



**BAKER TILLY
A&C**

**CÔNG TY TNHH KIỂM TOÁN VÀ TƯ VẤN
AUDITING AND CONSULTING CO., LTD.**



FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED 31 DECEMBER 2012

**POWER ENGINEERING
CONSULTING JOINT STOCK
COMPANY 4**



an independent member of

**BAKER TILLY
INTERNATIONAL**

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REPORT OF THE BOARD OF MANAGEMENT

The Board of Management of the company present this report together with the financial statements for the fiscal year ended 31 December 2012 audited by Auditing and Consulting Co., Ltd. (A&C).

Business highlights

Power Engineering Consulting Joint Stock Company 4 was established on the basis of transforming state - owned company namely Power Engineering Consulting Company 4 to joint stock company.

Power Engineering Consulting Joint Stock Company 4 has official operated from 1 August 2007 in line with the business registration certificate No. 3703000280 dated 1 August 2007 for the first time on 19 May 2008, the second one on 12 June 2009, the third one on 5 December 2009, the fourth one on 19 August 2010, the fifth one on 30 July 2011, the sixth one on 25 October 2011, the seventh one on 20 July 2012 and the eighth one on 2 March 2013 granted by Khanh Hoa Investment and Planning Department.

Power Engineering Consulting Joint Stock Company 4 has inherited all the interests of Power Engineering Consulting Company 4 starting from the date of business registration certificate for joint stock company.

The charter capital of the company as in business registration certificate for the eight time is as follows:

Shareholders	Contributed capital (VND)	Rate (%)
Electricity of Vietnam (EVN)	59.172.750.000	64,74
Others	32.231.800.000	35,26
Total	91.404.550.000	100

The company's shares have been listed on Hanoi Securities Trading Centre under the code TV4.

Business activity as in business registration certificate:

- Testing, verifying and certifying enough condition of force bearing safety security, certifying conformability of construction quality.
- Providing consulting service for power project, network, lightening and new and renewable energy.
- Design of hydraulic projects.
- Establishment of power development plan for the region, provinces, cities, districts and precincts and development plan for new and renewable energy.
- Topographical investigation and survey investigation of works, hydrogeology, geotechnics.
- Hydrometeorology investigation, measurement and observation for projects.
- Treatment for foundation consolidation, comprising of measuring and plotting geological map for works, hydrogeology, boring, investigation excavation, geophysics, construction materials investigation and grouting.
- Providing service for measuring and plotting topographical map and land survey map, works deformation control.
- Project supervision and investigation.
- Providing consulting service for establishment of pre-feasibility study report, feasibility study report, technical design, working drawings, total invested capital, total cost estimate, estimated cost; establishment of bidding documents, tender documents evaluation; project construction supervision.
- Supervision of power project, networks, civil industry and hydraulics works.
- Providing consulting service for design of tertiary highway construction, designing on structure for tertiary civil works to 6 floors, quadruple industrial works, designing on architecture for tertiary civil and industrial works.

POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4

REPORT OF THE DIRECTORS (cont.)

- Testing on physical-mechanical properties of soils and rocks, works' foundation and construction materials, testing and verifying project quality.
- Providing consulting service for examination, evaluation of pre-feasibility study report, feasibility study report, technical design, working drawings, total invested capital, total cost estimate, estimated cost; bidding documents for construction projects.
- Testing, analyzing and evaluating environmental criteria, environmental impacts investigation and evaluation, environmental supervision.
- Providing consulting service on management of construction investment.
- Testing, analyzing and evaluating environmental criteria.
- Environmental supervision.
- Producing and trading electricity.
- Trading activities involved to equipment materials import and export.
- Trading software and IT equipments.
- Processing and manufacturing power components, materials.
- Power installation.
- Trading hotel.
- Transporting goods by cars.
- Trading real estate and leasing office.

Registered office

Address : 11 Hoang Hoa Tham St., - Nha Trang City - Khanh Hoa Province
Tel : (058) 2220 405
Fax : (058) 2220 400
Website : www.pecc4.com.vn

Affiliates:

Branches	Address
Branch in Northern	Lot No. 3 - TT4 - Alley 183 - Hoang Van Thai Town - Khuong Trung Ward - Thanh Xuan District - Ha Noi City.
Branch in Southern	46/8 Tran Quy Khoach - Tan Dinh Ward - District 1 - Ho Chi Minh City

Financial position and business results

The financial position as of 31 December 2012, the business results and the cash flows for the fiscal year then ended of the company have been expressed in the financial statements attached to this report (from page 07 to page 41).

Pursuant to Resolution of Shareholders' general meeting in 2012 dated 21 April 2012, the shareholders have adopted plan of paying dividends in 2011 in shares at rate of 20% (shareholders possessing 100 shares will receive 20 new shares). On 04 July 2012, the company has sent report on results of issuing shares paid dividends to State Securities Commission of Vietnam; accordingly, number of shares additional issued are 1.007.165 shares equivalent to VND 10.071.650.000 (amount extracted from retained earnings). The company has been granted the Business Registration Certificate for the seventh time dated 20 July 2012 by Khanh Hoa Investment and Planning Department, accordingly, the charter capital of the company increases from VND 50.987.770.000 up to VND 61.059.420.000.

Pursuant to Resolution of the Board of Management No. 267/NQ-HĐQT dated 15 November 2012, the company has converted 50% of convertible bonds into shares dated 24 November 2012 with convertible price of VND 8.400/ share, total converted bonds for phase 1 are 254.915 bonds equivalent to VND 25.491.500.000, a number of converted shares are 3.034.513 shares equivalent to VND 30.345.130.000, accordingly charter capital of the company increases from VND 61.059.420.000 up to VND 91.404.550.000. The company has been granted the Business Registration Certificate for the eighth time dated 2 March 2013 by Khanh Hoa Investment and Planning Department, accordingly, the charter capital of the company increases from VND 61.059.420.000 up to VND 91.404.550.000.

POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4

REPORT OF THE DIRECTORS (cont.)

During the year, the company has distributed profit in 2011 line with Resolution of shareholders' general meeting dated 21 April 2012 as follows:

<u>Items</u>	<u>% of profit after tax</u>		<u>Amount</u>
- Extracting financial reserved fund	10	VND	1.955.102.519
- Extracting bonus and welfare fund	5	VND	977.551.259
- Extracting bonus for Executive Officers	2,6	VND	500.000.000
- Extracting other funds belonging owner's equity	2	VND	391.020.504
- Sharing dividends in 2011 by bonus shares	20	VND	10.071.650.000
- Extracting business promotion fund	Remaining amount	VND	5.655.694.905
Total		VND	<u>19.551.019.187</u>

Subsequent events

The Directors of the company hereby ensure that there have been no events from 31 December 2012 to the date of this report which need to make adjustments on the figures or the disclosures in the financial statements.

The Board of Management and the Directors

The Board of Management and the Directors of the company during the year and to the date of this report include:

Board of Management

<u>Full name</u>	<u>Position</u>	<u>Appointing date</u>	<u>Resigning date</u>
Mr. Pham Minh Son	Chairman	10 July 2007	-
Mr. Tran Hoai Nam	Member	26 April 2011	-
Mr. Nguyen Phu Gia	Member	21 April 2012	-
Mr. Tran Van Tho	Member	10 July 2007	-
Mr. Van Cong Minh	Member	26 April 2008	21 April 2012
Mr. Luong Van Dai	Member	30 June 2008	29 February 2012
Mr. Tran Hoai Nam	Member	26 April 2011	-
Mr. Vu Thanh Danh	Member	21 April 2012	-

The Directors

<u>Full name</u>	<u>Position</u>	<u>Appointing date</u>	<u>Resigning date</u>
Mr. Pham Minh Son	General Director	16 August 2007	-
Mr. Tran Van Tho	Deputy General Director	16 August 2007	-
Mr. Tran Hoai Nam	Deputy General Director	16 August 2007	-
Mr. Vu Thanh Danh	Chief Accountant	16 August 2007	-

Responsibility of the Directors

The Directors of the company are responsible for the preparation of the financial statements to give a true and fair view on the financial position, the business results and the cash flows of the company for each of the company's fiscal year. In order to prepare these financial statements, the Directors must:

- Select appropriate accounting policies and apply them consistently;
- Make judgments and estimates prudently;

POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4

REPORT OF THE DIRECTORS (cont.)

- Clearly state the accounting standards applied for the company whether it is complied and material errors in comparison with these standards presented and explained in report on owner's equity;
- Prepare the financial statements on the basis of the going-concern assumption, except for the cases that the going-concern assumption is considered inappropriate.

The Directors confirm that all the requirements mentioned above were followed when the financial statements were prepared, that all the accounting books of the company have been fully recorded and can fairly reflect the financial position of the company at any time, and that all the financial statements have been prepared in compliance with the Vietnamese accounting system and standards issued in line with Decision No. 15/2006/QĐ-BTC dated 20 March 2006 by Finance Minister as well as Circulars giving guidance on performing accounting system and standards of Ministry of Finance.

The Directors of the company also have the responsibility to protect the assets of the company, and consequently have proceeded with appropriate measures to prevent and to detect frauds and other irregularities.

The approval of the financial statements

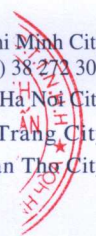
The Directors have approved the accompanying financial statements. The financial statements referred to above give a true and fair view of the financial position as of 31 December 2012, the business results and the cash flows for the year then ended of Power Engineering Consulting Joint Stock Company 4, as well as in compliance with the Vietnamese accounting system and standards issued in line with Decision No. 15/2006/QĐ-BTC dated 20 March 2006 by Finance Minister and Circulars giving guidance on performance of accounting system and standards of Ministry of Finance.

For and on behalf of the Board of Management,



Phạm Minh Sơn
Board's Chairman cum General Director

Date: 18 March 2013



No. 033/2013/BCTC-KTTV

AUDITOR'S REPORT

ON THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED 2012 OF POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4

THE SHAREHOLDERS, THE BOARD OF MANAGEMENT AND THE DIRECTORS POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4

We have audited the financial statements for the year ended 2012 of Power Engineering Consulting Joint Stock Company 4 including balance sheet as of 31 December 2012, , the income statement, the cash flows statement and the notes to the financial statements for the fiscal year then ended, which was prepared on 5 March 2013 (from page 07 to page 41).

The preparation and presentation of these financial statements are the responsibility of the company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit and the above assumption.

Audit background

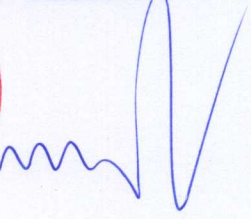
Our audit is conducted in accordance with the Vietnamese Auditing Standards. These standards require that we plan and perform the audit procedures to obtain a reasonable assurance that the financial statements are free from material mistakes. The audit is developed on the basis of our performing the sampling method as well as applying the necessary examinations and tests of evidences supporting the amounts and the disclosures in the financial statements. The audit also includes our assessing the company's compliance with the prevailing accounting standards and system, the accounting principles and methods applied, the material estimates and judgments of the company's Directors as well as our evaluating the overall presentation of the financial statements. We believe that our audit has provided reasonable bases for our opinion.

Auditor's opinion

In our opinion, the financial statements referred to above give a true and fair view, in all material respects, of the financial position as of 31 December 2012, the business results and the cash flows for the year then ended of Power Engineering Consulting Joint Stock Company 4, in conformity with the Vietnamese accounting standards and system as well as other related regulations.

This report is made in two languages (Vietnamese and English), both of equal validity. The Vietnamese version will be the original for reference when needed.

Auditing and Consulting Co., Ltd. (A&C)
Branch in Nha Trang – Khanh Hoa



Nguyen Van Kien - Director
Audit Certificate No. 0192/KTV

Doan Nguyen Hieu Hanh - Auditor
Audit Certificate No. 1248/KTV

Nha Trang, 18 March 2013

POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4

Address: 11 Hoang Hoa Tham St., - Nha Trang City - Khanh Hoa Province

FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2012

BALANCE SHEET

As of 31 December 2012

Unit: VND

ASSETS	Code	Note	Ending balance	Beginning balance
A - CURRENT ASSETS	100		159.762.750.852	126.914.287.641
I. Cash and cash equivalents	110	V.1	6.901.954.453	14.245.070.656
1. Cash	111		3.901.954.453	3.228.826.211
2. Cash equivalents	112		3.000.000.000	11.016.244.445
II. Short-term investments	120		-	-
1. Short-term investment	121		-	-
2. Provision for devaluation of short-term investment	129		-	-
III. Accounts receivable	130		143.595.433.373	103.243.221.458
1. Receivable from customers	131	V.2	147.973.545.376	107.540.796.821
2. Prepayments to suppliers	132	V.3	3.309.029.487	2.614.974.322
3. Inter-company receivable	133		-	-
4. Receivable according to the progress of construction	134		-	-
5. Other receivable	135	V.4	391.276.985	1.165.868.790
6. Provision for bad debts	139	V.5	(8.078.418.475)	(8.078.418.475)
IV. Inventories	140		7.366.115.149	7.707.854.530
1. Inventories	141	V.6	7.366.115.149	7.707.854.530
2. Provisions for devaluation of inventories	149		-	-
V. Other current assets	150		1.899.247.877	1.718.140.997
1. Short-term prepaid expenses	151		-	63.844.606
2. VAT to be deducted	152		-	-
3. Taxes and accounts receivable to the State	154		2.821.500	-
4. Trading Government bonds	157		-	-
5. Other current assets	158	V.7	1.896.426.377	1.654.296.391

POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4

Address: 11 Hoang Hoa Tham St., - Nha Trang City - Khanh Hoa Province

FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2012

Balance sheet (cont.)

ASSETS	Code	Note	<u>Ending balance</u>	<u>Beginning balance</u>
B - LONG-TERM ASSETS	200		118.433.160.462	109.048.726.559
I. Long-term accounts receivable	210		2.387.325.818	2.387.325.818
1. Long-term receivable from customers	211	V.8	2.387.325.818	2.387.325.818
2. Capital in subsidiaries	212		-	-
3. Inter-company receivable	213		-	-
4. Other long-term receivable	218		-	-
5. Provision for bad debts	219		-	-
II. Fixed assets	220		25.918.606.993	27.395.639.916
1. Tangible assets	221	V.9	9.710.065.877	10.651.494.687
<i>Historical costs</i>	222		32.296.539.043	32.740.714.961
<i>Accumulated depreciation</i>	223		(22.586.473.166)	(22.089.220.274)
2. Financial leasehold assets	224		-	-
<i>Historical costs</i>	225		-	-
<i>Accumulated depreciation</i>	226		-	-
3. Intangible fixed assets	227	V.10	16.208.541.116	16.744.145.229
<i>Initial costs</i>	228		18.751.253.961	18.751.253.961
<i>Accumulated amortization</i>	229		(2.542.712.845)	(2.007.108.732)
4. Construction in progress	230		-	-
III. Investment property	240		-	-
Historical costs	241		-	-
Accumulated depreciation	242		-	-
IV. Long-term investments	250		89.797.449.000	78.166.430.000
1. Investment in subsidiaries	251		-	-
2. Investment in business concerns, joint venture	252	V.11	87.247.449.000	74.616.430.000
3. Other long-term investments	258	V.12	2.550.000.000	3.550.000.000
4. Provision for devaluation of long-term investments	259		-	-
V. Other long-term assets	260		329.778.651	1.099.330.825
1. Long-term prepaid expenses	261	V.13	239.778.651	1.009.330.825
2. Deferred corporate income tax assets	262		-	-
3. Other long-term assets	268	V.14	90.000.000	90.000.000
TOTAL ASSETS	270		<u>278.195.911.314</u>	<u>235.963.014.200</u>

POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4

Address: 11 Hoang Hoa Tham St., - Nha Trang City - Khanh Hoa Province

FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2012

Balance sheet (cont.)

LIABILITIES AND OWNER'S EQUITY	Code	Note	Ending balance	Beginning balance
A - LIABILITIES	300		144.101.378.222	146.073.392.704
I. Current liabilities	310		108.139.479.739	84.447.178.498
1. Short-term debts and loans	311	V.15	1.000.000.000	-
2. Payable to suppliers	312	V.16	11.732.833.943	12.888.798.132
3. Advances from customers	313	V.17	11.506.217.540	18.966.129.572
4. Taxes and other obligations to the State Budget	314	V.18	8.469.425.285	9.733.997.618
5. Payable to employees	315	V.19	54.281.246.387	27.852.596.947
6. Accrued expenses	316	V.20	2.756.462.000	6.642.099.457
7. Inter-company payable	317		-	-
Payable according to the progress of construction				
8. contract	318		-	-
9. Other payable	319	V.21	12.080.032.591	3.162.873.038
10. Provision for short-term payable	320		-	-
11. Bonus and welfare funds	323	V.22	6.313.261.993	5.200.683.734
12. Trading Government bonds	327		-	-
II. Long-term liabilities	330		35.961.898.483	61.626.214.206
1. Payable to suppliers	331		-	-
2. Long-term inter-company payable	332		-	-
3. Other payable	333		-	-
4. Long-term loans and debts	334	V.23	35.961.898.483	61.000.000.000
5. Deferred corporate income tax payable	335		-	-
6. Unemployment fund	336	V.24	-	626.214.206
7. Provision for long-term payable	337		-	-
8. Unearn revenue	338		-	-
9. Scientific and technological development fund	339		-	-
B - OWNER'S EQUITY	400		134.094.533.092	89.889.621.496
I. Owner's equity	410		134.094.533.092	89.889.621.496
1. Capital	411	V.25	91.404.550.000	50.987.770.000
2. Share premiums	412	V.25	(4.853.630.000)	-
3. Other capital	413		-	-
4. Treasury stocks	414	V.25	(742.100.060)	(718.010.060)
5. Differences on asset revaluation	415		-	-
6. Foreign exchange differences	416		-	-
7. Business promotion fund	417	V.25	20.166.292.154	14.510.597.249
8. Financial reserved fund	418	V.25	6.586.968.453	4.631.865.934
9. Other funds	419	V.25	1.317.393.690	926.373.186
10. Retained earnings	420	V.25	20.215.058.855	19.551.025.187
11. Construction investment fund	421		-	-
12. Enterprise reorganization support fund	422		-	-
II. Other sources and funds	430		-	-
1. Sources of expenditure	432		-	-
2. Fund to form fixed assets	433		-	-
TOTAL LIABILITIES AND OWNER'S EQUITY	440		278.195.911.314	235.963.014.200

POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4

Address: 11 Hoang Hoa Tham St., - Nha Trang City - Khanh Hoa Province

FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2012

Balance sheet (cont.)

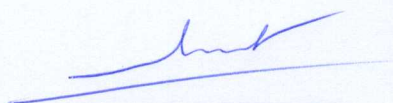
OFF - BALANCE SHEET ITEMS

ITEMS	Note	<u>Ending balance</u>	<u>Beginning balance</u>
1. Leasehold assets		-	-
2. Materials and goods kept or processed for others		-	-
3. Goods deposited by others		-	-
4. Bad debts already treated		-	-
5. Foreign currencies (USD)		2,585.86	16,363.55
6. Estimated operation expenses		-	-

Khanh Hoa, 5 March 2013



Tran Le Thanh Binh
Preparer



Vu Thanh Danh
Chief Accountant



Pham Minh Son
General Director

POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4

Address: 11 Hoang Hoa Tham St., - Nha Trang City - Khanh Hoa Province

FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2012

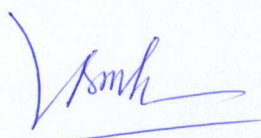
INCOME STATEMENT

For the year ended 2012

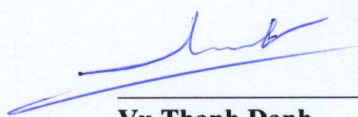
Unit: VND

ITEMS	Code	Note	Current year	Previous year
1. Sales	01	VI.1	182.416.043.103	181.824.334.106
2. Deductions	02		-	-
3. Net sales	10	VI.1	182.416.043.103	181.824.334.106
4. Costs of goods sold	11	VI.2	120.320.420.909	122.078.289.038
5. Gross profit/ (loss)	20		62.095.622.194	59.746.045.068
6. Financial income	21	VI.3	597.186.846	1.335.361.560
7. Financial expenses	22	VI.4	8.410.834.696	9.010.818.400
In which: Loan interest expenses	23		8.404.736.060	9.004.083.523
8. Selling expenses	24		4.000.000	56.379.636
9. Administrative overheads	25	VI.5	25.703.698.413	23.442.633.303
10. Net operating profit/(loss)	30		28.574.275.931	28.571.575.289
11. Other income	31	VI.6	636.431.097	171.419.546
12. Other expenses	32	VI.7	135.332.702	129.311.421
13. Other profit	40		501.098.395	42.108.125
14. Profit/ (loss) before tax	50		29.075.374.326	28.613.683.414
15. Current corporate income tax	51	V.18	8.860.315.471	9.062.658.227
16. Deferred corporate income tax	52		-	-
17. Profit/(loss) after tax	60		<u>20.215.058.855</u>	<u>19.551.025.187</u>
18. Earning per share	70	VI.8	<u>3.345</u>	<u>3.232</u>

Khanh Hoa, 5 March 2013



Tran Le Thanh Binh
Preparer



Vu Thanh Danh
Chief Accountant



Pham Minh Son
General Director

POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4

Address: 11 Hoang Hoa Tham St., - Nha Trang City - Khanh Hoa Province

FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2012

CASH FLOWS STATEMENT

(Indirect method)

For the year ended 2012

Unit: VND

ITEMS	Code	Note	Current year	Previous year
I. Cash flows from operating activities				
			-	
1. Profit/ (loss) before tax	01		29.075.374.326	28.613.683.414
2. Adjustments				
- Depreciation of fixed assets	02	V.9; V.10	2.148.022.972	2.322.359.761
- Provisions	03	V.5	-	(1.363.928.771)
- Gain/ (loss) from unrealized foreign exchange difference	04		-	(2.911.164)
- Gain/ (loss) from investing activities	05		(558.922.604)	(838.077.279)
- Loan interest expenses	06	VI.4	8.404.736.060	9.004.083.523
3. Operating profit/ (loss) before changes of working capital	08		39.069.210.754	37.735.209.484
- Increase/ (decrease) of accounts receivable	09		(52.945.082.401)	5.349.747.272
- Increase/ (decrease) of inventories	10		341.739.381	(5.599.690.662)
- Increase/ (decrease) of accounts payable	11		15.123.289.204	4.351.167.870
- Increase/ (decrease) of prepaid expenses	12		833.396.780	(63.656.307)
- Loan interests already paid	13		(2.435.477.171)	(10.121.269.635)
- Corporate income tax already paid	14	V.18	(8.702.307.454)	(7.322.837.894)
- Other gains	15	V.22	30.000.000	7.000.000
- Other disbursements	16	V.22	(455.193.000)	(878.141.000)
Net cash flows from operating activities	20		(9.140.423.907)	23.457.529.128
II. Cash flows from investing activities				
1. Purchases and construction of fixed assets and other long-term assets	21	V.9	(676.153.554)	(5.604.837.189)
2. Gains from disposals and liquidation of fixed assets and other long-term assets	22	VI.6	16.131.818	-
3. Loans given and purchases of debt instruments of other entities	23		-	1.000.000.000
4. Recovery of loans given and disposals of debt instruments of other entities	24		823.977.777	(1.000.000.000)
5. Investments into other entities	25		(283.100.000)	(8.150.000.000)
6. Withdrawals of investments in other entities	26		-	-
7. Receipts of loan interests, dividends and profit shared	27		487.143.180	838.077.279
Net cash flows from investing activities	30		367.999.221	(12.916.759.910)

POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4

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FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2012

Cash flows statement (cont.)

ITEMS	Code	Note	<u>Current year</u>	<u>Previous year</u>
III. Cash flows from financing activities				
1. Gains from stock issuance and capital contributions from shareholders	31		-	-
2. Repayment for capital contributions and re-purchases of stocks already issued	32		(24.090.000)	(104.850.000)
3. Short-term and long-term loans received	33		37.976.068.511	107.183.437.000
4. Loan principal amounts repaid	34		(36.522.670.028)	(106.183.437.000)
5. Payments for financial leasehold assets	35		-	-
6. Dividends and profit already paid to the owners	36		-	-
<i>Net cash flows from financing activities</i>	40		<u>1.429.308.483</u>	<u>895.150.000</u>
Net cash flows during the year	50		(7.343.116.203)	11.435.919.218
Beginning cash and cash equivalents	60	V.1	14.245.070.656	2.806.240.274
Effects of fluctuations in foreign exchange rates	61		-	2.911.164
Ending cash and cash equivalents	70	V.1	<u>6.901.954.453</u>	<u>14.245.070.656</u>

Khanh Hoa, 5 March 2013

A blue ink signature of Tran Le Thanh Binh.

Tran Le Thanh Binh
Preparer

A blue ink signature of Vu Thanh Danh.

Vu Thanh Danh
Chief Accountant



Pham Minh Son
General Director

POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4

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FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2012

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 2012

I. OPERATION FEATURES

1. **Investment form** : Joint stock company.
2. **Operating field** : Consulting service.
3. **Business industry** : Consulting, investigating, designing power.
4. **Number of employees**
As of 31 December 2012, the company has had 529 employees (as of 31 December 2011: 560 employees).

5. Material effects on the company's operations

Pursuant to Resolution of Shareholders' general meeting in 2012 dated 21 April 2012, the shareholders have adopted plan of paying dividends in 2011 in shares at rate of 20% (shareholders possessing 100 shares will receive 20 new shares). On 04 July 2012, the company has sent report on results of issuing shares paid dividends to State Securities Commission of Vietnam; accordingly, number of shares additional issued are 1.007.165 shares equivalent to VND 10.071.650.000 (amount extracted from retained earnings). The company has been granted the Business Registration Certificate for the seventh time dated 20 July 2012 by Khanh Hoa Investment and Planning Department, accordingly, the charter capital of the company increases from VND 50.987.770.000 up to VND 61.059.420.000.

Pursuant to Resolution of the Board of Management No. 267/NQ-HĐQT dated 15 November 2012, the company has converted 50% of convertible bonds into shares dated 24 November 2012 with convertible price of VND 8.400/ share, total converted bonds for phase 1 are 254.915 bonds equivalent to VND 25.491.500.000, a number of converted shares are 3.034.513 shares equivalent to VND 30.345.130.000, accordingly charter capital of the company increases from VND 61.059.420.000 up to VND 91.404.550.000. The company has been granted the Business Registration Certificate for the eighth time dated 2 March 2013 by Khanh Hoa Investment and Planning Department, accordingly, the charter capital of the company increases from VND 61.059.420.000 up to VND 91.404.550.000.

II. FISCAL YEAR AND STANDARD CURRENCY UNIT USED IN ACCOUNTING

1. **Fiscal year**
The fiscal year of the company is from 01 January to 31 December annually.
2. **Standard currency unit**
The standard currency unit used is Vietnam Dong (VND).

III. ACCOUNTING SYSTEM AND STANDARDS

1. **Accounting system**
The company has been applying the Vietnamese accounting system issued in line with Decision No. 15/2006/QĐ-BTC dated 20 March 2006 by Finance Minister as well as Circulars giving guidance on performing accounting system and standards of Ministry of Finance.

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FINANCIAL STATEMENTS

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Notes to the financial statements (cont.)

2. Statement on the compliance with the accounting standards and system

The Directors ensure to follow all the requirements of the Vietnamese accounting system and standards issued in line with Decision No. 15/2006/QĐ-BTC dated 20 March 2006 by Finance Minister as well as Circulars giving guidance on performing accounting system and standards of Ministry of Finance in the preparation of these financial statements.

3. Accounting form

The company has applied the voucher recording form. The bookkeeping works are done on the computer software.

IV. ACCOUNTING POLICIES

1. Accounting convention

All the financial statements are prepared on the basis of the accrual accounting (except for information relating to cash flows).

2. Application of new accounting regulations

On 24 October 2012, the Ministry of Finance has issued the Circular No. 179/2012/TT-BTC stipulating on recording, valuating and treating difference on foreign exchange applied since 2012. This Circular regulates that exchange rate used to convert the transactions by foreign currencies is the actual rates ruling as of the transaction dates of commercial banks where the company has transactions, the exchange rate used to revalue the balance of monetary items in foreign currencies ruling as of the balance sheet date is purchase exchange rate or average purchase exchange rate of commercial banks where the company opens its account in stead of using average inter bank exchange rate as guiding in the Decision No. 15/2006/QĐ-BTC dated 20 March 2006 of Ministry of Finance. The other regulations of this Circular is similar with guidance of account standard No. 10 - Effect of changing exchange rate that the company is applied.

3. Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash in bank, cash in transit and short-term investments of which the due dates can not exceed 3 months from the dates of the investments and the convertibility into cash is easy, and which do not have a lot of risks in the conversion into cash.

4. Inventories

Inventories are recorded at their original costs. Costs include purchasing expenses, processing expenses and other directly related costs to bring the inventories to the current positions and conditions.

Costs of inventories are determined in accordance with the weighted average method and recorded in line with the perpetual method.

Provision for devaluation of inventories is recognized when their costs are higher than their net realizable values. Net realizable values are the estimated selling prices of inventories less the estimated expenses on product completion and other necessary expenses on product consumption.

5. Trade receivables and other receivables, provision for bad debts

Trade receivables and other receivables are recognized at the values on supporting documents and invoices.

Provision for bad debts is made for each particular type of bad debt on the basis of the estimated losses can cause.

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Notes to the financial statements (cont.)

Increase or decrease of balance of provision for bad debts is recorded into administrative overheads during the year.

6. Tangible fixed assets

Fixed assets are determined by their historical costs less accumulated depreciation. Historical costs of fixed assets include all the expenses of the company to have these fixed assets as of the dates they are ready to be put into use. Other expenses incurred subsequent to the initial recognition are included in historical costs of fixed assets only if they certainly bring more economic benefits in the future thanks to the use of these assets. Those which do not meet the above conditions will be recorded into expenses during the period.

When a fixed asset is sold or disposed, its historical cost and accumulated depreciation are written off, then any gain/ (loss) arisen are posted into the income or the expenses during the period.

Fixed assets are depreciated in accordance with the straight-line method over their estimated useful lives. The depreciation years of fixed assets are as follows:

<u>Fixed assets</u>	<u>Years</u>
Buildings and structures	05 – 25
Machinery and equipment	03 – 06
Vehicle	06
Office equipment	03 – 06

7. Intangible fixed assets

Intangible fixed assets are determined by their historical costs less accumulated amortization. They include:

Value of land use right

Land use right includes all the actual expenses related to the land being used such as expenses to obtain the land use right, expenses for house removal and land clearance, expenses on ground leveling, registration fees, etc. Fixed - term land use right is amortized for the period of using. Long-term land use right is not applied amortization.

Long-term land use right taken over state-owned company is determined in line with documents of evaluating company's value in order to conduct equitization as of 31 December 2005.

Computer software

Computer software includes all the expenses paid until the date the software is put into use. It is amortized from 3 to 5 years.

8. Borrowing costs

Borrowing costs will be recognized into expenses during the period. Borrowing costs will be capitalized when they are directly related to the construction or the production of an asset in progress, which has taken a substantial period of time (over 12 months) to get ready for intended use or sales of the asset.

In the event of general borrowings which are partly used for acquiring, constructing or producing an asset in progress, the costs eligible for capitalization will be determined according to the capitalization rates applied to average accumulated expenditure on that asset. The capitalization rates are computed at the average interest rates on the borrowings not yet paid during the period, except for particular borrowings serving the purpose of obtaining a specific asset.

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FINANCIAL STATEMENTS

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Notes to the financial statements (cont.)

9. Financial investments

Investments into securities, subsidiaries, associates and jointly control business are recorded at their original costs.

Provision for devaluation of investment in security is made for each particular type of securities in the market and for which the market value decreases in comparison with the book value. Provisions for loss of investments in other economic organizations are made when these organizations suffer from loss (except for the case that this loss is an approved part of the business plan before making the investment) at the rate equivalent to rate of capital contribution of the company in these organizations.

Increase, decrease of balance of provision for financial investments is recorded into financial expenses during the year.

When an investment is liquidated, the differences between net liquidation values and book values are recorded into income or expenses during the period.

10. Long-term prepaid expenses

Tool expenses

Expenses for tools being put into use are allocated into expenses during the period in accordance with the straight line method for the maximum period of 24 months.

11. Accrued expenses

Accrued expenses are recorded based on reasonable estimates on the amounts payable for goods and services already used during the period.

12. Unemployment allowances and insurance

The company pays for severance allowances for employees who have worked for the company for over 12 months until 31 December 2008 with the rate of extraction of a half the salary fund which is used as the basis of social insurance payment in 6 consecutive months before the resigning date for one working year.

Pursuant to Law on Social Insurance, from 1 January 2009, the company has to pay unemployment insurance fund managed by Vietnam Social Insurance at the rate of 1% of the lower amount between basic monthly salary of the employee and the amount equal to 20 times of the general minimum monthly salary as regulated by the Government in each particular period. With the application of unemployment insurance system, the employers do not have to make any provision for unemployment allowances for the employees' working periods from 01 January 2009.

Severance allowance paid during the year is recorded as decrease of balance extracted in the previous years. If balance made in the previous years is not enough for subsidizing resigned employees, the insufficient difference is recorded into administrative overheads expenses. If there have still had balance of previous years after paying for subsidizing resigned employees during the year, the remainder not yet paid is recorded into other income during the year.

13. Source of capital

Capital

Capital is recorded in line with amount actually invested by shareholders.

Share premium

Share premium is recorded in line with difference between issuance price and face value of shares as the first issuance, additional issuance or difference between re-issuance price and book value of treasury stocks. Direct expenses related to the additional issuance of shares and re-issuance of treasury stocks are recorded as decrease of share premium.

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Notes to the financial statements (cont.)

Treasury stocks

When a share capital in the owner's equity is re-purchased, the amount payable including the expenses related to the transaction is classified as a treasury stocks and are recorded as a decrease in owner's equity. When re-issuance, difference between re-issuance price and book value of treasury stocks is recorded into share premium.

14. Dividends

Dividends are recorded as an amount payable in the period during which the dividends are disclosed.

15. Extraction of funds

Funds are extracted and used in line with the company's charter as follows:

	Purpose	Extraction rate from profit after tax	Maximum extraction rate
• Business promotion fund	Enlargement of business operations or investment in depth of the company	Other part after extracting other funds	No maximum rate
• Financial reserved fund	Compensation of losses, damages during the operations or irresistible cases such as natural disaster, fire, etc.	10%	No maximum rate
• Bonus and welfare fund	Bonus, encourage by material benefits, improvement and increase of material and spiritual life for employees	5%	No maximum rate
• Other funds of owner's equity	Supplement of its charter capital	2%	10% of charter capital

The extraction rate of funds are done in line with Resolution of shareholders' general meeting.

16. Corporate income tax

Corporate income tax during the period includes current income tax and deferred income tax.

Current income tax

Current income tax is the tax amount computed based on the taxable income. Taxable income is different from accounting profit due to the adjustments of temporary differences between tax and accounting figures, non-deductible expenses as well as those of non-taxable income and losses brought forward.

Deferred income tax

Deferred income tax is the amount of corporate income tax payable or refundable due to temporary differences between book values of assets and liabilities serving the preparation of the financial statements and the values for tax purposes. Deferred income tax liabilities are recognized for all the temporary taxable differences. Deferred income tax assets are recorded only when there is an assurance on the availability of taxable income in the future against which the temporarily deductible differences can be used.

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Notes to the financial statements (cont.)

Book values of deferred corporate income tax assets are considered at the balance sheet dates and will be reduced to the rates that ensure enough taxable income against which the benefits from a part of or all of the deferred income tax can be used. Deferred income tax assets not yet recorded before are considered at the balance sheet dates and recorded when there have had enough taxable income which these deferred income tax assets not yet recorded can be used.

Deferred income tax assets and deferred income tax liabilities are determined at the estimated rates to be applied in the year when the assets are recovered or the liabilities are settled based on the effective tax rates as of the balance sheet date. Deferred income tax is recognized in the income statement. In the case that deferred income tax is related to the items of the owner's equity, corporate income tax will be included in the owner's equity of the company.

17. Foreign currency conversion

The transactions in foreign currencies during the year are converted at the actual exchange rates ruling as of the transaction dates. The balances of monetary items in foreign currencies are converted at the actual exchange rates ruling as of the balance sheet date.

Difference on foreign exchange arisen during the year from transactions in foreign currencies of monetary items in foreign currencies and difference on foreign exchange due to revaluation of balance of monetary items in foreign currencies as at the balance sheet date after offsetting increase difference against decrease difference are recorded into financial income or expenses during the year.

The exchange rate used to convert the transactions arisen by foreign currencies is the actual exchange rate ruling as of the transaction dates of commercial banks where the company has transactions. The exchange rate used to revalue the balance of monetary items in foreign currencies as of the balance sheet date is purchase exchange rate or average purchase exchange rate of commercial banks where the company opens its account disclosed at the balance sheet date.

The exchange rate used as of:	31 December 2011 :	VND 20.828/USD
	31 December 2012 :	VND 20.805/USD

18. Recognition of sales and income

Sales of service provision

Sales of service provision are recognized when there are no uncertain factors related to payments or additional costs. In case that the services are to be provided in many accounting periods, the determination of sales in each period is done on the basis of the service completion rate as of the balance sheet date.

Sales of construction

When the results from the contract implementations cannot be reliably estimated:

- For the contracts stipulating that the contractors are paid according to the planned progress, income and expenses related to these contracts are recognized correspondingly to the works already completed as determined by the company itself.
- For the contracts stipulating that the contractors are paid according to the works actually done, income and expenses related to these contracts are recognized correspondingly to the works already completed as confirmed during the period in the invoices made by the customers.

Increase, decrease of construction volume, accounts receivable on compensations and other receivable is recorded as having agreement with customers.

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Notes to the financial statements (cont.)

When the results from the contract implementations cannot be reliably estimated:

- Income is recognized corresponding to the expenses incurred, of which the repayment is rather reliably made.
- Expenses are only recognized during the period as actually incurred.

The difference between the accumulated income from the contract already recognized and the accumulated amount in the invoices according to the planned progress of contract implementation is recognized as an amount receivable or an amount payable according to the planned progress of implementation of the construction contracts.

Interests

Interests are recorded based on the term and the interest rates applied for each period.

Dividends and profit shared

Dividends and profit shared are recognized when the company has right to receive dividends and profit from contributing capital. Particularly, dividends received by shares are not recorded to income but only observed the additional increase.

19. Financial assets

Classification of financial assets

The classification of these financial assets depends on the nature and the purpose of them and is determined at the date of initial recognition. The financial assets of the company include financial assets recognized at fair values through profit or loss statement, Investments held to maturity dates, Loans given and receivables, financial assets available for sale.

Financial assets recognized at fair values through profit or loss statement

A financial asset is classified as an asset recognized at fair value through profit or loss statement if it is held for trading or is categorized in the group of assets reflected at fair value through profit or loss statement at the date of initial recognition.

Financial asset will be classified as securities held for trading if:

- It is purchased or created mainly for the purpose of resale in a short term period;
- The company intends to hold for the purpose of gaining profits in a short term period;
- It is a derivative financial instrument (except derivative financial instruments identified as a financial guarantee contract or an effective risk protection instrument).

Investments held to maturity dates

Investments held to maturity dates are non-derivative financial assets with fixed or identified payments and fixed maturity periods which a company has the intention and ability to hold until the dates of maturity.

Loans given and receivables

Loans and receivables are non-derivative financial assets with fixed or identified payments, which are not listed on the market.

Financial assets available for sale

Available-for-sale financial assets are non-derivative financial assets determined as available for sale or not classified as financial assets recognized at fair values through profit or loss statement, investments held to maturity dates, loans given and receivables.

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Notes to the financial statements (cont.)

Initial carrying amount of a financial asset

Financial assets are recognized at the acquisition date and are stopped recognizing at the selling date. At the date of initial recognition, financial assets are determined at the acquiring price/issuing cost plus other costs directly related to the acquisition or issuance of that financial asset.

20. Financial liabilities and equity instruments

Financial instruments are classified as financial liabilities or equity instruments upon the dates of initial recognition in conformity with the natures and definitions of financial liabilities or equity instruments.

Financial liabilities

The company classifies its financial liabilities into such groups as financial liabilities recognized at fair values through profit or loss statement or financial liabilities determined at their allocated values. The classification of these financial liabilities depends on the natures and purposes of the financial liabilities and is determined at the date of initial recognition.

Financial liabilities recognized at fair values through profit or loss statement

Financial liability is classified as the liability recognized at fair value through profit or loss statement if it is held for trading or is categorized in the group of liabilities reflected at fair value through profit or loss statement upon initial recognition.

Financial liabilities will be classified as securities held for trading if:

- It is bought or created mainly for the purpose of redemption in a short term period;
- The company intends to hold for the purpose of gaining profits in a short term period;
- It is a derivative financial instrument (except derivative financial instruments identified as a financial guarantee contract or an effective risk protection instrument).

At the date of initial recognition, financial liabilities recognized at fair values through profit or loss statement are recognized at fair value.

Other financial liabilities

Other financial liabilities include payable to suppliers, loans and debts, other payable.

At the date of initial recognition, other financial liability is determined equally to the initially recognized value of the principals less direct expenses relating to those financial liabilities.

Allocated value is determined at the initially recognized value of that financial liability less the principals which a company has to repay, plus or minus the accumulated allocations calculated based on the actual interest method of the difference between the initially recorded value and the value upon maturity date, minus the deductions (directly or through a provision account) due to impairment or since it cannot be recovered.

Actual interest method is a method of calculating the allocated value of one financial liability or of a group of financial liabilities and distributing incomes or expenses in the related period. The effective interest rate is the discount interest rate of cash flows estimated to be settled or obtained in the future throughout the expected life cycle of a financial instrument or in a shorter period, if necessary, to return to the current net carrying amount of a financial liability.

Equity instrument

Equity instrument is the contract which can prove the remaining benefits in the assets of the company after deducting all of its liabilities.

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FINANCIAL STATEMENTS

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Notes to the financial statements (cont.)

21. Offsetting financial instruments against each other

Financial assets and financial liabilities will be offset against each other and are reflected at their net values on the balance sheet when, and only when, the company:

- has a legal right to offset the recognized amounts; and
- has intention either to settle on a net basis, or to realize the asset and to settle the liability simultaneously.

22. Convertible bonds

Convertible bonds are bonds that can be converted into a number of defined shares prescribed in issuance plan. Convertible bonds issued by the company are classified liabilities and owner's equity into payment obligations in line with contract agreement and right of person hold convertible bonds.

At the date of initial recognition, value of principal liabilities of convertible bonds recognised is liabilities and capital component (right to choose shares) of convertible bonds are recognised as owner's equity.

Value of principal liabilities of convertible bonds is determined by discounting nominal value of future payment (including principal amount and bond interest) on present value in line with the interest rates in the market of the similar unconvertible bonds but not having right to convert into shares. If It cannot determine similar interest rate of bonds, interest rates on loan in the market as at the issuance date are used to determine present value of future payment. Capital component value of convertible bonds is difference between total receipts from issuing convertible bonds and liabilities of convertible bonds.

After initial recognition, interest payable on bonds for each period calculated base of interest rate and principal liabilities of convertible at the beginning period is recorded into financial expenses or is capitalized. The difference between bond interest payable is included to financial expenses or is capitalized during the period and bond interest payable calculated nominal interest is recognised as increase of principal liabilities of convertible bonds.

When bonds are due, value of right to choose shares of convertible bonds is reflected owner's equity and difference between value of principal liabilities of convertible bonds exceeding value of additionally issued shares calculated according to face value is recorded share premium.

Expenses for issuing bonds are allocated liabilities component and owner's equity of these instruments at rate. Expenses for transactions related to owner's equity are presented as deduction of owner's equity. Issuance expenses related to liabilities are included to liabilities value and allocated to financial expenses or are capitalized in line with period of bonds at actual interest rate.

In the year ended 2011, the company has issued VND 51.000.000.000 of convertible bonds to the existing shareholders with plan said in note V.23. Due to no detail guidance on recording in account, the company has still recorded bond value as normal financial liabilities without separating liabilities and owner's equity.

23. Statement of sections

A business segment is a distinguishable component of an enterprise that is engaged in providing an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other business segments..

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Notes to the financial statements (cont.)

A geographical segment is a distinguishable component of an enterprise that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

24. Related parties

A party is considered a related party of the company in case that party is able to control the company or to cause material effects on the financial decisions as well as the operations of the company. A party is considered a related party if parties are under control or material effects together.

To consider relationship between related parties, nature of relationship is attached great importance than legal form.

Transactions with related parties during the year are presented in Note VIII.3.

V. ADDITIONAL INFORMATION ON THE ITEMS OF THE BALANCE SHEET

1. Cash and cash equivalents

	<u>Ending balance</u>	<u>Beginning balance</u>
Cash on hand	87.112.000	390.915.000
Cahs in bank	3.814.842.453	2.837.911.211
Cash equivalents (under 3 months deposits)	3.000.000.000	11.016.244.445
Total	<u>6.901.954.453</u>	<u>14.245.070.656</u>

2. Receivable from customers

	<u>Ending balance</u>	<u>Beginning balance</u>
Board of Central Power Project Management	28.577.534.705	7.435.785.107
Board of Northern Power Project Management	7.902.557.491	15.024.451.612
Vietnam Power Construction Corporation	5.094.121.336	5.094.121.336
Nho Que Hydroelectricity Joint Stock Company 1	6.037.929.873	6.037.929.873
Northern Power Development and Investment JSC 1	5.919.992.822	5.919.992.822
Trung Nam Hydroelectricity JSC	8.174.942.728	5.509.545.455
La Ngau Hydroelectricity JSC	4.055.841.709	4.055.841.709
Gia Lai Duc Long Group Joint Stock Company	5.318.864.000	5.318.864.000
Board of Hydroelectricity Management 5	7.427.189.766	74.058.561
Others	69.464.570.946	53.070.206.346
Total	<u>147.973.545.376</u>	<u>107.540.796.821</u>

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Notes to the financial statements (cont.)**3. Prepayments to suppliers**

	<u>Ending balance</u>	<u>Beginning balance</u>
Hanoi - Energy Construction Consulting Co., Ltd.	400.000.000	400.000.000
Le Nguyen Construction Co., Ltd.	397.101.100	397.101.100
Institute for Research of Environment and Biotechnology - Nha Trang University	267.272.800	-
Bach Dang Investment and Consultancy Joint Stock Company	397.500.000	123.750.000
Other suppliers	1.847.155.587	1.694.123.222
Total	<u>3.309.029.487</u>	<u>2.614.974.322</u>

4. Other receivables

	<u>Ending balance</u>	<u>Beginning balance</u>
Personal income tax of staffs	252.665.150	1.001.300.790
Social insurance receivable	44.111.835	-
Others	94.500.000	164.568.000
Total	<u>391.276.985</u>	<u>1.165.868.790</u>

5. Provision for bad debts

Situation of fluctuations in provision for bad debts is as follows:

	<u>Current year</u>	<u>Previous year</u>
Beginning balance	8.078.418.475	9.442.347.246
Refund of provision	-	(1.363.928.771)
Ending balance	<u>8.078.418.475</u>	<u>8.078.418.475</u>

6. Inventories

	<u>Ending balance</u>	<u>Beginning balance</u>
Materials and supplies	530.315.118	571.391.475
Tools	48.763.960	51.420.727
Work in progress	6.787.036.071	7.085.042.328
Total	<u>7.366.115.149</u>	<u>7.707.854.530</u>

7. Other current assets

This is advances for employees of the company.

8. Long-term receivable from customers

This item reflects amount of project guarantee to be received from customers:

	<u>Ending balance</u>	<u>Beginning balance</u>
Board of Hydroelectricity Management 1	184.144.863	184.144.863
Nho Que Power Development and Investment JSC	1.532.762.821	1.532.762.821
Trung Son Hydroelectricity Co., Ltd.	506.106.834	506.106.834
Others	164.311.300	164.311.300
Total	<u>2.387.325.818</u>	<u>2.387.325.818</u>

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Notes to the financial statements (cont.)**9. Tangible fixed assets**

	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Vehicles</u>	<u>Office equipment</u>	<u>Total</u>
Historical costs					
Beginning balance	10.220.663.467	9.187.172.451	10.716.361.219	2.616.517.824	32.740.714.961
New purchases during the year	-	22.000.000	486.200.000	167.953.554	676.153.554
Disposal and liquidation	(116.068.180)	(530.425.610)	(355.600.000)	(118.235.682)	(1.120.329.472)
Ending balance	<u>10.104.595.287</u>	<u>8.678.746.841</u>	<u>10.846.961.219</u>	<u>2.666.235.696</u>	<u>32.296.539.043</u>
<i>In which:</i>					
Fully depreciated but still being in use	290.254.200	7.379.190.098	9.104.581.219	1.491.982.033	18.266.007.550
Depreciation					
Beginning balance	2.304.409.816	8.229.419.762	9.725.263.789	1.830.126.907	22.089.220.274
Depreciation during the year	542.854.884	297.316.223	413.293.468	358.954.284	1.612.418.859
Disposal and liquidation	(116.068.180)	(527.101.132)	(355.600.000)	(116.396.655)	(1.115.165.967)
Ending balance	<u>2.731.196.520</u>	<u>7.999.634.853</u>	<u>9.782.957.257</u>	<u>2.072.684.536</u>	<u>22.586.473.166</u>
Net book value					
Beginning balance	7.916.253.651	957.752.689	991.097.430	786.390.917	10.651.494.687
Ending balance	<u>7.373.398.767</u>	<u>679.111.988</u>	<u>1.064.003.962</u>	<u>593.551.160</u>	<u>9.710.065.877</u>

10. Intangible fixed assets

	<u>Long-term land use right</u>	<u>Fixed-term land use right</u>	<u>Computer's software</u>	<u>Total</u>
Initial costs				
Beginning balance	7.093.957.000	9.463.506.000	2.193.790.961	18.751.253.961
Ending balance	<u>7.093.957.000</u>	<u>9.463.506.000</u>	<u>2.193.790.961</u>	<u>18.751.253.961</u>
<i>In which:</i>				
Fully depreciated but still being in use	-	-	957.636.487	957.636.487
Amortization				
Beginning balance	-	678.901.305	1.328.207.427	2.007.108.732
Amortization during the year	-	199.504.800	336.099.313	535.604.113
Ending balance	<u>-</u>	<u>878.406.105</u>	<u>1.664.306.740</u>	<u>2.542.712.845</u>
Net book value				
Beginning balance	7.093.957.000	8.784.604.695	865.583.534	16.744.145.229
Ending balance	<u>7.093.957.000</u>	<u>8.585.099.895</u>	<u>529.484.221</u>	<u>16.208.541.116</u>

POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4

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For the fiscal year ended 31 December 2012

Notes to the financial statements (cont.)

11. Investment into associates

	Ending balance		Beginning balance	
	Amount	Value	Amount	Value
Buon Don Hydroelectricity Joint Stock Company	8.724.745	87.247.449.000	7.461.643	74.616.430.000

Pursuant to business registration certificate of Buon Don Hydroelectricity Joint Stock Company No. 6000884487 dated 20 May 2009 granted by Service of Planning and Investment of Daklak Province, the company has invested into Buon Don Hydroelectricity Joint Stock Company at amount of VND 103.850.000.000 equivalent to 31% of the charter capital. During the year, the company has additionally invested VND 12.631.019.000. As of the date of this report, the company has additionally invested at amount of VND 87.247.449.000 equivalent to 26,04% of charter capital. The charter capital to be invested into Buon Don Hydroelectricity Joint Stock Company is VND 16.602.551.000.

12. Other long-term investments

	Ending balance		Beginning balance	
	Amount	Value	Amount	Value
Investment into shares				
- EVN International Joint Stock Company	105.000	1.050.000.000	105.000	1.050.000.000
- EVN Land Nha Trang Immovable Property Joint Stock Company ⁽¹⁾	150.000	1.500.000.000	150.000	1.500.000.000
Bank deposits		-		1.000.000.000
Total		2.550.000.000		3.550.000.000

⁽¹⁾ In reference to investment into EVN Land Nha Trang Immovable Property Joint Stock Company.

- On 6 January 2012, the People's Committee of Khanh Hoa has launched announcement No. 11/TB-UBND regarding to check the progress of investing into projects at Cam Ranh Peninsula tourist area, according to this announcement, the People's Committee of Khanh Hoa has directed the appropriate authorities to perform procedures of liquidation, withdrawal of investment certificate for project of EVN Land Nha Trang Resort and Ecotourism of EVN Land Nha Trang Immovable Property Joint Stock Company.
- On 21 February 2012, Service of Planning and Investment of Khanh Hoa has sent the official letter No. 309/SKHĐT-HTĐT to the People's Committee of Khanh Hoa on withdrawing investment certificate of project of Electricity Resort and Ecotourism invested by EVN Land Nha Trang Immovable Property Joint Stock Company
- On 6 March 2012, the People's Committee of Khanh Hoa has had the official letter No. 1016/UBND - KT on approving replace of investors of EVN Land Nha Trang Resort and Ecotourism Project, according this official letter, the Provincial People's Committee allows Mesa Trade and Service Co., Ltd. as investor of Electricity Resort and Ecotourism project to replace EVN Land Nha Trang Immovable Property Joint Stock Company

At present, parties have not had plan to treat assets in progress of the project.

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FINANCIAL STATEMENTS

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Notes to the financial statements (cont.)

13. Long-term prepaid expenses

	Beginning balance	Increase	Allocation	Ending balance
Computer's software	288.856.579	63.483.000	(262.111.595)	90.227.984
Tools	720.474.246	170.439.121	(741.362.700)	149.550.667
Total	1.009.330.825	233.922.121	(1.003.474.295)	239.778.651

14. Other long-term assets

	Ending balance	Beginning balance
Deposits for house rental (Branch in Southern)	75.000.000	75.000.000
Deposits for installing telephone	5.000.000	5.000.000
Deposits for MCC Mai Linh	10.000.000	10.000.000
Total	90.000.000	90.000.000

15. Short-term loans

These are short-term loans from Bank for Investment and Development of Vietnam (BIDV) – Khanh Hoa Branch to pay salary and works charge (loan in monies) for loan period of 1 month at interest rate of 12,5%/year, faithful loan.

Details of increase, decrease of current portions of long-term loans are as follows:

	Current year	Previous year
Beginning balance	-	53.000.000.000
Increase during the year	37.500.000.000	56.183.437.000
Amount recorded	-	(3.000.000.000)
Amount already paid during the year	(36.500.000.000)	(106.183.437.000)
Ending balance	1.000.000.000	-

16. Payable to suppliers

	Ending balance	Beginning balance
Power Engineering Consulting Joint Stock Company 2	3.678.241.937	3.000.000.000
Institute of Energy	1.325.643.198	2.025.643.198
HTC Trading and Construction Consulting Co., Ltd.	-	997.036.364
Power Engineering Consulting JSC 1	983.545.000	983.545.000
Hoa Binh - Agriculture Map Measure Enterprise 1	733.998.010	733.998.010
Da Nang - 3 Power Engineering Consulting Co., Ltd.	514.844.526	633.553.901
Central Electromechanics Joint Stock Company	-	413.952.682
Vietnam Irrigation Engineering Consulting Corporation	406.352.630	406.352.630
Electricity Engineering Survey Co., Ltd. 2	1.376.158.641	402.995.874
Others	2.714.050.001	3.291.720.473
Total	11.732.833.943	12.888.798.132

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POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4

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FINANCIAL STATEMENTS

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Notes to the financial statements (cont.)**17. Advances from customers**

	<u>Ending balance</u>	<u>Beginning balance</u>
Board of Central Power Project Management	2.490.613.927	4.601.456.405
Trung Son Hydroelectricity Co., Ltd.	1.191.106.617	2.997.175.725
Buon Don Hydroelectricity Joint Stock Company	2.078.537.000	2.078.537.000
Board of Themoelectricity Management 3	1.078.000.000	1.078.000.000
Others	4.667.959.996	8.210.960.442
Total	<u>11.506.217.540</u>	<u>18.966.129.572</u>

18. Taxes and other obligations to the State budget

	<u>Beginning balance</u>	<u>Amount payable</u>	<u>Amount already paid</u>	<u>Ending balance</u>
VAT on local sales	4.572.997.941	12.383.808.534	(12.918.058.759)	4.038.747.716
Corporate income tax	4.062.658.227	8.860.315.471	(8.702.307.454)	4.220.666.244
Personal income tax	1.098.341.450	1.290.022.591	(2.178.352.716)	210.011.325
Tax for using non-agricultural land	-	3.099.500	(5.921.000)	(2.821.500)
Other taxes	-	445.169.694	(445.169.694)	-
License duty	-	3.000.000	(3.000.000)	-
Contractor tax	-	442.169.694	(442.169.694)	-
Total	<u>9.733.997.618</u>	<u>22.982.415.790</u>	<u>(24.249.809.623)</u>	<u>8.466.603.785</u>

Taxes excessively paid are presented in Taxes and accounts receivable to State's Budget.

Value added tax

The company has paid value added tax in line with deduction method. Tax rate applied for service of design and investigation is 10%.

Corporate income tax

The company has to pay corporate income tax at rate of 25% (see Note IV.16).

Estimated corporate income tax payable during the year is as follows:

	<u>Current year</u>	<u>Previous year</u>
Total accounting profit before tax	29.075.374.326	28.613.683.414
Increase, decrease of accounting profit to determine profit subject to pay corporate income tax	6.365.887.556	7.636.949.493
- Increase	6.466.987.556	7.636.949.493
- Decrease	(101.100.000)	-
Total taxable income	35.441.261.882	36.250.632.907
Corporate income tax rate	25%	25%
Corporate income tax payable	<u>8.860.315.471</u>	<u>9.062.658.227</u>

Other taxes

The company has declared and paid these taxes in line with regulations.

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Notes to the financial statements (cont.)**19. Payable to employees**

Salary fund during the year is determined in line with Decision No. 02/TVDD4-HĐQT dated 24 February 2012 of the Board of Management. The unit price of salary for sales recorded during the period is as follows

- Survey by the company itself: VND 530 /VND 1.000 sales
- Design by the company itself: VND 510 /VND 1.000 sales

The ending balance is salary fund not yet paid to employees.

20. Accrued expenses

	<u>Ending balance</u>	<u>Beginning balance</u>
Bonus for "initiative of improving - rationalizing manufacture"	-	222.200.000
Expense for designing and surveying projects	2.450.360.000	6.419.899.457
Interest on bonds	306.102.000	-
Total	<u>2.756.462.000</u>	<u>6.642.099.457</u>

21. Other short-term payable

	<u>Ending balance</u>	<u>Beginning balance</u>
Trade Union's Expenditure	3.426.856.997	2.273.982.494
Social insurance of Khanh Hoa Province	-	335.271.190
Unearn revenue (gains on bank deposits advanced)	-	236.833.334
Payable for EVN	5.685.473.333	68.444.444
- Loan interest expenses	62.333.333	68.444.444
- Interest on bonds	5.623.140.000	-
Amount contributing capital into Buon Don Hydroelectricity JSC taken from other shareholders	2.690.970.000	154.470.000
Interest payable on bonds	46.128.000	-
Others	230.604.261	93.871.576
Total	<u>12.080.032.591</u>	<u>3.162.873.038</u>

22. Bonus and welfare funds

	<u>Beginning balance</u>	<u>Increase due to extraction from profit of previous year</u>	<u>Bonus from EVN</u>	<u>Other increase</u>	<u>Funds paid during the year</u>	<u>Ending balance</u>
Bonus funds	3.295.551.652	586.530.756	30.000.000	-	(208.200.000)	3.703.882.408
Welfare funds	1.899.381.082	391.020.503	-	60.220.000	(246.993.000)	2.103.628.585
Bonus funds for executive officers of the company	5.751.000	500.000.000	-	-	-	505.751.000
Total	<u>5.200.683.734</u>	<u>1.477.551.259</u>	<u>30.000.000</u>	<u>60.220.000</u>	<u>(455.193.000)</u>	<u>6.313.261.993</u>

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FINANCIAL STATEMENTS

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Notes to the financial statements (cont.)**23. Long-term debts and loans**

	<u>Ending balance</u>	<u>Beginning balance</u>
Loans from EVN ^(a)	10.453.398.483	10.000.000.000
Convertible bonds ^(b)	25.508.500.000	51.000.000.000
Total	<u>35.961.898.483</u>	<u>61.000.000.000</u>

(a) Loans in line with contracts:

This item reflects long-term loans from Electricity of Vietnam (EVN) in line with loan contract No. 01/2008/EVN/TCKT-CPXDDDD4 dated 15 February 2008 and Appendix No. 01/PLHDD01-2008/EVN - TVDD4 dated 31 December 2011 at amount of VND 10.000.000.000 to supplement the working capital for loan period of 9 years, interest rate is calculated by 12 months deposit, interest paid after reference average of 4 Commercial Banks plus 3%. The debt principal amount is paid from the year 2014 to the year 2016.

This item reflects long-term loans from Electricity of Vietnam from source of loan capital of World Bank (WB) in line with re-loan contract No. 02/EVN-TV4/TCKT dated 31 December 2011 and Decision No. 1556/QĐ-EVN dated 7 November 2008, No. 211/QĐ-EVN-TCCB&ĐT dated 30 January 2008 and No. 3250/EVN-TCCB&ĐT dated 4 July 2008 of EVN on giving loans to the company from source of loan capital of WB (Project VN-3680) to pay training fee.

Re-loan period: 14 years, payment for loan principal amount and interest on 15 June and 15 December (the first principal payment is from 15 December 2012 and the end of the payment is 15 December 2022).

Interest on giving re-loan : 5,6%/year.

Fee for re-loan : 0,2%.

(b) The convertible bonds are issued for the purpose of contributing capital to invest into Sprêpôk 4A Hydroelectricity - Buon Don Hydroelectricity Joint Stock Company.

Face value : VND 100.000/bond

Period : 2 years starting from 24 November 2011

Interest rate : 12%/year

Convertible right : compelling to convert 50% on the date of the first whole year starting from the date of issuance and other 50% on the date of the second whole year.

Payment term of long-term loans and debts

	<u>Total debts</u>	<u>Under 1 year</u>	<u>From 1 year to 5 years</u>	<u>Over 5 years</u>
Loans from EVN	10.453.398.483	-	10.000.000.000	453.398.483
Convertible bonds	25.508.500.000	25.508.500.000	-	-
Total	<u>35.961.898.483</u>	<u>25.508.500.000</u>	<u>10.000.000.000</u>	<u>453.398.483</u>

Increase, decrease of long-term debts and loans

POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4

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For the fiscal year ended 31 December 2012

Notes to the financial statements (cont.)

	<u>Beginning balance</u>	<u>Increase during the year</u>	<u>Converted into shares</u>	<u>Amount recorded</u>	<u>Ending balance</u>
Loans from EVN	10.000.000.000	476.068.511	-	(22.670.028)	10.453.398.483
Convertible bonds	51.000.000.000	-	(25.491.500.000)	-	25.508.500.000
Total	61.000.000.000	476.068.511	(25.491.500.000)	(22.670.028)	35.961.898.483

24. Unemployment funds

	<u>Current year</u>	<u>Previous year</u>
Beginning balance	626.214.206	596.548.653
Amount additionally made	-	148.212.553
Amount already paid during the year	(104.987.000)	(118.547.000)
Recording the balance into other income	(521.227.206)	-
Ending balance	-	626.214.206

25. Owner's equity**Statements of fluctuation in owner's equity:**

Statements of fluctuation in owner's equity presented in attached appendix.

Details of owner's equity

	<u>Ending balance</u>		<u>Beginning balance</u>	
	<u>Share capital</u>	<u>Rate (%)</u>	<u>Share capital</u>	<u>Rate (%)</u>
Electricity of Vietnam	59.172.750.000	64,74	26.066.880.000	51,12
Other shareholders	32.231.800.000	35,26	24.920.890.000	48,88
Total	91.404.550.000	100,00	50.987.770.000	100,00

Shares

	<u>Ending balance</u>	<u>Beginning balance</u>
Number of shares allowed to be issued	9.140.455	5.098.777
Number of shares sold to public	9.140.455	5.098.777
Number of shares repurchased	64.148	61.739
Number of outstanding shares	9.076.307	5.037.038

All shares are common shares. Face value is VND 10.000.

VI. ADDITIONAL INFORMATION ON THE ITEMS OF THE INCOME STATEMENT**1. Net sales**

	<u>Current year</u>	<u>Previous year</u>
Gains from survey	62.999.704.114	67.281.953.010
Gains from design	119.416.338.989	114.542.381.096
Total	182.416.043.103	181.824.334.106

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Notes to the financial statements (cont.)**2. Costs of goods sold**

	<u>Current year</u>	<u>Previous year</u>
Costs of survey	41.629.024.949	46.335.865.277
Costs of design	78.691.395.960	75.742.423.761
Total	<u>120.320.420.909</u>	<u>122.078.289.038</u>

3. Financial income

	<u>Current year</u>	<u>Previous year</u>
Gains from selling foreign currencies	13.200.000	-
Gains from time-deposits	446.854.291	838.077.279
Gains from demand deposits	34.772.555	485.086.698
Dividends and profit shared	101.100.000	-
Gains from realized foreign exchange rates	1.260.000	12.197.583
Total	<u>597.186.846</u>	<u>1.335.361.560</u>

4. Financial expenses

	<u>Current year</u>	<u>Previous year</u>
Loss from selling foreign currencies	-	3.823.713
Interest on short-term loans from EVN Finace to contribute capital to Buon Don Hydroelectricity Joint Stock Company	-	7.271.722.222
Interest on long-term loans from EVN	1.742.555.555	1.481.411.111
Interest on bonds	6.426.102.000	-
Interest on other short-term loans	236.078.505	250.950.190
Loss from unrealized foreign exchange difference	2.098.636	2.911.164
Others	4.000.000	-
Total	<u>8.410.834.696</u>	<u>9.010.818.400</u>

5. Administrative overheads

	<u>Current year</u>	<u>Previous year</u>
Expenses for employees	15.600.985.698	13.418.600.295
Office supplies and equipments	369.889.227	576.437.001
Depreciation of fixed assets	126.085.833	134.630.366
External service rendered	951.249.987	720.585.628
Other expenses	8.655.487.668	8.592.380.013
Total	<u>25.703.698.413</u>	<u>23.442.633.303</u>

6. Other income

	<u>Current year</u>	<u>Previous year</u>
Gains from refund of training fee	37.200.000	164.785.000
Gains from liquidation of assets	16.131.818	-
Gains from liquidation of supplies	18.575.000	-
Refund of provision for unemployment allowance fund	559.467.206	-
Other income	5.057.073	6.634.546
Total	<u>636.431.097</u>	<u>171.419.546</u>

POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4

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FINANCIAL STATEMENTS

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Notes to the financial statements (cont.)**7. Other expenses**

	<u>Current year</u>	<u>Previous year</u>
Remaining value of fixed assets liquidated	5.163.505	-
Value of liquidated supplies	6.272.197	-
Fine due to violation of contract	119.534.170	129.311.421
Payment for tax fine	4.362.830	-
Total	<u>135.332.702</u>	<u>129.311.421</u>

8. Earning per share

	<u>Current year</u>	<u>Previous year</u>
Accounting profit after corporate income tax	20.215.058.855	19.551.025.187
Increase/(decrease) of accounting profit to determine profit attribute shareholders owned ordinary shares	-	-
Profit attribute shareholders owned ordinary shares	20.215.058.855	19.551.025.187
Outstanding average ordinary shares during the year	6.042.761	6.049.802
Earning per share	<u>3.345</u>	<u>3.232</u>

Outstanding average ordinary shares during the year are as follows:

	<u>Current year</u>	<u>Previous year</u>
Outstanding average ordinary shares at beginning year	5.037.038	4.206.746
Effect of ordinary shares repurchased during the year	(1.442)	(4.886)
Effect of ordinary shares issued from profit of 2011	-	840.777
Effect of ordinary shares issued from profit of 2012	1.007.165	1.007.165
Outstanding average ordinary shares during the year	<u>6.042.761</u>	<u>6.049.802</u>

In 2012, the company has increased the charter capital from VND 50.987.770.000 up to VND 61.059.420.000 from retained earnings. Therefore, earning per share of previous year has been adjusted according to number of shares additionally issued from dividends at amount of VND 10.071.650.000. This retroactive adjustment leads earning per share of previous year to decrease from VND 3.877 down to VND 3.232.

9. Operating expenses

	<u>Current year</u>	<u>Previous year</u>
Materials and supplies	6.588.376.977	6.773.317.297
Labors	97.506.359.135	89.457.335.363
Depreciation of fixed assets	2.148.022.972	2.322.359.761
External service rendered	18.457.604.213	33.082.504.600
Other expenses	21.029.749.768	19.491.440.099
Total	<u>145.730.113.065</u>	<u>151.126.957.120</u>

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FINANCIAL STATEMENTS

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Notes to the financial statements (cont.)



VII. ADDITIONAL INFORMATION ON THE ITEMS OF THE CASH FLOWS STATEMENT

1. Non-cash transactions

During the year, the company has had non-cash transactions as follows:

	<u>Current year</u>	<u>Previous year</u>
Investment into other company through offsetting liabilities	12.347.919.000	66.466.430.000
Recording liabilities into owner's equity	30.345.130.000	-
Total	<u>42.693.049.000</u>	<u>66.466.430.000</u>

VIII. OTHER INFORMATION

1. Commitments

- Pursuant to Decision No. 507/QĐ-TVĐ4 dated 26 November 2010, the Board of Management has stopped contributing capital into EVN - Land Nha Trang Joint Stock Company. Amount already contributed is VND 1,5 billion.
- The company has taken delegation of other shareholders of Buon Don Hydroelectricity Joint Stock Company (who are the labors of the company) in contributing the charter capital of Buon Don Hydroelectricity Joint Stock Company. During the year, the company has contributed capital into Buon Don Hydroelectricity Joint Stock Company at amount of VND 3987.500.000. As of 31 December 2012, amount already received from other shareholders is VND 2.690.970.000 (see Note V.21)
- Pursuant to Resolution No. 1938/NQ-HĐQT dated 20 December 2011 of the Board of Management regarding "*adoption of commitment on supporting capital loans for Srêpôk 4A Hydroelectricity Project of Buon Don Hydroelectricity Joint Stock Company*", the Board of Management of the company has adopted commitment on supporting capital loans for Srêpôk 4A Hydroelectricity Project of Buon Don Hydroelectricity Joint Stock Company as follows:
 - + Power Engineering Consulting Joint Stock Company 4 will not transfer the company's shares if not yet having the agreement of the creditor starting from date of commitment to all liabilities of the credit contract fully paid;
 - + Power Engineering Consulting Joint Stock Company 4, shareholders relating to EVN and individuals together contribute capital to Buon Don Hydroelectricity Joint Stock Company by form of capital contribution or of additionally giving loans to assure the shortage of cash on hand which is able to happen in the the future of the progress of capital loan and to assure ability to pay liabilities of Buon Don Hydroelectricity Joint Stock Company.

2. Subsequent events

The Directors of the company hereby ensure that there have been no events from 31 December 2012 to the date of this report which need to make adjustments on the figures or the disclosures in the financial statements.

3. Transaction with related parties

Transactions with key management members

Key management members and related individuals of the company including Board's members, the Directors and Chief Accountant.

POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4

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FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2012

Notes to the financial statements (cont.)

The transactions between the company and key management members include:

Key management members	Transactions
The Board of Management and the Controllers	Pursuant to Resolution of the annual shareholders' general meeting in the year 2012, remuneration of Board of Management and the Controllers in 2012 and 2011 is VND 377.350.000 and VND 384.000.000 respectively.
The Directors and Chief Accountant	Income from salary and allowances in line with regulations on salary of the company. Income of the Directors and Chief Accountant in 2012 is VND 1.500.141.000 (in 2011 is VND 1.789.292.000).

Transactions with other related parties

Related parties	Relationships
Electricity of Vietnam (EVN)	Shareholders possessing 64,74% of stocks (see Note V.25)
Power Engineering Consulting Joint Stock Company 2	Subsidiary of EVN
Power Engineering Consulting Joint Stock Company 1	Subsidiary of EVN
EVN Finance	Subsidiary of EVN
Buon Don Hydroelectricity Joint Stock Company Đôn	The company registered to possess 31% of charter capital. Mr. Pham Minh Son - Board's Chairman cum General Director of the company is the Board's Chairman of Buon Don Hydroelectricity Joint Stock Company

The material transactions between the company and other related parties during the period are as follows:

	Current year	Previous year
<i>Electricity of Vietnam (EVN)</i>		
Loan interest expenses payment	-	2.598.597.223
Loan interest expenses payable in current year	1.742.555.555	1.481.411.111
Interest payable on convertible bonds	5.623.140.000	-
Increasing contributed capital of EVN due to issuance of shares paid dividends previous year	5.213.376.000	4.344.480.000
EVN purchases 468.595 of the company's bonds	-	46.859.500.000
Increasing contributed capital of EVN due to converting bonds into shares	27.892.500.000	-
<i>Power Engineering Consulting Joint Stock Company 2</i>		
Fee for surveying project ĐT ĐZ 500kV PleiKu - My Phuoc - Cau Bong (fee has not included VAT)g	858.582.333	7.010.981.000
Fee for surveying Ninh Thuan nuclear power factory	3.689.700.000	-

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Notes to the financial statements (cont.)

	<u>Current year</u>	<u>Previous year</u>
<i>EVN Finance</i>		
Payment for loans	-	50.000.000.000
Payment for interest on loans	-	7.271.722.222
Payment on behalf	325.831.950	-
<i>Buon Don Hydroelectricity Joint Stock Company</i>		
Charter capital contribution	12.631.019.000	8.000.000.000
Providing survey and design service	13.673.291.000	7.805.525.000

The company has had no transactions with Power Engineering Consulting Joint Stock Company 1 in current year and previous year.

As at the balance sheet date, liabilities with related parties are as follows:

	<u>Ending balance</u>	<u>Beginning balance</u>
Power Engineering Consulting Joint Stock Company 2	2.782.028.867	-
Power Engineering Consulting Joint Stock Company 1	141.066.154	141.066.154
Total accounts receivable	<u>2.923.095.021</u>	<u>141.066.154</u>
Electricity of Vietnam (EVN)	16.138.871.816	10.068.444.444
<i>Loan principal amount payable (see Note V. 23)</i>	10.453.398.483	10.000.000.000
<i>Payable for interest on loans (see Note V.21)</i>	62.333.333	68.444.444
<i>Payable for interest on bonds (see Note V.21)</i>	5.623.140.000	-
Power Engineering Consulting Joint Stock Company 2 (see Note V.16)	3.678.241.937	3.000.000.000
Power Engineering Consulting Joint Stock Company 1 (see Note V.16)	983.545.000	983.545.000
Buon Don Hydroelectricity Joint Stock Company (see Note V.17)	2.078.537.000	2.078.537.000
Total accounts payable	<u>22.879.195.753</u>	<u>16.130.526.444</u>

4. Segment information

Business operations of the company are to mainly provide survey and design service in Vietnam geographical segment.

5. Financial risk management***General***

The company's operation arises financial risks as follows credit risk, liquidity risk and market risk, the Directors have responsibility for establishing policies and the control in order to diminish financial risks as well as manage performance of policies and the controls established. Managing risks is performed by Finance - Account Department in line with policies and procedures approved by the General Director.

Credit risk

Credit risk is the risk that a contractual party cannot perform its responsibilities, leading to a financial loss to the company.

The company has credit risk from accounts receivable from customers, bank deposits and loans given.

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Notes to the financial statements (cont.)*Receivable from customers*

The company diminishes credit risk by dealing with entities having the good finance. In addition, debt accountant constantly observes accounts receivable to recover.

Receivable from customers of the company relates to enterprises and individuals; therefore, credit risk for accounts receivable is low.

Bank deposits

Most bank deposits of the company are deposited at the big and prestigious banks in Vietnam. The company recognizes that credit risk of bank deposits is low.

Loans given

The company has given loan to employees. These individuals are faithful and have ability to repay; therefore credit risk of loans is low.

Maximum level of credit risk with financial assets is as follows:

	<u>Ending balance</u>	<u>Beginning balance</u>
Cash and cash equivalents	6.901.954.453	14.245.070.656
Investment hold until the maturity date	-	1.000.000.000
Receivable from customers	142.282.452.719	101.849.704.164
Loans given	94.500.000	164.568.000
Other receivable	2.283.203.362	2.745.597.181
Financial assets available for sale	2.550.000.000	2.550.000.000
Total	<u>154.112.110.534</u>	<u>122.554.940.001</u>

Maximum level of credit risk with financial assets is book value (see Note VIII.6 on book value of financial assets).

Analysis on overdue time and devaluation of financial assets is as follows:

	<u>Not yet to be overdue or devaluated</u>	<u>To be overdue and/ or devaluated</u>	<u>Total</u>
Ending balance			
Cash and cash equivalents	6.901.954.453	-	6.901.954.453
Receivable from customers	119.445.629.594	30.915.241.600	150.360.871.194
Loans given	94.500.000	-	94.500.000
Other receivable	2.283.203.362	-	2.283.203.362
Financial assets available for sale	2.550.000.000	-	2.550.000.000
Total	<u>131.275.287.409</u>	<u>30.915.241.600</u>	<u>162.190.529.009</u>
Beginning balance			
Cash and cash equivalents	14.245.070.656	-	14.245.070.656
Investment hold until the maturity date	1.000.000.000	-	1.000.000.000
Receivable from customers	79.012.881.039	30.915.241.600	109.928.122.639
Loans given	164.568.000	-	164.568.000
Other receivable	2.745.597.181	-	2.745.597.181
Financial assets available for sale	2.550.000.000	-	2.550.000.000
Total	<u>99.718.116.876</u>	<u>30.915.241.600</u>	<u>130.633.358.476</u>

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Notes to the financial statements (cont.)

Liquidity risk

Liquidity risk is the risk that the company will have difficulties in paying its financial liabilities.

The company's liquidity risk arises from financial assets and liabilities having the different maturity date.

The company manages payment risk through constantly observing requests on payment in the present and in the future to maintain the appropriate amount and loans, managing cash flows arisen in the present and in the future in order to diminish effects of fluctuations on cash flows.

Payment period of no-derivative financial liabilities (including loan interest payable) based on the payment in line with contract not yet discounted as follows:

	<u>Under 1 year</u>	<u>From 1 year to 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
Ending balance				
Payable to suppliers	11.732.833.943	-	-	11.732.833.943
Loans and debts	26.508.500.000	10.000.000.000	453.398.483	36.961.898.483
Other payable	69.117.740.978	-	-	69.117.740.978
Total	<u>107.359.074.921</u>	<u>10.000.000.000</u>	<u>453.398.483</u>	<u>117.812.473.404</u>
			-	
Beginning balance				
Payable to suppliers	12.888.798.132	-	-	12.888.798.132
Loans and debts	-	61.000.000.000	-	61.000.000.000
Other payable	37.657.569.442	626.214.206	-	38.283.783.648
Total	<u>50.546.367.574</u>	<u>61.626.214.206</u>	<u>-</u>	<u>112.172.581.780</u>

The Directors show that risk level of paying liabilities is low. The company has ability to pay current portion of liabilities from business cash flows and receipts from financial assets on maturity date. The company have enough ability to access source of capital and maturity loans within 12 months can be extended with present creditors.

Market risk

Market risk is the risk that fair value or the future cash flows of a financial instrument will fluctuate because of changes in market prices.

Market risk relating to the company's operation include interest risk and risk on security price.

Sensitivity analysis, the appreciations below related to financial situation of the company as of 1 January 2012 and 31 December 2011 base on net liability value. Change level of exchange rate, interest, security price, price of materials used to analyze sensitivity is based on appreciating ability to cause within the next year with visible condition of market at present.

Interest risk is risk that fair value or cash flows in the future of financial instrument will fluctuate in line with change of market interest.

Interest risk of the company mainly relates to time deposits, loans given and loans at floating interest.

The company manages interest risk by analyzing market situation to give the properly decisions in choosing loan date and period properly in order to have the most benefit of interest rate as well as maintain loan structure with floating and fixing interest rate.

Financial instrument with floating interest rate of the company is demand deposits.

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Notes to the financial statements (cont.)*Price risk of security*

The Directors show that effect level due to fluctuation of security price on profit after tax and owner's equity of the company is insignificant since security investment has low value.

Collaterals

The company has had no collaterals received from other entities on 31 September 2012 and 31 September 2011.

6. Fair value of financial assets and liabilities*Financial assets*

	Book values				Fair values	
	Ending balance		Beginning balance		Ending balance	Beginning balance
	Principal amount	Provision	Principal amount	Provision		
Cash and cash equivalents	6.901.954.453	-	14.245.070.656	-	6.901.954.453	14.245.070.656
Investments hold to maturity date	-	-	1.000.000.000	-		1.000.000.000
Receivable from customers	150.360.871.194	(8.078.418.475)	109.928.122.639	(8.078.418.475)	142.282.452.719	101.849.704.164
Loans given	94.500.000	-	164.568.000	-	94.500.000	164.568.000
Other receivable	2.283.203.362	-	2.745.597.181	-	2.283.203.362	2.745.597.181
Financial assets available for sale	2.550.000.000		2.550.000.000		2.550.000.000	2.550.000.000
Total	162.190.529.009	(8.078.418.475)	130.633.358.476	(8.078.418.475)	154.112.110.534	122.554.940.001

Financial liabilities

	Book values		Fair values	
	Ending balance	Beginning balance	Ending balance	Beginning balance
Payable to suppliers	11.732.833.943	12.888.798.132	11.732.833.943	12.888.798.132
Loans and debts	36.961.898.483	61.000.000.000	36.961.898.483	61.000.000.000
Other payable	69.117.740.978	38.283.783.648	69.117.740.978	38.283.783.648
Total	117.812.473.404	112.172.581.780	117.812.473.404	112.172.581.780

Fair values of financial assets and liabilities are reflected in line with value that a financial instrument is able to be changed in the actual transactions between the parties fully having knowledges and desiring to have transactions.

The company use the following method and assumption to estimate the fair values:

- Fair value of cash on hand, cash in bank, accounts receivable from customers, payable to suppliers and other short-term payable equivalent to book value of these items due to these instruments having short-term period.
- Fair value of investment hold until maturity dates listed on security market is exchange price disclosed as at the balance sheet date. For investments hold until maturity dates unlisted but having exchange price disclosed by 3 security companies as at the balance sheet date, fair value of these investments is average price on the basis of exchange price disclosed by 3 security companies

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FINANCIAL STATEMENTS

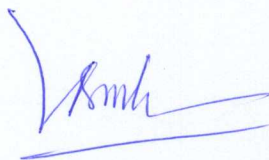
For the fiscal year ended 31 December 2012

Notes to the financial statements (cont.)

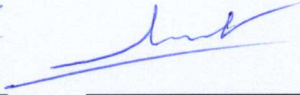
- Fair value of accounts receivable and loans given at fixed or variable interest rate is determined based on informations such as interest rate, risks, ability to pay debts, risk nature related to debts. On the basis of these valuation, the company has estimated provision for part of unable recovery.

The company has not performed to the official valuation of financial assets available for sale unlisted. However, the Director appreciate there have had no material difference between fair value and book value of these financial assets.

Khanh Hoa, 5 March 2013



Tran Le Thanh Binh
Preparer



Vu Thanh Danh
Chief Accountant



Pham Minh Son
General Director

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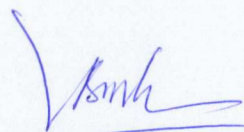
For the fiscal year ended 31 December 2012

Appendix: Statement of fluctuation in owner's equity

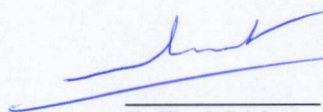
Unit: VND

	Owner's equity	Share premium	Treasury stocks	Business promotion fund	Financial reserve fund	Other funds	Retained earnings	Total
Beginning balance of previous year	42.580.000.000	-	(613.160.060)	8.348.357.892	2.825.014.566	565.002.912	18.068.513.683	71.773.728.993
Issuance of bonus shares from retained earnings of the year 2010	8.407.770.000	-	-	-	-	-	(8.407.776.000)	(6.000)
Repurchase of treasury stocks during the year	-	-	(104.850.000)	-	-	-	-	(104.850.000)
Extraction of funds from profit of previous year	-	-	-	6.162.239.357	1.806.851.368	361.370.274	(9.660.737.683)	(1.330.276.684)
Profit during the year	-	-	-	-	-	-	19.551.025.187	19.551.025.187
Ending balance of previous year	50.987.770.000	-	(718.010.060)	14.510.597.249	4.631.865.934	926.373.186	19.551.025.187	89.889.621.496
Beginning balance in current year	50.987.770.000	-	(718.010.060)	14.510.597.249	4.631.865.934	926.373.186	19.551.025.187	89.889.621.496
Issuance of bonus shares from retained earnings of the year 2011	10.071.650.000	-	-	-	-	-	(10.071.650.000)	-
Converting bonds into shares	30.345.130.000	(4.853.630.000)	-	-	-	-	-	25.491.500.000
Repurchase of treasury stocks during the year	-	-	(24.090.000)	-	-	-	-	(24.090.000)
Extraction of funds from profit of previous year	-	-	-	5.655.694.905	1.955.102.519	391.020.504	(9.479.375.187)	(1.477.557.259)
Profit during the year	-	-	-	-	-	-	20.215.058.855	20.215.058.855
Ending balance	91.404.550.000	(4.853.630.000)	(742.100.060)	20.166.292.154	6.586.968.453	1.317.393.690	20.215.058.855	134.094.533.092

Khanh Hoa, 5 March 2013



Tran Le Thanh Binh
Preparer



Vu Thanh Danh
Chief Accountant



Phạm Minh Sơn
General Director

