



**SONG BA
JOINT STOCK COMPANY**

Interim financial statements

For the six-month period ended 30/06/2017

CONTENTS	Page
Report of the Management	1 - 3
Report on Review of Interim Financial Information	4
Interim financial statements	
• Interim balance sheet	5 - 6
• Interim income statement	7
• Interim statement of cash flows	8
• Notes to the interim financial statements	9 - 33



REPORT OF THE MANAGEMENT

The Management of Song Ba Joint Stock Company is pleased to present this report together with the reviewed interim financial statements for the six-month period ended 30/06/2017.

Overview

Song Ba Joint Stock Company (“the Company”) was incorporated on the basis of converting from Song Ba Electricity Investment and Development Co., Ltd to joint stock company (Song Ba Electricity Investment and Development Co., Ltd was established under the Joint Venture Contract between Power Company No.3 (now being Central Power Corporation) and Vietnam Electricity Construction Joint Stock Corporation). The Company was granted Business Registration Certificate (now being Enterprise Registration Certificate) No. 0400439955 dated 04/07/2007 by Da Nang City Planning and Investment Department (since the establishment date, the Enterprise Registration Certificate has been amended 10 times and the nearest amendment was made on 16/02/2017). The Company is an independent accounting entity, operating in observance of the Enterprise Law, its Charter and other relevant regulations.

The Company registered to list its common shares on the Ho Chi Minh City Stock Exchange with securities code SBA. The official trading date of the shares was 01/06/2010.

Charter capital: VND604,882,610,000

Paid-in capital as at 30/06/2017: VND604,882,610,000

The Company has 3 dependent entities namely:

- Branch of Song Ba Joint Stock Company - Khe Dien Hydropower Plant;
- Branch of Song Ba Joint Stock Company - Krong H’ngang Hydropower Plant;
- Branch of Song Ba Joint Stock Company - Dam Safety Testing and Consulting Center.

Principal activities

- Generating, transmitting and distributing electricity. Detail: Generating and trading electricity;
- Architectural activities and related technical consultancy. Detail: Consultancy on preparing investment project of construction works, surveying, designing to construct hydropower, hydraulic projects with capacity up to 30MW, electricity transmission lines and transformer stations up to 110KV; Consultancy on monitoring construction, managing small and medium-scaled hydropower projects, electricity transmission lines and transformer stations up to 110KV; Monitoring the construction of hydropower, hydraulic projects; Consultancy on verifying, testing quality of dam and hydropower plants; Design of engineering infrastructure works (traffic, supply of water for daily life in rural areas); Consultancy on investigation, collection, calculation, forecast of meteorology, hydrology of construction phases; Consultancy on preparing investment projects of construction, civil, engineering infrastructure works, aquariums, river bank and coast protection works; Consultancy on assessing quality of construction works; Geodetic survey of works;
- Construction of other civil engineering projects. Detail: Investing in construction of hydropower projects; construction of hydropower projects with capacity up to 30MW, electricity transmission lines and transformer stations up to 110KV; Repairing, maintaining hydropower plants; construction of small and medium-scaled projects;
- Wholesale of other construction materials, installation equipment;
- Exploiting stone, sand, gravel and clay. Detail: Exploitation of minerals;
- Other specialized construction activities. Detail: Dredging lake bed;

REPORT OF THE MANAGEMENT (cont'd)

- Vocational education. Detail: Vocational training consultancy (management and operation of hydropower plants);
- Management consultancy activities. Detail: Consultancy on solutions to environment, agricultural resettlement, residential resettlement;
- Other construction installation activities. Detail: Installing equipment for construction works;
- Wholesale of other machinery, equipment, parts. Detail: Wholesale of mechanical and electrical equipment, materials;
- Research and experimental development on natural sciences and engineering. Detail: Research and manufacture of mechanical and electrical parts of hydropower plant; transfer of technology for construction techniques, equipment;
- Real estate activities with own or leased property. Detail: Leasing land, workshop, warehouse.

Head office

- Address: 573 Nui Thanh St., Hoa Cuong Nam Ward, Hai Chau Dist., Da Nang City, Viet Nam
- Tel: (0236) 3653 592 - (0236) 3653 596
- Fax: (0236) 3653 593
- Email: sba2007@songba.vn
- Website: www.songba.vn

Employees

As at 30/06/2017, the Company had 97 employees including 9 managing officers.

Members of the Board of Directors, Supervisory Board, Management and Chief Accountant during the period and up to the reporting date are as follows:

Board of Directors

- | | | |
|-------------------------|---------------|-----------------------|
| • Mr. Nguyen Thanh | Chairman | Elected on 10/04/2015 |
| • Mr. Thai Van Thang | Vice Chairman | Elected on 10/04/2015 |
| • Mr. Pham Phong | Member | Elected on 10/04/2015 |
| • Mr. Nguyen Luong Minh | Member | Elected on 10/04/2015 |
| • Mr. Truong Thanh Nam | Member | Elected on 10/04/2015 |

Supervisory Board

- | | | |
|----------------------------|---------------------------|---------------------------|
| • Ms. Phan Thi Anh Dao | Head of Supervisory Board | Appointed on 22/04/2016 |
| • Mr. Nguyen Thi Tran Thao | Member | Appointed on 22/04/2016 |
| • Mr. Tran Quang Can | Member | Reappointed on 10/04/2015 |

Management and Chief Accountant

- | | | |
|------------------|------------------|---------------------------|
| • Mr. Pham Phong | General Director | Reappointed on 10/04/2015 |
|------------------|------------------|---------------------------|

REPORT OF THE MANAGEMENT (cont'd)

- | | | |
|----------------------|-------------------------|---------------------------|
| • Mr. Nguyen The Duy | Deputy General Director | Reappointed on 02/05/2015 |
| • Mr. Pham Thai Hung | Chief Accountant | Reappointed on 01/06/2015 |

Independent auditor

These interim financial statements were reviewed by AAC Auditing and Accounting Company Ltd (Head office: Lot 78-80, April 30th Street, Hai Chau District, Da Nang City; Tel: (84) 0236.3655886; Fax: (84) 0236.3655887; Website: www.aac.com.vn; Email: aac@dng.vnn.vn).

The Management's responsibility in preparation and presentation of the interim financial statements

The Management of the Company is responsible for true and fair preparation and presentation of these interim financial statements on the basis of:

- Complying with the Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and other relevant regulations;
- Selecting suitable accounting policies and then applying them consistently;
- Making judgments and estimates that are reasonable and prudent;
- Preparing the interim financial statements on the going concern basis;
- Responsibility for such internal control as the Management determines is necessary to enable the preparation and presentation of the interim financial statements that are free from material misstatement, whether due to fraud or error.

Members of the Company's Management hereby confirm that the accompanying interim financial statements including the interim balance sheet, the interim income statement, the interim statement of cash flows and the notes to the interim financial statements give a true and fair view of the financial position of the Company as at 30/06/2017 and the result of its operations and its cash flows for the six-month period then ended in accordance with the prevailing Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and the statutory requirements relevant to preparation and presentation of the interim financial statements.



On behalf of the Management

Pham Phong

General Director

Da Nang City, 07 August 2017



AAC AUDITING AND ACCOUNTING CO., LTD.

A MEMBER OF PRIMEGLOBAL

AUDITING ACCOUNTING AND FINANCE SPECIALITY

Head office: Lot 78-80 April 30th Street, Hai Chau District, Danang City

Tel: +84 (236) 3 655 886; Fax: +84 (236) 3 655 887; Email: aac@dng.vnn.vn; Website: http://www.aac.com.vn

No: 856/BCSX-AAC

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

**To: The Shareholders, Board of Director and Management
Song Ba Joint Stock Company**

We have reviewed the accompanying interim financial statements, which comprise the interim balance sheet as at 30/06/2017, the interim income statement, interim statement of cash flows for the six-month period then ended and notes to the interim financial statements, prepared on 24/07/2017 of Song Ba Joint Stock Company (herein after referred to as "the Company") as attached from page 5 to page 33.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express a conclusion on the accompanying interim financial statements based on our review. We conducted our review in accordance with Vietnamese Standard on Review Engagements (VSRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Vietnamese Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not present fairly, in all material respects, the financial position of the Company as at 30/06/2017, and of its financial performance and its cash flows for the six-month period then ended, in accordance with the Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and the statutory requirements relevant to preparation and presentation of the interim financial statements.

AAC Auditing and Accounting Co., Ltd.



Tran Thi Phuong Lan – Deputy General Director

Audit Practising Registration Certificate

No. 0396-2013-010-1

Da Nang City, 7 August 2017

INTERIM BALANCE SHEET
As at 30/06/2017

Form B 01 - DN
Issued under Circular No. 200/2014/TT-BTC
dated 22/12/2014 by the Ministry of Finance

ASSETS	Code	Note	30/06/2017 VND	01/01/2017 VND
A. CURRENT ASSETS	100		89,443,031,031	86,738,892,153
I. Cash and cash equivalents	110		7,360,932,969	14,819,783,143
1. Cash	111	5	7,360,932,969	14,819,783,143
2. Cash equivalents	112		-	-
II. Short-term financial investments	120		-	-
III. Short-term receivables	130		77,615,942,676	64,573,199,461
1. Short-term trade receivables	131	6	54,078,366,446	48,425,521,593
2. Short-term prepayments to suppliers	132	7	5,791,197,974	3,358,851,758
3. Other short-term receivables	136	8.a	17,746,378,256	12,788,826,110
IV. Inventories	140	9	2,180,214,200	2,077,928,466
1. Inventories	141		2,180,214,200	2,077,928,466
2. Provision for decline in value of inventories	149		-	-
V. Other current assets	150		2,285,941,186	5,267,981,083
1. Short-term prepaid expenses	151	10.a	1,831,925,666	4,846,684,290
2. Deductible VAT	152		445,123,922	421,296,793
3. Taxes and amounts receivable from the State	153	16	8,891,598	-
B. LONG-TERM ASSETS	200		1,287,339,206,563	1,316,146,018,494
I. Long-term receivables	210		2,004,000,000	2,004,000,000
1. Long-term trade receivables	211		-	-
2. Other long-term receivables	216	8.b	2,004,000,000	2,004,000,000
II. Fixed assets	220		1,268,972,509,174	1,295,414,238,228
1. Tangible fixed assets	221	11	1,263,797,247,374	1,290,232,698,669
- Cost	222		1,600,765,617,650	1,600,087,543,741
- Accumulated depreciation	223		(336,968,370,276)	(309,854,845,072)
2. Intangible fixed assets	227	12	5,175,261,800	5,181,539,559
- Cost	228		5,478,061,800	5,478,061,800
- Accumulated amortization	229		(302,800,000)	(296,522,241)
III. Investment properties	230		-	-
IV. Long-term assets in progress	240		5,691,273,761	5,691,273,761
1. Long-term work in process	241		-	-
2. Construction in progress	242	13	5,691,273,761	5,691,273,761
V. Long-term financial investments	250		-	-
VI. Other long-term assets	260		10,671,423,628	13,036,506,505
1. Long-term prepaid expenses	261	10.b	10,671,423,628	13,036,506,505
2. Other long-term assets	268		-	-
TOTAL ASSETS	270		1,376,782,237,594	1,402,884,910,647

INTERIM BALANCE SHEET (cont'd)

As at 30/06/2017

RESOURCES	Code	Note	30/06/2017 VND	01/01/2017 VND
C. LIABILITIES	300		696,427,835,802	714,301,340,927
I. Current liabilities	310		134,693,835,802	130,397,340,927
1. Short-term trade payables	311	14	1,871,259,740	5,910,174,163
2. Short-term advances from customers	312	15	1,656,290,142	1,134,215,089
3. Taxes and amounts payable to the State budget	313	16	15,024,966,172	18,771,430,469
4. Payables to employees	314		3,009,793,937	1,169,557,865
5. Short-term accrued expenses	315	17	7,034,906,939	8,779,658,446
6. Other short-term payables	319	18	31,696,988,373	25,391,903,134
7. Short-term loans and finance lease liabilities	320	19.a	72,509,776,200	67,720,000,000
8. Reward and welfare fund	322		1,889,854,299	1,520,401,761
II. Long-term liabilities	330		561,734,000,000	583,904,000,000
1. Long-term trade payables	331		-	-
2. Long-term loans and finance lease liabilities	338	19.b	561,734,000,000	583,904,000,000
D. EQUITY	400		680,354,401,792	688,583,569,720
I. Owners' equity	410		680,354,401,792	688,583,569,720
1. Share capital	411	20	604,882,610,000	604,882,610,000
- Common shares with voting rights	411a		604,882,610,000	604,882,610,000
- Preferred shares	411b		-	-
2. Share premium	412	20	(95,000,000)	(95,000,000)
3. Other owners' equity	414	20	7,260,810,603	7,260,810,603
4. Treasury shares	415	20	(1,588,920,333)	(1,588,920,333)
5. Investment and development fund	418	20	15,130,424,088	13,916,957,675
6. Undistributed profit	421	20	54,764,477,434	64,207,111,775
- Undistributed profit up to prior year-end	421a	20	635,264,318	-
- Undistributed profit this period	421b	20	54,129,213,116	64,207,111,775
II. Budget sources and other funds	430		-	-
TOTAL RESOURCES	440		1,376,782,237,594	1,402,884,910,647



Pham Phong
General Director

Da Nang City, 24 July 2017

Pham Thai Hung
Chief Accountant

Truong Ngoc Hung
Preparer

INTERIM STATEMENT OF CASH FLOWS
For the six-month period ended 30/06/2017

Form B 02 - DN
Issued under Circular No. 200/2014/TT-BTC
dated 22/12/2014 by the Ministry of Finance

ITEMS	Code	Note	First 6 months of	First 6 months of
			2017	2016
			VND	VND
1. Revenue from sales and service provision	01	21	140,654,462,489	52,862,040,140
2. Deductions	02		-	-
3. Net revenue from sales and service provision	10		140,654,462,489	52,862,040,140
4. Cost of goods sold	11	22	44,380,943,537	18,357,270,963
5. Gross profit from sales and service provision	20		96,273,518,952	34,504,769,177
6. Financial income	21	23	141,932,327	18,949,613
7. Financial expenses	22	24	30,006,209,378	31,546,750,170
<i>Including: Interest expense</i>		23	29,720,145,676	31,459,324,884
8. Selling expenses	25		-	-
9. Administration expenses	26	25	6,622,848,060	2,322,433,071
10. Operating profit	30		59,786,393,841	654,535,549
11. Other income	31	26	120,456,611	87,713,077
12. Other expenses	32	27	283,877,973	495,314,161
13. Other profit	40		(163,421,362)	(407,601,084)
14. Accounting profit before tax	50		59,622,972,479	246,934,465
15. Current corporate income tax expense	51	28	5,493,759,363	149,770,594
16. Deferred corporate income tax expense	52		-	-
17. Profit after tax	60		54,129,213,116	97,163,871
18. Basic earnings per share	70	29	898	2
19. Diluted earnings per share	71	29	898	2



Pham Phong
General Director

Da Nang City, 24 July 2017

Pham Thai Hung
Chief Accountant

Truong Ngoc Hung
Preparer

INTERIM STATEMENT OF CASH FLOWS
For the six-month period ended 30/06/2017

Form B 03 - DN
Issued under Circular No. 200/2014/TT-BTC
dated 22/12/2014 by the Ministry of Finance

ITEMS	Code	Note	First 6 months of	First 6 months of
			2017	2016
			VND	VND
I. Cash flows from operating activities				
1. Cash receipts from sales and service provision	01		136,231,370,072	106,904,817,029
2. Cash paid to suppliers	02		(9,729,141,246)	(17,523,830,341)
3. Cash paid to employees	03		(8,894,520,367)	(6,864,232,794)
4. Cash paid for borrowing interest	04	17, 24	(29,956,144,051)	(31,491,050,621)
5. Corporate income tax paid	05	16	(7,406,841,939)	(4,566,500,797)
6. Other cash receipts from operating activities	06		28,970,335,039	18,624,904,122
7. Other payments for operating activities	07		(41,485,713,408)	(29,226,390,285)
Net cash provided by operating activities	20		67,729,344,100	35,857,716,313
II. Cash flows from investing activities				
1. Purchases of fixed assets and other long-term assets	21		(3,910,075,464)	(72,773,962)
2. Dividends, profit, interest received	27	23	141,932,327	18,949,613
Net cash used in investing activities	30		(3,768,143,137)	(53,824,349)
III. Cash flows from financing activities				
1. Proceeds from borrowings	33	19	3,439,776,200	9,239,121,425
2. Repayments of borrowings	34	19	(20,820,000,000)	(16,430,000,000)
3. Dividends, profit paid to owners	36	18,20	(54,039,827,337)	(23,786,858,724)
Net cash used in financing activities	40		(71,420,051,137)	(30,977,737,299)
Net cash flows for the period	50		(7,458,850,174)	4,826,154,665
Cash and cash equivalents at the beginning of the period	60	5	14,819,783,143	838,160,183
Impact of exchange rate fluctuations	61		-	-
Cash and cash equivalents at the end of the period	70	5	7,360,932,969	5,664,314,848



Pham Phong
General Director

Da Nang City, 24 July 2017

Pham Thai Hung
Chief Accountant

Truong Ngoc Hung
Preparer

NOTES TO THE INTERIM FINANCIAL STATEMENTS

(These notes form part of and should be read in conjunction with the accompanying interim financial statements)

Form B 09 - DN

Issued under Circular No. 200/2014/TT - BTC dated 22/12/2014 by the Ministry of Finance

1. Nature of operations

1.1. Overview

Song Ba Joint Stock Company (“the Company”) was incorporated on the basis of converting from Song Ba Electricity Investment and Development Co., Ltd to joint stock company (Song Ba Electricity Investment and Development Co., Ltd was established under the Joint Venture Contract between Power Company No.3 (now being Central Power Corporation) and Vietnam Electricity Construction Joint Stock Corporation). The Company was granted Business Registration Certificate (now being Enterprise Registration Certificate) No. 0400439955 dated 04/07/2007 by Da Nang City Planning and Investment Department (since the establishment date, the Enterprise Registration Certificate has been amended 10 times and the nearest amendment was made on 16/02/2017). The Company is an independent accounting entity, operating in observance of the Enterprise Law, its Charter and other relevant regulations.

The Company registered to list its common shares on the Ho Chi Minh City Stock Exchange with securities code SBA. The official trading date of the shares was 01/06/2010.

1.2. Principal scope of business: Generating and trading electricity.

1.3. Operating activities

- Generating, transmitting and distributing electricity. Detail: Generating and trading electricity;
- Architectural activities and related technical consultancy. Detail: Consultancy on preparing investment project of construction works, surveying, designing to construct hydropower, hydraulic projects with capacity up to 30MW, electricity transmission lines and transformer stations up to 110KV; Consultancy on monitoring construction, managing small and medium-scaled hydropower projects, electricity transmission lines and transformer stations up to 110KV; Monitoring the construction of hydropower, hydraulic projects; Consultancy on verifying, testing quality of dam and hydropower plants; Design of engineering infrastructure works (traffic, supply of water for daily life in rural areas); Consultancy on investigation, collection, calculation, forecast of meteorology, hydrology of construction phases; Consultancy on preparing investment projects of construction, civil, engineering infrastructure works, aquariums, river bank and coast protection works; Consultancy on assessing quality of construction works; Geodetic survey of works;
- Construction of other civil engineering projects. Detail: Investing in construction of hydropower projects; construction of hydropower projects with capacity up to 30MW, electricity transmission lines and transformer stations up to 110KV; Repairing, maintaining hydropower plants; construction of small and medium-scaled projects;
- Wholesale of other construction materials, installation equipment;
- Exploiting stone, sand, gravel and clay. Detail: Exploitation of minerals;
- Other specialized construction activities. Detail: Dredging lake bed;
- Vocational education. Detail: Vocational training consultancy (management and operation of hydropower plants);
- Management consultancy activities. Detail: Consultancy on solutions to environment, agricultural resettlement, residential resettlement;
- Other construction installation activities. Detail: Installing equipment for construction works;

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

(These notes form part of and should be read in conjunction with the accompanying financial statements)

- Wholesale of other machinery, equipment, parts. Detail: Wholesale of mechanical and electrical equipment, materials;
- Research and experimental development on natural sciences and engineering. Detail: Research and manufacture of mechanical and electrical parts of hydropower plant; transfer of technology for construction techniques, equipment;
- Real estate activities with own or leased property. Detail: Leasing land, workshop, warehouse.

1.4. Normal course of business cycle

The Company's normal course of business cycle is 12 months.

1.5. Business structure

As at 30/06/2017, the Company has 3 dependent entities namely:

- Branch of Song Ba Joint Stock Company - Khe Dien Hydropower Plant;
- Branch of Song Ba Joint Stock Company - Krong H' nang Hydropower Plant;
- Branch of Song Ba Joint Stock Company - Dam Safety Testing and Consulting Center.

2. Accounting period, currency used in accounting

The annual accounting period of the Company is from 1 January to 31 December. These interim financial statements were prepared for the first 6 months of the year 2017 (starting from 01/01/2017 and ending on 30/06/2017).

Financial statements and accounting transactions are expressed in Vietnam Dong (VND).

3. Applied accounting standards and accounting system

The Company adopted the Vietnamese Corporate Accounting System guided in Circular No. 200/2014/TT-BTC dated 22/12/2014 and Vietnamese Accounting Standards promulgated by the Ministry of Finance.

4. Summary of significant accounting policies

4.1 Cash and cash equivalents

Cash includes cash on hand, cash at bank and cash in transit.

All short-term investments which are collectible or mature of 3 months or less as from purchasing date, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value at reporting date shall be recognized as cash equivalents.

4.2 Receivables

Receivables includes: trade receivables, other receivables and intra-company receivables:

- Trade receivables are trade-related amounts arising from trading activities between the Company and its customers;
- Intra-company receivables are receivables between superior organizations and affiliated organizations having no legal status and dependent cost-accounting;

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

(These notes form part of and should be read in conjunction with the accompanying financial statements)

- Other receivables include non-trade amounts which are not related to trading activities, intra-company transactions.

Receivables are recorded at cost less provision for doubtful debts. Provision for doubtful debts represents the amounts of outstanding receivables at the balance sheet date, which have been overdue for 6 months or which have not been overdue but the debtor is in the state of insolvency, winding up, missing or running away... Provision is made as guided by Circular No. 228/2009/TT-BTC dated 7/12/2009 of the Ministry of Finance.

4.3 Inventories

Inventories are stated at the lower of cost and net realizable value.

Cost of inventories is calculated using the First-In, First-Out method and accounted for using the perpetual method with value determined as follows:

- Materials, goods: Cost comprises costs of purchase, costs of conversion and any directly attributable costs of bringing the inventories to their present location and condition.
- Finished products: Cost comprises cost of direct materials and labour plus attributable overhead based on the normal level of activities.

Net realizable value is the estimated selling price less the estimated costs of completing the products and the estimated costs needed for their consumption.

Provision for decline in value of inventories is made when the net realizable value of inventories is less than cost. The provision is made in accordance with Circular No. 228/2009/TT-BTC dated 7/12/2009 by the Ministry of Finance.

4.4 Tangible fixed assets

Cost

Tangible fixed assets are stated at cost less accumulated depreciation.

The cost of tangible assets comprises their purchase price and all the costs incurred by the Company to acquire those assets as of the time of putting such assets into the ready-for-use state. The costs incurred after the initial recognition of tangible fixed asset shall be recorded as increase in their historical cost if these costs are certain to augment future economic benefits obtained from the use of those assets. Those incurred costs which fail to meet this requirement must be recognized as production and business expenses in the period.

Depreciation

Depreciation of tangible fixed assets is calculated on a straight-line basis over their estimated useful lives. The depreciation period is in conformity with Circular No. 45/2013/TT-BTC dated 25 April 2013 by the Ministry of Finance. Details are as follows:

<u>Kinds of asset</u>	<u>Depreciation period (years)</u>
Buildings, architectures	15 – 50
Machinery, equipment	6 – 15
Motor vehicles	5 – 30
Office equipment	3 – 5

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

(These notes form part of and should be read in conjunction with the accompanying financial statements)

In which, the depreciation period of the fixed assets of Krong H'ngang Hydropower Plant applied at the Company is longer than the regulated one. This adjustment was approved by Da Nang City Finance Department in Decision No. 293/QĐ-STC dated 29/06/2011. Accordingly, specific depreciation period is as follows:

<u>Kinds of asset</u>	<u>Depreciation period (years)</u>
Buildings, architectures	50
Machinery, equipment	15

In order to ensure the depreciation in accordance with the actual use and the seasonal nature of hydropower production, the fixed assets used directly at Khe Dien Hydropower Plant and Krong H'ngang Hydropower Plant are depreciated in accordance with the method of depreciation based on volume. Details are as follows:

$$\begin{array}{r} \text{Depreciation} \\ \text{rate in} \\ \text{the period} \end{array} = \frac{\begin{array}{r} \text{Cost of fixed assets} \\ \text{Depreciation period} \\ \text{of fixed assets registered} \\ \text{with tax authority} \end{array}}{\begin{array}{r} \text{Average design} \\ \text{capacity of} \\ \text{each year} \end{array}} \times \begin{array}{r} \text{Volume of} \\ \text{electricity actually} \\ \text{generated in the period} \end{array}$$

4.5 Intangible fixed assets

Cost

Intangible fixed assets are stated at cost less accumulated amortization.

The cost of intangible fixed assets comprises all the costs incurred by the Company to acquire those assets as of the time of putting such assets into the ready-for-use state.

Land use rights

Intangible fixed assets are land use rights including:

- The land use right allocated by the State with land use fee or receiving the transfer of legal land use right (including term and non-term land use right).
- The prepaid land rent (has been paid for the leasing time or paid in advance for many years but the remaining land lease term paid is at least five years) for the land rent contract before the effective date of the Land Act 2013 and being granted with certificate of land use right by the competent authority.

The cost of land use right includes all the costs directly attributable to the putting of land into the ready-for-use state.

Amortization

Intangible fixed assets being land use rights with indefinite term are not amortized. For land use rights with definite term, the amortization period is the period in which the Company is allowed to use the land.

Other intangible fixed assets are amortized in accordance with the straight-line method. Amortization rate is based on their cost and estimated useful lives. Amortization period is in conformity with Circular No. 45/2013/TT-BTC dated 25/4/2013 by the Ministry of Finance.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

(These notes form part of and should be read in conjunction with the accompanying financial statements)

The amortization period of intangible fixed assets of the Company is as follows:

<u>Kind of asset</u>	<u>Amortization period (years)</u>
Indefinite lived land use rights	not amortized
Computer software	5

4.6 Prepaid expenses

Prepaid expenses are reported as short-term or long-term prepaid expenses. These are expenditures that have been incurred but related to the operations of many accounting periods. The Company's primary prepayments are as follows:

- Cost of tools and instruments being put into use are amortized in accordance with the straight-line method for a period ranging from 12 to 36 months;
- Costs of afforestation are amortized in accordance with the straight-line method for 60 months;
- Forest tending costs are amortized in accordance with the straight-line method for 12 months as from the date of taking over.
- Insurance expenses of assets, cars are amortized in accordance with the straight-line method over the purchase term stated in the contracts;
- Other prepaid expenses: the Company selects appropriate method and criteria of allocation over the period in which economic benefits are expected to be received based on the nature and extent of the prepaid expenses.

4.7 Payables

Payables include: trade payables and other payables:

- Trade payables are trade-related amounts, arising from trading activities between the company and its suppliers;
- Other payables are non-trade amounts, which are not related to trading activities, intra-company transactions.

Payables are recognized at cost and reported as short-term and long-term payables based on the remaining terms at the balance sheet date.

Payables are monitored according to their creditors, principal terms, remaining terms and currencies.

4.8 Loans and finance lease liabilities

Loans and finance lease liabilities are recorded at cost and classified into current and non-current liabilities based on the remaining terms at the balance sheet date.

The Company monitors loans and finance lease liabilities according to their creditors, loan agreements, principal terms, remaining terms and currencies.

Borrowing costs

Borrowing costs comprise interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing costs are recognized as an expense in the period in which they are incurred, except to the extent that they qualify the conditions to be capitalized in accordance with Accounting Standard "Borrowing costs".

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

(These notes form part of and should be read in conjunction with the accompanying financial statements)

Borrowing costs associated with a particular borrowing for the purpose of obtaining a qualifying asset shall be capitalized as part of the cost of that asset. For general borrowing funds, the borrowing costs eligible for capitalization in the period shall be determined according to the capitalization rate, which is the weighted average of the borrowing costs applicable to the borrowings of the Company that are outstanding during the period.

Capitalisation of borrowing costs shall be suspended during extended periods in which it suspends active development of a qualifying asset, except to the extent that the suspension is necessary. Capitalization shall be ceased when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

4.9 Accrued expenses

Accruals are recognized for amount to be paid in the future for goods and services received, whether or not billed to the Company.

4.10 Owners' equity

Paid-in capital represents the amount of capital actually contributed by shareholders.

Treasury shares

Treasury shares are the amounts payable to repurchase the shares that the Company has issued and all costs directly related to this repurchase transaction.

Share premium

Share premium reflects the difference between the issue price and par value of the shares issued, costs directly related to the issuance of shares; difference between the re-issue price and book value, costs directly related to the re-issuance of shares.

Profit distribution

Profit after corporate income tax is available for appropriation to funds and to owners as provided for in the Company's Charter or Decision of the Shareholders' General Meeting.

The dividend to be paid to the shareholders shall not exceed the undistributed profit after tax and with consideration of non-monetary items in undistributed post-tax profits that may affect cash flow and ability to pay dividends.

4.11 Recognition of revenue and other income

- Revenue from sales of electricity is recognized based on the documents on confirming the power capacity generated to the national power grid and unit price stated in the following Economic Contracts:
 - ✓ For Khe Dien Hydropower Plant: Economic Contract No. 05/2011/KHEDIEN/EVNCPC-SBA dated 31/05/2011 and Appendix No. 03 dated 12/10/2016 with Central Power Corporation (unit price is applied in accordance with the avoided cost tariff issued annually by the Electricity Regulatory Authority of Vietnam).
 - ✓ For Krong H'ngang Hydropower Plant: Economic Contract No. 06/2012/HD-NMD-KRH dated 10/06/2012 and Contract for Amendment and Supplementation No. 03 dated 24/08/2016 with Viet Nam Electricity (using competitive electricity price).

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

(These notes form part of and should be read in conjunction with the accompanying financial statements)

- Revenue from sales and service provision is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:
 - ✓ Revenue from the sale of goods is recognized in the income statement when the significant risks and rewards of ownership have been transferred to the buyer and there are no significant uncertainties regarding recovery of the consideration due or the likely return of goods.
 - ✓ Revenue from service provision is recognized when the services have been rendered. In case that the services are to be provided in many accounting periods, the determination of revenue in each period is done on the basis of the service completion rate as of the balance sheet date.
- Revenue from financing activities is recognized when revenue is determined with relative certainty and it is possible to obtain economic benefits from the transactions.
 - ✓ Interests are recognized on the basis of the actual term and interest rates.
 - ✓ Dividends and profits shared are recognized when the Company has the rights to receive dividends or profit from the capital contribution. Stock dividends are not recognized as financial revenue. Dividends received in the period before investment date shall be recorded as a decrease in value of investment.
- Other income is the income derived out of the Company's scope of business and recognized when it can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company.

4.12 Cost of goods sold

Cost of products, goods sold and services rendered shall be recognized in the correct accounting period in accordance with the matching principle and conservatism principle.

Costs of inventories and services rendered which are incurred in excess of the ordinary level are shall be charged out to cost of goods sold in the period, not to the production cost of goods and services.

4.13 Financial expenses

Financial expenses reflect expenses or losses related to financial investment activities: interest expense, interest on installment purchase, interest on finance lease, payment discounts for buyers, expenses and loss on liquidating, transferring investments; provision for diminution in value of trading securities, provision for loss from investment in other entities, loss from sale of foreign currency, foreign exchange loss and other expenses attributable to investing activities.

4.14 Administrative expenses

Administrative expenses recognized are expenses actually incurred related to the overall administration of enterprises.

4.15 Current corporate income tax expense, deferred corporate income tax expense

Corporate income tax expenses in the period include current income tax and deferred income tax.

Current income tax is the tax amount computed based on the taxable income in the period at the tax rates ruling at the balance sheet date. The difference between taxable income and accounting profit is due to the adjustments of temporary differences between tax and accounting figures as well as those of non-taxable or non-deductible income and expenses.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

(These notes form part of and should be read in conjunction with the accompanying financial statements)

Deferred income tax is determined for temporary differences at the balance sheet date between the tax base of assets and liability and their carrying amount for financial reporting purpose.

4.16 Financial instruments

Initial recognition

Financial assets

A financial asset is recognized initially at cost plus transaction costs directly attributable to the acquisition of the asset. The Company's financial assets include cash on hand, short-term deposits, trade receivables and other receivables.

Financial liabilities

A financial liability is recognized initially at cost plus transaction costs directly attributable to the issuance of such liability. The Company's financial liabilities include loans, trade payables, accrued expenses and other payables.

Subsequent measurement

Currently, there has been no requirement for subsequent measurement of financial instruments.

4.17 Tax rate and charges paid to the State which the Company applied

- Value Added Tax (VAT): tax rate of 0% is applicable to sales of electricity; other activities are subject to tax rates in accordance with the current regulations.
- Corporate Income Tax (CIT):
 - ✓ For Khe Dien Hydropower Plant: Applicable tax rate is 20%.
 - ✓ For Krong H'Nang Hydropower Plant: tax rate of 10% is applicable for 15 years (from 2010 to 2024), exempted from corporate income tax for 4 years as from the time the taxable income is made and entitled to 50% reduction of corporate income tax for the next 9 years. Since 2010 was the first year Krong H'Nang Hydropower Plant has made taxable income, the Company is exempted from corporate income tax from 2010 to 2013 and entitled to 50% reduction of corporate income tax from 2014 to 2022.

These incentives are indicated in the Investment Certificate No. 36121000085 dated 03/03/2014 by the People's Committee of Phu Yen Province.

- ✓ Other activities are subject to CIT rate of 20%.
- Other taxes and obligation are fulfilled in accordance with the prevailing regulations.

4.18 Related parties

Parties are considered to be related if one party has the ability to (directly or indirectly) control the other party or exercise significant influence over the other party in making financial or operational decisions.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

(These notes form part of and should be read in conjunction with the accompanying financial statements)

Unit: VND

5. Cash

	30/06/2017	01/01/2017
Cash on hand	1,520,857,303	787,921,797
Cash in bank	5,840,075,666	14,031,861,346
Total	<u>7,360,932,969</u>	<u>14,819,783,143</u>

6. Short-term trade receivables

	30/06/2017	01/01/2017
Central Power Corporation	6,447,534,309	8,214,963,977
Electricity Power Trading Company	46,473,719,415	39,229,787,178
Others	1,157,112,722	980,770,438
Total	<u>54,078,366,446</u>	<u>48,425,521,593</u>

In which: trade receivables from related parties

	Relationship	30/06/2017	01/01/2017
Central Power Corporation	Investor	6,447,534,309	8,214,963,977
Electricity Power Trading Company	Affiliate of Viet Nam Electricity	46,473,719,415	39,229,787,178
Total		<u>52,921,253,724</u>	<u>47,444,751,155</u>

7. Short-term prepayments to suppliers

	30/06/2017	01/01/2017
Thuy Loi Technology Transfer and Consulting JSC	2,969,766,000	2,969,766,000
Phu An Duong Joint Stock Company	210,440,000	210,440,000
Infrastructure&Electric Energy Investment Consultancy JSC	720,000,000	-
P.L.T Mechanical And Construction Co., Ltd.	724,624,488	-
Others	1,166,367,486	178,645,758
Total	<u>5,791,197,974</u>	<u>3,358,851,758</u>

8. Other receivables

a. Short-term

	30/06/2017		01/01/2017	
	Amount	Provision	Amount	Provision
Advances	17,310,836,696	-	12,074,364,614	-
Other receivables	435,541,560	-	714,461,496	-
Total	<u>17,746,378,256</u>	<u>-</u>	<u>12,788,826,110</u>	<u>-</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

(These notes form part of and should be read in conjunction with the accompanying financial statements)

Long-term

	30/06/2017		01/01/2017	
	Amount	Provision	Amount	Provision
Deposits	2,004,000,000	-	2,004,000,000	-
Total	2,004,000,000	-	2,004,000,000	-

9. Inventories

	30/06/2017		01/01/2017	
	Cost	Provision	Cost	Provision
Materials	323,028,252	-	933,460,018	-
Tools, instruments	898,921,667	-	895,760,000	-
Work in process	958,264,281	-	248,708,448	-
Total	2,180,214,200	-	2,077,928,466	-

- There are no inventories which are unsold, in poor quality at 30/06/2017.
- There are no inventories which were pledged, mortgaged as security for debts as at 30/06/2017.

10. Prepaid expenses

a. Short-term

	30/06/2017	01/01/2017
Insurance expense	8,715,466	52,016,018
Costs of repairing assets	1,171,731,539	1,917,314,361
Costs of repairing materials, equipment of Krong H'ngang HP	338,530,000	1,319,262,364
Costs of planting and tending forest of Krong H'ngang HP	312,948,661	1,558,091,547
Total	1,831,925,666	4,846,684,290

b. Long-term

	30/06/2017	01/01/2017
Costs of tools, instruments pending amortization	478,885,644	246,650,381
Overhaul costs of units	1,872,741,389	3,317,406,333
Costs of experimental materials	41,750,002	55,666,668
Costs of planting landmark in lake of Krong H'ngang Project	1,860,239,607	2,048,464,083
Costs of planting landmark in lake of Khe Dien Project	1,230,801,202	1,287,721,591
Costs of repairing transformers, assets	137,065,844	29,198,125
Costs of building flood map, other expenses	55,356,967	57,899,755
Costs of planting forest of Krong H'ngang Hydropower Project	4,994,582,973	5,993,499,569
Total	10,671,423,628	13,036,506,505

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

(These notes form part of and should be read in conjunction with the accompanying financial statements)

11. Tangible fixed assets

	Buildings, architectures	Machinery, equipment	Motor vehicles	Office equipment	Total
Cost					
Beginning balance	1,184,055,609,156	334,580,065,801	81,158,664,955	293,203,829	1,600,087,543,741
Increase in the period	-	-	678,073,909	-	678,073,909
Decrease in the period	-	-	-	-	-
Ending balance	1,184,055,609,156	334,580,065,801	81,836,738,864	293,203,829	1,600,765,617,650
Depreciation					
Beginning balance	150,485,333,086	132,642,894,806	26,484,572,441	242,044,739	309,854,845,072
Charge for the period	13,463,112,588	11,109,391,565	2,535,905,141	5,115,910	27,113,525,204
Decrease in the period	-	-	-	-	-
Ending balance	163,948,445,674	143,752,286,371	29,020,477,582	247,160,649	336,968,370,276
Net book value					
Beginning balance	1,033,570,276,070	201,937,170,995	54,674,092,514	51,159,090	1,290,232,698,669
Ending balance	1,020,107,163,482	190,827,779,430	52,816,261,282	46,043,180	1,263,797,247,374

- As at 30/06/2017, tangible fixed assets with a carrying value of VND1,258,540,814,428 have been mortgaged as collateral for borrowings granted to the Company.
- Cost of tangible fixed assets fully depreciated but still in active use at 30/06/2017 is VND3,366,662,318.
- There are no amounts of tangible fixed assets pending disposal.
- There are no commitments to repurchase fixed assets of high value in future.
- Pursuant to Decision No. 293/QĐ – STC dated 29/06/2011 of Da Nang City Finance Department on “Approving the plan for changing useful lives of fixed assets”, the Company has changed the useful lives of most of the fixed assets of Krong H'ngang Hydropower Plant since 2011. Other than that, the Company also changed the depreciation method (from the straight-line method to the method based on volume) of the fixed assets directly serving the electricity generation and sent Official Letter No. 223/11/S3-TC dated 09/06/2011 to notify the Tax Department of this, yet the Company has not received written response from Da Nang City Tax Department.
- On 25/04/2013, the Ministry of Finance issued Circular No. 45/2013/TT-BTC guiding the management, use and depreciation of fixed assets. According to Clause c, Point 2, Article 13, one of the conditions for applying the method of depreciation based on volume is that the actual capacity per month in the fiscal year is not less than 100% of design capacity. On 31/07/2013, the Company sent Official Letter No. 279/13/S3-TCKT to the Ministry of Finance asking for the guidance on applying the regulations of Circular 45/2013/TT-BTC to the Company's actual operations. On 14/10/2013, the Ministry of Finance issued Official Letter No. 13633/BTC-TCDN to permit Song Ba Joint Stock Company to keep applying the method of depreciation based on volume to the fixed assets directly participating in the electricity generation which the Company registered with Da Nang City Tax Department in case of failure to reach 100% of design capacity provided that Song Ba Joint Stock Company must ensure sufficient resources to repay investment loans of credit institutions and the depreciation period does not exceed the technical life of the assets.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

(These notes form part of and should be read in conjunction with the accompanying financial statements)

12. Intangible fixed assets

	Land use rights (*)	Computer software	Total
Cost			
Beginning balance	5,175,261,800	302,800,000	5,478,061,800
Additions	-	-	-
Sale, disposals	-	-	-
Ending balance	5,175,261,800	302,800,000	5,478,061,800
Amortization			
Beginning balance	-	296,522,241	296,522,241
Charge for the period	-	6,277,759	6,277,759
Sale, disposals	-	-	-
Ending balance	-	302,800,000	302,800,000
Net book value			
Beginning balance	5,175,261,800	6,277,759	5,181,539,559
Ending balance	5,175,261,800	-	5,175,261,800

(*) Indefinite lived land use rights at 573 Nui Thanh Street, Hai Chau District, Da Nang City. This land use right is mortgaged for the long-term loan borrowed from JSC Bank for Foreign Trade of Vietnam - Da Nang Branch (presented in Note 19).

Cost of intangible fixed assets fully amortized but still in active use at 30/06/2017 is VND302,800,000.

13. Construction in progress

	30/06/2017	01/01/2017
Construction in progress	5,691,273,761	5,691,273,761
- Krong H'nang 2 Hydropower Plant (*)	1,291,509,910	1,291,509,910
- Song Tranh 1 Hydropower Plant (*)	4,399,763,851	4,399,763,851
Total	5,691,273,761	5,691,273,761

(*) The total investment capital of Krong H'nang 2 Hydropower Plant Project and Song Tranh 1 Hydropower Plant Project is VND407,915,000,000 and VND552,646,106,000 respectively. The documents of these two projects are being completed for submission to the Ministry of Industry and Trade for approval to adjust the planning.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

(These notes form part of and should be read in conjunction with the accompanying financial statements)

14. Trade payables

a. Short-term

	30/06/2017	01/01/2017
Power Engineering Consulting Joint Stock Company 4	1,000,000,000	1,000,000,000
Management Board of Hydropower Project 3	-	3,459,345,969
Infrastructure and Electric Energy Investment Consultancy Joint Stock Company	-	763,636,364
Others	871,259,740	687,191,830
Total	1,871,259,740	5,910,174,163

b. Trade payables to related parties

	Relationship	30/06/2017	01/01/2017
Power Engineering Consulting Joint Stock Company 4	Subsidiary of Viet Nam Electricity	1,000,000,000	1,000,000,000
Management Board of Hydropower Project 3	Affiliate of Viet Nam Electricity	-	3,459,345,969
Total		1,000,000,000	4,459,345,969

15. Short-term advances from customers

	30/06/2017	01/01/2017
Bao Phuc Tam Co., Ltd	925,371,821	925,371,821
Central Grid Company	650,918,321	-
Others	80,000,000	208,843,268
Total	1,656,290,142	1,134,215,089

16. Taxes and amounts payable to the State

	Beginning balance	Amount to be paid	Amount paid in the period	Ending balance
VAT	7,026,068,130	14,646,496,281	15,121,626,095	6,550,938,316
CIT	4,035,886,168	5,493,759,363	7,406,841,939	2,122,803,592
PIT	7,160,005	1,750,216,010	825,264,483	932,111,532
Natural resources tax	5,693,706,526	10,579,901,333	11,898,367,247	4,375,240,612
License fee	-	6,000,000	6,000,000	-
Forest environment service fee	2,008,609,640	2,608,982,060	3,573,719,580	1,043,872,120
Total	18,771,430,469	35,085,355,047	38,831,819,344	15,024,966,172

The Company's tax reports would be subject to examination of tax authorities. The tax amounts reported in these financial statements could be changed under decision of the tax authorities.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

(These notes form part of and should be read in conjunction with the accompanying financial statements)

17. Short-term accrued expenses

	30/06/2017	01/01/2017
Loan interest payable	2,526,953,465	2,762,951,840
Interest for late payment of dividend	107,913,153	1,057,982,388
Expenses for implementing general map for Ba River's lowland	232,859,705	242,761,418
Expenses for protecting river bed of Krong H'ngang HP	-	106,666,400
Survey expenses for preparing Song Bung 3A Investment Project	3,327,835,548	3,354,407,321
Survey expenses for preparing investment project of Tam Phuc Hydropower Plant	365,608,494	483,433,043
Expenses for preparing plan for flood prevention of Zahung Hydropower Plant	-	106,881,612
Others	473,736,574	664,574,424
Total	7,034,906,939	8,779,658,446

18. Other short-term payables

	30/06/2017	01/01/2017
Trade union fees	8,414,540	-
Dividend payable	30,874,780,971	24,626,277,308
Other payables	813,792,862	765,625,826
Total	31,696,988,373	25,391,903,134

In which: Other short-term payables to related party

	Relationship	30/06/2017	01/01/2017
Dividend payable - Central Power Corporation	Investor	23,645,000,000	18,916,000,000
Total		23,645,000,000	18,916,000,000

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

(These notes form part of and should be read in conjunction with the accompanying financial statements)

19. Loans and finance lease liabilities

a. Short-term loans and finance lease liabilities

	Beginning balance	Increase in the period	Decrease in the period	Ending balance
Short-term loan	-	3,439,776,200	-	3,439,776,200
- Orient Bank - Trung Viet Branch	-	3,439,776,200	-	3,439,776,200
Current portion of long-term loans	67,720,000,000	22,170,000,000	20,820,000,000	69,070,000,000
- Vietcombank - Da Nang Branch	5,720,000,000	3,570,000,000	2,220,000,000	7,070,000,000
- Orient Bank - Trung Viet Branch	62,000,000,000	18,600,000,000	18,600,000,000	62,000,000,000
Total	67,720,000,000	25,609,776,200	20,820,000,000	72,509,776,200

b. Long-term loans and finance lease liabilities

	Beginning balance	Increase in the period	Decrease in the period	Ending balance
Long-term loans	651,624,000,000	-	20,820,000,000	630,804,000,000
- Vietcombank - Da Nang Branch	103,624,000,000	-	2,220,000,000	101,404,000,000
- Orient Bank - Trung Viet Branch	548,000,000,000	-	18,600,000,000	529,400,000,000
Total	651,624,000,000	-	20,820,000,000	630,804,000,000
<i>In which:</i>				
- Amount due within 1 year	67,720,000,000			69,070,000,000
Long-term loans and finance lease liabilities	583,904,000,000			561,734,000,000

The Company is borrowing from JSC Bank for Foreign Trade of Vietnam - Da Nang Branch under 2 loan agreements:

- On 07/02/2013, the Company entered into long-term borrowing contract No. 34/2013/VCB-KHDN with maximum credit amount of VND50,000,000,000. The loan period is 120 months as from the first drawdown date. This loan bears interest at the rate announced by JSC Bank for Foreign Trade of Vietnam – Da Nang Branch and shall be changed once a quarter.
- On 14/05/2014, the Company entered into long-term borrowing contract No. 162/2014/VCB-KHDN with maximum credit amount of VND77,650,000,000. The loan period is 120 months as from the first drawdown date. This loan bears interest at the rate announced by JSC Bank for Foreign Trade of Vietnam – Da Nang Branch and shall be changed once a quarter.

These loans are for the purpose of reimbursing the capital which the Company invested in Khe Dien Hydropower Plant Project. They are secured by the indefinite lived land use rights at 573 Nui Thanh Street, Hai Chau District, Da Nang City and Khe Dien Hydropower Plant.

The Company is borrowing from Orient Commercial Joint Stock Bank – Trung Viet Branch under long-term borrowing contract No. 024/2015/HDTD-DN dated 26/03/2015 with maximum credit amount of VND620,000,000,000. The loan period is 120 months as from the first drawdown date. This loan bears interest at the rate announced by Orient Commercial Joint Stock Bank – Trung Viet Branch and shall be changed once a quarter. The loan is to finance the Krong H'ngang Hydropower Project (giving loan to purchase debt of Song Ba Joint Stock Company in Viet Nam Development Bank – Phu Yen Branch) and is secured by Krong H'ngang Hydropower Plant.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

(These notes form part of and should be read in conjunction with the accompanying financial statements)

20. Owners' equity

a. Statement of changes in owners' equity

	Share capital	Share premium	Other equity	Treasury shares	Investment and development fund	Undistributed profit
As at 01/01/2016	604,882,610,000	(95,000,000)	6,749,952,910	(1,588,920,333)	13,094,426,199	51,769,769,357
Increase in the period	-	-	510,857,693	-	822,531,476	64,207,111,775
Decrease in the period	-	-	-	-	-	51,769,769,357
As at 31/12/2016	<u>604,882,610,000</u>	<u>(95,000,000)</u>	<u>7,260,810,603</u>	<u>(1,588,920,333)</u>	<u>13,916,957,675</u>	<u>64,207,111,775</u>
As at 01/01/2017	604,882,610,000	(95,000,000)	7,260,810,603	(1,588,920,333)	13,916,957,675	64,207,111,775
Increase in the period	-	-	-	-	1,213,466,413	54,129,213,116
Decrease in the period	-	-	-	-	-	63,571,847,457
As at 30/06/2017	<u>604,882,610,000</u>	<u>(95,000,000)</u>	<u>7,260,810,603</u>	<u>(1,588,920,333)</u>	<u>15,130,424,088</u>	<u>54,764,477,434</u>

b. Breakdown of share capital

	30/06/2017	01/01/2017
Central Power Corporation	236,450,000,000	236,450,000,000
Other shareholders	366,433,310,000	366,433,310,000
Par value of treasury shares	1,999,300,000	1,999,300,000
Total	<u>604,882,610,000</u>	<u>604,882,610,000</u>

c. Capital transactions with owners and distribution of dividend

	First 6 months of 2017	First 6 months of 2016
Share capital		
- Beginning balance	604,882,610,000	604,882,610,000
- Increase in the period	-	-
- Decrease in the period	-	-
- Ending balance	604,882,610,000	604,882,610,000
Dividend paid	60,288,331,000	-

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

(These notes form part of and should be read in conjunction with the accompanying financial statements)

d. Shares

	30/06/2017 Cổ phiếu	01/01/2017 Cổ phiếu
Number of shares registered to be issued	60,488,261	60,488,261
Number of shares issued publicly	60,488,261	60,488,261
- Common shares	60,488,261	60,488,261
- Preferred shares (classified as owners' equity)	-	-
Number of shares bought back (treasury shares)	199,930	199,930
- Common shares	199,930	199,930
- Preferred shares (classified as owners' equity)	-	-
Number of outstanding shares	60,288,331	60,288,331
- Common shares	60,288,331	60,288,331
- Preferred shares (classified as owners' equity)	-	-
Par value of outstanding shares: VND10,000 each		

e. Undistributed profit

	First 6 months of 2017	First 6 months of 2016
Profit brought forward	64,207,111,775	51,769,769,357
Profit after corporate income tax of current period	54,129,213,116	97,163,871
Distribution of profit	63,571,847,457	3,539,104,557
- Distribution of prior-period profit (*)	63,571,847,457	3,539,104,557
+ Additional reserve fund	-	510,857,693
+ Investment and development fund	1,213,466,413	822,531,476
+ Reward and welfare fund	889,370,044	1,021,715,388
+ Reward fund for the Management	500,000,000	500,000,000
+ Paying dividend	60,288,331,000	-
+ Remunerations for the Board of Directors and Supervisory	680,680,000	684,000,000
- Temporary distribution of current-period profit	-	-
Undistributed profit	54,764,477,434	48,327,828,671

(*) The 2016 profit was distributed in accordance with Resolution of the 2017 Annual Shareholders' Meeting No. 01/2017/NQ-DHDCD dated 18/04/2017.

f. Dividend

According to Resolution of the 2017 Annual General Shareholders' Meeting No. 01/2017/NQ-DHDCD dated 18/04/2017, it was resolved to approve the plan for paying dividend of 2016 in cash at 10% of the charter capital (equivalent to VND60,288,331,000). The Company has paid this amount of dividend from May 2017.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

(These notes form part of and should be read in conjunction with the accompanying financial statements)

21. Revenue from sales and service provision

	First 6 months of 2017	First 6 months of 2016
Revenue from selling electricity	140,381,285,040	52,862,040,140
Revenue from rendering services	273,177,449	-
Total	140,654,462,489	52,862,040,140

22. Cost of goods sold

	First 6 months of 2017	First 6 months of 2016
Cost of electricity sold	44,118,010,242	18,357,270,963
Cost of services rendered	262,933,295	-
Total	44,380,943,537	18,357,270,963

23. Financial income

	First 6 months of 2017	First 6 months of 2016
Loan interest, deposit interest	141,932,327	18,949,613
Total	141,932,327	18,949,613

24. Financial expenses

	First 6 months of 2017	First 6 months of 2016
Loan interest	29,720,145,676	31,459,324,884
Interest on late payment of dividend	285,513,375	86,698,333
Others	550,327	726,953
Total	30,006,209,378	31,546,750,170

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

(These notes form part of and should be read in conjunction with the accompanying financial statements)

25. Administrative expenses

	First 6 months of 2017	First 6 months of 2016
Materials, tools expenses	111,627,672	120,058,944
Labor costs	5,276,008,475	897,618,599
Depreciation expenses	111,366,241	193,228,233
Outside service expenses	476,191,151	404,122,087
Others	647,654,521	707,405,208
Total	6,622,848,060	2,322,433,071

26. Other income

	First 6 months of 2017	First 6 months of 2016
Received fee for using electricity of K'rong H'nang Plant	104,325,708	60,093,988
Others	16,130,903	27,619,089
Total	120,456,611	87,713,077

27. Other expenses

	First 6 months of 2017	First 6 months of 2016
Received fee for using electricity of K'rong H'nang Plant	104,325,708	60,093,988
Listing management fee	66,067,657	66,048,826
Fine for late payment of tax, tax fine	113,484,608	365,778,338
Others	-	3,393,009
Total	283,877,973	495,314,161

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

(These notes form part of and should be read in conjunction with the accompanying financial statements)

28. Current corporate income tax expense

	First 6 months of 2017	First 6 months of 2016
Accounting profit before tax	59,622,972,479	246,934,465
- From principal activities of Khe Dien Hydropower Plant	16,388,600,789	9,161,706,316
- From principal activities of Krong H'nang Hydropower Plant	43,136,356,897	(8,888,616,318)
- From principal activities of the Dam Safety Testing and Consulting Center	-	(3,607,561)
- From principal activities of Head Office	98,014,793	(22,547,972)
Adjustment to taxable income	465,065,640	501,918,506
- Increasing adjustments (unqualified expenses)	465,065,640	501,918,506
+ Khe Dien Hydropower Plant	28,898,073	40,114,044
+ Krong H'nang Hydropower Plant	369,848,961	412,362,627
+ The Dam Safety Testing and Consulting Center	-	2,797,745
+ Head Office	66,318,606	46,644,090
- Decreasing adjustments	-	-
Total taxable income	60,088,038,119	748,852,971
- From principal activities of Khe Dien Plant (i)	16,417,498,862	725,566,669
- From principal activities of Krong H'nang Plant	43,506,205,858	-
- From principal activities of the Dam Safety Testing and Consulting Center	-	-
- From principal activities of Head Office	164,333,399	23,286,302
Corporate income tax as regulated	7,669,069,656	149,770,594
+ Khe Dien Hydropower Plant	3,283,499,773	145,113,334
+ Krong H'nang Hydropower Plant	4,350,620,586	-
+ The Dam Safety Testing and Consulting Center	-	-
+ Head Office	32,866,680	4,657,260
+ Corporate income tax in arrears	2,082,617	-
Reduced, exempted corporate income tax	2,175,310,293	-
+ Khe Dien Hydropower Plant	-	-
+ Krong H'nang Hydropower Plant (50%)	2,175,310,293	-
+ The Dam Safety Testing and Consulting Center	-	-
+ Head Office	-	-
Current corporate income tax expense	5,493,759,363	149,770,594
In which:		
- Current corporate income tax expense this period	5,491,676,746	149,770,594
+ Khe Dien Hydropower Plant	3,283,499,773	145,113,334
+ Krong H'nang Hydropower Plant	2,175,310,293	-
+ The Dam Safety Testing and Consulting Center	-	-
+ Head Office	32,866,680	4,657,260
- Adjusting prior period income tax expenses to current period income tax expenses	2,082,617	-

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

(These notes form part of and should be read in conjunction with the accompanying financial statements)

29. Basic, diluted earnings per share

	First 6 months of 2017	First 6 months of 2016
Profit after corporate income tax	54,129,213,116	97,163,871
Adjustments increasing or decreasing accounting profit	-	-
- Increase	-	-
- Decrease (appropriated for reward and welfare fund, reward fund of the Management, Remunerations for the Board of	-	-
Profit or loss attributable to common shareholders	54,129,213,116	97,163,871
Weighted average number of outstanding common shares	60,288,331	60,288,331
Basic, diluted earnings per share	898	2

(*) Basis, diluted earnings per share is computed before deducting the amounts appropriated to reward and welfare fund. The plan of General Shareholders' Meeting and the Company's Charter do not specify the appropriation rate of reward and welfare fund. Annually, the Management will propose a specific rate for appropriating reward and welfare fund based on the business results at the end of the year. Accordingly, this data can be changed upon the Profit Distribution Decision of the General Shareholder Meeting later.

30. Operating expenses by elements

	First 6 months of 2017	First 6 months of 2016
Materials expenses	676,882,139	651,688,927
Labor costs	11,230,502,803	3,614,754,478
Depreciation and amortization expenses	27,119,802,963	9,776,323,963
Outside service expenses	3,491,244,492	1,059,194,231
Other cash expenses	9,194,915,033	5,600,854,664
Total	51,713,347,430	20,702,816,263

31. Segment reporting

According Vietnamese Accounting Standard No. 28 and the guiding circular, the Company is required to report segment information. A segment is a distinguishable component of the Company that is engaged in providing related products or services (business segment) or providing products or services in a specific economic environment (geographical segment) and that is subject to risks and returns that are different from those of other segments.

Based on the actual operating situation of the Company, the Management assesses that the Company operates in the sole business segment, that is electricity generation and the three main geographical segments are Quang Nam Province, Dak Lak Province and Phu Yen Province.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

(These notes form part of and should be read in conjunction with the accompanying financial statements)

Geographical segments	Khe Dien Hydropower Plant - Quang Nam Province		Krong H'ngang Hydropower Plant - Dak Lak and Phu Yen Province		Head Office & Dam Safety Testing and Consulting Center		Total	
	First 6 months of 2017	First 6 months of 2016	First 6 months of 2017	First 6 months of 2016	First 6 months of 2017	First 6 months of 2016	First 6 months of 2017	First 6 months of 2016
	VND	VND	VND	VND	VND	VND	VND	VND
Revenue from sales and service provision	35,880,401,724	20,983,307,261	104,500,883,316	31,878,732,879	273,177,449	-	140,654,462,489	52,862,040,140
Revenue deductions	-	-	-	-	-	-	-	-
Cost of goods sold	12,769,928,014	5,977,829,130	31,348,082,228	12,379,441,833	262,933,295	-	44,380,943,537	18,357,270,963
Financial income	30,700	227,400	231,500	345,000	141,670,127	18,377,213	141,932,327	18,949,613
Financial expenses	4,778,559,113	5,049,647,826	25,227,650,265	26,497,102,344	-	-	30,006,209,378	31,546,750,170
Selling expenses	-	-	-	-	-	-	-	-
Administrative expenses	1,916,498,435	755,947,345	4,704,689,840	1,565,485,726	1,659,785	1,000,000	6,622,848,060	2,322,433,071
Operating profit	16,415,446,862	9,200,110,360	43,220,692,483	(8,562,952,024)	150,254,496	17,377,213	59,786,393,841	654,535,549
Other income	2,052,000	1,710,000	-	-	118,404,611	86,003,077	120,456,611	87,713,077
Other expenses	28,898,073	40,114,044	84,335,586	325,664,294	170,644,314	129,535,823	283,877,973	495,314,161
Other profit (loss)	(26,846,073)	(38,404,044)	(84,335,586)	(325,664,294)	(52,239,703)	(43,532,746)	(163,421,362)	(407,601,084)
Profit before tax	16,388,600,789	9,161,706,316	43,136,356,897	(8,888,616,318)	98,014,793	(26,155,533)	59,622,972,479	246,934,465
Corporate income tax	3,285,023,748	145,113,334	2,175,868,935	-	32,866,680	4,657,260	5,493,759,363	149,770,594
Profit after tax	13,103,577,041	9,016,592,982	40,960,487,962	(8,888,616,318)	65,148,113	(30,812,793)	54,129,213,116	97,163,871
Fixed assets	30/06/2017	01/01/2017	30/06/2017	01/01/2017	30/06/2017	01/01/2017	30/06/2017	01/01/2017
Tangible fixed assets	108,937,108,070	115,064,833,524	1,150,316,388,901	1,170,519,026,260	4,543,750,403	4,648,838,885	1,263,797,247,374	1,290,232,698,669
- Cost	191,908,064,582	191,229,990,673	1,401,454,456,556	1,401,454,456,556	7,403,096,512	7,403,096,512	1,600,765,617,650	1,600,087,543,741
- Accumulated depreciation	82,970,956,512	76,165,157,149	251,138,067,655	230,935,430,296	2,859,346,109	2,754,257,627	336,968,370,276	309,854,845,072
Intangible fixed assets	-	-	-	-	5,175,261,800	5,181,539,559	5,175,261,800	5,181,539,559
- Cost	-	-	-	-	5,478,061,800	5,478,061,800	5,478,061,800	5,478,061,800
- Accumulated amortization	-	-	-	-	302,800,000	296,522,241	302,800,000	296,522,241

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

(These notes form part of and should be read in conjunction with the accompanying financial statements)

32. Risk management

a. Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance.

b. Financial risk management

Financial risks include market risk (interest rate risk, commodity price risk), credit risk and liquidity risk.

Market risk management: The Company's activities expose it primarily to the financial risks of changes in interest rates and commodity prices.

Interest rate risk management

The Company's interest rate risks mainly derive from interest bearing loans which are arranged. To minimize these risks, the Company has estimated the impact of borrowing costs to its periodic business results as well as making analysis and projection to select appropriate time to repay the loans. The Management assesses that uncontrollable risks arising from fluctuations of interest rates are insignificant.

Price risk management

Since the Company purchases materials from domestic suppliers to serve its production and business activities, it is exposed to the risk of changes in prices of materials. However, costs of materials account for a small proportion of the total production cost, thus the Management assesses that the Company's exposure to risks of changes in commodity prices is low.

Credit risk management

The Company's customers are Central Power Corporation and Electricity Power Trading Company belonging to Viet Nam Electricity (EVN). With the specific characteristics of the activity of purchasing and selling electricity in Vietnam, the Management assumes that the Company has no significant exposure to credit risk with customers.

Liquidity risk management

To ensure the availability of funds to meet present and future financial obligations, the Company manages liquidity risk by regularly monitoring and maintaining sufficient cash reserve, optimizing cash flows, making use of credit from customers and counterparties, controlling maturing liabilities in relative to maturing assets and the amount of funds can be generated within that period,...

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

(These notes form part of and should be read in conjunction with the accompanying financial statements)

The Company's aggregate financial liabilities are categorized in accordance with their maturity as follows:

30/06/2017	Within 1 year	Over 1 year	Total
Trade payables	1,871,259,740	-	1,871,259,740
Accrued expenses	7,034,906,939	-	7,034,906,939
Loans and finance lease liabilities	72,509,776,200	561,734,000,000	634,243,776,200
Other payables	31,688,573,833	-	31,688,573,833
Total	113,104,516,712	561,734,000,000	674,838,516,712

01/01/2017	Within 1 year	Over 1 year	Total
Trade payables	5,910,174,163	-	5,910,174,163
Accrued expenses	8,779,658,446	-	8,779,658,446
Loans and finance lease liabilities	67,720,000,000	583,904,000,000	651,624,000,000
Other payables	25,391,903,134	-	25,391,903,134
Total	107,801,735,743	583,904,000,000	691,705,735,743

The Management assumes that the Company has high exposure to liquidity risk but believes that it can generate sufficient resources to meet its financial obligations as they fall due.

The Company's available financial assets are drawn up on a net asset basis as follows:

30/06/2017	Within 1 year	Over 1 year	Total
Cash and cash equivalents	7,360,932,969	-	7,360,932,969
Trade receivables	54,078,366,446	-	54,078,366,446
Other receivables	435,541,560	2,004,000,000	2,439,541,560
Total	61,874,840,975	2,004,000,000	63,878,840,975

01/01/2017	Within 1 year	Over 1 year	Total
Cash and cash equivalents	14,819,783,143	-	14,819,783,143
Trade receivables	48,425,521,593	-	48,425,521,593
Other receivables	714,461,496	2,004,000,000	2,718,461,496
Total	63,959,766,232	2,004,000,000	65,963,766,232

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

(These notes form part of and should be read in conjunction with the accompanying financial statements)

33. Related party information

a. Related parties

	Relationship
Central Power Corporation	Investor, Subsidiary of Viet Nam Electricity
Electricity Power Trading Company	Affiliate of Viet Nam Electricity

b. Significant transactions with related parties in the period

	Transactions	First 6 months of 2017	First 6 months of 2016
Central Power Corporation	Sales of electricity	35,867,506,955	20,975,412,420
	Dividend payable	23,645,000,000	-
	Dividend paid	18,916,000,000	23,645,000,000
Electricity Power Trading Company	Sales of electricity	104,500,883,316	31,878,732,879

c. Income of the Board of Directors and Management in the period

	First 6 months of 2017	First 6 months of 2016
Remunerations, bonus for the Board of Directors	550,000,000	552,300,000
Income of the Management	825,822,583	621,426,289

34. Events after the balance sheet date

There have been no significant events occurring after the balance sheet date which would require adjustments or disclosures to be made in the financial statements.

35. Corresponding figures

Corresponding figures of the interim balance sheet were taken from the financial statements for the year ended 31/12/2016. Corresponding figures of the interim income statement and of the interim statement of cash flows were taken from the financial statements for the first 6 months of the year 2016. These financial statements were audited and reviewed by AAC.



Pham Phong
Pham Phong
General Director

Da Nang City, 24 July 2017

Pham Thai Hung
Pham Thai Hung
Chief Accountant

Truong Ngoc Hung
Truong Ngoc Hung
Preparer