

**PETROVIETNAM NHON TRACH 2 POWER
JOINT STOCK COMPANY**

(Incorporated in the Socialist Republic of Vietnam)

AUDITED FINANCIAL STATEMENTS

For the year ended 31 December 2017

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PETROVIETNAM NHON TRACH 2 POWER JOINT STOCK COMPANY

Hamlet 3, Phuoc Khanh Commune, Nhon Trach District
Dong Nai Province, S.R.Vietnam

STATEMENT OF THE BOARD OF DIRECTORS

The Board of Directors of PetroVietnam Nhon Trach 2 Power Joint Stock Company (the "Company") presents this report together with the Company's financial statements for the year ended 31 December 2017.

BOARDS OF MANAGEMENT AND DIRECTORS

The members of the Boards of Management and Directors of the Company who held office during the year and to the date of this report are as follows:

Board of Management

Mr. Uong Ngoc Hai	Chairman
Ms. Nguyen Thi Ha	Member (Appointed on 27 April 2017)
Mr. Hoang Xuan Quoc	Member (Disappointed on 27 April 2017)
Mr. Luong Ngoc Anh	Member
Mr. Phan Dai Thanh	Member (Appointed on 27 April 2017)
Mr. Pham Cuong	Member (Appointed on 28 April 2017)
Ms. Nguyen Thi Thanh Huong	Member

Board of Directors

Mr. Hoang Xuan Quoc	Director (Resigned on 01 January 2018)
Mr. Ngo Duc Nhan	Deputy Director
Mr. Tran Quang Thien	Deputy Director
Mr. Tran Quang Man	Deputy Director
Mr. Nguyen Ngoc Hai	Deputy Director
Mr. Trinh Viet Thang	Deputy Director

BOARD OF DIRECTORS' STATEMENT OF RESPONSIBILITY

The Board of Directors of the Company is responsible for preparing the financial statements, which give a true and fair view of the financial position of the Company as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting. In preparing these financial statements, the Board of Directors is required to:

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

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

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

For and on behalf of the Board of Directors,



Ngô Đức Nhân
Deputy Director
31 January 2018

No. *273* /VN1A-HC-BC

INDEPENDENT AUDITORS' REPORT

To: **Shareholders**
The Boards of Management and Directors
PetroVietnam Nhon Trach 2 Power Joint Stock Company

We have audited the accompanying financial statements of PetroVietnam Nhon Trach 2 Power Joint Stock Company (the "Company") prepared on 31 January 2018 as set out from page 3 to page 28, which comprise the balance sheet as at 31 December 2017, the statement of income, the statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Board of Directors' Responsibility for the Financial Statements

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

Auditors' 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 from 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 auditors' judgment, 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 auditors consider 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 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.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting.



[Signature]
Võ Thái Hòa
Audit Partner
Audit Practising Registration Certificate
No. 0138-2018-001-1
**BRANCH OF DELOITTE VIETNAM
COMPANY LIMITED**
31 January 2018
Ho Chi Minh City, S.R. Vietnam

Tran Kim Long Hai
Auditor
Audit Practising Registration Certificate
No. 1503-2018-001-1

BALANCE SHEET
As at 31 December 2017

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
A. CURRENT ASSETS	100		3,101,036,352,909	5,316,223,172,464
I. Cash and cash equivalents	110	4	145,968,678,560	1,398,468,310,099
1. Cash	111		75,968,678,560	133,468,310,099
2. Cash equivalents	112		70,000,000,000	1,265,000,000,000
II. Short-term financial investments	120	5	900,000,000,000	-
1. Held-to-maturity investments	123		900,000,000,000	-
III. Short-term receivables	130		1,795,329,283,333	3,609,508,630,323
1. Short-term trade receivables	131	6	1,682,184,444,895	3,447,445,691,772
2. Short-term advances to suppliers	132		67,873,214,457	117,366,595,233
3. Other short-term receivables	136	7	45,271,623,981	44,696,343,318
IV. Inventories	140		259,378,183,413	239,011,186,410
1. Inventories	141	8	259,378,183,413	239,011,186,410
V. Other short-term assets	150		360,207,603	69,235,045,632
1. Short-term prepayments	151	13	360,207,603	14,504,546,432
2. Value added tax deductibles	152		-	54,730,499,200
B. NON-CURRENT ASSETS	200		6,863,073,281,689	7,663,690,891,214
I. Long-term receivables	210		37,652,707,000	202,139,261,947
1. Long-term trade receivables	211	6	-	164,486,554,947
2. Other long-term receivables	216	7	37,652,707,000	37,652,707,000
II. Fixed assets	220		6,246,942,913,088	6,934,521,012,006
1. Tangible fixed assets	221	9	6,220,939,145,368	6,906,903,378,576
- Cost	222		11,311,963,520,847	11,307,417,864,097
- Accumulated depreciation	223		(5,091,024,375,479)	(4,400,514,485,521)
2. Intangible assets	227	10	26,003,767,720	27,617,633,430
- Cost	228		30,823,217,421	30,823,217,421
- Accumulated amortisation	229		(4,819,449,701)	(3,205,583,991)
III. Long-term assets in progress	240		3,660,751,905	1,404,275,541
1. Long-term construction in progress	242	11	3,660,751,905	1,404,275,541
IV. Long-term financial investments	250	12	-	-
1. Equity investments in other entities	253		11,140,000,000	11,140,000,000
2. Provision for impairment of long-term financial investments	254		(11,140,000,000)	(11,140,000,000)
V. Other long-term assets	260		574,816,909,696	525,626,341,720
1. Long-term prepayments	261	13	573,652,857,592	524,433,017,320
2. Deferred tax assets	262	14	1,164,052,104	1,193,324,400
TOTAL ASSETS (270=100+200)	270		9,964,109,634,598	12,979,914,063,678

The accompanying notes are an integral part of these financial statements

BALANCE SHEET (Continued)

As at 31 December 2017

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance
C. LIABILITIES	300		4,978,887,563,950	8,071,479,939,962
I. Current liabilities	310		2,283,994,389,470	4,309,602,086,664
1. Short-term trade payables	311	15	921,725,227,019	2,651,557,360,711
2. Taxes and amounts payable to the State budget	313	16	109,836,787,507	294,941,869,230
3. Payables to employees	314		22,832,675,474	16,736,277,977
4. Short-term accrued expenses	315	17	103,655,933,906	92,723,792,338
5. Other current payables	319	18	44,580,478,404	185,717,509,065
6. Short-term loans and obligations under finance leases	320	19	1,066,152,126,657	1,044,961,195,732
7. Bonus and welfare funds	322		15,211,160,503	22,964,081,611
II. Long-term liabilities	330		2,694,893,174,480	3,761,877,853,298
1. Long-term loans and obligations under finance leases	338	19	2,631,620,466,530	3,697,297,425,589
2. Long-term provisions	342	20	23,281,042,069	23,866,487,990
3. Scientific and technological development fund	343		39,991,665,881	40,713,939,719
D. EQUITY	400		4,985,222,070,648	4,908,434,123,716
I. Owners equity	410	21	4,985,222,070,648	4,908,434,123,716
1. Owners contributed capital	411		2,878,760,290,000	2,848,760,290,000
- Ordinary shares carrying voting rights	411a		2,878,760,290,000	2,848,760,290,000
2. Share premium	412		(457,500,000)	(210,000,000)
3. Investment and development fund	418		137,294,913,354	137,294,913,354
4. Retained earnings	421		1,969,624,367,294	1,922,588,920,362
- Retained earnings accumulated to the prior year end	421a		1,461,987,273,962	1,426,832,624,142
- Retained earnings of the current year	421b		507,637,093,332	495,756,296,220
TOTAL RESOURCES (440=300+400)			9,964,109,634,598	12,979,914,063,678

Le Van Tu
Preparer

Le Viet An
Chief Accountant



Ngo Duc Nhan
Deputy Director
31 January 2018

INCOME STATEMENT

For the year ended 31 December 2017

Unit: VND

ITEMS	Codes	Notes	Curent year	Prior year
1. Gross revenue from goods sold	01		6,761,129,918,866	7,983,298,417,066
2. Net revenue from goods sold (10=01)	10	24	6,761,129,918,866	7,983,298,417,066
3. Cost of sales	11		5,368,441,795,759	6,631,836,154,237
4. Gross profit from goods sold (20=10-11)	20		1,392,688,123,107	1,351,462,262,829
5. Financial income	21	26	62,995,842,401	103,162,240,788
6. Financial expenses	22	27	489,570,695,744	249,014,358,209
- In which: Interest expense	23		120,327,680,247	155,984,410,804
7. General and administration expenses	25	28	113,928,158,596	56,841,564,744
8. Operating profit (30 = 20+(21-22)-26)	30		852,185,111,168	1,148,768,580,664
9. Other income	31		1,454,348,129	760,075,813
10. Other expenses	32		200,592,792	1,347,543,540
11. Profit/(Loss) from other activities (40=31-32)	40		1,253,755,337	(587,467,727)
12. Accounting profit before tax (50=30+40)	50		853,438,866,505	1,148,181,112,937
13. Current corporate income tax expense	51	29	42,996,471,877	62,934,763,783
14. Deferred corporate tax expense/(income)	52		29,272,296	(262,005,066)
15. Net profit after corporate income tax (60=50-51-52)	60		810,413,122,332	1,085,508,354,220
16. Basic earnings per share (*)	70	30	2,768	3,740

Le Van Tu
Preparer

Le Viet An
Chief Accountant



Ngo Duc Nhan
Deputy Director
31 January 2018

CASH FLOW STATEMENT
For the year ended 31 December 2017

Unit: VND

ITEMS	Codes	Current year	Prior year
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	01	853,438,866,505	1,148,181,112,937
2. Adjustments for:			
Depreciation and amortisation of fixed assets and investment properties	02	692,728,914,680	694,373,166,889
Provisions	03	(585,445,921)	(30,098,378,062)
Foreign exchange loss/(gain) arising from translating foreign currency items	04	234,688,984,672	(38,496,893,255)
Gain from investing activities	05	(60,863,787,502)	(58,964,396,649)
Interest expense	06	120,327,680,247	155,984,410,804
3. Operating profit before movements in working capital	07	1,839,735,212,681	1,870,979,022,664
Increase, decrease in receivables	08	2,033,975,998,362	(1,885,427,380,067)
Increase, decrease in inventories	09	(20,366,997,003)	48,982,004,054
Increase, decrease in payables	10	(1,837,184,635,295)	2,204,648,970,824
Increase, decrease in prepaid expenses	11	(35,075,501,443)	109,154,326,001
Interest paid	12	(123,463,107,866)	(157,273,282,628)
Corporate income tax paid	13	(49,778,892,999)	(80,762,149,701)
Other cash outflows	14	(22,873,657,154)	(17,764,464,701)
Net cash generated by operating activities	20	1,784,968,401,283	2,092,537,046,446
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition and construction of fixed assets and other long-term assets	21	(8,038,275,513)	(10,638,341,920)
2. Proceeds from sale, disposal of fixed assets and other long-term assets	22	602,113,636	-
3. Cash outflow for lending	23	(900,000,000,000)	-
4. Interest earned	27	59,682,076,641	57,241,382,759
Net cash (used in)/generated by investing activities	30	(847,754,085,236)	46,603,040,839
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Proceeds from share issue and owners' contributed capital	31	30,000,000,000	-
2. Repayment of borrowings	34	(1,330,125,481,812)	(1,060,713,743,759)
3. Dividends and profits paid	36	(889,588,474,445)	(788,459,445,790)
Net cash used in financing activities	40	(2,189,713,956,257)	(1,849,173,189,549)
Net (decrease)/ increase in cash (50=20+30+40)	50	(1,252,499,640,210)	289,966,897,736
Cash and cash equivalents at the beginning of the year	60	1,398,468,310,099	1,108,501,344,977
Effects of changes in foreign exchange rates	61	8,671	67,386
Cash and cash equivalents at the end of the year (70=50+60+61)	70	145,968,678,560	1,398,468,310,099

Le Van Tu
Preparer

Le Viet An
Chief Accountant



Ngô Đức Nhan
Deputy Director
31 January 2018

NOTES TO THE FINANCIAL STATEMENTS

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

1. GENERAL INFORMATION**Structure of ownership**

PetroVietnam Nhon Trach 2 Power Joint Stock Company (the "Company") was incorporated in Vietnam under Business Registration Certificate No. 4703000396 dated 20 June 2007 issued by the Department of Planning and Investment of Dong Nai Province, and the latest amendment of Business Registration Certificate No. 3600897316 dated 05 January 2018.

The number of the Company's employees as at 31 December 2017 was 186 (As at 31 December 2016: 190).

Operating industry

The business operations of the Company are:

- Produce, transmission and contribution power;
- Directly support services in marine transportation;
- Wholesale solid fuel, liquid, gas and other relative products;
- Warehouse and products storage;
- Road transportation;
- Architecture and technical consultants;
- Wholesale equipment, material and other spare parts;
- Professional activities, sciences and other technology;
- Professional education;
- Providing services in domestic marine transportation;
- Other transportation support services.

Principal activities

Principal activities of the Company are management the investment in constructing and operating power works.

Normal production and business cycle

The Company's normal production and business cycle is carried out for a time period of 12 months or less.

Disclosure of information comparability in the financial statements

Comparative figures are the figures of the audited financial statements for the year ended 31 December 2017.

2. ACCOUNTING CONVENTION AND FINANCIAL YEAR**Accounting convention**

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

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

Financial year

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Estimates

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

Financial instruments

Initial recognition

Financial assets

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

Financial liabilities

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

Subsequent measurement after initial recognition

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

Cash and cash equivalents

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

Held-to-maturity investments

Held-to-maturity investments accounts for the bank deposits with terms over 03 months and less than 1 year.

Held-to-maturity investments are recognised on a trade date basis and are initially measured at acquisition price plus directly attributable transaction costs. Post-acquisition interest income from held-to-maturity investments is recognised in the income statement on accrual basis.

Held-to-maturity investments are measured at cost less provision for doubtful debts.

Financial investments

Equity investments in other entities

Equity investments in other entities represent the Company's investments in ordinary shares of the entities over which the Company has no control, joint control, or significant influence.

Equity investments in other entities are carried at cost less provision for impairment.

Receivables

Receivables represent the amounts recoverable from customers or other debtors and are stated at book value less provision for doubtful debts.

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

Inventories

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

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

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. The costs of purchased tangible fixed assets comprise their purchase prices and any directly attributable costs of bringing the assets to their working condition and location for their intended use. The costs of self-constructed or manufactured assets are the actual construction or manufacturing cost plus installation and test running costs.

Tangible fixed assets are depreciated using the straight-line method over their estimated useful lives as follows:

	<u>Years</u>
Buildings and structures	05 - 20
Machinery and equipment	05 - 14
Motor vehicles	06 - 10
Office equipment	03 - 06

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

Leasing

Leases where substantially all the rewards and risks of ownership of assets remain with the leasing company are accounted for as operating leases. Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease.

Intangible assets and amortisation

Intangible assets represent land use rights and software. Value of infinite land use rights is stated at cost and not amortised. Software is amortised using the straight-line method over the estimated useful life.

Construction in progress

Properties in the course of construction for production, rental or administrative purposes, or for other purposes, are carried at cost. Cost includes costs that are necessary to form the assets in accordance with the Company's accounting policy. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

Prepayments

Prepayments are expenses which have already been paid but relate to results of operations of multiple accounting periods, including short-term and long-term prepayments.

Short-term prepayment represents for insurance fee for factory and others, which allocated within 1 year.

Long-term prepayments comprise of insurance fees for long-term loans; mobilization fee, variable fee, fixed fee and loan interest expense to finance the maintenance contracts of machinery and equipment; major maintenance expenditure for Nhon Trach 2 Combined Cycle Power Plant and other long-term prepayments.

Detailed information about long-term prepayments related to insurance fees for long-term loans; mobilization fee, variable fee and fixed fee of maintenance contracts of machinery and equipment; major maintenance expenditure for Nhon Trach 2 Combined Cycle Power Plant and loan interest expense to finance the maintenance contract are disclosed in Note 13.

Other types of long-term prepayments comprise costs of tools, supplies and other expenditures which are expected to provide future economic benefits to the Company. These expenditures have been capitalised as long-term prepayments, and are allocated to the income statement using the straight-line method over the period of from 2 to 3 years.

Payable provisions

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

Revenue recognition

Revenue from the sale of goods is recognised when all five (5) following conditions are satisfied:

- (a) the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (b) the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (c) the amount of revenue can be measured reliably;
- (d) it is probable that the economic benefits associated with the transaction will flow to the Company; and
- (e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from selling electricity is recognized monthly based on electricity output distributing to the National Grid, which has confirmed monthly by Electric Power Trading Company (EPTC) multiply with the official electricity price specified in the amendment and supplement contract No. 08 dated 30 December 2016 of the Power Purchase Contract No. 07/2012/HD-NMD-NT2 ("Contract No. 07"), which was signed on 6 July 2012 and appendices and the amendment and supplement contract of Contract No. 07 above. Electric Power Trading Company (EPTC) is notified about this revenue in advance and differences arising are recognized in the current accounting period when the Company determine the exact revenue based on the exchange rate between the United States Dollar and Vietnam Dong announced at the date of issuing invoice.

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

Foreign currencies

The Company applies the method of recording foreign exchange differences in accordance with Vietnamese Accounting Standard No. 10 (VAS 10) "Effects of changes in foreign exchange rates" and Official Letter No. 4360/DKVN-TCKT dated 30 June 2015 issued by Vietnam Oil and Gas Group applied for its subsidiaries and affiliates. Vietnam Oil and Gas Group received Official Letter No. 7526/BTC-TCDN dated 8 June 2015 from the Ministry of Finance allowing them to apply the foreign exchange rates of Joint Stock Commercial Bank for Foreign Trade of Vietnam to translate transactions arising in foreign currencies and revalue the balances of monetary items denominated in foreign currencies as at the balance sheet date. Accordingly, transactions arising in foreign currencies are retranslated at exchange rates ruling at the transaction date. The balances of monetary items denominated in foreign currencies as at the balance sheet date are translated at the buying exchange rate announced on the same date by Joint Stock Commercial Bank for Foreign Trade of Vietnam. Exchange differences are recognised in the income statement.

FUND DISTRIBUTION AND DIVIDEND ISSUANCE

Dividends for the Company's shareholders are recognized as payables in the financial statements of the Company in which dividends shall be approved by the shareholders of the Company. Dividends advances in 2017 were confirmed by the Board of Directors to be paid to shareholders based on (i) current and expected business result in next year, (ii) the expected dividends in 2017 approved in the Annual General Shareholders' Meeting (iii) ensuring compliance with the Charter of the Company and the legal regulations of Vietnam as well as retaining the balance of funds for payment other financial obligations after the dividend advances.

The finalized number relating to distribution of the above funds from its profit after tax distribution plan for the year 2017 will be approved by the Company's Annual General Shareholders' meeting.

Borrowing costs

Borrowing costs are recognised in the income statement in the year when incurred unless they are capitalised in accordance with Vietnamese Accounting Standard No. 16 "Borrowing costs".

Taxation

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

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

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

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

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

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

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

4. CASH AND CASH EQUIVALENTS

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Cash on hand	120,412,220	22,500,916
Demand deposits	75,848,266,340	133,445,809,183
Cash equivalents	70,000,000,000	1,265,000,000,000
	<u>145,968,678,560</u>	<u>1,398,468,310,099</u>

Cash equivalents represent term deposits in commercial banks in Vietnam Dong with the terms less than 3 months and earn the interest rates from 5% to 5.5% per annum (2016: from 4.6% to 5.5% per annum). These deposits are automatically renewed if the Company does not require final settlement at the maturity date.

5. HELD-TO-MATURITY INVESTMENTS

Short-term financial investments as at the balance sheet date represent held-to-maturity investments (as at 31 December 2016: nil), specifically, the deposits have the terms from 4 to 6 months and earn the interest rate at 6.0% per annum.

6. TRADE RECEIVABLES

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
a. Short-term trade receivables		
- Electric Power Trading Company (EPTC)	1,682,136,342,319	3,447,370,559,194
- Others	48,102,576	75,132,578
	<u>1,682,184,444,895</u>	<u>3,447,445,691,772</u>
b. Long-term trade receivables		
- Electric Power Trading Company (EPTC)	-	164,486,554,947
	<u>-</u>	<u>164,486,554,947</u>

Short-term trade receivables from customers mainly are estimated amount collected from Electric Power Trading Company (EPTC) up to 31 December 2017 that has not been issued invoice (1,518 Bil VND) following the official electricity prices specified in the Power Purchase Contract No. 07/2012/HD-NMD-NT2 dated 06 July 2012 and other appendices and amendments the additional electricity amount according to official electricity prices of Nhon Trach 2 Combined Cycle Power Plant for the period from 01 May 2012 to 31 December 2013 which had collection term under 12 months (164.5 billion).

The Board of Directors assessed and believed that the Company shall collect the entire outstanding amount above.

7. OTHER RECEIVABLES

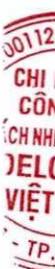
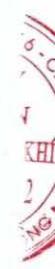
	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
a. Current		
- Unearned late payment interest income from EPTC (*)	42,153,554,457	42,153,554,457
- Accrued interests	2,923,083,335	2,343,486,110
- Advances to employees	124,000,000	149,000,000
- Deposits and mortgages	10,000,000	10,000,000
- Other receivables	60,986,189	40,302,751
	<u>45,271,623,981</u>	<u>44,696,343,318</u>
b. Non-current		
Compensations for site clearance	37,652,707,000	37,652,707,000
	<u>37,652,707,000</u>	<u>37,652,707,000</u>

(*) Other short-term receivables represent interests due to late payment from Electric Power Trading Company (EPTC).

Other long-term receivables represent compensations for site clearance which shall be deducted in rental fee which will be paid to the Government in the future in accordance with the Land Law. These receivables are classified from cost of tangible fixed assets to other long-term receivables in accordance with Decision No. 35/QĐ-CPNT2 dated 23 May 2011 issued by the Board of Management of PetroVietnam Nhon Trach 2 Power Joint Stock Company. On 20 October 2014, the Company signed a land lease contract No. 122/HĐTĐ with the People's Committee of Dong Nai Province with total land area of 423,912.8 m². However, the Company has not received any notice of the offset clearance compensation costs and land rental payable to the State at the date of this report.

8. INVENTORIES

Inventories as at 31 December 2017 and 31 December 2016 comprise DO oil which has been stored in warehouses and used in electricity production and materials which have been used for maintenance the commercial operation of Nhon Trach 2 Combined Cycle Power Plant.



9. INCREASES, DECREASES IN TANGIBLE FIXED ASSETS

	Buildings and structures	Machinery and Equipment	Motor vehicles	Office equipment	Total
	VND	VND	VND	VND	VND
COST					
Opening balance	2,971,262,039,138	8,295,123,823,981	32,215,121,301	8,816,879,677	11,307,417,864,097
Additions	-	423,947,990	4,429,454,091	1,048,524,614	5,901,926,695
Adjustment	(2,073,141)	-	-	-	(2,073,141)
Disposal	-	-	(1,354,196,804)	-	(1,354,196,804)
Closing balance	2,971,259,965,997	8,295,547,771,971	35,290,378,588	9,865,404,291	11,311,963,520,847
ACCUMULATED DEPRECIATION					
Opening balance	776,084,707,288	3,599,818,625,232	19,108,866,954	5,502,286,047	4,400,514,485,521
Charge for the year	148,698,075,405	538,673,667,063	3,082,840,506	1,409,503,788	691,864,086,762
Disposal	-	-	(1,354,196,804)	-	(1,354,196,804)
Closing balance	924,782,782,693	4,138,492,292,295	20,837,510,656	6,911,789,835	5,091,024,375,479
NET BOOK VALUE					
Closing balance	2,046,477,183,304	4,157,055,479,676	14,452,867,932	2,953,614,456	6,220,939,145,368
Opening balance	2,195,177,331,850	4,695,305,198,749	13,106,254,347	3,314,593,630	6,906,903,378,576

As at 31 December 2017, the cost of fixed assets include VND 9,103,987,264 (As at 31 December 2016: VND 8,680,037,264) of fixed assets which have been fully depreciated but are still in use.

10. INCREASES, DECREASES IN INTANGIBLE ASSETS

	<u>Land use rights</u> VND	<u>Software</u> VND	<u>Total</u> VND
COST			
Opening balance	21,602,554,546	9,220,662,875	30,823,217,421
Closing balance	<u>21,602,554,546</u>	<u>9,220,662,875</u>	<u>30,823,217,421</u>
ACCUMULATED AMORTISATION			
Opening balance	-	3,205,583,991	3,205,583,991
Charge for the year	-	1,613,865,710	1,613,865,710
Closing balance	-	<u>4,819,449,701</u>	<u>4,819,449,701</u>
NET BOOK VALUE			
Closing balance	<u>21,602,554,546</u>	<u>4,401,213,174</u>	<u>26,003,767,720</u>
Opening balance	<u>21,602,554,546</u>	<u>6,015,078,884</u>	<u>27,617,633,430</u>

Land use rights represents the indefinite land use rights at the lot of Building CC1.2 - Unit No. 1 - Phuoc An - Long Tho Residential Area, Nhon Trach District, Dong Nai Province.

Software represents equipment and assets maintenance management system at the factory, SAP accounting software and the Company's website.

11. CONSTRUCTION IN PROGRESS

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
Studying CO ₂ reduction system	1,406,363,636	-
Construction investment	2,254,388,269	1,404,275,541
	<u>3,660,751,905</u>	<u>1,404,275,541</u>

Construction in progress represents the cost of research, construction investment and cost of purchasing of fixed assets which should undergo installation, testing before being put into use.

12. LONG-TERM FINANCIAL INVESTMENTS

The Company has contributed VND 11,140,000,000 which is equivalent to 1,114,000 shares (par value VND 10,000/share) to the charter capital of High Tech Concrete Investment Joint Stock Company ("Sopewaco") as at 31 December 2017 and 31 December 2016.

Provision for impairment of long-term investments has been made in accordance with the Circular No. 228/2009/TT-BTC dated 7 December 2009 and Circular No. 89/2013/TT-BTC dated 28 June 2013 issued by the Ministry of Finance. The basis used for making this provision is Sopewaco's financial statements for the year ended 31 December 2016. As at 31 December 2016, Sopewaco's accumulated loss was higher than its charter capital. Therefore, the Board of Directors of the Company decided to make full provision for its long-term investments as at balance sheet date.

13. PREPAYMENTS

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
a. Short-term		
Insurance fee for factory	-	14,148,091,059
Others	360,207,603	356,455,373
	<u>360,207,603</u>	<u>14,504,546,432</u>
b. Long-term		
Insurance fee for long-term loans	219,975,968,939	284,363,481,902
Mobilization fee, variable and fixed fee of maintenance contracts	177,473,528,484	208,742,615,755
Overhaul expenses to be allocated	-	10,951,128,462
Major overhaul expenses to be allocated	147,015,945,192	-
Life insurance fee	6,291,666,667	13,841,666,667
Others	22,895,748,310	6,534,124,534
	<u>573,652,857,592</u>	<u>524,433,017,320</u>

Short-term prepayment represents insurance fee for factory with the insurance term of 1 year.

Long-term prepayments include expenditures as follows:

- Insurance fee for long-term loans: According to the export credit contract dated 22 July 2010 and 23 July 2010 between the Company and banks represented by Citibank - an authorized agency. The insurance fee was issued by HERMES and NEXI to guarantee lenders during the credit term of 2.5 years of grace period and 9.5 years of payment. Insurance fee for these loans is allocated using the straight-line method over the durations of such long-term loans.
- Mobilization fee, variable fee and fixed fee of maintenance contracts of machinery and equipment: The maintenance contract No. 68/2011/PVPOWER NT2 – PVPS between PetroVietnam Power Nhon Trach 2 Joint Stock Company and PetroVietnam Power Technical Services Joint Stock Company is to maintain the major equipment and machinery in Nhon Trach 2 Combined Cycle Power Plant for the duration of 11.7 years or 200,000 equivalent operation hours (EOH). Mobilization fee, variable fee and fixed fee had been paid before Nhon Trach 2 Combined Cycle Power Plant was in the commercial operation and these fees are allocated to the income statement in the period based on the actual EOH hours.
- Major overhaul expense of Nhon Trach 2 Combined Cycle Power Plant arose when the plant reached 50,000 EOH and the Company had to perform overhaul according to specifications. Accordingly, this expense was recognized and allocated to the income statement for the next 25,000 EOH.

14. DEFERRED TAX ASSETS

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Corporate income tax rates used for determination of value of deferred tax assets	5%	5%
Deferred tax assets related to deductible temporary differences	1,164,052,104	1,193,324,400
Deferred income tax assets	<u>1,164,052,104</u>	<u>1,193,324,400</u>

15. SHORT-TERM TRADE PAYABLES

	Closing balance		Opening balance	
	Amount	VND Amount able to be paid off	Amount	VND Amount able to be paid off
a. Short-term trade payables to related parties				
- Petro Vietnam Gas Joint Stock Corporation	803,144,467,801	803,144,467,801	2,587,804,650,220	2,587,804,650,220
- Petro Vietnam Power Technical Services Joint Stock Company	70,832,511,352	70,832,511,352	51,658,974,760	51,658,974,760
- Southern Management Board of PVC's project	454,403,426	454,403,426	454,403,426	454,403,426
- Petroleum Power Property Joint Stock Company	1,140,250,000	1,140,250,000	1,140,250,000	1,140,250,000
- Petrovietnam Maintenance and Repair Corporation (PVMR)	-	-	787,743,000	787,743,000
- Petro Vietnam Insurance Joint Stock Corporation	-	-	75,000,000	75,000,000
- Petro Vietnam Technical Safety Registration Company Limited	683,650,652	683,650,652	-	-
- Petro Vietnam Nhon Trach Power Company	63,345,450	63,345,450	-	-
	876,318,628,681	876,318,628,681	2,641,921,021,406	2,641,921,021,406
b. Short-term trade payables to third parties				
Others	45,406,598,338	45,406,598,338	9,636,339,305	9,636,339,305
	921,725,227,019	921,725,227,019	2,651,557,360,711	2,651,557,360,711

16. TAXES AND AMOUNTS PAYABLE TO THE STATE BUDGET

	Opening balance	Payable during the year	Paid during the year	Closing balance
	VND	VND	VND	VND
Value added tax	283,444,000,385	70,000,384,114	248,142,231,776	105,302,152,723
Corporate income tax	7,678,892,999	42,996,471,877	49,778,892,999	896,471,877
Personal income tax	562,140,090	11,288,767,876	11,289,859,327	561,048,639
Natural resource tax	2,804,624,910	30,729,345,930	30,458,013,840	3,075,957,000
Import tax	-	12,891,579,456	12,891,579,456	-
Other taxes	452,210,846	14,303,494,465	14,754,548,043	1,157,268
	294,941,869,230	182,210,043,718	367,315,125,441	109,836,787,507

17. SHORT-TERM ACCRUED EXPENSES

	Closing balance	Opening balance
	VND	VND
Maintenance expenses	81,238,231,701	70,809,211,912
Accrued interest expenses	8,720,675,781	10,435,851,361
Others	13,697,026,424	11,478,729,065
	103,655,933,906	92,723,792,338

Short-term accrued expenses mainly represent maintenance expenses accrued according to transferring agreement and the amendment and supplement contract of long term maintenance agreement for Nhon Trach 2 Power Plant between PetroVietnam Nhon Trach 2 Power Joint Stock Company, PetroVietnam Power Technical Services Joint Stock Company and the Consortium comprising of Siemens AG and Siemens Ltd. Viet Nam for maintaining machinery and equipment for Nhon Trach 2 Combined Cycle Power Plant for the duration of 11.7 years or 100,000 equivalent operation hours (EOH) for each operator.

18. OTHER CURRENT PAYABLES

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Late payment interest income payable to Petro Vietnam Gas Joint Stock Company	39,278,284,374	39,278,284,374
Dividends and profits payable	4,751,488,460	145,862,287,505
Other payables	550,705,570	576,937,186
	44,580,478,404	185,717,509,065

19. LOANS

	<u>Current portion of long-term loans</u>	<u>Long-term loans</u>
	VND	VND
Opening balance		
- Amount	1,044,961,195,732	3,697,297,425,589
- Amount able to paid off	1,044,961,195,732	3,697,297,425,589
During the year		
- Increase	1,117,183,001,985	221,556,981,109
+ Transfer from long-term loans	1,053,100,529,416	-
+ Foreign exchange rate differences	64,082,472,569	221,556,981,109
- Decrease	1,095,992,071,060	1,287,233,940,168
+ Transfer to current portion of long-term loans	-	1,053,100,529,416
+ Paid during this year	1,095,992,071,060	234,133,410,752
Closing balance		
- Amount	1,066,152,126,657	2,631,620,466,530
- Amount able to paid off	1,066,152,126,657	2,631,620,466,530

Details of long-term loans by lenders are as below:

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
HERMES, CIRR, NEXI and Citibank	3,697,772,593,187	4,461,298,558,270
Vietnam Prosperity Bank (VPBank)		
- Ho Chi Minh City Branch	-	171,880,226,826
Ho Chi Minh City Development Joint Stock Commercial Bank (HDBank) - Cong Hoa Branch	-	109,079,836,225
	3,697,772,593,187	4,742,258,621,321

As at 22 July 2010 and 23 July 2010, the Company entered into long-term loan contracts with agency banks such as HERMES, CIRR, NEXI and Citibank in which Citibank is a main agency bank for total credit line of USD 215,380,981 and EUR 202,585,883. These loans are guaranteed by the Government of Vietnam and granted the insurance by HERMES and NEXI. The loan bears an interest rates of 6 - month Euribor and 6 - month Libor plus the adjustment. The loan and interest are repaid every 6 months on 19 half-yearly installments during 9.5 years and the first repayment is on 1 June 2012. The balances of loans as at 31 December 2017 are USD 78,408,979 and EUR 70,845,796 respectively (As at 31 December 2016: USD 100,885,760.9 and EUR 91,381,201.78).

As at 8 February 2017, the Company signed Discussion Minute with Vietnam Prosperity Joint Stock Commercial Bank for loan prepayment before the maturity date under Credit Agreement signed on 24 April 2013 about financing construction of Nhon Trach 2 Combined Cycle Power Plant. Thus, the balance of loan as at 31 December 2017 was fully paid.

As at 14 February 2017, the Company signed Discussion Minute with Ho Chi Minh City Development Joint Stock Commercial Bank - Cong Hoa Branch for loan prepayment before the maturity date under Credit Agreement No. 0210/2014/HĐTĐTDH/DN signed on 15 May 2014 about refinancing construction of Nhon Trach 2 Combined Cycle Power Plant. Thus the balance of loan as at 31 December 2017 was fully paid.

Long-term loans are repayable as follows:

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
On demand or within one year	1,066,152,126,657	1,044,961,195,732
In the second year	1,066,152,126,657	1,044,961,195,732
In the third to fifth year inclusive	1,565,468,339,873	2,605,509,428,301
After five years	-	46,826,801,556
	<u>3,697,772,593,187</u>	<u>4,742,258,621,321</u>
Less: Amount due for settlement within 12 months	(1,066,152,126,657)	(1,044,961,195,732)
Amount due for settlement after 12 months	<u>2,631,620,466,530</u>	<u>3,697,297,425,589</u>

20. LONG-TERM PROVISIONS

Long-term provisions mainly represent maintenance expenses accrued according to maintenance contract No. 68/2011/PVPOWER NT2 – PVPS between PetroVietnam Nhon Trach 2 Power Joint Stock Company and PetroVietnam Power Technical Services Joint Stock Company for maintaining machinery and equipment for Nhon Trach 2 Combined Cycle Power Plant for the duration of 11.7 years or 100,000 equivalent operation hours (EOH) for each operator.

21. OWNERS' EQUITY

Shares	<u>Closing balance</u>	<u>Opening balance</u>
- Number of shares issued to public		
+ Common shares	287,876,029	284,876,029
- Number of outstanding shares in circulation		
+ Common shares	<u>287,876,029</u>	<u>284,876,029</u>

The Company has one class of ordinary share which carries no right to fixed income and par value is 10,000 per share. The shareholders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the Company's shareholders meetings. All shares rank equally with regard to the Company's residual assets.

Details of shareholders as at the balance sheet date as follows:

	<u>Closing balance</u>		<u>Opening balance</u>	
	VND	%	VND	%
Petro Vietnam Power Corporation	1,709,260,800,000	59.37%	1,709,260,800,000	60.00%
Technology Development Company Limited	237,961,150,000	8.27%	237,961,150,000	8.35%
Other shareholders	931,538,340,000	32.36%	901,538,340,000	31.65%
	<u>2,878,760,290,000</u>	<u>100%</u>	<u>2,848,760,290,000</u>	<u>100%</u>

PETROVIETNAM NHON TRACH 2 POWER JOINT STOCK COMPANY
NOTES TO THE FINANCIAL STATEMENTS (Continued)

FORM B 09-DN

Movement on owners' equity:

	Owners' contributed capital	Share premium	Investment and Development fund	Retained earnings	Total
	VND	VND	VND	VND	VND
For the year ended 31 December 2016					
Opening balance	2,739,198,430,000	(113,000,000)	79,801,049,931	1,949,571,666,106	4,768,458,146,037
Capital increase	109,561,860,000	-	-	(109,561,860,000)	-
Fund appropriation	-	-	57,081,386,064	(77,081,386,064)	(20,000,000,000)
Profit for the year	-	-	-	1,085,508,354,220	1,085,508,354,220
Dividends declared	-	-	-	(925,847,853,900)	(925,847,853,900)
Other increases/(decreases)	-	(97,000,000)	412,477,359	-	315,477,359
Closing balance	2,848,760,290,000	(210,000,000)	137,294,913,354	1,922,588,920,362	4,908,434,123,716
For the year ended 31 December 2017					
Opening balance	2,848,760,290,000	(210,000,000)	137,294,913,354	1,922,588,920,362	4,908,434,123,716
Capital increase	30,000,000,000	-	-	-	30,000,000,000
Fund appropriation	-	-	-	(14,900,000,000)	(14,900,000,000)
Profit for the year	-	-	-	810,413,122,332	810,413,122,332
Dividends declared	-	-	-	(748,477,675,400)	(748,477,675,400)
Other increases/(decreases)	-	(247,500,000)	-	-	(247,500,000)
Closing balance	2,878,760,290,000	(457,500,000)	137,294,913,354	1,969,624,367,294	4,985,222,070,648

According to the Decision No. 04/QĐ-CPNT2 dated 23 January 2017 of the Board of Management, the Company has approved the implementation plan and regulations on the issuance of 3 million shares to employees at par value of VND10,000. According to Notice No. 402/TB-SGDHCM dated 27 March 2017 of the Ho Chi Minh City Stock Exchange, the above number of shares has been approved for listing from 24 March 2017 and shall be freely traded from 26 February 2018.

According to the Resolution No. 09/NQ-CPNT2 dated 27 April 2017 of Annual General Shareholders' Meeting, the Company appropriated additional dividends from retained earnings of 2016 with an amount of VND 460,601,646,400 equivalent to 16% par value for the shareholders of the Company. According to the Resolution No. 21/NQ-CPTN2 dated 19 September 2017 of the Board of Management, the Company has advanced the dividend by cash with proportion of 10% of a share equivalent to VND 287,876,029,000 from 2017's retained earnings of the Company.

The finalized number relates to distribution of the above funds and dividends from its profit after tax for 2017 will be approved by the Company's Annual General Shareholders' meeting.



22. OFF BALANCE SHEET ITEMS

	Unit	Closing balance	Opening balance
United States Dollar	USD	267.88	268.20
Euro	EUR	6.94	6.99

23. BUSINESS AND GEOGRAPHICAL SEGMENTS

The Company's principal activities are to manufacture and consume electricity in domestic. Other business activities make up minor ratio in total revenue and operating result of Company in this year as well as previous financial years. Consequently, financial information has been presented in the balance sheet as at 31 December 2016 and 31 December 2017 as well as revenues, expenses presented in the income statement during the year then end and previous financial years are relevant to principle activities. Hence, the Company did not prepare the report by business segment and geographical segments.

24. NET REVENUE FROM GOODS SOLD

Net revenue from goods sold includes revenue of selling electricity in the period from 1 January 2017 to 30 November 2017 following electricity price based on gas market price as stated in the amendment and supplement contract No. 08 dated 30 December 2016 of Power Purchase Contract No. 07/2012/HĐ-NMĐ-NT2 dated 6 July 2012 between Electric Power Trading Company (EPTC) and PetroVietnam Nhon Trach 2 Power Joint Stock Company.

Revenue of selling electricity in the period from 1 January 2017 to 30 November 2017 is recorded based on the foreign exchange rate as at invoice issuance date. The revenue for the period from 1 December 2017 to 31 December 2017 which is not issued invoice and recorded based on the estimated foreign exchange rate at the reporting date. Therefore, the variance of revenue from selling electricity for the period from 1 December 2017 to 31 December 2017 will be exactly adjusted and recognised after the foreign exchange rate are fixed.

25. PRODUCTION COST BY NATURE

	Current year	Prior year
	VND	VND
Raw materials and consumables	4,151,172,026,950	5,420,892,853,967
Labour	88,017,317,131	70,674,413,447
Depreciation and amortization	692,728,914,680	694,373,166,889
Out-sourced services	473,604,653,252	447,934,096,070
Other monetary expenses	76,847,042,342	54,803,188,608
	5,482,369,954,355	6,688,677,718,981

26. FINANCIAL INCOME

	Current year	Prior year
	VND	VND
Interest income	60,261,673,866	58,964,396,649
Foreign exchange gain	2,734,168,535	44,197,844,139
	62,995,842,401	103,162,240,788

27. FINANCIAL EXPENSES

	Current year	Prior year
	VND	VND
Interest expense	120,327,680,247	155,984,410,804
Insurance fee for loan	64,387,512,963	64,157,600,911
Foreign exchange loss	290,246,330,109	12,202,150,547
Guarantee fee from the Government for the loan	11,444,426,845	13,269,968,354
Others	3,164,745,580	3,400,227,593
	489,570,695,744	249,014,358,209

28. GENERAL AND ADMINISTRATION EXPENSES

	<u>Current year</u>	<u>Prior year</u>
	VND	VND
Management staff	39,296,647,752	31,893,297,241
Office supplies	2,539,619,478	2,442,749,735
Depreciation and amortisation	9,815,631,479	9,882,430,539
Taxes, fees and charges	777,447,572	651,600,027
Out-sourced services	45,698,382,871	35,046,388,741
Others	15,800,429,444	12,263,577,836
Reversal of provision for short-term doubtful debts	-	(35,338,479,375)
	<u>113,928,158,596</u>	<u>56,841,564,744</u>

29. CURRENT CORPORATE INCOME TAX EXPENSE

	<u>Current year</u>	<u>Prior year</u>
	VND	VND
Current corporate income tax expense		
- Corporate income tax based on taxable income in the current year	42,996,471,877	57,760,073,651
- Adjustments for corporate income tax expenses in previous years to the current year	-	5,174,690,132
Total current corporate income tax expense	<u>42,996,471,877</u>	<u>62,934,763,783</u>

The current corporate income tax expense for the year was computed as follows:

	<u>Current year</u>			<u>Prior year</u>
	Main activities VND	Other activities VND	Total VND	Total VND
Profit before tax	852,185,111,168	1,253,755,337	853,438,866,505	1,148,181,112,937
Add: non-deductible expenses	2,721,281,490	2,008,054	2,723,289,544	5,392,633,938
Less: non-assessable income	(8,671)	-	(8,671)	(67,386)
Taxable income	854,906,383,987	1,255,763,391	856,162,147,378	1,153,573,679,489
Tax rate	5%	20%		
Corporate income tax	42,745,319,199	251,152,678	42,996,471,877	57,760,073,651
Adjustments for corporate income tax expense in previous years to the current year	-	-	-	5,174,690,132
Total Corporate income tax expense	<u>42,745,319,199</u>	<u>251,152,678</u>	<u>42,996,471,877</u>	<u>62,934,763,783</u>

The Company is obliged to pay corporate income tax at the rate of 10% of its taxable income from producing and trading power (main activities) for 15 years from the first profit making year and 20% for the following years.

The Company is entitled to a corporate income tax exemption for four years from the first profit making year for manufacturing and selling electricity power and a reduction of 50% for the following nine years. This is the seventh profit making year of the Company from manufacturing and selling electricity power and also the third year of 50% tax reduction.

The Company is obliged to pay corporate income tax at the rate of 20% (2016:20%) of its taxable income from other activities according to the Circular No. 78/2014/TT-BTC dated 18 June 2014 issued by the Ministry of Finance.

30. BASIC EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the ordinary equity holders of the Company is based on the data as below:

	Current year	Prior year
	VND	VND
Profit after tax	810,413,122,332	1,085,508,354,220
Bonus and welfare fund	14,900,000,000	20,000,000,000
Profit after tax for calculating earnings per share	795,513,122,332	1,065,508,354,220
Weighted average number of ordinary shares for the purposes of calculating basic earnings per share	287,391,097	284,876,029
Basic earnings per share	2,768	3,740

31. SELLING COMMITMENTS

The Company signed Power Purchase Contract No. 07/2012/HD-NMD-NT2 dated 6 July 2012 with Electric Power Trading Company (EPTC). Accordingly, all electricity are produced under the requirement of Electricity Regulatory Authority of Vietnam is exclusively purchased by EPTC with the duration of 10 years from the date which Nhon Trach 2 Combined Cycle Power Plant was in the commercial operation on 16 October 2011.

32. FINANCIAL INSTRUMENTS

Capital risk management

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

The capital structure of the Company consists of net debt (borrowings disclosed in Note 19, offset by cash and cash equivalents) and owners' equity (comprising contributed capital, share premium, investment and development fund and retained earnings).

Gearing ratio

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

	Current year	Prior year
	VND	VND
Borrowings	3,697,772,593,187	4,742,258,621,321
Less: Cash and cash equivalents	(145,968,678,560)	(1,398,468,310,099)
Net debt	3,551,803,914,627	3,343,790,311,222
Equity	4,985,222,070,648	4,908,434,123,716
Net debt to equity ratio	0.71	0.68

Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses) for each class of financial assets and financial liabilities are disclosed in Note 3.

Categories of financial instruments

	Carrying amounts	
	Current year	Prior year
	VND	VND
Financial assets		
Cash and cash equivalents	145,968,678,560	1,398,468,310,099
Short-term investments	900,000,000,000	-
Trade and other receivables	1,764,984,775,876	3,694,132,297,037
	2,810,953,454,436	5,092,600,607,136
Financial liabilities		
Borrowings	3,697,772,593,187	4,742,258,621,321
Trade and other payables	966,107,814,127	2,837,058,842,603
Accrued expenses	103,655,933,906	92,723,792,338
	4,767,536,341,220	7,672,041,256,262

The Company has not yet assessed fair value of its financial assets and liabilities as at the balance sheet date since there is no comprehensive guidance under Circular No. 210/2009/TT-BTC issued by the Ministry of Finance on 6 November 2009 ("Circular 210") and other relevant prevailing regulations to determine fair value of these financial assets and liabilities. While Circular 210 refers to the application of International Financial Reporting Standards ("IFRS") on presentation and disclosures of financial instruments, it did not adopt the equivalent guidance for the recognition and measurement of financial instruments, including application of fair value, in accordance with IFRS.

Financial risk management objectives

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

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

Market risk

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

Foreign currency risk management

The Company undertakes certain transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the year are as follows:

	Assets		Liabilities	
	Closing balance	Opening balance	Closing balance	Opening balance
	VND	VND	VND	VND
USD	6,071,499	6,093,504	1,777,139,576,768	2,292,124,551,754
EUR	188,143	165,926	1,920,633,016,419	2,169,174,120,495

Foreign currency sensitivity analysis

The Company is mainly exposed to United States Dollar and Euro.

The following table details the Company's sensitivity to a 3% increase and decrease in Vietnam Dong against the relevant foreign currencies. 3% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 3% change in foreign currency rates. For a 3% increase/decrease in the following foreign currencies against Vietnam Dong, the profit before tax in the year would decrease/increase by the following amount as follows:

	<u>Current year</u>	<u>Prior year</u>
	VND	VND
USD	53,314,005,158	68,763,553,748
EUR	57,618,984,848	65,075,218,637

Interest rate risk management

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

Interest rate sensitivity

The loan's sensitivity to interest rate changes which may arise at an appropriate level is presented as follows. Assuming all other variables were held constant and the loan balance at the balance sheet date were the outstanding amount for the whole year, if interest rates applicable to floating interest bearing loans had been 200 basis points higher/lower, the Company's profit before tax for the year ended 31 December 2017 would have decreased/increased by VND 73,955,451,864 (2016: VND 89,225,973,445).

Gas price risk management

The Company purchases natural gas from local suppliers for power production. Therefore, the Company is exposed to the risk of changes in selling prices of gas.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. At the balance sheet date, there is a significant concentration of credit risk arising on sales to Electric Power Trading Company (EPTC) for year ended 31 December 2017 and cash in bank with the terms less than 12 months. The cash in bank of the Company is mainly held with a well-known financial institution. Management does not foresee any significant credit risks from these deposits and does not expect that this financial institution may default and cause losses to the Company. The maximum exposure to credit risk is represented by the outstanding receivables from related parties as presented in Note 33 and one specific major customer as presented in Note 6.

Liquidity risk management

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

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

	Less than 1 year VND	From 1-5 years VND	Total VND
31/12/2017			
Cash and cash equivalents	145,968,678,560	-	145,968,678,560
Short-term investments	900,000,000,000	-	900,000,000,000
Trade and other receivables	1,727,332,068,876	37,652,707,000	1,764,984,775,876
	<u>2,773,300,747,43</u>	<u>37,652,707,000</u>	<u>2,810,953,454,436</u>
Borrowings	1,066,152,126,657	2,631,620,466,530	3,697,772,593,187
Trade and other payables	966,107,814,127	-	966,107,814,127
Accrued expenses	103,655,933,906	-	103,655,933,906
	<u>2,135,915,874,690</u>	<u>2,631,620,466,530</u>	<u>4,767,536,341,220</u>
Net liquidity gap	<u>637,309,063,151</u>	<u>(2,593,967,759,530)</u>	<u>(1,956,582,886,784)</u>
31/12/2016			
Cash and cash equivalents	1,398,468,310,099	-	1,398,468,310,099
Trade and other receivables	3,491,993,035,090	202,139,261,947	3,694,132,297,037
	<u>4,890,461,345,189</u>	<u>202,139,261,947</u>	<u>5,092,600,607,136</u>
Loans	1,044,961,195,732	3,697,297,425,589	4,742,258,621,321
Trade and other payables	2,837,058,842,603	-	2,837,058,842,603
Accrued expenses	92,723,792,338	-	92,723,792,338
	<u>3,974,743,830,673</u>	<u>3,697,297,425,589</u>	<u>7,672,041,256,262</u>
Net liquidity gap	<u>915,717,514,516</u>	<u>(3,495,158,163,642)</u>	<u>(2,579,440,649,126)</u>

The Board of Directors assessed the liquidity risk at high level. The Board of Directors believes that the Company will be able to generate sufficient funds to meet its financial obligations as and when they fall due.



33. RELATED PARTY TRANSACTIONS AND BALANCES

List of related parties:

<u>Related party</u>	<u>Relationship</u>
Petro Vietnam Power Corporation	Owner
Petro Vietnam Oil and Gas Group	Ultimate parent company
Petro Vietnam Gas Joint Stock Corporation	The same group
Petro Vietnam Power Technical Services Joint Stock Company	The same group
Southern Management Board of PVC's project	The same group
Petro Vietnam Insurance Joint Stock Corporation	The same group
Petro Vietnam Nhon Trach Power Company	The same group
PV Oil Lubricant Joint Stock Company	The same group
Vietnam Petroleum Institute - The Research and Development Centre for Petroleum Safety and Environment	The same group
PvcomBank	The same group
Petroleum Power Property Joint Stock Company	The same group
Drilling Mud Corporation	The same group
Petrovietnam Maintenance and Repair Corporation (PVMR)	The same group
Petro Vietnam Technical Safety Registration Company Limited	The same group
Petro Vietnam Securities Incorporated	The same group

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

	<u>Current year</u> VND	<u>Prior year</u> VND
Purchases of goods and services		
Petro Vietnam Gas Joint Stock Corporation	3,924,918,819,671	3,957,414,414,638
Petro Vietnam Power Technical Services Joint Stock Company	48,594,666,386	282,317,453,755
Petro Vietnam Insurance Joint Stock Corporation	32,286,476,653	72,663,643,810
Petrovietnam Maintenance and Repair Corporation (PVMR)	3,542,419,480	2,178,824,300
Petro Vietnam Technical Safety Registration Company Limited	621,500,593	-
Drilling Mud Corporation	-	91,368,000
Petro Vietnam Nhon Trach Power Company	21,030,199,487	837,361,000
Petro Vietnam Power Corporation	1,328,589,676	121,673,105
Petro Vietnam Oil and Gas Group	11,481,811,129	12,018,097,405
PvcomBank	370,103,976	245,130,127
Petro Vietnam Securities Incorporated	290,000,000	20,000,000
Financial income		
Interest income from time deposits at PvcomBank	2,499,902,931	8,635,391,039
Dividend payment		
Petro Vietnam Power Corporation	529,870,848,000	535,787,520,000

Remuneration paid to the Company's, Board of Directors and Board of Management during the year was as follows:

	<u>Current year</u> VND	<u>Prior year</u> VND
Salaries and benefits in kind	8,543,067,043	8,011,028,468

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Related party significant balances at the balance sheet date were as follows:

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Trade Receivables		
Petro Vietnam Gas Joint Stock Corporation	5,776,664	-
Petro Vietnam Power Technical Services Joint Stock Company	<u>31,828,712</u>	<u>67,088,178</u>
Advances to suppliers		
Petrovietnam Maintenance and Repair Corporation (PVMR)	-	360,360,000
Petro Vietnam Power Technical Services Joint Stock Company	<u>64,370,973,636</u>	<u>112,673,620,800</u>
Other receivables		
Interest receivable from PVcomBank	-	<u>32,222,222</u>
Trade payables		
Petro Vietnam Gas Joint Stock Corporation	803,144,467,801	2,587,804,650,220
Petro Vietnam Power Technical Services Joint Stock Company	70,832,511,352	51,658,974,760
Southern Management Board of PVC's project	454,403,426	454,403,426
Petroleum Power Property Joint Stock Company	1,140,250,000	1,140,250,000
Petro Vietnam Nhon Trach Power Company	63,345,450	
Petrovietnam Maintenance and Repair Corporation (PVMR)	-	787,743,000
Petro Vietnam Technical Safety Registration Company Limited	683,650,652	-
Petro Vietnam Insurance Joint Stock Corporation	-	<u>75,000,000</u>
Other payables		
Petro Vietnam Gas Joint Stock Corporation	<u>39,278,284,374</u>	<u>39,278,284,374</u>
Financial investments		
Time deposit in PvcomBank	-	<u>80,000,000,000</u>

34. SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Supplemental non-cash disclosures

Interest earned during the year excludes an amount of VND 2,923,083,335 (2016: VND 2,343,486,110), representing additional uncollected interest income during the year that has not yet been received. Consequently, changes in accounts receivable have been adjusted by the same amount.

Interest paid during the year excludes an amount of VND 8,720,675,781 (2016: VND 10,435,851,361) representing interest expenses have not yet been paid. Consequently, changes in accounts payable have been adjusted by the same amount.

Dividends and profits paid during the year excludes an amount of VND 4,751,488,460 (2016: VND 145,862,287,505) representing dividends and profits have not yet been paid fully to shareholders. Consequently, changes in accounts payable have been adjusted by the same amount.



Le Van Tu
Preparer



Le Viet An
Chief Accountant




Ngô Duc Nhan
Deputy Director
31 January 2018