

VES: Explanation for the 2011 loss and the 2012 plan

Meca Vneco Investment and Electricity Construction Joint Stock Company (MECA VNECO JSC) has explained the 2011 loss and the 2012 plan to solve the loss as follows:

1. The 2011 business results:

a. Results:

Unit: dongs

Items	Erection service	Other services	Total
1. Revenue	21,329,255,661	1,350,757,575	22,680,013,236
2. Cost	19,692,079,751	783,017,191	20,475,096,942
3. Gross profit	1,637,175,910	567,740,384	2,204,916,294
4. Financial income			84,856,483
5. Financial expenses			6,406,703,760
6. Administrative expenses			2,664,041,342
7. Net profit			-6,780,972,325
8. Other profit			-112,329,347
9. Total profit before tax			-6,893,301,672

b. Reasons of the loss:

Unit: bil. dongs

Items	Plan	Results	Change
Revenue	66.398	22.680	-43.718
Profit	3.500	-6.893	-10.393

- In 2011, some difficulties at construction projects made revenue decrease at 22.680 bil. dongs and profit just at -6.893 bil. dongs.
 - The company did not reach the target of revenue and the fixed expenses did not decrease.
 - In 2011, the company continued investing in the VNECO Plaza at 277 Ben Binh Dong, Ward 14, Dist. 8, HCMC. which was delayed because its construction license was not passed and it made the loan interest increase.

- The company had to pay the high interest in 2011, so the financial activities lose 6.406 bil. dongs with 2.902 bil. dongs of interest expenses, 2.700 bil. dongs of investment liquidation and 0.805 bil. dongs of security devaluation provision.
2. The 2012 business plan:
 - a. The current activities:
 - Erection of electric grids and substations
 - Tourism and hotel services
 - Investment in 277 Ben Binh Dong, Ward 14, Dist. 8, HCMC.
 - b. The 2012 revenue targets:
 - Erection of electric grids and substations: 35,963 mil. dongs
 - Tourism and hotel services: 1,560 mil. dongs
 - Financial activities: 100 mil. dongs
 - Total: 37,623 mil. dongs
 3. The 2012 revenue & profit targets:

Unit: mil. dongs

- a. Revenue: 37,523
 - Erection of electric grids and substations: 35,963
 - Tourism and hotel services: 1,560
 - Investment in 277 Ben Binh Dong, Ward 14, Dist. 8, HCMC.
- b. Cost: 30,098
- c. Gross profit: 7,425
- d. Financial income: 100
- e. Financial expenses: 2,615
- f. Administrative expenses: 1,900
- g. Profit before tax: 3,010
- h. Income tax: 376
- i. Profit after tax: 2,634