



FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED 31 DECEMBER 2019

**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 2019.

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 Department of Planning and Investment of Khanh Hoa Province.

During the operation course, the Company has been additionally granted Business Registration Certificates by Department of Planning and Investment of Khanh Hoa Province as follow:

- The 1st amended one dated 19 May 2008 regarding the supplementation of its business functions.
- The 2nd amended one dated 12 June 2009 regarding the increase of its charter capital from VND 27.500.000.000 to VND 34.295.500.000.
- The 3rd amended one dated 05 December 2009 regarding the supplementation of its business functions.
- The 4th amended one dated 19 August 2010 regarding the increase of its charter capital from VND 34.295.500.000 to VND 42.580.000.000.
- The 5th amended one dated 30 July 2011 regarding the increase of its charter capital from VND 42.580.000.000 to VND 50.987.770.000.
- The 6th amended one dated 25 October 2011 regarding the supplementation of its business functions.
- The 7th amended one dated 20 July 2012 regarding the increase of its charter capital from VND 50.987.770.000 to VND 61.059.420.000 and the change of the northern Branch’s address.
- The 8th amended one dated 02 March 2013 regarding the increase of its charter capital from VND 61.059.420.000 to VND 91.404.550.000.
- The 9th amended one dated 04 July 2013 regarding the increase of its charter capital from VND 91.404.550.000 to VND 109.557.160.000.
- The 10th amended one dated 07 January 2014 regarding the increase of its charter capital from VND 109.557.160.000 to VND 145.996.140.000.
- The 11th amended one dated 17 July 2014 regarding the supplementation of its business functions.
- The 12th amended one dated 23 March 2018 regarding the change of legal representative.
- The 13th amended one dated 23 March 2018 regarding the increase of its charter capital from VND 145.996.140.000 to VND 158.347.450.000.
- The 14th amended one dated 5 June 2018 regarding the change of information on legal representative.

Head office

Address : No. 11 Hoang Hoa Tham, Loc Tho Ward, Nha Trang City, Khanh Hoa Province
Tel : (0258) 3563 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	46/9 Tran Quy Khoach - Tan Dinh Ward - District 1 - Ho Chi Minh City



POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4

STATEMENT OF THE BOARD OF DIRECTORS (cont.)

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

- Inspecting, surveying and certifying eligibility of bearing safety, certifying suitability of construction quality;
- Providing consulting service for designing 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;
- 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;
- Experimenting on water analysis, on physical-mechanical properties of soils and rocks, works' foundation and construction materials, experimenting and verifying project quality, experimenting 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 equipment;
- Processing and manufacturing power components and materials;
- Power installation;
- Trading hotel;
- Transporting goods by cars;
- Trading real estates and leasing offices;
- Experimenting, analyzing and evaluating environmental criteria. Consulting on environment, surveying, preparing report on environmental impacts. Environmental supervision.

POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4

STATEMENT OF THE BOARD OF DIRECTORS (cont.)

The Board of Management, the Board of Control and the Board of Directors

The Board of Management, the Board of Control and the Board of Directors of the Company during the year and as of the date of this statement include:

Board of Management

Full name	Position	Appointing date / re-appointing date
Mr. Tran Hoai Nam	Chairman	Appointed on 15 March 2018
Mr. Vu Thanh Danh	Member	Re-appointed on 25 April 2017
Mr. Lam Du Son	Member	Appointed on 25 April 2017
Mr. Tran Cao Hy	Member	Appointed on 26 April 2018

Board of Control

Full name	Position	Appointing date / re-appointing 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
Mr. Nguyen Duy Quoc Viet	Member	Appointed on 26 April 2018

Board of Directors

Full name	Position	Appointing date / re-appointing date
Mr. Tran Hoai Nam	General Director	Appointed on 15 March 2018
Mr. Tran Cao Hy	Deputy General Director	Appointed on 1 November 2019
Mr. Pham Ngoc Son A	Deputy General Director	Resigned on 1 November 2019
Mr. Nguyen Xuan Phuong	Deputy General Director	Appointed on 20 March 2015
Mr. Le Cao Quyen	Deputy General Director	Appointed on 10 October 2018
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. Tran Hoai Nam - General Director (appointed on 15 March 2018).

Auditor

A&C Auditing and Consulting Co., Ltd. has been appointed to audit the Financial Statements for the fiscal year ended 31 December 2019 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.

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 2019, the financial performance and the cash flows for the fiscal year ended 31 December 2019 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



Tran Hoai Nam
General Director

Date: 15 March 2020

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POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4

Address: No. 11 Hoang Hoa Tham, Loc Tho Ward, Nha Trang City, Khanh Hoa Province

FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2019

BALANCE SHEET

As of 31 December 2019

Unit: VND

ITEMS	Code	Note	Ending balance	Beginning balance
A - CURRENT ASSETS	100		153.340.005.713	130.974.753.852
I. Cash and cash equivalents	110	V.1	54.626.358.069	55.930.564.831
1. Cash	111		22.626.358.069	5.930.564.831
2. Cash equivalents	112		32.000.000.000	50.000.000.000
II. Short-term 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		91.506.651.295	67.478.789.526
1. Short-term trade receivables	131	V.2a	82.939.255.912	60.311.851.749
2. Short-term prepayments to suppliers	132	V.3	3.496.594.815	3.912.102.688
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	7.552.048.277	7.585.270.460
7. Allowance for short-term doubtful debts	137	V.5	(2.481.247.709)	(4.330.435.371)
8. Deficit assets for treatment	139		-	-
IV. Inventories	140		7.206.996.349	7.565.399.495
1. Inventories	141	V.6	7.206.996.349	7.565.399.495
2. Allowance for inventories	149		-	-
V. Other current assets	150		-	-
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: No. 11 Hoang Hoa Tham, Loc Tho Ward, Nha Trang City, Khanh Hoa Province

FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2019

Balance sheet (cont.)

ITEMS	Code	Note	Ending balance	Beginning balance
B- NON-CURRENT ASSETS	200		138.296.508.969	138.152.550.200
I. Long-term receivables	210		1.927.622.121	1.917.622.121
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	99.430.000	89.430.000
7. Allowance for long-term doubtful debts	219		-	-
II. Fixed assets	220		24.197.146.731	24.876.567.463
1. Tangible fixed assets	221	V.7	9.296.226.635	9.598.645.980
- <i>Historical cost</i>	222		41.080.303.163	38.988.718.072
- <i>Accumulated depreciation</i>	223		(31.784.076.528)	(29.390.072.092)
2. Financial leased assets	224		-	-
- <i>Historical cost</i>	225		-	-
- <i>Accumulated depreciation</i>	226		-	-
3. Intangible fixed assets	227	V.8	14.900.920.096	15.277.921.483
- <i>Initial cost</i>	228		20.291.887.883	20.045.895.811
- <i>Accumulated amortization</i>	229		(5.390.967.787)	(4.767.974.328)
III. Investment property	230		-	-
- Historical costs	231		-	-
- 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	V.9	110.626.640.000	110.752.640.000
1. Investments in subsidiaries	251		-	-
2. Investments in joint ventures and associates	252		103.850.000.000	103.850.000.000
3. Investments in other entities	253		7.091.640.000	7.091.640.000
4. Provisions for devaluation of long-term financial investments	254		(315.000.000)	(189.000.000)
5. Held-to-maturity investments	255		-	-
VI. Other non-current assets	260		1.545.100.117	605.720.616
1. Long-term prepaid expenses	261	V.10	1.545.100.117	605.720.616
2. Deferred income tax assets	262		-	-
3. Long-term components and spare parts	263		-	-
4. Other non-current assets	268		-	-
TOTAL ASSETS	270		291.636.514.682	269.127.304.052

POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4

Address: No. 11 Hoang Hoa Tham, Loc Tho Ward, Nha Trang City, Khanh Hoa Province

FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2019

Balance sheet (cont.)

ITEMS	Code	Note	Ending balance	Beginning balance
C - LIABILITIES	300		116.125.248.315	85.614.028.302
I. Current liabilities	310		116.125.248.315	85.614.028.302
1. Short-term trade payables	311	V.11	14.905.098.003	7.073.904.641
2. Short-term advances from customers	312	V.12	29.357.838.807	29.118.582.670
3. Taxes and other obligations to the State Budget	313	V.13	6.328.255.785	3.814.631.699
4. Payables to employees	314	V.14	45.291.370.876	26.607.464.396
5. Short-term accrued expenses	315	V.15	11.898.983.433	11.898.983.433
6. Short-term inter-company payable	316		-	-
7. Payable according to the progress of construction contracts	317		-	-
8. Short-term unearned revenue	318		-	-
9. Other short-term payables	319	V.16	3.353.920.309	3.408.869.021
10. Short-term borrowings and financial leases	320		-	-
11. Provisions for short-term payables	321		-	-
12. Bonus and welfare funds	322	V.17	4.989.781.102	3.691.592.442
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 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: No. 11 Hoang Hoa Tham, Loc Tho Ward, Nha Trang City, Khanh Hoa Province

FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2019

Balance sheet (cont.)

ITEMS	Code	Note	Ending balance	Beginning balance
D - OWNER'S EQUITY	400		175.511.266.367	183.513.275.750
I. Owner's equity	410		175.511.266.367	183.513.275.750
1. Capital	411	V.18	158.347.450.000	158.347.450.000
- Ordinary shares carrying voting rights	411a		158.347.450.000	158.347.450.000
- Preferred shares	411b		-	-
2. Share premiums	412		-	-
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	339.535.474	339.535.474
9. Business arrangement supporting fund	419		-	-
10. Other funds	420		-	-
11. Retained earnings	421	V.18	17.570.130.953	25.572.140.336
- Retained earnings accumulated to the end of the previous period	421a		684.058.478	25.572.140.336
- Retained earnings of the current period	421b		16.886.072.475	-
12. Construction investment fund	422		-	-
II. Other sources and funds	430		-	-
1. Sources of expenditure	431		-	-
2. Fund to form fixed assets	432		-	-
TOTAL LIABILITIES AND OWNER'S EQUITY	440		291.636.514.682	269.127.304.052

Khanh Hoa, 10 March 2020




 Tran Le Thanh Binh
 Preparer


 Vu Thanh Danh
 Chief Accountant


 Tran Hoai Nam
 General Director

POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4

Address: No. 11 Hoang Hoa Tham, Loc Tho Ward, Nha Trang City, Khanh Hoa Province

FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2019

INCOME STATEMENT
For the fiscal year ended 31 December 2019

Unit: VND

ITEMS	Code	Note	Current year	Previous year
1. Sales	01	VI.1	206.455.105.647	247.466.571.102
2. Sales deductions	02		-	-
3. Net sales	10		206.455.105.647	247.466.571.102
4. Cost of sales	11	VI.2	147.836.605.945	193.558.526.707
5. Gross profit/ (loss)	20		58.618.499.702	53.908.044.395
6. Financial income	21	VI.3	2.210.150.760	11.554.053.517
7. Financial expenses	22	VI.4	129.814.912	(14.531.695)
In which: Loan interest expenses	23		-	2.893.151
8. Selling expenses	25		-	-
9. General and administration expenses	26	VI.5	39.439.303.672	36.561.188.185
10. Net operating profit/ (loss)	30		21.259.531.878	28.915.441.422
11. Other income	31		-	84.438.000
12. Other expenses	32	VI.6	258.877.165	48.597.549
13. Other profit/(loss)	40		(258.877.165)	35.840.451
14. Total accounting profit/ (loss) before tax	50		21.000.654.713	28.951.281.873
15. Current income tax expenses	51	V.13	4.114.582.238	3.730.153.293
16. Deferred income tax expenses	52		-	-
17. Profit/ (loss) after tax	60		<u>16.886.072.475</u>	<u>25.221.128.580</u>
18. Earnings per share	70	VI.7	<u>1.066</u>	<u>1.446</u>
19. Diluted earnings per share	71	VI.7	<u>1.066</u>	<u>1.446</u>

Khanh Hoa, 10 March 2020


Tran Le Thanh Binh
Preparer

Vu Thanh Danh
Chief AccountantTran Hoai Nam
General Director

POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4

Address: No. 11 Hoang Hoa Tham, Loc Tho Ward, Nha Trang City, Khanh Hoa Province

FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2019

CASH FLOW STATEMENT**(Indirect method)****For the fiscal year ended 31 December 2019**

Unit: VND

ITEMS	Code	Note	Current year	Previous year
I. Cash flows from operating activities				
1. Profit/ (loss) before tax	01		21.000.654.713	28.951.281.873
2. Adjustments				
- Depreciation of fixed assets and investment properties	02	V.7; V.8	3.016.997.895	2.625.809.643
- Provisions and allowances	03	V.5; V.9	(1.758.068.673)	(2.566.054.192)
- Exchange gain/ (loss) due to revaluation of monetary items in foreign currencies	04	VI.4	3.814.912	3.575.154
- Gain/ (loss) from investing activities	05	VI.3	(2.206.366.502)	(11.533.232.986)
- Interest expenses	06	VI.4	-	2.893.151
- Others	07		-	-
3. Operating profit/(loss) before changes of working capital	08		20.057.032.345	17.484.272.643
- Increase/(decrease) of receivables	09		(22.341.831.830)	6.589.816.512
- Increase/(decrease) of inventories	10	V.6	358.403.146	4.561.934.795
- Increase/ (decrease) of payables	11		28.722.681.006	2.267.492.578
- Increase/ (decrease) of prepaid expenses	12	V.10	(939.379.501)	305.858.450
- Increase/ (decrease) of trading securities	13		-	-
- Interests paid	14	VI.4	-	(2.893.151)
- Corporate income tax paid	15	V.13	(3.587.044.565)	(3.186.839.476)
- Other cash inflows	16	V.17	18.510.000	19.600.000
- Other cash outflows	17	V.17	(1.530.092.398)	(1.641.319.000)
Net cash flows from operating activities	20		20.758.278.203	26.397.923.351
II. Cash flows from investing activities				
1. Purchases and construction of fixed assets and other long-term assets	21		(2.337.577.163)	(781.848.400)
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		-	-
6. Withdrawals of investments in other entities	26		-	-
7. Interest earned, dividends and profits received	27		2.394.405.236	18.841.023.841
Net cash flows from investing activities	30		56.828.073	18.059.175.441

POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4

Address: No. 11 Hoang Hoa Tham, Loc Tho Ward, Nha Trang City, Khanh Hoa Province

FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2019

Cash flow 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		-	2.000.000.000
4. Repayment for loan principal	34		-	(2.000.000.000)
5. Payments for financial leased assets	35		-	-
6. Dividends and profit paid to the owners	36	V.16; V.18	(22.115.498.126)	(21.765.754.779)
<i>Net cash flows from financing activities</i>	40		<u>(22.115.498.126)</u>	<u>(21.765.754.779)</u>
Net cash flows during the period	50		(1.300.391.850)	22.691.344.013
Beginning cash and cash equivalents	60	V.1	55.930.564.831	33.242.795.972
Effects of fluctuations in foreign exchange rates	61	VI.4	(3.814.912)	(3.575.154)
Ending cash and cash equivalents	70	V.1	<u>54.626.358.069</u>	<u>55.930.564.831</u>

Khanh Hoa, 10 March 2020



Tran Le Thanh Binh
Preparer



Vu Thanh Danh
Chief Accountant



Tran Hoai Nam
General Director

POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4

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

FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2019

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2019

I. GENERAL INFORMATION

1. Ownership form

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

2. Operating field

Consulting service.

3. Principal activities

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

4. Normal operating cycle

Normal operating cycle of the Company is within 12 months.

5. Effects of the Company’s operations during the period on the Financial Statements

Due to effect from business operations of Buon Don Hydropower Joint Stock Company (i.e. dividends are paid in non-cash) in current year, the Company’s business results are also affected; as a results, both sales and profit of the Company are decreased in comparison with those of the year ended 2018.

6. Structure of the Company

Joint ventures and associates

The Company has only invested into Buon Don Hydropower Joint Stock Company located at floor 7, Biet Dien Hotel, No. 1 Ngo Quyen, Thang Loi Ward, Buon Ma Thuot City, Dak Lak Province. Its principal business activities are to manufacture and trade electricity. As of the balance sheet date, capital contribution rate of the Company at this associate is 31%, rate of voting right and possessing right at this associate is equivalent to capital contribution rate.

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

Name of company	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	46/9 Tran Quy Khoach - Tan Dinh Ward - District 1 - Ho Chi Minh City

7. Statement on information comparability on the Financial Statements

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

8. Employees

As of the balance sheet date, there have been 379 employees working for the Company (at the beginning of the year: 416 employees).

POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4

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

FINANCIAL STATEMENTS

For the fiscal year ended 31 December 2019

Notes to the Financial Statements (cont.)

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.

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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 reevaluate 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.

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.

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.

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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" as of the balance sheet date.

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" as of the balance sheet date.

5. Receivables

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

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

- Trade receivables reflect receivables concerning the commercial nature arising from purchase and sale transactions between the Company and customers who are independent to the Company, inclusive of receivables for the exports entrusted to other entities.

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- 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, labors and other directly relevant costs.

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 and expenses of fixed asset repairs. 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 2 years.

Other expenses

Expenses of fixed asset repairs and other expenses arising once with high value are allocated into expenses in accordance with the straight-line method for the maximum period of 3 years.

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.

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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	05 – 08
Vehicles	6
Office equipment	03 - 06

9. Intangible fixed assets

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

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

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

The Company's intangible fixed assets include:

Land use right

Land use right includes all the actual expenses paid by the Company directly related to the land being used such as expenses to obtain the land use right, expenses for house removal, land clearance and ground leveling, registration fees, etc. Fixed-term land use right is amortized over the land using period. 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.

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:

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- 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. Owner's equity

Share capital

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

Treasury shares

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

12. Profit distribution

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

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

Dividends 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.

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Notes to the Financial Statements (cont.)

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

Interest

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

Dividends and profit shared

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

14. Construction contracts

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

When the results from the contract implementations are reliably estimated:

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

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

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

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

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

15. 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.

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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:
 - 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 information

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.

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Notes to the Financial Statements (cont.)

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.

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	137.478.000	3.123.951.000
Demand deposits in bank	22.488.880.069	2.806.613.831
Cash equivalents (<i>time deposits of which the principal maturity is under 3 months</i>)	32.000.000.000	50.000.000.000
Total	<u>54.626.358.069</u>	<u>55.930.564.831</u>

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Notes to the Financial Statements (cont.)**2. Short-term/ long-term trade receivables****2a. Short-term trade receivables**

	<u>Ending balance</u>	<u>Beginning balance</u>
Receivables from related parties	610.545.454	293.017.451
Vietnam Electricity (EVN)	373.090.909	-
Power Engineering Consulting Joint Stock Company 2	237.454.545	-
Buon Don Hydropower Joint Stock Company	-	151.951.297
Power Engineering Consulting Joint Stock Company 1	-	141.066.154
Receivables from other customers	82.328.710.458	60.018.834.298
Management Board of Central Electricity Project	34.838.324.455	11.280.572.369
Electricity Project Management Board 3	9.776.674.601	-
Hydropower Project Management Board 5	-	7.206.578.880
Other customers	37.713.711.402	41.531.683.049
Total	<u>82.939.255.912</u>	<u>60.311.851.749</u>

2b. Long-term trade receivables

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

3. Short-term prepayments to suppliers

	<u>Ending balance</u>	<u>Beginning balance</u>
Lilama 69-1 Joint Stock Company	615.000.000	615.000.000
Gia Phat Construction Service and Trading Company Limited	600.000.000	-
Ha Noi Power Construction Consulting Co., Ltd.	400.000.000	400.000.000
Le Nguyen Construction Co., Ltd.	397.101.100	397.101.100
TEP Co., Ltd.	-	456.622.650
Other suppliers	1.484.493.715	2.043.378.938
Total	<u>3.496.594.815</u>	<u>3.912.102.688</u>

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

	<u>Ending balance</u>		<u>Beginning balance</u>	
	<u>Value</u>	<u>Allowance</u>	<u>Value</u>	<u>Allowance</u>
Receivables from related parties	5.657.748.000	-	5.657.748.000	-
Buon Don Hydropower Joint Stock Company - dividends and profits shared	5.657.748.000	-	5.657.748.000	-
Receivables from other organizations and individuals	1.894.300.277	-	1.927.522.460	-
Advances	1.548.902.280	-	1.588.791.491	-
Employees receivables	60.000.000	-	40.000.000	-
Other short-term receivables	285.397.997	-	298.730.969	-
Total	<u>7.552.048.277</u>	<u>-</u>	<u>7.585.270.460</u>	<u>-</u>

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4b. Other long-term receivables

Long-term deposits and mortgages.

5. Doubtful debts

	Ending balance		Beginning balance	
	Outstanding period	Original costs	Outstanding period	Recoverable amount
Nhan Luat Energy JSC		-	- Over 3 years	3.054.527.900
La Ngau Power Joint Stock Company	Over 3 years	2.481.247.709	- Over 3 years	2.481.247.709
TECCO 533		-	- Over 3 years	312.000.000
Binh Dinh Hydropower JSC		-	- Over 3 years	114.728.435
Total		2.481.247.709		5.962.504.044
				1.632.068.673

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

	Current year	Previous year
Beginning balance	4.330.435.371	6.875.489.563
Amount additionally made	1.632.068.673	4.848.478.681
Treating debts	(3.481.256.335)	(7.393.532.873)
Ending balance	2.481.247.709	4.330.435.371

6. Inventories

	Ending balance		Beginning balance	
	Original costs	Allowance	Original costs	Allowance
Materials and supplies	430.183.834	-	411.447.919	-
Tools	72.364.779	-	122.638.291	-
Work in progress	6.704.447.736	-	7.031.313.285	-
Total	7.206.996.349	-	7.565.399.495	-

7. Tangible fixed assets

	Buildings and structures	Machinery and equipment	Vehicles	Office equipment	Total
	Historical costs				
Beginning balance	10.104.595.287	13.924.201.927	12.890.661.147	2.069.259.711	38.988.718.072
Purchases during the year	-	30.800.000	1.949.476.000	111.309.091	2.091.585.091
Ending balance	10.104.595.287	13.955.001.927	14.840.137.147	2.180.568.802	41.080.303.163
<i>In which:</i>					
Assets fully depreciated but still in use	773.606.927	7.837.767.082	10.792.621.147	1.050.180.892	20.454.176.048
Assets waiting for liquidation	-	-	-	-	-

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	Buildings and structures	Machinery and equipment	Vehicles	Office equipment	Total
Depreciation					
Beginning balance	5.676.436.847	10.407.483.439	12.024.656.514	1.281.495.292	29.390.072.092
Depreciation during the year	450.321.192	1.177.254.076	517.409.067	249.020.101	2.394.004.436
Ending balance	6.126.758.039	11.584.737.515	12.542.065.581	1.530.515.393	31.784.076.528
Net book value					
Beginning balance	4.428.158.440	3.516.718.488	866.004.633	787.764.419	9.598.645.980
Ending balance	3.977.837.248	2.370.264.412	2.298.071.566	650.053.409	9.296.226.635
<i>In which:</i>					
Assets temporarily not in use	-	-	-	-	-
Assets waiting for liquidation	-	-	-	-	-

8. Intangible fixed assets

	Land use right	Computer software	Total
Initial cost			
Beginning balance	16.557.463.000	3.488.432.811	20.045.895.811
Purchase during the year	-	245.992.072	245.992.072
Ending balance	16.557.463.000	3.734.424.883	20.291.887.883
<i>In which:</i>			
Assets fully depreciated but still being in use	-	2.270.694.411	2.270.694.411
Amortization			
Beginning balance	2.075.434.905	2.692.539.423	4.767.974.328
Amortization during the year	345.206.852	277.786.607	622.993.459
Ending balance	2.420.641.757	2.970.326.030	5.390.967.787
Net book value			
Beginning balance	14.482.028.095	795.893.388	15.277.921.483
Ending balance	14.136.821.243	764.098.853	14.900.920.096
<i>In which:</i>			
Temporarily not yet used	-	-	-
To be liquidated	-	-	-

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Notes to the Financial Statements (cont.)

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:

	Ending balance		Beginning balance	
	Original costs	Allowance	Original costs	Allowance
<i>Investment into associates</i>	103.850.000.000	-	103.850.000.000	-
Buon Don Hydropower Joint Stock Company ⁽ⁱ⁾	103.850.000.000	-	103.850.000.000	-
<i>Capital contribution into other entities</i>	7.091.640.000	(315.000.000)	7.091.640.000	(189.000.000)
Son Giang Power Joint Stock Company ⁽ⁱⁱ⁾	5.000.000.000	-	5.000.000.000	-
EVN International Joint Stock Company	1.050.000.000	(315.000.000)	1.050.000.000	(189.000.000)
Khanh Hoa - Ha Noi Development Investment Joint Stock Company	1.041.640.000	-	1.041.640.000	-
Total	110.941.640.000	(315.000.000)	110.941.640.000	(189.000.000)

(i) Pursuant to the 7th amended Business Registration Certificate No. 6000884487 dated 26 December 2019 granted by Department of Planning and Investment of Daklak Province, the Company has invested into Buon Don Hydropower Joint Stock Company at proportion of 31% of charter capital. During the year, Buon Don Hydropower Joint Stock Company has paid dividends in 2.263.099 shares. As of the date of balance sheet, the Company has held 16.407.469 shares equivalent to 31% of charter capital of Buon Don Hydropower Joint Stock Company (those of the previous year was 14.144.370 shares equivalent to 31% of charter capital).

(ii) Pursuant to Business Registration Certificate No. 4401028708 dated 22 November 2016 granted by Department of Planning and Investment of Phu Yen Province, the Company has invested into Son Giang Power Joint Stock Company at proportion of 30% of charter capital. Based on Resolution No. 535/NQ-HĐQT of the Board of Management, the Company has decided to stop investment into Son Giang Power Joint Stock Company. As of the balance sheet date, the Company has held 500.000 shares.

Fair value

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.

Provision for capital contribution into other entities

Fluctuation of provision for capital contribution into other entities is as follows:

	Current period	Previous period
Beginning balance	189.000.000	210.000.000
Provision additionally made	126.000.000	-
Reversal of provision	-	(21.000.000)
Ending balance	315.000.000	189.000.000

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Transactions with associates

During the year, the Company does not have any transactions with associates. The Company had the only transaction of taking dividends from Buon Don Hydropower Joint Stock Company - associate - with amount of VND 17.680.462.500 in the previous year.

10. Long-term prepaid expenses

	<u>Ending balance</u>	<u>Beginning balance</u>
Tools	1.076.480.271	489.444.602
Other long-term prepaid expenses	468.619.846	116.276.014
Total	<u>1.545.100.117</u>	<u>605.720.616</u>

11. Short-term trade payables

11a. Short-term trade payables

	<u>Ending balance</u>	<u>Beginning balance</u>
<i>Payables to related parties</i>	486.117.779	627.183.933
Power Engineering Consulting Joint Stock Company 1	486.117.779	627.183.933
<i>Payables to other suppliers</i>	14.418.980.224	6.446.720.708
Survey and Aerial Mapping One Member Limited Liability Company (SAMCOM Co., Ltd.)	2.572.918.259	-
TEP Co., Ltd.	1.391.552.250	-
Other suppliers	10.454.509.715	6.446.720.708
Total	<u>14.905.098.003</u>	<u>7.073.904.641</u>

11b. Outstanding payables

The Company does not have outstanding payables.

12. Short-term advances from customers

	<u>Ending balance</u>	<u>Beginning balance</u>
<i>Advances from related parties</i>	-	89.045.455
Power Engineering Consulting Joint Stock Company 2	-	89.045.455
<i>Advances from other suppliers</i>	29.357.838.807	29.029.537.215
Southern Electricity Project Management Board	2.160.072.457	9.249.996.260
Project Management Board of Southern Power Projects	3.480.166.297	1.061.489.980
Phuoc Minh Solar Power Joint Stock Company	3.053.932.326	-
Others	20.663.667.727	18.718.050.975
Total	<u>29.357.838.807</u>	<u>29.118.582.670</u>

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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>
Vietnam Electricity (EVN) - Interest on bonds payable	1.659.879.935	1.659.879.935
<i>Payables to other organizations and individuals</i>	<i>1.694.040.374</i>	<i>1.748.989.086</i>
Trade Union's Expenditure Payable for equitization	1.220.185.992	1.448.013.337
Dividends and profit payable	2.100.000	2.100.000
Other short-term payables	112.390.139	149.577.465
	359.364.243	149.298.284
Total	<u>3.353.920.309</u>	<u>3.408.869.021</u>

The Company does not have outstanding other payables.

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	2.625.766.779	1.522.112.858	18.510.000	(905.700.000)	3.260.689.637
Welfare fund	1.065.825.663	1.000.000.000	-	(624.392.398)	1.441.433.265
Bonus fund for the Executive Officers	-	287.658.200	-	-	287.658.200
Total	<u>3.691.592.442</u>	<u>2.809.771.058</u>	<u>18.510.000</u>	<u>(1.530.092.398)</u>	<u>4.989.781.102</u>

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

	<u>Ending balance</u>	<u>Beginning balance</u>
Vietnam Electricity (EVN)	113.356.100.000	113.359.100.000
Other shareholders	44.991.350.000	44.988.350.000
Total	<u>158.347.450.000</u>	<u>158.347.450.000</u>

As of 31 December 2019, the Company has fully contributed the registered charter capital at amount of VND 158.347.450.000.

18c. Shares

	<u>Ending balance</u>	<u>Beginning balance</u>
Number of shares registered to be issued	15.834.745	15.834.745
Number of shares already sold to the public	15.834.745	15.834.745
Number of shares re-purchased	(64.523)	(64.523)
Number of outstanding shares	15.770.222	15.770.222

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

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18d. Profit distribution

During the year, the Company has distributed profit of the year ended 2018 in line with Resolution of 2019 annual shareholders' meeting dated 25 April 2019 as follows:

	<u>Amount (VND)</u>
• Sharing dividends to shareholders	22.078.310.800
• Appropriation for bonus and welfare funds	2.522.112.858
• Appropriation for bonus to the Executive Officers	287.658.200
Total	24.600.423.658

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

As of the balance sheet date, cash include USD 468,78 (Beginning balance: USD 54,592.18).

19b. Treated doubtful debts

	<u>Ending balance</u>	<u>Beginning balance</u>	<u>Reasons for writing off</u>
Management Board of Construction Project of Krông Hnăng District	74.829.000	74.829.000	Customer has already dissolved
Management Board of Quang Nam ODA Capital Investment Project	93.552.683	93.552.683	Customer has already dissolved
Po E Hydropower Joint Stock Company	700.000.000	700.000.000	Customer has already dissolved
Underground Construction Joint Stock Company	2.969.910.000	2.969.910.000	Project is withdrawn
Management Board of Buon Don Projects	56.815.007	56.815.007	Not finding customers
Song Da Joint Stock Company 12 - Nguyen Loc	1.619.979.530	1.619.979.530	Not finding customers
Hoang Anh Joint Stock Company - Ban Me	2.920.004.170	2.920.004.170	Not finding customers
Duc Long Gia Lai Group Joint Stock Company	5.318.864.000	5.318.864.000	Project is withdrawn
Northern Electricity Development and Investment Joint Stock Company	5.919.992.822	5.919.992.822	Customer has already dissolved
Nho Que 1 Hydropower Joint Stock Company	6.037.929.873	6.037.929.873	Cannot contact with customer
Finance and Energy Development Joint Stock Company	1.355.603.000	1.355.603.000	Cannot contact with customer
Nhan Luat Energy JSC	3.054.527.900	-	Customer suspended business
TECCO 533	312.000.000	-	Project not implemented
Binh Dinh Hydropower JSC	114.728.435	-	Project not implemented
Total	<u>30.548.736.420</u>	<u>27.067.480.085</u>	

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Notes to the Financial Statements (cont.)**VI. ADDITIONAL INFORMATION ON THE ITEMS OF THE INCOME STATEMENT****1. Sales****1a. Gross sales**

Sales from survey and design activities.

1b. Sales to related parties

Apart from transactions on sales of goods and service provision to associates presented No. V.9, the Company has had transactions on sales of goods and service provision to related parties which are not associates as follows:

	<u>Current year</u>	<u>Previous year</u>
Vietnam Electricity (EVN)	373.090.909	-
Power Engineering Consulting Joint Stock Company 2	296.818.182	-

2. Costs of goods sold

Costs of survey and design activities

3. Financial income

	<u>Current year</u>	<u>Previous year</u>
Gains from bank deposits	1.706.366.502	1.160.694.986
Dividends and profit shared	500.000.000	10.372.538.000
Gains from realized foreign exchange difference	3.784.258	20.820.531
Total	<u>2.210.150.760</u>	<u>11.554.053.517</u>

4. Financial expenses

	<u>Current year</u>	<u>Previous year</u>
Loan interest expenses	-	2.893.151
Loss from foreign exchange difference due to re-valuation of monetary items in foreign currencies	3.814.912	3.575.154
Provision for/ Reversal of provision for devaluation of trading securities and investment loss.	126.000.000	(21.000.000)
Total	<u>129.814.912</u>	<u>(14.531.695)</u>

5. General and administration expenses

	<u>Current year</u>	<u>Previous year</u>
Expenses for employees	18.941.458.075	18.838.896.235
Office equipment	851.435.809	449.794.123
Depreciation of fixed assets	210.569.036	88.118.449
Taxes, fees and legal fees	30.495.707	67.756.632
Provision for bad debts	1.632.068.673	4.848.478.681
External service rendered	784.797.164	1.257.617.047
Other expenses	16.988.479.208	11.010.527.018
Total	<u>39.439.303.672</u>	<u>36.561.188.185</u>

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6. Other expenses

	<u>Current year</u>	<u>Previous year</u>
Penalty due to contract violation	258.380.689	48.574.959
Late payment of tax	496.476	22.590
Total	<u>258.877.165</u>	<u>48.597.549</u>

7. Earnings per share

7a. Basic/diluted earnings per share

	<u>Current year</u>	<u>Previous year</u>
Accounting profit after corporate income tax	16.886.072.475	25.221.128.580
Appropriation for bonus and welfare fund	-	(2.809.771.058)
Profit used to calculate basic/diluted earnings per share	16.886.072.475	22.411.357.522
The average number of ordinary shares outstanding during the year	15.834.745	15.496.124
Basic/diluted earnings per share	<u>1.066</u>	<u>1.446</u>

7b. Other information

Earnings per share of previous year are re-calculated due to deduction of amount appropriated for bonus and welfare fund when determination of profit used to calculate basic earnings per share in line with Circular No. 200/2014/TT-BTC dated 22 December 2014 of Ministry of Finance. This application of new regulations make earnings per share of previous year increase from VND 1.440 to VND 1.446.

8. Operating expenses

	<u>Current year</u>	<u>Previous year</u>
Materials and supplies	8.268.028.628	9.203.330.486
Labors	105.215.676.440	99.871.542.534
Depreciation of fixed assets	3.016.997.895	2.625.809.643
External service rendered	35.880.664.979	82.983.225.281
Other expenses	34.567.676.126	30.866.939.416
Total	<u>186.949.044.068</u>	<u>225.550.847.360</u>

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 Hydropower Project of Buon Don Hydropower Joint Stock Company*”, the Board of Management of the Company has adopted commitment on supporting capital loans for Srêpôk 4A Hydropower Project of Buon Don Hydropower 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 credit agreement 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 Hydropower 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 settle liabilities of Buon Don Hydropower Joint Stock Company.

2. Balances and transactions with related parties

The Company's related parties include key managers, their related individuals and other related parties.

2a. Balances and transactions with key managers and individuals related to key managers

Key managers include members of the Board of Management and 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 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

	<u>Current year</u>	<u>Previous year</u>
Salary	2.574.906.339	2.987.288.150
Remuneration	335.280.000	280.000.000
Total	<u>2.910.186.339</u>	<u>3.267.288.150</u>

2b. Balances and transactions with other related parties

Other related parties with the Company include:

<u>Other related parties</u>	<u>Relationship</u>
Vietnam Electricity (EVN)	Parent company possessing 71,59% shares
Power Engineering Consulting Joint Stock Company 1	Subsidiary of EVN
Power Engineering Consulting Joint Stock Company 2	Subsidiary of EVN
Buon Don Hydropower Joint Stock Company	Associate possessing 31% of charter capital

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>
<i>Vietnam Electricity (EVN)</i>		
Dividends payable	15.870.274.000	15.666.510.462
Repayment of dividends	15.870.274.000	15.666.510.462
<i>Power Engineering Consulting Joint Stock Company 1</i>		
Offsetting against debts	141.066.154	-

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Price of service provision to other related parties is arm's length price. Purchasing services from other related parties is done according to arm's length price.

Liabilities with other related parties

Liabilities with other related parties are presented in Notes V.2a, V.4a, V.11, V.12 and 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 business segment of the Company is to provide survey and design consulting service and the geographical segment of the Company is 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.

4a. 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 ability, request for opening L/C or collaterals applied for entities having the first transactions or not yet having information on financial ability. In addition, accountant constantly follows up accounts receivable to speed up recovery.

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

Bank deposits

Most bank deposits of the Company are deposited at domestic banks. The Board of Directors recognizes that there are no material credit risk of these deposits.

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	Already overdue or impaired	Total
Ending balance			
Cash and cash equivalents	54.626.358.069	-	54.626.358.069
Receivable from customers	82.286.200.324	2.481.247.709	84.767.448.033
Other receivables	6.042.575.997	-	6.042.575.997
Available-for-sale financial assets	1.041.640.000	1.050.000.000	2.091.640.000
Total	143.996.774.390	3.531.247.709	147.528.022.099

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	<u>Not yet ovedue or not impaired</u>	<u>Already overdue or impaired</u>	<u>Total</u>
Beginning balance			
Cash and cash equivalents	55.930.564.831	-	55.930.564.831
Receivable from customers	57.809.608.499	4.330.435.371	62.140.043.870
Other receivables	6.045.908.969	-	6.045.908.969
Available-for-sale financial assets	1.041.640.000	1.050.000.000	2.091.640.000
Total	<u>120.827.722.299</u>	<u>5.380.435.371</u>	<u>126.208.157.670</u>

4b. *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:

	<u>From 1 year or less</u>	
	<u>Ending balance</u>	<u>Beginning balance</u>
Trade payables	14.905.098.003	7.073.904.641
Other payables	14.032.717.750	13.859.839.117
Total	<u>28.937.815.753</u>	<u>20.933.743.758</u>

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.

4c. *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 risk arising from material price.

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Sensitivity analysis, the appreciations below related to financial situation of the Company as of 31 December 2019 and 31 December 2018 base on net liability value. Change level of price arising from materials/ goods used to analyze sensitivity is based on appreciating ability to cause within the next year with visible condition of current market.

Risk arising from materials price

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

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

4d. 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 2019 and 31 December 2018.

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	54.626.358.069	-	55.930.564.831	-
Receivables from customers	82.286.200.324	(2.481.247.709)	57.809.608.499	(4.330.435.371)
Other receivables	6.042.575.997	-	6.045.908.969	-
Available-for-sale financial assets	1.041.640.000	(315.000.000)	1.041.640.000	(189.000.000)
Total	<u>143.996.774.390</u>	<u>(2.796.247.709)</u>	<u>120.827.722.299</u>	<u>(4.519.435.371)</u>

Financial liabilities

Carrying values of financial liabilities are as follows:

	<u>Ending balance</u>	<u>Beginning balance</u>
Trade payables	14.905.098.003	7.073.904.641
Other payables	14.032.717.750	13.859.839.117
Total	<u>28.937.815.753</u>	<u>20.933.743.758</u>

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 6 November 2009 of Ministry of Finance and the prevailing regulations.

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6. Subsequent events

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

Khanh Hoa, 10 March 2020



Tran Le Thanh Binh
Preparer



Vu Thanh Danh
Chief Accountant



Tran Hoai Nam
General Director

POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4

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Appendix 01: Statement of fluctuation in owner's equity

Unit: VND

	<u>Capital</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	(745.850.060)	10.969.150.607	1.721.694.867	25.009.516.200	182.950.651.614
Increase of capital from other funds belonging owner's equity	12.351.310.000	-	(10.629.615.133)	(1.721.694.867)	-	-
Profit in previous year	-	-	-	-	25.221.128.580	25.221.128.580
Appropriation for bonus and welfare funds from retained earnings of the year 2017	-	-	-	-	(2.500.951.600)	(2.500.951.600)
Appropriation for bonus fund to the Executive Officers from retained earnings of the year 2017	-	-	-	-	(362.357.000)	(362.357.000)
Sharing dividends from profit of the year 2017	-	-	-	-	(21.795.195.844)	(21.795.195.844)
Ending balance of previous year	158.347.450.000	(745.850.060)	339.535.474	-	25.572.140.336	183.513.275.750
Beginning balance in current year	158.347.450.000	(745.850.060)	339.535.474	-	25.572.140.336	183.513.275.750
Profit in current year	-	-	-	-	16.886.072.475	16.886.072.475
Appropriation for bonus and welfare funds from retained earnings of the year 2018	-	-	-	-	(2.522.112.858)	(2.522.112.858)
Appropriation for bonus fund to the Executive Officers from retained earnings of the year 2018	-	-	-	-	(287.658.200)	(287.658.200)
Sharing dividends from profit of the year 2018	-	-	-	-	(22.078.310.800)	(22.078.310.800)
Ending balance of current year	158.347.450.000	(745.850.060)	339.535.474	-	17.570.130.953	175.511.266.367



Tran Le Thanh Binh
Preparer



Vu Thanh Danh
Chief Accountant



Trần Hoàn Nam
General Director

Khánh Hòa, 10 March 2020



**Now,
for tomorrow**

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