

**VINH SON – SONG HINH HYDRO-POWER JOINT STOCK COMPANY**

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016**



**VINH SON – SONG HINH HYDRO-POWER JOINT STOCK COMPANY**

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE six-month PERIOD ENDED 30 JUNE 2016**

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# VINH SON – SONG HINH HYDRO-POWER JOINT STOCK COMPANY

## CORPORATE INFORMATION

### **Business Registration Certificate**

No. 3503000058 dated 04 May 2005 was issued by the Department of Planning and Investment of Binh Dinh Province and the fifth amendment dated 25 April 2015

### **Board of Management**

Mr. Vo Thanh Trung	Chairman
Mr. Nguyen Van Thanh	Member
Mr. Tran Manh Huu	Member
Mr. Phan Hong Quan	Member
Mr. Nguyen Xuan Quang	Member

### **Board of Supervision**

Mr. Nguyen Viet Ha	Head
Mr. Hoang Xuan Tung	Member
Mr. Truong Minh Tuan	Member
Ms. Vu Phuong Thao	Member

### **Board of Directors**

Mr. Nguyen Van Thanh	General Director
Mr. Hoang Anh Tuan	Deputy General Director
Mr. Duong Tan Tuong	Deputy General Director

### **Legal representative**

Mr. Nguyen Van Thanh	General Director
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### **Registered office**

21 Nguyen Hue Street, Quy Nhon City,  
Binh Dinh Province, Vietnam.

### **Auditor**

PricewaterhouseCoopers Vietnam Limited

## VINH SON – SONG HINH HYDRO-POWER JOINT STOCK COMPANY

### STATEMENT OF RESPONSIBILITY OF THE BOARD OF DIRECTORS OF THE COMPANY IN RESPECT OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The Board of Directors of Vinh Son – Song Hinh Hydro-Power Joint Stock Company (“the Company”) is responsible for consolidated interim financial statements of the Company and its subsidiary (collectively referred to as “the Group”) which give a true and fair view of the financial position as at 30 June 2016 and the results of its operations and its cash flows for the six-month period then ended. In preparing these consolidated interim financial statements, the Board of Directors is required to:

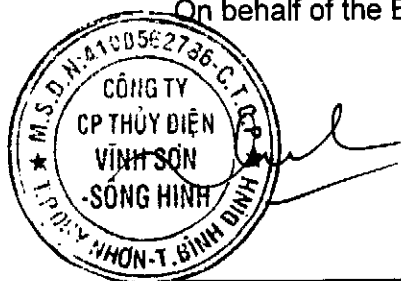
- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent; and
- Prepare the consolidated interim financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Board of Directors is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Group and which enable consolidated interim financial statements to be prepared which comply with the basis of accounting set out in Note 2 to the consolidated interim financial statements. The Board of Directors is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### APPROVAL OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

We hereby approve the accompanying consolidated interim financial statements as set out on pages 5 to 41 which give a true and fair view of the financial position of the Group as at 30 June 2016 and of the results of its operations and its cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of consolidated interim financial statements.

On behalf of the Board of Directors



Nguyen Van Thanh  
General Director

Ho Chi Minh City, SR Vietnam  
26 August 2016



## **REPORT ON REVIEW OF CONSOLIDATED INTERIM FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF VINH SON – SONG HINH HYDRO-POWER JOINT STOCK COMPANY**

We have reviewed the accompanying consolidated interim financial statements of Vinh Son – Song Hinh Hydro-Power Joint Stock Company (“the Company”) and its subsidiary (collectively referred to as “the Group”) which were prepared on 30 June 2016 and approved by the Board of Directors on 26 August 2016. The consolidated interim financial statements comprise the balance sheet as at 30 June 2016, the income statement and the cash flow statement for the six-month period then ended, and explanatory notes to the consolidated interim financial statements including significant accounting policies, as set out on pages 5 to 41.

### **The Board of Directors’s Responsibility to the Consolidated Interim Financial Statements**

The Board of Directors of the Company is responsible for the preparation and the true and fair presentation of these consolidated interim financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of consolidated interim financial statements and for such internal control which the Board of Directors determines is necessary to enable the preparation and fair presentation of the consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor’s Responsibility**

Our responsibility is to express a conclusion on these consolidated interim financial statements based on our review. We conducted our review in accordance with Vietnamese Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity.”

A review of consolidated interim financial statements 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.

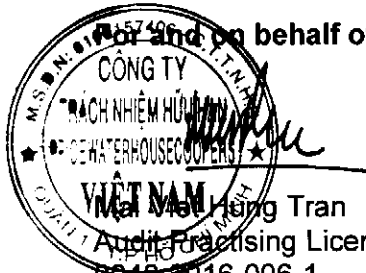
### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not present fairly, in all material respects, the financial position of the Group as at 30 June 2016, its financial performance and cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of consolidated interim financial statements.

**Other Matter**

The consolidated financial statements of the Group for the year ended 31 December 2015 were audited by another auditor whose independent auditor's report dated 25 March 2016, expressed an unqualified opinion on those statements. The consolidated interim financial statements of the Group for the six-month period ended 30 June 2015 were also reviewed by this auditor whose review report dated 28 August 2015, expressed an unqualified conclusion on those interim statements.

For and on behalf of PricewaterhouseCoopers Vietnam Limited



**VIỆT NAM**  
Nguyễn Hồng Tran  
Audit Practising Licence No.  
0048-2016-006-1  
Authorised signatory

Report reference number: HCM5567  
Ho Chi Minh City, 26 August 2016

As indicated in Note 2.1 to the consolidated interim financial statements, the accompanying consolidated interim financial statements are not intended to present the financial position, its statement of changes in equity (if any), results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than SR Vietnam, and furthermore their utilisation is not designed for those who are not informed about SR Vietnam's accounting principles, procedures and practices.


## CONSOLIDATED BALANCE SHEET

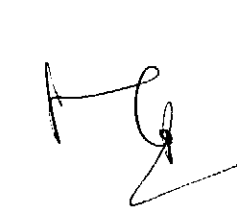
Code	ASSETS	Note	30.6.2016 VND	31.12.2015 VND
<b>100</b>	<b>CURRENT ASSETS</b>		<b>2,102,647,833,830</b>	<b>2,018,221,246,556</b>
<b>110</b>	<b>Cash and cash equivalents</b>	3	<b>899,683,847,418</b>	<b>1,153,237,223,520</b>
111	Cash		51,835,223,871	5,995,449,909
112	Cash equivalents		847,848,623,547	1,147,241,773,611
<b>120</b>	<b>Short-term investment</b>		<b>84,500,000,000</b>	<b>33,500,000,000</b>
123	Investments held to maturity	4(a)	84,500,000,000	33,500,000,000
<b>130</b>	<b>Short-term receivables</b>		<b>721,483,777,345</b>	<b>441,330,473,973</b>
131	Short-term trade accounts receivable	5	129,503,183,077	114,067,710,559
132	Short-term prepayments to suppliers	6	582,807,910,428	313,111,745,835
136	Other short-term receivables	7	9,172,683,840	14,151,017,579
<b>140</b>	<b>Inventories</b>		<b>378,541,382,468</b>	<b>368,861,496,192</b>
141	Inventories	8	378,541,382,468	368,861,496,192
<b>150</b>	<b>Other current assets</b>		<b>18,438,826,599</b>	<b>21,292,052,871</b>
151	Short-term prepaid expenses		-	49,888,142
153	Other taxes receivable	9	18,438,826,599	21,242,164,729
<b>200</b>	<b>LONG-TERM ASSETS</b>		<b>3,226,016,705,912</b>	<b>3,031,163,745,016</b>
<b>220</b>	<b>Fixed assets</b>		<b>780,429,853,954</b>	<b>813,682,843,001</b>
221	Tangible fixed assets	10	780,429,853,954	813,682,843,001
222	Cost		3,023,795,791,664	3,017,226,339,004
223	Accumulated depreciation		(2,243,365,937,710)	(2,203,543,496,003)
<b>240</b>	<b>Long-term asset in progress</b>		<b>2,419,226,855,268</b>	<b>2,182,041,364,552</b>
242	Construction in progress	11	2,419,226,855,268	2,182,041,364,552
<b>250</b>	<b>Long-term investment</b>		<b>12,039,165,393</b>	<b>12,916,138,402</b>
252	Investment in associate	4(b)	12,039,165,393	12,916,138,402
<b>260</b>	<b>Other long-term assets</b>		<b>14,320,831,297</b>	<b>22,523,399,061</b>
261	Long-term prepaid expenses	12	1,096,780,195	9,261,457,914
262	Deferred income tax assets	17	2,614,401,679	2,614,401,679
263	Long-term substituted equipment, supplies and spare parts	13	10,609,649,423	10,647,539,468
<b>270</b>	<b>TOTAL ASSETS</b>		<b>5,328,664,539,742</b>	<b>5,049,384,991,572</b>

The notes on pages 10 to 41 are an integral part of these consolidated interim financial statements.

**CONSOLIDATED BALANCE SHEET**  
 (continued)

Code	RESOURCES	Note	30.6.2016 VND	31.12.2015 VND
<b>300</b>	<b>LIABILITIES</b>		<b>2,604,937,955,323</b>	<b>2,258,034,480,817</b>
<b>310</b>	<b>Short-term liabilities</b>		<b>488,176,135,086</b>	<b>483,489,068,623</b>
311	Short-term trade accounts payable	14	193,228,904,006	197,593,825,631
312	Short-term advances from customers		80,000,000	80,000,000
313	Taxes and other payables to the State Budget	15	10,684,719,468	15,450,655,041
314	Payable to employees		6,533,647,399	4,179,028,919
315	Short-term accrued expenses		827,968,347	352,995,566
319	Other short-term payables		3,360,561,428	2,437,514,630
320	Short-term borrowings	16(a)	263,319,789,247	250,800,909,611
322	Bonus and welfare funds		10,140,545,191	12,594,139,225
<b>330</b>	<b>Long-term liability</b>		<b>2,116,761,820,237</b>	<b>1,774,545,412,194</b>
338	Long-term borrowings	16(b)	2,116,761,820,237	1,774,545,412,194
<b>400</b>	<b>OWNERS' EQUITY</b>		<b>2,723,726,584,419</b>	<b>2,791,350,510,755</b>
<b>410</b>	<b>Capital and reserves</b>		<b>2,723,615,129,408</b>	<b>2,791,138,077,663</b>
411	Owners' capital	18, 19	2,062,412,460,000	2,062,412,460,000
411a	- Ordinary shares with voting rights		2,062,412,460,000	2,062,412,460,000
412	Share premium		6,332,468,038	6,332,468,038
418	Investment and development fund		294,414,000,000	294,414,000,000
420	Other funds		27,661,280,000	27,661,280,000
421	Undistributed earnings		332,794,921,370	400,317,869,625
421a	- Undistributed post-tax profits accumulated by the end of the previous year		187,353,843,625	148,696,206,946
421b	- Undistributed post-tax profits of the current period/year		145,441,077,745	251,621,662,679
<b>430</b>	<b>Budget sources and other funds</b>		<b>111,455,011</b>	<b>212,433,092</b>
432	Funds that form fixed assets		111,455,011	212,433,092
<b>440</b>	<b>TOTAL RESOURCES</b>		<b>5,328,664,539,742</b>	<b>5,049,384,991,572</b>

  
 Phan Thi Thanh Thuy  
 Preparer

  
 Huynh Cong Ha  
 Chief Accountant




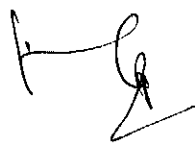
  
 Nguyen Van Thanh  
 General Director  
 26 August 2016



## CONSOLIDATED INCOME STATEMENT

Code	Note	For the six-month period ended		
		30.6.2016 VND	30.6.2015 VND	
01	Revenue from sales of goods and rendering of services	22	222,816,043,126	271,298,944,831
02	Less deductions		-	-
10	Net revenue from sales of goods and rendering of services	22	222,816,043,126	271,298,944,831
11	Cost of goods sold and services rendered	23	(78,490,225,241)	(81,508,264,331)
20	Gross profit from sales of goods and rendering of services		144,325,817,885	189,790,680,500
21	Financial income	24	26,512,920,694	9,006,431,301
22	Financial expenses	25	(8,017,582,495)	(6,294,493,186)
23	- Including: Interest expense		(2,318,585,084)	(3,324,443,433)
24	Share of profit from associate		576,887,217	248,905,040
25	Selling expenses		-	-
26	General and administration expenses	26	(10,992,491,865)	(9,963,151,330)
30	Net operating profit		152,405,551,436	182,788,372,325
31	Other income		1,076,897,736	44,556,180
32	Other expenses		(6,049,266)	(16,635,364)
40	Net other income		1,070,848,470	27,920,816
50	Net accounting profit before tax		153,476,399,906	182,816,293,141
51	Business income tax - current	28	(8,035,322,161)	(10,128,714,778)
52	Business income tax - deferred		-	-
60	Net profit after tax		145,441,077,745	172,687,578,363
70	Earnings per share	21(a)	689	823
71	Diluted earnings per share	21(b)	689	823

  
Phan Thi Thanh Thuy  
Preparer


  
Huynh Cong Ha  
Chief Accountant




  
Nguyen Van Thanh  
General Director  
26 August 2016

**CONSOLIDATED CASH FLOW STATEMENT**  
 (Indirect method)

Code	Note	For the six-month period ended	
		30.6.2016 VND	30.6.2015 VND
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
01		<b>153,476,399,906</b>	<b>182,816,293,141</b>
		Adjustments for:	
02		39,822,441,707	39,043,211,910
04	25	5,698,997,411	2,826,252,481
05		(27,089,807,911)	(9,255,336,341)
06	25	2,318,585,084	3,324,443,433
08		<b>174,226,616,197</b>	<b>218,754,864,624</b>
09		(556,749,009)	205,909,830,935
10		(9,641,996,231)	(6,679,013,965)
11		(3,410,356,218)	(46,951,630,148)
12		283,928,083	126,649,926
14		(2,308,585,084)	(3,427,018,648)
15		(11,673,041,015)	(21,236,268,389)
16		-	4,400,000
17		(7,618,930,682)	(6,130,570,015)
20		<b>139,300,886,041</b>	<b>340,371,244,320</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
21		(513,451,107,969)	(355,664,558,464)
23		(51,000,000,000)	(303,000,000,000)
27		20,869,729,280	6,202,133,364
30		<b>(543,581,378,689)</b>	<b>(652,462,425,100)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
33		586,755,964,445	529,083,341,692
34		(229,789,036,399)	(81,410,928,519)
36	20	(206,239,811,500)	(309,361,869,000)
40		<b>150,727,116,546</b>	<b>138,310,544,173</b>
50		<b>(253,553,376,102)</b>	<b>(173,780,636,607)</b>
60	3	<b>1,153,237,223,520</b>	<b>229,958,976,756</b>
70	3	<b>899,683,847,418</b>	<b>56,178,340,149</b>

  
 Phan Thi Thanh Thuy  
 Preparer

  
 Huynh Cong Ha  
 Chief Accountant



  
 Nguyen Van Thanh  
 General Director  
 26 August 2016

The notes on pages 10 to 41 are an integral part of these consolidated interim financial statements.

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016**

**1 GENERAL INFORMATION**

Vinh Son – Song Hinh Hydro-Power Joint Stock Company (“the Company”) is a joint stock company incorporated in accordance with the Business Registration Certificate No. 3503000058 issued by the Department of Planning and Investment of Binh Dinh Province on 04 May 2005 and its subsequent amendments. Previously, the Company is Vinh Son – Song Hinh Hydro-power Plant, a dependant accounting unit of Vietnam Electricity General Corporation (now Vietnam Electricity). The Company was transformed into a joint stock company in accordance with the Decision No. 151/2004/QĐ-BCN dated 2 December 2004 issued by the Ministry of Industry (now the Ministry of Industry and Trade).

The Company has two hydro-power plants which are Vinh Son plant located at Binh Dinh province and Song Hinh plant located at Phu Yen province. In addition, the Company also has a hydro-power plant project under construction, which is Thuong Kon Tum hydro-power plant located at Kon Tum province.

On 28 June 2006, the Company’s stocks were officially listed in Ho Chi Minh City Stock Exchange in accordance with the Decision No. 54/UBCK-GDNY issued by the State Securities Commission.

The principal activities of the Company and its subsidiary (collectively referred to as “the Group”) are to produce electricity; provide operation management and maintenance services for hydro-power plants; provide project management and execution supervision consulting services for hydro-power plant projects; provide design and supervision consulting services for irrigation, transportation and hydro-power projects; test power; trade materials and equipment in hydro-power industry; invest in construction of power projects.

The Company has a wholly-owned subsidiary and an associate as follows:

	Place of corporation and activity	% of ownership	% of voting right	The principal activities
<b>Subsidiary</b>				
VSH Consulting and Technical Service One Member Company Limited	Quy Nhon City, Binh Dinh Province	100	100	Consulting and technical services
<b>Associate</b>				
Binh Dinh Tourist Joint Stock Company	Quy Nhon City, Binh Dinh Province	49.72	49.72	Tourism and hospitality

The normal business cycle of the Group is within 12 (twelve) months.

As at 30 June 2016, the Group had 186 employees (as at 31 December 2015: 178 employees)

## **2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **2.1 Basis of preparation of consolidated interim financial statements**

The consolidated interim financial statements have been prepared in accordance with Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of consolidated interim financial statements. The consolidated interim financial statements have been prepared under the historical cost convention.

The accompanying consolidated interim financial statements 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 and jurisdictions other than Vietnam. The accounting principles and practices utilised in Vietnam may differ from those generally accepted in countries and jurisdictions other than Vietnam.

### **2.2 Fiscal year**

The Group's fiscal year is from 1 January to 31 December. The consolidated interim financial statements are prepared for the six-month period from 01 January 2016 to 30 June 2016.

### **2.3 Currency**

The consolidated interim financial statements are measured and presented in Vietnamese Dong ("VND").

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction dates. Foreign exchange differences arising from these transactions are recognised in the consolidated income statement.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are respectively translated at the buying and selling exchange rates at the balance sheet date of the bank where the Group regularly trades. Foreign currencies deposited in bank at the balance sheet date are translated at the buying exchange rate of the bank where the Group opens the foreign currency accounts. Foreign exchange differences arising from these translations are recognised in the consolidated income statement.

### **2.4 Basis of consolidation**

#### **Subsidiary**

Subsidiary is the entity over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiary is fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated. Accounting policies of subsidiary have been changed where necessary to ensure consistency with the policies adopted by the Group.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Associate**

Associate is the entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investment in associate is accounted for using the equity method of accounting and is initially recognised at cost. The Group's investment in associate includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of its associate's post-acquisition profits or losses is recognised in the consolidated income statement, and its share of post-acquisition movements in reserves is recognised in consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in associate equals or exceeds its interest in associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains or losses on transactions between the Group and its associate are eliminated to the extent of the Group's interest in associate. Accounting policies of associate have been changed where necessary to ensure consistency with the policies adopted by the Group.

**2.5 Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, cash at bank, cash in transit, demand deposits and other short-term investments with an original maturity of three months or less.

**2.6 Trade receivables**

Trade receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review by the Board of Directors of all outstanding amounts at the year end. Bad debts are written off when identified.

**2.7 Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method and includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the normal course of business, less the estimated costs of completion and selling expenses. Provision is made, where necessary, for obsolete, slow-moving and defective inventory items.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.8 Investments****(a) Investments held-to-maturity**

Investments held to maturity are investments which the Company's the Board of Directors has positive intention and ability to hold until maturity.

Investments held-to-maturity include term deposits and other held-to-maturity investments. Those investments are accounted for at cost less provision.

Provision for diminution in value of investments held to maturity is made when there is evidence that part or whole of investment is uncollectible.

**(b) Investments in equity of other entities**

Investments in equity of other entities are investments in equity instruments of other entities without controlling rights or co-controlling rights, or without significant influence over investee. These investments are initially recorded at cost. Provision for diminution in value of these investments is made when the entities make losses, except when the loss was anticipated in their business plan before the date of investment.

**2.9 Fixed assets***Tangible fixed assets*

Fixed assets are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the fixed assets.

*Depreciation*

Fixed assets are depreciated using the straight-line method so as to write off the cost of the assets over their estimated useful lives. The principal annual rates used are:

Buildings and structures	20-50 years
Machinery and equipment	5-10 years
Office equipment	3-10 years
Motor vehicles	6-10 years

*Disposals*

Gains or losses on disposals are determined by comparing net disposal proceeds with the carrying amount and are recognised as income or expense in the consolidated income statement.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.9 Fixed assets (continued)***Construction in progress*

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost. Cost includes professional fees and, for qualifying assets, borrowing costs dealt with in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other fixed assets, commences when the assets are ready for their intended use.

**2.10 Prepaid expenses**

Prepaid expenses include short-term and long-term prepayments on the balance sheet. Prepaid expenses are recorded at historical cost and allocated using the straight line method over estimated useful lives.

**2.11 Payables**

Classifications of payables are based on their natures as follows:

- Trade accounts payable are trade payables arising from purchase of goods and services.
- Other payables include non-trade payables, and are not relating to purchase of goods and services.

Payables are classified into long-term and short-term payables on the balance sheet based on remaining period from the balance sheet date to the maturity date.

**2.12 Borrowing costs**

Borrowing costs that are directly attributable to the construction or production of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are recognised in the consolidated income statement when incurred.

**2.13 Accrued expenses**

Accrued expenses include liabilities for goods and services received in the period but not yet paid due to pending invoice or insufficient records and documents. Accrued expenses are recorded as expenses in the reporting period.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.14 Provisions**

Provisions are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provision is not recognised for future operating losses.

Provisions are measured at the expenditures expected to be required to settle the obligation. If the time value of money is material, provision will be measured at the present value using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

**2.15 Share capital**

Contributed capital of the shareholders is recorded according to actual amount contributed. Contributions from owners are recorded according to par value of the share.

Share premium is the difference between the par value and the issue price of shares and the difference between the repurchase price and re-issuing price of treasury shares.

Undistributed earnings record the Group's accumulated results after business income tax at the reporting date.

**2.16 Appropriation of net profit****(a) Dividend distribution**

Dividend of the Company is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the shareholders in Company's General Meeting.

**(b) Development and investment fund**

Development and investment fund is appropriated from net profit of the Group and approved by shareholders in the Company's General Meeting.

**(c) Bonus and welfare fund**

The bonus and welfare fund is appropriated from the Group's net profit and subject to shareholders' approval at the Company's General Meeting.



**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.17 Revenue recognition****(a) Sales of goods**

Revenue from sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods.

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

**(b) Rendering of services**

Revenue from rendering of services is recognised in the income statement when the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

**(c) Interest income**

Interest income is recognised on an earned basis.

**(d) Dividend income**

Income from dividend is recognised when the Group has established the receiving right from investees.

**2.18 Cost of sales**

Cost of goods sold or services rendered are cost of electricity generated and services provided during the period, and recorded on the basis of matching with revenue and on prudent concept.

**2.19 Financial expenses**

Finance expenses are expenses incurred in the period for financial activities including cost, expenditure and loss regarding to the financial investment activities, expenses of lending and borrowing, losses incurred when selling foreign currencies, losses from foreign exchange differences, and payment discounts.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.20 General and administration expenses**

General and administration expenses represent expenses for administrative purposes which mainly including salary expenses of administrative staffs (salaries, wages, allowance,...); social insurance, medical insurance, labour union fees, unemployment insurance of administrative staff, expenses of office materials, tools and supplies, depreciation of fixed assets used for administration, land rental, licence tax, provision for bad debts, utilities (electricity, water, telephone, fax, assets warranty, fire and explosive accidents insurance, etc.), research expenses and other cash expenses (entertainment, customer conference, etc.).

**2.21 Current and deferred income tax**

Income taxes include all income taxes which are based on taxable profits including profits generated from production and trading activities in other countries that the Socialist Republic of Vietnam has not signed any double tax relief agreement. Income tax expense comprises current tax expense and deferred tax expense.

Current income tax is the amount of income taxes payable or recoverable in respect of the current year taxable profits at the current tax rates. Current and deferred tax should be recognised as an income or an expense and included in the profit or loss of the period, except to the extent that the tax arises from a transaction or event which is recognized, in the same or a different period, directly in equity.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of occurrence affects neither the accounting nor the taxable profit or loss. Deferred income tax is determined at the tax rates that are expected to apply to the financial year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.22 Related parties**

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Group, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the enterprise, key management personnel, including directors of the Group and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering the related party relationship, the Group considers the substance of the relationship not merely the legal form.

**2.23 Segment reporting**

A segment is a component which can be separated by the Group engaged in providing products or services (business segment), or providing products or services within a particular economic environment (geographical segment). Each segment is subject to risks and returns that are different from those of other segments. A reportable segment is the Group's business segment or the Group's geographical segment.

Segment reporting is prepared and presented in accordance with accounting policies applied to the preparation and presentation of the Group's consolidated financial statements in order to help users of consolidated financial statements to understand and evaluate the situation the operations of the Group in a comprehensive way.

**2.24 Accounting estimates**

The preparation of consolidated interim financial statements in conformity with Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and legal regulations relating to financial reporting requires the Board of Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Although these accounting estimates are based on the Board of Directors' best knowledge, actual results may differ from those estimates.

**3 CASH AND CASH EQUIVALENTS**

	<b>30.6.2016</b>	<b>31.12.2015</b>
	<b>VND</b>	<b>VND</b>
Cash on hand	140,353,221	434,873,932
Non-term deposits	51,694,870,650	5,560,575,977
Cash equivalents (*)	847,848,623,547	1,147,241,773,611
	<u>899,683,847,418</u>	<u>1,153,237,223,520</u>

(\*) Cash equivalents represent term deposits in VND with original maturities of less than 3 months at the commercial banks. As at 30 June 2016, cash equivalents of VND216.716 billion were pledged as collateral for short-term bank loans (Note 16).

**4 INVESTMENTS****(a) Investments held to maturity**

	<u>30.6.2016</u>		<u>31.12.2015</u>	
	Cost VND	Book value VND	Cost VND	Book value VND
Term deposits under 12 months (*)	84,500,000,000	84,500,000,000	33,500,000,000	33,500,000,000
	<u>84,500,000,000</u>	<u>84,500,000,000</u>	<u>33,500,000,000</u>	<u>33,500,000,000</u>

(\*) The term deposits represent the twelve-month term deposits in VND at Joint Stock Commercial Bank for Investment and Development of Vietnam - Binh Dinh Branch and earn interest at the rate ranging from 6% per annum to 6.5% per annum (as at 31 December 2015: 6% per annum). As at 30 June 2016, term deposits of VND34.5 billion were pledged as collateral for the bank loans (Note 16).

**(b) Long-term investment**

Investment in associate

	<b>30.6.2016</b>	<b>31.12.2015</b>
	<b>VND</b>	<b>VND</b>
Initial cost of investment in associate	9,812,957,192	9,812,957,192
Share of profit arising after the date of investment less dividend	2,226,208,201	3,103,181,210
	<u>12,039,165,393</u>	<u>12,916,138,402</u>

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**5 SHORT-TERM TRADE ACCOUNTS RECEIVABLE**

	<b>30.6.2016</b>	<b>31.12.2015</b>
	<b>VND</b>	<b>VND</b>
Electricity Power Trading Company – Electricity of Vietnam Corporation (Note 32(b))	128,851,704,354	113,154,195,908
Others	651,478,723	913,514,651
	<u>129,503,183,077</u>	<u>114,067,710,559</u>

As at 30 June 2016, there were no balance of short-term trade accounts receivable which were past due.

**6 SHORT-TERM PREPAYMENTS TO SUPPLIERS**

	<b>30.6.2016</b>	<b>31.12.2015</b>
	<b>VND</b>	<b>VND</b>
Third parties		
<i>Construction joint stock company 47</i>	282,157,647,098	79,670,867,369
<i>Song Da No. 10 Joint Stock Company</i>	126,287,850,148	90,000,000,000
<i>Andritz Hydro GmbH</i>	57,535,748,704	31,721,537,268
<i>Duc Bao Kon Tum Power Construction Joint Stock Company</i>	28,921,233,855	28,179,281,648
<i>Power Engineering Consulting Joint Stock Company 1</i>	20,053,101,000	20,053,101,000
<i>Others</i>	67,852,329,623	63,486,958,550
	<u>582,807,910,428</u>	<u>313,111,745,835</u>

**7 OTHER SHORT-TERM RECEIVABLES**

	<b>30.6.2016</b>	<b>31.12.2015</b>
	<b>VND</b>	<b>VND</b>
Employee receivables	981,266,508	397,326,815
Deposits	-	13,780,000
Interest receivables	6,884,158,995	8,064,570,386
Others	1,307,258,337	5,675,340,378
	<u>9,172,683,840</u>	<u>14,151,017,579</u>

As at 30 June 2016 and 31 December 2015, there was no other receivable past due or not past due but doubtful.

**8 INVENTORIES**

	30.6.2016		31.12.2015	
	Cost VND	Provision VND	Cost VND	Provision VND
Materials (*)	378,247,670,279	-	367,641,838,464	-
Work in progress	293,712,189	-	1,219,657,728	-
	<u>378,541,382,468</u>	<u>-</u>	<u>368,861,496,192</u>	<u>-</u>

(\*) Materials mainly include construction materials and equipment purchased of VND342,368,000,566 during the period/year related to the construction of Thuong Kon Tum hydro-power project.

**9 OTHER TAXES RECEIVABLE**

	30.6.2016 VND	31.12.2015 VND
Value added tax (Note 15)	<u>18,438,826,599</u>	<u>21,242,164,729</u>

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10 TANGIBLE FIXED ASSETS

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Total VND
<b>Historical cost</b>					
As at 1 January 2016	2,055,609,772,893	922,354,817,485	29,927,164,273	9,334,584,353	3,017,226,339,004
New purchases	-	2,428,020,000	446,224,625	111,318,182	2,985,562,807
Transfers from construction in progress (Note 11)	4,158,232,769	-	-	-	4,158,232,769
Disposals	-	-	(574,342,916)	-	(574,342,916)
As at 30 June 2016	2,059,768,005,662	924,782,837,485	29,799,045,982	9,445,902,535	3,023,795,791,664
<b>Accumulated depreciation</b>					
As at 1 January 2016	1,320,784,702,272	853,719,507,679	25,675,047,286	3,364,238,766	2,203,543,496,003
Charge for the period	34,129,400,042	5,359,964,237	595,133,283	312,287,061	40,396,784,623
Disposals	-	-	(574,342,916)	-	(574,342,916)
As at 30 June 2016	1,354,914,102,314	859,079,471,916	25,695,837,653	3,676,525,827	2,243,365,937,710
<b>Net book value</b>					
As at 1 January 2016	734,825,070,621	68,635,309,806	4,252,116,987	5,970,345,587	813,682,843,001
As at 30 June 2016	704,853,903,348	65,703,365,569	4,103,208,329	5,769,376,708	780,429,853,954

As at 30 June 2016, tangible fixed assets of the Company with their net book value VND531,914,810,349 (as at 31 December 2015: VND558,018,485,151) were pledged for the Company's borrowings at banks (Note 16).

As at 30 June 2016, cost of fully depreciated fixed assets but still in use was VND867,945,505,323 (as at 31 December 2015: VND867,628,938,403)

**11 CONSTRUCTION IN PROGRESS**

	<b>30.6.2016</b> <b>VND</b>	<b>31.12.2015</b> <b>VND</b>
Thuong Kon Tum hydro-power Project (i)	2,321,444,977,878	2,086,049,513,599
Vinh Son 2 and 3 hydro-power Projects (ii)	92,080,145,800	92,292,805,242
Others	5,701,731,590	3,699,045,711
	<u>2,419,226,855,268</u>	<u>2,182,041,364,552</u>

- (i) Thuong Kon Tum hydro-power plant project is developed on the same cascade hydro-power 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. The project was approved in accordance with the Official letter No. 1771/TTg-CN dated 01 November 2006 issued by the Prime Minister. The previous investor, Vietnam Electricity, transferred the project to the Company in accordance with the Official Letter No. 32/EVN/HDQT dated 13 January 2006 issued by Vietnam Electricity.
- (ii) Vinh Son Hydro-power 2 and 3 Projects were approved by the People's Committee of Binh Dinh Province under the Investment Certificate dated 7 November 2007, which is strategic investment and development project of the Company, under the cascade hydro-power planning of Con River of Gia Lai and Binh Dinh Province approved by the Ministry of Industry and Trade. Vinh Son 2 hydro-power project has 2 reservoirs, Suoi Say and Dak Kron Bun, with an installed capacity of 80 MW. Vinh Son 3 hydro-power project has an installed capacity of 12 MW.

Movements in the construction in progress during the period/year are as follows:

	<b>Six-month period ended 30.6.2016 VND</b>	<b>Year ended 31.12.2015 VND</b>
Beginning of period/ year	2,182,041,364,552	1,775,454,622,167
Construction	155,894,249,355	346,738,565,204
Capitalisation of borrowing cost	85,449,474,130	60,614,417,181
Transfers to fixed assets (Note 10)	(4,158,232,769)	(766,240,000)
End of period/year	<u>2,419,226,855,268</u>	<u>2,182,041,364,552</u>

**12 LONG-TERM PREPAID EXPENSES**

	<b>30.6.2016</b> <b>VND</b>	<b>31.12.2015</b> <b>VND</b>
<b>Long-term prepaid expenses</b>		
Surveying, consulting and construction expenses of Vinh Son Hydro-power Plant	<u>1,096,780,195</u>	<u>9,261,457,914</u>



**12 LONG-TERM PREPAID EXPENSES (continued)**

Movement in prepaid expenses during the period/year are as follows:

	Six-month period ended 30.6.2016 VND	Year ended 31.12.2015 VND
Beginning of period/year	9,261,457,914	38,800,910
Increase during the period/year	651,261,748	17,857,505,760
Allocation during the period/year	(8,815,939,467)	(8,634,848,756)
End of period/year	<u>1,096,780,195</u>	<u>9,261,457,914</u>

**13 LONG-TERM SUBSTITUTED EQUIPMENT, 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.

**14 SHORT-TERM TRADE ACCOUNTS PAYABLE**

	30.6.2016 VND	31.12.2015 VND
Third parties		
<i>Hydro China Huadong – CR 18G</i>		
<i>Construction Group (Note 34)</i>	188,796,692,308	188,796,692,308
<i>Others</i>	4,432,211,698	8,797,133,323
	<u>193,228,904,006</u>	<u>197,593,825,631</u>

**15 TAXES AND OTHER PAYABLES TO THE STATE BUDGET**

	30.6.2016 VND	31.12.2015 VND
Business income tax - current	4,035,322,161	7,729,263,750
Personal income tax	13,858,836	733,405,695
Natural resource taxes	3,454,718,451	3,453,635,596
Forest environmental services fee	3,180,820,020	3,534,350,000
	<u>10,684,719,468</u>	<u>15,450,655,041</u>

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15 TAXES AND OTHER PAYABLES TO THE STATE BUDGET (continued)

The movement of the taxes and other payables to the State Budget:

	As at 1.1.2016 VND	Payable during the period VND	Payment during the period VND	Net off VND	Tax refund VND	As at 30.6.2016 VND
<b>a) Tax payables</b>						
Business income tax - current	7,729,263,750	8,035,322,161	(11,729,263,750)	-	-	4,035,322,161
Personal income tax	733,405,695	1,446,461,617	(2,166,008,476)	-	-	13,858,836
Natural resource taxes	3,453,635,596	18,887,091,307	(18,886,008,452)	-	-	3,454,718,451
Land and housing taxes	-	4,276,166	(4,276,166)	-	-	-
Land rental	-	231,848,818	(231,848,818)	-	-	-
Other taxes	-	5,444,753,494	(5,444,753,494)	-	-	-
Foreign contractor taxes	-	5,440,753,494	(5,440,753,494)	-	-	-
Excise taxes	-	4,000,000	(4,000,000)	-	-	-
Others	3,534,350,000	5,822,125,420	(6,175,655,400)	-	-	3,180,820,020
Forest environmental services fee	3,534,350,000	5,822,125,420	(6,175,655,400)	-	-	3,180,820,020
<b>Total</b>	<b>15,450,655,041</b>	<b>39,815,656,248</b>	<b>(44,581,591,821)</b>	<b>-</b>	<b>-</b>	<b>10,684,719,468</b>
<b>b) Tax receivable</b>						
Value added tax	(21,242,164,729)	22,698,700,294	(1,484,810,960)	(4,475,576,623)	(13,934,974,601)	(18,438,826,599)
<b>Total</b>	<b>(21,242,164,729)</b>	<b>22,698,700,294</b>	<b>(1,484,810,960)</b>	<b>(4,475,576,623)</b>	<b>(13,934,974,601)</b>	<b>(18,438,826,599)</b>

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16 BORROWINGS	1.1.2016 Amount VND	During the period		30.6.2016 Amount VND
		Increase VND	Decrease VND	
(a) Short-term borrowings				
<b>Bank loans</b>				
Joint Stock Commercial Bank for Investment and Development of Vietnam – Binh Dinh Branch	177,913,653,255	-	(177,913,653,255)	-
Joint Stock Commercial Bank for Foreign Trade of Vietnam – Gia Lai Branch (i)	-	102,097,620,136	(20,000,000,000)	82,097,620,136
Joint Stock Commercial Bank for Foreign Trade of Vietnam – Kon Tum Branch (ii)	-	106,850,000,000	(28,000,000,000)	78,850,000,000
Joint Stock Commercial Bank for Foreign Trade of Vietnam – Quy Nhon Branch (iii)	-	30,000,000,000	-	30,000,000,000
	<u>177,913,653,255</u>	<u>238,947,620,136</u>	<u>(225,913,653,255)</u>	<u>190,947,620,136</u>
<b>Current portion of long-term borrowings</b>				
(Note 16(b))				
The Vietnam Development Bank – Phu Yen Branch	7,336,040,356	3,662,490,499	(3,668,187,744)	7,330,343,111
Raiffeisenlandesbank Osterreich Aktiengesellschaft	65,551,216,000	-	(509,390,000)	65,041,826,000
	<u>72,887,256,356</u>	<u>3,662,490,499</u>	<u>(4,177,577,744)</u>	<u>72,372,169,111</u>
	<u>250,800,909,611</u>	<u>242,610,110,635</u>	<u>(230,091,230,999)</u>	<u>263,319,789,247</u>

**16 BORROWINGS (continued)****(a) Short-term borrowings (continued)**

- (i) These are loans in VND under Credit Contracts No. 169/16/NHNT dated 30 June 2016 and No. 115/16 /NHNT dated 11 May 2016 with the credit facility limits of VND30 billion and VND75 billion, respectively. The term of loans is from 6 months to 9 months and the interest rate is 6.5% per annum. These loans are secured by the term deposits amounting to VND82.2 billion (Note 3).
- (ii) These are loans in VND under Credit Contracts No. 69/16/NHNT dated 11 May 2016 and No. 04/16/NHNT dated 14 January 2016 with the credit facility limits of VND70 billion and VND36.85 billion, respectively. The term of loans is 6 months and the interest rate is from 6.5% per annum to 9.35% per annum. These loans are secured by the term deposits amounting to VND117.7 billion (Note 3).
- (iii) This is loan in VND under Credit Contract No. 75/NHNT-QN dated 16 May 2016 with the credit facility limit of VND30 billion. The term is 6 months and interest rate is at 6.5% per annum. The loan is secured by the term deposits amounting to VND32.8 billion (Note 3).

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16 BORROWINGS (continued)	(b) Long-term borrowings	1.1.2016 Amount VND	During the period		30.6.2016 Amount VND
			Increase VND	Decrease VND	
<b>Bank loans</b>					
	The Vietnam Development Bank – Phu Yen Branch (i)	133,882,746,994	-	(3,769,146,277)	130,113,600,717
	Raiffeisenlandesbank Osterreich Aktiengesellschaft (ii)	234,725,958,424	2,758,372,500	(1,822,789,989)	235,661,540,935
	Joint Stock Commercial bank for Investment and Development of Vietnam – Binh Dinh Branch (iii)	439,982,823,690	233,743,355,280	-	673,726,178,970
	Joint Stock Commercial Bank for Foreign Trade of Vietnam – Gia Lai Branch (iii)	196,627,583,474	59,404,079,740	-	256,031,663,214
	Joint Stock Commercial Bank for Foreign Trade of Vietnam – Kon Tum Branch (iii)	332,713,299,612	51,902,536,789	-	384,615,836,401
	Asia Commercial Bank – Binh Dinh Branch (iii)	274,911,000,000	-	-	274,911,000,000
	The Hochiminh City Development Joint Stock Commercial Bank– Hiep Phu Branch (iii)	161,702,000,000	-	-	161,702,000,000
		<u>1,774,545,412,194</u>	<u>347,808,344,309</u>	<u>(5,591,936,266)</u>	<u>2,116,761,820,237</u>

**16 BORROWINGS (continued)****(b) Long-term borrowings (continued)**

The long-term borrowings are repayable as the timelines below:

	<b>Six-month period ended 30.6.2016 VND</b>	<b>Year ended 31.12.2015 VND</b>
Within one year (Note 16 (a))	72,372,169,111	72,887,256,356
Between one and five years	289,488,676,444	263,997,731,325
Over five years	1,827,273,143,793	1,510,547,680,869
	<u>2,189,133,989,348</u>	<u>1,847,432,668,550</u>

- (i) The loan in foreign currency (USD) was transferred from Vinh Son – Song Hinh Hydro-power Plant, a state-owned enterprise (the “Plant”) upon equitization.

On 22 November 2005, the Company signed an ODA Credit Contract No. 01/TDNN with Phu Yen Development Fund, (currently the Vietnam Development Bank – Phu Yen Branch), to take over the loan from Vietnam Electricity to invest in Song Hinh Hydro-power Plant Project as follows:

The non-interest bearing loan from Northern Development Funds (NDF) with the amount of USD 8,378,301.48 bearing fund management fee of 0.2% per annum and service fee of 0.75% per annum on loan balance. Principal is repayable twice a year on every 31 March and 30 September within 30 years (from 2005 to 2035). Each installment amounts to USD83,783.01 for the period from 2005 to 2014 and USD 167,566.02 for the remaining years. The first repayment is on 01 December 2005 and the last repayment is on 31 March 2035.

The Company has pledged its fixed assets in Song Hinh Hydro-power Plant with net book value of VND267,827,494,512 as at 30 June 2016 for the loan under Contract No. 01/2006/HDTCTS-TL dated 12 April 2006 (Note 10).

- (ii) On 28 March 2013, the Company signed an Export Credit Agreement with Raiffeisenlandesbank Oberosterreich Aktiengesellschaft (Republic of Austria) with a maximum amount of USD29,106,760.8. The loan is repayable in installments starting from 30 June 2016 to 31 December 2025. The loan bears the interest that is payable on a semi-annual basis at the rate of six-month LIBOR plus 2.97%. The loan purpose is to pay 80% of the payment obligations of the Company under the contract for the electromechanical equipment for Thuong Kon Tum Hydro-power Plant Project signed on 15 August 2012 with Andritz Hydro GmbH (Republic of Austria). The loan is guaranteed by Joint Stock Commercial Bank for Investment and Development of Vietnam.

**16 BORROWINGS (continued)****(b) Long-term borrowings (continued)**

- (iii) On 16 June 2015, the Company signed a long-term loan agreement with Joint Stock Commercial Bank for Investment and Development of Vietnam – Binh Dinh Branch with the credit facility limit of VND850 billion for a period of 144 months from the first drawdown. The loan is repayable in installments starting from 8 October 2018 to 8 October 2027. The loan bears interest at the rate of twelve-month deposit plus 3.5% per annum. The loan purpose is to invest in Thuong Kon Tum Hydro-power Plant Project including repayment of maximum of 70% of its own capital drawdowned into the project under lender approval.

On 16 June 2015, the Company signed a long-term loan agreement with Joint Stock Commercial Bank for Foreign Trade-Gia Lai branch with the respective credit facility limits of VND300 billion and VND400 billion for a period of 144 months from the first drawdown. The loan is repayable in installments starting from 13 July 2018 to 13 July 2027. The loan bears interest at the rate of twelve-month deposit plus 3.5% per annum. The loan purpose is to invest in Thuong Kon Tum Hydro-power Plant Project including repayment of maximum of 70% of its own capital drawdowned into the project under lender approval.

On 16 June 2015, the Company signed an long-term loan agreement with Joint Stock Commercial Bank of Asia- Binh Dinh Branch and Joint Stock Commercial Bank of Hochiminh City Development- Hiep Phu Branch with the respective credit facility limit of VND850 billion and VND500 billion for a period of 144 months from the first drawdown. The loan is repayable in installments starting from 22 September 2018 to 22 September 2027. The loan bears interest at the rate of twelve-month deposit plus 3.5% per annum. The loan purpose is to invest in Thuong Kon Tum Hydro-power Plant Project including repayment of maximum of 70% of its own capital drawdowned into the project under lender approval.

These long-term loans are signed by the above banks as a syndicated loan agreement for the Thuong Kon Tum project, in which Joint Stock Commercial Bank for Investment and Development of Vietnam – Binh Dinh Branch acts as agent bank and the agent for secured assets. The Company has pledged the entire land use rights, machinery and equipment, motor vehicles and other movable assets which is the future forming property of Thuong Kon Tum hydro-power project to secure the loan.

**17 DEFERRED INCOME TAX ASSETS**

The gross movement in deferred income tax, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	<b>30.6.2016</b> <b>VND</b>	<b>31.12.2015</b> <b>VND</b>
Beginning of period/year	2,614,401,679	2,614,401,679
Income statement (charge)/credit	-	-
	<u>2,614,401,679</u>	<u>2,614,401,679</u>
End of period/year	<u>2,614,401,679</u>	<u>2,614,401,679</u>

Details of deferred tax assets:

	<b>30.6.2016</b> <b>VND</b>	<b>31.12.2015</b> <b>VND</b>
Deductible temporary differences (*)	<u>2,614,401,679</u>	<u>2,614,401,679</u>

(\*) This is mainly a temporary difference arising from deductible provisions for long-term equipment, supplies and spare parts.

**18 OWNERS' CAPITAL****(a) Number of ordinary shares**

	<b>30.6.2016</b>	<b>31.12.2015</b>
Number of shares registered	<u>206,241,246</u>	<u>206,241,246</u>
Number of shares issued	<u>206,241,246</u>	<u>206,241,246</u>
Number of existing shares in circulation	<u>206,241,246</u>	<u>206,241,246</u>



**18 OWNERS' CAPITAL (continued)****(b) Details of owners' shareholding**

	30.6.2016		31.12.2015	
	Ordinary shares VND	%	Ordinary shares VND	%
Power Generation Corporation 3	630,169,480,000	30.55	630,169,054,175	30.55
State Capital Investment Corporation	494,979,300,000	24.00	494,978,961,600	24.00
Other shareholders	937,263,680,000	45.45	937,264,444,225	45.45
Number of issued shares	<u>2,062,412,460,000</u>	<u>100</u>	<u>2,062,412,460,000</u>	<u>100</u>

**(c) Movement of share capital**

	Number of share	Ordinary shares (10,000VND)	Total (10,000VND)
As at 1 January 2015	<u>206,241,246</u>	<u>206,241,246</u>	<u>206,241,246</u>
As at 31 December 2015 and 30 June 2016	<u>206,241,246</u>	<u>206,241,246</u>	<u>206,241,246</u>

Par value per share: VND10,000.

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19 MOVEMENT OF OWNERS' EQUITY

Movement of owners' equity are as follows:

	Owners' capital VND	Share premium VND	Investment and development fund VND	Other fund (*) VND	Undistributed earnings VND	Total VND
As at 1 January 2015	2,062,412,460,000	6,332,468,038	48,380,000,000	-	853,533,544,946	2,970,658,472,984
Net profit for the period	-	-	-	-	251,621,662,679	251,621,662,679
Dividend paid in the period	-	-	-	-	(412,482,492,000)	(412,482,492,000)
Appropriation to investment and development fund	-	-	246,034,000,000	-	(246,034,000,000)	-
Appropriation to other funds (*)	-	-	-	27,661,280,000	(27,661,280,000)	-
Allowance and bonus for the Board of Management and Board of Supervision	-	-	-	-	(5,532,364,000)	(5,532,364,000)
Appropriation to welfare and bonus funds	-	-	-	-	(10,471,202,000)	(10,471,202,000)
Others	-	-	-	-	(2,656,000,000)	(2,656,000,000)
As at 31 December 2015	2,062,412,460,000	6,332,468,038	294,414,000,000	27,661,280,000	400,317,869,625	2,791,138,077,663
Net profit for the period	-	-	-	-	145,441,077,745	145,441,077,745
Dividend paid in the period (**)	-	-	-	-	(206,241,246,000)	(206,241,246,000)
Allowance and bonus for the Board of Management and Board of Supervision	-	-	-	-	(1,004,000,000)	(1,004,000,000)
Appropriation to welfare and bonus funds	-	-	-	-	(3,368,780,000)	(3,368,780,000)
Others	-	-	-	-	(2,350,000,000)	(2,350,000,000)
As at 30 June 2016	2,062,412,460,000	6,332,468,038	294,414,000,000	27,661,280,000	332,794,921,370	2,723,615,129,408

**19 MOVEMENT OF OWNERS' EQUITY (continued)**

(\*) According to the Resolution of the Board of Management No. 467./1/2015/TNQ-VSH-HDQT dated 11 May 2015 and the Resolution of the Company's General Meeting of Shareholders No. 467/2015/TNQ-VSH-ĐHĐCĐ dated 17 April 2015, approving the appropriation to other fund of VND27,661,280,000 for the purpose of charter capital reserve supplement.

(\*\*) According to the Resolution of the Company's General Meeting of Shareholders No. 666/2016/NQ-VSH-ĐHĐCĐ dated on 27 May 2016, approving the 2015 dividend payment at 10% of the Owners' share capital.

**20 DIVIDENDS**

	<b>Six-month period ended 30.6.2016 VND</b>	<b>Year ended 31.12.2015 VND</b>
Beginning of period/year	-	-
Dividend payable during the period/year	206,241,246,000	412,482,492,000
Dividend paid in cash	(206,239,811,500)	(412,482,492,000)
End of period/year	<u>1,434,500</u>	<u>-</u>

**21 EARNINGS PER SHARE****(a) Earnings per share**

Basic earnings per share is calculated by dividing the net profit attributable to shareholders after deducting the bonus and welfare funds by the weighted average number of ordinary shares outstanding during the year, excluding ordinary shares repurchased by the Company and held as treasury shares:

	<b>For the six-month period ended</b>	
	<b>30.6.2016</b>	<b>30.6.2015</b>
Net profit attributable to shareholders (VND)	145,441,077,745	172,687,578,363
Less: Amount allocated to bonus and welfare funds	(3,368,780,000)	(3,015,475,000)
Profit calculation of basic earnings per share	<u>142,072,297,745</u>	<u>169,672,103,363</u>
Weighted average number of ordinary share in calculation	206,241,246	206,241,246
Basic earnings per share (VND)	<u>689</u>	<u>823</u>

**21 EARNINGS PER SHARE (continued)****(b) Diluted earnings per share**

Diluted earnings per share is calculated by dividing the net profit attributable to shareholders, which already subtracted the bonus and welfare fund, by the weighted average number of ordinary shares outstanding during the year and the ordinary shares expected to be issued. In the period, the Company did not have potential shares which diluted earning per shares.

**22 REVENUE FROM SALES OF GOODS AND RENDERING OF SERVICES**

	<u>For the six-month period ended</u>	
	30.6.2016 VND	30.6.2015 VND
Sales of electricity	222,527,197,672	271,099,997,562
Rendering of services	288,845,454	198,947,269
	<u>222,816,043,126</u>	<u>271,298,944,831</u>

**23 COST OF GOODS SOLD AND SERVICES RENDERED**

	<u>For the six-month period ended</u>	
	30.6.2016 VND	30.6.2015 VND
Cost of electricity generation	78,280,181,007	81,386,455,181
Cost of other activities	210,044,234	121,809,150
	<u>78,490,225,241</u>	<u>81,508,264,331</u>

**24 FINANCIAL INCOME**

	<u>For the six-month period ended</u>	
	30.6.2016 VND	30.6.2015 VND
Interest income from deposits	26,300,028,049	9,006,431,301
Realised foreign exchange gains	212,892,645	-
	<u>26,512,920,694</u>	<u>9,006,431,301</u>

**25 FINANCIAL EXPENSES**

	<b>For the six-month period ended</b>	
	<b>30.6.2016</b>	<b>30.6.2015</b>
	<b>VND</b>	<b>VND</b>
Interest expense	2,318,585,084	3,324,443,433
Realised foreign exchange losses	-	143,797,272
Net loss from foreign currency translation at period-end	5,698,997,411	2,826,252,481
	<u>8,017,582,495</u>	<u>6,294,493,186</u>

**26 GENERAL AND ADMINISTRATION EXPENSES**

	<b>For the six-month period ended</b>	
	<b>30.6.2016</b>	<b>30.6.2015</b>
	<b>VND</b>	<b>VND</b>
Staff costs	6,254,904,918	5,648,387,333
Office supplies	324,551,058	324,971,496
Depreciation	408,689,361	306,188,531
Taxes and fees	265,190,000	242,390,470
Outsourcing expenses	1,387,304,790	1,187,171,767
Other expenses paid in cash	1,619,732,772	1,284,457,433
Others	732,118,966	969,584,300
	<u>10,992,491,865</u>	<u>9,963,151,330</u>

**27 COST OF OPERATION BY FACTOR**

	<b>For the six-month period ended</b>	
	<b>30.6.2016</b>	<b>30.6.2015</b>
	<b>VND</b>	<b>VND</b>
Raw materials	587,821,791	745,543,168
Staff costs	17,843,209,988	15,616,060,938
Depreciation	39,822,441,707	39,043,211,910
Natural taxes and forest environmental services fee	24,709,216,727	30,023,561,750
Fixed assets repairing fee	1,549,048,118	2,359,191,324
Outsourcing expenses	2,114,876,900	1,298,201,048
Others	5,455,475,838	3,306,981,094
	<u>92,082,091,069</u>	<u>92,392,751,232</u>

**28 BUSINESS INCOME TAX - CURRENT**

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the applicable tax rates as follows:

	<u>For the six-month period ended</u>	
	<u>30.6.2016</u>	<u>30.6.2015</u>
	VND	VND
Net accounting profit before tax	153,470,663,093	182,816,293,141
Tax calculated at a rate of 5%	6,698,665,856	8,872,772,535
Tax calculated at a rate of 20%/22%	5,412,464,391	1,255,942,243
Adjustment:		
Temporary difference of tax computation in the period	(4,075,808,086)	-
<b>Business income tax charge</b>	<u><u>8,035,322,161</u></u>	<u><u>10,128,714,778</u></u>
Charged to income statement:		
Business income tax – current	8,035,322,161	10,128,714,778
Business income tax – deferred	-	-
	<u><u>8,035,322,161</u></u>	<u><u>10,128,714,778</u></u>

The business income tax charge for the period end 30 June 2016 is based on estimated taxable income and is subject to review and possible adjustments by the tax authorities.

**29 SEGMENT REPORTING***Business activity segments:*

As the Group's revenue and profit are mainly derived from the business activities of producing electricity while other sources of revenue are not material as a whole, the Board of Directors accordingly believes that the Group operates in a sole business segment only.

*Geographical segments:*

The Group's activities are mainly segmented by domestic activities. The Group does not monitor its operation results, fixed assets, other non-current assets or non-cash major expenses by the geographical areas of customers.

**30 ADDITIONAL INFORMATION FOR THE ITEMS OF THE CASH FLOWS STATEMENT****(a) Non-cash transactions affect of cashflows statement:**

	<b>For the six-month period ended</b>	
	<b>30.6.2016</b>	<b>30.6.2015</b>
	<b>VND</b>	<b>VND</b>
Divestment in subsidiary	4,000,000,000	-

**(b) Amount of loan actually withdraw during the period**

	<b>For the six-month period ended</b>	
	<b>30.6.2016</b>	<b>30.6.2015</b>
	<b>VND</b>	<b>VND</b>
Proceeds from borrowings following normal borrowing contracts	586,755,964,445	529,083,341,692

**(c) Amount of loan principal actually paid during the period**

	<b>For the six-month period ended</b>	
	<b>30.6.2016</b>	<b>30.6.2015</b>
	<b>VND</b>	<b>VND</b>
Repayments for borrowings following normal borrowing contracts	(229,576,143,754)	(81,410,928,519)

**31 FINANCIAL RISK MANAGEMENT**

The Company's activities expose it to market risk, credit risk and liquidity risk. The Company's overall risk management strategy seeks to minimise the adverse effect of these risks on the Company's financial performance.

**(a) Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and price risk.

**31 FINANCIAL RISK MANAGEMENT (continued)****(a) Market risk (continued)***(i) Currency risk*

The Company's business is exposed to foreign currency risk arising from various currency exposures, primarily USD.

The Company's currency risk exposure to the USD is as follows:

	Original currency - USD		Equivalent to VND	
	30.6.2016	31.12.2015	30.6.2016	31.12.2015
Borrowings	19,741,026	19,785,092	438,147,000,000	441,495,961,776
	<u>19,741,026</u>	<u>19,785,092</u>	<u>438,147,000,000</u>	<u>441,495,961,776</u>

At 30 June 2016, if the USD had strengthened/weakened by 3% (estimated % change in exchange rate by the Board of Directors) against the VND with all other variables being held constant, the Company's profit (loss) before tax profit (loss) for the period/year would have been VND13,144,410,000 lower/ higher (as at 31 December 2015: VND13,244,878,853 lower/higher) as a result of foreign exchange losses/gains on translation of USD-denominated financial instruments.

*(ii) Price risk*

During the period, the Company was under no securities price risk as it did not enter into any securities transactions. The Company is not significantly exposed to commodity price risk.

*(iii) Interest rate risk*

The loan's sensitivity to interest rate change may arise at an appropriate level. As at 30 June 2016, assuming all other variables were held constant, if interest rates applicable to floating interest bearing loans had been 2% higher/lower, the Company's interest expense (including that recorded in consolidated income statement and that capitalized in cost of construction in progress) would have increased/decreased by VND 43.8 billion.

**(b) Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company adopts the policy of dealing with customers of appropriate credit history to mitigate credit risk. The only receivables of the Company belongs to Power Trading company- Vietnam Electricity (a related party) with the amount of VND128,851,704,354 as at 30 June 2016. The Company's Board of Directors assess credit risk is low.



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31 FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The table below categorises the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than one year VND	Between one and two years VND	Between two and five years VND	Over five years VND	Total VND
<b>As at 30 June 2016</b>					
Trade accounts payable and other payables	197,040,939,911	-	-	-	197,040,939,911
Accrued expenses	827,968,347	-	-	-	827,968,347
Borrowings	72,372,169,111	72,372,169,111	257,652,570,270	1,786,737,080,856	2,189,133,989,348
	<u>270,241,077,369</u>	<u>72,372,169,111</u>	<u>257,652,570,270</u>	<u>1,786,737,080,856</u>	<u>2,387,002,897,606</u>
<b>As at 31 December 2015</b>					
Trade accounts payable and other payables	202,617,247,172	-	-	-	202,617,247,172
Accrued expenses	352,995,566	-	-	-	352,995,566
Borrowings	72,887,256,356	72,814,867,835	191,182,863,490	1,510,547,680,869	1,847,432,668,550
	<u>275,857,499,094</u>	<u>72,814,867,835</u>	<u>191,182,863,490</u>	<u>1,510,547,680,869</u>	<u>2,050,402,911,288</u>

## 32 RELATED PARTY DISCLOSURES

## (a) Related party transactions

During the year, the following transactions were carried out with related parties:

	<b>For the six-month period ended</b>	
	<b>30.6.2016</b> VND	<b>30.6.2015</b> VND
<b>i) Sales of goods and rendering of services</b>		
Electricity Power Trading Company – Vietnam Electricity	<u>222,527,197,672</u>	<u>271,099,997,562</u>
<b>ii) Dividend</b>		
<b>Dividend received in the period</b>		
Power Generation Corporation No. 3	63,016,948,000	94,525,422,000
State Capital Investment Corporation	49,497,930,000	74,246,895,000
Dividend received from Binh Dinh Tourist Joint Stock Company	<u>1,453,860,226</u>	<u>969,240,151</u>
<b>iii) Compensation of key management</b>		
Gross salaries and other benefits	<u>1,113,266,761</u>	<u>952,731,607</u>
<b>(b) Year end balances with related parties</b>		
	<b>30.6.2016</b> VND	<b>31.12.2015</b> VND
<b>Trade account receivable (Note 5)</b>		
Electricity Power Trading Company – Vietnam Electricity	<u>128,851,704,354</u>	<u>113,154,195,908</u>

**33 CAPITAL COMMITMENTS**

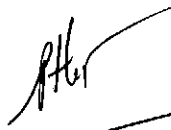
Capital expenditure contracted for at the balance sheet date but not recognised in the consolidated interim financial statements is as follows:


	30.6.2016 VND	31.12.2015 VND
Construction in progress of Thuong Kon Tum Project	2,032,285,354,761	1,558,274,106,616


**34 CONTINGENT LIABILITIES**

As at 04 September 2014, the Company received Announcement No. 526/VIAC from Vietnam International Arbitration Centre (“VIAC”) about the suit No. 24/11 related to Design and Construction Contract No. 885/2010/HD-VSH-TH of Power line phase 2 of Thuong Kon Tum Project. In this suit, Hydro China Huadong – CR18G is plaintiff while the Company is defendant. The court trial is expected to take place at the beginning of 2017. At the date of this report, the Company has not recognized provision for this contingent liability on the financial statements as the ultimate outcome of this matter has not been determined yet.

The consolidated interim financial statements were approved by the Board of Directors on 26 August 2016.

  
\_\_\_\_\_  
Phan Thi Thanh Thuy  
Preparer

  
\_\_\_\_\_  
Huynh Cong Ha  
Chief Accountant

  
\_\_\_\_\_  
Nguyen Van Thanh  
General Director

