

**VIETNAM ELECTRICITY
POWER GENERATION CORPORATION 3 -
ONE MEMBER LIMITED LIABILITY COMPANY
AND ITS SUBSIDIARIES**

(Incorporated in the Socialist Republic of Vietnam)

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

This is the translation from the report originally issued in Vietnamese and for reference only.



Nguyen Quang Trung
Audit Partner

Ho Chi Minh City, 30 January 2018

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STATEMENT OF THE BOARD OF DIRECTORS

The Board of Directors of Power Generation Corporation 3 – One Member Limited Liability Company (the “Corporation”) presents this report together with the Corporation’s consolidated financial statements for the year ended 31 December 2013.

CHAIRMAN AND THE BOARD OF DIRECTORS

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

Mr. Nguyen Van Le	Chairman	(appointed on 5 September 2012)
Mr. Dinh Quoc Lam	General Director	(appointed on 5 September 2012)
Mr. Truong Quoc Phuc	Deputy General Director	(appointed on 28 December 2012)
Mr. Phan Thanh Xuan	Deputy General Director	(appointed on 28 December 2012)
Mr. Le Van Danh	Deputy General Director	(appointed on 28 December 2012)
Mr. Cao Minh Trung	Deputy General Director	(appointed on 28 December 2012)
Mr. Nguyen Thanh Trung Duong	Deputy General Director	(appointed on 28 December 2012)

BOARD OF DIRECTORS’ STATEMENT OF RESPONSIBILITY

The Board of Directors of the Corporation is responsible for preparing the consolidated financial statements, which give a true and fair view of the financial position of the Company and of its results and cash flows for the year in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting. In preparing these consolidated financial statements, the Board of Directors is required to:

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

The Board of Directors is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the financial position of the Corporation and that the consolidated financial statements comply with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting. The Board of Directors is also responsible for safeguarding the assets of the Corporation and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

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

For and on behalf of the Board of Directors,

Truong Quoc Phuc
Deputy General Director
15 April 2014

INDEPENDENT AUDITORS' REPORT

**To: The Chairman and Board of Directors
of Power Generation Corporation 3 - One Member Limited Liability Company and its Subsidiaries**

We have audited the accompanying consolidated financial statements of Power Generation Corporation 3 – One Member Limited Liability Company (the “Parent Company”) and its subsidiaries (collectively referred to as the “Corporation”), prepared on 15 April 2014, as set out from page 4 to page 37, which comprise the consolidated balance sheet as at 31 December 2013, and the consolidated statement of income, and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information (collectively referred to as the “consolidated financial statements”).

Board of Directors' Responsibility for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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 from material misstatement.

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

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

Auditors' Opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view of, in all material respects, the financial position of the Company as at 31 December 2013, and its financial performance and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting.

We conduct our audit to express an opinion on the consolidated financial statements as set out from page 4 to page 37. The supplemental information presented in page 38 is an optional part of these consolidated financial statements and its presentation is the responsibility of the Board of Directors. The supplemental information is out of scope of our audit, and therefore, we do not provide an opinion on this information.

INDEPENDENT AUDITORS' REPORT (Continued)

Emphasis of Matters

Without providing a qualified opinion, we draw attention to the following matters:

As stated in Note 4 of the Notes to the consolidated financial statements, the Company prospectively adopted Circular No. 179/2012/TT-BTC dated 24 October 2012 ("Circular 179") replacing Circular No. 201/2009/TT-BTC dated 15 October 2009 by the Ministry of Finance ("Circular 201"). The guidance under Circular 179 on recognition, measurement and treatment of foreign exchange differences arising from transactions and balances of monetary items denominated in foreign currencies arising from 1 January 2012 is basically the same as that under Vietnamese Accounting Standard No. 10 ("VAS 10") except that under Circular 179, the Company is permitted to continue recording foreign exchange losses of the previous years arising from year-end revaluation of long-term liabilities denominated in foreign currencies in accordance with Circular 201 prior to the effectiveness of Circular 179. Such regulation in Circular 179 differs from that in VAS 10 - "Effects of changes in foreign exchange rates". The effect of the Company's adoption of Circular 179 on its consolidated financial statements for the year ended 31 December 2013 is presented in Note 4.

As stated in Note 9 of the Notes to the consolidated financial statements, Ban Chat hydropower project has been put into operation in 2013. In accordance with Vietnamese accounting regime, the Corporation recognised a temporary increase in cost of fixed assets (awaiting settlement) with the amount of VND 10,434,950,172,038. This amount could be changed upon project settlement and up to the final approval of competent authorities. In addition to this temporary increase in cost of fixed assets, the Corporation recognised a decrease in construction costs and an increase in other payables with the amounts of VND 7,609,177,197,006 and VND 2,825,772,975,032, respectively. Regarding Ban Chat hydropower project, the total amount transferred to the People's Committee of Lai Chau for site clearance of Ban Chat hydropower was VND 2,091,971,376,741. This amount has been recorded in advances to suppliers since the Corporation has not yet received the settlement documents of the People's Committee of Lai Chau on site clearance of Ban Chat hydropower project. Upon receipt of the settlement documents from the People's Committee of Lai Chau, the Corporation shall recognise an increase in construction costs of Ban Chat hydropower project and a decrease in other payables.

As stated in Note 13 of the Notes to the consolidated financial statements, Vinh Son Song Hinh Hydropower Joint Stock Company ("VSH" – an associate of the Corporation) and EVN have not yet agreed on the electricity price unit from 2010 to 2013. Revenue for this period of VSH has been recorded on a temporary basis and to be adjusted upon final agreement between VSH and EVN. The final price unit has not yet been jointly agreed at the date of these consolidation financial statements.

Other Matter

As stated in Note 1 of the Notes to the consolidated financial statements, the Corporation was established on the basis of reorganization and restructuring of Phu My Thermal Power One Member Limited Liability Company, a number of generation companies and a number of generation project management boards and the taking-over of rights of state capital representatives in a number of power generation companies within Vietnam Electricity. Accordingly, these consolidated financial statements do not have comparative figures.

Tran Thi Thuy Ngoc
Audit Partner
Audit Practising Registration Certificate
No. 0031-2013-001-1
For and on behalf of
DELOITTE VIETNAM COMPANY LIMITED
15 April 2014
Ho Chi Minh City, S.R. Vietnam

Dang Thi Loi
Auditor
Audit Practising Registration Certificate
No. 1529-2013-001-1

POWER GENERATION CORPORATION 3 - ONE MEMBER LIMITED LIABILITY COMPANY
AND ITS SUBSIDIARIES

Phu My Town, Tan Thanh District
Ba Ria – Vung Tau Province, S.R. Vietnam

Consolidated financial statements
For the year ended 31 December 2013

CONSOLIDATED BALANCE SHEET
As at 31 December 2013

FORM B 01-DN/HN
Unit: VND

ASSETS	Codes	Notes	31/12/2013
A. CURRENT ASSETS	100		11,158,027,710,605
(100=110+120+130+140+150)			
I. Cash and cash equivalents	110	5	2,634,103,029,413
1. Cash	111		1,997,727,128,126
2. Cash equivalents	112		636,375,901,287
II. Short-term financial investments	120		1,097,000,000,000
1. Short-term investments	121	6	1,097,000,000,000
III. Short-term receivables	130		5,016,470,380,601
1. Trade accounts receivable	131		1,313,788,651,542
2. Advances to suppliers	132		3,150,805,982,478
3. Other receivables	135	7	552,031,338,082
4. Provision for short-term doubtful debts	139		(155,591,501)
IV. Inventories	140	8	1,934,429,803,695
1. Inventories	141		1,941,963,038,304
2. Provision for devaluation of inventories	149		(7,533,234,609)
V. Other short-term assets	150		476,024,496,896
1. Short-term prepayments	151		2,199,711,886
2. Value added tax deductibles	152		437,279,431,258
3. Taxes and other receivables from the State Budget	154	17	30,849,566,999
4. Other short-term assets	158		5,695,786,753
B. NON-CURRENT ASSETS	200		69,585,982,474,990
(200=220+250+260)			
I. Fixed assets	220		66,921,775,754,433
1. Tangible fixed assets	221	9	25,777,614,102,100
- Cost	222		59,845,277,713,579
- Accumulated depreciation	223		(34,067,663,611,479)
2. Intangible fixed assets	227	10	42,715,835,116
- Cost	228		65,928,466,837
- Accumulated amortisation	229		(23,212,631,721)
3. Construction in progress	230	11	41,101,445,817,217
II. Long-term financial investments	250		1,639,153,157,302
1. Investments in associates	252	13	1,183,948,387,343
2. Other long-term investments	258	14	467,814,589,388
3. Provision for diminution in value of long-term financial investments	259		(12,609,819,429)
III. Other long-term assets	260		1,025,053,563,255
1. Long-term prepayments	261	15	1,024,830,723,255
2. Other long-term assets	268		222,840,000
TOTAL ASSETS (270 = 100 + 200)	270		80,744,010,185,595

The accompanying notes set out on pages 9 to 37 are an integral part of these consolidated financial statements

**POWER GENERATION CORPORATION 3 - ONE MEMBER LIMITED LIABILITY COMPANY
AND ITS SUBSIDIARIES**

Phu My Town, Tan Thanh District
Ba Ria – Vung Tau Province, S.R. Vietnam

Consolidated financial statements
For the year ended 31 December 2013

FOR IDENTIFICATION
PURPOSE ONLY

CONSOLIDATED BALANCE SHEET (Continued)
As at 31 December 2013

FORM B 01-DN/HN
Unit: VND

RESOURCES	Codes	Notes	31/12/2013
A. LIABILITIES (300 = 310+330)	300		67,670,039,587,622
I. Current liabilities	310		18,927,258,344,527
1. Short-term loans and liabilities	311	16	3,964,580,976,599
2. Trade accounts payable	312		6,781,500,198,941
3. Advances from customers	313		619,339,091
4. Taxes and amounts payable to the State budget	314	17	187,107,927,290
5. Payables to employees	315		166,503,064,913
6. Accrued expenses	316		20,436,886,753
7. Other current payables	319	18	7,751,007,873,417
8. Bonus and welfare funds	323		55,502,077,523
II. Long-term liabilities	330		48,742,781,243,095
1. Long-term loans and liabilities	334	19	48,736,828,495,581
2. Unearned revenue	338	20	5,952,747,514
B. EQUITY (400=410)	400		12,777,506,072,012
I. Owners' equity	410		12,777,506,072,012
1. Owners' contributed capital	411	21	12,400,642,458,755
2. Share premium	412	21	6,014,917,945
3. Other owner's capital	413	21	10,047,959,908
4. Foreign exchange reserve	416	23	(514,824,732,641)
5. Investment and development fund	417	23	107,795,223,272
6. Financial reserve fund	418	23	23,462,333,250
7. Other owners' funds	419	23	8,910,405,380
8. Retained earnings	420	23	530,880,574,526
9. Construction investment capital	421	23	204,576,931,617
C. MINORITY INTERESTS	439	24	296,464,525,961
TOTAL RESOURCES (440 = 300+ 410+439)	440		80,744,010,185,595

OFF BALANCE SHEET ITEMS

	31/12/2013
1. Materials, goods held under trust	186,078,801
2. Foreign currency United State Dollar ("USD")	40,096.66

Vu Phuong Thao
Preparer

Nguyen Thi Thanh Huong
Chief Accountant

Truong Quoc Phuc
Deputy General Director
15 April 2014

The accompanying notes set out on pages 9 to 37 are an integral part of these consolidated financial statements

**POWER GENERATION CORPORATION 3 - ONE MEMBER LIMITED LIABILITY COMPANY
AND ITS SUBSIDIARIES**Phu My Town, Tan Thanh District
Ba Ria – Vung Tau Province, S.R. Vietnam**Consolidated financial statements**
For the year ended 31 December 2013**CONSOLIDATED INCOME STATEMENT**
*For the year ended 31 December 2013***FORM B 02-DN/HN**
Unit: VND

ITEMS	Codes	Notes	2013
1. Gross sales from goods sold and service rendered	01	26	19,438,976,403,947
2. Net sales from goods sold and service rendered (10=01)	10	26	19,438,976,403,947
3. Cost of good sold and service rendered	11	27	16,535,710,206,184
4. Gross profit from good sold and service rendered (20 = 10-11)	20		2,903,266,197,763
5. Financial income	21	28	1,589,585,416,039
6. Financial expenses	22	29	3,857,091,586,774
- In which: Interest expense	23		1,192,918,104,051
7. Selling expenses	24		629,922,467
8. General and administration expenses	25		218,002,181,397
9. Operating profit (30 = 20+(21-22)-(24+25))	30		417,127,923,164
10. Other income	31		109,691,044,909
11. Other expenses	32		288,947,496,080
12. Loss from other activities (40=31-32)	40	30	(179,256,451,171)
13. Profit from associates	45		144,936,760,192
14. Accounting profit before tax (50=30+40+45)	50		382,808,232,185
15. Current corporate income tax expense	51	31	90,489,279,621
16. Deferred corporate income expense	52		9,000,000,000
17. Net profit after corporate income tax (60=50-51-52)	60		283,318,952,564
17.1 Net profit of Minority interests	61	24	25,563,465,671
17.2 Net profit of the Holding Company	62		257,755,486,893

Vu Phuong Thao
PreparerNguyen Thi Thanh Huong
Chief AccountantTruong Quoc Phuc
Deputy General Director
15 April 2014

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 December 2013

FORM B 03-DN/HN
Unit: VND

ITEMS	Codes	2013
I. CASH FLOWS FROM OPERATING ACTIVITIES		
<i>1. Profit before tax</i>	<i>01</i>	<i>382,808,232,185</i>
<i>2. Adjustments for:</i>		
Depreciation and amortization of assets	02	3,248,057,013,331
Provisions	03	9,679,200,608
Unrealised foreign exchange difference	04	1,217,622,548,041
Loss from investing activities	05	(300,766,331,080)
Interest expense	06	1,192,918,104,051
<i>3. Operating losses before movements in working capital</i>	<i>08</i>	<i>5,750,318,767,136</i>
Decrease in receivables	09	1,947,764,802,239
Decrease in inventories	10	134,302,907,265
Decrease in accounts payable	11	665,777,170,659
Increase in prepaid expenses	12	1,595,357,241
Interest paid	13	(1,208,804,279,799)
Corporate income tax paid	14	(91,395,505,197)
Other cash inflows	15	547,914,286
Other cash outflows	16	(9,701,869,847)
<i>Net cash generated by operating activities</i>	<i>20</i>	<i>7,190,405,263,983</i>
II. CASH FLOWS FROM INVESTING ACTIVITIES		
1. Acquisition and construction of fixed assets	21	(21,906,212,921,043)
2. Proceeds from sales, disposal of fixed assets	22	279,692,035
3. Investments in other entities	23	(547,000,000,000)
4. Cash recovered from lending	24	326,631,160,000
5. Interest earned, dividends and profits received	27	137,800,276,123
<i>Net cash (used in) investing activities</i>	<i>30</i>	<i>(21,988,501,792,885)</i>
III. CASH FLOWS FROM FINANCING ACTIVITIES		
1. Proceeds receiving capital from the owner	31	634,206,300
2. Proceeds from borrowings	33	19,554,841,510,311
3. Repayments of borrowings	34	(3,041,663,917,794)
<i>Net cash generated by financing activities</i>	<i>40</i>	<i>16,513,811,798,817</i>
Net increase in cash	50	1,715,715,269,915
Cash and cash equivalents increase from other EVN's subsidiaries due to re-structure process	60	920,990,949,827
Effect of changes in foreign exchange rates	61	(2,603,190,329)
Cash and cash equivalents at the end of the year (70=50+60+61)	70	2,634,103,029,413

CONSOLIDATED CASH FLOW STATEMENT (Continued)
For the year ended 31 December 2013

FORM B 03-DN/HN
Unit: VND

Supplemental non-cash disclosures

Cash outflows for acquisition and construction of fixed assets and other long-term assets during the year include payments for purchases of inventories for construction of fixed assets and other long-term assets, and loan interest payments during civil construction phase.

As at 01 January 2013, the Corporation received capital from Vietnam Electricity by increasing the cost and accumulated depreciation/amortization of fixed assets, construction in progress, receivables, inventories, prepaid expenses, long-term investments and other assets in correspondence with the increase in liabilities, loans and resources. These are non-cash transactions and not presented in this statement.

Cash outflows for purchases of fixed assets and construction in progress during the year exclude the amounts of VND 8,008,103,214,738 representing an addition in fixed assets and construction in progress during the year and VND 215,445,889,964 representing an interest expense capitalized in construction in progress that have not yet been paid. Consequently, changes in accounts payable have been adjusted by the same amount.

Vu Phuong Thao
Preparer

Nguyen Thi Thanh Huong
Chief Accountant

Truong Quoc Phuc
Deputy General Director
15 April 2014

**POWER GENERATION CORPORATION 3 - ONE MEMBER LIMITED LIABILITY COMPANY
AND ITS SUBSIDIARIES**

Phu My Town, Tan Thanh District
Ba Ria – Vung Tau Province, S.R. Vietnam

Consolidated financial statements
For the year ended 31 December 2013

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FORM B 09-DN/HN

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

1. GENERAL INFORMATION

The Corporation comprise the Parent Company and its subsidiaries, details are as follows:

The Parent Company

The Power Generation Corporation 3 – One Member Limited Liability Company (“the Parent Company”) was established as per Decision No. 3025/QD-BCT dated 01 June 2012 of the Ministry of Industry and Trade following the parent - subsidiary model belong to Vietnam Electricity and on the basis of reorganization and restructuring of Phu My Thermal Power One Member Limited Liability Company, a number of generation companies and a number of generation project management boards and the taking-over of rights of state capital representatives in a number of power generation companies within Vietnam Electricity.

The Corporation operates under the Business Registration Certificate No. 3502208399 issued by the Ba Ria - Vung Tau Provincial Department of Planning and Investment dated 26 November 2012, and its amendments. According to the enterprise registration, the first financial year of the Corporation begins on 1 January 2013 and ends on 31 December 2013.

The organizational structure of the Corporation includes:

- The Parent Company - Power Generation Corporation 3 – One Member Limited Liability Company;
- The subsidiaries: Ba Ria Thermal Power JSC, Ninh Binh Thermal Power JSC;
- The associates: Vinh Son Song Hinh Hydropower JSC, Thac Ba Hydropower JSC and Se San 3A Power Investment and Development JSC.

The total number of employees of the Parent Company as at 31 December 2013 was 1,728.

Operating industry and principal activities

The principal activities of the Parent Company are to produce and trade electricity; to manage, operate, repair and maintain, overhaul, renovate and upgrade electric equipment and works; in addition, the Parent Company operates in fields of science, technology, research, development and training for its main businesses.

Subsidiaries

- Ninh Binh Thermal Power Joint Stock Company (“NBP”):

NBP was established on the basis of equitisation of Ninh Binh Thermal Power Company under the Decision No. 3945/QD-BCN dated 29 December 2006 of the Minister of Industry (currently the Ministry of Industry and Trade). The Company operates under the first Business Registration Certificate No. 0903000161 issued by the Ninh Binh Provincial Department of Planning and Investment on 31 December 2007. On 25 October 2011, NBP was issued the second amendment to the Business Registration Certificate for joint stock company with enterprise code of 2700283389.

The main activities of the NBP are to produce electricity and chemical products, repair and install electrical equipment and other related services.

- Ba Ria Thermal Power Joint Stock Company (“BTP”):

BTP was transferred from a State-owned enterprise established under Decision No. 2744/QD-BCN dated 26 August 2005 of the Ministry of Industry and the Business Registration Certificate No. 3500701305 issued on 1 November 2007 and its third amendment on 8 October 2010 by the Department of Planning and Investment of Ba Ria - Vung Tau.

The main activities of BTP are to produce and trade electricity, to manage, operate, repair and maintain, experiment, adjust and renovate electric equipment and power plants and other related products and services.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B 09-DN/HN

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

2. ACCOUNTING CONVENTION AND FINANCIAL YEAR

Accounting convention

The accompanying consolidated financial statements, expressed in Vietnam Dong (VND), are prepared under the historical cost convention and in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting.

The accompanying consolidated financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam.

Financial year

The Corporation's financial year begins on 1 January and ends on 31 December.

The Corporation's first financial year begins on 1 January 2013 and ends on 31 December 2013.

3. ADOPTION OF NEW ACCOUNTING GUIDANCE

New guidance on management, usage and depreciation of fixed assets

On 25 April 2013, the Ministry of Finance issued Circular No. 45/2013/TT-BTC ("Circular 45") guiding the regime of management, usage and depreciation of fixed assets. This Circular supersedes Circular No. 203/2009/TT-BTC ("Circular 203") dated 20 October 2009 of the Ministry of Finance guiding the regime of management, usage and depreciation of fixed assets. Circular 45 is effective from 10 June 2013 and is applied from financial year 2013 onwards. According to the Board of Directors' assessment, Circular 45 does not have material effect on the Corporation's consolidated financial statements for the year ended 31 December 2013.

New guidance on provision for impairment of long-term investments into other entities

On 28 June 2013, the Ministry of Finance issued Circular No. 89/2013/TT-BTC ("Circular 89") amending and supplementing Circular No. 228/2009/TT-BTC ("Circular 228") dated 07 December 2009 of the Ministry of Finance guiding the appropriation and use of provisions for devaluation of inventories, losses of financial investments, bad debts and warranty for products, goods and construction and installation works at enterprises. Circular 89 shall be effective starting from 26 July 2013. According to the Board of Directors' assessment, Circular 89 does not have material effect on the Corporation's consolidated financial statements for the year ended 31 December 2013.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies, which have been adopted by the Corporation in the preparation of these consolidated financial statements, are as follows:

Estimates

The preparation of consolidated financial statements in conformity with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting requires the Board of Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the financial year. Although these accounting estimates are based on the Board of Directors' best knowledge, actual results may differ from those estimates.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Parent Company and enterprises controlled by the Parent Company (its subsidiaries) up to 31 December each year. Control is achieved where the Parent Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

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

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Parent Company.

All inter-company transactions and balances between group enterprises are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Corporation's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination (see below) and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Corporation except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Investments in associates

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

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Interests in associates are carried in the balance sheet at cost as adjusted by post-acquisition changes in the Corporation's share of the net assets of the associate. Losses of an associate in excess of the Corporation's interest in that associate (which includes any long-term interests that, in substance, form part of the Corporation's net investment in the associate) are not recognised.

Where a group entity transacts with an associate of the Corporation, unrealised profits and losses are eliminated to the extent of the Corporation's interest in the relevant associate.

Financial instruments

Initial recognition

Financial assets: At the date of initial recognition, financial assets are recognised at cost plus transaction costs that are directly attributable to the acquisition of the financial assets. Financial assets of the Corporation comprise cash, and cash equivalents, trade and other receivables, and financial investments.

Financial liabilities: At the date of initial recognition financial liabilities are recognised at cost plus transaction costs that are directly attributable to the issue of the financial liabilities. Financial liabilities of the Corporation comprise borrowings, trade and other payables, and accrued expenses.

Subsequent measurement after initial recognition

Currently, there are no requirements for the subsequent measurement of the financial instruments after initial recognition.

**POWER GENERATION CORPORATION 3 - ONE MEMBER LIMITED LIABILITY COMPANY
AND ITS SUBSIDIARIES**Phu My Town, Tan Thanh District
Ba Ria – Vung Tau Province, S.R. VietnamConsolidated financial statements
For the year ended 31 December 2013**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****FORM B 09-DN/HN***These notes are an integral part of and should be read in conjunction with the consolidated financial statements***Cash and cash equivalents**

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

Provision for doubtful debts

Provision for doubtful debts is made for receivables that are overdue for six months or more or when the debtor is in dissolution, in bankruptcy, or is experiencing similar difficulties and so may be unable to repay the debt.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

The evaluation of necessary provision for inventory obsolescence follows current prevailing accounting regulations which allow provisions to be made for obsolete, damaged, or sub-standard inventories and for those which have costs higher than net realisable values as at the balance sheet date.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation.

The costs of purchased tangible fixed assets comprise their purchase prices and any directly attributable costs of bringing the assets to their working conditions and locations for their intended use. The costs of tangible fixed assets formed from construction investment by contractual mode or self-construction or self-generating process are the settled costs of the invested construction projects in accordance with the prevailing State's regulations on investment and construction management, directly-related expenses and registration fee (if any). In the event the construction project has been completed and put into use but the settled costs thereof have not been approved, the cost of tangible fixed assets is recognised at the estimated cost based on investment execution expenses up to the time of hand-over or estimated costs or equivalent value of assets. The estimated cost will be adjusted according to the settled costs approved by competent authorities.

Tangible fixed assets are revalued in accordance with the State's decisions. The cost and accumulated depreciation of tangible fixed assets are adjusted based on the revaluation value approved by competent authorities as regulated.

Tangible fixed assets are depreciated using the straight-line method over their estimated useful lives in accordance with Circular No. 203/2009/TT-BTC dated 20 October 2009 and Circular No. 45/2013/BTC dated 25 April 2013 supersedes Circular No. 203 of the Ministry of Finance guiding the regime of management, usage and depreciation of fixed assets. The estimated useful lives are as follows:

Tangible fixed assets**2013
(Years)**

Buildings and structures	10 - 35
Machinery and equipment (*)	06 - 15
Motor vehicles, transmission equipment	05 - 10
Device management	03 - 05
Others	05 - 10

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(*) According to the Official Letter No. 2492/BTC-TCDN of Ministry of Finance dated 23 February 2011 on “Depreciation of Phu My 1 Thermal Power Plant”, the depreciation period of machinery and equipment was extended by 4 years compared with the maximum useful lives of 10 years according to Circular No. 203/2009/TT-BTC dated 20 October 2009 of the Ministry of Finance “Guiding the regime of management, use and depreciation of fixed assets”. The Corporation has started to apply the new depreciation framework for machinery and equipment of Phu My 1 Thermal Power Plant based on the guidance in Official Letter No. 550/EVN-TCKT dated 24 February 2011 of the Vietnam Electricity regarding “Depreciation period of Phu My 1 Thermal Power Plant”.

According to the Official Letter No. 2092/EVN-TCKT dated 05 June 2013, the Corporation changed the depreciation period for re-evaluated tangible fixed assets starting from 01 January 2013 as T+5 (in which T is the remaining useful life on book of revalued tangible fixed assets as at 31 December 2012); the depreciation period should not exceed the maximum depreciation period as regulated in Appendix 1 to the Circular No. 45/2013/TT-BTC dated 25 April 2013 of the Ministry of Finance. The T+5 depreciation period is not applicable to machinery and equipment of Phu My 1 Thermal Power Plant taken over by the Corporation since the depreciation period of such machinery and equipment was extended in accordance with Official Letter No. 2492/BTC-TCDN dated 23 February 2011 by the Ministry of Finance.

All existing fixed assets of the Corporation (including assets which are temporarily not in use, unused, awaiting disposal) must be depreciated according to the current regulations. Depreciation of fixed assets used in production and business is recognised into operating expenses; depreciation of fixed assets which are temporarily not in use, unused, awaiting disposal used for welfare activities shall be recognised into other expenses.

Loss or gain resulting from sales and disposals of tangible fixed assets is the difference between profit from sales or disposals of assets and their residual values and is recognised in the income statement.

Intangible assets and amortization

Intangible assets represent indefinite land use rights (including the costs of obtaining land use rights), software and technology transfer rights.

The indefinite land use right is not amortised. Intangible fixed assets that are software and technology transfer rights are amortised on the straight-line basis over their estimated useful lives of 10 years.

Operating leasing

Leases are classified as finance leases whenever the terms of the lease substantially all the risks and rewards of ownership belong to the lessor.

(a) The Corporation as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

(b) The Corporation as lessee

Operating leases expenses are charged to the income statement on a straight-line basis over the term of the relevant lease.

Construction in progress

Properties in the course of construction for production, rental and administrative purposes or for other purposes are carried at cost. The cost includes any costs that are necessary to form the asset including construction cost, equipment cost, other costs and related borrowing costs in accordance with the Corporation’s accounting policy. Such costs will be included in the estimated costs of the fixed assets (if settled costs have not been approved) when they are put into use.

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According to the State's regulations on investment and construction management, the settled costs of completed construction projects are subject to approval by appropriate level of competent authorities. The final costs of these completed construction projects may vary depending on the final approval by competent authorities.

Other long-term investments

Other long-term investments comprise equity investments or equity investments as founding shareholders with less than 20% of the charter capital of the investee company. The investments are recognised on a trade date basis and are initially measured at acquisition price plus directly attributable transaction costs. At the balance sheet date, other long-term investments are measured at cost less provisions for impairment of long-term investments. Provisions for impairment of long-term investments are made in accordance with prevailing accounting regulations.

Long-term prepayments

Long-term prepayments comprise foreign exchange differences arising from the revaluation of long-term loans denominated in foreign currencies up to 31 December 2012 received by the Corporation from Phu My Thermal Power One Member Limited Liability Company (the forerunner of the Corporation) and tools and supplies which are expected to provide future economic benefits to the Corporation for one year or more. Foreign exchange differences arising from revaluation are allocated to the income statement within 5 years, depending on the results of operations of the Corporation. Tools and supplies are amortized using the straight-line method over the period of two years (50% recognized in the first year of use and 50% in the second year).

Equity and Funds

Equity of Corporation include:

- Equity granted by the State Budget
- Self-supplemented capital from retained earnings
- Others

Funds of Corporation include:

- Investment and development fund
- Financial reserve fund

Revenue recognition

Revenue from selling electricity is recognised monthly based on electricity output distributing to the national grid, which has confirmed monthly by Electric Power Trading Company (EPTC) belong to EVN. Revenue is recognized regardless of when cash is received.

Revenue of a transaction involving the rendering of services is recognised when the outcome of such transactions can be measured reliably. Where a transaction involving the rendering of services is attributable to several periods, revenue is recognised in each year by reference to the percentage of completion of the transaction at the balance sheet date of that year. The outcome of a transaction can be measured reliably when all four (4) following conditions are satisfied:

- (a) the amount of revenue can be measured reliably;
- (b) it is probable that the economic benefits associated with the transaction will flow to the Corporation;
- (c) the percentage of completion of the transaction at the balance sheet date can be measured reliably;
- and
- (d) the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the applicable interest rate.

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Dividend income from investments is recognised when the Corporation's right to receive payment has been established.

Foreign currencies

The Corporation adopted Circular No. 179/2012/TT-BTC ("Circular 179") providing guidance on recognition, measurement and treatment of foreign exchange differences in enterprises and replacing Circular No. 201/2009/TT-BTC ("Circular 201"). Accordingly, transactions denominated in foreign currencies are translated at the exchange rates ruling at the transaction date. The balances of monetary items denominated in foreign currencies as at the balance sheet date are retranslated at the buying exchange rate announced on the same date by the commercial bank where the Corporation opens its bank account, the outstanding liabilities with the Vietnam Electricity as at the balance sheet date were translated at the transfer rate of Vietcombank at the date of preparation of the report under the guidance of Official Letter No. 4785/EVN-TCKT dated 11 December 2013 on the guidance for the preparation of the financial statements for the year ended 2013. Foreign exchange differences incurred and arising from revaluation of the balances of monetary assets denominated in foreign currencies are recognised in the income statement. The guidance under Circular 179 on recognition, measurement and treatment of foreign exchange differences arising from transactions and balances of monetary items denominated in foreign currencies arising from 1 January 2012 is basically the same as that under VAS 10 except that under Circular 179, the Corporation is permitted to continue recording foreign exchange losses of the previous years arising from revaluation of the year-end balances of long-term payables denominated in foreign currencies in accordance with Circular 201 prior to the effectiveness of Circular 179.

If the Corporation had adopted VAS 10 in recognition of foreign exchange differences, the balance of retained earnings as at 1 January 2013 would have decreased by VND 3,552 billion and the Corporation's profit before tax for the year ended 31 December 2013 would have increased by VND 2,587 billion and the debit balance of the "Long-term prepayments" in the balance sheet as at 1 January 2013 and as at 31 December 2013 would have decreased by VND 3,552 billion and VND 965 billion, respectively. The Board of Directors has decided to recognise foreign exchange differences as guided in Circular 179 and believes that such application and disclosure of differences at the same time, in the case where the Corporation would apply VAS 10, may provide more information to users of the consolidated financial statements.

For new independent power plants, foreign currency exchange rate differences arising in the course of implementing the construction shall be accumulated on the balance sheet. Upon completion of the power plants' construction, these exchange rate differences are allocated into income or operating expenses for a maximum period of five years. The company running these new power plants is requested to repaying borrowings in foreign currencies as per loan agreements and in accordance with the Official Letter No. 9493 TC/CDKT&KT dated 26 August 2004 of the Ministry of Finance on the recognition and handling of exchange rate differences for construction projects of new power plants.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the cost of those assets.

All other borrowing costs are recognised in the income statement when incurred.

Provisions

Provisions are recognised when the Corporation has a present obligation as a result of a past event, and it is probable that the Corporation will be required to settle that obligation. Provisions are measured at the Board of Directors' best estimate of the expenditure required to settle the obligation as at the balance sheet date.

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Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years (including loss carried forward, if any) and it further excludes items that are never taxable or deductible.

Deferred tax is recognised on significant differences between carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using balance sheet liability method. Deferred tax liabilities are generally recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Corporation intends to settle its current tax assets and liabilities on a net basis.

The determination of the tax currently payable is based on the current interpretation of tax regulations. However, these regulations are subject to periodic variation and their ultimate determination depends on the results of the tax authorities' examinations.

Other taxes are paid in accordance with the prevailing tax laws in Vietnam.

5. CASH AND CASH EQUIVALENTS

	31/12/2013
	<u>VND</u>
Cash on hand	2,076,038,861
Cash in bank	1,995,651,089,265
Cash equivalents	636,375,901,287
	<u>2,634,103,029,413</u>

Cash equivalents represent term deposits in commercial banks with terms of 3 months or less.

6. SHORT-TERM INVESTMENTS

	31/12/2013
	<u>VND</u>
VietinBank - Ninh Binh Branch	40,000,000,000
Vietnam Export Import Commercial Joint Stock Bank- Ba Ria Vung Tau Branch	120,000,000,000
Vietnam Bank for Agriculture and Rural Development- Vung Tau Branch	57,000,000,000
Vietnam Bank for Agriculture and Rural Development- Ba Ria Branch	150,000,000,000
An Binh Commercial Joint Stock Bank - Ba Ria Branch	50,000,000,000
Saigon - Hanoi Commercial Joint Stock Bank	100,000,000,000
EVN Finance Joint Stock Company	580,000,000,000
	<u>1,097,000,000,000</u>

Short-term investments represent the value of term deposits at the EVN Finance Joint Stock Company with the terms from 3 to 12 months.

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7. OTHER RECEIVABLES

	31/12/2013
	<u>VND</u>
Project Management Unit 300MW	11,745,869,074
Costs related to Hydropower Project Management Unit 5 and 1	105,379,090,329
Receivables related to land clearance of Hydropower 1	22,770,739,769
Receivables related to consultant for Thermal Power Project Management Board 1	3,808,875,589
Receivable of Vinh Tan 3 Energy Joint Stock Company	15,192,122,857
Receivables from the State Pre-Acceptance Test Council	542,703,089
Accrued interest income	24,218,325,098
Foreign exchange rate difference in exchange rate of loan principal of EVN	329,981,625,214
Receivables from taxes paid on behalf	15,109,226,091
Others	23,282,760,972
	<u>552,031,338,082</u>

8. INVENTORIES

	31/12/2013
	<u>VND</u>
Goods in transit	5,553,478,974
Raw materials	1,857,258,213,177
Tools and supplies	9,617,806,243
Work in progress	69,110,761,468
<i>In which:</i>	
<i>Equipment and equipment to be recovered</i>	69,004,824,303
<i>Other work in progress</i>	105,937,165
Finished goods	259,236,710
Merchandise	163,541,732
Total	<u>1,941,963,038,304</u>
Provision for devaluation of inventories	<u>(7,533,234,609)</u>
Net realisable value	<u>1,934,429,803,695</u>

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9. TANGIBLE FIXED ASSETS

COST

	Buildings, Structures VND	Machinery, equipment VND	Motor vehicles VND	Office equipment VND	Other fixed assets VND	Total VND
Transferred from EVN	6,529,037,339,487	37,870,971,788,395	3,294,804,501,155	66,608,300,551	973,360,894	47,762,395,290,482
Additions	1,993,956,200	5,567,379,329	7,242,702,909	5,982,679,731	483,425,559	22,270,143,728
Transferred from construction project - Ban Chat Hydropower ⁽ⁱ⁾	8,293,446,000,000	2,133,214,000,000	6,076,554,547	(283,529,997)	-	10,432,453,024,550
Transferred from construction in progress	100,080,619,625	157,232,639,036	-	146,775,926	-	257,460,034,587
Increase/(decrease) due to finalization - Buon Kuop Hydropower	1,382,350,185,424	(51,585,614,048)	119,767,198,476	12,445,590,042	-	1,462,977,359,894
Increase due to finalization - Phu My	-	11,030,103,540	-	-	-	11,030,103,540
Other increase as per the State Audit	-	18,605,600,009	-	1,347,857,891	-	19,953,457,900
Other decreases	-	-	(14,283,869,338)	-	-	(14,283,869,338)
Other disposals	-	(82,161,879)	(1,326,865,858)	(542,542,082)	(13,636,364)	(1,965,206,183)
Reclassification ⁽ⁱ⁾	(68,694,807)	(3,708,314,398)	(1,312,387,406)	(11,729,442,742)	(655,463,140)	(17,474,302,493)
Decrease due to outward capital contribution	-	(83,245,900,198)	(928,863,651)	(5,363,559,239)	-	(89,538,323,088)
As at 31/12/2013	16,306,839,405,929	40,057,999,519,786	3,410,038,970,834	68,612,130,081	1,787,686,949	59,845,277,713,579

ACUMULATED DEPRECIATION

Transferred from EVN	3,468,691,803,313	26,254,606,917,125	1,109,931,067,238	47,619,667,922	470,800,198	30,881,320,255,796
Charge for the year	639,945,434,265	2,286,992,717,831	304,105,454,845	4,045,095,127	144,194,465	3,235,232,896,533
Increase due to State Audit	-	11,100,066,723	-	804,129,536	-	11,904,196,259
Other adjustment	-	-	(2,407,094,386)	-	-	(2,407,094,386)
Transferred from construction project - Ban Chat Hydropower	-	(104,120,478)	(1,314,909,287)	(278,227,042)	-	(1,697,256,807)
Other disposals	-	(82,161,879)	(1,213,773,823)	(556,178,446)	-	(1,852,114,148)
Reclassification ⁽ⁱ⁾	(49,948,515)	(2,554,425,288)	(658,555,271)	(8,209,110,208)	(309,471,656)	(11,781,510,938)
Decrease due to outward capital contribution	-	(39,955,609,854)	(541,102,270)	(2,559,048,706)	-	(43,055,760,830)
As at 31/12/2013	4,108,587,289,063	28,510,003,384,180	1,407,901,087,046	40,866,328,183	305,523,007	34,067,663,611,479

NET BOOK VALUE

As at 31/12/2013	12,198,252,116,866	11,547,996,135,606	2,002,137,883,788	27,745,801,898	1,482,163,942	25,777,614,102,100
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(i) Reclassifications represent assets that no longer qualified as tangible fixed assets under Circular 45. The residual values of these assets are transferred to long-term prepayments and amortised to results of operations in two years starting from 10 June 2013 which is the effective date of Circular 45.

(ii) The Ban Chat hydropower project has been put into operation in 2013. In accordance with Vietnamese accounting regime, the Corporation recognised a temporary increase in cost of fixed assets (awaiting settlement) with the amount of VND 10,434,950,172,038. This amount could be changed upon project settlement and up to the final approval of competent authorities. In addition to this temporary increase in cost of fixed assets, the Corporation recognised a decrease in construction costs and an increase in other payables with the amounts of VND 7,609,177,197,006 and VND 2,825,772,975,032, respectively. Regarding Ban Chat hydropower project, the total amount transferred to the People's Committee of Lai Chau for site clearance of Ban Chat hydropower was VND 2,091,971,376,741. This amount has been recorded in advances to suppliers since the Corporation has not yet received the settlement documents of the People's Committee of Lai Chau on site clearance of Ban Chat hydropower project. Upon receipt of the settlement documents from the People's Committee of Lai Chau, the Corporation shall recognise an increase in construction costs of Ban Chat hydropower project and a decrease in other payables.

As stated in Note 19, a number of tangible fixed assets are used to secure bank loans with net book value as at 31 December 2013 of VND 21,344,876,507,308.

At as 31 December 2013, the cost of the Corporation's fixed assets includes VND 687,683,362,123 of assets which have been fully depreciated but are still in use.

10. INTANGIBLE ASSETS

	Land use rights VND	Software and patents from technology transferring VND	Total VND
COST			
Transferred from EVN	61,422,315,912	4,988,302,332	66,410,618,244
Increase due to finalization	7,054,833,379	-	7,054,833,379
Decrease due to finalization	(8,291,718,926)	-	(8,291,718,926)
Other decreases	-	877,947,256	877,947,256
Reclassification	-	(123,213,116)	(123,213,116)
As at 31/12/2013	<u>60,185,430,365</u>	<u>5,743,036,472</u>	<u>65,928,466,837</u>
ACCUMULATED AMORTIZATION			
Transferred from EVN	17,497,929,575	2,572,014,676	20,069,944,251
Charge for the year	2,412,044,215	778,850,821	3,190,895,036
Reclassification	-	(48,207,566)	(48,207,566)
As at 31/12/2013	<u>19,909,973,790</u>	<u>3,302,657,931</u>	<u>23,212,631,721</u>
NET BOOK VALUE			
As at 31/12/2013	<u><u>40,275,456,575</u></u>	<u><u>2,440,378,541</u></u>	<u><u>42,715,835,116</u></u>

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11. CONSTRUCTION IN PROGRESS

	31/12/2013
	<u>VND</u>
Construction works in progress	41,096,543,080,292
<i>Mong Duong Power Plant Project (*)</i>	<i>15,554,212,853,831</i>
<i>Vinh Tan 2 Thermal Power Plant (*)</i>	<i>18,569,989,699,101</i>
<i>Vinh Tan Power Center (*)</i>	<i>207,710,104,122</i>
<i>Vinh Tan Coal Port (*)</i>	<i>1,823,567,473,514</i>
<i>Vinh Tan 4 Thermal Power Plant (*)</i>	<i>39,844,468,387</i>
<i>Buon Kuop Hydropower Plant (*)</i>	<i>100,436,471,436</i>
<i>Buon Tua Srah Hydropower Plant (*)</i>	<i>85,228,826,453</i>
<i>Srepok 3 Hydropower Plant (*)</i>	<i>107,638,591,113</i>
<i>Ban Chat Hydropower Project (*)</i>	<i>44,985,835,958</i>
<i>Huoi Quang Hydropower Plant (*)</i>	<i>4,558,295,589,845</i>
<i>Phu My 4 Power Plant capacity upgrading project</i>	<i>577,235,815</i>
<i>Phu My 1 Power Plant capacity upgrading project</i>	<i>573,641,543</i>
<i>Phu My 4 Operation Management and Maintenance Office Building</i>	<i>1,147,839,732</i>
<i>Renovation and replacement of transformer 220/110kV</i>	<i>2,313,149,042</i>
<i>Others</i>	<i>21,300,400</i>
Overhaul expense	4,902,736,925
<i>Check and replacement of 4T transformer</i>	<i>4,326,174,491</i>
<i>Dredging of Sao river</i>	<i>576,562,434</i>
	<u>41,101,445,817,217</u>

(*) Assets formed in the future from construction in progress are used to secure bank loans as presented in Note 16 and Note 19.

The total interest expense which had been capitalised into the cost of construction in progress during the year was VND 1,746,719,468,910.

12. INVESTMENTS IN SUBSIDIARIES

Details of subsidiaries as at 31 December 2013 are as follows:

Subsidiaries	Place of incorporation and operation	Proportion of ownership interest	Proportion of voting right power held	Principal activity
Ba Ria Thermal Power JSC	Ba Ria - Vung Tau	79.56%	79.56%	Electricity producing and trading
Ninh Binh Thermal Power JSC	Ninh Binh	54.76%	54.76%	Electricity producing and trading

13. INVESTMENTS IN ASSOCIATES

	31/12/2013
	<u>VND</u>
Thac Ba Hydropower JSC	272,492,500,335
Vinh Son Song Hinh Hydropower JSC	797,634,610,005
Se San 3A Power Investment and Development JSC	113,821,277,003
	<u>1,183,948,387,343</u>

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Details of associates as at 31 December 2013 are as follows:

<u>Name of company</u>	<u>Place of incorporation and operation</u>	<u>Proportion of ownership interest</u>	<u>Proportion of voting right power held</u>	<u>Principal activity</u>
Thac Ba Hydropower JSC	Yen Bai	30.00%	30.00%	Electricity producing and trading
Vinh Son Song Hinh Hydropower JSC	Binh Dinh	30.55%	30.55%	Electricity producing and trading
Se San 3A Power Investment and Development JSC	Gia Lai	30.00%	30.00%	Electricity producing and trading

Summarised financial information in respect of associates is set out below:

	31/12/2013
	VND
Total assets	5,902,167,169,047
Total liabilities	2,003,962,127,833
Net assets	3,898,205,041,214
Corporation's share of associates' net assets	1,183,948,387,343
	2013
	VND
Revenue	911,030,235,626
Net profit ⁽ⁱ⁾	440,400,088,913
Corporation's share of associates' net profit	144,936,760,192

⁽ⁱ⁾ This represents 2013 net profit of associates, of which VND 60,304,361,986 is the Corporation's profit from its investment in Vinh Son Song Hinh Hydropower Joint Stock Company ("VSH"). The profit was measured based on VSH's 2013 profit after tax amounting to VND 197,395,620,250. However, the net profit of VSH may be subject to changes due to the fact that the electricity price unit between EVN and VSH from 2010 to 2013 is just estimated and the final price unit has not yet been jointly agreed at the issue date of these financial statements.

14. OTHER LONG-TERM INVESTMENTS

	31/12/2013
	VND
PV Power NT2 JSC	64,000,000,000
Hai Phong Thermal Power JSC	108,730,000,000
Quang Ninh Thermal Power JSC	114,770,927,800
Buon Don Hydropower JSC	83,750,000,000
Viet Lao Power JSC	19,600,000,000
North Power Service Joint Stock Company	2,500,000,000
Alstom Energy Service Company Limited	74,463,661,588
	467,814,589,388

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15. LONG-TERM PREPAYMENTS

	31/12/2013
	VND
Tools and supplies pending for allocation	20,227,628,183
Cost of production preparation for Buon Kuop, Buon	
Tua Srah and Srepok 3 Hydropower Plants	39,344,780,738
Exchange differences pending for allocation	965,177,950,698
Other expenses	80,363,636
	1,024,830,723,255

16. SHORT-TERM LOANS AND LIABILITIES

	31/12/2013
	VND
Short-term loans	740,000,000,000
Vietnam Joint Stock Commercial Bank for Industry and Trade ⁽¹⁾	140,000,000,000
Vietnam International Commercial Joint Stock Bank ⁽²⁾	100,000,000,000
Vietnam Electricity	500,000,000,000
+ Vietnam Joint Stock Commercial Bank for Industry and Trade ⁽³⁾	100,000,000,000
+ Pha Lai Thermal Power JSC ⁽⁴⁾	400,000,000,000
Current portion of long-term loans (Note 19)	3,224,580,976,599
Joint Stock Commercial Bank for Investment and	
Development of Vietnam	122,196,110,116
Vietnam Bank for Agriculture and Rural Development	558,596,397,688
Vietnam Development Bank	555,868,753,395
An Binh Commercial Joint Stock Bank	12,500,000,000
Asian Commercial Joint Stock Bank - Thang Long Branch	55,601,121,858
Joint Stock Commercial Bank for Foreign Trade of Vietnam - Head Office	171,560,282,000
Credit Agricole Vietnam Corporate and Investment Bank -	
Hanoi Branch	176,437,098,923
Vietnam Development Bank - Ba Ria - Vung Tau Branch	45,405,203,912
Vietnam Electricity	1,526,416,008,707
<i>In detail:</i>	
+ Japan Bank for International Cooperation	465,952,414,047
+ World Bank	200,240,660,550
+ Bonds	556,922,791,178
+ Vietnam Joint Stock Commercial Bank for Industry and Trade	182,416,616,046
+ Asia Commercial Joint Stock Bank	78,265,299,294
+ Asian Development Bank	9,239,450,374
+ Export-Import Bank of China	33,378,777,218
	3,964,580,976,599

(1) Loans from Vietnam Joint Stock Commercial Bank for Industry and Trade include:

- A loan under Contract No. 02-2012/HDTD-BQL5 dated 26 December 2012. Such loan is used to cover expenses for Buon Kuop Hydropower Project. The loan limit is VND 100,000,000,000 for a term of 12 months from the first disbursement dated 17 January 2013 and the principal is repayable once at the end of the loan term. The interest rate is equal to VND 1-month savings interest rate plus margin 3% p.a. but no less than the short-term loan interest of Vietnam Joint Stock Commercial Bank for Industry and Trade. The collateral for the loan is the deposit balance of Vietnam Electricity at Vietnam Joint Stock Commercial Bank for Industry and Trade with a total amount of VND 110,000,000,000. At the date of the consolidated financial statements, such loan was repaid.

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- A loan that is under Contract No. 03/2013-HDTD/NHCT400-NHAMAYDIEN dated 30 December 2013 for a term of 1 month from the disbursement date with floating interest rates, is used to cover coal transportation expenses and secured by term deposit certificates at Vietnam Joint Stock Commercial Bank for Industry and Trade – Ninh Binh Branch. At the date of the consolidated financial statements, such loan was repaid.

(2) Represents a loan under Contract No. 088DN2492/HDTD-VIB/2012 dated 28 December 2012. Such loan is used to cover expenses for Buon Tua Srah Hydropower Plant project. The loan limit is VND 100,000,000,000 for a term of 12 months from the first disbursement dated 18 January 2013 and the principal is repayable once at the end of the loan term. The loan is unsecured and bears an interest rate that is equal to the 12-month individual savings interest rate in arrears announced by Vietnam International Commercial Joint Stock Bank plus margin 3% p.a. and is payable in a quarter basis. At the date of the consolidated financial statements, such loan was repaid.

(3) Represents a re-borrowing loan from Vietnam Electricity with the loan that the Lender borrowed from Vietnam Joint Stock Commercial Bank for Industry and Trade under Contract No. 10/HDCVL/VIETINBANK-EVN-G3 in 2013. Such loan is to invest in Ban Chat Hydropower Project. The loan limit is VND 100,000,000,000 for a term of 1 year from the first disbursement dated 6 February 2013 and the principal is repayable once on 6 February 2014 or subject to changes according to the announcement of the bank. The interest rate is equal to VND 1-month savings interest rate in arrears plus margin 3% p.a. but no less than the preferential short-term loan interest of Vietnam Joint Stock Commercial Bank for Industry and Trade for loans fully secured by the deposit balance at Vietnam Joint Stock Commercial Bank for Industry and Trade. The interest at the contract date is 12% p.a. and is payable on the 25th of each month. At the date of the consolidated financial statements, such loan was repaid.

(4) Represents a re-borrowing loan from Vietnam Electricity with the loan that the Lender borrowed from Pha Lai Thermal Power Joint Stock Company under Contract No. 05/HDCVL/PHALAI-EVN-G3 with Loan No. 01/2011/EVN-PPC dated 30 September 2013. Such loan is to invest in Srepok 3 Hydropower Project and Buon Kuop Hydropower Plant. The loan limit is VND 750,000,000,000 for Loan No. 01/2011/EV-PPC and Loan No. 03/2010/EVN-PPC. The term of the Loan No. 03/2010/EVN-PPC is from 1 January 2013 to 30 June 2013 while that of the Loan No. 01/2011/EVN-PPC is from 1 January 2013 to 26 October 2013 and has been extended to 26 October 2014 with the principal repayable once on 26 October 2014. The loan interest is paid in lump sum equal to the principal repayment date, with the average interest rate applicable to the 12-month time deposit interest rate in arrears of four State-owned commercial banks, including: Joint Stock Commercial Bank for Investment and Development Vietnam; Vietnam Joint Stock Commercial Bank for Industry and Trade; Bank for Agriculture and Rural Development of Vietnam and Joint Stock Commercial Bank for Foreign Trade of Vietnam at the time of signing the contract (9.13% per annum) and re-lending fee is 0.2% per annum.

17. TAXES AND AMOUNTS PAYABLE TO THE STATE BUDGET

	31/12/2013
	VND
Value added tax	66,660,706,814
Withholding tax	17,074,956,380
Natural resources tax	8,191,573,685
Corporate income tax	75,853,351,660
Personal income tax	1,709,204,751
Fees and tolls - forest environment service fee	17,618,134,000
	187,107,927,290

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The movement of taxes and amount payables to the State Budget during the year are as follows:

	Transferred from EVN VND	Payable VND	Paid VND	As at 31/12/2013 VND
Value added tax	7,622,580,063	3,172,106,158,718	(3,123,722,315,624)	56,006,423,157
Excise tax	-	1,540,288,605	(1,540,288,605)	-
Import-export tax	(847,183,748)	120,869,122,418	(120,021,938,670)	-
Withholding tax	227,111,162	42,378,950,741	(25,531,105,523)	17,074,956,380
Natural resources tax	6,540,782,574	176,966,997,487	(175,316,206,376)	8,191,573,685
Corporate income tax	57,741,169,178	90,770,163,608	(91,676,389,184)	56,834,943,602
Personal income tax	1,782,455,756	19,534,245,271	(20,784,371,560)	532,329,467
Fees and tolls - forest environment service fee	16,529,413,600	57,505,777,700	(56,417,057,300)	17,618,134,000
Other fees and charges	-	39,608,200	(39,608,200)	-
Fines and penalties	-	140,517,517,948	(140,517,517,948)	-
Land tax and rentals	837,602,000	7,764,479,321	(8,602,081,321)	-
	<u>90,433,930,585</u>	<u>3,829,993,310,017</u>	<u>(3,764,168,880,311)</u>	<u>156,258,360,291</u>

In which:

- Taxes and amounts receivable from the State budget	30,849,566,999
- Taxes and amounts payable to the State budget	187,107,927,290

18. OTHER CURRENT PAYABLES

	31/12/2013 VND
Bidding deposit	377,065,416
Payable for construction of short-circuit current resistance - Power Transmission Company 4	58,646,976,816
Estimated December added value tax	146,028,299,250
Union fees	492,903,943
Social insurance, health insurance and unemployment insurance	366,736,250
Payable for unused investment credit interest subsidy - Hydropower 1	18,472,532,485
Other payables related to temporary increases in assets - Ban Chat Hydropower ⁽¹⁾	2,825,772,975,032
Srepok 3 Hydropower Joint Stock Company	613,267,623,287
Payable for assets acquisition expenses paid on behalf	115,354,633,583
Accrued interest of Huoi Quang, Ban Chat and Buon Kuop plants	67,642,565,576
Payables to EVN	3,890,754,566,930
+ Interest and re-borrowing charges	344,396,939,174
+ Amounts related to Ban Chat compensation and resettlement	150,000,000,000
+ Electricity bill advance payables	906,239,954,564
+ Profits payable	92,612,947,400
+ Other payable related to assets transferred from EVN	2,394,338,522,216
+ Other payable related to Ninh Binh Thermal Power Joint Stock Company	3,059,381,354
+ Deposit interest of Phu My 4 Project Management Unit	106,822,222
Other payables	13,830,994,849
	<u>7,751,007,873,417</u>

Other payables represent the difference between the actual expense recognized as construction in progress incurred by Ban Chat Project Management Unit and the amount temporarily increased based on total investment capital approved under Notice No. 1165LC/ATD1-P4 dated 22 August 2013.

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19. LONG-TERM LOANS AND LIABILITIES

	31/12/2013
	<u>VND</u>
Vietnam Development Bank	1,989,483,441,947
Joint Stock Commercial Bank for Foreign Trade of Vietnam	1,045,969,397,761
Asia Commercial Joint Stock Bank	250,394,167,823
Vietnam Bank for Agriculture and Rural Development	2,675,715,838,114
Credit Agricole Corporate and Investment Bank (Vietnam)	636,636,657,735
Joint Stock Commercial Bank for Investment and Development of Vietnam	2,433,359,642,776
An Binh Commercial Joint Stock Bank	74,187,201,067
Ba Ria-Vung Tau Development Support Fund	590,267,650,677
Vietnam Electricity	39,040,814,497,681
+ Japan Bank for International Cooperation	6,274,577,170,802
+ World Bank	100,962,502,496
+ Bonds	928,940,954,246
+ Vietnam Joint Stock Commercial Bank for Industry and Trade	182,416,630,806
+ Asia Commercial Joint Stock Bank	195,663,248,236
+ Asian Development Bank	13,822,517,419,769
+ Export-Import Bank of China	11,925,124,614,216
+ Pha Lai Thermal Power Joint Stock Company	350,000,000,000
+ Joint Stock Commercial Bank for Foreign Trade of Vietnam	2,169,279,114,960
+ Vietnam Development Bank	2,828,828,149,401
+ French Development Agency	262,504,692,749
	<u>48,736,828,495,581</u>

Long-term loans include long-term loans from domestic banks, foreign banks and some loans obtained via Vietnam Electricity. Such loans have terms ranging from 5 years to 26 years. Some have fixed interest rates from 2% to 15.6% p.a. while some USD loans are subject to Libor interest rates for a term of 6 months plus service fee. Such loan facilities are used to finance power projects of the Corporation. All the loans are secured by assets acquired by the loans.

Long-term loans are repayable as follows:

	31/12/2013
	<u>VND</u>
On demand or within one year	3,224,580,976,599
From the second year to the fifth year	19,559,915,270,091
After five years	<u>29,176,913,225,490</u>
	51,961,409,472,180
<i>Less: Amount due for settlement within 12 months</i> <i>(shown under current liabilities)</i>	<u>(3,224,580,976,599)</u>
Amount due for settlement after 12 months	<u>48,736,828,495,581</u>

20. UNEARNED REVENUE

Unearned revenue represents prepaid leases of buildings and plants from Alstom Energy Services Ltd under the lease contract up to 4 October 2032.

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21. EQUITY

	Owner's contributed capital VND	Share premium VND	Other owner's capital VND	Treasury shares VND	Total VND
Transferred from EVN	11,810,725,837,899	-	9,704,113,654	(7,892,996,578)	11,812,536,954,975
Other decrease due to finalization of completed works	(27,302,630,185)	-	-	-	(27,302,630,185)
Capital increase from retained earnings ⁽ⁱ⁾	1,629,228,421	-	-	-	1,629,228,421
Transferred from Construction in progress	603,635,826,577	-	-	-	603,635,826,577
Transferred from funds for fixed assets acquisition	11,954,196,043	-	343,846,254	-	12,298,042,297
Issue of treasury shares	-	6,014,917,945	-	7,892,996,578	13,907,914,523
As at 31/12/2013	12,400,642,458,755	6,014,917,945	10,047,959,908	-	12,416,705,336,608

- (i) Under Official Letter No. 3385/EVN-TCKT dated 9 October 2013 approving the 2012 financial statements of Phu My Thermal Power Company Limited (the forerunner of the Corporation), part of 2012 profit amounting to VND 3,801,532,983 will be paid to EVN and an amount of VND 1,629,228,421 will be added to owner's equity.

22. RETAINED EARNINGS

	Retained earnings VND
Transferred from EVN	542,992,901,595
2012 dividends transferred to EVN	(61,692,980,404)
Capital increase from retained earnings ⁽ⁱ⁾	(1,629,228,421)
Profit for the year	257,755,486,893
Profits transferred to EVN ⁽ⁱ⁾	(92,612,947,400)
Appropriation for funds	(78,978,491,426)
Appropriated to Bonus and welfare funds	(38,682,443,798)
Other decreases	3,728,277,487
As at 31/12/2013	530,880,574,526

- (i) Under Official Letter No. 3385/EVN-TCKT dated 9 October 2013 approving the 2012 financial statements of Phu My Thermal Power Company Limited (the forerunner of Power Generation Corporation 3), part of 2012 profit amounting to VND 3,801,532,983 will be paid to EVN and an amount of VND 1,629,228,421 will be added to owner's equity. In addition, the Corporation also deducted an amount of VND 88,811,414,417 from 2013 profit after tax to transfer to EVN.

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23. OTHER RESERVES

	Foreign exchange reserve VND	Investment and development fund VND	Financial reserve fund VND	Other reserves VND	Construction investment fund VND	Total VND
Transferred from EVN	(223,885,108,925)	25,321,886,379	31,996,332,195	3,978,691,856	808,212,758,194	645,624,559,699
Exchange difference in the course of construction in progress ⁽ⁱ⁾	(290,939,623,716)	-	-	-	-	(290,939,623,716)
Appropriation for funds	-	63,785,550,856	9,863,427,046	4,931,713,524	-	78,580,691,426
Transferred from construction in progress	-	-	-	-	(603,635,826,577)	(603,635,826,577)
Capital increase from funds for fixed assets acquisition	-	(343,846,254)	-	-	-	(343,846,254)
Reclassification ⁽ⁱⁱ⁾	-	18,397,425,991	(18,397,425,991)	-	-	-
Other adjustments	-	634,206,300	-	-	-	634,206,300
As at 31/12/2013	(514,824,732,641)	107,795,223,272	23,462,333,250	8,910,405,380	204,576,931,617	(170,079,839,122)

(i) Exchange difference in the course of construction in progress includes foreign exchange differences arising from completed works and those from construction in progress.

(ii) Under Official Letter No. 220/2013/TT-BTC dated 31 December 2013 guiding the implementation of a number of articles of Decree No. 71/2013/ND-CP dated 11 July 2013 on investment of State capital in enterprises and financial management of wholly State-owned enterprises, the Corporation transferred the whole balance of the financial reserve fund received from EVN as at 1 January 2013 to the investment and development fund.

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Minority interests represent the shareholding of other shareholders in the net assets and the performance results of NBP and BTP (the subsidiaries).

Minority interests in subsidiaries are measured as follows:

	31/12/2013 VND
Charter capital of subsidiaries	733,511,000,000
Including:	
Equity attributable to the Parent Company	551,689,970,000
Equity attributable to the minority interests	181,821,030,000
Minority interests	25%

Minority interests in net assets as at 31 December 2013 are as follows:

	31/12/2013 VND
Total assets	2,265,155,253,441
Total liabilities	(1,082,259,258,734)
Net assets	1,182,895,994,707
<i>In detail:</i>	
Charter capital	733,511,000,000
Share premium	7,560,228,689
Other owner's capital	18,349,086,757
Other reserves	108,297,803,228
Retained earnings	315,177,876,033
Minority interests	296,464,525,961
<i>In detail:</i>	
Charter capital	181,821,030,000
Share premium	1,545,310,744
Other owner's capital	8,301,126,849
Other reserves	36,226,863,307
Retained earnings	68,570,195,061

Minority interests from performance results for the year ended 31 December 2013:

	2013 VND
Profit for the year	86,668,255,569
Profit attributable to minority interests from performance results	25,563,465,671

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25. BUSINESS AND GEOGRAPHICAL SEGMENTS

The principal operating activity of the Corporation is trading of electricity and other activity is trading of other services related to the electricity field. In the year, other activity accounted for a negligible proportion in total revenue and performance results of the Corporation; therefore, the financial information in the consolidated balance sheet as at 31 December 2013 and all the revenue and expenses presented in the consolidated income statement for the year then ended are mainly related to the Corporation's principal operating activity.

26. REVENUE

	2013 VND
Electricity sales	19,407,285,439,002
Sales of other products	16,092,261,859
Other services	15,598,703,086
	<u><u>19,438,976,403,947</u></u>

27. COST OF SALES

	2013 VND
Cost of electricity sold	16,508,124,770,928
Cost of other products sold	14,467,079,240
Cost of other services rendered	13,118,356,016
	<u><u>16,535,710,206,184</u></u>

28. FINANCIAL INCOME

	2013 VND
Bank interest	122,359,158,629
Dividends and profits received	5,474,163,500
Realized foreign exchange gain	42,757,875,854
Unrealized foreign exchange gain	1,418,994,218,056
	<u><u>1,589,585,416,039</u></u>

29. FINANCIAL EXPENSES

	2013 VND
Interest expense	1,192,918,104,051
Realized foreign exchange loss	14,946,897,197
Unrealized foreign exchange loss charged	2,636,616,766,097
Provision for impairment of financial investments	12,609,819,429
	<u><u>3,857,091,586,774</u></u>

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30. LOSS FROM OTHER ACTIVITIES

	2013 VND
Income from Thai Binh 2 Power Plant PMU	7,328,955,445
Proceeds from disposal of materials and assets	4,272,712,200
Income from materials recovered from overhaul projects	26,808,099,841
Income from reevaluation of assets used for capital contribution	27,981,099,330
Income from contract penalties	196,432,050
Education expenses adjusted to State Audit	19,953,457,900
Materials granted by contractors	9,677,062,192
Other income related to Buon Kuop	8,571,043,723
Other income	4,902,182,228
	<u>109,691,044,909</u>
Expenses for Thai Binh 2 Power Plant PMU	7,328,955,537
Net book value of materials and assets disposed of	9,059,837,939
Tax and penalties from tax audit for previous years	228,922,729,719
Depreciation, amortisation and overhaul expenses for Phu My 1 and Phu My 4 operation and repair buildings	20,919,289,285
Adjustments to minutes of State Audit	11,272,336,758
Expenses for contract penalties	148,414,902
Other expenses related to Buon Kuop	8,292,775,590
Other expenses	3,003,156,350
	<u>288,947,496,080</u>
Loss from other activities	<u>(179,256,451,171)</u>

31. CURRENT CORPORATE INCOME TAX

	2013 VND
Profit before tax	382,808,232,185
Less: Non-taxable income	(186,065,410,639)
Add back: Non-deductible expenses	161,697,448,705
Taxable income	<u>358,440,270,251</u>
Tax rate	25%
Current corporate income tax expense	89,610,067,563
Additional tax from previous years	879,212,058
Total current tax expense	<u>90,489,279,621</u>

The Corporation is obliged to pay corporate income tax at the rate of 25% of its taxable income.

32. CONTINGENT LIABILITIES

The Corporation has a contingent liability related to the matter that certain hydropower companies directly under the Corporation must carry out forest replanting activities in accordance with Decree No. 23/2006/ND-CP dated 3 March 2006 of the Government regarding the implementation of Law on Forest Protection and Development and Official Letter No. 24/2013/TT-BNNPTNT dated 6 May 2013 of the Ministry of Agriculture and Rural Development regarding regulations on forest replanting in the event of changing forest use purpose to other purpose. There are no adjustments to the consolidated financial statements of the Corporation for the year ended 31 December 2013 due to uncertainty.

**POWER GENERATION CORPORATION 3 - ONE MEMBER LIMITED LIABILITY COMPANY
AND ITS SUBSIDIARIES**

Phu My Town, Tan Thanh District
Ba Ria – Vung Tau Province, S.R. Vietnam

Consolidated financial statements
For the year ended 31 December 2013

FOR IDENTIFICATION
PURPOSE ONLY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN

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

33. COMMITMENTS

In accordance with the construction investment plan, in 2014, the Corporation will invest an approximate amount of VND 33.355 billion to construct power plants and other works.

Vietnam Electricity and Vietnam Oil and Gas Corporation jointly signed Contract No. 01-NCS/PV-EVN dated 15 October 2001 for a term of 20 years and the Corporation continues the exercise of rights and obligations under this contract. For each contract year in the stabilization stage and from the second contract year, annually consumed gas volume will be 1.85 billion cubic meters.

34. OPERATING LEASE COMMITMENTS

a. Operating lease commitments – the Corporation as a lessee

31/12/2013
VND

Minimum lease payments under operating leases recognized in the income statement for the year	4,375,648,700
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At the balance sheet date, the Corporation had outstanding commitments under operating leases, which fall due as follows:

31/12/2013
VND

Within one year	5,250,778,410
In the second to fifth year inclusive	21,003,113,640
After five years	167,657,354,631
	193,911,246,681

Operating lease commitments represent the rentals payable by the Corporation for renting 955,751 m3 at Phu My Town, Tan Thanh district, Ba Ria – Vung Tau, Vietnam for 38 years from 26 November 2012 at the annual rental charge of VND 4,375,648,700.

b. Operating lease commitments – the Corporation as a lessor

31/12/2013
VND

Minimum lease payments under operating leases recognized in the income statement for the year	390,268,817
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At the balance sheet date, the Corporation had outstanding commitments corresponding to the minimum rental in the future received from Alstom Energy Services Ltd. under operating leases which fall due as follows:

31/12/2013
VND

Within one year	-
In the second to fifth year inclusive	22,316,814,273
After five years	65,575,338,889
	87,892,153,162

The Corporation's operating leases are in non-cancellable conditions. The lessee must pay a fixed rental based on the signed lease contract.

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35. FINANCIAL INSTRUMENTS

Capital risk management

The Corporation manages its capital to ensure that the Corporation will be able to continue as a going concern while maximising the return to owners through the optimisation of the debt and equity balance.

The capital structure of the Corporation consists of net debt, including borrowings as disclosed in Note 16 and Note 19, offset by cash and cash equivalents, shareholders' equity (comprising capital, reserves and retained earnings).

Gearing ratio

The gearing ratio of the Corporation as at the balance sheet date was as follows:

	31/12/2013 <u>VND</u>
Loans and liabilities via EVN	52,701,409,472,180
Less: Cash and cash equivalents	2,634,103,029,414
Net debt	50,067,306,442,767
Equity	12,777,506,072,012
Net debt to equity ratio	<u>391.84%</u>

Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses) for each class of financial asset and financial liability are disclosed in Note 4.

Categories of financial instruments

	<u>Carrying amounts</u> 31/12/2013 <u>VND</u>
Financial assets	
Cash and cash equivalents	2,634,103,029,413
Trade and other receivables	1,865,664,398,123
Financial investments	1,552,204,769,959
Total	<u>6,051,972,197,495</u>
Financial liabilities	
Borrowings	52,701,409,472,180
Trade and other payables	14,531,648,432,165
Accrued expenses	20,436,886,753
Total	<u>67,253,494,791,098</u>

The Corporation has not assessed fair value of its financial assets and liabilities as at the balance sheet date since there are no comprehensive guidance under Circular No. 210/2009/TT-BTC issued by the Ministry of Finance on 06 November 2009 ("Circular 210") and other relevant prevailing regulations to determine fair value of these financial assets and liabilities. While Circular 210 refers to the application of International Financial Reporting Standards ("IFRS") on presentation and disclosures of financial instruments, it did not adopt the equivalent guidance for the recognition and measurement of financial instruments, including application of fair value, in accordance with IFRS.

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Financial risk management objectives

The Corporation has set up a control system to identify and analyze the risks exposed by the Corporation and designed control measures and procedures to manage those risks at an acceptable level. Risk management system and policies are reviewed on a regular basis to reflect changes in market conditions and the Corporation's operations.

Financial risks include market risk (including foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk.

Market risk

The Corporation's activities expose it primarily to the risks of changes in foreign currency exchange rates, interest rates and prices. The Corporation does not hedge these risk exposures due to the lack of any market to purchase financial instruments.

Foreign currency risk management

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

The carrying amounts of the Corporation's foreign currency denominated monetary assets (including cash, receivables and other assets) and monetary liabilities (including payables and borrowings) at the end of the year are as follows:

	<u>Assets</u>	<u>Liabilities</u>
	31/12/2013	31/12/2013
	<u>VND</u>	<u>VND</u>
United States Dollar	1,059,000,577	30,924,779,310,781
Chinese Yuan Renminbi	-	2,076,502,197,526
Swiss Franc	154,269,039,135	4,127,776,348
Euro	-	762,722,612
Japanese Yen	23,228,526,888	6,740,529,584,849
South Korean Won	-	635,672,854,589

Foreign currency sensitivity analysis

The Corporation is mainly exposed to United States Dollar, Japanese Yen, Swiss Franc, Chinese Yuan Renminbi, South Korean Won and Euro.

The following table details the Corporation's sensitivity to a 1% increase and decrease in Vietnam Dong against the relevant foreign currencies. 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 1% change in foreign currency rates. For a 1% increase/decrease in the following foreign currencies against Vietnam Dong, the profit before tax in the year would increase/(decrease) by the following amounts:

	2013
	<u>VND</u>
United States Dollar	(309,237,203,102)
Chinese Yuan Renminbi	(20,765,021,975)
Swiss Franc	1,501,412,628
Euro	(7,627,226)
Japanese Yen	(67,173,010,580)
South Korean Won	(6,356,728,546)

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Interest rate risk management

The Corporation has significant interest rate risks arising from interest bearing loans which are arranged. The risk is managed by the Corporation by maintaining an appropriate level of borrowings and analysing market competition to enjoy favourable interest rates from appropriate lenders.

Interest rate sensitivity

The loan's sensitivity to interest rate changes which may arise at an appropriate level is presented in the following table. Assuming the loan balance at the balance sheet date were the outstanding amount for the whole year, if interest rates applicable to floating interest bearing loans had been 1% higher/lower, the Corporation's construction in progress and profit before tax for the year would have increased/decreased by VND 4,869,883,674.

Share price risk management

The Corporation is exposed to equity price risks arising from investments in subsidiaries and associates. The Corporation's Board of Directors assesses and approves decisions on investments in subsidiaries and associates such as operating industry, investees, etc. Investments in subsidiaries and associates are held for long-term strategic investments rather than trading purposes. The Corporation does not have intention to trade these investments in the foreseeable future.

Commodity price risk management

The Corporation purchases materials, commodities from local and foreign suppliers for business purpose. Therefore, the Corporation is exposed to the risk of changes in selling prices of materials, commodities. The Company does not hedge these risk exposures due to the lack of any market to purchase financial instruments

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Corporation. The Corporation has a credit policy in place and the exposure to credit risk is monitored on an on-going basis. The Corporation does not have any significant credit risk exposure to any counterparty because receivables are mainly from companies within Vietnam Electricity.

Liquidity risk management

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

The following table details the Corporation's remaining contractual maturity for its non-derivative financial assets and financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial assets and undiscounted cash flows of financial liabilities based on the earliest date on which the Corporation can be required to pay. The inclusion of information on non-derivative financial assets is necessary in order to understand the Corporation's liquidity risk management as the liquidity is managed on a net asset and liability basis.

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	Less than 1 year VND	From 1 - 5 years VND	Over 5 years	Total VND
31/12/2013				
Cash and cash equivalents	2,634,103,029,413	-	-	2,634,103,029,413
Trade and other receivables	1,865,664,398,123	-	-	1,865,664,398,123
Financial investments	1,097,000,000,000	455,204,769,959	-	1,552,204,769,959
Total	5,596,767,427,536	455,204,769,959	-	6,051,972,197,495
31/12/2013				
Borrowings	3,964,580,976,599	19,559,915,270,091	29,176,913,225,490	52,701,409,472,180
Trade and other payables	14,531,648,432,165	-	-	14,531,648,432,165
Accrued expenses	20,436,886,753	-	-	20,436,886,753
Total	18,516,666,295,517	19,559,915,270,091	29,176,913,225,490	67,253,494,791,098
Net liquidity gap	(12,919,898,867,981)	(19,104,710,500,132)	(29,176,913,225,490)	(61,201,522,593,603)

The Board of Directors assessed that the liquidity risk concentration at high level. However, payables and borrowings are mainly from Vietnam Electricity and the Board of Directors believes that Vietnam Electricity will remain such payables and borrowings. Therefore, the Corporation is not under pressure to meet its financial obligations as and when they fall due

36. RELATED PARTY TRANSACTIONS AND BALANCES

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

<u>Related parties</u>	<u>Relationship</u>
Vietnam Electricity	Parent company
Electric Power Trading Company	Company in EVN Group
Power Engineering Consulting Joint Stock Company 2	Company in EVN Group
Power Engineering Consulting Joint Stock Company 3	Company in EVN Group
EVN Finance Joint Stock Company	Company in EVN Group
Electric Testing Center - Southern Power Corporation	Company in EVN Group
Power Transmission Company No. 4	Company in EVN Group

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31/12/2013

VND

Sales of electricity and services

Electric Power Trading Company

19,405,902,929,165

Thai Binh 2 Thermal Power Plant PMU

7,354,526,452

Electricity purchases

Vietnam Electricity

36,957,785,755

Purchases of Services

Electric Testing Center - Southern Power Corporation

765,746,632

Power Engineering Consulting Joint Stock Company 3

1,026,089,776

Power Engineering Consulting Joint Stock Company 2

1,194,956,818

Other - Deposit interest received

EVN Finance Joint Stock Company

72,546,666,667

Other - Vietnam Electricity

Profit distribution

154,707,932,100

Interest payable in the year

2,914,102,604,180

Borrowings in the year

19,407,162,869,243

Loan repayment in the year

2,887,860,150,884

Significant related party balances as at the balance sheet date were as follows:

31/12/2013

VND

Receivables

Electric Power Trading Company

1,299,061,294,701

Buon Don Hydropower Joint Stock Company

4,495,020,000

Other receivables

Vietnam Electricity

330,593,637,656

EVN Finance Joint Stock Company – term deposits

580,000,000,000

EVN Finance Joint Stock Company – deposit interest

11,729,166,667

Payables

Vietnam Electricity

3,059,381,354

Power Engineering Consulting Joint Stock Company 3

600,719,050

Power Engineering Consulting Joint Stock Company 2

499,925,627

Power Transmission Company No. 04

58,717,740,882

Electric Testing Center - Southern Power Corporation

840,069,912

Borrowings and other payables

Vietnam Electricity

43,752,768,058,904

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37. COMPARATIVE FIGURES

As stated in Note 1 of the Notes to the consolidated financial statements, the Corporation was established from 1 January 2013. Figures as at this date were handed over from Vietnam Electricity. Therefore, the consolidated financial statements for the first year ended 31 December 2013 do not present comparative figures.

Vu Phuong Thao
Preparer

Nguyen Thi Thanh Huong
Chief Accountant

Truong Quoc Phuc
Deputy General Director
15 April 2014