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A&C AUDITING AND CONSULTING CO., LTD.**



**FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED 31 DECEMBER 2016**

**POWER ENGINEERING  
CONSULTING JOINT STOCK  
COMPANY 4**

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**STATEMENT OF THE BOARD OF DIRECTORS**

The Board of Directors of Power Engineering Consulting Joint Stock Company 4 (hereinafter referred to as “the Company”) presents this statement together with the Financial Statements for the fiscal year ended 31 December 2016.

**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 officially operated from 1 August 2007 in line with the Business Registration Certificate No. 3703000280 dated 1 August 2007 granted by Khanh Hoa Investment and Planning Department. During its operation course, the Company has modified the Business Registration Certificates as follows:

<u>Amendment time</u>	<u>Date</u>
1 <sup>st</sup>	19 May 2008
2 <sup>nd</sup>	12 June 2009
3 <sup>rd</sup>	05 December 2009
4 <sup>th</sup>	19 August 2010
5 <sup>th</sup>	30 July 2011
6 <sup>th</sup>	25 October 2011
7 <sup>th</sup>	20 July 2012
8 <sup>th</sup>	02 March 2013
9 <sup>th</sup>	04 July 2013
10 <sup>th</sup>	07 January 2014
11 <sup>th</sup>	17 July 2014

Power Engineering Consulting Joint Stock Company 4 has inherited all the legal interests of Power Engineering Consulting Company 4 starting from the date of Business Registration Certificate for joint stock company.

The Company’s shares have been listed on Ha Noi Stock Exchange under the code of TV4.

Principal business activities of the Company as in Business Registration Certificate:

- Testing, surveying and certifying eligibility of bearing safety, certifying suitability of construction quality;
- Providing consulting service for power project, network, lightning and new and renewable energy;
- Designing hydraulic projects;
- Establishing power development plan for the region, provinces, cities, districts and precincts and development plan for new and renewable energy;
- Topographical survey and survey of works, hydrogeology, geotechnics;
- Surveying, measuring, observing meteorology, work hydrogeology;
- Treating 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 survey;

## POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4

STATEMENT OF THE BOARD OF DIRECTORS (cont.)

- Providing consulting service for establishment of pre-feasibility study report, feasibility study report; establishment of bidding documents, tender documents evaluation;
- 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;
- Testing on water analysis, testing on physical-mechanical properties of soils and rocks, works' foundation and construction materials, testing and verifying project quality, testing and analyzing environment criteria;
- Consulting examination of investment report and project; examining technical design, working drawings, total investment capital, total cost estimate, estimated cost; bidding documents for construction projects;
- Consulting environment, surveying and preparing report on compensation, sedentary farming and settlement of construction products. Consulting construction project management;
- Surveying and preparing report on environmental impacts;
- Environmental supervision;
- Producing and trading electricity;
- Trading power 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 estates and leasing offices;
- Testing, analyzing and evaluating environmental criteria. Consulting on environment, surveying, preparing report on environmental impacts. Environmental supervision.

### Head office

Address : No. 11 Hoang Hoa Tham, Nha Trang City, Khanh Hoa Province  
Tel : (058) 3563 999  
Fax : (058) 3 563 888  
Website : www.pecc4.vn

### Affiliates:

Branches	Address
Branch in Northern	Lot 3 - TT4 Lane 183 - Hoang Van Thai Street - Khuong Trung Ward - Thanh Xuan District - Ha Noi City
Branch in Southern	28B Dang Tat - Tan Dinh Ward - District 1 - Ho Chi Minh City

### The Board of Management and the Board of Directors

The Board of Management and the Board of Directors of the Company during the year and to the date of this statement include:

#### *Board of Management*

Full name	Position	Appointing date
Mr. Pham Minh Son	Chairman	Appointed on 21 April 2012
Mr. Tran Hoai Nam	Member	Appointed on 21 April 2012
Mr. Nguyen Duy Binh	Member	Appointed on 20 April 2015
Mr. Tran Van Tho	Member	Appointed on 21 April 2012
Mr. Vu Thanh Danh	Member	Appointed on 21 April 2012

**POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4**  
STATEMENT OF THE BOARD OF DIRECTORS (cont.)

***The Control Board***

Full name	Position	Appointing /resigning date
Mr. Ho Nam Khanh	Chief of the Board	Appointed on 28 April 2016
Mr. Vu Ngoc Thu	Chief of the Board	Resigned on 28 April 2016
Mr. Tran Vinh Thai	Member	Appointed on 25 April 2013
Ms. Vuong Xuan Thi Lien	Member	Appointed on 21 April 2012

***The Board of Directors***

Full name	Position	Appointing date
Mr. Pham Minh Son	General Director	Appointed on 16 August 2012
Mr. Pham Ngoc Son A	Deputy General Director	Appointed on 01 June 2013
Mr. Tran Hoai Nam	Deputy General Director	Appointed on 16 August 2012
Mr. Nguyen Xuan Phuong	Deputy General Director	Appointed on 20 March 2015
Mr. Vu Thanh Danh	Chief Accountant	Appointed on 16 August 2012

**Legal Representative**

The Legal Representative of the Company during the year and to the date of this statement is Mr. Pham Minh Son - General Director.

**Auditors**

A&C Auditing and Consulting Co., Ltd. has been appointed to perform the audit on the Company's Financial Statements for the fiscal year ended 31 December 2016.

**Responsibilities of the Board of Directors**

The Board of Directors of the Company is responsible for the preparation of the Financial Statements to give a true and fair view on the financial position, the financial performance and the cash flows of the Company during the period. In order to prepare these Financial Statements, the Board of Directors is required to:

- select the appropriate accounting policies and apply them consistently;
- make judgment and estimates prudently;
- state clearly whether the accounting standards applied to the Company are followed or not, and all the material differences from these standards are disclosed and explained in the Financial Statements;
- prepare the Financial Statements of the Company on the going-concern basis, except for the cases that the going-concern basis is considered inappropriate;
- design and implement effectively the internal control system in order to ensure that the preparation and presentation of the Financial Statements are free from material misstatements due to frauds or errors.

The Board of Directors hereby ensures 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 in compliance with the applicable Accounting System. The Board of Directors is also responsible for managing the Company's assets and consequently has taken appropriate measures to prevent and detect frauds and other irregularities.

The Board of Directors commits to the compliance with the aforementioned requirements in preparation of the Financial Statements.

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**Approval on the Financial Statements**

The Board of Directors of the Company hereby approves the accompanying Financial Statements, which give a true and fair view of the financial position of the Company as of 31 December 2016, the financial performance and the cash flows for the fiscal year ended 31 December 2016 in accordance with the Vietnamese Accounting Standards and System as well as other legal regulations related to the preparation and presentation of the Financial Statements.

For and on behalf of the Board of Directors



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**Pham Minh Son**  
**General Director**

Date: 04 March 2017



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A&C AUDITING AND CONSULTING CO., LTD.**



Headquarters : 2 Truong Son St., W. 2, Tan Binh Dist., Ho Chi Minh City  
Tel: (84.8) 3 5472972 - Fax: (84.8) 3 5472970  
Branch in Ha Noi : 40 Giang Vo St., Dong Da Dist., Ha Noi City  
Branch in Nha Trang: 18 Tran Khanh Du St., Nha Trang City  
Branch in Can Tho : 162C/4 Tran Ngoc Que St., Can Tho City  
www.a-c.com.vn

No. 026/2017/BCTC-KTTV

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Power Engineering Consulting Joint Stock Company 4 (hereinafter referred to as "the Company"), which were prepared on 20 February 2017 (from page 7 to page 44) including the balance sheet as of 31 December 2016, the income statement, the cash flows statement for the fiscal year then ended and the notes to the financial statements.

#### Responsibility of the Board of Directors

The Company's Board of Directors is responsible for the preparation, true and fair presentation of the financial statements in accordance with the Vietnamese accounting standards and system as well as the legal regulations related to the preparation and presentation of the financial statements; and responsible for the internal control as the company's Directors determine necessary to enable the preparation and presentation of the financial statements to be free from material misstatement due to fraud or error.

#### Responsibility of Auditors

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

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

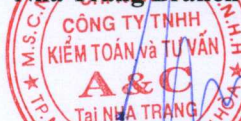
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion of Auditors

In our opinion, the financial statements referred to above, give a true and fair view, in all material respects, the financial position as of 31 December 2016 of Power Engineering Consulting Joint Stock Company 4, as well as its financial performance and its cash flows for the fiscal year then ended in conformity with the prevailing Vietnamese accounting standards and as well as the other legal regulations relevant to preparation and presentation of financial statements.

For and on behalf of  
A&C Auditing and Consulting Co., Ltd.

Nha Trang Branch



Nguyen Van Kien - Director

Audit Practice Registration Certificate No. 0192-2013-008-1

Nha Trang, 4 March 2017

Nguyen Thi Kim Hong - Auditor

Audit Practice Registration Certificate No. 1513-2013-008-1

**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 2016

**BALANCE SHEET**

As of 31 December 2016

Unit: VND

ITEMS	Code	Note	Ending balance	Beginning balance
<b>A - CURRENT ASSETS</b>	<b>100</b>		<b>123.016.388.654</b>	<b>106.716.218.995</b>
<b>I. Cash and cash equivalents</b>	<b>110</b>	<b>V.1</b>	<b>25.256.467.922</b>	<b>22.446.436.893</b>
1. Cash	111		20.256.467.922	8.446.436.893
2. Cash equivalents	112		5.000.000.000	14.000.000.000
<b>II. Short-term investments</b>	<b>120</b>		-	-
1. Trading securities	121		-	-
2. Provisions for devaluation of trading securities	122		-	-
3. Held-to-maturity investments	123		-	-
<b>III. Short-term receivables</b>	<b>130</b>		<b>80.986.712.993</b>	<b>70.887.111.072</b>
1. Short-term trade receivables	131	V.3a	75.613.294.847	71.152.693.943
2. Short-term prepayments to suppliers	132	V.4	6.191.618.297	2.596.806.461
3. Short-term inter-company receivables	133		-	-
Receivable according to the progress of				
4. construction contract	134		-	-
5. Receivables for short-term loans	135		-	-
6. Other short-term receivables	136	V.5	11.469.451.118	8.877.920.737
7. Allowance for short-term doubtful debts	137	V.6	(12.287.651.269)	(11.740.310.069)
8. Deficit assets for treatment	139		-	-
<b>IV. Inventories</b>	<b>140</b>		<b>16.773.207.739</b>	<b>13.377.472.269</b>
1. Inventories	141	V.7	16.773.207.739	13.377.472.269
2. Allowance for inventories	149		-	-
<b>V. Other current assets</b>	<b>150</b>		-	<b>5.198.761</b>
1. Short-term prepaid expenses	151	V.8a	-	5.198.761
2. Deductible VAT	152		-	-
3. Taxes and other receivables from the State	153		-	-
4. Trading Government bonds	154		-	-
5. Other current assets	155		-	-

**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 2016

**Balance sheet (cont.)**

ITEMS	Code	Note	Ending balance	Beginning balance
<b>B- NON-CURRENT ASSETS</b>	<b>200</b>		<b>134.048.340.285</b>	<b>134.237.097.398</b>
<b>I. Long-term receivables</b>	<b>210</b>		<b>1.898.192.121</b>	<b>2.082.336.984</b>
1. Long-term trade receivables	211	V.3b	1.828.192.121	2.012.336.984
2. Long-term prepayments to suppliers	212		-	-
3. Working capital in affiliates	213		-	-
4. Long-term inter-company receivable	214		-	-
5. Receivables for long-term loans	215		-	-
6. Other long-term receivables	216	V.5b	70.000.000	70.000.000
7. Allowance for long-term doubtful debts	219		-	-
<b>II. Fixed assets</b>	<b>220</b>		<b>23.826.289.846</b>	<b>24.894.878.303</b>
1. Tangible fixed assets	221	V.9	8.880.707.842	9.729.739.810
- Historical cost	222		34.157.773.536	33.511.228.081
- Accumulated depreciation	223		(25.277.065.694)	(23.781.488.271)
2. Financial leased assets	224		-	-
- Historical cost	225		-	-
- Accumulated depreciation	226		-	-
3. Intangible fixed assets	227	V.10	14.945.582.004	15.165.138.493
- Initial cost	228		18.828.157.411	18.797.483.911
- Accumulated amortization	229		(3.882.575.407)	(3.632.345.418)
<b>III. Investment property</b>	<b>230</b>		-	-
- Historical costs	231		-	-
- Accumulated depreciation	232		-	-
<b>IV. Long-term assets in process</b>	<b>240</b>		-	-
1. Long-term work in process	241		-	-
2. Construction-in-progress	242		-	-
<b>V. Long-term financial investments</b>	<b>250</b>		<b>106.541.640.000</b>	<b>105.941.640.000</b>
1. Investments in subsidiaries	251		-	-
2. Investments in joint ventures and associates	252	V.2a	104.450.000.000	103.850.000.000
3. Investments in other entities	253	V.2b	2.091.640.000	2.091.640.000
4. Provisions for devaluation of long-term financial investments	254		-	-
5. Held-to-maturity investments	255		-	-
<b>VI. Other non-current assets</b>	<b>260</b>		<b>1.782.218.318</b>	<b>1.318.242.111</b>
1. Long-term prepaid expenses	261	V.8b	1.782.218.318	1.318.242.111
2. Deferred income tax assets	262		-	-
3. Long-term components and spare parts	263		-	-
4. Other non-current assets	268		-	-
<b>TOTAL ASSETS</b>	<b>270</b>		<b>257.064.728.939</b>	<b>240.953.316.393</b>

This statement should be read in conjunction with the notes to the financial statements

**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 2016

**Balance sheet (cont.)**

ITEMS	Code	Note	Ending balance	Beginning balance
<b>C - LIABILITIES</b>	<b>300</b>		<b>76.054.242.808</b>	<b>60.466.301.691</b>
<b>I. Current liabilities</b>	<b>310</b>		<b>76.054.242.808</b>	<b>57.466.301.691</b>
1. Short-term trade payables	311	V.11	9.007.430.317	7.293.851.403
2. Short-term advances from customers	312	V.12	46.252.826.690	29.118.791.548
3. Taxes and other obligations to the State Budget	313	V.13	4.081.537.493	3.552.778.700
4. Payables to employees	314	V.14	9.356.201.560	7.803.724.472
5. Short-term accrued expenses	315		730.936.000	-
6. Short-term inter-company payable	316		-	-
7. Payable according to the progress of construction contracts	317		-	-
8. Short-term unearned revenue	318		-	-
9. Other short-term payables	319	V.15	3.646.081.508	4.156.290.116
10. Short-term borrowings and financial leases	320	V.16a	-	-
11. Provisions for short-term payables	321		-	-
12. Bonus and welfare funds	322	V.17	2.979.229.240	5.540.865.452
13. Price stabilization fund	323		-	-
14. Trading Government bonds	324		-	-
<b>II. Long-term liabilities</b>	<b>330</b>		<b>-</b>	<b>3.000.000.000</b>
1. Long-term trade payables	331		-	-
2. Long-term advances from customers	332		-	-
3. Long-term accrued expenses	333		-	-
4. Inter-company payables for working capital	334		-	-
5. Long-term inter-company payables	335		-	-
6. Long-term unearned revenue	336		-	-
7. Other long-term payables	337		-	-
8. Long-term borrowings and financial leases	338	V.16b	-	3.000.000.000
9. Convertible bonds	339		-	-
10. Preferred shares	340		-	-
11. Deferred income tax liability	341		-	-
12. Provisions for long-term payables	342		-	-
13. Science and technology development fund	343		-	-

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# POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4

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

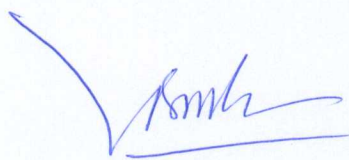
## FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2016

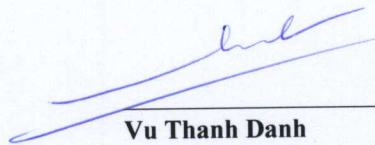
### Balance sheet (cont.)

ITEMS	Code	Note	Ending balance	Beginning balance
<b>D - OWNER'S EQUITY</b>	<b>400</b>		<b>181.010.486.131</b>	<b>180.487.014.702</b>
<b>I. Owner's equity</b>	<b>410</b>		<b>181.010.486.131</b>	<b>180.487.014.702</b>
1. Capital	411	V.18	145.996.140.000	145.996.140.000
2. Share premiums	412	V.18	(15.784.110.000)	(15.784.110.000)
3. Bond conversion options	413		-	-
4. Other sources of capital	414		-	-
5. Treasury stocks	415	V.18	(745.850.060)	(745.850.060)
6. Differences on asset revaluation	416		-	-
7. Foreign exchange differences	417		-	-
8. Investment and development fund	418	V.18	26.753.260.607	26.753.260.607
9. Business arrangement supporting fund	419		-	-
10. Other funds	420	V.18	1.721.694.867	1.721.694.867
11. Retained earnings	421	V.18	23.069.350.717	22.545.879.288
- Retained earnings accumulated to the end of the previous period	421a		7.157.300.042	22.545.879.288
- Retained earnings of the current period	421b		15.912.050.675	-
12. Construction investment fund	422		-	-
<b>II. Other sources and funds</b>	<b>430</b>		<b>-</b>	<b>-</b>
1. Sources of expenditure	431		-	-
2. Fund to form fixed assets	432		-	-
<b>TOTAL LIABILITIES AND OWNER'S EQUITY</b>	<b>440</b>		<b>257.064.728.939</b>	<b>240.953.316.393</b>

Khanh Hoa, 20 February 2017



Tran Le Thanh Binh  
Preparer



Vu Thanh Danh  
Chief Accountant



Phạm Minh Sơn  
General Director

**POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4**

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

**FINANCIAL STATEMENTS**

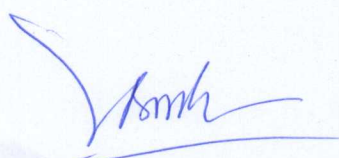
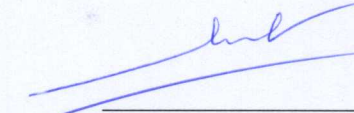
For the fiscal year ended 31 December 2016

**INCOME STATEMENT**  
For the fiscal year ended 31 December 2016

Unit: VND

ITEMS	Code	Note	Current year	Previous year
1. Sales	01	VI.1	173.922.554.025	140.542.529.949
2. Sales deductions	02		-	-
3. Net sales	10		173.922.554.025	140.542.529.949
4. Cost of sales	11	VI.2	121.738.597.125	97.716.980.532
5. Gross profit/ (loss)	20		52.183.956.900	42.825.549.417
6. Financial income	21	VI.3	8.551.187.108	12.495.797.255
7. Financial expenses	22	VI.4	235.787.377	287.555.474
In which: Loan interest expenses	23		234.903.727	272.832.675
8. Selling expenses	25	VI.5	5.000.000	-
9. General and administration expenses	26	VI.6	33.795.616.210	29.458.655.563
10. Net operating profit/ (loss)	30		26.698.740.421	25.575.135.635
11. Other income	31	VI.7	62.769.000	42.989.909
12. Other expenses	32	VI.8	1.821.025	81.620.046
13. Other profit/(loss)	40		60.947.975	(38.630.137)
14. Total accounting profit/ (loss) before tax	50		26.759.688.396	25.536.505.498
15. Current income tax	51	V.13	3.690.337.679	2.990.626.210
16. Deferred income tax	52		-	-
17. Profit/ (loss) after tax	60		<u>23.069.350.717</u>	<u>22.545.879.288</u>
18. Earnings per share	70	VI.8	<u>1.587</u>	<u>1.551</u>
19. Diluted earnings per share	71	VI.8	<u>1.587</u>	<u>1.551</u>

Khanh Hoa, 20 February 2017


Tran Le Thanh Binh  
Preparer

Vu Thanh Danh  
Chief AccountantPhạm Minh Sơn  
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 2016

**CASH FLOWS STATEMENT****(Indirect method)****For the fiscal year ended 31 December 2016**

Unit: VND

ITEMS	Code	Note	<u>Current year</u>	<u>Previous year</u>
<b>I. Cash flows from operating activities</b>				
<b>1. Profit/ (loss) before tax</b>	<b>01</b>		<b>26.759.688.396</b>	<b>25.536.505.498</b>
<b>2. Adjustments</b>				
- Depreciation of fixed assets and investment properties	02	V.9; V.10	1.745.807.412	1.455.606.254
- Provisions and allowances	03	V.6	547.341.200	(3.079.981.615)
- Exchange gain/ (loss) due to revaluation of monetary items in foreign currencies	04		-	-
- Gain/ (loss) from investing activities	05		(8.509.110.553)	(12.365.715.699)
- Interest expenses	06	VI.4	234.903.727	272.832.675
- Others	07		-	-
<b>3. Operating profit/(loss) before changes of working capital</b>	<b>08</b>		<b>20.778.630.182</b>	<b>11.819.247.113</b>
- Increase/(decrease) of receivables	09		(8.905.048.258)	27.872.610.367
- Increase/(decrease) of inventories	10	V.7	(3.395.735.470)	1.215.768.748
- Increase/ (decrease) of payables	11		21.698.821.010	(18.047.251.800)
- Increase/ (decrease) of prepaid expenses	12	V.8a,b	(458.777.446)	(429.061.545)
- Increase/ (decrease) of trading securities	13		-	-
- Interests paid	14		(245.423.727)	(1.071.366.872)
- Corporate income tax paid	15	V.13	(4.296.843.960)	(2.300.964.329)
- Other cash inflows	16	V.17	10.000.000	26.000.000
- Other cash outflows	17	V.17	(3.314.879.000)	(2.740.786.000)
<b>Net cash flows from operating activities</b>	<b>20</b>		<b>21.870.743.331</b>	<b>16.344.195.682</b>
<b>II. Cash flows from investing activities</b>				
1. Purchases and construction of fixed assets and other long-term assets	21	V.9; V.10	(644.218.955)	(3.253.414.602)
2. Proceeds from disposals of fixed assets and other long-term assets	22		-	-
3. Cash outflow for lending, buying debt instruments of other entities	23		-	-
4. Cash recovered from lending, selling debt instruments of other entities	24		-	-
5. Investments into other entities	25	V.2a	(600.000.000)	-
6. Withdrawals of investments in other entities	26		-	458.360.000
7. Interest earned, dividends and profits received	27		6.951.360.553	5.615.465.699
<b>Net cash flows from investing activities</b>	<b>30</b>		<b>5.707.141.598</b>	<b>2.820.411.097</b>

**POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4**

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

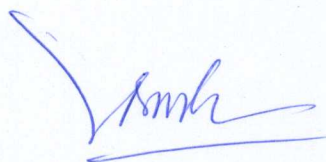
**FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2016

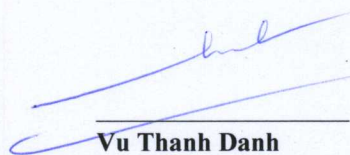
**Cash flows statement (cont.)**

ITEMS	Code	Note	<u>Current year</u>	<u>Previous year</u>
<b>III. Cash flows from financing activities</b>				
1. Proceeds from issuing stocks and capital contributions from owners	31		-	-
2. Repayment for capital contributions and re-purchases of stocks already issued	32		-	-
3. Proceeds from borrowings	33	V.16a	31.237.652.382	17.162.710.500
4. Repayment for loan principal	34	V.16a	(34.237.652.382)	(24.741.756.682)
5. Payments for financial leased assets	35		-	-
6. Dividends and profit paid to the owners	36	V.15; V.18	(21.767.853.900)	(19.759.013.000)
<i>Net cash flows from financing activities</i>	<b>40</b>		<u>(24.767.853.900)</u>	<u>(27.338.059.182)</u>
<b>Net cash flows during the period</b>	<b>50</b>		<b>2.810.031.029</b>	<b>(8.173.452.403)</b>
<b>Beginning cash and cash equivalents</b>	<b>60</b>		<b>22.446.436.893</b>	<b>30.619.889.296</b>
Effects of fluctuations in foreign exchange rates	61		-	-
<b>Ending cash and cash equivalents</b>	<b>70</b>		<u><b>25.256.467.922</b></u>	<u><b>22.446.436.893</b></u>

Khanh Hoa, 20 February 2017



**Tran Le Thanh Binh**  
Preparer



**Vu Thanh Danh**  
Chief Accountant



**Phạm Minh Sơn**  
General Director

# POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4

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

FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2016

## NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2016

### I. GENERAL INFORMATION

#### 1. Ownership form

Power Engineering Consulting Joint Stock Company 4 (hereinafter referred to as "the Company") is a joint stock company.

#### 2. Operating field

Consulting service.

#### 3. Principal activities

The Company's principal activities is to consult, survey and design power.

#### 4. Normal operating cycle

Normal operating cycle of the Company is within 12 months.

#### 5. Effects of the Company's operation during the year on the Financial Statements

During the year, sales increase more 23,75% equivalent to VND 33,3 billion because sales from surveying the Company's power projects strongly increase.

#### 6. Structure of the Company

##### *Joint ventures and associates*

Name of the Company	Address	Principal business activities	Contribution rate	Possessing rate	Voting rate
Buon Don Hydroelectricity Joint Stock Company	Floor 7, Dien Bien Hotel, 1 Ngo Quyen, Thang Loi Ward, Buon Ma Thuot City, Dak Lak Province	Trading in electricity	31%	31%	31%
Son Giang Power Joint Stock Company	No. 14/34 Phan Dang Luu St, Ward 9, Tuy Hoa City, Phu Yen Province, Vietnam	Trading in electricity	30%	30%	30%

##### *Affiliates that have not been granted Business Certificates and cannot do accounting works independently*

Affiliates	Address
Branch in Northern	Lot 3 - TT4 Lane 183 - Hoang Van Thai Street - Khuong Trung Ward - Thanh Xuan District - Ha Noi City
Branch in Southern	28B Dang Tat - Tan Dinh Ward - District 1 - Ho Chi Minh City

#### 7. Statement on information comparability on the Financial Statements

The corresponding figures of the previous year can be comparable with figures in current year.

#### 8. Employees

As of the balance sheet date, there have been 464 employees working for the Company (at the beginning of the year: 475 employees).

## **POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4**

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

FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2016 (cont.)

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### **II. FISCAL YEAR AND ACCOUNTING CURRENCY**

#### **1. Fiscal year**

The fiscal year of the Company is from 1 January to 31 December annually.

#### **2. Accounting currency unit**

The accounting currency unit is VND because payments and receipts of the Company are primarily made in VND.

### **III. ACCOUNTING STANDARDS AND SYSTEM**

#### **1. Accounting Standards and System**

The Company applies the Vietnamese Accounting Standards and System which were issued together with the Circular No. 200/2014/TT-BTC dated 22 December 2014 as well as other Circulars guiding the implementation of Vietnamese Accounting Standards of the Ministry of Finance in the preparation and presentation of Financial Statements.

#### **2. Statement on the compliance with the Accounting Standards and System**

The Board of Directors ensures to follow all the requirements of the Vietnamese Accounting Standards and System, which were issued together with the Circular No. 200/2014/TT-BTC dated 22 December 2014 as well as other Circulars guiding the implementation of Vietnamese Accounting Standards of the Ministry of Finance in the preparation and presentation of Financial Statements.

### **IV. ACCOUNTING POLICIES**

#### **1. Accounting convention**

All the Financial Statements are prepared on the accrual basis (except for the information related to cash flows).

#### **2. Foreign currency transactions**

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

Foreign exchange differences arisen from foreign currency transactions during the year shall be included into financial income or financial expenses. Foreign exchange differences due to the revaluation of ending balances of the monetary items in foreign currencies after offsetting their positive differences against negative differences shall be included into financial income or financial expenses.

The exchange rate used to convert foreign currency transactions is the actual exchange rate ruling as at the time of these transactions. The actual exchange rates applied to foreign currency transactions are as follows:

- For the foreign currency trading contract (including spot contract, forward contract, future contract, option contract, currency swap): the exchange rate stipulated in the contracts of trading foreign currency between the Company and the Bank.

## POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4

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

### FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2016 (cont.)

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- For the capital contribution or receipt of capital contribution: buying rate of the commercial bank where the company opens account to receive the contributed capital from investors as at the date of capital contribution.
- For receivables: the buying rate as at the time of transaction of the commercial bank where the company nominates the customers for payments.
- For payables: the selling rate ruling as at the time of transaction of the commercial bank where the company supposes to make payments.
- For acquisition of assets or immediate payments in foreign currency (not included into payable accounts): the buying rate of the commercial bank where the company makes payments.

### 3. Cash and cash equivalents

Cash include cash on hand and demand deposits. Cash equivalents are short-term investments of which the due dates cannot 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 as of the balance sheet date.

### 4. Financial investments

#### *Trading securities*

Investments classified as trading securities are those held by the Company for the trading purpose with the aim of making profit.

Trading securities are recognized at original costs which include fair value of the payments made at the time of the transaction plus other costs attributable transaction costs.

The time of recognizing trading securities is when the Company acquires the ownership, as follows:

- For listed securities: recognized at the time of order-matching (T+0).
- For unlisted securities: recognized at the time of acquiring official ownership as stipulated by law.

Interest, dividends, and profit of the periods prior to the acquisition of trading securities are recorded as a decrease in the value of such securities. Interest, dividends and profit of the periods after the acquisition of such securities are recorded in the Company's revenues. Particularly, the dividends paid in form of shares are not recorded as an increase in values, but the increasing quantity is followed up.

Convertible shares are determined on the basis of the fair value at the date of exchange. The fair value of the shares is determined as follows:

- For shares of listed companies: the closing price listed on the stock market at the date of exchange. In case at the date of exchange, the stock market is not traded, the fair value of shares is the closing price of the preceding trading with the date of exchange.
- For unlisted shares traded on UPCOM: the closing price on UPCOM at the date of exchange. In case at the date of exchange, the UPCOM is not traded, the fair value of shares is the closing price of the preceding trading with the date of exchange.
- For other unlisted shares: the price agreed by the parties under the contracts or the carrying value at the time of exchange.

## **POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4**

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

FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2016 (cont.)

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Provisions for devaluation of trading securities are made for each particular type of securities in the market of which the fair value is lower than original costs. The fair value of trading securities listed on the stock market or traded on UPCOM is the closing price at the balance sheet date. In case where the stock market or UPCOM is not available for transactions as at the balance sheet date, the fair value of shares is the closing price of the preceding transaction with the balance sheet date.

Increases/ (decreases) in the provisions for devaluation of trading securities are recorded into "Financial expenses" during the year.

Profit or loss from transferring trading securities is recorded into financial income or expenses expenses. Costs are determined in line with mobile weighted average method.

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

Investments are classified as held-to-maturity investments that the Company intends and is able to hold to maturity. Held-to-maturity investments include term deposits (including debentures and promissory note), bonds, preferred shares that the issuer are required to re-purchases at a certain date in the future and held-to-maturity loans for the purpose of receiving periodical interest as well as other held-to-maturity investments.

Held-to-maturity investments are initially recognized at cost including the purchase cost and other transaction costs. After initial recognition, these investments are recorded at recoverable value. Interest from these held-to-maturity investments after acquisition date is recognized in the profit or loss on the basis of the interest income to be received. Interests arising prior to the Company's acquisition of held-to-maturity investments are recorded as a decrease in the costs as at the acquisition time.

When there are reliable evidences proving that a part or the whole investment cannot be recovered and the loss are reliably determined, the loss is recognized as financial expenses during the period while the investment value is derecognized.

### ***Investments in associates***

#### ***Associates***

An associate is an entity which the Company has significant influence but not the control to govern the financial and operating policies. Significant influence is the right to participate in making the associate's financial and operating policies but not control those policies.

#### ***Initial costs***

Investments in associates are initially recognized at costs, including the cost of purchase or capital contributions plus other directly attributable transaction cost. In case of investment in non-monetary assets, the costs of the investment are recognized at the fair value of non-monetary assets at the arising time.

Dividends and profits of the periods prior to the purchase of investments are recorded as a decrease in value of such investments. Dividends and profit of the periods after the purchase of investments are recorded into the Company's revenues. Particularly, the dividends paid in form of shares are not recorded as an increase in values, but the increasing quantity is followed up.

#### ***Provisions for impairment of investments associates***

Provisions for impairment of investments associates is made when the associates suffer from losses at the rate equal to the difference between the actual capital invested by investors in associates and the actual owner's equity multiplying (x) by the Company's rate of capital contribution over the total actual capital invested by investors in associates. If the associates are consolidated into Consolidated Financial Statements, the basis for impairment provisions is the Consolidated Financial Statements.

## **POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4**

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

### **FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2016 (cont.)

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Increases/ (decreases) in the provisions for impairment of investments in associates are recorded into "Financial expenses" during the year.

#### ***Investments in equity instruments of other entities***

Investments in equity instruments of other entities include such investments in equity instruments that do not enable the Company to have the control, joint control or significant influence on these entities.

Investments in equity instruments of other entities are initially recognized at costs, including cost of purchase plus other directly attributable transaction costs. Values of these investments are derecognized for dividends and profits arising in the periods prior to the acquisition of such investments. Dividends and profit arising in the periods after the acquisition of investments are recorded into the Company's revenue. Particularly, the dividends paid in form of shares are not recorded as an increase in values, but the increasing quantity of shares is followed up.

Provisions for impairment of investments in equity instruments of other entities are made as follows:

- For investments in listed shares or fair value of investments which is reliably measured, provisions are made on the basis of the market value of shares.
- For investments of which the fair value cannot be measured at the time of reporting, provisions are made on the basis of the losses suffered by investees, at the rate equal to the difference between the actual capital invested by investors and the actual owner's equity multiplying (x) by the Company's rate of capital contribution over the total actual capital invested by investors in these investees.

Increases/ (decreases) in the provisions for impairment of investments in equity instruments of other entities are recorded into "Financial expenses" during the year.

#### **5. Receivables**

Receivables are recognized at the carrying amounts less allowances for doubtful debts.

The classification of receivables as trade receivables and other receivables is made according the following principles:

- Trade receivables reflect receivables concerning the commercial nature arising from purchase and sale transactions between the Company and customers who are independent to the Company, inclusive of receivables for the exports entrusted to other entities.
- Other receivables reflect receivables not concerning the commercial nature and irrelevant to purchase and sale transactions.

Allowance is made for each doubtful debt on the basis of the estimated loss

Increases/(decreases) in the obligatory allowance for doubtful debts as of the balance sheet date are recorded into "General and administration expenses".

#### **6. Inventories**

Inventories are recognized at the lower of cost or net realizable value.

## POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4

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

FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2016 (cont.)

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Cost of inventories is determined as follows:

- For materials and merchandises: Costs comprises costs of purchases and other directly relevant costs incurred in bringing the inventories to their present location and conditions.
- Work-in-process: Costs only comprises main materials and labors.

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

Net realizable value is the estimated selling price of inventories in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Allowance for inventories is recognized for each type of inventories when their costs are higher than their net realizable values. For services in progress, allowance is recognized for each type of services at their own specific prices. Increases/(decreases) in the obligatory allowance for inventories as of the balance sheet date are recorded into "Costs of sales".

### 7. Prepaid expenses

Prepaid expenses comprise actual expenses arising and relevant to financial performance in several accounting periods. Prepaid expenses of the Company include:

#### *Tools*

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

#### *Computer software*

Purchase price of computer software, which is not a part associated with the relevant hardware, will be capitalized. Costs of computer software include all the expenses paid by the Company until the date the software is put into use. Computer software is amortized in accordance with the straight-line method in 2 years.

#### *Vehicles*

Vehicle of which its historical cost under VND 30 million is allocated in line with straight line method for 3 years.

Other expenses are allocated in line with actual use period of fee for looking up online legal documents.

### 8. Tangible fixed assets

Tangible fixed assets are determined by their historical costs less accumulated depreciation. Historical costs of tangible fixed assets include all the expenses paid by the Company to bring the asset to its working condition for its intended use. Other expenses arising subsequent to initial recognition are included into historical costs of fixed assets only if it can be clearly demonstrated that the expenditure has resulted in future economic benefits expected to be obtained from the use of these assets. Those which do not meet the above conditions will be recorded into operation costs during the period.

When a tangible fixed asset is sold or disposed, its historical cost and accumulated depreciation are written off, then any gain or loss arising from such disposal is included in the income or the expenses during the year.



## POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4

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

### FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2016 (cont.)

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

<u>Fixed assets</u>	<u>Years</u>
Buildings and structures	05 – 25
Machinery and equipment	03 – 06
Vehicles	6
Office equipment	03 - 06

#### 9. Intangible fixed assets

Intangible fixed assets are determined by their initial costs less accumulated amortization.

Initial costs of intangible fixed assets include all the costs paid by the Company to bring the asset to its working condition for its intended use. Other costs relevant to intangible fixed assets arising subsequent to initial recognition are included into operation costs during the period only if these costs are associated with a specific intangible fixed asset and result in future economic benefits expected to be obtained from the use of these assets.

When an intangible fixed asset is sold or disposed, its initial costs and accumulated amortization are written off, then any gain or loss arising from such disposal is included in the income or the expenses during the year.

The Company's intangible fixed assets include:

##### *Land use right*

Land use right includes all the actual expenses paid by the Company directly related to the land being used such as expenses to obtain the land use right, expenses for house removal, land clearance and ground leveling, registration fees, etc. Fixed-term land use right is amortized over the land using period (50 years). Land use right is permanent, it is not amortized.

Long-term land use right granted by the State is determined in line with documents of enterprise valuation so as to equitization as of 31 December 2005.

##### *Computer software*

Purchase price of computer software, which is not a part associated with the relevant hardware, will be capitalized. Costs of computer software include all the expenses paid by the Company until the date the software is put into use. Computer software is amortized in accordance with the straight-line method from 3 to 5 years.

#### 10. Payables and accrued expenses

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

The classification of payables as trade payables, accrued expenses and other payables is made on the basis of following principles:

- Trade payables reflect payables of commercial nature arising from the purchase of goods, services, or assets and the seller is an independent entity with the Company, including payables for import through entrustment.

## **POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4**

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

FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2016 (cont.)

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- Accrued expenses reflect expenses for goods, services received from suppliers or supplied to customers but have not been paid, invoiced or lack of accounting records and supporting documents; pay on leave payable to employees; and accrual of operation expenses.
- Other payables reflect payables of non-commercial nature and irrelevant to purchase, sales of goods or provisions of services.

Payables and accrued expenses are classified as short term and long term in balance sheet on the basis of remaining term as of the balance sheet date.

### **11. Owner's equity**

#### ***Capital***

Capital is recorded according to the actual amounts invested by shareholders.

#### ***Share premiums***

Share premiums are recorded in accordance with the difference between the issuance price and face value upon the IPO, additional issue or the difference between the re-issuance price and carrying value of treasury shares and the equity component of convertible bonds upon maturity date. Expenses directly related to the additional issue of shares and the re-issuance of treasury shares are recorded as a decrease in share premiums.

#### ***Other sources of capital***

Other sources of capital are due to the supplementation from business profits, revaluation of assets and net carrying values between the fair values of the assets gifted or granted to the Company after deducting taxes payable (if any) related to these assets.

#### ***Treasury shares***

When a share capital in the owner's equity is re-purchased, the amount payable including the expenses related to the transaction is recorded as treasury shares and a corresponding decrease in owner's equity then is recognized. When this share capital is re-issued, the difference between the re-issuance price and carrying value of treasury shares is recorded in share premiums.

### **12. Profit distribution**

Profit after tax is distributed to the shareholders after appropriation for funds under the Charter of the Company as well as legal regulations and approved by the Shareholders' Meeting.

The distribution of profits to the shareholders is made with consideration toward non-cash items in the retained earnings that may affect cash flows and payment of dividends such as profit due to revaluation of assets contributed as investment capital, profit due to revaluation of monetary items, financial instruments and other non-cash items.

Dividends is recorded as payables upon approval of the Shareholders' Meeting and the Decision of the Board of Management regarding dividends payment.

### **13. Recognition of sales and income**

#### ***Sales of rendering services***

Sales of rendering services shall be recognized when all of the following conditions are satisfied:

- the amount of sales can be measured reliably. When the contract stipulates that the buyer is entitled to return the services rendered under specific conditions, sales is recognized only when these specific conditions are no longer existed and the buyer is not entitled to return the services rendered.

## **POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4**

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

FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2016 (cont.)

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- the Company received or shall probably receive the economic benefits associated with the rendering of services.
- the stage of completion of the transaction at the end of reporting period can be measured reliably.
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

In the case that the services are provided in several accounting periods, the determination of sales is done on the basis of the stage of completion as of the balance sheet date.

### ***Interest***

Interest is recorded, based on the term and the actual interest rate applied in each particular period.

### ***Dividends and profit shared***

Dividends and profit shared are recognized when the Company has the right to receive dividends or profit from the capital contribution. Particularly, the dividends paid in form of shares are not recorded into income, but the increasing quantity is followed up.

## **14. Construction contracts**

Construction contract is a agreement contract to construct a assets or a group of assets tightly relating or depending in respect of design, technology, function or those use purpose.

When the results from the contract implementations are 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.

Increases/(decreases) in revenue of the works done, compensation receivable and other receivables are only recognized upon the agreement with customers.

When the outcome of the construction contracts cannot be estimated reliably:

- Contract revenue is recognized only to the extent that contract costs incurred are expected to be reliably recoverable.
- Contract costs are only recognized as actually incurred.

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

## **15. Sales deductions**

Sales deductions include trade discounts, sales allowances, sales returns incurred in the same period of providing services which are recorded as a deduction of sales in such period.

In case of services provided in the previous year but trade discounts, sales allowances, sales returns incurred in the current year, sales deductions shall be recorded as follows:

## **POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4**

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### **FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2016 (cont.)

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- If sales allowances, trade discounts, sales returns incur prior to the release of the Financial Statements, such sales deductions are recognized in the Financial Statements of the current year.
- If sales allowances, trade discounts, sales returns incur after the release of the Financial Statements, such sales deductions are recognized in the Financial Statements of the following year.

#### **16. Borrowing costs**

Borrowing costs are interests and other costs that the Company directly incurs in connection with the borrowings.

Borrowing costs are recorded as an expense when it is incurred. In case the borrowing costs are directly attributable to the construction or the production of an asset in progress, which takes a substantial period of time (over 12 months) to get ready for intended use or sales of the asset, these costs will be included in the cost of that asset. To the extent that the borrowings are especially for the purpose of construction of fixed assets and investment properties, the borrowing cost is eligible for capitalization even if construction period is under 12 months. Incomes arisen from provisional investments as loans are recognized as a decrease in the costs of relevant assets.

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.

#### **17. Expenses**

Expenses are those that result in outflows of the Corporation's economic benefits and are recorded at the time of transactions or when incurrence of the transaction is reliable regardless of whether payment for expenses is made or not.

Expenses and their corresponding revenues are simultaneously recognized in accordance with matching principle. In the event that matching principle conflicts with prudence principle, expenses are recognized based on the nature and regulations of accounting standards in order to guarantee that transactions can be fairly and truly reflected.

#### **18. Corporate income tax**

Corporate income tax 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.

## **POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4**

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

### **FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2016 (cont.)

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Carrying values of deferred corporate income tax assets are considered as of the balance sheet date and will be reduced to the rate that ensures enough taxable income against which the benefits from part of or all of the deferred income tax can be used. Deferred corporate income tax assets, which have not been recorded before, are considered as of the balance sheet date and are recorded when there is certainly enough taxable income to use these unrecognized deferred corporate income tax assets.

Deferred income tax assets and deferred income tax liabilities are determined at the estimated rate 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.

The Company shall offset deferred tax assets and deferred tax liabilities if, and only if:

- The Company has the legal right to offset current income tax assets against current income tax liabilities; and
- Deferred income tax assets and deferred income tax liabilities are relevant to corporate income tax which is under the management of one tax authority either:
  - Of the same subject to corporate income tax; or
  - The Company has intention to pay current income tax liabilities and current income tax assets on a net basis or recover tax assets and settle tax liability simultaneously in each future period to the extent that the majority of deferred income tax liabilities or deferred income tax assets are paid or recovered.

#### **19. 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 also considered a related party of the Company in case that party is under the same control or is subject to the same material effects.

Considering the relationship of related parties, the nature of relationship is focused more than its legal form.

#### **20. Segment reporting**

A business segment is a distinguishable component of the Company that is engaged in manufacturing or providing products or services and that is subject to risks and returns that are different from those of other business segments.

A geographical segment is a distinguishable component of the Company that is engaged in manufacturing or 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.

Segment information is prepared and presented in conformity with accounting policies applied to prepare and present the Financial Statements of the Company.

## POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4

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

### FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2016 (cont.)

#### 21. Financial instruments

##### *Financial assets*

The classification of financial assets depends on their nature and purposes and is determined at the date of initial recognition. The financial assets of the Company include cash and cash equivalents, trade receivables, other receivables, listed and non-listed financial instruments, and derivatives.

At the date of initial recognition, financial assets are recognized at original cost plus other costs directly related to the acquisition or issuance of those financial assets.

##### *Financial liabilities*

The classification of financial liabilities depends on their nature and purposes and is determined at the date of initial recognition. The financial liabilities of the Company include trade payables, borrowings, other payables, and derivatives.

At the date of initial recognition, financial liabilities are recorded at original cost less other costs directly related to those financial liabilities.

##### *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.

##### **Offsetting financial instruments**

Financial assets and financial liabilities will be offset against each other and reflected at their net values in 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 recognize the asset and to settle the liability simultaneously.

#### 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	52.895.000	352.649.000
Demand deposits in bank	20.203.572.922	8.093.787.893
Cash equivalents ( <i>time deposits of which the principal maturity is under 3 months</i> )	5.000.000.000	14.000.000.000
<b>Total</b>	<b><u>25.256.467.922</u></b>	<b><u>22.446.436.893</u></b>

##### 2. Financial investments

The financial investments of the Company include investment into joint ventures, associates and capital contribution into other entities. The Company's financial investments are as follows:

##### 2a. *Investments into associates, joint ventures*

Pursuant to Business Registration Certificate No. 6000884487 dated 20 May 2009 of Buon Don Hydroelectricity Joint Stock Company granted by Department 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 charter capital. As of the balance sheet date, the Company has fully invested its charter capital.

## POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4

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### FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2016 (cont.)

Pursuant to Business Registration Certificate No. 4401028708 dated 22 November 2016 of Son Giang Power Joint Stock Company granted by Department of Planning and Investment of Phu Yen Province, the Company has invested into Son Giang Power Joint Stock Company at amount of VND 15.000.000.000 VND equivalent to 30% of charter capital. As of the balance sheet date, the Company has invested VND 600.000.000, charter capital to be invested into Son Giang Power Joint Stock Company is VND 14.400.000.000.

#### *Fair value*

The Company has not yet determined fair value of unlisted investments since there is no guidance on determination of fair value in detail.

#### *Situation of the associate's operations*

Buon Don Hydroelectricity Joint Stock Company are operating in normal condition, there are no material changes in comparison with those of previous year.

Son Giang Power Joint Stock Company was established on 22 November 2016, it is in the process of construction and has not yet come into operation.

Investments into associates are not devaluated; therefore, the Company has made no provision.

#### *Transactions with associates*

During the year, the Company has had transaction of capital contribution into Son Giang Power Joint Stock Company – associate – at amount of VND 600.000.000. In previous year, the Company only had transaction of providing design survey service to Buon Don Hydroelectricity Joint Stock Company – associate – at amount of VND 2.230.184.730.

### 2b. Capital contribution into other entities

	Ending balance			Beginning balance		
	Original costs	Fair value	Provisions	Original costs	Fair value	Provisions
<i>Shares</i>						
EVN International Joint Stock Company	105.000	1.050.000.000	-	105.000	1.050.000.000	-
Khanh Hoa – Ha Noi Development Investment Joint Stock Company	104.164	1.041.640.000	-	104.164	1.041.640.000	-
<b>Total</b>		<b>2.091.640.000</b>	<b>-</b>		<b>2.091.640.000</b>	<b>-</b>

### 3. Short-term/ long-term trade receivables

#### 3a. Short-term trade receivables

	Ending balance	Beginning balance
<i>Receivables from related parties</i>	<b>2.726.583.861</b>	<b>1.115.332.656</b>
Power Engineering Consulting Joint Stock Company 2	1.611.251.205	-
Buon Don Hydroelectricity Joint Stock Company	974.266.502	974.266.502
Power Engineering Consulting Joint Stock Company 1	141.066.154	141.066.154

**POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4**

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

## FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2016 (cont.)

	<u>Ending balance</u>	<u>Beginning balance</u>
<i>Receivables from other customers</i>	72.886.710.986	70.037.361.287
Son Giang Power Joint Stock Company	8.302.760.000	-
Trung Nam Power Joint Stock Company	5.664.180.169	7.264.180.169
Others	58.919.770.817	62.773.181.118
<b>Total</b>	<b><u>75.613.294.847</u></b>	<b><u>71.152.693.943</u></b>

**3b. Long-term trade receivables**

	<u>Ending balance</u>	<u>Beginning balance</u>
<i>Receivables from other customers</i>		
Nho Que Power Development and Investment JSC	1.532.762.821	1.532.762.821
Hydroelectricity Management Board 2	156.818.300	156.818.300
Trung Son Hydropower One Member Co., Ltd	138.611.000	138.611.000
Hydroelectricity Management Board 1	-	184.144.863
<b>Total</b>	<b><u>1.828.192.121</u></b>	<b><u>2.012.336.984</u></b>

**4. Short-term prepayments to suppliers**

	<u>Ending balance</u>	<u>Beginning balance</u>
<i>Prepayments to related parties</i>	1.122.997.242	-
Power Engineering Consulting JSC 1	1.122.997.242	-
<i>Prepayments to other suppliers</i>	5.068.621.055	2.596.806.461
HTC TCC Co., Ltd.	1.864.611.600	-
Hanoi - Energy Construction Consulting Co., Ltd.	400.000.000	400.000.000
Le Nguyen Construction Co., Ltd.	397.101.100	397.101.100
NIAPP	269.146.436	269.146.436
Others	2.137.761.919	1.530.558.925
<b>Total</b>	<b><u>6.191.618.297</u></b>	<b><u>2.596.806.461</u></b>

**5. Other short-term/ long-term receivables****5a. Short-term receivables**

	<u>Ending balance</u>		<u>Beginning balance</u>	
	Value	Allowance	Value	Allowance
<i>Receivables from related parties</i>	8.308.000.000	-	6.750.250.000	-
Buon Don Hydroelectricity Joint Stock Company - dividends and profits shared	8.308.000.000	-	6.750.250.000	-
<i>Receivables from other organizations and individuals</i>	3.161.451.118	-	2.127.670.737	-
Advances to employees	2.754.421.947	-	1.841.967.261	-
Receipt from employees	42.500.000	-	78.000.000	-
Social insurance	22.322.000	-	-	-
Mott MacDonald Ltd., Co – Expenses for fuels to be collected from investors	-	-	23.892.818	-
Other short-term receivables	342.207.171	-	183.810.658	-
<b>Total</b>	<b><u>11.469.451.118</u></b>	<b><u>-</u></b>	<b><u>8.877.920.737</u></b>	<b><u>-</u></b>

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**FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2016 (cont.)

**5b. Other long-term receivables**

	Ending balance		Beginning balance	
	Value	Allowance	Value	Allowance
Deposits and mortgages	70.000.000	-	70.000.000	-
<b>Total</b>	<b>70.000.000</b>	<b>-</b>	<b>70.000.000</b>	<b>-</b>

**6. Doubtful debts**

	Outstanding period	Ending balance		Outstanding period	Beginning balance	
		Original costs	Recoverable amount		Original costs	Recoverable amount
<i>Other organizations and individuals</i>						
Nho Que Hydroelectricity JSC 1	2008			2008		
Northern Power Development and Investment JSC 1	2009			2009		
	2010	6.037.929.873	4.830.343.898	2010	6.037.929.873	4.830.343.898
Duc Long Gia Lai Group JSC	2010	5.919.992.822	4.015.316.154	2010	5.919.992.822	4.015.316.154
	2011	5.318.864.000	-	2011	5.318.864.000	2.659.432.000
Nhan Luat Energy JSC	2009	3.054.527.900	1.527.263.950	2009	3.054.527.900	1.527.263.950
La Ngau Power Joint Stock Company	2007			2007		
	2008	2.481.247.709	1.760.255.309	2008	3.455.841.709	2.734.849.309
Vietnam Electricity Construction Joint Stock Corporation	2007	62.621.336	62.621.336	2007	3.686.461.336	1.530.276.536
Other customers	1999 - 2013	2.460.082.057	851.813.781	1999 - 2013	2.671.988.057	1.107.813.781
<b>Total</b>		<b>25.335.265.697</b>	<b>13.047.614.428</b>		<b>30.145.605.697</b>	<b>18.405.295.628</b>

Fluctuations in allowances for doubtful debts are as follows:

	Current year	Previous year
Beginning balance	11.740.310.069	14.820.291.684
Additional provision	547.341.200	1.516.817.092
Written off	-	(4.596.798.707)
<b>Ending balance</b>	<b>12.287.651.269</b>	<b>11.740.310.069</b>

**7. Inventories**

	Ending balance		Beginning balance	
	Original costs	Allowance	Original costs	Allowance
Materials and supplies	457.514.549	-	491.433.726	-
Tools	8.453.608	-	9.806.103	-
Work in progress	16.307.239.582	-	12.876.232.440	-
<b>Total</b>	<b>16.773.207.739</b>	<b>-</b>	<b>13.377.472.269</b>	<b>-</b>

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**FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2016 (cont.)

**8. Short-term/long-term prepaid expenses****8a. Short-term prepaid expenses**

	<u>Ending balance</u>	<u>Beginning balance</u>
Tools	-	5.198.761
<b>Total</b>	<b>-</b>	<b>5.198.761</b>

**8b. Long-term prepaid expenses**

	<u>Ending balance</u>	<u>Beginning balance</u>
Tools	1.522.260.347	1.303.037.507
Other expenses	259.957.971	15.204.604
<b>Total</b>	<b>1.782.218.318</b>	<b>1.318.242.111</b>

**9. Tangible fixed assets**

	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Vehicles</u>	<u>Office equipment</u>	<u>Total</u>
<b>Historical costs</b>					
Beginning balance	10.104.595.287	9.746.130.755	12.541.821.147	1.118.680.892	33.511.228.081
Purchases during the year	-	568.000.000	-	78.545.455	646.545.455
<b>Ending balance</b>	<b>10.104.595.287</b>	<b>10.314.130.755</b>	<b>12.541.821.147</b>	<b>1.197.226.347</b>	<b>34.157.773.536</b>
<i>In which:</i>					
Assets fully depreciated but still in use	773.606.927	7.837.767.082	9.908.142.964	838.752.339	19.358.269.312
Assets waiting for liquidation	-	-	-	-	-
<b>Depreciation</b>					
Beginning balance	4.310.763.255	7.819.057.830	10.758.911.077	892.756.109	23.781.488.271
Depreciation	465.031.208	501.386.502	451.077.900	78.081.813	1.495.577.423
<b>Ending balance</b>	<b>4.775.794.463</b>	<b>8.320.444.332</b>	<b>11.209.988.977</b>	<b>970.837.922</b>	<b>25.277.065.694</b>
<b>Net book value</b>					
Beginning balance	5.793.832.032	1.927.072.925	1.782.910.070	225.924.783	9.729.739.810
<b>Ending balance</b>	<b>5.328.800.824</b>	<b>1.993.686.423</b>	<b>1.331.832.170</b>	<b>226.388.425</b>	<b>8.880.707.842</b>
<i>In which:</i>					
Assets temporarily not in use	-	-	-	-	-
Assets waiting for liquidation	-	-	-	-	-

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**FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2016 (cont.)

**10. Intangible fixed assets**

	<u>Long-term land use right</u>	<u>Fixed-term land use right</u>	<u>Computer software</u>	<u>Total</u>
<b>Initial costs</b>				
Beginning balance	7.093.957.000	9.463.506.000	2.240.020.911	18.797.483.911
Purchases during the year	-	-	30.673.500	30.673.500
<b>Ending balance</b>	<b><u>7.093.957.000</u></b>	<b><u>9.463.506.000</u></b>	<b><u>2.270.694.411</u></b>	<b><u>18.828.157.411</u></b>
<i>In which:</i>				
Assets fully depreciated but still being in use	-	-	2.107.552.255	2.107.552.255
<b>Amortization</b>				
Beginning balance	-	1.476.920.505	2.155.424.913	3.632.345.418
Amortization	-	199.504.800	50.725.189	250.229.989
<b>Ending balance</b>	<b>-</b>	<b><u>1.676.425.305</u></b>	<b><u>2.206.150.102</u></b>	<b><u>3.882.575.407</u></b>
<b>Net book value</b>				
Beginning balance	<u>7.093.957.000</u>	<u>7.986.585.495</u>	<u>84.595.998</u>	<u>15.165.138.493</u>
<b>Ending balance</b>	<b><u>7.093.957.000</u></b>	<b><u>7.787.080.695</u></b>	<b><u>64.544.309</u></b>	<b><u>14.945.582.004</u></b>
<i>In which:</i>				
Temporarily not yet used	-	-	-	-
To be liquidated	-	-	-	-

**11. Short-term trade payables**

	<u>Ending balance</u>	<u>Beginning balance</u>
<b><i>Payables to related parties</i></b>	<b>983.545.000</b>	<b>983.545.000</b>
Power Engineering Consulting JSC 1	983.545.000	983.545.000
<b><i>Payables to other suppliers</i></b>	<b>8.023.885.317</b>	<b>6.310.306.403</b>
Sea Research and Sea Map Measure Team	917.730.264	917.730.264
Hoa Binh - Agriculture 1 Map Measure Enterprise	733.998.010	733.998.010
Other suppliers	6.372.157.043	4.658.578.129
<b>Total</b>	<b><u>9.007.430.317</u></b>	<b><u>7.293.851.403</u></b>

**12. Short-term advances from customers**

	<u>Ending balance</u>	<u>Beginning balance</u>
<b><i>Prepayment to related parties</i></b>	<b>-</b>	<b>762.712.795</b>
Power Engineering Consulting JSC 2	-	762.712.795
<b><i>Prepayment to other customers</i></b>	<b>46.252.826.690</b>	<b>28.356.078.753</b>
Central Power Project Management Board	11.666.723.079	4.247.698.817
Management Board of Southern Electricity Project	9.832.704.819	3.371.930.288
Trung Son Hydroelectricity Co., Ltd. (ATS)	2.770.675.756	6.879.147.834
Others	21.982.723.036	13.857.301.814
<b>Total</b>	<b><u>46.252.826.690</u></b>	<b><u>29.118.791.548</u></b>

## POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4

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### FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2016 (cont.)

#### 13. 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	2.277.021.750	13.776.120.931	(12.852.921.847)	3.200.220.834
Corporate income tax	1.239.518.950	3.690.337.679	(4.296.843.960)	633.012.669
Personal income tax	36.238.000	1.037.149.480	(825.083.490)	248.303.990
Property tax	-	3.123.300	(3.123.300)	-
Other taxes	-	201.297.303	(201.297.303)	-
<b>Total</b>	<b><u>3.552.778.700</u></b>	<b><u>18.708.028.693</u></b>	<b><u>(18.179.269.900)</u></b>	<b><u>4.081.537.493</u></b>

#### *Value Added Tax (VAT)*

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

#### *Corporate income tax*

The Company has to pay corporate income tax for taxable income at tax rate of 20% (tax rate of previous year was 22%).

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

	<u>Current year</u>	<u>Previous year</u>
Total accounting profit before tax	26.759.688.396	25.536.505.498
Increases/(decreases) of accounting profit to determine profit subject to corporate income tax		
- Increases	-	-
- Decreases	(8.308.000.000)	(11.942.750.000)
Taxable income	18.451.688.396	13.593.755.498
Corporate income tax rate	20%	22%
<b>Corporate income tax payable</b>	<b><u>3.690.337.679</u></b>	<b><u>2.990.626.210</u></b>

Determination of corporate income tax liability of the Company is based on prevailing regulations on tax. Nonetheless, these tax regulations may change from time to time and tax regulations applicable to variety of transactions can be interpreted differently. Hence, the tax amounts presented in the financial statements can be changed upon the inspection of tax authorities.

#### *Property tax*

Property tax is paid in line with notices of tax department.

#### *Other taxes*

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

#### 14. Payable to employees

Salary fund during the period is determined in line with Decision No. 119A/QĐ-HĐQT dated 31 March 2016 of the Chairman of the Board of Management. The unit price of salary for sales is recorded during the year as follows:

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

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

**POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4**

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**FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2016 (cont.)

**15. Other short-term payables**

	<u>Ending balance</u>	<u>Beginning balance</u>
<i>Payables to related parties</i>	<b>1.659.879.935</b>	<b>1.670.399.935</b>
Payable for EVN	1.659.879.935	1.670.399.935
<i>Payables to other organization and individuals</i>	<b>1.986.201.573</b>	<b>2.485.890.181</b>
Trade Union's Expenditure	1.714.909.889	2.285.120.097
Payable for equitization	2.100.000	2.100.000
Dividends and profits payable	84.154.400	49.371.800
Interest on bonds payable	48.118.000	48.118.000
Other payables	136.919.284	101.180.284
<b>Total</b>	<b><u>3.646.081.508</u></b>	<b><u>4.156.290.116</u></b>

**16. Short-term/long-term borrowings****16a. Short-term borrowings**

	<u>Ending balance</u>	<u>Beginning balance</u>
<i>Short-term borrowings payable to related parties</i>		
Current portion of long-term borrowings from EVN	-	-
<i>Short-term borrowings payable to other organizations and individuals</i>	-	-
Short-term borrowings from Bank for Investment and Development of Vietnam Joint Stock Company (BIDV) - Khanh Hoa Branch	-	-
<b>Total</b>	<b><u>-</u></b>	<b><u>-</u></b>

Increase, decrease of long-terms borrowings during the year is as follows:

	<u>Beginning balance</u>	<u>Increase</u>	<u>Transfer from long-term borrowings</u>	<u>Amount already paid during the year</u>	<u>Ending balance</u>
Borrowings from BIDV - Khanh Hoa Branch	-	31.237.652.382	-	(31.237.652.382)	-
Current portion of long-term borrowings from EVN	-	-	3.000.000.000	(3.000.000.000)	-
<b>Total</b>	<b><u>-</u></b>	<b><u>31.237.652.382</u></b>	<b><u>3.000.000.000</u></b>	<b><u>(34.237.652.382)</u></b>	<b><u>-</u></b>

**16b. Long-term borrowings**

	<u>Ending balance</u>	<u>Beginning balance</u>
<i>Long-term borrowings payable to related parties</i>		
Borrowings from EVN	-	3.000.000.000
<b>Total</b>	<b><u>-</u></b>	<b><u>3.000.000.000</u></b>

The Company can settle long-term borrowings.

Payment term of long-term borrowings: under 1 year.

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## FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2016 (cont.)

Details of long-term borrowings from EVN are as follows:

Beginning balance	3.000.000.000
Transfer to short-term borrowings during the year	(3.000.000.000)
<b>Ending balance</b>	<b>-</b>

**17. Bonus and welfare fund**

	Beginning balance	Increase due to appropriation for profit	Bonus from the Group	Funds paid during the year	Ending balance
Bonus fund	2.474.434.174	499.842.788	10.000.000	(2.514.850.000)	469.426.962
Welfare fund	2.396.131.278	-	-	(129.980.000)	2.266.151.278
Bonus fund for the Executive Officers	670.300.000	243.400.000	-	(670.049.000)	243.651.000
<b>Total</b>	<b>5.540.865.452</b>	<b>743.242.788</b>	<b>10.000.000</b>	<b>(3.314.879.000)</b>	<b>2.979.229.240</b>

**18. Owner's equity****18a. Statement on fluctuations in owner's equity**

Information on the fluctuation of owner's equity is presented in the attached Appendix.

**18b. Details of capital contribution of the owners**

Situation of charter capital contribution is as follows:

	As in Business Registration Certificate		Charter capital already contributed (VND)	Charter capital to be contributed (VND)
	VND	Rate (%)		
Electricity of Vietnam	104.478.440.000	71,56	104.478.440.000	-
Other shareholders	41.517.700.000	28,44	41.517.700.000	-
<b>Total</b>	<b>145.996.140.000</b>	<b>100,00</b>	<b>145.996.140.000</b>	<b>-</b>

**18c. Shares**

	Ending balance	Beginning balance
Number of shares registered to be issued	14.599.614	14.599.614
Number of shares already sold to the public	14.599.614	14.599.614
Number of shares repurchased	(64.523)	(64.523)
Number of outstanding shares	14.535.091	14.535.091

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

**18d. Profit distribution**

During the year, the Company has distributed profit of the year ended 2015 in line with Resolution of 2016 shareholders' meeting dated 28 April 2016 as follows:

	VND
• Sharing dividends from profit of the year 2015	: 21.802.636.500
• Extraction for bonus and welfare fund	: 499.842.788
• Bonus fund for the Executive Officers	: 243.400.000

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**FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2016 (cont.)

**19. Off-balance sheet items****19a. Foreign currencies**

As of the balance sheet date, currency includes USD 17,389.84 (Beginning balance: USD 22,343.03).

**19b. Treated doubtful debts**

	Ending balance		Beginning balance		Reasons for writing off
	Original currency	VND	Original currency	VND	
Other customers	-	8.435.060.390	-	8.435.060.390	
<b>Total</b>		<b>8.435.060.390</b>		<b>8.435.060.390</b>	

**VI. ADDITIONAL INFORMATION ON THE ITEMS OF THE INCOME STATEMENT****1. Sales****1a. Gross sales**

	Current year	Previous year
Survey	81.934.896.367	30.379.442.136
Design	91.987.657.658	110.163.087.813
<b>Total</b>	<b>173.922.554.025</b>	<b>140.542.529.949</b>

**1b. Sales to related parties**

Apart from transactions on sales of goods and service provisions to subsidiaries, joint ventures, associates are presented in Note V.2a, the Company has transactions on sales of goods and service provisions to related parties which are not joint ventures and associates are as follows:

	Current year	Previous year
Son Giang Power Joint Stock Company	7.547.963.636	-
Power Engineering Consulting JSC 2	5.319.740.201	-
Electricity of Vietnam (EVN)	814.545.455	14.326.965.180
Buon Don Hydroelectricity Joint Stock Company	-	2.723.769.960

**2. Costs of goods sold**

	Current year	Previous year
Costs of survey	50.512.663.120	22.851.382.772
Costs of design	71.225.934.005	74.865.597.760
<b>Total</b>	<b>121.738.597.125</b>	<b>97.716.980.532</b>

**3. Financial income**

	Current year	Previous year
Bank deposit interests	229.226.645	461.348.158
Dividends and profit shared	8.308.000.000	11.942.750.000
Gains from foreign exchange difference	2.660.083	68.781.097
Gains from foreign exchange difference due to revaluation of monetary items in foreign currencies	11.300.380	-
Other financial income	-	22.918.000
<b>Total</b>	<b>8.551.187.108</b>	<b>12.495.797.255</b>

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**FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2016 (cont.)

<b>4. Financial expenses</b>	<b>Current year</b>	<b>Previous year</b>
Loan interest expenses	234.903.727	272.832.675
Loss from foreign exchange difference	883.650	14.722.799
<b>Total</b>	<b>235.787.377</b>	<b>287.555.474</b>
<b>5. Selling expenses</b>	<b>Current year</b>	<b>Previous year</b>
Other expenses	5.000.000	-
<b>Total</b>	<b>5.000.000</b>	-
<b>6. Administrative overheads</b>	<b>Current year</b>	<b>Previous year</b>
Expenses for employees	15.957.685.014	14.847.979.126
Office materials and stationeries	683.299.292	498.177.432
Depreciation of fixed assets	71.164.238	54.937.818
Taxes, fees and legal fees	63.456.632	61.954.992
External service rendered	1.119.123.630	1.062.935.453
Other expenses	15.900.887.404	12.932.670.742
<b>Total</b>	<b>33.795.616.210</b>	<b>29.458.655.563</b>
<b>7. Other income</b>	<b>Current year</b>	<b>Previous year</b>
Receipt from refunding training fee	62.669.000	36.814.000
Receipt from compensating documents	100.000	885.000
Gains from material liquidation	-	5.290.909
<b>Total</b>	<b>62.769.000</b>	<b>42.989.909</b>
<b>8. Other expenses</b>	<b>Current year</b>	<b>Previous year</b>
Fines due to contract violation	1.821.025	81.620.046
<b>Total</b>	<b>1.821.025</b>	<b>81.620.046</b>
<b>9. Earnings per share</b>		
<b>9a. Basic/diluted earnings per share</b>		
	<b>Current year</b>	<b>Previous year</b>
Accounting profit after corporate income tax	23.069.350.717	22.545.879.288
Appropriation for bonus and welfare funds	-	(499.842.788)
Appropriation for the Board of Management, the Executive Officers and the Controllers	-	(243.400.000)
Profit used to calculate basic/dilute earnings per share	23.069.350.717	21.802.636.500
The average number of ordinary shares outstanding during the year	14.535.091	14.535.091
<b>Basic/dilute earnings per share</b>	<b>1.587</b>	<b>1.500</b>

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FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2016 (cont.)

### 9b. Other information

Basic/diluted earnings per share of previous year was re-calculated due to deduction of amount appropriated for bonus and welfare fund as determining profit used to calculate basic earnings per share in line with guidance of Circular No. 200/2014/TT-BTC dated 22 December 2014 of Ministry of Finance. This application of new regulation has made basic earnings per share of previous year decrease from VND 1.551 to VND 1.500.

There are no transactions relating to ordinary shares or potential ordinary shares occurring from the balance sheet date to the date releasing these Financial Statements.

### 10. Operating expenses

	<u>Current year</u>	<u>Previous year</u>
Materials and supplies	9.097.647.029	5.659.694.011
Labors	88.654.304.499	74.239.895.628
Depreciation of fixed assets	1.745.807.412	1.455.606.254
External service rendered	30.776.380.086	22.496.657.539
Other expenses	28.696.081.451	22.119.762.247
<b>Total</b>	<b><u>158.970.220.477</u></b>	<b><u>125.971.615.679</u></b>

## VI. ADDITIONAL INFORMATION ON THE ITEMS OF THE CASH FLOWS STATEMENT

### Non-cash transactions

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

	<u>Current year</u>	<u>Previous year</u>
Payment of principal amount of long-term loans through offsetting liabilities against EVN	-	3.000.000.000
Payment of principal amount of short-term loans through offsetting against liabilities	-	1.766.900.000
<b>Total</b>	<b><u>-</u></b>	<b><u>4.766.900.000</u></b>

## VII. OTHER DISCLOSURES

### 1. Commitments

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 repaid;
- 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.

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FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2016 (cont.)

### *Capital contribution commitment*

Pursuant to Business Registration Certificate No. 4401028708 dated 22 November 2016 of Son Giang Electricity Joint Stock Company granted by Department of Planning and Investment of Phu Yen Province, the Company has invested into Son Giang Electricity Joint Stock Company at amount of VND 15.000.000.000 equivalent to 30% of charter capital. During the year, the Company has invested VND 600.000.000. As of the balance sheet date, the Company has invested VND 600.000.000, charter capital to be invested into Son Giang Electricity Joint Stock Company is VND 14.400.000.000.

## 2. Balances and transactions with related parties

Related parties with the Company include key managers, individuals related to key managers and other related parties.

### 2a. Balances and transactions with key managers and their related individuals

Key manager members include the members of the Board of Management, the Board of Directors, Chief Accountant. Their related individuals are their family members.

#### *Transactions with key managers and their related individuals*

The Company does not have transactions on sales of goods and service provision to key managers and their related individuals and only has transactions with the members of the Board of Management, the Board of Directors, Chief Accountant as follows:

Key managers	Transactions
The Board of Management and the Board of Control	Pursuant to Resolution of the 2016 annual general shareholders' meeting, the Board of Management and the Board of Control has received remuneration at amount of 499.500.000 in 2016 (in 2015 was VND 524.400.000).
The Board of Directors and Chief Accountant	Income from salary and allowances in line with regulations on salary of the Company. Income of the Board of Directors and Chief Accountant in 2016 is VND 2.709.529.256 (in 2015 was VND 2.319.045.171).

#### *Liabilities with key managers and their related individuals*

The Company does not have liabilities with key managers and their related individuals.

### 2b. Balances and transactions with other related parties

Other related parties with the Company include:

Other related parties	Relationship
Electricity of Vietnam (EVN)	Shareholders possessing 71,56% of shares (see Note V.18)
Power Engineering Consulting Joint Stock Company 2	The Group
Power Engineering Consulting Joint Stock Company 1	The Group
Buon Don Hydroelectricity Joint Stock Company	The Group

## POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4

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### FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2016 (cont.)

#### *Transactions with other related parties*

Apart from transactions arisen with associates presented in Note V.2a as well as transactions on sales of goods and service provision to other related parties which are not associates presented in VI.1b, the Company also has transactions with other related parties as follows:

	<u>Current year</u>	<u>Previous year</u>
<b><i>Electricity of Vietnam (EVN)</i></b>		
Offsetting against advances to perform contract of design and survey	-	4.500.000.000
Offsetting liabilities against loan interest expenses payable	-	6.455.732.065
Offsetting liabilities against current portion of long-term debts	-	1.766.900.000
Offsetting liabilities against long-term debts and loans	-	3.000.000.000
Dividends of the year 2015 paid	15.671.766.000	-
Loan interest expenses	161.280.000	-
<b><i>Power Engineering Consulting Joint Stock Company 1</i></b>		
Advances	1.967.500.000	-
Expenses for testing Bac Ai pumped-storage hydroelectricity project	767.729.780	-
<b><i>Power Engineering Consulting Joint Stock Company 2</i></b>		
Receipt of survey payment	3.477.200.221	-

Price of service provision to related parties is agreed price. Purchasing services from related parties is done according to agree price.

#### *Liabilities with other related parties*

Liabilities with other related parties are presented in Note V.3a, V.4, V.5a, V.11 and V.12, V.15, V.16.

Receivables from other related parties are un-secured and paid by cash. No provision for bad debts are made for receivables from other related parties.

### **3. Segment information**

The major business field of the Company is to mainly provide survey and design service and is taken place in Vietnam.

### **4. Financial risk management**

The Company's operation arises financial risks as follows credit risk, liquidity risk and market risk, the Board of General 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.

## POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4

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### FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2016 (cont.)

#### a. 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 risks from accounts receivable from customers and bank deposits.

##### *Receivable from customers*

The company diminish credit risk by only transacting entities having good financial activity. In addition, accountant constantly follows up accounts receivable to speed up recovery.

Receivable from customers of the Company relates to entities and individuals; therefore credit risk concentrating accounts receivable from customers is low.

##### *Bank deposits*

Most bank deposits of the Company are deposited at the trust banks in Vietnam. Therefore, credit risk of bank deposits is low.

The maximum level of credit risk with financial assets is book value of financial assets (see Note VII.4 on book value of financial assets).

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

		<u>Not yet overdue or not impaired</u>	<u>Note yet overdue but impaired</u>	<u>Already overdue but not impaired</u>	<u>Overdue and/or impaired</u>	<u>Total</u>
<b>Ending balance</b>						
Cash and equivalents	cash	25.256.467.922	-	-	-	25.256.467.922
Receivable from customers	from	52.106.221.271	-	-	25.335.265.697	77.441.486.968
Other receivables		8.720.207.171	-	-	-	8.720.207.171
Available for financial assets	sale	2.091.640.000	-	-	-	2.091.640.000
<b>Total</b>		<b>88.174.536.364</b>	<b>-</b>	<b>-</b>	<b>25.335.265.697</b>	<b>113.509.802.061</b>
<b>Beginning balance</b>						
Cash and equivalents	cash	22.446.436.893	-	-	-	22.446.436.893
Receivable from customers	from	43.019.425.230	-	-	30.145.605.697	73.165.030.927
Other receivables		7.027.953.476	-	-	-	7.027.953.476
Available for financial assets	sale	2.091.640.000	-	-	-	2.091.640.000
<b>Total</b>		<b>74.585.455.599</b>	<b>-</b>	<b>-</b>	<b>30.145.605.697</b>	<b>104.731.061.296</b>

#### b. 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.

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For the fiscal year ended 31 December 2016 (cont.)

The Company's approach to risk management is to constantly follow up requirement on present and future payment to maintain an appropriate amount of cash and loans, to supervise the actual cash flows arisen comparing with estimated those to minimize the effects of the changes in cash flows to the Company.

Payment term of non-derivative financial liabilities (including interest payable) based on the undiscounted payment term supposed to make contract as follows:

	<u>Under 1 year</u>	
	<u>Ending balance</u>	<u>Beginning balance</u>
Payable to suppliers	9.007.430.317	7.293.851.403
Debts and loans	-	3.000.000.000
Other payables	1.931.171.619	1.871.170.019
<b>Total</b>	<b><u>10.938.601.936</u></b>	<b><u>12.165.021.422</u></b>

The Directors show that risk level of paying liabilities is low. The company has ability to pay current portions of liabilities from business cash flows and receipts from financial assets on maturity. The company has had ability to access sources of capital and maturity loans within 12 months can be extended the present creditors.

### c. *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 operations include foreign currency risk, interest risk and risk arising from security price and risk from material price risk.

Sensitivity analysis, the appreciations below related to financial situation of the company as at 31 December 2016 and 31 December 2015 base on net liability value. Change level of exchange rate, interest, materials and security price used to analyze sensitivity is based on appreciating ability to cause within the next year with visible condition of current market.

#### *Foreign currency risk*

Foreign currency risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in exchange rates.

The Board of Directors appreciates effect level due to fluctuation of foreign exchange rate on profit after tax and owner's equity of the Company is insignificant because net foreign currency liabilities have small value.

#### *Interest rate risk*

Interest rate risk is the risk that the fair value or cash flows of in the future a financial instrument will fluctuate due to changes in market interest rates.

The Company's interest rate risk substantially relates to term deposits, loans given and loans at floating interest rates.

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For the fiscal year ended 31 December 2016 (cont.)

The Company controls the interest rate risk by analyzing the market situation in order to give appropriate decision on choosing the time for getting loans, choosing appropriate loan terms to get the most favorable interest rates as well as maintaining loan structure with appropriate floating interest rate and fixed interest rate.

The Company's financial instruments at floating interest rates are as follows:

	Ending balance		Beginning balance	
	VND	USD	VND	USD
Cash and cash equivalents	-	-	14.000.000.000	-
Borrowings	-	-	(3.000.000.000)	-
<b>Net assets</b>	<b>-</b>	<b>-</b>	<b>11.000.000.000</b>	<b>-</b>

As at the balance sheet date, with the assumption that other variables were constant, if the interest rates of VND denominated loans at floating interest rates increase/decrease by 2%, the profit before tax and owner's equity of the Company in the previous year will decrease/increase by VND 162.414.052.

#### *Material price risk*

The Company is exposed to the risk related to fluctuations in material prices. The Company manages the material price risk by following up the market information and related situations to control the time for purchasing materials, preparing manufacturing plan and keeping the volumes of inventories at reasonable level.

The Company has not used derivatives to avoid material price risk.

#### **d. Collaterals**

##### *Collaterals given to other entities*

Carrying values of financial assets given to other entities are as follows:

	Ending balance	Beginning balance
Cash in bank	-	8.093.787.893
Receivable from customers	-	71.152.693.943
<b>Total</b>	<b>-</b>	<b>79.246.481.836</b>

The Company's collaterals will be released when financial obligations are fulfilled. There are no special terms and conditions in respect of the uses of these collaterals.

##### *Collaterals received from other entities*

The Company has not received any collaterals from other entities as at 31 December 2016 and 31 December 2015.

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FINANCIAL STATEMENTS

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### 5. Financial assets and financial liabilities

#### *Financial assets*

Carrying values of financial assets are as follows:

	Ending balance		Beginning balance	
	Original costs	Provision	Original costs	Provision
Cash and cash equivalents	25.256.467.922	-	22.446.436.893	-
Receivables from customers	52.106.221.271	(12.287.651.269)	43.019.425.230	(11.740.310.069)
Other receivables	8.720.207.171	-	7.027.953.476	-
Available-for-sale financial assets	2.091.640.000	-	2.091.640.000	-
<b>Total</b>	<b>88.174.536.364</b>	<b>(12.287.651.269)</b>	<b>74.585.455.599</b>	<b>(11.740.310.069)</b>

#### *Financial liabilities*

Carrying values of financial liabilities are as follows:

	Ending balance	Beginning balance
Trade payables	9.007.430.317	7.293.851.403
Borrowings and debts	-	3.000.000.000
Other payables	1.931.171.619	1.871.170.019
<b>Total</b>	<b>10.938.601.936</b>	<b>12.165.021.422</b>

#### *Method of fair value determination of financial assets and liabilities*

Fair values of financial assets and financial liabilities of the Company are reflected at the values which the financial instruments can be converted in a current transaction among parties having adequate knowledge and expecting to involve in the transaction.

The Company has applied the following method and assumption to estimate the fair values of financial assets and financial liabilities:

- Fair values of cash and cash equivalents, trade receivables, other receivables, borrowings, trade payables and other current liabilities are equivalent to their carrying values (already excluded estimation of doubtful debts) since these instruments have short-term periods.
- Fair values of held-to-maturity investments and available-for-sale financial assets which have been listed in stock market are the prices disclosed as at the balance sheet date. Fair values of held-to-maturity investments and available-for-sale financial assets which have not been listed in the stock market but had transaction prices disclosed by 03 stock companies are the average price computed based on transaction prices disclosed by 03 stock companies.
- Fair values of trade receivables, other receivables, borrowings, trade payables, other payables, held-to-maturity investments which have not been listed in the stock market or had transaction prices disclosed by 03 stock companies are estimated by discounting cash flows at the current interest rate applied to the borrowings having similar features and due dates.

The Company has not made any official assessment on the available-for-sale financial assets which have not been listed in the stock market and not had transaction prices disclosed by 03 stock companies. However, the Board of Directors believes that there is no material difference between fair values of these financial assets and their carrying values.

**POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4**

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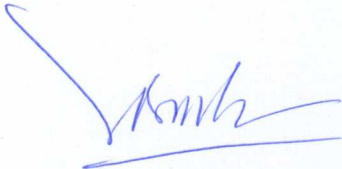
For the fiscal year ended 31 December 2016 (cont.)

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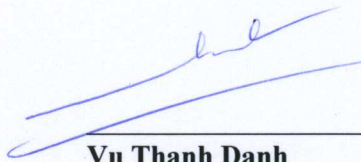
**6. Subsequent events**

There have been no events arising after the date of this statement which need to make adjustments on the figures or the disclosures in the Financial Statements.

Nha Trang, 20 February 2017



**Tran Le Thanh Binh**  
Preparer



**Vu Thanh Danh**  
Chief Accountant



**Phạm Minh Sơn**  
General Director



**POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4**

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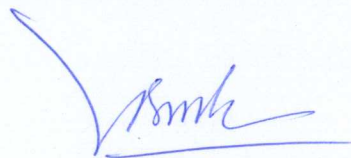
For the fiscal year ended 31 December 2016

**Appendix: statement of fluctuation in owner's equity**

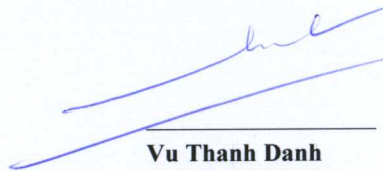
Unit: VND

	<u>Capital</u>	<u>Equity surplus</u>	<u>Treasury stocks</u>	<u>Business promotion fund</u>	<u>Other funds</u>	<u>Retained earnings</u>	<u>Total</u>
Beginning balance of previous year	145.996.140.000	(15.784.110.000)	(745.850.060)	26.753.260.607	1.721.694.867	15.442.288.490	173.383.423.904
Profit in previous year	-	-	-	-	-	22.545.879.288	22.545.879.288
Appropriation for funds in previous year	-	-	-	-	-	(907.197.490)	(907.197.490)
Sharing dividends from retained earnings of previous year	-	-	-	-	-	(14.535.091.000)	(14.535.091.000)
<b>Ending balance of previous year</b>	<b>145.996.140.000</b>	<b>(15.784.110.000)</b>	<b>(745.850.060)</b>	<b>26.753.260.607</b>	<b>1.721.694.867</b>	<b>22.545.879.288</b>	<b>180.487.014.702</b>
Beginning balance in current year	145.996.140.000	(15.784.110.000)	(745.850.060)	26.753.260.607	1.721.694.867	22.545.879.288	180.487.014.702
Profit in current year	-	-	-	-	-	23.069.350.717	23.069.350.717
Appropriation for funds in current year	-	-	-	-	-	(743.242.788)	(743.242.788)
Sharing dividends from retained earnings of previous year	-	-	-	-	-	(21.802.636.500)	(21.802.636.500)
<b>Ending balance in current year</b>	<b>145.996.140.000</b>	<b>(15.784.110.000)</b>	<b>(745.850.060)</b>	<b>26.753.260.607</b>	<b>1.721.694.867</b>	<b>23.069.350.717</b>	<b>181.010.486.131</b>

Khanh Hoa, 20 February 2017



**Tran Le Thanh Binh**  
Preparer



**Vu Thanh Danh**  
Chief Accountant



**Phạm Minh Sơn**  
General Director

