



**CENTRAL HYDROPOWER  
JOINT STOCK COMPANY**

**Financial statements**

**For the fiscal year ended 31/12/2015**

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## REPORT OF THE MANAGEMENT BOARD

The Management Board of Central Hydropower Joint Stock Company presents this report together with the audited financial statements for the fiscal year ended 31/12/2015.

### Overview

Central Hydropower Joint Stock Company (herein after referred to as “the Company”) is established on the basis of the Contract No. 5852CP/DL2-DL3-XLD1-DLHN/2004 dated 30/11/2004 among 4 entities: Electricity Company No. 2 (now being Southern Power Corporation, contributing 30% of charter capital), Electricity Company No. 3 (now being Central Power Corporation, contributing 30% of charter capital), Hanoi Electricity Company (now being Hanoi Power Corporation, contributing 20% of charter capital), Power Construction Company No.1 (contributing 20% of charter capital). Until 24/11/2005, the Shareholders’ General Meeting approved Power Construction Company No.1 to withdraw from the foundership under the Resolution No. 01/2005-CP/DHDCDSL and approved Vietnam Electricity to become a founding shareholder as from 18/03/2006 under the Resolution No. 01/2006-CP/DHDCDSL (contributing 20% of charter capital). The Company is an independent accounting entity and operates in accordance with the Business Registration Certificate No. 3203000503 dated 13/12/2004 by the Department of Planning and Investment of Danang City (this Business Registration Certificate has been amended with new registration number 0400477830), the Enterprise Law, its Charter and other relevant regulations. Since the establishment date, the Business Registration Certificate has been amended 5 times (on 28/9/2005, 14/3/2007, 05/05/2008, 02/06/2015 and 09/07/2015).

The Company was approved to list its common shares at Hanoi Stock Exchange under the Decision No. 156/QD-SGDHN dated 03/04/2014 by the General Director of Hanoi Stock Exchange with the code CHP. Official trading date of shares was 16/04/2014.

Charter capital as per the Business Registration Certificate: VND1,259,995,110,000.

Paid-up capital as at 31/12/2015: VND1,259,995,110,000.

### Head office

- Address: Danang Industrial Zone, An Hai Bac Ward, Son Tra District, Danang City, Vietnam
- Phone number: 0511.3959110
- Fax number: 0511.3935960
- Website: [www.chp.vn](http://www.chp.vn)

### Principal activities

- Generating, transmitting and distributing electricity. Detail: Investing in construction of hydropower projects; generating and trading electricity;
- Management consultancy activities. Detail: Providing consultancy on electricity projects; Providing consultancy on management of hydropower projects;
- Construction of other civil engineering projects. Detail: Contracting to construct hydropower works, hydraulic works, electricity transmission lines and transformer stations; Construction of traffic projects; Dredging lake bed;
- Construction of buildings. Detail: Construction of civil and industrial projects;
- Architectural and engineering activities and related technical consultancy. Detail: Providing consultancy and design services of power grid, lighting system; Providing supervision service for

## REPORT OF THE MANAGEMENT BOARD (cont'd)

- underground works and for equipment installation of power projects; Managing, running and maintaining electricity plants and industrial works;
- Exploitation of stone, sand, gravel and clay. Detail: Exploiting and trading construction materials (Location outside the city);
  - Marine aquaculture. Detail: aquaculture;
  - Afforestation and other forestry activities. Detail: Afforestation;
  - Real estate activities with owned or leased properties. Detail: Investing in, constructing, trading and leasing houses;
  - Short-term accommodation activities. Detail: accommodation service for tourists;
  - Restaurants and mobile food service activities. Detail: Restaurant business;
  - Travel agency activities. Detail: Travel services;
  - Other amusement and recreation activities n.e.c. Detail: Operating amusement and recreation facility;
  - Vocational education. Detail: Vocational training on repair and operation of hydropower plants, transformer stations.

### Employees

As at 31/12/2015, the Company had 117 employees including 4 managing officers.

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

#### *Board of Directors*

- |                         |                    |                           |
|-------------------------|--------------------|---------------------------|
| • Mr. Pham Ngoc Le      | Chairman           | Reappointed on 23/04/2015 |
| • Mr. Truong Cong Gioi  | Member             | Reappointed on 23/04/2015 |
| • Mr. Nguyen Tuan Anh   | Member             | Reappointed on 23/04/2015 |
| • Mr. Le Kim Hung       | Member             | Reappointed on 23/04/2015 |
| • Mr. Nguyen Danh Duyen | Member             | Reappointed on 23/04/2015 |
| • Mr. Ho Quoc Viet      | Member             | Appointed on 23/04/2015   |
| • Mr. Nguyen Huu Phuong | Independent member | Reappointed on 23/04/2015 |
| • Mr. Nguyen Huu Tam    | Independent member | Reappointed on 23/04/2015 |

#### *Board of Supervisors*

- |                        |                  |   |
|------------------------|------------------|---|
| • Mr. Nguyen Thanh Son | Chief Supervisor | Appointed on 23/04/2015                             |
| • Mr. Ngo Tan Hong     | Chief Supervisor | Reappointed on 14/04/2010<br>Resigned on 23/04/2015 |
| • Mr. Thang Thanh Ha   | Supervisor       | Reappointed on 23/04/2015                           |
| • Mr. Tran Van Thuong  | Supervisor       | Reappointed on 23/04/2015                           |

## REPORT OF THE MANAGEMENT BOARD (cont'd)

### Management Board and Chief Accountant

- |                        |                         |                           |
|------------------------|-------------------------|---------------------------|
| • Mr. Truong Cong Gioi | General Director        | Reappointed on 01/12/2014 |
| • Mr. Lam Uyen         | Deputy General Director | Reappointed on 01/12/2014 |
| • Mr. Le Quy Anh Tuan  | Deputy General Director | Reappointed on 17/05/2013 |
| • Mr. Huynh Mai        | Chief Accountant        | Reappointed on 01/12/2014 |

### 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) 511.3655886; Fax: (84) 511.3655887; Website: www.aac.com.vn; Email: aac@dng.vnn.vn).

### Responsibility of Management Board in preparation and presentation of financial statements

The Management Board 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 legal regulations;
- Selecting suitable accounting policies and then applying them consistently;
- Making accounting judgments and estimates that are reasonable and prudent;
- Preparing the financial statements on the going concern basis;
- Responsibility for such internal control as the Management Board 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.

Members of the Management Board of the Company hereby confirm that the accompanying financial statements including the balance sheet, the income statement, the statement of cash flows and notes to the financial statements give a true and fair view of the financial position of the Company as at 31/12/2015 and the result of its operations and its cash flows for the fiscal year then ended in accordance with the current Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and the statutory requirements relevant to preparation and presentation of the financial statements.

On behalf of the Management Board *nub*



*Truong Cong Gioi*  
General Director

Danang City, 15 February 2016



# AAC AUDITING AND ACCOUNTING CO., LTD.

AN INDEPENDENT MEMBER OF PRIMEGLOBAL

## Headquarters

Lot 78-80, 30 April St., Hai Chau Dist., Danang City

Tel: 84.511.3655886; Fax: 84.511.3655887

Email: aac@dng.vnn.vn

Website: <http://www.aac.com.vn>

## Branch in Ho Chi Minh City

47-49 Hoang Sa Street (4<sup>th</sup> floor Hoang Dan Building),

District 1, Ho Chi Minh City

Tel: 84.8.39102235; Fax: 84.8.39102349

Email: aac.hcm@aac.com.vn

No. 71/2016/BCKT-AAC

## INDEPENDENT AUDITORS' REPORT

**To: The Shareholders, Board of Directors and Management Board  
Central Hydropower Joint Stock Company**

We have audited the accompanying financial statements of Central Hydropower Joint Stock Company (herein after referred to as "the Company") as prepared on 15/02/2016 and set out on pages 5 to 28, which comprise the balance sheet as at 31/12/2015, the income statement, statement of cash flows, and notes to the financial statements for the fiscal year then ended.

### Responsibility of the Company's Management Board

The Management Board of the Company is responsible for true and fair preparation and fair presentation of these financial statements in accordance with the Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and the statutory requirements relevant to preparation and presentation of the financial statements, and for such internal control as the Management Board 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.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Vietnamese Standards on Auditing. Those standards require that we comply with the standards and ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement or not.

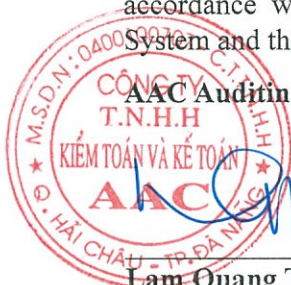
The audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control of the Company relevant to true and fair preparation and 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 Company's internal control. The audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management Board, 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 31/12/2015 and results of its operations and its cash flows for the fiscal year then ended in accordance with the current Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and the statutory requirements relevant to preparation and presentation of the financial statements.

**AAC Auditing and Accounting Co., Ltd.**



**Lam Quang Tu – Deputy General Director**  
Audit Practicing Registration Certificate  
No. 1031-2013-010-1

Danang City, 15 February 2016

**Ngo Thi Kim Anh – Auditor**  
Audit Practicing Registration Certificate  
No. 1100-2013-010-1

**BALANCE SHEET**

As at 31/12/2015

Form B 01 - DN

Issued under Circular No. 200/2014/TT - BTC

dated 22/12/2014 by the Ministry of Finance

ASSETS	Code	Note	31/12/2015 VND	01/01/2015 VND
<b>A. CURRENT ASSETS</b>	<b>100</b>		<b>513,525,617,425</b>	<b>428,179,109,324</b>
<b>I. Cash and cash equivalents</b>	<b>110</b>	<b>5</b>	<b>250,617,544,993</b>	<b>115,109,134,402</b>
1. Cash	111		6,593,310,073	32,191,954,365
2. Cash equivalents	112		244,024,234,920	82,917,180,037
<b>II. Short-term financial investments</b>	<b>120</b>		-	-
<b>III. Short-term receivables</b>	<b>130</b>		<b>214,916,399,849</b>	<b>264,571,354,178</b>
1. Short-term trade receivables	131	6	209,655,701,738	263,927,703,147
2. Short-term prepayments to suppliers	132		4,891,669,087	222,869,838
3. Other short-term receivables	136	7	556,371,504	455,639,106
4. Provision for short-term doubtful receivables	137	8	(187,342,480)	(34,857,913)
<b>IV. Inventories</b>	<b>140</b>	<b>9</b>	<b>47,984,104,146</b>	<b>48,260,175,156</b>
1. Inventories	141		47,984,104,146	48,260,175,156
2. Provision for decline in value of inventories	149		-	-
<b>V. Other current assets</b>	<b>150</b>		<b>7,568,437</b>	<b>238,445,588</b>
1. Short-term prepaid expenses	151		-	14,129,317
2. Taxes and amounts recoverable from the State	153	15a	7,568,437	224,316,271
<b>B. LONG-TERM ASSETS</b>	<b>200</b>		<b>2,741,746,432,993</b>	<b>2,893,481,098,252</b>
<b>I. Long-term receivables</b>	<b>210</b>		-	-
<b>II. Fixed assets</b>	<b>220</b>		<b>2,722,550,802,475</b>	<b>2,873,780,668,092</b>
1. Tangible fixed assets	221	10	2,722,478,135,807	2,873,780,668,092
- Cost	222		3,290,550,066,145	3,289,120,155,017
- Accumulated depreciation	223		(568,071,930,338)	(415,339,486,925)
2. Intangible fixed assets	227	11	72,666,668	-
- Cost	228		125,000,000	45,000,000
- Accumulated amortization	229		(52,333,332)	(45,000,000)
<b>III. Investment properties</b>	<b>230</b>		-	-
<b>IV. Long-term assets in progress</b>	<b>240</b>		<b>4,469,273,473</b>	<b>4,700,065,168</b>
1. Long-term work in process	241		-	-
2. Construction in progress	242	12	4,469,273,473	4,700,065,168
<b>V. Long-term financial investments</b>	<b>250</b>		-	-
<b>VI. Other long-term assets</b>	<b>260</b>		<b>14,726,357,045</b>	<b>15,000,364,992</b>
1. Long-term prepaid expenses	261	13	11,084,414,720	11,319,312,302
2. Long-term spareparts	263		3,641,942,325	3,681,052,690
<b>TOTAL ASSETS</b>	<b>270</b>		<b>3,255,272,050,418</b>	<b>3,321,660,207,576</b>

**BALANCE SHEET (cont'd)**

As at 31/12/2015

RESOURCES	Code	Note	31/12/2015 VND	01/01/2015 VND
<b>C. LIABILITIES</b>	<b>300</b>		<b>1,629,185,345,862</b>	<b>1,900,601,099,646</b>
<b>I. Current liabilities</b>	<b>310</b>		<b>347,761,855,528</b>	<b>455,377,609,312</b>
1. Short-term trade payables	311	14	83,385,851,536	131,698,226,644
2. Taxes and amounts payable to the State Budget	313	15b	16,258,361,842	31,327,286,978
3. Payables to employees	314		20,866,499,527	6,979,588,898
4. Short-term accrued expenses	315	16	34,038,346,440	86,933,109,515
5. Other short-term payables	319	17	11,656,852,438	17,529,660,198
6. Short-term loan and finance lease obligations	320	18a	163,800,000,000	170,000,000,000
7. Reward and welfare fund	322		17,755,943,745	10,909,737,079
<b>II. Long-term liabilities</b>	<b>330</b>		<b>1,281,423,490,334</b>	<b>1,445,223,490,334</b>
1. Other long-term payables	337		-	-
2. Long-term loan and finance lease obligations	338	18b	1,281,423,490,334	1,445,223,490,334
<b>D. OWNERS' EQUITY</b>	<b>400</b>		<b>1,626,086,704,556</b>	<b>1,421,059,107,930</b>
<b>I. Equity</b>	<b>410</b>	<b>19</b>	<b>1,626,086,704,556</b>	<b>1,421,059,107,930</b>
1. Paid-up capital	411	19	1,259,995,110,000	1,200,000,000,000
- Common shares with voting rights	411a		1,259,995,110,000	1,200,000,000,000
- Preferred shares	411b		-	-
2. Share premium	412	19	(265,296,519)	(265,296,519)
3. Development investment fund	418	19	66,037,897,353	33,207,782,523
4. Other equity funds	420	19	33,018,948,676	16,603,891,261
5. Undistributed profit after tax	421	19	267,300,045,046	171,512,730,665
- Undistributed profit up to prior year-end	421a		3,517,620,665	491,631,072
- Undistributed profit this year	421b		263,782,424,381	171,021,099,593
<b>II. Budget sources and other funds</b>	<b>430</b>		<b>-</b>	<b>-</b>
<b>TOTAL RESOURCES</b>	<b>440</b>		<b>3,255,272,050,418</b>	<b>3,321,660,207,576</b>



Truong Cong Gioi  
General Director  
Danang City, 15 February 2016

Huynh Mai  
Chief Accountant

Hoang Thi Thanh Hien  
Preparer



**INCOME STATEMENT**  
For the fiscal year ended 31/12/2015

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

ITEMS	Code	Note	Year 2015 VND	Year 2014 VND
1. Revenue from sales and service provision	01	20	729,310,348,282	626,484,328,598
2. Deductions	02		-	-
3. Net revenue from sales and service provision	10		729,310,348,282	626,484,328,598
4. Cost of goods sold	11	21	242,498,146,020	225,688,342,944
5. Gross profit from sales and service provision	20		<u>486,812,202,262</u>	<u>400,795,985,654</u>
6. Financial income	21	22	9,453,826,966	8,066,365,920
7. Financial expenses	22	23	131,540,686,925	167,204,544,425
<i>Including : Interest expense</i>	23		131,353,869,375	167,204,294,239
8. Selling expenses	25		-	-
9. General and administration expenses	26	24	39,007,398,539	35,544,113,059
10. Operating profit	30		<u>325,717,943,764</u>	<u>206,113,694,090</u>
11. Other income	31	25	11,897,112,151	6,971,152,473
12. Other expenses	32	26	9,313,907,615	15,157,627
13. Other profit	40		<u>2,583,204,536</u>	<u>6,955,994,846</u>
14. Accounting profit before tax	50		<u>328,301,148,300</u>	<u>213,069,688,936</u>
15. Current corporate income tax expense	51	27	-	-
16. Deferred corporate income tax expense	52		-	-
17. Profit after CIT	60		<u>328,301,148,300</u>	<u>213,069,688,936</u>
18. Earnings per share	70	28	2,484	1,611
19. Diluted earnings per share	71		2,484	1,611



Truong Cong Gioi  
General Director  
Danang City, 15 February 2016

Huynh Mai  
Chief Accountant

Hoang Thi Thanh Hien  
Preparer

STATEMENT OF CASH FLOWS  
For the fiscal year ended 31/12/2015

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

ITEMS	Code	Note	Year 2015 VND	Year 2014 VND
<b>I. Cash flows from operating activities</b>				
1. Profit before tax	01		328,301,148,300	213,069,688,936
2. Adjustments for				
- Depreciation of fixed assets and investment properties	02	10, 11	152,739,776,745	152,577,368,379
- Provisions	03		152,484,567	600,513
- Foreign exchange gains/loss from revaluation of foreign currency balances	04		(57,443)	250,186
- (Profits)/losses from investing activities	05	22	(9,412,394,875)	(8,066,242,621)
- Interest expense	06	23	131,353,869,375	167,204,294,239
3. Operating profit before changes in working capital	08		603,134,826,669	524,785,959,632
- Decrease/(increase) in receivables	09		53,783,901,273	(79,182,754,264)
- Decrease/(increase) in inventories	10		315,181,375	(13,998,504,256)
- (Decrease)/increase in payables (excluding loan interest, income tax payable)	11		(9,368,525,731)	22,888,107,955
- Decrease/(increase) in prepaid expenses	12		249,026,899	(1,002,980,784)
- Loan interest paid	14	23	(131,353,869,375)	(152,304,294,239)
- Other cash receipts from operating activities	16		-	11,500,000
- Other payments for operating activities	17		(8,427,345,008)	(3,855,183,693)
<b>Net cash provided by operating activities</b>	20		<b>508,333,196,102</b>	<b>297,341,850,351</b>
<b>II. Cash flows from investing activities</b>				
1. Purchases of fixed assets and other long-term assets	21		(106,459,122,560)	(95,028,226,721)
2. Dividends, profit and interest received	27	7; 22	9,288,440,306	8,316,473,111
<b>Net cash used in investing activities</b>	30		<b>(97,170,682,254)</b>	<b>(86,711,753,610)</b>
<b>III. Cash flows from financing activities</b>				
1. Proceeds from loans	33	18	25,000,000,000	65,712,222,233
2. Repayment of loan principal	34	18	(195,000,000,000)	(205,712,222,233)
3. Dividend, profit paid to owners	36		(105,654,160,700)	(72,630,666,800)
<b>Net cash used in financing activities</b>	40		<b>(275,654,160,700)</b>	<b>(212,630,666,800)</b>
<b>Net cash flows for the period</b>	50		<b>135,508,353,148</b>	<b>(2,000,570,059)</b>
Cash and cash equivalents at beginning of period	60		115,109,134,402	117,109,954,647
Impacts of exchange rate fluctuations	61		57,443	(250,186)
<b>Cash and cash equivalents at end of period</b>	70		<b>250,617,544,993</b>	<b>115,109,134,402</b>



Trương Công Giới  
General Director  
Danang City, 15 February 2016

Huỳnh Mai  
Chief Accountant

Hoàng Thị Thanh Hiền  
Preparer

## NOTES TO THE FINANCIAL STATEMENTS

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

Form B 09 - DN  
Issued under Circular No. 200/2014/TT - BTC  
dated 22/12/2014 by the Ministry of Finance

### 1. Nature of operations

#### 1.1. Overview

Central Hydropower Joint Stock Company (herein after referred to as “the Company”) is established on the basis of the Contract No. 5852CP/DL2-DL3-XLD1-DLHN/2004 dated 30/11/2004 among 4 entities: Electricity Company No. 2 (now being Southern Power Corporation, contributing 30% of charter capital), Electricity Company No. 3 (now being Central Power Corporation, contributing 30% of charter capital), Hanoi Electricity Company (now being Hanoi Power Corporation, contributing 20% of charter capital), Power Construction Company No.1 (contributing 20% of charter capital). Until 24/11/2005, the Shareholders’ General Meeting approved Power Construction Company No.1 to withdraw from the foundership under the Resolution No. 01/2005-CP/DHDCDSL and approved Vietnam Electricity to become a founding shareholder as from 18/03/2006 under the Resolution No. 01/2006-CP/DHDCDSL (contributing 20% of charter capital). The Company is an independent accounting entity and operates in accordance with the Business Registration Certificate No. 3203000503 dated 13/12/2004 by the Department of Planning and Investment of Danang City (this Business Registration Certificate has been amended with new registration number 0400477830), the Enterprise Law, its Charter and other relevant regulations. Since the establishment date, the Business Registration Certificate has been amended 5 times (on 28/9/2005, 14/3/2007, 05/05/2008, 02/06/2015 and 09/07/2015).

The Company was approved to list its common shares at Hanoi Stock Exchange under the Decision No. 156/QD-SGDHN dated 03/04/2014 by the General Director of Hanoi Stock Exchange with the code CHP. Official trading date of shares was 16/04/2014.

Charter capital as per the Business Registration Certificate: VND1,259,995,110,000.

Paid-up capital as at 31/12/2015: VND1,259,995,110,000.

#### 1.2. Principal business activity: Generating and trading electricity.

#### 1.3. Business activities

- Generating, transmitting and distributing electricity. Detail: Investing in construction of hydropower projects; generating and trading electricity;
- Management consultancy activities. Detail: Providing consultancy on electricity projects; Providing consultancy on management of hydropower projects;
- Construction of other civil engineering projects. Detail: Contracting to construct hydropower works, hydraulic works, electricity transmission lines and transformer stations; Construction of traffic projects; Dredging lake bed;
- Construction of buildings. Detail: Construction of civil and industrial projects;
- Architectural and engineering activities and related technical consultancy. Detail: Providing consultancy and design services of power grid, lighting system; Providing supervision service for underground works and for equipment installation of power projects; Managing, running and maintaining electricity plants and industrial works;
- Exploitation of stone, sand, gravel and clay. Detail: Exploiting and trading construction materials (Location outside the city);
- Marine aquaculture. Detail: aquaculture;
- Afforestation and other forestry activities. Detail: Afforestation;

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

- Real estate activities with owned or leased properties. Detail: Investing in, constructing, trading and leasing houses;
- Short-term accommodation activities. Detail: accommodation service for tourists;
- Restaurants and mobile food service activities. Detail: Restaurant business;
- Travel agency activities. Detail: Travel services;
- Other amusement and recreation activities n.e.c. Detail: Operating amusement and recreation facility;
- Vocational education. Detail: Vocational training on repair and operation of hydropower plants, transformer stations.

### 1.4. Enterprise structure

The Company has 1 branch. It is the A Luoi Hydropower Plant.

### 2. Accounting period, currency used in accounting

These financial statements are prepared for the fiscal year ended 31/12/2015 (starting from 01/01/2015 and ending on 31/12/2015).

Currency unit used for accounting records and presented in the financial statements is Vietnam Dong (VND).

### 3. Applied accounting standards and system

The Company adopts the Vietnamese Corporate Accounting System, which was guided at Circular No. 200/2014/TT-BTC dated 22/12/2014 and Vietnamese Accounting Standards promulgated by the Ministry of Finance. As guided by Circular 200, the Company applies prospective adjustments to the effects of changes in accounting policies.

Additionally, some corresponding figures of previous year have been re-classified (refer to Note 34) in order to ensure the comparability with current year's figures and to conform to the regulations on financial statement preparation of Circular 200.

### 4. Summary of significant accounting policies

#### 4.1 Exchange rate differences

Transactions denominated in currencies other than VND are translated into VND using the actual exchange rate announced by the commercial bank where the Company conducts transactions on the date of the transactions.

At the balance sheet date, monetary items denominated in currencies other than VND which are classified as assets are revaluated using the purchasing exchange rate and monetary items denominated in currencies other than VND which are classified as liabilities are revaluated using the selling exchange rate of the commercial bank where the Company regularly conducts transactions at the time of the financial statements. For foreign currency deposited in bank, the exchange rate upon revaluation is the purchase exchange rate of the bank where the Company opens foreign currency accounts.

Exchange rate differences are treated in accordance with the provisions of Vietnamese Accounting Standards No. 10 "Impacts of exchange rate fluctuations". Accordingly, foreign exchange differences arising during the year and exchange rate differences resulting from revaluating the closing balances of monetary items denominated in foreign currencies are recorded in the income statement of the fiscal year.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

### 4.2 Cash and cash equivalents

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

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.

### 4.3 Receivables

Receivables includes 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 receivables. Provision for doubtful receivables represents anticipated amounts of loss at the balance sheet date for receivables, 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.

### 4.4 Inventories

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

Cost of the inventories is calculated using the weighted average method and accounted by the perpetual method. Cost of the inventories comprises costs of purchase, costs of conversion and any directly attributable costs of bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price less the estimated costs of completing the inventories 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.

### 4.5 Tangible fixed assets

#### *Initial cost*

Tangible fixed assets are stated at initial cost less accumulated depreciation.

The initial 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 initial 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 expenses in the period.

#### *Depreciation*

Depreciation of tangible fixed assets is calculated in accordance with the straight-line method based on their estimated useful lives. Depreciation period is in conformity with Circular No. 45/2013/TT-BTC dated 25/4/ 2013 by the Ministry of Finance. Details are as follows:

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

<u>Kinds of assets</u>	<u>Depreciation period (years)</u>
Buildings, architectures	10 - 30
Machinery, equipment	6 - 20
Motor vehicles	8 - 10
Office equipment	4 - 6
Other fixed assets	5

### 4.6 Intangible fixed assets

#### *Initial cost*

Intangible fixed assets are stated at initial cost less accumulated amortization.

The initial cost of intangible assets comprises all the costs incurred by the Company to acquire those assets as of the time of putting such assets into intended use.

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

<u>Kind of asset</u>	<u>Amortization period (years)</u>
Computer software	5

### 4.7 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:

- Tools and instruments being put into use which are amortized in accordance with the straight-line method for a period from 1 year to 3 years.
- Land rental cost which is amortized on a straight-line basis over the land rent term of 39 years.
- 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.

### 4.8 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 stated as short-term and long-term payables based on the remaining terms at the balance sheet date.

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

### 4.9 Loans and finance lease liabilities

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

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

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 directly in connection with the borrowing of funds. Borrowing costs are recognized as expenses in the period in which they are incurred, except to the extent that they qualify the conditions to be capitalized in accordance with the Accounting Standard "Borrowing costs".

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

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

### *4.10 Accruals*

Accruals are recognized for amount to be paid in the future for goods and services received, whether or not billed to the Company. The Company's primary accrued expenses include:

- Expenses of the A Luoi Hydropower Plant Project which are accrued to increase fixed assets temporarily in accordance with the Decision on temporary approval of the value of fixed assets of the A Luoi Hydropower Plant.
- Accrued interest: determined according to the amount of outstanding loan principal, the number of days for which interest has not been charged yet and bank interest rate.
- Other expenses: determined based on the contract value signed with suppliers.

### *4.11 Owners' equity*

Owners' equity represents the amount of capital actually contributed by shareholders.

### *Profit distribution*

Profit after tax is appropriated to funds and distributed to shareholders as provided for in the Company's Charter or a resolution of the General Meeting of Shareholders.

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.

### *4.12 Revenue recognition*

- Revenue from sales of commercial power is recognized based on the documents confirming the power output generated to the national power grid.
- Revenue from sales and service provision is recognized to the extent that it is probable that the Company will obtain economic benefits and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

- ✓ Revenue from the sale of goods is recognized in the income statement when the significant risks and ownership of goods have been transferred to the buyer and there is no significant uncertainty that can change decision of the both sides on selling price and possibility of return of goods.
- ✓ Revenue from service provision is recognized when the services have been completed. In case that the services are 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 of fiscal year.
- 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 Company's scope of business and production recognized when it can be measured reliably and it is probable that the Company will obtain economic benefits.

### 4.13 Cost of goods sold

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

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.

### 4.14 Financial expenses

Financial expenses reflect expenses or losses related to financial investment activities. Financial expenses incurred during the period at the Company are interest expenses and foreign exchange loss.

### 4.15 Administrative expenses

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

### 4.16 Current corporate income tax expense

Current income tax is the tax amount computed based on the taxable income during the period at the tax rates applied as of the balance sheet date. Taxable income is different from accounting profit 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.

### 4.17 Financial instruments

#### Initial recognition

#### Financial assets



## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

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 original price 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 is no requirement for subsequent measurement of financial instruments after initial recognition.

### 4.18 Tax rates and fees paid to budget applied by the Company

- Value Added Tax (VAT): VAT rate for trading electricity is 10%.
- Corporate Income Tax (CIT):
  - ✓ Income from sales of commercial electricity generated by the A Luoi Hydropower Plant in Thua Thien Hue Province is subject to a CIT rate of 10% for 15 years as from commencement of operation (from 2012 to 2026). The Company is entitled to CIT exemption for 4 years as from the time taxable income is derived and 50% reduction of tax amounts payable for the following 9 years. Since the Company's first year of earning taxable income was 2013, it is entitled to CIT exemption from 2013 to 2016 and 50% reduction of tax amounts payable from 2017 to 2025;
  - ✓ Other business activities: Tax rates are applicable as regulated by current regulations.
- Land rent is exempted for 15 years as from completing the construction and putting project into operation (from 2012 to 2026);
- Goods imported to form fixed assets of the Project are exempted from import duty.
- Other taxes, fees and charges are paid in accordance with relevant regulations.

### 4.19 Related parties

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

Currency: VND

## 5. Cash and cash equivalents

	31/12/2015	01/01/2015
Cash on hand	37,895,000	189,934,000
Demand bank deposit	6,555,415,073	32,002,020,365
Bank deposits within 3 months	244,024,234,920	82,917,180,037
<b>Total</b>	<b>250,617,544,993</b>	<b>115,109,134,402</b>

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

### 6. Short-term trade receivables

	31/12/2015	01/01/2015
Electric Power Trading Company (related party)	209,503,217,171	263,775,218,580
Mai Linh Energy Joint Stock Company	152,484,567	152,484,567
<b>Total</b>	<b><u>209,655,701,738</u></b>	<b><u>263,927,703,147</u></b>

### 7. Other short-term receivables

	31/12/2015		01/01/2015	
	Amount	Provision	Amount	Provision
Accrued interest	282,718,671	-	158,764,102	-
Advances	273,652,833	-	296,875,004	-
<b>Total</b>	<b><u>556,371,504</u></b>	<b><u>-</u></b>	<b><u>455,639,106</u></b>	<b><u>-</u></b>

### 8. Provision for short-term doubtful receivables

	31/12/2015	01/01/2015
Provision for debts overdue for over 3 years	187,342,480	34,857,913
<b>Total</b>	<b><u>187,342,480</u></b>	<b><u>34,857,913</u></b>

### 9. Inventories

	31/12/2015		01/01/2015	
	Cost	Provision	Cost	Provision
Materials	47,855,477,984	-	48,192,502,550	-
Tools, instruments	128,626,162	-	67,672,606	-
<b>Total</b>	<b><u>47,984,104,146</u></b>	<b><u>-</u></b>	<b><u>48,260,175,156</u></b>	<b><u>-</u></b>

No inventories are mortgaged and secured for debts as at 31/12/2015.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

### 10. Tangible fixed assets

	Buildings, architectures VND	Machinery equipment VND	Motor vehicles VND	Office equipment VND	Other fixed assets VND	Total VND
<b>Cost</b>						
Opening balance	1,789,765,321,082	1,492,688,611,455	5,953,360,421	663,566,605	49,295,454	3,289,120,155,017
Addition	-	1,204,912,725	-	150,152,385	74,846,018	1,429,911,128
Decrease in the year	-	-	-	-	-	-
Closing balance	<u>1,789,765,321,082</u>	<u>1,493,893,524,180</u>	<u>5,953,360,421</u>	<u>813,718,990</u>	<u>124,141,472</u>	<u>3,290,550,066,145</u>
<b>Depreciation</b>						
Opening balance	164,399,103,612	247,032,737,597	3,592,726,648	296,022,498	18,896,570	415,339,486,925
Charge for the year	62,253,131,160	89,769,385,427	572,065,173	113,033,377	24,828,276	152,732,443,413
Decrease in the year	-	-	-	-	-	-
Closing balance	<u>226,652,234,772</u>	<u>336,802,123,024</u>	<u>4,164,791,821</u>	<u>409,055,875</u>	<u>43,724,846</u>	<u>568,071,930,338</u>
<b>Net book value</b>						
Opening balance	<u>1,625,366,217,470</u>	<u>1,245,655,873,858</u>	<u>2,360,633,773</u>	<u>367,544,107</u>	<u>30,398,884</u>	<u>2,873,780,668,092</u>
Closing balance	<u>1,563,113,086,310</u>	<u>1,157,091,401,156</u>	<u>1,788,568,600</u>	<u>404,663,115</u>	<u>80,416,626</u>	<u>2,722,478,135,807</u>

Initial cost of tangible fixed assets fully depreciated but still in active use as at 31/12/2015 is VND1,309,972,066.

Net book value of tangible fixed assets which are mortgaged for loans as at 31/12/2015 is VND2,713,414,349,681.

@ The A Luoi Hydropower Plant was completed and put into operation in 2012 (at present, the project is under the process of finalizing construction value). Initial cost of the above-mentioned plant is reflected at the price calculated temporarily according to the Decision No. 411/QD-EVNCHP-HDQT dated 17/12/2013 by the Chairman on temporary approval of the value of fixed asset of the A Luoi Hydropower Plant. The temporarily-calculated cost is VND3,273,954,000,000 and the depreciation for the fiscal year 2015 is VND151,293,771,792; accumulated depreciation as at 31/12/2015 is VND560,539,650,319.

### 11. Intangible fixed assets

	Computer software VND	Total VND
<b>Cost</b>		
Opening balance	45,000,000	45,000,000
Addition	80,000,000	80,000,000
Decrease in the year	-	-
Closing balance	<u>125,000,000</u>	<u>125,000,000</u>
<b>Amortization</b>		
Opening balance	45,000,000	45,000,000
Charge for the year	7,333,332	7,333,332
Decrease in the year	-	-
Closing balance	<u>52,333,332</u>	<u>52,333,332</u>
<b>Net book value</b>		
Opening balance	-	-
Closing balance	<u>72,666,668</u>	<u>72,666,668</u>

Initial cost of intangible fixed assets fully amortized but still in active use as at 31/12/2015 is VND45,000,000.

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)**

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

**12. Construction in progress**

	31/12/2015	01/01/2015
Dak Dring 2 hydroelectric power plant	4,469,273,473	4,256,335,259
Son Ha hydroelectric power plant	-	13,614,000
CDM A Luoi Project	-	430,115,909
<b>Total</b>	<b><u>4,469,273,473</u></b>	<b><u>4,700,065,168</u></b>

**13. Long-term prepaid expenses**

	31/12/2015	01/01/2015
Tools, instruments pending allocation	899,116,604	882,685,988
Costs of repairing fixed assets	8,997,230,889	9,206,001,459
Land rent at An Don industrial zone (i)	1,188,067,227	1,230,624,855
<b>Total</b>	<b><u>11,084,414,720</u></b>	<b><u>11,319,312,302</u></b>

(i) This is the expenses for renting the land lot of 4,000 m<sup>2</sup> in Danang Industrial Zone, Son Tra District, Danang City from 14/7/2005 to 21/9/2043 (39 years) to build working office under the Contract No. 44/HD-TLD signed on 14/07/2005 with Massda Land Co., Ltd.

**14. Short-term trade payables**

	31/12/2015	01/01/2015
Cavico Vietnam Co., Ltd.	43,530,168,363	43,682,744,363
Construction Joint Stock Company 47	18,339,664,335	31,672,651,510
Other creditors	21,516,018,838	56,342,830,771
<b>Total</b>	<b><u>83,385,851,536</u></b>	<b><u>131,698,226,644</u></b>

**15. Taxes and amounts payable to the State Budget**

**a. Receivable**

	Opening balance	Amount to be paid	Actual amount paid	Closing balance
Contractor's withholding tax	224,316,271	444,903,449	228,155,615	7,568,437
<b>Total</b>	<b><u>224,316,271</u></b>	<b><u>444,903,449</u></b>	<b><u>228,155,615</u></b>	<b><u>7,568,437</u></b>

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)**

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

**b. Payable**

	Opening balance	Amount to be paid	Actual amount paid	Closing balance
Value added tax	12,248,804,669	72,931,034,831	78,534,715,060	6,645,124,440
Personal income tax	48,156,914	3,987,374,319	3,662,965,845	372,565,388
Natural resource tax	7,606,804,205	41,746,462,661	45,566,054,922	3,787,211,944
Other taxes	11,423,521,190	27,530,653,270	33,500,714,390	5,453,460,070
<b>Total</b>	<b>31,327,286,978</b>	<b>146,195,525,081</b>	<b>161,264,450,217</b>	<b>16,258,361,842</b>

The Company's tax returns are subject to inspection of tax authority. The tax amounts presented in the financial statements may be changed under decision of the tax authority.

**16. Short-term accrued expenses**

	31/12/2015	01/01/2015
Accrued expenses of A Luoi Hydropower Plant Project (ii)	34,038,346,440	86,933,109,515
<b>Total</b>	<b>34,038,346,440</b>	<b>86,933,109,515</b>

(ii) The Company is accruing construction expenses of the A Luoi Hydropower Plant Project under the Proposal Letter No. 1535/EVN/CHP dated 13/12/2013 by the General Director on finalizing capital and plan of paying the retained amount to construction contractors of the A Luoi Hydropower Plant Project and the Decision No. 411/QD-EVNCHP-HDQT dated 17/12/2013 by the Chairman on temporarily approving the value of fixed assets of the A Luoi Hydropower Plant. Accordingly, the Company prepared a calculation sheet to determine the total investment based on the signed construction contracts and contract performance progress up to now and made accrued amount under the approval decision. The entire fixed assets of the A Luoi Hydropower Plant have been depreciated in the year as regulated. The contractors will issue financial invoice for this accrued amount after the finalized construction value is approved.

**17. Other short-term payables**

	31/12/2015	01/01/2015
Trade union fees	26,931,390	23,969,820
Other payables	11,629,921,048	17,505,690,378
- <i>Materials compensated by contractor</i>	-	4,442,104,647
- <i>Compensation insurance</i>	-	4,792,071,376
- <i>Dividend payable</i>	10,520,953,000	8,175,113,700
- <i>Other payables</i>	1,108,968,048	96,400,655
<b>Total</b>	<b>11,656,852,438</b>	<b>17,529,660,198</b>

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

### 18. Loans and finance lease obligations

#### a. Short-term

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Short-term loan (An Binh Bank - Danang Branch)	-	25,000,000,000	25,000,000,000	-
Current portion of long-term debts	170,000,000,000	163,800,000,000	170,000,000,000	163,800,000,000
- The Vietnam Development Bank - Thua Thien Hue Province Branch	150,000,000,000	112,800,000,000	150,000,000,000	112,800,000,000
- Agribank - Sai Gon Branch	20,000,000,000	51,000,000,000	20,000,000,000	51,000,000,000
<b>Total</b>	<b>170,000,000,000</b>	<b>188,800,000,000</b>	<b>195,000,000,000</b>	<b>163,800,000,000</b>

#### b. Long-term

	Opening balance	Increase in the year	Decrease in the year	Closing balance
The Vietnam Development Bank - Thua Thien Hue Province Branch (*)	1,288,223,490,334	-	150,000,000,000	1,138,223,490,334
Agribank - Sai Gon Branch (**)	327,000,000,000	-	20,000,000,000	307,000,000,000
<b>Total</b>	<b>1,615,223,490,334</b>	<b>-</b>	<b>170,000,000,000</b>	<b>1,445,223,490,334</b>
Of which				
- Portion of long-term loan due within 1 year	170,000,000,000			163,800,000,000
<b>Long-term loans and finance lease obligations</b>	<b>1,445,223,490,334</b>			<b>1,281,423,490,334</b>

(\*) Borrowing long-term loan from the Vietnam Development Bank – Thua Thien Hue Branch under the Investment Credit Agreement No. 06/2008/HDTDDT-NHPT dated 15/9/2008 to invest in the A Luoi Hydropower Project. Accordingly, the total loan is VND1,656,091,000,000 and is secured by asset formed after investment of the A Luoi Hydropower Project in A Luoi District, Thua Thien Hue Province. The maximum borrowing term is 144 months as from the first drawdown date (25/12/2008). The interest rates are various according to each construction item: 6.9% per annum, 8.4% per annum and 11.4% per annum and adjusted in accordance with the investment credit rate of the State at different time. Overdue interest rate is 150% of due interest rate.

(\*\*) Borrowing long-term loan from Agribank – Sai Gon Branch under the Investment Credit Agreement No. 1600-LAV-200800752 dated 30/9/2008 to invest in construction, purchasing machinery and equipment, covering site preparation costs and other expenses related to the A Luoi Hydropower Project in Thua Thien Hue Province. Accordingly, the total loan is VND 367,000,000,000 and is secured by asset formed after investment of the A Luoi Hydropower Project in A Luoi District, Thua Thien Hue Province. The maximum borrowing term is 144 months as from the first drawdown date. The interest rate is the basic rate plus 2.5% per annum. Overdue interest rate is 150% of due interest rate.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

### 19. Owner's equity

#### a. Statement of changes in equity

	Paid-up capital	Share premium	Development investment fund	Other equity funds	Undistributed profit
Balance at 01/01/2014	1,200,000,000,000	(265,296,519)	11,900,813,629	5,950,406,814	36,491,631,072
Increase in the year	-	-	21,306,968,894	10,653,484,447	213,069,688,936
Decrease in the year	-	-	-	-	78,048,589,343
Balance at 31/12/2014	<u>1,200,000,000,000</u>	<u>(265,296,519)</u>	<u>33,207,782,523</u>	<u>16,603,891,261</u>	<u>171,512,730,665</u>
Balance at 01/01/2015	1,200,000,000,000	(265,296,519)	33,207,782,523	16,603,891,261	171,512,730,665
Increase in the year	59,995,110,000	-	32,830,114,830	16,415,057,415	328,301,148,300
Decrease in the year	-	-	-	-	232,513,833,919
Balance at 31/12/2015	<u>1,259,995,110,000</u>	<u>(265,296,519)</u>	<u>66,037,897,353</u>	<u>33,018,948,676</u>	<u>267,300,045,046</u>

#### b. Shares

	31/12/2015 Shares	01/01/2015 Shares
Number of shares authorised to be issued	125,999,511	120,000,000
Number of shares issued to the public	125,999,511	120,000,000
- Common shares	125,999,511	120,000,000
- Preferred shares (classified as owners' equity)	-	-
Number of shares bought back (treasury shares)	-	-
- Common shares	-	-
- Preferred shares (classified as owners' equity)	-	-
Number of outstanding shares	125,999,511	120,000,000
- Common shares	125,999,511	120,000,000
- Preferred shares (classified as owners' equity)	-	-
Par value :VND10,000 each		

#### c. Undistributed profit

	31/12/2015	01/01/2015
Profit brought forward	171,512,730,665	36,491,631,072
Profit after CIT - current year	328,301,148,300	213,069,688,936
Distribution of profit	232,513,833,919	78,048,589,343
Distribution of preceding year profit	167,995,110,000	36,000,000,000
- Cash dividends	108,000,000,000	36,000,000,000
- Stock dividends	59,995,110,000	-
Temporary distribution of current year profit	64,518,723,919	42,048,589,343
- For reserve fund supplementing charter capital	16,415,057,415	10,653,484,447
- For development investment fund	32,830,114,830	21,306,968,894
- For reward and welfare fund	14,773,551,674	9,588,136,002
- For reward fund of executive officers	500,000,000	500,000,000
Undistributed profit after tax	<u>267,300,045,046</u>	<u>171,512,730,665</u>

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

The Company paid dividend of 2014 under the Resolution of Annual Shareholders Meeting No. 01/2015/NQ-EVNCHP-DHCD dated 23/04/2015 at the rate of 14% of the charter capital. Of which: 9% (equivalent to VND108,000,000,000) is paid in cash; and 5% (equivalent to VND59,995,110,000) is paid by shares.

The Company has temporarily distributed profit after tax of the year 2015 in accordance with the Resolution of the Board of Directors No. 01/2016/NQ-CHP-HDQT dated 05/01/2016.

### 20. Revenue from sales and service provision

	Year 2015	Year 2014
Sales of electricity	729,310,348,282	626,484,328,598
<b>Total</b>	<b><u>729,310,348,282</u></b>	<b><u>626,484,328,598</u></b>

### 21. Cost of sales

	Year 2015	Year 2014
Cost of electricity sold	242,498,146,020	225,688,342,944
<b>Total</b>	<b><u>242,498,146,020</u></b>	<b><u>225,688,342,944</u></b>

### 22. Financial income

	Year 2015	Year 2014
Deposit interest	9,412,394,875	8,066,242,621
Gain on exchange rate differences	41,432,091	123,299
<b>Total</b>	<b><u>9,453,826,966</u></b>	<b><u>8,066,365,920</u></b>

### 23. Financial expenses

	Year 2015	Year 2014
Loan interest	131,353,869,375	167,204,294,239
Loss from exchange rate differences	186,817,550	250,186
<b>Total</b>	<b><u>131,540,686,925</u></b>	<b><u>167,204,544,425</u></b>



**NOTES TO THE FINANCIAL STATEMENTS (cont'd)**

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

**24. Administrative expenses**

	Year 2015	Year 2014
Salary expenses	27,372,544,244	19,502,065,313
Depreciation and amortization	471,781,227	517,461,840
Externally-hired services	2,790,061,470	3,257,839,942
Other expenses	8,373,011,598	12,266,745,964
<b>Total</b>	<b><u>39,007,398,539</u></b>	<b><u>35,544,113,059</u></b>

**25. Other income**

	Year 2015	Year 2014
Insurance compensation	9,234,176,023	4,087,076,235
Penalty for late construction progress	-	1,984,396,247
Income from selling bidding documents for tools and instruments	38,000,000	20,000,000
Proceed from disposal of recovered materials	954,715,603	819,658,477
Proceed from selling CDM certified emission reductions	1,670,220,288	-
Others	237	60,021,514
<b>Total</b>	<b><u>11,897,112,151</u></b>	<b><u>6,971,152,473</u></b>

**26. Other expenses**

	Year 2015	Year 2014
Appraisal costs	53,350,000	15,138,273
Expenses for developing and consulting CDM project	430,115,909	-
Expenses for repairing circuit breaker and runner	8,773,435,817	-
Others	57,005,889	19,354
<b>Total</b>	<b><u>9,313,907,615</u></b>	<b><u>15,157,627</u></b>

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

### 27. Current corporate income tax expense

	Year 2015	Year 2014
Accounting profit before tax	328,301,148,300	213,069,688,936
- From principal activities	328,301,148,300	213,069,688,936
- From other activities	-	-
Adjustments to taxable income	768,249,979	6,473,060,656
- Increasing adjustments	768,249,979	6,473,060,656
+ Remuneration of non-executive members of Director Board and Supervisor Board	648,000,000	552,000,000
+ Unqualified expenses	120,249,979	5,920,810,470
- Unrealized foreign exchange loss	-	250,186
- Decreasing adjustments	-	-
Total taxable income	329,069,398,279	219,542,749,592
- Taxable income derived from principal activities	329,069,398,279	219,542,749,592
- Taxable income derived from other activities	-	-
<b>Current corporate income tax expense</b>	<b>-</b>	<b>-</b>
<i>Of which:</i>		
- Corporate income tax expense - current year	-	-
- Adjustment of current CIT expense of previous year to current CIT expense of current year	-	-

### 28. Earnings per share

	Year 2015	Year 2014
Accounting profit after CIT	328,301,148,300	213,069,688,936
Adjustment to accounting profit after CIT	(15,273,551,674)	(10,088,136,002)
- Increase	-	-
- Decrease (Rewards and welfare fund) (*)	15,273,551,674	10,088,136,002
Profit/Loss attributable to common shareholders	313,027,596,626	202,981,552,934
Average number of common shares outstanding in year	125,999,511	125,999,511
<b>Earnings per share</b>	<b>2,484</b>	<b>1,611</b>

(\*) The 2015 Shareholders General Meeting and the Company's Charter do not determine the reward and welfare fund of the year 2015. Earnings per share of this year is determined after deducting the reward and welfare fund which is appropriated in accordance with the Resolution No. 01/2016/NQ-CHP-HDQT dated 05/01/2016 by the Board of Directors. Accordingly, the earnings per share could be changed upon final decision of the General Meeting of Shareholders regarding figures of the reward and welfare fund of the year 2015.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

### 29. Production and operating expenses according to elements

	Year 2015	Year 2014
Materials	4,090,165,595	4,716,308,866
Labor	49,095,044,786	33,421,260,897
Depreciation and amortization	152,739,776,745	152,577,368,379
Externally-hired services	4,628,517,132	5,620,971,357
Other cash expenses	70,799,555,734	64,896,546,504
<b>Total</b>	<b><u>281,353,059,992</u></b>	<b><u>261,232,456,003</u></b>

### 30. Segment reporting

According to Vietnamese Accounting Standard No. 28 and the relevant guidelines, the Company is required to have segment reporting. Accordingly, a business segment is a distinguishable component of the Company that is engaged in providing related products or service (business segment) or providing goods or services in a specific economic environment (segment by geographical area) and that is subject to risks and returns that are different from those of other business segment. The Management Board assesses that the Company is engaged in a sole business segment that is manufacturing electricity and the main geographical segment is A Luoi District, Thua Thien Hue Province, Vietnam.

### 31. Risk management

#### 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.

#### Financial risk management

Financial risk includes market risk (comprising interest rate risk and price risk), credit risk and liquidity risk.

**Market risk management:** The Company's activities mainly face risks when there are high fluctuations in interest rate and commodity prices.

#### Interest rate risk management

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument fluctuates when market rates fluctuate. The Company's interest rate risks mainly derive from short-term deposit and signed loans. To minimize these risks, the Company analyses the market competition situation to make decision on interest rates which benefit the Company's purposes but still controls the risks at an acceptable level, estimates 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 Company's Management Board acknowledges that uncontrollable risks arising from fluctuations of interest rates are insignificant.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

### Commodity price risk management

The Company purchases material from domestic suppliers to serve its operation, thus it faces the risk of changes in material buying prices. However, material expenses make up a small portion in the total product cost, therefore, the Company acknowledges that risks arising from fluctuations of commodity prices are insignificant.

### Credit risk management

Credit risk at the Company mainly relates to trade receivables and bank deposits. The Company principle activity is manufacturing electricity in Vietnam and its sole customer is Electric Power Trading Company, directly belonging to Vietnam Electricity Corporation. The Management Board acknowledges that the Company has no significant risks with the customer.

The Company's short-term deposits are mainly at big banks (Vietnam Development Bank – Hue City Branch, Agribank – Sai Gon Branch, An Binh Commercial Joint Stock Bank in Danang and Agribank – Danang Branch). Moreover, all bank deposits are now insured.

Therefore, the Management Board assesses that the Company's credit risk is at low level.

### 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 revenue sources can be generated within that period.

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

31/12/2015	Not more than 1 year	Over 1 year	Total
Trade payables	83,385,851,536	-	83,385,851,536
Accrued expenses	34,038,346,440	-	34,038,346,440
Loans and finance lease obligations	163,800,000,000	1,281,423,490,334	1,445,223,490,334
Other payables	11,629,921,048	-	11,629,921,048
<b>Total</b>	<b>292,854,119,024</b>	<b>1,281,423,490,334</b>	<b>1,574,277,609,358</b>
01/01/2015	Not more than 1 year	Over 1 year	Total
Trade payables	131,698,226,644	-	131,698,226,644
Accrued expenses	86,933,109,515	-	86,933,109,515
Loans and finance lease obligations	170,000,000,000	1,445,223,490,334	1,615,223,490,334
Other payables	8,271,514,355	-	8,271,514,355
<b>Total</b>	<b>396,902,850,514</b>	<b>1,445,223,490,334</b>	<b>1,842,126,340,848</b>

The Management Board assesses that the Company has no exposures to liquidity risks.

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)**

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

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

31/12/2015	Not more than 1 year	Over 1 year	Total
Cash and cash equivalents	250,617,544,993	-	250,617,544,993
Trade receivables	209,655,701,738	-	209,655,701,738
Other receivables	282,718,671	-	282,718,671
<b>Total</b>	<b>460,555,965,402</b>	<b>-</b>	<b>460,555,965,402</b>
01/01/2015	Not more than 1 year	Over 1 year	Total
Cash and cash equivalents	115,109,134,402	-	115,109,134,402
Trade receivables	263,927,703,147	-	263,927,703,147
Other receivables	158,764,102	-	158,764,102
<b>Total</b>	<b>379,195,601,651</b>	<b>-</b>	<b>379,195,601,651</b>

**32. Related party information**

**a. Related parties**

Related parties	Relationship
Power Generation Corporation 1 (EVNGENCO 1) Central Power Corporation under the Electricity of Vietnam (EVN CPC)	Subsidiary of EVN Subsidiary of EVN
Southern Power Corporation under the Electricity of Vietnam (EVN SPC)	Subsidiary of EVN
Hanoi Power Corporation (EVN HANOI)	Subsidiary of EVN
Electric Power Trading Company	Component of EVN

**b. The Company's major transactions with related party during the year:**

	Transaction	Year 2015	Year 2014
Electric Power Trading Company	Selling electricity	729,310,348,282	626,484,328,598

**c. Related party balance:**

	Item	31/12/2015	01/01/2015
Electric Power Trading Company	Trade receivables	209,503,217,171	263,775,218,580

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

### d. Remunerations of key management officers

		Year 2015	Year 2014
Management Board	Salaries	1,175,218,883	1,230,902,506
Board of Directors	Remunerations	504,000,000	480,000,000
Board of Supervisors	Remunerations	144,000,000	144,000,000

### 33. Significant events after 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.

### 34. Corresponding figures

Corresponding figures were taken from the financial statements for the year ended 31/12/2014 which had been audited by AAC. Some corresponding figures have been re-classified in order to ensure the comparability with current-year figures and to conform to the regulations on financial statement preparation of Circular 200/2014/TT-BTC dated 22/12/2014 by the Finance Ministry guiding the Corporate Accounting System. Details are as follows:

#### BALANCE SHEET

Items	01/01/2015	01/01/2015 (Re-stated)
Other short-term receivables	158,764,102	455,639,106
Other current assets	296,875,004	-

#### INCOME STATEMENT

Item	Year 2014	Year 2014 (Re-stated)
Earnings per share	1,776	1,611



*[Signature]*  
Truong Cong Gioi  
General Director  
Danang City, 15 February 2016

*[Signature]*

Huynh Mai  
Chief Accountant

*[Signature]*

Hoang Thi Thanh Hien  
Preparer