than 5 years			1,007,761,374	1,035,411,507
TOTAL			1,146,012,041	1,173,662,174

35. OFF BALANCE SHEET ITEMS

			VND'000	
			Ending balance	Beginning balance
Foreign currencies:				
- Cambodia Riels (KHR)			84,386,864	241,523,551
- LAK			34,050,002	1,258,686,556
- USD			1,750,585	830,508

36. COMMITMENTS AND CONTINGENCIES

Important commitments

According to the capital contributed capital transfer contract dated on 22 May 2017, between the Group, Bien Hoa Sugar Joint Stock Company and Thanh Thanh Cong Tay Ninh Joint Stock Company and the agreement dated on 15 June 2017, the Group pledged unconditional and irrevocable liability for any debts, fines, indemnities, financial obligations and/or any guarantee commitment, debt, any other type of guarantees (whether existing or not yet reflected or potential) that the Group of Sugarcane companies is obliged to make to any third party (including the Government of Laos and/or the Vietnamese Government) arising on or before 31 August 2016 but not yet recorded to the consolidated financial statements as of 31 August 2016 of the Group of Sugarcane companies, included but not limited to payables related to:

- Taxes, fees regarding transfer of profits from the Group of Sugarcane Companies in Laos to the company located in Vietnam in accordance with the laws and regulation of Laos and Vietnam;
- Foreign contractor tax or other similar tax on constructing, land clearance related to the factory and working capital of the Group of Sugarcane Companies;
- Social insurance, health insurance and personal income tax of employees currently working at the Group of Sugarcane Companies;
- Value-added tax related to the transfer of assets regarding planting grass activities and raising cows of the Group of Sugarcane Companies; and
- Financial obligations, other tax obligations, liability and legal proceedings relating to the business of the Group of Sugarcane Companies before 31 August 2016.

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36. COMMITMENTS AND CONTINGENCIES (continued)

Warranty provision for airport projects

As at 31 December 2018, the Group is in progress to construct and complete remaining works and sections of two airport projects namely the Attapeu Airport Construction Project in Attapeu Province and the Nongkhang Airport Construction Project in Huaphan Province, Lao People's Democratic Republic. The Group did not recognise provision for warranty for the two projects, because these projects have not been taken over and handed over to contractors.

As mentioned in Contract of the Attapeu Airport Construction Project and Contract of the Nongkhang Airport Construction Project, the guarantee period was one year after handover the projects.

37. SEGMENT INFORMATION

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services provided. Secondary information is reported geographically. The Group's operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, segment expense and segment result of its operation include transfers between business segments. Those transfers are eliminated in preparation of the consolidated financial statements.

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical.

37.1 Business segment

For management purposes, the Group is organised into business units based on their products and services, and has reportable operating segments as follows:

- ▶ Plantation: planting rubber, oil palm, sugarcane, harvesting, processing and trading of rubber latex, sugar, oil palm and other tree plantations;
- ▶ Breeding and trading cows for meat and dairy cows;
- ▶ Trading and services: construction service, purchasing and trading of goods; and
- ▶ Others: developing apartments and office buildings for sale and lease and hotel service.

Management monitors the operating results of its business units separately for the purposes of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain aspects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing, including finance costs and finance revenue, and income taxes are managed on a Group basis and are not allocated to operating segments.

The following tables present revenue and profit and certain assets and liability information regarding the Group's business segment:

Notes to the consolidated financial statements (continued)

as at 31 December 2018 and for the year then ended

37. SEGMENT INFORMATION (continued)

37.1 Business segment (continued)

	Plantation	Breeding	Trading and services	Others	Eliminations	Total
For the year ended 31 December 2017						
<i>Revenue</i>						
External customers	2,210,285,404	757,655,995	299,676,384	53,403,446	-	3,321,021,229
Inter-segment elimination	559,863,484	55,487,184	331,220,635	-	(946,571,303)	-
Total	2,770,148,888	813,143,179	630,897,019	53,403,446	(946,571,303)	3,321,021,229
<i>Results</i>						
Segment results	1,535,433,340	121,676,513	506,499,069	(2,514,999)	(946,571,303)	1,214,522,620
Unallocated expenses						(905,480,308)
Profit before income tax, finance income and finance expenses						309,042,312
Finance income						1,014,721,130
Finance expenses						(854,439,086)
Share loss from associates						(28,069,575)
Profit before tax						441,254,781
Current corporate income tax						(23,890,080)
Deferred tax expenses						113,097,948
Net profit for the year						530,462,649
As at 31 December 2017						
Assets and liabilities						
Segment assets	22,576,234,810	2,189,148,276	1,801,653,090	1,357,047,539	-	27,924,083,715
Cash and cash equivalents						53,262,986
Investments in an associate						861,491,710
Unallocated assets						3,443,341,834
Total assets						32,282,180,245
Segment liabilities	(11,185,548,967)	(1,857,457,160)	(9,038,819,560)	(11,659,567)	-	(22,093,485,254)
Unallocated liabilities						(35,926,607)
Total liabilities						(22,129,411,861)

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Notes to the consolidated financial statements (continued)

as at 31 December 2018 and for the year then ended

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37. SEGMENT INFORMATION (continued)

37.1 Business segment (continued)

	Plantation	Breeding	Trading and services	Others	Eliminations	Total
For the year ended 31 December 2018						
<i>Revenue</i>						
External customers	3,231,448,130	126,874,935	303,281,723	26,740,589	-	3,688,345,377
Inter-segment elimination	857,907,005	-	430,289,798	-	(1,288,196,803)	-
Total	4,089,355,135	126,874,935	733,571,521	26,740,589	(1,288,196,803)	3,688,345,377
<i>Results</i>						
Segment results	2,110,830,016	(11,331,334)	690,871,426	(892,355)	(1,288,196,803)	1,501,280,950
Unallocated expenses						(1,575,740,792)
Loss before income tax, finance income and finance expenses						(74,459,842)
Finance income						150,727,589
Finance expenses						(690,572,665)
Share loss from associates						(11,458,148)
Loss before tax						(625,763,066)
Current income tax						4,147,599
Deferred tax expenses						(34,499,060)
Net loss for the year						(656,114,527)
As at 31 December 2018						
<i>Assets and liabilities</i>						
Segment assets	23,957,801,119	1,613,646,049	739,116,000	1,362,479,348	-	27,673,042,516
Cash and cash equivalents						72,447,272
Investments in associates						299,447,924
Unallocated assets						2,486,616,571
Total assets						30,531,554,283
Segment liabilities	(25,593,438,896)	(1,161,786,068)	(11,781,668,459)	(6,558,393)	-	(38,543,451,816)
Unallocated liabilities						18,687,780,130
Total liabilities						(19,855,671,686)

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Notes to the consolidated financial statements (continued)

as at 31 December 2018 and for the year then ended

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37. SEGMENT INFORMATION (continued)

37.2 Geographical segment

The following tables present revenue, profit and certain assets information regarding the Group's geographical segments:

	Vietnam	Laos	Cambodia	Total
For the year ended 31 December 2017				
Sales to external customers	1,712,495,133	1,310,131,636	298,394,460	3,321,021,229
Capital expenditure of tangible fixed assets	186,235,330	856,307,845	320,475,171	1,363,018,346
As at 31 December 2017				
<i>Other segment information</i>				
Segment assets	2,629,042,598	13,655,678,863	11,639,362,254	27,924,083,715
Cash and cash equivalents				53,262,986
Investment in associates				861,491,710
Unallocated assets				3,443,341,834
Total assets				32,282,180,245
For the year ended 31 December 2018				
Sales to external customers	2,913,105,285	487,301,078	287,939,014	3,688,345,377
Capital expenditure of tangible fixed assets	328,077,063	607,531,429	637,999,662	1,573,608,154
As at 31 December 2018				
<i>Other segment information</i>				
Segment assets	5,025,138,438	12,201,406,693	10,446,497,385	27,673,042,516
Cash and cash equivalents				72,447,272
Investment in associates				299,447,924
Unallocated assets				2,486,616,571
Total assets				30,531,554,283

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Notes to the consolidated financial statements (continued)

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as at 31 December 2018 and for the year then ended

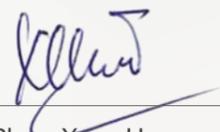
38. EVENTS AFTER THE BALANCE SHEET DATE

Except for the event disclosed at Note 15.2, there have been no other significant events or circumstances occurring after the balance sheet date which would require adjustments or disclosures to be made in the accompanying consolidated financial statements of the Group.



Pham Thi Luu Ly
Preparer

30 March 2019



Pham Xuan Hoa
Chief Accountant



Vo Thi My Hanh
General Director

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**HOANG ANH GIA LAI AGRICULTURAL
JOINT STOCK COMPANY**

Head office

Address: 15 Truong Chinh Street, Phu dong Ward
Pleiku City, Gia Lai Province

Tel : (+84) 269 2211 552

Fax : (+84) 269 2222 218

Email : hoanganhagrico@hagl.com.vn

www.haagrico.com.vn