



**Power Generation Corporation 3**

Separate Financial Statements for the year ended  
31 December 2017

**Power Generation Corporation 3  
Corporate Information**

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

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

**Enterprise Registration Certificate No.** 3502208399 26 November 2012

The enterprise 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

<b>Board of Directors</b>	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


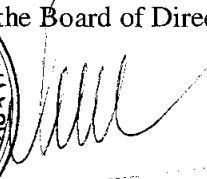

### **Power Generation Corporation 3 Statement of the Board of Directors**

The Board of Directors of Power Generation Corporation 3 (“the Corporation”) presents this statement and the accompanying separate financial statements of the Corporation for the year ended 31 December 2017.

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

- (a) the separate financial statements set out on pages 6 to 46 give a true and fair view of the unconsolidated financial position of the Corporation as at 31 December 2017, and of the unconsolidated results of operations and the unconsolidated cash flows of the Corporation 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 is no reason to believe that the Corporation 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, authorised the accompanying separate financial statements for issue.

  
On behalf of the Board of Directors  
  
Đức Phúc  
Deputy General Director 

Ba Ria – Vung Tau Province, 28 March 2018



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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 Corporation 3**

We have audited the accompanying separate financial statements of Power Generation Corporation 3 ("the Corporation"), which comprise the separate balance sheet as at 31 December 2017, the separate statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Corporation's Board of Directors on 28 March 2018, as set out on pages 6 to 46.

#### **Management's Responsibility**

The Corporation's Board of Directors is responsible for the preparation and fair presentation of these separate financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting, and for such internal control as the Board of Directors determines necessary to enable the preparation of 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 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 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 Corporation'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 Corporation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Corporation'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 separate financial statements give a true and fair view, in all material respects, of the unconsolidated financial position of Power Generation Corporation 3 as at 31 December 2017, and of its unconsolidated results of operations and its unconsolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

### **Emphasis of Matter**

Without qualifying our opinion, we draw the attention to:

Note 3(a)(ii) and 3(a)(iii) to the separate 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 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. The Guidance of these official letters are different from Circular No. 200/2014/TT-BTC providing guidance on Vietnamese Accounting System for enterprises of the Ministry of Finance dated 22 December 2014. The impact of applying this accounting policy to the separate financial statements for the year ended 31 December 2017 was disclosed in Note 3(a)(ii) and 3(a)(iii) to the separate financial statements.



### Other Matter

We conducted our audit in order to express an opinion on the separate financial statements as set out on pages 6 to 46. Additional information on page 47 is not an integral part of the separate financial statements and not within the scope of the audit of the separate financial statements, therefore, we do not express our opinion on this information.

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

Vietnam

Audit Report No.: 16-02-070



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**  
**Separate balance sheet as at 31 December 2017**

**Form B 01 – DN**  
*(Issued under Circular No. 200/2014/TT-BTC*  
*dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	31/12/2017 VND	1/1/2017 VND
<b>ASSETS</b>				
<b>Current assets</b> <b>(100 = 110 + 120 + 130 + 140 + 150)</b>	<b>100</b>		<b>15,911,984,977,103</b>	<b>16,983,010,678,031</b>
<b>Cash and cash equivalents</b>	<b>110</b>	<b>4</b>	<b>4,449,120,834,886</b>	<b>1,657,505,332,849</b>
Cash	111		2,969,120,834,886	1,254,505,332,849
Cash equivalents	112		1,480,000,000,000	403,000,000,000
<b>Short-term financial investments</b>	<b>120</b>		<b>1,200,000,000,000</b>	<b>430,000,000,000</b>
Held-to-maturity investments	123	5(a)	1,200,000,000,000	430,000,000,000
<b>Accounts receivable – short-term</b>	<b>130</b>		<b>7,391,441,771,401</b>	<b>11,998,438,018,433</b>
Accounts receivable from customers	131	6	7,030,596,801,381	6,752,389,060,778
Prepayments to suppliers	132		165,621,040,512	300,979,314,297
Other receivables	136	7	195,714,572,062	4,945,069,643,358
Allowances for doubtful debts	137		(490,642,554)	-
<b>Inventories</b>	<b>140</b>	<b>8</b>	<b>2,781,600,703,141</b>	<b>2,737,429,717,484</b>
Inventories	141		2,782,464,246,308	2,737,609,129,256
Allowance for inventories	149		(863,543,167)	(179,411,772)
<b>Other current assets</b>	<b>150</b>		<b>89,821,667,675</b>	<b>159,637,609,265</b>
Short-term prepaid expenses	151		1,822,794,130	8,179,926,933
Deductible value added tax	152		77,230,412,442	28,865,970,543
Taxes and other receivables from State Treasury	153	13(b)	10,768,461,103	122,591,711,789

*The accompanying notes are an integral part of these separate financial statements*

**Power Generation Corporation 3**  
**Separate balance sheet as at 31 December 2017 (continued)**

**Form B 01 – DN**  
*(Issued under Circular No. 200/2014/TT-BTC*  
*dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	31/12/2017 VND	1/1/2017 VND
<b>Long-term assets</b> (200 = 210 + 220 + 240 + 250 + 260)	<b>200</b>		<b>62,060,690,316,483</b>	<b>66,413,575,386,955</b>
<b>Accounts receivable – long-term</b>	<b>210</b>		<b>769,382,459</b>	<b>22,000,000</b>
Loans receivable – long-term	216		769,382,459	22,000,000
<b>Fixed assets</b>	<b>220</b>		<b>56,647,744,346,552</b>	<b>61,383,534,084,708</b>
Tangible fixed assets	221	9	56,582,592,512,543	61,316,072,058,860
Cost	222		105,487,006,747,764	105,250,374,941,214
Accumulated depreciation	223		(48,904,414,235,221)	(43,934,302,882,354)
Intangible fixed assets	227	10	65,151,834,009	67,462,025,848
Cost	228		79,376,773,058	79,376,773,058
Accumulated amortisation	229		(14,224,939,049)	(11,914,747,210)
<b>Long-term work in progress</b>	<b>240</b>		<b>3,720,882,343,918</b>	<b>3,395,464,934,822</b>
Construction in progress	242	11	3,720,882,343,918	3,395,464,934,822
<b>Long-term financial investments</b>	<b>250</b>	<b>5(b)</b>	<b>1,622,852,824,665</b>	<b>1,620,122,136,831</b>
Investments in subsidiaries	251		673,230,812,227	670,500,124,393
Investments in associates	252		791,558,350,850	791,558,350,850
Equity investments in other entities	253		158,063,661,588	158,063,661,588
<b>Other long-term assets</b>	<b>260</b>		<b>68,441,418,889</b>	<b>14,432,230,594</b>
Long-term prepaid expenses	261		18,466,539,671	13,604,050,594
Long-term tools, supplies and spare parts	263		49,974,879,218	828,180,000
<b>TOTAL ASSETS (270 = 100 + 200)</b>	<b>270</b>		<b>77,972,675,293,586</b>	<b>83,396,586,064,986</b>

*The accompanying notes are an integral part of these separate financial statements*





**Power Generation Corporation 3**

**Separate statement of income for the year ended 31 December 2017**

**Form B 02 – DN**

(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

	Code	Note	2017 VND	2016 VND
<b>Revenue from sales of goods and provision of services</b>	<b>01</b>	<b>21</b>	<b>34,683,735,158,343</b>	<b>33,442,273,322,124</b>
<b>Cost of sales</b>	<b>11</b>	<b>22</b>	<b>30,620,724,191,140</b>	<b>30,131,004,816,105</b>
<b>Gross profit (20 = 01 - 11)</b>	<b>20</b>		<b>4,063,010,967,203</b>	<b>3,311,268,506,019</b>
Financial income	21	23	285,484,917,613	255,019,724,551
Financial expenses	22	24	3,756,031,492,601	3,208,903,908,387
<i>In which: Interest expense</i>	23		2,626,329,546,170	2,513,380,880,767
General and administration expenses	26	25	340,840,095,669	297,233,225,528
<b>Net operating profit {30 = 20 + (21 - 22) - 26}</b>	<b>30</b>		<b>251,624,296,546</b>	<b>60,151,096,655</b>
Other income	31		86,578,946,997	115,056,280,647
Other expenses	32		34,343,997,598	26,077,136,220
<b>Results of other activity (40 = 31 - 32)</b>	<b>40</b>		<b>52,234,949,399</b>	<b>88,979,144,427</b>
<b>Accounting profit before tax (50 = 30 + 40)</b>	<b>50</b>		<b>303,859,245,945</b>	<b>149,130,241,082</b>
<b>Income tax expense – current</b>	<b>51</b>	<b>27</b>	<b>123,781,680,588</b>	<b>1,290,298,046</b>
<b>Net profit after tax (60 = 50 - 51)</b>	<b>60</b>		<b>180,077,565,357</b>	<b>147,839,943,036</b>

28 March 2018

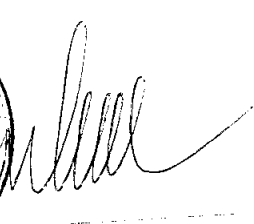
Prepared by:



Vu Phuong Thao  
Preparer



Nguyen Thi Thanh Huong  
Chief Accountant

Huong Quoc Phuc  
Deputy General Director

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

**Power Generation Corporation 3**  
**Separate statement of cash flows for the year ended 31 December 2017**  
**(Indirect method)**

**Form B 03 – DN**  
*(Issued under Circular No. 200/2014/TT-BTC*  
*dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	2017 VND	2016 VND
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Accounting profit before tax</b>	<b>01</b>		<b>303,859,245,945</b>	<b>149,130,241,082</b>
<b>Adjustments for</b>				
Depreciation and amortisation	02		4,998,467,612,289	5,824,583,061,579
Allowances and provisions	03		1,174,773,949	(2,027,073,274)
Exchange losses arising from revaluation of monetary items denominated in foreign currencies	04		1,111,607,688,164	652,702,433,911
Profits from investing activities	05		(271,060,315,446)	(231,371,824,058)
Interest expenses	06		2,626,329,546,170	2,513,380,880,767
<b>Operating profit before changes in working capital</b>	<b>08</b>		<b>8,770,378,551,071</b>	<b>8,906,397,720,007</b>
Change in receivables	09		283,674,519,035	(3,513,292,503,109)
Change in inventories	10		(94,001,816,270)	(518,123,160,326)
Change in payables	11		127,596,216,844	1,256,167,273,222
Change in prepaid expenses	12		1,494,643,726	13,077,579,252
			<b>9,089,142,114,406</b>	<b>6,144,226,909,046</b>
Interest paid	14		(2,576,256,512,757)	(2,258,472,430,602)
Income tax paid	15		(1,065,896,106)	(1,313,883,532)
Other payments for operating activities	17		-	(25,517,143,676)
<b>Net cash flows from operating activities</b>	<b>20</b>		<b>6,511,819,705,543</b>	<b>3,858,923,451,236</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for additions to fixed assets and other long-term assets	21		(1,336,316,430,064)	(2,978,326,658,470)
Proceeds from disposals of fixed assets	22		57,876,218	231,546,000
Payments for investments in term deposits	23		(1,000,000,000,000)	(200,000,000,000)
Collections on investments in term deposits	24		230,000,000,000	-
Receipts of interest and dividends	27		274,923,565,355	208,695,552,404
<b>Net cash flows from investing activities</b>	<b>30</b>		<b>(1,831,334,988,491)</b>	<b>(2,969,399,560,066)</b>

*The accompanying notes are an integral part of these separate financial statements*

**Power Generation Corporation 3**  
**Separate statement of cash flows for the year ended 31 December 2017**  
**(Indirect method - continued)**

**Form B 03 – DN**  
*(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	2017 VND	2016 VND
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from borrowings	33		1,230,344,526,277	2,954,838,875,511
Payments to settle loan principals	34		(3,119,212,766,075)	(2,916,791,829,681)
<b>Net cash flows from financing activities</b>	<b>40</b>		<b>(1,888,868,239,798)</b>	<b>38,047,045,830</b>
<b>Net cash flows during the year</b> (50 = 20 + 30 + 40)	<b>50</b>		<b>2,791,616,477,254</b>	<b>927,570,937,000</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>60</b>		<b>1,657,505,332,849</b>	<b>729,919,588,667</b>
<b>Effect of exchange rate fluctuations on cash and cash equivalents</b>	<b>61</b>		<b>(975,217)</b>	<b>14,807,182</b>
<b>Cash and cash equivalents at the end of the year</b> (70 = 50 + 60 + 61)	<b>70</b>	<b>4</b>	<b>4,449,120,834,886</b>	<b>1,657,505,332,849</b>

28 March 2018

Prepared by:



Vu Phuong Thao  
Preparer

Approved



Nguyen Thi Thanh Huong  
Chief Accountant



Tham Quốc Phúc  
Deputy General Director

*The accompanying notes are an integral part of these separate financial statements*

## **Power Generation Corporation 3**

### **Notes to the separate financial statements for the year ended 31 December 2017**

**Form B 09 – DN**

*(Issued under Circular No. 200/2014/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 separate 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.

### **(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 Corporation is generally within 12 months.

### **(d) Corporation structure**

The organisational 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;
- 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;
- EVNGENCO3 Power Service Company;
- The Corporation’s office.

As at 31 December 2017, the Corporation had 3 subsidiaries and 3 associates (1/1/2017: 3 subsidiaries and 3 associates) are listed in Note 5(b).

As at 31 December 2017, the Corporation had 2,539 employees (1/1/2017: 2,306 employees).

**Power Generation Corporation 3**  
**Notes to the separate financial statements for the year ended 31 December 2017**  
**(continued)**

**Form B 09 – DN**  
*(Issued under Circular No. 200/2014/TT-BTC*  
*dated 22 December 2014 of the Ministry of Finance)*

**2. Basis of preparation**

**(a) Statement of compliance**

The separate 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. The Corporation prepares and issues its consolidated financial statements separately. For a comprehensive understanding of the Corporation's consolidated financial position, its consolidated results of operations and its consolidated cash flows, these separate financial statements should be read in conjunction with the consolidated financial statements.

**(b) Basis of measurement**

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

**(c) Annual accounting period**

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

**(d) Accounting currency**

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

**3. Summary of significant accounting policies**

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

**(a) 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 most frequently conducts transactions.

**Power Generation Corporation 3**  
**Notes to the separate financial statements for the year ended 31 December 2017**  
**(continued)**

**Form B 09 – DN**  
*(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)*

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 11 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 separate 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.

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 separate 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.

**Power Generation Corporation 3**  
**Notes to the separate financial statements for the year ended 31 December 2017**  
**(continued)**

**Form B 09 – DN**  
*(Issued under Circular No. 200/2014/TT-BTC*  
*dated 22 December 2014 of the Ministry of Finance)*

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 separate 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).

**(b) Cash and cash equivalents**

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

**(c) Investments**

**(i) *Held-to-maturity investments***

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

**(ii) *Investments in subsidiaries and associates***

For the purpose of these separate financial statements, investments in subsidiaries and associates are initially recognised at cost which includes purchase price plus any directly attributable transaction costs. Subsequent to initial recognition, these investments are stated at cost less allowance for diminution in value. An allowance is made for diminution in investment value if the investee has suffered a loss, except where such a loss was anticipated by the Corporation'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.



**Power Generation Corporation 3**  
**Notes to the separate financial statements for the year ended 31 December 2017**  
**(continued)**

**Form B 09 – DN**  
*(Issued under Circular No. 200/2014/TT-BTC*  
*dated 22 December 2014 of the Ministry of Finance)*

**(iii) 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 Corporation'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.

**(d) Accounts receivable**

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

**(e) 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 Corporation applies the perpetual method of accounting for inventories.

**(f) Tangible fixed assets**

**(i) Cost**

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition for its intended use. For 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.

**Power Generation Corporation 3**  
**Notes to the separate financial statements for the year ended 31 December 2017**  
**(continued)**

**Form B 09 – DN**  
*(Issued under Circular No. 200/2014/TT-BTC*  
*dated 22 December 2014 of the Ministry of Finance)*

**(ii) Depreciation**

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

▪ buildings and structures	10 – 40 years
▪ machinery and equipment	5 – 20 years
▪ motor vehicles	6 – 20 years
▪ office equipment	3 – 8 years
▪ others	5 – 10 years

**(g) 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.

**(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.

**(h) 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.

**Power Generation Corporation 3**  
**Notes to the separate financial statements for the year ended 31 December 2017**  
**(continued)**

**Form B 09 – DN**  
*(Issued under Circular No. 200/2014/TT-BTC*  
*dated 22 December 2014 of the Ministry of Finance)*

**(i) Long-term prepaid expenses**

***Tools and instruments***

Tools and instruments include assets held for use by the Corporation 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.

**(j) Trade and other payables**

Trade and other payables are stated at their cost.

**(k) Provisions**

A provision is recognised if, as a result of a past event, the Corporation 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.

**(l) Contributed capital**

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

**(m) 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.

**Power Generation Corporation 3**  
**Notes to the separate financial statements for the year ended 31 December 2017**  
**(continued)**

**Form B 09 – DN**  
*(Issued under Circular No. 200/2014/TT-BTC*  
*dated 22 December 2014 of the Ministry of Finance)*

**(n) 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.

**(o) 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 separate 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.

**(iii) *Rental income***

Rental income from leased property is recognised in the separate 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.

## **Power Generation Corporation 3**

### **Notes to the separate financial statements for the year ended 31 December 2017**

**(continued)**

**Form B 09 – DN**

*(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)*

**(iv) Interest income**

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

**(v) Dividend income**

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

**(p) Operating lease payments**

Payments made under operating leases are recognised in the separate 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.

**(q) Borrowing costs**

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

**(r) Related parties**

Parties are considered to be related to the Corporation 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 Corporation 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.

## Power Generation Corporation 3

### Notes to the separate financial statements for the year ended 31 December 2017

(continued)

Form B 09 – DN

(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)

#### 4. Cash and cash equivalents

	31/12/2017 VND	1/1/2017 VND
Cash on hand	1,672,985,606	1,866,449,409
Cash in banks	2,967,447,849,280	1,252,638,883,440
Cash equivalents	1,480,000,000,000	403,000,000,000
	<hr/>	<hr/>
	4,449,120,834,886	1,657,505,332,849

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% per annum (2016: 4.3% - 4.8% per annum).

#### 5. Investments

##### (a) Held-to-maturity investments

Held-to-maturity investments represented 6-month deposits at commercial banks and EVN Finance Joint Stock Company, a related party, earning interest at rates ranging between 5.3% - 5.5% per annum (2016: 5.5% - 5.7% per annum).

**Power Generation Corporation 3**  
**Notes to the separate financial statements for the year ended 31 December 2017 (continued)**

**Form B 09 – DN**  
*(Issued under Circular No. 200/2014/TT-BTC*  
*dated 22 December 2014 of the Ministry of Finance)*

**(b) Long-term financial investments**

	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
<b>Investments in subsidiaries</b>								
▪ Ba Ria Thermal Power Joint Stock Company	(i) 79.56%	481,235,570,000	577,482,684,000	-	79.56%	481,235,570,000	650,630,490,640	-
▪ Ninh Binh Thermal Power Joint Stock Company	(ii) 54.76%	70,454,400,000	104,272,512,000	-	54.76%	70,454,400,000	113,008,857,600	-
▪ Thu Duc Thermal Power Company Limited	(iii) 100.00%	121,540,842,227	(*)	-	100.00%	118,810,154,393	(*)	-
		<u>673,230,812,227</u>		<u>-</u>		<u>670,500,124,393</u>		<u>-</u>

### Power Generation Corporation 3

Notes to the separate financial statements for the year ended 31 December 2017 (continued)

**Form B 09 – DN**  
(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)

	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
<b>Investments in associates</b>								
▪ Thac Ba Hydropower Joint Stock Company (iv)	30.00%	190,500,000,000	457,200,000,000	-	30.00%	190,500,000,000	476,250,000,000	-
▪ Vinh Son – Song Hin Hydropower Joint Stock Company (v)	30.55%	517,058,350,850	1,083,891,505,600	-	30.55%	517,058,350,850	976,762,694,000	-
▪ Se San 3A Power Investment and Development Joint Stock Company (vi)	30.00%	84,000,000,000	(*)	-	30.00%	84,000,000,000	(*)	-
		791,558,350,850		-		791,558,350,850		-
<b>Investments in other entities</b>								
▪ Petrovietnam Power Nhon Trach 2 Joint Stock Company	2.50%	64,000,000,000	238,584,320,000	-	2.50%	64,000,000,000	194,428,416,000	-
▪ GE – PMTP Power Service Limited	15.00%	74,463,661,588	(*)	-	15.00%	74,463,661,588	(*)	-
▪ Viet – Lao Power JSC	0.60%	19,600,000,000	(*)	-	0.60%	19,600,000,000	(*)	-
		158,063,661,588		-		158,063,661,588		-



### **Power Generation Corporation 3**

#### **Notes to the separate financial statements for the year ended 31 December 2017**

**(continued)**

**Form B 09 – DN**

*(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)*

- (i) Ba Ria Thermal Power Joint Stock Company was converted from a state-owned enterprise under Decision No. 2744/QD-BCN dated 26 August 2005 of the Ministry of Industry and Business Registration Certificate No. 4903000451 dated 1 November 2007 issued by the Department of Planning and Investment of Ba Ria - Vung Tau Province. The principal activities of Ba Ria Thermal Power Joint Stock Company are to produce and trade electricity.
- (ii) Ninh Binh Thermal Power Joint Stock Company was established on the basis of the equitisation of Ninh Binh Thermal Power Company in accordance with the Decision No. 3945/QD-BCN dated 29 December 2006 of the Ministry of Industry and Trade. The principal activities of Ninh Binh Thermal Power Joint Stock Company are to produce and trade electricity.
- (iii) Thu Duc Thermal Power Company Limited is a state-owned enterprise established under the Prime Minister's Decision No. 240/2005/QD-TT dated 4 October 2005 on the transfer of Thu Duc Thermal Power Plant into a state electric one member limited liability company. The principal activities of Thu Duc Thermal Power Company Limited are to produce and trade electricity.
- (iv) Thac Ba Hydropower Joint Stock Company 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 Joint Stock Company are to produce and trade electricity.
- (v) Vinh Son – Song Hinh Hydropower Joint Stock Company 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 Joint Stock Company 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 Joint Stock Company are to produce and trade electricity.
- (vi) Se San 3A Power Investment and Development Joint Stock Company 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 Joint Stock Company are to construct civil works, invest and construct hydropower projects and industrial construction.
- (\*) The Corporation has not determined fair values of these financial instruments for disclosure in the separate financial statements because information about their market prices is not available.

**Power Generation Corporation 3****Notes to the separate financial statements for the year ended 31 December 2017**

(continued)

**Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)***6. Accounts receivable from customers**

	<b>31/12/2017</b>	<b>1/1/2017</b>
	<b>VND</b>	<b>VND</b>
<b>Related party</b>		
Trading Electricity Company	7,001,600,313,462	6,735,599,186,936
Vinh Tan 4 Power Plant (an entity of EVN)	9,171,757,100	-
Power Engineering Consulting Joint Stock Company 2	-	11,542,250,000
Other related parties	2,746,860,739	-
<b>Third party</b>		
Other customers	17,077,870,080	5,247,623,842
	<hr/>	<hr/>
	7,030,596,801,381	6,752,389,060,778
	<hr/>	<hr/>

**7. Other short-term receivables**

	<b>31/12/2017</b>	<b>1/1/2017</b>
	<b>VND</b>	<b>VND</b>
Vietnam Electricity	98,292,977,878	4,381,623,005,587
Thai Binh 1 Thermal Project	8,186,095,531	-
Northern Power Corporation	3,327,218,134	-
EVN Finance Joint Stock Company	2,722,222,222	4,191,666,667
Power Engineering Consulting Joint Stock Company 2	1,572,568,631	-
Huyn dai Vietnam Company Limited	185,242,610	401,479,171,901
Thu Duc Thermal Power Company Limited	435,505,600	-
Thermal Power Project Management Board 3	-	833,367,237
Dividends receivable	-	19,050,000,000
Others	80,992,741,456	137,892,431,966
	<hr/>	<hr/>
	195,714,572,062	4,945,069,643,358
	<hr/>	<hr/>

**Power Generation Corporation 3****Notes to the separate financial statements for the year ended 31 December 2017**

(continued)

**Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)***8. Inventories**

	31/12/2017		1/1/2017	
	Cost VND	Allowance VND	Cost VND	Allowance VND
Goods in transit	163,688,001,391	-	102,911,681,740	-
Raw materials	2,541,490,544,990	(863,543,167)	2,600,815,445,625	(179,411,772)
Tools and supplies	52,332,287,393	-	20,309,143,957	-
Work in progress	24,953,412,534	-	13,572,857,934	-
	<hr/>		<hr/>	
	2,782,464,246,308	(863,543,167)	2,737,609,129,256	(179,411,772)

Movements in allowance for inventories during the year are as follows:

	2017 VND	2016 VND
Opening balance	179,411,772	2,206,485,046
Additions	684,131,395	-
Reversed	-	(2,027,073,274)
	<hr/>	<hr/>
Closing balance	863,543,167	179,411,772

**Power Generation Corporation 3**  
**Notes to the separate financial statements for the year ended 31 December 2017 (continued)**

**Form B 09 – DN**  
*(Issued under Circular No. 200/2014/TT-BTC*  
*dated 22 December 2014 of the Ministry of Finance)*

**9. Tangible fixed assets**

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Others VND	Total VND
<b>Cost</b>						
Opening balance	18,718,332,121,085	79,761,424,095,852	6,687,079,866,586	77,257,876,816	6,280,980,875	105,250,374,941,214
Additions	1,300,355,931	32,507,730,917	3,676,174,918	4,655,543,639	-	42,139,805,405
Transfer from construction in progress (Note 11)	239,379,985,955	14,551,955,671	1,351,934,230	6,382,647,004	-	261,666,522,860
Receive from/(transfer to) other entities of EVN	-	(62,197,156,745)	2,439,135,716	-	-	(59,758,021,029)
Disposals	-	(49,626,783)	(1,280,000,000)	(76,352,618)	-	(1,405,979,401)
Other deduction	-	(6,010,521,285)	-	-	-	(6,010,521,285)
Reclassification	(201,418,178)	(32,910,596,088)	44,425,889,090	(5,225,757,585)	(6,088,117,239)	-
Closing balance	18,958,811,044,793	79,707,315,881,539	6,737,693,000,540	82,993,957,256	192,863,636	105,487,006,747,764
<b>Accumulated depreciation</b>						
Opening balance	5,184,029,010,114	36,474,849,650,682	2,236,217,523,915	37,459,035,027	1,747,662,616	43,934,302,882,354
Charge for the year	732,875,572,394	3,906,259,747,813	342,814,358,728	14,194,124,530	13,616,985	4,996,157,420,450
Receive from/(transfer to) other entities of EVN	-	(25,384,139,859)	743,045,690	-	-	(24,641,094,169)
Disposals	-	(49,626,783)	(1,278,380,057)	(76,352,618)	-	(1,404,359,458)
Other deduction	-	(613,956)	-	-	-	(613,956)
Reclassification	(457,843,571,453)	453,094,593,496	7,799,860,195	(1,442,933,941)	(1,607,948,297)	-
Closing balance	5,459,061,011,055	40,808,769,611,393	2,586,296,408,471	50,133,872,998	153,331,304	48,904,414,235,221
<b>Net book value</b>						
Opening balance	13,534,303,110,971	43,286,574,445,170	4,450,862,342,671	39,798,841,789	4,533,318,259	61,316,072,058,860
Closing balance	13,499,750,033,738	38,898,546,270,146	4,151,396,592,069	32,860,084,258	39,532,332	56,582,592,512,543

**Power Generation Corporation 3**  
**Notes to the separate financial statements for the year ended 31 December 2017**  
**(continued)**

**Form B 09 – DN**  
*(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)*

Included in tangible fixed assets as of 31 December 2017 were assets costing VND22,713,648,594,174 which were fully depreciated (1/1/2017: VND7,333,569,431,957) but which are still in active use.

As at 31 December 2017, tangible fixed assets with carrying amount of VND 1,963 billion (1/1/2017: VND 2,134 billion) were pledged with banks as security for loans presented in Note 15(b)(\*1).

**10. Intangible fixed assets**

	<b>Land use rights VND</b>	<b>Software VND</b>	<b>Technology transfer rights VND</b>	<b>Total VND</b>
<b>Cost</b>				
Opening balance and closing balance	64,452,359,739	11,153,522,171	3,770,891,148	79,376,773,058
<b>Accumulated amortisation</b>				
Opening balance	6,099,321,921	2,314,490,684	3,500,934,605	11,914,747,210
Charge for the year	976,159,776	1,064,075,520	269,956,543	2,310,191,839
Closing balance	7,075,481,697	3,378,566,204	3,770,891,148	14,224,939,049
<b>Net book value</b>				
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 intangible fixed assets as of 31 December 2017 were assets with cost of VND4,377,520,014 (1/1/2017: VND606,628,866) which were fully amortised but are still in active use.

**Power Generation Corporation 3**  
**Notes to the separate financial statements for the year ended 31 December 2017**  
**(continued)**

**Form B 09 – DN**  
*(Issued under Circular No. 200/2014/TT-BTC*  
*dated 22 December 2014 of the Ministry of Finance)*

**11. Construction in progress**

	<b>2017</b>	<b>2016</b>
	<b>VND</b>	<b>VND</b>
Opening balance	3,395,464,934,822	2,623,543,802,603
Additions	1,193,988,571,639	1,672,139,729,849
Interest expenses capitalised	12,197,470,951	4,658,591,687
Transfer to tangible fixed assets (Note 9)	(261,666,522,860)	(940,373,570,790)
Transfer to inventory	(564,959,929,281)	-
Other changes	(54,142,181,353)	35,496,381,473
	<hr/>	<hr/>
Closing balance	3,720,882,343,918	3,395,464,934,822
	<hr/>	<hr/>

Constructions in progress included the following construction projects:

	<b>31/12/2017</b>	<b>1/1/2017</b>
	<b>VND</b>	<b>VND</b>
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	82,260,868,701	70,182,475,612
	<hr/>	<hr/>
	3,720,882,343,918	3,395,464,934,822
	<hr/>	<hr/>

**Power Generation Corporation 3**  
**Notes to the separate financial statements for the year ended 31 December 2017**  
**(continued)**

**Form B 09 – DN**  
*(Issued under Circular No. 200/2014/TT-BTC*  
*dated 22 December 2014 of the Ministry of Finance)*

**12. Accounts payable to suppliers**

	<b>31/12/2017</b>	<b>1/1/2017</b>
	<b>Cost</b>	<b>Cost</b>
	<b>VND</b>	<b>VND</b>
<b>Related parties</b>		
Vietnam Electricity	-	299,168,645
Other related parties	7,730,730,469	11,573,895,245
<b>Third parties</b>		
Petrovietnam Gas South East Transmission Company	2,064,175,062,388	2,488,734,916,271
Shanghai Electric Group Company	1,525,447,889,495	1,846,413,913,829
General Electric GmbH (Switzerland)	441,888,029,101	-
Vietnam national coal - mineral industries holding corporation limited	395,747,166,558	443,525,158,335
Other suppliers	450,726,129,497	722,997,773,415
	<hr/>	<hr/>
	4,885,715,007,508	5,513,544,825,740
	<hr/>	<hr/>
Amount within payment capacity	4,885,715,007,508	5,513,544,825,740
	<hr/>	<hr/>

**Power Generation Corporation 3**

**Notes to the separate financial statements for the year ended 31 December 2017 (continued)**

**Form B 09 – DN**  
(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)

**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/Net off VND	Reclassification VND	31/12/2017 VND
Value added tax	52,182,558,464	1,167,209,864,855	(1,113,545,823,789)	(70,966,889,910)	34,879,709,620
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)	-	-
Natural resource taxes	33,264,608,404	356,833,910,534	(353,205,717,381)	-	36,892,801,557
Corporate income tax	432,881,426	123,781,680,588	(1,065,896,106)	(40,646,734,451)	82,501,931,457
Personal income tax	3,270,918,959	17,550,397,199	(17,143,818,430)	-	3,677,497,728
Duty and fees - fees for forest environmental services	22,018,264,900	80,022,837,260	(71,570,462,766)	-	30,470,639,394
Land and housing taxes, land rental	-	6,041,865,358	(5,832,288,033)	(209,577,325)	-
Other taxes	-	17,620,407	(17,571,407)	(49,000)	-
	114,247,560,989	1,793,115,977,484	(1,607,117,708,031)	(111,823,250,686)	188,422,579,756

**(b) Taxes and other receivables from State Treasury**

	1/1/2017 VND	Incurred VND	Received VND	Reclassification VND	31/12/2017 VND
Value added tax	81,594,851,388	-	-	(70,966,889,910)	10,627,961,478
Corporate income tax	40,787,184,451	-	-	(40,646,734,451)	140,450,000
Land and housing taxes, land rental	209,626,950	-	-	(209,577,325)	49,625
Other taxes	49,000	-	-	(49,000)	-
	122,591,711,789	-	-	(111,823,250,686)	10,768,461,103



**Power Generation Corporation 3**  
**Notes to the separate financial statements for the year ended 31 December 2017**  
**(continued)**

**Form B 09 – DN**  
*(Issued under Circular No. 200/2014/TT-BTC*  
*dated 22 December 2014 of the Ministry of Finance)*

**14. Other payables**

	<b>31/12/2017</b>	<b>1/1/2017</b>
	<b>VND</b>	<b>VND</b>
<b>Related parties</b>		
Vietnam Electricity	672,641,114,110	621,272,298,291
Other related parties	-	27,000,000
<b>Third parties</b>		
Estimated value added tax	180,234,266,182	188,152,714,542
Professional fees	50,122,891,107	43,319,952,378
Other payables	52,368,981,145	43,229,279,817
	<hr/>	<hr/>
	955,367,252,544	896,001,245,028
	<hr/>	<hr/>

(\*) Detail of other payables to Vietnam Electricity

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

**Power Generation Corporation 3**  
**Notes to the separate financial statements for the year ended 31 December 2017 (continued)**

**Form B 09 – DN**  
*(Issued under Circular No. 200/2014/TT-BTC*  
*dated 22 December 2014 of the Ministry of Finance)*

	1/1/2017		Movements		31/12/2017		
	Carrying amount VND	Amount within payment capacity VND	Increase VND	Decrease VND	Foreign exchange difference VND	Carrying amount VND	Amount within payment capacity VND
Current portion of long-term borrowings	3,288,800,893,324	3,288,800,893,324	4,570,786,176,262	(3,119,212,766,075)	9,551,615,049	4,749,925,918,560	4,749,925,918,560
<b>(a) Short-term borrowings</b>							
<b>(b) Long-term borrowings</b>							
	1/1/2017 VND	Increase VND	Current portion VND	Decrease Transferred to EVN VND	Off set with EVN VND	Foreign exchange difference VND	31/12/2017 VND
Long-term borrowings	65,353,780,230,785	1,230,344,526,277	(4,570,786,176,262)	(3,506,018,228,841)	(875,604,776,746)	171,662,480,923	57,803,378,056,136

**Power Generation Corporation 3****Notes to the separate financial statements for the year ended 31 December 2017****(continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)*

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

		Year of	31/12/2017	1/1/2017
	Currency	maturity	VND	VND
<b>Loans from organisations</b>				
<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

**Power Generation Corporation 3**

**Notes to the separate financial statements for the year ended 31 December 2017**

(continued)

**Form B 09 – DN**

(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

		Year of Currency 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
<b>Loans from Vietnam Electricity</b>				
<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
			56,785,710,448,740	57,787,471,310,959
			62,553,303,974,696	68,642,581,124,109

**Power Generation Corporation 3**  
**Notes to the separate financial statements for the year ended 31 December 2017**  
**(continued)**

**Form B 09 – DN**

*(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)*

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 8.8% to 9.8% (2016: from 8.8% to 9.8%).

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 3.6% (2016: 3.6%).

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

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

**Power Generation Corporation 3**  
**Notes to the separate financial statements for the year ended 31 December 2017 (continued)**

**Form B 09 – DN**  
*(Issued under Circular No. 200/2014/TT-BTC*  
*dated 22 December 2014 of the Ministry of Finance)*

**16. Changes in owner's equity**

	Contributed capital VND	Other capital VND	Foreign exchange differences VND	Investment and development fund VND	Retained profits VND	Capital expenditure fund VND	Total VND
<b>Balance at 1 January 2016</b>	10,561,460,840,439	1,566,487,558	(3,316,477,195,659)	65,664,222,531	-	114,585,369,933	7,426,799,724,802
Increase/(decrease) in capital during the year	483,854,286	-	-	3,773,850,354	-	(483,854,286)	3,773,850,354
Exchange differences during the year	-	-	(57,737,131,487)	-	-	-	(57,737,131,487)
Profit for the year	-	-	-	-	147,839,943,036	-	147,839,943,036
Appropriation to investment and development fund	-	-	-	44,351,982,911	(44,351,982,911)	-	-
Appropriation to bonus and welfare funds	-	-	-	-	(103,487,960,125)	-	(103,487,960,125)
<b>Balance at 1 January 2017</b>	10,561,944,694,725	1,566,487,558	(3,374,214,327,146)	113,790,055,796	-	114,101,515,647	7,417,188,426,580
Increase in capital during the year	-	-	-	2,231,476,098	-	-	2,231,476,098
Exchange differences during the year	-	-	925,017,378,368	-	-	-	925,017,378,368
Profit for the year	-	-	-	-	180,077,565,357	-	180,077,565,357
Appropriation to investment and development fund	-	-	-	54,023,269,607	(54,023,269,607)	-	-
Appropriation to bonus and welfare funds	-	-	-	-	(126,054,295,750)	-	(126,054,295,750)
<b>Balance at 31 December 2017</b>	10,561,944,694,725	1,566,487,558	(2,449,196,948,778)	170,044,801,501	-	114,101,515,647	8,398,460,550,653

**Power Generation Corporation 3****Notes to the separate financial statements for the year ended 31 December 2017****(continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)***17. Contributed capital**

Movements in contributed capital during the year were as follows:

	<b>2017</b>	<b>2016</b>
	<b>VND</b>	<b>VND</b>
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.

**Power Generation Corporation 3**

**Notes to the separate financial statements for the year ended 31 December 2017 (continued)**

**Form B 09 – DN**  
(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)

**18. 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	717,119,574,920	(230,604,648,576)	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	705,551,520,708	(647,814,389,221)	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(a)(ii)).

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



**Power Generation Corporation 3**  
**Notes to the separate financial statements for the year ended 31 December 2017**  
(continued)

**Form B 09 – DN**  
*(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)*

**19. Profit distribution**

In accordance with Article 31 Decree No. 91/2015/ND-CP dated 13 October 2015 of the Government, the remaining profits after appropriation to funds will be remitted to the Vietnam Electricity.

**20. Off balance sheet items**

**(a) Lease**

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

	<b>31/12/2017</b>	<b>1/1/2017</b>
	<b>VND</b>	<b>VND</b>
Within one year	6,090,521,991	5,998,153,974
Within two to five years	24,098,087,963	23,992,615,895
More than five years	179,878,210,240	182,973,143,828
	<hr/>	<hr/>
	210,066,820,193	212,963,913,697
	<hr/>	<hr/>

Operating lease commitments represented land rental at Phu My Town, Tan Thanh District, Ba Ria – Vung Tau Province, Vietnam including 1 land plot rented for 38 years from 26 November 2012, 1 land plot rented for 49 years from 11 November 1999, and 3 land plots at Vinh Tan Commune, Tuy Phong District, Binh Thuan Province, Vietnam, rented for 70 years from 28 November 2013.

**(b) Foreign currency**

	<b>31/12/2017</b>		<b>1/1/2017</b>	
	<b>Original currency</b>	<b>VND equivalent</b>	<b>Original currency</b>	<b>VND equivalent</b>
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 Corporation will invest VND1,110,868 million to build power plants and other works (1/1/2017: VND3,716,126 million).

**Power Generation Corporation 3****Notes to the separate financial statements for the year ended 31 December 2017**

(continued)

**Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)***21. Revenue from sales of goods and provision of services**

	<b>2017 VND</b>	<b>2016 VND</b>
Sales of electricity	34,431,989,442,960	33,289,515,394,142
Sales of other services	251,745,715,383	152,757,927,982
	<hr/>	
	34,683,735,158,343	33,442,273,322,124
	<hr/>	

**22. Cost of sales**

	<b>2017 VND</b>	<b>2016 VND</b>
Cost of electricity	30,376,017,034,659	30,027,259,860,773
Cost of other services	244,707,156,481	103,744,955,332
	<hr/>	
	30,620,724,191,140	30,131,004,816,105
	<hr/>	

**23. Financial income**

	<b>2017 VND</b>	<b>2016 VND</b>
Interest income from deposits	68,507,442,171	32,593,133,058
Dividends and shared profits	202,496,617,000	198,547,145,000
Foreign exchange gains due to payments	14,480,858,442	23,879,446,493
	<hr/>	
	285,484,917,613	255,019,724,551
	<hr/>	

**Power Generation Corporation 3****Notes to the separate financial statements for the year ended 31 December 2017**

(continued)

**Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)***24. Financial expenses**

	<b>2017 VND</b>	<b>2016 VND</b>
Interest expense	2,626,329,546,170	2,513,380,880,767
Foreign exchange losses due to payments	18,088,860,427	42,820,593,709
Foreign exchange losses due to revaluation	1,111,607,688,164	652,702,433,911
Others	5,397,840	-
	<hr/>	<hr/>
	3,756,031,492,601	3,208,903,908,387
	<hr/>	<hr/>

**25. General and administration expenses**

	<b>2017 VND</b>	<b>2016 VND</b>
Labour costs and staff costs	170,580,729,813	142,255,435,683
Outside services	51,553,623,260	49,459,118,683
Other expenses	118,705,742,596	105,518,671,162
	<hr/>	<hr/>
	340,840,095,669	297,233,225,528
	<hr/>	<hr/>

**26. Production and business costs by element**

	<b>2017 VND</b>	<b>2016 VND</b>
Raw material costs	22,238,246,665,976	21,642,419,824,669
Labour costs and staff costs	559,068,098,971	461,926,108,788
Depreciation and amortisation	4,971,145,525,428	5,792,554,660,210
Outside services	503,524,895,011	343,894,993,804
Overhaul expenses	2,017,643,478,237	1,672,041,349,109
Other expenses	671,935,623,186	515,401,105,053
	<hr/>	<hr/>

**Power Generation Corporation 3**  
**Notes to the separate financial statements for the year ended 31 December 2017**  
(continued)

**Form B 09 – DN**  
*(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)*

**27. Income tax**

**(a) Recognised in the statement of income**

	<b>2017</b> <b>VND</b>	<b>2016</b> <b>VND</b>
<b>Current tax expense</b>		
Current year	123,779,583,959	746,659,130
Previous year	2,096,629	543,638,916
	123,781,680,588	1,290,298,046

**(b) Reconciliation of effective tax rate**

	<b>2017</b> <b>VND</b>	<b>2016</b> <b>VND</b>
Accounting profit before tax	303,859,245,945	149,130,241,082
Tax at the Corporation's tax rate	60,771,849,189	29,826,048,216
Non-deductible expenses	211,341,128,605	1,148,110,633
Tax incentives	(107,834,070,435)	-
Non-taxable income	(40,499,323,400)	(39,709,429,000)
Deferred tax assets not recognised	-	9,481,929,281
Income tax expense in previous year	2,096,629	543,638,916
	123,781,680,588	1,290,298,046

**(c) Applicable tax rates**

Under the current Law on Corporate Income Tax, the Corporation 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 years.

**Power Generation Corporation 3**  
**Notes to the separate financial statements for the year ended 31 December 2017**  
**(continued)**

**Form B 09 – DN**  
*(Issued under Circular No. 200/2014/TT-BTC*  
*dated 22 December 2014 of the Ministry of Finance)*

**28. Significant transactions with related parties**

In addition to related party balances disclosed in other notes to the separate financial statements, the Corporation had the following significant transactions with related parties during the years:

	<b>Transaction value</b>	
	<b>2017</b>	<b>2016</b>
	<b>VND</b>	<b>VND</b>
<b>Vietnam Electricity</b>		
Purchases of electricity	116,078,200,082	118,893,447,816
Borrowings during the year	1,156,114,385,224	2,861,111,745,005
Repayments of borrowings during the year	2,346,513,218,606	2,197,119,368,507
Interest on loans	2,121,881,108,248	2,285,279,972,349
<b>Electricity Power Trading Company</b>		
Sales of electricity	34,431,989,442,960	33,289,515,394,142
<b>Duyen Hai Thermal Power Company</b>		
Sales of services	2,913,513,946	1,102,697,640
<b>Northern Power Corporation (Quang Ninh Power Company)</b>		
Purchases of electricity	8,074,281,106	5,711,774,770
<b>Power Engineering Consulting Joint Stock Company 1</b>		
Purchases of services	3,079,872,790	5,374,769,868
<b>Power Engineering Consulting Joint Stock Company 2</b>		
Purchases of services	7,818,244,357	5,567,887,306
Sales of services	2,527,500,000	14,322,500,000
<b>Power Engineering Consulting Joint Stock Company 3</b>		
Purchases of services	540,403,916	2,907,172,899
<b>Power Engineering Consulting Joint Stock Company 4</b>		
Purchases of services	11,652,664,648	9,724,635,250
<b>EVN Finance Joint Stock Company</b>		
Interest on deposits	23,864,750,000	23,002,944,447
<b>Telecommunication and Information Technology Center</b>		
Purchases of services	3,667,688,815	1,279,349,459
<b>Electrical Power Testing Center – Southern Power Corporation</b>		
Purchases of services	1,363,951,146	2,103,227,235

**Power Generation Corporation 3****Notes to the separate financial statements for the year ended 31 December 2017**

(continued)

**Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)*

	Transaction value	
	2017 VND	2016 VND
<b>Ba Ria Thermal Power JSC</b>		
Dividend received	48,123,557,000	48,123,557,000
Purchases of services	404,790,000	-
Sales of services	230,454,545	
<b>Ninh Binh Thermal Power JSC</b>		
Dividend received	10,568,160,000	10,568,160,000
Purchases of services	2,109,026,292	-
<b>Thu Duc Thermal Power One Member Limited Liability Company</b>		
Purchases of services	2,810,919,834	7,803,418,524
Sales of services	95,454,545	
<b>Vinh Son – Song Hinh Hydropower JSC</b>		
Dividend received	63,016,948,000	63,016,948,000
<b>Thac Ba Hydropower JSC</b>		
Dividend received	41,910,000,000	34,290,000,000
<b>Se San 3A Power Investment &amp; Development JSC</b>		
Dividend received	16,800,000,000	16,800,000,000
<b>Petro Vietnam Power Nhon Trach 2 JSC</b>		
Dividend received	22,077,952,000	25,748,480,000
<b>Management Officer</b>		
Salary and bonus	5,062,674,000	5,179,737,000

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**Power Generation Corporation 3**  
**Notes to the separate financial statements for the year ended 31 December 2017**  
**(continued)**

**Form B 09 – DN**  
*(Issued under Circular No. 200/2014/TT-BTC*  
*dated 22 December 2014 of the Ministry of Finance)*

**29. Non-cash investing and financing activities**

	<b>2017</b> <b>VND</b>	<b>2016</b> <b>VND</b>
Fixed assets and construction in progress not yet paid	1,790,350,748,397	1,878,341,330,466
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 in loan principal	-	151,764,775,065
Increase of investments in subsidiary by development and investment fund	2,730,687,834	3,773,850,354

**30. Corresponding figures**

Corresponding figures as at 1 January 2017 were derived from the balances and amounts reported in the Corporation's separate financial statements as at and for the year ended 31 December 2016.

28 March 2018

Prepared by:



Vu Phuong Thao  
Preparer



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Truong Quoc Phuc  
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