



SONG DA 505 JOINT STOCK COMPANY  
**Interim consolidated financial  
statements**

For the first 6 months of 2016

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## REPORT OF MANAGEMENT

Management of Song Da 505 Joint Stock Company has pleasure in submitting this report together with the reviewed interim consolidated financial statements for the first 6 months of 2016.

### Overview

Song Da 505 Joint Stock Company (“the Company”) was established on the basis of equitization of Song Da 505 Enterprise attached to Song Da 5 Company of Song Da Corporation under Decision No. 980/QD-BXD dated 22 June 2004 of the Construction Minister. The Company’s Business Certificate (which is now the Enterprise Registration Certificate) No. 3903000041 was issued on 9 August 2004 by Gia Lai’s Service of Planning and Investment. This Certificate has been amended seven (7) times and the nearest amendment was on 13 September 2013 by the Business Certificate No. 5900320629. The Company is an independent accounting entity, operating in conformity with Enterprise Law, its Charter and relevant regulations.

The Company’s shares were first listed in Hanoi Stock Exchange on 22 December 2006 under the code S55.

Charter capital as per Enterprise Registration Certificate: VND49,920,000,000.

Paid in capital as at 30 June 2016: VND49,920,000,000.

The Company’s subsidiary and associate to be consolidated including:

Subsidiary: DATC Global Trade and Investment Joint Stock Company;

Associate: Song Ong Hydropower Joint Stock Company

### Head Office

- Address: Iao Commune, Iagrai District, Gia Lai Province
- Transaction office: Song Da Building, Pham Hung Street, Tu Liem District, Hanoi
- Tel: (84) 059.3875243
- Fax: (84) 059.3897323
- Email: [songda505@vnn.vn](mailto:songda505@vnn.vn)
- Website: [www.songda505.com.vn](http://www.songda505.com.vn)

### Principal activities

- Construction of industrial, public, civil, housing, hydropower, irrigation, transportation works;
- Construction and operation of small and medium hydropower plants;
- Exploiting, producing and trading materials, construction materials, concrete, structural metal products, accessories and attachments for construction works;
- Executing construction works by hole blast drilling method, jet drilling method;
- Mining of iron ore;
- Exploiting of sand, stone and gravel;
- Real estate business;

## REPORT OF MANAGEMENT (Cont'd)

- Testing of building materials, construction quality control, testing equipment calibration, measurement equipment and testing.

### Employees

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

#### *Board of Directors*

- |                          |          |                            |
|--------------------------|----------|----------------------------|
| • Mr. Dang Quang Dat     | Chairman | Appointed on 26/03/2015    |
| • Mr. Dang Van Tuyen     | Member   | Re-appointed on 26/03/2015 |
| • Mr. Vu Son Thuy        | Member   | Re-appointed on 26/03/2015 |
| • Mr. Nguyen Hoai Thanh  | Member   | Appointed on 26/03/2015    |
| • Mr. Nguyen Dinh Phuong | Member   | Appointed on 26/03/2015    |

#### *Supervisory Board*

- |                       |                  |                         |
|-----------------------|------------------|-------------------------|
| • Mr. Dang Thanh Nam  | Chief Supervisor | Appointed on 26/03/2015 |
| • Ms. Dang Ngoc Nhung | Member           | Appointed on 26/03/2015 |
| • Mr. Nguyen The Hoan | Member           | Appointed on 26/03/2015 |

#### *Management and Chief Accountant*

- |                          |                  |  |
|--------------------------|------------------|--|
| • Mr. Dang Quang Dat     | Director         | Re-appointed on 26/03/2015                           |
| • Mr. Dang Van Tuyen     | Vice Director    | Re-appointed on 30/07/2015                           |
| • Mr. Le Van Phuc        | Vice Director    | Re-appointed on 26/03/2015                           |
| • Mr. Pham Van Huan      | Vice Director    | Re-appointed on 26/03/2015                           |
| • Mr. Tran Thai Binh     | Vice Director    | Re-appointed on 26/03/2015                           |
| • Mr. Nguyen Ngoc Anh    | Vice Director    | Re-appointed on 26/03/2015                           |
| • Mr. Dang Van To        | Vice Director    | Re-appointed on 26/03/2015<br>Resigned on 01/01/2016 |
| • Mr. Nguyen Dinh Phuong | Vice Director    | Appointed on 15/05/2015                              |
| • Mr. Vu Son Thuy        | Chief Accountant | Re-appointed on 26/03/2015                           |

### Independent auditor

These interim consolidated financial statements have been reviewed by AAC Auditing and Accounting Co., Ltd (Head office: Lot 78-80, 30 April Street, Hai Chau District, Danang City; Phone number: (84) 511.3655886; Fax: (84) 511.3655887; Website: www.aac.com.vn; Email: aac@dng.vnn.vn)

## REPORT OF MANAGEMENT (Cont'd)

### Responsibility of the Management in preparation of the interim consolidated financial statements

The Management of the Company is responsible for true and fair preparation and presentation of these interim consolidated 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 consolidated financial statements on the going concern basis;
- Responsibility for such internal control as the Management determines is necessary to enable the preparation and presentation of the interim financial statements that are free from material misstatement, whether due to fraud or error.

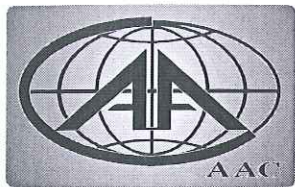
Members of the Company's Management hereby confirm that the accompanying interim consolidated financial statements including the interim consolidated balance sheet, the interim consolidated income statement, the interim consolidated statement of cash flows and the notes to the interim consolidated financial statements give a true and fair view of the financial position of the Company as at 30/06/2016 and the result of its operations and its cash flows for the first six months of 2016 in accordance with the Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and the statutory requirements relevant to preparation and presentation of the interim consolidated financial statements.

On behalf of the Management



**Dang Quang Dat**  
Director

*Gia Lai Province, 12 August 2016*



## AAC AUDITING AND ACCOUNTING CO., LTD.

AN INDEPENDENT MEMBER OF PRIMEGLOBAL

Head office  
Lot 78-80 April 30<sup>th</sup> St., Hai Chau District, Danang City  
Tel: 84.511.3655886; Fax: 84.511.3655887  
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No: 814/BCSX-AAC

### REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

**To: The Shareholders, Board of Directors and Management  
Song Da 505 Joint Stock Company**

We have reviewed the accompanying interim consolidated financial statements, which comprise the interim consolidated balance sheet as at 30/06/2016, the interim consolidated income statement, interim consolidated statement of cash flows and notes to the interim consolidated financial statements (for the first 6-month period of 2016), prepared on 08/08/2016 of Song Da 505 Joint Stock Company ("the Company") and its subsidiary (together, "the Group") as attached from page 5 to page 34.

#### Management's Responsibility

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

#### Auditors' Responsibility

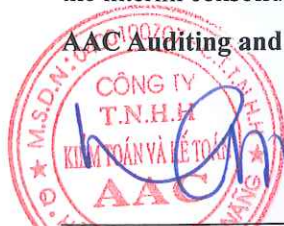
Our responsibility is to express a conclusion on the accompanying interim financial statements based on our review. We conducted our review in accordance with Vietnamese Standard on Review Engagements (VSRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

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

#### Conclusion of auditors

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements do not present fairly, in all material respects, the financial position of the Company as at 30/06/2016, and its financial performance and its cash flows for the first 6-month period of 2016, in accordance with the Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and the statutory requirements relevant to preparation and presentation of the interim consolidated financial statements.

AAC Auditing and Accounting Co., Ltd.



**Lâm Quang Tu – Deputy General Director**

*Audit Practising Registration Certificate*

No. 1031-2013-010-1

Danang City, 12 August 2016

**INTERIM CONSOLIDATED  
BALANCE SHEET**  
As at 30 June 2016

Form B 01 – DN/HN  
Issued under Circular No. 202/2014/TT-BTC dated  
22/12/2014 by the Ministry of Finance

ASSETS	Code	Note	30/06/2016 VND	01/01/2016 VND
<b>A. CURRENT ASSETS</b>	<b>100</b>		<b>326,207,534,441</b>	<b>342,237,184,106</b>
<b>I. Cash and cash equivalents</b>	<b>110</b>	<b>5</b>	<b>101,532,280,049</b>	<b>150,974,594,016</b>
1. Cash	111		2,532,280,049	4,474,594,016
2. Cash equivalents	112		99,000,000,000	146,500,000,000
<b>II. Short-term financial investments</b>	<b>120</b>		<b>26,079,215,400</b>	<b>4,062,751,400</b>
1. Trading security	121	6.a	193,296,552	193,296,552
2. Provision for decline in value of trading securities	122	6.a	(119,914,152)	(136,378,152)
3. Held-to-maturity investments	123	6.b	26,005,833,000	4,005,833,000
<b>III. Short-term receivables</b>	<b>130</b>		<b>135,079,182,200</b>	<b>156,850,139,175</b>
1. Short-term trade receivables	131	7	195,277,518,665	215,930,580,094
2. Short-term prepayments to suppliers	132	8	8,903,450,092	13,471,004,647
3. Other short-term receivables	136	9	3,144,812,572	1,571,523,788
4. Provision for doubtful debts	137	10	(72,246,599,129)	(74,122,969,354)
<b>IV. Inventories</b>	<b>140</b>	<b>11</b>	<b>49,398,299,793</b>	<b>23,250,770,523</b>
1. Inventories	141		49,398,299,793	23,250,770,523
2. Provision for decline in value of inventories	149		-	-
<b>V. Other current assets</b>	<b>150</b>		<b>14,118,556,999</b>	<b>7,098,928,992</b>
1. Short-term prepaid expenses	151	12.a	2,947,715,858	1,792,279,850
2. Creditable VAT	152		11,170,841,141	5,306,649,142
<b>B. LONG-TERM ASSETS</b>	<b>200</b>		<b>373,909,753,721</b>	<b>267,740,807,018</b>
<b>I. Long-term receivables</b>	<b>210</b>		<b>-</b>	<b>-</b>
<b>II. Fixed assets</b>	<b>220</b>		<b>22,364,141,860</b>	<b>17,224,512,958</b>
1. Tangible fixed assets	221	13	22,364,141,860	14,563,698,958
- Cost	222		91,588,498,055	79,616,362,507
- Accumulated depreciation	223		(69,224,356,195)	(65,052,663,549)
2. Intangible fixed assets	227		-	2,660,814,000
- Cost	228		-	2,660,814,000
- Accumulated amortization	229		-	-
<b>III. Investment properties</b>	<b>230</b>		<b>-</b>	<b>-</b>
<b>IV. Long-term assets in progress</b>	<b>240</b>		<b>286,176,327,873</b>	<b>180,545,918,356</b>
1. Long-term work in progress	241		-	-
2. Construction in progress	242	14	286,176,327,873	180,545,918,356
<b>V. Long-term financial investments</b>	<b>250</b>		<b>56,509,448,888</b>	<b>61,120,218,067</b>
1. Investments in associates, joint ventures	252	6.c	44,500,096,500	36,482,804,477
2. Investments in other entities	253	6.d	13,000,000,000	26,069,200,000
3. Provision for long-term financial investments	254	6.d	(990,647,612)	(1,431,786,410)
<b>VI. Other long-term assets</b>	<b>260</b>		<b>8,859,835,100</b>	<b>8,850,157,637</b>
1. Long-term prepaid expenses	261	12.b	8,446,327,829	8,641,714,418
2. Deferred income tax assets	262	22.a	413,507,271	208,443,219
<b>TOTAL ASSETS</b>	<b>270</b>		<b>700,117,288,162</b>	<b>609,977,991,124</b>

**INTERIM CONSOLIDATED  
BALANCE SHEET (cont'd)**  
As at 30 June 2016

RESOURCES	Code	Note	30/06/2016 VND	01/01/2016 VND
<b>A. LIABILITIES</b>	<b>300</b>		<b>398,789,101,781</b>	<b>329,174,997,476</b>
<b>I. Current liabilities</b>	<b>310</b>		<b>205,788,164,686</b>	<b>213,059,339,282</b>
1. Short-term trade payables	311	15	59,398,136,036	58,232,771,231
2. Short-term advances from customers	312	16	47,774,812,975	39,387,391,758
3. Taxes and amounts payable to the State Budget	313	17	2,251,704,785	1,115,944,428
4. Payables to employees	314		29,326,663,374	32,852,663,394
5. Accrued expenses	315	18	46,643,230	1,188,221,805
6. Other short-term payables	319	19.a	2,998,743,379	15,483,897,094
7. Short-term loan and finance lease liabilities	320	20.a	52,246,834,924	53,423,873,589
8. Provisions for short-term payables	321	21	8,806,245,410	8,806,245,410
9. Reward and welfare fund	322		2,938,380,573	2,568,330,573
<b>II. Long-term liabilities</b>	<b>330</b>		<b>193,000,937,095</b>	<b>116,115,658,194</b>
1. Other long-term payables	337	19.b	518,439,852	737,516,616
2. Long-term loan and finance lease liabilities	338	20.b	192,461,306,536	115,171,412,058
3. Deferred tax liabilities	341	22.b	21,190,707	206,729,520
<b>B. OWNERS' EQUITY</b>	<b>400</b>		<b>301,328,186,381</b>	<b>280,802,993,648</b>
<b>I. Equity</b>	<b>410</b>		<b>301,328,186,381</b>	<b>280,802,993,648</b>
1. Share capital	411	23	49,920,000,000	49,920,000,000
- Common shares with voting rights	411a	23	49,920,000,000	49,920,000,000
- Preferred shares	411b	23	-	-
2. Share premium	412	23	43,125,212,265	43,125,212,265
3. Development investment fund	418	23	119,764,422,258	85,817,218,941
4. Undistributed profit	421	23	24,442,151,858	49,730,562,442
- Undistributed profit up to the end of prior period	421a	23	4,799,359,125	-
- Undistributed profit this period	421b	23	19,642,792,733	49,730,562,442
5. Non-controlling interest	429		64,076,400,000	52,210,000,000
<b>TOTAL RESOURCES</b>	<b>440</b>		<b>700,117,288,162</b>	<b>609,977,991,124</b>



**Dang Quang Dat**  
Director

Gia Lai Province, 08 August 2016

**Vu Son Thuy**  
Chief Accountant

**Tong Thi Thu Hien**  
Preparer

**INTERIM CONSOLIDATED  
INCOME STATEMENT**  
For the first 6 months of 2016

Form B 02 – DN/HN  
Issued under Circular No. 202/2014/TT-BTC  
dated 22/12/2014 by the Ministry of Finance

ITEMS	Code	Note	First 6 months of 2016 VND	First 6 months of 2015 VND
1. Revenue from sales and service provision	01	24	152,296,996,955	238,440,846,104
2. Deductions	02	25	4,744,465,554	4,096,675,108
3. Net revenue from sales and service provision	10		147,552,531,401	234,344,170,996
4. Cost of goods sold	11	26	128,381,424,246	212,896,043,191
5. Gross profit from sales and service provision	20		<u>19,171,107,155</u>	<u>21,448,127,805</u>
6. Financial income	21	27	7,456,431,140	3,181,270,840
7. Financial expenses	22	28	1,222,276,343	304,129,263
Including: Interest expense	23		1,679,879,141	704,937,975
8. Profit or loss in associates, joint ventures	24		2,317,292,023	-
9. Selling expenses	25		-	-
10. Administrative expenses	26	29	5,455,898,361	4,403,637,799
11. Operating profit	30		<u>22,266,655,614</u>	<u>19,921,631,583</u>
12. Other income	31	30	62,405,906	215,557,178
13. Other expenses	32	31	457,342,698	70,543,749
14. Other profit	40		<u>(394,936,792)</u>	<u>145,013,429</u>
15. Accounting profit before tax	50		<u>21,871,718,822</u>	<u>20,066,645,012</u>
16. Current income tax expense	51	32	2,619,528,954	1,072,948,308
17. Deferred tax expense	52	33	(390,602,865)	(64,453,537)
18. Profit after tax	60		<u>19,642,792,733</u>	<u>19,058,150,241</u>
19. Profit after tax attributable to parent company	61		19,642,792,733	19,058,150,241
20. Profit after tax attributable to non-controlling interest	62		-	-
21. Basic earnings per share	70	34	3,935	3,818
22. Diluted earnings per share	71		3,935	3,818



**Dang Quang Dat**  
Director

Gia Lai Province, 08 August 2016

**Vu Son Thuy**  
Chief Accountant

**Tong Thi Thu Hien**  
Preparer

**INTERIM CONSOLIDATED  
CASH FLOW STATEMENT**  
For the first 6 months of 2016

Form B 03- DN/HN  
Issued under Circular No. 202/2014/TT-BTC  
dated 22/12/2014 by the Ministry of Finance

ITEMS	Code	Note	First 6 months of 2016 VND	First 6 months of 2015 VND
<b>I. Cash flows from operating activities</b>				
1. Profit before tax	01		21,871,718,822	20,066,645,012
2. Adjustments for				
- Depreciation and amortisation	02		3,614,516,192	4,159,696,863
- Provisions	03		(2,333,973,023)	(7,952,245,117)
- (Profit) loss from investing activities	05		(9,572,227,891)	(3,223,543,567)
- Interest expenses	06		1,679,879,141	704,937,975
3. Operating profit before changes in working capital	08		15,259,913,241	13,755,491,166
- Increase/decrease in receivables	09		11,503,858,834	106,558,063,201
- Increase/decrease in inventories	10		(26,147,529,270)	14,009,344,022
- Increase/decrease in payable (exclusive of interest payable, income tax payable)	11		(288,491,871)	(116,910,056,572)
- Increase/decrease in prepaid expenses	12		(960,049,419)	598,487,535
- Increase/decrease in trading securities	13		-	3,825,463,448
- Loan interest paid	14		(2,294,516,259)	(713,840,879)
- Corporate income tax paid	15		(796,934,825)	(1,951,383,601)
- Other payments for operating activities	17		(629,950,000)	(295,700,000)
Net cash used in operating activities	20		<u>(4,353,699,569)</u>	<u>18,875,868,320</u>
<b>II. Cash flows from investing activities</b>				
1. Purchases of fixed assets and other long-term assets	21		(118,343,695,329)	(23,877,821,194)
Proceeds from disposals of fixed assets and other long-term assets	22		2,573,646,728	42,272,727
3. Cash paid for loans, acquisition of debt instruments	23		(22,000,000,000)	(81,500,000,000)
4. Cash paid for capital contribution in other entities	25		(6,476,000,000)	(63,897,627,389)
5. Recovery of capital contribution in other entities	26		13,845,200,000	-
6. Interest, dividends and profit received	27		7,342,103,140	3,181,270,840
Net cash used in investing activities	30		<u>(123,058,745,461)</u>	<u>(166,051,905,016)</u>
<b>III. Cash flows from financing activities</b>				
1. Proceeds from stock issuance, capital contribution	31		11,866,400,000	2,085,000,000
2. Proceeds from loans	33	36	119,143,994,106	79,267,371,288
3. Repayment of loan principal	34	37	(43,031,138,293)	(8,324,049,543)
4. Dividend, profit paid to owners	36		(10,009,124,750)	(6,432,361,100)
Net cash used in financing activities	40		<u>77,970,131,063</u>	<u>66,595,960,645</u>
<b>Net cash flows for the period</b>	50		<u>(49,442,313,967)</u>	<u>(80,580,076,051)</u>
Cash and cash equivalents at beginning of period	60		150,974,594,016	90,348,745,282
Impacts of exchange rate fluctuations	61		-	-
Cash and cash equivalents at end of period	70		<u>101,532,280,049</u>	<u>9,768,669,231</u>



Dang Quang Dat  
Director

Gia Lai Province, 08 August 2016

Vu Son Thuy  
Chief Accountant

Tong Thi Thu Hien  
Preparer

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Form B 09 – DN/HN  
Issued under Circular No. 202/2014/TT - BTC  
dated 22/12/2014 by the Ministry of Finance

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

### 1. Nature of operations

#### 1.1. Overview

Song Da 505 Joint Stock Company (“the Company”) was established on the basis of equitization of Song Da 505 Enterprise attached to Song Da 5 Company of Song Da Corporation under Decision No. 980/QD-BXD dated 22 June 2004 of the Construction Minister. The Company’s Business Certificate (which is now the Enterprise Registration Certificate) No. 3903000041 was issued on 9 August 2004 by Gia Lai’s Service of Planning and Investment. This Certificate has been amended seven (7) times and the nearest amendment was on 13 September 2013 by the Business Certificate No. 5900320629. The Company is an independent accounting entity, operating in conformity with Enterprise Law, its Charter and relevant regulations.

#### 1.2. Principal scope of business: Construction.

#### 1.3. Operating activities

- Construction of industrial, public, civil, housing, hydropower, irrigation, transportation works;
- Construction and operation of small and medium hydropower plants;
- Exploiting, producing and trading materials, construction materials, concrete, structural metal products, accessories and attachments for construction works;
- Executing construction works by hole blast drilling method, jet drilling method;
- Mining of iron ore;
- Exploiting of sand, stone and gravel;
- Real estate business;
- Testing of building materials, construction quality control, testing equipment calibration, measurement equipment and testing.

#### 1.4. Business structure

*Consolidated subsidiary: DATC Global Trade and Investment Joint Stock Company*

- Head office: 7<sup>th</sup> Floor, Building No. 5, Lang Ha Street, Thanh Cong Ward, Ba Dinh District, Ha Noi City.
- Principle activities: Construction of works, transmission lines and electrical substation systems up to 500KV; Construction of irrigation, transport, roads, industrial and civil works, medium and low voltage power works and electrical substation systems up to 35KV; Manufacturing and trading electricity power;
- Investment consulting, planning project investment in the fields of construction, manufacturing and trading electricity; Exploitation, sales and purchases of minerals; Passenger transport services; Transportation of goods by road; Production and sales of cement, plaster, and materials, equipment, raw materials, fuels for production of cement; Sales of building materials; Production of equipment, steel structures, metals, materials and accessories of electrical works, manufacture of building equipment, non-standard equipment, installation, testing and adjustment of electrical equipment; Installation and construction of telecommunication systems, fiber optic lines; Trading hotels, restaurants, catering and entertainment services; Trading services for tourists; Goods sale and purchase, consignment agents; Production of clay building materials; Supervision of construction and finishing irrigation and hydropower works.
- Charter capital: VND135,000,000,000.

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

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

- Ratio of Parent company's interests: 52.54%.
- Voting rights of Parent company: 52.54%.
- Operation status: Under the period of investment.

*The associate reflected in the consolidated financial statements based on equity method: Song Ong Hydropower Joint Stock Company*

- Head office: La Vang Village, Quang Son Commune, Ninh Son District, Ninh Thuan Province.
- Principle activities: Manufacturing and trading electricity power.
- Charter capital: VND74,000,000,000. Equity interest: 33.78%.
- Voting right: 33.78%.
- Operation status: Operating.

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

The Company's annual accounting period starts on 1 January and ends on 31 December.

These interim consolidated financial statements are prepared for the first 6 months of 2016. (starting from 01/01/2016 and ending on 30/30/06/2016).

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

### 3. Applied accounting standards and system

The Company adopts the Vietnamese Corporate Accounting System, which was issued under Circular No. 200/2014/TT-BTC dated 22/12/2014 and Vietnamese Accounting Standards promulgated by the Ministry of Finance.

Form of accounting records: General Journal.

### 4. Summary of significant accounting policies

#### 4.1 Principles and methods of preparing consolidated financial statements

##### *Basis of consolidation*

The Company's consolidated financial statements comprise the financial statements of the Company and its subsidiary.

##### **Subsidiary**

Subsidiary is the entity controlled by the Company. Control is achieved where the Company has the power to directly or indirectly govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. The financial statements of subsidiary are consolidated from the effective date of control up to the date of cease to control.

The financial statements of subsidiary are prepared for the same reporting period as the Company, using consistent accounting policies. Adjustments are made for any differences in accounting policies that may exist to ensure consistency between the Company and its subsidiary.

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

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

Changes in the Company's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners. If the changes in the Company's interest in a subsidiary that result in a loss of control, the profits or losses arising from this event are recorded in the consolidated income statements.

All intra-company balances and transactions, unrealized profits or losses arising from intra-company transactions, have been eliminated in full when preparing the consolidated financial statements.

### **Business combination**

Assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognized as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired is credited to consolidated profit and loss in the period of acquisition.

### **Method of recognition of non-controlling interests**

Non-controlling interests represent the portion of net assets in subsidiary not held by the Group and are presented within equity in the consolidated balance sheet, separately from parent shareholders' equity. Non-controlling interests include non-controlling interests which are determined according to the portion of non-controlling interests' share in the fair value of net assets of subsidiaries at the acquisition date and non-controlling interests' share of changes in equity as from the business combination date. Losses in subsidiary are respectively attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Non-controlling interests represent the portion of profit or loss in subsidiary not held by the Group, which are determined based on the portion of non-controlling interests and profit after tax of subsidiaries, and are presented in a separate item in the consolidated income statement.

### **Associates**

Associates are those entities in which the Company has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Company's share of the total recognized gains and losses of associates on an equity accounted basis, from the date that significant influence begins until the date that significant influence ceases. When the Company's share of losses exceeds its interest in an associate, the carrying amount of the Company's investment is reduced to nil and recognition of further losses is discontinued except to the extent that the Company has incurred obligations to make payments on behalf of the associates.

## **4.2 Financial investments**

### **Trading securities**

Trading securities are securities which are held by the Company for business purposes.

Trading securities are recorded at cost, comprising: buying prices plus (+) buying costs (if any) such as brokerage, transactions, information provision, taxes, bank's fees and charges. The dividends, profits received for the period before the investment date shall be recorded as a decrease in value of investment.

At the end of the accounting period, if the market prices of trading securities devalue against their cost, the provisions for devaluation shall be made.

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

Held-to-maturity investments are term deposits.

Held-to-maturity investments are recorded at book value upon revaluation. Provision for loss of held-to-maturity investments shall be recorded as a decrease directly in the book value of investments.

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

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

### *Long-term investments in form of capital contribution in other companies*

Long-term investments in form of capital contribution in other companies are investments over which the Company has no power to control or joint control, no significant influence over the investees.

Long-term investments in other companies are recorded at cost less provision. Dividends and profits received in money or non-monetary asset for the period before the investment date shall be recorded as a decrease in value of investment.

#### *Provision*

Provision for long-term investments in form of capital contribution in other companies is made as follows:

- If an investment in listed shares or the fair value of the investment is determined reliably, the provision shall be made according to the market value of the shares.
- If the market value of the shares is not identifiable, the provision shall be made based on the loss reported in the financial statements of the investee.

With regards to the investees who are required to prepare the consolidated financial statements, the provision is made based on the consolidated financial statements. For other cases, the provision is made based on the financial statements of the investees.

### **4.3 Cash and cash equivalents**

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

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

### **4.4 Receivables**

Receivables includes: trade receivables and other receivables.

- Trade receivables include commercial receivables generating from purchase-sale related transactions between the Company and buyers.
- Other receivables include non-commercial receivables, receivables not related to purchase-sale and 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.

### **4.5 Inventories**

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

Cost is calculated using the weighted average method and accounted for using the perpetual method with value determined as follows:

- Materials, goods: Cost comprises costs of purchase, costs of conversion and any directly attributable costs of bringing the inventories to their present location and condition;
- Works in progress: Cost comprises direct material costs, direct labour costs and general costs directly related to the constructions being built and not yet accepted and taken over.

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

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

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.

### 4.6 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 fixed assets is calculated in accordance with the straight-line method over 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:

Kind of assets	Depreciation period (years)
Machinery, equipment	1,5 – 5
Motor vehicles	3
Office equipment	1,5

### 4.7 Long-term 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:

- Prepaid expenses are office rental which is prepaid over the whole lease term and related expenses which are amortized on a straight-line basis over the rent term of contract.
- Cost of 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.
- 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, intra 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 their remaining terms at the balance sheet date.

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

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

Payables are monitored 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 short-term liabilities and long-term liabilities based on their 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 completed.

### **4.10 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.

### **4.11 Provisions for payables**

Provision for payables is a present obligation (legal or constructive) of the Company as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. A provision is recognized when a reliable estimate can be made of the amount of the obligation.

### **4.12 Owner's equity**

#### **Share capital**

Share capital represents the amount of capital actually contributed by shareholder.

#### **Share premium**

Share premium represents the difference between issue price and the par value of the share issued, all costs directly attributable to the issuance of shares; the difference between the issue price and the difference between price of repurchasing of treasury stocks and the re-issue price of treasury stocks; capital component of convertible bonds at bond maturity.

#### **Distribution of profit**

Profit after is appropriated to funds and to shareholders as provided for in the Company's Charter or a resolution of its Annual Shareholder Meeting.

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

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

The dividend or profit amount 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.

### 4.13 Revenue recognition

- Revenue from construction contract are recognized as follows:
  - ✓ In the case where it is stipulated in the contract that contractors make payments upon the work's progress, revenue and expenses are recorded for completed portion when the contract outcome is estimated reliably.
  - ✓ In the case where the contract stipulates that contractors make payment upon the work volume, revenue and expenses are recognized for the completed portion confirmed by the customer when the contract outcome is measured reliably.
- 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.
- Other income is the income derived out of 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.

### 4.14 Revenue deductions

Revenue deductions include trade discounts, sales rebates and sales returns.

In case where revenue is recognized in during the period but the corresponding revenue deductions arise after the balance sheet date, revenue shall be decreased in accordance with the following principles:

- If the corresponding deductions arise before the date of releasing the financial statements, they shall be charged against revenue of the reporting period;
- If the corresponding revenue deductions arise after the date of releasing the financial statements, they shall be charged against revenue of the next reporting period.

### 4.15 Cost of goods sold

Cost of products, goods sold and services rendered and corresponding revenue are recognized in the right period and in accordance with the matching principle and conservatism principle.

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

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

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

### 4.16 Financial expenses

Financial expenses reflect expenses or losses related to financial investment activities: interest expense, expenses and loss on liquidating, transferring investments; provision for diminution in value of trading securities, provision for loss from investment in other entities and expenses of other investing activities.

### 4.17 Administrative expenses

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

### 4.18 Corporate income tax expense

Corporate income tax during the period includes current income tax and deferred income tax.

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.

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. Deferred income tax liabilities are recognized for all temporary differences except temporary differences arising from the initial recognition of an asset or liability in a transaction which, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax liabilities are recognized for all taxable temporary differences while deferred income tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Book values of deferred corporate income tax assets are considered at the balance sheet dates and will be reduced to the rates that ensure enough taxable income against which the benefits from a part of or all of the deferred income tax assets can be used. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax is measured at the tax rates that are expected to apply for the year in which the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax assets and deferred income tax liabilities are offset if taxable temporary differences and deductible temporary differences relate to the same taxable entity and are finalized with the same taxation authority.

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

- Value added tax (VAT): Applicable VAT rate is 10% for construction, installation activities. For other activities, prevailing rates are applicable.
- Corporate income tax (CIT):
  - ✓ At the Parent Company: According to Circular No. 128/2003/TT-BTC dated 22/12/2003 of the Finance Ministry, the Company is subject to a CIT rate of 15% for 12 years as from starting operations, and entitled to tax exemption for 2 years and 50% reduction of payable tax for subsequent 8 years. According to Circular No. 130/2008/TT-BTC dated 26/12/2008 of the Finance Ministry, the Company is subject to a CIT rate of 10% for 15 years as from commencing operations, and entitled to tax exemption for 4 years and 50% reduction of tax for subsequent 9 years. By the end of 2008, the company had utilized tax exemption for two years (2005, 2006) and 50% CIT reduction for two years (2007, 2008). Accordingly,

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

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

the Company is entitled a CIT rate of 10% for 10 years (2009-2018) and 50% reduction for 7 years (2009-2015).

✓ At the subsidiary: According to Circular No. 130/2008/TT-BTC dated 26/12/2008 of the Finance Ministry, the Company's investment project (Bac Na Hydropower Plant) is subject to a CIT rate of 10% for 15, and entitled to tax exemption for 4 years and 50% reduction of tax for subsequent 9 years. Up to now, the Project is under the investment period and not yet gone into operation.

- Other taxes, fees and charges are paid in accordance with relevant regulations.

### 4.20 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, other receivables, and financial investments.

##### 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.

### 4.21 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.

Currency: VND

## 5. Cash and cash equivalents

	30/06/2016	01/01/2016
Cash on hand	484,559,067	431,784,547
Cash at bank	2,047,720,982	4,042,809,469
Saving deposits within 3 months	99,000,000,000	146,500,000,000
<b>Total</b>	<b>101,532,280,049</b>	<b>150,974,594,016</b>

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

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

**6. Financial investments**

**a. Trading securities**

	30/06/2016			01/01/2016		
	Cost	Fair value	Provision	Cost	Fair value	Provision
SDC shares	193,296,552	73,382,400	119,914,152	193,296,552	56,918,400	136,378,152
<b>Total</b>	<b>193,296,552</b>	<b>73,382,400</b>	<b>119,914,152</b>	<b>193,296,552</b>	<b>56,918,400</b>	<b>136,378,152</b>

Trading securities are revaluated at the lower of cost and market prices. Accordingly, for SDC shares listed at Stock Exchange Centers, the market price is the closing price at the balance sheet date.

**b. Held-to-maturity investments**

	30/06/2016		01/01/2016	
	Cost	Book value	Cost	Book value
Term deposits	26,005,833,000	26,005,833,000	4,005,833,000	4,005,833,000
<b>Total</b>	<b>26,005,833,000</b>	<b>26,005,833,000</b>	<b>4,005,833,000</b>	<b>4,005,833,000</b>

As at 30/06/2016, the Company's held-to-maturity investments are term deposits at banks. The Management assesses that these investments do not decline or impair in value.

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**  
(These notes form part of and should be read in conjunction with the interim consolidated financial statements)

**c. Investment in associate**

	Status of operation	30/06/2016		01/01/2016	
		% holding	Number of shares	Investment value based on equity's method	Investment value based on equity's method
Song Ong Hydropower JSC	Operating	33.8%	2,500,000	44,500,096,500	36,482,804,477
<b>Cộng</b>				<b>44,500,096,500</b>	<b>36,482,804,477</b>

**d. Investments in form of capital contribution in other entities**

	Status of operation	30/06/2016		01/01/2016	
		% holding	Number of shares	Cost	Provision
A Dong Hydropower JSC	Under investment	-	-	-	13,845,200,000
Da Teh Energy JSC (i)	process	3.9%	77,600	776,000,000	-
Song Chay 5 Hydropwer JSC (Formally called Song Da Electricity Development and Construction JSC)	Operating	8.0%	1,200,000	12,000,000,000	990,647,612
North-West Electric Investment and Development JSC (ii)	Operating	0.1%	22,400	224,000,000	-
<b>Total</b>				<b>13,000,000,000</b>	<b>990,647,612</b>
				<b>26,069,200,000</b>	<b>1,431,786,410</b>

(i) Da Teh Energy JSC are under investment process, thus, this investment is recognized at cost and no provision is made for it.

(ii) This is the company whose shares have not been listed and there are reliable reference data regarding market prices of these shares as at 30/06/2016. Up to now, the Company has not received the financial statements from these companies. Therefore, these investments are recognized at cost and no provision is made for them.

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

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

### 7. Short-term trade receivables

	30/06/2016	01/01/2016
Xekaman 3 Hydropower Project Management Unit	64,197,770,402	64,197,770,402
Bitexco Power Joint Stock Company - Dien Bien Branch	26,291,967,921	26,839,626,694
Others	104,787,780,342	124,893,182,998
<b>Total</b>	<b>195,277,518,665</b>	<b>215,930,580,094</b>

### 8. Short-term prepayments to suppliers

	30/06/2016	01/01/2016
DTC Investment JSC	3,230,537,418	2,478,679,146
EEMC Designed & Manufactured Co. Ltd	1,362,920,650	4,637,920,650
Others	4,309,992,024	6,354,404,851
<b>Total</b>	<b>8,903,450,092</b>	<b>13,471,004,647</b>

### 9. Other receivables

	30/06/2016		01/01/2016	
	Amount	Provision	Amount	Provision
Advances	2,569,617,414		1,278,628,082	
Deposit, collateral	101,000,000		51,000,000	
Receivables from employees	164,440,378		221,297,706	
Other receivables	309,754,780		20,598,000	
<b>Total</b>	<b>3,144,812,572</b>	<b>-</b>	<b>1,571,523,788</b>	<b>-</b>

### 10. Provision for short-term doubtful debts

	30/06/2016	01/01/2016
Provision for debts overdue:		
- For 3 years and over	61,608,164,778	61,043,738,732
- From 2 years to less than 3 years	5,447,473,611	8,508,636,397
- From 1 year to less than 2 years	4,469,639,627	4,414,145,906
- From over 6 months to less than 1 year	721,321,113	156,448,319
<b>Total</b>	<b>72,246,599,129</b>	<b>74,122,969,354</b>

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

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

### 11. Inventories

	30/06/2016		01/01/2016	
	Cost	Provision	Cost	Provision
Materials	9,313,017,653	-	5,560,964,642	-
Work in process	40,085,282,140	-	17,689,805,881	-
<b>Cộng</b>	<b>49,398,299,793</b>	<b>-</b>	<b>23,250,770,523</b>	<b>-</b>

No inventories are mortgaged and secured for debts as at 30/06/2016.

### 12. Prepaid expenses

#### a. Short-term

	30/06/2016	01/01/2016
Tools, instruments pending amortisation	2,516,411,700	1,424,292,506
Vehicle insurance	288,514,576	236,880,526
Land rent for building working place in Bac Na Huyenwei District	38,791,667	84,375,001
Other short-term prepaid expenses	103,997,915	46,731,817
<b>Total</b>	<b>2,947,715,858</b>	<b>1,792,279,850</b>

#### b. Long-term

	30/06/2016	01/01/2016
Rental of offices at HH4 Song Da Twin Tower (*)	8,379,253,929	8,502,200,358
Office rent	55,000,000	88,500,000
Tools, instruments pending amortisation	12,073,900	48,295,601
Other long-term expenses pending allocation	-	2,718,459
<b>Total</b>	<b>8,446,327,829</b>	<b>8,641,714,418</b>

(\*)Leasing Floor #12, Block B of HH4 Song Da Twin Tower Building in Pham Hung Street, My Dinh, Tu Liem District, Hanoi under Leasing Contract No. 17/2009/HDTN/TCT-SD505 dated 30/08/2009 signed with Song Da Corporation. The total rent of VND10,327,500,000 is paid in full. The lease term is up to June 2053.

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

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

### 13. Tangible fixed assets

	Machinery equipment VND	Motor vehicles VND	Office equipment VND	Total VND
<b>Cost</b>				
Opening balance	54,506,346,586	24,467,654,716	642,361,205	79,616,362,507
New acquisition	10,259,500,001	1,198,527,273	-	11,458,027,274
Other increases	-	514,108,274	-	514,108,274
<b>Closing balance</b>	<b>64,765,846,587</b>	<b>26,180,290,263</b>	<b>642,361,205</b>	<b>91,588,498,055</b>
<b>Depreciation</b>				
Opening balance	41,065,000,300	23,345,302,044	642,361,205	65,052,663,549
Charge for the period	3,347,285,515	310,298,857	-	3,657,584,372
Other increases	-	514,108,274	-	514,108,274
<b>Closing balance</b>	<b>44,412,285,815</b>	<b>24,169,709,175</b>	<b>642,361,205</b>	<b>69,224,356,195</b>
<b>Net book value</b>				
Opening balance	13,441,346,286	1,122,352,672	-	14,563,698,958
<b>Closing balance</b>	<b>20,353,560,772</b>	<b>2,010,581,088</b>	<b>-</b>	<b>22,364,141,860</b>

- There are no fixed assets which are mortgaged for loans as at 30/06/2016.
- Cost of fixed assets fully depreciated but still in active use as at 30/06/2016 is VND56,325,861,079.

### 14. Construction in progress

	30/06/2016	01/01/2016
Bac Na Hydropower Plant construction	286,176,327,873	180,545,918,356
<b>Total</b>	<b>286,176,327,873</b>	<b>180,545,918,356</b>

All value of the construction in progress is mortgaged for loans.

### 15. Short-term trade payables

	30/06/2016	01/01/2016
Thai Hoa Bao Loc Co., Ltd	8,970,807,698	2,118,857,389
Dong Phuong Co., Ltd	-	7,911,695,967
CM Investment & Trading JSC	-	5,266,313,450
Song Da 9 JSC	-	11,136,704,886
Others	50,427,328,338	31,799,199,539
<b>Total</b>	<b>59,398,136,036</b>	<b>58,232,771,231</b>

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

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

### 16. Short-term advances from customers

	30/06/2016	01/01/2016
ZaHung Joint Stock Company	27,878,915,716	31,360,590,000
Vientiane Technical Solutions & Automation Co., Ltd.	8,979,225,889	-
Others	10,916,671,370	8,026,801,758
<b>Total</b>	<b>47,774,812,975</b>	<b>39,387,391,758</b>

### 17. Taxes and amounts payable to State budget

	Opening balance	Amount to be paid	Amount actually paid	Closing balance
Value added tax	942,250,961	3,936,451,278	4,597,892,202	280,810,037
Corporate income tax	170,085,553	2,619,528,954	796,934,825	1,992,679,682
Personal income tax	3,607,914	518,187,530	543,580,378	(21,784,934)
Other taxes	-	10,000,000	10,000,000	-
<b>Total</b>	<b>1,115,944,428</b>	<b>7,084,167,762</b>	<b>5,948,407,405</b>	<b>2,251,704,785</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 tax authorities.

### 18. Short-term accrued expenses

	30/06/2016	01/01/2016
Accrued interest expenses	46,643,230	661,280,348
Materials and construction expenses without financial invoices	-	526,941,457
<b>Total</b>	<b>46,643,230</b>	<b>1,188,221,805</b>

### 19. Other payables

#### a. Short-term

	30/06/2016	01/01/2016
Trade union fees	143,960,480	100,311,130
Statutory insurances	24,225,825	3,708,230
Profit, dividends payable	57,460,000	82,584,750
Other payables	2,773,097,074	15,297,292,984
- Received investment trust	-	10,500,000,000
- Trade union membership fees	111,056,528	100,495,524
- PIT of employees working in Laos	985,570,770	985,570,770
- Others	1,676,469,776	3,711,226,690
<b>Total</b>	<b>2,998,743,379</b>	<b>15,483,897,094</b>

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

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

### b. Long-term

	30/06/2016	01/01/2016
Receipts of long-term deposits	518,439,852	737,516,616
<b>Total</b>	<b>518,439,852</b>	<b>737,516,616</b>

### 20. Loans and financial lease liabilities

#### a. Short-term

	Opening balance	Increase in the period	Decrease in the period	Closing balance
BIDV - Gia Lai Branch	21,261,971,604	31,676,120,672	21,261,971,604	31,676,120,672
Agribank- Lang Ha Branch	29,011,901,985	-	21,769,166,689	7,242,735,296
Vietinbank-Ha Tay Branch	-	10,177,978,956	-	10,177,978,956
Borrowings from employees	3,150,000,000	-	-	3,150,000,000
Borrowings from employees	<b>53,423,873,589</b>	<b>41,854,099,628</b>	<b>43,031,138,293</b>	<b>52,246,834,924</b>

#### b. Long-term

	Opening balance	Increase in the period	Decrease in the period	Closing balance
BIDV bank - Thanh Xuan Branch	115,171,412,058	77,289,894,478	-	192,461,306,536
<b>Total</b>	<b>115,171,412,058</b>	<b>77,289,894,478</b>	<b>-</b>	<b>192,461,306,536</b>

Long-term loans from Joint Stock Commercial Bank for Investment and Development of Vietnam (BIDV) – Thanh Xuan Branch under Loan Agreement No. 01/2014/1513776/HDTD dated 09/10/2014. The loan term is 12 years. Loan method: according to investment project. The loan purpose is to invest in the construction of Bac Na Hydropower Plant Project. Interest rate is floating interest rate which is adjusted every 3 months. The loan is secured by the assets formed from the loan.

### 21. Provision for short-term payables

	30/06/2016	01/01/2016
Provision for warranty of construction activities	8,806,245,410	8,806,245,410
<b>Total</b>	<b>8,806,245,410</b>	<b>8,806,245,410</b>

### 22. Deferred income tax

#### 22.a Deferred tax assets

	30/06/2016	01/01/2016
Tax rate used for determining the value of deferred tax assets	10%	10%
Deferred tax assets relating to unrealized gains on construction of Bac Na Hydropower Plant	413,507,271	208,443,219
<b>Deferred income tax assets</b>	<b>413,507,271</b>	<b>208,443,219</b>

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

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

### 22.b Deferred tax liabilities

	30/06/2016	01/01/2016
Tax rate used for determining the value of deferred tax liabilities	10%	10%
Deferred tax payable arising from taxable temporary differences (provision for investment loss)	21,190,707	206,729,520
<b>Total</b>	<b>21,190,707</b>	<b>206,729,520</b>

### 23. Owners' equity

#### a. Statement of changes in owner's equity

	Share capital	Share premium	Development investment fund	Undistributed profit
As at 01/01/2015	24,960,000,000	68,085,212,265	68,931,862,732	24,625,356,209
Increase in the year	24,960,000,000	-	16,885,356,209	49,730,562,442
Decrease in the year	-	24,960,000,000	-	24,625,356,209
As at 31/12/2015	<u>49,920,000,000</u>	<u>43,125,212,265</u>	<u>85,817,218,941</u>	<u>49,730,562,442</u>
As at 01/01/2016	49,920,000,000	43,125,212,265	85,817,218,941	49,730,562,442
Increase in the period	-	-	33,947,203,317	19,642,792,733
Decrease in the period	-	-	-	44,931,203,317
As at 30/06/2016	<u>49,920,000,000</u>	<u>43,125,212,265</u>	<u>119,764,422,258</u>	<u>24,442,151,858</u>

#### b. Shares

	30/06/2016 Cổ phiếu	01/01/2016 Cổ phiếu
Share authorized to be issued	4,992,000	4,992,000
Numbers of shares sold to the public	4,992,000	4,992,000
- Common shares	4,992,000	4,992,000
- Preferred shares (classified as owners' equity)	-	-
Outstanding shares	4,992,000	4,992,000
- Common shares	4,992,000	4,992,000
- Preferred shares (classified as owners' equity)	-	-
Share face value: VND10,000		

#### c. Dividends

The 2016 annual Shareholders' Meeting on 26 March 2016 resolved to pay 2015 dividends at 20% of charter capital (equivalent to VND9,984,000,000).

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

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

### d. Undistributed profit

	First 6 months of 2016	Year 2015
Profit brought forward	49,730,562,442	24,625,356,209
Profit after tax	19,642,792,733	49,730,562,442
Amounts charged against profit after tax	44,931,203,317	24,625,356,209
Distribution of prior-year profit	44,931,203,317	24,625,356,209
- Development investment fund	33,947,203,317	16,885,356,209
- Reward and welfare fund	1,000,000,000	1,500,000,000
- Dividends	9,984,000,000	6,240,000,000
Temporary distribution of current period profit	-	-
<b>Undistributed profit</b>	<b>24,442,151,858</b>	<b>49,730,562,442</b>

### 24. Revenue from sales and service provision

	First 6 months of 2016	First 6 months of 2015
Revenue from construction and installation	139,894,483,610	229,409,468,390
Revenue from rendered services	12,402,513,345	9,031,377,714
<b>Total</b>	<b>152,296,996,955</b>	<b>238,440,846,104</b>

### 25. Revenue deductions

	First 6 months of 2016	First 6 months of 2015
Sales rebates	4,744,465,554	4,096,675,108
<b>Total</b>	<b>4,744,465,554</b>	<b>4,096,675,108</b>

### 26. Cost of goods sold

	First 6 months of 2016	First 6 months of 2015
Cost of construction and installation	115,872,696,497	204,486,884,480
Cost of rendered services	12,508,727,749	8,409,158,711
<b>Total</b>	<b>128,381,424,246</b>	<b>212,896,043,191</b>

### 27. Financial income

	First 6 months of 2016	First 6 months of 2015
Interest income	6,022,103,140	3,150,602,440
Dividends, profit received	1,320,000,000	30,668,400
Others	114,328,000	-
<b>Total</b>	<b>7,456,431,140</b>	<b>3,181,270,840</b>

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

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

### 28. Financial expenses

	First 6 months of 2016	First 6 months of 2015
Interest expenses	1,679,879,141	704,937,975
Loss from selling trading securities	-	2,343,864,192
Provision for diminution in value trading securities and impairment of investment	(457,602,798)	(2,744,672,904)
<b>Total</b>	<b>1,222,276,343</b>	<b>304,129,263</b>

### 29. Administrative expenses

#### a. Administrative expenses incurred during the period

	First 6 months of 2016	First 6 months of 2015
Material and tool expenses	363,482,651	740,437,189
Salary expenses	3,582,825,238	4,927,184,850
Depreciation and amortisation	-	235,086,462
Outsourced services	959,164,349	1,181,097,436
Others	2,426,796,348	2,527,404,075
<b>Total</b>	<b>7,332,268,586</b>	<b>9,611,210,012</b>

#### b. Amounts charged against administrative expenses

	First 6 months of 2016	First 6 months of 2015
Reversal of provision for doubtful debts	1,876,370,225	5,207,572,213
<b>Total</b>	<b>1,876,370,225</b>	<b>5,207,572,213</b>

### 30. Other income

	First 6 months of 2016	First 6 months of 2015
Sales, disposal of fixed assets	(145,454,545)	42,272,727
Receipt of insurance compensation	55,450,959	111,087,273
Receipt of fines	3,000,000	36,144,001
Payment guarantee fee	53,216,667	-
Transfer of property income	58,287,273	-
Others	37,905,552	26,053,177
<b>Total</b>	<b>62,405,906</b>	<b>215,557,178</b>

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

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

**31. Other expenses**

	First 6 months of 2016	First 6 months of 2015
Penalties and arrears	359,005,789	68,031,186
Fines for contract breach	45,772,000	
Other expenses	52,564,909	2,512,563
<b>Total</b>	<b>457,342,698</b>	<b>70,543,749</b>

**32. Current corporate income tax expenses**

	First 6 months of 2016	First 6 months of 2015
Accounting profit before tax	21,871,718,822	20,066,645,012
Adjustments to arrive to taxable income	(1,129,398,830)	(4,423,543,712)
Increasing	2,528,875,284	814,696,900
- Tax penalties, tax arrears	341,669,851	56,658,947
- Penalties for late payment of social insurance	11,923,664	11,372,239
- Car depreciation expenses over limits	-	39,617,778
- Overcapped payments, other expenses	40,641,245	2,512,563
- Compensation for non-executive directors	84,000,000	60,000,000
- Unrealized gain on sales decreased by subsidiary	2,050,640,524	644,535,373
Decreases	3,658,274,114	5,238,240,612
- Received dividends, profit	1,320,000,000	30,668,400
- Income decrease due to CIT amount calculated by tax authorities in previous years	1,876,370,225	5,207,572,212
- Reversal of provision made for associate	(1,855,388,134)	-
- Profit in associate	2,317,292,023	-
Total taxable income	<b>20,742,319,992</b>	<b>15,643,101,300</b>
- From principal activities (preferential rate of 10%)	16,441,268,632	13,932,552,811
- From non-incentivized activities (tax rate of 20%)	4,242,764,088	1,710,548,489
- From transferring properties (tax rate 20%)	58,287,273	-
Corporate income tax	<b>2,504,337,136</b>	<b>1,769,575,949</b>
- From principal activities (preferential rate of 10%)	1,644,126,863	1,393,255,281
- From non-incentivized activities (tax rate of 20%)	848,552,818	376,320,668
- From transferring properties (tax rate of 20%)	11,657,455	-
Reducible CIT	-	<b>696,627,641</b>
- From principal activities (50%)	-	696,627,641
<b>Current corporate income tax expense</b>	<b>2,619,528,954</b>	<b>1,072,948,308</b>
Of which:		
- Current period income tax expenses	2,504,337,136	1,072,948,308
- CIT paid in arrears prior year	115,191,818	-

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

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

**33. Deferred corporate income tax expenses**

	First 6 months of 2016	First 6 months of 2015
Deferred CIT income arising from deductible temporary differences	390,602,865	64,453,537
<b>Total deferred corporate income tax expense</b>	<b>390,602,865</b>	<b>64,453,537</b>

**34. Basic earnings per share, diluted earnings per share**

	First 6 months of 2016	First 6 months of 2015
Profit after tax of the Company's shareholders	19,642,792,733	19,058,150,241
Adjustments increasing or decreasing profit after tax	-	-
Profit or loss attributable to common shareholders	19,642,792,733	19,058,150,241
Weighted average number of common shares	4,992,000	4,992,000
<b>Basic/diluted earnings per share</b>	<b>3,935</b>	<b>3,818</b>

**35. Operating expenses according to elements**

	First 6 months of 2016	First 6 months of 2015
Materials	91,817,263,285	104,580,441,972
Labor	46,684,125,959	44,846,103,208
Depreciation and amortisation	3,614,516,192	4,159,696,863
External hired services	49,370,451,725	56,345,065,208
Other cash expenses	2,426,796,348	3,307,258,839
<b>Total</b>	<b>193,913,153,509</b>	<b>213,238,566,090</b>

**36. Actual receipt of loans in the period**

	First 6 months of 2016	First 6 months of 2015
Proceeds from loans under normal loan agreements	119,143,994,106	79,267,371,288
<b>Total</b>	<b>119,143,994,106</b>	<b>79,267,371,288</b>

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

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

### 37. Actual amount of loans principal paid in the period

	First 6 months of 2016	First 6 months of 2015
Repayment of loans principal under normal loan agreements	43,031,138,293	8,324,049,543
<b>Total</b>	<b><u>43,031,138,293</u></b>	<b><u>8,324,049,543</u></b>

### 38. 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.

Based on the Company's operation reality, the Management assesses that business segments as well as specific economic environments by geographical areas have differences in incurred risks and benefits. Therefore, the Company presents segment reporting according to business segment.

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

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

	Construction activities		Production and trade of electricity		Other activities		Total	
	First 6 months of 2016	First 6 months of 2015	First 6 months of 2016	First 6 months of 2015	First 6 months of 2016	First 6 months of 2015	First 6 months of 2016	First 6 months of 2015
<b>Business segment reporting</b>								
Segment revenue	135,150,018,056	225,312,793,282	-	-	12,402,513,345	9,031,377,714	147,552,531,401	234,344,170,996
Cost of segment	115,872,696,497	204,486,884,480	-	-	12,508,727,749	8,409,158,711	128,381,424,246	212,896,043,191
Gross operating profit	19,277,321,559	20,825,908,802	-	-	(106,214,404)	622,219,003	19,171,107,155	21,448,127,805
	30/06/2016	31/12/2015	30/06/2016	31/12/2015	30/06/2016	31/12/2015	30/06/2016	31/12/2015
Segment assets	372,537,281,233	382,617,009,182	327,580,006,929	227,360,981,942	-	-	700,117,288,162	609,977,991,124
- Current assets	285,428,344,024	296,089,677,339	40,779,190,417	46,147,506,767	-	-	326,207,534,441	342,237,184,106
- Non-current assets	87,108,937,209	86,527,331,843	286,800,816,512	181,213,475,175	-	-	373,909,733,721	267,740,807,018
Segment liabilities	203,956,875,231	203,695,774,544	194,832,226,550	125,479,222,932	-	-	398,789,101,781	329,174,997,476
- Short-term liabilities	203,417,244,672	202,751,528,408	2,370,920,014	10,307,810,874	-	-	205,788,164,686	213,059,339,282
- Long-term liabilities	539,630,559	944,246,136	192,461,306,536	115,171,412,058	-	-	193,000,937,095	116,115,658,194
Depreciation and amortization	3,614,516,192	4,068,921,867	43,068,180	-	-	-	3,657,584,372	4,159,696,863
Purchases of fixed assets	11,458,027,274	11,652,256,364	105,630,409,517	12,225,564,830	-	-	117,088,436,791	23,877,821,194
	First 6 months of 2016	First 6 months of 2015	First 6 months of 2016	First 6 months of 2015	First 6 months of 2016	First 6 months of 2015	First 6 months of 2016	First 6 months of 2015

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

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

### 39. 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 (including interest rate risk, and 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 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 acknowledges that uncontrollable risks arising from fluctuations of interest rates are at low level.

##### *Price risk management*

The Company is engaged in capital construction activities, thus has exposure to risks of changes in construction material prices. The Company manages these risks through searching suppliers offering the lowest prices and placing large order to obtain price incentives from the suppliers and projecting market changes to ensure sufficient materials resources at most reasonable prices.

#### **Credit risk management**

Credit risk refers to the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is exposed to the credit risks from some receivables. The Company's main clients are entities of large corporations and management units. They are traditional customers with whom the Company has regular transactions and the Company also has measures to minimize credit risks through regularly monitoring and classifying aging accounts receivable, urging debt collection and making provisions for overdue debts.

#### **Liquidity risk management**

The purpose of liquidity risk management is to ensure the availability of funds to meet present and future financial obligations. Liquidity is also managed by ensuring that the excess of maturing liabilities over maturing assets in any period is kept to manageable levels relative to the amount of funds that the Company believes can generate within that period. The Company's policy is to regularly monitor current and expected liquidity requirements to ensure that the Company maintains sufficient reserves of cash, borrowings and capital committed to be contributed by owners to meet its liquidity requirements in the short and longer term.

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

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

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

Currency: VND

30/06/2016	Not more than 1 year	Over 1 year	Total
Trade payables	59,398,136,036	-	59,398,136,036
Accrued expenses	46,643,230	-	46,643,230
Loans and finance lease obligations	52,246,834,924	192,461,306,536	244,708,141,460
Other payables	2,719,500,546	518,439,852	3,237,940,398
<b>Total</b>	<b>114,411,114,736</b>	<b>192,979,746,388</b>	<b>307,390,861,124</b>

01/01/2016	Not more than 1 year	Over 1 year	Total
Trade payables	58,232,771,231	-	58,232,771,231
Accrued expenses	1,188,221,805	-	1,188,221,805
Loans and finance lease obligations	53,423,873,589	115,171,412,058	168,595,285,647
Other payables	15,279,382,210	737,516,616	16,016,898,826
<b>Total</b>	<b>128,124,248,835</b>	<b>115,908,928,674</b>	<b>244,033,177,509</b>

The Management assessed the Company has no exposure to liquidity risks and believes that the Company is able to generate sufficient fund to meet financial obligations when they fall due.

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

Currency: VND

30/06/2016	Not more than 1 year	Over 1 year	Total
Cash and cash equivalents	101,532,280,049	-	101,532,280,049
Financial investments	73,382,400	12,009,352,388	12,082,734,788
Held-to-maturity investment	26,005,833,000	-	26,005,833,000
Trade receivables	123,030,919,536	-	123,030,919,536
Other receivables	575,195,158	-	575,195,158
<b>Total</b>	<b>251,217,610,143</b>	<b>12,009,352,388</b>	<b>263,226,962,531</b>

01/01/2016	Not more than 1 year	Over 1 year	Total
Cash and cash equivalents	150,974,594,016	-	150,974,594,016
Financial investments	56,918,400	24,637,413,590	24,694,331,990
Held-to-maturity investment	4,005,833,000	-	4,005,833,000
Trade receivables	141,807,610,740	-	141,807,610,740
Other receivables	292,895,706	-	292,895,706
<b>Total</b>	<b>297,137,851,862</b>	<b>24,637,413,590</b>	<b>321,775,265,452</b>

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

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

### 40. Related party information

	First 6 months of 2016	First 6 months of 2015
Board of Directors remuneration	336,000,000	312,000,000
Management salary	852,774,799	817,749,752

### 41. 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.

### 42. Corresponding figures

Corresponding figures in the interim consolidated balance sheet were taken from the financial statements for the year ended 31/12/2015, corresponding figures in the interim consolidated income statement and the interim consolidated statement of cash flows were taken from the financial statements for the first 6 months of 2015 of the Company. These financial statements were audited and reviewed by AAC.



**Dang Quang Dat**  
Director

Gia Lai Province, 08 August 2016

**Vu Son Thuy**  
Chief Accountant

**Tong Thi Thu Hien**  
Preparer