



**Power Generation Corporation 3
and its subsidiaries**

Consolidated Financial Statements for the
year ended 31 December 2017

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

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

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

Business Registration Certificate No. 3502208399 26 November 2012

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

Chairman Mr. Nguyen Van Le

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

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

Auditor KPMG Limited
Vietnam

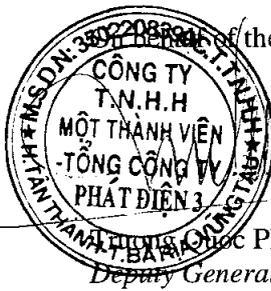
**Power Generation Corporation 3 and its subsidiaries
Statement of the Board of Directors**

The Board of Directors of Power Generation Corporation 3 ("the Corporation") presents this statement and the accompanying consolidated financial statements of the Corporation and its subsidiaries (collectively "the Group") for the year ended 31 December 2017.

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

- (a) the consolidated financial statements set out on pages 6 to 47 give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, and of the consolidated results of operations and the consolidated cash flows of the Group for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting; and
- (b) at the date of this statement, there are no reasons to believe that the Group will not be able to pay its debts as and when they fall due.

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

Chairman of the Board of Directors,


Trần Quốc Phục
Deputy General Director

Ba Ria – Vung Tau, 28 March 2018



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115 Nguyen Hue Street, Ben Nghe Ward
District 1, Ho Chi Minh City, Vietnam
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INDEPENDENT AUDITOR'S REPORT

To the Chairman and the Board of Directors Power Generation Corporation³ and its subsidiaries

We have audited the accompanying consolidated financial statements of Power Generation Corporation 3 ("the Corporation") and its subsidiaries (collectively "the Group"), which comprise the consolidated balance sheet as at 31 December 2017, the consolidated statements of income and cash flows for the year ended and the explanatory notes thereto which were authorised for issue by the Company's Board of Directors on 28 March 2018, as set out on pages 6 to 47.

Management's Responsibility

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

Auditor's Responsibility

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

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

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



Auditor's Opinion

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of Power Generation Corporation 3 and its subsidiaries as at 31 December 2017 and of their consolidated results of operations and their consolidated cash flows for the year ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

Emphasis of Matter

Note 3(b)(ii) and 3(b)(iii) to the consolidated financial statements which referred to the Corporation's treatment of foreign exchange differences incurred in the period of construction of power projects within the National Electricity Development Plan approved by the Prime Minister in the Decree No. 10/2017/ND-CP of the Government dated 9 February 2017 ("Decree 10") and foreign exchange differences from revaluation of monetary items denominated in foreign currencies in accordance with the guidance of Official Letter No. 5344/ BTC-TCDN of the Ministry of Finance dated 25 April 2017 on the treatment of foreign exchange differences from revaluation of monetary items denominated in foreign currencies in 2016 of Vietnam Electricity ("Official Letter 5344"), approved by the Prime Minister under Official Letter No. 122/TB-VPCP of the Government Office dated 6 March 2017 ("Official Letter 122").

Under the guidance of Decree 10, foreign exchange differences incurred in the period of construction are recorded in the "Foreign exchange differences" in "Equity" and will be amortised to the statement of income for the period not exceeding 5 years from the date the project starts its commercial operation. Under the guidance of Official Letter 5344 and Official Letter 122, foreign exchange losses due to revaluation of the closing balances of long-term liabilities denominated in foreign currencies as at 31 December 2016 are recorded in the "Foreign exchange differences" in "Equity", rather than as "Financial expenses", and will be allocated to expenses in 2016 at an amount that is at least equal to the exchange differences of liabilities due in 2017 so as to ensure that business result is not negative, the remaining differences will be monitored and allocated within 5 years. The guidance of these Official Letters are different from that of Circular No. 200/2014/TT-BTC providing guidance on Vietnamese Accounting System for enterprises issued by the Ministry of Finance on 22 December 2014. The impact of applying this accounting policy to the consolidated financial statements for the year ended 31 December 2017 was disclosed in Note 3(b)(ii) and 3(b)(iii) to the consolidated financial statements.



Other Matter

We conducted our audit in order to express an opinion on the consolidated financial statements as set out on pages 6 to 47. Additional information on page 48 is not an integral part of the consolidated financial statements and not within the scope of the audit of the consolidated financial statements, therefore, we do not express our opinion on this information.

KPMG Limited/KPMG Limited's Branch in Ho Chi Minh City



Audit Report No.: 17-01-284

Hà Vũ Đình
Practicing Auditor Registration
Certificate No. 0414-2018-007-1
Deputy General Director

Nguyen Thanh Nghi
Practicing Auditor Registration
Certificate No. 0304-2018-007-1

Ho Chi Minh City, 28 March 2018

Power Generation Corporation 3 and its subsidiaries
Consolidated balance sheet as at 31 December 2017

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

	Code	Note	31/12/2017 VND	1/1/2017 VND
ASSETS				
Current assets (100 = 110 + 120 + 130 + 140 + 150)	100		18,796,560,872,860	18,785,582,668,582
Cash and cash equivalents	110	4	4,889,503,224,142	2,058,553,861,920
Cash	111		2,996,003,224,142	1,345,553,861,920
Cash equivalents	112		1,893,500,000,000	713,000,000,000
Short-term financial investments	120		1,771,000,000,000	1,050,500,000,000
Held-to-maturity investments	123	5(a)	1,771,000,000,000	1,050,500,000,000
Accounts receivable – short-term	130		8,947,167,559,377	12,462,718,469,153
Accounts receivable from customers	131	6	8,494,115,262,620	7,182,532,965,775
Prepayments to suppliers	132		171,652,902,312	301,221,287,797
Other receivables	136	7	282,627,553,598	4,979,701,732,180
Allowance for doubtful debts	137		(1,228,159,153)	(737,516,599)
Inventories	140	8	3,080,370,970,600	3,040,394,560,198
Inventories	141		3,081,307,660,656	3,040,800,862,431
Allowance for inventories	149		(936,690,056)	(406,302,233)
Other current assets	150		108,519,118,741	173,415,777,311
Short-term prepaid expenses	151		2,626,027,908	8,803,198,570
Deductible value added tax	152		92,345,538,765	39,746,883,281
Taxes and others receivable from State Treasury	153	13(b)	13,547,552,068	124,865,695,460

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

Power Generation Corporation 3 and its subsidiaries
Consolidated balance sheet as at 31 December 2017 (continued)

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

	Code	Note	31/12/2017 VND	1/1/2017 VND
Long-term assets (200 = 210 + 220 + 240 + 250 + 260)	200		62,588,641,268,619	66,804,780,077,695
Accounts receivable – long-term	210		769,382,459	22,000,000
Loans receivable – long-term	216		769,382,459	22,000,000
Fixed assets	220		56,869,179,072,117	61,569,028,164,052
Tangible fixed assets	221	9	56,804,027,238,108	61,501,566,138,204
Cost	222		109,272,068,630,148	108,969,000,900,034
Accumulated depreciation	223		(52,468,041,392,040)	(47,467,434,761,830)
Finance lease tangible fixed assets	227	10	65,151,834,009	67,462,025,848
Cost	228		83,265,837,897	83,265,837,897
Accumulated depreciation	229		(18,114,003,888)	(15,803,812,049)
Long-term work in progress	240		3,788,284,168,769	3,414,930,012,417
Construction in progress	242	11	3,788,284,168,769	3,414,930,012,417
Long-term financial investments	250	5(b)	1,830,593,857,582	1,763,692,020,793
Investments in associates	252		1,341,623,914,594	1,287,523,689,312
Equity investments in other entities	253		518,884,589,388	518,884,589,388
Allowance for diminution in the value of long-term financial investments	254		(29,914,646,400)	(42,716,257,907)
Other long-term assets	260		99,814,787,692	57,107,880,433
Long-term prepaid expenses	261		35,959,944,300	43,556,825,676
Deferred tax assets	262		13,879,964,174	12,722,874,757
Long-term tools, supplies and spare parts	263		49,974,879,218	828,180,000
TOTAL ASSETS (270 = 100 + 200)	270		81,385,202,141,479	85,590,362,746,277

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

Power Generation Corporation 3 and its subsidiaries
Consolidated balance sheet as at 31 December 2017 (continued)

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

	Code	Note	31/12/2017 VND	1/1/2017 VND
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		71,594,803,624,885	76,861,833,300,304
Current liabilities	310		12,903,427,315,812	10,610,993,943,559
Accounts payable to suppliers	311	12	6,131,548,072,263	5,587,479,453,509
Advances from customers	312		34,400,000	-
Taxes and others payable to State Treasury	313	13(a)	221,091,187,157	144,692,033,324
Payables to employees	314		279,657,435,291	221,289,953,254
Accrued expenses	315		101,897,917,392	50,823,347,579
Unearned revenue – short-term	318		15,890,415,131	15,158,214,637
Other payables – short-term	319	14	988,305,741,258	940,978,254,673
Short-term borrowings	320	15(a)	4,804,801,993,294	3,337,579,626,421
Provisions – short-term	321		70,242,320,871	63,614,373,786
Bonus and welfare funds	322		289,957,833,155	249,378,686,376
Long-term liabilities	330		58,691,376,309,073	66,250,839,356,745
Long-term unearned revenue	336		394,113,580,552	409,271,795,189
Long-term borrowings	338	15(b)	58,297,262,728,521	65,841,567,561,556
EQUITY (400 = 410)	400		9,790,398,516,594	8,728,529,445,973
Owners' equity	410	16	9,790,398,516,594	8,728,529,445,973
Contributed capital	411	17	10,561,944,694,725	10,561,944,694,725
Capital surplus	412		6,014,917,945	6,014,917,945
Other capital	414		16,273,236,198	16,273,236,198
Foreign exchange differences	417	19	(2,449,196,948,778)	(3,374,214,327,146)
Investment and development fund	418		291,205,621,444	218,278,897,602
Other equity funds	420		15,939,926,044	15,939,926,044
Retained profits	421		881,358,003,376	825,628,673,005
- Retained profits brought forward	421a		787,301,620,548	718,432,626,000
- Profit for the current year	421b		94,056,382,828	107,196,047,005
Capital expenditure fund	422		114,101,515,647	114,101,515,647
Non-controlling interest	429		352,757,549,993	344,561,911,953
TOTAL RESOURCES (440 = 300 + 400)	440		81,385,202,141,479	85,590,362,746,277

28 March 2018

Prepared by:

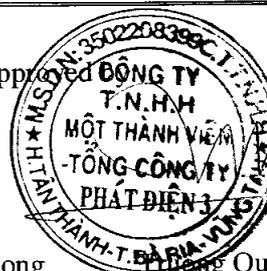


Vu Phuong Thao
Preparer

Approved



Nguyen Thi Thanh Huong
Chief Accountant



Phung Quoc Phuc
Deputy General Director

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

Power Generation Corporation 3 and its subsidiaries
Consolidated statement of income for the year ended 31 December 2017

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

	Code	Note	2017 VND	2016 VND
Revenue from sales of goods and provision of services	01	21	37,907,111,180,748	35,942,430,035,844
Cost of sales	11	22	33,601,837,052,658	32,401,926,808,804
Gross profit (20 = 10 - 11)	20		4,305,274,128,090	3,540,503,227,040
Financial income	21	23	206,588,923,828	216,940,564,718
Financial expenses	22	24	3,834,288,001,980	3,283,359,758,397
<i>In which: Interest expense</i>		23	<i>2,639,770,574,279</i>	<i>2,526,916,084,835</i>
Share of profit in associates	24	5(b)	175,913,775,282	134,210,055,520
Selling expenses	25		95,852,322	233,876,024
General and administration expenses	26	25	437,013,416,528	390,872,879,706
Net operating profit {30 = 20 + (21 - 22) + 24 - (25 + 26)}	30		416,379,556,370	217,187,333,151
Other income	31		87,553,020,039	116,601,237,443
Other expenses	32		35,061,985,866	28,981,123,866
Results of other activities (40 = 31 - 32)	40		52,491,034,173	87,620,113,577
Accounting profit before tax (50 = 30 + 40)	50		468,870,590,543	304,807,446,728
Income tax expense – current	51	27	153,329,336,737	42,069,052,111
Income tax expense deferred	52	27	(1,157,089,417)	(2,735,140,757)
Net profit after tax (60 = 50 - 51 - 52)	60		316,698,343,223	265,473,535,374

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

Power Generation Corporation 3 and its subsidiaries
Consolidated statement of income for the year ended 31 December 2017 (continued)

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

	Code Note	2017 VND	2016 VND
Net profit after tax (60 = 50 - 51 - 52)	60	316,698,343,223	265,473,535,374
Attributable to:			
Equity holders of the Company	61	280,726,839,785	231,187,193,355
Non-controlling interest	62	35,971,503,438	34,286,342,019

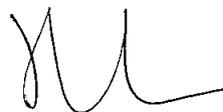
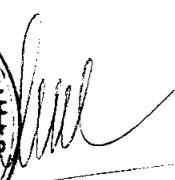
28 March 2018

Prepared by:



Vu Phuong Thao
Preparer

Approved by


Nguyen Thi Thanh Huong
Chief Accountant

Le Quang Quoc Phuc
Deputy General Director

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

Power Generation Corporation 3 and its subsidiaries
Consolidated statement of cash flows for the year ended 31 December 2017
(Indirect method)

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

	Code	Note	2017 VND	2016 VND
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	01		468,870,590,543	304,807,446,728
Adjustments for				
Depreciation and amortisation	02		5,030,141,824,339	5,854,621,849,041
Allowances and provisions	03		(5,152,634,045)	(8,418,064,780)
Exchange losses arising from revaluation of monetary items denominated in foreign currencies	04		1,175,579,797,120	664,947,095,393
Profits from investing activities	05		(177,139,787,366)	(128,263,390,521)
Share of profit in associates	05		(175,913,775,282)	(134,210,055,520)
Interest expense	06		2,639,770,574,279	2,526,916,084,835
Operating profit before changes in working capital	08		8,956,156,589,588	9,080,400,965,176
Change in receivables	09		(35,664,843,404)	(3,255,697,104,384)
Change in inventories	10		(89,653,497,443)	(494,051,537,811)
Change in payables and other liabilities	11		549,465,516,145	1,092,164,210,774
Change in prepaid expenses	12		13,774,052,038	(11,441,690,711)
			9,394,077,816,924	6,411,374,843,044
Interest paid	14		(2,589,663,456,503)	(2,271,962,110,066)
Income tax paid	15		(32,191,653,983)	(64,648,298,828)
Other payments for operating activities	17		(52,440,798,852)	(55,939,050,251)
Net cash flows from operating activities	20		6,719,781,907,586	4,018,825,383,899
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for additions to fixed assets and other long-term assets	21		(1,448,562,313,542)	(3,115,785,661,299)
Proceeds from disposals of fixed assets and other long-term assets	22		229,694,400	231,546,000
Payments for granting loans, purchase of debt instruments of other entities	23		(1,651,000,000,000)	(500,500,000,000)
Receipts from collecting loans, sales of debt instruments of other entities	24		930,500,000,000	304,000,000,000
Receipts of interests and dividends	27		241,432,074,441	225,194,077,312
Net cash flows from investing activities	30		(1,927,400,544,701)	(3,086,860,037,987)

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

Power Generation Corporation 3 and its subsidiaries
Consolidated statement of cash flows for the year ended 31 December 2017
(Indirect method - continued)

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

	Code	Note	2017 VND	2016 VND
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from borrowings	33		1,491,344,526,277	3,106,838,875,511
Payments to settle loan principals	34		(3,431,990,191,780)	(3,116,820,889,625)
Payments of dividends	36		(20,786,335,160)	(20,764,884,140)
Net cash flows from financing activities	40		(1,961,432,000,663)	(30,746,898,254)
Net cash flows during the year (50 = 20 + 30 + 40)	50		2,830,949,362,222	901,218,447,658
Cash and cash equivalents at the beginning of the years	60		2,058,553,861,920	1,157,335,414,262
Cash and cash equivalents at the end of the year (70 = 50 + 60)	70	4	4,889,503,224,142	2,058,553,861,920

28 March 2018

Prepared by:


 Vu Phuong Thao
 Preparer

Approved by:


 Nguyen Thi Thanh Huong
 Chief Accountant


 Tran Quoc Phuc
 Deputy General Director



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

Power Generation Corporation 3 and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2017

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

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

1. Reporting entity

(a) Ownership structure

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

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

The consolidated financial statements for the year ended 31 December 2017 comprise the Corporation and its subsidiaries (together referred to as the "Group").

(b) Principal activities

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

(c) Normal operating cycle

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

(d) Group structure

As at 31 December 2017, the Corporation had 3 subsidiaries (1/1/2017: 3 subsidiaries).

The organizational structure of the Corporation includes:

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

Power Generation Corporation 3 and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2017
(continued)

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
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The subsidiaries are as follows:

Subsidiaries	Principal activities	% of equity owned and voting rights	
		31/12/2017	1/1/2017
Ninh Binh Thermal Power Joint Stock Company	Produce electricity, produce chemical products, repair and install electrical equipment and other related services.	54.76%	54.76%
Ba Ria Thermal Power Joint Stock Company	Produce and trade electricity, provide operation and maintenance management, repair, experiment, adjustment, renovation of electrical equipment, electrical construction and related services and products.	79.56%	79.56%
Thu Duc Thermal Power One-member Limited Company	Produce electricity, produce, distribute steam, hot water, air-conditioner, repair and trade electrical equipment and other related services.	100.00%	100.00%

As at 31 December 2017, the Group had 3,491 employees (1/1/2017: 3,386 employees).

2. Basis of preparation

(a) Statement of compliance

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

(b) Basis of measurement

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

(c) Annual accounting period

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

(d) Accounting and presentation currency

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

Power Generation Corporation 3 and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2017
(continued)

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
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3. Summary of significant accounting policies

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

(a) Basis of consolidation

(i) Subsidiaries

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

(ii) Non-controlling interests

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

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

(iii) Loss of control

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

(iv) Associates

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

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(v) *Transactions eliminated on consolidation*

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

(vi) *Business combination*

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

(b) *Foreign currency*

(i) *Foreign currency transactions*

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

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

Liabilities with Vietnam Electricity at the end of the annual accounting period are translated at the selling rate (by transfer) of Joint Stock Commercial Bank for Foreign Trade of Vietnam announced at the time of reporting under the guidance of Official Letter No. 1779/BTC-CDKT dated 1 February 2013 of the Ministry of Finance on the use of exchange rates to revalue monetary items denominated in foreign currencies at the end of the period ("Official Letter 1779") and Official Letter No. 4246/EVN-TCKT dated 19 September 2017 of Vietnam Electricity on guiding the preparation of financial statements in 2017 ("Official Letter 4246").

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

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

Under the guidance of Decree No. 10/2017/ND-CP of the Government dated 9 February 2017 ("Decree 10"), for power projects within the National Electricity Development Plan approved by the Prime Minister, foreign exchange differences incurred in the period of construction are recorded in the "Foreign exchange differences" in "Equity" and will be amortised to the statement of income for the period not exceeding 5 years from the date the project starts its commercial operation. The guidance of Decree 10 is different from the guidance of Circular No. 200/2014/TT-BTC providing guidance on Vietnamese Accounting System for enterprises of the Ministry of Finance dated 22 December 2014 ("Circular 200") which requires the exchange differences to be recognised in the statement of income in the period which they are incurred.

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If the Corporation recognised foreign exchange differences incurred during the period of construction consistently with Circular 200 over the years, the Corporation's financial expenses and profit before tax for the year ended 31 December 2017 would decrease and increase by VND410,339,937,447 respectively (for the year ended 31 December 2016: decrease and increase by VND428,777,794,857 respectively), "Foreign exchange differences" in "Equity" and "Retained profits" in the consolidated balance sheet as at 31 December 2017 (under the assumption that no taxation impact, if any), would increase and decrease by VND1,098,488,973,504 respectively (1/1/2017: increase and decrease by VND1,508,828,910,951 respectively).

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

The Corporation applies Official Letter No. 5344/BTC-TCDN of the Ministry of Finance dated 25 April 2017 on the treatment of foreign exchange differences from revaluation of monetary items denominated in foreign currencies of Vietnam Electricity ("Official Letter 5344"), approved by the Prime Minister under Official Letter No. 122/TB-VPCP of the Government dated 6 March 2017 ("Official Letter 122") for foreign exchange differences from revaluation of monetary items denominated in foreign currencies. Under the guidance of Official Letter 5344 and Official Letter 122, foreign exchange losses due to revaluation of the closing balances of long-term liabilities denominated in foreign currencies as at 31 December 2016 are recorded in the "Foreign exchange differences" in "Equity", rather than in "Financial expenses", and will be allocated to expenses in 2016 at an amount that is at least equal to the exchange rate differences of liabilities due in 2017 so as to ensure that business result is not negative, the remaining differences will be monitored and allocated within 5 years.

If the Corporation recognised foreign exchange differences consistently with Circular 200 over the years, the Corporation's financial expenses and profit before tax for the year ended 31 December 2017 would decrease and increase by VND514,677,440,921 respectively (for the year ended 31 December 2016: increase and decrease by VND486,514,926,344 respectively), "Foreign exchange differences" in "Equity" and "Retained profits" in the consolidated balance sheet as at 31 December 2017 (under the assumption that no taxation impact is applicable, if any), would increase and decrease by VND1,350,707,975,274 respectively (1/1/2017: increase and decrease by VND1,865,385,416,195 respectively).

(c) Cash and cash equivalent

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

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(d) Investments

(i) *Held-to-maturity investments*

Held-to-maturity investments are those that the Group's management has the intention and ability to hold until maturity. Held-to-maturity investments include term deposits at banks. These investments are stated at costs less allowance for doubtful debts.

(ii) *Investments in equity instruments of other entities*

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

(e) Account receivable

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

(f) Inventories

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

The Group applies the perpetual method of accounting for inventories.

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(g) Tangible fixed assets

(i) Cost

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

(ii) Depreciation

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

▪ building and structures	10 – 40 years
▪ machinery and equipment	5 – 20 years
▪ motor vehicles	5 – 20 years
▪ office equipment	3 – 10 years
▪ others	5 – 10 years

(h) Intangible assets

(i) Land use rights

Land use rights comprise:

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

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

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

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(ii) Software

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

(iii) Technology transfer rights

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

(i) Construction in progress

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

(j) Long-term prepaid expenses

Tools and instruments

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

(k) Trade and other payables

Trade and other payables are stated at their cost.

(l) Provisions

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

(m) Contributed capital

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

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(n) Investment and development fund

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

(o) Taxation

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

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

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

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

(p) Revenue and other income

(i) *Electricity sold*

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

(ii) *Service rendered*

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

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(iii) Rental income

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

(iv) Interest income

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

(v) Dividend income

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

(q) Operating lease payments

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

(r) Borrowing cost

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

(s) Related parties

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

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4. Cash and cash equivalents

	31/12/2017	1/1/2017
	VND	VND
Cash on hand	2,142,279,718	2,795,273,955
Cash in banks	2,993,860,944,424	1,342,758,587,965
Cash equivalents	1,893,500,000,000	713,000,000,000
	4,889,503,224,142	2,058,553,861,920
	4,889,503,224,142	2,058,553,861,920

Cash equivalents represented terms deposits with maturity ranging from one month to three months at banks and other credit institutions earning interest at rates ranging between 4.3% - 5.5% (2016: 4.3% - 4.8%).

5. Investments

(a) Held-to-maturity investments

	31/12/2017	1/1/2017
	VND	VND
EVN Finance Joint Stock Company, a related party	490,000,000,000	510,000,000,000
Third parties	1,281,000,000,000	540,500,000,000
	1,771,000,000,000	1,050,500,000,000
	1,771,000,000,000	1,050,500,000,000

Held-to-maturity investments represented term deposits with maturity from more than three months to 12 months at rates ranging between 5.3% - 7.1% (2016: from 5.5% - 6.7%).

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(b) Equity investments in other entities	31/12/2017			1/1/2017				
	% of equity owned	Carrying amount VND	Fair value VND	Allowance VND	% of equity owned	Carrying amount VND	Fair value VND	Allowance VND
Investments in associates								
▪ Thac Ba Hydropower JSC	(i) 30.00%	271,553,053,099	457,200,000,000	-	30.00%	263,523,062,906	476,250,000,000	-
▪ Vinh Son - Song Hinh Hydropower JSC	(ii) 30.60%	898,907,128,098	1,083,891,505,600	-	30.60%	875,121,508,432	976,762,694,000	-
▪ Se San 3A Power Investment and Development JSC	(iii) 30.00%	171,163,733,397	(*)	-	30.00%	148,879,117,974	(*)	-
		1,341,623,914,594				1,287,523,689,312		

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	31/12/2017		1/1/2017				
	Carrying amount VND	Fair value VND	Allowance VND	% số hữu	Carrying amount VND	Fair value VND	Allowance VND
Investments in other entities							
▪ Petro Vietnam Power							
▪ Nhon Trach 2 JSC	64,000,000,000	238,584,320,000	-	2.50%	64,000,000,000	194,428,416,000	-
▪ GE PMTP Power							
▪ Service Limited							
▪ Liability Company	74,463,661,588	(*)	-	15.00%	74,463,661,588	(*)	-
▪ Viet - Lao Power							
▪ JSC	19,600,000,000	(*)	-	0.60%	19,600,000,000	(*)	-
▪ Quang Ninh Thermal							
▪ Power JSC	114,770,927,800	84,856,281,400	29,914,646,400	1.80%	114,770,927,800	72,054,669,893	42,716,257,907
▪ Hai Phong Thermal							
▪ Power JSC	108,730,000,000	123,300,000,000	-	1.60%	108,730,000,000	108,730,000,000	-
▪ Buon Don Hydro							
▪ Power JSC	83,750,000,000	(*)	-	19.89%	83,750,000,000	(*)	-
▪ Phu Thanh My JSC							
▪ Northern Thermal	50,000,000,000	(*)	-	12.10%	50,000,000,000	(*)	-
▪ Power Repairing							
▪ Service JSC	2,500,000,000	(*)	-	2.70%	2,500,000,000	(*)	-
▪ Pha Lai Thermal							
▪ Power JSC	1,070,000,000	2,434,250,000	-	0.03%	1,070,000,000	1,786,900,000	-
	518,884,589,388	(*)	29,914,646,400		518,884,589,388	(*)	42,716,257,907

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- (*) The Corporation has not determined fair values of these financial instruments for disclosure in the consolidated financial statements because information about their market prices is not available.
- (i) Thac Ba Hydropower JSC was established under Business Registration Certificate No. 1603000069 dated 31 March 2006 issued by the Department of Planning and Investment of Yen Bai Province. The principal activities of Thac Ba Hydropower JSC are to produce and trade electricity.
- (ii) Vinh Son – Song Hinh Hydropower JSC was converted from a state-owned enterprise – Vinh Son – Song Hinh Hydropower Plant, a dependent accounting unit of Vietnam Electricity. On 4 May 2005, the Plant was officially converted to Vinh Son – Song Hinh Hydropower JSC under Business Registration Certificate No. 3503000058 dated 4 May 2005 issued by the Department of Planning and Investment of Binh Dinh Province. The principal activities of Vinh Son – Song Hinh Hydropower JSC are to produce and trade electricity.
- (iii) Se San 3A Power Investment and Development JSC officially went into operation on 1 November 2003 under Official Letter No. 1391/CP-CN dated 10 October 2003 of the Prime Minister. The principal activities of Se San 3A Power Investment and Development JSC are to construct civil works, invest and construct hydropower projects and industrial construction.
- (iv) Quang Ninh Thermal Power JSC and Hai Phong Thermal Power JSC are registered to trade in Unlisted Public Company Market (UPCoM) since 16 March 2017 and 5 October 2016 respectively. Therefore, provisions for long-term investment to them are based on listed prices. Before listing, their provisions are made when loss incur, except when such loss is in the Group Company's expectation.

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

	31/12/2017	1/1/2017
	VND	VND
Total assets	8,678,953,518,987	8,110,772,610,598
Total liabilities	4,372,130,740,683	3,969,489,059,302
Net assets	4,306,822,778,304	4,141,283,551,296
Share of net assets in associates	1,341,623,914,594	1,287,523,689,312
	2017	2016
	VND	VND
Revenue	1,214,620,759,101	962,456,689,927
Net profit after tax	580,700,220,247	442,204,410,789
Share of profit in associates	175,913,775,282	134,210,055,520

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Movements of investments in associates during the year were as follows:

	2017	2016
	VND	VND
Opening balance	1,287,523,689,312	1,267,507,183,792
Share of profit in associates	175,913,775,282	134,210,055,520
Dividends	(121,813,550,000)	(114,193,550,000)
Closing balance	<u>1,341,623,914,594</u>	<u>1,287,523,689,312</u>

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

	2017	2016
	VND	VND
Opening balance	42,716,257,907	54,115,017,028
Allowance reversed during the year	(12,801,611,507)	(11,398,759,121)
Closing balance	<u>29,914,646,400</u>	<u>42,716,257,907</u>

6. Accounts receivable from customers

	31/12/2017	1/1/2017
	VND	VND
Related parties		
Trading Electricity Company	8,462,852,528,470	7,156,802,587,993
Vinh Tan 4 Power Plant (an entity of Vietnam Electricity)	9,171,757,100	-
Power Engineering Consulting Joint Stock Company 2	-	11,542,250,000
Other related parties	2,746,860,739	-
Third parties		
Other customers	19,344,116,311	14,188,127,782
	<u>8,494,115,262,620</u>	<u>7,182,532,965,775</u>

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7. Other short-term receivables

	31/12/2017	1/1/2017
	VND	VND
Vietnam Electricity	98,292,977,878	4,381,623,005,587
Huyndai Vietnam Company Limited	185,242,610	401,479,171,901
Interest receivables on deposits	24,943,348,477	19,161,500,581
Dividends receivable	14,258,437,500	19,050,000,000
Project Management Unit of Thermal Power 3	-	833,367,237
EVN Finance Joint Stock Company	2,722,222,222	6,483,000,000
Other receivables	142,225,324,911	151,071,686,874
	282,627,553,598	4,979,701,732,180

8. Inventories

	31/12/2017		1/1/2017	
	Cost	Allowance	Cost	Allowance
	VND	VND	VND	VND
Goods in transit	163,688,001,391	-	102,911,681,740	-
Raw materials	2,839,114,070,812	(936,690,056)	2,902,753,702,883	(406,302,233)
Tools and supplies	53,101,657,256	-	20,951,485,799	-
Work in progress	25,153,916,771	-	13,661,450,706	-
Finish goods	250,014,426	-	505,198,091	-
Merchandise inventories	-	-	17,343,212	-
	3,081,307,660,656	(936,690,056)	3,040,800,862,431	(406,302,233)

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

	2017	2016
	VND	VND
Opening balance	406,302,233	11,284,555,675
Addition	530,387,823	-
Allowance reversed during the year	-	(10,878,253,442)
Closing balance	936,690,056	406,302,233

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9. Tangible fixed assets

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Others VND	Total VND
Cost						
Opening balance	18,911,661,185,227	83,173,262,807,448	6,749,142,245,149	128,617,967,050	6,316,695,160	108,969,000,900,034
Additions	1,300,355,931	36,617,350,007	6,147,819,463	7,755,758,275	-	51,821,283,676
Transfer from construction in progress (note 11)	239,379,985,955	72,485,335,671	1,351,934,230	6,382,647,004	-	319,599,902,860
(Transfer to)/receive from other entities of EVN	-	(62,197,156,745)	2,439,135,716	-	-	(59,758,021,029)
Disposals	-	(398,594,840)	(1,752,051,800)	(434,267,468)	-	(2,584,914,108)
Reclassification	(154,618,178)	(33,281,721,033)	39,790,510,610	(266,054,160)	(6,088,117,239)	-
Other deduction	-	(6,010,521,285)	-	-	-	(6,010,521,285)
Closing balance	19,152,186,908,935	83,180,477,499,223	6,797,119,593,368	142,056,050,701	228,577,921	109,272,068,630,148
Accumulated depreciation						
Opening balance	5,342,286,484,842	39,754,133,401,849	2,289,291,267,469	79,940,230,769	1,783,376,901	47,467,434,761,830
Charge for the year	736,718,190,155	3,926,371,042,745	344,430,207,025	20,298,575,590	13,616,985	5,027,831,632,500
(Transfer to)/receive from other entities of EVN	-	(25,384,139,859)	743,045,690	-	-	(24,641,094,169)
Disposals	-	(398,594,840)	(1,750,431,857)	(434,267,468)	-	(2,583,294,165)
Reclassification	(457,834,294,365)	452,693,096,220	4,478,242,683	2,270,903,759	(1,607,948,297)	-
Other deduction	-	(613,956)	-	-	-	(613,956)
Closing balance	5,621,170,380,632	44,107,414,192,159	2,637,192,331,010	102,075,442,650	189,045,589	52,468,041,392,040
Net book value						
Opening balance	13,569,374,700,385	43,419,129,405,599	4,459,850,977,680	48,677,736,281	4,533,318,259	61,501,566,138,204
Closing balance	13,531,016,528,303	39,073,063,307,064	4,159,927,262,358	39,980,608,051	39,532,332	56,804,027,238,108

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Included in tangible fixed assets were assets costing VND26,135,642,244,347 which were fully depreciated as of 31 December 2017 (1/1/2017: VND9,540,548,196,787), but which are still in active use.

As at 31 December 2017, tangible fixed assets with carrying amount of VND1,963 billion (1/1/2017: VND2,134 billion) were pledged with banks as security for loans presented in Note 15(b)(*).

10. Intangible fixed assets

	Land use rights VND	Software VND	Technology transfer rights VND	Total VND
Cost				
Opening balance and Closing balance	67,463,477,322	12,031,469,427	3,770,891,148	83,265,837,897
Accumulated amortisation				
Opening balance	9,110,439,504	3,192,437,940	3,500,934,605	15,803,812,049
Charge for the year	976,159,776	1,064,075,520	269,956,543	2,310,191,839
Closing balance	10,086,599,280	4,256,513,460	3,770,891,148	18,114,003,888
Net book value				
Opening balance	58,353,037,818	8,839,031,487	269,956,543	67,462,025,848
Closing balance	57,376,878,042	7,774,955,967	-	65,151,834,009

Included in land use rights were land use rights with indefinite term costing VND8,015,608,652 were not amortised as of 31 December 2017 (1/1/2017: VND8,015,608,652).

Included in intangible fixed assets were assets costing VND8,266,854,853 which were fully amortised as of 31 December 2017 (1/1/2017: VND4,495,693,705), but which are still in use.

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11. Construction in progress

	2017 VND	2016 VND
Opening balance	3,414,930,012,417	2,633,932,162,096
Additions	1,299,858,698,895	1,846,912,357,764
Interest expenses capitalised	12,197,470,951	4,658,591,687
Transfer to inventory	(564,959,929,281)	-
Transfer to tangible fixed assets (note 9)	(319,599,902,860)	(1,034,276,023,390)
Other changes	(54,142,181,353)	(36,297,075,740)
	<hr/>	<hr/>
Closing balance	3,788,284,168,769	3,414,930,012,417
	<hr/>	<hr/>

Constructions in progress included the following construction projects:

	31/12/2017 VND	1/1/2017 VND
Mong Duong Thermal Power Plant	1,546,836,406,303	1,124,652,173,310
Vinh Tan 2 Thermal Power Plant	711,263,163,190	1,367,507,249,414
Vinh Tan Power Center Infrastructure	897,011,032,903	494,162,589,458
Vinh Tan Coal Terminal	483,510,872,821	338,960,447,028
Other constructions	149,662,693,552	89,647,553,207
	<hr/>	<hr/>
	3,788,284,168,769	3,414,930,012,417
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12. Accounts payable to suppliers

	31/12/2017	1/1/2017
	VND	VND
Related party		
Vietnam Electricity	362,080,222	1,761,518,280
Other related parties	8,488,557,510	11,573,895,245
Third party		
Petrovietnam Gas South East Transmission Company	3,190,542,474,065	2,488,734,916,271
Shanghai Electric Group Company	1,525,447,889,495	1,846,413,913,829
Other suppliers	1,406,707,070,971	1,238,995,209,884
	<hr/>	<hr/>
	6,131,548,072,263	5,587,479,453,509
	<hr/>	<hr/>
Amount within payment capacity	6,131,548,072,263	5,587,479,453,509
	<hr/>	<hr/>

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

(a) Taxes and other payables to State Treasury

	1/1/2017 VND	Incurred VND	Paid VND	Reclassified VND	31/12/2017 VND
Value added tax	59,987,914,761	1,196,456,179,388	(1,137,564,319,791)	(71,367,397,074)	47,512,377,284
Corporate income tax	21,940,769,184	153,329,336,737	(32,191,653,983)	(40,979,463,014)	102,098,988,924
Withholding tax	3,078,328,836	14,457,194,561	(17,535,523,397)	-	-
Import-export tax	-	27,200,606,722	(27,200,606,722)	-	-
Personal income tax	3,280,779,859	23,874,279,411	(24,715,904,563)	1,238,343,021	3,677,497,728
Natural resource taxes	33,632,455,784	358,971,218,404	(355,271,990,361)	-	37,331,683,827
Land and housing taxes, land rental	551,920,000	18,431,062,130	(18,773,404,805)	(209,577,325)	-
Duty and fees - fees for forest environmental services	22,018,264,900	80,024,490,260	(71,572,115,766)	-	30,470,639,394
Other taxes	201,600,000	108,461,377	(310,012,377)	(49,000)	-
	144,692,033,324	1,872,852,828,990	(1,685,135,531,765)	(111,318,143,392)	221,091,187,157

(b) Taxes and other receivables from State Treasury

	1/1/2017 VND	Incurred VND	Received VND	Reclassified VND	31/12/2017 VND
Value added tax	81,995,358,552	-	-	(71,367,397,074)	10,627,961,478
Corporate income tax	41,119,913,014	-	-	(40,979,463,014)	140,450,000
Personal income tax	1,540,747,944	-	-	1,238,343,021	2,779,090,965
Land and housing taxes, land rental	209,626,950	-	-	(209,577,325)	49,625
Other taxes	49,000	-	-	(49,000)	-
	124,865,695,460	-	-	(111,318,143,392)	13,547,552,068

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14. Other payables

	31/12/2017	1/1/2017
	VND	VND
Related party		
Vietnam Electricity	692,641,114,110	641,272,298,291
Other related parties	-	27,000,000
Third party		
Estimated value added tax	180,234,266,182	188,152,714,542
Other payables	115,430,360,966	111,526,241,840
	<hr/>	<hr/>
	988,305,741,258	940,978,254,673
	<hr/>	<hr/>

(*) Detail of other payable to Vietnam Electricity

	31/12/2017	1/1/2017
	VND	VND
Interest expense, re-loan fees	672,519,931,249	621,272,298,291
Others	20,121,182,861	20,000,000,000
	<hr/>	<hr/>
	692,641,114,110	641,272,298,291
	<hr/>	<hr/>

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15. Borrowings

(a) Short-term borrowing

	1/1/2017		Movements		Foreign exchange difference VND	Carrying amount VND	31/12/2017 Amount within payment capacity VND
	Carrying amount VND	Amount within payment capacity VND	Increase VND	Decrease VND			
Short-term borrowings	-	-	261,000,000,000	(261,000,000,000)	-	-	-
Current portion of long-term borrowings	3,337,579,626,421	3,337,579,626,421	4,623,825,551,773	(3,170,990,191,780)	14,387,006,880	4,804,801,993,294	4,804,801,993,294
	3,337,579,626,421	3,337,579,626,421	4,884,825,551,773	(3,431,990,191,780)	14,387,006,880	4,804,801,993,294	4,804,801,993,294

(b) Long-term borrowings

	1/1/2017		Current portion VND	Decrease Transfer to EVN VND	Off set EVN VND	Foreign exchange difference VND	31/12/2017 Carrying amount VND
	Carrying amount VND	Increase VND					
Long-term borrowings	65,841,567,561,556	1,230,344,526,277	(4,623,825,551,773)	(3,506,018,228,841)	(875,604,776,746)	230,799,198,048	58,297,262,728,521

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

	Currency	Year of Maturity	31/12/2017 VND	1/1/2017 VND
Loans from organisations				
<i>Mong Duong Thermal Power Project</i>				
Lien Viet Post Joint Stock Commercial Bank – Thang Long Branch	VND	2025	119,480,387,242	135,356,263,918
Vietnam Electricity	VND	2018	97,395,223,254	599,000,000,000
<i>Vinh Tan 2 Thermal Power Project</i>				
Vietnam Development Bank – Transaction Center I	VND	2024	2,350,000,000,000	2,172,769,979,856
Vietnam Electricity	VND	2018	-	374,000,000,000
Joint Stock Commercial Bank for Foreign Trade of Vietnam	VND	2025	1,741,390,481,376	1,966,086,027,360
<i>Vinh Tan 4 Thermal Power Project</i>				
Joint Stock Commercial Bank for Investment and Development of Vietnam	VND	2029	-	2,338,883,568,274
Joint Stock Commercial Bank for Foreign Trade of Vietnam	VND	2029	-	1,167,134,660,567
<i>Vinh Tan Coal Terminal Project</i>				
Vietnam Development Bank – Transaction Center I	VND	2024	-	553,230,020,144
<i>Buon Kuop Hydropower Project</i>				
Saigon - Hanoi Commercial Joint Stock Bank – Ha Noi Branch	VND	2025	290,000,000,000	165,000,000,000
Vietnam Electricity	VND	2018	178,000,000,000	178,000,000,000
Military Commercial Joint Stock Bank - Tran Duy Hung Branch	VND	2021	102,393,118,612	133,881,118,612
Vietnam Bank for Agriculture and Rural Development (*)	VND	2019	184,132,364,311	276,196,364,311
<i>Buon Tua Srah Hydropower Project</i>				
Vietnam Electricity	VND	2018	338,000,000,000	338,000,000,000
<i>Srepok 3 Hydropower Project</i>				
Saigon - Hanoi Commercial Joint Stock Bank – Ha Noi Branch	VND	2025	-	165,000,000,000
Vietnam Electricity	VND	2018	202,000,000,000	202,000,000,000

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	Currency	Year of Maturity	31/12/2017 VND	1/1/2017 VND
<i>Vinh Tan Power Center Infrastructure Project</i>				
Saigon - Hanoi Commercial Joint Stock Bank – Ha Noi South West Branch	VND	2026	164,801,951,161	90,571,810,108
			5,767,593,525,956	10,855,109,813,150
Loans from Vietnam Electricity				
<i>Mong Duong Thermal Power Project</i>				
Asian Development Bank	USD	2032	449,463,107,334	463,999,704,804
Asian Development Bank	USD	2034	19,249,288,966,287	19,035,820,381,561
Export-Import Bank of Korea	USD	2028	9,728,811,701,938	10,681,142,416,666
<i>Vinh Tan 2 Thermal Power Project</i>				
Export-Import Bank of China	USD	2027	6,820,268,027,292	6,254,621,639,385
Export-Import Bank of China	CNY	2027	1,948,880,435,441	1,911,218,327,802
Export-Import Bank of China	USD	2028	12,888,251,462,258	9,925,971,370,883
<i>Buon Kuop Hydropower Project</i>				
Japan Bank for International Cooperation	JPY	2026	96,072,108,793	103,400,575,863
Japan Bank for International Cooperation	JPY	2028	71,059,575,068	75,387,491,087
<i>Buon Tua Srah Hydropower Project</i>				
Export-Import Bank of China	USD	2020	107,768,022,992	144,038,310,850
Asia Commercial Joint Stock Bank	VND	2019	83,590,802,249	139,191,924,107
Asia Commercial Joint Stock Bank	VND	2017	-	39,132,649,648
<i>Srepok 3 Hydropower Project</i>				
Credit Agricole Corporate and Investment Bank	USD	2020	229,041,639,962	306,127,643,119
Joint Stock Commercial Bank for Foreign Trade of Vietnam	VND	2019	332,053,575,761	553,422,601,761
<i>Phu My Thermal Power Project</i>				
Japan Bank for International Cooperation	JPY	2028	4,781,161,023,365	5,072,359,835,098
<i>Vinh Tan Power Center Coal Terminal Project</i>				
Export-Import Bank of China	USD	2027	-	582,145,826,724
Export-Import Bank of China	USD	2028	-	2,499,490,611,601

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	Year of	31/12/2017	1/1/2017
Currency	Maturity	VND	VND
Steam tail 306-2 Ba Ria Power Plant Vietnam Development Bank - Ba Ria – Vung Tau	KRW 2028	548,760,747,119	536,566,063,868
		57,334,471,195,859	58,324,037,374,827
		63,102,064,721,815	69,179,147,187,977

Interest rate of borrowings dominated in USD is ranging from 1.65% to 5.15 % (2016: from 1.65% to 5.15%).

Interest rate of borrowings dominated in VND is ranging from 8.80% to 9.80% (2016: from 8.80% to 9.80%).

Interest rate of borrowings dominated in JPY is ranging from 1.15% to 2.75% (2016: from 1.15% to 2.75%).

Interest rate of borrowings dominated in CNY is 3.60% (2016: 3.60%).

Interest rate of borrowings dominated in KRW is fixed at 2.40% per annum over the period of 13 years.

(*) Borrowing from Vietnam Bank for Agriculture and Rural Development was secured by Buon Kuop Hydropower Plant with carrying amount of VND1,963 billion as at 31 December 2017 (1/1/2017: VND2,134 billion).

Other borrowing from domestic commercial banks were guaranteed by its parent company, Vietnam Electricity, without any pledged asset.

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16. Changes in owners' equity

	Contributed capital VND	Capital surplus VND	Other capital VND	Foreign exchange differences VND	Investment and development fund VND	Other equity fund VND	Retained profits VND	Capital expenditure fund VND	Non – controlling interest VND	Total VND
Balance at 1 January 2016	10,561,460,840,439	6,014,917,945	14,151,282,502	(3,316,477,195,659)	152,791,883,743	15,926,238,964	793,111,874,096	114,585,369,933	338,780,676,469	8,680,345,888,432
Increase/(decrease) in capital during the year	483,854,286	-	-	-	-	-	-	(483,854,286)	-	-
Reclassified	-	-	2,121,953,696	-	(2,121,953,696)	-	-	-	-	-
Appropriation to equity fund	-	-	-	-	67,608,967,555	257,095,157	(67,866,062,712)	-	-	-
Appropriation to bonus and welfare funds	-	-	-	-	-	-	(130,774,478,773)	-	(7,324,123,852)	(138,098,602,625)
Profit for the year	-	-	-	-	-	-	231,187,193,355	-	34,286,342,019	265,473,535,374
Exchange differences during the year	-	-	-	(57,737,131,487)	-	-	-	-	-	(57,737,131,487)
Dividends	-	-	-	-	-	-	-	-	(21,093,784,940)	(21,093,784,940)
Other changes	-	-	-	-	-	(243,408,077)	(29,852,961)	-	(87,197,743)	(360,458,781)
Balance at 31 December 2017	10,561,944,694,725	6,014,917,945	16,273,236,198	(3,374,214,327,146)	218,278,897,602	15,939,926,044	825,628,673,005	114,101,515,647	344,561,911,953	8,728,529,445,973
Balance at 1 January 2017	10,561,944,694,725	6,014,917,945	16,273,236,198	(3,374,214,327,146)	218,278,897,602	15,939,926,044	825,628,673,005	114,101,515,647	344,561,911,953	8,728,529,445,973
Appropriation to investment and development fund	-	-	-	-	73,425,935,578	-	(73,425,935,578)	-	-	-
Appropriation to bonus and welfare funds	-	-	-	-	-	-	(151,571,573,836)	-	(6,683,732,398)	(158,255,306,234)
Profit for the year	-	-	-	-	-	-	280,726,839,785	-	35,971,503,438	316,698,343,223
Exchange differences during the year	-	-	-	925,017,378,368	-	-	-	-	-	925,017,378,368
Dividends	-	-	-	-	-	-	-	-	(21,092,133,000)	(21,092,133,000)
Other changes	-	-	-	-	(499,211,736)	-	-	-	-	(499,211,736)
Balance at 31 December 2017	10,561,944,694,725	6,014,917,945	16,273,236,198	(2,449,196,948,778)	291,205,621,444	15,939,926,044	881,358,003,376	114,101,515,647	352,757,549,993	9,790,398,516,594

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17. Contributed capital

Movements in contributed capital during the year were as follows:

	2017	2016
	VND	VND
Balance at beginning of the year	10,561,944,694,725	10,561,460,840,439
Addition of capital during the year	-	483,854,286
	<hr/>	<hr/>
Balance at end of the year	10,561,944,694,725	10,561,944,694,725
	<hr/>	<hr/>

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

18. Profit distribution

Under the provisions of Article 31 Decree No. 91/2015/ND-CP dated 13 October 2015 of the Government and Financial Management Standards for corporation enterprise.

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19. Foreign exchange differences

	1/1/2017 VND	Incurred VND	Allocated to expenses VND	31/12/2017 VND
Foreign exchange differences incurred in the period of capital construction (i)	1,508,828,910,951	6,869,803,197	(417,209,740,644)	1,098,488,973,504
Foreign exchange differences due to revaluation of long-term payables balance in foreign currencies (ii)	1,865,385,416,195	-	(514,677,440,921)	1,350,707,975,274
	3,374,214,327,146	6,869,803,197	(931,887,181,565)	2,449,196,948,778
	1,937,606,705,808	(11,568,054,212)	(417,209,740,645)	1,508,828,910,951
Foreign exchange differences incurred in the period of capital construction (i)	1,378,870,489,851	729,364,236,401	(242,849,310,057)	1,865,385,416,195
Foreign exchange differences due to revaluation of long-term payables balance in foreign currencies (ii)	3,316,477,195,659	717,796,182,189	(660,059,050,702)	3,374,214,327,146

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

(ii) Foreign exchange differences due to revaluation long-term payables balance in foreign currencies (Note 3(b)(iii)).

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20. Off balance sheet items

(a) Lease

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

	31/12/2017	1/1/2017
	VND	VND
Within one year	10,597,532,991	7,207,089,774
Within two to five years	45,465,429,463	28,828,359,095
More than five years	292,575,977,240	223,976,216,378
	<hr/>	<hr/>
	348,638,939,694	260,011,665,247
	<hr/>	<hr/>

(b) Foreign currency

	31/12/2017		1/1/2017	
	Original currency	VND equivalent	Original currency	VND equivalent
United States Dollars	66,049.67	1,496,632,698	61,707.00	1,401,238,094
		<hr/>		<hr/>

(c) Investment commitments

As at 31 December 2017, in accordance with the approved construction plan, the Group will invest VND1,251,447 million to build power plants and other works (1/1/2017: VND3,716,126 million).

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21. Revenue from sales of goods and provision of services

	2017 VND	2016 VND
Sales of electricity	37,646,560,437,982	35,774,143,725,908
Sales of other goods and services	260,550,742,766	168,286,309,936
	<hr/>	
	37,907,111,180,748	35,942,430,035,844
	<hr/>	

22. Cost of sales

	2017 VND	2016 VND
Cost of electricity	33,350,453,433,632	32,284,620,765,547
Cost of other goods and services	251,383,619,026	117,306,043,257
	<hr/>	
	33,601,837,052,658	32,401,926,808,804
	<hr/>	

23. Financial income

	2017 VND	2016 VND
Interest income from deposits	125,180,262,748	89,208,084,915
Dividends and shared profits	51,671,954,000	38,831,381,940
Foreign exchange gains due to payments	16,092,655,718	28,827,289,297
Foreign exchange gains due to revaluation	13,644,051,362	60,073,808,566
	<hr/>	
	206,588,923,828	216,940,564,718
	<hr/>	

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24. Financial expenses

	2017	2016
	VND	VND
Interest expense	2,639,770,574,279	2,526,916,084,835
Foreign exchange losses due to payments	18,088,860,426	42,820,593,709
Foreign exchange losses due to revaluation	1,189,223,848,482	725,020,903,959
Reversal allowance for long-term investment	(12,801,611,507)	(11,398,759,121)
Others	6,330,300	935,015
	<hr/>	<hr/>
	3,834,288,001,980	3,283,359,758,397
	<hr/>	<hr/>

25. General and administration expenses

	2017	2016
	VND	VND
Labour costs and staff costs	213,582,496,637	192,018,383,887
Outside services	57,212,444,227	56,415,425,487
Other expenses	166,218,475,664	142,439,070,332
	<hr/>	<hr/>
	437,013,416,528	390,872,879,706
	<hr/>	<hr/>

26. Production and business costs by element

	2017	2016
	VND	VND
Raw material costs	24,850,756,002,905	23,521,399,338,752
Labour costs and staff costs	783,444,408,257	717,419,419,677
Depreciation and amortisation	5,001,950,528,314	5,854,591,849,041
Outside services	527,634,417,356	350,668,025,872
Overhaul expenses	2,140,133,276,979	1,711,289,859,005
Other expenses	735,027,687,697	637,665,072,187
	<hr/>	<hr/>

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27. Income tax

(a) Recognised in the statement of income

	2017	2016
	VND	VND
Current tax expense		
Current year	153,108,628,178	40,365,438,584
Previous year	220,708,559	1,703,613,527
	<hr/>	<hr/>
	153,329,336,737	42,069,052,111
Deferred tax benefit		
Origination of temporary differences	(1,157,089,417)	(2,735,140,757)
	<hr/>	<hr/>
Income tax expense	152,172,247,320	39,333,911,354
	<hr/> <hr/>	<hr/> <hr/>

(b) Reconciliation of effective tax rate

	2017	2016
	VND	VND
Accounting profit before tax	468,870,590,543	304,807,446,728
	<hr/>	<hr/>
Tax at the Corporation's tax rate	93,774,118,109	60,961,489,345
Non-taxable income	(46,435,531,300)	(34,608,287,492)
Non-deductible expenses	212,447,022,387	1,795,166,693
Income tax expense in previous year	220,708,559	1,703,613,527
Deferred tax assets not recognised	-	9,481,929,281
Tax incentives	(107,834,070,435)	-
	<hr/>	<hr/>
	152,172,247,320	39,333,911,354
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(c) Applicable tax rates

Under the current Law on Corporate Income Tax, the Group has an obligation to pay the government income tax at the rate of 20% on taxable profits.

Vinh Tan 2 Thermal Project and Mong Duong 1 Thermal Project are exempt from corporate income tax for 4 years since the year that taxable income were generated (i.e. from 2015 to 2018), and eligible for 50% reduction on tax rate for the next 9 year.

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28. Non-cash investing and financing activities

	2017	2016
	VND	VND
Fixed assets and construction in progress acquired but not yet paid	1,791,659,620,757	1,888,541,951,728
Transfer borrowings to parent company	3,506,018,228,841	-
Off set borrowings against trade receivables	875,604,776,746	-
Interest capitalised in constructions in progress	12,197,470,951	4,658,591,687
Interest capitalised into loan principals	-	151,764,775,065
Dividends declared but not yet paid	3,734,935,870	3,429,138,030

29. Significant transactions with related parties

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

	Transaction value	
	2017	2016
	VND	VND
Vietnam Electricity		
Purchases of electricity	128,443,231,126	118,906,287,343
Borrowings during the year	1,156,114,385,224	2,861,111,745,005
Repayments of borrowings during the year	2,396,678,847,034	2,244,198,842,459
Interest on loans	2,135,322,136,357	2,298,663,450,651
Electricity Power Trading Company		
Sales of electricity	37,646,534,251,297	35,773,658,090,813
Duyen Hai Thermal Power Company		
Sales of services	2,913,513,946	1,102,697,640
Northern Power Corporation (Quang Ninh Power Company)		
Purchases of electricity	8,074,281,106	5,711,774,770
Power Engineering Consulting Joint Stock Company 1		
Purchases of services	3,079,872,790	5,374,769,868
Power Engineering Consulting Joint Stock Company 2		
Purchases of services	7,818,244,357	5,567,887,306
Sales of services	2,527,500,000	14,322,500,000
Power Engineering Consulting Joint Stock Company 3		
Purchases of services	2,326,989,530	2,907,172,899

