

**PETROVIETNAM POWER CORPORATION –  
ONE MEMBER COMPANY LIMITED**

*(Incorporated in the Socialist Republic of Vietnam)*

**AUDITED SEPARATE  
FINANCIAL STATEMENTS**

**For the year ended 31 December 2016**



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## **STATEMENT OF THE BOARD OF EXECUTIVE OFFICERS**

The Board of Executive Officers of PetroVietnam Power Corporation - One Member Company Limited (the "Corporation") presents this report together with the Corporation's separate financial statements for the year ended 31 December 2016.

### **THE BOARD OF MEMBERS AND BOARD OF EXECUTIVE OFFICERS**

The members of the Board of Members and Board of Executive Officers of the Corporation who held office during the year and to the date of this report are as follows:

#### **Board of Members**

Mr. Ho Cong Ky	Chairman
Mr. Nguyen Xuan Hoa	Member
Mr. Nguyen Huu Quy	Member
Mr Ha Duc Thu	Member
Mr. Vu Huy An	Member

#### **Board of Executive Officers**

Mr. Nguyen Xuan Hoa	Chief Executive Officer
Mr. Hoang Van Nghiep	Deputy CEO
Ms. Nguyen Thi Ngoc Bich	Deputy CEO
Mr. Pham Xuan Truong	Deputy CEO
Mr. Nguyen Duy Giang	Deputy CEO
Mr. Tran Duc Chinh	Deputy CEO (temporarily suspended on 14 October 2016)
Mr. Le Chung Dung	Deputy CEO (resigned on 20 December 2016)

### **BOARD OF EXECUTIVE OFFICERS' STATEMENT OF RESPONSIBILITY**

The Board of Executive Officers of the Corporation is responsible for preparing the separate financial statements, which give a true and fair view of the financial position of the Corporation as at 31 December 2016, 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 separate financial statements, the Board of Executive Officers is required to:

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

**STATEMENT OF THE BOARD OF EXECUTIVE OFFICERS (Continued)**

**BOARD OF EXECUTIVE OFFICERS' STATEMENT OF RESPONSIBILITY (Continued)**

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

The Board of Executive Officers confirms that the Corporation has complied with the above requirements in preparing these separate financial statements.

For and on behalf of the Board of Executive Officers,

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**Nguyen Xuan Hoa**  
**Chief Executive Officer**

*Hanoi, 20 March 2017*

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No.: **741** /VN1A-HN-BC

## **INDEPENDENT AUDITORS' REPORT**

**To: The Board of Members and Board of Executive Officers of  
PetroVietnam Power Corporation - One Member Company Limited**

We have audited the accompanying separate financial statements of PetroVietnam Power Corporation - One Member Company Limited (the "Corporation"), prepared on 20 March 2017 as set out from page 5 to 37, which comprise the balance sheet as at 31 December 2016, and the statement of income and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### ***Board of Executive Officers' Responsibility for the Separate Financial Statements***

The Board of Executive Officers is responsible for the preparation and fair presentation of these separate financial statements in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting and for such internal control as the Board of Executive Officers determines is necessary to enable the preparation of separate 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 separate financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Corporation's preparation and fair presentation of the separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation'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 Executive Officers, as well as evaluating the overall presentation of the separate financial statements.

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

### ***Opinion***

In our opinion, the separate financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 December 2016, 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.

## INDEPENDENT AUDITORS' REPORT (Continued)

### **Emphasis of Matters**

- As presented in Note 5 of the Notes to the separate financial statements, the Corporation has retrospectively adjusted certain comparative figures in the separate financial statements (the figures for the year ended 31 December 2015) as per the recommendations of the Inspectorate of the Ministry of Finance stated in the 2015 Minutes of Inspection dated 4 May 2016.
- As presented in Note 16 of the Notes to the separate financial statements, the Luang Prabang Hydropower Plant Project is currently suspended. The Corporation recognized costs incurred in connection with this project in the "Construction in Progress" item. Up to the date of these financial statements, under the Direction of Vietnam Oil and Gas Group, the Corporation has been working with the Laos Ministry of Energy and Mines to extend the 4<sup>th</sup> Memorandum of Understanding (MOU 4) for this project. No adjustment to the separate financial statements due to the effect of the above events was made.

Our opinion is not modified in respect of these matters.



**Khúc Thị Lan Anh**  
**Deputy General Director**  
Audit Practising Registration Certificate  
No. 0036-2013-001-1

**For and on behalf of**  
**DELOITTE VIETNAM COMPANY LIMITED**

20 March 2017  
Hanoi, S.R. Vietnam

**Vu Manh Hung**  
**Auditor**  
Audit Practising Registration Certificate  
No. 2737-2013-001-1

**PETROVIETNAM POWER CORPORATION - ONE MEMBER COMPANY LIMITED**8th, 9th floors, Vietnam Petroleum Institute Tower,  
Trung Kinh, Yen Hoa,  
Cau Giay, Hanoi, Vietnam**FORM B 01-DN**Issued under Circular No.200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance**BALANCE SHEET**

As at 31 December 2016

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance (Restated)
<b>A. CURRENT ASSETS</b>			<b>9,832,498,658,881</b>	<b>8,522,286,293,398</b>
<b>I. Cash and cash equivalents</b>	<b>110</b>	<b>6</b>	<b>2,927,021,644,436</b>	<b>4,358,144,851,866</b>
1. Cash	111		227,021,644,436	168,144,851,866
2. Cash equivalents	112		2,700,000,000,000	4,190,000,000,000
<b>II. Short-term financial investments</b>	<b>120</b>	<b>7</b>	<b>50,000,000,000</b>	<b>50,000,000,000</b>
1. Held-to-maturity investments	123		50,000,000,000	50,000,000,000
<b>III. Short-term receivables</b>	<b>130</b>		<b>6,231,715,941,336</b>	<b>3,319,038,451,556</b>
1. Short-term trade receivables	131	8	5,717,849,883,171	2,497,106,505,774
2. Short-term advances to suppliers	132	9	142,396,919,474	84,248,571,047
3. Other short-term receivables	136	10	383,566,269,547	749,206,175,600
4. Provision for short-term doubtful debts	137		(12,097,130,856)	(11,522,800,865)
<b>IV. Inventories</b>	<b>140</b>		<b>551,205,478,953</b>	<b>682,267,729,231</b>
1. Inventories	141	12	551,205,478,953	682,267,729,231
<b>V. Other short-term assets</b>	<b>150</b>		<b>72,555,594,156</b>	<b>112,835,260,745</b>
1. Short-term prepayments	151	13	10,192,809,196	21,236,732,001
2. Value added tax deductibles	152		62,359,784,960	91,594,528,744
3. Taxes and other receivables from the State budget	153	19	3,000,000	4,000,000
<b>B. NON-CURRENT ASSETS</b>	<b>200</b>		<b>38,757,084,725,424</b>	<b>41,754,812,736,215</b>
<b>I. Long-term receivables</b>	<b>210</b>		<b>220,000,000</b>	<b>221,050,000</b>
1. Other long-term receivables	216	10	220,000,000	221,050,000
<b>II. Fixed assets</b>	<b>220</b>		<b>31,843,548,115,380</b>	<b>35,079,790,361,635</b>
1. Tangible fixed assets	221	14	31,829,496,563,407	35,064,422,369,320
- Cost	222		46,874,026,692,054	46,976,419,588,725
- Accumulated depreciation	223		(15,044,530,128,647)	(11,911,997,219,405)
2. Intangible assets	227	15	14,051,551,973	15,367,992,315
- Cost	228		33,587,135,476	31,327,135,476
- Accumulated amortisation	229		(19,535,583,503)	(15,959,143,161)
<b>III. Long-term assets in progress</b>	<b>240</b>		<b>178,320,760,949</b>	<b>239,885,376,319</b>
1. Construction in progress	242	16	178,320,760,949	239,885,376,319
<b>IV. Long-term financial investments</b>	<b>250</b>	<b>7</b>	<b>5,650,456,740,209</b>	<b>5,673,595,035,756</b>
1. Investments in subsidiaries	251		4,906,023,182,097	4,906,023,182,097
2. Investments in associates	252		392,311,034,926	392,311,034,926
3. Equity investments in other entities	253		437,209,777,544	447,309,777,544
4. Provision for impairment of long-term financial investments	254		(85,087,254,358)	(72,048,958,811)
<b>V. Other long-term assets</b>	<b>260</b>		<b>1,084,539,108,886</b>	<b>761,320,912,505</b>
1. Long-term prepayments	261	13	195,222,638,379	238,317,406,276
2. Long-term reserved spare parts	263	17	889,316,470,507	523,003,506,229
<b>TOTAL ASSETS (270=100 + 200)</b>	<b>270</b>		<b>48,589,583,384,305</b>	<b>50,277,099,029,613</b>

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

**PETROVIETNAM POWER CORPORATION - ONE MEMBER COMPANY LIMITED**8th, 9th floors, Vietnam Petroleum Institute Tower,  
Trung Kinh, Yen Hoa,  
Cau Giay, Hanoi, Vietnam**FORM B 01-DN**Issued under Circular No.200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance**BALANCE SHEET (Continued)**

As at 31 December 2016

Unit: VND

<b>RESOURCES</b>	<b>Codes</b>	<b>Notes</b>	<b>Closing balance</b>	<b>Opening balance (Restated)</b>
<b>C. LIABILITIES</b>	<b>300</b>		<b>25,848,977,719,960</b>	<b>27,806,263,379,457</b>
<b>I. Current liabilities</b>	<b>310</b>		<b>10,047,485,270,669</b>	<b>10,372,530,334,609</b>
1. Short-term trade payables	311	18	2,606,666,829,394	1,339,725,884,881
2. Short-term advances from customers	312		2,161,915,000	6,016,151,306
3. Taxes and amounts payable to the State budget	313	19	46,565,911,483	86,167,359,649
4. Payables to employees	314		149,206,349,628	121,391,657,451
5. Short-term accrued expenses	315	20	1,537,280,673,637	484,404,554,489
6. Other current payables	319	21	602,866,044,347	3,788,709,362,202
7. Short-term loans and obligations under finance leases	320	22	4,066,195,798,606	4,488,066,361,729
8. Short-term provisions	321	23	913,550,960,707	-
9. Bonus and welfare funds	322		122,990,787,867	58,049,002,902
<b>II. Long-term liabilities</b>	<b>330</b>		<b>15,801,492,449,291</b>	<b>17,433,733,044,848</b>
1. Other long-term payables	337		18,500,000	18,500,000
2. Long-term loans and obligations under finance leases	338	22	15,693,211,765,099	16,663,698,853,899
3. Long-term provisions	342	23	29,438,963,899	705,922,517,821
4. Scientific and technological development fund	343	24	78,823,220,293	64,093,173,128
<b>D. EQUITY</b>	<b>400</b>		<b>22,740,605,664,345</b>	<b>22,470,835,650,156</b>
<b>I. Owner's equity</b>	<b>410</b>	<b>25</b>	<b>22,740,605,664,345</b>	<b>22,470,835,650,156</b>
1. Owner's contributed capital	411		21,774,301,577,676	21,774,301,577,676
2. Investment and development fund	418		939,891,597,816	281,804,378,953
3. Retained earnings	421		26,412,488,853	414,729,693,527
- Retained earnings accumulated to the prior year end	421a		-	18,425,485,059
- Retained earnings of the current year	421b		26,412,488,853	396,304,208,468
<b>TOTAL RESOURCES (440=300+400)</b>	<b>440</b>		<b>48,589,583,384,305</b>	<b>50,277,099,029,613</b>

**Nguyen Thi Hong Hanh**  
Preparer

**Ha Thi Minh Nguyet**  
Chief Accountant



**Nguyen Xuan Hoa**  
Chief Executive Officer

20 March 2017

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



**PETROVIETNAM POWER CORPORATION - ONE MEMBER COMPANY LIMITED**

8th, 9th floors, Vietnam Petroleum Institute Tower,  
 Trung Kinh, Yen Hoa,  
 Cau Giay, Hanoi, Vietnam

**FORM B 02-DN**

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

**INCOME STATEMENT**

For the year ended 31 December 2016

Unit: VND

ITEMS	Codes Notes		Current year	Prior year Resated)
<b>1. Gross revenue from goods sold and services rendered</b>	<b>01</b>	<b>27</b>	<b>18,247,993,589,135</b>	<b>14,601,146,160,873</b>
2. Deductions	02		-	-
<b>3. Net revenue from goods sold and services rendered (10=01-02)</b>	<b>10</b>		<b>18,247,993,589,135</b>	<b>14,601,146,160,873</b>
4. Cost of sales	11	28	16,412,083,691,853	11,531,346,438,405
<b>5. Gross profit from goods sold and services rendered (20=10-11)</b>	<b>20</b>		<b>1,835,909,897,282</b>	<b>3,069,799,722,468</b>
6. Financial income	21	30	786,454,860,054	916,648,679,512
7. Financial expenses	22	31	1,135,965,563,704	783,951,688,759
- In which: Interest expense	23		837,497,570,377	335,062,552,245
8. General and administration expenses	26	32	445,581,900,363	688,868,788,583
<b>9. Operating profit (30=20+(21-22)-26)</b>	<b>30</b>		<b>1,040,817,293,269</b>	<b>2,513,627,924,638</b>
10. Other income	31		11,460,136,160	6,109,616,880
11. Other expenses	32		18,013,880,408	3,225,924,061
<b>12. (Loss)/Profit from other activities (40=31-32)</b>	<b>40</b>		<b>(6,553,744,248)</b>	<b>2,883,692,819</b>
<b>13. Accounting profit before tax (50=30+40)</b>	<b>50</b>		<b>1,034,263,549,021</b>	<b>2,516,511,617,457</b>
14. Current corporate income tax expense	51	33	95,254,305,003	375,648,195,118
<b>15. Net profit after corporate income tax (60=50-51)</b>	<b>60</b>		<b>939,009,244,018</b>	<b>2,140,863,422,339</b>

**Nguyen Thi Hong Hanh**  
Preparer

**Ha Thi Minh Nguyet**  
Chief Accountant



**Nguyen Xuan Hoa**  
Chief Executive Officer

20 March 2017

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

**CASH FLOW STATEMENT**

For the year ended 31 December 2016

Unit: VND

ITEMS	Codes	Current year	Prior year Resated)
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>1. Profit before tax</b>	<b>01</b>	<b>1,034,263,549,021</b>	<b>2,516,511,617,457</b>
<b>2. Adjustments for:</b>			
Depreciation and amortisation	02	3,136,122,481,928	1,683,657,450,957
Provisions	03	223,454,781,247	(132,135,364,990)
Foreign exchange loss arising from translating foreign currency items	04	199,635,983,205	188,077,700,458
(Gain) from investing activities	05	(755,914,911,045)	(774,859,725,998)
Interest expense	06	837,497,570,377	335,062,552,245
Other adjustments	07	14,730,047,165	64,093,173,128
<b>3. Operating profit before movements in working capital</b>	<b>08</b>	<b>4,689,789,501,898</b>	<b>3,880,407,403,257</b>
(Increase) in receivables	09	(2,616,618,236,432)	(198,354,630,639)
(Increase) in inventories	10	(235,250,714,000)	(64,044,642,097)
(Decrease) in payables (excluding accrued loan interest and corporate income tax payable)	11	(1,107,780,922,752)	(321,185,948,306)
Decrease in prepaid expenses	12	54,138,690,702	76,592,342,098
Interest paid	14	(648,444,615,953)	(348,816,289,251)
Corporate income tax paid	15	(151,921,220,871)	(369,330,691,185)
Other cash inflows	16	24,843,562,500	2,042,000,000
Other cash outflows	17	(2,416,702,384)	(14,111,627,807)
<b>Net cash generated by operating activities</b>	<b>20</b>	<b>6,339,342,708</b>	<b>2,643,197,916,070</b>
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
1. Acquisition and construction of fixed assets and other long-term assets	21	(127,276,546,848)	(71,121,403,585)
2. Proceeds from sale, disposal of fixed assets and other long-term assets	22	186,363,636	342,727,272
3. Cash recovered from lending, selling debt instruments of other entities	24	1,050,000	4,000,000,000,000
4. Equity investments in other entities	25	-	(99,287,452,708)
5. Cash recovered from investments in other entities	26	36,176,591,094	267,841,509,870
6. Interest earned, dividends and profits received	27	675,117,306,724	809,295,290,822
<b>Net cash generated by investing activities</b>	<b>30</b>	<b>584,204,764,606</b>	<b>4,907,070,671,671</b>

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

**CASH FLOW STATEMENT (Continued)**

*For the year ended 31 December 2016*

Unit: VND

ITEMS	Codes	Current year	Prior year (Resated)
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
1. Proceeds from borrowings	33	2,921,365,401,671	42,251,838,436
2. Repayment of borrowings	34	(4,513,359,036,799)	(5,923,657,760,013)
3. Dividends and profits paid	36	(429,673,679,616)	(1,683,305,389,676)
<b>Net cash (used in) financing activities</b>	<b>40</b>	<b>(2,021,667,314,744)</b>	<b>(7,564,711,311,253)</b>
<b>Net (decrease) in cash (50=20+30+40)</b>	<b>50</b>	<b>(1,431,123,207,430)</b>	<b>(14,442,723,512)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>60</b>	<b>4,358,144,851,866</b>	<b>4,372,587,575,378</b>
<b>Cash and cash equivalents at the end of the year (70=50+60)</b>	<b>70</b>	<b>2,927,021,644,436</b>	<b>4,358,144,851,866</b>

**Nguyen Thi Hong Hanh**  
 Preparer

**Ha Thi Minh Nguyet**  
 Chief Accountant



**Nguyen Xuan Hoa**  
 Chief Executive Officer

20 March 2017

**PETROVIETNAM POWER CORPORATION - ONE MEMBER COMPANY LIMITED**

8th, 9th floors, Vietnam Petroleum Institute Tower,  
Trung Kinh, Yen Hoa,  
Cau Giay, Hanoi, Vietnam

**FORM B 09-DN**

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

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

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

**1. GENERAL INFORMATION**

**Structure of ownership**

PetroVietnam Power Corporation - One Member Company Limited (the "Corporation") was incorporated as one-member limited company and wholly owned by Vietnam Oil and Gas Group, under Decision No. 1468/QĐ-DKVN dated 17 May 2007 issued by the Board of Executive Officers of Vietnam Oil and Gas Group and One-member Company Limited Business Registration Certificate No. 0102276173 dated 31 May 2007 issued by the Hanoi Authority for Planning and Investment and its 12<sup>th</sup> amendment dated 27 October 2016.

The owner (parent company) of the Corporation is Vietnam Oil and Gas Group (the "Group").

The number of employees as at 31 December 2016 was 1,173 (31 December 2015: 1,125).

**Operating industry and principal activities**

Operating industry of the Corporation includes:

Generating and trading of electricity; Investment and new construction of independent power plant projects; Investment and development of electricity infrastructure, including investment and commercial operation of medium and low voltage electricity grids, provision of electricity for industrial and consumption purpose; Investment and provision of services in information technology; Research and technology application in investments and development of power projects such as wind, solar, nuclear energy; Import-export and trading of energy, fuel, equipment, materials, components, spare parts for power manufacturing and trading; Provision of technical and operational services, human resources training for operating and maintaining power plants for power generating and trading; Project management and consulting services for power plant projects; Investment, construction, expansion and development of electricity generation and trade; Provision of technical and commercial services in generating and trading of electricity; Construction and operation management of power plants; Provision of certified emission reductions (CERs) of power plants; Construction, development, management and implementation of CDM projects for clean electricity; Warehousing and storage of goods; Wholesale of all kinds of coal; Installation of electrical systems in buildings; Construction works in electricity sector; Procurement services of electrical systems in construction works; Import-export of commodities; Rental of vehicles, cranes, trailers; Sales of ashes and scrap.

Principal activities of the Corporation are to do business of and operate power plants in commercial operation phases, including Nhon Trach 1 Thermal Power Plant, Ca Mau 1 Power Plant, Ca Mau 2 Power Plant and Vung Ang 1 Thermal Power Plant.

**Normal production and business cycle**

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

**The operating characteristics of the Corporation during the financial year that affect the separate financial statements**

According to Resolution No. 8642/NQ-DKVN dated 31 December 2016, the Group's Board of Members approved the Group to receive back the asset value of 500kV Vung Ang Electricity Center Distribution Yard following Resolution No. 753/NQ-DKVN dated 05 February 2016 of the Group to complete the transferring procedures for Vietnam Electricity Group in accordance with Notice No. 188/TB-VPCP dated 04 June 2015 by the Office of the Government. The delivery time is at 24h00 on 31 December 2016 and the value of transfer is VND 218,489,976,676.

**The Corporation's structure**

The dependent accounting entities of the Corporation are as follows:

- Branch of PetroVietnam Power Corporation - PetroVietnam Ca Mau Power Company;
- Branch of PetroVietnam Power Corporation - PetroVietnam Nhon Trach Power Company;
- Branch of PetroVietnam Power Corporation - PetroVietnam Ha Tinh Power Company;
- Branch of PetroVietnam Power Corporation - PetroVietnam Power Coal Import and Supply Company.

According to Decision No.74/QD-DLKD-HDTV dated 24 January 2017, the Board of Members of the Corporation decided to establish a branch of PetroVietnam Power Corporation - PVPower GBoard. PVPower Gboard's headquarter is located on the 14th floor, Petroleum Institute Tower, 167 Trung Kinh Street, Cau Giay District, Hanoi and is a dependent accounting entity with the main function of providing consultancy and management services for electricity projects.

Details of the Corporation's subsidiaries and associates as at 31 December 2016 are as follows:

<u>Name of Companies</u>	<u>Place of incorporation and operation</u>	<u>Proportion of ownership interest</u>	<u>Proportion of voting power held</u>	<u>Principal activity</u>
<b>Subsidiaries</b>				
Hua Na Hydropower JSC.	Nghe An	84.14%	84.14%	Electricity production
PetroVietnam Power Nhon Trach 2 JSC.	Dong Nai	60.00%	60.00%	Electricity production
Dakdrinh Hydropower JSC.	Quang Ngai	94.83%	94.83%	Electricity production
PetroVietnam Machinery Techonogy JSC.	Hanoi	51.58%	51.58%	Trading
PetroVietnam Power Bac Kan JSC.	Bac Kan	95.54%	95.54%	Electricity production
PetroVietnam Power Services JSC.	Hanoi	51.00%	51.00%	Services
<b>Associates</b>				
Nam Chien Hydropower JSC.	Son La	30.72%	30.72%	Electricity production
Song Vang Hydropower JSC.	Da Nang	31.91%	31.91%	Electricity production
Song Hong Energy JSC.	Yen Bai	44.07%	44.07%	Electricity production

**Disclosure of information comparability in the separate financial statements**

Comparative figures are the figures of the audited separate financial statements for the year ended 31 December 2015, which have been adjusted retrospectively as presented in Note 5.

**2. ACCOUNTING CONVENTION AND FINANCIAL YEAR**

**Accounting convention**

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

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

**Financial year**

The Corporation's financial year begins on 01 January and ends on 31 December.

**3. ADOPTION OF NEW ACCOUNTING GUIDANCE**

On 21 March 2016, the Ministry of Finance issued Circular No. 53/2016/TT-BTC ("Circular 53") amending and supplementing certain articles of Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance guiding the accounting regime for enterprises. Circular 53 is effective for the financial years beginning on or after 01 January 2016. The Board of Executive Officers has adopted Circular 53 in the preparation and presentation of the Corporation's separate financial statements for the year ended 31 December 2016.

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Estimates**

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

**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.

**Financial investments**

***Held-to-maturity investments***

Held-to-maturity investments comprise investments that the Corporation has the positive intent or ability to hold to maturity. Held-to-maturities are bank term deposits in order to earn periodic interest.

***Investments in subsidiaries, joint ventures, associates***

*Investment in subsidiaries*

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

*Investments in associates*

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

Interests in subsidiaries and associates are initially recognised at cost. The Corporation's share of the net profit of the investee after acquisition is recognised in the income statement. Other distributions received other than such profit share are deducted from the cost of the investments as recoverable amounts.

Investments in subsidiaries and associates are carried in the balance sheet at cost less provision for impairment of such investments (if any). Provisions for impairment of investments in subsidiaries and associates are made in accordance with Circular No. 228/2009/TT-BTC dated 7 December 2009 issued by the Ministry of Finance on "Guiding the appropriation and use of provisions for devaluation of inventories, loss of financial investments, bad debts and warranty for products, goods and construction works at enterprises", Circular No. 89/2013/TT-BTC dated 28 June 2013 by the Ministry of Finance amending and supplementing Circular No. 228/2009/TT-BTC and prevailing accounting regulations.

***Equity investments in other entities***

Equity investments in other entities represent the Corporation's investments in ordinary shares of the entities over which the Corporation 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 costs higher than net realisable values as at the balance sheet date.

**Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less accumulated depreciation.

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

Tangible fixed assets are depreciated using the straight-line method as follows:

	<u>Current year</u>
	<b>Years</b>
Buildings and structures	6 - 25
Machinery and equipment	7 - 10
Motor vehicles	6 - 10
Office equipment	3 - 5
Others	3 - 5

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

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

**Intangible assets and amortisation**

Intangible assets including land use rights and computer software are stated at cost less accumulated amortisation. Long-term land use rights are not amortized. Computer software is amortized using the straight-line method over the estimated useful life of 3 years.

**Construction in progress**

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

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



### **Prepayments**

Prepayments are expenses which have already been paid but relate to results of operations of multiple accounting periods. Prepaid expenses mainly include prepaid insurance premium for assets and operations of power plants and other types of prepayments.

Insurance premium for assets and operations of power plants is paid under insurance contracts and charged to expenses corresponding to the insurance period.

Other types of prepayments comprise costs of small tools, supplies and spare parts issued for consumption which are expected to provide future economic benefits to the Corporation. These expenditures have been capitalised as prepayments and are allocated to the income statement, using the straight-line method in accordance with the current prevailing accounting regulations.

### **Accrued expenses**

Accrued expenses include accrued interest expense and other accrued expenses not yet paid but estimated and recorded as expenses in the year.

Interest expense is recognized on the basis of the principal and interest rate.

Other accrued expenses are expenses incurred in the year, of which invoices have not yet been issued.

### **Payable provisions**

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

Payable provisions represent operation and maintenance expenses for Ca Mau 1 Power Plant, Ca Mau 2 Power Plant and Nhon Trach 1 Combined Cycle Power Plant which are accrued based on the operating and maintenance contract (O&M contract) and the maintenance and repair plan for these power plants.

### **Scientific and technological development fund**

Scientific and technological development fund is set aside to finance science and technology activities of the Corporation. The fund is appropriated at the rate ranging from 3% to 10% of taxable income before corporate income tax and is recognized in the income statement during the year.

### **Revenue recognition**

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

- (a) the Corporation has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (b) the Corporation 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 Corporation; and
- (e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Electricity revenue is recognised when the outcome of such transactions can be measured reliably and it is probable that the economic benefits associated with the transactions will flow to the Corporation. Revenue is recognised when the electricity volume connected to the national grid is confirmed in writing.

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

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

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

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

#### **Foreign currencies**

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction date. The balances of monetary items denominated in foreign currencies as at the balance sheet date are retranslated at the exchange rates on the same date. Exchange differences arising from the translation of these accounts are recognised in the income statement.

#### **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". Accordingly, borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the cost of those assets. For specific borrowings for the purpose of construction of fixed assets and investment properties, borrowing costs are capitalised even when the construction period is under 12 months.

#### **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.

For Nhon Trach 1 Thermal Power Plant, according to Investment Certificate No. 47121000093 dated 28 December 2007, the annual preferential corporate income tax rate applicable to Nhon Trach 1 Thermal Power Plant (PetroVietnam Nhon Trach Power One Member Limited Company) is 20% of profit earned for 10 years from commercial operation commencement and 22% for the subsequent years. Nhon Trach 1 Thermal Power Plant is exempted from corporate income tax for two years from the year having taxable profit and is entitled to a 50% reduction in corporate income tax payable for three subsequent years. Since 1 August 2008, PetroVietnam Nhon Trach Power One Member Limited Company has been merged into PetroVietnam Power Corporation - One Member Company Limited and operates as a dependent accounting entity. The year 2014 was the last year that the Corporation is entitled to 50% reduction in corporate income tax payable for Nhon Trach 1 Thermal Power Plant Project; consequently, for 2016, the Corporation did not apply tax incentive rate in calculation of corporate income tax payable of this project.

For the Ca Mau 1 Power Plant and Ca Mau 2 Power Plant project, according to Investment Certificate No. 61101000098 dated 31 March 2010 issued by the People's Committee of Ca Mau Province, the project is entitled to a corporate income tax exemption for 4 years and a 50% reduction in tax payable for the 7 years thereafter. The year 2016 is the fourth year the Corporation has adopted 50% corporate income tax reduction for the Ca Mau 1 Power Plant and Ca Mau 2 Power Plant Project.

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

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

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

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

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

## **5. RETROSPECTIVE ADJUSTMENTS TO THE ISSUED 2015 SEPARATE FINANCIAL STATEMENTS**

After issuance of the Corporation's 2015 separate financial statements signed on 30 March 2016, the Corporation received Inspection Minutes dated 04 May 2016 on its 2015 financial statements from the Ministry of Finance Inspectorate (the "MFI"). According to the recommendations of the MFI, the Corporation should review and make adjustments to some of its 2015 financial statements items based on the inspection results. The Board of Executive Officers therefore determined that the previously issued 2015 separate financial statements should be adjusted in accordance with the MFI's recommendations. Impacts of the retrospective adjustments are presented as follows:

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**BALANCE SHEET**

Items	31/12/2015	Retrospective	31/12/2015
	(Before adjustments)	adjustments	(After adjustments)
	VND	VND	VND
<b>ASSETS</b>			
1. Provision for impairment of long-term financial investments	(73,938,622,660)	1,889,663,849	(72,048,958,811)
<b>RESOURCES</b>			
1. Taxes and amounts payable to the State budget	72,690,790,568	13,476,569,081	86,167,359,649
2. Other current payables	4,094,621,273,039	(305,911,910,837)	3,788,709,362,202
3. Long-term provisions	766,636,934,278	(60,714,416,457)	705,922,517,821
4. Scientific and technological development fund	61,898,672,042	2,194,501,086	64,093,173,128
5. Retained earnings	61,884,772,551	352,844,920,976	414,729,693,527

**INCOME STATEMENT**

Items	2015	Retrospective	2015
	(Before adjustments)	adjustments	(After adjustments)
	VND	VND	VND
1. Gross revenue from goods sold and services rendered	11,592,060,854,862	(60,714,416,457)	11,531,346,438,405
2. Financial expenses	1,915,058,079,055	(1,131,106,390,296)	783,951,688,759
3. General and administration expenses	686,674,287,497	2,194,501,086	688,868,788,583
4. Accounting profit before tax	1,326,885,311,790	1,189,626,305,667	2,516,511,617,457
5. Current corporate income tax expense	362,171,626,037	13,476,569,081	375,648,195,118
6. Net profit after corporate income tax	964,713,685,753	1,176,149,736,586	2,140,863,422,339

**CASH FLOW STATEMENT**

Items	2015	Retrospective	2015
	(Before adjustments)	adjustments	(After adjustments)
	VND	VND	VND
1. Profit before tax	1,326,885,311,790	1,189,626,305,667	2,516,511,617,457
2. Provisions	(73,310,612,382)	(58,824,752,608)	(132,135,364,990)
3. Foreign exchange loss arising from translating foreign currency items	1,317,294,426,905	(1,129,216,726,447)	188,077,700,458
4. Other adjustments	61,898,672,042	2,194,501,086	64,093,173,128
5. Cash recovered from investments in other entities	271,620,837,568	(3,779,327,698)	267,841,509,870

**6. CASH AND CASH EQUIVALENTS**

	Closing balance	Opening balance
	VND	VND
Cash on hand	900,592,444	516,194,605
Bank demand deposits	226,121,051,992	167,628,657,261
Cash equivalents (*)	2,700,000,000,000	4,190,000,000,000
	<b>2,927,021,644,436</b>	<b>4,358,144,851,866</b>

(\*) Cash equivalents represent deposits at credit institutions with original terms of three months or less.

As at 31 December 2016, the Company's bank demand deposits included an amount of VND 20,787,152,542 (31 December 2015: VND 20,576,556,027) at Ocean Commercial One Member Limited Liability Bank which was suspended. The Board of Executive Officers assessed that this amount would be reactivated in the future when there are specific regulations of the State Bank of Vietnam.

**7. FINANCIAL INVESTMENTS**

**a) Short-term financial investments**

	Closing balance		Opening balance	
	Cost	Carrying amount	Cost	Carrying amount
	VND	VND	VND	VND
Held-to-maturity investments (*)	50,000,000,000	50,000,000,000	50,000,000,000	50,000,000,000
	<b>50,000,000,000</b>	<b>50,000,000,000</b>	<b>50,000,000,000</b>	<b>50,000,000,000</b>

(\*) As at 31 December 2016, the balance of held-to-maturity investments represented a 12-month term deposit at Vietnam Prosperity Joint Stock Commercial Bank with interest rate of 6.7% per annum.

**b) Long-term financial investments**

	Closing balance		Opening balance	
	Cost	Provision	Cost	Provision
	VND	VND	VND	VND
Investments in subsidiaries	4,906,023,182,097	17,195,373,277	4,906,023,182,097	21,682,315,162
Investments in associates	392,311,034,926	47,597,056,281	392,311,034,926	30,087,860,380
Equity investments in other entities	437,209,777,544	20,294,824,800	447,309,777,544	20,278,783,269
	<b>5,735,543,994,567</b>	<b>85,087,254,358</b>	<b>5,745,643,994,567</b>	<b>72,048,958,811</b>

The Corporation has not assessed the fair value of financial investments at the balance sheet date as the current regulations have not provided specific guidance on the determination of the fair value of financial investments.

Details of the Corporation's long-term financial investment as at 31 December 2016 are as follows:

	Closing balance		Opening balance (Restated)	
	Cost	Provision	Cost	Provision
	VND	VND	VND	VND
<b>b1) Investments in subsidiaries</b>				
Hua Na Hydropower JSC.	1,898,727,600,000	17,195,373,277	1,898,727,600,000	-
PetroVietnam Power Nhon Trach 2 JSC.	1,692,234,311,397	-	1,692,234,311,397	-
Dakdrinh Hydropower JSC.	967,876,000,000	-	967,876,000,000	21,682,315,162
PetroVietnam Machinery Technogy JSC.	189,249,270,700	-	189,249,270,700	-
PetroVietnam Power Bac Kan JSC.	81,436,000,000	-	81,436,000,000	-
PetroVietnam Power Services JSC.	76,500,000,000	-	76,500,000,000	-
	<b>4,906,023,182,097</b>	<b>17,195,373,277</b>	<b>4,906,023,182,097</b>	<b>21,682,315,162</b>
<b>b2) Investments in associates</b>				
Nam Chien Hydropower JSC.	302,295,301,000	16,080,556,743	302,295,301,000	-
Song Vang Hydropower JSC.	57,128,233,926	30,006,338,751	57,128,233,926	30,087,860,380
Song Hong Energy JSC.	32,887,500,000	1,510,160,787	32,887,500,000	-
	<b>392,311,034,926</b>	<b>47,597,056,281</b>	<b>392,311,034,926</b>	<b>30,087,860,380</b>
<b>b3) Investments in other entities</b>				
Viet Lao Power JSC.	320,049,656,500	-	320,049,656,500	-
North-West Electric Investment and Development JSC.	38,037,521,044	-	38,037,521,044	-
Song Tranh 3 Hydropower JSC.	29,341,800,000	212,470,868	29,341,800,000	212,470,868
EVN International JSC.	28,800,000,000	-	28,800,000,000	-
PetroVietnam Urban Development JSC.	18,202,000,000	18,202,000,000	18,202,000,000	18,185,958,468
Son Tra Song Da Hydropower JSC.	1,228,800,000	1,228,800,000	1,228,800,000	1,228,800,000
PetroVietnam Mechanical and Electrical JSC.	1,000,000,000	101,553,932	1,000,000,000	101,553,933
Asia Pacific Energy JSC.	550,000,000	550,000,000	550,000,000	550,000,000
PetroVietnam Southern Building and Development JSC.	-	-	10,100,000,000	-
	<b>437,209,777,544</b>	<b>20,294,824,800</b>	<b>447,309,777,544</b>	<b>20,278,783,269</b>

**8. TRADE RECEIVABLES**

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
<b>a) Short-term trade receivables</b>	<b>5,684,589,863,225</b>	<b>2,337,738,339,391</b>
Electric Power Trading Company	5,684,470,379,525	2,337,614,617,366
Other customers	119,483,700	123,722,025
<b>b) Trade receivables from related parties</b>	<b>33,260,019,946</b>	<b>159,368,166,383</b>
Vietnam Oil and Gas Group	-	134,132,489,555
PetroVietnam Camau Fertilizer JSC.	33,231,576,275	25,235,676,828
PetroVietnam Power Services JSC.	28,443,671	-
	<u><b>5,717,849,883,171</b></u>	<u><b>2,497,106,505,774</b></u>

**9. SHORT-TERM ADVANCES TO SUPPLIERS**

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
PetroVietnam Power Services JSC.	95,642,191,891	-
Hoanh Son Group JSC.	30,676,564,196	70,000,000,000
Water Electrical Mechanical Installation and Construction JSC.	-	9,578,936,890
Other suppliers	16,078,163,387	4,669,634,157
	<u><b>142,396,919,474</b></u>	<u><b>84,248,571,047</b></u>

**10. OTHER RECEIVABLES**

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
<b>a) Short-term</b>		
Vietnam Oil and Gas Group (i)	218,833,494,207	580,151,155,944
PetroVietnam Power Nhon Trach 2 JSC.	85,463,040,000	-
PetroVietnam Vung Ang - Quang Trach Power Project Managemant Unit (ii)	43,993,472,583	140,978,396,532
Vietnam Lilama Corporation	11,354,469,601	-
PetroVietnam Power Project Consulting JSC.	11,161,659,616	10,243,260,950
Accrued bank interest	7,378,333,334	11,799,055,557
Equitization cost	1,868,500,000	-
PetroVietnam Power Services JSC.	1,538,250,578	1,538,250,578
PetroVietnam Camau Fertilizer JSC.	-	1,842,565,000
Other receivables	1,975,049,628	2,653,491,039
	<u><b>383,566,269,547</b></u>	<u><b>749,206,175,600</b></u>
<b>b) Long-term</b>		
Long-term deposits	220,000,000	221,050,000
	<u><b>220,000,000</b></u>	<u><b>221,050,000</b></u>

(i) As at 31 December 2016, the receivable balance from Vietnam Oil and Gas Group mainly represents the value of the 500kV distribution yard allocated to Vung Ang 1 Thermal Power Plant and the insurance fee of the 500kV distribution yard which have been handed over to the Group pursuant to Resolution No. 8642/NQ-DLKD dated 31 December 2016 of Vietnam Oil and Gas Group on the acceptance of taking back the value of the 500kV distribution yard of Vung Ang Power Center which had been transferred to the Corporation under Resolution No. 753/NQ-DKVN dated 05 February 2016 (see Note 14).

(ii) Receivables from PetroVietnam Vung Ang - Quang Trach Power Project Management Unit mainly represent operating expenses of Vung Ang 1 Production Preparation Unit, staff training cost for Vung Ang Thermal Power Plant and the value of spare parts received under Resolution No.753/NQ-DKVN dated 05 February 2016 by the Board of Members of Vietnam Oil and Gas Group.

**11. BAD DEBTS**

	Closing balance		Opening balance	
	Cost	Recoverable amount	Cost	Recoverable amount
	VND	VND	VND	VND
<b>Value of receivables and loans that are overdue or not overdue but unlikely recoverable</b>				
PetroVietnam Power Project Consulting JSC.	11,161,659,619	918,398,669	10,243,260,950	-
Others	2,949,932,052	1,096,062,146	2,222,430,947	942,891,032
	<b>14,111,591,671</b>	<b>2,014,460,815</b>	<b>12,465,691,897</b>	<b>942,891,032</b>

**12. INVENTORIES**

	Closing balance		Opening balance	
	Cost	Provision	Cost	Provision
	VND	VND	VND	VND
Raw materials	548,566,585,097	-	633,354,848,656	-
Tools and supplies	2,318,770,814	-	3,258,266,240	-
Work in progress	320,123,042	-	45,654,614,335	-
	<b>551,205,478,953</b>	<b>-</b>	<b>682,267,729,231</b>	<b>-</b>

**13. PREPAYMENTS**

	Closing balance	Opening balance
	VND	VND
<b>a) Short-term</b>		
Insurance for assets and operations of Nhon Trach 1 Power Plant	8,884,510,120	5,923,738,809
Insurance for assets and operations of Ca Mau Power Plant	-	14,082,652,680
Other short-term prepayments	1,308,299,076	1,230,340,512
	<b>10,192,809,196</b>	<b>21,236,732,001</b>
<b>b) Long-term</b>		
Operation and maintenance expenses (*)	171,252,705,036	223,945,845,068
Land rental	11,287,270,625	12,300,420,500
Office upgrading cost	5,990,926,695	-
Other long-term prepayments	6,691,736,023	2,071,140,708
	<b>195,222,638,379</b>	<b>238,317,406,276</b>

(\*) As at 31 December 2016, operation and maintenance expenses represent the mobilisation fee paid to foreign contractors and the remaining value of the contract on "Minor repairs of 2008" amounting to VND 154,468,189,566 and VND 16,784,515,470 respectively, which are unallocated to operation and maintenance expenses related to O&M contract for Ca Mau 1 Power Plant and Ca Mau 2 Power Plant. The mobilisation fee and the remaining value of the contract on "Minor repairs of 2008" are allocated to expenses based on the contract value, corresponding to 100,000 EOH.

**14. INCREASES, DECREASES IN TANGIBLE FIXED ASSETS**

	Buildings and structures	Machinery and equipment	Motor vehicles	Office equipment	Others	Total
	VND	VND	VND	VND	VND	VND
<b>COST</b>						
<b>Opening balance</b>	<b>31,388,294,255,719</b>	<b>15,327,128,654,550</b>	<b>190,892,993,985</b>	<b>70,012,054,471</b>	<b>91,630,000</b>	<b>46,976,419,588,725</b>
Transfer from construction in progress	6,049,961,704	76,605,549,394	-	1,034,241,000	-	83,689,752,098
New purchases	913,909,596	5,198,184,926	23,602,105,910	2,950,973,275	-	32,665,173,707
Reclassification	(25,082,086,286,845)	22,958,473,611,032	-	-	2,123,612,675,813	-
Assets handed over to the Group (*)	-	(218,489,976,676)	-	-	-	(218,489,976,676)
Disposals	-	(257,845,800)	-	-	-	(257,845,800)
<b>Closing balance</b>	<b>6,313,171,840,174</b>	<b>38,148,658,177,426</b>	<b>214,495,099,895</b>	<b>73,997,268,746</b>	<b>2,123,704,305,813</b>	<b>46,874,026,692,054</b>
<b>ACCUMULATED DEPRECIATION</b>						
<b>Opening balance</b>	<b>905,033,519,338</b>	<b>10,817,234,343,247</b>	<b>134,366,534,381</b>	<b>55,271,192,439</b>	<b>91,630,000</b>	<b>11,911,997,219,405</b>
Charge for the year	277,944,225,973	2,741,349,226,126	18,871,890,295	5,715,145,994	88,665,553,198	3,132,546,041,586
Reclassification	(577,272,780)	-	577,272,780	-	-	-
Disposals	-	(13,132,344)	-	-	-	(13,132,344)
<b>Closing balance</b>	<b>1,182,400,472,531</b>	<b>13,558,570,437,029</b>	<b>153,815,697,456</b>	<b>60,986,338,433</b>	<b>88,757,183,198</b>	<b>15,044,530,128,647</b>
<b>NET BOOK VALUE</b>						
<b>Opening balance</b>	<b>30,483,260,736,381</b>	<b>4,509,894,311,303</b>	<b>56,526,459,604</b>	<b>14,740,862,032</b>	<b>-</b>	<b>35,064,422,369,320</b>
<b>Closing balance</b>	<b>5,130,771,367,643</b>	<b>24,590,087,740,397</b>	<b>60,679,402,439</b>	<b>13,010,930,313</b>	<b>2,034,947,122,615</b>	<b>31,829,496,563,407</b>

(\*) According to Resolution No. 8642/NQ-DLKD dated 31 December 2016 of Vietnam Oil and Gas Group on the acceptance of taking back the value of 500kV Distribution Yard of Vung Ang Power Center which had been transferred to the Corporation under Resolution No. 753/NQ-DKVN dated 05 February 2016 ("Resolution 8642"). The time of transfer was at 24:00 on 31 December 2016 and the value of transferred assets was VND 218,489,976,676 (equal to the value of asset which had been handed over under Resolution 753).

The cost of the Corporation's tangible fixed assets which have been fully depreciated but are still in use as at 31 December 2016 includes VND 69,737,365,153 (31 December 2015: VND 56,785,509,810).



**15. INCREASE, DECREASES IN INTANGIBLE ASSETS**

	Land use rights	Computer software	Total
	VND	VND	VND
<b>COST</b>			
<b>Opening balance</b>	<b>5,259,926,019</b>	<b>26,067,209,457</b>	<b>31,327,135,476</b>
Purchases	-	494,000,000	494,000,000
Transfer from construction in progress	-	1,766,000,000	1,766,000,000
<b>Closing balance</b>	<b>5,259,926,019</b>	<b>28,327,209,457</b>	<b>33,587,135,476</b>
<b>ACCUMULATED AMORTISATION</b>			
<b>Opening balance</b>	-	<b>15,959,143,161</b>	<b>15,959,143,161</b>
Charge for the year	-	3,576,440,342	3,576,440,342
<b>Closing balance</b>	-	<b>19,535,583,503</b>	<b>19,535,583,503</b>
<b>NET BOOK VALUE</b>			
<b>Opening balance</b>	<b>5,259,926,019</b>	<b>10,108,066,296</b>	<b>15,367,992,315</b>
<b>Closing balance</b>	<b>5,259,926,019</b>	<b>8,791,625,954</b>	<b>14,051,551,973</b>

As at 31 December 2016, the cost of intangible assets fully amortised but still in use was VND 8,467,619,586 (31 December 2015: VND 1,238,922,350).

**16. CONSTRUCTION IN PROGRESS**

	Current year VND	Prior year VND
<b>Opening balance</b>	<b>239,885,376,319</b>	<b>163,187,784,863</b>
Additions	34,084,332,363	84,031,452,248
Transfer to tangible fixed assets	(83,689,752,098)	(5,343,464,685)
Transfer to intangible assets	(1,766,000,000)	-
Charged to expenses	(10,193,195,635)	(1,990,396,107)
<b>Closing balance</b>	<b>178,320,760,949</b>	<b>239,885,376,319</b>

Constructions in progress as at 31 December 2016 are as follows:

	Closing balance VND	Opening balance VND
Luang Prabang Hydropower Plant Project (*)	129,647,670,047	128,975,526,822
Commune 2 Project in Nhon Trach	25,609,491,717	25,609,491,717
Public Service House Improvement Project in Ca Mau	16,205,884,103	-
Nhon Trach 1 Thermal Power Plant Project	-	78,159,556,657
Others	6,857,715,082	7,140,801,123
	<b>178,320,760,949</b>	<b>239,885,376,319</b>

(\*) Luang Prabang Hydropower Plant Project was under construction phase and is currently suspended.

According to Notice No. 6789/TB-DKVN dated 27 October 2016 on the conclusion of Deputy CEO of Vietnam Oil and Gas Group on the implementation of the work items in the Luang Prabang Hydropower Project in Laos, the Group assigned the Corporation to work with the Laos Ministry of Energy and Mines to complete the signing of the Memorandum of Understanding for the Luang Prabang Hydropower Project (MOU) replacing the 3<sup>rd</sup> MOU (expired on 26 December 2016), with a next extension until September 2019, as negotiated and agreed by the Ministry of Industry and Trade (Vietnam) and the Ministry of Energy and Mines (Laos).

According to Notice No. 379/TB-VPCP dated 23 November 2016 on the conclusion of Mr Trinh Dinh Dung - Vietnam Deputy Prime Minister at the deployment meeting of the Memorandum of Understanding between the Government of Vietnam and the Government of Laos on co-development of hydropower projects in Laos, electrical system and trading of electricity, Mr Trinh Dinh Dung - Deputy Prime Minister assigned the Vietnam Ministry of Industry and Trade to command the Vietnam Oil and Gas Group (PetroVietnam) to set up a joint stock company combining the Group, at least one capable and experienced Vietnamese company and PT Sole Company of Laos to implement the Luang Prabang hydropower project.

As of this reporting date, the Corporation is continuing to work with the Laos Ministry of Energy and Mines to extend the Memorandum of Understanding for the fourth time.

**17. LONG-TERM RESERVED SPARE PARTS**

As at 31 December 2016, the balance of long-term reserved spare parts represents the value of spare parts reserved for repair and maintenance according to the technical requirements in Nhon Trach 1 Combined Cycle Power Plant, Ca Mau 1 Power Plant and Ca Mau 2 Power Plant.

**18. SHORT-TERM TRADE PAYABLES**

	Closing balance		Opening balance	
	VND Amount	VND Amount able to be paid off	VND Amount	VND Amount able to be paid off
<b>a) Short-term trade payables</b>				
Xuan Thien Co., Ltd.	12,492,750,226	12,492,750,226	23,656,711,320	23,656,711,320
Vietnam Electricity Group	12,600,794,312	12,600,794,312	-	-
Vinacomin	54,488,893,679	54,488,893,679	-	-
Others	80,005,409,969	80,005,409,969	46,745,028,384	46,745,028,384
<b>b) Trade payable to related parties (Presented in Note 34)</b>	2,447,078,981,208	2,447,078,981,208	1,269,324,145,177	1,269,324,145,177
	<b>2,606,666,829,394</b>	<b>2,606,666,829,394</b>	<b>1,339,725,884,881</b>	<b>1,339,725,884,881</b>

**19. TAXES AND AMOUNTS PAYABLE TO THE STATE BUDGET**

	Opening balance (Restated)	Payable during the year	Paid during the year	Closing balance
	VND	VND	VND	VND
<b>a) Receivable</b>				
Others	4,000,000	1,000,000	-	3,000,000
	<b>4,000,000</b>	<b>1,000,000</b>	<b>-</b>	<b>3,000,000</b>
<b>b) Payables</b>				
Value added tax	13,940,086,317	402,547,776,867	383,913,653,225	32,574,209,959
Corporate income tax	64,366,466,652	95,254,305,003	151,921,220,871	7,699,550,784
Personal income tax	5,342,503,780	18,160,169,234	20,187,936,414	3,314,736,600
Others	2,518,302,900	37,643,277,841	37,184,166,601	2,977,414,140
	<b>86,167,359,649</b>	<b>553,605,528,945</b>	<b>593,206,977,111</b>	<b>46,565,911,483</b>

**20. SHORT-TERM ACCRUED EXPENSES**

	<u>Closing balance</u>	<u>Opening balance</u>
	<u>VND</u>	<u>(Restated)</u>
		<u>VND</u>
Accrued gas expenses (*)	1,283,084,876,955	382,915,672,743
Accrued interest expenses	203,863,258,642	14,810,304,218
Electricity, water, maintenance and repair expenses of Vung Ang Thermal Power Plant	21,012,519,342	74,068,294,580
Withholding tax costs, guarantees fee for loans	17,200,024,636	-
Others	12,119,994,062	12,610,282,948
	<u><b>1,537,280,673,637</b></u>	<u><b>484,404,554,489</b></u>

(\*) Represent accrued gas expenses for gas purchased in November and December by Nhon Trach 1 Thermal Power Plant from PetroVietnam Gas Joint Stock Corporation (PV Gas), of which invoices have not been issued yet.

**21. OTHER PAYABLES**

	<u>Closing balance</u>	<u>Opening balance</u>
	<u>VND</u>	<u>(Restated)</u>
		<u>VND</u>
Vietnam Oil and Gas Group (*)	556,491,691,416	3,774,506,105,222
PVI Holdings	4,326,000,000	7,524,000,000
PetroVietnam Machinery Technology JSC.	2,988,140,927	-
PetroVietnam Power Services JSC.	2,400,868,218	-
Other current payables	36,659,343,786	6,679,256,980
	<u><b>602,866,044,347</b></u>	<u><b>3,788,709,362,202</b></u>

(\*) As at 31 December 2016, other payable to the Vietnam Oil and Gas Group reflects the remaining profit after tax after appropriating funds in 2016 which was payable to the Vietnam Oil and Gas Group according to Resolution No. 15/NQ-DLTK-HDTV dated 8 February 2017 of the Board of Members of the Corporation approving the temporary distribution from 2016 profit of the parent company - Petrovietnam Power Corporation.

**22. LOANS AND OBLIGATIONS UNDER FINANCE LEASES**

**a. Short-term loans**

Items	Opening balance		In the year		Closing balance	
	Amount	Amount able to be paid off	Increase	Decrease	Amount	Amount able to be paid off
	VND	VND	VND	VND	VND	VND
Current portion of long-term loans	4,488,066,361,729	4,488,066,361,729	4,091,488,473,676	4,513,359,036,799	4,066,195,798,606	4,066,195,798,606
	<u><b>4,488,066,361,729</b></u>	<u><b>4,488,066,361,729</b></u>	<u><b>4,091,488,473,676</b></u>	<u><b>4,513,359,036,799</b></u>	<u><b>4,066,195,798,606</b></u>	<u><b>4,066,195,798,606</b></u>

**b. Long-term loans**

Items	Opening balance		In the year		Closing balance	
	Amount	Amount able to be	Increase	Decrease	Amount	Amount able to be
		paid off				paid off
	VND	VND	VND	VND	VND	VND
Long-term loans	21,151,765,215,628	21,151,765,215,628	3,121,001,384,876	4,513,359,036,799	19,759,407,563,705	19,759,407,563,705
	<b>21,151,765,215,628</b>	<b>21,151,765,215,628</b>	<b>3,121,001,384,876</b>	<b>4,513,359,036,799</b>	<b>19,759,407,563,705</b>	<b>19,759,407,563,705</b>
<i>In which:</i>						
Current portion of long-term loans	4,488,066,361,729	4,488,066,361,729			4,066,195,798,606	4,066,195,798,606
Long-term loans	16,663,698,853,899	16,663,698,853,899			15,693,211,765,099	15,693,211,765,099

Details of long-term loans are as below:

	Closing balance	Opening balance
	VND	VND
Loans financed for Vung Ang Thermal Power Plant transferred from Vietnam Oil and Gas Group (i)	14,411,475,537,982	17,163,397,138,609
PVcom Bank (ii)	2,038,298,426,086	-
Vietcombank (iii)	1,859,282,752,702	2,449,583,204,120
Saigon-Hanoi Bank (iv)	922,110,846,935	42,251,838,436
Calyon Bank (v)	528,240,000,000	1,063,568,750,000
ANZ Bank	-	432,964,284,463
	<b>19,759,407,563,705</b>	<b>21,151,765,215,628</b>

(i) According to Resolution No. 753/NQ-DKVN dated 05 February 2016 of the Board of Members of Vietnam Oil and Gas Group ("the Group"), the Group approved to transfer Vung Ang 1 Thermal Power Plant and Vung Ang Power Center 500kV Distribution Yard to the Corporation from 24:00 on 31 December 2015. Accordingly, the Group transferred loan contracts denominated in USD used to finance Vung Ang Thermal Power Plant with amount as at 31 December 2015 of USD 764,516,576.33 (equivalent to VND 16,034,180,412,163) to the Corporation. As at 31 December 2016, the balance of these loans is USD 634,307,902.19 (equivalent to VND 14,411,475,537,982, in which the Corporation has determined foreign exchange losses incurred at the end of the year due to the revaluation of loans denominated in foreign currency with the amount of VND 171,263,133,591 and recognized these losses in the income statement of the year 2016). At the date of these separate financial statements, the Group was processing procedures to authorize the Corporation to settle obligations in the aforementioned contracts.

(ii) Reflecting a loan obtained from PVcomBank under Credit Agreement No.06/2016/PVPower/HDCV/PVBHO dated 23 May 2016 with a total loan amount of VND 2,038,298,426,086. The term of loan is 12 years from the first disbursement date (9 August 2016) to receive the transfer of Vung Ang 1 Thermal Power Plant and Vung Ang Power Center 500kV Distribution Yard. The loan interest rate in 12 months from the first fixed disbursement is 8% per annum, the interest rate after the expiration of 12 months from the first disbursement date is equal to the reference interest rate plus 2.35% per annum, in which the reference interest rate is the average interest rate of 12-month personal savings deposits in VND, according to the announcements from 05 banks (Vietcombank, BIDV, Agribank, Vietinbank and PVComBank). The loan interest rate is adjusted once every 6 months from the date following the expiry date of 12 months from the first withdrawal. Principal is repayable semi-annually, interest is payable on interest-bearing maturities on the last day of each interest period, for a period of six consecutive months. This loan is unsecured.

(iii) Vietnam Oil and Gas Group has authorised the Corporation to be responsible for a long-term credit contract with the value of USD 270,000,000 signed between Vietnam Oil and Gas Group and Joint Stock Commercial Bank for Foreign Trade of Vietnam, Vietnam Joint Stock Commercial Bank for Industry and Trade, Vietnam Export Import Commercial Joint Stock Bank and Vietnam Bank for Agriculture and Rural Development, in which Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank) is the lead agent. This loan is to finance Ca Mau 1 Power Plant Project. Interest rate is 6-month SIBOR plus 1.7% and repayable in 20 equal installments once every 6 months. Total principal is repayable in 20 equal semi-annual instalments. This loan is secured by irrevocable guarantee of the Ministry of Finance for 100% of the loan value (inclusive of principal and interest).

(iv) Long-term loans from Sai Gon-Hanoi Commercial Joint Stock Bank ("SHB") include 2 contracts:

- A loan contract with SHB to finance the capacity increase project in Nhon Trach 1 Power Plant. The loan limit is VND 76,2 billion. The loan has term of 9 years from the date of the first disbursement and grace period of one year. The interest rate is fixed at 7% per annum for the first year, 7.5% per annum for the second year and equal to 12-month savings interest rate of SHB plus a margin of 1.5% from the third year onwards. Interest is payable once every 6 months in line with principal repayment schedule. This loan is unsecured.

- A loan contract with SHB under Credit Agreement No. 470/2016/HDTDDH-PVPOWER/SHB.110100 dated 28 November 2016 for receiving the transfer of Vung Ang 1 Thermal Power Plant and 500kV Vung Ang Power Center Distribution Yard with total loan amount of VND 2,000,000,000,000. The loan term of the contract is 12 years from the first loan disbursement date (30 November 2016). The interest rate for the first two years is fixed at 8% per annum, the interest rate applicable from the third year onwards is equal to the reference interest rate plus 2.15% margin per annum, in which the reference interest rate is equal to the average interest rate of 12-month personal savings deposits in VND of 04 banks (Vietcombank, Vietinbank, Agribank and SHB) announced at the time of adjustment. Interest is payable once every 6 months in line with principal repayment schedule. This loan is unsecured.

(v) Long-term loans from Calyon Bank include loans under 2 contracts:

- The export credit contract signed between Vietnam Oil and Gas Group and Calyon Bank, KfW Bank and Fortis Bank, in which Calyon Bank is the lead agent. Under this contract, Vietnam Oil and Gas Group may withdraw up to USD 100,000,000 to finance 85% of the goods and services imported from Germany regarding the EPC contract. Interest rate is 4.14% per annum and payable together with principal in 16 semi-annual instalments from 26 June 2009. Additionally, Vietnam Oil and Gas Group also has to pay a commitment fee equalling 0.08% per annum of unused borrowing balances, management fee of USD 97,500 and guarantee fee of 0.25% per annum on the reducing loan balance. As at 31 December 2016, the Corporation has fully paid off this outstanding loan balance.

- The amendment to the above contract was signed. Accordingly, Vietnam Oil and Gas Group may withdraw up to USD 116,500,000 to finance 15% of the goods and services imported from Germany, 100% of the imported goods and services (excluding those imported from Germany) and 100% of the local (Vietnamese) goods and services and other expenses related to Ca Mau 2 Power Plant. The loan bears interest rate of 5.9% per annum and guarantee fee equalling 0.25% per annum on the reducing loan balance, is repayable in 20 semi-annual instalments within ten years from 26 June 2009. As at 31 December 2016, the balance of this loan is USD 23,250,000, equivalent to VND 528,240,000,000.

Vietnam Oil and Gas Group has authorised the Corporation to be fully responsible for the two loans above to execute Ca Mau 2 Power Plant Project.

Loans are classified according to the disbursed currency as follows:

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
USD loans	16,798,998,290,684	21,109,513,377,192
VND loans	2,960,409,273,021	42,251,838,436
	<b><u>19,759,407,563,705</u></b>	<b><u>21,151,765,215,628</u></b>

Long-term loans are classified by type of guarantee as follows:

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
Loans with third party guarantee (Group, Ministry of Finance)	16,798,998,290,684	21,109,513,377,192
Unsecured loans	2,960,409,273,021	42,251,838,436
	<b><u>19,759,407,563,705</u></b>	<b><u>21,151,765,215,628</u></b>

Long-term loans are classified by type of interest as follows:

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
Floating interest rate loans	19,231,167,563,705	20,088,196,465,628
Fixed interest rate loans	528,240,000,000	1,063,568,750,000
	<b><u>19,759,407,563,705</u></b>	<b><u>21,151,765,215,628</u></b>

Long-term loans are repayable as follows:

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
Within one year	4,066,195,798,606	4,488,066,361,729
In the second year	4,066,195,798,606	3,776,962,473,685
In the third to fifth year inclusive	8,936,400,055,147	9,584,133,319,001
After five years	2,690,615,911,346	3,302,603,061,213
	<b><u>19,759,407,563,705</u></b>	<b><u>21,151,765,215,628</u></b>
Less: amount due for settlement within 12 months ( <i>presented under short-term loans and obligations under finance leases</i> )	4,066,195,798,606	4,488,066,361,729
<b>Amount due for settlement after 12 months</b>	<b><u>15,693,211,765,099</u></b>	<b><u>16,663,698,853,899</u></b>

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**23. PROVISIONS**

	<u>Current year</u>	<u>Prior year (Restated)</u>
	<b>VND</b>	<b>VND</b>
<b>Opening balance</b>	<b>705,922,517,821</b>	<b>846,394,333,530</b>
Additional provisions for the year	879,308,902,338	881,340,309,869
Reversal of provisions	-	(270,872,861,526)
Utilization of provisions	(642,241,495,553)	(750,939,264,052)
<b>Closing balance</b>	<b>942,989,924,606</b>	<b>705,922,517,821</b>
	<b>Closing balance</b>	<b>Opening balance (Restated)</b>
	<b>VND</b>	<b>VND</b>
- Short-term provisions	913,550,960,707	-
- Long-term provisions	29,438,963,899	705,922,517,821
	<b>942,989,924,606</b>	<b>705,922,517,821</b>

Provisions represent operation and maintenance expenses accrued for Ca Mau 1 Power Plant, Ca Mau 2 Power Plant and Nhon Trach 1 Thermal Power Plant.

- Operation and maintenance expenses of Ca Mau 1 Power Plant are determined in accordance with Decision No.815/QD-DLDK-HDTV dated 18 August 2016 approving the estimated repair expenses of Ca Mau Power Plant at 75,000 EOH in 2017. The total repair estimate of the Ca Mau 1 Power Plant at 75,000 EOH in 2017 is VND 252,188,939,311 and the used capital is the production and business capital of the Corporation.

- Operation and maintenance expenses of Ca Mau 2 Power Plant are determined according to the contract on "Maintenance and repair of Ca Mau 1 Power Plant and Ca Mau 2 Power Plant for the first 100,000 equivalent operating hours (EOH)" between Petro Vietnam Power Corporation and PetroVietnam Power Services Joint Stock Company. The operation and maintenance fee stipulated in Amendment No.1 to the contract is the sum of EUR 319,985,061.19 and VND 623,696,667,758 (value added tax exclusive) and is allocated over 100,000 EOH.

- Operation and maintenance expenses of Nhon Trach 1 Thermal Power Plant are determined in accordance with Decision No. 1493/QD-DLDK-HDTV dated 30 December 2016 approving the adjustment of plan, scope of work and total estimated overhaul cost (second time) for Nhon Trach 1 Power Plant in 2017. The total estimated overhaul cost (second time) of Nhon Trach 1 Power Plant in 2017 is VND 1,025,169,193,431 and the used capital is the production and business capital of the Corporation.

**24. SCIENTIFIC AND TECHNOLOGICAL DEVELOPMENT FUND**

The Board of Members of the Corporation has approved Decision No. 228/QD-DLDK-HDTV dated 16 March 2017 on the establishment of Scientific and Technological Development Fund from taxable income of 2016 at the rate of 3%. Accordingly, as at 31 December 2016, the Corporation has made appropriation to Scientific and Technological Development Fund with the amount of VND 78,823,220,293.

**25. OWNER'S EQUITY**

**Movement in owner's equity**

	Owner's contributed capital	Investment and development fund	Retained earnings	Total
	VND	VND	VND	VND
<b>Prior year's opening balance</b>	<b>13,107,329,620,410</b>	<b>265,785,488,936</b>	<b>636,256,411,666</b>	<b>14,009,371,521,012</b>
Profit for the year	-	-	2,140,863,422,339	2,140,863,422,339
Capital increase from assets handed over	8,666,971,957,266	-	-	8,666,971,957,266
Additional transfer of 2014 profit to the Group	-	-	(627,276,207,682)	(627,276,207,682)
Appropriation to investment and development fund from 2014 profit	-	(27,726,572,575)	27,726,572,575	-
Appropriations to bonus and welfare funds and bonus fund for management officers from 2014 profit	-	-	(19,154,500,000)	(19,154,500,000)
Temporary appropriation to investment and development fund in 2015	-	276,376,319,478	(276,376,319,478)	-
Temporary appropriations to bonus and welfare funds and bonus fund for management officers in 2015	-	-	(57,695,375,000)	(57,695,375,000)
Temporary transfer of 2015 profit to the Group (i)	-	-	(1,056,029,181,994)	(1,056,029,181,994)
Transfer of 2015 profit as per recommendations of the MOF Inspectorate in 2015 (ii)	-	-	(823,304,815,610)	(823,304,815,610)
Use of investment and development fund for loan repayment made on behalf of PVPower RE	-	(232,630,856,886)	-	(232,630,856,886)
Profit for the year 2014 overpaid to the Group	-	-	469,719,686,711	469,719,686,711
<b>Current year's opening balance (Restated)</b>	<b>21,774,301,577,676</b>	<b>281,804,378,953</b>	<b>414,729,693,527</b>	<b>22,470,835,650,156</b>
Profit for the year	-	-	939,009,244,018	939,009,244,018
Additional appropriation to the development investment fund as proposed by the State Audit of Vietnam in 2014 (i)	-	18,425,485,059	(18,425,485,059)	-
Adjustment of profit distribution in 2015 as approved by the Group (i)	-	13,037,786,248	(10,363,536,248)	2,674,250,000
Additional transfer of 2015 profit to the Group (i)	-	-	(33,095,751,244)	(33,095,751,244)
Appropriation to investment and development as per recommendations of the MOF Inspectorate in 2015 (i)	-	352,844,920,976	(352,844,920,976)	-
Temporary appropriation to investment and development fund in 2016 (ii)	-	273,779,026,580	(273,779,026,580)	-
Temporary appropriations to bonus and welfare funds and bonus fund for management officers in 2016 (ii)	-	-	(82,326,037,169)	(82,326,037,169)
Temporary transfer of 2016 profit to the Group (ii)	-	-	(556,491,691,416)	(556,491,691,416)
<b>Current year's closing balance</b>	<b>21,774,301,577,676</b>	<b>939,891,597,816</b>	<b>26,412,488,853</b>	<b>22,740,605,664,345</b>



- (i) According to Decision No. 5546/QD-DKVN dated 9 September 2016 of the Board of Members of Vietnam Oil and Gas Group regarding approval for the audited financial statements and 2015 profit distribution plan of the Corporation:

- The Corporation's 2014 profit increased by VND 61,418,283,532 according to the State Audit, in which: VND 18,425,485,059 was added to the development investment fund and the profit to be paid to the Group was VND 42,992,798,473.

- The Corporation's 2015 distributed profit is VND 964,713,685,753, of which VND 289,414,105,276 is distributed to the investment and development fund, VND 54,114,000,000 to the bonus and welfare fund, VND 907,125,000 to the bonus fund for management officers, and VND 620,278,455,027 transferred to the Group.

The Corporation temporarily distributed its 2015 profit in accordance with Resolution No. 30/NQ-DLKD-HDTV dated 17 March 2016 and the 2015 recommendations of the MOF's Inspectorate and recognized the differences of funds and profit in 2016 as follows: increase the investment and development fund by VND 13,037,786,248, decrease the bonus and welfare funds and bonus fund for management officers by VND 2.674.250.000 and additionally transfer VND 33,095,751,244 to the Group.

- (ii) According to Resolution No. 15/NQ-DLKD-HDTV dated 8 February 2017 of the Corporation's Board of Members approving the temporary 2016 profit distribution plan of the parent company - the Corporation, the Corporation temporarily distributed VND 273,779,026,580 to the investment and development fund, VND 81,028,706,786 to the bonus and welfare funds, VND 1,297,330,383 to the bonus and welfare funds, and VND 556,491,691,416 payable to the Group.

**26. OFF BALANCE SHEET ITEMS**

	<u>Closing balance</u>	<u>Opening balance</u>
<b>Foreign currencies</b>		
United States Dollar (USD)	1,054.10	5,894.01
Euro (EUR)	735.00	735.00

**27. REVENUE**

	<u>Current year</u>	<u>Prior year</u>
	<u>VND</u>	<u>VND</u>
Electricity sales (*)	18,209,781,492,115	14,134,988,629,106
Sales of services	38,212,097,020	466,157,531,767
	<b><u>18,247,993,589,135</u></b>	<b><u>14,601,146,160,873</u></b>

**In which:**

<b>Revenue from related parties</b>	<b>180,584,353,374</b>	<b>636,717,786,781</b>
<i>(Presented in Note 34)</i>		

(\*) Electricity sales in 2016 include VND 751,940,982,998 which is the temporary revenue calculated from the difference between the temporary charge fee and the actual transportation cost of the Phu My-Ho Chi Minh gas pipeline for the period from 01 January 2012 to 31 December 2015. This additional sales amount was recorded on the peer-to-peer basis for gas price and did not affect the 2016 profit of the Corporation.

Electricity sales in 2015 include VND 1,044,781,499,355 which was the difference between electricity charges according to the new quotation and the amount Vietnam Electricity Group paid to the Corporation for the period from 30 June 2008 to 31 December 2013.

**28. COST OF SALES**

	<u>Current year</u> VND	<u>Prior year</u> <u>(Restated)</u> VND
Cost of electricity sold (*)	16,392,728,013,791	11,129,099,363,710
Cost of other services rendered	19,355,678,062	402,247,074,695
	<b><u>16,412,083,691,853</u></b>	<b><u>11,531,346,438,405</u></b>

(\*) Cost of electricity sold in 2016 includes VND 751,940,982,998 which is the temporary cost of electricity sold corresponding to electricity sales calculated from the difference between the temporary charge fee and the actual transportation cost of the Phu My-Ho Chi Minh gas pipeline for the period from 01 January 2012 to 31 December 2015 as presented in Note 27.

**29. PRODUCTION COST BY NATURE**

	<u>Current year</u> VND	<u>Prior year</u> <u>(Restated)</u> VND
Raw materials and consumables	11,648,725,072,020	8,674,478,492,118
Labour	400,108,980,704	388,400,595,954
Depreciation and amortisation	3,136,122,481,928	1,683,657,450,957
Out-sourced services	1,419,094,663,146	1,221,313,607,007
Other monetary expenses	208,279,903,125	277,959,153,309
	<b><u>16,812,331,100,923</u></b>	<b><u>12,245,809,299,345</u></b>

**30. FINANCIAL INCOME**

	<u>Current year</u> VND	<u>Prior year</u> VND
Bank interest	180,819,792,501	208,595,554,714
Dividends and profits received	575,339,832,000	455,776,800,000
Foreign exchange gain	30,295,235,553	1,574,269
Loan interest	-	168,802,083,332
Profits from capital transfer activity	-	83,472,667,197
	<b><u>786,454,860,054</u></b>	<b><u>916,648,679,512</u></b>

**31. FINANCIAL EXPENSES**

	<u>Current year</u>	<u>Prior year</u>
	<u>VND</u>	<u>(Restated)</u>
		<u>VND</u>
Interest expenses	837,497,570,377	335,062,552,245
Unrealised foreign exchange loss	199,636,197,518	188,077,700,458
Loan fees charged for Vung Ang 1 Thermal Power Plant	74,523,372,199	-
Provision for impairment of long-term financial investments	13,038,295,547	19,836,056,561
Realised foreign exchange loss	8,136,869,244	67,741,366,088
Loss from merger with PVPower RE	-	141,787,379,245
Foreign exchange loss arising in the construction period	-	27,347,328,507
Loan guarantee fee	2,080,566,845	3,673,483,042
Others	1,052,691,974	425,822,613
	<b><u>1,135,965,563,704</u></b>	<b><u>783,951,688,759</u></b>

**32. GENERAL AND ADMINISTRATION EXPENSES**

	<u>Current year</u>	<u>Prior year</u>
	<u>VND</u>	<u>(Restated)</u>
		<u>VND</u>
Labour cost	192,210,851,958	206,238,664,716
Depreciation and amortisation	17,083,812,501	11,332,241,050
Management material cost	15,758,471,393	17,858,033,617
Out-sourced services	64,857,913,046	207,611,050,039
Other management costs	155,670,851,465	245,828,799,161
	<b><u>445,581,900,363</u></b>	<b><u>688,868,788,583</u></b>

**33. CURRENT CORPORATE INCOME TAX EXPENSE**

Income tax expense in current year was calculated as follows:

	<u>Current year</u>	<u>Prior year</u>
	<u>VND</u>	<u>(Restated)</u>
		<u>VND</u>
<b>Profit before tax</b>	<b>1,034,263,549,021</b>	<b>2,516,511,617,457</b>
Adjustments for taxable profit		
<i>Less: Non-taxable profit</i>	<i>(575,339,832,000)</i>	<i>(455,776,800,000)</i>
<i>Less: Decrease in taxable profit</i>	<i>(6,016,151,306)</i>	<i>(9,970,734,982)</i>
<i>Add: Non-deductible expenses</i>	<i>23,363,959,298</i>	<i>22,569,374,174</i>
<b>Taxable profit in the current year</b>	<b><u>476,271,525,013</u></b>	<b><u>2,073,333,456,649</u></b>
Income subject to 50% reduction in tax payable	-	433,538,846,786
Taxable income subject to normal tax rate	476,271,525,013	1,639,794,609,863
<b>Income tax expenses based on taxable income in the current year</b>	<b><u>95,254,305,002</u></b>	<b><u>375,648,195,118</u></b>

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

**34. RELATED PARTY TRANSACTIONS AND BALANCES**

***List of related parties with significant transactions and balances for the year:***

<b><u>Related parties</u></b>	<b><u>Relationship</u></b>
Vietnam Oil and Gas Group	Parent company
PetroVietnam Power Services Joint Stock Company	Subsidiary
PetroVietnam Power Nhon Trach 2 Joint Stock Company	Subsidiary
Dakdrinh Hydropower Joint Stock Company	Subsidiary
Hua Na Hydropower Joint Stock Company	Subsidiary
Petrovietnam Machinery Technology JSC	Subsidiary
PetroVietnam Energy Technology Corporation - Joint Stock Company	In the same group
Petroleum Trading Joint Stock Company	In the same group
PetroVietnam Vung Ang - Quang Trach Power Project Management Unit	In the same group
Ca Mau Gas - Power - Fertilizer Project Management Unit	In the same group
PV Oil Lube Joint Stock Company	In the same group
PetroVietnam Security Service Corporation	In the same group
PetroVietnam Central Biofuel Joint Stock Company	In the same group
PetroVietnam Urban Development Joint Stock Company	In the same group
PetroVietnam Southern Building and Development Joint Stock Company	In the same group
PetroVietnam Ca Mau Fertilizer Company Limited	In the same group
Petrosetco Assets Management Joint Stock Company	In the same group
PetroVietnam Gas South East Transmission Company	In the same group
PVI Holdings	In the same group
PVI Insurance Corporation	In the same group
PetroVietnam Drilling Mud Corporation - Joint Stock Company	In the same group
PetroVietnam Gas Joint Stock Corporation - Joint Stock Company	In the same group
Vietnam Public Joint Stock Commercial Bank	In the same group
PetroVietnam Manpower Training College	In the same group
Vietnam Petroleum Institute	In the same group

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

	<b>Current year</b>	<b>Prior year</b>
	<b>VND</b>	<b>VND</b>
<b>Capital contributed by assets</b>		
Vietnam Oil and Gas Group	-	8,666,971,957,266
<b>Transferring assets</b>		
Vietnam Oil and Gas Group	218,489,976,676	-
<b>Sales</b>	<b>180,584,353,374</b>	<b>636,717,786,781</b>
PetroVietnam Ca Mau Fertilizer Company Limited	157,172,670,834	170,560,255,014
Vietnam Oil and Gas Group	15,773,109,632	454,928,758,914
PetroVietnam Vung Ang - Quang Trach Power Project Management Unit	7,129,318,451	8,680,386,452
Dakdrinh Hydropower Joint Stock Company	128,871,133	1,052,499,444
PetroVietnam Power Services Joint Stock Company	258,710,219	764,124,539
PetroVietnam Nhon Trach 2 Power Joint Stock Company	121,673,105	731,762,418

	<u>Current year</u>	<u>Prior year</u>
	VND	VND
<b>Purchases</b>		
Vietnam Oil and Gas Group	5,995,464,216,714	5,453,224,184,067
PetroVietnam Gas South East Transmission Company	4,448,404,399,250	2,517,551,798,575
PetroVietnam Power Services JSC	832,158,596,595	853,402,052,302
PetroVietnam Oil Corporation	170,898,037,929	-
PV Oil Saigon Joint Stock Company	131,164,324,127	140,904,665,214
PVI Holdings	60,545,418,667	360,159,112,839
PV Oil Vung Tau Joint Stock Company	43,251,495,849	-
PetroVietnam Machinery Technology JSC	26,071,580,258	22,358,172,339
Vietnam Petroleum Institute	13,370,775,011	5,407,512,220
PetroVietnam Drilling Mud Corporation - Joint Stock Company	11,830,700,347	8,335,890,332
PetroVietnam Security Service Corporation	9,899,047,786	11,125,745,671
PetroVietnam Maintenance and Repair Corporation	9,794,842,719	-
PV Oil Lube Joint Stock Company	9,657,676,658	-
Petrosetco Assets Management Joint Stock Company	4,896,720,233	4,389,385,413
PetroVietnam Power Project Consultant JSC	1,542,804,853	-
PetroVietnam Technical Safety Registration Company Limited	475,860,509	-
PetroVietnam General Services JSC	39,600,000	-
PetroVietnam Southern Building and Development JSC	-	15,251,266,780
<b>Deposit interest received</b>		
Vietnam Public Joint Stock Commercial Bank	5,490,195,931	17,556,082,263
<b>Interest expense</b>		
Vietnam Public Joint Stock Commercial Bank	32,072,344,363	168,802,083,332
<b>Dividends received</b>		
PetroVietnam Power Nhon Trach 2 JSC	555,509,760,000	455,116,800,000
Petrovietnam Southern Building and Development JSC	-	660,000,000
PetroVietnam Machinery Technology JSC	7,972,572,000	-
PetroVietnam Power Services JSC	11,857,500,000	-
<b>Profit paid to</b>		
Vietnam Oil and Gas Group	429,673,679,616	1,683,305,389,676
<b>Board of Executive Officers' remuneration</b>	<b>5,220,607,486</b>	<b>4,507,000,000</b>

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

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
<b>Short-term deposits</b>		
Vietnam Public Joint Stock Commercial Bank	1,029,725,031,584	21,769,222
<b>Trade receivables</b>		
Vietnam Oil and Gas Group	-	134,132,489,555
PetroVietnam Power Services Joint Stock Company	28,443,671	-
PetroVietnam Camau Fertilizer Company Limited	33,231,576,275	25,235,676,828

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
<b>Advances to suppliers</b>	<b>96,467,287,987</b>	-
PetroVietnam Power Services Joint Stock Company	95,642,191,891	-
PetroVietnam Maintenance and Repair Corporation	280,000,000	-
PetroVietnam Technical Safety Registration Company Limited	113,005,000	-
PetroVietnam Engineering Project Management Consultancy Joint Stock Company - Hanoi Branch	190,971,096	-
PetroVietnam Securities Incorporated	241,120,000	-
<b>Other receivables</b>	<b>350,076,270,188</b>	<b>724,510,368,054</b>
Vietnam Oil and Gas Group	218,833,494,207	580,151,155,944
PetroVietnam Power Nhon Trach 2 Joint Stock Company	85,463,040,000	-
PetroVietnam Vung Ang - Quang Trach Power Project Management Unit	43,993,472,583	140,978,396,532
PetroVietnam Power Services JSC	1,538,250,578	1,538,250,578
PV Oil Vung Ang Joint Stock Company	248,012,820	-
PetroVietnam Camau Fertilizer Company Limited	-	1,842,565,000
<b>Trade payables</b>	<b>2,447,078,981,208</b>	<b>1,269,324,145,177</b>
PetroVietnam Gas JSC.	1,053,805,336,343	-
Vietnam Oil and Gas Group	1,038,110,318,129	839,446,443,842
PetroVietnam Power Services JSC	221,973,024,663	334,860,776,851
PVI Holdings	44,779,533,292	28,824,195,167
PV Oil Vung Ang Joint Stock Company	34,014,804,665	-
PetroVietnam Machinery Technology JSC	20,461,906,388	5,328,370,982
PetroVietnam Drilling Mud Corporation - JSC	9,382,412,825	2,851,149,236
PetroVietnam Maintenance and Repair Corporation	8,789,497,607	-
Petroleum Trading Joint Stock Company	7,089,585,096	-
PV Oil Lube Joint Stock Company	4,494,730,130	46,534,700,943
Vietnam Petroleum Institute	1,675,096,537	4,335,330,862
PetroVietnam Technical Safety Registration Company Limited	1,378,891,500	-
Petrosetco Assets Management Joint Stock Company	634,792,503	1,839,595,910
PetroVietnam Security Service Corporation	338,461,530	418,376,072
PetroVietnam Drilling & Well Services Corporation	128,040,000	-
Thai Binh Petroleum Services Joint Stock Company	22,550,000	-
Petrovietnam Southern Building and Development JSC	-	4,885,205,312
<b>Advances from customers</b>	<b>2,161,915,000</b>	<b>6,016,151,306</b>
Vietnam Oil and Gas Group	-	6,016,151,306
PetroVietnam Manpower Training College	2,161,915,000	-
<b>Other payables</b>	<b>567,538,368,241</b>	<b>3,782,030,105,222</b>
Vietnam Oil and Gas Group	556,491,691,416	3,774,506,105,222
PVI Holdings	4,326,000,000	7,524,000,000
PetroVietnam Machinery Technology JSC	2,988,140,927	-
PetroVietnam Power Services Joint Stock Company	2,400,868,218	-
PV Oil Lube Joint Stock Company	822,265,080	-
PetroVietnam Drilling Mud Corporation - Joint Stock Company	509,402,600	-
<b>Loans</b>		
Vietnam Public Joint Stock Commercial Bank	2,038,298,426,086	-



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**35. SUBSEQUENT EVENTS**

According to Notice No. 214/TB-DKVN dated 02 February 2017 on "Conclusion of the Head of the Steering Committee for Equitization of PetroVietnam Power Corporation at the 8th session of equitization implementation". The Equitization Steering Committee agreed not to adjust the book value based on the enterprise evaluation. By the date of these financial statements, the Corporation has been reporting to the Board of Members of Vietnam Oil and Gas Group for requesting for the approval of competent authorities for such plan, and also performing equitization procedures under the plan approved by the Group.



\_\_\_\_\_  
**Nguyen Thi Hong Hanh**  
**Preparer**



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**Ha Thi Minh Nguyet**  
**Chief Accountant**



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**Nguyen Xuan Hoa**  
**Chief Executive Officer**

20 March 2017

