

**VIETNAM ELECTRICITY**

**POWER GENERATION CORPORATION 3 -  
ONE MEMBER LIMITED LIABILITY COMPANY**

*(Incorporated in the Socialist Republic of Vietnam)*

**AUDITED SEPARATE FINANCIAL STATEMENTS**

**For the year ended 31 December 2013**

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

A handwritten signature in black ink, appearing to be 'NQ' followed by a long horizontal stroke and a vertical line.

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**Nguyen Quang Trung**  
**Audit Partner**

*Ho Chi Minh City, 30 January 2018*

**TABLE OF CONTENTS**

<b><u>CONTENTS</u></b>	<b><u>PAGE(S)</u></b>
STATEMENT OF THE BOARD OF DIRECTORS	1
INDEPENDENT AUDITORS' REPORT	2 - 3
BALANCE SHEET	4 - 5
INCOME STATEMENT	6
CASH FLOW STATEMENT	7 - 8
NOTES TO THE SEPARATE FINANCIAL STATEMENTS	9 - 34
APPENDIX OF THE SEPARATE FINANCIAL STATEMENTS	35

## **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 separate 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 05 September 2012)
Mr. Dinh Quoc Lam	General Director	(appointed on 05 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 separate 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 separate 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 separate financial statements;
- prepare the separate 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 separate 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 separate 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 separate financial statements.

For and on behalf of the Board of Directors,

**Truong Quoc Phuc**  
**Deputy General Director**  
14 April 2014

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying separate financial statements of Power Generation Corporation 3 – One Member Limited Liability Company (the “Corporation”), prepared on 14 April 2014, as set out from page 4 to page 34, which comprise the balance sheet as at 31 December 2013, and the statement of income, and 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 “separate financial statements”).

### *Board of Directors' Responsibility for the Financial Statements*

The Board of Directors is responsible for the preparation and fair presentation of these separate 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 separate 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 separate 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 separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the separate 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 separate 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 separate 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 separate 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 separate financial statements as set out from page 4 to page 34. The supplemental information presented in page 35 is an optional part of these separate 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 separate 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 liability 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 separate financial statements for the year ended 31 December 2013 is presented in Note 4.

As stated in Note 25 of the Notes to the separate financial statements, pursuant to Circular 220/2013/TT-BTC dated 31 December 2013 guiding application of certain articles of Decree No.71/2013/ND-CP dated 11 July 2013 on investment of state capital in enterprises and financial management over enterprises that state holds 100% of charter capital, the Corporation recognized an increase in financial income and an increase in investment in associate - Vinh Son Song Hinh Hydropower Joint Stock Company from stock dividends declared prior to 01 January 2013 with the amount of VND 113 billion.

As stated in Note 9 of the Notes to the separate 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 the 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 because the Corporation has not yet received the settlement documents of the People's Committee of Lai Chau on site clearance.

### *Other Matter*

As stated in Note 1 of the Notes to the separate 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 separate financial statements do not have comparative figures.

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

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

**POWER GENERATION CORPORATION 3 - ONE MEMBER LIMITED LIABILITY COMPANY**Phu My Town, Tan Thanh District  
Ba Ria – Vung Tau Province, S.R. Vietnam**Separate financial statements**  
For the year ended 31 December 2013**BALANCE SHEET**  
*As at 31 December 2013***FORM B 01-DN**  
Unit: VND

ASSETS	Codes	Notes	31/12/2013
<b>A. CURRENT ASSETS</b> <b>(100=110+120+130+140+150)</b>	<b>100</b>		<b>9,438,271,826,912</b>
<b>I. Cash and cash equivalents</b>	<b>110</b>	<b>5</b>	<b>2,088,263,240,763</b>
1. Cash	111		1,986,559,640,763
2. Cash equivalents	112		101,703,600,000
<b>II. Short-term financial investments</b>	<b>120</b>		<b>450,000,000,000</b>
1. Short-term investments	121	6	450,000,000,000
<b>III. Short-term receivables</b>	<b>130</b>		<b>4,791,566,863,034</b>
1. Trade accounts receivable	131		1,120,144,001,049
2. Advances to suppliers	132		3,150,169,255,704
3. Other receivables	135	7	521,253,606,281
<b>IV. Inventories</b>	<b>140</b>	<b>8</b>	<b>1,665,444,348,392</b>
1. Inventories	141		1,672,535,793,755
2. Provision for devaluation of inventories	149		(7,091,445,363)
<b>V. Other short-term assets</b>	<b>150</b>		<b>442,997,374,723</b>
1. Short-term prepayments	151		1,179,555,333
2. Value added tax deductibles	152		437,279,431,258
3. Taxes and other receivables from the State Budget	154		4,512,916
4. Other short-term assets	158		4,533,875,216
<b>B. NON-CURRENT ASSETS</b> <b>(200=220+250+260)</b>	<b>200</b>		<b>69,312,993,742,074</b>
<b>I. Fixed assets</b>	<b>220</b>		<b>66,675,276,158,357</b>
1. Tangible fixed assets	221	9	25,531,673,730,717
- Cost	222		57,065,329,609,601
- Accumulated depreciation	223		(31,533,655,878,884)
2. Intangible fixed assets	227	10	42,156,610,423
- Cost	228		62,039,401,998
- Accumulated amortisation	229		(19,882,791,575)
3. Construction in progress	230	11	41,101,445,817,217
<b>II. Long-term financial investments</b>	<b>250</b>		<b>1,614,422,685,763</b>
1. Investments in subsidiaries	251	12	551,689,970,000
2. Investments in associates	252	13	904,669,054,175
3. Other long-term investments	258	14	158,063,661,588
<b>III. Other long-term assets</b>	<b>260</b>		<b>1,023,294,897,954</b>
1. Long-term prepayments	261	15	1,023,282,897,954
2. Other long-term assets	268		12,000,000
<b>TOTAL ASSETS (270 = 100 + 200)</b>	<b>270</b>		<b>78,751,265,568,986</b>

The accompanying notes set out on pages 9 to 34 are an integral part of these separate financial statements

**POWER GENERATION CORPORATION 3 - ONE MEMBER LIMITED LIABILITY COMPANY**Phu My Town, Tan Thanh District  
Ba Ria – Vung Tau Province, S.R. Vietnam**Separate financial statements**  
For the year ended 31 December 2013FOR IDENTIFICATION  
PURPOSE ONLY**BALANCE SHEET (Continued)***As at 31 December 2013***FORM B 01-DN**

Unit: VND

<b>RESOURCES</b>	<b>Codes</b>	<b>Notes</b>	<b>31/12/2013</b>
<b>A. LIABILITIES (300 = 310+330)</b>	<b>300</b>		<b>66,587,780,328,888</b>
<b>I. Current liabilities</b>	<b>310</b>		<b>18,469,681,867,873</b>
1. Short-term loans and liabilities	311	16	3,816,152,918,537
2. Trade accounts payable	312		6,558,579,038,759
3. Advances from customers	313		617,909,091
4. Taxes and amounts payable to the State budget	314	17	182,162,826,348
5. Payables to employees	315		118,073,956,129
6. Accrued expenses	316		14,079,401,330
7. Other current payables	319	18	7,742,549,672,743
8. Bonus and welfare funds	323		37,466,144,936
<b>II. Long-term liabilities</b>	<b>330</b>		<b>48,118,098,461,015</b>
1. Long-term loans and liabilities	334	19	48,112,233,275,288
2. Unearned revenue	338	20	5,865,185,727
<b>B. EQUITY (400=410)</b>	<b>400</b>		<b>12,163,485,240,098</b>
<b>I. Owners' equity</b>	<b>410</b>	<b>21</b>	<b>12,163,485,240,098</b>
1. Owners' contributed capital	411		12,400,642,458,755
2. Foreign exchange reserve	416		(514,824,732,641)
3. Investment and development fund	417		68,097,021,981
4. Retained earnings	420		4,993,560,386
5. Construction investment capital	421		204,576,931,617
<b>TOTAL RESOURCES (440 = 300+ 400)</b>	<b>440</b>		<b>78,751,265,568,986</b>

**OFF BALANCE SHEET ITEMS****31/12/2013**

1. Foreign currency	
United States Dollar ("USD")	39,736.79

Vu Phuong Thao  
PreparerNguyen Thi Thanh Huong  
Chief AccountantTruong Quoc Phuc  
Deputy General Director  
14 April 2014*The accompanying notes set out on pages 9 to 34 are an integral part of these separate financial statements*

**POWER GENERATION CORPORATION 3 - ONE MEMBER LIMITED LIABILITY COMPANY**

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

**Separate financial statements**  
For the year ended 31 December 2013

**FORM B 02-DN**  
Unit: VND

<b>INCOME STATEMENT</b>			
<i>For the year ended 31 December 2013</i>			
<b>ITEMS</b>	<b>Codes</b>	<b>Notes</b>	<b>2013</b>
1. Gross revenue from goods sold and services rendered	01	23	17,440,036,936,658
2. Net revenue from goods sold and services rendered (10=01-02)	10	23	17,440,036,936,658
3. Cost of goods sold and services rendered	11	24	14,702,812,002,513
4. Net profit from goods sold and services rendered (20 = 10-11)	20		2,737,224,934,145
5. Financial income	21	25	1,583,476,874,127
6. Financial expenses	22	26	3,765,451,965,396
- In which: Interest expense	23	26	1,167,383,135,270
7. General and administration expenses	25		139,965,616,641
8. Operating profit	30		415,284,226,235
9. Other income	31		96,836,903,328
10. Other expenses	32		276,157,611,989
11. Loss from other activities (40=31-32)	40	27	(179,320,708,661)
12. Accounting profit before tax (50=30+40)	50		235,963,517,574
13. Current corporate income tax expense	51	28	71,138,877,446
14. Net profit after corporate income tax (60=50-51)	60		<b>164,824,640,128</b>

Vu Phuong Thao  
Preparer

Nguyen Thi Thanh Huong  
Chief Accountant

Truong Quoc Phuc  
Deputy General Director  
14 April 2014

*The accompanying notes set out on pages 9 to 34 are an integral part of these separate financial statements*



**CASH FLOW STATEMENT**  
*For the year ended 31 December 2013*

ITEMS	Codes	2013
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<i>1. Profit before tax</i>	<i>01</i>	<i>235,963,517,574</i>
<i>2. Adjustments for:</i>		
Depreciation and amortization of assets	02	3,091,548,898,648
Provisions	03	(2,544,576,037)
Unrealised foreign exchange difference	04	1,201,480,517,954
Gain from investing activities	05	(182,615,316,693)
Interest expense	06	1,167,383,135,270
<i>3. Operating profit before movements in working capital</i>	<i>08</i>	<i>5,511,216,176,716</i>
Decrease in receivables	09	1,433,993,057,686
Decrease in inventories	10	203,286,870,054
Decrease in accounts payable	11	914,952,127,034
Increase in prepaid expenses	12	2,854,552,615
Interest paid	13	(1,182,440,913,118)
Corporate income tax paid	14	(8,142,127,130)
Other cash outflows	16	(3,646,309,137)
<i>Net cash generated by operating activities</i>	<i>20</i>	<i>6,872,073,434,720</i>
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
1. Acquisition and construction of fixed assets	21	(21,899,273,736,987)
2. Proceeds from sales, disposal of fixed assets	22	113,092,035
3. Cash outflows for short-term deposits at banks	23	(150,000,000,000)
4. Interest earned	27	48,440,657,786
<i>Net cash (used in) investing activities</i>	<i>30</i>	<i>(22,000,719,987,166)</i>
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
1. Proceeds from receiving capital from the owner	31	634,206,300
2. Proceeds from borrowings	33	19,412,841,510,311
3. Repayments of borrowings	34	(2,828,581,393,863)
<i>Net cash generated by financing activities</i>	<i>40</i>	<i>16,584,894,322,748</i>
<b>Net decrease in cash (50=20+30+40)</b>	<b>50</b>	<b>1,456,247,770,302</b>
<b>Cash and cash equivalents increase from other EVN's subsidiaries due to re-structure process</b>	<b>60</b>	<b>634,618,660,790</b>
Effect of changes in foreign exchange rates	61	(2,603,190,329)
<b>Cash and cash equivalents at the end of the year (70=50+60+61)</b>	<b>70</b>	<b>2,088,263,240,763</b>

**CASH FLOW STATEMENT (Continued)**

*For the year ended 31 December 2013*

**FORM B 03-DN**

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 1 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, which are not disclosed 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  
14 April 2014

**POWER GENERATION CORPORATION 3 - ONE MEMBER LIMITED LIABILITY COMPANY**

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

**Separate financial statements**  
For the year ended 31 December 2013

FOR IDENTIFICATION  
PURPOSE ONLY

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

**FORM B 09-DN**

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

**1. GENERAL INFORMATION**

**Structure of ownership**

The Power Generation Corporation 3 – One Member Limited Liability Company (“the Corporation”) was established as per Decision No. 3025/QĐ-BCT dated 1 June 2012 of the Ministry of Industry and Trade following the parent - subsidiary model under Vietnam Electricity (“EVN”), 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:

- Dependent power generation companies: Buon Kuop Hydropower Company, Huoi Quang - Ban Chat Hydropower Company;
- Power Generation Project Management Boards: Hydropower Project Management Board 1, Thermal Power Project Management Board 1, Vinh Tan Thermal Power Project Management Board;
- Phu My Thermal Power Plant;
- Office of the Corporation.

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

**Operating industry and principal activities**

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

**2. ACCOUNTING CONVENTION AND FINANCIAL YEAR**

**Accounting convention**

The accompanying separate 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 Corporation’s separate financial statements are prepared based on summary of the financial statements of the dependent accounting units including power plants, project management boards, and ancillary units, and office report and industry report.

The accompanying separate 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.

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 09-DN

*These notes are an integral part of and should be read in conjunction with the separate financial statements***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 separate 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 separate 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 separate financial statements, are as follows:

**Estimates**

The preparation of separate 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 separate 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.

**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.

**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.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)****FORM B 09-DN***These notes are an integral part of and should be read in conjunction with the separate financial statements***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:

<b>Tangible fixed assets</b>	<b>2013 (Years)</b>
Buildings and structures	10 - 25
Machinery and equipment (*)	10 - 15
Motor vehicles, transmission equipment	10
Management device	03 - 05
Others	05 - 10

(\*) 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 life 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".

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)**

**FORM B 09-DN**

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

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-TCN 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 rights 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.

**Leasing**

Leases are classified as operating 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.

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.

**POWER GENERATION CORPORATION 3 - ONE MEMBER LIMITED LIABILITY COMPANY**

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

**Separate financial statements**  
For the year ended 31 December 2013

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)****FORM B 09-DN**

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

**Investment in subsidiaries**

A subsidiary is an entity over which the Corporation has control. Control is achieved where the Corporation has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

Investments in subsidiaries in the separate financial statements of the Corporation comprise investments in joint-stock companies governed by the Corporation. Investments in subsidiaries are recognised at cost.

Provisions for impairment of investments in subsidiaries are made in accordance with prevailing accounting regulations.

**Investments in associates**

An associate is an entity over which the Corporation has significant influence and that is neither a subsidiary nor an interest in 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. Investments in associates are recognised at cost.

Provisions for impairment of investments in associates are made in accordance with prevailing accounting regulations.

**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 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

The Corporation's funds are appropriated and used in accordance with the prevailing regulations applicable to State Owned Enterprises in accordance with Decree No. 71/2013/ND-CP ("Decree 71") dated 11 July 2013 guiding on investment of state capital in enterprises and financial management of enterprises of which 100% charter capital is held by the state.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)**

**FORM B 09-DN**

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

**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.

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 dated 24 October 2012 (“Circular 179”) providing guidance on recognition, measurement and treatment of foreign exchange differences in enterprises and replacing Circular No. 201/2009/TT-BTC dated 15 October 2009 by the Ministry of Finance (“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, 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 separate financial statements.



**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)**

**FORM B 09-DN**

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

Particularly for electrical projects within the national electricity development planning approved by the Prime Minister, the exchange difference arising during the investment shall be reflected in accumulation and entered into the expenditure for no more than five years since the project is put into operation in accordance with Decree No. 82/2014/NĐ-CP dated 25 August 2014. Unrealised foreign exchange gains from revaluation of foreign currency balances as at the balance sheet date are not treated as part of distributable profit to owners.

As for the Project Management Boards of new independent power plants and production companies, the exchange rate differences arising in the course of implementing the construction projects of new power plants shall be accumulated on the balance sheet. Upon completion of the new power plants' construction, these exchange rate differences are allocated into income or operating expenses for a maximum period of five years. The company running the new power plants is committed to repay 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.

**Taxation**

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.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)**

**FORM B 09-DN**

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

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 VND
Cash on hand	1,437,552,412
Cash in bank	1,985,122,088,351
Cash equivalents	101,703,600,000
	<u><u>2,088,263,240,763</u></u>

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

**6. SHORT-TERM INVESTMENTS**

Short-term investments represent the value of term deposits at the EVN Finance Joint Stock Company with the term of 4 months and earn the interest rate at 6.5% per annum

**7. OTHER RECEIVABLES**

	31/12/2013 VND
Cost related to Hydropower Project Management Board 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
Receivables from 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	7,211,745,141
Exchange rate difference and difference in exchange rate of loan principal of EVN	329,981,625,214
Receivables from taxed paid on behalf	15,109,226,091
Others	21,257,478,202
	<u><u>521,253,606,281</u></u>

**8. INVENTORIES**

Inventories comprise the value of supplies and equipment used for construction work at project management boards and the value of raw materials, materials and spare parts replacing for serviced assets for production and business activities.

Provisions for devaluation of inventories represent provisions for supplies no longer able to be put into operation.

**POWER GENERATION CORPORATION 3 - ONE MEMBER LIMITED LIABILITY COMPANY**

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

Deloitte  
Separate Financial Statements  
For the year ended 31/12/2013

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)**

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

**FORM B 09-DN**

**9. TANGIBLE FIXED ASSETS**

	Buildings, structures VND	Machinery, Equipment VND	Motor Vehicles VND	Office Equipment VND	Other fixed assets VND	Total VND
<b>COST</b>						
Transferred from EVN	6,354,487,379,723	35,346,108,027,595	3,245,539,860,432	37,167,551,661	973,360,894	44,984,276,180,305
Additions	-	2,434,218,874	6,264,220,182	5,542,911,731	1,483,425,559	15,724,776,346
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) after settlement - 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 after settlement - Phu My	-	11,030,103,540	-	-	-	11,030,103,540
Other increases 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)
Disposals	-	-	(1,326,865,858)	(383,869,138)	(13,636,364)	(1,724,371,360)
Reclassifications (i)	-	(1,785,396,886)	(971,126,545)	(9,586,777,164)	(655,463,140)	(12,998,763,735)
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	16,130,364,184,772	37,532,007,677,922	3,360,137,108,245	41,032,951,713	1,787,686,949	57,065,329,609,601

**ACCUMULATED DEPRECIATION**

Transferred from EVN	3,352,287,031,269	24,055,718,763,584	1,070,190,624,873	20,520,392,622	470,800,198	28,499,187,612,546
Charge for the year (ii)	631,305,791,541	2,142,726,892,358	301,560,695,753	3,405,972,704	144,194,465	3,079,143,546,821
Increase adjustment as per the State Audit	-	11,100,066,723	-	804,129,536	-	11,904,196,259
Handed over from Hydropower Project						
Management Board 1	-	(104,120,478)	(1,314,909,287)	(278,227,042)	-	(1,697,256,807)
Other decreases	-	-	(2,407,094,386)	-	-	(2,407,094,386)
Disposals	-	-	(1,213,773,823)	(397,505,502)	-	(1,611,279,325)
Reclassifications (i)	-	(744,690,516)	(376,732,978)	(6,377,190,244)	(309,471,656)	(7,808,085,394)
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	3,983,592,822,810	26,168,741,301,817	1,365,897,707,882	15,118,523,368	305,523,007	31,533,655,878,884

**NET BOOK VALUE**

As at 31/12/2013	12,146,771,361,962	11,363,266,376,105	1,994,239,400,363	25,914,428,345	1,482,163,942	25,531,673,730,717
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**POWER GENERATION CORPORATION 3 - ONE MEMBER LIMITED LIABILITY COMPANY**Phu My Town, Tan Thanh District  
Ba Ria – Vung Tau Province, S.R Vietnam**Separate financial statements**  
For the year ended 31 December 2013**FOR IDENTIFICATION  
PURPOSE ONLY****NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)****FORM B 09-DN***These notes are an integral part of and should be read in conjunction with the separate financial statements*

(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 18,764,214,287 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
<b>COST</b>			
Transferred from EVN	58,411,198,329	4,970,383,532	63,381,581,861
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	-	(105,294,316)	(105,294,316)
As at 31/12/2013	<u>57,174,312,782</u>	<u>4,865,089,216</u>	<u>62,039,401,998</u>
<b>ACCUMULATED AMORTIZATION</b>			
Transferred from EVN	14,586,854,400	2,568,209,339	17,155,063,739
Charge for the year	2,312,001,807	460,128,258	2,772,130,065
Other decrease	-	(44,402,229)	(44,402,229)
As at 31/12/2013	<u>16,898,856,207</u>	<u>2,983,935,368</u>	<u>19,882,791,575</u>
<b>NET BOOK VALUE</b>			
As at 31/12/2013	<u><u>40,275,456,575</u></u>	<u><u>1,881,153,848</u></u>	<u><u>42,156,610,423</u></u>

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)** **FORM B 09-DN**  
These notes are an integral part of and should be read in conjunction with the separate financial statements

**11. CONSTRUCTION IN PROGRESS**

	31/12/2013
	VND
<b>Construction works in progress</b>	<b>41,096,543,080,292</b>
<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>
<b>Overhaul expenses</b>	<b>4,902,736,925</b>
<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>
	<b><u>41,101,445,817,217</u></b>

(\*) 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 expenses which had been capitalized into the cost of construction in progress during the year was VND 1,746,719,468,910.

**12. INVESTMENTS IN SUBSIDIARIES**

<b>Subsidiaries</b>	<b>Place of incorporation and operation</b>	<b>Proportion of ownership interest</b>	<b>Proportion of voting right power held</b>	<b>Principal activity</b>	<b>Investment as at 31/12/2013 VND</b>
Ba Ria Thermal Power JSC	Ba Ria - Vung Tau	79.56%	79.56%	Electricity producing and trading	481,235,570,000
Ninh Binh Thermal Power JSC	Ninh Binh	54.76%	54.76%	Electricity producing and trading	70,454,400,000
					<b><u>551,689,970,000</u></b>

**POWER GENERATION CORPORATION 3 - ONE MEMBER LIMITED LIABILITY COMPANY**

Phu My Town, Tan Thanh District

Ba Ria – Vung Tau Province, S.R Vietnam

Republic of Vietnam  
FOR IDENTIFICATION  
COMPANIES ONLY

Separate financial statements

For the year ended 31 December 2013

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)****FORM B 09-DN***These notes are an integral part of and should be read in conjunction with the separate financial statements***13. INVESTMENTS IN ASSOCIATES**

	31/12/2013 VND
Thac Ba Hydropower JSC	190,500,000,000
Vinh Son Song Hinh Hydropower JSC	630,169,054,175
Se San 3A Power Investment and Development JSC	84,000,000,000
	<b>904,669,054,175</b>

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

Name of company	Place of incorporation and operation	Proportion of ownership interest	Proportion of voting right power held	Principal activity
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

**14. OTHER LONG-TERM INVESTMENTS**

	31/12/2013 VND
PV Power NT2 JSC	64,000,000,000
Alstom Energy Service Company Limited	74,463,661,588
Viet Lao Power JSC	19,600,000,000
	<b>158,063,661,588</b>

**15. LONG-TERM PREPAYMENTS**

	31/12/2013 VND
Tools and supplies	18,760,166,518
Cost of production preparation for Buon Kuop, Buon Tua Srah and Srepok 3 Hydropower Plants	39,344,780,738
Foreign exchange differences pending for allocation	965,177,950,698
	<b>1,023,282,897,954</b>

Phu My Town, Tan Thanh District  
Ba Ria – Vung Tau Province, S.R VietnamSeparate financial statements  
For the year ended 31 December 2013

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 09-DN

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

## 16. SHORT-TERM LOANS AND LIABILITIES

31/12/2013

VND

<b>Short-term loans</b>	<b>700,000,000,000</b>
Vietnam Joint Stock Commercial Bank for Industry and Trade <sup>(1)</sup>	100,000,000,000
Vietnam International Commercial Joint Stock Bank <sup>(2)</sup>	100,000,000,000
Vietnam Electricity	500,000,000,000
+ Vietnam Joint Stock Commercial Bank for Industry and Trade <sup>(3)</sup>	100,000,000,000
+ Pha Lai Thermal Power JSC <sup>(4)</sup>	400,000,000,000
<b>Current portion of long-term loans (Note 19)</b>	<b>3,116,152,918,537</b>
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	171,560,282,000
Credit Agricole Vietnam Corporate and Investment Bank - Hanoi Branch	176,437,098,923
Vietnam Electricity	1,463,393,154,557
	<b>3,816,152,918,537</b>

<sup>(1)</sup> Represents a loan obtained from Vietnam Joint Stock Commercial Bank for Industry and Trade 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 separate financial statements, such loan was repaid.

<sup>(2)</sup> Represents a loan obtained from Vietnam International Commercial Joint Stock Bank 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 separate financial statements, such loan was repaid.

<sup>(3)</sup> 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 25<sup>th</sup> of each month. At the date of the separate financial statements, such loan was repaid.

**POWER GENERATION CORPORATION 3 - ONE MEMBER LIMITED LIABILITY COMPANY**Phu My Town, Tan Thanh District  
Ba Ria – Vung Tau Province, S.R Vietnam**Separate financial statements**  
For the year ended 31 December 2013**FOR IDENTIFICATION  
PURPOSE ONLY****NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)****FORM B 09-DN***These notes are an integral part of and should be read in conjunction with the separate financial statements*

(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. 01/20111/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. 01/20111/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. 01/20111/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	8,019,821,725
Corporate income tax	71,080,002,678
Personal income tax	1,709,204,751
Fees and tolls - forest environment service fee	17,618,134,000
	<b>182,162,826,348</b>

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	(3,061,738,689)	3,133,029,081,436	(3,063,311,148,849)	66,656,193,898
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	6,277,225,374	175,795,245,527	(174,052,649,176)	8,019,821,725
Corporate income tax	8,083,252,362	71,138,877,446	(8,142,127,130)	71,080,002,678
Personal income tax	2,245,812,617	14,635,292,155	(15,171,900,021)	1,709,204,751
Fees and tolls - forest environment service fee	16,529,413,600	57,505,777,700	(56,417,057,300)	17,618,134,000
Penalty payable	-	140,489,819,835	(140,489,819,835)	-
Land rental	-	4,691,182,119	(4,691,182,119)	-
Other fees and charges	-	74,693,002	(74,693,002)	-
	<b>29,453,892,678</b>	<b>3,762,148,330,984</b>	<b>(3,609,443,910,230)</b>	<b>182,158,313,432</b>

In which:

- Taxes and other receivables from the State budget	4,512,916
- Taxes and amounts payable to the State budget	182,162,826,348



**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)**

**FORM B 09-DN**

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

**18. OTHER CURRENT PAYABLES**

	31/12/2013
	<u>VND</u>
Bid security	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	469,705,404
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 <sup>(i)</sup>	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	3,887,695,185,576
+ <i>Interest and re-borrowing charges</i>	344,396,939,174
+ <i>Amounts related to Ban Chat compensation and resettlement</i>	150,000,000,000
+ <i>Electricity bill advance payables</i>	906,239,954,564
+ <i>Profits payable</i>	92,612,947,400
+ <i>Other payable related to assets transferred from EVN</i>	2,394,338,522,216
+ <i>Deposit interest of Phu My 4 Project Management Unit</i>	106,822,222
Other payables	8,455,374,068
	<u><b>7,742,549,672,743</b></u>

(i) Such payable represents 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.

**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
Vietnam Electricity	39,006,486,928,065
+ <i>Japan Bank for International Cooperation</i>	6,274,577,170,802
+ <i>World Bank</i>	66,634,932,880
+ <i>Bonds</i>	928,940,954,246
+ <i>Vietnam Joint Stock Commercial Bank for Industry and Trade</i>	182,416,630,806
+ <i>Asia Commercial Joint Stock Bank</i>	195,663,248,236
+ <i>Asian Development Bank</i>	13,822,517,419,769
+ <i>Export-Import Bank of China</i>	11,925,124,614,216
+ <i>Pha Lai Thermal Power Joint Stock Company</i>	350,000,000,000
+ <i>Joint Stock Commercial Bank for Foreign Trade of Vietnam</i>	2,169,279,114,960
+ <i>Vietnam Development Bank</i>	2,828,828,149,401
+ <i>French Development Agency</i>	262,504,692,749
	<u><b>48,112,233,275,288</b></u>

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)** **FORM B 09-DN**  
*These notes are an integral part of and should be read in conjunction with the separate financial statements*

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 with the loans.

Long-term loans are repayable as follows:

	31/12/2013
	<u>VND</u>
On demand or within one year	3,116,152,918,537
From the second year to the fifth year	19,525,587,700,475
After five years	<u>28,586,645,574,813</u>
	51,228,386,193,825
<i>Less: Amount due for settlement within 12 months</i>	
<i>(shown under current liabilities)</i>	<u>(3,116,152,918,537)</u>
<b>Amount due for settlement after 12 months</b>	<u><b>48,112,233,275,288</b></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.

**POWER GENERATION CORPORATION 3-ONE MEMBER LIMITED LIABILITY COMPANY**

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

**Deloitte Vietnam**  
**FOR IDENTIFICATION**  
**PURPOSE ONLY** For the year ended 31 December 2013  
**Separate financial statements**

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)**

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

**FORM B 09-DN**

**21. OWNER'S EQUITY**

	Owner's contributed capital VND	Foreign exchange reserve VND	Investment and development fund VND	Financial reserve fund VND	Retained earnings VND	Construction investment fund VND	Total VND
<b>Transferred from EVN</b>	<b>11,810,725,837,899</b>	<b>(223,885,108,925)</b>	<b>(382,002,349)</b>	<b>18,397,425,991</b>	<b>7,919,444,783</b>	<b>808,212,758,194</b>	<b>12,420,988,355,593</b>
Exchange difference in the course of construction in progress (iii)	-	(290,939,623,716)	-	-	-	-	(290,939,623,716)
Other increase/(decrease) due to finalization	(27,302,630,185)	-	634,206,300	-	-	-	(26,668,423,885)
Capital increase from retained earnings (i)	1,629,228,421	-	-	-	(1,629,228,421)	-	-
Profit for the year	-	-	-	-	164,824,640,128	-	164,824,640,128
Profit transferred to EVN (i)	-	-	-	-	(92,612,947,400)	-	(92,612,947,400)
Appropriated for Investment and development fund	-	-	49,447,392,039	-	(49,447,392,039)	-	-
Appropriated for Bonus and welfare funds	-	-	-	-	(27,861,774,223)	-	(27,861,774,223)
Transferred from Construction in progress	603,635,826,577	-	-	-	-	(603,635,826,577)	-
Capital increase from funds for fixed assets acquisition (i)	11,954,196,043	-	-	-	-	-	11,954,196,043
Reclassification (ii)	-	-	18,397,425,991	(18,397,425,991)	-	-	-
Other adjustments	-	-	-	-	3,800,817,558	-	3,800,817,558
<b>As at 31/12/2013</b>	<b>12,400,642,458,755</b>	<b>(514,824,732,641)</b>	<b>68,097,021,981</b>	<b>-</b>	<b>4,993,560,386</b>	<b>204,576,931,617</b>	<b>12,163,485,240,098</b>

(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. In addition, the Corporation also deducted an amount of VND 88,811,414,417 from 2013 profit after tax to transfer to EVN.

(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.

(iii) Exchange difference in the course of construction in progress includes exchange differences arising from completed projects and those from construction in progress.

**POWER GENERATION CORPORATION 3 - ONE MEMBER LIMITED LIABILITY COMPANY**Phu My Town, Tan Thanh District  
Ba Ria – Vung Tau Province, S.R Vietnam**Separate financial statements**  
For the year ended 31 December 2013**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)****FORM B 09-DN***These notes are an integral part of and should be read in conjunction with the separate financial statements***22. BUSINESS AND GEOGRAPHICAL SEGMENTS**

The principal operating activity of the Corporation is generation and 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 balance sheet as at 31 December 2013 and all the revenue and expenses presented in the income statement for the year then ended are mainly related to the Corporation's principal operating activity.

**23. REVENUE**

2013

VND

Electricity sales	17,433,784,734,787
Other services	6,252,201,871
	<u><u>17,440,036,936,658</u></u>

**24. COST OF SALES**

2013

VND

Cost of electricity sold	14,697,458,610,271
Cost of other services rendered	5,353,392,242
	<u><u>14,702,812,002,513</u></u>

**25. FINANCIAL INCOME**

2013

VND

Bank and loan interest	41,523,514,038
Dividends and profits received	113,110,703,325
Realized foreign exchange gain	42,553,119,675
Unrealized foreign exchange gain	1,386,289,537,089
	<u><u>1,583,476,874,127</u></u>

**26. FINANCIAL EXPENSES**

2013

VND

Interest expense	1,167,383,135,270
Realized foreign exchange loss	10,298,775,083
Unrealized foreign exchange loss	2,587,770,055,043
	<u><u>3,765,451,965,396</u></u>

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)** **FORM B 09-DN**  
*These notes are an integral part of and should be read in conjunction with the separate financial statements*

**27. LOSS FROM OTHER ACTIVITIES**

	2013 VND
Proceeds from disposal of materials and assets	2,575,592,200
Income from materials recovered from overhaul projects	26,808,099,841
Income from reevaluation of assets used for capital contribution	27,981,099,330
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	1,270,548,142
	<u>96,836,903,328</u>
Net book value of materials and assets disposed of	6,746,459,778
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
Other expenses related to Buon Kuop	8,292,775,590
Other expenses	4,020,859
	<u>276,157,611,989</u>
<b>Loss from other activities</b>	<u><b>(179,320,708,661)</b></u>

**28. CURRENT CORPORATE INCOME TAX**

	2013 VND
Profit before tax	235,963,517,574
Less: Non-taxable income	(113,117,982,138)
Add back: Non-deductible expenses	161,474,475,278
Taxable income	284,320,010,714
Income tax rate	25%
Current corporate income tax expense	71,080,002,679
Additional tax from year 2008 to year 2012	58,874,767
<b>Current tax expense</b>	<u><b>71,138,877,446</b></u>

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

**29. CONTINGENT LIABILITIES**

The Corporation has a contingent liability related to the matter that certain hydropower business unit of 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 separate financial statements of the Corporation for the year ended 31 December 2013 regarding to this matter.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 09-DN

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

30. 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.

31. OPERATING LEASE COMMITMENTS

a. Operating lease commitments – the Corporation as lessee

	31/12/2013 VND
Minimum lease payments under operating leases recognized in the income statement for the year	4,375,648,700

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
	<u>193,911,246,681</u>

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 lessor

	31/12/2013 VND
Minimum lease payments under operating leases recognized in the income statement for the year	390,268,817

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
	<u>87,892,153,162</u>

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

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 09-DN

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

## 32. 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 (borrowings as disclosed in Note 16 and Note 19, offset by cash and cash equivalents) and equity attributable to the State (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	51,928,386,193,825
Less: Cash and cash equivalents	2,088,263,240,763
Net debt	49,840,122,953,062
Equity	12,163,485,240,098
<b>Net debt to equity ratio</b>	<b><u>409.75%</u></b>

**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>
<b>Financial assets</b>	
Cash and cash equivalents	2,088,263,240,763
Trade and other receivables	1,641,397,607,330
Financial investments	608,063,661,588
<b>Total</b>	<b><u>4,337,724,509,681</u></b>
<b>Financial liabilities</b>	
Borrowings	51,928,386,193,825
Trade and other payables	14,300,292,269,848
Accrued expenses	14,079,401,330
<b>Total</b>	<b><u>66,242,757,865,003</u></b>

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.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)** **FORM B 09-DN**  
*These notes are an integral part of and should be read in conjunction with the separate financial statements*

**Financial risk management objectives**

The Corporation has set up risk management system to identify and assess the risks exposed by the Corporation and designed control policies and procedures to manage those risks at an acceptable level. Risk management system is 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.

**Foreign currency risk management**

The Corporation undertakes certain transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Corporation does not hedge these risk exposures due to the lack of any market to purchase financial instruments.

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	840,573,078	30,827,428,887,015
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

**Foreign currency sensitivity analysis**

The Corporation is mainly exposed to United States Dollar, Japanese Yen, Chinese Yuan Renminbi 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	(308,265,883,139)
Chinese Yuan Renminbi	(20,765,021,975)
Swiss Franc	1,501,412,628
Euro	(7,627,226)
Japanese Yen	(67,173,010,580)



## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 09-DN

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

**POWER GENERATION CORPORATION 3-ONE MEMBER LIMITED LIABILITY COMPANY**Phu My Town, Tan Thanh District  
Ba Ria – Vung Tau Province, S.R VietnamDeloitte Vietnam  
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COMPANY PURPOSE ONLY  
Separate financial statements  
For the year ended 31 December 2013**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)****FORM B 09-DN***These notes are an integral part of and should be read in conjunction with the separate financial statements*

	Less than 1 year VND	From 1 - 5 years VND	Over 5 years	Total VND
31/12/2013				
Cash and cash equivalents	2,088,263,240,763	-	-	2,088,263,240,763
Trade and other receivables	1,641,397,607,330	-	-	1,641,397,607,330
Financial investments	450,000,000,000	158,063,661,588	-	608,063,661,588
<b>Total</b>	<b>4,179,660,848,093</b>	<b>158,063,661,588</b>	<b>-</b>	<b>4,337,724,509,681</b>
31/12/2013				
Borrowings	3,816,152,918,537	19,525,587,700,475	28,586,645,574,813	51,928,386,193,825
Trade and other payables	14,300,292,269,848	-	-	14,300,292,269,848
Accrued expenses	14,079,401,330	-	-	14,079,401,330
<b>Total</b>	<b>18,130,524,589,715</b>	<b>19,525,587,700,475</b>	<b>28,586,645,574,813</b>	<b>66,242,757,865,003</b>
<b>Net liquidity gap</b>	<b>(13,950,863,741,622)</b>	<b>(19,367,524,038,887)</b>	<b>(28,586,645,574,813)</b>	<b>(61,905,033,355,322)</b>

The Board of Directors assessed that the Corporation is exposed to liquidity risk. 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

**33. 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 Corporation	Company in EVN Group
Ba Ria Thermal Power Joint Stock Company	Subsidiary

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)**

**FORM B 09-DN**

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

31/12/2013

VND

**Electricity sales**

Electric Power Trading Company

17,433,456,231,862

**Electricity purchases**

Vietnam Electricity

36,957,785,755

**Purchases of Services**

Ba Ria Thermal Power Joint Stock Company

238,500,000

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

35,143,055,556

**Other - Vietnam Electricity**

Profit payable

92,612,947,400

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

1,114,893,704,709

**Other receivables**

Vietnam Electricity

330,593,637,656

EVN Finance Joint Stock Company - deposit interest

7,150,000,000

EVN Finance Joint Stock Company - deposits

450,000,000,000

**Payables**

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

43,655,417,635,138

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)**

**FORM B 09-DN**

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

**34. COMPARATIVE FIGURES**

As stated in Note 1 of the Notes to the separate financial statements, the Corporation was established from 1 January 2013. Figures as at this date were handed over from Vietnam Electricity. The separate 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  
14 April 2014