

**FINANCIAL STATEMENTS**  
FOR THE SECOND QUARTER OF YEAR 2016

**POWER ENGINEERING  
CONSULTING JOINT STOCK  
COMPANY 4**

**POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4**

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

**BALANCE SHEET**

As of 30 June 2016

Unit: VND

ASSETS	Code	Note	Ending balance	Beginning balance
<b>A - CURRENT ASSETS</b>	<b>100</b>		<b>107.314.739.258</b>	<b>106.716.218.995</b>
<b>I. Cash and cash equivalents</b>	<b>110</b>	<b>V.1</b>	<b>8.392.610.190</b>	<b>22.446.436.893</b>
1. Cash	111		8.392.610.190	8.446.436.893
2. Cash equivalents	112		-	14.000.000.000
<b>II. Short-term financial 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>88.207.221.151</b>	<b>70.887.111.072</b>
1. Short-term trade receivables	131	V.3a	75.430.908.133	71.152.693.943
2. Short-term prepayments to suppliers	132	V.4	9.058.019.701	2.596.806.461
3. Short-term inter-company receivables	133		-	-
4. Receivable according to the progress of construction contract	134		-	-
5. Receivables for short-term loans	135		-	-
6. Other short-term receivables	136	V.5	15.458.603.386	8.877.920.737
7. Allowance for short-term doubtful debts	137	V.6	(11.740.310.069)	(11.740.310.069)
8. Deficit assets for treatment	139		-	-
<b>IV. Inventories</b>	<b>140</b>		<b>10.714.907.917</b>	<b>13.377.472.269</b>
1. Inventories	141	V.7	10.714.907.917	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

ASSETS	Code	Note	Ending balance	Beginning balance
<b>B - LONG-TERM ASSETS</b>	<b>200</b>		<b>133.882.754.719</b>	<b>134.237.097.398</b>
<b>I. Long-term receivables</b>	<b>210</b>		<b>2.082.336.984</b>	<b>2.082.336.984</b>
1. Long-term trade receivables	211	V.3b	2.012.336.984	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		70.000.000	70.000.000
7. Allowance for long-term doubtful debts	219		-	-
<b>II. Fixed assets</b>	<b>220</b>		<b>24.459.614.179</b>	<b>24.894.878.303</b>
1. Tangible fixed assets	221	V.9	9.387.089.413	9.729.739.810
<i>Historical costs</i>	222		33.924.773.536	33.511.228.081
<i>Accumulated depreciation</i>	223		(24.537.684.123)	(23.781.488.271)
2. Financial leased assets	224		-	-
<i>Historical costs</i>	225		-	-
<i>Accumulated depreciation</i>	226		-	-
3. Intangible fixed assets	227	V.10	15.072.524.766	15.165.138.493
<i>Initial costs</i>	228		18.828.157.411	18.797.483.911
<i>Accumulated amortization</i>	229		(3.755.632.645)	(3.632.345.418)
<b>III. Investment property</b>	<b>230</b>		-	-
1. Historical costs	231		-	-
2. 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>105.941.640.000</b>	<b>105.941.640.000</b>
1. Investment in subsidiaries	251		-	-
2. Investment in joint ventures and associates	252	V.2	103.850.000.000	103.850.000.000
3. Investments in other entities	253	V.2	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>V. Other long-term assets</b>	<b>260</b>		<b>1.399.163.556</b>	<b>1.318.242.111</b>
1. Long-term prepaid expenses	261	V.8b	1.399.163.556	1.318.242.111
2. Deferred income tax assets	262		-	-
3. Long-term components and spare parts	263		-	-
4. Other long-term assets	268		-	-
<b>TOTAL ASSETS</b>	<b>270</b>		<b>241.197.493.977</b>	<b>240.953.316.393</b>

**POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4**

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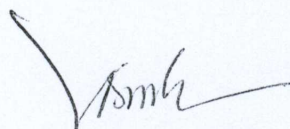
<b>OWNER'S EQUITY</b>	<b>Code</b>	<b>Note</b>	<b>Ending balance</b>	<b>Beginning balance</b>
<b>A - LIABILITIES</b>	<b>300</b>		<b>63.925.406.477</b>	<b>60.466.301.691</b>
<b>I. Current liabilities</b>	<b>310</b>		<b>63.925.406.477</b>	<b>57.466.301.691</b>
1. Short-term trade payables	311	V.11	6.865.989.109	7.293.851.403
2. Short-term advances from customers	312	V.12	41.939.470.891	29.118.791.548
3. Taxes and other obligations to the State Budget	313	V.13	2.962.641.867	3.552.778.700
4. Payable to employees	314	V.14	2.360.711.824	7.803.724.472
5. Short-term accrued expenses	315		-	-
6. Short-term inter-company payable	316		-	-
7. Payable according to the progress of construction contract	317		-	-
8. Short-term unearned revenue	318		-	-
9. Other payable short-term	319	V.15	3.764.063.546	4.156.290.116
10. Short-term borrowings and finance lease	320	V.16a	3.000.000.000	-
11. Provision for short-term payables	321		-	-
12. Bonus and welfare funds	322	V.17	3.032.529.240	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 payable long-term	337		-	-
8. Long-term borrowings and finance lease	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		-	-

**POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4**

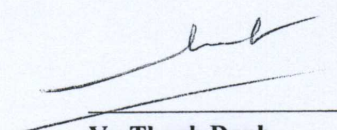
Address: 11 Hoang Hoa Tham St., - Nha Trang City - Khanh Hoa Province

OWNER'S EQUITY	Code	Note	Ending balance	Beginning balance
<b>B - OWNER'S EQUITY</b>	<b>400</b>		<b>177.272.087.500</b>	<b>180.487.014.702</b>
<b>I. Owner's equity</b>	<b>410</b>	<b>V.18</b>	<b>177.272.087.500</b>	<b>180.487.014.702</b>
1. Capital	411		145.996.140.000	145.996.140.000
- Ordinary shares carrying voting rights	411a		145.996.140.000	145.996.140.000
- Preference shares	411b		-	-
2. Share premiums	412		(15.784.110.000)	(15.784.110.000)
3. Bond conversion options	413		-	-
4. Other sources of capital	414		-	-
5. Treasury stocks	415		(745.850.060)	(745.850.060)
6. Differences on asset revaluation	416		-	-
7. Foreign exchange differences	417		-	-
8. Investment and development fund	418		26.753.260.607	26.753.260.607
9. Business arrangement supporting fund	419		-	-
10. Other funds	420		1.721.694.867	1.721.694.867
11. Retained earnings	421		19.330.952.086	22.545.879.288
- Retained earnings accumulated to the end of the previous period	421a		14.535.091.000	-
- Retained earnings of the current period	421b		4.795.861.086	22.545.879.288
12. Construction investment fund	422		-	-
<b>II. Other sources and funds</b>	<b>430</b>		<b>-</b>	<b>-</b>
1. Sources of expenditure	432		-	-
2. Fund to form fixed assets	433		-	-
<b>OWNER'S EQUITY</b>	<b>440</b>		<b>241.197.493.977</b>	<b>240.953.316.393</b>

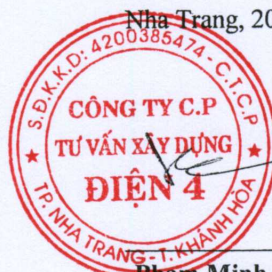
Nha Trang, 20 July 2016



**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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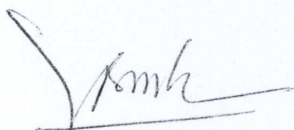
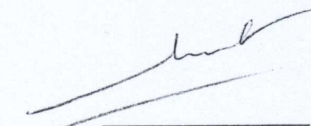
**INCOME STATEMENT**

Second quarter of year 2016

Unit: VND

ITEMS	Code	Note	Quarter 2		Accumulate to quarter 2	
			Year 2016	Year 2015	Year 2016	Year 2015
1. Sales	01	VI.1	39.751.595.025	22.290.223.820	70.012.600.894	61.937.717.209
2. Deductions	02		-	-	-	-
3. Net sales	10		39.751.595.025	22.290.223.820	70.012.600.894	61.937.717.209
4. Costs of goods sold	11	VI.2	24.651.535.255	15.768.790.130	46.330.598.831	45.379.743.538
5. Gross profit / loss	20		15.100.059.770	6.521.433.690	23.682.002.063	16.557.973.671
6. Financial income	21	VI.3	93.434.129	5.289.382.683	199.185.675	5.407.737.570
7. Financial expenses	22	VI.4	65.632.999	88.266.842	129.932.897	163.953.609
In which: Loan interest expenses	23		65.632.999	85.685.333	129.224.332	159.231.938
8. Selling expenses	24		-	-	-	-
9. Administrative overheads	25	VI.5	11.730.252.112	4.764.258.904	17.808.633.483	11.689.758.488
10. Net operating profit / loss	30		3.397.608.788	6.958.290.627	5.942.621.358	10.111.999.144
11. Other income	31	VI.6	100.000	-	52.205.000	-
12. Other expenses	32	VI.7	-	17.981.716	-	65.805.459
13. Other profit	40		100.000	(17.981.716)	52.205.000	(65.805.459)
14. Profit / loss before tax	50		3.397.708.788	6.940.308.911	5.994.826.358	10.046.193.685
15. Current corporate income tax	51	V.13	679.541.758	384.517.960	1.198.965.272	1.067.812.610
16. Deffed corporate incom tax	52		-	-	-	-
17. Profit / loss after tax	60		2.718.167.030	6.555.790.951	4.795.861.086	8.978.381.075
18. Earning per share	70	VI.8	187	451	330	618
19. Diluted Earning per share	71		-	-	-	-

Nha Trang, 20 July 2016


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

**CASH FLOWS STATEMENT**

(Indirect method)

Second quarter of year 2016

Unit: VND

ITEMS	Code	Note	Current year	Previous year
<b>I. Cash flows from operating activities</b>				
1. Profit/ (loss) before tax	01		5.994.826.358	10.046.193.685
2. Adjustments				
- Depreciation of fixed assets and investment properties	02		879.483.079	703.331.044
- Provisions and allowances	03		-	-
- Gain/ (loss) from unrealized foreign exchange difference	04		-	2.581.509
- Gain/ (loss) from investing activities	05		(68.871.785)	(5.374.101.947)
- Loan interest expenses	06		129.224.332	155.660.782
- Other adjustments	07		-	-
3. Operating profit/ (loss) before changes of working capital	08		6.934.661.984	5.533.665.073
- Increase/ (decrease) of receivables	09		1.984.506.504	11.237.007.424
- Increase/ (decrease) of inventories	10		2.662.564.352	5.708.851.538
- Increase/ (decrease) of payables	11		(20.726.732.500)	(26.375.409.754)
- Increase/ (decrease) of prepaid expenses	12		(75.722.684)	123.990.018
- Increase/ (decrease) of trading securities	13		-	-
- Interests paid	14		(41.458.332)	(811.806.979)
- Corporate income tax paid	15		(1.758.942.464)	(1.233.151.719)
- Other cash inflows	16		10.000.000	8.000.000
- Other cash outflows	17		(3.240.750.000)	(49.400.000)
<b>Net cash flows from operating activities</b>	<b>20</b>		<b>(14.251.873.140)</b>	<b>(5.858.254.399)</b>
<b>II. Cash flows from investing activities</b>				
1. Purchases and construction of fixed assets and other long-term assets	21		-	(1.295.953.656)
2. Gains from disposals and liquidation 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		-	-
6. Withdrawals of investments in other entities	26		-	-
7. Interest earned, dividends and profits received	27		198.046.437	5.374.101.947
<b>Net cash flows from investing activities</b>	<b>30</b>		<b>198.046.437</b>	<b>4.078.148.291</b>

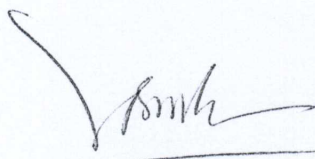
# POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4

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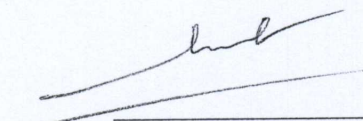
## Cash flows statement (cont.)

ITEMS	Code	Note	Current year	Previous year
<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		20.000.000.000	15.662.710.500
4. Repayment for loan privipal	34		(20.000.000.000)	(18.869.334.284)
5. Payments for financial leasehold assets	35		-	-
6. Dividends and profit already paid to the owners	36		-	(5.223.922.000)
<i>Net cash flows from financing activities</i>	<b>40</b>		<b>-</b>	<b>(8.430.545.784)</b>
<b>Net cash flows during the year</b>	<b>50</b>		<b>(14.053.826.703)</b>	<b>(10.210.651.892)</b>
<b>Beginning cash and cash equivalents</b>	<b>60</b>	<b>V.1</b>	<b>22.446.436.893</b>	<b>30.619.889.296</b>
Effects of fluctuations in foreign exchange rates	61		-	437.242
<b>Ending cash and cash equivalents</b>	<b>70</b>	<b>V.1</b>	<b>8.392.610.190</b>	<b>20.409.674.646</b>

Nha Trang, 20 July 2016



Tran Le Thanh Binh  
Preparer



Vu Thanh Danh  
Chief Accountant



Phạm Minh Sơn  
General Director

## NOTES TO THE FINANCIAL STATEMENTS

Second quarter of year 2016

### I. OPERATION FEATURES

1. **Investment form** : Joint Stock Company
2. **Operating field** : Consulting service
3. **Business industry** : Consulting, investigating, designing power
4. **Normal operating cycle** : The normal operating cycle of the Company is generally within 12 months.
5. **Material effects on the operations of the company**
6. **Company structure:**

**Associates:**

Buon Don Hydropower Joint Stock Company:

- Address: Floor 7<sup>th</sup> – Biet Dien Hotel, 01 Ngo Quyen Street, Thang Loi Ward, Buon Ma Thuot City, Dak Lak Province.

- Main business activities: production, transmission and distribution of electricity.

- Charter capital: 335.000.000.000 VND.

- PECC4 has invested into Buon Don Hydropower Joint Stock Company with amount of 103.850.000.000 VND, equivalent to 31% of the charter capital.

**Affiliates:**

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

7. **Statement of information comparability in the financial statements:**
8. **Number of employees**  
As of 31 June 2016, the company has had 467 employees (as of 31 December 2015: 475 employees).

### II. FISCAL YEAR AND STANDARD CURRENCY UNIT USED IN ACCOUNTING

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

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

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

Notes to the financial statements (cont.)

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

#### **1. Accounting system**

The Company had adopted the Vietnamese Accounting System for enterprises in accordance with Circular No.200/2014/TT-BTC issued by the Ministry of Finance on 22 December 2014.

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

The Directors ensure to follow all the requirements of the prevailing Vietnamese accounting system and standards in the preparation of these financial statements.

### **IV. ACCOUNTING POLICIES**

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

All the financial statements are prepared on the basis of the accrual accounting..

#### **2. Foreign exchange rates applied in accounting**

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

Differences on foreign exchange arising during the year from transactions in foreign currencies of monetary items in foreign currencies and differences on foreign exchange due to revaluation of balance of monetary items in foreign currencies as at the balance sheet date after offsetting their positive differences against negative differences are recorded into financial income or expenses during the year.

The exchange rate used to convert the transactions arising from foreign currencies is the actual exchange rate ruling as of the transaction dates of commercial banks where the company has transactions.

At the reporting date, the Company revalued closing balance of monetary items denominated in foreign currencies as follows:

- Capital in cash and loans receivable: revaluated at buying exchange rates of the BIDV where the Company opens its accounts.
- Accounts payable: revaluated at selling exchange rates of the BIDV where the Company opens its accounts.

#### **3. Cash and cash equivalents**

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

#### **4. Financial investment accounting principles**

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

Including term deposits at bank, bonds, and held-to-maturity loans for the purpose of earning periodic interest and other held-to-maturity investments.

Held-to-maturity investments are stated at cost and recognised at fair value based on the recovery of the investments.

##### **Associates :**

Associates are entities in which the Company has significant influence, but not control.

Associates are recorded at their original costs.

Provisions for loss of investments in other economic organizations are made when these organizations suffer from loss (except for the case that this loss is an approved part of the business

## POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4

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

### Notes to the financial statements (cont.)

plan before making the investment) at the rate equivalent to rate of capital contribution of the company in these organizations.

Any increase, decrease of balance of provision for financial investments is recorded into item “financial expenses” during the year.

#### **Investments in orther entities:**

Investments in orther entities are recorded at their original costs.

#### **5. Receivables**

Receivables are presented in the interim consolidated financial statements at the carrying amounts due from customers and other debtors, after provision for doubtful debts.

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

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

#### **6. Inventories**

Inventories are started at the lower of original costs and net realisable value.

Costs include purchasing expenses, processing expenses and other directly related costs to bring the inventories to the current positions and conditions.

Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs to complete and the estimated costs necessary to make the sale.

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

Provision for devaluation of inventories is recognized when their costs are higher than their net realizable values.

#### **7. Prepaid expenses**

Prepaid expenses are reported as short-term or long-term prepaid expenses on the balance sheet. They include:

##### *Tool expenses*

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

##### *Computer software*

Purchase price of computer software without part associated with hardware is capitalized. Initial costs of software includes all the expenses paid until the date the software is put into use. Computer software is amortized in line with straight line method for 2 years.

##### *Vehicles*

Vehicles which have its historical costs of under VND 30 million are depreciated in line with straight line method in 3 years.

Other expenses are allocated in line with the actual use period of fee for finding out online legal documents.

#### **8. Tangible fixed assets**

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

## POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4

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

### Notes to the financial statements (cont.)

When a fixed asset is sold or disposed, its historical cost and accumulated depreciation are written off, then any gain/ (loss) arisen are posted into the income or the expenses during the period. Fixed assets are depreciated in accordance with the straight-line method over their estimated useful lives. The depreciation years of fixed assets are as follows:

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

#### 9. Intangible fixed assets

##### *Value of land use right*

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

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

##### *Computer software*

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

#### 10. Payable liabilities and accrued expenses

Payable liabilities is monitored in details by terms, suppliers, kind of currency and other factors depending on the Company's managerial demand.

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

Accounts payable to suppliers, loans payable and other payables are payable that are determined probably in value and timing and recognised at actual obligation incurred.

Accounts payable are classified as Short-term and Long-term in the Balance sheet based on the remaining maturity period of these payable at the reporting date.

#### 11. Unemployment allowances

The company pays for severance allowances for employees who have worked for the company for over 12 months. Payment rate is a half the salary month plus salary allowances (if any) of 6 consecutive months before the resigning date for one working year for period employees do not attend to pay unemployment insurance.

Severance allowance is recorded into adminsitravite overheads when paying to employees.

#### 12. Source of capital

##### *Capital*

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

##### *Share premium*

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

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

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

### Notes to the financial statements (cont.)

#### *Other capital*

Other capital include supplement from the business results, assets given and re-valuation of assets.

#### *Treasury stocks*

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

### **13. Appropriation of net profit**

Net profit after tax is available for appropriation to shareholders after getting approval by the shareholders in the annual general meeting, and after making appropriation to reserve funds in accordance with the Group's Charter and Vietnam's regulatory requirements.

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

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

#### *Sales of service provision*

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

#### *Interests*

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

#### *Dividends and profit shared*

Dividends and profit shared are recognized when the company has right to receive dividends and profit from its capital contribution. In particular, dividends received in form of shares are not recorded into income but are only followed up the additional quantity.

### **15. Borrowing costs**

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

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

### **16. 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.

### **17. Corporate income tax**

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

## POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4

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

### Notes to the financial statements (cont.)

Current income tax is the tax amount computed based on the taxable income during the period at the tax rates applied as of the balance sheet date. Taxable income is different from accounting profit due to the adjustments of temporary differences between tax and accounting figures as well as those of non-taxable or non-deductible income and expenses.

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.

Book values of deferred corporate income tax assets are considered at the balance sheet dates and will be reduced to the rates that ensure enough taxable income against which the benefits from a part of or all of the deferred income tax can be used.

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

#### 18. Related parties

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

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

### 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	641.952.826	352.649.000
Cash in bank	7.750.657.364	8.093.787.893
Cash equivalents (under 3 months deposit)	-	14.000.000.000
<b>Total</b>	<b><u>8.392.610.190</u></b>	<b><u>22.446.436.893</u></b>

#### 2. Financial investment

	<u>Ending balance</u>			<u>Beginning balance</u>		
	<u>Cost</u>	<u>Provision</u>	<u>Fair value</u>	<u>Cost</u>	<u>Provision</u>	<u>Fair value</u>
Buon Don Hydroelectricity Joint Stock Company	103.850.000.000	-	- 103.850.000.000	103.850.000.000	-	- 103.850.000.000
- EVN International Joint Stock Company	1.050.000.000	-	1.050.000.000	1.050.000.000	-	1.050.000.000
- Khanh Hoa – Ha Noi Development	1.041.640.000	-	1.041.640.000	1.041.640.000	-	1.041.640.000

**POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4**

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

Notes to the financial statements (cont.)

	Ending balance			Beginning balance		
	Cost	Provision	Fair value	Cost	Provision	Fair value
Investment Joint Stock Company						
<b>Total</b>	<b>105.941.640.000</b>	<b>- 105.941.640.000</b>		<b>105.941.640.000</b>	<b>- 105.941.640.000</b>	

The material transactions between the company and Buon Don Hydroelectricity Joint Stock Company:

	Accumulation from the beginning of the year	
	Current year	Previous year
Providing survey and design service (excluding 10% VAT)	-	2.230.184.730

**3. Receivable****3a. Short-term receivable from customers**

	Ending balance	Beginning balance
Customers are belonged to EVN and NPT	25.169.930.207	20.321.876.298
Customers are not belonged to EVN and NPT	50.260.977.926	50.830.817.645
<b>Total</b>	<b>75.430.908.133</b>	<b>71.152.693.943</b>

**3b. Long-term receivable from customers**

	Ending balance	Beginning balance
Management Board of Hydroelectricity 1	184.144.863	184.144.863
Nho Que Power Development and Investment JSC	1.532.762.821	1.532.762.821
Trung Son Hydropower One Member Co., Ltd	138.611.000	138.611.000
Management Board of Hydroelectricity 2	156.818.300	156.818.300
<b>Total</b>	<b>2.012.336.984</b>	<b>2.012.336.984</b>

**4. Prepayment to suppliers**

	Ending balance	Beginning balance
Customers are belonged to EVN and NPT	1.967.500.000	-
Customers are not belonged to EVN and NPT	7.090.519.701	2.596.806.461
<b>Total</b>	<b>9.058.019.701</b>	<b>2.596.806.461</b>

**5. Other receivables**

	Ending balance		Beginning balance	
	Cost	Provision	Cost	Provision
Social insurance	22.724.000	-	-	-
Receivable from employees	67.000.000	-	78.000.000	-
Advances for employees of the company	8.452.045.404	-	1.841.967.261	-
Others	6.916.833.982	-	6.957.953.476	-
<b>Total</b>	<b>15.458.603.386</b>	<b>-</b>	<b>8.877.920.737</b>	<b>-</b>

**POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4**

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

Notes to the financial statements (cont.)

**6. Bad debts**

	Ending balance		Beginning balance	
	Cost	Recoverable amount	Cost	Recoverable amount
Total value of receivables, loans that are overdue or not pass due but hardly recoverable	29.409.105.697	18.405.295.628	30.145.605.697	18.405.295.628

**Provision for bad debts**

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

	Accumulation from the beginning of the year	
	Current year	Previous year
Beginning balance	11.740.310.069	14.820.291.684
Additional extraction	-	-
Written off	-	-
<b>Ending balance</b>	<b>11.740.310.069</b>	<b>14.820.291.684</b>

**7. Inventories**

	Ending balance		Beginning balance	
	Cost	Provision	Cost	Provision
Materials and supplies	424.731.509	-	491.433.726	-
Tools	54.642.042	-	9.806.103	-
Work in progress	10.235.534.366	-	12.876.232.440	-
<b>Total</b>	<b>10.714.907.917</b>	<b>-</b>	<b>13.377.472.269</b>	<b>-</b>

**8. Prepaid expenses****8a. Short-term prepaid expenses**

	Ending balance	Beginning balance
Other expenses	-	5.198.761
<b>Total</b>	<b>-</b>	<b>5.198.761</b>

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

	Ending balance	Beginning balance
Tools	1.316.988.313	1.303.037.507
Other expenses	82.175.243	15.204.604
<b>Total</b>	<b>1.399.163.556</b>	<b>1.318.242.111</b>

**9. Tangible fixed assets**

	Buiding & structures	Machinery & equipment	Vehicles	Office equipment	Total
<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
New purchases	-	335.000.000	-	78.545.455	413.545.455

**POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4**

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

Notes to the financial statements (cont.)

	Building & structures	Machinery & equipment	Vehicles	Office equipment	Total
<b>Ending balance</b>	<b><u>10.104.595.287</u></b>	<b><u>10.081.130.755</u></b>	<b><u>12.541.821.147</u></b>	<b><u>1.197.226.347</u></b>	<b><u>33.924.773.536</u></b>
<i>In which:</i>					
Fully depreciated but still being in use	773.606.927	7.426.817.082	9.908.142.964	807.570.522	18.916.137.495
<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	<u>239.870.612</u>	<u>252.907.256</u>	<u>225.538.950</u>	<u>37.879.034</u>	<u>756.195.852</u>
<b>Ending balance</b>	<b><u>4.550.633.867</u></b>	<b><u>8.071.965.086</u></b>	<b><u>10.984.450.027</u></b>	<b><u>930.635.143</u></b>	<b><u>24.537.684.123</u></b>
<b>Net book values</b>					
Beginning balance	<u>5.793.832.032</u>	<u>1.927.072.925</u>	<u>1.782.910.070</u>	<u>225.924.783</u>	<u>9.729.739.810</u>
<b>Ending balance</b>	<b><u>5.553.961.420</u></b>	<b><u>2.009.165.669</u></b>	<b><u>1.557.371.120</u></b>	<b><u>266.591.204</u></b>	<b><u>9.387.089.413</u></b>

**10. Intangible fixed assets**

	Long-term land use right	Fixed-term land use right	Computer's software	Total
<b>Initial costs</b>				
Beginning balance	7.093.957.000	9.463.506.000	2.240.020.911	18.797.483.911
Increases 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>				
Fully depreciated but still being in use	-	-	2.107.552.255	2.107.552.255
<b>Amortiation</b>				
Beginning balance	-	1.476.920.505	2.155.424.913	3.632.345.418
Amortization	-	<u>99.752.400</u>	<u>23.534.827</u>	<u>123.287.227</u>
<b>Ending balance</b>	<b><u>-</u></b>	<b><u>1.576.672.905</u></b>	<b><u>2.178.959.740</u></b>	<b><u>3.755.632.645</u></b>
<b>Net books 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>7.886.833.095</u></b>	<b><u>91.734.671</u></b>	<b><u>15.072.524.766</u></b>

**11. Short-term trade payables**

	<u>Ending balance</u>	<u>Beginning balance</u>
Customers are belonged to EVN and NPT	983.545.000	983.545.000
Customers are not belonged to EVN and NPT	<u>5.882.444.109</u>	<u>6.310.306.403</u>
<b>Total</b>	<b><u>6.865.989.109</u></b>	<b><u>7.293.851.403</u></b>

**POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4**

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

Notes to the financial statements (cont.)

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

	<u>Ending balance</u>	<u>Beginning balance</u>
Customers are belonged to EVN and NPT	36.041.212.509	22.408.317.166
Customers are not belonged to EVN and NPT	5.898.258.382	6.710.474.382
<b>Total</b>	<b><u>41.939.470.891</u></b>	<b><u>29.118.791.548</u></b>

**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	5.196.943.937	(5.280.909.578)	2.193.056.109
Corporate income tax	1.239.518.950	1.198.965.272	(1.758.942.464)	679.541.758
Personal income tax	36.238.000	592.106.490	(538.300.490)	90.044.000
Tax on using non-agricultural land	-	3.123.300	(3.123.300)	-
Other taxes	-	75.200.632	(75.200.632)	-
<b>Total</b>	<b><u>3.552.778.700</u></b>	<b><u>2.337.892.884</u></b>	<b><u>(7.656.476.464)</u></b>	<b><u>2.962.641.867</u></b>

**Value added tax**

The company has paid value added tax 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 at rate of 20%

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

	<b>Accumulation from the beginning of the year</b>	
	<u>Current year</u>	<u>Previous year</u>
Total accounting profit before tax	5.994.826.358	10.046.193.685
Increases, decreases of accounting profit to determine income subject to corporate income tax		
- Increase	-	-
- Decrease	-	(5.192.500.000)
Taxable income	5.994.826.358	4.853.693.685
Corporate income tax rate	20%	22%
<b>Corporate income tax payable</b>	<b><u>1.198.965.272</u></b>	<b><u>1.067.812.610</u></b>

**Other taxes**

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

**14. Payable to employees**

	<u>Ending balance</u>	<u>Beginning balance</u>
Salary paid to employees	2.360.711.824	7.803.724.472
<b>Total</b>	<b><u>2.360.711.824</u></b>	<b><u>7.803.724.472</u></b>

**POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4**

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

Notes to the financial statements (cont.)

**15. Other short-term payable**

	<u>Ending balance</u>	<u>Beginning balance</u>
Trade Union's Expenditure	1.984.031.937	2.285.120.097
Payable for equitization	2.100.000	2.100.000
Payable for EVN	1.758.165.935	1.670.399.935
- Loan interest expenses	98.286.000	10.520.000
- Interest on bonds payable	1.659.879.935	1.659.879.935
Interest on bonds payable	48.118.000	48.118.000
Dividends payable for shareholders	61.365.800	49.371.800
Others	(89.718.126)	101.180.284
<b>Total</b>	<b><u>3.764.063.546</u></b>	<b><u>4.156.290.116</u></b>

**16. Loans****16a. Short-term loans**

	<u>Ending balance</u>		<u>Beginning balance</u>	
	<u>Value</u>	<u>Repayable amount</u>	<u>Value</u>	<u>Repayable amount</u>
Current portion of long-term loans from Electricity of Vietnam (EVN)	3.000.000.000	3.000.000.000	-	-
<b>Total</b>	<b><u>3.000.000.000</u></b>	<b><u>3.000.000.000</u></b>	<b><u>-</u></b>	<b><u>-</u></b>

Increase, decrease of loans and current portions of long-terms loans during the period is as follows:

	<u>Beginning balance</u>	<u>Increase</u>	<u>Amount already paid during the year</u>	<u>Ending balance</u>
Loans from BIDV - Khanh Hoa Branch	-	20.000.000.000	(20.000.000.000)	-
Current portions of long-term loans from Electricity of Vietnam (EVN)	-	3.000.000.000	-	3.000.000.000
<b>Total</b>	<b><u>-</u></b>	<b><u>23.000.000.000</u></b>	<b><u>(20.000.000.000)</u></b>	<b><u>3.000.000.000</u></b>

**16b. Long-term loans**

	<u>Ending balance</u>		<u>Beginning balance</u>	
	<u>Value</u>	<u>Repayable amount</u>	<u>Value</u>	<u>Repayable amount</u>
Loans from Electricity of Vietnam (EVN)	-	-	3.000.000.000	3.000.000.000
<b>Total</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>3.000.000.000</u></b>	<b><u>3.000.000.000</u></b>

**17. Bonus and welfare funds**

	<u>Beginning balance</u>	<u>Increase due to extraction from profit of previous year</u>	<u>Bonus from the Group</u>	<u>Funds paid during the period</u>	<u>Ending balance</u>
Bonus fund	2.474.434.174	499.842.788	10.000.000	(2.514.850.000)	469.426.962

**POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4**

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

## Notes to the financial statements (cont.)

	Beginning balance	Increase due to extraction from profit of previous year	Bonus from the Group	Funds paid during the period	Ending balance
Welfare fund	2.396.131.278	-	-	(76.680.000)	2.319.451.278
Remuneration for 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>(3.253.799.000)</b>	<b>3.032.529.240</b>

**18. Owner's equity***18a. Statements of fluctuation in owner's equity*

	Owner's equity	Equity surplus	Business promotion fund	Other funds	Retained earnings	Treasury stocks
Beginning balance of previous year	145.996.140.000	(15.784.110.000)	26.753.260.607	1.721.694.867	15.442.288.490	(745.850.060)
Increases	-	-	-	-	8.978.381.075	-
Decreases	-	-	-	-	(8.174.742.990)	-
<b>Ending balance of previous period</b>	<b>145.996.140.000</b>	<b>(15.784.110.000)</b>	<b>26.753.260.607</b>	<b>1.721.694.867</b>	<b>16.245.926.575</b>	<b>(745.850.060)</b>
Beginning balance in current year	145.996.140.000	(15.784.110.000)	26.753.260.607	1.721.694.867	22.545.879.288	(745.850.060)
Increases	-	-	-	-	4.795.861.086	-
Decreases	-	-	-	-	(8.010.788.288)	-
<b>Ending balance in current period</b>	<b>145.996.140.000</b>	<b>(15.784.110.000)</b>	<b>26.753.260.607</b>	<b>1.721.694.867</b>	<b>19.330.952.086</b>	<b>(745.850.060)</b>

*18b. Details of owner's equity*

	As of 30 June 2016	
	Share capital	Rate (%)
Electricity of Vietnam	104.478.440.000	71,56
Other shareholders	41.517.700.000	28,44
<b>Total</b>	<b>145.996.140.000</b>	<b>100,00</b>

*18c. Shares*

	Ending balance	Beginning balance
Number of shares allowed to be issued	14.599.614	14.599.614
Number of shares sold to 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.

**POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4**

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

Notes to the financial statements (cont.)

**18d. Profit distribution**

• Sharing remaining dividends to shareholders	:	7.267.545.500
• Extraction for bonus and welfare fund	:	499.842.788
• Bonus fund for the Executive Officers	:	243.400.000

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

	<u>Ending balance</u>	<u>Beginning balance</u>
USD	364,13	22.343,03

**19b. Bad debts already treated**

	<u>Ending balance</u>	<u>Beginning balance</u>
Other customers	8.435.060.390	8.435.060.390
<b>Total</b>	<b><u>8.435.060.390</u></b>	<b><u>8.435.060.390</u></b>

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

	Accumulation from the beginning of the year	
	<u>Current year</u>	<u>Previous year</u>
Gains from survey	29.269.610.820	13.508.100.082
Gains from design	40.742.990.074	48.429.617.127
<b>Total</b>	<b><u>70.012.600.894</u></b>	<b><u>61.937.717.209</u></b>

**2. Costs of goods sold**

	Accumulation from the beginning of the year	
	<u>Current year</u>	<u>Previous year</u>
Costs of survey	18.888.725.052	8.166.552.221
Costs of design	27.441.873.779	37.213.191.317
<b>Total</b>	<b><u>46.330.598.831</u></b>	<b><u>45.379.743.538</u></b>

**3. Financial income**

	Accumulation from the beginning of the year	
	<u>Current year</u>	<u>Previous year</u>
Gains from time-deposits	198.096.117	181.601.947
Gains from foreign exchange difference	1.089.558	33.635.623
Dividends shared	-	5.192.500.000
<b>Total</b>	<b><u>199.185.675</u></b>	<b><u>5.407.737.570</u></b>

**POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4**

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Notes to the financial statements (cont.)

**4. Financial expenses**

	Accumulation from the beginning of the year	
	<u>Current year</u>	<u>Previous year</u>
Loan interest expenses	129.224.332	155.660.782
Loss from selling foreign currencies	708.565	8.292.827
<b>Total</b>	<b><u>129.932.897</u></b>	<b><u>163.953.609</u></b>

**5. Administrative overheads**

	Accumulation from the beginning of the year	
	<u>Current year</u>	<u>Previous year</u>
Expenses for employees	6.972.894.035	6.377.315.276
Supplies and office equipments	277.365.100	216.118.032
Depreciation of fixed assets	33.900.548	26.539.459
External service rendered	506.222.346	457.655.599
Other expenses	10.018.251.454	4.612.130.122
<b>Total</b>	<b><u>17.808.633.483</u></b>	<b><u>11.689.758.488</u></b>

**6. Other income**

	Accumulation from the beginning of the year	
	<u>Current year</u>	<u>Previous year</u>
Receiving reimbursement of training fee	52.105.000	-
<b>Total</b>	<b><u>52.105.000</u></b>	<b><u>-</u></b>

**7. Other expenses**

	Accumulation from the beginning of the year	
	<u>Current year</u>	<u>Previous year</u>
Fines due to contract violation	-	65.805.459
<b>Total</b>	<b><u>-</u></b>	<b><u>65.805.459</u></b>

**8. Earning per share**

	Accumulation from the beginning of the year	
	<u>Current period</u>	<u>Previous period</u>
Accounting profit after corporate income tax	4.795.861.086	8.978.381.075
Increase/(decrease) of accounting profit to determine profit attribute shareholders owned ordinary shares	-	-
Profit attribute shareholders owned ordinary shares	4.795.861.086	8.978.381.075
Outstanding average ordinary shares during the year	14.535.091	14.535.091
<b>Earning per share</b>	<b><u>330</u></b>	<b><u>618</u></b>

Average outstanding ordinary shares during the year are as follows:

**POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4**

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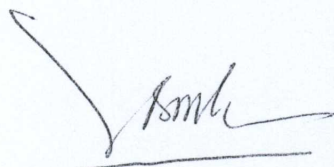
## Notes to the financial statements (cont.)

	Accumulation from the beginning of the year	
	<u>Current year</u>	<u>Previous year</u>
Average outstanding ordinary shares at beginning year	14.535.091	14.535.091
<b>Average outstanding ordinary shares during the year</b>	<b><u>14.535.091</u></b>	<b><u>14.535.091</u></b>

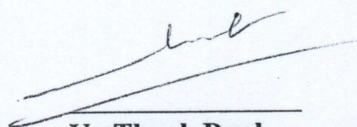
## 9. Operating expenses

	Accumulation from the beginning of the year	
	<u>Current year</u>	<u>Previous year</u>
Materials and supplies	4.011.318.906	2.357.700.605
Labors	38.738.799.051	31.886.576.381
Depreciation of fixed assets	879.483.079	703.331.044
External service rendered	3.836.198.098	7.645.248.291
Other expenses	14.032.735.106	8.824.691.393
<b>Total</b>	<b><u>61.498.534.240</u></b>	<b><u>51.417.547.714</u></b>

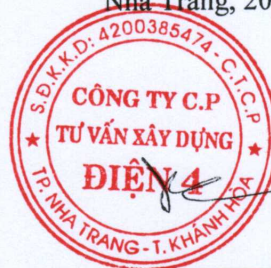
Nha Trang, 20 July 2016



**Tran Le Thanh Binh**  
Preparer



**Vu Thanh Danh**  
Chief Accountant



**Pham Minh Son**  
General Director