

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

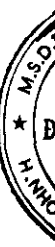
(Incorporated in the Socialist Republic of Vietnam)

AUDITED FINANCIAL STATEMENTS

For the year ended 31 December 2018

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PETROVIETNAM NHON TRACH 2 POWER JOINT STOCK COMPANY

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

STATEMENT OF THE BOARD OF DIRECTORS

The Board of Directors of PetroVietnam Nhon Trach 2 Power Joint Stock Company (the "Company") presents this report together with the Company's financial statements for the year ended 31 December 2018.

THE BOARDS OF MANAGEMENT AND DIRECTORS

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

Board of Management

Mr. Uong Ngoc Hai	Chairman
Ms. Nguyen Thi Ha	Member
Mr. Luong Ngoc Anh	Member
Mr. Phan Dai Thanh	Member (Resigned on 19 April 2018)
Ms. Nguyen Thi Thanh Huong	Member (Resigned on 19 April 2018)
Mr. Tran Quang Thien	Member (Appointed on 24 April 2018)
Mr. Ngo Duc Nhan	Member (Appointed on 19 April 2018)

Board of Directors

Mr. Ngo Duc Nhan	Director (Appointed 2 April 2018)
Mr. Ngo Duc Nhan	Deputy Director (Until 1 April 2018)
Mr. Tran Quang Thien	Deputy Director (Resigned on 24 April 2018)
Mr. Tran Quang Man	Deputy Director
Mr. Nguyen Ngoc Hai	Deputy Director
Mr. Trinh Viet Thang	Deputy Director

BOARD OF DIRECTORS' STATEMENT OF RESPONSIBILITY


The Board of Directors of the Company is responsible for preparing the financial statements, which give a true and fair view of the financial position of the Company as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting. In preparing these financial statements, the Board of Directors is required to:

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

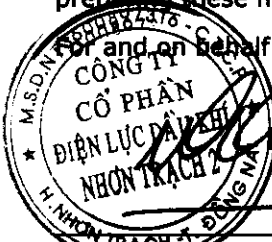
The Board of Directors is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the financial position of the Company and that the financial statements comply with Vietnamese Accounting Standards, accounting regime for enterprises and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

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

For and on behalf of the Board of Directors,



Ngô Đức Nhân
Director
12 February 2019



M.S.D.N. 188884376 - C.Đ.Đ.Đ.
CÔNG TY
CỔ PHẦN
ĐIỆN LỰC ĐÀ NẴNG
NHON TRACH 2
H. NHON TRACH 2, Đ. ĐÔNG NAI

No. 314 /VN1A-HC-BC

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of PetroVietnam Nhon Trach 2 Power Joint Stock Company (the "Company") prepared on 12 February 2019 as set out from page 3 to page 28, which comprise the balance sheet as at 31 December 2018, the statement of income, the statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Board of Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2018, 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.



Nguyen Hoa
Audit Partner
Audit Practising Registration Certificate
No. 0138-2018-001-1
**BRANCH OF DELOITTE VIETNAM
COMPANY LIMITED**
12 February 2019
Ho Chi Minh City, S.R. Vietnam

Tran Hong Quan
Auditor
Audit Practising Registration Certificate
No. 2758-2014-001-1

BALANCE SHEET
As at 31 December 2018

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
A. CURRENT ASSETS	100		2,847,184,716,466	3,101,036,352,909
I. Cash and cash equivalents	110	4	65,113,935,464	145,968,678,560
1. Cash	111		113,935,464	75,968,678,560
2. Cash equivalents	112		65,000,000,000	70,000,000,000
II. Short-term financial investments	120		490,790,416	900,000,000,000
1. Held-to-maturity investments	123		490,790,416	900,000,000,000
III. Short-term receivables	130		2,520,283,326,109	1,795,329,283,333
1. Short-term trade receivables	131	5	2,418,135,156,945	1,682,184,444,895
2. Short-term advances to suppliers	132		59,655,001,355	67,873,214,457
3. Other short-term receivables	136	6	42,493,167,809	45,271,623,981
IV. Inventories	140		260,944,383,187	259,378,183,413
1. Inventories	141	7	260,944,383,187	259,378,183,413
V. Other short-term assets	150		352,281,290	360,207,603
1. Short-term prepayments	151	12	352,281,290	360,207,603
B. NON-CURRENT ASSETS	200		6,005,061,880,025	6,863,073,281,689
I. Long-term receivables	210		37,652,707,000	37,652,707,000
1. Other long-term receivables	216	6	37,652,707,000	37,652,707,000
II. Fixed assets	220		5,562,194,064,499	6,246,942,913,088
1. Tangible fixed assets	221	8	5,537,595,973,136	6,220,939,145,368
- Cost	222		11,321,609,002,973	11,311,963,520,847
- Accumulated depreciation	223		(5,784,013,029,837)	(5,091,024,375,479)
2. Intangible assets	227	9	24,598,091,363	26,003,767,720
- Cost	228		30,948,217,421	30,823,217,421
- Accumulated amortisation	229		(6,350,126,058)	(4,819,449,701)
III. Long-term assets in progress	240		2,823,218,182	3,660,751,905
1. Construction in progress	242	10	2,823,218,182	3,660,751,905
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		402,391,890,344	574,816,909,696
1. Long-term prepayments	261	12	402,391,890,344	573,652,857,592
2. Deferred tax assets	262		-	1,164,052,104
TOTAL ASSETS (270=100+200)	270		8,852,246,596,491	9,964,109,634,598

The accompanying notes are an integral part of these financial statements

BALANCE SHEET (Continued)
As at 31 December 2018

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance
C. LIABILITIES	300		5,168,770,638,766	4,978,887,563,950
I. Current liabilities	310		3,572,245,492,195	2,283,994,389,470
1. Short-term trade payables	311	13	1,568,544,156,129	921,725,227,019
2. Taxes and amounts payable to the State budget	313	14	176,769,137,959	109,836,787,507
3. Payables to employees	314		24,300,415,140	22,832,675,474
4. Short-term accrued expenses	315	15	97,969,508,131	103,655,933,906
5. Other current payables	319	16	305,244,963,675	44,580,478,404
6. Short-term loans	320	17	1,390,766,996,596	1,066,152,126,657
7. Bonus and welfare funds	322		8,650,314,565	15,211,160,503
II. Long-term liabilities	330		1,596,525,146,571	2,694,893,174,480
1. Long-term loans	338	18	1,558,084,380,674	2,631,620,466,530
2. Long-term provisions	342		-	23,281,042,069
3. Scientific and technological development fund	343		38,440,765,897	39,991,665,881
D. EQUITY	400		3,683,475,957,725	4,985,222,070,648
I. Owners' equity	410	19	3,683,475,957,725	4,985,222,070,648
1. Owners' contributed capital	411		2,878,760,290,000	2,878,760,290,000
- Ordinary shares carrying voting rights	411a		2,878,760,290,000	2,878,760,290,000
2. Share premium	412		(457,500,000)	(457,500,000)
3. Investment and development fund	418		137,294,913,354	137,294,913,354
4. Retained earnings	421		667,878,254,371	1,969,624,367,294
- Retained earnings accumulated to the prior year end	421a		576,622,436,326	1,461,987,273,962
- Retained earnings of the current year/prior year	421b		91,255,818,045	507,637,093,332
TOTAL RESOURCES (440=300+400)	440		8,852,246,596,491	9,964,109,634,598

Le Van Tu
Preparer

Le Viet An
Chief Accountant



Ngô Đức Nhân
Director
12 February 2019



INCOME STATEMENT

For the year ended 31 December 2018

Unit: VND

ITEMS	Codes	Notes	Current year	Prior year
1. Gross revenue from goods sold	01		7,669,729,160,697	6,761,129,918,866
2. Net revenue from goods sold (10=01)	10	22	7,669,729,160,697	6,761,129,918,866
3. Cost of sales	11		6,654,451,869,419	5,368,441,795,759
4. Gross profit from from goods sold (20=10-11)	20		1,015,277,291,278	1,392,688,123,107
5. Financial income	21	24	73,337,270,543	62,995,842,401
6. Financial expenses	22	25	192,478,641,344	489,570,695,744
- In which: Interest expense	23		104,764,750,280	120,327,680,247
7. General and administration expenses	26	26	101,406,946,078	113,928,158,596
8. Operating profit (30 = 20+(21-22)-26)	30		794,728,974,399	852,185,111,168
9. Other income	31	27	30,903,698,331	1,454,348,129
10. Other expenses	32		1,803,847,025	200,592,792
11. Profit from other activities (40=31-32)	40		29,099,851,306	1,253,755,337
12. Accounting profit before tax (50=30+40)	50		823,828,825,705	853,438,866,505
13. Current corporate income tax expense	51	28	40,506,485,956	42,996,471,877
14. Deferred corporate tax expense	52		1,164,052,104	29,272,296
15. Net profit after corporate income tax (60=50-51-52)	60		782,158,287,645	810,413,122,332
16. Basic earnings per share	70	29	2,618	2,721

Le Van Tu
Preparer

Le Viet An
Chief Accountant



Ngô Duc Nhan
Director
12 February 2019

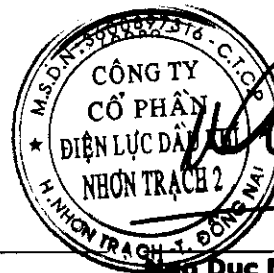
CASH FLOW STATEMENT
For the year ended 31 December 2018

Unit: VND

ITEMS	Codes	Current year	Prior year
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	01	823,828,825,705	853,438,866,505
2. Adjustments for:			
Depreciation and amortisation of fixed assets	02	694,042,769,081	692,728,914,680
Provisions	03	(23,281,042,069)	(585,445,921)
Foreign exchange (gain)/ loss	04	(12,822,497,822)	234,688,984,672
Gain from investing activities	05	(42,143,534,344)	(60,863,787,502)
Interest expense	06	104,764,750,280	120,327,680,247
Other adjustments	07	(1,101,102,307)	-
3. Operating profit before movements in working capital	08	1,543,288,168,524	1,839,735,212,681
Changes in receivables	09	(727,604,239,184)	2,033,975,998,362
Changes in inventories	10	(1,566,199,774)	(20,366,997,003)
Changes in payables	11	692,396,258,693	(1,837,184,653,295)
Changes in prepaid expenses	12	163,526,704,679	(35,075,501,443)
Interest paid	14	(105,410,443,590)	(123,463,107,866)
Corporate income tax paid	15	(24,574,028,176)	(49,778,892,999)
Other cash outflows	17	(20,034,081,981)	(22,873,657,154)
Net cash generated by operating activities	20	1,520,022,139,191	1,784,968,401,283
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition and construction of fixed assets	21	(1,636,439,392)	(8,038,275,513)
2. Proceeds from disposal of fixed assets	22	-	602,113,636
3. Cash payment from lending, buying debt instruments of other entities	23	-	(900,000,000,000)
4. Cash recovered from lending, selling debt instruments of other entities	24	899,509,209,584	-
5. Interest earned	27	45,206,208,111	59,682,076,641
Net cash generated by/ (used in) investing activities	30	943,078,978,303	(847,754,085,236)
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Proceeds from share issue and owners' contributed capital	31	-	30,000,000,000
2. Proceeds from borrowings	33	819,941,246,494	-
3. Repayment of borrowings	34	(1,554,374,585,797)	(1,330,125,481,812)
4. Dividends paid	36	(1,809,522,609,727)	(889,588,474,445)
Net cash used in financing activities	40	(2,543,955,949,030)	(2,189,713,956,257)
Net decrease in cash during the year (50=20+30+40)	50	(80,854,831,536)	(1,252,499,640,210)
Cash and cash equivalents at the beginning of the year	60	145,968,678,560	1,398,468,310,099
Effects of changes in foreign exchange rates	61	88,440	8,671
Cash and cash equivalents at the end of the year (70=50+60+61)	70	65,113,935,464	145,968,678,560

Le Van Tu
Preparer

Le Viet An
Chief Accountant



Ngô Đức Nhân
Director

12 February 2019

NOTES TO THE FINANCIAL STATEMENTS

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

1. GENERAL INFORMATION**Structure of ownership**

PetroVietnam Nhon Trach 2 Power Joint Stock Company (the "Company") was incorporated in Vietnam under Business Registration Certificate No. 4703000396 dated 20 June 2007 issued by the Department of Planning and Investment of Dong Nai Province, and the latest amendment of Business Registration Certificate No. 3600897316 dated 31 May 2018.

The Company's share is listed in Ho Chi Minh Stock Exchange according to the notification No. 614/TB-SGDHCM dated 3 June 2015 from Ho Chi Minh Stock Exchange with the Stock code NT2.

The number of the Company's employees as at 31 December 2018 was 186 (As at 31 December 2017: 186).

Operating Industry

The business operations of the Company are:

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

Principal activities

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

Normal production and business cycle

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

Disclosure of information comparability in the financial statements

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

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

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

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

Financial year

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Estimates

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

Financial Instruments

Initial recognition

Financial assets

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

Financial liabilities

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

Subsequent measurement after Initial recognition

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

Cash and cash equivalents

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

Held-to-maturity investments

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

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

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

Financial Investments

Equity investments in other entities

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

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



Receivables

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

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

Inventories

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

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

Tangible fixed assets and depreciation

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

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

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

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

Leasing

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

Intangible assets and amortisation

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

Construction in progress

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

Prepayments

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

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

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

Detailed information about long-term prepayments related to insurance fees for long-term loans; mobilization fee, variable fee and fixed fee of maintenance contracts of machinery and equipment; major maintenance expenditure for Nhon Trach 2 Combined Cycle Power Plant and loan interest expense to finance the maintenance contract are disclosed in Note 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 income statement using the straight-line method over the period of from 2 to 3 years.

Payable provisions

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

Revenue recognition

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

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

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

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

Foreign currencies

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

Fund distribution and dividend issuance

Dividends for the Company's shareholders are recognized as payables in the financial statements of the Company in which dividends shall be approved by the shareholders of the Company. Dividends advances in 2017 were confirmed by the Board of Directors to be paid to shareholders based on (i) current and expected business result in next year, (ii) the expected dividends in 2018 approved in the Annual General Shareholders' Meeting (iii) ensuring compliance with the Charter of the Company and the legal regulations of Vietnam as well as retaining the balance of funds for payment other financial obligations after the dividend advances.

The finalized number relates to distribution of the above funds from its profit after tax distribution plan for the year 2018 will be approved by the Company's Annual General Shareholders' meeting.

Borrowing costs

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

Taxation

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

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

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

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

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

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

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

4. CASH AND CASH EQUIVALENTS

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Cash on hand	10,797,915	120,412,220
Demand deposits	103,137,549	75,848,266,340
Cash equivalents	65,000,000,000	70,000,000,000
	<u>65,113,935,464</u>	<u>145,968,678,560</u>

Cash equivalents represent term deposits in commercial banks in Vietnam Dong with the terms less than 3 months and earn the interest rates 5.5% per annum (2017: from 5% to 5,5% per annum).

5. SHORT-TERM TRADE RECEIVABLES

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Electric Power Trading Company (EPTC)	2,418,123,045,545	1,682,136,342,319
Others	<u>12,111,400</u>	<u>48,102,576</u>
	<u>2,418,135,156,945</u>	<u>1,682,184,444,895</u>

(*) Short-term trade receivables from customers are mainly estimated amount collected from Electric Power Trading Company (EPTC) up to 31 December 2018 that has not been issued invoice (VND 1,601.4 Bil) following the official electricity prices specified in the Power Purchase Contract No. 07/2012/HD-NMD-NT2 dated 06 July 2012 and other admanded appendixes; and the additional electricity amount according to official electricity prices of Nhon Trach 2 Combined Cycle Power Plant for the period from 01 May 2012 to 31 December 2013 which had collection term under 12 months (164.5 billion).

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

6. OTHER RECEIVABLES

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
a. Current		
Unearned late payment interest income from EPTC (*)	42,153,554,457	42,153,554,457
Accrued interests	272,886,927	2,923,083,335
Advance to employees	-	124,000,000
Deposits and mortgages	15,000,000	10,000,000
Other receivables	<u>51,726,425</u>	<u>60,986,189</u>
	<u>42,493,167,809</u>	<u>45,271,623,981</u>
b. Non-current		
Compensations for site clearance	<u>37,652,707,000</u>	<u>37,652,707,000</u>
	<u>37,652,707,000</u>	<u>37,652,707,000</u>

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

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

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

7. INVENTORIES

Inventories as at 31 December 2018 and 31 December 2017 comprise DO oil which has been stored in warehouses and used in electricity production and materials which have been used for maintenance the commercial operation of Nhon Trach 2 Combined Cycle Power Plant.



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8. 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	2,971,259,965,997	8,295,547,771,971	35,290,378,588	9,865,404,291	11,311,963,520,847
Additions	226,929,392	-	1,049,510,000	626,853,852	1,903,293,244
Reclassification	-	7,742,188,882	-	-	7,742,188,882
Closing balance	2,971,486,895,389	8,303,289,960,853	36,339,888,588	10,492,258,143	11,321,609,002,973
ACCUMULATED DEPRECIATION					
Opening balance	924,782,782,693	4,138,492,292,295	20,837,510,656	6,911,789,835	5,091,024,375,479
Charge for the year	148,720,818,061	538,376,955,130	3,560,011,999	1,097,296,256	691,755,081,446
Reclassification	-	1,233,572,912	-	-	1,233,572,912
Closing balance	1,073,503,600,754	4,678,102,820,337	24,397,522,655	8,009,086,091	5,784,013,029,837
NET BOOK VALUE					
Closing balance	1,897,983,294,635	3,625,187,140,516	11,942,365,933	2,483,172,052	5,537,595,973,136
Opening balance	2,046,477,183,304	4,157,055,479,676	14,452,867,932	2,953,614,456	6,220,939,145,368

As at 31 December 2018, the cost of fixed assets includes VND 15,028,177,037 (As at 31 December 2017: VND 9,103,987,264) of fixed assets which have been fully depreciated but are still in use.

9. INCREASES, DECREASES IN INTANGIBLE ASSETS

	Land use rights VND	Software VND	Total VND
COST			
Opening balance	21,602,554,546	9,220,662,875	30,823,217,421
Additions	-	125,000,000	125,000,000
Closing balance	21,602,554,546	9,345,662,875	30,948,217,421
ACCUMULATED AMORTISATION			
Opening balance	-	4,819,449,701	4,819,449,701
Charge for the year	-	1,530,676,357	1,530,676,357
Closing balance	-	6,350,126,058	6,350,126,058
NET BOOK VALUE			
Closing balance	21,602,554,546	2,995,536,817	24,598,091,363
Opening balance	21,602,554,546	4,401,213,174	26,003,767,720

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

10. CONSTRUCTION IN PROGRESS

	Closing balance VND	Opening balance VND
Studying CO2 reduction system	1,406,363,636	1,406,363,636
Reporting fee relating to modifying the Nhon Trach electricity centre	1,416,854,546	2,254,388,269
	2,823,218,182	3,660,751,905

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

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 of VND 10,000/share) of the charter capital of High Tech Concrete Investment Joint Stock Company ("Sopewaco") as at 31 December 2018 and 31 December 2017.

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 of other investment is Sopewaco's financial statements for the year ended 31 December 2017. As at 31 December 2017, Sopewaco's accumulated loss was higher than its charter capital. Therefore, the Board of Directors of the Company decided to make full provision for its long-term investments as at balance sheet date.

12. PREPAYMENTS

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
a. Short-term		
Insurance fee for employees	352,281,290	356,742,029
Others	-	3,465,574
	<u>352,281,290</u>	<u>360,207,603</u>
b. Long-term		
Insurance fee for long-term loans	155,588,455,977	219,975,968,939
Mobilization fee, variable and fixed fee of maintenance contracts	144,651,073,201	177,473,528,484
Overhaul expenses to be allocated	87,396,512,987	147,015,945,192
Life insurance fee	-	6,291,666,667
Other expenses	14,755,848,179	22,895,748,310
	<u>402,391,890,344</u>	<u>573,652,857,592</u>

Short-term prepayment represents insurance fee for employees and the other expenses term of 1 year.

Long-term prepayments include expenditures as follows:

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



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13. 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	1,467,727,778,993	1,467,727,778,993	803,144,467,801	803,144,467,801
- Petro Vietnam Power Technical Services Joint Stock Company	88,558,206,867	88,558,206,867	70,832,511,352	70,832,511,352
- Southern Management Board of PVC's project	454,403,426	454,403,426	454,403,426	454,403,426
- Petro Vietnam Technical Safety Registration Company Limited	-	-	683,650,652	683,650,652
- Petro Vietnam Nhon Trach Power Company	62,343,225	62,343,225	63,345,450	63,345,450
	1,556,802,732,511	1,556,802,732,511	875,178,378,681	875,178,378,681
b. Short-term trade payables to third parties				
Others	11,741,423,618	11,741,423,618	46,546,848,338	46,546,848,338
	1,568,544,156,129	1,568,544,156,129	921,725,227,019	921,725,227,019

14. TAXES AND AMOUNTS PAYABLE TO THE STATE BUDGET

	Opening balance VND	Payable during the year VND	Paid during the year VND	Closing balance VND
Value added tax	105,302,152,723	222,956,653,620	177,308,683,717	150,950,122,626
Import tax	-	1,581,980,194	1,581,980,194	-
Corporate income tax	896,471,877	40,506,485,956	24,574,028,176	16,828,929,657
Personal income tax	561,048,639	11,480,828,611	11,715,661,375	326,215,875
Natural resources tax	3,075,957,000	33,653,929,500	33,412,755,510	3,317,130,990
Other tax	1,157,268	17,131,600,675	11,786,019,132	5,346,738,811
	109,836,787,507	327,311,478,556	260,379,128,104	176,769,137,959

15. SHORT-TERM ACCRUED EXPENSES

	Closing balance VND	Opening balance VND
Maintenance expenses	78,227,659,761	81,238,231,701
Accrual interest expenses	7,416,980,997	8,720,675,781
Rental land	10,525,498,569	10,909,145,440
Others	1,799,368,804	2,787,880,984
	97,969,508,131	103,655,933,906

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

16. OTHER CURRENT PAYABLES

	Closing balance VND	Opening balance 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	265,633,279,301	4,751,488,460
Other payables	333,400,000	550,705,570
	305,244,963,675	44,580,478,404



17. SHORT-TERM LOANS

	Closing balance		In the year			Opening balance	
	Amount	VND Amount able to be paid off	Increases	Foreign exchange difference	VND Decreases	Amount	VND Amount able to be paid off
Short-term loans							
Current portion of long-term loans (see Note 18)	1,066,152,126,657	1,066,152,126,657	819,941,246,494 1,061,551,382,519	(2,503,173,277)	489,941,246,494 1,064,433,339,303	330,000,000,000 1,060,766,996,596	330,000,000,000 1,060,766,996,596
	1,066,152,126,657	1,066,152,126,657	1,881,492,629,013	(2,503,173,277)	1,554,374,585,797	1,390,766,996,596	1,390,766,996,596

As at 31 October 2018, the Company entered into a long-term loan contract No. 36029.18.720.2453041.TD with Military Commercial Joint Stock Bank - Dong Nai branch with total credit of VND 330,000,000,000 for the operating purpose. The loan term is from 31 October 2018 to 31 January 2019 with the interest rate of 5.1 per annum. The interest will be paid on 25th each month and the principal will be paid at the maturity date of the loan.

18. LONG-TERM LOANS

	Closing balance		In the year			Opening balance	
	Amount	VND Amount able to be paid off	Increases	Foreign exchange difference	VND Decreases	Amount	VND Amount able to be paid off
Long-term loans							
	2,631,620,466,530	2,631,620,466,530	-	(11,984,703,337)	1,061,551,382,519	1,558,084,380,674	1,558,084,380,674
	2,631,620,466,530	2,631,620,466,530	-	(11,984,703,337)	1,061,551,382,519	1,558,084,380,674	1,558,084,380,674



**PETROVIETNAM NHON TRACH 2 POWER JOINT STOCK COMPANY
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Details of long-term loans by lenders are as follows:

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
HERMES, CIRR, NEXI and Citibank	<u>2,618,851,377,270</u>	<u>3,697,772,593,187</u>
	<u>2,618,851,377,270</u>	<u>3,697,772,593,187</u>

As at 22 July 2010 and 23 July 2010, the Company entered into a long-term loan contracts with agency banks such as HERMES, CIRR, NEXI and Citibank in which Citibank is a main agency bank for total credit line of USD 215,380,981 and EUR 202,585,883. These loans are guaranteed by the Government of Vietnam and granted the insurance by HERMES and NEXI. The loan bears interest rates of 6 - month Euribor and 6 - month Libor plus the adjustment. The loan and interest are repaid every 6 months on 19 half-yearly installments during 9.5 years and the first repayment is on 1 June 2012. The balances of loans as at 31 December 2018 are USD 55,932,197 and EUR 50,310,391 respectively (As at 31 December 2017: USD 78,408,979 and EUR 70,845,796).

Long-term loans are repayable as follows:

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
On demand or within one year	1,060,766,996,596	1,066,152,126,657
In the second year	1,060,766,996,596	1,066,152,126,657
In the third to fifth year inclusive	<u>497,317,384,078</u>	<u>1,565,468,339,873</u>
	<u>2,618,851,377,270</u>	<u>3,697,772,593,187</u>
Less: Amount due for settlement within 12 months	(1,060,766,996,596)	(1,066,152,126,657)
Amount due for settlement after 12 months	<u>1,558,084,380,674</u>	<u>2,631,620,466,530</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 carry no right to fixed income and par value is 10,000 per share. The shareholders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the Company's shareholders meetings. All shares rank equally with regard to the Company's residual assets.

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

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

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Movement on owners' equity:

	Owners' contributed capital VND	Share premium VND	Investment and development fund VND	Retained earnings VND	Total VND
For the year ended 31 December 2017					
Opening balance	2,848,760,290,000	(210,000,000)	137,294,913,354	1,922,588,920,362	4,908,434,123,716
Capital increase	30,000,000,000	-	-	-	30,000,000,000
Fund appropriation	-	-	-	(14,900,000,000)	(14,900,000,000)
Profit for the year	-	-	-	810,413,122,332	810,413,122,332
Dividends declared	-	-	-	(748,477,675,400)	(748,477,675,400)
Other decreases	-	(247,500,000)	-	-	(247,500,000)
Closing balance	2,878,760,290,000	(457,500,000)	137,294,913,354	1,969,624,367,294	4,985,222,070,648
For the year ended 31 December 2018					
Opening balance	2,878,760,290,000	(457,500,000)	137,294,913,354	1,969,624,367,294	4,985,222,070,648
Fund appropriation	-	-	-	(13,500,000,000)	(13,500,000,000)
Profit for the year	-	-	-	782,158,287,645	782,158,287,645
Dividends declared	-	-	-	(2,070,404,400,568)	(2,070,404,400,568)
Closing balance	2,878,760,290,000	(457,500,000)	137,294,913,354	667,878,254,371	3,683,475,957,725

According to Resolution No. 14/QĐ-CPNT2 dated 24 April 2018 of the General Shareholders' Meeting, the Company distributed to additional dividends from retained earnings of 2017 with an amount of VND 575,752,058,000 equivalent to 20% par value for the shareholders of the Company.

According to Resolution No. 15/NQ-CPNT2 dated 30 June 2018 of the Annual General Shareholders' Meeting, the Company distributed to additional dividend from retained earnings of the period from 20 June 2007 to 31 December 2015 with an amount of VND 803,749,872,968 equivalent to 27,92% par value for the shareholders of the Company.

According to Resolution No. 14/NQ-CPTN2 dated 29 June 2018 of the Board of Directors, the Company has advanced the dividend by cash first time with proportion of 15% of a share worth equivalent to 431,814,043,500 VND from retained earnings of 2018 of the Company.

According to Resolution No. 22/NQ-CPNT2 dated 18 December 2018 of Board of Directors, the Company has advanced the dividend by cash second time from retained earnings of 2018 of the Company with proportion of 9% of a share worth equivalent to 259,088,426,100 VND.

The finalized figures relating to distribution of the above funds and dividend from its profit after tax of 2018 will be approved by the shareholders in the Company's Annual General Shareholders' meeting.

20. OFF BALANCE SHEET ITEMS

	Unit	Closing balance	Opening balance
		VND	VND
United States Dollar	USD	194.18	267.88
Euro	EUR	8.4	6.94

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 year as well as previous financial years. Consequently, financial information has been presented in the balance sheet as at 31 December 2018 and 31 December 2017 as well as revenues, expenses presented in the income statement during the year then end and previous financial years are relevant to principle activities. Hence, the Company did not prepare the report by business segment and geographical segments.

22. NET REVENUE

Net revenue from goods sold during the year includes revenue from selling electricity in the period from 1 January 2018 to 30 November 2018 and the period from 01 December 2018 to 31 December 2018 following electricity price based on gas market price as stated in the Contract No. 07/2012/HĐ-NMĐ-NT2 dated 6 July 2012 and its appendixs, the amendment and supplement contract 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 2018 to 30 November 2018 is recorded based on the foreign exchange rate as at invoice issuance date. The revenue for the period from 1 December 2018 to 31 December 2018 which is not issued invoice and recorded based on the estimated foreign exchange rate at the reporting date. Therefore, the variance of revenue from selling electricity for the period from 1 December 2018 to 31 December 2018 will be adjusted at the date that the invoice is issued regarding to the contract.

23. PRODUCTION COST BY NATURE

	Current year	Prior year
	VND	VND
Raw materials and consumables	5,386,908,653,872	4,151,172,026,950
Labour	81,514,154,258	88,017,317,131
Depreciation and amortization	694,042,769,081	692,728,914,680
Out-sourced services	521,191,866,866	473,604,653,252
Other monetary expenses	72,201,371,420	76,847,042,342
	6,755,858,815,497	5,482,369,954,355

24. FINANCIAL INCOME

	Current year	Prior year
	VND	VND
Interest	42,556,011,703	60,261,673,866
Foreign exchange gain	30,781,258,840	2,734,168,535
	73,337,270,543	62,995,842,401

25. FINANCIAL EXPENSES

	Current year VND	Prior year VND
Interest expense	104,764,750,280	120,327,680,247
Insurance fee for long-term loans	64,387,512,962	64,387,512,963
Guarantee fee for long-term loans charged by the Government	8,483,657,705	11,444,426,845
Foreign exchange loss	11,422,865,102	290,246,330,109
Others	3,419,855,295	3,164,745,580
	<u>192,478,641,344</u>	<u>489,570,695,744</u>

26. GENERAL AND ADMINISTRATION EXPENSES

	Current period VND	Prior period VND
Management staff	35,691,402,274	39,296,647,752
Office supplies	2,213,996,051	2,539,619,478
Depreciation and amortisation	9,602,164,369	9,815,631,479
Taxes, fees and charges	693,582,758	777,447,572
Out-sourced services	39,276,023,273	45,698,382,871
Others	13,929,777,353	15,800,429,444
	<u>101,406,946,078</u>	<u>113,928,158,596</u>

27. OTHER INCOME

	Current year VND	Prior year VND
Reverting the periodic maintenance accruals	27,885,881,426	-
Adjustments of assets used for producing and purchased by Science and technology development fund	1,101,102,307	-
Others	1,916,714,598	1,454,348,129
	<u>30,903,698,331</u>	<u>1,454,348,129</u>

28. CURRENT CORPORATE INCOME TAX EXPENSE

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

	Current year			Prior period	
	Main activities VND	Other activities VND	Total VND	Total VND	
Profit before tax	823,715,958,132	112,867,573	823,828,825,705	853,438,866,505	
Add: non-deductible expenses	2,988,636,571	1,563,696,159	4,552,332,730	2,723,289,544	
Less: non-assessable income	(23,281,130,509)	-	(23,281,130,509)	(8,671)	
Taxable income	803,423,464,194	1,676,563,732	805,100,027,926	856,162,147,378	
Tax rate	5%	20%			
	<u>40,171,173,210</u>	<u>335,312,746</u>	<u>40,506,485,956</u>	<u>42,996,471,877</u>	

The Company is obliged to pay corporate income tax at the rate of 10% of its taxable income from producing and trading power 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 for manufacturing and selling electricity power and a reduction of 50% for the following nine years. This is the seven profit making year of the Company from manufacturing and selling electricity power and also the third year of 50% tax reduction.

The Company is obliged to pay corporate income tax at the rate of 20% 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.

29. 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 follows:

	<u>Current year</u>	<u>Prior year</u>
	VND	VND
Profit after tax	782,158,287,645	810,413,122,332
Bonus and welfare fund appropriation (*)	28,400,000,000	28,400,000,000
Profit after tax for calculating earnings per share	753,758,287,645	782,013,122,332
Weighted average number of ordinary shares for the purposes of calculating basic earnings	287,876,029	287,391,097
Basic earnings per share	<u>2,618</u>	<u>2,721</u>

(*) Bonus and welfare fund 2018 has been accrued basing on the approval of Decision No. 06/NQ-CPNT2 dated 19 April 2018 of the Annual General Shareholders' Meeting. At the issuing date of this report, the Company does not has any decisions relating to accrue bonus and welfare fund from the retained earning of 2018.

30. SELLING COMMITMENTS

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

31. FINANCIAL INSTRUMENTS

Capital risk management

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

The capital structure of the Company consists of net debt (borrowings disclosed in Note 17, 18 offset by cash and cash equivalents) and owners' equity (comprising capital, share premium, investment and development fund and retained earnings).

Gearing ratio

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

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Borrowings	2,948,851,377,270	3,697,772,593,187
Less: Cash and cash equivalents	65,113,935,464	145,968,678,560
Net debt	2,883,737,441,806	3,551,803,914,627
Equity	<u>3,683,475,957,725</u>	<u>4,985,222,070,648</u>
Net debt to equity ratio	<u>0.78</u>	<u>0.71</u>

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	65,113,935,464	145,968,678,560
Short-term investments	490,790,416	900,000,000,000
Trade and other receivables	<u>2,498,281,031,754</u>	<u>1,764,984,775,876</u>
	<u>2,563,885,757,634</u>	<u>2,810,953,454,436</u>
Financial liabilities		
Borrowings	2,948,851,377,270	3,697,772,593,187
Trade and other payables	1,873,789,119,804	966,107,814,127
Accrued expenses	<u>97,969,508,131</u>	<u>103,655,933,906</u>
	<u>4,920,610,005,205</u>	<u>4,767,536,341,220</u>

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

Financial risk management objectives

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

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

Market risk

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

Foreign currency risk management

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

	Assets		Liabilities	
	Closing balance VND	Opening balance VND	Closing balance VND	Opening balance VND
USD	4,496,238	6,071,499	1,295,110,095,367	1,777,139,576,768
EUR	<u>221,017</u>	<u>188,143</u>	<u>1,325,461,378,694</u>	<u>1,920,633,016,419</u>

Foreign currency sensitivity analysis

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

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

	Current year	Prior year
	VND	VND
USD	38,853,167,974	53,314,005,158
EUR	39,763,834,730	57,618,984,848
	78,617,002,704	110,932,990,006

Interest rate risk management

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

Interest rate sensitivity

The loan's sensitivity to interest rate changes which may arise at an appropriate level is presented as follows. Assuming all other variables were held constant and the loan balance at the balance sheet date were the outstanding amount for the whole year, if interest rates applicable to floating interest bearing loans had been 200 basis points higher/lower, the Company's profit before tax for the year ended 31 December 2018 would have decreased/increased by VND 52,377,027,545 (2017: VND 73,955,451,864).

Gas price risk management

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

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. At the balance sheet date, there is a significant concentration of credit risk arising on sales to Electric Power Trading Company (EPTC) – Vietnam Electric Group and the bank deposit with the term less than 01 year for year ended 31 December 2018. The cash is deposited at the prestigious financial institutions. The Board of Directors perceived that there is no material credit risk relating to the deposits and these financial institutions have ability to pay the liabilities without any losses to the Company. The maximum exposure to credit risk is represented by the outstanding receivables from one specific major customer as presented in Note 5.

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.

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

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As at 31/12/2018	Less than 1 year VND	From 1-5 years VND	Total VND
Cash and cash equivalents	65,113,935,464	-	65,113,935,464
Short-term investments	490,790,416	-	490,790,416
Trade and other receivables	2,460,628,324,754	37,652,707,000	2,498,281,031,754
	2,526,233,050,634	37,652,707,000	2,563,885,757,634
As at 31/12/2018	Less than 1 year VND	From 1-5 years VND	Total VND
Borrowings	1,390,766,996,596	1,558,084,380,674	2,948,851,377,270
Trade and other payables	1,873,789,119,804	-	1,873,789,119,804
Accrued expenses	97,969,508,131	-	97,969,508,131
	3,362,525,624,531	1,558,084,380,674	4,920,610,005,205
Net liquidity gap	(836,292,573,897)	(1,520,431,673,674)	(2,356,724,247,571)
As at 31/12/2017	Less than 1 year VND	From 1-5 years VND	Total VND
Cash and cash equivalents	145,968,678,560	-	145,968,678,560
Short-term investments	900,000,000,000	-	900,000,000,000
Trade and other receivables	1,727,332,068,876	37,652,707,000	1,764,984,775,876
	2,773,300,747,436	37,652,707,000	2,810,953,454,436
As at 31/12/2017	Less than 1 year VND	From 1-5 years VND	Total VND
Loans	1,066,152,126,657	2,631,620,466,530	3,697,772,593,187
Trade and other payables	966,107,814,127	-	966,107,814,127
Accrued expenses	103,655,933,906	-	103,655,933,906
	2,135,915,874,690	2,631,620,466,530	4,767,536,341,220
Net liquidity gap	637,384,872,746	(2,593,967,759,530)	(1,956,582,886,784)

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.

32. RELATED PARTY TRANSACTIONS AND BALANCES

List of related parties:

<u>Related party</u>	<u>Relationship</u>
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
Petro Vietnam Nhon Trach Power Company	PVN's company
PV Oil Lubricant Joint Stock Company	PVN's company
Vietnam Petroleum Institute - The Research and Development Centre for Petroleum Safety and Environment	PVN's company
Petro Vietnam Oil and Gas Group ("PVN")	Parent's Shareholder company
PvcomBank	PVN's company
Drilling Mud Corporation	PVN's company
Petrovietnam Maintenance and Repair Corporation (PVMR)	PVN's company
Petro Vietnam Technical Safety Registration Company Limited	PVN's company
Petro Vietnam Securities Incorporated	PVN's company

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

	<u>Current year</u>	<u>Prior year</u>
	VND	VND
Purchase of goods and services		
Petro Vietnam Gas Joint Stock Corporation	5,123,729,157,388	3,924,918,819,671
Petro Vietnam Power Technical Services Joint Stock Corporation	41,598,110,240	48,594,666,386
Petro Vietnam Oil and Gas Group	47,408,605,809	32,286,476,653
Petrovietnam Maintenance and Repair Corporation (PVMR)	8,534,388,665	11,481,811,129
Petro Vietnam Technical Safety Registration Company Limited	641,327,273	3,542,419,480
Petro Vietnam Nhon Trach Power Company	-	621,500,593
Petro Vietnam Power Corporation	987,626,125	21,030,199,487
PVcomBank	145,853,158	1,328,589,676
Petro Vietnam Securities Incorporated	304,924,059	370,103,976
	<u>20,000,000</u>	<u>290,000,000</u>
Financial income		
PVcomBank	30,374	2,499,902,931
Dividend paid		
Petro Vietnam Power Corporation	<u>1,075,466,895,360</u>	<u>529,870,848,000</u>

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

	<u>Current year</u>	<u>Prior year</u>
	VND	VND
Salaries and benefits in kind	5,159,867,610	8,011,028,468

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

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Trade receivables		
Petro Vietnam Gas Joint Stock Corporation	-	5,776,664
Petro Vietnam Power Technical Services Joint Stock Company	-	31,828,712
Advance to suppliers		
Petro Vietnam Power Technical Services Joint Stock Company	59,576,165,651	64,370,973,636
Trade payables		
Petro Vietnam Gas Joint Stock Corporation	1,467,727,778,993	803,144,467,801
Petro Vietnam Power Technical Services Joint Stock Company	88,558,206,867	70,832,511,352
Southern Management Board of PVC's project	454,403,426	454,403,426
Petro Vietnam Power Corporation	62,343,225	63,345,450
Petro Vietnam Technical Safety Registration Company Limited	-	683,650,652
Other payables		
Petro Vietnam Gas Joint Stock Corporation	39,278,284,374	39,278,284,374

33. ASSET AND LIABILITY CONTINGENTS

According to Resolution No. 1944/NQ-DKVN dated 2 April 2018 of Vietnam Oil and Gas Group on the termination of the application of Resolution No. 1827/NQ-DKVN dated 19 March 2013 of the Board of Members of the Group on temporarily accepting the accounting plan for revenues and expenses related to the delay of payment of electricity/gas bills, the Company will have to record the payable amount of late payment to Petrovietnam Gas Joint Stock Corporation ("PV GAS") and recognizes deferred interest payments arising from Electricity Power Trading Company ("EPTC") and based on the number of days of delays/overdue payments as prescribed by principle contracts and additional annexes signed between the Company and PV GAS ("Gas sales contract") and between the Company and EPTC ("Power purchase agreement"). During the year, the Company worked with EPTC of Vietnam Electricity ("EVN") and PV GAS on the implementation of electricity/gas trading contracts and is negotiating and discussing with Vietnam Oil and Gas Group as well as the parent company - PetroVietnam Power Corporation on whether specific methods the validity of Resolution No. 1944 / NQ-DKVN are applicable for late payment interest with outstanding balance arising from previous years/periods or not as a solid and reliable basis for accurate and complete accounting of interest penalty/expenses, receivable/payable related to late payment of electricity/gas bills arising in the future. At the date of issuing these financial statements, the Company has not received specific instructions and handling decisions of Vietnam Oil and Gas Group on the above mentioned amounts so the Company has not had a certain and reliable basis to record any adjustments on the financial statements for the year ended 31 December 2018 related to the above issue.

34. SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Supplemental non-cash disclosures

Interest earned during the year excluded an amount of VND 272,886,927 (2017: VND 2,923,083,335), 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.

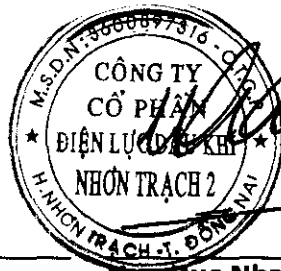
Interest paid during the year excluded an amount of VND 7,416,980,997 (2017: VND 8,720,675,781) representing interest expenses that have not yet been paid. Consequently, changes in accounts payable have been adjusted by the same amount.

Dividends and profits paid during the year excluded an amount of VND 265,633,279,301 (2017: VND 4,751,488,460) representing dividends and profits have not yet been paid fully to shareholders. Consequently, changes in accounts payable have been adjusted by the same amount.



Le Van Tu
Preparer

Le Viet An
Chief Accountant



Ngô Đức Nhân
Director
12 February 2019

