

FINANCIAL STATEMENTS
FOR THE THIRD QUARTER OF YEAR 2017

**POWER ENGINEERING
CONSULTING JOINT STOCK
COMPANY 4**

POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4

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

BALANCE SHEET

As of 30 September 2017

Unit: VND

ASSETS	Code	Note	Ending balance	Beginning balance
A - CURRENT ASSETS	100		128.114.775.646	123.016.388.654
I. Cash and cash equivalents	110	V.1	30.084.345.870	25.256.467.922
1. Cash	111		15.584.345.870	20.256.467.922
2. Cash equivalents	112		14.500.000.000	5.000.000.000
II. Short-term financial investments	120		-	-
1. Trading securities	121		-	-
2. Provisions for devaluation of trading securities	122		-	-
3. Held-to-maturity investments	123		-	-
III. Short-term receivables	130		93.721.739.334	80.986.712.993
1. Short-term trade receivables	131	V.3a	83.635.556.122	75.613.294.847
2. Short-term prepayments to suppliers	132	V.4	5.661.846.418	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.5	11.393.124.063	11.469.451.118
7. Allowance for short-term doubtful debts	137	V.6	(6.968.787.269)	(12.287.651.269)
8. Deficit assets for treatment	139		-	-
IV. Inventories	140		3.615.166.100	16.773.207.739
1. Inventories	141	V.7	3.615.166.100	16.773.207.739
2. Allowance for inventories	149		-	-
V. Other current assets	150		693.524.342	-
1. Short-term prepaid expenses	151		-	-
2. Deductible VAT	152		693.524.342	-
3. Taxes and other receivables from the State	153		-	-
4. Trading Government bonds	154		-	-
5. Other current assets	155		-	-

POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4

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

ASSETS	Code	Note	Ending balance	Beginning balance
B - LONG-TERM ASSETS	200		140.740.967.834	134.048.340.285
I. Long-term accounts receivables	210		1.906.192.121	1.898.192.121
1. Long-term trade receivables	211	V.3b	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		78.000.000	70.000.000
7. Allowance for long-term doubtful debts	219		-	-
II. Fixed assets	220		26.727.452.508	23.826.289.846
1. Tangible fixed assets	221	V.9	11.072.531.086	8.880.707.842
<i>Historical costs</i>	222		37.757.981.134	34.157.773.536
<i>Accumulated depreciation</i>	223		(26.685.450.048)	(25.277.065.694)
2. Financial leased assets	224		-	-
<i>Historical costs</i>	225		-	-
<i>Accumulated depreciation</i>	226		-	-
3. Intangible fixed assets	227	V.10	15.654.921.422	14.945.582.004
<i>Initial costs</i>	228		19.864.444.411	18.828.157.411
<i>Accumulated amortization</i>	229		(4.209.522.989)	(3.882.575.407)
III. Investment property	230		-	-
1. Historical costs	231		-	-
2. Accumulated depreciation	232		-	-
IV. Long-term assets in process	240		-	-
1. Long-term work in process	241		-	-
2. Construction in progress	242		-	-
V. Long-term financial investments	250		110.941.640.000	106.541.640.000
1. Investment in subsidiaries	251		-	-
2. Investment in joint ventures and associates	252	V.2	108.850.000.000	104.450.000.000
3. Investments in other entities	253	V.2	2.091.640.000	2.091.640.000
4. Provisions for devaluation of long-term financial investments	254		-	-
5. Held-to-maturity investments	255		-	-
V. Other long-term assets	260		1.165.683.205	1.782.218.318
1. Long-term prepaid expenses	261	V.8	1.165.683.205	1.782.218.318
2. Deferred income tax assets	262		-	-
3. Long-term components and spare parts	263		-	-
4. Other long-term assets	268		-	-
TOTAL ASSETS	270		268.855.743.480	257.064.728.939

POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4

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

OWNER'S EQUITY	Code	Note	Ending balance	Beginning balance
A - LIABILITIES	300		88.820.466.850	76.054.242.808
I. Current liabilities	310		88.820.466.850	76.054.242.808
1. Short-term trade payables	311	V.11	10.598.136.009	9.007.430.317
2. Short-term advances from customers	312	V.12	57.061.731.395	46.252.826.690
3. Taxes and other obligations to the State Budget	313	V.13	1.606.320.309	4.081.537.493
4. Payable to employees	314	V.14	13.051.137.544	9.356.201.560
5. Short-term accrued expenses	315		-	730.936.000
6. Short-term inter-company payable	316		-	-
7. Payable according to the progress of construction contract	317		-	-
8. Short-term unearned revenue	318		-	-
9. Other payable short-term	319	V.15	3.548.232.512	3.646.081.508
10. Short-term borrowings and finance lease	320	V.16	-	-
11. Provision for short-term payables	321		-	-
12. Bonus and welfare funds	322	V.17	2.954.909.081	2.979.229.240
13. Price stabilization fund	323		-	-
14. Trading Government bonds	324		-	-
II. Long-term liabilities	330		-	-
1. Long-term trade payables	331		-	-
2. Long-term advances from customers	332		-	-
3. Long-term accrued expenses	333		-	-
4. Inter-company payables for working capital	334		-	-
5. Long-term inter-company payables	335		-	-
6. Long-term unearned revenue	336		-	-
7. Other payable long-term	337		-	-
8. Long-term borrowings and finance lease	338		-	-
9. Convertible bonds	339		-	-
10. Preferred shares	340		-	-
11. Deferred income tax liability	341		-	-
12. Provisions for long-term payables	342		-	-
13. Science and technology development fund	343		-	-

POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4

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

OWNER'S EQUITY	Code	Note	Ending balance	Beginning balance
B - OWNER'S EQUITY	400		180.035.276.630	181.010.486.131
I. Owner's equity	410	V.18	180.035.276.630	181.010.486.131
1. Capital	411		145.996.140.000	145.996.140.000
- Ordinary shares carrying voting rights	411a		145.996.140.000	145.996.140.000
- Preference shares	411b		-	-
2. Share premiums	412		(15.784.110.000)	(15.784.110.000)
3. Bond conversion options	413		-	-
4. Other sources of capital	414		-	-
5. Treasury stocks	415		(745.850.060)	(745.850.060)
6. Differences on asset revaluation	416		-	-
7. Foreign exchange differences	417		-	-
8. Investment and development fund	418		26.753.260.607	26.753.260.607
9. Business arrangement supporting fund	419		-	-
10. Other funds	420		1.721.694.867	1.721.694.867
11. Retained earnings	421		22.094.141.216	23.069.350.717
- Retained earnings accumulated to the end of the previous period	421a		11.628.072.800	-
- Retained earnings of the current period	421b		10.466.068.416	23.069.350.717
12. Construction investment fund	422		-	-
II. Other sources and funds	430		-	-
1. Sources of expenditure	432		-	-
2. Fund to form fixed assets	433		-	-
OWNER'S EQUITY	440		268.855.743.480	257.064.728.939

Nha Trang, 19 October 2017



Tran Le Thanh Binh
Preparer



Vu Thanh Danh
Chief Accountant



Phạm Minh Sơn
General Director

POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4

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

INCOME STATEMENT

Third quarter of year 2017

Unit: VND

ITEMS	Code	Note	Quarter 3		Accumulate to quarter 3	
			Year 2017	Year 2016	Year 2017	Year 2016
1. Sales	01	VI.1	38.003.523.649	34.676.375.232	137.618.279.027	104.688.976.126
2. Deductions	02		-	-	-	-
3. Net sales	10		38.003.523.649	34.676.375.232	137.618.279.027	104.688.976.126
4. Costs of goods sold	11	VI.2	28.695.086.365	27.570.145.726	104.349.082.657	73.900.744.557
5. Gross profit / loss	20		9.308.437.284	7.106.229.506	33.269.196.370	30.788.231.569
6. Financial income	21	VI.3	84.227.657	25.555.417	158.927.491	224.741.092
7. Financial expenses	22	VI.4	1.160.461	55.207.752	19.912.737	185.140.649
In which: Loan interest expenses	23		575.342	55.032.667	17.239.919	184.256.999
8. Selling expenses	24		-	5.000.000	-	5.000.000
9. Administrative overheads	25	VI.5	5.720.855.567	4.130.342.477	20.268.317.295	21.938.975.960
10. Net operating profit / loss	30		3.670.648.913	2.941.234.694	13.139.893.829	8.883.856.052
11. Other income	31	VI.6	-	10.564.000	-	62.769.000
12. Other expenses	32	VI.7	9.647.684	-	57.308.309	-
13. Other profit	40		(9.647.684)	10.564.000	(57.308.309)	62.769.000
14. Profit / loss before tax	50		3.661.001.229	2.951.798.694	13.082.585.520	8.946.625.052
15. Current corporate income tax	51	V.13	732.200.246	590.359.738	2.616.517.104	1.789.325.010
16. Deffed corporate incom tax	52		-	-	-	-
17. Profit / loss after tax	60		2.928.800.983	2.361.438.956	10.466.068.416	7.157.300.042
18. Earning per share	70	VI.8	201	162	720	492
19. Diluted Earning per share	71		-	-	-	-


Tran Le Thanh Binh
Preparer

Vu Thanh Danh
Chief Accountant

Nha Trang, 19 October 2017

Phạm Minh Sơn
General Director

POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4

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

CASH FLOWS STATEMENT

(Indirect method)

Third quarter of year 2017

Unit: VND

ITEMS	Code	Note	<u>Current year</u>	<u>Previous year</u>
I. Cash flows from operating activities				
<i>1. Profit/ (loss) before tax</i>	01		13.082.585.520	8.946.625.052
<i>2. Adjustments</i>				
- Depreciation of fixed assets and investment properties	02		1.735.331.936	1.319.124.337
- Provisions and allowances	03		(5.318.864.000)	-
- Gain/ (loss) from unrealized foreign exchange difference	04		-	-
- Gain/ (loss) from investing activities	05		(137.625.853)	(39.259.258)
- Loan interest expenses	06		17.239.919	184.256.999
- Other adjustments	07		-	-
<i>3. Operating profit/ (loss) before changes of working capital</i>	08		9.378.667.522	10.410.747.130
- Increase/ (decrease) of receivables	09		2.885.870.173	(3.658.554.260)
- Increase/ (decrease) of inventories	10		13.158.041.639	4.431.952.324
- Increase/ (decrease) of payables	11		(13.441.978.475)	(27.115.436.441)
- Increase/ (decrease) of prepaid expenses	12		616.535.113	(145.896.139)
- Increase/ (decrease) of trading securities	13		-	-
- Interests paid	14		(17.239.919)	(51.614.999)
- Corporate income tax paid	15		(2.517.329.527)	(2.438.484.222)
- Other cash inflows	16		6.000.000	10.000.000
- Other cash outflows	17		(993.690.000)	(3.274.550.000)
<i>Net cash flows from operating activities</i>	20		<u>9.074.876.526</u>	<u>(21.831.836.607)</u>
II. Cash flows from investing activities				
1. Purchases and construction of fixed assets and other long-term assets	21		-	-
2. Gains from disposals and liquidation of fixed assets and other long-term assets	22		-	-
3. Cash outflow for lending, buying debt instruments of other entities	23		-	-
4. Cash recovered from lending, selling debt instruments of other entities	24		-	-
5. Investments into other entities	25		(4.400.000.000)	-
6. Withdrawals of investments in other entities	26		-	-
7. Interest earned, dividends and profits received	27		153.001.422	223.440.520
<i>Net cash flows from investing activities</i>	30		<u>(4.246.998.578)</u>	<u>223.440.520</u>

POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4

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


Cash flows statement (cont.)

ITEMS	Code	Note	<u>Current year</u>	<u>Previous year</u>
III. Cash flows from financing activities				
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		12.508.360.000	27.600.000.000
4. Repayment for loan privipal	34		(12.508.360.000)	(26.100.000.000)
5. Payments for financial leasehold assets	35		-	-
6. Dividends and profit already paid to the owners	36		-	-
<i>Net cash flows from financing activities</i>	40		<u>-</u>	<u>1.500.000.000</u>
Net cash flows during the year	50		4.827.877.948	(20.108.396.087)
Beginning cash and cash equivalents	60	V.1	25.256.467.922	22.446.436.893
Effects of fluctuations in foreign exchange rates	61		-	-
Ending cash and cash equivalents	70	V.1	<u>30.084.345.870</u>	<u>2.338.040.806</u>

Nha Trang, 19 October 2017



Tran Le Thanh Binh
Preparer



Vu Thanh Danh
Chief Accountant



Phạm Minh Sơn
General Director

NOTES TO THE FINANCIAL STATEMENTS

Third quarter of year 2017

I. OPERATION FEATURES

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

Associates:

Name of the Company	Address	Principal business activities	Contribution rate	Possessing rate	Voting rate
Buon Don Hydroelectricity Joint Stock Company	Floor 7, Dien Bien Hotel, 1 Ngo Quyen, Thang Loi Ward, Buon Ma Thuot City, Dak Lak Province	Trading in electricity	31%	31%	31%
Son Giang Power Joint Stock Company	No. 67 Pham Ngoc Thach St, Ward 9, Tuy Hoa City, Phu Yen Province, Vietnam	Trading in electricity	30%	30%	30%

Affiliates:

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

7. **Statement of information comparability in the financial statements:**
8. **Number of employees**
As of 30 June 2017, the company has had 454 employees (as of 31 December 2016: 465 employees).

II. FISCAL YEAR AND STANDARD CURRENCY UNIT USED IN ACCOUNTING

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

III. ACCOUNTING SYSTEM AND STANDARDS

POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4

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

Notes to the financial statements (cont.)

1. Accounting system

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

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

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

IV. ACCOUNTING POLICIES

1. Accounting convention

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

2. Foreign exchange rates applied in accounting

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

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

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

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

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

3. Cash and cash equivalents

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

4. Financial investment accounting principles

Held-to-maturity investments

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

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

Associates :

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

Associates are recorded at their original costs.

Provisions for loss of investments in other economic organizations are made when these organizations suffer from loss (except for the case that this loss is an approved part of the business plan before making the investment) at the rate equivalent to rate of capital contribution of the company in these organizations.

POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4

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

Notes to the financial statements (cont.)

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

Investments in other entities:

Investments in other entities are recorded at their original costs.

5. Receivables

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

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

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

6. Inventories

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

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

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

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

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

7. Prepaid expenses

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

Tool expenses

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

Computer software

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

Vehicles

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

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

8. Tangible fixed assets

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

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

POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4

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

Notes to the financial statements (cont.)

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

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

9. Intangible fixed assets

Value of land use right

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

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

Computer software

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

10. Payable liabilities and accrued expenses

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

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

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

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

11. Source of capital

Capital

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

Share premium

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

Other capital

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

Treasury stocks

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

POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4

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

Notes to the financial statements (cont.)

12. Appropriation of net profit

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

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

13. Recognition of sales and income

Sales of service provision

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

Interests

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

Dividends and profit shared

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

14. Borrowing costs

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

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

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

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

Deferred income tax is the amount of corporate income tax payable or refundable due to temporary differences between book values of assets and liabilities serving the preparation of the financial statements and the values for tax purposes. Deferred income tax liabilities are recognized for all the temporary taxable differences. Deferred income tax assets are recorded only when there is an

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Notes to the financial statements (cont.)

assurance on the availability of taxable income in the future against which the temporarily deductible differences can be used.

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

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

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 considered a related party if parties are under control or material effects together.

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

V. ADDITIONAL INFORMATION ON THE ITEMS OF THE BALANCE SHEET**1. Cash and cash equivalents**

	<u>Ending balance</u>	<u>Beginning balance</u>
Cash on hand	1.481.224.314	52.895.000
Cash in bank	14.103.121.556	20.203.572.922
Cash equivalents (under 3 months deposit)	14.500.000.000	5.000.000.000
Total	<u>30.084.345.870</u>	<u>25.256.467.922</u>

2. Financial investement

	<u>Ending balance</u>			<u>Beginning balance</u>		
	<u>Cost</u>	<u>Provision</u>	<u>Fair value</u>	<u>Cost</u>	<u>Provision</u>	<u>Fair value</u>
Buon Don Hydroelectricity Joint Stock Company	103.850.000.000	-	103.850.000.000	103.850.000.000	-	103.850.000.000
Son Giang Power Joint Stock Company - EVN	5.000.000.000	-	5.000.000.000	600.000.000	-	600.000.000
International Joint Stock Company - Khanh Hoa – Ha Noi Development Investment Joint Stock Company	1.050.000.000	-	1.050.000.000	1.050.000.000	-	1.050.000.000
Total	<u>110.941.640.000</u>	<u>-</u>	<u>110.941.640.000</u>	<u>106.541.640.000</u>	<u>-</u>	<u>106.541.640.000</u>

Pursuant to Business Registration Certificate No. 6000884487 dated 01 September 2017 of Buon Don Hydroelectricity Joint Stock Company granted by Department of Planning and Investment of

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Notes to the financial statements (cont.)

Daklak Province, the Company has invested into Buon Don Hydroelectricity Joint Stock Company at amount of VND 117.869.750.000.000 equivalent to 31% of charter capital.

Pursuant to Business Registration Certificate No. 4401028708 dated 22 November 2016 of Son Giang Power Joint Stock Company granted by Department of Planning and Investment of Phu Yen Province, the Company has invested into Son Giang Power Joint Stock Company at amount of VND 15.000.000.000 VND equivalent to 30% of charter capital. As of the balance sheet date, the Company has invested VND 5.000.000.000.

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 made no provision.

3. Receivable

3a. Short-term receivable from customers

	<u>Ending balance</u>	<u>Beginning balance</u>
Customers are belonged to EVN and NPT	40.565.244.882	25.790.652.508
Customers are not belonged to EVN and NPT	43.070.311.240	49.822.642.339
Total	<u>83.635.556.122</u>	<u>75.613.294.847</u>

3b. Long-term receivable from customers

	<u>Ending balance</u>	<u>Beginning balance</u>
Nho Que Power Development and Investment JSC	1.532.762.821	1.532.762.821
Trung Son Hydropower One Member Co., Ltd	138.611.000	138.611.000
Management Board of Hydroelectricity 2	156.818.300	156.818.300
Total	<u>1.828.192.121</u>	<u>1.828.192.121</u>

4. Prepayment to suppliers

	<u>Ending balance</u>	<u>Beginning balance</u>
Customers are belonged to EVN and NPT	1.691.117.279	1.122.997.242
Customers are not belonged to EVN and NPT	3.970.729.139	5.068.621.055
Total	<u>5.661.846.418</u>	<u>6.191.618.297</u>

5. Other receivables

	<u>Ending balance</u>		<u>Beginning balance</u>	
	Cost	Provision	Cost	Provision
Receivable from employees	58.500.000	-	42.500.000	-
Advances for employees of the company	10.896.849.587	-	2.754.421.947	-
Others	437.774.476	-	8.672.529.171	-
Total	<u>11.393.124.063</u>	<u>-</u>	<u>11.469.451.118</u>	<u>-</u>

6. Bad debts

	<u>Ending balance</u>		<u>Beginning balance</u>	
	Cost	Recoverable amount	Cost	Recoverable amount
Total value of receivables,	20.016.401.697	13.047.614.428	25.335.265.697	13.047.614.428

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Notes to the financial statements (cont.)

	Ending balance		Beginning balance	
	Cost	Recoverable amount	Cost	Recoverable amount
loans that are overdue or not pass due but hardly recoverable				

Provision for bad debts

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

	Accumulation from the beginning of the year	
	Current year	Previous year
Beginning balance	12.287.651.269	11.740.310.069
Additional extraction	-	-
Written off	(5.318.864.000)	-
Ending balance	6.968.787.269	11.740.310.069

7. Inventories

	Ending balance		Beginning balance	
	Cost	Provision	Cost	Provision
Materials and supplies	500.109.431	-	457.514.549	-
Tools	69.659.948	-	8.453.608	-
Work in progress	3.045.396.721	-	16.307.239.582	-
Total	3.615.166.100	-	16.773.207.739	-

8. Long-term prepaid expenses

	Ending balance	Beginning balance
Tools	1.130.889.061	1.522.260.347
Other expenses	34.794.144	259.957.971
Total	1.165.683.205	1.782.218.318

9. Tangible fixed assets

	Buiding & structures	Machinery & equipment	Vehicles	Office equipment	Total
Historical costs					
Beginning balance	10.104.595.287	10.314.130.755	12.541.821.147	1.197.226.347	34.157.773.536
New purchases	-	3.017.876.689	348.840.000	233.490.909	3.600.207.598
Ending balance	10.104.595.287	13.332.007.444	12.890.661.147	1.430.717.256	37.757.981.134
<i>In which:</i>					
Fully depreciated but still being in use	773.606.927	7.837.767.082	10.719.893.874	838.752.339	20.170.020.222
Depreciation					
Beginning balance	4.775.794.463	8.320.444.332	11.209.988.977	970.837.922	25.277.065.694
Depreciation	337.740.894	642.131.314	350.020.874	78.491.272	1.408.384.354

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Notes to the financial statements (cont.)

	<u>Buiding & structures</u>	<u>Machinery & equipment</u>	<u>Vehicles</u>	<u>Office equipment</u>	<u>Total</u>
Ending balance	<u>5.113.535.357</u>	<u>8.962.575.646</u>	<u>11.560.009.851</u>	<u>1.049.329.194</u>	<u>26.685.450.048</u>
Net book values					
Beginning balance	<u>5.328.800.824</u>	<u>1.993.686.423</u>	<u>1.331.832.170</u>	<u>226.388.425</u>	<u>8.880.707.842</u>
Ending balance	<u>4.991.059.930</u>	<u>4.369.431.798</u>	<u>1.330.651.296</u>	<u>381.388.062</u>	<u>11.072.531.086</u>

10. Intangible fixed assets

	<u>Long-term land use right</u>	<u>Fixed-term land use right</u>	<u>Computer's software</u>	<u>Total</u>
Initial costs				
Beginning balance	<u>7.093.957.000</u>	<u>9.463.506.000</u>	<u>2.270.694.411</u>	<u>18.828.157.411</u>
Increases during the year	<u>-</u>	<u>-</u>	<u>1.036.287.000</u>	<u>1.036.287.000</u>
Ending balance	<u>7.093.957.000</u>	<u>9.463.506.000</u>	<u>3.306.981.411</u>	<u>19.864.444.411</u>
<i>In which:</i>				
Fully depreciated but still being in use	<u>-</u>	<u>-</u>	<u>2.167.552.255</u>	<u>2.167.552.255</u>
Amortiation				
Beginning balance	<u>-</u>	<u>1.676.425.305</u>	<u>2.206.150.102</u>	<u>3.882.575.407</u>
Amortization	<u>-</u>	<u>149.628.600</u>	<u>177.318.982</u>	<u>326.947.582</u>
Ending balance	<u>-</u>	<u>1.826.053.905</u>	<u>2.383.469.084</u>	<u>4.209.522.989</u>
Net books value				
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>
Ending balance	<u>7.093.957.000</u>	<u>7.637.452.095</u>	<u>923.512.327</u>	<u>15.654.921.422</u>

11. Short-term trade payables

	<u>Ending balance</u>	<u>Beginning balance</u>
Customers are belonged to EVN and NPT	<u>983.545.000</u>	<u>983.545.000</u>
Customers are not belonged to EVN and NPT	<u>9.614.591.009</u>	<u>8.023.885.317</u>
Total	<u>10.598.136.009</u>	<u>9.007.430.317</u>

12. Short-term advances from customers

	<u>Ending balance</u>	<u>Beginning balance</u>
Customers are belonged to EVN and NPT	<u>45.784.291.757</u>	<u>41.489.095.898</u>
Customers are not belonged to EVN and NPT	<u>11.277.439.638</u>	<u>4.763.730.792</u>
Total	<u>57.061.731.395</u>	<u>46.252.826.690</u>

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Notes to the financial statements (cont.)

13. Taxes and other obligations to the State budget

	<u>Beginning balance</u>	<u>Amount payable</u>	<u>Amount already paid</u>	<u>Ending balance</u>
VAT on local sales	3.200.220.834	9.122.025.730	(11.483.449.501)	838.797.063
VAT on imports	-	1.308.474.469	(1.308.474.469)	-
Corporate income tax	633.012.669	2.616.517.104	(2.517.329.527)	732.200.246
Personal income tax	248.303.990	1.164.119.145	(1.377.100.135)	35.323.000
Tax on using non- agricultural land	-	3.123.300	(3.123.300)	-
Other taxes	-	71.619.527	(71.619.527)	-
Total	<u>4.081.537.493</u>	<u>14.285.879.275</u>	<u>(16.761.096.459)</u>	<u>1.606.320.309</u>

Value added tax

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

Corporate income tax

The company has to pay corporate income tax at rate of 20%

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

	Accumulation from the beginning of the year	
	<u>Current year</u>	<u>Previous year</u>
Total accounting profit before tax	13.082.585.520	8.946.625.052
Increases, decreases of accounting profit to determine income subject to corporate income tax		
- Increase	-	-
- Decrease	-	-
Taxable income	13.082.585.520	8.946.625.052
Corporate income tax rate	20%	20%
Corporate income tax payable	<u>2.616.517.104</u>	<u>1.789.325.010</u>

Other taxes

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

14. Payable to employees

	<u>Ending balance</u>	<u>Beginning balance</u>
Salary paid to employees	13.051.137.544	9.356.201.560
Total	<u>13.051.137.544</u>	<u>9.356.201.560</u>

15. Other short-term payable

	<u>Ending balance</u>	<u>Beginning balance</u>
Trade Union's Expenditure	1.587.703.969	1.714.909.889
Payable for equitization	2.100.000	2.100.000
Payable for EVN	1.659.879.935	1.659.879.935
- Interest on bonds payable	1.659.879.935	1.659.879.935
Interest on bonds payable	48.118.000	48.118.000

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Notes to the financial statements (cont.)

	Ending balance	Beginning balance
Dividends payable for shareholders	100.946.000	84.154.400
Others	149.484.608	136.919.284
Total	3.548.232.512	3.646.081.508

16. Short-term loans

	Ending balance		Beginning balance	
	Value	Repayable amount	Value	Repayable amount
Loans from bank	-	-	-	-
Total	-	-	-	-

17. Bonus and welfare funds

	Beginning balance	Increase due to extraction from profit of previous year	Bonus from the Group	Funds paid during the period	Ending balance
Bonus fund	469.426.962	895.538.217	6.000.000	(589.500.000)	781.465.179
Welfare fund	2.266.151.278	-	-	(481.544.376)	1.784.606.902
Remuneration for Executive officers	243.651.000	371.176.000	-	(225.990.000)	388.837.000
Total	2.979.229.240	1.266.714.217	6.000.000	(1.297.034.376)	2.954.909.081

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

	Owner's equity	Equity surplus	Business promotion fund	Other funds	Retained earnings	Treasury stocks
Beginning balance of previous year	145.996.140.000	(15.784.110.000)	26.753.260.607	1.721.694.867	22.545.879.288	(745.850.060)
Increases	-	-	-	-	7.157.300.042	-
Decreases	-	-	-	-	(12.371.315.588)	-
Ending balance of previous period	145.996.140.000	(15.784.110.000)	26.753.260.607	1.721.694.867	17.331.863.742	(745.850.060)
Beginning balance in current year	145.996.140.000	(15.784.110.000)	26.753.260.607	1.721.694.867	23.069.350.717	(745.850.060)
Increases	-	-	-	-	10.466.068.416	-
Decreases	-	-	-	-	(11.441.277.917)	-
Ending balance in current period	145.996.140.000	(15.784.110.000)	26.753.260.607	1.721.694.867	22.094.141.216	(745.850.060)

18b. Details of owner's equity

	As of 30 September 2017	
	Share capital	Rate (%)
Electricity of Vietnam	104.478.440.000	71,56
Other shareholders	41.517.700.000	28,44
Total	145.996.140.000	100,00

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Notes to the financial statements (cont.)

18c. Shares

	<u>Ending balance</u>	<u>Beginning balance</u>
Number of shares allowed to be issued	14.599.614	14.599.614
Number of shares sold to public	14.599.614	14.599.614
Number of shares repurchased	64.523	64.523
Number of outstanding shares	14.535.091	14.535.091

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

18d. Profit distribution

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

• Sharing remaining dividends to shareholders	:	11.441.277.914
• Extraction for bonus and welfare fund	:	895.538.217
• Bonus fund for the Executive Officers	:	371.176.000

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

	<u>Ending balance</u>	<u>Beginning balance</u>
USD	117.023,83	17.389,84

19b. Bad debts already treated

	<u>Ending balance</u>	<u>Beginning balance</u>
Other customers	13.753.924.390	8.435.060.390
Total	<u>13.753.924.390</u>	<u>8.435.060.390</u>

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

	Accumulation from the beginning of the year	
	<u>Current year</u>	<u>Previous year</u>
Gains from survey	74.310.723.352	47.584.305.790
Gains from design	63.307.555.675	57.104.670.336
Total	<u>137.618.279.027</u>	<u>104.688.976.126</u>

2. Costs of goods sold

	Accumulation from the beginning of the year	
	<u>Current year</u>	<u>Previous year</u>
Costs of survey	54.284.279.285	31.050.306.747
Costs of design	50.064.803.372	42.850.437.810
Total	<u>104.349.082.657</u>	<u>73.900.744.557</u>

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Notes to the financial statements (cont.)

3. Financial income

	Accumulation from the beginning of the year	
	<u>Current year</u>	<u>Previous year</u>
Gains from time-deposits	155.405.792	223.516.257
Dividends given	(540.020)	-
Gains from foreign exchange difference	4.061.719	1.224.835
Total	<u>158.927.491</u>	<u>224.741.092</u>

4. Financial expenses

	Accumulation from the beginning of the year	
	<u>Current year</u>	<u>Previous year</u>
Loan interest expenses	17.239.919	184.256.999
Loss from selling foreign currencies	2.672.818	883.650
Total	<u>19.912.737</u>	<u>185.140.649</u>

5. Administrative overheads

	Accumulation from the beginning of the year	
	<u>Current year</u>	<u>Previous year</u>
Expenses for employees	11.886.881.784	10.115.270.830
Supplies and office equipments	278.926.495	421.322.229
Depreciation of fixed assets	56.064.450	52.532.393
External service rendered	780.212.080	806.809.030
Other expenses	7.266.232.486	10.543.041.478
Total	<u>20.268.317.295</u>	<u>21.938.975.960</u>

6. Other income

	Accumulation from the beginning of the year	
	<u>Current year</u>	<u>Previous year</u>
Gains from refund of training expenses	-	62.669.000
Others	-	100.000
Total	<u>-</u>	<u>62.769.000</u>

7. Other expenses

	Accumulation from the beginning of the year	
	<u>Current year</u>	<u>Previous year</u>
Fines due to contract violation	57.308.309	-
Total	<u>57.308.309</u>	<u>-</u>

8. Earning per share

	Accumulation from the beginning of the year	
	<u>Current period</u>	<u>Previous period</u>
Accounting profit after corporate income tax	10.466.068.416	7.157.300.042

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Notes to the financial statements (cont.)

	Accumulation from the beginning of the year	
	<u>Current period</u>	<u>Previous period</u>
Increase/(decrease) of accounting profit to determine profit attribute shareholders owned ordinary shares	-	-
Profit attribute shareholders owned ordinary shares	10.466.068.416	7.157.300.042
Outstanding average ordinary shares during the year	14.535.091	14.535.091
Earning per share	720	492

Average outstanding ordinary shares during the year are as follows:

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

9. Operating expenses

	Accumulation from the beginning of the year	
	<u>Current year</u>	<u>Previous year</u>
Materials and supplies	7.349.314.444	5.895.861.239
Labors	66.038.232.135	56.196.447.912
Depreciation of fixed assets	1.735.331.936	1.319.124.337
External service rendered	20.593.994.276	11.159.883.863
Other expenses	15.638.684.300	16.920.759.348
Total	111.355.557.091	91.492.076.699

Nha Trang, 19 October 2017



Tran Le Thanh Binh
Preparer



Vu Thanh Danh
Chief Accountant



Pham Minh Son
General Director