



**Power Generation Corporation 3
and its subsidiaries**

Consolidated Financial Statements for the
year ended 31 December 2016

**Power Generation Corporation 3 and its subsidiaries
Corporate Information**

Establishment Decision No. 3025/QD-BCT 1 June 2012

The establishment decision was issued by the Ministry of Industry and Trade.

Business Registration Certificate No. 3502208399 30 October 2013
3502208399 27 February 2017

The business registration certificate was issued by the Department of Planning and Investment of Ba Ria – Vung Tau Province and the third amendment was on 27 February 2017.

Chairman Mr Nguyen Van Le

Board of Directors	Mr Dinh Quoc Lam	General Director
	Mr Truong Quoc Phuc	Deputy General Director
	Mr Phan Thanh Xuan	Deputy General Director
	Mr Le Van Danh	Deputy General Director
	Mr Cao Minh Trung	Deputy General Director
	Mr Nguyen Thanh Trung Duong	Deputy General Director

Registered Office Phu My 1 Industrial Park, Phu My Ward
Tan Thanh District, Ba Ria – Vung Tau Province
Vietnam

Auditor KPMG Limited
Vietnam

Power Generation Corporation 3 and its subsidiaries Statement of the Board of Directors

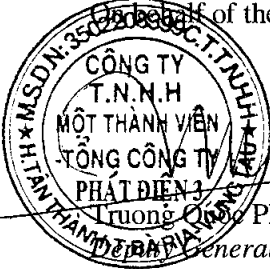
The Board of Directors of Power Generation Corporation 3 (“the Corporation”) presents this statement and the accompanying consolidated financial statements of the Corporation and its subsidiaries (collectively “the Group”) for the year ended 31 December 2016.

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to consolidated financial reporting. In the opinion of the Board of Directors:

- (a) the consolidated financial statements set out on pages 6 to 54 give a true and fair view of the consolidated financial position of the Group as at 31 December 2016, and of the consolidated results of operations and the consolidated cash flows of the Group for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting; and
- (b) at the date of this statement, there are no reasons to believe that the Group will not be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorized the accompanying consolidated financial statements for issue.

On behalf of the Board of Directors,


Trương Quốc Phục
General Director

Bà Rịa – Vũng Tàu, 15 March 2017; except for Note 31 and figures presented in Note 31 dated 31 March 2017.



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INDEPENDENT AUDITOR'S REPORT

To the Chairman and the Board of Directors Power Generation Corporation 3 and its subsidiaries

We have audited the accompanying consolidated financial statements of Power Generation Corporation 3 (“the Corporation”) and its subsidiaries (collectively “the Group”), which comprise the consolidated balance sheet as at 31 December 2016, the consolidated statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Company’s Board of Directors on 15 March 2017, as set out on pages 6 to 54.

Management’s Responsibility

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

Auditor’s Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Company’s Board of Directors, as well as evaluating the overall presentation of the financial statements.

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



Auditor's Opinion

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of Power Generation Corporation 3 and its subsidiaries as at 31 December 2016 and of their consolidated results of operations and their consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

Emphasis of Matter

Without qualifying our opinion, we draw the attention to:

- Note 3(a)(ii) and 3(a)(iii) to the consolidated financial statements which referred to the Corporation's treatment of foreign exchange differences incurred in the period of construction of power projects within the National Electricity Development Plan approved by the Prime Minister in the Decree No. 82/2014/ND-CP of the Government dated 25 August 2014 ("Decree 82") and foreign exchange differences from revaluation of monetary items denominated in foreign currencies in accordance with the guidance of Official Letter No. 1113/BTC-TCDN of the Ministry of Finance dated 23 January 2017 on the treatment of foreign exchange differences from revaluation of monetary items denominated in foreign currencies in 2016 of Vietnam Electricity ("Official Letter 1113"), approved by the Prime Minister under Official Letter No. 122/TB-VPCP of the Government Office dated 6 March 2017 ("Official Letter 122"). Under the guidance of Decree 82, foreign exchange differences incurred in the period of construction are recorded in the "Foreign exchange differences" in "Equity" and will be amortised to the statement of income for the period not exceeding 5 years from the date the project starts its commercial operation. Under the guidance of Official Letter 1113 and Official Letter 122, foreign exchange losses due to revaluation of the closing balances of long-term liabilities denominated in foreign currencies as at 31 December 2016 are recorded in the "Foreign exchange differences" in "Equity", rather than as "Financial expenses", and will be allocated to expenses in 2016 at an amount that is at least equal to the exchange differences of liabilities due in 2017 so as to ensure that business result is not negative, the remaining differences will be monitored and allocated within 5 years. The guidance of these Official Letters are different from that of Circular No. 200/2014/TT-BTC providing guidance on Vietnamese Accounting System for enterprises issued by the Ministry of Finance on 22 December 2014. The impact of applying this accounting policy to the consolidated financial statements for the year ended 31 December 2016 was disclosed in Note 3(a)(ii) and 3(a)(iii) to the consolidated financial statements.
- Note 31 to the consolidated financial statements which referred to the fact that on 15 March 2017 the Corporation's Board of Directors authorized the consolidated financial statements for the year ended 31 December 2016 for issue. We audited the consolidated financial statements and issued our audit report on 15 March 2017. After the issuance of the consolidated financial statement dated 15 March 2017, Vietnam Electricity ("EVN") requested the Corporation to adjust total salary cost in accordance with salary pool subsequently approved by EVN. The Corporation adjusted the consolidated financial statements for the year ended 31 December 2016 as required by EVN and reissued the consolidated financial statements attached to this report. Except for the audit procedures on the adjustments presented in Note 31, as at 31 March 2017, we did not perform any other audit procedures since the date of preparation of the previous audit report, which is 15 March 2017.



Other Matter

We conducted our audit in order to express an opinion on the consolidated financial statements as set out on pages 6 to 54. Additional information on page 55 is not an integral part of the consolidated financial statements and not within the scope of the audit of the consolidated financial statements, therefore, we do not express our opinion on this information.

KPMG Limited's Branch in Ho Chi Minh City
Vietnam

Audit Report No.: 16-02-070/2016/HN



Nguyễn Anh Nghi
Practicing Auditor Registration
Certificate No. 0304-2013-007-1
Deputy General Director

Nguyễn Anh Tuấn
Practicing Auditor Registration
Certificate No. 0436-2013-007-1

Ho Chi Minh City, 15 March 2017; except for Note 31 and figures presented in Note 31 dated 31 March 2017.

Power Generation Corporation 3 and its subsidiaries
Consolidated balance sheet as at 31 December 2016

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

	Code	Note	31/12/2016 VND	1/1/2016 VND
ASSETS				
Current assets (100 = 110 + 120 + 130 + 140 + 150)	100		18,785,582,668,582	13,913,070,505,680
Cash and cash equivalents	110	4	2,058,553,861,920	1,157,335,414,262
Cash	111		1,345,553,861,920	572,335,414,262
Cash equivalents	112		713,000,000,000	585,000,000,000
Short-term financial investments	120		1,050,500,000,000	854,000,000,000
Held-to-maturity investments	123	5(a)	1,050,500,000,000	854,000,000,000
Accounts receivable – short-term	130		12,462,718,469,153	9,200,842,851,741
Accounts receivable from customers	131	6	7,182,532,965,775	4,630,809,534,863
Prepayments to suppliers	132		301,221,287,797	210,026,415,254
Other receivables	136	7	4,979,701,732,180	4,360,561,174,226
Allowance for doubtful debts	137		(737,516,599)	(554,272,602)
Inventories	140	8	3,040,394,560,198	2,535,464,768,945
Inventories	141		3,040,800,862,431	2,546,749,324,620
Allowance for inventories	149		(406,302,233)	(11,284,555,675)
Other current assets	150		173,415,777,311	165,427,470,732
Short-term prepaid expenses	151		8,803,198,570	11,482,074,509
Deductible value added tax	152		39,746,883,281	85,550,771,327
Taxes and other receivables from State Treasury	153	13(b)	124,865,695,460	68,394,624,896

The accompanying notes are an integral part of these consolidated financial statements

Power Generation Corporation 3 and its subsidiaries
Consolidated balance sheet as at 31 December 2016 (continued)

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

	Code	Note	31/12/2016 VND	1/1/2016 VND
Long-term assets (200 = 210 + 220 + 240 + 250 + 260)	200		66,804,780,077,695	70,741,610,798,612
Accounts receivable – long-term	210		22,000,000	12,000,000
Other long-term receivables	216		22,000,000	12,000,000
Fixed assets	220		61,569,028,164,052	66,335,137,707,338
Tangible fixed assets	221	9	61,501,566,138,204	66,265,364,261,625
Cost	222		108,969,000,900,034	107,882,690,423,454
Accumulated depreciation	223		(47,467,434,761,830)	(41,617,326,161,829)
Intangible fixed assets	227	10	67,462,025,848	69,773,445,713
Cost	228		83,265,837,897	83,105,837,897
Accumulated amortisation	229		(15,803,812,049)	(13,332,392,184)
Long-term work in progress	240		3,414,930,012,417	2,633,932,162,096
Construction in progress	242	11	3,414,930,012,417	2,633,932,162,096
Long-term financial investments	250	5(b)	1,763,692,020,793	1,732,276,756,152
Investments in associates	252		1,287,523,689,312	1,267,507,183,792
Equity investments in other entities	253		518,884,589,388	518,884,589,388
Allowance for diminution in the value of long-term financial investments	254		(42,716,257,907)	(54,115,017,028)
Other long-term assets	260		57,107,880,433	40,252,173,026
Long-term prepaid expenses	261		43,556,825,676	29,436,259,026
Deferred tax assets	262		12,722,874,757	9,987,734,000
Long-term tools, supplies and spare parts	263		828,180,000	828,180,000
TOTAL ASSETS (270 = 100 + 200)	270		85,590,362,746,277	84,654,681,304,292

The accompanying notes are an integral part of these consolidated financial statements

Power Generation Corporation 3 and its subsidiaries
Consolidated balance sheet as at 31 December 2016 (continued)

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

	Code	Note	31/12/2016 VND	1/1/2016 VND
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		76,861,833,300,304	75,974,335,415,860
Current liabilities	310		10,610,993,943,559	10,577,281,032,708
Accounts payable to suppliers	311	12	5,587,479,453,509	5,831,933,258,093
Advances from customers	312		-	240,000
Taxes and other payables to State				
Treasury	313	13(a)	144,692,033,324	164,326,381,907
Payables to employees	314		221,289,953,254	217,374,292,315
Accrued expenses	315		50,823,347,579	67,690,531,208
Unearned revenue – short-term	318		15,158,214,637	15,936,492,876
Other payables – short-term	319	14	940,978,254,673	722,675,300,321
Short-term borrowings	320	15(a)	3,337,579,626,421	3,339,374,074,111
Provisions – short-term	321		63,614,373,786	49,938,670,000
Bonus and welfare funds	322		249,378,686,376	168,031,791,877
Long-term liabilities	330		66,250,839,356,745	65,397,054,383,152
Long-term unearned revenue	336		409,271,795,189	424,430,009,826
Long-term borrowings	338	15(b)	65,841,567,561,556	64,972,624,373,326
EQUITY (400 = 410)	400		8,728,529,445,973	8,680,345,888,432
Owners' equity	410	16	8,728,529,445,973	8,680,345,888,432
Contributed capital	411	17	10,561,944,694,725	10,561,460,840,439
Capital surplus	412		6,014,917,945	6,014,917,945
Other capital	414		16,273,236,198	14,151,282,502
Foreign exchange differences	417	19	(3,374,214,327,146)	(3,316,477,195,659)
Investment and development fund	418		218,278,897,602	152,791,883,743
Other equity funds	420		15,939,926,044	15,926,238,964
Retained profits	421		825,628,673,005	793,111,874,096
- Retained profits brought forward	421a		718,432,626,000	691,398,489,473
- Retained profit for the current year	421b		107,196,047,005	101,713,384,623
Capital expenditure fund	422		114,101,515,647	114,585,369,933
Non-controlling interest	429		344,561,911,953	338,780,676,469
TOTAL RESOURCES	440		85,590,362,746,277	84,654,681,304,292
(440 = 300 + 400)				

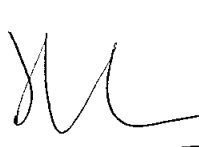

15 March 2017; except for Note 31 and figures presented in Note 31 dated 31 March 2017.

Prepared by:



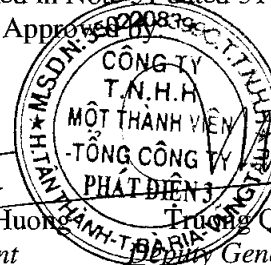
Vu Phuong Thao
Preparer

Approved by:

Nguyen Thi Thanh Huong
Chief Accountant

Truong Quoc Phuc
General Director



The accompanying notes are an integral part of these consolidated financial statements

Power Generation Corporation 3 and its subsidiaries
Consolidated statement of income for the year ended 31 December 2016

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

	Code	Note	2016 VND	2015 VND
Revenue from sales of goods and provision of services	01	21	35,942,430,035,844	28,167,208,487,169
Revenue deductions	02	21	-	69,300,000
Net revenue (10 = 01 - 02)	10	21	35,942,430,035,844	28,167,139,187,169
Cost of sales	11	22	32,401,926,808,804	25,588,283,270,161
Gross profit (20 = 10 - 11)	20		3,540,503,227,040	2,578,855,917,008
Financial income	21	23	216,940,564,718	196,602,668,531
Financial expenses	22	24	3,283,359,758,397	2,376,639,077,119
<i>In which: Interest expense</i>	23		2,526,916,084,835	1,724,951,889,487
Share of profit in associates	24	5(b)	134,210,055,520	131,529,253,128
Selling expenses	25		233,876,024	757,491,326
General and administration expenses	26	25	390,872,879,706	265,669,647,096
Net operating profit {30 = 20 + (21 - 22) + 24 - (25 + 26)}	30		217,187,333,151	263,921,623,126
Other income	31		116,601,237,443	20,298,598,213
Other expenses	32		28,981,123,866	37,582,149,549
Results of other activities (40 = 31 - 32)	40		87,620,113,577	(17,283,551,336)
Accounting profit before tax (50 = 30 + 40)	50		304,807,446,728	246,638,071,790
Income tax expense – current	51	27	42,069,052,111	53,065,487,065
Income tax expense – deferred	52	27	(2,735,140,757)	(9,987,734,000)
Net profit after tax (60 = 50 - 51 - 52)	60		265,473,535,374	203,560,318,725

The accompanying notes are an integral part of these consolidated financial statements

Power Generation Corporation 3 and its subsidiaries
Consolidated statement of income for the year ended 31 December 2016 (continued)

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

	Code Note	2016 VND	2015 VND
Net profit after tax (60 = 50 - 51 - 52)	60	265,473,535,374	203,560,318,725
Attributable to:			
Equity holders of the Company	61	231,187,193,355	161,830,334,135
Non-controlling interest	62	34,286,342,019	41,729,984,590

15 March 2017; except for Note 31 and figures presented in Note 31 dated 31 March 2017.

Prepared by:

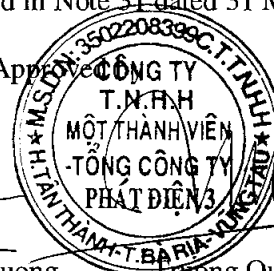


Vu Phuong Thao
Preparer

Approved:



Nguyen Thi Thanh Huong
Chief Accountant



Huong Quoc Phuc
Deputy General Director

The accompanying notes are an integral part of these consolidated financial statements

Power Generation Corporation 3 and its subsidiaries
Consolidated statement of cash flows for the year ended 31 December 2016
(Indirect method)

Form B 03 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

	Code	Note	2016 VND	2015 VND
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	01		304,807,446,728	246,638,071,790
Adjustments for				
Depreciation and amortisation	02		5,854,621,849,041	4,298,014,403,705
Allowances and provisions	03		(8,418,064,780)	87,146,331,455
Exchange losses arising from revaluation of monetary items denominated in foreign currencies	04		664,947,095,393	452,235,680,518
Profits from investing activities	05		(128,263,390,521)	(105,676,725,930)
Share of profit in associates	05		(134,210,055,520)	(131,529,253,128)
Interest expense	06		2,526,916,084,835	1,724,951,889,487
Operating profit before changes in working capital	08		9,080,400,965,176	6,571,780,397,897
Change in receivables	09		(3,255,697,104,384)	(6,285,278,282,894)
Change in inventories	10		(494,051,537,811)	(714,052,157,836)
Change in payables and other liabilities	11		1,092,164,210,774	1,753,721,937,893
Change in prepaid expenses	12		(11,441,690,711)	21,994,258,926
			6,411,374,843,044	1,348,166,153,986
Interest paid	14		(2,271,962,110,066)	(1,593,176,420,064)
Income tax paid	15		(64,648,298,828)	(108,027,323,189)
Other receipts from operating activities	16		-	184,191,047
Other payments for operating activities	17		(55,939,050,251)	(60,149,446,904)
Net cash flows from operating activities	20		4,018,825,383,899	(413,002,845,124)
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for additions to fixed assets and other long-term assets	21		(3,115,785,661,299)	(4,162,421,728,521)
Proceeds from disposals of fixed assets	22		231,546,000	1,379,154,353
Payments for investments in term deposits	23		(500,500,000,000)	(654,000,000,000)
Collections on investments in term deposits	24		304,000,000,000	859,000,000,000
Receipts of interests and dividends	27		225,194,077,312	313,703,329,449
Transfer entities to and receive entities from Vietnam Electricity (net cash)			-	62,757,784,530
Net cash flows from investing activities	30		(3,086,860,037,987)	(3,579,581,460,189)

The accompanying notes are an integral part of these consolidated financial statements

Power Generation Corporation 3 and its subsidiaries
Consolidated statement of cash flows for the year ended 31 December 2016
(Indirect method – continued)

Form B 03 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

	Code	Note	2016 VND	2015 VND
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from borrowings	33		3,106,838,875,511	16,256,671,919,189
Payments to settle loan principals	34		(3,116,820,889,625)	(13,345,843,812,203)
Payments of dividends	36		(20,764,884,140)	(21,849,896,168)
Net cash flows from financing activities	40		(30,746,898,254)	2,888,978,210,818
Net cash flows during the year (50 = 20 + 30 + 40)			901,218,447,658	(1,103,606,094,495)
Cash and cash equivalents at the beginning of the year	60		1,157,335,414,262	2,260,941,508,757
Cash and cash equivalents at the end of the year (70 = 50 + 60)	70	4	2,058,553,861,920	1,157,335,414,262

15 March 2017; except for Note 31 and figures presented in Note 31 dated 31 March 2017.

Prepared by:

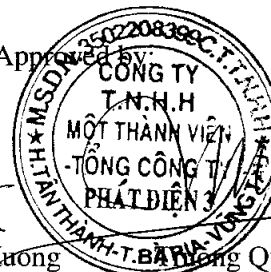


Vu Phuong Thao
Preparer

Approved by:



Nguyen Thi Thanh Haong
Chief Accountant



Quoc Phuc
Deputy General Director

The accompanying notes are an integral part of these consolidated financial statements

Power Generation Corporation 3 and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2016

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

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

1. Reporting entity

(a) Ownership structure

Power Generation Corporation 3 (“the Corporation”) was incorporated under Decision No. 3025/QĐ-BCT dated 1 June 2012 issued by the Ministry of Industry and Trade, operated in form of Corporation – Subsidiary owned by Vietnam Electricity (“EVN”), on the basis of re-organizing Phu My Thermal Power One Member Limited Company, certain power generation companies, certain power project management units (“PMU”) and receipt of the representative right for the government’s ownership in some power generation companies owned by Vietnam Electricity.

The Corporation operates under Business Registration Certificate No. 3502208399 dated 26 November 2012 issued by the Department of Planning and Investment of Ba Ria – Vung Tau Province.

The consolidated financial statements for the year ended 31 December 2016 comprise the Corporation and its subsidiaries (together referred to as the “Group”).

(b) Principal activities

The principal activities of the Corporation are to produce and trade electricity; provide operation and maintenance management, overhaul, renovation, upgrading electrical equipment, electrical constructions. In addition, the Corporation also operates in science, technology, research and development, training to serve its principal activities.

(c) Normal operating cycle

The normal operating cycle of the Group is generally within 12 months.

(d) Group structure

As at 31 December 2016, the Corporation had 3 subsidiaries (1/1/2016: 3 subsidiaries).

The organizational structure of the Corporation includes:

- Dependent power generation companies: Buon Kuop Hydropower Company, Vinh Tan Thermal Power Company, Mong Duong Thermal Power Company, Phu My Thermal Power Company, EVNGENCO3 Power Service Company;
- Power project management units: Project Management Unit of Thermal Power 1, Project Management Unit of Vinh Tan Thermal Power; Project Management Unit of Thai Binh Thermal Power;
- The Corporation’s office.

Power Generation Corporation 3 and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2016
(continued)

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

The subsidiaries are as follows:

Subsidiaries	Principal activities	% of equity owned and voting rights	
		31/12/2016	1/1/2016
Ninh Binh Thermal Power Joint Stock Company	Produce electricity, produce chemical products, repair and install electrical equipment and other related services.	54.76%	54.76%
Ba Ria Thermal Power Joint Stock Company	Produce and trade electricity, provide operation and maintenance management, repair, experiment, adjustment, renovation of electrical equipment, electrical construction and related services and products.	79.56%	79.56%
Thu Duc Thermal Power One-member Limited Company	Produce electricity, produce, distribute steam, hot water, air-conditioner, repair and trade electrical equipment and other related services.	100%	100%

As at 31 December 2016, the Group had 3,386 employees (1/1/2016: 3,147 employees).

2. Basis of preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

(b) Basis of measurement

The consolidated financial statements, except for the consolidated statement of cash flows, are prepared on the accrual basis using the historical cost concept. The consolidated statement of cash flows is prepared using the indirect method.

(c) Annual accounting period

The annual accounting period of the Group is from 1 January to 31 December,

(d) Accounting and presentation currency

The Group's accounting currency is Vietnam Dong ("VND"), which is also the currency used for financial statement presentation purpose.

Power Generation Corporation 3 and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2016
(continued)

Form B 09 – DN/HN
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3. Summary of significant accounting policies

The following significant accounting policies have been adopted by the Group in the preparation of these consolidated financial statements.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Corporation. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Non-controlling interests

Non-controlling interests (“NCI”) are measured at their proportionate share of the acquiree’s identifiable net assets at date of acquisition.

Changes in the Corporation’s interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners. Difference between the change in the Corporation’s share of net assets of the subsidiary and any consideration paid or received is recorded directly in retained profits under equity.

(iii) Loss of control

When the Corporation loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in the consolidated income statement. Any interest retained in the former subsidiary when control is lost is stated at the carrying amount of the retained investment in the financial statements adjusted for appropriate shares of changes in equity of the investee since the acquisition date, if significant influence in the investee is maintained, or otherwise stated at cost.

(iv) Associates

Associates are those entities in which the Corporation has significant influence, but not control, over the financial and operating policies. Associates are accounted for using the equity method. The consolidated financial statements include the Corporation’s share of the income and expenses of the associates, after adjustments to align the accounting policies with those of the Corporation, from the date that significant influence or joint control commences until the date that significant influence ceases. When the Corporation’s share of losses exceeds its interest in an associate, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Corporation has an obligation or has made payments on behalf of the associate.

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(v) *Transactions eliminated on consolidation*

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains and losses arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the associate.

(vi) *Business combination*

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Corporation. Control exists when the Corporation has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

(b) *Foreign currency*

(i) *Foreign currency transactions*

Transactions in currencies other than VND during the year have been translated into VND at rates approximating actual rates of exchange ruling at the transaction dates.

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at the account transfer buying rate and account transfer selling rate at the end of the annual accounting period quoted by the commercial bank where the Corporation or its subsidiaries most frequently conducts transactions.

Liabilities with Vietnam Electricity at the end of the annual accounting period are translated at the selling rate (by transfer) of Joint Stock Commercial Bank for Foreign Trade of Vietnam announced at the time of reporting under the guidance of Official Letter No. 1779/BTC-CDKT dated 1 February 2013 of the Ministry of Finance on the use of exchange rates to revalue monetary items denominated in foreign currencies at the end of the period ("Official Letter 1779") and Official Letter No. 3643/EVN-TCKT dated 31 August 2016 of Vietnam Electricity on guiding the preparation of financial statements in 2016 ("Official Letter 3643").

Except for the special accounting policies set out below, all foreign exchange differences are recorded in the consolidated statement of income.

(ii) *Foreign exchange differences incurred during the period of capital construction of power projects included in the National Electricity Development Plan*

Under the guidance of Decree No. 82/2014/ND-CP of the Government dated 25 August 2014 ("Decree 82"), for power projects within the National Electricity Development Plan approved by the Prime Minister, foreign exchange differences incurred in the period of construction are recorded in the "Foreign exchange differences" in "Equity" and will be amortised to the statement of income for the period not exceeding 5 years from the date the project starts its commercial operation. The guidance of Decree 82 is different from the guidance of Circular No. 200/2014/TT-BTC providing guidance on Vietnamese Accounting System for enterprises of the Ministry of Finance dated 22 December 2014 ("Circular 200") which requires the exchange differences to be recognised in the statement of income in the period which they are incurred.

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If the Group recognised foreign exchange differences incurred during the period of construction consistently with Circular 200 over the years, the Group's financial expenses and profit before tax for the year ended 31 December 2016 would decrease and increase by the same amount of VND1,508,828,910,951 (for the year ended 31 December 2015: increase and decrease by the same amount of VND1,937,606,705,808), "Foreign exchange differences" in Equity and "Retained profits" in the consolidated balance sheet of the Group as at 31 December 2016 would decrease by the same amount of VND1,508,828,910,951 (1/1/2016: VND1,937,606,705,808).

(iii) Foreign exchange differences due to revaluation of the balances of monetary items denominated in foreign currencies

The Group applies Official Letter No. 1113/BTC-TCDN of the Ministry of Finance dated 23 January 2017 on the treatment of foreign exchange differences from revaluation of monetary items denominated in foreign currencies of Vietnam Electricity ("Official Letter 1113"), approved by the Prime Minister under Official Letter No. 122/TB-VPCP of the Government dated 6 March 2017 ("Official Letter 122") for foreign exchange differences from revaluation of monetary items denominated in foreign currencies. Under the guidance of Official Letter 1113 and Official Letter 122, foreign exchange losses due to revaluation of the closing balances of long-term liabilities denominated in foreign currencies as at 31 December 2016 are recorded in the "Foreign exchange differences" in Equity, rather than in "Financial expenses", and will be allocated to expenses in 2016 at an amount that is at least equal to the exchange rate differences of liabilities due in 2017 so as to ensure that business result is not negative, the remaining differences will be monitored and allocated within 5 years.

If the Group recognised foreign exchange differences consistently with Circular 200 over the years, the Group's financial expenses and profit before tax for the year ended 31 December 2016 would decrease and increase by the same amount of VND1,865,385,416,195 (for the year ended 31 December 2015: increase and decrease by the same amount of VND1,378,870,489,851), foreign exchange losses shown in the "Foreign exchange differences" in "Equity and "Retained profits" in the consolidated balance sheet of the Group as at 31 December 2016 would decrease by the same amount of VND1,865,385,416,195 (1/1/2016: VND1,378,870,489,851).

(c) Cash and cash equivalents

Cash comprises cash balances and call deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(d) Investments

(i) Held-to-maturity investments

Held-to-maturity investments are those that the Corporation's management has the intention and ability to hold until maturity. Held-to-maturity investments include term deposits at bank, bonds, redeemable preference shares which the issuers are required to repurchase at a certain date and loans receivable held to maturity. These investments are stated at costs less allowance for doubtful debts.

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(ii) Investments in equity instruments of other entities

Investments in equity instruments of other entities are initially recognised at cost which include purchase price plus any directly attributable transaction costs. Subsequent to initial recognition, these investment are stated at cost less allowance for diminution in value. An allowance is made for diminution in investment values if the investee has suffered a loss, except where such a loss was anticipated by the Group's management before making the investment. The allowance is reversed if the investee subsequently made a profit that offsets the previous loss for which the allowance had been made. An allowance is reversed only to the extent that the investment's carrying amount does not exceed the carrying amount that would have been determined if no allowance had been recognised.

(e) Accounts receivable

Trade and other receivables are stated at cost less allowance for doubtful debts.

(f) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes all costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price of inventory items, less the estimated costs of completion and selling expenses.

The Group applies the perpetual method of accounting for inventories.

(g) Tangible fixed assets

(i) Cost

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition for its intended use. For property, plant and equipment formed through construction under contractual assignment or self-construction and manufacturing, cost is the finalisation price of construction works in accordance with the current Investment and Construction Management Regulation, other directly attributable costs and registration fee (if any). In case the construction has been completed and put into use but the finalisation is not approved, cost of items of property, plant and equipment is stated at estimated cost. The estimated cost is determined in the following methods: by investment cost if all construction costs are collected, by the approved budget or by value of the equivalent assets. Expenditure incurred after tangible fixed assets have been put into operation, such as repair, maintenance and overhaul cost, is charged to the statement of income in the year in which the cost is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of tangible fixed assets beyond their originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets.

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(ii) Depreciation

Depreciation is computed on a straight-line basis over the estimated useful lives of tangible fixed assets. The estimated useful lives are as follows:

▪ buildings and structures	10 – 40 years
▪ machinery and equipment	5 – 20 years
▪ motor vehicles	5 – 20 years
▪ office equipment	3 – 10 years
▪ other fixed assets	5 – 10 years

(h) Intangible fixed assets

(i) Land use rights

Land use rights comprise:

- those granted by the State for which land use payments are collected;
- those acquired in a legitimate transfer; and
- rights to use leased land obtained before the effective date of Land Law (2003) for which payments have been made in advance for more than 5 years and supported by land use right certificate issued by competent authority.

Land use rights with definite term are stated at cost less accumulated amortisation. The initial cost of land use rights comprises any directly attributable costs incurred in conjunction with securing the land use rights. Amortisation is computed on a straight-line basis over 50 years.

Land use rights with indefinite term are stated at cost and not amortised.

(ii) Software

Cost of acquiring new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible asset. Software cost is amortised on a straight-line basis over 10 years.

(iii) Technology transfer rights

Technology transfer rights is stated at cost and amortised on a straight-line basis over 10 years.

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(i) Construction in progress

Construction in progress represents the costs of construction and machinery which have not been fully completed or installed. No depreciation is provided for construction in progress during the period of construction and installation.

(j) Long-term prepaid expenses

Tools and instruments

Tools and instruments include assets held for use by the Group in the normal course of business whose costs of individual items are less than VND30 million and therefore not qualified for recognition as fixed assets under prevailing regulation. Cost of tools and instruments are amortised on a straight-line basis over 3 years.

(k) Trade and other payables

Trade and other payables are stated at their cost.

(l) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(m) Contributed capital

Contributed capital is recognized on the contribution date at the actual amount contributed less any directly attributable transaction costs.

(n) Investment and development fund

The Corporation's investment and development fund is set up and used in accordance with Decree No. 91/2015/NĐ-CP dated 13 October 2015 issued by the Government on state capital investment in enterprises and capital management and use at enterprises.

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(o) Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the consolidated statement of income except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the end of the annual accounting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities using the tax rates enacted or substantively enacted at the end of the annual accounting period.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(p) Revenue and other income

(i) *Electricity sold*

Revenue from sales of electricity is recognised in the statement of income based on electricity output generated to the electricity grid and confirmed by customers. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

(ii) *Services rendered*

Revenue from services rendered is recognised in the statement of income in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to surveys of work performed. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

(iii) *Rental income*

Rental income from leased property is recognised in the statement of income on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income.

(iv) *Interest income*

Interest income is recognised on a time proportion basis with reference to the principal outstanding and the applicable interest rate.

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(v) Dividend income

Dividend income is recognised when the right to receive dividend is established. Dividends received which are attributable to the period before investment acquisition date are deducted from the carrying amount of the investment.

(q) Operating lease payments

Payments made under operating leases are recognised in the statement of income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the consolidated statement of income as an integral part of the total lease expense.

(r) Borrowing costs

Borrowing costs are recognised as an expense in the year in which they are incurred, except where the borrowing costs relate to borrowings in respect of the construction of qualifying assets, in which case the borrowing costs incurred during the period of construction are capitalised as part of the cost of the assets concerned.

(s) Related parties

Parties are considered to be related to the Group if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or where the Group and the other party are subject to common control or significant influence. Related parties may be individuals or corporate entities and include close family members of any individual considered to be a related party.

4. Cash and cash equivalents

	31/12/2016	1/1/2016
	VND	VND
Cash on hand	2,795,273,955	1,514,133,390
Cash in banks	1,342,758,587,965	570,821,280,872
Cash equivalents	713,000,000,000	585,000,000,000
	<hr/>	<hr/>
	2,058,553,861,920	1,157,335,414,262
	<hr/>	<hr/>

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5. Investments

(a) Held-to-maturity investments

Held-to-maturity investments represented term deposits with maturity from more than 3 months to 1 year as follows:

	31/12/2016	1/1/2016
	VND	VND
EVN Finance Joint Stock Company, a related party	510,000,000,000	360,000,000,000
Third parties	540,500,000,000	494,000,000,000
	<hr/>	<hr/>
	1,050,500,000,000	854,000,000,000
	<hr/>	<hr/>

Held-to-maturity investments with a related party earned interest at rates ranging from 5.5% to 6.7% (2015: from 5.3% to 6.8%) per annum.

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(b) Equity investments in other entities

	Address	31/12/2016			1/1/2016				
		% of equity owned	% of voting rights	Cost VND	Allowance for diminution in value VND	% of equity owned	% of voting rights	Cost VND	Allowance for diminution in value VND
Investments in associates									
▪ Vinh Son – Song Chinh Hydropower JSC	Binh Dinh Province	(i) 30.6%	30.6%	875,121,508,432	-	30.6%	859,239,711,994	-	
▪ Thac Ba Hydropower JSC	Yen Bai Province	(ii) 30.0%	30.0%	263,523,062,906	-	30.0%	264,761,917,314	-	
▪ Se San 3A Power Investment and Development JSC	Gia Lai Province	(iii) 30.0%	30.0%	148,879,117,974	-	30.0%	143,505,554,484	-	
				1,287,523,689,312			1,267,507,183,792		
Investments in other entities									
▪ Quang Ninh Thermal Power Joint Stock Company	Quang Ninh Province	1.8%	1.8%	114,770,927,800	(42,716,257,907)	1.8%	114,770,927,800	(54,115,017,028)	
▪ Hai Phong Thermal Power Joint Stock Company	Hai Phong City	1.6%	1.6%	108,730,000,000	-	1.6%	108,730,000,000	-	
▪ Buon Don Hydro Power Joint Stock Company	Dak Lak Province	19.89%	19.89%	83,750,000,000	-	19.89%	83,750,000,000	-	
▪ GE PMTP Power Service Limited Liability Company	Ba Ria Vung Tau Province	15.0%	15.0%	74,463,661,588	-	15.0%	74,463,661,588	-	
▪ Petro Vietnam Power Nhon Trach 2 Joint Stock Company	Dong Nai Province	2.5%	-	64,000,000,000	-	2.5%	64,000,000,000	-	
▪ Phu Thanh My Joint Stock Company	Da Nang City	12.1%	12.1%	50,000,000,000	-	12.1%	50,000,000,000	-	
▪ Viet – Lao Power Joint Stock Company	Hanoi City	0.60%	-	19,600,000,000	-	0.65%	19,600,000,000	-	
▪ Northern Thermal Power Repairing Service Joint Stock Company	Hai Duong Province	2.7%	2.7%	2,500,000,000	-	2.7%	2,500,000,000	-	
▪ Pha Lai Thermal Power Joint Stock Company	Hai Duong Province	0.03%	0.03%	1,070,000,000	-	0.03%	1,070,000,000	-	
				518,884,589,388	(42,716,257,907)		518,884,589,388	(54,115,017,028)	

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- (i) Vinh Son – Song Hinh Hydropower JSC was converted from a state-owned enterprise – Vinh Son – Song Hinh Hydropower Plant, a dependent accounting unit of Vietnam Electricity. On 4 May 2005, the Plant was officially converted to Vinh Son – Song Hinh Hydropower JSC under Business Registration Certificate No. 3503000058 dated 4 May 2005 issued by the Department of Planning and Investment of Binh Dinh province. The principal activities of Vinh Son – Song Hinh Hydropower JSC are to produce and trade electricity.
- (ii) Thac Ba Hydropower JSC was established under Business Registration Certificate No. 1603000069 dated 31 March 2006 issued by the Department of Planning and Investment of Yen Bai Province. The principal activities of Thac Ba Hydropower JSC are to produce and trade electricity.
- (iii) Se San 3A Power Investment and Development JSC officially went into operation on 1 November 2003 under Official Letter No. 1391/CP-CN dated 10 October 2003 of the Prime Minister. The principal activities of Se San 3A Power Investment and Development JSC are to construct civil works, invest and construct hydropower projects and industrial construction.

Summarised financial information in respect of the Group's associates is set out below:

	31/12/2016	1/1/2016
	VND	VND
Total assets	8,110,772,610,598	7,072,443,428,008
Total liabilities	3,969,489,059,302	2,978,658,030,860
Net assets	4,141,283,551,296	4,093,785,397,148
Share of net assets in associates	1,287,523,689,312	1,267,507,183,792
	2016	2015
	VND	VND
Revenue	962,456,689,927	982,070,872,068
Net profit after tax	442,204,410,789	433,398,410,507
Share of profit in associates	134,210,055,520	131,529,253,128

Movements in allowance for diminution in the value of long-term financial investments during the year were as follows:

	2016	2015
	VND	VND
Opening balance	54,115,017,028	11,880,072,794
Allowance made during the year	-	42,234,944,234
Allowance reversed during the year	(11,398,759,121)	-
Closing balance	42,716,257,907	54,115,017,028

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6. Accounts receivable from customers

	31/12/2016 VND	1/1/2016 VND
Related parties		
Trading Electricity Company	7,156,802,587,993	4,622,001,128,110
Power Engineering Consulting Joint Stock Company 2	11,542,250,000	-
Third parties		
Other customers	14,188,127,782	8,808,406,753
	7,182,532,965,775	4,630,809,534,863

7. Other short-term receivables

	31/12/2016 VND	1/1/2016 VND
Receivables from Vietnam Electricity (*)	4,381,623,005,587	4,223,779,810,981
Huyndai Vietnam Company Limited	401,479,171,901	-
Interest receivables on deposits	19,161,500,581	18,665,523,615
Dividends receivable	19,050,000,000	-
Project Management Unit of Thermal Power 3	833,367,237	833,367,237
EVN Finance Joint Stock Company	6,483,000,000	12,500,527,777
Other receivables	151,071,686,874	104,781,944,616
	4,979,701,732,180	4,360,561,174,226

(*) This included VND3,890,576,415,008 invested by the Corporation in Vinh Tan 4 Thermal Power Project. This project was transferred to Vietnam Electricity in 2015.

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8. Inventories

	31/12/2016		1/1/2016	
	Cost VND	Allowance VND	Cost VND	Allowance VND
Goods in transit	102,911,681,740	-	125,409,722,156	-
Raw materials	2,902,753,702,883	(406,302,233)	2,391,646,877,016	(11,284,555,675)
Tools and supplies	20,951,485,799	-	12,564,093,104	-
Work in progress	13,661,450,706	-	16,918,337,376	-
Finished goods	505,198,091	-	160,838,203	-
Merchandise inventories	17,343,212	-	49,456,765	-
	3,040,800,862,431	(406,302,233)	2,546,749,324,620	(11,284,555,675)

Allowance for inventories represented the allowance for raw materials and had movements during the year as follows:

	2016 VND	2015 VND
Opening balance	11,284,555,675	16,667,200,618
Allowance made during the year	-	98,226,929
Allowance reversed during the year	(10,878,253,442)	(5,480,871,872)
Closing balance	406,302,233	11,284,555,675

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9. Tangible fixed assets

Cost	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Other fixed assets VND	Total VND
Opening balance	18,027,297,037,133	83,052,957,888,002	6,693,633,203,361	102,624,557,798	6,177,737,160	107,882,690,423,454
Additions	3,296,340,314	14,247,723,793	13,147,271,317	23,310,922,031	138,958,000	54,141,215,455
Transfer from construction in progress (note 11)	881,282,868,880	106,884,821,609	43,419,306,288	2,689,026,613	-	1,034,276,023,390
Disposals	-	(654,173,192)	(1,057,535,817)	-	-	(1,711,709,009)
Written off	(215,061,100)	(122,681,400)	-	-	-	(337,742,500)
Decreases due to finalisation	-	(50,771,364)	-	(6,539,392)	-	(57,310,756)
Closing balance	18,911,661,185,227	83,173,262,807,448	6,749,142,245,149	128,617,967,050	6,316,695,160	108,969,000,900,034
Accumulated depreciation						
Opening balance	4,645,523,182,672	34,967,486,245,347	1,941,004,518,547	62,144,175,980	1,168,039,283	41,617,326,161,829
Charge for the year	696,978,363,270	4,787,416,388,760	349,344,284,739	17,796,054,789	615,337,618	5,852,150,429,176
Disposals	-	(654,173,192)	(1,057,535,817)	-	-	(1,711,709,009)
Written off	(215,061,100)	(115,059,066)	-	-	-	(330,120,166)
Closing balance	5,342,286,484,842	39,754,133,401,849	2,289,291,267,469	79,940,230,769	1,783,376,901	47,467,434,761,830
Net book value						
Opening balance	13,381,773,854,461	48,085,471,642,655	4,752,628,684,814	40,480,381,818	5,009,697,877	66,265,364,261,625
Closing balance	13,569,374,700,385	43,419,129,405,599	4,459,850,977,680	48,677,736,281	4,533,318,259	61,501,566,138,204

Included in tangible fixed assets were assets costing VND9,540,548,196,787 which were fully depreciated as of 31 December 2016 (1/1/2016: VND1,364,690,088,014), but which are still in active use.

A number of tangible fixed assets were pledged with banks as security for loans presented in note 15.

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10. Intangible fixed assets

	Land use rights VND	Software VND	Technology transfer rights VND	Total VND
Cost				
Opening balance	67,463,477,322	11,871,469,427	3,770,891,148	83,105,837,897
Additions	-	160,000,000	-	160,000,000
Closing balance	67,463,477,322	12,031,469,427	3,770,891,148	83,265,837,897
Accumulated amortisation				
Opening balance	8,134,279,728	2,105,404,771	3,092,707,685	13,332,392,184
Charge for the year	976,159,776	1,087,033,169	408,226,920	2,471,419,865
Closing balance	9,110,439,504	3,192,437,940	3,500,934,605	15,803,812,049
Net book value				
Opening balance	59,329,197,594	9,766,064,656	678,183,463	69,773,445,713
Closing balance	58,353,037,818	8,839,031,487	269,956,543	67,462,025,848

Included in land use rights were land use rights with indefinite term costing VND8,015,608,652 were not amortised as of 31 December 2016 (1/1/2016: VND8,015,608,652).

Included in intangible fixed assets were assets costing VND4,495,693,705 which were fully amortised as of 31 December 2016 (1/1/2016: VND606,628,866), but which are still in use.

11. Construction in progress

	2016 VND	2015 VND
Opening balance	2,633,932,162,096	56,899,257,645,196
Additions during the year	1,846,912,357,764	3,756,998,112,340
Interest expenses capitalised	4,658,591,687	678,364,588,158
Increases from taking over subsidiaries	-	219,501,921
Transfer to tangible fixed assets (note 9)	(1,034,276,023,390)	(57,201,201,695,597)
Transfer to intangible fixed assets	-	(9,090,483,494)
Transfer to Vietnam Electricity	-	(1,120,338,504,035)
Other decreases	(36,297,075,740)	(370,277,002,393)
Closing balance	3,414,930,012,417	2,633,932,162,096

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Major constructions in progress were as follows:

	31/12/2016	1/1/2016
	VND	VND
Mong Duong Thermal Power Plant	1,124,652,173,310	1,023,884,297,980
Vinh Tan 2 Thermal Power Plant	1,367,507,249,414	925,047,930,443
Vinh Tan Power Center Infrastructure	494,162,589,458	412,469,077,282
Vinh Tan Coal Terminal	338,960,447,028	259,888,105,390
Other	89,647,553,207	12,642,751,001
	<hr/>	<hr/>
	3,414,930,012,417	2,633,932,162,096
	<hr/>	<hr/>

Assets formed in the future from construction in progress are pledged with banks as security for loans presented in note 15.

12. Accounts payable to suppliers

	31/12/2016	1/1/2016
	VND	VND
Related parties		
Vietnam Electricity	1,761,518,280	157,314,832,070
Other related parties	11,573,895,245	6,609,615,082
Third parties		
South East Gas Transmission Company	2,488,734,916,271	1,848,611,996,884
Shanghai Electric Group Company	1,846,413,913,829	1,519,970,146,668
Hyundai Engineering & Construction Company	-	1,314,517,829,383
Other suppliers	1,238,995,209,884	984,908,838,006
	<hr/>	<hr/>
	5,587,479,453,509	5,831,933,258,093
	<hr/>	<hr/>
Amount within payment capacity	5,587,479,453,509	5,831,933,258,093
	<hr/>	<hr/>

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13. Taxes and other receivables from and payables to State Treasury

(a) Taxes and other payables to State Treasury

	1/1/2016 VND	Incurred VND	Paid VND	Reclassified VND	31/12/2016 VND
Value added tax	81,636,693,220	986,399,381,745	(1,066,608,244,031)	58,560,083,827	59,987,914,761
Corporate income tax	45,511,722,587	42,069,052,111	(64,648,298,828)	(991,706,686)	21,940,769,184
Withholding tax	7,548,230,791	24,717,900,473	(29,187,802,428)	-	3,078,328,836
Import-export tax	-	63,178,075,452	(63,178,075,452)	-	-
Personal income tax	2,307,926,573	20,650,307,300	(18,580,098,437)	(1,097,355,577)	3,280,779,859
Natural resource taxes	20,485,468,736	246,118,249,434	(232,971,262,386)	-	33,632,455,784
Land and housing taxes, land rental	-	21,962,698,126	(21,410,778,126)	-	551,920,000
Duty and fees - fees for forest environmental services	6,836,340,000	43,228,813,860	(28,046,888,960)	-	22,018,264,900
Other taxes	-	15,208,365,948	(15,006,814,948)	49,000	201,600,000
	164,326,381,907	1,463,532,844,449	(1,539,638,263,596)	56,471,070,564	144,692,033,324

(b) Taxes and other receivables from State Treasury

	1/1/2016 VND	Incurred VND	Received VND	Reclassified VND	31/12/2016 VND
Value added tax	23,435,274,725	-	-	58,560,083,827	81,995,358,552
Corporate income tax	42,111,619,700	-	-	(991,706,686)	41,119,913,014
Personal income tax	2,638,103,521	-	-	(1,097,355,577)	1,540,747,944
Land and housing taxes, land rental	209,626,950	-	-	-	209,626,950
Other taxes	-	-	-	49,000	49,000
	68,394,624,896	-	-	56,471,070,564	124,865,695,460

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14. Other payables

	31/12/2016	1/1/2016
	VND	VND
Related parties		
Vietnam Electricity	641,272,298,291	498,148,789,015
Other related parties	27,000,000	19,443,867,919
Third parties		
Estimated value added tax	188,152,714,542	151,562,350,386
Other payables	111,526,241,840	53,520,293,001
	940,978,254,673	722,675,300,321

15. Borrowings

(a) Short-term borrowings

	1/1/2016	Increase	Decrease	31/12/2016
	VND	VND	VND	VND
Current portion of long-term borrowings	3,339,374,074,111	3,372,504,638,970	(3,374,299,086,660)	3,337,579,626,421
Amount within repayment capacity	3,339,374,074,111			3,337,579,626,421

(b) Long-term borrowings

	31/12/2016	1/1/2016
	VND	VND
Long-term borrowings	69,179,147,187,977	68,311,998,447,437
Repayable within twelve months	(3,337,579,626,421)	(3,339,374,074,111)
Repayable after twelve months	65,841,567,561,556	64,972,624,373,326

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Terms and conditions of outstanding long-term borrowings were as follows:

		Year of	31/12/2016	1/1/2016
	Currency	maturity	VND	VND
Loans from organisations				
<i>Mong Duong Thermal Power Project</i>				
Lien Viet Post Joint Stock Commercial Bank – Thang Long Branch	VND	2025	135,356,263,918	143,294,202,256
Vietnam Electricity	VND	2018	599,000,000,000	599,000,000,000
<i>Vinh Tan 2 Thermal Power Project</i>				
Vietnam Development Bank – Transaction Center I	VND	2024	2,172,769,979,856	2,548,769,979,856
Vietnam Electricity	VND	2018	374,000,000,000	374,000,000,000
Joint Stock Commercial Bank for Foreign Trade of Vietnam	VND	2025	1,966,086,027,360	2,190,781,573,344
<i>Vinh Tan 4 Thermal Power Project</i>				
Joint Stock Commercial Bank for Investment and Development of Vietnam	VND	2029	2,338,883,568,274	2,338,883,568,274
Joint Stock Commercial Bank for Foreign Trade of Vietnam	VND	2029	1,167,134,660,567	1,167,134,660,567
<i>Vinh Tan Coal Terminal Project</i>				
Vietnam Development Bank – Transaction Center I	VND	2024	553,230,020,144	553,230,020,144
<i>Buon Kuop Hydropower Project</i>				
Saigon - Hanoi Commercial Joint Stock Bank – Ha Noi Branch	VND	2025	165,000,000,000	185,000,000,000
Vietnam Electricity	VND	2018	178,000,000,000	178,000,000,000
Military Commercial Joint Stock Bank - Tran Duy Hung Branch	VND	2021	133,881,118,612	-
<i>Buon Tua Srah Hydropower Project</i>				
Vietnam Electricity	VND	2018	338,000,000,000	338,000,000,000
<i>Srepok 3 Hydropower Project</i>				
Saigon - Hanoi Commercial Joint Stock Bank – Ha Noi Branch	VND	2025	165,000,000,000	185,000,000,000
Vietnam Electricity	VND	2018	202,000,000,000	202,000,000,000
<i>Project of electrical resistance installation in Southern region to reduce short circuit</i>				
National Power Transmission Corporation	VND	2017	-	50,000,000,000

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	Year of Currency maturity	31/12/2016 VND	1/1/2016 VND
<i>Vinh Tan Power Center Infrastructure Project</i>			
Saigon - Hanoi Commercial Joint Stock Bank – Ha Noi South West Branch	VND 2026	90,571,810,108	-
Loans from Vietnam Electricity			
<i>Mong Duong Thermal Power Project</i>			
Asian Development Bank	USD 2032	463,999,704,804	470,921,021,851
Asian Development Bank	USD 2034	19,035,820,381,561	17,231,947,165,625
Export-Import Bank of Korea	USD 2028	10,681,142,416,666	10,955,373,163,664
<i>Vinh Tan 2 Thermal Power Project</i>			
Export-Import Bank of China	USD 2026	6,254,621,639,385	6,186,010,169,010
Export-Import Bank of China	CNY 2026	1,911,218,327,802	2,026,195,834,393
Export-Import Bank of China	USD 2026	9,925,971,370,883	8,957,320,563,579
<i>Buon Kuop Hydropower Project</i>			
Japan Bank for International Cooperation	JPY 2026	103,400,575,863	108,894,686,576
Japan Bank for International Cooperation	JPY 2028	75,387,491,087	78,451,727,103
Credit Agricole Corporate and Investment Bank	USD 2016	-	112,562,875,656
Vietnam Bank for Agriculture and Rural Development	VND 2018	276,196,364,311	540,518,838,667
<i>Buon Tua Srah Hydropower Project</i>			
Export-Import Bank of China	USD 2020	144,038,310,850	178,072,813,166
Asia Commercial Joint Stock Bank	VND 2019	139,191,924,107	194,793,045,965
Asia Commercial Joint Stock Bank	VND 2017	39,132,649,648	117,397,948,942
Bonds	VND 2016	-	100,000,000,000
<i>Srepok 3 Hydropower Project</i>			
Credit Agricole Corporate and Investment Bank	USD 2020	306,127,643,119	378,461,884,374
Joint Stock Commercial Bank for Foreign Trade of Vietnam	VND 2019	553,422,601,761	774,791,627,761
<i>Phu My Thermal Power Project</i>			
Japan Bank for International Cooperation	JPY 2028	5,072,359,835,098	5,278,533,404,202
<i>Vinh Tan Power Center Coal Terminal Project</i>			
Export-Import Bank of China	USD 2026	582,145,826,724	575,759,847,932
Export-Import Bank of China	USD 2026	2,499,490,611,601	2,416,549,105,388

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	Year of		31/12/2016	1/1/2016
	Currency	maturity	VND	VND
<i>Steam tail 306-2 Ba Ria Power Plant</i>				
Vietnam Development Bank – Ba Ria –				
Vung Tau Branch	KRW	2028	536,566,063,868	576,348,719,142
			69,179,147,187,977	68,311,998,447,437
			69,179,147,187,977	68,311,998,447,437

All assets formed from the above projects are used to secure the corresponding borrowings.

Interest rate of borrowings dominated in USD is ranging from 1.65% to 5.15% (2015: from 0.45% to 6.9%) per annum.

Interest rate of borrowings dominated in VND is ranging from 8.8% to 9.8% (2015: from 6.7% to 10.5%) per annum.

Interest rate of borrowings dominated in JPY is ranging from 1.15% to 2.75% (2015: from 1.66% to 2.5%) per annum.

Interest rate of borrowings dominated in CNY is 3.6% (2015: 3.2%) per annum.

Interest rate of borrowings dominated in KRW is fixed at 2.4% per annum over the period of 13 years.

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16. Changes in owners' equity

	Contributed capital VND	Capital surplus VND	Other capital VND	Foreign exchange differences VND	Investment and development fund VND	Other equity funds VND	Retained profits VND	Capital expenditure fund VND	Non-controlling interest VND	Total VND
Balance at 1 January 2015	10,487,655,874,046	6,014,917,945	11,931,846,660	(810,942,597,255)	84,279,949,403	11,122,267,549	795,725,549,905	110,593,427,602	325,404,379,342	11,021,785,615,197
Addition of capital during the year	1,271,458,000	-	-	-	-	-	-	-	-	1,271,458,000
Take-over of Thu Duc Thermal Power One-member Limited Company from Power Generation Corporation 2 (i)	96,728,456,859	-	1,566,487,558	-	16,178,490,841	-	-	1,705,055,583	-	116,178,490,841
Transfer to Vietnam Electricity	(25,900,004,049)	-	-	(25,181,627,228)	-	-	-	-	-	(51,081,631,277)
Profit transferred to Vietnam Electricity	-	-	-	-	(1,142,186,802)	-	(2,659,523,292)	-	-	(2,659,523,292)
Reclassification	1,705,055,583	-	-	-	-	-	-	2,286,886,748	-	2,849,755,529
Appropriation to equity funds	-	-	-	-	54,128,578,585	5,032,203,784	(62,010,537,898)	-	-	(2,849,755,529)
Appropriation to bonus and welfare funds	-	-	-	-	-	-	(98,926,848,113)	-	(5,435,341,350)	(104,362,189,463)
Net profit for the year	-	-	-	-	-	-	161,830,334,135	-	41,729,984,590	203,560,318,725
Allocation of funds	-	-	652,948,284	-	(652,948,284)	-	-	-	-	-
Foreign exchange differences	-	-	-	(2,480,352,971,176)	-	-	-	-	-	(2,480,352,971,176)
Dividends	-	-	-	-	-	-	-	-	(22,839,890,601)	(22,839,890,601)
Other decreases	-	-	-	-	-	(228,232,369)	(847,100,641)	-	(78,455,512)	(1,153,788,522)
Balance at 1 January 2016	10,561,460,840,439	6,014,917,945	14,151,282,502	(3,316,477,195,659)	152,791,883,743	15,926,238,964	793,111,874,096	114,585,369,933	338,780,676,469	8,680,345,888,432

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	Contributed capital VND	Capital surplus VND	Other capital VND	Foreign exchange differences VND	Investment and development fund VND	Other equity funds VND	Retained profits VND	Capital expenditure fund VND	Non-controlling interest VND	Total VND
Balance at 1 January 2016	10,561,460,840,439	6,014,917,945	14,151,282,502	(3,316,477,195,659)	152,791,883,743	15,926,238,964	793,111,874,096	114,585,369,933	338,780,676,469	8,680,345,888,432
Addition/decrease of capital during the year	483,854,286	-	-	-	-	-	-	(483,854,286)	-	-
Reclassification	-	-	2,121,953,696	-	(2,121,953,696)	-	-	-	-	-
Appropriation to equity funds	-	-	-	-	67,608,967,555	257,095,157	(67,866,062,712)	-	-	-
Appropriation to bonus and welfare funds	-	-	-	-	-	-	(130,774,478,773)	-	(7,324,123,852)	(138,098,602,625)
Net profit for the year	-	-	-	-	-	-	231,187,193,355	-	34,286,342,019	265,473,535,374
Foreign exchange differences	-	-	-	(57,737,131,487)	-	-	-	-	-	(57,737,131,487)
Dividends	-	-	-	-	-	-	-	-	(21,093,784,940)	(21,093,784,940)
Other decreases	-	-	-	-	-	(243,408,077)	(29,852,961)	-	(87,197,743)	(360,458,781)
Balance at 31 December 2016	10,561,944,694,725	6,014,917,945	16,273,236,198	(3,374,214,327,146)	218,278,897,602	15,939,926,044	825,628,673,005	114,101,515,647	344,561,911,953	8,728,529,445,973

(i) The Corporation took over Thu Duc Thermal Power One-member Limited Company as a subsidiary from Power Generation Corporation 2 in accordance with Decision No. 223/QĐ-EVN of Vietnam Electricity.

(*) Restated (Note 31).

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17. Contributed capital

The Corporation's authorised legal capital has been fully contributed by Vietnam Electricity.

Movements in contributed legal capital during the year were as follows:

	2016	2015
	VND	VND
Balance at beginning of the year	10,561,460,840,439	10,487,655,874,046
Addition of capital during the year	483,854,286	1,271,458,000
Take-over of Thu Duc Thermal Power One-member Limited Company from Power Generation Corporation 2	-	96,728,456,859
Transfer to Vietnam Electricity	-	(25,900,004,049)
Reclassification	-	1,705,055,583
	<hr/>	<hr/>
Balance at end of the year	10,561,944,694,725	10,561,460,840,439

The immediate and ultimate parent company, Vietnam Electricity, is incorporated in Vietnam.

18. Profit distribution

Under the provisions of Article 31 Decree No. 91/2015/ND-CP dated 13 October 2015 of the Government, the remaining profits after appropriation to funds will be remitted to the State Budget.

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19. Foreign exchange differences

	1/1/2016 VND	Incurred VND	Movements during 2016 Allocated to expenses VND (*)	Transfers to EVN VND	31/12/2016 VND (*)
Foreign exchange differences incurred in the period of capital construction (i)	1,937,606,705,808	(11,568,054,212)	(417,209,740,645)	-	1,508,828,910,951
Foreign exchange differences due to revaluation of items denominated in foreign currencies (ii)	1,378,870,489,851	729,364,236,401	(242,849,310,057)	-	1,865,385,416,195
	3,316,477,195,659	717,796,182,189	(660,059,050,702)	-	3,374,214,327,146
	1/1/2015 VND	Incurred VND	Movements during 2015 Allocated to expenses VND	Transfers to EVN VND	31/12/2015 VND
Foreign exchange differences incurred in the period of capital construction (i)	810,942,597,255	1,268,002,727,601	(166,458,145,276)	25,119,526,228	1,937,606,705,808
Foreign exchange differences due to revaluation of items denominated in foreign currencies (ii)	-	1,607,839,066,980	(228,968,577,129)	-	1,378,870,489,851
	810,942,597,255	2,875,841,794,581	(395,426,722,405)	25,119,526,228	3,316,477,195,659

(i) Foreign exchange differences incurred in the period of construction of power projects included in the National Electricity Development Plan (note 3(b)(ii)).

(ii) Foreign exchange differences due to revaluation of items denominated in foreign currencies (note 3(b)(iii)).

(*) Restated (Note 31).

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20. Off balance sheet items

(a) Lease

At the reporting dates, the future minimum lease payments under operating leases were:

	31/12/2016	1/1/2016
	VND	VND
Within one year	7,207,089,774	5,965,683,038
Within two to five years	28,828,359,095	23,862,732,152
More than five years	223,976,216,378	205,405,497,779
	<hr/>	<hr/>
	260,011,665,247	235,233,912,969
	<hr/>	<hr/>

Operating lease commitments represented land rental at Phu My Town, Tan Thanh District, Ba Ria – Vung Tau Province, Vietnam for 38 years from 26 November 2012 and 3 parcels of land at Vinh Tan Commune, Tuy Phong District, Binh Thuan Province, Vietnam for 70 years from 28 November 2013.

(b) Foreign currencies

	31/12/2016		1/1/2016	
	Original currency	VND equivalent	Original currency	VND equivalent
United States Dollars	61,707.0	1,401,238,094	38,292.9	859,689,573
	<hr/>	<hr/>	<hr/>	<hr/>

(c) Investment commitments

As at 31 December 2016, in accordance with the approved construction plan, the Group will invest VND3,716,126 million to build power plants and other works (1/1/2016: VND3,908,945 million).

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21. Revenue from sales of goods and provision of services

	2016	2015
	VND	VND
Total revenue		
▪ Sales of electricity	35,774,143,725,908	28,085,275,090,829
▪ Sales of other goods and services	168,286,309,936	81,933,396,340
	35,942,430,035,844	28,167,208,487,169
Less revenue deductions		
▪ Sales returns	-	(69,300,000)
	35,942,430,035,844	28,167,139,187,169

22. Cost of sales

	2016	2015
	VND	VND
Cost of electricity - restated (Note 31)	32,284,620,765,547	25,530,079,179,816
Cost of other goods and services	117,306,043,257	58,204,090,345
	32,401,926,808,804	25,588,283,270,161

23. Financial income

	2016	2015
	VND	VND
Interest income from deposits	89,208,084,915	83,131,053,207
Dividends	38,831,381,940	22,292,500,000
Foreign exchange gains due to payments	28,827,289,297	6,216,158,112
Foreign exchange gains due to revaluation	60,073,808,566	84,962,957,212
	216,940,564,718	196,602,668,531

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24. Financial expenses

	2016 VND	2015 VND
Interest expense	2,526,916,084,835	1,724,951,889,487
Foreign exchange losses due to payments	42,820,593,709	72,252,640,208
Foreign exchange losses due to revaluation – restated (Note 31)	725,020,903,959	537,198,637,730
(Reversal)/providing of allowance for long-term investments	(11,398,759,121)	42,234,944,234
Other financial expenses	935,015	965,460
	<hr/>	<hr/>
	3,283,359,758,397	2,376,639,077,119
	<hr/>	<hr/>

25. General and administration expenses

	2016 VND	2015 VND
Labour costs and staff costs - restated (Note 31)	192,018,383,887	147,395,629,493
Outside services	56,415,425,487	17,807,910,288
Other expenses	142,439,070,332	100,466,107,315
	<hr/>	<hr/>
	390,872,879,706	265,669,647,096
	<hr/>	<hr/>

26. Production and business costs by element

	2016 VND	2015 VND
Raw material costs	23,521,399,338,752	19,333,074,498,194
Labour costs and staff costs - restated (Note 31)	717,419,419,677	552,731,309,969
Depreciation and amortisation	5,854,591,849,041	4,262,012,035,373
Outside services	350,668,025,872	258,489,300,280
Overhaul expenses	1,711,289,859,005	1,049,425,738,513
Other expenses	637,665,072,187	398,977,526,254
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27. Income tax

(a) Recognised in the statement of income

	2016	2015
	VND	VND
Current tax expense		
Current year	40,365,438,584	53,065,487,065
Previous year	1,703,613,527	-
	<hr/>	<hr/>
	42,069,052,111	53,065,487,065
Deferred tax expense		
Origination and reversal of temporary differences	(2,735,140,757)	(9,987,734,000)
	<hr/>	<hr/>
Income tax expense	39,333,911,354	43,077,753,065
	<hr/> <hr/>	<hr/> <hr/>

(b) Reconciliation of effective tax rate

	2016	2015
	VND	VND
Accounting profit before tax - restated (Note 31)	304,807,446,728	246,638,071,790
	<hr/>	<hr/>
Tax at the Corporation's tax rate - restated (Note 31)	60,961,489,345	54,260,375,794
Non-taxable income	(34,608,287,492)	(33,840,785,688)
Effect of different tax rates	-	926,725,615
Non-deductible expenses	1,795,166,693	2,476,447,192
Income tax expense in previous year	1,703,613,527	-
Deferred tax assets not recognised - restated (Note 31)	9,481,929,281	19,254,990,152
	<hr/>	<hr/>
	39,333,911,354	43,077,753,065
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(c) Applicable tax rates

Under the current Income Tax Law, the Group has an obligation to pay the government income tax at the rate of 20% of taxable profits (2015: 22%).

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28. Non-cash investing and financing activities

	2016	2015
	VND	VND
Fixed assets and construction in progress acquired but not yet paid	1,888,541,951,728	3,110,521,688,118
Interest capitalised into loan principals	151,764,775,065	-
Interest expense capitalised but not yet paid	-	24,288,146,499
Dividends declared but not yet paid	3,429,138,030	3,100,237,230

29. Financial instruments

(a) Financial risk management

(i) Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk.

The Corporation's Chairman oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

(ii) Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

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(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's cash in banks and cash equivalents, held-to-maturity investments, receivables from customers and other receivables.

Exposure to credit risk

The total of carrying amounts of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	Note	31/12/2016 VND	1/1/2016 VND
Cash and cash equivalents	(i)	2,055,758,587,965	1,155,821,280,872
Held-to-maturity investments	(i)	1,050,500,000,000	854,000,000,000
Accounts receivable from customers and other receivables	(ii)	12,161,519,181,356	8,990,828,436,487
		15,267,777,769,321	11,000,649,717,359

(i) Cash and cash equivalents and held-to-maturity investments

The cash and cash equivalents and held-to-maturity investments of the Group are mainly held with well-known financial institutions. Management does not foresee any significant credit risks from these deposits and does not expect that these financial institutions may default and cause losses to the Group.

(ii) Accounts receivable from customers and other receivables

Accounts receivable from customers and other receivables of the Group are mainly receivables from customers, receivables from project investment for Vietnam Electricity and accrued interest on term deposits at banks.

Receivables from customers and receivables from project investment for Vietnam Electricity, are mainly related to receivables from related parties within Vietnam Electricity's Group. Historical recovery of receivables from these parties is within acceptable time frame. Due to these factors, the Board of Directors believes that the Group's exposure to credit risk related to receivables from customers is relatively small.

The Group's exposure to credit risk is related to accrued interest on term deposits at banks is considered relatively small because term deposits at banks of the Group are mainly held with well-known banks and financial institutions. The Group does not foresee any loss incurred from these banks and financial institutions failing to meet their contractual obligations.

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The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables.

The Group believes that, other than allowance for doubtful debts made, there is no further allowance for doubtful debts necessary for trade and other receivables as at 31 December 2016 and 1 January 2016.

Movements in the allowance for doubtful debts during the year were as follows:

	2016	2015
	VND	VND
Opening balance	554,272,602	-
Increase in allowance during the year	183,243,997	198,910,438
Increase from taking over subsidiaries	-	355,362,164
Closing balance	<u>737,516,599</u>	<u>554,272,602</u>

(c) Liquidity risks

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages its ability to meet the expected operational expenses and servicing its debts by investing its cash surpluses in short-term investments and maintaining several bank facilities.

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The financial liabilities with fixed or determinable payments have the following contractual maturities excluding the estimated interest payments:

31 December 2016	Carrying amount VND	Contractual cash flows VND	Within 1 year VND	2 – 5 years VND	More than 5 years VND
Accounts payable to suppliers	5,587,479,453,509	5,587,479,453,509	5,587,479,453,509	-	-
Payables to employees - restated (Note 31)	221,289,953,254	221,289,953,254	221,289,953,254	-	-
Short-term accrued expenses	50,823,347,579	50,823,347,579	50,823,347,579	-	-
Other payables	940,978,254,673	940,978,254,673	940,978,254,673	-	-
Short-term borrowings	3,337,579,626,421	3,337,579,626,421	3,337,579,626,421	-	-
Long-term borrowings	65,841,567,561,556	65,841,567,561,556	-	18,490,057,708,616	47,351,509,852,940
	75,979,718,196,992	75,979,718,196,992	10,138,150,635,436	18,490,057,708,616	47,351,509,852,940
1 January 2016	Carrying amount VND	Contractual cash flows VND	Within 1 year VND	2 – 5 years VND	More than 5 years VND
Accounts payable to suppliers	5,831,933,258,093	5,831,933,258,093	5,831,933,258,093	-	-
Payables to employees	217,374,292,315	217,374,292,315	217,374,292,315	-	-
Short-term accrued expenses	67,690,531,208	67,690,531,208	67,690,531,208	-	-
Other payables	722,675,300,321	722,675,300,321	722,675,300,321	-	-
Short-term borrowings	3,339,374,074,111	3,339,374,074,111	3,339,374,074,111	-	-
Long-term borrowings	64,972,624,373,326	64,972,624,373,326	-	21,026,365,758,312	43,946,258,615,014
	75,151,671,829,374	75,151,671,829,374	10,179,047,456,048	21,026,365,758,312	43,946,258,615,014

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(d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's results of operations or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Foreign exchange risk

The Group is exposed to currency risk on transactions that are denominated in a currency other than the respective accounting currency of the Group, Vietnam Dong ("VND"). The currencies in which these transactions primarily are denominated are United States Dollars ("USD"), Japanese Yen ("JPY"), Chinese Yuan ("CNY"), Korea Won ("KRW"), Euro ("EUR") and Swiss Franc ("CHF").

The Group's exposure to currency risk is managed by keeping the exposure to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term over-exposures.

Exposure to currency risk

The Group had the following net monetary liability positions exposed to currency risk:

	31/12/2016					
	USD	JPY	CNY	KRW	EUR	CHF
Cash and cash equivalents	61,707	-	-	-	-	-
Accounts payable to suppliers and other payables	(162,851,978)	(91,938,704)	-	-	(19,048,030)	(2,365,509)
Short-term and long-term borrowings	(2,189,265,375)	(26,761,532,474)	(599,934,811)	(27,488,015,567)	-	-
	(2,352,055,646)	(26,853,471,178)	(599,934,811)	(27,488,015,567)	(19,048,030)	(2,365,509)
	1/1/2016					
	USD	JPY	CNY	KRW	EUR	CHF
Cash and cash equivalents	38,293	-	-	-	-	-
Accounts payable to suppliers and other payables	(218,242,187)	(309,558,247)	(5,722,766)	(83,963,393)	(455,727)	(372,510)
Short-term and long-term borrowings	(2,105,722,210)	(29,095,495,677)	(599,934,811)	(32,485,836,581)	-	-
	(2,323,926,104)	(29,405,053,924)	(605,657,577)	(32,569,799,974)	(455,727)	(372,510)

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The following significant exchange rates were applied during the year:

	Exchange rate as at	
	31/12/2016	1/1/2016
	VND	VND
USD1	22,790.00	22,540.00
JPY1	196.22	187.86
CNY1	3,185.71	3,377.36
KRW1	19.52	19.22
EUR1	24,107.74	24,730.00
CHF1	22,641.00	22,880.00

Below is an analysis of the possible impact on the net profit before tax of the Group, after taking into account the current level of exchange rates and the historical volatility as well as market expectations at the reporting date. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases.

	Effect to net profit before tax VND
31/12/2016	
USD (1% strengthening)	(536,033,481,744)
JPY (4% strengthening)	(210,767,524,582)
CNY (6% weakening)	114,673,099,668
KRW (2% strengthening)	(10,731,321,277)
EUR (3% weakening)	13,776,148,650
CHF (1% weakening)	535,574,893
	<hr/>
	Effect to net profit before tax VND
1/1/2016	
USD (5% strengthening)	(2,619,064,890,997)
JPY (7% strengthening)	(386,682,118,900)
CNY (1% weakening)	20,455,236,096
KRW (1% weakening)	46,236,999,644
EUR (3% weakening)	337,549,096
CHF (6% strengthening)	(510,224,244)

The opposite movement of the currencies would have the equal but opposite effect to the net profit before tax of the Group.

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(ii) Interest rate risk

At the reporting date, the interest rate profile of the Group's interest bearing financial instruments was:

	Carrying amount	
	31/12/2016	1/1/2016
	VND	VND
Fixed rate instruments		
▪ Cash equivalents	713,000,000,000	585,000,000,000
▪ Held-to-maturity investments	1,050,500,000,000	854,000,000,000
▪ Short-term and long-term borrowings	(17,261,699,759,827)	(15,108,267,201,524)
	(15,498,199,759,827)	(13,669,267,201,524)
Variable rate instruments		
▪ Cash in banks	1,342,758,587,965	570,821,280,872
▪ Short-term and long-term borrowings	(51,917,447,428,150)	(53,203,731,245,913)
	(50,574,688,840,185)	(52,632,909,965,041)

Sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates would have increased or decreased the net profit before tax of the Group by VND505,746,888,402 (2015: VND368,256,072,922). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

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(e) Fair values

(i) Carrying amounts

The carrying amounts of financial assets and liabilities shown in the consolidated balance sheet were as follows:

	Carrying amount	
	31/12/2016	1/1/2016
	VND	VND
Financial assets		
<i>Categorised as loans and receivables:</i>		
▪ Cash and cash equivalents	(*) 2,055,758,587,965	1,155,821,280,872
▪ Accounts receivable from customers and other receivables	(*) 12,161,519,181,356	8,990,828,436,487
<i>Categorised as held-to-maturity investments</i>		
▪ Held-to-maturity investments	(*) 1,050,500,000,000	854,000,000,000
	15,267,777,769,321	11,000,649,717,359
Financial liabilities		
<i>Categorised as financial liabilities at amortised cost:</i>		
▪ Accounts payable to suppliers	(*) (5,587,479,453,509)	(5,831,933,258,093)
▪ Payables to employees - restated (Note 31)	(*) (221,289,953,254)	(217,374,292,315)
▪ Accrued expenses	(*) (50,823,347,579)	(67,690,531,208)
▪ Other payables	(*) (940,978,254,673)	(722,675,300,321)
▪ Short-term borrowings	(*) (3,337,579,626,421)	(3,339,374,074,111)
▪ Long-term borrowings	(*) (65,841,567,561,556)	(64,972,624,373,326)
	(75,979,718,196,992)	(75,151,671,829,374)

(ii) Fair values

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction on the measurement date.

- (*) The Group has not determined fair values of these financial instruments for disclosure in the consolidated financial statements because information about their market prices is not available and there is currently no guidance on determination of fair value using valuation techniques under the Vietnamese Accounting Standards or the Vietnamese Accounting System for enterprises. Their fair values of these financial instruments may differ from their carrying amounts.

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30. Significant transactions with related parties

In addition to related party balances disclosed in other notes to the consolidated financial statements, the Group had the following significant transactions with related parties during the year:

	Transaction value	
	2016	2015
	VND	VND
Vietnam Electricity		
Profit distribution	-	2,659,523,292
Purchases of electricity	118,906,287,343	240,902,178,000
Interest on loans	2,298,663,450,651	1,449,090,291,740
Borrowings during the year	2,861,111,745,005	4,388,588,567,669
Repayments of borrowings during the year	2,244,198,842,459	2,517,935,126,477
Electricity Power Trading Company		
Sales of electricity and services rendered	35,773,658,090,813	29,110,481,291,492
Duyen Hai Thermal Power Company		
Sales of services	1,102,697,640	-
Northern Power Corporation		
Purchases of electricity	5,711,774,770	25,874,441,559
Power Engineering Consulting Joint Stock Company 1		
Purchases of services	5,374,769,868	-
Northern High-voltage Power Grid Company		
Purchases of electricity	-	1,936,896,124
National Power Transmission Corporation		
Interest on loans	1,475,000,000	3,185,090,556
Electrical Power Testing Center – Southern Power Corporation		
Purchases of services	2,103,227,235	958,444,796
EVN Finance Joint Stock Company		
Interest on deposits	23,002,944,447	29,378,222,222
Northern Electrical Testing Company Limited		
Purchases of services	-	661,784,504
Power Engineering Consulting Joint Stock Company 2		
Purchases of services	5,567,887,306	32,353,298,347
Sales of services	14,322,500,000	-
Power Engineering Consulting Joint Stock Company 3		
Purchases of services	2,907,172,899	547,735,561

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	Transaction value	
	2016	2015
	VND	VND
Power Engineering Consulting Joint Stock Company 4		
Purchases of services	9,724,635,250	493,220,827
Information Technology Center		
Purchases of services	2,424,470,842	1,235,469,665
Northern Thermal Power Repairing Service Joint Stock Company		
Dividend received	375,000,000	-
Management Officer		
Salary and bonus - restated (Note 31)	11,907,191,000	8,623,454,000

31. Adjustments and reissuance of the financial statements for the year ended 31 December 2016

On 15 March 2017 the Corporation’s Board of Directors authorized the consolidated financial statements for the year ended 31 December 2016 for issue. After the issuance of the consolidated financial statement, Vietnam Electricity (“EVN”) requested the Corporation to adjust total salary cost in accordance with salary pool subsequently approved by EVN. The Corporation adjusted the consolidated financial statements for the year ended 31 December 2016 as required by EVN and reissued the consolidated financial statements after adjustments on 31 March 2017. A comparison of the amounts issued on 15 March 2017 and as restated was as follows:

(i) Consolidated balance sheet

	31/12/2016		31/12/2016
	(as previously	Adjustments	(Restated)
	reported)	VND	VND
	VND		
Payables to employees	266,091,112,254	(44,801,159,000)	221,289,953,254
Bonus and welfare funds	260,413,785,376	(11,035,099,000)	249,378,686,376
Foreign exchange differences	(3,434,779,913,289)	60,565,586,143	(3,374,214,327,146)
Investment and development fund	223,008,225,745	(4,729,328,143)	218,278,897,602

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(ii) Consolidated statement of income

	2016 (as previously reported) VND	Adjustments VND	2016 (Restated) VND
Cost of sales	32,432,499,047,297	(30,572,238,493)	32,401,926,808,804
Financial expenses	3,222,794,172,254	60,565,586,143	3,283,359,758,397
General and administration expenses	405,101,800,213	(14,228,920,507)	390,872,879,706
Net profit after tax	281,237,962,517	(15,764,427,143)	265,473,535,374
Net profit after tax attributable to equity holders of the Company	246,951,620,498	(15,764,427,143)	231,187,193,355

(iii) Consolidated statement of cash flows


	2016 (as previously reported) VND	Adjustments VND	2016 (Restated) VND
Profit before tax	320,571,873,871	(15,764,427,143)	304,807,446,728
Exchange losses arising from revaluation of monetary items denominated in foreign currencies	604,381,509,250	60,565,586,143	664,947,095,393
Change in payables	1,136,965,369,774	(44,801,159,000)	1,092,164,210,774

15 March 2017; except for Note 31 and figures presented in Note 31 dated 31 March 2017.

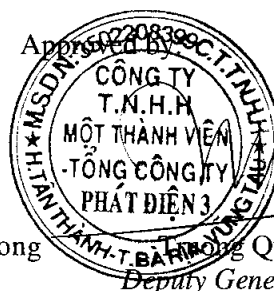
Prepared by:



Vu Phuong Thao
Preparer



Nguyen Thi Thanh Huong
Chief Accountant



L. Hoàng Quốc Phục
Deputy General Director