



SONG DA 505 JOINT STOCK COMPANY

Consolidated financial statements

For the year ended 31/12/2019

INDEX

Page

Report of Management	1 - 3
Independent Auditors' Report	4
Consolidated financial statements	
• Consolidated balance sheet	5 - 6
• Consolidated income statement	7
• Consolidated statement of cash flows	8 - 9
• Notes to the consolidated financial statements	10 - 35



REPORT OF MANAGEMENT

Management of Song Da 505 Joint Stock Company has pleasure in submitting this report together with the audited consolidated financial statements for the year ended 31/12/2019.

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 22/6/2004 of the Construction Minister. The Company was granted Business Registration Certificate No. 3903000041 by Gia Lai Province Planning and Investment Department on 9/8/2004. Since the establishment date, the Business Registration Certificate (which is now the Enterprise Registration Certificate No. 5900320629) has been amended ten (10) times and the nearest amendment was made on 24/07/2018. The Company is an independent accounting entity, operating in conformity with the Enterprise Law, its Charter and relevant regulations.

The Company registered to list its common shares on the Hanoi Stock Exchange with code S55. The first trading date was 22/12/2006.

Charter capital: VND100,000,000,000.

The Company’s subsidiaries to be consolidated:	Bac Na Electricity Joint Stock Company Ehula Joint Stock Company
The Company’s associate to be consolidated:	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
- Website: 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;
- Testing of building materials, construction quality control, testing equipment calibration, measurement equipment and testing.

REPORT OF MANAGEMENT (cont'd)

Employees

Members of the Board of Directors, Supervisory Board, Management and Chief Accountant during the year 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. Le Tuan Anh | Member | Appointed on 13/04/2018 |
| • Mr. Nguyen Dinh Phuong | Member | Appointed on 26/03/2015 |

Supervisory Board

- | | | |
|-----------------------|------------------|---|
| • Ms. Le Thi Hien | Chief Supervisor | Appointed on 30/03/2019 |
| • Mr. Dang Thanh Nam | Chief Supervisor | Appointed on 26/03/2015
Resigned on 30/03/2019 |
| • 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. Tran Thai Binh | Vice Director | Re-appointed on 26/03/2015 |
| • Mr. Nguyen Dinh Phuong | Vice Director | Appointed on 15/05/2015 |
| • Mr. Nguyen Ngoc Anh | Vice Director | Re-appointed on 26/03/2015
Resigned on 01/01/2019 |
| • Mr. Le Van Phuc | Vice Director | Re-appointed on 26/03/2015
Resigned on 01/01/2019 |
| • Mr. Nguyen Tuan Ngoc | Vice Director | Appointed on 10/10/2019
Resigned on 11/11/2019 |
| • Mr. Vu Son Thuy | Chief Accountant | Re-appointed on 26/03/2015 |

Independent auditor

These consolidated financial statements have been audited by AAC Auditing and Accounting Co., Ltd (Head office: Lot 78-80, 30 April Street, Hai Chau District, Da Nang City; Phone number: (84) 0236.3655886; Fax: (84) 0236.3655887; Website: www.aac.com.vn; Email: aac@dng.vnn.vn).

Responsibility of the Management in preparation of the consolidated financial statements

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

REPORT OF MANAGEMENT (cont'd)

- 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 consolidated 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 consolidated financial statements including the consolidated balance sheet, the consolidated income statement, the consolidated statement of cash flows and the notes to the consolidated financial statements give a true and fair view of the financial position of the Company as at 31/12/2019 and the result of its operations and its cash flows for the year then ended in accordance with the Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and the statutory requirements relevant to preparation and presentation of the consolidated financial statements.

On behalf of the Management



Dang Quang Dat
Director

Gia Lai Province, 04 March 2020



AAC AUDITING AND ACCOUNTING CO., LTD

AN INDEPENDENT MEMBER OF PRIMEGLOBAL

AUDITING ACCOUNTING AND FINANCE SPECIALITY

Head Office: Lot 78 - 80, April 30th Street, Hai Chau District, Da Nang City

Tel: +84 (236) 3 655 886; Fax: +84 (236) 3 655 887; Email: aac@dng.vnn.vn; Website: <http://www.aac.com.vn>

No. 170/2020/BCKT-AAC

INDEPENDENT AUDITORS' REPORT

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

We have audited the consolidated financial statements which were prepared on 25/02/2020 of Song Da 505 Joint Stock Company ("the Company") as set out on pages 5 to 35, which comprise the consolidated balance sheet as at 31/12/2019, the consolidated income statement, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended.

Management's Responsibility

The Management of the Company is responsible for the preparation and fair presentation of these 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 consolidated financial statements, and for such internal control as the Management determines is necessary to enable the preparation and presentation of 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 consolidated financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements of the Company are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated 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 consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at 31/12/2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and the statutory requirements relevant to preparation and presentation of consolidated financial statements.

AAC Auditing and Accounting Co., Ltd.



Tran Thi Thu Hien – Deputy General Director
Audit Practising Registration Certificate
No. 0753-2018-010-1
Da Nang City, 04 March 2020

Phan Van Si – Auditor
Audit Practising Registration Certificate
No. 4040-2017-010-1

CONSOLIDATED BALANCE SHEET
As at 31 December 2019

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	31/12/2019 VND	01/01/2019 VND
A. CURRENT ASSETS	100		390,274,553,631	395,704,405,419
I. Cash and cash equivalents	110	5	23,477,973,619	13,629,039,713
1. Cash	111		1,477,973,619	10,629,039,713
2. Cash equivalents	112		22,000,000,000	3,000,000,000
II. Short-term financial investments	120		132,577,616,000	146,358,800,000
1. Trading security	121	6.a	193,296,552	193,296,552
2. Provision for decline in value of trading securities	122	6.a	(115,680,552)	(134,496,552)
3. Held-to-maturity investments	123	6.b	132,500,000,000	146,300,000,000
III. Short-term receivables	130		182,906,625,049	165,468,113,144
1. Short-term trade receivables	131	7	217,018,435,526	192,928,649,542
2. Short-term prepayments to suppliers	132	8	15,212,676,424	39,479,971,846
3. Other short-term receivables	136	9	28,949,112,896	7,504,327,839
4. Provision for doubtful debts	137	10	(78,273,599,797)	(74,444,836,083)
IV. Inventories	140		24,920,582,084	64,030,797,030
1. Inventories	141	11	24,920,582,084	64,030,797,030
2. Provision for decline in value of inventories	149		-	-
V. Other current assets	150		26,391,756,879	6,217,655,532
1. Short-term prepaid expenses	151	12.a	1,271,506,712	953,921,846
2. Creditable VAT	152		25,120,212,875	5,261,785,924
3. Taxes and amounts receivable from the State	153	18	37,292	1,947,762
B. LONG-TERM ASSETS	200		777,500,874,812	549,328,612,190
I. Long-term receivables	210		-	-
II. Fixed assets	220		370,048,216,932	389,731,307,014
1. Tangible fixed assets	221	13	370,048,216,932	389,731,307,014
- Cost	222		486,871,211,489	486,389,082,303
- Accumulated depreciation	223		(116,822,994,557)	(96,657,775,289)
2. Intangible fixed assets	227		-	-
III. Investment properties	230		-	-
IV. Long-term assets in progress	240		319,490,363,705	72,064,098,708
1. Long-term work in progress	241		-	-
2. Construction in progress	242	14	319,490,363,705	72,064,098,708
V. Long-term financial investments	250		65,556,462,794	66,369,737,142
1. Investments in associates, joint ventures	252	6.c	45,132,462,794	46,145,737,142
2. Investments in other entities	253	6.d	20,424,000,000	20,224,000,000
VI. Other long-term assets	260		22,405,831,381	21,163,469,326
1. Long-term prepaid expenses	261	12.b	20,041,494,213	20,207,537,071
2. Deferred income tax assets	262	15	2,364,337,168	955,932,255
TOTAL ASSETS	270		1,167,775,428,443	945,033,017,609

CONSOLIDATED BALANCE SHEET (cont'd)

As at 31 December 2019

RESOURCES	Code	Note	31/12/2019 VND	01/01/2019 VND
A. LIABILITIES	300		642,626,268,661	444,346,914,410
I. Current liabilities	310		273,872,830,477	227,436,804,432
1. Short-term trade payables	311	16	58,538,964,226	39,447,931,670
2. Short-term advances from customers	312	17	2,373,854,429	36,243,753,910
3. Taxes and amounts payable to the State Budget	313	18	9,186,328,470	5,983,039,095
4. Payables to employees	314	19	23,157,741,093	21,697,899,684
5. Short-term accrued expenses	315	20	8,486,766,474	3,534,951,091
6. Other short-term payables	319	21	37,513,966,199	12,706,393,029
7. Short-term loan and finance lease liabilities	320	22.a	131,238,214,298	103,650,770,665
8. Reward and welfare fund	322		3,376,995,288	4,172,065,288
II. Long-term liabilities	330		368,753,438,184	216,910,109,978
1. Long-term trade payables	337		-	-
2. Long-term loan and finance lease liabilities	338	22.b	368,753,438,184	216,910,109,978
B. OWNERS' EQUITY	400		525,149,159,782	500,686,103,199
I. Owners' equity	410	23	525,149,159,782	500,686,103,199
1. Share capital	411	23	100,000,000,000	100,000,000,000
- Common shares with voting rights	411a		100,000,000,000	100,000,000,000
- Preferred shares	411b		-	-
2. Share premium	412	23	63,003,467,265	63,003,467,265
3. Development investment fund	418	23	223,708,308,500	173,479,761,147
4. Undistributed profit	421	23	49,692,739,449	72,821,946,927
- Undistributed profit up to the end of prior period	421a		17,593,399,574	17,593,399,574
- Undistributed profit of current period	421b		32,099,339,875	55,228,547,353
5. Non-controlling interest	429		88,744,644,568	91,380,927,860
II. Other resources and funds	430		-	-
TOTAL RESOURCES	440		1,167,775,428,443	945,033,017,609



Dang Quang Dat
Director

Gia Lai Province, 25 February 2020

Vu Son Thuy
Chief Accountant

Tong Thi Thu Hien
Preparer

CONSOLIDATED INCOME STATEMENT
For the year ended 31/12/2019

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	Year 2019 VND	Year 2018 VND
1. Revenue from sales and service provision	01	24	411,050,846,643	385,670,862,669
2. Deductions	02	25	1,816,777,619	122,891,278
3. Net revenue from sales and service provision	10		409,234,069,024	385,547,971,391
4. Cost of goods sold	11	26	343,809,667,769	300,477,853,036
5. Gross profit from sales and service provision	20		<u>65,424,401,255</u>	<u>85,070,118,355</u>
6. Financial income	21	27	24,848,522,610	29,517,875,761
7. Financial expenses	22	28	29,331,791,294	29,658,080,363
Including: Interest expense	23		29,350,607,294	29,653,356,316
8. Profit or loss in associates, joint ventures	24		(1,013,274,348)	(4,128,404,977)
9. Selling expenses	25		-	-
10. Administrative expenses	26	29	16,945,586,720	13,997,937,994
11. Net operating profit	30		<u>42,982,271,503</u>	<u>66,803,570,782</u>
12. Other income	31	30	1,141,714,276	3,358,915,506
13. Other expenses	32	31	2,809,999,007	166,082,144
14. Other profit	40		<u>(1,668,284,731)</u>	<u>3,192,833,362</u>
15. Accounting profit before tax	50		<u>41,313,986,772</u>	<u>69,996,404,144</u>
16. Current income tax expense	51	32	7,678,858,302	3,587,451,960
17. Deferred tax expense	52	33	(1,408,404,913)	28,144,213
18. Profit after tax	60		<u>35,043,533,383</u>	<u>66,380,807,971</u>
19. Profit after tax attributable to parent company	61		32,099,339,875	55,228,547,353
20. Profit after tax attributable to non-controlling interest	62		2,944,193,508	11,152,260,618
21. Basic earnings per share	70	34	3,210	6,493
22. Diluted earnings per share	71	34	3,210	6,493



Đàng Quang Đạt
Director

Gia Lai Province, 25 February 2020

Vu Son Thuy
Chief Accountant

Tong Thi Thu Hien
Preparer

**CONSOLIDATED STATEMENT
OF CASH FLOWS**
For the year ended 31/12/2019

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	Year 2019 VND	Year 2018 VND
I. Cash flows from operating activities				
1. Profit before tax	01		41,313,986,772	69,996,404,144
2. Adjustments for				
- Depreciation and amortisation	02		23,371,765,835	23,581,027,059
- Provisions	03		3,809,947,714	374,604,587
- (Profits)/losses from investing activities	05		(24,397,202,403)	(27,831,220,101)
- Interest expenses	06	30	29,350,607,294	29,653,356,316
3. Operating profit before changes in working capital	08		73,449,105,212	95,774,172,005
- Decrease/(increase) in receivables	09		(12,082,929,524)	(100,545,366,865)
- Decrease/(increase) in inventories	10		39,110,214,946	(30,266,951,990)
- (Decrease)/increase in payables (excluding interest and corporate income tax payable)	11		(2,316,206,706)	56,421,038,445
- Decrease/(increase) in prepaid expenses	12		(21,014,625)	326,876,044
- Loan interest paid	14	21, 30	(28,835,009,703)	(30,059,566,139)
- Corporate income tax paid	15	18	(3,601,275,141)	(3,168,011,095)
- Other payments for operating activities	17		(795,070,000)	(1,250,927,272)
Net cash provided by operating activities	20		<u>64,907,814,459</u>	<u>(12,768,736,867)</u>
II. Cash flows from investing activities				
1. Purchases of fixed assets and other long-term assets	21		(265,338,304,008)	(29,840,177,396)
2. Proceeds from sales, disposal of fixed assets and other long-term assets	22		602,917,500	3,580,741,393
3. Cash paid for loans, acquisition of debt instruments	23		(22,500,000,000)	(130,200,000,000)
4. Recovery of loans, re-sales of debt instruments	24		36,300,000,000	300,000,000
5. Cash paid for capital contribution in other entities	25		(200,000,000)	-
6. Interest, dividends and profit received	27	9, 27	27,226,210,916	24,872,688,911
Net cash used in investing activities	30		<u>(223,909,175,592)</u>	<u>(131,286,747,092)</u>

CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)
For the year ended 31/12/2019

ITEMS	Code	Note	Year 2019 VND	Year 2018 VND
III. Cash flows from financing activities				
1. Proceeds from stock issuance, capital contribution	31		3,500,000,000	73,529,005,000
2. Proceeds from loans	33		444,311,939,994	257,924,690,323
3. Repayment of loan principal	34		(264,881,168,155)	(236,401,145,395)
4. Dividends, profit paid to owners	36	22a, 25d	(14,080,476,800)	(11,407,640,000)
Net cash provided by financing activities	40		168,850,295,039	83,644,909,928
Net cash flows for the period	50		9,848,933,906	(60,410,574,031)
Cash and cash equivalents at the beginning of the period	60	5	13,629,039,713	74,039,613,744
Impacts of exchange rate fluctuations	61		-	-
Cash and cash equivalents at the end of the period	70	5	23,477,973,619	13,629,039,713



Dang Quang Dat
Director

Gia Lai Province, 25 February 2020

Vu Son Thuy
Chief Accountant

Tong Thi Thu Hien
Preparer

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Form B 09 – DN/IN
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 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/QĐ-BXD dated 22/6/2004 of the Construction Minister. The Company was granted Business Registration Certificate No. 3903000041 by Gia Lai Province Planning and Investment Department on 9/8/2004. Since the establishment date, the Business Registration Certificate (which is now the Enterprise Registration Certificate No. 5900320629) has been amended ten (10) times and the nearest amendment was made on 24/07/2018. The Company is an independent accounting entity, operating in conformity with the 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 subsidiaries:

Bac Na Electricity Joint Stock Company

- Head office: Nam Thang Village, Ban Lien Commune, Bac Ha District, Lao Cai Province.
- Principle activities: Manufacturing and trading electricity power;
- Charter capital: VND155,000,000,000.
- Ratio of Parent company's interests: 51.18%.
- Voting rights of Parent company: 51.18%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

Ehula Joint Stock Company

- Head office: Na Hu 2 Village, Bum Nua Commune, Muong Te District, Lai Chau Province.
- Principle activities: Manufacturing and transmitting electricity power;
- Charter capital: VND380,000,000,000.
- Paid-in capital as at 31/12/2019: VND290,000,000,000.
- Ratio of Parent company's interests: 98.00% (equivalent to the actually contributed capital).
- Voting rights of Parent company: 98.00%.

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: 33.76%.
- Voting right: 33.76%.

2. Accounting period, currency used in accounting

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

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. These consolidated financial statements are prepared and presented in accordance with the provisions of Circular No. 202/2014/TT-BTC dated 22/12/2014 by the Ministry of Finance.

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 subsidiaries.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

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.

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.

Non-controlling interests

Non-controlling interests represent the portion of net assets in subsidiaries not held by the Company and are presented within equity in the consolidated balance sheet, separately from parent shareholders' equity. Non-controlling interests in the net assets of consolidated subsidiaries include: non-controlling interests at the acquisition date which are determined according to the fair value of net assets of subsidiaries at the acquisition date; non-controlling interests' share of changes in equity as from the acquisition date up to the beginning of the reporting period and non-controlling interests in the fluctuations of total equity arising during the period. Losses in subsidiaries 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 Company, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

4.2 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.

4.3 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.

After initial recognition, trading securities are determined at cost less provision for decline in value of trading securities. At the end of the fiscal year, 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

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. The appropriation of provision complies with the guidelines in Circular No. 48/2019/TT-BTC dated 08/08/2019 by the Ministry of Finance. Accordingly, provision is made at the balance sheet date for the amounts receivable which have been overdue for over 6 months or which have not been overdue but are likely to become irrecoverable.

4.5 Inventories

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

Cost of inventories 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.

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 for each kind of inventories when the net realizable value of that kind of inventories is less than cost.

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. Certain fixed assets are rapidly depreciated by the Company. Details are as follows:

Kinds of assets	Depreciation period (years)
Buildings, architectures	25

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

Machinery, equipment	1.5 – 20
Motor vehicles	3 – 8
Office equipment	1.5

4.7 Operating leases

An operating lease is a lease in which a significant portion of the risks and rewards of ownership are retained by the lessor. Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease.

4.8 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.

4.9 Payables

Payables include: trade payables and other payables.

- Trade payables are trade-related amounts, arising from trading activities between the Company and its suppliers;
- Other payables are non-trade amounts, which are not related to trading activities, intra-company transactions.

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

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

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 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 original currencies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

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.

4.12 Owner's equity

Share capital

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

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

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 Recognition of revenue and other income

- Revenue from construction contract
 - ✓ 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:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

- ✓ Revenue from the sale of goods is recognized in the income statement when the significant risks and rewards of ownership have been transferred to the buyer and there are no significant uncertainties regarding recovery of the consideration due or the likely return of goods;
- ✓ Revenue from service provision is recognized when the services have been rendered. In case that the services are to be provided in many accounting periods, the determination of revenue in each period is done on the basis of the service completion rate as of the balance sheet date.
- Revenue from financing activities is recognized when revenue is determined with relative certainty and it is possible to obtain economic benefits from the transactions.
 - ✓ Interests are recognized on the basis of the actual term and interest rates;
 - ✓ Dividends and profits shared are recognized when the Company has the rights to receive dividends or profit from the capital contribution. Stock dividends are not recognized as financial income. Dividends received in relation to the pre-investment period are recorded as a decrease in the value of the investment.
- 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

4.18 Current corporate income tax expense, deferred corporate income tax expense

Corporate income tax expenses during the period include 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.

4.19 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.

4.20 Tax rates and fees paid to the State budget applied by the Company

- Value added tax (VAT): VAT rate is 10% is applicable to construction activities and commercial electricity. For other activities, prevailing rates are applicable.
- Corporate income tax (CIT): The prevailing tax rate of 20% is applicable. Particularly, the subsidiary which is Bac Na Power Joint Stock Company enjoys tax incentives as follows: According to Circular No. 130/2008/TT-BTC dated 26/12/2008 of the Ministry of Finance, the Company's investment project (Bac Na Hydropower Plant) is eligible for a tax rate of 10% within 15 years, and a tax exemption for 4 years and a 50% reduction of corporate income tax amounts payable for subsequent 9 years. 2017 is the first year the Company generates revenue, earns taxable income and begins to utilize the tax incentives.
- Other taxes, fees and charges are paid in accordance with relevant regulations.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

Currency: VND

5. Cash and cash equivalents

	31/12/2019	01/01/2019
Cash on hand	484,074,573	2,815,851,590
Cash at bank	993,899,046	7,813,188,123
Saving deposits within 3 months	22,000,000,000	3,000,000,000
Total	23,477,973,619	13,629,039,713

6. Financial investments

a. Trading securities

	31/12/2019			01/01/2019		
	Cost	Fair value	Provision	Cost	Fair value	Provision
SDC shares	193,296,552	77,616,000	115,680,552	193,296,552	58,800,000	134,496,552
Total	193,296,552	77,616,000	115,680,552	193,296,552	58,800,000	134,496,552

Trading securities are revaluated at the lower of cost and market prices. For SDC shares listed at Hanoi Stock Exchange, the fair value is the closing price at the last trading session of the accounting year.

b. Held-to-maturity investments

	31/12/2019		01/01/2019	
	Cost	Book value	Cost	Book value
Term deposits over 3 months and not exceeding 12 months	132,500,000,000	132,500,000,000	146,300,000,000	146,300,000,000
Total	132,500,000,000	132,500,000,000	146,300,000,000	146,300,000,000

As at 31/12/2019, the Company's held-to-maturity investments were term deposits at bank. The Management assessed that these investments were not impaired in value.

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

c. Investment in associate

	31/12/2019		01/01/2019	
	% holding	Number of shares	Investment value based on equity's method	Investment value based on equity's method
Song Ong Hydropower JSC	33.76%	2,498,000	45,132,462,794	46,145,737,142
Total			45,132,462,794	46,145,737,142

d. Investments in form of capital contribution in other entities

	31/12/2019			01/01/2019		
	% holding	Number of shares	Cost	Provision	Cost	Provision
Anzen Investment JSC (i) North-West Electric Investment and Development JSC	19.0%	2,000,000	20,000,000,000	-	20,000,000,000	-
EDABA JSC (ii)	0.1%	22,400	224,000,000	-	224,000,000	-
			200,000,000	-	-	-
Total			20,424,000,000	-	20,224,000,000	-

(i) The 2019 financial statements of Anzen Investment Joint Stock Company show profit and well-maintained investment capital. Therefore, the investment in this Company is recorded at cost and no provision is made for it.

(ii) Since this Company is in the construction phase, the investment is recorded at cost, and no provisions are made for them.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

7. Short-term trade receivables

	31/12/2019	01/01/2019
Xekaman 3 Hydropower Project Management Unit	64,197,770,402	64,197,770,402
Song Da 5 Joint Stock Company	19,599,715,924	19,599,715,924
Others	133,220,949,200	109,131,163,216
Total	217,018,435,526	192,928,649,542

8. Short-term prepayments to suppliers

	31/12/2019	01/01/2019
Ha Do 1 JSC	-	11,958,576,245
Song Da 10.9 JSC	3,000,000,000	-
Toan Thang Construction Trading Co., Ltd	1,200,602,309	-
Hydraulic - Hydropower Project Construction and Consulting JSC	4,185,729,963	8,308,366,028
Kim Luan Triet Giang Electromechanics Co., Ltd	3,013,576,002	14,002,105,600
Others	3,812,768,150	5,210,923,973
Total	15,212,676,424	39,479,971,846

9. Other short-term receivables

	31/12/2019		01/01/2019	
	Amount	Provision	Amount	Provision
Accrued interest	2,512,624,687	-	4,816,662,192	-
Advances	25,783,369,428	-	2,332,937,336	-
Deposits, collateral	24,000,000	-	76,000,000	-
Receivables from employees	74,344,711	-	207,050,953	-
Other receivables	554,774,070	-	71,677,358	-
Total	28,949,112,896	-	7,504,327,839	-

10. Provision for short-term doubtful debts

	31/12/2019	01/01/2019
Provision for debts overdue:		
- For 3 years and over	70,820,594,640	62,937,119,278
- From 2 years to less than 3 years	180,282,803	9,674,082,530
- From 1 year to less than 2 years	4,832,818,902	1,833,634,275
- From over 6 months to less than 1 year	2,439,903,452	-
Total	78,273,599,797	74,444,836,083

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

11. Inventories

	31/12/2019		01/01/2019	
	Cost	Provision	Cost	Provision
Materials	-	-	8,240,777,745	-
Work in progress	24,920,582,084	-	55,790,019,285	-
Total	24,920,582,084	-	64,030,797,030	-

- There are no inventories unsold, in poor quality or unlikely/difficult/slow to sell as at 31/12/2019.
- There are no inventories pledged, mortgaged as securities for debts as at 31/12/2019.

12. Prepaid expenses

a. Short-term

	31/12/2019	01/01/2019
Tools, instruments pending amortisation	870,593,675	554,525,886
Insurance expense pending allocation	314,194,942	234,375,293
Other short-term prepaid expenses	86,718,095	165,020,667
Total	1,271,506,712	953,921,846

b. Long-term

	31/12/2019	01/01/2019
Rental of offices at HH4 Song Da Twin Tower (*)	7,518,628,930	7,764,521,788
Office rental	104,500,000	22,000,000
Costs of compensation, site clearance (**)	12,418,365,283	12,418,365,283
Tools, instruments pending amortisation	-	2,650,000
Total	20,041,494,213	20,207,537,071

(*) This is an amount for the lease of Floor 12, Block B of HH4 Song Da Twin Tower Building in Pham Hung Street, My Dinh, Tu Liem District, Hanoi City 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 a lump sum. The lease term is up to June 2053.

(**) This is the cost of compensation and ground clearance of Bac Na Hydropower Project. This expense will be deducted from the payable land rent according to the provisions of Clause 2, Article 13 of the Government's Decree No. 46/2014/ND-CP dated 15/05/2014 on the collection of land rents and water surface rents. The remaining difference (if any) will be allocated over term of land lease. Currently, the Company is carrying out procedures with the competent authorities to determine the amount deducted from the land rent.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

13. Tangible fixed assets

	Buildings, architectures VND	Machinery equipment VND	Motor vehicles VND	Office equipment VND	Other fixed assets VND	Total VND
Cost						
Opening balance	271,380,763,418	194,811,466,180	20,082,371,978	114,480,727	-	486,389,082,303
Increase in the year	-	3,723,509,091	-	-	-	3,723,509,091
Sold, disposed	-	3,241,379,905	-	-	-	3,241,379,905
Closing balance	271,380,763,418	195,293,595,366	20,082,371,978	114,480,727	-	486,871,211,489
Depreciation						
Opening balance	21,710,461,070	55,226,194,110	19,606,639,382	114,480,727	-	96,657,775,289
Charge for the year	10,855,230,526	12,363,814,092	152,721,217	-	-	23,371,765,835
Sold, disposed	-	3,206,546,567	-	-	-	3,206,546,567
Closing balance	32,565,691,596	64,383,461,635	19,759,360,599	114,480,727	-	116,822,994,557
Net book value						
Opening balance	249,670,302,348	139,585,272,070	475,732,596	-	-	389,731,307,014
Closing balance	238,815,071,822	130,910,133,731	323,011,379	-	-	370,048,216,932

- Year-end net book value of tangible fixed assets mortgaged for loans is VND367,926,190,948.
- Cost of tangible fixed assets fully depreciated but still in active use as at 31/12/2019 is VND47,470,583,607.

14. Construction in progress

	31/12/2019	01/01/2019
Bac Na 1 Hydropower Plant Project	61,087,491,199	4,840,927,674
Nam Bum 1 Hydropower Plant Project	233,187,506,163	59,076,855,201
Nam Bum 2 Hydropower Plant Project	25,215,366,343	8,146,315,833
Total	319,490,363,705	72,064,098,708

15. Deferred income tax assets

	31/12/2019	01/01/2019
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	846,963,088	885,461,410
Deferred tax assets relating to unrealized gains on construction of Nam Bum 1 Hydropower Plant	737,973,465	70,470,845
Deferred tax assets relating to unrealized gains on construction of Bac Na 1 Hydropower Plant	779,400,615	-
Deferred income tax assets	2,364,337,168	955,932,255

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

16. Short-term trade payables

	31/12/2019	01/01/2019
Viet Group Joint Stock Company	-	8,577,696,722
Hung Phuc Electric Construction Co., Ltd	-	4,420,417,182
Kim Luan Triet Giang Electromechanics Co., Ltd	12,279,314,989	-
Ha Do 1 JSC	11,169,010,083	-
S.V.S Construction and Investment Company Limited	3,033,312,418	2,533,317,418
Others	32,057,326,736	23,916,500,348
Total	58,538,964,226	39,447,931,670

17. Short-term advances from customers

	31/12/2019	01/01/2019
Vientiane Automation and Solution Engineering Co., Ltd	2,363,854,429	4,054,754,893
Thac Xang Hydropower JSC	-	1,645,784,850
Song Tranh 4 Hydropower JSC	-	30,283,192,096
Others	10,000,000	260,022,071
Total	2,373,854,429	36,243,753,910

18. Taxes and amounts payable to the State budget

	Opening balance		Amount to be paid	Actual amount paid	Closing balance	
	Receivable	Payable			Receivable	Payable
Value added tax	-	1,986,953,375	28,718,729,864	29,502,075,420	-	1,203,607,819
Corporate income tax	-	3,587,451,960	7,678,858,302	3,601,275,141	-	7,665,035,121
Personal income tax	1,910,470	21,117,332	1,499,393,679	1,417,806,790	-	100,793,751
Natural resources tax	-	178,788,182	3,639,355,125	3,660,251,528	-	157,891,779
Other taxes	-	-	373,818,869	373,818,869	-	-
Fees and charges	37,292	208,728,246	1,642,214,848	1,791,943,094	37,292	59,000,000
Total	1,947,762	5,983,039,095	43,552,370,687	40,347,170,842	37,292	9,186,328,470

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

19. Payables to employees

	31/12/2019	01/01/2019
Payables to employees (*)	23,157,741,093	21,697,899,684
Total	23,157,741,093	21,697,899,684

(*) In which, the 17% Salary reserve fund of 2019 is VND12,492,970,850.

20. Short-term accrued expenses

	31/12/2019	01/01/2019
Accrued interest expenses	1,322,337,081	525,397,564
Materials, construction expenses without financial invoices	7,164,429,393	3,009,553,527
Total	8,486,766,474	3,534,951,091

21. Other payables

	31/12/2019	01/01/2019
Trade union fees	551,967,970	627,046,909
Profit, dividends payable	51,760,000	51,760,000
Other payables	36,910,238,229	12,027,586,120
- Received investment trust	31,564,000,000	7,480,000,000
- Trade union membership fees	359,536,234	324,462,575
- PIT of employees working in Laos	985,570,770	985,570,770
- Personal loan interest payable	640,433,040	746,775,342
- Others	3,360,698,185	2,490,777,433
Total	37,513,966,199	12,706,393,029

22. Loans and finance lease liabilities

a. Short-term

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Short-term loans	81,650,770,665	267,468,611,788	242,881,168,155	106,238,214,298
- BIDV - Gia Lai Branch	34,100,770,665	99,940,447,895	104,718,004,262	29,323,214,298
- Vietinbank - Lai Chau Branch	12,900,000,000	3,396,263,893	16,296,263,893	-
- Vietinbank - Dak Lak Branch	17,300,000,000	76,615,000,000	80,200,000,000	13,715,000,000
- Borrowings from employees	17,350,000,000	87,516,900,000	41,666,900,000	63,200,000,000
Current portion of long-term loan	22,000,000,000	25,000,000,000	22,000,000,000	25,000,000,000
- BIDV - Thanh Xuan Brach - Hanoi	22,000,000,000	25,000,000,000	22,000,000,000	25,000,000,000
Total	103,650,770,665	292,468,611,788	264,881,168,155	131,238,214,298

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

b. Long-term

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Long-term loans	238,910,109,978	176,843,328,206	22,000,000,000	393,753,438,184
- BIDV - Thanh Xuan Branch (*)	238,910,109,978	49,601,000,000	22,000,000,000	266,511,109,978
- Vietinbank - Lai Chau Branch (**)	-	63,246,579,489	-	63,246,579,489
- Vietinbank - Dak Lak Branch (**)	-	63,995,748,717	-	63,995,748,717
Total	238,910,109,978	176,843,328,206	22,000,000,000	393,753,438,184
<i>Of which:</i>				
- Portion of long-term loans due within 1 year	22,000,000,000			25,000,000,000
Long-term loans and finance lease liabilities	216,910,109,978			368,753,438,184

(*) These are loans under 2 Credit Agreements between the Company and Joint Stock Commercial Bank for Investment and Development of Vietnam (BIDV) – Thanh Xuan Branch, specifically:

- Agreement No. 01/2014/1513776/HDTD dated 09/10/2014; the loan term is 12 years as from the first drawdown date; the grace period is 3 years. The loan purpose is to invest in the construction of Bac Na Hydropower Plant Project. Interest rate is floating interest rate which is adjusted from time to time. The loan is secured by all assets formed after the investment period of Bac Na Hydropower Plant.
- Agreement No. 01/2019/1513776/HDTD dated 25/07/2019; the loan term is 11 years as from the first drawdown date; the grace period is 1 year. The loan purpose is to invest in the construction of Bac Na 1 Hydropower Plant Project. Interest rate is floating interest rate which is adjusted from time to time. The loan is secured by all assets formed after the investment period of Bac Na 1 Hydropower Plant.

(**) These are long-term loans from Vietnam Joint Stock Commercial Bank for Industry and Trade (Vietinbank) – Lai Chau Branch and Dak Lak Branch under Loan Agreement for Investment Project No. 01/2018-HDCVDADT/NHCT182-EHULA dated 21/09/2018 and Loan Agreement Amendment dated 31/12/2019; the maximum grace period is 2 years as from the date following the first drawdown date but not exceeding 20/08/2020; the repayment period is 10 years as from the end of the grace period. The loan purpose is to cover qualified expenses attributable to the Nam Bum 1 Hydropower Plant Project in Hua Bum Commune, Nam Nhun District, Lai Chau Province invested by the Company. The loans are secured by all assets attached to the land and the entire system of machinery and equipment acquired from the Company's borrowed capital and equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

23. Owners' equity

a. Statement of changes in owners' equity

	Share capital	Share premium	Development investment fund	Undistributed profit
As at 01/01/2018	59,903,490,000	43,125,212,265	138,911,721,351	59,264,948,728
Increase in the year	40,096,510,000	19,878,255,000	34,625,878,448	55,228,547,353
Adjustment due to consolidation			(57,838,652)	5,049,294
Decrease in the year	-	-	-	41,676,598,448
As at 31/12/2018	<u>100,000,000,000</u>	<u>63,003,467,265</u>	<u>173,479,761,147</u>	<u>72,821,946,927</u>
As at 01/01/2019	100,000,000,000	63,003,467,265	173,479,761,147	72,821,946,927
Increase in the year	-	-	50,228,547,353	32,099,339,875
Decrease in the year	-	-	-	55,228,547,353
As at 31/12/2019	<u>100,000,000,000</u>	<u>63,003,467,265</u>	<u>223,708,308,500</u>	<u>49,692,739,449</u>

b. Shares

	31/12/2019 Shares	01/01/2019 Shares
Number of shares authorized to be issued	10,000,000	10,000,000
Numbers of shares sold to the public	10,000,000	10,000,000
- Common shares	10,000,000	10,000,000
- Preferred shares	-	-
Number of outstanding shares	10,000,000	10,000,000
- Common shares	10,000,000	10,000,000
- Preferred shares	-	-
Par value of outstanding shares: VND10,000 each		

c. Undistributed profit

	Year 2019	Year 2018
Profit brought forward	72,821,946,927	59,264,948,728
Adjustments due to consolidation	-	5,049,294
Profit after corporate income tax	32,099,339,875	55,228,547,353
Distribution of prior-year profit (*)	55,228,547,353	41,676,598,448
- Appropriated for development investment fund	50,228,547,353	34,625,878,448
- Appropriated for reward and welfare fund	-	2,050,720,000
- Paying dividends	5,000,000,000	5,000,000,000
Temporary distribution of current year profit	-	-
Undistributed profit	<u>49,692,739,449</u>	<u>72,821,946,927</u>

(*) The 2018 profit after tax is distributed in accordance with the Resolution of the General Meeting of Shareholders No. 109/NQ-S55-DH19 dated 30/3/2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

d. Dividends

The 2019 Annual General Meeting of Shareholders dated 30/03/2019 approved to pay dividends for 2018 in cash at the rate of 5% of new charter capital (equivalent to VND5,000,000,000). These dividends were paid in cash in 2019.

24. Revenue from sales and service provision

	Year 2019	Year 2018
Revenue from construction activities	337,094,286,513	296,016,963,477
Revenue from rendered services	12,078,956,318	10,099,081,053
Revenue from sales of electricity	61,877,603,812	79,554,818,139
+ <i>Electricity sales according to Avoided Cost Tariff</i>	55,168,620,939	72,812,255,874
+ <i>Payments of natural resources tax and forest environmental service fees</i>	5,059,473,873	6,742,562,265
+ <i>Payments of water exploitation rights license fee</i>	1,649,509,000	-
Total	411,050,846,643	385,670,862,669

25. Revenue deductions

	Year 2019	Year 2018
Sales rebates	1,816,777,619	122,891,278
Total	1,816,777,619	122,891,278

26. Cost of goods sold

	Year 2019	Year 2018
Cost of construction activities	304,283,164,626	261,263,874,199
Cost of rendered services	10,665,497,423	9,270,489,236
Cost of sales of electricity	28,861,005,720	29,943,489,601
+ <i>Cost of electricity generation payable</i>	22,152,022,847	23,200,927,336
+ <i>Water exploitation rights license fee payable</i>	5,059,473,873	6,742,562,265
+ <i>Water exploitation rights license fee payable</i>	1,649,509,000	-
Total	343,809,667,769	300,477,853,036

27. Financial income

	Year 2019	Year 2018
Deposit interest, loan interest	8,599,392,589	10,606,667,761
Dividends, profit received	16,243,000,000	18,911,208,000
Realized foreign exchange gain	6,130,021	-
Total	24,848,522,610	29,517,875,761

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

28. Financial expenses

	Year 2019	Year 2018
Interest expenses	29,350,607,294	29,653,356,316
Foreign exchange loss	-	20,047
Appropriation/(Reversal) of provision for diminution in value of trading securities	(18,816,000)	4,704,000
Total	29,331,791,294	29,658,080,363

29. Administrative expenses

	Year 2019	Year 2018
Material and tool expenses	460,837,716	182,017,571
Staff costs	6,926,308,886	7,341,776,087
Depreciation and amortisation	86,136,360	86,136,360
Outside service expenses	1,768,270,754	2,153,150,878
Other expenses	3,875,269,290	3,864,956,511
Appropriation/(Reversal) of provision for doubtful debts	3,828,763,714	369,900,587
Total	16,945,586,720	13,997,937,994

30. Other income

	Year 2019	Year 2018
Proceeds from sales, disposal of fixed assets	568,084,162	2,441,749,317
Collection of penalties from employees, material compensation	38,860,133	12,625,700
Receipt of insurance compensation	482,064,467	-
Other income	52,705,514	904,540,489
Total	1,141,714,276	3,358,915,506

31. Other expenses

	Year 2019	Year 2018
Fines and penalties, tax arrears	132,456,206	64,291,788
Assets damage recovery expenses (*)	2,286,164,461	-
Other expenses	391,378,340	101,790,356
Total	2,809,999,007	166,082,144

(*) This reflects expenses attributable to the recovery from damage caused by landslides in 2018 related to Bac Na Hydropower Plant Project after having been offset against the compensation from Vietinbank Tay Nguyen Insurance Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

32. Current corporate income tax expense

	Year 2019	Year 2018
Total accounting profit before tax	41,313,986,772	69,996,404,144
Adjustments to taxable income	2,749,253,310	(13,564,286,801)
Increasing adjustments	19,377,236,532	5,731,904,421
- Fines and penalties, tax arrears	224,763,400	64,291,788
- Remunerations for non-executive directors	246,000,000	168,000,000
- Other unqualified expenses	4,220,142,054	471,690,943
- Losses in associates, joint ventures	1,013,274,348	4,128,404,977
- Unrealized gain on intra-company sales	13,673,056,730	899,516,713
Decreasing adjustments	16,627,983,222	19,296,191,222
- Received dividends, profit	16,243,000,000	18,911,208,000
- Realized gain on intra-company sales	384,983,222	384,983,222
Total taxable income	44,063,240,082	56,432,117,343
- From operating activities (tax rate of 10%)	5,738,064,477	54,530,958,702
- From non-incentivized locations (tax rate of 20%)	38,325,175,605	1,901,158,641
Corporate income tax	8,238,841,569	5,833,327,598
- From operating activities (tax rate of 10%)	573,806,448	5,453,095,870
- From non-incentivized locations (tax rate of 20%)	7,665,035,121	380,231,728
Exempted corporate income tax	573,806,448	2,245,875,638
- From principal activities (100%)	573,806,448	2,245,875,638
Current corporate income tax expense	7,678,858,302	3,587,451,960
<i>Of which:</i>		
- Current corporate income tax expense of current year	7,665,035,121	3,587,451,960
- CIT paid in arrears of prior year	13,823,181	-

33. Deferred corporate income tax expense

	Year 2019	Year 2018
Deferred CIT income arising from deductible temporary differences	(1,408,404,913)	28,144,213
Total deferred corporate income tax expense	(1,408,404,913)	28,144,213

34. Basic earnings per share, diluted earnings per share

	Year 2019	Year 2018
Profit after tax of the Company's shareholders	32,099,339,875	55,228,547,353
Adjustments increasing or decreasing profit after tax	-	-
- Increasing adjustment	-	-
- Decreasing adjustment	-	-
Profit or loss attributable to common shareholders	32,099,339,875	55,228,547,353
Weighted average number of common shares in the period	10,000,000	8,505,993
Basic/diluted earnings per share (*)	3,210	6,493

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

(*) This item for 2019 is calculated without deducting the Reward and welfare funds in the absence of regulations on these funds in the Company's Charter and the Resolution of General Meeting of Shareholders. Accordingly, this item might be changed depending on the later decision of the General Meeting of Shareholders.

35. Operating expenses according to elements

	Year 2019	Year 2018
Materials expenses	150,344,644,873	141,968,921,364
Labor costs	84,206,144,572	77,631,266,998
Depreciation and amortisation	23,371,765,835	23,581,027,059
Outside service expenses	189,840,707,047	87,390,068,536
Other cash expenses	11,582,384,006	10,324,582,741
Total	459,345,646,333	340,895,866,698

36. 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 its business segment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)*(These notes form part of and should be read in conjunction with the consolidated financial statements)***36. Segment reporting**

	Construction activities		Generating and trading electricity		Other activities		Total	
	Year 2019	Year 2018	Year 2019	Year 2018	Year 2019	Year 2018	Year 2019	Year 2018
Business segment reporting								
Segment revenue	335,277,508,894	295,894,072,199	61,877,603,812	79,554,818,139	12,078,956,318	10,099,081,053	409,234,069,024	385,547,971,391
Cost of segment	304,283,164,626	261,263,874,199	28,861,005,720	29,943,489,601	10,665,497,423	9,270,489,236	343,809,667,769	300,477,853,036
Gross operating profit	30,994,344,268	34,630,198,000	33,016,598,092	49,611,328,538	1,413,458,895	828,591,817	65,424,401,255	85,070,118,355
	31/12/2019	01/01/2019	31/12/2019	01/01/2019	31/12/2019	01/01/2019	31/12/2019	01/01/2019
Segment assets	383,461,555,512	380,977,448,414	784,313,872,931	564,055,569,195	-	-	1,167,775,428,443	945,033,017,609
- Current assets	306,118,612,015	303,510,769,227	84,155,941,616	92,193,636,192	-	-	390,274,553,631	395,704,405,419
- Non-current assets	77,342,943,497	77,466,679,187	700,157,931,315	471,861,933,003	-	-	777,500,874,812	549,328,612,190
Segment liabilities	193,823,399,531	176,645,715,786	448,802,869,130	267,701,198,624	-	-	642,626,268,661	444,346,914,410
- Short-term liabilities	193,823,399,531	176,645,715,786	80,049,430,946	50,791,088,646	-	-	273,872,830,477	227,436,804,432
- Long-term liabilities	-	-	368,753,438,184	216,910,109,978	-	-	368,753,438,184	216,910,109,978
Depreciation and Amortisation	5,333,840,821	5,543,102,037	18,037,925,014	18,037,925,022	-	-	23,371,765,835	23,581,027,059
Purchases of fixed-assets	3,723,509,091	8,945,329,091	261,614,794,917	20,894,848,305	-	-	265,338,304,008	29,840,177,396

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

37. Financial instruments

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, commodity price risk, exchange rate 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 floating 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 a low level.

Price risk management

For capital construction activities, the Company is exposed to risks of changes in construction material prices. The Company manages these risks through searching suppliers offering the lowest possible 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 project 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, classifying and aging accounts receivable, urging debt collection and making provisions for overdue debts. For electricity generating activities, the Company serves only one main client which is Northern Power Corporation. Debts are settled at the latest within 30 days. Thus, the Management assesses that credit risks related to these activities are low.

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 CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

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

31/12/2019	Within 1 year	Over 1 year	Total
Trade payables	58,538,964,226	-	58,538,964,226
Accrued expenses	8,486,766,474	-	8,486,766,474
Loans and finance lease liabilities	131,238,214,298	368,753,438,184	499,991,652,482
Other payables	36,602,461,995	-	36,602,461,995
Total	234,866,406,993	368,753,438,184	603,619,845,177
01/01/2019	Within 1 year	Over 1 year	Total
Trade payables	39,447,931,670	-	39,447,931,670
Accrued expenses	3,534,951,091	-	3,534,951,091
Loans and finance lease liabilities	103,650,770,665	216,910,109,978	320,560,880,643
Other payables	11,754,883,545	-	11,754,883,545
Total	158,388,536,971	216,910,109,978	375,298,646,949

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:

31/12/2019	Within 1 year	Over 1 year	Total
Cash and cash equivalents	23,477,973,619	-	23,477,973,619
Financial investments	77,616,000	20,424,000,000	20,501,616,000
Held-to-maturity investments	132,500,000,000	-	132,500,000,000
Trade receivables	138,744,835,729	-	138,744,835,729
Other receivables	3,165,743,468	-	3,165,743,468
Total	297,966,168,816	20,424,000,000	318,390,168,816
01/01/2019	Within 1 year	Over 1 year	Total
Cash and cash equivalents	13,629,039,713	-	13,629,039,713
Financial investments	58,800,000	20,224,000,000	20,282,800,000
Held-to-maturity investments	146,300,000,000	-	146,300,000,000
Trade receivables	118,483,813,459	-	118,483,813,459
Other receivables	5,171,390,503	-	5,171,390,503
Total	283,643,043,675	20,224,000,000	303,867,043,675

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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

38. Related party information

a. Related party transactions

	Transactions	Year 2019	Year 2018
Dang Quang Dat (Director cum Chairman)	Receiving investment trusts	16,100,000,000	-
	Investment trust interest paid	569,979,041	475,699,042
	Borrowings	65,916,900,000	1,200,000,000
	Repayment of borrowings	25,666,900,000	-
	Loan interest paid	772,277,293	-

b. Related party balances

	Items	31/12/2019	01/01/2019
Dang Quang Dat (Director cum Chairman)	Loan debts payable	41,450,000,000	1,200,000,000
	Loan interest payable	640,433,040	3,254,795
	Other payables (investment trusts)	21,750,000,000	5,650,000,000

c. Significant events after balance sheet date

	Year 2019	Year 2018
Remunerations of the Board of Directors	504,000,000	459,000,000
Salaries of the Management	2,556,175,200	2,210,695,003

39. 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 consolidated financial statements.

40. Corresponding figures

Corresponding figures were taken from the Company's consolidated financial statements for the year ended 31/12/2018 which had been audited by AAC.



Dang Quang Dat
Director

Gia Lai Province, 25 February 2020

Vu Son Thuy
Chief Accountant

Tong Thi Thu Hien
Preparer

