



**BAKER TILLY  
A&C**

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



**FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED 31 DECEMBER 2017**

**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 2017.

### **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 additionally granted the amended Registration Certificates from the 1<sup>st</sup> time to the 11<sup>th</sup> time regarding increase of the charter capital, the supplementation of the business functions, the change of the Branch's address, etc. as follows:

- The 1<sup>st</sup> amended Business Registration Certificate dated 19 May 2008 regarding the supplementation of the business functions.
- The 2<sup>nd</sup> amended Tax and Business Registration Certificate No. 4200385474 dated 12 June 2009 regarding the increase of the charter capital from VND 27.500.000.000 to VND 34.295.500.000.
- The 3<sup>rd</sup> amended Tax and Business Registration Certificate dated 05 December 2009 regarding the supplementation of the business functions.
- The 4<sup>th</sup> amended Tax and Business Registration Certificate dated 19 August 2010 regarding the increase of the charter capital from VND 34.295.500.000 to VND 42.580.000.000.
- The 5<sup>th</sup> amended Business Registration Certificate dated 30 July 2011 regarding the increase of the charter capital from VND 42.580.000.000 to VND 50.987.770.000.
- The 6<sup>th</sup> amended Business Registration Certificate dated 25 October 2011 regarding the supplementation of the business functions.
- The 7<sup>th</sup> amended Business Registration Certificate dated 20 July 2012 regarding the increase of the charter capital from VND 50.987.770.000 to VND 61.059.420.000 and the change of the northern Branch's address.
- The 8<sup>th</sup> amended Business Registration Certificate dated 02 March 2013 regarding the increase of the charter capital from VND 61.059.420.000 to VND 91.404.550.000.
- The 9<sup>th</sup> amended Business Registration Certificate dated 04 July 2013 regarding the increase of the charter capital from VND 91.404.550.000 to VND 109.557.160.000.
- The 10<sup>th</sup> amended Business Registration Certificate dated 07 January 2014 regarding the increase of the charter capital from VND 109.557.160.000 to VND 145.996.140.000.
- The 11<sup>th</sup> amended Business Registration Certificate dated 17 July 2014 regarding the supplementation of the business functions.

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

- Testing, surveying and certifying eligibility of bearing safety, certifying suitability of construction quality;
- Providing consulting service for power project, network, lightening 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;

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## POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4

STATEMENT OF THE BOARD OF DIRECTORS (cont.)

- 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;
- Providing consulting service for establishment of pre-feasibility study report, feasibility study report; establishment of bidding documents, tender documents evaluation;
- Supervision of executing 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 computer software and IT equipments;
- Processing and manufacturing power components and 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 : (0258) 3 563 999  
Fax : (0258) 3 563 888  
Website : www.pecc4.vn

### Affiliates:

Branches	Address
Branch in the Northern	Lot 3 - TT4 Lane 183 - Hoang Van Thai Street - Khuong Trung Ward - Thanh Xuan District - Ha Noi City
Branch in the 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:

# POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4

## STATEMENT OF THE BOARD OF DIRECTORS (cont.)

### *Board of Management*

Full name	Position	Appointing date / re-appointing date/ resigning date
Mr. Pham Minh Son	Chairman	Re-appointed on 25 April 2017
Mr. Tran Hoai Nam	Member	Re-appointed on 25 April 2017
Mr. Vu Thanh Danh	Member	Re-appointed on 25 April 2017
Mr. Lam Du Son	Member	Appointed on 25 April 2017
Mr. Nguyen Duy Binh	Member	Resigned on 25 April 2017
Mr. Tran Van Tho	Member	Resigned on 25 April 2017

### *The Control Board*

Full name	Position	Appointing date / re-appointing date/ resigning date
Mr. Ho Nam Khanh	Chief of the Board	Re-appointed on 25 April 2017
Mr. Tran Vinh Thai	Member	Re-appointed on 25 April 2017
Ms. Vuong Xuan Thi Lien	Member	Resigned on 25 April 2017

### *The Board of Directors*

Full name	Position	Appointing date / re-appointing date/ resigning date
Mr. Pham Minh Son	General Director	Re-appointed on 25 April 2017
Mr. Pham Ngoc Son A	Deputy General Director	Appointed on 01 June 2013
Mr. Tran Hoai Nam	Deputy General Director	Re-appointed on 25 April 2017
Mr. Nguyen Xuan Phuong	Deputy General Director	Appointed on 20 March 2015
Mr. Vu Thanh Danh	Chief Accountant	Re-appointed on 16 August 2017

### **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.

### **Auditor**

A&C Auditing and Consulting Co., Ltd. has been appointed to audit the Financial Statements for the fiscal year ended 31 December 2017 of the Company.

### **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 year. In order to prepare these Financial Statements, the Board of Directors is required:

- 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.

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

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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.

**Approval on the Financial Statements**

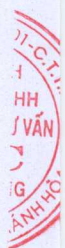
The Board of Directors of the Company hereby approves the accompanying Financial Statements, which give a true and fair view of the financial position of the Company as of 31 December 2017, the financial performance and the cash flows for the fiscal year ended 31 December 2017 in accordance with the 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



**Phạm Minh Sơn**  
**General Director**

Date: 12 March 2018





No. 3.0035/18/TC-AC

## 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 10 February 2018 (from page 7 to page 40) including the Balance Sheet as of 31 December 2017, the Income Statement, the Cash Flow 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 2017 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 system 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. 0192-2018-008-1



**Tran Nhat Khuyen - Auditor**

Audit Practice Registration Certificate No. 2794-2014-008-1

Nha Trang, 12 March 2018

**POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4**

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

**FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2017

**BALANCE SHEET**

As of 31 December 2017

Unit: VND

ITEMS	Code	Note	Ending balance	Beginning balance
<b>A - CURRENT ASSETS</b>	<b>100</b>		<b>121.043.086.756</b>	<b>123.016.388.654</b>
<b>I. Cash and cash equivalents</b>	<b>110</b>	<b>V.1</b>	<b>33.242.795.972</b>	<b>25.256.467.922</b>
1. Cash	111		17.242.795.972	20.256.467.922
2. Cash equivalents	112		16.000.000.000	5.000.000.000
<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>75.672.956.494</b>	<b>80.986.712.993</b>
1. Short-term trade receivables	131	V.2a	59.296.015.653	75.613.294.847
2. Short-term prepayments to suppliers	132	V.3	8.068.296.837	6.191.618.297
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.4a	15.184.133.567	11.469.451.118
7. Allowance for short-term doubtful debts	137	V.5	(6.875.489.563)	(12.287.651.269)
8. Deficit assets for treatment	139		-	-
<b>IV. Inventories</b>	<b>140</b>		<b>12.127.334.290</b>	<b>16.773.207.739</b>
1. Inventories	141	V.6	12.127.334.290	16.773.207.739
2. Allowance for inventories	149		-	-
<b>V. Other current assets</b>	<b>150</b>		-	-
1. Short-term prepaid expenses	151		-	-
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 - Vietnam

## FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2017

**Balance sheet (cont.)**

ITEMS	Code	Note	Ending balance	Beginning balance
<b>B- NON-CURRENT ASSETS</b>	<b>200</b>		<b>140.271.369.893</b>	<b>134.048.340.285</b>
<b>I. Long-term receivables</b>	<b>210</b>		<b>1.907.622.121</b>	<b>1.898.192.121</b>
1. Long-term trade receivables	211	V.2b	1.828.192.121	1.828.192.121
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.4b	79.430.000	70.000.000
7. Allowance for long-term doubtful debts	219		-	-
<b>II. Fixed assets</b>	<b>220</b>		<b>26.720.528.706</b>	<b>23.826.289.846</b>
1. Tangible fixed assets	221	V.7	11.178.279.934	8.880.707.842
- Historical cost	222		38.388.321.072	34.157.773.536
- Accumulated depreciation	223		(27.210.041.138)	(25.277.065.694)
2. Financial leased assets	224		-	-
- Historical cost	225		-	-
- Accumulated depreciation	226		-	-
3. Intangible fixed assets	227	V.8	15.542.248.772	14.945.582.004
- Initial cost	228		19.864.444.411	18.828.157.411
- Accumulated amortization	229		(4.322.195.639)	(3.882.575.407)
<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>	V.9	<b>110.731.640.000</b>	<b>106.541.640.000</b>
1. Investments in subsidiaries	251		-	-
2. Investments in joint ventures and associates	252		108.850.000.000	104.450.000.000
3. Investments in other entities	253		2.091.640.000	2.091.640.000
4. Provisions for devaluation of long-term financial investments	254		(210.000.000)	-
5. Held-to-maturity investments	255		-	-
<b>VI. Other non-current assets</b>	<b>260</b>		<b>911.579.066</b>	<b>1.782.218.318</b>
1. Long-term prepaid expenses	261	V.10	911.579.066	1.782.218.318
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>261.314.456.649</b>	<b>257.064.728.939</b>

**POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4**

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

**FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2017

**Balance sheet (cont.)**

ITEMS	Code	Note	<u>Ending balance</u>	<u>Beginning balance</u>
<b>C - LIABILITIES</b>	<b>300</b>		<b>78.363.805.035</b>	<b>76.054.242.808</b>
<b>I. Current liabilities</b>	<b>310</b>		<b>78.363.805.035</b>	<b>76.054.242.808</b>
1. Short-term trade payables	311	V.11	8.620.101.974	9.007.430.317
2. Short-term advances from customers	312	V.12	33.939.826.999	46.252.826.690
3. Taxes and other obligations to the State Budget	313	V.13	3.453.062.948	4.081.537.493
4. Payables to employees	314	V.14	22.314.077.481	9.356.201.560
5. Short-term accrued expenses	315	V.15	3.524.457.199	730.936.000
6. Short-term inter-company payable	316		-	-
7. Payable according to the progress of construction	317		-	-
8. Short-term unearned revenue	318		-	-
9. Other short-term payables	319	V.16	3.652.013.285	3.646.081.508
10. Short-term borrowings and financial leases	320		-	-
11. Provisions for short-term payables	321		-	-
12. Bonus and welfare funds	322	V.17	2.860.265.149	2.979.229.240
13. Price stabilization fund	323		-	-
14. Trading Government bonds	324		-	-
<b>II. Long-term liabilities</b>	<b>330</b>		<b>-</b>	<b>-</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		-	-
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 - Vietnam

**FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2017

**Balance sheet (cont.)**

ITEMS	Code	Note	Ending balance	Beginning balance
<b>D - OWNER'S EQUITY</b>	<b>400</b>		<b>182.950.651.614</b>	<b>181.010.486.131</b>
<b>I. Owner's equity</b>	<b>410</b>		<b>182.950.651.614</b>	<b>181.010.486.131</b>
1. Capital	411	V.18	145.996.140.000	145.996.140.000
- Ordinary shares carrying voting rights	411a		145.996.140.000	145.996.140.000
- Preferred shares	411b		-	-
2. Share premiums	412	V.18	-	(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	10.969.150.607	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	25.009.516.200	23.069.350.717
- Retained earnings accumulated to the end of the previous period	421a		-	23.069.350.717
- Retained earnings of the current period	421b		25.009.516.200	-
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>261.314.456.649</b>	<b>257.064.728.939</b>

Khanh Hoa, 10 February 2018

Phạm Minh Sơn  
General DirectorTran Le Thanh Binh  
PreparerVu Thanh Danh  
Chief Accountant

**POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4**

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

**FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2017

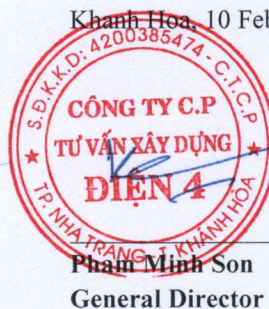
**INCOME STATEMENT**

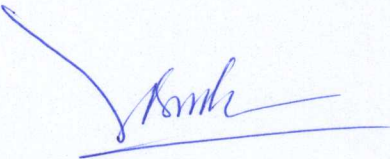
For the fiscal year ended 31 December 2017

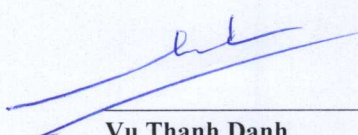
Unit: VND

ITEMS	Code	Note	Current year	Previous year
1. Sales	01	VI.1	206.167.296.707	173.922.554.025
2. Sales deductions	02		-	-
3. Net sales	10		206.167.296.707	173.922.554.025
4. Cost of sales	11	VI.2	155.487.190.093	121.738.597.125
5. Gross profit/ (loss)	20		50.680.106.614	52.183.956.900
6. Financial income	21	VI.3	13.231.880.123	8.551.187.108
7. Financial expenses	22	VI.4	231.360.067	235.787.377
In which: Loan interest expenses	23		18.678.275	234.903.727
8. Selling expenses	25		-	5.000.000
9. General and administration expenses	26	VI.5	35.620.623.588	33.795.616.210
10. Net operating profit/ (loss)	30		28.060.003.082	26.698.740.421
11. Other income	31	VI.6	24.603.000	62.769.000
12. Other expenses	32	VI.7	62.629.930	1.821.025
13. Other profit/(loss)	40		(38.026.930)	60.947.975
14. Total accounting profit/ (loss) before tax	50		28.021.976.152	26.759.688.396
15. Current income tax	51	V.13	3.012.459.952	3.690.337.679
16. Deferred income tax	52		-	-
17. Profit/ (loss) after tax	60		<u>25.009.516.200</u>	<u>23.069.350.717</u>
18. Earnings per share	70	VI.8	<u>1.721</u>	<u>1.500</u>
19. Diluted earnings per share	71	VI.8	<u>1.721</u>	<u>1.500</u>

Khanh Hoa, 10 February 2018



  
Tran Le Thanh Binh  
Preparer

  
Vu Thanh Danh  
Chief Accountant

  
Phan Minh Son  
General Director

**POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4**

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

## FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2017

**CASH FLOWS STATEMENT****(Indirect method)****For the fiscal year ended 31 December 2017**

Unit: VND

ITEMS	Code	Note	Current year	Previous year
<b>I. Cash flows from operating activities</b>				
1. Profit/ (loss) before tax	01		28.021.976.152	26.759.688.396
2. Adjustments				
- Depreciation of fixed assets and investment properties	02	V.7, V.8	2.372.595.676	1.745.807.412
- Provisions and allowances	03	V.5, V.9	6.036.695.116	547.341.200
- Exchange gain/ (loss) due to revaluation of monetary items in foreign currencies	04		-	-
- Gain/ (loss) from investing activities	05	VI.3	(13.227.750.168)	(8.509.110.553)
- Interest expenses	06	VI.4	18.678.275	234.903.727
- Others	07		-	-
3. Operating profit/(loss) before changes of working capital	08		23.222.195.051	20.778.630.182
- Increase/(decrease) of receivables	09		4.135.303.883	(8.905.048.258)
- Increase/(decrease) of inventories	10	V.6	4.645.873.449	(3.395.735.470)
- Increase/ (decrease) of payables	11		2.629.614.139	21.698.821.010
- Increase/ (decrease) of prepaid expenses	12	V.10	870.639.252	(458.777.446)
- Increase/ (decrease) of trading securities	13		-	-
- Interests paid	14		(18.678.275)	(245.423.727)
- Corporate income tax paid	15	V.13	(3.249.529.773)	(4.296.843.960)
- Other cash inflows	16	V.17	6.000.000	10.000.000
- Other cash outflows	17	V.17	(1.391.678.308)	(3.314.879.000)
<b>Net cash flows from operating activities</b>	<b>20</b>		<b>30.849.739.418</b>	<b>21.870.743.331</b>
<b>II. Cash flows from investing activities</b>				
1. Purchases and construction of fixed assets and other long-term assets	21	V.7, V.8	(5.266.834.536)	(644.218.955)
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.9	(4.400.000.000)	(600.000.000)
6. Withdrawals of investments in other entities	26		-	-
7. Interest earned, dividends and profits received	27		8.570.077.668	6.951.360.553
<b>Net cash flows from investing activities</b>	<b>30</b>		<b>(1.096.756.868)</b>	<b>5.707.141.598</b>

**POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4**

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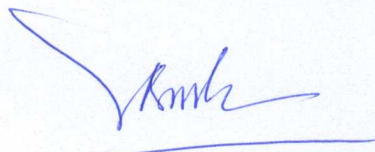
**FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2017

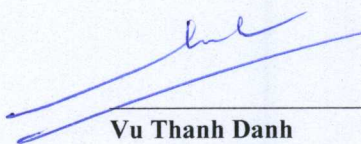
**Cash flow statement (cont.)**

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		-	31.237.652.382
4. Repayment for loan principal	34		-	(34.237.652.382)
5. Payments for financial leased assets	35		-	-
6. Dividends and profit paid to the owners	36		(21.766.654.500)	(21.767.853.900)
<i>Net cash flows from financing activities</i>	<i>40</i>		<u>(21.766.654.500)</u>	<u>(24.767.853.900)</u>
<b>Net cash flows during the period</b>	<b>50</b>		<b>7.986.328.050</b>	<b>2.810.031.029</b>
<b>Beginning cash and cash equivalents</b>	<b>60</b>		<b>25.256.467.922</b>	<b>22.446.436.893</b>
Effects of fluctuations in foreign exchange rates	61		-	-
<b>Ending cash and cash equivalents</b>	<b>70</b>		<u><u>33.242.795.972</u></u>	<u><u>25.256.467.922</u></u>

Khanh Hoa, 10 February 2018



**Tran Le Thanh Binh**  
Preparer



**Vu Thanh Danh**  
Chief Accountant



**Pham Minh Son**  
General Director

**POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4**

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**FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2017

**NOTES TO THE FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2017

**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. 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, Biet Dien Hotel, 1 Ngo Quyen, Thang Loi Ward, Buon Ma Thuot City, Dak Lak Province	Trading electricity	31%	31%	31%
Son Giang Power Joint Stock Company	67 Pham Ngoc Thach St., Ward 9, Tuy Hoa City, Phu Yen Province, Vietnam	Trading electricity	30%	30%	30%

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

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

**6. Statement on information comparability on the Financial Statements**

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

**7. Employees**

As of the balance sheet date, there have been 438 employees working for the Company (at the beginning of the year: 464 employees).

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

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

FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2017

Notes to the Financial Statements (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 - Vietnam

### FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2017

#### Notes to the Financial Statements (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.

The exchange rate used to revalue the balance of monetary items in foreign currencies as of the balance sheet date is determined in line with the following principles:

- For foreign currency deposits: the buying rate of the bank where the Company opens its foreign currency account.
- For monetary items in foreign currencies classified as other assets: the buying rate of Bank for Investment and Development of Vietnam Joint Stock Company where the Company frequently conducts transactions.
- For monetary items in foreign currencies classified as payables: the selling rate of Bank for Investment and Development of Vietnam Joint Stock Company where the Company frequently conducts transactions.

### 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

#### *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.



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

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FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2017

**Notes to the Financial Statements (cont.)**

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### *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.

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.

## POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4

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FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2017

Notes to the Financial Statements (cont.)

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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.

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.

Stock-out costs 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, computer software, vehicle. These prepaid expenses are allocated over the prepayment period or period of corresponding economic benefits generated from these expenses.

#### *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. Initial 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.

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### FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2017

#### Notes to the Financial Statements (cont.)

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#### *Vehicles*

Vehicles of which historical cost under VND 30 million are 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 year.

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.

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 – 07
Vehicles	06
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. Long-term land use right 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.

## POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4

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### FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2017

#### Notes to the Financial Statements (cont.)

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#### *Computer software*

Expenses related to computer software, which is not a part associated with the relevant hardware, will be capitalized. Initial 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 for the period 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.
- 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.

The payables and accrued expenses are classified as short-term and long-term items in the Balance Sheet on the basis of their remaining period as of the balance sheet date.

#### **11. Capital**

##### *Owner's equity*

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.

## POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4

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FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2017

Notes to the Financial Statements (cont.)

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### 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 are recorded as payables upon approval of the Shareholders' Meeting and 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.
- 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. Borrowing costs

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

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.

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For the fiscal year ended 31 December 2017

Notes to the Financial Statements (cont.)

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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.

### 15. 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.

### 16. Corporate income tax

Corporate income tax expenses 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.

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:

## POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4

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FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2017

Notes to the Financial Statements (cont.)

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- 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.

### 17. 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.

### 18. 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 Company's Financial Statements.

### 19. 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, 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, other 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.

**POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4**

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**FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2017

**Notes to the Financial Statements (cont.)****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	532.396.000	52.895.000
Demand deposits in bank	16.710.399.972	20.203.572.922
Cash equivalents ( <i>time deposits of which the principal maturity is under 3 months</i> )	16.000.000.000	5.000.000.000
<b>Total</b>	<b><u>33.242.795.972</u></b>	<b><u>25.256.467.922</u></b>

**2. Short-term/ long-term trade receivables****2a. Short-term trade receivables**

	<u>Ending balance</u>	<u>Beginning balance</u>
<b><i>Receivables from related parties</i></b>	<b><i>2.239.955.282</i></b>	<b><i>11.029.343.861</i></b>
Power Engineering Consulting Joint Stock Company 2	1.652.371.431	1.611.251.205
Buon Don Hydroelectricity Joint Stock Company	446.517.697	974.266.502
Power Engineering Consulting Joint Stock Company 1	141.066.154	141.066.154
Son Giang Power Joint Stock Company	-	8.302.760.000
<b><i>Receivables from other customers</i></b>	<b><i>57.056.060.371</i></b>	<b><i>64.583.950.986</i></b>
Hydroelectricity Management Board 5	9.830.543.018	833.877.097
Nho Que Power Development and Investment JSC 1	6.037.929.873	6.037.929.873
Trung Nam Hydropower Joint Stock Company	4.364.180.169	5.664.180.169
Other customers	36.823.407.311	52.047.963.847
<b>Total</b>	<b><u>59.296.015.653</u></b>	<b><u>75.613.294.847</u></b>

**2b. Long-term trade receivables**

	<u>Ending balance</u>	<u>Beginning balance</u>
<b><i>Receivables from other customers</i></b>	<b><i>1.828.192.121</i></b>	<b><i>1.828.192.121</i></b>
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
<b>Total</b>	<b><u>1.828.192.121</u></b>	<b><u>1.828.192.121</u></b>

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

	<u>Ending balance</u>	<u>Beginning balance</u>
<b><i>Prepayments to related parties</i></b>	<b><i>707.572.279</i></b>	<b><i>1.122.997.242</i></b>
Power Engineering Consulting Joint Stock Company 1	707.572.279	1.122.997.242
<b><i>Prepayments to other suppliers</i></b>	<b><i>7.360.724.558</i></b>	<b><i>5.068.621.055</i></b>
HTC TCC Co., Ltd.	-	1.864.611.600
Advanced Power System s.r.o (APS)	4.193.461.400	-
Others	3.167.263.158	3.204.009.455
<b>Total</b>	<b><u>8.068.296.837</u></b>	<b><u>6.191.618.297</u></b>

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**4. Other short-term/ long-term receivables****4a. Short-term receivables**

	Ending balance		Beginning balance	
	Value	Allowance	Value	Allowance
<b>Receivables from related parties</b>	<b>12.965.672.500</b>	-	<b>8.308.000.000</b>	-
Buon Don Hydroelectricity Joint Stock Company - dividends and profits shared	12.965.672.500	-	8.308.000.000	-
<b>Receivables from other organizations and individuals</b>	<b>2.218.461.067</b>	-	<b>3.161.451.118</b>	-
Advances to employees	1.679.848.837	-	2.754.421.947	-
Receipt from employees	102.500.000	-	42.500.000	-
Social insurance	-	-	22.322.000	-
Other short-term receivables	436.112.230	-	342.207.171	-
<b>Total</b>	<b>15.184.133.567</b>	-	<b>11.469.451.118</b>	-

**4b. Other long-term receivables**

Long-term deposits and mortgages.

**5. Doubtful debts**

	Outstanding period	Ending balance		Outstanding period	Beginning balance	
		Original costs	Recoverable amount		Original costs	Recoverable amount
<b>Other organizations and individuals</b>		<b>14.033.787.539</b>	<b>7.158.297.976</b>		<b>25.335.265.697</b>	<b>13.047.614.428</b>
Nho Que Hydroelectricity JSC 1	Over 3 years	6.037.929.873	3.018.964.936	Over 3 years	6.037.929.873	4.830.343.898
Northern Power Development and Investment JSC 1		-	-	Over 3 years	5.919.992.822	4.015.316.154
Duc Long Gia Lai Group JSC		-	-	Over 3 years	5.318.864.000	-
Nhan Luat Energy JSC	Over 3 years	3.054.527.900	1.527.263.950	Over 3 years	3.054.527.900	1.527.263.950
La Ngau Power Joint Stock Company	Over 3 years	2.481.247.709	1.760.255.309	Over 3 years	2.481.247.709	1.760.255.309
Vietnam Electricity Construction Joint Stock Corporation	Over 3 years	-	-	Over 3 years	62.621.336	62.621.336
Other customers	Over 3 years	2.460.082.057	851.813.781	Over 3 years	2.460.082.057	851.813.781
<b>Total</b>		<b>14.033.787.539</b>	<b>7.158.297.976</b>		<b>25.335.265.697</b>	<b>13.047.614.428</b>

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Fluctuations in allowances for doubtful debts are as follows:

	<u>Current year</u>	<u>Previous year</u>
Beginning balance	12.287.651.269	11.740.310.069
Additional provision	5.826.695.116	547.341.200
Written off	(11.238.856.822)	-
<b>Ending balance</b>	<b><u>6.875.489.563</u></b>	<b><u>12.287.651.269</u></b>

**6. Inventories**

	<b>Ending balance</b>		<b>Beginning balance</b>	
	<b>Original costs</b>	<b>Allowance</b>	<b>Original costs</b>	<b>Allowance</b>
Materials and supplies	477.699.798	-	457.514.549	-
Tools	49.453.675	-	8.453.608	-
Work in progress	11.600.180.817	-	16.307.239.582	-
<b>Total</b>	<b><u>12.127.334.290</u></b>	<b><u>-</u></b>	<b><u>16.773.207.739</u></b>	<b><u>-</u></b>

**7. Tangible fixed assets**

	<b>Buildings and structures</b>	<b>Machinery and equipment</b>	<b>Vehicles</b>	<b>Office equipment</b>	<b>Total</b>
<b>Historical costs</b>					
Beginning balance	10.104.595.287	10.314.130.755	12.541.821.147	1.197.226.347	34.157.773.536
Purchases during the year	-	3.513.671.172	348.840.000	368.036.364	4.230.547.536
<b>Ending balance</b>	<b><u>10.104.595.287</u></b>	<b><u>13.827.801.927</u></b>	<b><u>12.890.661.147</u></b>	<b><u>1.565.262.711</u></b>	<b><u>38.388.321.072</u></b>
<i>In which:</i>					
Assets fully depreciated but still in use	773.606.927	7.837.767.082	10.719.893.874	838.752.339	20.170.020.222
Assets waiting for liquidation	-	-	-	-	-
<b>Depreciation</b>					
Beginning balance	4.775.794.463	8.320.444.332	11.209.988.977	970.837.922	25.277.065.694
Depreciation	450.321.192	926.113.848	443.502.395	113.038.009	1.932.975.444
<b>Ending balance</b>	<b><u>5.226.115.655</u></b>	<b><u>9.246.558.180</u></b>	<b><u>11.653.491.372</u></b>	<b><u>1.083.875.931</u></b>	<b><u>27.210.041.138</u></b>
<b>Net book value</b>					
Beginning balance	5.328.800.824	1.993.686.423	1.331.832.170	226.388.425	8.880.707.842
<b>Ending balance</b>	<b><u>4.878.479.632</u></b>	<b><u>4.581.243.747</u></b>	<b><u>1.237.169.775</u></b>	<b><u>481.386.780</u></b>	<b><u>11.178.279.934</u></b>
<i>In which:</i>					
Assets temporarily not in use	-	-	-	-	-
Assets waiting for liquidation	-	-	-	-	-

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**Notes to the Financial Statements (cont.)****8. 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	2.270.694.411	18.828.157.411
Purchase during the year	-	-	1.036.287.000	1.036.287.000
<b>Ending balance</b>	<b><u>7.093.957.000</u></b>	<b><u>9.463.506.000</u></b>	<b><u>3.306.981.411</u></b>	<b><u>19.864.444.411</u></b>
<i>In which:</i>				
Assets fully depreciated but still being in use	-	-	2.205.252.255	2.205.252.255
<b>Amortization</b>				
Beginning balance	-	1.676.425.305	2.206.150.102	3.882.575.407
Amortization during the year	-	199.504.800	240.115.432	439.620.232
<b>Ending balance</b>	<b>-</b>	<b><u>1.875.930.105</u></b>	<b><u>2.446.265.534</u></b>	<b><u>4.322.195.639</u></b>
<b>Net book value</b>				
Beginning balance	<u>7.093.957.000</u>	<u>7.787.080.695</u>	<u>64.544.309</u>	<u>14.945.582.004</u>
<b>Ending balance</b>	<b><u>7.093.957.000</u></b>	<b><u>7.587.575.895</u></b>	<b><u>860.715.877</u></b>	<b><u>15.542.248.772</u></b>
<i>In which:</i>				
Temporarily not yet used	-	-	-	-
To be liquidated	-	-	-	-

**9. Financial investments**

The Company's financial investments only have capital contribution into other entities. Information on financial investments of the Company is as follows:

	<b>Ending balance</b>			<b>Beginning balance</b>		
	<u>Original costs</u>	<u>Allowance</u>	<u>Fair value</u>	<u>Original costs</u>	<u>Allowance</u>	<u>Fair value</u>
<b>Investment into associates, joint ventures</b>	<b>108.850.000.000</b>		<b>-108.850.000.000</b>	<b>104.450.000.000</b>		<b>-104.450.000.000</b>
Buon Don Hydroelectricity Joint Stock Company <sup>(i)</sup>	103.850.000.000		-103.850.000.000	103.850.000.000		-103.850.000.000
Son Giang Power Joint Stock Company <sup>(ii)</sup>	5.000.000.000	-	5.000.000.000	600.000.000	-	600.000.000
<b>Capital contribution into other entities</b>	<b>2.091.640.000</b>	<b>(210.000.000)</b>	<b>1.881.640.000</b>	<b>2.091.640.000</b>		<b>- 2.091.640.000</b>
EVN International Joint Stock Company (105.000 shares)	1.050.000.000	(210.000.000)	840.000.000	1.050.000.000		- 1.050.000.000
Khanh Hoa – Ha Noi Development Investment Joint Stock Company (104.164 shares)	1.041.640.000	-	1.041.640.000	1.041.640.000	-	1.041.640.000
<b>Total</b>	<b><u>110.941.640.000</u></b>	<b><u>(210.000.000)</u></b>	<b><u>110.731.640.000</u></b>	<b><u>106.541.640.000</u></b>		<b><u>-106.541.640.000</u></b>

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- (i) Pursuant to the 3<sup>rd</sup> amended Business Registration Certificate No. 6000884487 dated 1 September 2017 of Buon Don Hydroelectricity Joint Stock Company granted by Department of Planning and Investment of Dak Lak Province, the Company has invested into Buon Don Hydroelectricity Joint Stock Company at amount of VND 117.869.750.000 equivalent to 31% of charter capital. The Company has contributed in cash at amount of VND 103.850.000.000, during the year, the Company has been paid dividends by 1.401.975 shares. As of the balance sheet date, the Company has held 11.786.975 shares equivalent to 31% of charter capital of Buon Don Hydroelectricity Joint Stock Company (Beginning balance: 10.385.000 shares equivalent to 31% of charter capital).
- (ii) 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 equivalent to 30% of charter capital. During the year, the Company has additionally invested amount of VND 4.400.000.000. As of the balance sheet, the Company has invested amount of VND 5.000.000.000.

#### *Fair value*

For price listed investments, fair value is determined at listed price as of the balance sheet date. The Company has not yet determined fair value of unlisted investments since there has been no guidance on determination of fair value in detail.

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

Associates are operating in normal condition, there are no material changes in comparison with those of previous year.

Investments into associates are not devaluated, therefore, the Company has not made provision.

#### *Provision for capital contribution into other entities*

Fluctuation of provision for capital contribution into EVN International Joint Stock Company is as follows:

	<u>Current year</u>	<u>Previous year</u>
Beginning balance	-	-
Provision	210.000.000	-
<b>Ending balance</b>	<b>210.000.000</b>	<b>-</b>

#### *Transactions with associates*

The Company has material had transactions with associates as follows:

	<u>Current year</u>	<u>Previous year</u>
<b>Buon Don Hydroelectricity Joint Stock Company</b>		
Dividends received	12.965.132.480	8.308.000.000
Taking dividends by cash	8.307.459.980	6.750.250.000
Taking dividends by shares	14.019.750.000	-
Sales of survey and design	(479.771.549)	2.230.184.730
<b>Son Giang Power Joint Stock Company</b>		
Capital contribution	4.400.000.000	600.000.000
Sales of survey and design	2.381.769.091	7.547.963.636

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**Notes to the Financial Statements (cont.)***Capital commitment*

Pursuant to Resolution No. 535/NQ-HĐQT of the Board of Management, the Company has invested into Son Giang Power Joint Stock Company at amount of VND 15.000.000.000 equivalent to 30% of charter capital. As of the balance sheet date, the Company has invested amount of VND 5.000.000.000, charter capital to be contributed is VND 10.000.000.000.

**10. Long-term prepaid expenses**

	<u>Ending balance</u>	<u>Beginning balance</u>
Tools	910.642.476	1.522.260.347
Other long-term prepaid expenses	936.590	259.957.971
<b>Total</b>	<b><u>911.579.066</u></b>	<b><u>1.782.218.318</u></b>

**11. Short-term trade payables**

	<u>Ending balance</u>	<u>Beginning balance</u>
<i>Payables to related parties</i>	-	<b>983.545.000</b>
Power Engineering Consulting Joint Stock Company 1	-	983.545.000
<i>Payables to other suppliers</i>	<b>8.620.101.974</b>	<b>8.023.885.317</b>
Sea Research and Sea Map Measure Team	667.730.264	917.730.264
Lung Lo 9 Construction Joint Stock Company	3.096.932.166	-
Other suppliers	4.855.439.544	7.106.155.053
<b>Total</b>	<b><u>8.620.101.974</u></b>	<b><u>9.007.430.317</u></b>

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

	<u>Ending balance</u>	<u>Beginning balance</u>
<i>Advances from other customers</i>	<b>33.939.826.999</b>	<b>46.252.826.690</b>
EVNGENCO 3 Power Service	7.038.592.000	-
Central Power Project Management Board	1.140.733.794	11.666.723.079
Southern Electricity Project Management Board	10.367.623.326	9.832.704.819
Other customers	15.392.877.879	24.753.398.792
<b>Total</b>	<b><u>33.939.826.999</u></b>	<b><u>46.252.826.690</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	3.200.220.834	14.603.357.769	(14.793.576.836)	3.010.001.767
VAT on imports	-	1.431.000.469	(1.431.000.469)	-
Corporate income tax	633.012.669	3.012.459.952	(3.249.529.773)	395.942.848
Personal income tax	248.303.990	1.428.279.638	(1.629.465.295)	47.118.333
Taxes on using non-agricultural land	-	3.123.300	(3.123.300)	-
Other taxes	-	485.649.247	(485.649.247)	-
License duty	-	3.000.000	(3.000.000)	-
Contractor's tax	-	482.649.247	(482.649.247)	-
<b>Total</b>	<b><u>4.081.537.493</u></b>	<b><u>20.963.870.375</u></b>	<b><u>(21.592.344.920)</u></b>	<b><u>3.453.062.948</u></b>

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

***Corporate income tax***

The Company has to pay corporate income tax for taxable income at tax rate of 20%.

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

	<u>Current year</u>	<u>Previous year</u>
Total accounting profit before tax	28.021.976.152	26.759.688.396
Increases/(decreases) of accounting profit to determine profit subject to corporate income tax		
- Increases	5.456.089	-
Income subject to tax	28.027.432.241	26.759.688.396
Income exempted from tax	(12.965.132.480)	(8.308.000.000)
Taxable income	15.062.299.761	18.451.688.396
Corporate income tax rate	20%	20%
<b>Corporate income tax payable</b>	<b><u>3.012.459.952</u></b>	<b><u>3.690.337.679</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.

***Taxes on using non-agricultural land***

Taxes on using non-agricultural land are paid in line with notice of tax agency.

***Other taxes***

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

**14. Payable to employees**

This is the balance of salary fund not yet paid to employees.

**15. Short-term accrued expenses**

	<u>Ending balance</u>	<u>Beginning balance</u>
<b><i>Accrued expenses to other organizations and individuals</i></b>		
Shift meal of December	3.524.457.199	730.936.000
Vinh Tan 2 Factory Project	297.758.000	320.536.000
Bac Ai Hydropower Project	-	410.400.000
<b>Total</b>	<b><u>3.524.457.199</u></b>	<b><u>730.936.000</u></b>

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**Notes to the Financial Statements (cont.)****16. Other short-term payables**

	<u>Ending balance</u>	<u>Beginning balance</u>
<i>Payables to related parties</i>	<i>1.659.879.935</i>	<i>1.659.879.935</i>
Payable for EVN	1.659.879.935	1.659.879.935
<i>Payables to other organizations and individuals</i>	<i>1.992.133.350</i>	<i>1.986.201.573</i>
Trade Union's Expenditure	1.612.997.029	1.714.909.889
Payable for equitization	2.100.000	2.100.000
Dividends and profit payable	120.136.400	84.154.400
Interest on bonds payable	48.118.000	48.118.000
Other payables	208.781.921	136.919.284
<b>Total</b>	<b><u>3.652.013.285</u></b>	<b><u>3.646.081.508</u></b>

**17. Bonus and welfare funds**

	<u>Beginning balance</u>	<u>Increase due to extraction from profit</u>	<u>Bonus from the Group</u>	<u>Funds paid during the year</u>	<u>Ending balance</u>
Bonus fund	469.426.962	895.538.217	6.000.000	(589.500.000)	781.465.179
Welfare fund	2.266.151.278	-	-	(576.188.308)	1.689.962.970
Bonus fund for the Executive Officers	243.651.000	371.176.000	-	(225.990.000)	388.837.000
<b>Total</b>	<b><u>2.979.229.240</u></b>	<b><u>1.266.714.217</u></b>	<b><u>6.000.000</u></b>	<b><u>(1.391.678.308)</u></b>	<b><u>2.860.265.149</u></b>

**18. Owner's equity****18a. Statement of fluctuation 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:

	<u>As in Business Registration Certificate</u>		<u>Charter capital already contributed (VND)</u>	<u>Charter capital to be contributed (VND)</u>
	<u>VND</u>	<u>Rate (%)</u>		
Vietnam Electricity (EVN)	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><u>145.996.140.000</u></b>	<b><u>100,00</u></b>	<b><u>145.996.140.000</u></b>	<b><u>-</u></b>

**18c. Shares**

	<u>Ending balance</u>	<u>Beginning balance</u>
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.

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During the year, the Company has distributed profit of the year 2016 in line with Resolution of 2017 shareholders' meeting dated 25 April 2017 as follows:

	VND
• Temporarily sharing dividends from profit of the year 2016	21.802.636.500
• Extraction for bonus and welfare funds	895.538.217
• Bonus fund for the Executive Officers	371.176.000

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

As of the balance date, cash comprise USD 14,668.52 (Beginning balance was USD 17,389.84).

**19b. Treated doubtful debts**

	<u>Ending balance</u>	<u>Beginning balance</u>	<u>Reasons for writing off</u>
<i>Payables to related parties</i>			
Other customers	19.673.917.212	8.435.060.390	Customers have already dissolved or projects are withdrawn
<b>Total</b>	<b><u>19.673.917.212</u></b>	<b><u>8.435.060.390</u></b>	

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

	<u>Current year</u>	<u>Previous year</u>
Survey	83.128.433.673	81.934.896.367
Design	123.038.863.034	91.987.657.658
<b>Total</b>	<b><u>206.167.296.707</u></b>	<b><u>173.922.554.025</u></b>

**1b. Sales from sales of goods and service provision to related parties**

Apart from transactions of sales of goods and service provisions to associates presented in Note V.9, the Company has transactions on sales of goods and service provisions to related parties which are not associates as follows:

	<u>Current year</u>	<u>Previous year</u>
Vietnam Electricity (EVN)	-	814.545.455
Power Engineering Consulting Joint Stock Company 2	37.382.024	5.319.740.201

**2. Costs of goods sold**

	<u>Current year</u>	<u>Previous year</u>
Costs of survey	62.288.779.181	50.512.663.120
Costs of design	93.198.410.912	71.225.934.005
<b>Total</b>	<b><u>155.487.190.093</u></b>	<b><u>121.738.597.125</u></b>

**POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4**

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**FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2017

**Notes to the Financial Statements (cont.)****3. Financial income**

	<u>Current year</u>	<u>Previous year</u>
Gains from bank deposits	262.617.688	229.226.645
Dividends and profits received	12.965.132.480	8.308.000.000
Gains from foreign exchange difference	4.129.955	2.660.083
Gains from foreign exchange difference due to revaluation of monetary items in foreign currencies	-	11.300.380
<b>Total</b>	<b><u>13.231.880.123</u></b>	<b><u>8.551.187.108</u></b>

**4. Financial expenses**

	<u>Current year</u>	<u>Previous year</u>
Loan interest expenses	18.678.275	234.903.727
Loss from foreign exchange difference	2.681.792	883.650
Allowances for investment loss	210.000.000	-
<b>Total</b>	<b><u>231.360.067</u></b>	<b><u>235.787.377</u></b>

**5. General and administration expenses**

	<u>Current year</u>	<u>Previous year</u>
Expenses for employees	17.329.167.976	15.957.685.014
Office equipment and stationery	398.147.339	683.299.292
Depreciation of fixed assets	71.554.629	71.164.238
Taxes, fees and legal fees	69.356.632	63.456.632
External service rendered	1.249.477.431	1.119.123.630
Other expenses	16.502.919.581	15.900.887.404
<b>Total</b>	<b><u>35.620.623.588</u></b>	<b><u>33.795.616.210</u></b>

**6. Other income**

	<u>Current year</u>	<u>Previous year</u>
Gains from refund of training expenses	24.603.000	62.669.000
Receipt of document compensation	-	100.000
<b>Total</b>	<b><u>24.603.000</u></b>	<b><u>62.769.000</u></b>

**7. Other expenses**

	<u>Current year</u>	<u>Previous year</u>
Fines due to contract violation	57.173.841	1.821.025
Taxes fined and collected in arrears	5.456.089	-
<b>Total</b>	<b><u>62.629.930</u></b>	<b><u>1.821.025</u></b>

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Notes to the Financial Statements (cont.)

#### 8. Earning per shares

##### 8a. Basic/dillute earning per shares

	<u>Current year</u>	<u>Previous year</u>
Accounting profit after corporate income tax	25.009.516.200	23.069.350.717
Appropriation for bonus and welfare funds	-	(895.538.217)
Appropriation for bonus to the Board of Management, the Executive Officers and the Controllers	-	(371.176.000)
Profit used to calculate basic/diluted earnings per share	25.009.516.200	21.802.636.500
Average outstanding ordinary shares during the year	14.535.091	14.535.091
<b>Basic/diluted earning per share</b>	<b>1.721</b>	<b>1.500</b>

##### 8b. Other information

Basic/diluted earnings per share of previous year was re-calculated due to deduction of amount appropriated for bonus and welfare funds 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 1.587 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.

#### 9. Operating expenses

	<u>Current year</u>	<u>Previous year</u>
Materials and supplies	9.682.225.806	9.097.647.029
Labors	96.273.155.421	88.654.304.499
Depreciation of fixed assets	2.372.595.676	1.745.807.412
External service rendered	48.677.515.560	30.776.380.086
Other expenses	29.395.262.453	28.696.081.451
<b>Total</b>	<b>186.400.754.916</b>	<b>158.970.220.477</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;

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- 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.

#### *Capital contribution commitment*

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 equivalent to 30% of charter capital. During the year, the Company has additionally invested amount of VND 4.400.000.000. As of the balance sheet date, the Company has invested amount of VND 5.000.000.000.

## 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 individuals related to key managers

Key managers include the Board members, the Board of Directors. Individuals related to key managers are their family members.

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

The Company does not have transactions of sales of goods and service provision as well as other transactions to key managers and their related individuals.

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

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

#### *Income of key managers*

<b>Key managers</b>	<b>Transactions</b>
The Board of Management and the Board of Control	Remuneration of the Board of Management and the Board of Control in current year is VND 286.000.000 (Previous year: VND 499.500.000).
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 current year is VND 2.729.235.292 (Previous year: VND 2.709.529.256).

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

Other related parties with the Company include:

<b>Other related parties</b>	<b>Relationship</b>
Vietnam Electricity (EVN)	Shareholder possessing 71,56% shares
Power Engineering Consulting Joint Stock Company 2	The Group
Power Engineering Consulting Joint Stock Company 1	The Group
Buon Don Hydroelectricity Joint Stock Company	Associate
Son Giang Power Joint Stock Company	Associate

## POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4

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### FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2017

#### Notes to the Financial Statements (cont.)

##### *Transactions with other related parties*

Apart from transactions with associates presented in Note V.9 as well as transactions on sales of goods and service provision to other related parties which are not associates presented in Note VI.1b, the Company has had other transactions with other related parties as follows:

	<u>Current year</u>	<u>Previous year</u>
<b><i>Vietnam Electricity (EVN)</i></b>		
Payment of dividends	15.671.766.000	15.671.766.000
Loan interest expenses	-	161.280.000
<b><i>Power Engineering Consulting Joint Stock Company 1</i></b>		
Advances	568.120.037	1.967.500.000
Expenses for testing soil mechanics in lateral of Bac Ai pumped-storage hydroelectricity project	-	767.729.780
<b><i>Power Engineering Consulting Joint Stock Company 2</i></b>		
Receipt of survey fee	-	3.477.200.221

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

##### *Liabilities with other related parties*

Liabilities with other related parties are presented in Notes V.2a, V.3, V.4a, V.11, 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 only business activity of the Company is to provide survey and design consulting 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 Directors has responsibility for establishing policies and the control in order to diminish financial risks as well as manage performance of policies and the controls established.

#### **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 diminishes credit risk by only transacting entities having good financial activity. In addition, accountant constantly follows up accounts receivable to speed up recovery.

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**Notes to the Financial Statements (cont.)**

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. The Company recognizes that credit risk of bank deposits is low.

The maximum credit risk of 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:

	Not yet overdue or not impaired	Not yet overdue but already devaluated	Already overdue but not yet devaluated	Already overdue and/ (or) devaluated	Total
<b>Ending balance</b>					
Cash and cash equivalents	33.242.795.972	-	-	-	33.242.795.972
Receivable from customers	47.090.420.235	-	-	14.033.787.539	61.124.207.774
Other receivables	13.481.214.730	-	-	-	13.481.214.730
Financial assets available for sale	1.041.640.000	-	-	1.050.000.000	2.091.640.000
<b>Total</b>	<b>94.856.070.937</b>	<b>-</b>	<b>-</b>	<b>15.083.787.539</b>	<b>109.939.858.476</b>
<b>Beginning balance</b>					
Cash and cash equivalents	25.256.467.922	-	-	-	25.256.467.922
Receivable from customers	52.106.221.271	-	-	25.335.265.697	77.441.486.968
Other receivables	8.720.207.171	-	-	-	8.720.207.171
Financial assets available for 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. Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

The Company's liquidity risks mainly arise from the differences in maturity dates of financial assets and financial liabilities.

The Company controls liquidity risk by regularly following up the current payment requests as well as estimated payment requests in the futures to maintain an appropriate amount of cash as well as loans, supervising the cash flows actually arisen in comparison with estimation to minimize the effects of the changes in cash flows to the Company.

The terms of payments to non-derivative financial liabilities (excluding interest payable) are based on the undiscounted payments supposed to make according to the contracts as follows:

	Ending balance	Beginning balance
Trade payables	8.620.101.974	9.007.430.317
Other payables	5.563.473.455	1.931.171.619
<b>Total</b>	<b>14.183.575.429</b>	<b>10.938.601.936</b>

## POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4

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### FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2017

#### Notes to the Financial Statements (cont.)

The Board of Directors believes that the risk level associated with payments to financial liabilities is low. The Company has sufficient capacity to settle all financial obligations when they are due from its operating cash flows and from the amounts receivable from mature financial assets. The Company is able to approach capital sources and loans falling due within 12 months, which can be extended with the current creditors.

#### c. *Market risk*

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

Market risks exposed to the operations of the Company include foreign currency risk and risk on material price.

##### *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 Company has not used derivative to avoid foreign currency risk.

The Board of Directors believes that the effects due to fluctuations in exchange rates on profit after tax and owner's equity of the Company are unremarkable since its foreign currency denominated net debts carry low values.

##### *Risk on material price*

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 derivative to avoid material price risk.

#### d. *Collaterals*

The Company has not had any collaterals given to other entities as well as received any collaterals from other entities as at 31 December 2017 and 31 December 2016.

### 5. **Financial assets and financial liabilities**

#### *Financial assets*

Carrying values of financial assets are as follows:

	<u>Ending balance</u>		<u>Beginning balance</u>	
	<u>Original costs</u>	<u>Provision</u>	<u>Original costs</u>	<u>Provision</u>
Cash and cash equivalents	33.242.795.972	-	25.256.467.922	-
Receivables from customers	61.124.207.774	(6.875.489.563)	52.106.221.271	(12.287.651.269)
Other receivables	13.481.214.730	-	8.720.207.171	-
Available-for-sale financial assets	2.091.640.000	(210.000.000)	2.091.640.000	-
<b>Total</b>	<b>109.939.858.476</b>	<b>(7.085.489.563)</b>	<b>88.174.536.364</b>	<b>(12.287.651.269)</b>

## POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4

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FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2017

Notes to the Financial Statements (cont.)

### *Financial liabilities*

Carrying values of financial liabilities are as follows:

	<u>Ending balance</u>	<u>Beginning balance</u>
Trade payables	8.620.101.974	9.007.430.317
Other payables	5.563.473.455	1.931.171.619
<b>Total</b>	<b><u>14.183.575.429</u></b>	<b><u>10.938.601.936</u></b>

### *Fair value*

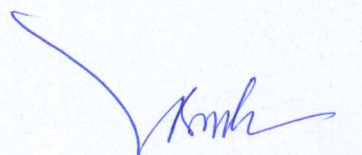
The Company has not yet determined fair value of financial assets and liabilities since there has been no guidance in detail for Circular No. 210/2009/TT-BTC dated 06 November 2009 of Ministry of Finance and the prevailing regulations.

### 6. Subsequent events

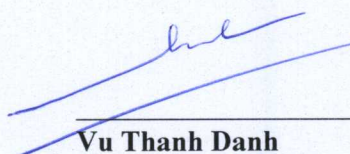
Pursuant to Resolution No. 475/2017/NQ-ĐHĐCĐ dated 30 December 2017 regarding increase of share capital from owner's equity by issuance of shares, the number of shares estimated to additionally issue is 1.235.482 shares. The source of capital from owner's equity in the Financial Statements was reviewed as at 30 June 2017. On 22 February 2018, the Company issued 1.235.131 shares, total outstanding shares are 15.834.745 shares. At present, the Company is waiting for approval of Security Committee in order to implement formalities of the increase of the charter capital.

Apart from aforementioned event, 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.

Khanh Hoa, 10 February 2018



**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 - Vietnam

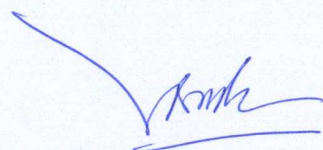
**FINANCIAL STATEMENTS**

For the fiscal year ended 31 December 2017

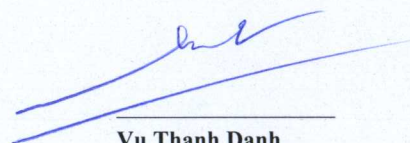
**Appendix: statement of fluctuations in owner's equity**

Unit: VND

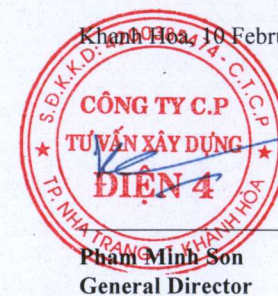
	<u>Capital</u>	<u>Equity surplus</u>	<u>Treasury stocks</u>	<u>Business promotion fund</u>	<u>Other funds</u>	<u>Retained earnings</u>	<u>Total</u>
Beginning balance of previous year	145.996.140.000	(15.784.110.000)	(745.850.060)	26.753.260.607	1.721.694.867	22.545.879.288	180.487.014.702
Appropriation for funds from profit of the year 2015	-	-	-	-	-	(743.242.788)	(743.242.788)
Sharing dividends from retained earnings of the year 2015	-	-	-	-	-	(21.802.636.500)	(21.802.636.500)
Profit in previous year	-	-	-	-	-	23.069.350.717	23.069.350.717
<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>23.069.350.717</b>	<b>181.010.486.131</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	23.069.350.717	181.010.486.131
Business promotion fund offsetting against capital surplus	-	15.784.110.000	-	(15.784.110.000)	-	-	-
Appropriation for funds from profit of the year 2016	-	-	-	-	-	(1.266.714.217)	(1.266.714.217)
Sharing dividends from retained earnings of the year 2016	-	-	-	-	-	(21.802.636.500)	(21.802.636.500)
Profit in current year	-	-	-	-	-	25.009.516.200	25.009.516.200
<b>Ending balance in current year</b>	<b>145.996.140.000</b>	<b>-</b>	<b>(745.850.060)</b>	<b>10.969.150.607</b>	<b>1.721.694.867</b>	<b>25.009.516.200</b>	<b>182.950.651.614</b>



Tran Le Thanh Binh  
Preparer



Vu Thanh Danh  
Chief Accountant



Khanh Hoa, 10 February 2018

Phạm Minh Sơn  
General Director

