

**VIETNAM ELECTRICITY
SOUTHERN POWER CORPORATION**

(Incorporated in the Socialist Republic of Vietnam)

**AUDITED CONSOLIDATED
FINANCIAL STATEMENTS**

For the year ended 31 December 2014

**Deloitte
STORED**

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REPORT OF THE BOARD OF DIRECTORS

The Board of Directors of Southern Power Corporation (the “Parent Company”) and its subsidiaries (the Parent Company and the subsidiaries herein refers as the “Corporation”) presents this report together with the Corporation’s consolidated financial statements for the year ended 31 December 2014.

THE BOARD OF DIRECTORS

The members of the Board of Directors of the Corporation who held office during the year and to the date of this report are as follows:

Mr. Nguyen Van Hop	General Director (appointed on 11 February 2015)
Mr. Nguyen Thanh Duy	General Director (resigned on 11 February 2015)
Mr. Pham Ngoc Le	Deputy General Director
Mr. Nguyen Cong Hau	Deputy General Director (appointed on 12 February 2015)
Mr. Nguyen Phuoc Duc	Deputy General Director (appointed on 24 March 2015)
Mr. Nguyen Van Hop	Deputy General Director (up to 11 February 2015)
Mr. Ho Quang Ai	Deputy General Director
Mr. Nguyen Van Binh	Deputy General Director (resigned on 01 November 2014)


THE BOARD OF DIRECTORS’ STATEMENT OF RESPONSIBILITY

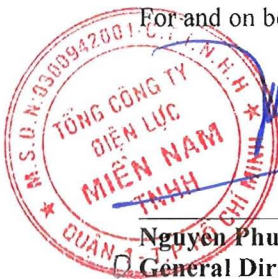
The Board of Directors of the Corporation is responsible for preparing the consolidated financial statements which give a true and fair view of the consolidated financial position of the Corporation and of its results and cash flows for the year in accordance with International Financial Reporting Standards. In preparing these consolidated financial statements, the Board of Directors is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the consolidated financial statements;
- prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Corporation will continue in business; and
- design and implement an effective internal control system for the purpose of properly preparing and presenting the consolidated financial statements so as to minimize errors and frauds.

The Board of Directors is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the consolidated financial position of the Corporation and to ensure that the consolidated financial statements comply with International Financial Reporting Standards. The Board of Directors is also responsible for safeguarding the assets of the Corporation and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

The Board of Directors confirms that the Corporation has complied with the above requirements in preparing these consolidated financial statements.

For and on behalf of the Board of Directors, 



Nguyen Phuoc Duc
General Director

26 June 2015
Ho Chi Minh City, S. R. Vietnam

No. 048 / VNIA-HC-BC

INDEPENDENT AUDITORS' REPORT

To: **The Board of Directors of Southern Power Corporation**

We have audited the accompanying consolidated financial statements of Southern Power Corporation (the "Parent Company") and its subsidiaries (the Parent Company and the subsidiaries herein refers as the "Corporation"), prepared on 26 June 2015 as set out from page 4 to 43, which comprise the consolidated statement of financial position as at 31 December 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory notes (collectively referred to as the "consolidated financial statements").

Board of Directors' responsibility for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements 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 Corporation'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 Corporation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Board of Directors, 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 qualified opinion.

Basis for Qualified Opinion

Limitation on scope

As at 31 December 2014, the Corporation recognized the revaluation reserve as a result of revaluations of property, plant and equipment of some selective subsidiaries and decided to start making depreciation from 01 January 2013. These revaluations were performed by independent appraisers in compliance with the regulations issued by the Ministry of Finance and the Vietnamese Government, and the regulations do not require the appraisers to apply the discounted cash flow method or other generally accepted revaluation methods. We were unable to satisfy ourselves as to the reliability of revaluation result by means of other audit procedures because we were unable to satisfy ourselves as to the audit evidence of the revaluation method, competence, capabilities and objectivity of the independent appraisers.

INDEPENDENT AUDITORS' REPORT (Continued)

Basis for Qualified Opinion (Continued)

Due to the above reasons, we were unable to satisfy ourselves as to the revaluated amount and the related depreciation expense of those assets by means of other audit procedures. The effects on the consolidated financial statements due to the revaluations have not been determined.

Departure from International Financial Reporting Standards

The Corporation carries its financial assets at cost or face value less a provision for impairment if necessary and carries financial liabilities at face value less payments made on principal without regard for changes in fair value or amortized cost of the instruments. International Accounting Standard (IAS) No. 39 - Financial Instruments: Recognition and Measurement and International Financial Reporting Standard (IFRS) No. 13 - Fair value measurement require that financial assets and liabilities be carried at fair value or amortized cost, using the effective interest method, depending on the instruments classification and define the required associated with financial instruments. In addition, the Corporation's consolidated financial statements do not provide sufficient information as required by International Accounting Standard (IAS) No. 32 - Financial Instruments: Presentation and International Financial Reporting Standard (IFRS) No. 7 - Financial Instruments: Disclosures. We were unable to determine the effect of this departure from International Financial Reporting Standards on the Corporation's consolidated financial statements.

Qualified Opinion

In our opinion, except for the effects of matter described in the basis for qualified opinion paragraphs, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation as at 31 December 2014, and of its consolidated statement of profit or loss and other comprehensive income and its consolidated statement of cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

We draw attention to Note 31 of the Notes to the consolidated financial statements which describes several contingent liabilities. Our opinion is not qualified in respect of this matter.





Nguyen Quang Trung
Audit Partner
Audit Practising Registration Certificate
No. 0733-2013-001-1
For and on behalf of
Deloitte Vietnam Company Limited
26 June 2015
Ho Chi Minh City, S.R. Vietnam



Van Dinh Khue
Auditor
Audit Practising Registration Certificate
No. 1178-2013-001-1

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**
For the year ended 31 December 2014

	Notes	2014 VND'000	2013 VND'000
Revenue	5	67,060,567,048	58,854,164,765
Cost of sales	6	(63,847,246,155)	(56,177,275,906)
Gross profit		3,213,320,893	2,676,888,859
Investment income	7	69,222,343	67,253,917
Other gains and losses	8	70,745,951	50,710,477
Distribution expenses	9	(1,244,756,130)	(1,093,974,233)
Administration expenses	10	(1,806,738,578)	(1,469,527,160)
Other expenses		(23,533,909)	(60,808,593)
Finance costs	11	(157,558,628)	(94,939,015)
Share of profit of associates	15	165,586,176	90,378,431
Profit before tax		286,288,118	165,982,683
Income tax expense	12	(109,926,396)	(97,999,851)
Profit for the year		176,361,722	67,982,832
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		176,361,722	67,982,832
Profit for the year attributable to:			
Owners of the Company		173,287,396	64,881,695
Non-controlling interests		3,074,326	3,101,137
		176,361,722	67,982,832
Total comprehensive income attributable to:			
Owners of the Company		173,287,396	64,881,695
Non-controlling interests	22	3,074,326	3,101,137
		176,361,722	67,982,832

Preparer

Chief Accountant

D. General Director





Nguyen Thi Kieu Oanh

Hoang Minh Dung

Nguyen Phuoc Duc
26 June 2015

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Notes	31/12/2014 VND'000	31/12/2013 VND'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	19,395,812,168	16,053,687,222
Financial lease assets		610,618	345,130.00
Other intangible assets	14	150,946,239	86,177,626
Investment in associates	15	1,018,601,573	971,156,315
Deferred tax assets		66,826	124,239
Other financial assets	16	204,318,753	259,408,569
Other assets	17	684,233,078	652,085,058
Total non-current assets		21,454,589,255	18,022,984,159
Current assets			
Inventories	18	685,863,485	712,263,895
Trade and other receivables	19	1,135,078,780	2,185,781,056
Current tax assets	12	203,693,632	273,819,690
Other assets		11,238,968	9,468,853
Cash and bank balances	20	6,762,942,381	6,318,795,855
Total current assets		8,798,817,246	9,500,129,349
TOTAL ASSETS		30,253,406,501	27,523,113,508

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
As at 31 December 2014

EQUITY AND LIABILITIES	Notes	31/12/2014 VND'000	31/12/2013 VND'000
Capital and reserves			
Capital	21	7,691,566,896	7,189,306,525
Funds and reserves	21	5,702,267,850	5,739,747,503
Retained earnings		146,958,218	32,745,200
Equity attributable to owner of the Parent Company		13,540,792,964	12,961,799,228
Non-controlling interests	22	73,845,628	13,365,701
Total equity		13,614,638,592	12,975,164,929
Non-current liabilities			
Borrowings	23	7,303,492,628	5,366,253,573
Other liabilities		29,731,699	19,880,573
Total non-current liabilities		7,333,224,327	5,386,134,146
Current liabilities			
Trade and other payables	24	8,789,446,712	8,774,710,813
Borrowings	25	470,634,848	357,459,482
Current tax liabilities	12	45,462,022	29,644,138
Total current liabilities		9,305,543,582	9,161,814,433
Total liabilities		16,638,767,909	14,547,948,579
TOTAL EQUITY AND LIABILITIES		30,253,406,501	27,523,113,508

Preparer

Chief Accountant

D. General Director



Nguyen Thi Kieu Oanh





Hoang Minh Dung

Nguyen Phuoc Duc
26 June 2015

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2014

	Capital VND'000	Funds and reserves VND'000	Retained earnings VND'000	Non-controlling interest VND'000	Total VND'000
Balance as at 1 January 2013	6,937,627,675	5,712,381,369	4,598,783	12,400,910	12,667,008,737
Additional capital injected	502,604,923	-	-	-	502,604,923
Profit for the year	-	-	64,881,695	3,101,137	67,982,832
Transferred between capital and funds	-	28,914,197	(28,869,752)	-	44,445
Payment of dividend	-	-	-	(540,000)	(540,000)
Hand over to outside of EVN	(28,408,439)	-	-	-	(28,408,439)
Transferred to EVN	(219,329,463)	-	-	-	(219,329,463)
Acquisition fixed assets	-	(702,075)	-	-	(702,075)
Others	(3,188,171)	(845,988)	(7,865,526)	(1,596,346)	(13,496,031)
Balance as at 31 December 2013	7,189,306,525	5,739,747,503	32,745,200	13,365,701	12,975,164,929
Additional capital injected	513,668,425	-	-	-	513,668,425
Profit for the year	-	-	173,287,396	3,074,326	176,361,722
Appropriations from retained earnings	-	54,879,460	-	-	54,879,460
Transferred between capital and funds	-	(90,456,935)	(54,716,799)	-	(145,173,734)
Hand over to outside of EVN	(6,976,705)	-	-	-	(6,976,705)
Transferred to EVN	(258,939)	-	-	-	(258,939)
Acquisition fixed assets	-	(1,365,048)	-	-	(1,365,048)
Consolidation adjustments	-	-	-	59,275,824	59,275,824
Others	(4,172,410)	(537,130)	(4,357,579)	(1,870,222)	(10,937,341)
Balance as at 31 December 2014	7,691,566,896	5,702,267,850	146,958,218	73,845,629	13,614,638,593

According to the Business Registration Certificate No. 0300942001 dated 7 April 2010 issued by the Department of Planning and Investment of Ho Chi Minh City and as amended dated on 10 December 2013, charter capital of the Corporation is VND 12,357 billion. The charter capital will change annually subject to the capital funding, transfer of assets from Vietnam Electricity (EVN) to the Corporation.

Preparer

Chief Accountant

D. General Director



Nguyen Thi Kieu Oanh



Hoang Minh Dung



Nguyen Phuoc Duc
26 June 2015

**VIETNAM ELECTRICITY
SOUTHERN POWER CORPORATION**

72 Hai Ba Trung Street, District 1
Ho Chi Minh City, S.R. Vietnam

Consolidated Financial Statements
For the year ended 31 December 2014

CONSOLIDATED STATEMENT OF CASH FLOW

For the year ended 31 December 2014

	2014 VND'000	2013 VND'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit after tax	176,361,722	67,982,832
<i>Adjustments for:</i>		
Income tax expense	109,926,396	97,999,851
Share of profit of associates	(165,586,176)	(90,378,431)
Finance cost	157,558,628	94,939,015
Investment income	(69,222,343)	(67,253,917)
Change in provision for obsolete stocks	3,839,635	2,834,706
Change in provision for bad debts	(2,108,288)	414,815
Change in provision for impairment of long-term investment	8,402,617	19,452,432
Gain on disposal of an investment	(14,418,705)	-
Gain on disposal of fixed assets	(2,108,779)	(9,032,023)
(Gain)/loss from foreign currency revaluation	(22,300,318)	44,785,182
Depreciation and amortization	2,836,839,738	2,812,358,910
	<u>3,017,184,127</u>	<u>2,974,103,372</u>
Change in trade and other receivables	126,485,120	(354,908,744)
Change in inventories	1,232,356,345	38,103,316
Change in other current assets	(580,470,317)	(570,235,011)
Change in trade and other payables	484,778,485	739,852,495
Change in other liabilities	(156,471,667)	(63,802,246)
Cash generated from operations	<u>4,123,862,093</u>	<u>2,763,113,182</u>
Corporate income tax paid	(50,156,757)	(237,694,075)
Interest paid	(126,581,849)	(86,696,678)
Net cash generated by operating activities	<u>3,947,123,487</u>	<u>2,438,722,429</u>
CASH FLOWS USED IN INVESTING ACTIVITIES		
Interest, dividend received	115,094,097	117,234,291
Payments for property, plant and equipment	(5,590,246,249)	(2,244,864,331)
Proceeds from disposal of property, plant and equipment	14,166,197	21,009,772
Investment in associates and other long-term investments	(6,348,458)	-
Cash recovered from lending	70,368,984	24,957,800
Net cash used in investing activities	<u>(5,396,965,429)</u>	<u>(2,081,662,468)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital injected	32,913,068	37,274,429
Proceeds from borrowings	2,298,721,885	1,680,223,469
Repayment of borrowings	(441,680,190)	(426,997,153)
Net cash generated by financing activities	<u>1,889,954,763</u>	<u>1,290,500,745</u>
Net increase in cash and cash equivalents	440,112,821	1,647,560,706
Cash and cash equivalents at the beginning of the year	6,318,795,855	4,665,957,781
Effects from foreign exchange differences	4,033,705	5,277,368
Cash and cash equivalents at the end of the year	<u>6,762,942,381</u>	<u>6,318,795,855</u>

Preparer

Chief accountant

General Director


Nguyen Thi Kieu Oanh


Hoang Minh Dung


Nguyen Phuc Duc
26 June 2015



The accompanying notes set out on page 9 to 43 are an integral part of these consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

These notes are an integral part of and should be read in conjunction with the consolidated financial statements

1. GENERAL INFORMATION

The Corporation includes Parent Company and its subsidiaries, details are as follow:

Parent Company

The Parent Company was founded pursuant to Decision No.06 VN/TCCB-LD dated 3 May 1995 by the Chairman of Vietnam Electricity (“EVN”).

On 5 February 2010, Ministry of Industry and Trade issued Decision No.799/QD-BCT regarding to establishment Southern Power Corporation, a One-Member Limited Company, in which EVN holds 100% charter capital, on the basis of re-organization of the Power Company No. 2 and acquisition the representative State - owned capital share of EVN in Dong Nai Power Company Limited. Accordingly, the Parent Company officially transforms into One-Member Limited Company and operates under form of Parent company - Subsidiary company as the Investment License No.0300942001 dated on 7 April 2010 issued by the Department of Planning and Investment of Ho Chi Minh City and amended.

The head office of the Parent Company is at No. 72, Hai Ba Trung Street, District 1, Ho Chi Minh City, S.R. Vietnam.

The number of the Parent Company’s employees as at 31 December 2014 is 21,337 (31 December 2013: 19,023)

The main operation of the Parent Company is to provide electricity in twenty provinces, from Ninh Thuan Province to Ca Mau Province excluding Ho Chi Minh City and the Parent Company also involved in other business activities such as construction of electrical network improvements, electricity installation, repair and testing of electricity facilities, power stations construction tender, electricity equipment rental services and related activities.

The Parent Company has 24 units, which includes 20 provincial power companies, 3 units in related fields and 1 Project Management Unit (Southern Electric Project Management).

Subsidiaries

- Dong Nai Power Company Limited (“DNPC”) is a State - owned enterprise, in which the Southern Power Company holds 100% charter capital. The Company was established pursuant to Decision No. 32/1999/QD-BCN dated 3 June 1999 issued by the Ministry of Industry of Vietnam. The Company has transferred its operation into a one member limited company under the Decision No. 1309/QD-TTg dated on 10 October 2006 of Prime Minister, and Decision of transfer charter capital No. 488/QD-EVN-HDQT dated 8 September 2006 of the Board of Management of EVN and under the Business Certificate Registration No. 3600432744 issued by the Dong Nai Province’s Department of Planning and Investment on 5 July 2007 and amended.

The main operation of DNPC is to provide electricity in Dong Nai Province, but it also participates in other business activities such as construction of electrical network improvements, electricity installation, repair and testing of electricity facilities, power stations construction tender, electricity equipment rental services, consulting and constructing electrical network with low voltage up to 110KV, telecommunication services and related activities, office leasing, insurance agency, and transportation service.

- Dong Nai Electric Mechanical Power Joint Stock Company (“DNEPC”) is incorporated in Vietnam under the Investment Certificate No. 470300618 dated 29 December 2008 issued by the Dong Nai Province’s Planning and Investment Department with the charter capital is VND 11 billion. As at 31 December 2012, the charter capital has been fully contributed by DNPC which is accounted for 51% of total charter capital equaled to 51% its voting power. The main operation of DNEPC is to



**VIETNAM ELECTRICITY
SOUTHERN POWER CORPORATION**

72 Hai Ba Trung Street, District 1
Ho Chi Minh City, S.R. Vietnam

Consolidated Financial Statements
For the year ended 31 December 2014

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

These notes are an integral part of and should be read in conjunction with the consolidated financial statements

participate in activities such as maintenance of electrical equipment, repair and testing of electricity facilities, power stations construction tender, electricity equipment rental services, consulting and constructing electrical network with low voltage up to 110KV, telecommunication services and related activities, insurance agency, transportation service.

DNPC and DNEPC's registered offices are located at 1 Nguyen Ai Quoc Street, Tan Hiep Ward, Bien Hoa City, Dong Nai Province, S.R. Vietnam.

- Southern Power Engineering Consulting Company Limited ("SPC PEC") is a State owned enterprise, in which the Southern Power Company holds 100% charter capital. SPC PEC is incorporated in Vietnam under the Investment Certificate No. 0311423538 dated 19 December 2011 issued by the Department of Planning and Investment of Ho Chi Minh City with charter capital is VND 9 billion.

According to Decision No. 2289/QD-BTC dated 4 May 2012 issued by Ministry of Industry and Trade guidance about the result of revaluation of fixed asset as at 1 July 2011, an amount of VND 3,494,293,823 was accounted to increasing the SPC PEC's capital in year.

SPC PEC was transformed from a branch of Southern Power Corporation according to Decision No. 541/QD-EVN issued by EVN dated in 6 September 2011.

The main operation of SPC PEC are survey, design, supervise electrical projects and trading electrical equipment.

SPC PEC's registered offices are located at 1D-1E Ba Trieu Street, District 5, Ho Chi Minh City, S.R. Vietnam.

- Vi-na-si-no Electrical Equipment Joint Stock Company ("Vi-na-si-no"):

Vi-na-si-no is a joint stock company, established in Vietnam for a period of 50 years under the Business Registration Certificate and Tax Registration Code 1100883174 for joint stock company, the first registration dated 15 December 2008 issued by Department of Planning and Investment of Long An Province and Investment License No. 502032000114 dated 23 December 2008 issued by Long An Province Industrial Park Management Board (now is Long An Province Economic Zone Management Board), then Investment License No. 5020320001 dated 27 October 2009 replaced Investment License No. 50221000112 and its fourth amendment dated 25 Feb 2014 with charter capital of VND 115.5 billion.

Founder shareholders include:

- Zhejiang Power Investment (China) Co., Ltd., headquartered at No. 109 Zhongshan North Road, Hangzhou City, Zhejiang Province, China, held 4,504,500 shares (corresponding to 39% charter capital)
- Southern Power Corporation held 5,197,500 shares (corresponding to 45% of charter capital).
- Ho Chi Minh City Power Investment Trading Joint Stock Company, headquartered at 62 Le Quoc Hung, Ward 12, District 4, Ho Chi Minh City, held 693,000 shares (corresponding to 6% charter capital).
- Dong Nai Power Company Limited held 577,500 shares (corresponding to 5% of charter capital).
- Khanh Hoa Power Corporation, headquartered at No. 11 Ly Thanh Ton Street Van Hanh Ward, Nha Trang City, Khanh Hoa Province, held 577,500 shares (corresponding to 5% of charter capital).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

These notes are an integral part of and should be read in conjunction with the consolidated financial statements

On December 19, 2014, the Corporation received the transferring of all shares which Khanh Hoa Power Corporation held at Vi-na-si-no with the number of 577,500 shares (equivalent to 5 % of the percentage of ownership and percentage of voting right). At December 31, 2014, the percentage of ownership and percentage of voting rights of the Corporation is 55 %. Main activities of Vi-na-si-no are manufacturing, wholesales, machinery brokerage, electrical equipment, and electrical materials sector.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

2.1 Amendments to IFRSs and new Interpretation that are mandatorily effective for the current year

In the current year, the Corporation has applied a number of amendments to IFRSs and a new Interpretation issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2014:

Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities	The Corporation has applied the amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities for the first time in the current year. The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.
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The amendments have been applied retrospectively. As the Corporation does not have any financial assets and financial liabilities that qualify for offset, the application of the amendments has had no material impact on the disclosures or on the amounts recognised in the Corporation's consolidated financial statements. The Corporation has assessed whether certain of its financial assets and financial liabilities qualify for offset based on the criteria set out in the amendments and concluded that the application of the amendments has had no impact on the amounts recognised in the Corporation's consolidated financial statements.

IFRIC 21 Levies	The Corporation has applied IFRIC 21 Levies for the first time in the current year. IFRIC 21 addresses the issue as to when to recognise a liability to pay a levy imposed by a government. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.
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IFRIC 21 has been applied retrospectively. The application of this Interpretation has had no material impact on the disclosures or on the amounts recognised in the Corporation's consolidated financial statements.

Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities

The amendments to IFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

These notes are an integral part of and should be read in conjunction with the consolidated financial statements

To qualified as an investment entity, a reporting entity is required to:

- Obtains funds from one or more investors for the purpose of providing them with investment management services;
- Commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- Measures and evaluates performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to IFRS 12 and IAS 27 to introduce new disclosure requirements for investment entities.

Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities requires prospective application, with specific transitional provisions from 1 January 2014.

Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by IFRS 13 Fair Value Measurements.

The amendments require retrospective application.

2.2 New and revised IFRSs in issue but not yet effective or not applied by the Corporation

The Corporation has not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9	Financial Instruments ⁵
IFRS 15	Revenue from Contracts with Customers ⁴
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ³
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions ¹
Amendments to IFRSs	Annual Improvements to IFRSs 2010-2012 Cycle ²
Amendments to IFRSs	Annual Improvements to IFRSs 2011-2013 Cycle ¹

1. Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.

2. Effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Earlier application is permitted.

3. Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

4. Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

5. Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

IFRS 9 Financial Instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

These notes are an integral part of and should be read in conjunction with the consolidated financial statements

IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a “fair value through other comprehensive income” (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability’s credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability’s credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.
- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an ‘economic relationship’. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity’s risk management activities have also been introduced.

The Board of Directors of the Corporation anticipates that the application of IFRS 9 in the future may have a significant impact on amounts reported in respect of the Corporation’s financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until a detailed review has been completed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

These notes are an integral part of and should be read in conjunction with the consolidated financial statements

IFRS 15 Revenue from Contracts with Customers

In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The Board of Directors of the Corporation anticipates that the application of IFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Corporation's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Corporation performs a detailed review.

Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

- a) when the intangible asset is expressed as a measure of revenue; or
- b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Currently, the Corporation uses the straight-line method for depreciation and amortisation for its property, plant and equipment, and intangible assets respectively. The Board of Directors of the Corporation believes that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly, the Board of Directors of the Corporation does not anticipate that the application of these amendments to IAS 16 and IAS 38 will have a material impact on the Corporation's consolidated financial statements.

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

The amendments to IAS 19 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

These notes are an integral part of and should be read in conjunction with the consolidated financial statements

For contributions that are independent of the number of years of service, the entity may either recognise the contributions as a reduction in the service cost in the period in which the related service is rendered, or to attribute them to the employee's periods of service using the projected unit credit method; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employee's periods of service.

The Board of Directors of the Corporation does not anticipate that the application of these amendments to IAS 19 will have a significant impact on the Corporation's consolidated financial statements.

Annual Improvements to IFRSs 2010-2012 Cycle

The Annual Improvements to IFRSs 2010-2012 Cycle include a number of amendments to various IFRSs, which are summarised below.

The amendments to IFRS 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to IFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to IFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of IFRS 9 or IAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit or loss. The amendments to IFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to IFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of IFRS 13 clarify that the issue of IFRS 13 and consequential amendments to IAS 39 and IFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial. As the amendments do not contain any effective date, they are considered to be immediately effective.

The amendments to IAS 16 and IAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/ amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to IAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The Board of Directors of the Corporation does not anticipate that the application of these amendments will have a significant impact on the Corporation's consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

These notes are an integral part of and should be read in conjunction with the consolidated financial statements

Annual Improvements to IFRSs 2011-2013 Cycle

The Annual Improvements to IFRSs 2011-2013 Cycle include a number of amendments to various IFRSs, which are summarised below.

The amendments to IFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to IFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within IAS 32.

The amendments to IAS 40 clarify that IAS 40 and IFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

- a) the property meets the definition of investment property in terms of IAS 40; and
- b) the transaction meets the definition of a business combination under IFRS 3.

The Board of Directors of the Corporation does not anticipate that the application of these amendments to IAS 32 will have a significant impact on the Corporation's consolidated financial statements as the Corporation does not have any financial assets and financial liabilities that qualify for offset.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) except for the revaluation of certain non-current assets which was not performed for the entire class of fixed assets revalued; disclosure, presentation, measurement and recognition of financial instruments.

Basis of preparation

The consolidated financial statements are presented in thousand Vietnam Dong ("VND'000") since that is the currency in which the majority of the Corporation's transactions are denominated. This is also the functional currency of the Corporation.

These consolidated financial statements have been prepared on the historical cost basis except for the revaluation of certain non-current assets. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The principal accounting policies are set out below:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Corporation and entities controlled by the Corporation (its subsidiaries). Control is achieved where the Corporation has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

These notes are an integral part of and should be read in conjunction with the consolidated financial statements

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Corporation.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Corporation's ownership interests in subsidiaries that do not result in the Corporation losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Corporation's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owner of the Corporation.

When the Corporation loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Corporation had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

Investments in associates

An associate is an entity over which the Corporation has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Corporation's share of the profit or loss and other comprehensive income of the associate. When the Corporation's share of losses of an associate exceeds the Corporation's interest in that associate (which includes any long-term interests that, in substance, form part of the Corporation's net investment in the associate), the Corporation discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Corporation has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Corporation's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Corporation's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

These notes are an integral part of and should be read in conjunction with the consolidated financial statements

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Corporation's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a Corporation entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Corporation's consolidated financial statements only to the extent of interests in the associate that are not related to the Corporation.

Revenue recognition

At the Corporation's component entities and subsidiaries level, revenue is recorded based on invoiced sales of goods or services supplied. At the Corporation, revenue represents the aggregate of all component sums generated by its component entities and subsidiaries. Sales of electricity between the Corporation's component entities and subsidiaries are recognized as inter-company transactions and accordingly eliminated from the consolidated financial statements.

The Corporation and its component entities apply the electricity tariff rates set by the Ministry of Industry and Government Pricing Authority. Revenue from sales of electricity is recognised when meters are read and measured based on power usage.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Corporation has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Corporation retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Specifically, revenue from the sale of goods is recognised when goods are delivered and legal title is passed.

Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

- installation fees are recognised by reference to the stage of completion of the installation, determined as the proportion of the total time expected to install that has elapsed at the balance sheet date;
- servicing fees included in the price of products sold are recognised by reference to the proportion of the total cost of providing the servicing for the product sold; and
- revenue from time and material contracts is recognised at the contractual rates as labour hours are delivered and direct expenses are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

These notes are an integral part of and should be read in conjunction with the consolidated financial statements

Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Corporation and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Corporation and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Leasing

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Assets held under finance leases are recognised as assets of the Corporation at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation. Lease payments are apportioned between finance expenses and liability to ensure a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in consolidated statement of profit or loss. Financial asset is two printing machines which are depreciated within three years.

Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings.

Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

These notes are an integral part of and should be read in conjunction with the consolidated financial statements

Fixed assets and depreciation

Fixed assets are stated in term of cost or revaluated balances, net of applicable accumulated depreciation and impairment. Certain fixed assets which have been in use for a long time have been revalued in accordance with the regulations issued by the State. Resulting differences from revaluation were accounted for under equity.

Any increase arising from the revaluation of the Corporation's fixed assets is credited to the fixed assets revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognized as an expense, in which case the increase is credited to the consolidated statement of profit or loss and other comprehensive income to the extent of the decrease previously charged. A decrease in carrying amount arising from the revaluation of Corporation's fixed assets is charged as an expense to the extent that it exceeds the balance, if any, held in the fixed assets revaluation reserve relating to a previous revaluation of that asset.

The closing construction in progress balance represents the cost of construction work carried out by the Corporation's component entities and Construction/Project Management Units. Such costs include the total expenses actually incurred during the period with respect to self-constructed items, and payments actually made on the completed stages or transferred work for contracted out projects, including loan interest expenses which related appropriately with the Corporation's accounting policies, if any. Upon the completion of such work items with their cost approved or certified by Vietnam Electricity or the Corporation depending on the relevant authorization, such properties are classified to the appropriate categories of property, plant and equipment. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

For fixed assets constructed during the year, which have been handed over but not as yet formally accounted for, the costs recognized are either the costs of work handed over based on the costs of construction measured up to the hand-over date or relevant approved estimates, borrowing costs incurring in accordance with the Corporation's accounting policy. Upon the final accounting of the work, adjustments are made to the estimated costs based on actual incurred costs.

Tangible fixed assets are depreciated using a straight-line method over their estimated useful lives as follows:

<u>Categories</u>	<u>Estimated useful lives (years)</u>
Buildings and structures	10 - 25
Machinery and equipment	8 - 20
Transmission and transportation equipment	10 - 30
Office equipment and other assets	3 - 10

Fixed assets are depreciated on a straight-line basis over their estimated useful lives. For revalued fixed assets, depreciation is calculated on the net book value after revaluation.

Depreciation on revalued fixed assets is charged to the consolidated statement of comprehensive income. On the subsequent sale or retirement of revalued fixed assets, the attributable revaluation surplus remaining in the fixed assets revaluation reserve is transferred directly to retained earnings.

An item of tangible fixed assets is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of tangible fixed assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

These notes are an integral part of and should be read in conjunction with the consolidated financial statements

Intangible assets and amortization

Intangible assets represent land use rights, computer software and others. No amortization is provided for land use rights due to their indefinite term. Accounting software is amortized using the straight-line method over 3 years. An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment of tangible and intangible assets

At each balance sheet date or more frequently, if events and circumstances indicate such is warranted, the Corporation reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Corporation estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories held by the method most appropriate to the particular class of inventory, with the majority being valued on a weight average basis. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Provisions

Provisions are recognized when the Corporation has a present obligation (legal or constructive) as a result of a past event, it is probable that the Corporation will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

These notes are an integral part of and should be read in conjunction with the consolidated financial statements

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Financial instruments

Financial assets and financial liabilities are recognized when an entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: “held-to-maturity” investment, “available-for-sale” financial assets and “loans and receivables”. “Held-to-maturity” investment represents debentures with fixed or determinable payments and fixed maturity dates that the Corporation has the positive intent to hold to maturity. “Available-for-sale” financial assets represent unlisted and listed notes held by the Corporation that are traded in an active market. Gains or losses arising from changes in fair value are recognized in the statement of profit or loss and other comprehensive income. Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost, less any impairment.

Short-term investments

Short-term investments mainly include time deposits at banks with terms over 3 months. Investments are recognised and derecognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are measured at cost less provision for any devaluation for investments.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

These notes are an integral part of and should be read in conjunction with the consolidated financial statements

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Other financial liabilities

Other financial liabilities, including borrowings, are measured at the face value of the liability less any payments made.

Capital and Funds

The Corporation's capital and funds include budget grants, funds from retained earnings, and other contributions. The funds are used in accordance with the regulations for state-owned enterprises as follows:

- Business Development Fund which is appropriated for construction projects and purchase of equipment to boost the Corporation's productivity.

4. CRITICAL ACCOUNTING JUDGEMENTS

In the application of the Corporation's accounting policies, which are described in note 3, the Board of Directors is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Impairment of accounts receivable

The Corporation has provided for all receivables based on estimated irrecoverable amounts from the sale of goods and services, determined by reference to past default experience as follows:

Overdue	% of accounts receivable outstanding balance
From 6 months to 1 year	30
From 1 year to 2 years	50
From 2 years to 3 years	70
Over 3 years	100

The Corporation has provided fully for all receivables from debtors whose business is in dissolution, bankruptcy, or in similar difficulties.



**VIETNAM ELECTRICITY
SOUTHERN POWER CORPORATION**

72 Hai Ba Trung Street, District 1
Ho Chi Minh City, S.R. Vietnam

Consolidated Financial Statements
For the year ended 31 December 2014

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5. REVENUE

The following is an analysis of the Corporation's revenue for the year from operations (excluding investment income - see Note 7):

	2014 VND'000	2013 VND'000
Sales of electricity	65,884,961,012	57,897,081,045
Sales of other products	986,392,656	771,146,374
Power construction	435,686,668	307,902,623
Electrical installation and wiring	186,705,959	164,241,201
Electrical repair and experiment	58,453,304	75,323,214
Mechanical services and electricity equipment production	113,174,186	68,791,430
Survey and designs	84,445,665	43,247,706
Others	107,926,874	111,640,200
Service revenue	172,995,760	175,227,462
Asset for rent	13,429,272	15,840,739
Transportation, load and unload services	-	969
Telecom cable management	125,672,360	102,172,409
Cable Television Services	-	26,413,824
Others	33,894,128	30,799,521
Sales of materials	16,434,801	10,993,897
Less: sales deduction	(217,181)	(284,013)
Total	<u>67,060,567,048</u>	<u>58,854,164,765</u>

6. COST OF SALES

	2014 VND'000	2013 VND'000
Cost of electricity	62,999,648,186	55,505,982,001
Cost of other products	763,741,399	584,675,988
Power construction	396,732,293	279,634,873
Electrical installation and wiring	139,860,997	120,619,720
Electrical repair and experiment	14,206,983	34,133,072
Mechanical services and electricity equipment production	87,270,363	50,260,524
Survey and designs	47,289,284	15,442,793
Others	78,381,479	84,585,006
Cost of service	72,314,783	74,484,474
Asset for rent	1,259,200	2,309,611
Telecom cable management	50,862,363	48,995,134
Cable Television Services	-	3,524,509
Others	20,193,220	19,655,220
Cost of materials	11,541,787	12,133,443
Total	<u>63,847,246,155</u>	<u>56,177,275,906</u>

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7. INVESTMENT INCOME

	2014 VND'000	2013 VND'000
Bank interest	55,933,052	64,121,807
Dividend received	13,289,291	3,132,110
	<u>69,222,343</u>	<u>67,253,917</u>

8. OTHER GAIN AND LOSSES

	2014 VND'000	2013 VND'000
Gain on disposal of property, plant and equipment	2,108,779	9,032,023
Gain on disposal of an investment	14,174,624	-
Gain on sales of redundant materials	5,062,777	6,740,106
Net foreign exchange gain/(loss)	14,463,291	(37,964,989)
<i>Realised foreign exchange (loss)/gain</i>	<i>(7,837,027)</i>	<i>6,820,193</i>
<i>Unrealised foreign exchange gain/(loss)</i>	<i>22,300,318</i>	<i>(44,785,182)</i>
Provision for impairment of long-term financial investments	(8,194,449)	(15,429,358)
Others	43,130,929	88,332,695
	<u>70,745,951</u>	<u>50,710,477</u>

9. DISTRIBUTION EXPENSES

	2014 VND'000	2013 VND'000
Salary expenses	601,755,549	469,890,954
Social, health insurance and union fees	48,559,334	41,538,858
Raw materials and consumables	26,838,703	25,188,546
Tools and supplies	84,040,714	112,296,668
Repair and maintenance	119,500,772	147,362,959
Out-sourced services	49,833,265	37,211,262
Other expenses	314,227,793	260,484,986
	<u>1,244,756,130</u>	<u>1,093,974,233</u>

10. ADMINISTRATION EXPENSES

	2014 VND'000	2013 VND'000
Salary expenses	879,695,988	670,008,127
Social insurance, health insurance expenses and union fees	62,567,418	54,906,604
Raw materials and consumables	58,319,596	55,771,530
Tools and supplies	97,967,176	83,002,334
Depreciation expenses	104,707,104	98,062,646
Repair and maintenance expenses	76,608,901	19,233,717
Taxes and fees	29,258,699	29,045,003
Out-sourced services	78,320,239	65,949,096
Provision	1,137,277	2,459,024
Other expenses	418,156,180	391,089,079
	<u>1,806,738,578</u>	<u>1,469,527,160</u>

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11. FINANCE COSTS

	2014 VND'000	2013 VND'000
Interest on borrowings	177,176,911	124,839,941
Less: Amount included in the cost qualifying assets	<u>(19,618,283)</u>	<u>(29,900,926)</u>
	<u>157,558,628</u>	<u>94,939,015</u>

The weighted average capitalization rate on funds borrowed is 2.2% per annum (2013: 2.2% per annum).

12. INCOME TAX EXPENSE

Income tax recognized in profit and loss

	2014 VND'000	2013 VND'000
Current tax expenses	109,881,683	97,937,893
Deferred tax expense relating to the origination of temporary difference	44,713	61,958
	<u>109,926,396</u>	<u>97,999,851</u>

The total charge for the year can be reconciled to the accounting profit as follows:

	2014 VND'000	2013 VND'000
Profit before tax	286,288,118	165,982,683
Tax at the domestic income tax rate	62,983,386	41,495,671
Effect of revenue that is exempted from taxation	(3,202,581)	(783,027)
Tax effect of non-deductible expenses	86,873,573	85,709,318
Tax effect of adjustment for foreign exchange difference	(1,021,574)	(1,937,876)
Adjustments recognized in the current year in relation to the current tax of prior years	42,756	307,961
Accrued corporate income tax temporarily awaiting for finalization	650,238	-
Tax effect of unused tax losses	-	(3,341,449)
Tax effect of share of results of associates	(36,428,959)	(22,594,608)
Tax effect of deferred tax	44,713	61,958
Others	<u>(15,156)</u>	<u>(918,097)</u>
Income tax expenses	<u>109,926,396</u>	<u>97,999,851</u>

The Corporation is subject to income tax at the rate of 22% of taxable income (2013: 25%). The calculation of income tax is subject to the review and approval of the tax authorities.

Current tax assets

	2014 VND'000	2013 VND'000
Value added tax receivable	188,904,846	216,319,571
Income tax receivable	1,155,563	37,009,695
Personal income tax receivable	13,255,283	20,429,259
Land tax	377,940	61,165
	<u>203,693,632</u>	<u>273,819,690</u>

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Current tax liabilities

	2014	2013
	VND'000	VND'000
Value added tax payable	18,551,849	1,942,341
Income tax payable	24,763,924	720,083
Personal income tax payable	2,083,431	7,996,160
Other taxes payables	62,818	18,985,554
	<u>45,462,022</u>	<u>29,644,138</u>



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13. PROPERTY, PLANT AND EQUIPMENT

	Building and structures VND'000	Machinery and equipment VND'000	Transmission and transportation equipment VND'000	Office equipment and other assets VND'000	Property under construction VND'000	Total VND'000
COST OR REVALUATION						
As at 01/01/2013	1,345,872,391	10,172,815,665	23,094,335,709	2,132,166,556	898,985,744	37,644,176,065
Additions	2,308,207	516,475,915	360,331,744	605,419,318	2,236,267,417	3,720,802,601
Asset reclassification	(45,241)	(926,326,758)	930,262,364	(3,890,365)	-	-
Transfer from property under construction	254,459,058	418,300,796	1,051,066,529	10,507,353	(1,734,333,736)	-
Disposals and reductions	(8,478,301)	(97,125,519)	(115,177,693)	(332,718,230)	-	(553,499,743)
As at 01/01/2014	1,594,116,114	10,084,140,099	25,320,818,653	2,411,484,632	1,400,919,425	40,811,478,923
Additions	52,527,103	542,555,886	707,817,784	782,766,409	4,563,683,549	6,649,350,731
Transfer from property under construction	152,348,873	517,956,880	4,516,922,288	16,590,258	(5,203,818,299)	-
Disposals and reductions	(37,940,301)	(136,605,627)	(382,206,294)	(422,827,873)	-	(979,580,095)
As at 31/12/2014	1,761,051,789	11,008,047,238	30,163,352,431	2,788,013,426	760,784,675	46,481,249,559
ACCUMULATED DEPRECIATION						
As at 01/01/2013	558,870,960	6,205,832,423	13,810,426,138	1,811,903,223	-	22,387,032,744
Charge for the year	74,216,937	610,536,086	1,662,192,516	497,508,900	-	2,844,454,439
Asset reclassification	1,213,853	(634,918,879)	630,491,445	3,213,581	-	-
Disposals and reductions	(1,804,977)	(94,834,044)	(45,264,637)	(331,791,824)	-	(473,695,482)
As at 01/01/2014	632,496,773	6,086,615,586	16,057,845,462	1,980,833,880	-	24,757,791,701
Charge for the year	102,921,832	598,283,493	1,709,062,718	544,175,773	-	2,954,443,816
Disposals and reductions	(22,619,438)	(110,897,162)	(71,569,547)	(421,711,979)	-	(626,798,126)
As at 31/12/2014	712,799,167	6,574,001,917	17,695,338,633	2,103,297,674	-	27,085,437,391
CARRYING AMOUNT						
As at 31/12/2014	1,048,252,622	4,434,045,321	12,468,013,798	684,715,752	760,784,675	19,395,812,168
As at 31/12/2013	961,619,341	3,997,524,513	9,262,973,191	430,650,752	1,400,919,425	16,053,687,222



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The beginning balance of property, plant and equipment include the accumulated revaluation increase of fixed assets that was performed in accordance with the special regulations issued by the Ministry of Finance and the Vietnamese Government which are applicable to selective State-owned companies. Pursuant to the result of revaluation result, the net book value of the Corporation's tangible fixed assets has increased by VND'000 5,497,556,940. The Corporation adjusted to increase the historical cost and accumulated depreciation of the revaluated tangible fixed assets as at 31 December 2012 with amount of VND'000 12,776,541,557 and VND'000 7,278,984,617 respectively. The revaluation was performed by independent valuers using the methods and assumptions in line with financial regulations of the Ministry of Finance.

In 2014, the Corporation changed the depreciation rates of fixed assets mentioned above. The change in depreciation rates has affected to the consolidated statement of profit or loss and other comprehensive income for the year ended on 31 December 2014. If the Corporation had applied the previous depreciation rates, depreciation expenses and cost of sales would have increased by VND'000 442,106,535 and profit before tax for the year would have decreased by the same amount accordingly.

The historical cost of temporarily recorded property, plant and equipment pending for finalization in the consolidated statement of financial position as at 31 December 2014 is valued at VND'000 7,206,000,000 (31 December 2013: VND'000 4,131,000,000 approximately). The value of these assets can vary depending on the results of completed construction audit and approval of state agencies.

The cost of the Corporation's tangible fixed assets as at 31 December 2014 includes an amount of VND'000 982,995,321 (31 December 2013: VND'000 587,265,430) in respect of fully depreciated assets which are still in use. The cost of the Corporation's tangible fixed assets also includes an amount of VND'000 3,916,484 (31 December 2013: VND'000 11,233,923) in respect of assets awaiting for disposal.

14. OTHER INTANGIBLE ASSETS

	Land use rights VND'000	Computer software VND'000	Others VND'000	Total VND'000
COST OR VALUATION				
As at 01/01/2013	83,316,492	2,216,592	1,237,608	86,770,692
Additions	382,542	1,958,363	778,700	3,119,605
Disposal	-	(975,997)	-	(975,997)
As at 01/01/2014	83,699,034	3,198,958	2,016,308	88,914,300
Additions	65,079,206	1,911,626	-	66,990,832
Disposal	-	(46,000)	(299,212)	(345,212)
As at 31/12/2014	<u>148,778,240</u>	<u>5,064,584</u>	<u>1,717,096</u>	<u>155,559,920</u>
ACCUMULATED AMORTISATION				
As at 01/01/2013	858,957	1,067,537	90,168	2,016,662
Charge for the year	599,760	388,358	279,066	1,267,184
Others	(5,653)	(541,519)	-	(547,172)
As at 01/01/2014	1,453,064	914,376	369,234	2,736,674
Charge for the year	1,112,087	508,221	342,819	1,963,127
Others	-	(46,000)	(40,120)	(86,120)
As at 31/12/2014	<u>2,565,151</u>	<u>1,376,597</u>	<u>671,933</u>	<u>4,613,681</u>
CARRYING AMOUNT				
As at 31/12/2014	<u>146,213,089</u>	<u>3,687,987</u>	<u>1,045,163</u>	<u>150,946,239</u>
As at 31/12/2013	<u>82,245,970</u>	<u>2,284,582</u>	<u>1,647,074</u>	<u>86,177,626</u>

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15. INVESTMENT IN ASSOCIATES

	31/12/2014	31/12/2013
	VND'000	VND'000
Cost of investment in associates	913,406,315	886,033,395
Gain on investment	157,474,149	135,079,210
Dividends received	(46,956,834)	(46,370,803)
Fund contributed	(5,322,057)	(3,585,487)
	<u>1,018,601,573</u>	<u>971,156,315</u>
Share of profit in associates		
	2014	2013
	VND'000	VND'000
Share of profit for the year	165,586,176	90,378,431
Dividend received	(46,956,834)	(46,370,803)
	<u>118,629,342</u>	<u>44,007,628</u>

Details of the Corporation's associates at 31 December 2014 are as follows:

Name of associates	Place of incorporation and operation	Proportion of ownership interest	Proportion of voting power held	Principle activities
Southern Hydroelectricity Company	Ho Chi Minh City, Vietnam	48.86%	48.86%	To manufacture and trade electricity
Invest-trade-services Company	Ho Chi Minh City, Vietnam	29.28%	29.28%	To invest, trade and service
Power Construction Joint Stock Company	Dong Nai Province, Vietnam	43.20%	43.20%	Consulting and constructing electrical network
Central Hydro-power Joint Stock Company	Da Nang City, Vietnam	22.97%	22.97%	To manufacture and trade electricity

All of the above associates are accounted for using the equity method in these consolidated financial statements.

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16. OTHER FINANCIAL ASSETS

	31/12/2014 VND'000	31/12/2013 VND'000
Available-for-sale investments carried at cost		
Ho Chi Minh City Electric Power Trading Investment Corporation	20,250,000	20,250,000
Dai Viet Security Joint Stock Company	45,000,000	45,000,000
EVN Land Sai Gon Joint Stock Company	-	45,000,000
Song Ba Ha Hydro-Power Joint Stock Company	89,600,000	89,600,000
Srepok Hydro-Power Joint Stock Company (SHPC)	65,100,000	65,100,000
Long Thanh Industrial Zone Joint Stock Company	4,639,800	6,327,000
EVN International Joint Stock Company	7,500,000	7,500,000
Others	84,000	84,000
	232,173,800	278,861,000
Provision for impairment of long-term financial investments	(27,855,047)	(19,452,431)
	204,318,753	259,408,569

Impairment of other financial asset came from devaluation of listed stocks when the market value is lower than carrying value with total amount of VND'000 27,855,047 (2013: VND'000 19,452,431).

The Corporation's Board of Directors had reviewed impairment of unlisted investments and believed there is no significant impairment loss should be recorded at year end and these investments are measured at cost.

17. OTHER ASSETS

	31/12/2014 VND'000	31/12/2013 VND'000
Materials and supplies for capital asset construction	580,020,487	536,884,435
Long-term deposits	42,499,565	84,611,149
Other non-current assets	61,713,026	30,589,474
	684,233,078	652,085,058

Materials and supplies for capital asset construction include machinery and equipment held at various Construction/Project Management Units' warehouses or in transit awaiting transfer to the construction site for the construction and development of the Corporation's electrification system and network expansion.

Other assets consist primarily of prepaid land rental.

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18. INVENTORIES

	31/12/2014	31/12/2013
	<u>VND'000</u>	<u>VND'000</u>
Materials and supplies	480,823,103	462,926,910
Work in progress	108,411,605	97,340,057
Finished goods	46,066,721	3,180,910
Merchandise	3,752,104	1,169,483
Consignment goods	6,464	18,314
Tools and supplies	59,150,345	156,135,443
	<u>698,210,342</u>	<u>720,771,117</u>
Provision for obsolete stocks (*)	<u>(12,346,857)</u>	<u>(8,507,222)</u>
	<u>685,863,485</u>	<u>712,263,895</u>

(*) During the year, VND'000 3,839,635 (2013: VND'000 2,834,706) was provided for devaluation of inventories.

Materials and supplies are mainly fuel to be directly consumed in the course of generating electricity, such as coal and diesel, and accessories needed for maintenance and repairs of the generators and the transmitting system, which are valued on a weighted average method by means of a year-end stocktaking.

A large portion of the work in progress represents expenses incurred on contractual work, which was not completed at year-end. Such expenses cover materials, machinery and labor cost incurred.

19. TRADE AND OTHER RECEIVABLES

	31/12/2014	31/12/2013
	<u>VND'000</u>	<u>VND'000</u>
Receivables from customers	448,051,586	519,347,135
Prepayment to suppliers	357,605,987	1,372,270,583
Other receivables	341,379,533	308,229,952
Provision for bad debts	<u>(11,958,326)</u>	<u>(14,066,614)</u>
	<u>1,135,078,780</u>	<u>2,185,781,056</u>

The average credit period on sales of goods is 30 days. No interest is charged on the trade receivables. Provision for bad debts is made for receivables that are overdue for six months or more, or when the debtor is in dissolution, bankruptcy, or in similar difficulties. Variance of provision for bad debts is charged to income statement during year.

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20. CASH AND BANK BALANCES

For the purposes of the statement of cash flow, cash and cash equivalents is represented as follow:

	31/12/2014 VND'000	31/12/2013 VND'000
Cash on hand	9,788,270	17,337,729
Cash in bank	6,623,289,901	6,074,856,235
Cash in transit	5,864,210	2,601,891
Cash equivalents	124,000,000	224,000,000
	<u><u>6,762,942,381</u></u>	<u><u>6,318,795,855</u></u>

Cash equivalents represent short-term deposits to banks with the maturity date less than three months and incurring interest from 4.3% to 6.7% p.a. (2013: 6% to 7% p.a.)

21. CAPITAL AND RESERVES

	31/12/2014 VND'000	31/12/2013 VND'000
Capital - <i>Budget granted</i>	7,691,566,896	7,189,306,525
Funds/Reserves	5,702,267,850	5,739,747,503
<i>Properties Revaluation Reserve s</i>	5,497,556,940	5,497,556,940
<i>Investment and development fund</i>	204,149,910	241,629,563
<i>Financial reserve fund</i>	561,000	561,000
	<u><u>13,393,834,746</u></u>	<u><u>12,929,054,028</u></u>

22. NON-CONTROLLING INTERESTS

Non-controlling interests presents the minority's portions in net assets value and results of operations of DNEPC and Vinasino Electrical Equipment Joint Stock Company ("Vi-na-si-no"). Non-controlling interests were calculated as follow:

	Vi-na-si-no VND'000	DNEPC VND'000
As at 31 December 2013		
Charter capital of subsidiary	-	11,000,000
In which:		
Contributed capital of the Parent Company	-	5,610,000
Contributed capital of non-controlling interests	-	5,390,000
Portion of non-controlling interests	<u><u>0%</u></u>	<u><u>49%</u></u>
	Vi-na-si-no VND'000	DNEPC VND'000
As at 31 December 2014		
Charter capital of subsidiary	115,500,000	11,000,000
In which:		
Contributed capital of the Parent Company	63,525,000	5,610,000
Contributed capital of non-controlling interests	51,975,000	5,390,000
Portion of non-controlling interests	<u><u>45%</u></u>	<u><u>49%</u></u>

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Non-controlling interests in net assets as at 31 December 2014 and 31 December 2013 were as follows:

	Vi-na-si-no VND'000	DNEPC VND'000	Total VND'000
Total net asset			
As at 31 December 2013			
Total assets	-	61,406,502	61,406,502
Total liabilities	-	(34,129,560)	(34,129,560)
Net asset	-	27,276,942	27,276,942
<i>Detail as follows:</i>			
Charter capital	-	11,000,000	11,000,000
Other capital	-	9,838,092	9,838,092
Others funds	-	1,100,000	1,100,000
Retained earnings	-	5,338,850	5,338,850
As at 31 December 2014			
Total assets	200,512,539	59,410,106	259,922,645
Total liabilities	(68,788,485)	(29,675,812)	(98,464,297)
Net asset	131,724,054	29,734,294	161,458,348
<i>Detail as follows:</i>			
Charter capital	115,500,000	11,000,000	126,500,000
Other capital	-	12,387,749	12,387,749
Others funds	-	1,100,000	1,100,000
Retained earnings	16,224,054	5,246,545	21,470,599
Non-controlling interests			
As at 31 December 2013			
Charter capital	-	5,390,000	5,390,000
Other capital	-	4,820,664	4,820,664
Others funds	-	539,000	539,000
Retained earnings	-	2,616,037	2,616,037
	-	13,365,701	13,365,701
As at 31 December 2014			
Charter capital	51,975,000	5,390,000	57,365,000
Other capital	-	6,069,997	6,069,997
Others funds	-	539,000	539,000
Retained earnings	7,300,824	2,570,807	9,871,631
	59,275,824	14,569,804	73,845,628

Non-controlling interests in results of operations for the financial year ended 31 December 2014 and 31 December 2013 were as follow:

	2014 VND'000	2013 VND'000
Profit for the year	22,498,189	6,328,850
Non-controlling interests	3,074,326	3,101,137

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24. TRADE AND OTHER PAYABLES

	31/12/2014	31/12/2013
	<u>VND'000</u>	<u>VND'000</u>
Trade payables	6,245,752,442	6,538,076,307
Advances from customers	106,956,476	114,583,650
Payable to employees	1,898,664,075	1,380,235,773
Accrued expenses	52,838,626	109,538,360
Other payables	485,235,093	632,276,723
	<u>8,789,446,712</u>	<u>8,774,710,813</u>

The average credit period on purchases of certain materials from suppliers is from 1 month to 3 months. No interest is charged on the trade payables for the overdue payment. However, the Corporation has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

25. BORROWINGS

	31/12/2014	31/12/2013
	<u>VND'000</u>	<u>VND'000</u>
Short-term borrowing	11,705,850	-
Current portion interest bearing loans (Note 23)	393,586,485	345,811,448
Current portion of non-interest bearing loans (Note 23)	65,342,513	11,648,034
	<u>470,634,848</u>	<u>357,459,482</u>

26. BUSINESS AND GEOGRAPHICAL SEGMENT

Principal activities of the Corporation are providing electricity and the others are services related to electricity and telecommunication. During the year, the revenue generated from other activities is minor in comparison to total revenue generated, therefore the financial information presented on the Consolidated statement of financial position as at 31 December 2014 and Consolidated statement of profit or loss and other comprehensive income for the year 2014 mainly related to the principal activities of the Corporation. The principal activities mainly incurred in southern area except Ho Chi Minh City.

27. FINANCIAL INSTRUMENT

Capital risk management

The Corporation manages its capital to ensure that the Corporation will be able to continue as a going concern while maximizing the return to owner through the optimization of the debt and equity balance. The capital structure of the Corporation consists of net debt, which includes the borrowings disclosed in Note 23 and 25, cash and cash equivalents and equity attributable to equity holders of the parent (comprising capital, funds, reserves and retained earnings).

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Gearing ratio:

The gearing ratio at the end of the year was as follows:

	31/12/2014 VND'000	31/12/2013 VND'000
Debts	7,774,127,476	5,723,713,055
Less: cash and cash equivalents	6,762,942,381	6,318,795,855
Net debt	1,011,185,095	(595,082,800)
Equity	13,540,792,964	12,961,799,228
Net debt to equity ratio	0.07	-

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognized, in respect of each class of financial asset and financial liability are disclosed in Note 3 to the Notes to consolidated financial statements.

Categories of financial instruments

	31/12/2014 VND'000	31/12/2013 VND'000
Financial assets		
Cash and cash equivalents	6,762,942,381	6,318,795,855
Loans and receivables	814,647,007	893,017,516
Available-for-sales financial assets	204,318,753	259,408,569
	7,781,908,141	7,471,221,940
Financial liabilities		
Trade and other payables	8,655,847,494	8,567,532,689
Borrowings	7,774,127,476	5,723,713,056
Accrued expenses	52,838,626	109,538,360
	16,482,813,596	14,400,784,105

The Corporation carries its financial assets at cost or face value less a provision for impairment if necessary and carries financial liabilities at face value less payments made on principal without regard for changes in fair value of the instruments. International Accounting Standards (IAS) No. 32, *Financial Instruments: Presentation*; No. 39, *Financial Instruments: Recognition and Measurement*; and International Financial Reporting Standard (IFRS) No. 7, *Financial Instruments: Disclosures* require that financial assets and liabilities be carried at fair value or amortized cost, using the effective interest method, depending on the instruments classification and define the required presentation and disclosures associated with financial instruments.

Financial risk management objectives

Financial risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Corporation does not hedge these risk exposures due to the lack of a market to purchase financial instruments.

Market risk

The Corporation's activities expose it primarily to the financial risks of changes in foreign currency exchange rate and interest rates.

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Foreign currency risk management

The Corporation undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise.

The carrying amounts of the Corporation's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Assets		Liabilities	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	VND'000	VND'000	VND'000	VND'000
United States Dollar (USD)	718,247,084	319,262,891	5,965,319,310	4,514,840,763
Euro (EUR)	4,072,129	28,453	588,475,961	330,122,533
Japanese Yen (JPY)	20,618	971,671	89,327,436	95,620,257

Foreign currency sensitivity analysis

The Corporation is mainly exposed to United States Dollar, Euro and Japanese Yen. The following table details the Corporation's sensitivity to a 1% increase and decrease in Vietnam Dong against the relevant foreign currencies. 1% is the sensitivity rate used when reporting foreign currency risk internally to the Board of Directors and represents the Board of Directors' assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 1% change in foreign currency rates. For a 1% increase/decrease in the following foreign currencies against Vietnam Dong, the profit before tax in the year would decrease/increase by the same amount as follows:

	2014	2013
	VND'000	VND'000
United States Dollar (USD)	52,470,722	41,955,779
Euro (EUR)	5,844,038	3,300,941
Japanese Yen (JPY)	893,068	946,486

Interest rate risk management

The Corporation is exposed to interest rate risk as entities in the Corporation borrow funds at both fixed and floating interest rates. The risk is managed by the Corporation by maintaining an appropriate mix between fixed and floating rate borrowings.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Corporation. The Corporation has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. At the balance sheet date, there is a significant concentration of credit risk relating to trade accounts receivable which arise from electricity business.

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 Corporation believes can generate within that period. The Corporation policy is to regularly monitor current and expected liquidity requirements to ensure that the Corporation maintains sufficient reserves of cash, borrowings and adequate committed funding from Vietnam Electricity to meet its liquidity requirements in the short and longer term.

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The following table details the Corporation's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Corporation's liquidity risk management as the liquidity is managed on a net asset and liability basis.

	Less than 1 year VND'000	From 1 - 5 years VND'000	After 5 years VND'000	Total VND'000
31/12/2014				
Cash and cash equivalents	6,762,942,381	-	-	6,762,942,381
Trade and other receivables	768,723,549	45,923,458	-	814,647,007
Available-for-sales financial assets		204,318,753	-	204,318,753
	<u>7,531,665,930</u>	<u>250,242,211</u>	<u>-</u>	<u>7,781,908,141</u>
Trade and other payables	7,917,431,920	738,415,574	-	8,655,847,494
Borrowings	470,634,848	-	7,303,492,628	7,774,127,476
Accrued expenses	52,838,626	-	-	52,838,626
	<u>8,440,905,394</u>	<u>738,415,574</u>	<u>7,303,492,628</u>	<u>16,482,813,596</u>
Net liquidity gap	<u>(909,239,464)</u>	<u>(488,173,363)</u>	<u>(7,303,492,628)</u>	<u>(8,700,905,455)</u>
31/12/2013				
Cash and cash equivalents	6,318,795,855	-	-	6,318,795,855
Trade and other receivables	804,698,400	88,319,116	-	893,017,516
Available-for-sales financial assets		259,408,569	-	259,408,569
	<u>7,123,494,255</u>	<u>347,727,685</u>	<u>-</u>	<u>7,471,221,940</u>
Trade and other payables	8,075,865,493	491,667,196	-	8,567,532,689
Borrowings	357,459,482	-	5,366,253,574	5,723,713,056
Accrued expenses	109,538,360	-	-	109,538,360
	<u>8,542,863,335</u>	<u>491,667,196</u>	<u>5,366,253,574</u>	<u>14,400,784,105</u>
Net liquidity gap	<u>(1,419,369,080)</u>	<u>(143,939,511)</u>	<u>(5,366,253,574)</u>	<u>(6,929,562,165)</u>

The Board of Directors evaluates liquidity risk at a moderate level. The Board of Directors believes that the Corporation will be able to generate sufficient funds to meet its financial obligations as and when they fall due.

28. NON-CASH TRANSACTIONS

Cash outflows for purchases of fixed assets and construction in progress during the year exclude an amount of VND'000 482,440,710 (2013: VND'000 570,956,672), representing an addition in fixed assets during the year that has not yet been paid. Consequently, changes in accounts payable have been adjusted by the same amount.

Cash outflows for purchases of fixed assets and construction in progress during the year exclude an amount of VND'000 573,581,598 (2013: VND'000 365,177,266), representing materials issued for construction in progress. Consequently, changes in inventories have been adjusted by the same amount.

Proceeds from borrowings during the year exclude an amount of VND'000 188,465,438 (2013: VND'000 93,461,174), representing a long-term loan due to receive fixed assets which were handed over from the Provincial People's Committees. Consequently, changes in acquisition and construction of fixed assets and proceeds from borrowings have been adjusted by the same amount.

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Cash inflows for capital contribution during the year exclude an amount of VND'000 378,231,392 (2013: VND'000 325,224,508), representing the increase in contributed capital due to the receipt of fixed assets. The transaction does not affect to the cash flows so it is not presented in the above consolidated statement of cash flows.

Cash outflow for loan interest payment during the year exclude an amount of VND'000 30,751,557 (2013: VND'000 14,504,227,466), representing the unpaid loan interest incurred during the year. Consequently, changes in accounts payable have been adjusted by the same amount.

29. COMMITMENT FOR EXPENDITURE

	31/12/2014 VND'000	31/12/2013 VND'000
Construction commitment	<u>5,209,742,000</u>	<u>4,148,440,000</u>

30. RELATED PARTY TRANSACTIONS

Transactions between the Corporation and its component units and subsidiaries, which are related parties of the Corporation, have been eliminated on consolidation and are not disclosed in this note.

During the year, the Corporation entered into the following transactions with its related parties:

	2014 VND'000	2013 VND'000
Electricity and service purchased		
Electricity purchased from Vietnam Electricity	57,395,566,814	49,763,845,525
Power Engineering Designing Consulting Construction JSC	9,230,907	5,512,789
Loan interest		
Vietnam Electricity	6,204,932	5,169,292
EVN Finance Joint Stock Company	225,264	723,469
Profit and dividend received		
Southern Hydroelectricity Company	36,627,486	32,049,051
Central Hydro-power Joint Stock Company	<u>8,267,952</u>	<u>13,781,753</u>

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The related parties' balances are as follows:

	31/12/2014	31/12/2013
	<u>VND'000</u>	<u>VND'000</u>
Borrowings		
Vietnam Electricity	1,468,704	4,332,867
EVN Finance Joint Stock Company	5,202,280	6,936,680
Payables		
Vietnam Electricity	5,467,938,674	5,804,855,007
Power Engineering Designing Consulting Construction JSC	1,040,062	2,518,558
Southern Electricity Construction Management	-	33,794,543
Receivables		
Power Transmission Company No 4	6,008,813	-
Power Engineering Designing Consulting Construction JSC	712,520	980,520
Southern Electricity Construction Management	100,000	-
Southern Hydroelectricity Company	-	-
Vietnam Electricity	<u>63,386,000</u>	<u>-</u>
Long-term borrowing		
Southern Electricity Construction Management	<u>43,628,563</u>	<u>29,964,330</u>
Other receivables		
Vietnam Electricity	17,290,756	14,989,153
Southern Hydroelectricity Company	17,148,614	53,266,814
Central Hydro-power Joint Stock Company	<u>-</u>	<u>13,781,753</u>
Internal receivable		
Vietnam Electricity	<u>4,369,619</u>	<u>26,162,596</u>

The amount payable to Vietnam Electricity at 31 December 2014 and 2013 was presented as part other payables.

Remuneration paid to the Board of Directors during the year was as follows:

	2014	2013
	<u>VND'000</u>	<u>VND'000</u>
Salary and benefits in kind	<u>7,956,445</u>	<u>7,703,389</u>

31. CONTINGENT LIABILITIES

The Corporation self-insures most of its facilities for property risks. In addition, the Corporation carries limited liability insurance coverage.

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32. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors and authorized for issuance on 26 June 2015.

Preparer



Nguyen Thi Kieu Oanh

Chief accountant



Hoang Minh Dung

General Director




Nguyen Phuoc Duc
26 June 2015

