

# **Vinh Son - Song Hinh Hydropower Joint Stock Company**

Separate financial statements

For the year ended 31 December 2018



# Vinh Son - Song Hinh Hydropower Joint Stock Company

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# Vinh Son - Song Hinh Hydropower Joint Stock Company

## GENERAL INFORMATION

### THE COMPANY

Vinh Son – Song Hinh Hydropower Joint Stock Company (“the Company”), formerly known as Vinh Son – Song Hinh Hydropower Plant, a dependent unit of Vietnam General Corporation (now Vietnam Electricity – “EVN”), is a joint stock company incorporated under the Law on Enterprise of Vietnam pursuant to the Business Registration Certificate No. 3503000058 (“BRC”) issued by the Department of Planning and Investment (“DPI”) of Binh Dinh Province on 4 May 2005 and subsequently amended.

According to Decision No. 219/QD-TTg dated 28 October 2003 issued by the Prime Minister approving the general plan for renovation of State-owned Enterprises under EVN from 2003 to 2005 and Decision No. 2992/QD-TCCB of the Ministry of Industry on equitization of Vinh Son – Song Hinh Hydropower Plant. The Plant is responsible for implementing the equitization in 2004. On 2 December 2004, the Ministry of Industry issued Decision No. 151/2004/QD-BCN on transformation of Vinh Son – Song Hinh Hydropower Plant into Vinh Son – Song Hinh Hydropower Joint Stock Company.

On 11 February 2009, the Company received the Investment Certificate (“IC”) No. 38121000021 issued by the DPI of Kon Tum Province to develop Thuong Kon Tum Hydropower Plant located at Kon Tum Province. The second IC Amendment was issued on 14 February 2015. Thuong Kon Tum Hydropower Plant is under construction.

The Company’s shares are officially listed in Ho Chi Minh City Stock Exchange with trading code VSH on 28 June 2006 in accordance with Decision No. 54/UBCK-GDNY issued by State Security Commission.

The current principal activities of the Company are to produce electricity and invest in construction of power projects.

The Company's registered head office is located at No. 21 Nguyen Hue, Hai Cang Ward, Quy Nhon City, Binh Dinh Province, Vietnam.

### BOARD OF DIRECTORS

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

Mr Vo Thanh Trung	Chairman
Mr Nguyen Van Thanh	Member
Mr Phan Hong Quan	Member
Mr Nguyen Xuan Quang	Member
Mr Le Tuan Hai	Member

### BOARD OF SUPERVISION

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

Mr Truong Minh Tuan	Head	
Ms Vu Phuong Thao	Member	
Mr Quach Vinh Binh	Member	appointed on 30 May 2018
Mr Le Van Dien	Member	resigned on 30 May 2018
Mr Vu Hong Dang	Member	

# Vinh Son-Song Hinh Hydropower Joint Stock Company

## GENERAL INFORMATION (continued)

### **MANAGEMENT**

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

Mr Nguyen Van Thanh  
Mr Hoang Anh Tuan  
Mr Duong Tan Tuong

General Director  
Deputy General Director  
Deputy General Director

### **LEGAL REPRESENTATIVE**

The legal representative of the Company during the year and at the date of this report is Mr Nguyen Van Thanh.

### **AUDITORS**

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

# Vinh Son - Song Hinh Hydropower Joint Stock Company

## REPORT OF MANAGEMENT

Management of Vinh Son - Song Hinh Hydropower Joint Stock Company ("the Company") is pleased to present its report and the separate financial statements of the Company for the year ended 31 December 2018.

### MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE SEPARATE FINANCIAL STATEMENTS

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

- ▶ select suitable accounting policies and then apply them consistently;
- ▶ make judgments 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 separate financial statements; and
- ▶ prepare the separate financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue its business.

Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the separate financial position of the Company and to ensure that the accounting records comply with the applied accounting system. It is also responsible for safeguarding the assets of the Company 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 separate financial statements.

### STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying separate financial statements give a true and fair view of the separate financial position of the Company as at 31 December 2018 and of the separate results of its operations and its separate 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 separate financial statements.

The Company has a subsidiary as disclosed in the separate financial statements. The Company prepared these separate financial statements to meet the prevailing requirements in relation to disclosure of information, specifically the Circular 155/2015/TT-BTC on disclosure of information on the securities market. In addition, as required by these regulations, the Company has also prepared the consolidated financial statements of the Company and its subsidiary ("the Group") for the year ended 31 December 2018 dated 29 March 2019.

Users of the separate financial statements should read them together with the said consolidated financial statements in order to obtain full information on the consolidated financial position, consolidated results of operations and consolidated cash flows of the Group.

For and on behalf of the management:



Nguyễn Văn Thanh  
General Director

Binh Dinh Province, Vietnam

29 March 2019

Reference: 61359032/20242678

## INDEPENDENT AUDITORS' REPORT

**To: The Shareholders of Vinh Son - Song Hinh Hydropower Joint Stock Company**

We have audited the accompanying separate financial statements of Vinh Son - Song Hinh Hydropower Joint Stock Company ("the Company") as prepared on 29 March 2019 and set out on pages 6 to 32 which comprise the separate balance sheet as at 31 December 2018, the separate income statement and the separate cash flow statement for the year then ended and the notes thereto.

### *Management's responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the separate 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 Company'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 separate financial statements.

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

### ***Basis for qualified opinion***

As presented in Note 10 of the accompanying separate financial statements, as at 31 December 2018, the Company recorded some extended construction works of Thuong Kon Tum Hydropower Plant with total estimated construction value of VND 155,292,619,174. However, the official addendums of these contracts for the said extended construction works have not been approved by the Company's Board of Directors and General Meeting of Shareholders which resulted in official contract addendums have not been signed with related contractors. Based on available information, we are unable to determine whether any adjustment to the said construction value was necessary and its impacts, if any, on the separate financial statements for the year ended 31 December 2018.

### ***Qualified opinion***

In our opinion, except for the possible effects of the matters described in the "Basis for qualified opinion" paragraph, the accompanying separate financial statements give a true and fair view, in all material respects, of the separate financial position of the Company as at 31 December 2018, and of the separate results of its operations and its separate 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 separate financial statements.

### ***Emphasis of matters***

We draw attention to Note 26 to the separate financial statements which describes the uncertainty related to the outcome of the lawsuit filed against the Company by Huadong – CR18G Consortium including HydroChina Huadong Engineering Corporation and China Railway 18<sup>th</sup> Bureau Group Co., Ltd.

We also draw attention to Note 2.1 of the separate financial statements. The Company prepared the consolidated financial statements of the Company and its subsidiary for the year ended 31 December 2018 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. We have audited these consolidated financial statements and our auditors' report dated 29 March 2019 expressed a qualified opinion.

Our opinion is not modified in respect of these matters.

### **Ernst & Young Vietnam Limited**



Le Vu Trung  
Deputy General Director  
Audit Practicing Registration Certificate  
No. 1588-2018-004-1

Duong Thi Nu  
Auditor  
Audit Practicing Registration Certificate  
No. 3796-2016-004-1

Ho Chi Minh City, Vietnam

29 March 2019

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SEPARATE BALANCE SHEET  
as at 31 December 2018

VND

Code	ASSETS	Notes	Ending balance	Beginning balance
<b>100</b>	<b>A. CURRENT ASSETS</b>		<b>811,436,799,114</b>	<b>1,110,407,007,529</b>
<b>110</b>	<b>I. Cash and cash equivalents</b>	<b>4</b>	<b>157,038,260,816</b>	<b>150,591,722,817</b>
111	1. Cash		27,438,260,816	8,051,722,817
112	2. Cash equivalents		129,600,000,000	142,540,000,000
<b>120</b>	<b>II. Short-term investment</b>		<b>78,000,000,000</b>	<b>336,700,000,000</b>
123	1. Held-to-maturity investments	13.1	78,000,000,000	336,700,000,000
<b>130</b>	<b>III. Current accounts receivable</b>		<b>329,696,292,897</b>	<b>454,947,892,230</b>
131	1. Short-term trade receivables	5	54,574,425,925	115,529,411,120
132	2. Short-term advances to suppliers	6	258,934,765,514	328,795,558,309
136	3. Other short-term receivables	7	16,187,101,458	10,622,922,801
<b>140</b>	<b>IV. Inventory</b>	<b>8</b>	<b>240,203,956,342</b>	<b>149,696,719,847</b>
141	1. Inventories		240,203,956,342	149,696,719,847
<b>150</b>	<b>V. Other current assets</b>	<b>15</b>	<b>6,498,289,059</b>	<b>18,470,672,635</b>
152	1. Value-added tax deductibles		3,904,662,328	15,304,820,358
153	2. Tax and other receivables from the State		2,593,626,731	3,165,852,277
<b>200</b>	<b>B. NON-CURRENT ASSETS</b>		<b>7,155,702,739,697</b>	<b>5,648,182,437,459</b>
<b>220</b>	<b>I. Fixed asset</b>		<b>645,301,993,874</b>	<b>712,243,589,971</b>
221	1. Tangible fixed assets	9	645,301,993,874	712,243,589,971
222	Cost		3,088,223,641,222	3,075,242,368,403
223	Accumulated depreciation		(2,442,921,647,348)	(2,362,998,778,432)
<b>240</b>	<b>II. Long-term asset in progress</b>		<b>6,487,360,449,254</b>	<b>4,912,111,583,684</b>
242	1. Construction in progress	10	6,487,360,449,254	4,912,111,583,684
<b>250</b>	<b>III. Long-term investments</b>	<b>13.2</b>	<b>10,812,957,192</b>	<b>10,812,957,192</b>
251	1. Investment in a subsidiary		1,000,000,000	1,000,000,000
252	2. Investment in an associate		9,812,957,192	9,812,957,192
<b>260</b>	<b>IV. Other long-term assets</b>		<b>12,227,339,377</b>	<b>13,014,306,612</b>
261	1. Long-term prepaid expenses	11	1,122,961,821	1,653,558,877
262	2. Deferred tax assets	23.3	861,808,912	861,808,912
263	3. Long-term tools, supplies and spare parts	12	10,242,568,644	10,498,938,823
<b>270</b>	<b>TOTAL ASSETS</b>		<b>7,967,139,538,811</b>	<b>6,758,589,444,988</b>




Vinh Son - Song Hinh Hydropower Joint Stock Company

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SEPARATE BALANCE SHEET (continued)  
as at 31 December 2018

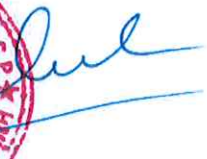
VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
<b>300</b>	<b>C. LIABILITIES</b>		<b>4,965,720,746,656</b>	<b>3,847,504,025,673</b>
<b>310</b>	<b>I. Current liabilities</b>		<b>436,612,342,810</b>	<b>277,106,438,363</b>
311	1. Short-term trade payables	14	240,835,265,694	202,258,578,804
313	2. Statutory obligations	15	21,534,625,580	25,191,530,441
314	3. Payables to employees		-	12,295,080,109
315	4. Short-term accrued expenses		26,286,029,975	21,010,299,278
319	5. Other short-term payables		13,680,694,299	2,389,436,578
320	6. Short-term loans	16	124,494,715,812	7,515,335,997
322	7. Bonus and welfare fund		9,781,011,450	6,446,177,156
<b>330</b>	<b>II. Non-current liability</b>		<b>4,529,108,403,846</b>	<b>3,570,397,587,310</b>
338	1. Long-term loans	16	4,529,108,403,846	3,570,397,587,310
<b>400</b>	<b>D. OWNERS' EQUITY</b>		<b>3,001,418,792,155</b>	<b>2,911,085,419,315</b>
<b>410</b>	<b>I. Capital</b>	<b>17.1</b>	<b>3,001,418,792,155</b>	<b>2,911,085,419,315</b>
411	1. Share capital		2,062,412,460,000	2,062,412,460,000
411a	- Shares with voting rights		2,062,412,460,000	2,062,412,460,000
412	2. Share premium		6,332,468,038	6,332,468,038
418	3. Investment and development fund		356,373,490,000	327,862,780,000
420	4. Other funds belonging to owners' equity		27,661,280,000	27,661,280,000
421	5. Undistributed earnings		548,639,094,117	486,816,431,277
421a	- Undistributed earnings by the end of prior years		241,989,154,277	201,835,873,686
421b	- Undistributed earnings of current year		306,649,939,840	284,980,557,591
<b>440</b>	<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>7,967,139,538,811</b>	<b>6,758,589,444,988</b>

  
Phan Thi Thanh Thuy  
Preparer

  
Huynh Cong Ha  
Chief Accountant



  
Nguyen Van Thanh  
General Director

29 March 2019


Vinh Son - Song Hinh Hydropower Joint Stock Company

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SEPARATE INCOME STATEMENT  
for the year ended 31 December 2018

VND

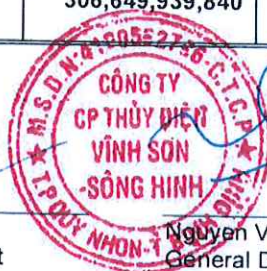
Code	ITEMS	Notes	Current year	Previous year
10	1. Net revenue from sale of goods	18.1	562,807,389,663	526,068,124,355
11	2. Cost of goods sold	19, 22	(213,758,849,151)	(214,607,577,771)
20	3. Gross profit from sale of goods		349,048,540,512	311,460,546,584
21	4. Finance income	18.2	35,097,919,828	36,620,383,246
22	5. Finance expenses	20	(15,756,540,048)	(2,266,606,483)
23	<i>In which: Interest expense</i>		<i>(1,385,065,857)</i>	<i>(1,090,913,878)</i>
26	6. General and administrative expenses	21, 22	(24,890,521,036)	(23,585,097,341)
30	7. Operating profit		343,499,399,256	322,229,226,006
31	8. Other income		632,975,450	59,545,451
32	9. Other expenses		(1,202,110,216)	(289,436,425)
40	10. Other loss		(569,134,766)	(229,890,974)
50	11. Accounting profit before tax		342,930,264,490	321,999,335,032
51	12. Current corporate income tax expense	23.1	(36,280,324,650)	(35,889,163,976)
52	13. Deferred tax expense	23.1	-	(1,129,613,465)
60	14. Net profit after tax		306,649,939,840	284,980,557,591



Phan Thi Thanh Thuy  
Preparer



Huynh Cong Ha  
Chief Accountant




Nguyen Van Thanh  
General Director

29 March 2019

SEPARATE CASH FLOW STATEMENT  
for the year ended 31 December 2018

VND

Code	ITEMS	Notes	Current year	Previous year
	<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
01	<b>Accounting profit before tax</b>		<b>342,930,264,490</b>	<b>321,999,335,032</b>
	<i>Adjustments for:</i>			
02	Depreciation	9	81,124,154,071	80,306,975,569
04	Foreign exchange losses arising from revaluation of monetary accounts denominated in foreign currency	20	3,072,503,425	527,735,778
05	Profits from investing activities		(23,861,495,340)	(35,996,723,492)
06	Interest expenses	20	1,385,065,857	1,090,913,878
08	<b>Operating profit before changes in working capital</b>		<b>404,650,492,503</b>	<b>367,928,236,765</b>
09	Decrease in receivables		62,521,172,112	42,671,937,226
10	Decrease (increase) in inventories		256,370,179	(2,162,514,953)
11	(Decrease) increase in payables		(9,476,343,791)	23,800,660,813
12	Decrease (increase) in prepaid expenses		530,597,056	(505,150,925)
14	Interest paid		(1,407,095,029)	(7,076,620,596)
15	Corporate income tax paid	15	(35,996,224,035)	(36,662,794,246)
17	Other cash outflows from operating activities		(5,556,478,012)	(6,775,018,003)
20	<b>Net cash flows from operating activities</b>		<b>415,522,490,983</b>	<b>381,218,736,081</b>
	<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
21	Purchase and construction of fixed assets		(1,554,009,324,625)	(1,256,264,870,789)
22	Proceeds from disposals of fixed assets		45,454,545	-
23	Term deposits		(383,000,000,000)	(368,700,000,000)
24	Collections from term deposits		641,700,000,000	695,530,000,000
27	Interest and dividends received		28,658,058,797	42,444,741,549
30	<b>Net cash flows used in investing activities</b>		<b>(1,266,605,811,283)</b>	<b>(886,990,129,240)</b>

Vinh Son - Song Hinh Hydropower Joint Stock Company

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SEPARATE CASH FLOW STATEMENT (continued)  
for the year ended 31 December 2018

VND

Code	ITEMS	Notes	Current year	Previous year
	<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
33	Drawdown of borrowings	16	1,072,522,708,151	864,217,790,695
34	Repayment of borrowings	16	(8,753,038,352)	(322,041,030,747)
36	Dividends paid	17.3	(206,239,811,500)	(206,239,811,500)
40	<b>Net cash flows from financing activities</b>		<b>857,529,858,299</b>	<b>335,936,948,448</b>
50	<b>Net increase (decrease) in cash and cash equivalents for the year</b>		<b>6,446,537,999</b>	<b>(169,834,444,711)</b>
60	<b>Cash and cash equivalents at beginning of the year</b>		<b>150,591,722,817</b>	<b>320,426,167,528</b>
70	<b>Cash and cash equivalents at end of the year</b>	4	<b>157,038,260,816</b>	<b>150,591,722,817</b>



Phan Thi Thanh Thuy  
Preparer





Huynh Cong Ha  
Chief Accountant

Nguyen Van Thanh  
General Director

29 March 2019

NOTES TO THE SEPARATE FINANCIAL STATEMENTS  
as at 31 December 2018 and for the year then ended

## 1. CORPORATE INFORMATION

Vinh Son – Song Hinh Hydropower Joint Stock Company (“the Company”), formerly known as Vinh Son – Song Hinh Hydropower Plant, a dependent unit of Vietnam General Corporation (now Vietnam Electricity – “EVN”), is a joint stock company incorporated under the Law on Enterprise of Vietnam pursuant to the Business Registration Certificate No. 3503000058 (“BRC”) issued by the Department of Planning and Investment (“DPI”) of Binh Dinh Province on 4 May 2005 and subsequently amended.

According to Decision No. 219/QD-TTg dated 28 October 2003 issued by the Prime Minister approving the general plan for renovation of State-owned Enterprises under EVN from 2003 to 2005 and Decision No. 2992/QD-TCCB of the Ministry of Industry on equitization of Vinh Son – Song Hinh Hydropower Plant. The Plant is responsible for implementing the equitization in 2004. On 2 December 2004, the Ministry of Industry issued Decision No. 151/2004/QD-BCN on transformation of Vinh Son – Song Hinh Hydropower Plant into Vinh Son – Song Hinh Hydropower Joint Stock Company.

On 11 February 2009, the Company received the Investment Certificate (“IC”) No. 38121000021 issued by the DPI of Kon Tum Province to develop Thuong Kon Tum Hydropower Plant located at Kon Tum Province. The second IC Amendment was issued on 14 February 2015. Thuong Kon Tum Hydropower Plant is under construction.

The Company’s shares are officially listed in Ho Chi Minh City Stock Exchange with trading code VSH on 28 June 2006 in accordance with Decision No. 54/UBCK-GDNY issued by State Security Commission.

The current principal activities of the Company are to produce electricity and invest in construction of power projects.

The Company’s registered head office is located at No. 21 Nguyen Hue, Hai Cang Ward, Quy Nhon City, Binh Dinh Province, Vietnam.

The number of Company’s employees as at 31 December 2018 was 237 (31 December 2017: 215).

## 2. BASIS OF PREPARATION

### 2.1 *Purpose of preparing the separate financial statements*

The Company has subsidiaries as disclosed in Note 12.2.1. The Company prepared these separate financial statements to meet the prevailing requirements in relation to disclosure of information, specifically the Circular 155/2015/TT-BTC on disclosure of information on the securities market. In addition, as required by these regulations, the Company has also prepared the consolidated financial statements of the Company and its subsidiary (“the Group”) for the year ended 31 December 2018 dated 29 March 2019.

Users of the separate financial statements should read them together with the said consolidated financial statements in order to obtain full information on the consolidated financial position, consolidated results of operations and consolidated cash flows of the Group.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the year then ended

## 2. BASIS OF PREPARATION (continued)

### 2.2 *Accounting standards and system*

The separate financial statements of the Company, expressed in Vietnam dong ("VND"), are prepared in accordance with the Vietnamese Accounting System and other 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 separate financial statements, including their utilization 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.

### 2.3 *Applied accounting documentation system*

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

### 2.4 *Fiscal year*

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

### 2.5 *Accounting currency*

The separate financial statements are prepared in VND which is also the Company's accounting currency.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 3.1 *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand, cash at 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.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the year then ended

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.2 Inventories

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

Net realizable 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:

Tools and supplies, materials - cost of purchase on a weighted average basis.  
for construction

##### *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 inventories owned by the Company, 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 account in the separate income statement.

#### 3.3 Receivables

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

The provision for doubtful receivables 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 into general and administrative expense account in the separate 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 separate 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 separate income statement.

#### 3.5 Depreciation

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

Buildings and structures	5 - 50 years
Machinery and equipment	5 - 10 years
Means of transportation	3 - 10 years
Office equipment	3 - 10 years

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the year then ended

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.6 *Construction in progress*

Construction in progress represents tangible fixed assets under construction and is stated at cost. This includes costs of construction of plant, installation of equipment and other direct costs. Construction in progress is not depreciated until such time as the relevant assets are completed and put into operation.

#### 3.7 *Borrowing costs*

Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of the fund and are recorded as expense during the year in which they are incurred except to the extent that they are capitalised as explained in the following paragraph.

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily take a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset.

#### 3.8 *Prepaid expenses*

Prepaid expenses are reported as short-term or long-term prepaid expenses on the separate balance sheet and amortized over the period for which the amounts are paid or the period in which economic benefits are generated in relation to these expenses.

#### 3.9 *Investments*

##### *Investment in a subsidiary*

Investment in a subsidiary over which the Company has control are carried at cost.

Distributions from accumulated net profits of the subsidiary arising subsequent to the date of acquisition are recognized in the separate income statement. Distributions from sources other than from such profits are considered a recovery of investment and are deducted to the cost of the investment.

##### *Investment in an associate*

Investment in an associate over which the Company has significant influence are carried at cost.

Distributions from accumulated net profits of the associate arising subsequent to the date of acquisition are recognized in the separate income statement. Distributions from sources other than from such profits are considered a recovery of investment and are deducted to the cost of the investment.

##### *Held-to-maturity investments*

Held-to-maturity investments are stated at their acquisition costs. After initial recognition, held-to-maturity investments are measured at recoverable amount. Any impairment loss incurred is recognized as finance expense in the separate income statements and deducted against the value of such investments.

#### 3.10 *Payables and accruals*

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



NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the year then ended

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.11 Foreign currency transactions

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

- Transactions 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 commercial banks designated for payment; 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 exchange rates at the balance sheet dates which are determined as follows:

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

All exchange differences incurred during the year and arising from the revaluation of monetary accounts denominated in foreign currency at the end of the year are taken to the separate income statement.

#### 3.12 Appropriation of net profits

Net profit after tax is available for appropriation to shareholders after approval by the Company's shareholders at the Annual General Meeting, and after making appropriation to reserve funds in accordance with the Company's Charter and Vietnam's regulatory requirements.

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

▶ *Investment and development fund*

This fund is set aside for use in the Company's expansion of its operation or of in-depth investment.

▶ *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 in the separate balance sheet.

▶ *Dividends*

Dividends proposed by the Company's Board of Directors are classified as separate allocation of undistributed earnings within the equity section of the separate balance sheet, until they have been approved by the Company's shareholders at the Annual General Meeting. When these dividends have been approved by the shareholders and declared, they are recognized as a liability in the separate balance sheet.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the year then ended

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.13 Revenue recognition

Revenue 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. 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 recognized:

##### *Sales of electricity*

Revenue from sales of electricity is recognized monthly upon the certification by Electricity Power Trading Company - Vietnam Electricity on the volume of electricity generated and transmitted via national electricity grid.

##### *Interest*

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

##### *Dividends*

Income is recognized when the Company's entitlement as an investor to receive the dividend is established.

#### 3.14 Taxation

##### *Current income tax*

Current income tax assets and liabilities for the current and prior year 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 separate balance sheet date.

Current income tax is charged or credited to the separate income statement, except when it relates to items recognized 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 Company to set off current tax assets against current tax liabilities and when the Company 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 financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the year then ended

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.14 *Taxation* (continued)

##### *Deferred tax* (continued)

Deferred tax assets are recognized 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 utilized.

The carrying amount of deferred tax assets is reviewed 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 income tax asset to be utilized. Previously unrecognized deferred income tax assets are re-assessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized 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 separate income statement, except when it relates to items recognized 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 Company to set off current tax assets against current tax liabilities and when they relate to income taxes levied on the same taxable entity by the same taxation authority and when the Company intends to settle its current tax assets and liabilities on a net basis.

#### 3.15 *Related parties*

Parties are considered to be related parties of the Company 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 Company and other party are under common control or under common significant influence. Related parties can be enterprise or individual, including close members of the family of any such individual.

### 4. CASH AND CASH EQUIVALENTS

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Cash on hand	984,373,523	356,960,518
Cash at banks	26,453,887,293	7,694,762,299
Cash equivalents	<u>129,600,000,000</u>	<u>142,540,000,000</u>
<b>TOTAL</b>	<b><u>157,038,260,816</u></b>	<b><u>150,591,722,817</u></b>

Cash equivalents represent the deposits at commercial banks with the original maturity date of less than 3 months and earn the interests ranging from 4.5% to 5.2% per annum.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the year then ended

#### 5. SHORT-TERM TRADE RECEIVABLES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Electricity Power Trading Company – Vietnam Electricity ( <i>Note 24</i> )	54,374,425,925	115,529,411,120
Others	200,000,000	-
<b>TOTAL</b>	<b><u>54,574,425,925</u></b>	<b><u>115,529,411,120</u></b>

#### 6. SHORT-TERM ADVANCES TO SUPPLIERS

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Construction 47 Joint Stock Company	179,980,619,687	186,881,724,795
Land clearance and compensation Committee of Kon Tum Province	42,122,488,279	29,744,095,820
Others	36,831,657,548	112,169,737,694
<b>TOTAL</b>	<b><u>258,934,765,514</u></b>	<b><u>328,795,558,309</u></b>

#### 7. SHORT-TERM OTHER RECEIVABLES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Electricity Power Trading Company – Vietnam Electricity ( <i>Note 24</i> )	9,965,299,000	-
Interest receivables	2,877,208,220	7,719,226,222
Receivables from employees	1,944,070,329	1,489,816,298
Others	1,400,523,909	1,413,880,281
<b>TOTAL</b>	<b><u>16,187,101,458</u></b>	<b><u>10,622,922,801</u></b>

#### 8. INVENTORIES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Goods in transit	29,295,007,227	-
Materials for construction (*)	210,907,822,448	149,401,880,991
Work in process	-	293,712,189
Tools and supplies	1,126,667	1,126,667
<b>TOTAL</b>	<b><u>240,203,956,342</u></b>	<b><u>149,696,719,847</u></b>

(\*) Materials for construction mainly include construction equipment used for the construction of Thuong Kon Tum Hydropower Plant amounting to VND 169,490,972,887 (31 December 2017: VND 111,506,040,043).

# Vinh Son - Song Chinh Hydropower Joint Stock Company

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the then year ended

## 9. TANGIBLE FIXED ASSETS

	Buildings & structures	Machinery & equipment	Means of transportation	Office equipment	Total	VND
<b>Cost:</b>						
Beginning balance	2,068,519,343,671	963,568,507,712	33,522,500,598	9,632,016,422	3,075,242,368,403	
Increase in year	2,544,288,183	6,663,131,700	4,647,273,182	327,864,909	14,182,557,974	
Disposals	-	-	(1,201,285,155)	-	(1,201,285,155)	
Ending balance	<u>2,071,063,631,854</u>	<u>970,231,639,412</u>	<u>36,968,488,625</u>	<u>9,959,881,331</u>	<u>3,088,223,641,222</u>	
<i>In which:</i>						
Fully depreciated	96,812,687,846	835,530,237,347	22,161,672,551	2,398,030,713	956,902,628,457	
<b>Accumulated depreciation:</b>						
Beginning balance	1,455,075,668,444	877,412,154,839	26,899,365,944	3,611,589,205	2,362,998,778,432	
Depreciation for the year	65,267,470,879	13,965,884,818	1,591,672,359	299,126,015	81,124,154,071	
Disposals	-	-	(1,201,285,155)	-	(1,201,285,155)	
Ending balance	<u>1,520,343,139,323</u>	<u>891,378,039,657</u>	<u>27,289,753,148</u>	<u>3,910,715,220</u>	<u>2,442,921,647,348</u>	
<b>Net carrying amount:</b>						
Beginning balance	613,443,675,227	86,156,352,873	6,623,134,654	6,020,427,217	712,243,589,971	
Ending balance	<u>550,720,492,531</u>	<u>78,853,599,755</u>	<u>9,678,735,477</u>	<u>6,049,166,111</u>	<u>645,301,993,874</u>	

The Company used its assets belong to Song Chinh Hydropower plant with the carrying amount of VND 208,410,146,592 (31 December 2017: VND 232,177,085,760) as collateral for the Company's long-term loans in accordance with Contract No. 01/2006/HDTCTS-TL dated 12 April 2006 (Note 16).

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the year then ended

## 10. CONSTRUCTION IN PROGRESS

	VND	
	Ending balance	Beginning balance
Thuong Kon Tum Hydropower Plant (i) (*)	6,380,860,388,147	4,811,203,811,824
Vinh Son 2 and 3 Hydropower Projects (ii)	98,047,075,772	98,047,075,772
Others	8,452,985,335	2,860,696,088
<b>TOTAL</b>	<b><u>6,487,360,449,254</u></b>	<b><u>4,912,111,583,684</u></b>

(i) Thuong Kon Tum Hydropower Plant is developed on the same cascade Hydropower of Sesan River. The project includes reservoir and main line lying on Dak Nghe tributary of Sesan River Basin in Dak Kooi Commune, Kon Ray District and Dak Tang Commune, Kon Plong District, Kon Tum Province; and a power plant locating on Dak Lo River, Dak Tang and Ngoc Tem Commune, Kon Plong District lying on Tra Khuc River Basin, Quang Ngai Province. Vietnam Electricity was approved as investor in accordance with the Official Letter No. 1774/TTg-CN dated 1 November 2006 issued by the Prime Minister with an installed capacity of 220 MW. The project has been transferred to the Company in accordance with the Official Letter No. 32/EVN/HDQT dated 13 January 2006 issued by Vietnam Electricity.

(\*) The Company recognized some extended construction works of Thuong Kon Tum Hydropower Plant with total estimated construction value of VND 155,292,619,174. This amount was included in the Company's construction in progress as at 31 December 2018. However, the official addendums of these contracts for the said extended construction works have not been approved by the Company's Board of Directors and General Meeting of Shareholders and therefore, these official addendums have not been signed with related contractors. As at the date of the separate financial statements, the Company and the constructors are in the process of completing required documentation to finalize the corresponding addendums. As the result, the estimated construction value is subject to change depending on the final contract addendums.

(ii) Vinh Son Hydropower 2 and 3 Projects were approved by the People's Committee of Binh Dinh Province under IC No. 35101000062 dated 7 November 2007, under cascade Hydropower planning of Con River of Gia Lai and Binh Duong Province approved by the Ministry of Industry and Trade. Vinh Son 2 Hydropower project has two (2) reservoirs, Suoi Say and Dak Kron Bun, with an installed capacity of 80 MW. Vinh Son 3 Hydropower project has an installed capacity of 30 MW.

The Company used its land use right, machinery and equipment, means of transportation and other assets which are being formed from Thuong Kon Tum Hydropower Plant as collateral for the Company's long-term bank loans (Note 16).

Details of movements in construction in progress during the year are as follows:

	VND	
	Current year	Previous year
Beginning balance	4,912,111,583,684	3,175,992,082,824
Construction	1,172,256,555,728	1,337,736,606,750
Capitalization of borrowing costs	402,992,309,842	398,382,894,110
Ending balance	<b><u>6,487,360,449,254</u></b>	<b><u>4,912,111,583,684</u></b>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the year then ended

#### 11. LONG-TERM PREPAID EXPENSES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Maintenance expense	1,007,810,306	1,414,326,061
Others	<u>115,151,515</u>	<u>239,232,816</u>
<b>TOTAL</b>	<b><u>1,122,961,821</u></b>	<b><u>1,653,558,877</u></b>

*Details of movements in long-term prepaid expenses during the year are as follows:*

	VND	
	<i>Current year</i>	<i>Previous year</i>
Beginning balance	1,653,558,877	1,148,407,952
Increase during the year	623,698,189	2,121,489,091
Allocation during the year	<u>(1,154,295,245)</u>	<u>(1,616,338,166)</u>
Ending balance	<b><u>1,122,961,821</u></b>	<b><u>1,653,558,877</u></b>

#### 12. LONG-TERM TOOLS, SUPPLIES AND SPARE PARTS

This is the net value of tools, equipment, supplies and spare parts for replacement and reservation of property damage, but do not qualify for fixed assets recognition and has a reserve period of over 12 months or a normal business cycle.

#### 13. INVESTMENTS

##### 13.1. Held-to-maturity investments

Held-to-maturity investments are deposits at commercial banks with the original maturity ranging from six (6) months to less than one (1) year and earning interests ranging from 5.1% to 6.4% per annum.

The Company has also pledged portion of its term deposits of VND 35,000,000,000 as security for the bank guarantee (Note 16).

##### 13.2 Long-term investments

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Investment in a subsidiary (Note 13.2.1)	1,000,000,000	1,000,000,000
Investment in an associate (Note 13.2.2)	<u>9,812,957,192</u>	<u>9,812,957,192</u>
<b>TOTAL</b>	<b><u>10,812,957,192</u></b>	<b><u>10,812,957,192</u></b>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the year then ended

### 13. INVESTMENTS (continued)

#### 13.2 Long-term investments (continued)

##### 13.2.1 Investment in a subsidiary

Details of investment in a subsidiary at the balance sheet date were as follows:

Name of subsidiary	Ending balance		Beginning balance	
	Cost of investment	Interest %	Cost of investment	Interest %
	VND		VND	
Consulting and Technical Services VSH One Member Company Limited ("VSH Consulting and Technical Services")	<u>1,000,000,000</u>	100.00	<u>1,000,000,000</u>	100.00

VSH Consulting and Technical Services is a one member limited liability company incorporated under the Law on Enterprise of Vietnam pursuant to the BRC No. 4100922968 issued by the DPI of Binh Dinh Province on 24 July 2009 and the subsequent amended BRCs. Its current principal activities are to provide consulting, supervising and technical services for construction works. The registered head office of VSH Consulting and Technical Services is located at No. 21 Nguyen Hue Street, Hai Cang Ward, Quy Nhon City, Binh Dinh Province, Vietnam.

##### 13.2.2 Investment in an associate

Details of investment in an associate at the balance sheet date were as follows:

Name of associate	Ending balance		Beginning balance	
	Cost of investment	Interest %	Cost of investment	Interest %
	VND		VND	
Binh Dinh Tourist Joint Stock Company ("Binh Dinh Tourist")	<u>9,812,957,192</u>	49.72	<u>9,812,957,192</u>	49.72

Binh Dinh Tourist is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the BRC No. 4100259469 issued by the DPI of Binh Dinh Province on 1 October 1998 and the subsequent amended BRCs. Its current principal activities are to provide tourism and hospitality services. The registered head office of Binh Dinh Tourist is located at No. 10 Nguyen Hue Street, Le Loi Ward, Quy Nhon City, Binh Dinh Province, Vietnam.



NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
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**14. SHORT-TERM TRADE PAYABLES**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Due to a related party (Note 24)	495,212,951	107,543,210
Due to other parties	240,340,052,743	202,151,035,594
- Huadong – CR18G Consortium	188,796,692,308	188,796,692,308
- Andritz Hydro GmbH	21,038,415,722	-
- Others	30,504,944,713	13,354,343,286
<b>TOTAL</b>	<b><u>240,835,265,694</u></b>	<b><u>202,258,578,804</u></b>

**15. STATUTORY OBLIGATIONS**

	VND			
	<i>Beginning balance</i>	<i>Increase</i>	<i>Decrease</i>	<i>Ending balance</i>
<b>Receivable</b>				
Value added tax	18,470,672,635	44,489,769,672	(56,465,710,241)	6,494,732,066
Housing tax	-	5,928,322	(2,371,329)	3,556,993
<b>TOTAL</b>	<b><u>18,470,672,635</u></b>	<b><u>44,495,697,994</u></b>	<b><u>(56,468,081,570)</u></b>	<b><u>6,498,289,059</u></b>
<b>Payables</b>				
Corporate income tax	9,996,224,035	36,280,324,650	(35,996,224,035)	10,280,324,650
Natural resource taxes	8,505,170,885	62,151,449,467	(65,809,331,553)	4,847,288,799
Forest environmental services fee	5,885,669,076	26,007,057,576	(27,224,080,800)	4,668,645,852
Personal income tax	804,466,445	3,614,116,950	(2,680,217,116)	1,738,366,279
<b>TOTAL</b>	<b><u>25,191,530,441</u></b>	<b><u>128,052,948,643</u></b>	<b><u>(131,709,853,504)</u></b>	<b><u>21,534,625,580</u></b>

# Vinh Son - Song Chinh Hydropower Joint Stock Company

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
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## 16. LOANS

	Beginning balance	Drawdown	Repayment	Reclassify	Revaluation	Ending balance
<b>Short term</b>	<b>7,515,335,997</b>	-	<b>(8,753,038,352)</b>	<b>125,796,544,255</b>	<b>(64,126,088)</b>	<b>124,494,715,812</b>
Current portion of long-term loan	7,515,335,997	-	(8,753,038,352)	125,796,544,255	(64,126,088)	124,494,715,812
<b>Long term</b>	<b>3,570,397,587,310</b>	<b>1,072,522,708,151</b>	-	<b>(125,796,544,255)</b>	<b>11,984,652,640</b>	<b>4,529,108,403,846</b>
Bank loans	3,570,397,587,310	1,072,522,708,151	-	(125,796,544,255)	11,984,652,640	4,529,108,403,846
<b>TOTAL</b>	<b>3,577,912,923,307</b>	<b>1,072,522,708,151</b>	<b>(8,753,038,352)</b>	<b>-</b>	<b>11,920,526,552</b>	<b>4,653,603,119,658</b>

Details of the Company's loans from banks are as follows:

Bank	Contract	Ending balance (VND)	Maturity date	Interest rate (% p.a.)
Bank for Investment and Development of Vietnam Joint Stock Company ("BIDV") – Binh Dinh Branch (i)	No. 01/2015/HDTD with credit limit of VND 850 billion	847,930,914,220	From 8 January 2019 to 8 October 2027	10.40
Joint-Stock Commercial Bank for Foreign Trade of Vietnam ("Vietcombank") – Kon Tum Branch (i)	No. 01/2017/HDTD with credit limit of VND 600 billion	561,975,518,614	From 8 January 2019 to 8 October 2027	9.90
Ho Chi Minh City Development Joint Stock Commercial Bank ("HDBank") – Hiep Phu Branch (i)	No. 01/2015/HDTD with credit limit of VND 700 billion	699,998,146,384	From 13 October 2019 to 13 July 2027	9.90 – 10.10
Asia Commercial Bank ("ACB") – Binh Dinh Branch (i)	No. 01/2017/HDTD with credit limit of VND 500 billion	499,000,000,000	From 13 October 2019 to 13 July 2027	9.40 – 9.60
Vietcombank – Gia Lai Branch (i)	No. 01/2015/HDTD with total credit limit of VND 950 billion	496,686,973,004	From 22 March 2019 to 22 September 2027	10.15 – 10.30
	No. 01/2015/HDTD with total credit limit of VND 950 billion	450,000,000,000	From 22 March 2019 to 22 September 2027	10.15 – 10.30
	No. 01/2015/HDTD with credit limit of VND 400 billion	399,999,562,524	From 13 January 2019 to 13 July 2027	9.90 – 10.10

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
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## 16. LOANS (continued)

Details of the Company's loans from banks are as follows (continued):

Bank	Ending balance (VND)	Original amount (USD)	Maturity date	Interest rate (% p.a.)	Collateral
Raiffeisen Landesbank Oberosterreich Bank (ii)	573,709,425,746	24,670,369	From 31 December 2019 to 30 June 2029	Six-month LIBOR+2.97%	Guarantee by BIDV – Binh Dinh Branch as pledged by term deposit of VND 35 billion (Note 13.1)
Vietnam Development Bank – Phu yen Branch (iii)	124,302,579,166	5,445,896	From 1 June 2019 to 1 June 2035	Service fee of 0.75% and management fee of 0.2%	Assets belong to Song Hinh Hydropower Plant (Note 9)
<b>TOTAL</b>	<b>4,653,603,119,658</b>	<b>30,116,265</b>			

In which:

Current portion of long-term loan 124,494,715,812  
Long-term loan 4,529,108,403,846

(i) These loans are used to finance construction of Thuong Kon Tum Hydropower Plant, according to the syndicated loan agreement No 01/2015/TTDA and 01/2017/TTDA between the Company and commercial banks including BIDV – Binh Dinh Branch, Vietcombank – Kon Tum Branch, ACB – Binh Dinh Branch, DBank – Hiep Phu Branch, and Vietcombank – Gia Lai Branch, BIDV – Binh Dinh Branch acts as agent bank and the agent for secured assets, including the entire land use rights, machinery and equipment, means of transportation and other assets which are being formed from Thuong Kon Tum Hydropower Plant. In addition, BIDV provides the guarantee contract No. 01/2014/HĐBL/BIDV-VSH as collateral for the loan from Raiffeisen Landesbank Oberosterreich Bank with the limit of USD 30,634,865.8.

(ii) On 28 March 2013, the Company signed an Export Credit Agreement with Raiffeisen Landesbank Oberosterreich Bank. The loans are used to finance 80% of the payment obligations of the Company under the contract for the electromechanical equipment for Thuong Kon Tum Hydropower Plant Project signed on 15 August 2012 with Andritz Hydro GmbH.

(iii) These loans were from official development assistance (“ODA”) of Northern Development Funds (“NDF”) to invest in Song Hinh Hydropower Plant. On 22 November 2015, the Company took over the loan from Vietnam Electricity upon equitization through a credit contract No. 01/TDNN with Phu Yen Development Fund (currently the Vietnam Development Bank – Phu Yen Branch). They are non-interest bearing loans with the management fee of 0.2% per annum and service fee of 0.75% per annum.

# Vinh Son - Song HinH Hydropower Joint Stock Company

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the year then ended

## 17. OWNERS' EQUITY

### 17.1 Increase and decrease in owners' equity

	Share capital	Share premium	Investment and development fund	Other funds belonging to owner's equity	Undistributed earnings	Total
						VND
<b>Previous year:</b>						
Beginning balance	2,062,412,460,000	6,332,468,038	294,414,000,000	27,661,280,000	447,131,559,686	2,837,951,767,724
Net profit for the year	-	-	-	-	284,980,557,591	284,980,557,591
Dividends declared	-	-	-	-	(206,241,246,000)	(206,241,246,000)
Appropriation for investment and development fund	-	-	33,448,780,000	-	(33,448,780,000)	-
Allowance and bonus for the Board of Directors and Board of Supervision	-	-	-	-	(1,240,000,000)	(1,240,000,000)
Appropriation for bonus and welfare fund	-	-	-	-	(3,705,660,000)	(3,705,660,000)
Others	-	-	-	-	(660,000,000)	(660,000,000)
Ending balance	2,062,412,460,000	6,332,468,038	327,862,780,000	27,661,280,000	486,816,431,277	2,911,085,419,315
<b>Current year:</b>						
Beginning balance	2,062,412,460,000	6,332,468,038	327,862,780,000	27,661,280,000	486,816,431,277	2,911,085,419,315
Net profit for the year	-	-	-	-	306,649,939,840	306,649,939,840
Dividends declared	-	-	-	-	(206,241,246,000)	(206,241,246,000)
Appropriation for investment and development fund	-	-	28,510,710,000	-	(28,510,710,000)	-
Allowance and bonus for the Board of Directors and Board of Supervision	-	-	-	-	(962,861,000)	(962,861,000)
Appropriation for bonus and welfare fund	-	-	-	-	(8,152,460,000)	(8,152,460,000)
Others	-	-	-	-	(960,000,000)	(960,000,000)
Ending balance	2,062,412,460,000	6,332,468,038	356,373,490,000	27,661,280,000	548,639,094,117	3,001,418,792,155

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the year then ended

**17. OWNERS' EQUITY (continued)**

**17.2 Shares**

	<i>Ending balance</i>	<i>Beginning balance</i>
	<i>Share</i>	<i>Share</i>
Authorized shares	206,241,246	206,241,246
Issued shares	206,241,246	206,241,246
<i>Ordinary shares</i>	<i>206,241,246</i>	<i>206,241,246</i>
Shares in circulation	206,241,246	206,241,246
<i>Ordinary shares</i>	<i>206,241,246</i>	<i>206,241,246</i>

**17.3 Dividends**

	<i>VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Dividends declared during the year	206,241,246,000	206,241,246,000
Dividends paid during the year	(206,239,811,500)	(206,239,811,500)

**18. REVENUES**

**18.1 Net revenue from sale of goods**

	<i>VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Revenue from sale of electricity to a related party (Note 24)	<u>562,807,389,663</u>	<u>526,068,124,355</u>

**18.2 Finance income**

	<i>VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Interest income from bank deposits	22,071,280,732	34,252,091,221
Dividends income	1,744,760,063	1,744,632,271
Foreign exchange difference gains	11,281,879,033	623,659,754
<b>TOTAL</b>	<b><u>35,097,919,828</u></b>	<b><u>36,620,383,246</u></b>

**19. COST OF GOODS SOLD**

	<i>VND</i>	
	<i>Current year</i>	<i>Previous year</i>
Cost of electricity sold	<u>213,758,849,151</u>	<u>214,607,577,771</u>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the year then ended

**20. FINANCE EXPENSES**

	VND	
	<i>Current year</i>	<i>Previous year</i>
Interest expenses	1,385,065,857	1,090,913,878
Foreign exchange losses arising from revaluation of monetary accounts denominated in foreign currency	14,354,382,458	527,735,778
Realized foreign exchange losses	17,091,733	647,956,827
<b>TOTAL</b>	<b><u>15,756,540,048</u></b>	<b><u>2,266,606,483</u></b>

**21. GENERAL AND ADMINISTRATIVE EXPENSES**

	VND	
	<i>Current year</i>	<i>Previous year</i>
Labor costs	13,396,376,806	14,346,951,841
Expenses for external services	2,703,114,105	2,882,052,743
Office supplies	730,011,700	704,583,674
Depreciation	627,040,002	622,793,416
Tax and fees	417,383,939	433,120,061
Others	7,016,594,484	4,595,595,606
<b>TOTAL</b>	<b><u>24,890,521,036</u></b>	<b><u>23,585,097,341</u></b>

**22. PRODUCTION AND OPERATING COSTS**

	VND	
	<i>Current year</i>	<i>Previous year</i>
Natural resources tax and forest environmental service fees	88,158,507,043	88,629,032,534
Depreciation	80,535,309,213	79,803,020,598
Labor costs	41,261,367,277	40,919,817,042
Raw materials	9,476,117,247	7,498,892,143
Assets repairing and maintaining expenses	4,474,292,640	6,668,402,667
Expenses for external services	4,073,577,142	4,325,025,077
Others	10,670,199,625	10,348,485,051
<b>TOTAL</b>	<b><u>238,649,370,187</u></b>	<b><u>238,192,675,112</u></b>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the year then ended

### 23. CORPORATE INCOME TAX

According to Decree No. 164/2003/ND-CP dated 22 December 2003, the Company has obligation to pay corporate income tax ("CIT") at the rate of 10% for taxable income from sale of electricity within a period of 15 years and at the standard tax rate for other taxable income.

For electricity generating, the Company is entitled to an exemption from CIT for four (4) years commencing from the first year that the Company earns profits (from 2005 to 2008), and 50% tax reduction for the following eight (8) years (from 2009 to 2016).

The tax returns filed by Company are subject to examination by the tax authorities. As the application of tax laws and regulations is susceptible to varying interpretations, the amounts reported in the separate financial statements could change at a later date upon final determination by the tax authorities.

#### 23.1 CIT expenses

	VND	
	Current year	Previous year
Current tax expense	36,280,324,650	35,496,224,035
Adjustment for under accrual of tax from prior year	-	392,939,941
Deferred tax expense	-	1,129,613,465
<b>TOTAL</b>	<b><u>36,280,324,650</u></b>	<b><u>37,018,777,441</u></b>

Reconciliation between CIT expense and the accounting profit before tax multiplied by CIT rate is presented below:

	VND	
	Current year	Previous year
<b>Accounting profit before tax</b>	<b><u>342,930,264,490</u></b>	<b><u>321,999,335,032</u></b>
At CIT applicable rate of 20%	68,586,052,898	64,399,867,006
<i>Adjustments</i>		
CIT exemption	(32,194,195,867)	(28,600,767,445)
Dividends income	(348,952,013)	(348,926,454)
Utilise provision for obsolete inventories	-	1,129,613,465
Non-deductible expenses	237,419,632	46,050,928
Adjustment for under accrual of tax from prior year	-	392,939,941
<b>CIT expense</b>	<b><u>36,280,324,650</u></b>	<b><u>37,018,777,441</u></b>

#### 23.2 Current tax

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the year then ended

**23. CORPORATE INCOME TAX (continued)**

**23.3 Deferred tax**

The following are deferred tax assets recognized by the Company, and the movements thereon, during the current and previous year:

	<i>Separate balance sheet</i>		<i>Separate income statement</i>	
	<i>Ending balance</i>	<i>Beginning balance</i>	<i>Current year</i>	<i>Previous year</i>
Provision for obsolete inventories	861,808,912	861,808,912	-	(1,129,613,465)

VND

**24. TRANSACTIONS WITH RELATED PARTIES**

*Terms and conditions of transactions with related parties:*

Related party transactions include all transactions undertaken with other companies to which the Company is related, either through the investor or investee relationship or because they share a common investor and thus are considered to be a part of the same corporate group. The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at are unsecured, interest free and will be settled in cash.

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

<i>Related party</i>	<i>Relationship</i>	<i>Transaction</i>	<i>VND</i>	
			<i>Current year</i>	<i>Previous year</i>
Electricity Power Trading Company – Vietnam Electricity	Related party	Sale of electricity	562,807,389,663	526,068,124,355
Power Generation Corporation 3	Related party	Dividends paid	63,016,948,000	63,016,948,000
Refrigeration Electrical Engineering Corporation	Related party	Dividends paid	42,716,160,000	42,716,160,000
Binh Dinh Tourist Joint Stock Company	Associate	Dividends income	1,744,760,063	1,744,632,271
Consulting and Technical Services VSH One Member Company Limited	Subsidiary	Purchases of services	1,827,902,492	3,741,348,233



NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the year then ended

#### 24. TRANSACTIONS WITH RELATED PARTIES (continued)

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

Related party	Relationship	Transaction	VND	
			Ending balance	Beginning balance
<b>Short-term trade receivable</b>				
Electricity Power Trading Company – Vietnam Electricity	Related party	Sale of electricity	<u>54,374,425,925</u>	<u>115,529,411,120</u>
<b>Other short-term receivable</b>				
Vietnam Electricity	Related party	Receivable of environment tax	<u>9,965,299,000</u>	<u>-</u>
<b>Short-term trade payable</b>				
Consulting and Technical Services VSH One Member Company Limited	Subsidiary	Purchases of services	<u>495,212,951</u>	<u>107,543,210</u>

Remuneration to members of Board of Directors, Board of Supervision and management during the current and previous year were as follows:

	VND	
	Current year	Previous year
Salary and other benefits	<u>3,953,221,030</u>	<u>2,733,502,362</u>

#### 25. CAPITAL COMMITMENT

At the balance sheet date, the Company has a commitment of VND 1,506,425,300,879 (31 December 2017: VND 2,272,723,490,906) principally related to the construction for Thuong Kon Tum HydroHypower Plant Project.

#### 26. COMMITMENTS AND CONTINGENCIES

On 4 September 2014, the Company received Announcement No. 526/VIAC from Vietnam International Arbitration Centre ("VIAC") about the lawsuit No. 24/14 with respect to the Design and Construction Contract No. 885/2010/HD-VSH-TH of Power line phase 2 of Thuong Kon Tum Project ("the Contract"). In this Announcement, Huadong – CR18G Consortium including HydroChina Huadong Engineering Corporation and China Railway 18<sup>th</sup> Bureau Group Co., Ltd, as a claimant, filed a lawsuit against the Company claiming breach of the Contract. The Company, however, submitted the statement of defence to VIAC. In addition, the Company has also made a counter - claim to Huadong – CR18G Consortium on 20 November 2014. As at the date of these separate financial statements, no provision for any liability that may result has been made in the separate financial statements as the ultimate outcome of the matter cannot presently be determined.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at 31 December 2018 and for the year then ended

**27. EVENTS AFTER THE BALANCE SHEET DATE**

There has been no event occurring after the balance sheet date which would require adjustments or disclosures to be made in the separate financial statements of the Company.



Phan Thi Thanh Thuy  
Preparer



Huynh Cong Ha  
Chief Accountant



Nguyen Van Thanh  
General Director

29 March 2019