

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

(Incorporated in Socialist Republic of Vietnam)

**REVIEWED INTERIM
FINANCIAL STATEMENTS**

For the 6-month period ended 30 June 2017



PETROVIETNAM POWER NHON TRACH 2 JOINT STOCK COMPANY

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

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PETROVIETNAM POWER NHON TRACH 2 JOINT STOCK COMPANY

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

STATEMENT OF THE BOARD OF DIRECTORS

The Board of Directors of PetroVietnam Power Nhon Trach 2 Joint Stock Company (the "Company") presents this report together with the Company's interim financial statements for the 6-month period ended 30 June 2017.

BOARDS OF MANAGEMENT AND DIRECTORS

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

Board of Management

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

Board of Directors

Mr. Hoang Xuan Quoc	Director
Mr. Ngo Duc Nhan	Deputy Director
Mr. Tran Quang Thien	Deputy Director
Mr. Tran Quang Man	Deputy Director
Mr. Nguyen Ngoc Hai	Deputy Director
Mr. Trinh Viet Thang	Deputy Director

BOARD OF DIRECTORS' STATEMENT OF RESPONSIBILITY

The Board of Directors of the Company is responsible for preparing the interim financial statements, which give a true and fair view of the financial position as at 30 June 2017 of the Company and its financial performance and cash flows for the 6-month period then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting. In preparing these interim financial statements, the Board of Directors is required to:

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

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

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

For and on behalf of the Board of Directors,



Hoang Xuan Quoc
Director
25 July 2017

No. 088 /VN1A-HC-BC

REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

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

We have reviewed the accompanying interim financial statements of PetroVietnam Power Nhon Trach 2 Joint Stock Company (the "Company"), prepared on 25 July 2017 as set out from page 3 to page 27, which comprise the interim balance sheet as at 30 June 2017, the interim income statement and interim cash flow statement for the 6-month period then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' Responsibility for the Interim Financial Statements

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

Auditors' Responsibility

Our responsibility is to express a conclusion on the accompanying interim financial statements based on our review. We conducted our review in accordance with Vietnamese Standard on Review Engagements (VSRE) 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Vietnamese Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not give a true and fair view of the financial position of the Company as at 30 June 2017, and of its financial performance and its cash flows for the 6-month period then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to interim financial reporting.



Võ Thái Hòa
Audit Partner

Audit Practising Registration Certificate
No. 0138-2013-001-1

Branch of Deloitte Vietnam Company Limited

25 July 2017
Ho Chi Minh City, S.R. Vietnam

INTERIM BALANCE SHEET

As at 30 June 2017

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
A. CURRENT ASSETS	100		2,933,544,617,599	5,316,223,172,464
I. Cash and cash equivalents	110	4	586,792,132,280	1,398,468,310,099
1. Cash	111		66,792,132,280	133,468,310,099
2. Cash equivalents	112		520,000,000,000	1,265,000,000,000
II. Short-term financial investments	120	5	460,000,000,000	-
1. Held-to-maturity investments	123		460,000,000,000	-
III. Short-term receivables	130		1,626,589,760,723	3,609,508,630,323
1. Short-term trade receivables	131	6	1,481,870,618,098	3,447,445,691,772
2. Short-term advances to suppliers	132		94,644,041,327	117,366,595,233
3. Other short-term receivables	136	7	50,075,101,298	44,696,343,318
IV. Inventories	140		259,167,935,796	239,011,186,410
1. Inventories	141	8	259,167,935,796	239,011,186,410
V. Other short-term assets	150		994,788,800	69,235,045,632
1. Short-term prepayments	151	12	994,788,800	14,504,546,432
2. Value added tax deductibles	152		-	54,730,499,200
B. NON-CURRENT ASSETS	200		7,261,385,750,169	7,663,690,891,214
I. Long-term receivables	210		202,139,261,947	202,139,261,947
1. Long-term trade receivables	211	6	164,486,554,947	164,486,554,947
2. Other long-term receivables	216	7	37,652,707,000	37,652,707,000
II. Fixed assets	220		6,591,318,672,104	6,934,521,012,006
1. Tangible fixed assets	221	9	6,564,501,339,203	6,906,903,378,576
- Cost	222		11,306,616,930,493	11,307,417,864,097
- Accumulated depreciation	223		(4,742,115,591,290)	(4,400,514,485,521)
2. Intangible assets	227	10	26,817,332,901	27,617,633,430
- Cost	228		30,823,217,421	30,823,217,421
- Accumulated amortisation	229		(4,005,884,520)	(3,205,583,991)
III. Long-term assets in progress	240		3,235,695,541	1,404,275,541
1. Construction in progress	242		3,235,695,541	1,404,275,541
IV. Long-term financial investments	250		-	-
1. Equity investments in other entities	253	11	11,140,000,000	11,140,000,000
2. Provision for impairment of long-term financial investments	254		(11,140,000,000)	(11,140,000,000)
V. Other long-term assets	260		464,692,120,577	525,626,341,720
1. Long-term prepayments	261	12	463,189,793,470	524,433,017,320
2. Deferred tax assets	262	13	1,502,327,107	1,193,324,400
TOTAL ASSETS (270=100+200)	270		10,194,930,367,768	12,979,914,063,678

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

INTERIM BALANCE SHEET (Continued)

As at 30 June 2017

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance
C. LIABILITIES	300		5,261,029,894,924	8,071,479,939,962
I. Current liabilities	310		2,102,903,460,302	4,309,602,086,664
1. Short-term trade payables	311	14	774,673,377,383	2,651,557,360,711
2. Taxes and amounts payable to the State budget	313	15	124,842,895,971	294,941,869,230
3. Payables to employees	314		10,042,276,565	16,736,277,977
4. Short-term accrued expenses	315	16	98,245,690,760	92,723,792,338
5. Other current payables	319	17	44,754,983,186	185,717,509,065
6. Short-term loans	320	18	1,040,048,932,961	1,044,961,195,732
7. Bonus and welfare funds	322		10,295,303,476	22,964,081,611
II. Long-term liabilities	330		3,158,126,434,622	3,761,877,853,298
1. Long-term loans	338	18	3,087,724,121,443	3,697,297,425,589
2. Long-term provisions	342		30,046,542,130	23,866,487,990
3. Scientific and technological development fund	343		40,355,771,049	40,713,939,719
D. EQUITY	400		4,933,900,472,844	4,908,434,123,716
I. Owners' equity	410	19	4,933,900,472,844	4,908,434,123,716
1. Owners' contributed capital	411		2,878,760,290,000	2,848,760,290,000
- Ordinary shares carrying voting rights	411a		2,878,760,290,000	2,848,760,290,000
2. Share premium	412		(457,500,000)	(210,000,000)
3. Investment and development fund	418		137,294,913,354	137,294,913,354
4. Retained earnings	421		1,918,302,769,490	1,922,588,920,362
- Retained earnings accumulated to the prior year end	421a		1,461,987,273,962	1,426,832,624,142
- Retained earnings of the current year/prior year	421b		456,315,495,528	495,756,296,220
TOTAL RESOURCES (440=300+400)	440		10,194,930,367,768	12,979,914,063,678

Le Van Tu
Preparer

Le Viet An
Head of Accounting Department



Hoang Xuan Quoc
Director
25 July 2017

INTERIM INCOME STATEMENT
For the 6-month period ended 30 June 2017

Unit: VND

ITEMS	Codes	Notes	Current period	Prior period
1. Gross revenue from goods sold	01		3,549,966,684,675	2,951,187,496,276
2. Net revenue from goods sold (10=01)	10	22	3,549,966,684,675	2,951,187,496,276
3. Cost of sales	11		2,759,164,261,777	2,105,284,362,054
4. Gross profit from from goods sold (20=10-11)	20		790,802,422,898	845,903,134,222
5. Financial income	21	24	32,557,061,448	29,427,184,661
6. Financial expenses	22	25	290,450,867,186	134,737,665,814
- In which: Interest expense	23		64,619,433,847	79,768,376,862
7. General and administration expenses	26	26	53,347,776,868	2,270,945,185
8. Operating profit (30 = 20+(21-22)-26)	30		479,560,840,292	738,321,707,884
9. Other income	31		1,033,641,556	407,055,773
10. Other expenses	32		101,102,441	1,232,983,609
11. Profit/(Loss) from other activities (40=31-32)	40		932,539,115	(825,927,836)
12. Accounting profit before tax (50=30+40)	50		480,493,379,407	737,495,780,048
13. Current corporate income tax expense	51	27	24,486,886,586	42,291,198,499
14. Deferred corporate tax income	52		(309,002,707)	(194,990,321)
15. Net profit after corporate income tax (60=50-51-52)	60		456,315,495,528	695,399,571,870
16. Basic earnings per share	70	28	1,556	2,406



Le Van Tu
Preparer



Le Viet An
Head of Accounting Department



Hoàng Xuân Quốc
Director
25 July 2017

INTERIM CASH FLOW STATEMENT
For the 6-month period ended 30 June 2017

Unit: VND

ITEMS	Codes	Current period	Prior period
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	01	480,493,379,407	737,495,780,048
2. Adjustments for:			
Depreciation and amortisation of fixed assets	02	343,384,162,444	345,252,658,579
Provisions	03	6,180,054,140	(30,529,381,291)
Foreign exchange loss	04	165,541,758,776	3,678,203,134
Gain from investing activities	05	(32,784,013,605)	(28,224,146,959)
Interest expense	06	64,619,433,847	79,768,376,862
3. Operating profit before movements in working capital	08	1,027,434,775,009	1,107,441,490,373
Changes in receivables	09	2,042,983,382,690	95,192,504,110
Changes in inventories	10	(20,156,749,386)	(13,893,333,816)
Changes in payables	11	(2,022,399,016,194)	72,593,533,640
Changes in prepaid expenses	12	74,752,981,482	72,008,268,056
Interest paid	14	(67,101,489,396)	(81,095,965,770)
Corporate income tax paid	15	(29,778,892,999)	(47,731,419,180)
Other cash outflows	17	(12,903,006,147)	(8,926,128,163)
Net cash generated by operating activities	20	992,831,985,059	1,195,588,949,250
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition and construction of fixed assets	21	(1,923,402,927)	(8,362,177,760)
2. Proceeds from disposal of fixed assets	22	602,113,636	-
3. Cash payment from lending, buying debt instruments of other entities	23	(460,000,000,000)	-
4. Interest earned	27	26,847,886,079	26,935,306,964
Net cash (used in)/generated by investing activities	30	(434,473,403,212)	18,573,129,204
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Proceeds from share issue	31	30,000,000,000	-
2. Repayment of borrowings	34	(798,113,987,040)	(535,375,749,581)
3. Dividends paid	36	(601,920,781,585)	(361,642,630,770)
Net cash used in financing activities	40	(1,370,034,768,625)	(897,018,380,351)
Net (decrease)/increase in cash during the period (50=20+30+40)	50	(811,676,186,778)	317,143,698,103
Cash and cash equivalents at the beginning of the period	60	1,398,468,310,099	1,108,501,344,977
Effects of changes in foreign exchange rates	61	8,959	(46,513)
Cash and cash equivalents at the end of the period (70=50+60+61)	70	586,792,132,280	1,425,644,996,567



Le Van Tu
Preparer



Le Viet An
Head of Accounting Department



Hoàng Xuan Quoc
Director
25 July 2017

NOTES TO THE INTERIM FINANCIAL STATEMENTS

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

1. GENERAL INFORMATION

Structure of ownership

PetroVietnam Power Nhon Trach 2 Joint Stock Company (the "Company") was incorporated in Vietnam under Business Registration Certificate No. 4703000396 dated 20 June 2007 issued by the Department of Planning and Investment of Dong Nai Province, and the latest amendment of Business Registration Certificate No. 3600897316 dated 15 March 2017.

The number of the Company's employees as at 30 June 2017 was 189 (as at 31 December 2016: 190).

Operating industry and principal activities

The business operations of the Company are:

- Power Production, transmission and contribution power;
- Directly support services in marine transportation;
- Wholesale of solid fuel, liquid, gas and other relevant products;
- Warehouse and products storage;
- Road transportation;
- Architecture and technical consultancy;
- Wholesale equipment, material and other spare parts;
- Professional activities, sciences and other technologies;
- Professional education;
- Providing services in domestic marine transportation;
- Other supportive services related to transportation.

Principal activities of the Company are to manage the investment in construction and to operate power works.

Normal production and business cycle

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

Disclosure of information comparability in the interim financial statements

The comparative figures of the interim balance sheet are the figures of the Company's audited financial statements for the year ended 31 December 2016. The comparative figures of the interim income statement and interim cash flow statement are the figures of the reviewed interim financial statements for the 6-month period ended 30 June 2016.

2. ACCOUNTING CONVENTION AND FINANCIAL YEAR

Accounting convention

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

Financial year

The Company's financial year begins on 1 January and ends on 31 December. The interim financial statements are prepared for the period from 1 January to 30 June annually.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Estimates

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

Financial instruments

Initial recognition

Financial assets

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

Financial liabilities

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

Subsequent measurement after initial recognition

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

Cash and cash equivalents

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

Financial investments

Equity investments in other entities

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

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

Receivables

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

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

Inventories

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

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

Tangible fixed assets and depreciation

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

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

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

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

Leasing

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

Intangible assets and amortisation

Intangible assets represent land use rights and software. The value of indefinite land use rights is stated at cost and not amortised. Software includes maintenance system for equipment and factory properties, accounting software and website are amortised using the straight-line method over the estimated useful life.

Construction in progress

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

Prepayments

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

Short-term prepayments represent insurance fee for factory and others, which covered for the 1 year insurance.

Long-term prepayments comprise of insurance fees for long-term loans; mobilization fee, variable fee, fixed fee and medium maintenance expenditure for Nhon Trach 2 Combined Cycle Power Plant and other long-term prepayments.

Detailed information about long-term prepayments related to insurance fees for long-term loans; mobilization fee, variable fee and fixed fee of maintenance contracts of machinery and equipment; medium maintenance expenditure for Nhon Trach 2 Combined Cycle Power Plant are disclosed in Note 12.

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

Payable provisions

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

Revenue recognition

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

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

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

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

Foreign currencies

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

Borrowing costs

Borrowing costs are recognised in the interim income statement when incurred.

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 period. Taxable profit differs from profit before tax as reported in the interim income statement because it excludes items of income or expense that are taxable or deductible in other periods (including loss carried forward, if any) and it further excludes items that are never taxable or deductible.

Deferred tax is recognised on significant differences between carrying amounts of assets and liabilities in the interim 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 recognized for all temporary differences and deferred tax assets are recognized 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 realized. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

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

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

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

4. CASH AND CASH EQUIVALENTS

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Cash on hand	166,097,508	22,500,916
Demand deposits	66,626,034,772	133,445,809,183
Cash equivalents	<u>520,000,000,000</u>	<u>1,265,000,000,000</u>
	<u>586,792,132,280</u>	<u>1,398,468,310,099</u>

Cash equivalents represent term deposits in commercial banks in Vietnam Dong with the term less than 3 months and interest rates from 5.0% to 5.5% per annum (as at 31 December 2016: from 4.6% to 5.5% per annum).

5. SHORT-TERM FINANCIAL INVESTMENTS

Short-term financial investments represent term deposits in commercial banks in Vietnam Dong with the term of 6 months and interest rate at 6.0% per annum.

6. TRADE RECEIVABLES

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
a. Short-term trade receivables		
Electric Power Trading Company (EPTC)	1,481,753,499,140	3,447,370,559,194
Others	<u>117,118,958</u>	<u>75,132,578</u>
	<u>1,481,870,618,098</u>	<u>3,447,445,691,772</u>
b. Long-term trade receivables		
Electric Power Trading Company (EPTC)	<u>164,486,554,947</u>	<u>164,486,554,947</u>
	<u>164,486,554,947</u>	<u>164,486,554,947</u>

Short-term trade receivables mainly include outstanding amounts of electricity fee charged to Electric Power Trading Company (EPTC) up to 30 June 2017 without invoice issued (VND 1,317 billion), accrued according to regulation of the Power Purchase Contract No. 07/2012/HĐ-NMĐ-NT2 dated 6 July 2012 and additional electricity amount according to official electricity price for Nhon Trach 2 Combined Cycle Power Plant for the period from 01 May 2012 to 31 December 2013 which had a collectible term under 12 months (VND 164.5 billion). The Board of Directors assessed and believed that the Company would collect the entire outstanding amount above.

Long-term trade receivables represent the additional electricity amount according to official electricity price for Nhon Trach 2 Combined Cycle Power Plant for the period from 01 May 2012 to 31 December 2013 which had collectible term more than 12 months.

7. OTHER RECEIVABLES

	Closing balance	Opening balance
	VND	VND
a. Current		
Unearned late payment interest income from EPTC	42,153,554,457	42,153,554,457
Accrued interests	7,677,500,000	2,343,486,110
Advance to employees	199,000,000	149,000,000
Deposits and mortgages	10,000,000	10,000,000
Other receivables	35,046,841	40,302,751
	<u>50,075,101,298</u>	<u>44,696,343,318</u>
b. Non-current		
Compensations for site clearance	37,652,707,000	37,652,707,000
	<u>37,652,707,000</u>	<u>37,652,707,000</u>

Other short-term receivables mainly include accrued interest due to late payment from Electric Power Trading Company (EPTC) according the Purchase Agreement No. 07/2012/HD-NMD-NT2 dated 06 July 2012 between Electric Power Trading Company (EPTC) and PetroVietnam Power Nhon Trach 2 Joint Stock Company. These accruals had been recognized up to 31 December 2012 until the Guidance No. 1951/DKVN-TCKT of the Vietnam Oil and Gas Group dated 23 March 2013 regulated to stop recognizing EPTC's late payment interest into the profit and loss.

Other long-term receivables represent compensations for site clearance which shall be deducted in rental fee which will be paid to the Government in the future in accordance with the Land Law. These receivables are classified from cost of tangible fixed assets to other long-term receivables in accordance with Decision No. 35/QĐ-CPNT2 dated 23 May 2011 issued by the Board of Management of PetroVietnam Power Nhon Trach 2 Joint Stock Company.

On 20 October 2014, the Company has signed a land lease contract No. 122/HĐTĐ with the People's Committee of Dong Nai Province with total land area of 423,912.8 m². However, the Company has not received any decision from the authorities about the offset compensation costs for site clearance and land rental payable to State at the date of this report.

8. INVENTORIES

Inventories as at 30 June 2017 and 31 December 2016 comprise DO oil which has been stored in warehouses and used in electricity production and materials which have been used for maintenance and the commercial operation of Nhon Trach 2 Combined Cycle Power Plant.

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9. INCREASES, DECREASES IN TANGIBLE FIXED ASSETS

	Buildings and structures	Machinery and equipment	Motor vehicles	Office equipment	Total
	VND	VND	VND	VND	VND
COST					
Opening balance	2,971,262,039,138	8,295,123,823,981	32,215,121,301	8,816,879,677	11,307,417,864,097
Additions	-	344,300,000	-	208,963,200	553,263,200
Disposals	-	-	(1,354,196,804)	-	(1,354,196,804)
Closing balance	2,971,262,039,138	8,295,468,123,981	30,860,924,497	9,025,842,877	11,306,616,930,493
ACCUMULATED DEPRECIATION					
Opening balance	776,084,707,288	3,599,818,625,232	19,108,866,954	5,502,286,047	4,400,514,485,521
Charge for the period	73,738,302,391	267,114,624,662	1,424,744,889	677,630,631	342,955,302,573
Disposals	-	-	(1,354,196,804)	-	(1,354,196,804)
Closing balance	849,823,009,679	3,866,933,249,894	19,179,415,039	6,179,916,678	4,742,115,591,290
NET BOOK VALUE					
Closing balance	2,121,439,029,459	4,428,534,874,087	11,681,509,458	2,845,926,199	6,564,501,339,203
Opening balance	2,195,177,331,850	4,695,305,198,749	13,106,254,347	3,314,593,630	6,906,903,378,576

As at 30 June 2017, the cost of fixed assets includes VND 8,893,788,653 (As at 31 December 2016: VND 8,680,037,264) of fixed assets which have been fully depreciated but are still in use.



10. INCREASES, DECREASES IN INTANGIBLE ASSETS

	Land use rights VND	Software VND	Total VND
COST			
Closing and opening balance	21,602,554,546	9,220,662,875	30,823,217,421
ACCUMULATED AMORTISATION			
Opening balance	-	3,205,583,991	3,205,583,991
Charge for the period	-	800,300,529	800,300,529
Closing balance	-	4,005,884,520	4,005,884,520
NET BOOK VALUE			
Closing balance	21,602,554,546	5,214,778,355	26,817,332,901
Opening balance	21,602,554,546	6,015,078,884	27,617,633,430

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

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

11. EQUITY INVESTMENTS IN OTHER ENTITIES

The Company has contributed VND 11,140,000,000 which is equivalent to 1,114,000 shares (par value VND 10,000/share) to the charter capital of High Tech Concrete Investment Joint Stock Company ("Sopewaco") as at 30 June 2017 and 31 December 2016.

Provision for impairment of long-term investments has been made in accordance with the Circular No. 228/2009/TT-BTC dated 7 December 2009 and Circular No. 89/2013/TT-BTC dated 28 June 2013 issued by the Ministry of Finance. The basis used for making this provision based on Sopewaco's financial statements for the year ended 31 December 2016. As at 31 December 2016, Sopewaco's accumulated loss was VND 404,881,757,551 while its charter capital was VND 80,000,000,000. Therefore, the Board of Directors of the Company decided to make full provision for its long-term investment as at as at 31 December 2016 and 30 June 2017.

12. PREPAYMENTS

	Closing balance VND	Opening balance VND
a. Short-term		
Insurance fee for factory	-	14,148,091,059
Other expenses	994,788,800	356,455,373
	994,788,800	14,504,546,432
b. Long-term		
Insurance fee for long-term loans	252,434,331,637	284,363,481,902
Mobilization fee, variable and fixed fee of maintenance contracts	192,519,043,158	208,742,615,755
Overhaul expenses to be allocated	-	10,951,128,462
Major overhaul expenses to be allocated	2,211,929,950	-
Life insurance fee	10,066,666,667	13,841,666,667
Other expenses	5,957,822,058	6,534,124,534
	463,189,793,470	524,433,017,320

Short-term prepayments represent annual insurance fee for factory and others, which covered for the 1-year insurance.

Long-term prepayments include expenditures as follows:

- Insurance fee for long-term loans: According to the export credit contract dated 22 July 2010 and 23 July 2010 between the Company and banks represented by Citibank - an authorized agency. The insurance fee was issued by HERMES and NEXI to guarantee lenders during the credit term of 2.5 years of grace period and 9.5 years of payment. Insurance fee for these loans are allocated using the straight-line method over the durations of such long-term loans.

- Mobilization fee, variable fee and fixed fee of maintenance contracts of machinery and equipment: The maintenance contract No. 68/2011/PVPOWER NT2 – PVPS between PetroVietnam Power Nhon Trach 2 Joint Stock Company and PetroVietnam Power Technical Services Joint Stock Company is to maintain the major equipment and machinery in Nhon Trach 2 Combined Cycle Power Plant for the duration of 11.7 years or 100,000 equivalent operation hours (EOH) for each operation. Mobilization fee, variable fee and fixed fee had been paid before Nhon Trach 2 Combined Cycle Power Plant was in the commercial operation and are allocated to the interim income statement in the period based on the actual EOH hours.
- Overhaul expense of Nhon Trach 2 Combined Cycle Power Plant arose when the plant reached 50,000 EOH and the Company had to perform overhaul according to specifications. Accordingly, this expense was recognized and amortized to the interim income statement for the next 50,000 EOH.

13. DEFERRED TAX ASSETS

	Closing balance	Opening balance
	VND	VND
Corporate income tax rates used for determination of value of deferred tax assets	5%	5%
Deferred tax assets related to deductible temporary differences	1,502,327,107	1,193,324,400
Deferred income tax assets	<u>1,502,327,107</u>	<u>1,193,324,400</u>

14. SHORT-TERM TRADE PAYABLES

	Closing balance		Opening balance	
	Amount	VND Amount able to be paid off	Amount	VND Amount able to be paid off
a. Short-term trade payables to related parties				
- Petro Vietnam Gas Joint Stock Corporation	705,419,275,703	705,419,275,703	2,587,804,650,220	2,587,804,650,220
- Petro Vietnam Power Technical Services Joint Stock Company	57,891,205,985	57,891,205,985	51,658,974,760	51,658,974,760
- Petro Vietnam Power	878,162,826	878,162,826	-	-
- Southern Management Board of PVC's project	454,403,426	454,403,426	454,403,426	454,403,426
- Petroleum Power Property Joint Stock Company	1,140,250,000	1,140,250,000	1,140,250,000	1,140,250,000
- Petrovietnam Maintenance and Repair Corporation (PVMR)	453,024,000	453,024,000	787,743,000	787,743,000
- Petro Vietnam Nhon Trach Power Company	61,739,475	61,739,475		
- Petro Vietnam Insurance Joint Stock Corporation	-	-	75,000,000	75,000,000
	<u>766,298,061,415</u>	<u>766,298,061,415</u>	<u>2,641,921,021,406</u>	<u>2,641,921,021,406</u>
b. Short-term trade payables to third parties				
Others	8,375,315,968	8,375,315,968	9,636,339,305	9,636,339,305
	<u>774,673,377,383</u>	<u>774,673,377,383</u>	<u>2,651,557,360,711</u>	<u>2,651,557,360,711</u>

15. TAXES AND AMOUNTS PAYABLE TO THE STATE BUDGET

	Opening balance	Payable during the period	Paid during the period	Closing balance
	VND	VND	VND	VND
Payables				
Value added tax	283,444,000,385	(43,647,393,494)	121,889,773,983	117,906,832,908
Corporate income tax	7,678,892,999	24,486,886,586	29,778,892,999	2,386,886,586
Personal income tax	562,140,090	8,056,733,396	6,438,745,483	2,180,128,003
Natural resources tax	2,804,624,910	16,427,269,080	16,865,028,630	2,366,865,360
Other tax	452,210,846	7,927,950,958	8,377,978,690	2,183,114
	294,941,869,230	13,251,446,526	183,350,419,785	124,842,895,971

Payable value added tax as at 30 June 2017 includes value added tax for electric revenue for the period from 01 May 2017 to 30 June 2017 for Electric Power Trading Company which is recorded but not issued invoice as at the end of this period.

16. SHORT-TERM ACCRUED EXPENSES

	Closing balance	Opening balance
	VND	VND
Maintenance expenses	75,677,229,724	70,809,211,912
Accrual interest expenses	9,032,677,394	10,435,851,361
Others	13,535,783,642	11,478,729,065
	98,245,690,760	92,723,792,338

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

17. OTHER CURRENT PAYABLES

	Closing balance	Opening balance
	VND	VND
Late payment interest income payable to Petro Vietnam Gas Joint Stock Company	39,278,284,374	39,278,284,374
Dividends and profits payable	4,543,152,320	145,862,287,505
Other payables	933,546,492	576,937,186
	44,754,983,186	185,717,509,065

18. LOANS

	Current portion of long-term loans	Long-term loans
	VND	VND
Opening balance		
- Amount	1,044,961,195,732	3,697,297,425,589
- Amount able to paid off	1,044,961,195,732	3,697,297,425,589
During the period		
- Increase	559,068,313,517	144,584,572,829
+ Transfer from long-term loans	520,024,466,223	-
+ Differences by foreign exchange rate	39,043,847,294	144,584,572,829
- Decrease	563,980,576,288	754,157,876,975
+ Transfer to current portion of long-term loans	-	520,024,466,223
+ Paid during this period	563,980,576,288	234,133,410,752
+ Other decreases	-	-
Closing balance		
- Amount	1,040,048,932,961	3,087,724,121,443
- Amount able to paid off	1,040,048,932,961	3,087,724,121,443

Detail of long-term loan by lenders as follows:

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
HERMES, CIRR, NEXI and Citibank	4,127,773,054,404	4,461,298,558,270
Vietnam Prosperity Joint Stock Commercial Bank - Ho Chi Minh City Branch	-	171,880,226,826
Ho Chi Minh City Development Joint Stock Commercial Bank (HDBank) - Cong Hoa Branch	-	109,079,836,225
	<u>4,127,773,054,404</u>	<u>4,742,258,621,321</u>

As at 22 July 2010 and 23 July 2010, the Company entered into long-term loan contracts with agency banks such as HERMES, CIRR, NEXI and Citibank in which Citibank is a main agency bank for a total credit limit of USD 215,380,981 and EUR 202,585,883. These loans are guaranteed by the Government of Vietnam and granted the insurance by HERMES and NEXI. The loan bears an interest rates of 6-month Euribor and 6-month Libor plus the adjustment. The loan and interests are repaid every 6-months on 19 half-yearly installment during 9.5 years and the first repayment is on 1 June 2012. The balances of loans as at 30 June 2017 are USD 89,647,370.03 and EUR 81,113,499.05, respectively (as at 31 December 2016: USD 100,885,760.9 and EUR 91,381,201.78).

As at 8 February 2017, the Company was signed Discussion Minute with Vietnam Prosperity Joint Stock Commercial Bank for loan prepayment before the maturity date under Credit Agreement signed on 24 April 2013 about financing construction of Nhon Trach 2 Combined Cycle Power Plant. Thus the balance of loan as at 30 June 2017 is nil.

As at 14 February 2017, the Company was signed Discussion Minute with Ho Chi Minh City Development Joint Stock Commercial Bank - Cong Hoa Branch for loan prepayment before the maturity date under Credit Agreement No. 0210/2014/HDTDTDH/DN signed on 15 May 2014 about financing construction of Nhon Trach 2 Combined Cycle Power Plant. Thus the balance of loan as at 30 June 2017 is nil.

Long-term loans are repayable as follows:

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
On demand or within one year	1,040,048,932,961	1,044,961,195,732
In the second year	1,040,048,932,961	1,044,961,195,732
In the third to fifth year inclusive	2,047,675,188,482	2,605,509,428,301
After five years	-	46,826,801,556
	<u>4,127,773,054,404</u>	<u>4,742,258,621,321</u>
Less: Amount due for settlement within 12 months	(1,040,048,932,961)	(1,044,961,195,732)
Amount due for settlement after 12 months	<u>3,087,724,121,443</u>	<u>3,697,297,425,589</u>

19. OWNERS' EQUITY

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

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

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

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



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Movement in owners' equity:

	Owners' contributed capital	Share premium	Investment and Development fund	Retained earnings	Total
	VND	VND	VND	VND	VND
For the 6-month period ended 30 June 2016					
Opening balance	2,739,198,430,000	(113,000,000)	79,801,049,931	1,949,571,666,106	4,768,458,146,037
Capital increase	109,561,860,000	-	-	(109,561,860,000)	-
Fund appropriation	-	-	57,081,386,064	(57,081,386,064)	-
Profit for the period	-	-	-	695,399,571,870	695,399,571,870
Dividends declared	-	-	-	(356,095,795,900)	(356,095,795,900)
Other decreases	-	(97,000,000)	-	-	(97,000,000)
Closing balance	2,848,760,290,000	(210,000,000)	136,882,435,995	2,122,232,196,012	5,107,664,922,007
For the 6-month period ended 30 June 2017					
Opening balance	2,848,760,290,000	(210,000,000)	137,294,913,354	1,922,588,920,362	4,908,434,123,716
Capital increase	30,000,000,000	-	-	-	30,000,000,000
Profit for the period	-	-	-	456,315,495,528	456,315,495,528
Dividends declared	-	-	-	(460,601,646,400)	(460,601,646,400)
Other decreases	-	(247,500,000)	-	-	(247,500,000)
Closing balance	2,878,760,290,000	(457,500,000)	137,294,913,354	1,918,302,769,490	4,933,900,472,844

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

According to the Resolution No. 09/NQ-CPNT2 dated 27 April 2017 of Annual General Shareholders' Meeting, the Company appropriated to additional dividend from retained earnings of 2016 with an amount of VND 460,601,646,400 equivalent to 16% par value for the shareholders of the Company.

20. OFF BALANCE SHEET ITEMS

	Unit	<u>Opening balance</u>	<u>Closing balance</u>
United States Dollar	USD	267.88	268.20
Euro	EUR	<u>6.94</u>	<u>6.99</u>

21. BUSINESS AND GEOGRAPHICAL SEGMENTS

The Company's principal activities are to manufacture and consume electricity in domestic. Other business activities make up minor ratio in total revenue and operating result of Company in this period as well as previous financial years. Consequently, the financial information presented in the interim balance sheet as at 30 June 2017 and the balance sheet as at 31 December 2016 as well as revenues, expenses presented in the interim income statement for the period from 1 January 2017 to 30 June 2017 and from 1 January 2016 to 30 June 2016 are relating to main activities. Hence, the Company did not prepare the report by business segment and geographical segments.

22. NET REVENUE FROM GOODS SOLD

Net revenue from goods sold includes revenue of selling electricity in the period from 1 January 2017 to 31 May 2017 and the period from 1 June 2017 to 30 June 2017 following electricity price based on gas market price as stated in the amendment and supplement contract No. 08 dated 30 December 2016 of Power Purchase Contract No. 07/2012/HĐ-NMĐ-NT2 dated 6 July 2012 between Electric Power Trading Company (EPTC) and PetroVietnam Power Nhon Trach 2 Joint Stock Company.

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

23. PRODUCTION COST BY NATURE

	<u>Current period</u> VND	<u>Prior period</u> VND
Raw materials and consumables	2,151,862,099,304	1,504,179,937,367
Labour	48,393,914,711	37,678,575,473
Depreciation and amortization	343,384,162,444	345,252,658,579
Out-sourced services	243,261,333,018	235,566,862,810
Other monetary expenses	25,610,529,168	(15,122,726,990)
	<u>2,812,512,038,645</u>	<u>2,107,555,307,239</u>

24. FINANCIAL INCOME

	<u>Current period</u> VND	<u>Prior period</u> VND
Interest	32,181,899,969	28,224,146,959
Foreign exchange gain	375,161,479	1,203,037,702
	<u>32,557,061,448</u>	<u>29,427,184,661</u>

25. FINANCIAL EXPENSES

	Current period VND	Prior period VND
Interest expense	64,619,433,847	79,768,376,862
Insurance fee for long-term loans	31,929,150,265	31,699,238,213
Guarantee fee for long-term loans charged by the Government	6,123,561,305	6,967,698,376
Foreign exchange loss	185,885,713,967	14,499,303,733
Others	1,893,007,802	1,803,048,630
	<u>290,450,867,186</u>	<u>134,737,665,814</u>

26. GENERAL AND ADMINISTRATION EXPENSES

	Current period VND	Prior period VND
Management staff	21,961,678,464	14,880,368,724
Office supplies	1,619,088,487	1,085,041,309
Depreciation and amortisation	4,787,477,013	4,929,068,396
Taxes, fees and charges	160,149,963	321,940,300
Out-sourced services	15,833,867,672	13,195,902,973
Others	8,985,515,269	3,197,102,858
Reversal of provision for short-term doubtful debts	-	(35,338,479,375)
	<u>53,347,776,868</u>	<u>2,270,945,185</u>

27. CURRENT CORPORATE INCOME TAX EXPENSE

	Current period VND	Prior period VND
Current corporate income tax expense		
- Corporate income tax based on taxable income in the current year	24,486,886,586	37,116,508,367
- Adjustments for corporate income tax expenses in previous years to the current year	-	5,174,690,132
Total current corporate income tax expense	<u>24,486,886,586</u>	<u>42,291,198,499</u>

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

	Current period			Prior period	
	Main activities VND	Other activities VND	Total VND	Total VND	
Profit before tax	479,560,840,292	932,539,115	480,493,379,407	737,495,780,048	
Add:		-	-		
Temporary non-deductible expenses	6,180,121,526	-	6,180,121,526	3,495,305,334	
Permanent non-deductible expenses	266,622,406	-	266,622,406	426,727,458	
Less: non-assessable income	8,959	-	8,959	-	
Taxable income	486,007,575,265	932,539,115	486,940,114,380	741,417,812,840	
Tax rate	5%	20%		5%	
Corporate income tax	<u>24,300,378,763</u>	<u>186,507,823</u>	<u>24,486,886,586</u>	<u>37,116,508,367</u>	

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

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

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

28. BASIC EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the ordinary equity holders of the Company is based on the data as below and the certain reclassification has been made to the prior year's figures in accordance with the guidance of Circular 200 to enhance their comparability with the current year's presentation:

	Current period	Prior period
	VND	VND
Profit after tax	456,315,495,528	695,399,571,870
Bonus and welfare fund appropriation	10,000,000,000	10,000,000,000
Profit after tax for calculating earnings per share	446,315,495,528	685,399,571,870
Weighted average number of ordinary shares for the purposes of calculating basic earnings per share	286,898,128	284,876,029
Basic earnings per share	1,556	2,406

29. SELLING COMMITMENTS

The Company has signed the Contract of Power Purchase No. 07/2012/HĐ-NMĐ-NT2 dated 06 July 2012 with Electric Power Trading Company (EPTC). Accordingly, all electricity produced under the requirement of Electricity Regulatory Authority of Vietnam is totally consumed by EPTC with the duration 10 years from the date which Nhon Trach 2 Combined Cycle Power Plant of issuing the PAC on 16 October 2011.

30. FINANCIAL INSTRUMENTS

Capital risk management

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

The capital structure of the Company consists of net debt (borrowings as disclosed in Note 18, offset by cash and cash equivalents) and owners' equity (comprising owners' contributed capital, share premium, investment and development fund and retained earnings).

Gearing ratio

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

	Closing balance	Opening balance
	VND	VND
Borrowings	4,127,773,054,404	4,742,258,621,321
Less: Cash and cash equivalents	586,792,132,280	1,398,468,310,099
Net debt	3,540,980,922,124	3,343,790,311,222
Equity	4,933,900,472,844	4,908,434,123,716
Net debt to equity ratio	0.72	0.68

Significant accounting policies

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

Categories of financial instruments

	Carrying amounts	
	Closing balance VND	Opening balance VND
Financial assets		
Cash and cash equivalents	586,792,132,280	1,398,468,310,099
Short-term investments	460,000,000,000	-
Trade and other receivables	1,733,885,981,343	3,694,132,297,037
	<u>2,780,678,113,623</u>	<u>5,092,600,607,136</u>
Financial liabilities		
Borrowings	4,127,773,054,404	4,742,258,621,321
Trade and other payables	819,231,278,868	2,837,058,842,603
Accrued expenses	98,245,690,760	92,723,792,338
	<u>5,045,250,024,032</u>	<u>7,672,041,256,262</u>

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

Financial risk management objectives

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

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

Market risk

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

Foreign currency risk management

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

	Assets		Liabilities	
	Closing balance VND	Opening balance VND	Closing balance VND	Opening balance VND
USD	6,080,876	6,093,504	2,034,995,363,786	2,292,124,551,754
EUR	179,056	165,926	2,092,777,804,597	2,169,174,120,495

Foreign currency sensitivity analysis

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

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

	<u>Current period</u>	<u>Prior period</u>
	VND	VND
USD	61,049,678,487	74,909,965,664
EUR	<u>62,783,328,766</u>	<u>75,354,278,671</u>
	<u>123,833,007,253</u>	<u>150,264,244,335</u>

Interest rate risk management

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

Interest rate sensitivity

The loan's sensitivity to interest rate changes which may arise at an appropriate level is presented as follow. Assuming all other variables were held constant and the loan balance at the interim balance sheet date were the outstanding amount for the whole period, if interest rates applicable to floating interest bearing loans had been 200 basis points higher/lower, the Company's profit before tax for the period from 1 January 2017 to 30 June 2017 would have decreased/increased by VND 82,555,463,368 (the period from 1 January 2016 to 30 June 2016: VND 100,176,286,913).

Gas price risk management

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

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. At the interim balance sheet date there is a significant concentration of credit risk arising on receivable from selling electricity to Electric Power Trading Company (EPTC) - Vietnam Electricity for the period from 01 January 2017 to 30 June 2017. The maximum exposure to credit risk is represented by the outstanding receivables from related parties as presented in Note 31 and one specific major customer as presented in Note 6.

Liquidity risk management

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

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

As at 30/6/2017	Less than 1 year VND	From 1-5 years VND	Total VND
Cash and cash equivalents	586,792,132,280	-	586,792,132,280
Short-term investments	460,000,000,000	-	460,000,000,000
Trade and other receivables	1,531,746,719,396	202,139,261,947	1,733,885,981,343
	2,578,538,851,676	202,139,261,947	2,780,678,113,623
As at 30/6/2017	Less than 1 year VND	From 1-5 years VND	Total VND
Borrowings	1,040,048,932,961	3,087,724,121,443	4,127,773,054,404
Trade and other payables	819,231,278,868	-	819,231,278,868
Accrued expenses	98,245,690,760	-	98,245,690,760
	1,957,525,902,589	3,087,724,121,443	5,045,250,024,032
Net liquidity gap	621,012,949,087	(2,885,584,859,496)	(2,264,571,910,409)
As at 31/12/2016	Less than 1 year VND	From 1-5 years VND	Total VND
Cash and cash equivalents	1,398,468,310,099	-	1,398,468,310,099
Trade and other receivables	3,491,993,035,090	202,139,261,947	3,694,132,297,037
	4,890,461,345,189	202,139,261,947	5,092,600,607,136
As at 31/12/2016	Less than 1 year VND	From 1-5 years VND	Total VND
Loans	1,044,961,195,732	3,697,297,425,589	4,742,258,621,321
Trade and other payables	2,837,058,842,603	-	2,837,058,842,603
Accrued expenses	92,723,792,338	-	92,723,792,338
	3,974,743,830,673	3,697,297,425,589	7,672,041,256,262
Net liquidity gap	915,717,514,516	(3,495,158,163,642)	(2,579,440,649,126)

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

31. RELATED PARTY TRANSACTIONS AND BALANCES

List of related parties:

Related party	Relationship
Petro Vietnam Power Corporation	Shareholder
Petro Vietnam Gas Joint Stock Corporation	PVN's company
Petro Vietnam Power Technical Services Joint Stock Company	PVN's company
Southern Management Board of PVC's project	PVN's company
Petro Vietnam Insurance Joint Stock Corporation	PVN's company
Petrovietnam Maintenance and Repair Corporation (PVMR)	PVN's company
Petro Vietnam Nhon Trach Power Company	PVN's company
PVcomBank	PVN's company
Petro Vietnam Energy Technology Corporation	PVN's company
Petroleum Power Property Joint Stock Company	PVN's company
Drilling Mud Corporation	PVN's company

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

	Current period VND	Prior period VND
Purchases and services		
Petro Vietnam Gas Joint Stock Corporation	2,100,738,676,197	1,462,871,641,289
Petro Vietnam Power Technical Services Joint Stock Company	17,652,684,710	118,505,125,098
Petro Vietnam Insurance Joint Stock Corporation	8,007,102,528	14,628,521,102
Drilling Mud Corporation	-	91,368,000
Petro Vietnam Nhon Trach Power Company	465,681,000	406,364,000
Petro Vietnam Power Corporation	798,329,842	-
PVcomBank	370,103,976	-
Petro Vietnam Energy Technology Corporation	2,200,770,000	1,076,594,300
Financial income		
Interest income from time deposits at PVcomBank	2,498,532,142	6,166,231,960
Dividend paid		
Petro Vietnam Power Corporation	358,944,768,000	213,657,600,000

Remuneration paid to the Company's Chairman, Board of Directors and Head of Supervisors Board during the period was as follows:

	Current period VND	Prior period VND
Salaries and benefits in kind	2,864,407,781	2,605,925,010

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

	Closing balance VND	Opening balance VND
Trade Receivables		
Petro Vietnam Gas Joint Stock Corporation	6,888,646	-
Petro Vietnam Power Technical Services Joint Stock Company	31,828,712	67,088,178
Advance to suppliers		
Petrovietnam Maintenance and Repair Corporation (PVMR)	155,727,000	360,360,000
Petro Vietnam Power Technical Services Joint Stock Company	69,346,608,370	112,673,620,800
Other Receivables		
Interest receivable from PVcomBank	-	32,222,222
Trade Payables		
Petro Vietnam Gas Joint Stock Corporation	705,419,275,703	2,587,804,650,220
Petro Vietnam Power Technical Services Joint Stock Company	57,891,205,985	51,658,974,760
Southern Management Board of PVC's project	454,403,426	454,403,426
Petroleum Power Property Joint Stock Company	1,140,250,000	1,140,250,000
Petro Vietnam Power Corporation	878,162,826	-
Petrovietnam Maintenance and Repair Corporation (PVMR)	453,024,000	787,743,000
Petro Vietnam Nhon Trach Power Company	61,739,475	-
Petro Vietnam Insurance Joint Stock Corporation	-	75,000,000
Other payables		
Petro Vietnam Gas Joint Stock Corporation	39,278,284,374	39,278,284,374
Financial investments		
Time deposit in PVcomBank	-	80,000,000,000

32. SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Supplemental non-cash disclosures

Interest earned during the period excludes an amount of VND 7,677,500,000 (the first six months of 2016: VND 1,909,312,215), representing additional accrued interest income during the year that has not yet been received. Consequently, changes in accounts receivable have been adjusted by the same amount.

Interest paid during the period excludes an amount of VND 9,032,677,394 (the first six months of 2016: VND 10,644,799,353) representing interest expenses that have not yet been paid. Consequently, changes in accounts payable have been adjusted by the same amount.

Dividends and profits paid during the period exclude an amount of VND 4,543,152,320 (the first six months of 2016: VND 2,927,044,525) representing dividends and profits that have not yet been paid fully to shareholders. Consequently, changes in accounts payable have been adjusted by the same amount.

Cash outflows for purchases of fixed assets and construction in progress during the year exclude an amount of VND 1,191,265,455 (as at 31 December 2016: VND 729,985,182), representing an addition in fixed assets and construction in progress during the year that has not yet been paid. Consequently, changes in accounts payable have been adjusted by the same amount.



Le Van Tu
Preparer



Le Viet An
Head of Accounting Department



Hoàng Xuân Quốc
Director
25 July 2017

