



SONG BA JOINT STOCK COMPANY

ANNUAL REPORTS 2017



Da Nang, April of 2018



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MESSAGE FROM THE CHAIRMAN OF THE BOARD



Mr. Nguyen Thanh

Chairman of Board of Management

Dear Valued Shareholders!

First of all, on behalf of the Board of Management of Song Ba Joint Stock Company (SBA), I would like to express my sincere thanks to shareholders and partners who have trusted and co-operated with the development of the Company last time.

The year of 2017 has closed with impressive results; SBA has completed all business targets set by the General Assembly of Shareholders. Of which, the total electricity output of two hydroelectric power plants is 300.41 million kWh, surpassing 43.74%; The turnover from electricity production reached VND 327.75 billion, surpassing 42.50%; Revenue from consulting services and other revenue reached 5.77 billion; profit after tax reached 135.91 billion, exceeding 79.80%; Basic earnings per share is 2,254 VND per share, surpassing 80.32%, the highest result since the two hydroelectric power plants were put into operation so far.

In addition to management of production and business activities to ensure the dividend growth, the company has also researched many projects and specific service activities to continuously develop the scale of company operation. One of the projects that was highly appreciated by the independent consultant was the project to increase the capacity of Khe Dien Hydroelectric power plant more 6MW and adjust the connection to 110kV

In order to continuously improve the professional level, ensure stably in personnel capacity, the consultancy services are always paid attention in increasing revenue for the company and increasing income as well as promoting creativity for staffs. In 2017, the company has signed and implemented many new contracts, the investors and partners have highly appreciated. The company will continue to promote and improve this activity in the coming time.

One of the highlights contributing to the overall success of the Company is the result of scientific research and technical innovation. With the motto "Innovative thinking, company development", SBA always encourages employees to actively participate in the movement "Promoting innovations, improving technology, rationalizing production". During the year, the Company had 06 initiatives, 14 improvements that were made to rationalize and promote efficiency in production and business activities of the Company.



OF MANAGEMENT

The Management of company is always focused, the application of quality management system is implemented in depth that reflects the role of each staff, bring efficiency in work and save, rationalize costs. In addition, the company has successfully converted the quality management system and has been assessed by BSI Vietnam as achieving ISO 9001: 2015 certification.

In addition, the Company has fully complied with State regulations in production and business activities. The management on technique, repair, maintenance, troubleshooting equipment, OSH – Fire protection is implemented well, ensuring two hydro power plants operating stably, safely and effectively, no labor accident or performance problems happening.

In 2018, Song Ba Joint Stock Company will continue to maintain stable operation by operating safely and efficiently Khe Dien and Krong H'Nang hydroelectric power plants; promoting well scientific researches and innovation; Total electricity output reached 222.0 million kWh, striving to make total electricity sales reaching 250.50 billion; Continuing to promote the procedures for expanding the capacity of Khe Dien Hydroelectric power plant more 6 MW to increase peak hour efficiency and reduce flood discharge through the spill; Implementing contracts of design consultancy, managing effectively signed projects and seeking new contracts; Striving to make revenue of design consultancy in 2018 reaching VND7 billion and the dividend in 2018 reaching 15% or more.

Dear Valued Shareholders!

In the process of operating the company, SBA leaders and staff always receive the attention and suggestions of the shareholders, management agencies and local Authority. This is a great encouragement source for the company's leaders and employees to realize roles and responsibilities so as to constantly strive to develop the Company, worthy with the trust and expectation of shareholders and partners.

On behalf of the Board of Management, once again, I would like to thank all of you for your trust and we promise for never treacherous that trust. The front road is promising but many difficulties and challenges, we hope to continue to receive your support and companionship to achieve greater success, contributing to push the Company into sustainable development in the roadmap for implementing the competitive electricity market of the Electricity sector of Vietnam.

Best regards!

CHAIRMAN OF MANAGEMENT BOARD
NGUYEN THANH



MISSION

SBA commits:

- To bring harmony benefits to customers, shareholders and employees in accordance with the interests of the community through the management activities, effective production and business of the Company.
- Become a national flood control service provider.
- SBA strives to meet better the needs of electricity and other relevant services, contributing to the economical, cultural, social and security development of Country

VISION

SBA always strives towards sustainable development, towards a prestigious company in investment, management, implementation of power projects, consulting services on single lake, and inter-lake, environmental relating to hydroelectric.



SLOGAN

Slogan of SBA "Innovative thinking, company development"

CORE VALUE OF SBA

- The benefit of community is in harmony of company and individual interests;
- Always self-learning, self-studying is to promote creativity, work efficiency, always know how to get experience, bring that experience back to production;
- The quality of the SBA team is not just about recruiting;
- Self operating and operate with control to ensure quality and credibility;
- Responsibility, cooperation in work; Tradition, solidarity, democracy, discipline, compassion.

Part I. GENERAL INFORMATION



SBA WAS ESTABLISHED IN DIFFICULTY, THE DEVELOPMENT PROCESS IS ALSO VERY DIFFICULT, AND SO IT HAS BEEN FORGED, MOLDED FOR ALL THE STAFF EMPLOYEES TO HAVE A RESILIENT WILL, A FIRM STANCE TO OVERCOME ALL THE CHALLENGES TO SUCCEED.

BASIC INFORMATION

SONG BA JOINT STOCK COMPANY

Company name in English: SONG BA JOINT STOCK COMPANY

Business Registration Certificate:

0400439955, the first issuance date: July 4th, 2007, the 10th
change registration date: February 16th, 2017 issued
by Da Nang Department of Planning and Investment.

Charter capital: 604,882,610,000 VND

Equity: 604,882,610,000 VND

Address: 573 Nui Thanh, Hoa Cuong Nam Ward, Hai Chau
District, Da Nang City

Tel: 0236.3653.592

Fax: 0236.3653.593

Website: www.songba.vn

Stock Symbol: SBA

IMPORTANT MILESTONES IN THE PROGRESS OF

1

Establishment of Song Ba Power Investment and Development Company Limited Song Ba

Power Investment and Development Company Limited (former company of SBA) was established on January 2nd, 2003 with the chartered capital of 10 billion VND. The initial function of company is to invest in the Krong H'Nang (64 MW) hydroelectric power plant located in the two provinces of Dak Lak and Phu Yen .

2

Starting construction of Khe Dien hydroelectric power plant

On September 29th, 2003, SBA started to construct Khe Dien Hydroelectric power plant. This is a necessary step and having breakthrough mean that help SBA can "do short-term plan for long-term plan", create resources for investment in Krong H'Nang hydropower project.

3

Starting construction of Krong H'Nang hydroelectric power plant

On May 19, 2005, the Krong H'Nang hydroelectric project was started construction, started a challenging as proud step of the SBA.

4

Khe Dien hydroelectric power plant started generating commercial electricity

On May 26, 2007, Khe Dien Hydroelectric power plant officially connected to the national power grid, put into operation of commercial power generation, marked an important milestone in the history of the company's development. Khe Dien hydroelectric power plant is really a place for training and development of SBA staff and also a source of finance for future development.

5

Converting to the model of Joint Stock Company and listing stock on HOSE

On July 4th, 2007, the company has been converted into joint stock company with a charter capital of 500 billion VND. This is an important move of the SBA in aiming at transparency and improvement of management quality; attracting investment capital from society. On July 1st, 2010 the company was officially listed on the Ho Chi Minh Stock Exchange with the Symbol: SBA, approved to join the HOSE - one of the two major stock exchanges in the country, is an important success of the SBA, affirming the prestige and trademark of the Song Ba Joint Stock Company, as well as the opportunity for SBA to participate in the capital market to mobilize more resources from the society to serve construction investment of SBA.

ESTABLISHMENT AND DEVELOPMENT OF COMPANY

6

The Krong H'Nang Hydroelectric Power Plant started generating commercial electricity

On 25/6/2010, the first engine unit of Krong H'Nang hydroelectric power plant connected to the national power grid. In September 2010, the second power plant was put into operation and connected to the grid. This success is very important to the SBA, achieving initial strategic goal since the SBA was established. This is the result of the effort of the entire SBA collective effort, overcome many difficulties to challenge the project successfully.

7

New operation building

In December 2014, SBA completed construction and put into operation of the office at 573 Nui Thanh, Da Nang City including 4 floors and a basement, on the area of 410 m2, meeting three criteria: progress, quality, price. This is an event that all SBA staffs are interested in and welcoming. After many years of working at rent office, staffs and shareholders of SBA can live, work, meet in their own new, spacious house.

8

The initiative of SBA granted a patent on useful solution

On July 22, 2016, the initiative of SBA on Automatic lake water measuring was granted a patent on the utility solution by the National Office of Intellectual Property - Ministry of Science and Technology under Decision No. 44636/QĐ-SHTT. This initiative of SBA both serves the management and operation of the company and is an important contribution to the community, helping to solve the problem of management of reservoir operation in flood season, limiting the influence of flood

9

Establishment of new functional units

In April of 2014, the Board of Management of SBA decided to establish the Dam Safety Consultancy and Testing Center to carry out some tasks related to construction works of the Company and reach out to provide external consulting services to optimize human resources, retain qualified employees, attract talents, and improve employee incomes. On 30/10/2017, the Board of Management decided to establish the Research and Development Department. These events confirm the new development of SBA - constantly expanding scope, diversifying products and creating new added value for the market, demonstrating flexibility, dynamism and SBA adaptability in new contexts

10

Receiving noble rewards

With the efforts and achievements, Song Ba Joint Stock Company has been honored by the Party and State with many noble awards. Especially, the Company was awarded the Labour Order, third Class - 2007 and Labour Order, Second Class – 2012.

HIGHLIGHT ACTIVITIES IN 2017



The operation of the plants is very good and the total output of electricity is the highest since the date starting operation to present



Consulting services are promoted. SBA continues to expand, sign more new consulting contracts, the total value of consulting services in 2017 reached 5.26 billion.



The movement “Promoting innovation, improving, rationalizing” has improve effectiveness. In 2017, the company has 06 initiatives, 14 improvement rationalization, many of which have been put into practice with the high efficiency.



The topic “reasonable flood discharge” in Krong H’Nang has good research results, is gradually deployed in other plants.



Establishing the Research and Development Department, the main task is to research and carry out scientific and social research topics such as: “Operation of flood discharge in Vu Gia - Thu Bon river, Quang Nam province and Song Ba in Phu Yen province that was approved by the People’s Committees of Quang Nam and Phu Yen Provinces in the list of provincial projects in 2018.



On October 27, 1977, SBA was granted a Certificate of Quality Management System conforming to international standards by BSI Group - Representative of BSI Vietnam Co., Ltd and ANSI-ASQ National Accreditation Board (ANAB). ISO 9001: 2015 for the following areas: Management of investment projects for construction of hydroelectric power plants; Electricity production and supply; Consultancy services, design of hydropower projects



ACHIEVEMENTS IN YEAR



The Prime Minister awards the certificate of merit for achievements in work that contribute to the cause of building socialism and defending the Fatherland.



People's Committee of Da Nang City presents the souvenir flag on the 15th anniversary of construction and development.



People's Committee of Da Nang City presents the souvenir flag on the 15th anniversary of construction and development.

BUSINESS LINES

- Production, transmission and distribution of electricity.

Details: Producing and trading electricity;

- Architectural and related technical consultancy activities. Details: Consultancy for investment project construction, survey, design of irrigation works, hydroelectricity capacity up to 30MW, power lines and transformer stations up to 110KV; Consultant for construction supervision, project management of small and medium hydroelectric power plants, power transmission lines and substations up to 110KV; Supervising the construction of irrigation and hydropower works; Consulting and inspecting the quality of dams and hydropower construction works; Design of technical infrastructure (traffic, rural water supply infrastructure); Surveying, collecting, calculating and forecasting meteorological and hydrographical aspects of construction; Consultancy on investment projects on construction of traffic, civil, technical infrastructure, aquaculture ponds, river and coastal protection works; Consultancy on quality assessment of construction works; Geodetic survey works.

- Constructing other civil engineering works.

Details: Investment in construction of hydropower projects; Constructing hydroelectric projects with a capacity of up to 30MW, power lines and

transformer stations up to 110KV; Repair and maintenance of hydroelectric power plants; Construction of small and medium construction works; Wholesale of materials and other installation equipment in construction; Quarrying of stone, sand, gravel, clay; Mining of minerals;

- Other specialized construction activities.

Details: dredging reservoir

- Vocational education. Details: Vocational training (management, operation of hydroelectric power plants);

- Management consultancy activities.

Details: Consultation on environmental solutions, resettlement;

- Installation of other construction systems.

Details: Installation of equipment for construction works;

- Wholesale of machinery, equipment and other spare parts. Details: Wholesale material, electromechanical equipment;

- Research and experimental development of natural sciences and technology. Details: Research and fabrication of mechanical parts of the hydroelectric power plant; Transfer of technology in construction techniques and equipment;

- Trading Real estate, land use rights of owners renters. Details: Land, workshop, warehouse.

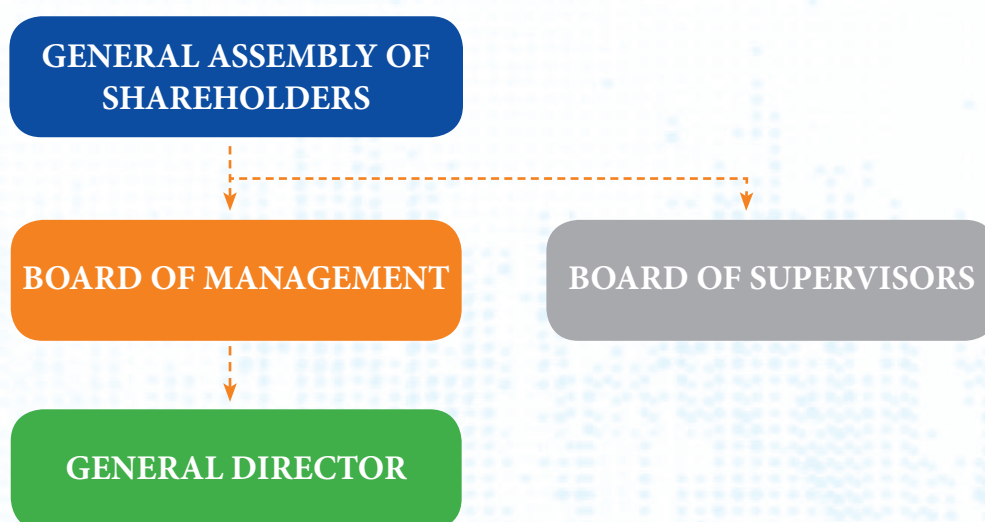


BUSINESS OPERATION AREA



The business operation area of SBA is mainly in Central Vietnam.

MANAGEMENT MODEL



The company operates in the form of a joint stock company in accordance with the Law on Enterprises and other relevant laws.

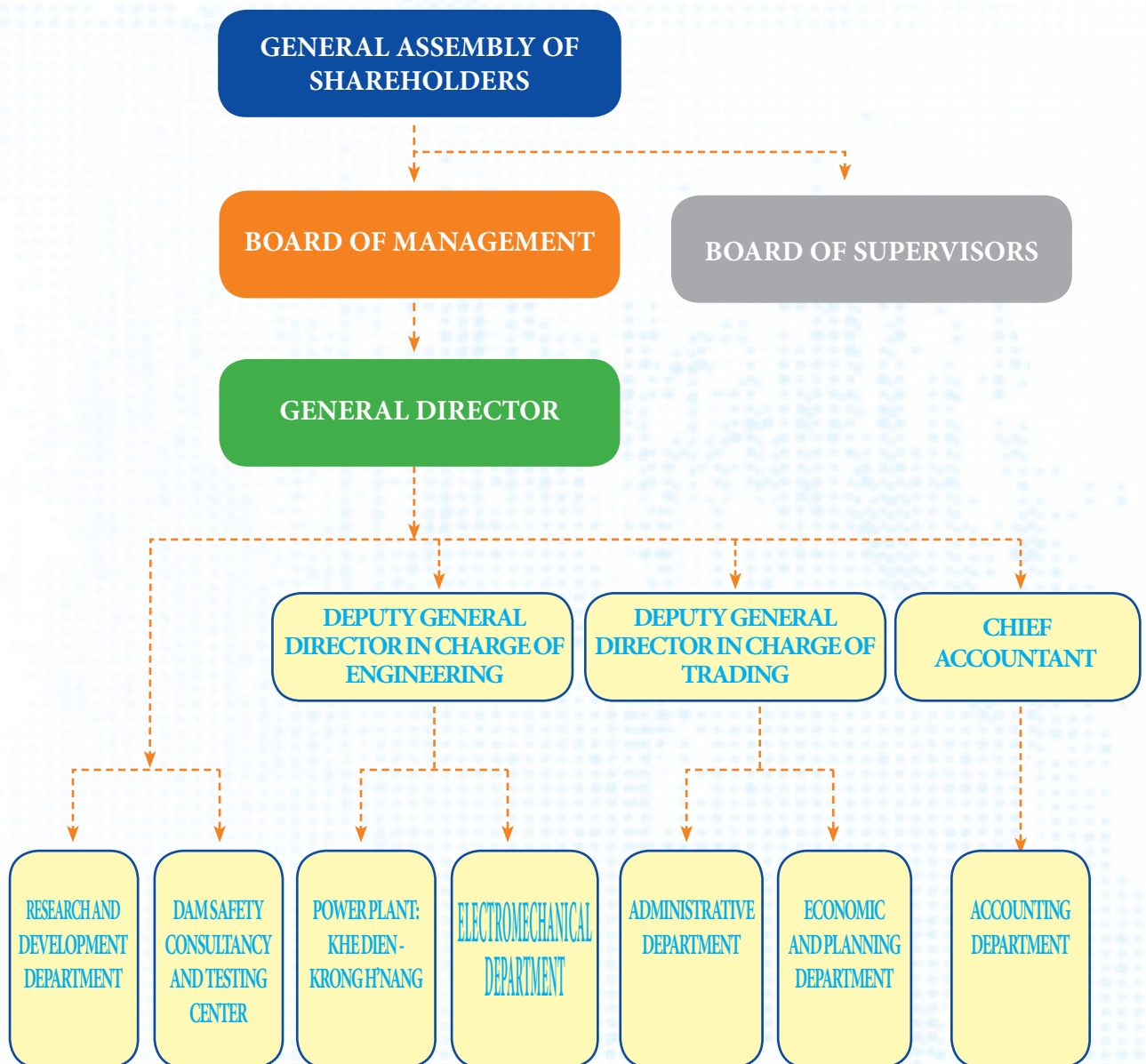
General Assembly of Shareholders: including all shareholders with voting rights, this is the highest decision-making body of the Company.

Board of Management: the management body of the Company, having the full rights on behalf of the Company to decide all issues related to the purpose and interests of the Company except the matters under the authority of the General Assembly of Shareholders.

General Director: The General Director is responsible for the implementation of resolutions of the Board and subject to the supervision of the Board of Management

Board of Supervisors: Performing duties on behalf of shareholders to control all business activities, management and operation of the Company

ORGANIZATION STRUCTURE



BRANCHES, SUBSIDIARIES, ASSOCIATE COMPANIES

NAME OF BRANCH: KHE DIEN HYDROELECTRIC POWER PLANT



Address: Phuoc Ninh Commune, Nong Son district, Quang Nam province, Vietnam

Main business lines: Production and sales of electricity

Detail: Production and sales of electricity

NAME OF BRANCH: KRONG H'NANG HYDROELECTRIC POWER PLANT



Address: Village 2/4, Ealy Commune, Song Hinh District, Phu Yen Province, Vietnam

Main business lines: Production and sales of electricity

Detail: Production and sales of electricity

NAME OF BRANCH: DAM SAFETY CONSULTANCY AND TESTING CENTER

Address: 573 Nui Thanh (Floor 3), Hoa Cuong Nam Ward, Hai Chau District, Da Nang City, Vietnam.

Main business lines:

- Architectural activities and related technical consultancy.

Detail: Consulting to set up investment projects for construction, survey and design of hydropower projects with capacity up to 30MW, power lines and transformer stations up to 110kV, consulting and managing projects of small and medium hydroelectric power plants, power lines and transformer stations up to 110kV, consulting on expertise, quality control of dams and hydropower construction works.

- Management consultancy activities.

Detail: Consultation on environmental solutions, resettlement.



ORIENTATION FOR DEVELOPMENT OF MAIN OBJECTIVES OF COMPANY

Business activities:

To operate safely, stably the existing hydroelectric power plants; investing for expansion of Khe Dien Hydroelectric power plant (increasing capacity to 15 MW); Developing consultancy and technical services for Hydroelectric power plants.

Relationship with Customers

Customers decide the existence and sustainable development of the SBA.

All activities of SBA are aimed at: Mutual benefit in business relations. SBA commits to provide products that meet the needs of our customers.

Relationship with Shareholders:

The ultimate goal of the SBA is to rationalize the value of dividends, to provide long-term shareholder benefits..

Clearly conceiving that the shareholders are owners of the company, SBA commits to all activities of the Company for the benefit of shareholders; ensure sustainable growth and future value for shareholders, transparency in management, administration; honest in answering the opinions of shareholders; timely, accurate disclosure to shareholders.

Relationship with partners:

SBA considers partners as accompanying friend with friendly relations, equality, harmonious interests for mutual development. When working with domestic and foreign partners, SBA staff affirms the role and position of the company through respectful behaviour, respect, proper ritual, keeping promise, punctual

When settling work, SBA always obeys the law, take the advantage, the difference makes the competition. Healthy competition based on wisdom, advanced technology, product quality.

Relations with Employees

SBA commits to building the company to become an SBA common home ensuring stable employment, the material and spiritual life of employees are always paid attention, working environment meets safety standards, bright, green, clean, beautiful.

Having reasonable remuneration policies to attract talents; The appointment of officials is conducted in a democratic, fair and transparent manner, encouraging and promoting the creative ideas and applying innovations and innovations in practice; Respecting all comments and ideas of the employees; The evaluation, reward and punishment shall be conducted in a fair, public and proper manner.

MEDIUM AND LONG TERM DEVELOPMENT PLAN

New projects

Expansion of Khe Dien Hydroelectric power plant with more 01 unit (6MW):

- Increasing 6 MW, the total capacity of the plant after expansion is 15.0 MW;
- Increasing revenue compared to the original plant is 14.31 billion per year;
- Financial indicators: NPV (Billion): 21,73; IRR (%): 16,71; B/C: 1,19;
- Payback period (equity): 6.0 years and 2.5 months;
- The expansion does not affect forests, livelihoods, land compensation. SBA has hired a consultant from HEC to verify the feasibility study reports and good projects.
- Shareholders do not contribute more capital.

Song Tranh 1 Hydropower Project:

- Location: Tra Mai commune, Nam Tra My district, Quang Nam province
- Installed capacity: 20 MW;
- Annual average power $E_0 = 75,54$ million KWh;
- Average annual revenue is 88.8 billion VND;
- Financial indicators: NPV (billion) : 201,14; IRR (%) : 20,32; B/C: 1,24;
- Payback period (equity): 9,0 years and 2,0 months

Krong H'rang 2 Hydropower Project:

- Location: Ea So Commune, Ea Kar District, Dak Lak Province and Ea Ly Commune, Song Dinh District, Phu Yen Province;
- Installed capacity: 13,5MW;
- Average annual revenue is: 43, 8 x106kWh; Average annual turnover 43,8 billion VND/years;
- Financial indicators: NPV (billion) : 40,92; IRR (%) : 12,86; B/C: 1,08;
- Payback period (equity):: 20 years and 2 months

Consultancy service activities

Consultancy relating to hydroelectric power plants

- Preparing investment projects, designing for new hydropower projects or upgrading existing hydropower projects with construction solutions, building materials and new and unique construction methods to minimize the cost of the investment to ensure that the project is most effective with the cost of the consultant determined according to the result
- Continuing to carry out consultancy, supervision, construction and installation of equipment of hydroelectric power plants for other investors in need;
- Conducting dam safety tests for new construction works or construction work reaching the subsequent testing time limit;



- Preparing the plans for prevention and fight against floods in downstream areas of dam:

At present, it only regulates for preparing the plan for each individual project so it is not effective in preventing floods. In the coming time, it should be proposed to local disaster management agencies to consult the inter-lake plan

- Regulating the operation of single lakes, inter-lake plan by technology:

Providing consulting services to regulate floods across the river basins in the country for the local Disaster Management Agency under the plan invested by Company: installation of rain measuring equipment, measuring water level of the Lake River flow; research and development of operating software and payment of consultancy costs annually

Working with reservoir owners that do not operate under inter-tank operating procedures to provide consulting services on monitoring rain, lake water level, forecasting flow to lakes, operating software. The cost of consulting the lake owner will be paid annually or the company will sell the monitoring equipment for the owner to implement.

Development Research:

- Measurement measure to check the current

working status of the lake, dam and proposed treatment plan

- New technology for treating termites in dams is effective for application at Krong H'Nang dam and other dams in the country;

- Research and master the technology to step by step localize the hydroelectric plant equipment produced by China to take the initiative in SCBD to ensure the operation of electricity production at Khe Dien, Krong H'Nang hydropower plants stable, Continuing and providing advice for other hydropower plants with similar equipment;

- To automate the management and operation of dams and hydroelectric plant equipment.

Manage and operate production plants efficiently; Complete the work, solution to increase electricity output, turnover: Develop the optimal operating procedures for regulating the reservoir; To discharge flood well, not affect the people in downstream areas, research solutions to increase reservoir capacity of Khe Dien Hydropower Plant; well run the plant when entering the competitive electricity generation market; maximize revenue by avoiding cost tariff; Continuously improving and improving ISO 9001 to improve the efficiency of the company.



RISK FACTORS

ECONOMIC RISKS

About economic growth



In 2017, Vietnam's economic growth rate reached 6.81%, exceeding the target of 6.7% set by the National Assembly, and is the highest growth rate in 10 years. Meanwhile, the first quarter of 2017 with an increase of only 5.15%, Vietnam's economic growth is the lowest in three years. Thanks to the growth of the economy in the last two quarters of this year, we have seen positive growth of 6.81% in the whole of 2017. This is a spectacular breakthrough; however, it also contains unstable elements inside.

The business activities of the Company are connected with the use of electricity - the kind of energy necessary for all production and operation activities in the economy. Therefore, the economic situation has a direct impact on the production conditions of the Company. The improvement as well as the process of restructuring and shifting of the economy has been accelerating demand for goods, especially in the industrial sector. Enterprises will increase production scale to meet the increasing demand of customers and partners. This is a condition that leads to a rapid increase in demand for electricity in times of economic growth.

Interest rate



In 2017, the interest rate trend is stable, the State Bank continued to implement measures to control inflation, stabilize the macro economy, implement measures to support economic growth, reduce interest rates for Loans to support production and business activities of people and enterprises. Large state-owned and joint-stock banks kept their interest rates unchanged, while there were still some banks adjusting down. So basically, the market interest rates remained stable. The lending interest rate has not been under pressure and remains relatively stable.

These positive moves have contributed to reducing the pressure on interest rates for credit institutions. The result is that the whole year 2017 interest rates are stable, contributing to the balance and economic development of the country.

With the particularity of investment activities in the power sector, it requires a large amount of capital, of which the loans often account for a high share of the capital structure. Therefore, the fluctuation of interest rates will greatly affect the ability to mobilize capital to invest in the project as well as directly affect the business results of the SBA. Therefore, the Board of Management always pay attention to timely management measures, avoid the negative impact on the operation of the SBA.

LEGAL RISK

The business activities of the Company are regulated by the Law on Enterprises, Law on Securities, Tax Law, Electricity Law and other regulations of the Government relating to electricity industry...

At present, the legal system of Vietnam is not synchronized and is in the process of revising, so changing policy provisions will affect the Company. Therefore, the Company should understand the law to avoid legal risks.



RISK OF INDUSTRY CHARACTERISTICS

Weather conditions are the major and most influential risk to companies operating in the hydropower sector. The output and efficiency of the hydropower plant depend mainly on water resources. Recognizing the importance of the problem, when establishing hydrological parameters, the company has chosen the option of safety annual power output. The company always monitors and masters the climate and hydrological forecasts to have the best reservoir operation reserves in the optimal way. The company has been studying hydrological series for many years, and

forecasting the water flow in reservoirs by hydrological method according to the phenomenon of ENSO, from there, calculating the real money flow to balance the most rational operation.

In addition, SBA always take the initiative in prevention of floods and storms, the options have been studied and operated properly to adjust annually so always ensure the harmony between businesses and people downstream. In addition, the company strictly implements measures to protect the ecological environment for the purpose of sustainable development in the future. With the results achieved, the company was highly appreciated by the People's Committee of Phu Yen province, Quang Nam People's Committee, Department of Industrial Safety and Environment, Ministry of Industry and Trade. The company was invited by the Ministry of Industry and Trade to contribute comments at the Conference on Safe Operation of Hydropower Plants held on March 17, 2017.

OTHER RISKS

In addition to the above risks, some other risks can occur in the event of force majeure such as natural disasters, storms, floods, fire ... Although less occur, but to anticipate these risks is very difficult, and often causes great damage to the company as it arises. In order to minimize the serious impact of these risks on the business process, SBA actively purchases insurance for employees and assets of the Company.



Part II. BUSINESS OF





IN 2017, SBA HAS ALREADY ACHIEVED MANY IMPRESSIVE RESULTS, EXCEEDING ALL THE BUSINESS SET BY GOALS THAT THE ANNUAL GENERAL MEETING OF SHAREHOLDERS; DETERMINING AGAIN THE VALUE, CONSOLIDATING THE CONFIDENCE FOR EMPLOYEES, SHAREHOLDERS AND PARTNERS COMPANYING WITH THE COMPANY.

BUSINESS OPERATION SITUATION OF COMPANY

By the end of 2017, the business results of SBA are as follows:

No.	Items	2016 Million VND	2017 Million VND	% Increase (+)/ Decrease (-)
1	Net revenue	211.905,17	333.016,04	57,15 %
2	Cost of goods sold	67.903,95	111.750,12	64,57 %
3	Revenue from financial activities	33,27	274,29	724,44 %
4	Financial, sales, business management expenses	73.900,14	76.229,83	3,15 %
5	Net profit from business activities	70.134,35	145.310,38	107,19 %
6	Other profits	-517,52	-238,92	53,83 %
7	Profit before tax	69.616,83	145.017,46	108,39 %
8	Profit after tax	64.207,11	135.909,40	111,67 %
9	EPS (VNĐ)	1.031	2.254	118,62 %
10	Dividend	1.000	1.500	50 %

In 2017 net revenue of SBA reached 333.02 billion VND, increasing 57.15% year-on-year. Revenue growth was driven by hydrological situation in the year is favourable; the amount of water in the two reservoirs Krong H'hang and Khe Dien NMT is significantly improved.

Total cost of sales, finance expense and management expense increased slightly in compared to 2016

In 2017, the after tax profit of SBA increased by 111.67% compared to 2016. Earnings per share reached 2,254 VND/ share increased 118.62% compared with 2016. The forecast of water flow to two lakes Khe Dien and Krong H'Nang hydroelectric power plants make the company active in operating the plants, effectively managing the operating costs. In addition, in 2017, the development of consulting services will also help drive revenue and profit growth..



Implementation of planned targets

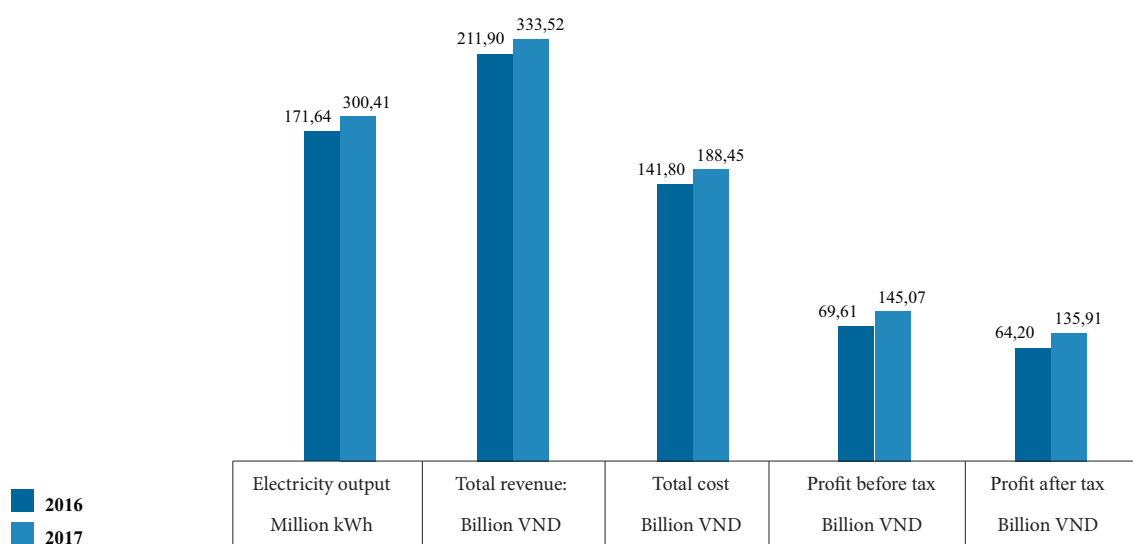
No.	Content	Unit	2017 Plan (KH)	Implemented (TH)	(%) TH/KH
1	Electricity output	Million kWh	209,00	300,41	143,74
-	Khe Dien		39,00	53,33	136,74
-	Krong H'ngang		170,00	247,08	145,34
2	Total revenue	Billion VND	235,00	333,52	141,92
a	Revenue of electricity production		230,00	327,75	142,50
-	Khe Dien		43,00	53,39	124,16
-	Krong H'ngang		187,00	274,36	146,72
b	Service revenue and other revenues		5,00	5,77	115,40
3	Total cost	Billion VND	153,60	188,45	122,69
4	Profit before tax	Billion VND	81,39	145,07	178,24
5	Profit after tax	Billion VND	75,59	135,91	179,80
6	Basic earnings per share	Đ/CP	1.250	2.254	180,32

Reviewing the overview, the targets set out in the Annual Shareholder Meeting's resolutions have basically been finalized. Total revenue and profit after tax were higher than plan, 141.92% and 179.80%, respectively. Earnings per share reached 2,254 VND/share, reaching 180.32% of the plan. The result is an attempt to use a number of measures set by the steering committee, including water flow forecasts for two Khe Dien and Krong H'Nang

hydropower reservoirs, Drive revenue growth, minimize costs, bring profits to the company

Achievement of business activities can not exclude the contribution of the team of professional workers in the implementation, control of professional work and management; fulfil the demands set in the operation.

Explanation of Column chart: Electricity output - Million kWh - Total revenue - Total expenses - Profit before tax - Profit after tax - VND billion



ORGANIZATION AND PERSONEL



MR. PHAM PHONG – GENERAL DIRECTOR

Professional qualifications:

- Electrical Engineer – Major: Electrical System; Mechanical Master, Engineer – Major: Manufacturing Engineering

Working progress:

- From 1981 – 1994, Quang Nam Da Nang Electricity Company
Title: Technician
- From 1994 – 1997, Quang Nam Da Nang Electricity Company
Title: Manager, M & E workshop.
- From 1997 – 2001, Quang Nam Electricity Company
Title: Chief of Material Planning Department.
- From 2001 – 2002, Electricity Design Center – Electricity Company No. 3. Title: Vice Director
- From 2003 to present, Song Ba Joint Stock Company.
Title: Member of Board of Management cum General Director



MR. NGUYEN THE DUY – DEPUTY GENERAL DIRECTOR

Professional qualifications:

- Electrical Engineer

Working progress:

- From 05/2004 – 08/2007, Song Ba Joint Stock Company.
Title: Expert of Technical Department.
- From 09/2007 – 01/2008, Song Ba Joint Stock Company.
Title: Deputy Chief of M&E Department.
- From 02/2008 – 04/2010, Song Ba Joint Stock Company.
Title: Deputy Chief of Steering Board of Krong H'rang 2 Hydropower projects
- From 05/2010 – 04/2014, Song Ba Joint Stock Company.
Title: Chief of Economic – Plan Department.
- From 05/2014 present, Song Ba Joint Stock Company.
Title: Deputy General Director



MR. PHAM THAI HUNG – CHIEF ACCOUNTANT

Professional qualifications:

- Bachelor of Economics - Major: Corporate Accounting
- Master in Finance - Banking

Working progress:

- From 2003 – 2004, My Anh Company Limited, Quang Binh
Title: Chief accountant
- From 2004 – 6/2009: Central Cotton Company Limited
Title: Chief accountant
- From 07/2009 – 08/2009, Song Ba Joint Stock Company.
Title: Deputy Chief of Finance – Accounting Department.
- From 09/2009 – 12/2009, Song Ba Joint Stock Company
Title: In Charge of Finance – Accounting Department.
- From 01/2010 present, Song Ba Joint Stock Company.
Title: Chief Accountant

List of Management Officers

Full name	Title	Number of shares held	Ownership rate/ Charter capital
Pham Phong	General Director	312.175	0,52%
Nguyen The Duy	Deputy General Director	496	0,001%
Pham Thai Hung	Chief Accountant	-	-

Introduction of members of the Executive Board

In 2017, Song Ba Joint Stock Company has no personnel changes in the Executive Management.

Employee structures

As of 31/12/2017, the total number of employees of the Company is 114 with the following structure:

No	Criteria	Quantity (people)	Rate
I	According to the qualification of Employees		
1	Undergraduate and graduate	61	53,51%
2	College, Professional Intermediate	43	37,72%
3	Primary, technical workers	4	3,51%
4	Unskilled labour	6	5,26%
II	According to the labour object		
1	Direct labour	45	39,47%
2	Indirect labour	69	60,53%
III	According to sex		
1	Male	108	94,73%
2	Female	6	5,26%
	Total	114	



Training and development policy

The company considers training and development as a positive long-term investment for the staff, long-term development strategies. Fostering and learning activities to improve the knowledge of professional qualifications, such as on-the-job training, sending short-term and long-term professional training courses at home and abroad; Facilitate technical staff to penetrate into the existing hydropower projects, at the company's hydroelectric power plant, to accumulate and improve their professional skills and experience.



Working regime

The Company commits to ensure that employees are properly protected, and that all obligations of the employer are fulfilled by the employee in accordance with applicable labour law. Quarterly celebrates birthdays for employees in the company. Strictly observe the salary increase regime according to the salary regulations for the employees of the company.

Besides, the work safety protection, fire and explosion prevention in the factory, the construction site is also concerned about the company. The company has issued the system of regulations on labour safety, organize training on labour safety, fire prevention for employees; Organizing periodical inspection of the safety of machinery and hydraulic works, for a safe working environment, helping the employees and workers to peacefully carry out production and business activities.

Reward policy

The company has a policy on rewarding timely for collectives and individuals who have outstanding achievements in labour and technical innovations to improve labour productivity and business efficiency.



Welfare policy

The company always takes care of the employees' lives and helps them to work safely: Loans without interest to support remote employees who want to settle in the workplace, visit the labourers meet difficult circumstances, give gifts holidays, ensure security and order...

Insurance policy and health care

In addition to social insurance, health insurance, unemployment insurance for employees in accordance with the regulations of the State, employees of the company also have health checks and tests for disease every year at reputable medical facilities.



INVESTMENT PERFORMANCE OF PROJECTS

Krong H'Nang 2 Hydroelectric power plant Project: The 2016 General Shareholders' Meeting has approved the investment plan of Krong H'Nang 2 Hydroelectric power plant, which is expected to commence in December 2016. However, until now, the Company has not realized the reason that the Prime Minister declared the closure of natural forests in the Central Highlands. Therefore, the re-start of the Krong H'Nang 2 Hydroelectric power plant was very difficult. The company has been trying to revise the planning of the Krong H'Nang 2 Hydroelectric power plant.



FINANCIAL SITUATION

Main financial indicators

Indicators	Unit	2016	2017
<i>Solvency criteria</i>			
Short-term payment ratio	time	0,67	0,84
Quick payment ratio	time	0,65	0,83
<i>Criteria on capital structure</i>			
Debt ratio/Total assets	%	50,92	48,48
Debt Ratio/Equity	%	103,73	94,09
<i>Performance criteria</i>			
Inventory Turnover	Turnover	38,89	58,41
Assets Turnover	Turnover	0,15	0,24
<i>Target of profitability</i>			
Profit after tax/net revenue	%	30,30	40,81
Profit after tax/equity	%	9,42	19,38
Profit after tax/Total assets	%	4,49	9,75
Operating profit/Net revenue	%	33,10	43,63

Financial situation

Indicators	Unit	2016	2017	% increase (+) decrease (-)
Total assets value	Million VND	1.402.884,91	1.385.649,74	-1,23 %
Net revenue		211.905,17	333.016,04	57,15 %
Profit from operation activities		70.134,35	145.310,38	107,19 %
Other profit		-517,52	-238,92	53,83 %
Profit before tax		69.616,83	145.071,46	108,39 %
Profit after tax		64.207,11	135.909,40	111,67 %

SHAREHOLDER STRUCTURE, CHANGE OF EQUITY

Shares

As of 31/12/2017:

The capital of Song Ba Joint Stock Company is 604,882,610,000 VND.

Number of ordinary shares: 60,488,261 shares

Number of preferred shares: 0 shares.

Number of shares in circulation: 60,488,261 shares

Number of treasury shares: 199,930 shares

Number of shares transferred freely: 60,488,261 shares

Number of shares to be restricted for transfer: 0 shares.

Face value of shares: VND 10,000.

Shareholder structure by type of ownership

(As of 21/2/2018)

Entity	Number of shareholder
Domestic Shareholders	6.366
Organization	29
Individual	6.337
Foreign shareholders	15
Organization	5
Individual	10
Total	6.381



List of major shareholder

Name of organization/ individual	ID No./ Business Certificate No.	Address	Number of share	Rate
Central Power Corporation	0400101394	78A Duy Tan, Hoa Thuan Dong Ward, Hai Chau District, Da Nang City	23.645.000	39,09%

Changes in equity: In 2017, the Company will not increase chartered capital..

Treasury Stock Trading: None.

Other securities: None.



REPORTS RELATING TO ENVIRONMENT AND SOCIETY OF COMPANY

Consumption and use of water for electricity generation

With the main business characteristics of the SBA is that water is the main raw material. Specifically, the situation of water consumption in each factory in the company's year as follows:

Time	Krong H'ngang Hydroelectric power plant	
	Total amount of water to the lake (m ³)	Total amount of water used (m ³)
1/2017	175,247,712	104,082,624
2/2017	70,930,944	76,712,832
3/2017	21,453,984	41,247,360
4/2017	14,411,520	7,931,520
5/2017	111,742,848	67,361,760
6/2017	66,614,400	70,295,040
7/2017	43,336,512	85,923,072
8/2017	55,389,312	67,602,816
9/2017	63,763,200	92,145,600
10/2017	83,646,432	75,691,584
11/2017	389,603,520	109,382,400
12/2017	318,729,600	144,392,544
Total:	1,414,869,984	942,769,152

Time	Khe Dien Hydroelectric power plant	
	Total amount of water to the lake (m ³)	Total amount of water used (m ³)
1/2017	20,706,624	17,661,679
2/2017	14,023,584	15,612,924
3/2017	3,306,528	16,764,407
4/2017	3,297,888	11,201,779
5/2017	6,512,832	13,782,003
6/2017	5,356,800	13,178,593
7/2017	5,132,160	9,525,473
8/2017	5,195,232	3,207,044
9/2017	7,655,904	7,494,329
10/2017	11,081,664	3,931,984
11/2017	76,872,268	15,187,700
12/2017	19,558,368	15,549,335
Total:	178,699,852	143,097,249

BỘ CÔNG THƯƠNG

60+
G Ô TRÁI ĐẤT 2018

**HÔM NAY
TÔI SỐNG XANH HƠN**
Go More Green



**CÙNG TẮT ĐÈN
TỪ 20H30 - 21H30
NGÀY 24.03.2018**

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Power consumption

Consumption Unit	Total power used	2017
kWh	At the company office	40.329
	At Krong H'rang Hydroelectric power plant	351.972
	Khe Dien Hydroelectric power plant	24.620
	Total power used	416.921

Company's efforts in researching, innovating and improving to improve the quality of operations, minimizing negative impacts on the environment:

With the motto "Innovative thinking, company development", the company encourages employees to actively participate in the movement "Promoting innovation, rationalization" to bring about high efficiency. In the past year, the Company has had six initiatives, 14 improvements and rationalization, of which many innovations have been put into practice in order to bring about high efficiency:

- Gate valve measuring instrument, measuring the water level downstream of the plant by laser technology
- Gate valve deflection measuring instrument
- Automatic rain measuring instrument by SMS to mobile phone

- Automatic warning system when the plant operates, flood discharge;

- Leakage treatment of Khe Dien hydropower plants with Sika waterproofing;

- Upgrading terrain to drain flood for area of A Roang hydropower plant;

- Applying the Windy website to forecast rain, flood calculation for next 10 days

- Renovation of the company hall with movable partition for meeting room, increase the number of working room;

The topic of automatic flood discharge in Krong H'Nang Hydroelectric power plant has been well researched and applied step by step at the factory. Flood drainage through the overflow, measurement



of the valve bow slope, measurement of water level upstream, downstream, installation of automatic rain gauges throughout the basin, programmatically build the module automatically connect data access from the equipment used to calculate flood discharge performance, is completing the overall program).

In 2017, the company has set up Research and Development Department to carry out scientific research projects which are social and community such as: Project “Operation of flood discharge in the Vu Gia – Thu Bon river” Quang Nam province and Song Ba of Phu Yen province, has been approved by the People’s Committees of Quang Nam and Phu Yen provinces to be included in the list of provincial projects in 2018.

Plan of 2018 for Innovative Research:

In 2018, the company strives to have 08 initiatives, research topics and 25 improvements, rationalization of production

Completion of provincial research projects in 2018:
+ Operation of inter-lake flood discharge in Ba river, Phu Yen province;

+ Operation of inter-lake flood discharge in Vu Gia - Thu Bon, Quang Nam Province.

Implementation of the project to prevent Stalinization of Cau Do water plant and minimizing direct discharge of downstream for Dak Mi 4 Hydroelectric power Plant;

Continue to study and report on the project of discharge of flood on the Da river system and other river systems.

Research and apply topics in the company:

+ Operation of automatic flood discharge in hydroelectric power Plant;

+ Protection of concrete spillway surface of Polymer material;

+ Breakwater system on Krong H’Nang spillway for efficient operation.



For employee

Always emphasizing the role of people in the process of production and business activities, the Board of Directors always follow closely, care for spiritual life and material for the staffs, and help employee to be peace of mind:

- Working environment, working relationship at SBA is built according to corporate culture standards.
- Policies relating to the legitimate interests of the employees are paid attention and guaranteed.
- Company leaders really pay attention to the labour force, create enough jobs for the employees so that their incomes are stable and gradually improved. Average income in 2017 reached 13.02 million VND/person/month
- Organizing Employee Conferences.
- Fully implementing the regime for employees such as social insurance, health insurance, Unemployment insurance
- Support and motivate employees to support and help people with difficult circumstance.
- The ownership of employees is always encouraged by the company's leaders
- The collective labour agreement was signed in the labor union in 2017 and registered at the Department of Labour, Invalids and Social Affairs, Danang

For partner

SBA always considers to maximize shareholder value as the company's biggest goal. Therefore, corporate governance is always aimed at ensuring the highest benefit and fair treatment to shareholders

Song Ba Joint Stock Company always maintains transparent information policy with shareholders and investors. The audited financial statements, business plans, factory investment ... are always communicated quickly and accurately to shareholders through the State Securities Commission, Ho Chi Minh City Stock Exchange, company website and mass media.

SBA always interacts with shareholders, investors; ensuring information is transmitted quickly, accurately through many forms (direct telephone) and indirect (website, e-mail ...)



SHAREHOLDERS, INVESTOR AND SOCIETY

For community – society – environment

Song Ba Joint Stock Company always actively participates and motivates employees to participate in social activities, charity activities as requested by trade unions, youth unions and mass organizations.

- Presenting Tet gifts to people, poor households and victims of Agent Orange;
- Presenting gifts to the students overcome difficulties to achieve high achievement in the factory area;
- Support for workers' families suffering from labor accidents according to EVNCPC's letter of appeal;
- Contribute to the gratitude fund of the city of Da Nang in 2017, etc.



Part III.

REPORT OF THE BOARD OF



LEADERS

SBA LEADERS HAVE MADE GREAT EFFORTS; ALWAYS IMPLEMENT INNOVATION AND FLEXIBLE IMPLEMENTATION OF MANY SOLUTIONS TO FULFIL THE FUNCTIONS OF OPERATING, BRINGING OPTIMAL EFFICIENCY FOR THE COMPANY.

REPORT OF BOARD OF DIRECTORS

Results of production and business activities

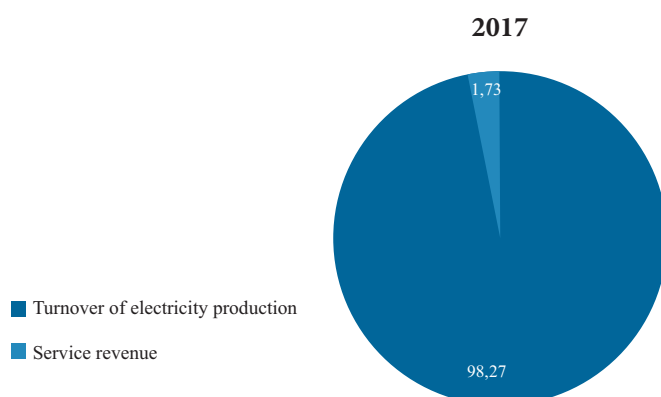
In 2017, the water situation in hydroelectric reservoirs is favourable. Implementing the business plan of the Company in 2017 set by the General Meeting of Shareholders in Resolution No. 01/NQ-DHDCD dated 18/04/2017, the Board of leaders and staffs of the company have implemented many synchronous solutions, efforts to accomplish exceed the targets of production and business plans

Business results of Song Ba Joint Stock Company are as follows:

The implementation of the 2017 plan and business results in 2017

No.	Content	Unit	2017 Plan	Implemented 2017	Implemented/ Plan (%)
1	Electricity output	Million kWh	209,00	300,41	143,74
-	Khe Dien		39,00	53,33	136,74
-	Krong H'ngang		170,00	247,08	145,34
2	Total revenue	Billion VND	235,00	333,52	141,92
a	Revenue of electricity production		230,00	327,75	142,50
-	Khe Dien		43,00	53,39	124,16
-	Krong H'ngang		187,00	274,36	146,72
b	Service revenue and other revenues		5,00	5,77	115,40
3	Total cost	Billion VND	153,60	188,45	122,69
4	Profit before tax	Billion VND	81,39	145,07	178,24
5	Profit after tax	Billion VND	75,59	135,91	179,80
6	Basic earnings per share	VND/share	1.250	2.254	180,32
7	Dividend	VND/share	1000	1500	150%

Revenue structure



Situation of activities in the year

Management and operation of hydropower plants

The operation of the plants is very good and the total output of electricity is the highest since the operation to date:

Krong H'Nang hydroelectric power plant: The average electricity price was 1,110 VND/kWh, up 6.2% against the contracted price (1,044.45 VND/kWh). The additional revenue from operating the market was 16.02 billion VND.

Khe Dien hydroelectric power plant: The average electricity price reached 1,001 VND/kWh. The average operating time of each unit on the design is 6.070/4.500 hours.

Maintenance work at the factory: Always meet the progress, resolve promptly and timely incidents, ensure the equipment is always ready, operating safely, stable.

Work safety, fire and industrial sanitation in factories

In 2017, SBA will not let any safety incident happen; each month, there is always a good precaution.

In addition, SBA has also implemented a dam safety report; report on surface water exploitation ... periodically, full contents prescribed.

Flood prevention

In 2017, although the weather was abnormal, floods came late and lasted, but thanks to good preparation, SBA was always active and ready to flood. Therefore, when the flood came, the units have implemented flood management process in a gentle way and regulations are always the provincial People's Committees, inspection teams, departments highly appreciated.

At the end of the flood season in 2017, SBA has filled two reservoirs of Khe Dien Hydropower and Krong H'Nang hydropower plant, all of which are absolutely safe.

Consultancy service



Beside the implementation of signed contracts (project management consultancy, design of Tam Phuc, Song Bung 3A Hydropower projects, ...), in 2017 the company continues to expand and sign more new contracts: Design of anti-erosion works for A Roang hydropower plant; Supply and installation of water level meter, automatic rain gauge for the owners of Dak Mi 4, Song Bung 4A, 5, 6 and Song Con 2..

Financial situation

Financial work, shareholders, dividend payment

Annual General Meeting of Shareholders 2017 No. 01/2017/NQ-ĐHĐCĐ dated 18/04/2017 has approved the plan of paying dividend in 2016 in cash at the rate of 10%/charter capital (equivalent to 60,288,331,000 VND). The company paid dividends in 2017

Resolution No. 04/17/NQ-HDQT dated 30/11/2017 of the Board of Directors approved the first dividend payment in 2017 in cash at the rate of 08%/charter capital (equivalent to 48,230,616,800 VND). The company closed the list of shareholders on December 29, 2017 and will pay dividends in 2018

Dividends in 2016 are paid 58.87/60.28 billion, reaching 97.66%..

Dividends before 2015, the remaining shareholders have not received is 4.41 billion.

Company advances achieved in the year

The repair and maintenance of the two plants is carried out in a positive way, increasing the efficiency of operation.

Innovation

In 2017, the company has 06 initiatives, 14 improvements and rationalization, including many initiatives have been put into practical use, contributing to improve efficiency in the management of operations include:

- Gate valve measuring instrument, measuring the water level downstream of the plant by laser technology
- Gate valve deflection measuring instrument
- Automatic rain measuring instrument by SMS to mobile phone
- Automatic warning system when the plant operates, flood discharge;
- Leakage treatment of Khe Dien hydropower plants with Sika waterproofing;
- Upgrading terrain to drain flood for area of A Roang hydropower plant;
- Applying the Windy website to forecast rain, flood calculation for next 10 days
- Renovation of the company hall with movable partition for meeting room, increase the number of working room

In 2017, the company has set up Research and Development Department to carry out scientific research projects which are social and community such as: Project “Operation of flood discharge in the Vu Gia - Thu Bon river, Quang Nam Province and Ba River in Phu Yen province” was approved by the People’s Committees of Quang Nam and Phu Yen Provinces in the list of provincial projects in 2018.

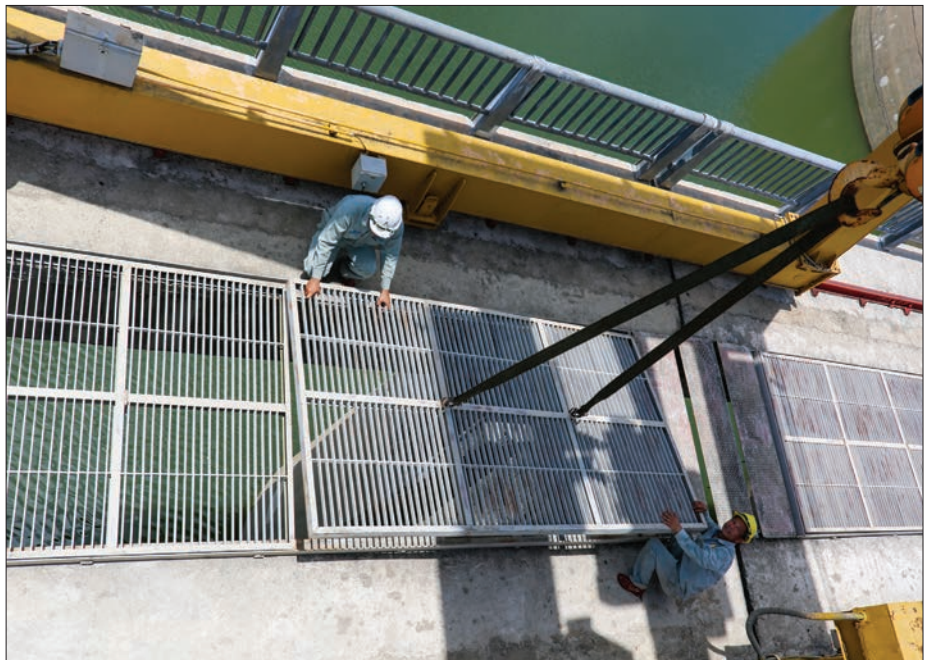
On expansion investment, increase the capacity of Khe Dien hydropower plants to 15MW:

Implementing the relevant contents of the Annual General Meeting of Shareholders in 2017, the Company has hired an independent consultant, Vietnam Irrigation Construction Consultancy Corporation. Projects are implemented with feasibility and high investment efficiency.

The investment report of the project was approved by the People’s Committee of Quang Nam province and the document no. 6324 / UBND - KTN dated 16/11/2017 submitted to the Ministry of Industry and Trade for approval.

D e v e l o p m e n t
consultancy services:
Revenue from consultancy services of 5.26 billion VND per year for an electricity generating unit such as it is a significant source of revenue, marking the capacity, maturity of SBA in the field of consultancy, contributing to improve the income for employees of the company

Company management:
The Application of ISO 9001: 2015 system, all work is strictly controlled and effective.



Asset situation

Targets	Unit	2016	2017	% Increase(+)/ decrease (-)
Short-term assets	Million VND	86.738,89	131.703,62	51,84%
Long-term assets		1.316.146,02	1.253.946,12	-4,73%
Total assets		1.402.884,91	1.385.649,74	-1,23%

As of 31/12/2017, the value of short-term assets was 131.7 billion VND, up 51.8% against 2016. The proportion of short-term assets/total assets was 9.5%, up 3,32% compared to 2016.

For long-term assets, due to the characteristics of electricity production, fixed assets accounted for the highest proportion with 90.5% of total assets, equivalent to 1,385.6 billion. Remaining items such as long-term receivables, unfinished assets and unfinished assets account for a negligible proportion.



Payable liabilities

Target	Unit	2016	2017	% Increase(+)/ decrease (-)
Short-term liabilities	Million VND	130.397,34	157.012,70	20,41%
Long-term liabilities		583.904,00	514.734,00	-11,85%
Total liabilities		714.301,34	671.746,70	-5,96%
Equity		688.583,57	713.903,04	3,68%
Total capital		1.402.884,91	1.385.649,74	-1,23%

As at 31/12/2017, the Company's liability was 671.7 billion VND, a decrease of 5.96% compared to 2016 in total liabilities of the Company. Of which, short-term liabilities was 157 billion VND, up 20.41% compared to 2016; Long-term liabilities is 514.7 billion, down 11.85% to with 2016.

Financial instruments

Target	Liability age under 1 years old (million VND)			Liability age over 1 years old (million VND)		
	2016	2017	+/-	2016	2017	+/-
Payables to supplier	5.910	2.035	-65,57%	-	-	-
Payables expenses	8.779	9.647	9,89%	-	-	-
Borrowings and finance lease liabilities	67.720	67.870	0,22%	583.904	583.904	-11,85%
Other payables	25.391	54.822	115,91%	-	-	-
Total	107.800	134.374	24,65%	-	-	-

In fact, the company always attaches importance to risk management in general and especially to liquidity risk in particular. The Board of Management always monitors risk management activities by regularly monitoring current and expected payment requirements in order to maintain adequate amounts of cash and loans at the appropriate level, actual cash flows are expected to mitigate the effect of fluctuations in cash flow of the Company.

Effect of loans interest differences

Target	Unit	2016	2017
Short-term loans	Million VND	67.720,00	67.870,00
Long-term loans	Million VND	583.904,00	514.734,00
Interest expenses	Million VND	64.181,39	57.950,01
Interest expense/Net revenue	%	30,29%	17,40%

In 2017, the company's interest expense was VND 57.95 billion, slightly lower than the interest rate in 2016. The interest expense ratio on net revenue was 17.4%. Due to the characteristics of the business sector, the Company needs a large amount of capital to finance the investment activities and specifically to compensate for the self-invested capital of Khe Dien and Krong H'Nang hydropower plants.

More than 80% of liability of SBA is long-term interest rates with low fixed margin (Krong H'Nang Hydropower Plant and Khe Dien Hydropower Plant), which helps the company's operations is quite stable

Future development plan

Based on the combined results of the study on ENSO and the hydrological data for many years, the SBA forecasts that the water volume of lakes in 2018 will be higher than the average for many years combined with the current situation of the electricity market. In 2018, the company would like to submit to the General Meeting of Shareholders for business plan in 2018 as follows:

Business targets

No.	Content	Unit	Plan	Notes
1	Electricity output	$\times 10^6$ kWh	222,00	
-	Khe Dien	$\times 10^6$ kWh	42,00	
-	Krong H'Nang	$\times 10^6$ kWh	180,00	
2	Rate of self use and lost electricity			
-	Khe Dien	%	2,58	Lost: 2,36%; self use: 0,22%
-	Krong H'Nang	%	2,23	Lost: 2,02%; self use: 0,21%
3	Total revenue	Billion VND	257,50	
3.1	Revenue of electricity production	Billion VND	250,50	
-	Khe Dien	Billion VND	46,50	
-	Krong H'Nang	Billion VND	204,00	
3.2	From consultancy service	Billion VND	7,00	
4	Total cost	Billion VND	156,05	
5	Profit before tax	Billion VND	101,45	
6	Profit after tax	Billion VND	94,41	
7	Basic earnings per share	VND/share	1.561	

Future development plan

1. Management of operation, repair and maintenance of hydropower plants

Effectively operating the Krong H'Nang hydroelectric power plant under the competitive electricity generation market and Khe Dien hydroelectric power plant according to the avoided cost tariff

Performing periodically repair and maintain equipment and work items; Periodically testing the metering system, equipment with strict requirements on safety, ensuring 02 plants operating safely, stably and effectively

Implementing main repair and maintenance as following:

a/ Khe Dien hydroelectric power plant:

- Renovations of Air Circuit Breaker SF6 substation 6,3/35kV;
- Repair of excitation system

- Renovation of SCADA system of the plant;
- Protecting slope against sliding behind the plant and landslide on the VH2 road;
- Installation of spillway concrete protection system;
- Construction of the Nong Son mine by-pass to the factory.

b/ Krong H'Nang hydroelectric power plant:

- Overhaul of H2 engine unit, T2 substation and other related items: 110kV Krong H'Nang - EaKar; plate valve; Penstock; Equipment of discharge canal at the downstream of factory;
- Renovation of systems: Protection relays of units and DZ; Control, monitoring and measurement of plants;
- Improving the drainage pile of the downstream dam to ensure the stabilization of the saturated dam;
- Installation of equipment to transfer 172 kV Tk 110kV Eakar automatic transmission to unattended under the general guidelines of the power sector;
- Install a breakwater at the valve gate to improve efficiency;
- Installation of tide water level meter in Tuy Hoa, river water level in Phu Lam, Cung Son to serve flood and storm control for the factory.



2. Consulting services

Continuing to execute the signed design consultancy and management contracts, Promoting the consulting service of flood discharge, anti-climate change, supply and installation of water level meter and automatic rain gauge, Striving for revenue of consulting services in 2018 to reach VND7 billion.

3. Construction investment

- Project on expansion of capacity of Khe Dien hydroelectric power plant to 15MW

Completing the design documents, submit to the General Meeting of Shareholders to approve the investment policy, implementation of the project from 6/2018, the estimated construction progress is 12-15 months.

-Song Tranh 1, Krong H'Nang 2 hydroelectric power plants: Continue to study the optimal plan to limit the area of forest land affected, work with related departments, board to supplement Song Tranh 1 River hydroelectric power plant project into the planning and revise the plan of Krong H'Nang 2 hydroelectric power plant.

- The project of solar power on Krong H'Nang reservoir with the capacity of 5MW: Continuing to test and evaluate the model already installed on the reservoir bed, research on approach new technologies, building a design plan with investment capacity effective, when having the appropriate conditions, it will be submitted to the general assembly of shareholders for approval.

4. Innovative research and improvement

- In 2018, the company strives to have 08 initiatives, research topics and 25 improvements, rationalization of production.

- Completion of provincial level research projects in 2018:
 - + Operation of inter-lake flood discharge in Ba river, Phu Yen province;
 - + Operation of flood discharge in Vu Gia - Thu Bon river in Quang Nam province
- Implementation of the project to prevent Stalinization of Cau Do water plant and minimizing direct discharge of downstream for Dak Mi 4 hydropower plant;
- Continue to study and report on the project of discharge of flood on the Da river system and other river systems.
- Research and apply topics in the company:
 - + Operation of automatic flood discharge in Krong H'Nang hydropower plant;
 - + Surface treatment of concrete spill site by Polymer material;
 - + Breakwater system on Krong H'Nang spillway for efficient operation.

REPORT OF BOARD OF MANAGEMENT

Company's performance in 2017

In 2017, the water volume of the two lakes is favourable, so the business activities of the two hydropower plants: Krong H'ang, Khe Dien is very good and highest since the beginning of operation to present; Facilitating the Company to effectively implement and fulfil all business targets in 2017 provided by the General Meeting of Shareholders, as follows:

Results of electricity production and business

- The total electricity output of the two hydropower plants is 300.41/209.0 million kWh, reaching 143.74% of the plan (of which, Khe Dien is 53.33/39.0 million kWh, Krong H'ang is 247.08/170.0 million kWh).

- Turnover from electricity production: 327.75/230 billion VND, reaching 142.50% of the plan (of which, Khe Dien is 53.39/43.0 billion VND, Krong H'ang is 274.36/187 billion VND)

- Revenue from consultancy and other services: 5.77/ 5.0 billion VND;

- Profit before tax: 145,07/81.39 billion VND, gaining 178.24% of the plan

- Net profit after tax: 135.91 / 75.59 billion VND, reaching 179.80% of the plan;

- Basic earning per share is 2,254 /1,250 VND/share, achieving 180.32% of the plan.

Investment research project to expand the capacity of Khe Dien Hydropower plant by 6.0 MW

The company has hired an independent consultant company, Vietnam Irrigation Construction Consultancy Company to evaluate the project with feasibility and high investment efficiency. The Board of Directors agreed on the results of the examination of the dossiers related to the technical solutions and the total investment of the project and the adjustment plan to connect the 110 kV voltages to supplement the request for adjustment of planning. The project's investment reports have been approved by the People's Committee of Quang Nam province and submitted to the Ministry of Industry and Trade for consideration and approval.

Consultancy service activities

In order to keep the staff stable, it is necessary to improve the creativity and quality of employees, step by step expand the company's activities, consultancy activities are always encouraged to contribute to increase the company's revenue and income for staff. In 2017, the company signed, implementing many new contracts, the investors and partners appreciate. Turnover of the year reached over 5.26 billion..

Company management

- Company management is always emphasized and reinforced in all aspects of the Company's operations in order to improve the quality, efficiency of work and reasonable saving of operating expenses. Quality Management System of the company is assessed by BSI Vietnam as ISO 9001: 2015; the application has been in-depth and reflects the specific role of the company's staff.

- The Company has fully complied with regulations of the State in electricity production and business. The management on technique, repair, maintenance, troubleshooting equipment, OSH – Fire protection is implemented well, ensuring two hydro power plants operating stably, safely and effectively, no labor accident or performance problems happening.

About the research, initiative and improvement

With the motto "Innovative thinking, company development", the company has encouraged the staffs to actively participate in the movement "Promoting innovation, rationalization" to bring more efficiency in the operation. In the past year, the company has had six initiatives, 14 improvements have been made.



Evaluation of the Board of Directors on the activities of the Board of Directors

- General Director has well performed the functions of production and business management, promptly reports the proposed contents and submits to the Board of Management for consideration, approval and strictly implemented the contents of the Resolution Board of Management; To organize the implementation of the regulations on labourers in the company such as social insurance, health insurance, unemployment insurance ...; Settlement of wages by contracting mechanism 8.0% of total revenue. The Board of Management highly appreciates the management capacity of the General Director of the Company, always create and implement many solutions to bring efficiency to the Company. In 2017, the basic earnings per share will be 2,254 dong/share; the first dividend payment for the first phase of the year will be made on 08/01/2018 with the total amount of 48.23 billions dong.

- The Board of Directors is composed of the General Director, 01 Deputy General Director, Chief Accountant and 06 Heads of Divisions, Department of Personnel and Administration, Department of Economics and Planning, Department of Finance and Accounting, Department of Electrical Engineering, Research and Development Department, ISO Board and 03 affiliated branches (02 hydroelectric plants: Khe Dien, Krong H'ang and Dam Safety Consultant and Test Center), The Board of Management of the Company has complied with the laws, the Charter and internal management regulations of the Company. In 2017, the Management Officers have made efforts, tried to complete Good role, contributing to the excellent results of the entire company.

The plans, direction of the Board of Directors

In 2018, continue to maintain stable operation of the Company by operating effectively the Khe Dien and Krong H'ang hydropower plant s, promoting good innovations. With that situation, the Board of Management is planning the following activities:

Organize to manage the safe and efficient operation of Khe Dien and Krong H'ang hydropower plants, the total electricity production reached 222.0 million kWh, the total electricity sales reached 250.50 billion VND. The dividend is expected to reach 15% or more.

Improve the management: continue to improve the capacity of management staff to meet the development requirements of the company.

Promote innovation, improve and rationalize production effectively in all production and business activities of the company.

Research and investment

- Expansion of Khe Dien Hydropower Plant will add another 6.0 MW unit, bringing the total capacity of the plant to 15.0 MW: Submit to the Annual General Meeting of Shareholders for approval in 2018, assigning the Board of Directors to deal with the relevant procedures for supplementing the planning and considering the decision on investment; bring in better cash flow in the following years for Shareholders.

- Krong H'Nang 2 Hydropower Project and Song Tranh 1 Hydropower Plant: The Company will continue to study the investment plan, work with the Ministry of Industry and Trade, the People's Committees of Phu Yen, Dak Lak and Quang Nam provinces to apply for approval of adjustments and additions to the planning, at appropriate time, we will be submitted to shareholders for approval to implement in order to improve operational efficiency.

Consulting services: Continuing to execute the signed design consultancy and management contracts and seek new contracts; Striving for revenue in 2018 to reach 7.0 billion.



REPORT OF BOARD OF SUPERVISORS

Members and structures of Board of Supervisors



Ms. Phan Thi Anh Dao
Chief of Board of Supervisors



Ms. Nguyen Thi Tran Thao
Member of Board of Supervisors



Mr. Tran Quang Can
Member of Board of Supervisors

Summary of activity results of Board of Supervisors

In 2017, Activities of Board of Supervisors mainly focused on the functions and duties of Board of Supervisors in accordance with the law and the charter of the Company, as follows:

- To supervise the operation and compliance of Board of Directors and Executive Board in managing and operating the Company with the provisions of law and the Charter of the Company.
- Supervising the implementation of the contents of the Annual General Meeting of Shareholders approved on 18/04/2017.
- Fully participating in all meetings of the Board of Directors, the Chief of the Board of Supervisors will attend monthly meetings and other important meetings of the Company to closely monitor the Company, maintain the coordination closely between the Board of Supervisors and the Board of Directors, Executive Board of the Company and other affiliated units;
- Appraising quarterly, biannual and annual the financial statement of the company. Evaluating the financial situation as well as the preservation and development of equity in an honest and objective manner;
- Based on the inspection for performance of the whole company, the Board of Supervisors has proposed to the Board of Management and Board

of Directors to adjust and supplement the solutions to ensure the management is tight, avoid the risk during operation;

- Perform other tasks as prescribed

Meetings of Board of Supervisors

In 2017, the Board of Supervisors held four meetings to hear the report on the activities of the Controllers. The Board of Supervisors agreed on the main contents as follows :

- Passing the appraisal, comment and evaluation on the financial data of the 2017 semi-annual report
- Review of financial statements of third quarter of 2017;
- Approving the Financial Statement of 2017 reviewed by AAC Auditing and Accounting Limited Company;
- Quarterly, the Board of Supervisors checked the performance of the Company's business and production activities, assessed the management and operation of the Board of Management, the Board of Directors and the implementation of the Resolution of the General Meeting of Shareholders 2017..

Evaluation of the Board of Supervisors on the results of operations of the Company and the implementation of the Resolution of the General Meeting of Shareholders 2017

In the year 2017, the water volume of the two lakes is favourable, so the business activities of the

two hydropower plants: Krong H'rang, Khe Dien are very good and the highest since the beginning of operation to present; Facilitate the Company to effectively implement the work plan for 2017. The results of the implementation of the business targets are as follows:

With the business results of the company in 2017 as above, the Board commented as follows: electricity output was 143.74%; Revenue reached 141.92% of the plan in 2017 and exceeded 57% compared to 2016. Profit before tax reached 178.24% of the plan and exceeded 108.4% compared with 2016. Basic earnings per share exceeded 118, 62% compared to 2016.

The performance of targets in the Resolution of the General Meeting of Shareholders

- Implementation of production and business targets: With the above business results, in 2017, the Company has completed and exceeded all production and business norms set by the General Meeting of Shareholders of 2017;

- Payment of dividend in 2016 is 10% in cash in May 2017;

- The Company has utilized after-tax profit in 2017 to set up funds as prescribed; to ensure the obligation to pay the State budget in full;

- Payment of remuneration to the Board of Management, Board of Supervisors in 2017 is in accordance with the norm approved by the Annual General Meeting of Shareholders in 2017;

- Purchase of shares as treasury shares: The Company has carried out the procedures for buying shares in accordance with the regulations of the State Securities Commission, Ho Chi Minh City Stock Exchange and Vietnam Securities Depository. The company informed all shareholders to trade, but only bought 60 shares/24.781 shares are expected to buy.

- For the investment project to expand Khe Dien Hydropower plant by 6.0MW, increasing the total capacity of the plant to 15MW:

- + The project has been assessed by the Appraisal Agency- Vietnam Irrigation Construction Consulting Corporation to be feasible, high investment efficiency; it has been approved by the Company's Board of Management on the results of examination of documents related to technical solutions and total investment of the project.

- + On 16/11/2017, the People's Committee of Quang Nam province has sent a letter to the Ministry of Industry and Trade for adjusting the capacity of the Khe Dien hydroelectric plant in Quang Nam province. The company is working with the Ministry of Industry and Trade to approve the project expansion plan as regulated.

Supervision results for Board of Management, Board of Directors and managers

Management and administration result of the Board of Management

In 2017, the Board of Management held 04 regular meetings to direct the Company to implement the targets set by the General Meeting of Shareholders in 2017. The Board of Supervisors assesses the performance of the Board of Management during the year is in accordance with the law and the Company's Charter, meeting the requirements of production and business activities of the Company.

The Board of Management has issued many resolutions and decisions related to the Company's activities within the scope of responsibility and authority of the Board of Management. Meetings of the Board of Management were recorded by the company secretary in full minutes in accordance with the content agreed and announced the full resolution in accordance with the regulations on the stock market.



Management and administration result of the Board of Directors

The Board of Directors has implemented the guidelines and resolutions proposed by the Board of Management in accordance with the functions, duties and powers of the Board of Directors as stipulated in the Charter of the Company. The results of implementing the policies and resolutions of the Board of Management are fully reported by

the General Director at the meetings of the Board of Management.

The Board of Directors of the Company has effectively operated the two hydropower plants, prepared the production, business plan, repair and maintenance equipment periodically in the year in accordance with the actual situation with the source of water for electricity production.

The Board of Supervisors did not find any abnormalities in the activities of the Board of Management, Board of Directors and Managers in the Company. Board of Management, Board of Directors and Managers of company has try best with high sense of responsibility to bring the best benefit to the Company and shareholders, determined to well implement the business plan in 2017 proposed by the General Meeting of Shareholders.

Evaluation of the Performance of Board of Supervisors in 2017

- During the time of performance of duties, the Board of Supervisors always receives the support

of shareholders, the interest and facilitation of the Board of Management, Board of Directors and all staffs of the Company. The Board of Supervisors has performed the duties honestly and prudently in accordance with the current laws of the State and the Charter of the Company.

- Over one year of operation, the Board of Supervisors has completed the tasks assigned by the General Meeting of Shareholders, contributing together with the Board of Directors and the Board of Directors to implement the targets and tasks approved by the General Meeting of Shareholders, and investors when contributing capital to Song Ba Joint Stock Company.

Recommendation and work plan of Board of Supervisors in 2018

Recommendation

Through the monitoring of the company, the Board of Supervisors has some recommendations as follows:



- Recognizing the efforts of the Board of Directors as well as all staffs, the Board of Supervisors recognizes that the Company should provide reasonable remuneration policies to maintain excellent staff, strengthen key personnel to improve the results achieved.

- In 2017, the company has many innovative ideas that have been highly appreciated by agencies and units. The company has signed many new consulting contracts such as: Supply and installation of Lake water level meter, automatic rain measuring for hydropower reservoir owners. In 2018, the company needs to step up consultancy to confirm the value of the company.

Work plan of Board of Supervisors in 2018

The work plan of Board of Supervisors in 2018 focuses on the following key tasks:

- Regularly checking the implementation of the resolutions of the General Meeting of Shareholders,

the compliance on Charter of Board of Management, the Board of Directors and the functional departments of the company;

- Control of financial statements: Evaluating the completeness, legality and accuracy of accounting records and the preparation of quarterly, biannual and annual financial statements of the Company;


- The Board of Supervisors will maintain and intensify the periodical control, ensuring the Company's activities comply with the provisions of law, contributing to the development of the Company, ensuring the interests of shareholders and rights, labour benefits;

- And implementing other work as prescribed.



Part IV. MANAGEMENT OF COMPANY





THE BOARD OF MANAGEMENT AND BOARD OF DIRECTORS OF SBA HAVE SHOWN THE CREATIVITY, FLEXIBILITY IN THE ROLE OF LEADERSHIP AND MANAGEMENT FOR THE DEVELOPMENT OF THE COMPANY AND ENSURED THE HIGHEST INTERESTS OF SHAREHOLDERS.

MEMBERS AND STRUCTURES OF BOARD OF MANAGEMENT

BOARD OF MANAGEMENT



Mr. Nguyen Thanh

Chairman of Board of Management
Holding 2.100 shares, accounting for
0.003% Charter capital of SBA



Mr. Thai Van Thang

Deputy Chairman of Board of Management
Holding 84.000 shares, accounting for
0.14% Charter capital of SBA



Mr. Pham Phong

Member of Board of Management
Holding 312.175 shares, accounting for
0.52% Charter capital of SBA



Mr. Truong Thanh Nam

Member of Board of Management
Holding 0 shares, accounting for 0%
Charter capital of SBA



Mr. Nguyen Luong Minh

Member of Board of Management
Holding 4.935 shares, accounting for
0.01% charter capital of SBA

Sub-committees of the Board of Management

The Board of Management does not set up sub-committees.

ACTIVITIES OF THE BOARD OF MANAGEMENT

In 2017, the Board of Management held 4 meetings. Specifically:

Member of Board of Management	Title	Number of meeting participated	Participating rate
Nguyen Thanh	Chairman	4	100%
Thai Van Thang	Deputy Chairman	4	100%
Pham Phong	Member	4	100%
Nguyen Luong Minh	Member	4	100%
Truong Thanh Nam	Member	4	100%

And issuing the following resolutions and decisions:

No.	Resolution/Decision No.	Dated	Content
1	Resolution No. 01/17/ NQ-HĐQT	24/03/2017	Adoption of business results in Quarter 4 th of 2016; Business plan in 2017, quarter 1 st of 2017 and other related contents.
2	Resolution No. 02/17/ NQ-HĐQT	28/06/2017	Adoption of the results of the work performed by the Company in Quarter 1 st , 2 nd of 2012, work plan and other related contents.
3	Resolution No. 03/17/ NQ-HĐQT	12/09/2017	Adoption of the results of the company's performance in the second quarter, the first six months and the plan for the third quarter of 2017.
4	Resolution No. 04/17/ NQ-HĐQT	30/11/2017	Implementing advance payment for dividend in phase 1 of 2017
5	Resolution No. 05/17/ NQ-HĐQT	12/12/2017	Notifying the results of the company's performance in Third quarter; First 9 months; Work plan for quarter 4/2017 and other relevant contents.
6	Decision No. 01/17/ QĐ-S3-HĐQT	27/04/2017	Dividend payment in 2016 by Song Ba Joint Stock Company.
7	Decision No. 02/17/ QĐ-HĐQT	09/05/2017	To approve the contract on establishment of EWP for the water conservation project to create a landscape for Dak Ke waterfall and to calculate the minimum discharge flow after reservoir B of Dak Bon hydropower plants
8	Decision No. 03/17/QĐ/ S3-HĐQT	22/06/2017	Lengthening the time served as Director of Song Ba Joint Stock Company - Krong H'Nang hydropower plant.
9	Decision No. 04/17/ QĐ-S3-HĐQT	28/07/2017	Dismissed Director of Branch of Song Ba Joint Stock Company - Dam Safety Consultancy and Testing Center.
10	Decision No. 05/17/QĐ/ S3-HĐQT	28/07/2017	Appointing Director of Branch of Song Ba Joint Stock Company - Dam Safety Consultancy and Testing Center.
11	Decision No. 06/17/ QĐ-HĐQT	10/08/2017	Approval of the purchase of shares of the Shareholder to make Treasury shares of SBA.
12	Decision No. 07/17/ QĐ-S3-HĐQT	30/10/2017	Establishment of Research and Development Department
13	Decision No. 08/17/ QĐ-HĐQT	12/12/2017	Appointing the person in charge of Management of Company

Training on company management: No

TRANSACTIONS ON REMUNERATION AND BENEFITS OF THE BOARD OF MANAGEMENT, BOARD OF DIRECTORS AND BOARD OF SUPERVISORS

Salaries, bonuses, remunerations, benefits:

No.	Full name	2017			Ghi chú
		Remunerations	Salary (VND/year)	Bonus ((VND/year)	
1	Board of Management	432.000.000	466.230.000	313.500.000	
	Nguyen Thanh	120.000.000		91.000.000	
	Thai Van Thang	96.000.000		72.500.000	
	Pham Phong	72.000.000	466.230.000	82.000.000	
	Nguyen Luong Minh	72.000.000		34.000.000	
	Truong Thanh Nam	72.000.000		34.000.000	
2	Board of Supervisors	182.180.000		48.356.018	
	Phan Thi Anh Dao	58.480.000		48.356.018	
	Nguyen Thi Tran Thao	63.700.000			
	Tran Quang Can	60.000.000			
3	Board of Directos	48.000.000	470.360.500	90.000.000	
	Pham Phong				As a member of the Board
	Nguyen The Duy	48.000.000	248.285.500	45.000.000	Deputy General Director, cum secretary
	Pham Thai Hung		222.075.000	45.000.000	

Transactions of related people of the Company with the Company:

- Transactions between the Company and related people of the company; or between the company and major shareholders, internal people, internal people related: None
- Transactions between internal people of listed in company, affiliated people of insiders and subsidiaries, companies controlled by the company: No
- Transactions between the Company and the Company in which the members of the Board of Directors, members of the Supervisory Board and the Managing Director have been or have been founding members or members of the Board of Directors or General Directors for a period of three (03) years back here (calculated at the time of making the report): Yes

On 09/05/2017, The Board of Management of Song Ba Joint Stock Company has issued Decision No. 02/17/QD-HDQT on: "Approving the contract on establishment of Accounting and auditing council for construction work of landscape of Dak Ke waterfall and determination of traffic volume minimum flow behind Lake B - Dak Nong hydropower plants" with Power Investment Joint Stock Company 3, the contract value is 177,056,000 VND

- Transactions between the company and the company in which the affiliated person of the member of the Board of Directors, member of the Supervisory Board, the General Director is a member of the Board of Directors, the General Director: None
- Other transactions of the Company (if any) can bring material or non material benefits to members of the Board of Directors, members of the Board of Supervisory, General Director: None.

Stock transactions of internal people and people relating with internal people

- Transactions of internal people and people relating with internal people: None

The implementation of Company Management regulations

Participating to stock market since 2010, the Company always maintains up-to-date regulations promulgated by the State Securities Commission and strictly apply to the internal management of the Company.



Part V.

AUDITED FINANCIAL STATEMENT





THE FINANCIAL STATEMENTS GIVE A TRUE AND FAIR VIEW OF THE
FINANCIAL POSITION OF THE COMPANY

- ◆ **STATEMENT BY BOARD OF DIRECTORS**
- ◆ **AUDIT REPORT**
- ◆ **CONTENT OF FINANCIAL STATEMENT**

REPORT OF THE MANAGEMENT

The Management of Song Ba Joint Stock Company is pleased to present this report together with the audited financial statements for the year ended 31/12/2017.

Overview

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

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

Charter capital: VND604,882,610,000

Paid-in capital as at 31/12/2017: VND 604,882,610,000

The Company has 3 dependent entities, namely:

Branch of Song Ba Joint Stock Company - Khe Dien Hydropower Plant;

Branch of Song Ba Joint Stock Company - Krong H'ang Hydropower Plant;

Branch of Song Ba Joint Stock Company - Dam Safety Testing and Consulting Center.

Principal activities

Generating, transmitting and distributing electricity. Detail: Generating and trading electricity;

Architectural activities and related technical consultancy. Detail: Consultancy on preparing investment project of construction works, surveying, designing to construct hydropower, hydraulic projects with capacity up to 30MW, electricity transmission lines and transformer stations up to 110KV; Consultancy on monitoring construction, managing

small and medium-scaled hydropower projects, electricity transmission lines and transformer stations up to 110KV; Monitoring the construction of hydropower, hydraulic projects; Consultancy on verifying, testing quality of dam and hydropower plants; Design of engineering infrastructure works (traffice, supply of water for daily life in rural areas); Consultancy on investigation, collection, calculation, forecast of meteorology, hydrology of construction phases; Consultancy on preparing investment projects of construction, civil, engineering infrastructure works, aquariums, river bank and coast protection works; Consultancy on assessing quality of construction works; Geodetic survey of works;

Construction of other civil engineering projects. Detail: Investing in construction of hydropower projects; construction of hydropower projects with capacity up to 30MW, electricity transmission lines and transformer stations up to 110KV; Repairing, maintaining hydropower plants; construction of small and medium-scaled projects;

Wholesale of other construction materials, installation equipment;

Exploiting stone, sand, gravel and clay. Detail: Exploitation of minerals;

Other specialized construction activities. Detail: Dredging lake bed;

Vocational education. Detail: Vocational training consultancy (management and operation of hydropower plants);

Management consultancy activities. Detail: Consultancy on solutions to environment, agricultural resettlement, residential resettlement;

Other construction installation activities. Detail: Installing equipment for construction works;

Wholesale of other machinery, equipment, parts. Detail: Wholesale of mechanical and electrical equipment, materials;

Research and experimental development on natural sciences and engineering. Detail: Research and manufacture of mechanical and electrical parts of hydropower plant; transfer of technology for construction techniques, equipment;

Real estate activities with own or leased property. Detail: Leasing land, workshop and warehouse.

Head office

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

Employees

As at 31/12/2017, the Company had 114 employees, including 11 managing officers.

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

Board of Directors

Mr. Nguyen Thanh Chairman Appointed on 10/04/2015

Mr. Thai Van Thang Vice Chairman Appointed on 10/04/2015

Mr. Pham Phong Member Appointed on 10/04/2015

Mr. Nguyen Luong Minh Member Appointed on 10/04/2015

Mr. Truong Thanh Nam Member Appointed on 10/04/2015

Supervisory Board

Ms. Phan Thi Anh Dao Head of Supervisory Board Appointed on 22/04/2016

Ms. Nguyen Thi Tran Thao Member Appointed on 22/04/2016

Mr. Tran Quang Can Member
Reappointed on 10/04/2015

Management and Chief Accountant

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

Mr. Nguyen The Duy Deputy General Director
Reappointed on 02/05/2015

Mr. Pham Thai Hung Chief Accountant
Reappointed on 01/06/2015

Independent auditor

These financial statements have been audited by AAC Auditing and Accounting Company Ltd (Head office: Lot 78-80, April 30th Street, Hai Chau District, Danang City; Tel: (84) 236.3655886; Fax:

(84) 236.3655887; Website: www.aac.com.vn; Email: aac@dng.vnn.vn).

Responsibility of the Management in preparation and presentation of the financial statements

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

Complying with the Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and other relevant regulations;

Selecting suitable accounting policies and then applying them consistently;

Making judgments and estimates that are reasonable and prudent;

Preparing the interim financial statements on the going concern basis;

Responsibility for such internal control as the Management determines is necessary to enable the preparation and presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

The members of the Company's Management hereby confirm that the accompanying financial statements including the balance sheet, the income statement, the statement of cash flows and the notes to the financial statements give a true and fair view of the financial position of the Company as at 31/12/2017 and the result of its operations and its cash flows for the year then ended in accordance with the Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and the statutory requirements relevant to preparation and presentation of the financial statements.

On behalf of the Management



Pham Phong
General Director

Da Nang City, 10 March 2018

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Song Ba Joint Stock Company ("the Company") as prepared on 18/01/2018 and set out on pages 5 to 33, which comprise the balance sheet as at 31/12/2017, the income statement, statement of cash flows, and notes to the financial statements for the year then ended.

Management's Responsibility for the Financial Statements

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of

material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31/12/2017, and its financial performance and its cash flows for the year then ended in accordance with the Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and the statutory requirements relevant to the preparation and presentation of financial statements.

AAC Auditing and Accounting Co., Ltd.



Tran Thi Thi Hien – Deputy General Director
Audit Practicing Registration Certificate
No. 0753-2018-010-1

Đà Nẵng, ngày 10 tháng 03 năm 2018

Do Thi Phuong Thuy – Auditor
Audit Practicing Registration Certificate
No. 2970-2014-010-1



BALANCE SHEET

As at 31/12/2017

ASSETS	Code	Note	31/12/2017 VND	01/01/2017 VND
A. CURRENT ASSETS	100		131,703,616,479	86,738,892,153
I. Cash and cash equivalents	110	5	52,623,448,960	14,819,783,143
1. Cash	111		7,623,448,960	14,819,783,143
2. Cash equivalents	112		45,000,000,000	-
II. Short-term financial investments	120		-	-
III. Short-term receivables	130		74,424,631,849	64,573,199,461
1. Short-term trade receivables	131	6	58,568,800,663	48,425,521,593
2. Short-term prepayments to suppliers	132	7	359,966,109	3,358,851,758
3. Other short-term receivables	136	8.a	15,495,865,077	12,788,826,110
IV. Inventories	140	9	1,748,203,898	2,077,928,466
1. Inventories	141		1,748,203,898	2,077,928,466
2. Provision for decline in value of inventories	149		-	-
V. Other current assets	150		2,907,331,772	5,267,981,083
1. Short-term prepaid expenses	151	10.a	2,362,804,797	4,846,684,290
2. Deductible VAT	152		506,628,588	421,296,793
3. Taxes and amounts recoverable from the State	153	16	37,898,387	-
B. LONG-TERM ASSETS	200		1,253,946,118,953	1,316,146,018,494
I. Long-term receivables	210		2,004,000,000	2,004,000,000
1. Long-term trade receivables	211		-	-
2. Other long-term receivables	216	8.b	2,004,000,000	2,004,000,000
II. Fixed assets	220		1,235,197,127,032	1,295,414,238,228
1. Tangible fixed assets	221	11	1,230,021,865,232	1,290,232,698,669
- Cost	222		1,600,806,526,741	1,600,087,543,741
- Accumulated depreciation	223		(370,784,661,509)	(309,854,845,072)
2. Intangible fixed assets	227	12	5,175,261,800	5,181,539,559
- Cost	228		5,478,061,800	5,478,061,800
- Accumulated amortization	229		(302,800,000)	(296,522,241)
III. Investment properties	230		-	-
IV. Long-term assets in progress	240		8,721,214,787	5,691,273,761
1. Long-term work in process	241		-	-
2. Construction in progress	242	13	8,721,214,787	5,691,273,761
V. Long-term financial investments	250		-	-
VI. Other long-term assets	260		8,023,777,134	13,036,506,505
1. Long-term prepaid expenses	261	10.b	8,023,777,134	13,036,506,505
2. Other long-term assets	268		-	-
TOTAL ASSETS	270		1,385,649,735,432	1,402,884,910,647

RESOURCES	Code	Note	31/12/2017 VND	01/01/2017 VND
C. LIABILITIES	300		671,746,695,264	714,301,340,927
I. Current liabilities	310		157,012,695,264	130,397,340,927
1. Short-term trade payables	311	14	2,035,065,973	5,910,174,163
2. Short-term advances from customers	312	15	518,903,666	1,134,215,089
3. Taxes and amounts payable to the State	313	16	17,390,931,385	18,771,430,469
4. Payables to employees	314		3,331,843,210	1,169,557,865
5. Short-term accrued expenses	315	17	9,647,091,080	8,779,658,446
6. Other short-term payables	319	18	54,822,824,651	25,391,903,134
7. Short-term loans and finance lease liabilities	320	19.a	67,870,000,000	67,720,000,000
8. Reward and welfare fund	322		1,396,035,299	1,520,401,761
II. Long-term liabilities	330		514,734,000,000	583,904,000,000
1. Long-term trade payables	331		-	-
2. Long-term loans and finance lease liabilities	338	19.b	514,734,000,000	583,904,000,000
D. EQUITY	400		713,903,040,168	688,583,569,720
I. Owners' equity	410		713,903,040,168	688,583,569,720
1. Share capital	411	20	604,882,610,000	604,882,610,000
- Common shares with voting rights	411a		604,882,610,000	604,882,610,000
- Preferred shares	411b		-	-
2. Share premium	412	20	(95,000,000)	(95,000,000)
3. Other owners' equity	414	20	7,260,810,603	7,260,810,603
4. Treasury shares	415	20	(1,589,850,333)	(1,588,920,333)
5. Investment and development fund	418	20	15,130,424,088	13,916,957,675
6. Undistributed profit	421	20	88,314,045,810	64,207,111,775
- Undistributed profit up to prior year-end	421a	20	635,264,318	-
- Undistributed profit this year	421b	20	87,678,781,492	64,207,111,775
II. Other resources and funds	430		-	-
TOTAL RESOURCES	440		1,385,649,735,432	1,402,884,910,647



Pham Phong
General Director

Da Nang City, 18 January 2018

Pham Thai Hung
Chief Accountant

Truong Ngoc Hung
Preparer

INCOME STATEMENT

Cho năm tài chính kết thúc ngày 31/12/2017

ITEMS	Code	Note	Year 2017 VND	Year 2016 VND
1. Revenue from sales and service provision	01	21	333,016,036,443	211,905,171,350
2. Revenue deductions	02		-	-
3. Net revenue from sales and service provision	10		333,016,036,443	211,905,171,350
4. Cost of goods sold	11	22	111,750,120,873	67,903,953,844
5. Gross profit from sales and service provision	20		221,265,915,570	144,001,217,506
6. Financial income	21	23	274,292,146	33,271,356
7. Financial expenses	22	24	58,632,807,677	64,384,939,106
<i>Including: Interest expense</i>	23		57,950,013,948	64,181,390,598
8. Selling expenses	25		-	-
9. Administration expenses	26	25	17,597,017,392	9,515,198,946
10. Operating profit	30		145,310,382,647	70,134,350,810
11. Other income	31	26	232,258,928	293,935,090
12. Other expenses	32	27	471,183,847	811,458,232
13. Other profit	40		(238,924,919)	(517,523,142)
14. Accounting profit before tax	50		145,071,457,728	69,616,827,668
15. Current corporate income tax expense	51	28	9,162,059,436	5,409,715,893
16. Deferred corporate income tax expense	52		-	-
17. Profit after tax	60		135,909,398,292	64,207,111,775
18. Basic earnings per share	70	29	2,254	1,031
19. Diluted earnings per share	71	29	2,254	1,031



Phạm Phong
General Director

Phạm Thái Hùng
Chief Accountant

Trương Ngọc Hùng
Preparer

Da Nang City, 18 January 2018



STATEMENT OF CASH FLOWS

For the year ended 31/12/2017 kết thúc ngày 31/12/2017

ITEMS	Code	Note	Year 2017 VND	Year 2016 VND
I. Cash flows from operating activities				
1. Cash receipts from sales and service provision and other income	01		332,390,760,450	246,259,882,759
2. Cash paid to suppliers	02		(29,733,526,301)	(24,760,519,175)
3. Cash paid to employees	03		(22,748,691,024)	(15,344,209,688)
4. Cash paid for borrowing interest	04	17, 24	(58,155,363,221)	(64,085,675,264)
5. Cash paid for corporate income tax	05	16	(11,853,193,224)	(5,623,744,468)
6. Other cash receipts from operating activities	06		64,226,397,478	45,449,235,331
7. Other payments for operating activities	07		(83,156,001,276)	(55,024,663,592)
Net cash provided by operating activities	20		190,970,382,882	126,870,305,903
II. Cash flows from investing activities				
1. Purchases of fixed assets and other long-term assets	21		(5,250,330,712)	(410,349,329)
2. Dividends, profit, interest received	27	23	192,569,930	33,271,356
Net cash used in investing activities	30		(5,057,760,782)	(377,077,973)
III. Cash flows from financing activities				
1. Repayments of contributed capital, recall of issued stocks	32		(930,000)	-
2. Proceeds from borrowings	33	19	3,439,776,200	12,750,300,077
3. Repayments of borrowings	34	19	(72,459,776,200)	(73,830,300,077)
4. Dividends, profit paid to owners	36	18,20	(79,088,026,283)	(51,431,604,970)
Net cash used in financing activities	40		(148,108,956,283)	(112,511,604,970)
Net cash flows for the period	50		37,803,665,817	13,981,622,960
Cash and cash equivalents at the beginning of the period	60	5	14,819,783,143	838,160,183
Impact of exchange rate fluctuations	61		-	-
Cash and cash equivalents at the end of the period	70	5	52,623,448,960	14,819,783,143



Pham Phong
General Director

Da Nang City, 18 January 2018

Pham Thai Hung
Chief Accountant

Truong Ngoc Hung
Preparer



NOTES TO THE FINANCIAL STATEMENTS

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

1 NATURE OF OPERATIONS

1.1 Overview

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

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

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

1.3 Operating activities

Generating, transmitting and distributing electricity. Detail: Generating and trading electricity;

Architectural activities and related technical consultancy. Detail: Consultancy on preparing investment project of construction works, surveying, designing to construct hydropower, hydraulic projects with capacity up to 30MW, electricity transmission lines and transformer stations up to 110KV; Consultancy on monitoring construction, managing small and medium-scaled hydropower projects, electricity transmission lines and transformer stations up to 110KV; Monitoring the construction of hydropower, hydraulic projects; Consultancy on verifying, testing quality of dam and hydropower plants; Design of engineering infrastructure works (traffic, supply of water for daily life in rural

areas); Consultancy on investigation, collection, calculation, forecast of meteorology, hydrology of construction phases; Consultancy on preparing investment projects of construction, civil, engineering infrastructure works, aquariums, river bank and coast protection works; Consultancy on assessing quality of construction works; Geodetic survey of works;

Construction of other civil engineering projects. Detail: Investing in construction of hydropower projects; construction of hydropower projects with capacity up to 30MW, electricity transmission lines and transformer stations up to 110KV; Repairing, maintaining hydropower plants; construction of small and medium-scaled projects;

Wholesale of other construction materials, installation equipment;

Exploiting stone, sand, gravel and clay. Detail: Exploitation of minerals;

Other specialized construction activities. Detail: Dredging lake bed;

Vocational education. Detail: Vocational training consultancy (management and operation of hydropower plants);

Management consultancy activities. Detail: Consultancy on solutions to environment, agricultural resettlement, residential resettlement;

Other construction installation activities. Detail: Installing equipment for construction works;

Wholesale of other machinery, equipment, parts. Detail: Wholesale of mechanical and electrical equipment, materials;

Research and experimental development on natural sciences and engineering. Detail: Research and manufacture of mechanical and electrical parts of hydropower plant; transfer of technology for construction techniques, equipment;

Real estate activities with own or leased property. Detail: Leasing land, workshop, and warehouse.

1.4. Normal course of business cycle

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

1.5. Business structure

As at 31/12/2017, the Company has 3 dependent entities, namely:

Branch of Song Ba Joint Stock Company - Khe Dien Hydropower Plant;

Branch of Song Ba Joint Stock Company - Krong H'rang Hydropower Plant;

Branch of Song Ba Joint Stock Company - Dam Safety Testing and Consulting Center.

2. ACCOUNTING PERIOD, CURRENCY USED IN ACCOUNTING

The annual accounting period of the Company is from 1 January to 31 December.

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

3. APPLIED ACCOUNTING STANDARDS AND ACCOUNTING SYSTEM

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1. Cash and cash equivalents

Cash includes cash on hand, demand bank deposits and cash in transit.

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

4.2. Receivables

Receivables include trade receivables and other receivables:

Trade receivables are trade-related amounts arising from trading activities between the Company and its customers;

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

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

4.3. Inventories

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

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

Materials, tools, instruments: Cost comprises costs of purchase, costs of conversion and any directly attributable costs of bringing the inventories to their present location and condition.

Finished products: Cost comprises cost of direct materials and labour plus attributable overhead based on the normal level of activities.

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

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

4.4. Tangible fixed assets

Cost

Tangible fixed assets are stated at cost less accumulated depreciation.

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

Depreciation

Depreciation of tangible fixed assets is calculated on a straight-line basis over their estimated useful

lives. The depreciation period is in conformity with Circular No. 45/2013/TT-BTC dated 25 April 2013 by the Ministry of Finance. Details are as follows:

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

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

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

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

$$A = \frac{B}{C \times D} \times E$$

A: The depreciation level in the period

B: Cost of fixed assets

C: Depreciation time of fixed assets as registered with the tax office

D: Average design capacity per year

E: Actual output of electricity generated during the period

4.5. Intangible fixed assets

Cost

Intangible fixed assets are stated at cost less accumulated amortization.

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

Land use rights

Intangible fixed assets are land use rights including:

The land use right allocated by the State with land use fee or receiving the transfer of legal land use right (including term and non-term land use right).

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

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

Amortization

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

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

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

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

4.6. Prepaid expenses

Prepaid expenses are reported as short-term or long-term prepaid expenses. These are expenditures that have been incurred but related to the operations

of many accounting periods. The Company's primary prepayments are as follows:

Cost of tools and instruments being put into use and repair expenses are amortized in accordance with the straight-line method for a period ranging from 12 to 36 months;

Costs of afforestation are amortized in accordance with the straight-line method for 60 months;

Cost of forest tending is amortized with the straight-line method for 12 months from the acceptance on forest tending.

Insurance expenses of assets, cars are amortized in accordance with the straight-line method over the purchase term stated in the contracts;

Other prepaid expenses: the Company selects appropriate method and criteria of allocation over the period in which economic benefits are expected to be received based on the nature and extent of the prepaid expenses.

4.7. Payables

Payables include trade payables and other payables:

Trade payables are trade-related amounts, arising from trading activities between the company and its suppliers;

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

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

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

4.8. Loans and finance lease liabilities

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

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

Borrowing costs

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

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

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

4.9. Accrued expenses

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

4.10. Owners' equity

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

Treasury shares

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

Share premium

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

between the re-issue price and book value, costs directly related to the re-issuance of shares.

Profit distribution

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

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

4.11. Recognition of revenue and other income

Revenue from sales of electricity is recognized based on the documents on confirming the power capacity sold to the national power grid and unit price stated in the following Economic Contracts:

For Khe Dien Hydropower Plant Branch: According to Economic Contract No. 05/2011/KHEDIEN/EVNCPC-SBA dated 31/05/2011 and Appendix No. 03 dated 12/10/2016 with Central Power Corporation (unit price is applied in accordance with the avoided cost tariff issued annually by the Electricity Regulatory Authority of Vietnam);

For Krong H'ang: According to Economic Contract No. 06/2012/HD-NMD-KRH dated 10/06/2012 and Contract for Amendment and Supplementation No. 03 dated 24/08/2016 with Viet Nam Electricity (using competitive electricity price).

Revenue from sales and service provision is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Revenue from the sale of goods is recognized in the income statement when the significant risks and rewards of ownership have been transferred to the buyer and there are no significant uncertainties

regarding recovery of the consideration due or the likely return of goods.

Revenue from service provision is recognized when the services have been rendered. In case that the services are to be provided in many accounting periods, the determination of revenue in each period is done on the basis of the service completion rate as of the balance sheet date.

Revenue from financing activities is recognized when revenue is determined with relative certainty and it is possible to obtain economic benefits from the transactions.

Interests are recognized on the basis of the actual term and interest rates.

Dividends and profits shared are recognized when the Company has the rights to receive dividends or profit from the capital contribution. Stock dividends are not recognized as financial revenue. Dividends received in the period before investment date shall be recorded as a decrease in value of investment.

Other income is the income derived out of the Company's scope of business and recognized when it can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company.

4.12. Cost of goods sold

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

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

4.13. Financial expenses

Financial expenses reflect expenses or losses related to financial investment activities: interest expense, interest on installment purchase, interest

on finance lease, payment discounts for buyers, expenses and loss on liquidating, transferring investments; provision for diminution in value of trading securities, provision for loss from investment in other entities, loss from sale of foreign currency, foreign exchange loss and expenses of other investing activities.

4.14. Administration expenses

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

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

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

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

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

4.16 Financial instruments

Initial recognition

Financial assets

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

Financial liabilities

A financial liability is recognized initially at cost

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

Subsequent measurement

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

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

Value Added Tax (VAT): tax rate of 10% is applicable to sales of electricity; other activities are subject to tax rates in accordance with the current regulations.

Corporate Income Tax (CIT):

For Khe Dien Hydropower Plant: Applicable tax rate is 20%.

For Krong H'Nang Hydropower Plant: tax rate of 10% is applicable for 15 years (from 2010 to 2024), exempted from corporate income tax for 4 years as from the time the taxable income is made and entitled to 50% reduction of corporate income tax for the next 9 years. Since 2010 was the first year Krong H'Nang Hydropower Plant has made taxable income, the Company is exempted from corporate income tax from 2010 to 2013 and entitled to 50% reduction of corporate income tax from 2014 to 2022.

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

Other activities are subject to CIT rate of 20%.

Other taxes and obligation are fulfilled in accordance with the prevailing regulations.

1.1 Related parties

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

5. Cash

	31/12/2017	01/01/2017
Cash on hand	454,844,771	787,921,797
Demand bank deposits	7,168,604,189	14,031,861,346
Bank deposits with term under 3 months	45,000,000,000	-
Total	52,623,448,960	14,819,783,143

6. Short-term trade receivables

	31/12/2017	01/01/2017
Central Power Corporation	7,953,161,832	8,214,963,977
Electricity Power Trading Company	46,556,966,260	39,229,787,178
F.C.L Joint Stock Company	3,558,246,210	822,906,790
Other customers	500,426,361	157,863,648
Total	58,568,800,663	48,425,521,593

In which: trade receivables from related parties

	Relationship	31/12/2017	01/01/2017
Central Power Corporation	Investor	7,953,161,832	8,214,963,977
Electricity Power Trading Company	Affiliate of Viet Nam Electricity	46,556,966,260	39,229,787,178
Total		54,510,128,092	47,444,751,155

7. Short-term prepayments to suppliers

	31/12/2017	01/01/2017
Thuy Loi Technology Transfer and Consulting JSC	37,233,000	2,969,766,000
VietNam Hydraulic Engineering Consultants Corporation - JSC	81,500,000	-
559 Consultant and Construction JSC	98,741,000	-
Phu An Duong JSC	-	210,440,000
Other suppliers	142,492,109	178,645,758
Total	359,966,109	3,358,851,758

8. Other receivables

a. Short-term

	31/12/2017		01/01/2017	
	Amount	Provision	Amount	Provision
Accrued interest	81,722,216	-	-	-
Advances	14,872,066,909	-	12,074,364,614	-
Other receivables	542,075,952	-	714,461,496	-
Total	15,495,865,077	-	12,788,826,110	-

b. Long-term

	31/12/2017		01/01/2017	
	Amount	Provision	Amount	Provision
Deposits, collaterals	2,004,000,000	-	2,004,000,000	-
Total	2,004,000,000	-	2,004,000,000	-

9. Inventories

	31/12/2017		01/01/2017	
	Cost	Provision	Cost	Provision
Materials	352,154,904	-	933,460,018	-
Tools, instruments	1,039,370,000	-	895,760,000	-
Work in process	356,678,994	-	248,708,448	-
Total	1,748,203,898	-	2,077,928,466	-

There are no inventories which are unsold, in poor quality at 31/12/2017.

There are no inventories which were pledged, mortgaged as security for debts as at 31/12/2017.

10. Prepaid expenses

a. Short-term

	31/12/2017	01/01/2017
Insurance expense	115,339,458	52,016,018
Costs of repairing assets	245,701,184	1,917,314,361
Costs of repairing assets of Khe Dien Project	322,504,910	-
Costs of repairing assets of Krong H'ngang Project	917,860,208	1,319,262,364
Forest planting and tending costs of Krong H'ngang Project	761,399,037	1,558,091,547
Total	2,362,804,797	4,846,684,290

b. Long-term

	31/12/2017	01/01/2017
Costs of tools, instruments pending amortization	697,923,754	246,650,381
Overhaul costs of machine units	1,291,205,515	3,317,406,333
Costs of experimental materials	27,833,336	55,666,668
Costs of planting landmark in lake of Krong H'ngang Project	910,428,481	2,048,464,083
Costs of planting landmark in lake of Khe Dien Project	762,110,308	1,287,721,591
Costs of repairing transformers, assets	25,872,807	29,198,125
Costs of building flood map, other expenses	312,736,556	57,899,755
Afforestation costs of Krong H'ngang Hydropower Project	3,995,666,377	5,993,499,569
Total	8,023,777,134	13,036,506,505

11. Tangible fixed assets

	Buildings, architectures	Machinery, equipment	Motor vehicles	Office equipment	Total
Cost					
Beginning balance	1,184,055,609,156	334,580,065,801	81,158,664,955	293,203,829	1,600,087,543,741
Increase in the period	-	-	678,073,909	40,909,091	718,983,000
Decrease in the period	-	-	-	-	-
Ending balance	1,184,055,609,156	334,580,065,801	81,836,738,864	334,112,920	1,600,806,526,741
Depreciation					
Beginning balance	150,485,333,086	132,642,894,806	26,484,572,441	242,044,739	309,854,845,072
Charge for the period	29,578,336,210	25,109,778,638	6,228,060,678	13,640,911	60,929,816,437
Decrease in the period	-	-	-	-	-
Ending balance	180,063,669,296	157,752,673,444	32,712,633,119	255,685,650	370,784,661,509
Net book value					
Beginning balance	1,033,570,276,070	201,937,170,995	54,674,092,514	51,159,090	1,290,232,698,669
Ending balance	1,003,991,939,860	176,827,392,357	49,124,105,745	78,427,270	1,230,021,865,232

As at 31/12/2017, tangible fixed assets with a carrying value of VND1,224,916,248,934 have been mortgaged as collateral for borrowings granted to the Company.

Cost of tangible fixed assets fully depreciated but still in active use at 31/12/2017 is VND11,983,615,508.

There are no tangible fixed assets pending disposal.

There are no commitments to repurchase fixed assets of high value in the future.

Pursuant to Decision No. 293/QĐ – STC dated 29/06/2011 of Da Nang City Finance Department on “Approving the plan for changing useful lives of fixed assets”, the Company has changed the useful lives of most of the fixed assets of Krong H’ang Hydropower Plant since 2011. Other than that, the Company also changed the depreciation method (from the straight-line method to the method based on volume) of the fixed assets directly serving the electricity generation and sent Official Letter No. 223/11/S3-TC dated 09/06/2011 to notify the Tax Department of such change, yet the Company has not received written response from Da Nang City Tax Department.

On 25/04/2013, the Ministry of Finance issued Circular No. 45/2013/TT-BTC guiding the management, use and depreciation of fixed assets. According to Clause c, Point 2, Article 13, one of the conditions for applying the method of depreciation based on volume is that the actual capacity per month in the fiscal year is not less than 100% of design capacity. On 31/07/2013, the Company sent Official Letter No. 279/13/S3-TCKT to the Ministry of Finance asking for the guidance on applying the regulations of Circular 45/2013/TT-BTC to the Company’s actual operations. On 14/10/2013, the Ministry of Finance issued Official Letter No. 13633/BTC-TCDN to permit Song Ba Joint Stock Company to keep applying the method of depreciation based on volume to the fixed assets directly participating in the electricity generation which the Company registered with Da Nang City Tax Department in case of failure to reach 100% of design capacity provided that Song Ba Joint Stock Company must ensure sufficient resources to repay investment loans of credit institutions, and the depreciation period does not exceed the technical life of the assets.

12. Intangible fixed assets

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

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

Cost of intangible fixed assets fully amortized but still in active use at 31/12/2017 is VND302,800,000.

13. Construction in progress

	31/12/2017	01/01/2017
Construction in progress	8,721,214,787	5,691,273,761
- <i>Krong H'nanh 2 Hydropower Plant</i>	3,475,284,736	1,291,509,910
- <i>Song Tranh 1 Hydropower Plant</i>	5,245,930,051	4,399,763,851
Total	8,721,214,787	5,691,273,761

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

14. Short-term trade payables

	31/12/2017	01/01/2017
Infrastructure and Electric Energy Investment Consultancy JSC	916,363,636	763,636,364
Vietnam Trading Communication One Member Co., Ltd	203,400,000	-
Power Engineering Consulting Joint Stock Company 4	-	1,000,000,000
Management Board of Hydropower Project 3	-	3,459,345,969
Other suppliers	915,302,337	687,191,830
Total	2,035,065,973	5,910,174,163

15. Short-term advances from customers

	31/12/2017	01/01/2017
Bao Phuc Tam Co., Ltd	488,903,666	925,371,821
Other customers	30,000,000	208,843,268
Total	518,903,666	1,134,215,089

16. Taxes and amounts payable to the State

	Beginning balance	Amount to be paid	Actual amount paid	Ending balance	
				Payable	Recoverable
Value Added Tax	7,026,068,130	33,759,644,762	33,803,161,287	6,982,551,605	-
Corporate Income Tax	4,035,886,168	9,162,059,436	11,853,193,224	1,344,752,380	-
Personal Income Tax	7,160,005	2,553,801,259	2,598,859,651	-	37,898,387
Natural resources tax	5,693,706,526	24,588,510,057	23,968,701,535	6,313,515,048	-
License fee	-	13,011,000	13,011,000	-	-
Forest environment service fee	2,008,609,640	6,736,301,692	5,994,798,980	2,750,112,352	-
Total	18,771,430,469	76,813,328,206	78,231,725,677	17,390,931,385	37,898,387

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

17. Short-term accrued expenses

	31/12/2017	01/01/2017
Loan interest payable	2,557,602,567	2,762,951,840
Interest for late payment of dividend	-	1,057,982,388
Expenses for implementing general map for Ba River's lowland	212,859,705	242,761,418
Consulting expenses for dam protection of A Roang HP	47,697,582	72,231,488
Expenses for protecting river bed of Krong H'ngang HP	-	106,666,400
Survey expenses for preparing Song Bung 3A Investment Project	5,553,418,438	3,354,407,321
Expenses for preparing plan for flood prevention and dam protection in raining season for Dray H'linh Hydropower Plant	77,471,157	250,745,971
Supervision and installation expenses of Dak Pring HP	3,846,249	188,553,693
Survey expenses for preparing investment project of Tam Phuc Hydropower Plant	344,532,264	483,433,043
Expenses for preparing plan for flood prevention of Zahung HP	-	106,881,612
Consulting expenses for installing monitoring equipment of Ry Ninh Dam	107,518,635	-
Expenses for phase 1 of project on dam safety inspection of A Roang Hydropower Plant	172,651,455	-
Project costs for flood prevention in the downstream of Dak Pring Hydropower Plant	187,425,094	-
Other prepaid expenses	382,067,934	153,043,272
Total	9,647,091,080	8,779,658,446

18. Other short-term payables

	31/12/2017	01/01/2017
Dividend payables	54,057,198,825	24,626,277,308
Other payables	765,625,826	765,625,826
Total	54,822,824,651	25,391,903,134

In which: Other short-term payables to related party

Relationship	31/12/2017	01/01/2017
Dividend payable to Central Power Corporation Investor	18,916,000,000	18,916,000,000
Total	18,916,000,000	18,916,000,000

19. Loans and finance lease liabilities

a. Short-term loans and finance lease liabilities

	Beginning balance	Increase in the period	Decrease in the period	Ending balance
Short-term loan	-	3,439,776,200	3,439,776,200	-
- OCB - Quang Nam Branch	-	3,439,776,200	3,439,776,200	-
Current portion of long-term loans	67,720,000,000	69,170,000,000	69,020,000,000	67,870,000,000
- Vietcombank - Da Nang Branch	5,720,000,000	7,170,000,000	7,020,000,000	5,870,000,000
- OCB - Quang Nam Branch	62,000,000,000	62,000,000,000	62,000,000,000	62,000,000,000
Total	67,720,000,000	72,609,776,200	72,459,776,200	67,870,000,000

b. Long-term loans and finance lease liabilities

	Beginning balance	Increase in the period	Decrease in the period	Ending balance
Long-term loans	651,624,000,000	-	69,020,000,000	582,604,000,000
- Vietcombank - Da Nang Branch	103,624,000,000	-	7,020,000,000	96,604,000,000
- OCB - Quang Nam Branch	548,000,000,000	-	62,000,000,000	486,000,000,000
Total	651,624,000,000	-	69,020,000,000	582,604,000,000

In which:

- Amount due within one year	67,720,000,000		67,870,000,000
Long-term loans and finance lease liabilities	583,904,000,000		514,734,000,000

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

On 07/02/2013, the Company entered into long-term borrowing contract No. 34/2013/VCB-KHDN with maximum credit amount of VND50,000,000,000. The loan period is 120 months as from the first drawdown

date. This loan bears interest at the rate announced by JSC Bank for Foreign Trade of Vietnam – Da Nang Branch and shall be changed once a quarter.

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

These loans are for the purpose of reimbursing the capital which the Company invested in Khe Dien Hydropower Plant Project. They are secured by the long-term land use right at 573 Nui Thanh Street,

Hai Chau District, Da Nang City and Khe Dien Hydropower Plant.

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

20. Vốn chủ sở hữu

a. Bảng đối chiếu biến động của Vốn chủ sở hữu

	Vốn góp của chủ sở hữu	Thặng dư vốn cổ phần	Vốn khác của chủ sở hữu	Cổ phiếu quỹ	Quỹ đầu tư phát triển	Lợi nhuận sau thuế chưa phân phối
Số dư tại 01/01/2016	604.882.610.000	(95.000.000)	6.749.952.910	(1.588.920.333)	13.094.426.199	51.769.769.357
Tăng trong kỳ	-	-	510.857.693	-	822.531.476	64.207.111.775
Giảm trong kỳ	-	-	-	-	-	51.769.769.357
Số dư tại 31/12/2016	604.882.610.000	(95.000.000)	7.260.810.603	(1.588.920.333)	13.916.957.675	64.207.111.775
Số dư tại 01/01/2017	604.882.610.000	(95.000.000)	7.260.810.603	(1.588.920.333)	13.916.957.675	64.207.111.775
Tăng trong kỳ	-	-	-	(930.000)	1.213.466.413	135.909.398.292
Giảm trong kỳ	-	-	-	-	-	111.802.464.257
Số dư tại 31/12/2017	604.882.610.000	(95.000.000)	7.260.810.603	(1.589.850.333)	15.130.424.088	88.314.045.810

b. Chi tiết vốn góp của chủ sở hữu

	31/12/2017	01/01/2017
Tổng Công ty Điện lực Miền Trung	236.450.000.000	236.450.000.000
Các cổ đông khác	366.432.710.000	366.433.310.000
Mệnh giá của cổ phiếu quỹ	1.999.900.000	1.999.300.000
Cộng	604.882.610.000	604.882.610.000

c. Các giao dịch về vốn với các chủ sở hữu và phân phối cổ tức

	Năm 2017	Năm 2016
Vốn đầu tư của chủ sở hữu		
- Vốn góp đầu kỳ	604.882.610.000	604.882.610.000
- Vốn góp tăng trong kỳ	-	-
- Vốn góp giảm trong kỳ	-	-
- Vốn góp cuối kỳ	604.882.610.000	604.882.610.000
Cổ tức đã chia	108.518.947.800	48.230.664.800

d. Shares

	31/12/2017 Shares	01/01/2017 Shares
Number of shares registered to be issued	60,488,261	60,488,261
Number of shares issued publicly	60,488,261	60,488,261
- <i>Common shares</i>	60,488,261	60,488,261
- <i>Preferred shares (classified as owners' equity)</i>	-	-
Number of shares bought back (treasury shares)	199,990	199,930
- <i>Common shares</i>	199,990	199,930
- <i>Preferred shares (classified as owners' equity)</i>	-	-
Number of outstanding shares	60,288,271	60,288,331
- <i>Common shares</i>	60,288,271	60,288,331
- <i>Preferred shares (classified as owners' equity)</i>	-	-
Par value of outstanding shares: VND10,000 each		

e. Undistributed profit

	Year 2017	Year 2016
Profit brought forward	64,207,111,775	51,769,769,357
Profit after corporate income tax of current period	135,909,398,292	64,207,111,775
Distribution of profit	111,802,464,257	51,769,769,357
- Distribution of prior-period profit (*)	63,571,847,457	51,769,769,357
+ <i>Additional reserve fund</i>	-	510,857,693
+ <i>Investment and development fund</i>	1,213,466,413	822,531,476
+ <i>Reward and welfare fund</i>	889,370,044	1,021,715,388
+ <i>Reward fund for the Management</i>	500,000,000	500,000,000
+ <i>Paying dividends</i>	60,288,331,000	48,230,664,800
+ <i>Remunerations for the Board of Directors and Supervisory Board</i>	680,680,000	684,000,000
- Temporary distribution of current-period profit (advance dividend - phase 1)	48,230,616,800	-
Undistributed profit	88,314,045,810	64,207,111,775

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

f. Dividend

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

Resolution of the Board of Directors No. 04/17/NQ-HDQT dated 30/11/2017 approved the 2017 advance dividend distribution for the first phase at 8% of the charter capital (equivalent to VND48,230,616,800). The Company closed the list of shareholders entitled to dividends on 29/12/2017 and shall pay the dividend in the year 2018.

21. Revenue from sales and service provision

	Year 2017	Year 2016
Revenue from selling electricity	327,749,462,985	206,893,448,519
Revenue from rendering services	5,266,573,458	5,011,722,831
Total	333,016,036,443	211,905,171,350

22. Cost of goods sold

	Year 2017	Year 2016
Cost of electricity sold	107,006,085,966	63,014,974,372
Cost of services rendered	4,744,034,907	4,888,979,472
Total	111,750,120,873	67,903,953,844

23. Financial income

	Year 2017	Year 2016
Loan interest, deposit interest	274,292,146	33,271,356
Total	274,292,146	33,271,356

24. Financial expenses

	Year 2017	Year 2016
Loan interest	57,950,013,948	64,181,390,598
Interest on late payment of dividends	682,243,402	202,821,555
Others	550,327	726,953
Total	58,632,807,677	64,384,939,106

25. Administration expenses

	Year 2017	Year 2016
Material, tool expenses	409,938,062	486,498,940
Labor costs	13,714,873,034	6,739,102,595
Depreciation and amortization expenses	219,863,814	356,053,898
Outside service expenses	1,444,786,182	960,894,822
Other cash expenses	1,807,556,300	972,648,691
Total	17,597,017,392	9,515,198,946

26. Other income

	Year 2017	Year 2016
Received fee for using electricity of K'rong H'nang Plant	205,973,270	222,336,648
Others	26,285,658	71,598,442
Total	232,258,928	293,935,090

27. Other expenses

	Year 2017	Year 2016
Electricity expenses of Krong H'nang Plant	205,973,270	222,336,647
Listing management fee	66,069,181	66,291,408
Fines for late payment of taxes, charges	165,808,396	476,163,777
Others	33,333,000	46,666,400
Total	471,183,847	811,458,232

28. Current corporate income tax expense

	Year 2017	Year 2016
Accounting profit before tax	145,071,457,728	69,616,827,668
- From principal activities of Khe Dien Hydropower Plant	11,545,651,969	12,408,238,287
- From principal activities of Krong H'nang Plant	132,827,599,765	57,120,791,534
- From principal activities of the Consulting Center	-	3,355,495
- From principal activities of Head Office	698,205,994	84,442,352
Adjustment to taxable income	952,087,843	747,891,740
- Increasing adjustments (non-deductible expenses)	952,087,843	747,891,740
+ Khe Dien Hydropower Plant	33,717,744	41,718,332
+ Krong H'nang Hydropower Plant	803,948,870	634,061,723
+ Head Office	114,421,229	72,111,685
- Decreasing adjustments	-	-
Total taxable income	146,023,545,571	70,364,719,408
- From principal activities of Khe Dien Hydropower Plant	11,579,369,713	12,449,956,619
- From principal activities of Krong H'nang Plant	133,631,548,635	57,754,853,257
- From principal activities of the Consulting Center	-	3,355,495
- From principal activities of Head Office	812,627,223	156,554,037
Corporate income tax as regulated	15,841,554,251	8,297,458,556
+ Khe Dien Hydropower Plant	2,315,873,943	2,489,991,324
+ Krong H'nang Hydropower Plant	13,363,154,864	5,775,485,326
+ The Consulting Center	-	671,099
+ Head Office	162,525,444	31,310,807
Reduced, exempted corporate income tax	6,681,577,432	2,887,742,663
+ Krong H'nang Hydropower Plant (50%)	6,681,577,432	2,887,742,663
Current income tax expenses of prior periods	2,082,617	-
Current corporate income tax expense	9,162,059,436	5,409,715,893
In which:		
- Current corporate income tax expense this period	9,159,976,819	5,409,715,893
+ Khe Dien Hydropower Plant	2,315,873,943	2,489,991,324
+ Krong H'nang Hydropower Plant	6,681,577,432	2,887,742,663
+ The Consulting Center	-	671,099
+ Head Office	162,525,444	31,310,807
- Adjustment of income tax expenses of prior periods to current-period income tax expense	2,082,617	-

29. Basic, diluted earnings per share

	Year 2017	Year 2016
Accounting profit after corporate income tax	135,909,398,292	64,207,111,775
Adjustments increasing or decreasing accounting profit	-	(2,070,050,044)
- Increasing adjustment	-	-
- Decreasing adjustments (appropriated for reward and welfare fund, reward fund of Management, Remunerations for Board of Directors and Supervisory Board)	-	2,070,050,044
Profit or loss attributable to common shareholders	135,909,398,292	62,137,061,731
Weighted average number of outstanding common shares	60,288,343	60,288,331
Basic, diluted earnings per share	2,254	1,031

(*) Basic, diluted earnings per share of the year 2017 are computed before deducting the amounts appropriated to reward and welfare fund. The plan of General Shareholders' Meeting and the Company's Charter do not specify the appropriation rate of reward and welfare fund. Annually, the Management will propose a specific rate for appropriating reward and welfare fund based on the business results at the end of the year. Therefore, this figure may be changed upon the Decision on distribution of profit of the General Shareholders' Meeting later.

30. Operating expenses by elements

	Year 2017	Year 2016
Materials expenses	15,450,899,823	10,881,945,511
Labor costs	26,759,122,451	14,930,355,670
Depreciation and amortization expenses	60,936,094,196	38,336,055,325
Outside service expenses	8,575,169,420	5,100,323,582
Other cash expenses	17,733,822,921	8,071,584,052
Total	129,455,108,811	77,320,264,140

31. Segment reporting

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

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

32. Risk management

a. Capital risk management

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

b. Financial risk management

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

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

Interest rate risk management

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

Price risk management

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

Credit risk management

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

For customer group in the field of consultancy, design, training and operation of dam safety,... the Company implements the prepayment policy under terms of contract. Therefore, the Management believes that the Company has almost no credit risks from this group of customers.

Liquidity risk management

To ensure the availability of funds to meet present and future financial obligations, the Company manages liquidity risk by regularly monitoring and maintaining sufficient cash reserve, optimizing cash

flows, making use of credit from customers and counterparties, controlling maturing liabilities in relative to maturing assets and the amount of funds can be generated within that period,...

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

31/12/2017	Within 1 year	Over 1 year	Total
Trade payables	2,035,065,973	-	2,035,065,973
Accrued expenses	9,647,091,080	-	9,647,091,080
Loans and finance lease liabilities	67,870,000,000	514,734,000,000	582,604,000,000
Other payables	54,822,824,651	-	54,822,824,651
Total	134,374,981,704	514,734,000,000	649,108,981,704

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

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

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

31/12/2017	Within 1 year	Over 1 year	Total
Cash and cash equivalents	52,623,448,960	-	52,623,448,960
Trade receivables	58,568,800,663	-	58,568,800,663
Other receivables	623,798,168	2,004,000,000	2,627,798,168
Total	111,816,047,791	2,004,000,000	113,820,047,791

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

33. Related party information

a. Related parties

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

b. Significant transactions with related parties in the year

	Transactions	Year 2017	Year 2016
Central Power Corporation	Sales of electricity	53,357,686,586	39,976,782,809
	Dividend payable	18,916,000,000	18,916,000,000
	Dividend paid	42,561,000,000	23,645,000,000
Electricity Power Trading Company	Sales of electricity	274,362,651,222	166,894,736,469

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

	Year 2017	Year 2016
Remunerations, bonuses of the Board of Directors	766,000,000	745,500,000
Income of the Management	2,006,952,804	1,863,470,868

34. Events after the balance sheet date

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

35. Corresponding figures

Corresponding figures were taken from the financial statements for the year ended 31/12/2016 which had been audited by AAC.



Pham Phong
General Director

Da Nang City, 18 January 2018

Pham Thai Hung
Chief Accountant

Truong Ngoc Hung
Preparer

Geographical segments	Khe Dien Hydropower Plant - Quang Nam Province		Krong Huang Hydropower Plant - Dak Lak and Phu Yen Province		Head Office & Dam Safety Testing and Consulting Center		Total			
	Year 2017	Year 2016	Year 2017	Year 2016	Year 2017	Year 2016	Year 2017	Year 2016	Year 2017	Year 2016
	VND	VND	VND	VND	VND	VND	VND	VND	VND	VND
Revenue from sales and service provision	53,386,811,763	39,998,712,050	274,362,651,222	166,894,736,469	5,266,573,458	5,011,722,831	333,016,036,443	211,905,171,350	-	-
Revenue deductions	-	-	-	-	-	-	-	-	-	-
Cost of goods sold	27,813,930,935	15,043,224,161	79,192,155,031	47,971,750,211	4,744,034,907	4,888,979,472	111,750,120,873	67,903,953,844	-	-
Financial income	62,500	345,700	622,800	764,100	273,606,846	32,161,556	274,292,146	33,271,356	-	-
Financial expenses	9,426,397,380	10,243,240,044	49,206,410,297	54,141,699,062	-	-	58,632,807,677	64,384,939,106	-	-
Selling expenses	-	-	-	-	-	-	-	-	-	-
Administrative expenses	4,571,280,235	2,267,226,126	13,015,403,461	7,230,019,594	10,333,696	17,953,226	17,597,017,392	9,515,198,946	-	-
Operating profit	11,575,265,713	12,445,367,419	132,949,305,233	57,552,031,702	785,811,701	136,951,689	145,310,382,647	70,134,350,810	-	-
Other income	4,104,000	4,589,200	-	-	228,154,928	289,345,890	232,258,928	293,935,090	-	-
Other expenses	33,717,744	41,718,332	121,705,468	431,240,168	315,760,635	338,499,732	471,183,847	811,458,232	-	-
Other profit (loss)	(29,613,744)	(37,129,132)	(121,705,468)	(431,240,168)	(87,605,707)	(49,153,842)	(238,924,919)	(517,523,142)	-	-
Profit before tax	11,545,651,969	12,408,238,287	132,827,599,765	57,120,791,534	698,205,994	87,797,847	145,071,457,728	69,616,827,668	-	-
Corporate income tax	2,315,873,943	2,489,991,324	6,681,577,432	2,887,742,663	164,608,061	31,981,906	9,162,059,436	5,409,715,893	-	-
Profit after tax	9,229,778,026	9,918,246,963	126,146,022,333	54,233,048,871	533,597,933	55,815,941	135,909,398,292	64,207,111,775	-	-
Fixed assets	31/12/2017	01/01/2016	31/12/2017	01/01/2016	31/12/2017	01/01/2016	31/12/2017	01/01/2016	-	-
Tangible fixed assets	104,681,125,580	115,064,833,524	1,120,864,577,731	1,170,519,026,260	4,476,161,921	4,648,838,885	1,230,021,865,232	1,290,232,698,669	-	-
- Cost	191,908,064,582	191,229,990,673	1,401,454,456,556	1,401,454,456,556	7,444,005,603	7,403,096,512	1,600,806,526,741	1,600,087,543,741	-	-
- Accumulated depreciation	87,226,939,002	76,165,157,149	280,589,878,825	230,935,430,296	2,967,843,682	2,754,257,627	370,784,661,509	309,854,845,072	-	-
Intangible fixed assets	-	-	-	-	5,175,261,800	5,181,539,559	5,175,261,800	5,181,539,559	-	-
- Cost	-	-	-	-	5,478,061,800	5,478,061,800	5,478,061,800	5,478,061,800	-	-
- Accumulated amortization	-	-	-	-	302,800,000	296,522,241	302,800,000	296,522,241	-	-



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CERTIFICATE OF SONG BA CORPORATION

(Legal representative)

Phạm Phong

