

VIETNAM ELECTRICITY



POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4

ANNUAL REPORT 2016



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Vision



PECC4 will do his utmost to become top - ranking Consultants providing power consulting services in Vietnam and region.

Mission



PECC4 strives to become top-ranking consulting services suppliers in electricity sector with advance technologies, techniques, and financial efficiency throughout philosophy "PECC4's existence is to create successes for Clients and Clients' successes is also for PECC4's".



PECC4 focuses to bring best benefits to Clients by closely cooperation during entire process of providing services and wholeheartedly fulfil all his commitments. PECC4 commits to ensure it's services equal or above contractual requirements in order to create values to Clients, Shareholders, Partners. This also creates prosperity for PECC4 itself.



Responsibility

Mutual respect, creativity promotion

Orientation to Overall Objectives

Core Value

Honesty

Sharing of Ownership



MESSAGE

FROM THE CHAIRMAN OF THE BOARD



Dear All Shareholders -

Power Engineering Consulting Joint Stock Company 4,

During 2016, executed following planned targets with momentum of hard working emulation, towards the Ceremony of 40 years - Construction and Development; and concentrated following Viet Nam Electricity's Program 2016 "Enterprises Management Capability Enhancement", the Company's business activities have developed continuously and steadily.

In 2016, the business activities have been conducted efficiently leading to increase of turnover and profit. Until December 31th 2016, the Company has successfully fulfilled the planned targets which were approved by the Annual Shareholder General Meeting.

A large volume of power source and grid projects in numerous stages have been implemented by the Company, in which, many key and urgent projects have contributed to enhancement of projects investment efficiency of Viet Nam Electricity.

The Company has strongly carried out and completed many tasks of maintenance, repair, improvement of power plants in Viet Nam. In addition, the Company is one among the pioneers who have actively studied, carried out and completed many studies in the field of solar energy, in which there are some floating solar plants at hydropower reservoirs in the Central and Highland region; Approached to many investors inside and outside the Sector, opening job opportunity for 2017 and next coming years.

Implementation following Program of Capability Enhancement and Sustainable Development in period 2015 – 2020, the tasks of study, technology application in the fields of operation have been carried out.

The Company has been carrying out building of methods enhancing management capability, in which, concentrated into building of Key Person Index (KPIs) system – a modern management tool.

For year 2017, event though the Company's financial situation has had some advantage aspects, but ensuring the completion of planned targets will be also a big challenge, requiring drastically in steering, controlling of Company's Leaders and creativity efforts of all staffs.

On the basis of actual situations foreseen, the Company has set out targets, tasks of business production plan 2017 as follows:

(1) Increasing turnover, profit, comprehensively completing the planed targets 2017; Improving efficiency of business and production.

(2) Enhancement of consulting capability: Expanding market and consulting fields; Strongly development of technology and science; Enhancing quality of products, services, ensuring requirement of Clients.

(3) Improving apability and effeciency of company governance.

Promoting the sound tradition over 40 years – construction and development, Leaders and all staffs of Power Engineering Consulting Joint Stock Company 4 unanimously determine, jointly effort to overcome difficulties, sucessfully complete the planned targets and tasks 2017, sustaining steadily development.

We would like to thank all Shareholders for your support, sharing and cooperation!

40 YEARS - CONSTRUCTION AND DEVELOPMENT



14/7/1976

- Established the Sub-Institute of Southern Power Design and Planning, under the Institute of Electrical Design and Planning (Ministry of Electricity and Coal). To be the first unit of power design of the South after liberation.

03/6/1999

- Transferred to Power Engineering Consulting Company 4, a member of Vietnam Electricity

17/1/2007

- Transferred to Power Engineering Consulting Joint Stock Company 4, Vietnam Electricity holds governing shares

01/8/2007

- The first Certificate of Business was granted by Khanh Hoa Provincial Planning and Investment Department, and officially operated under joint stock company patterns

22/7/2008

- Company's shares were officially listed in Hanoi Stock Exchange under the code TV4



Ceremony of awarded Second Class Independence Medal



In period 2013 – 2016, TV4 is one among 30 firms with best transparently listed on HNX

CEREMONY OF 40 YEARS – CONSTRUCTION AND DEVELOPMENT 14/07/1976 – 14/07/2016



With ceaselessly efforts and excellent working results from numerous generations, and with a large contribution to the mission of building and developing Viet Nam Electricity during recent 40 years, Power Engineering Consulting Joint Stock Company 4 has been honorably awarded the Second Class Independence Medal by the State. In the Ceremony of 40 years – Company Establishment, many noble merits from the State have been honorably awarded to the Company’s units and individuals.



On the road of 40 years – construction and development, with the important mission is consulting for power works construction. By creatively working process, and with efforts overcoming any difficulties, challenges, the generations of officials, engineers belonging to Nha Trang Sub-institute of Electricity Design (period 1982-1999) and officials, engineers of Power Engineering Consulting Joint Stock Company 4 (period 2000-present) have had significantly contributions to the development of Viet Nam electricity system.



With a large volume of survey, design has been fulfilled for more than 2,000km of 500kV transmission lines, 10,000 MVA of 500kV substations, 3,500 km of 220kV transmission lines, 9,000 MVA of 220 – 100kV substations; more than 30 hydropower plants with installed capacity 3,920MW; nearly 10 thermal power projects with installed capacity exceeding 5,900 MW.

In which, hundreds of projects have been and being under operation, contributing a significant portion to the mission of social-economic construction and development for the Country in generally and for the Central region in particularly.

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I. SUMMARY INFORMATION

1- General Information

2- Operation Fields

3- Administrative Model, Organization and Management Mechanism

4- Risks



EVN PECC4



GENERAL INFORMATION

Name	Power Engineering Consulting Joint Stock Company 4
Certificate of Business and Tax Code	4200385474
Charter Capital	145,996,140,000 VND
Owner Equity	145,996,140,000 VND
Head Office	11 Hoang Hoa Tham, Loc Tho ward, Nha Trang city, Khanh Hoa province, Viet Nam
Telephone	058. 3563999
Fax	058. 3563888
Website	www.pecc4.vn
Share Code	TV4

Affiliates

1. Northern Affiliate: Lot 3, TT4,
Corner 183 Hoang Van Thai,
Khuong Trung ward, Thanh Xuan district,
Ha Noi city, Viet Nam.
2. Southern Affiliate: No. 28B
Dang Tat street, Tan Dinh ward, District 1,
Ho Chi Minh city, Viet Nam.



OPERATION FIELDS

+ Consulting for construction of works: power source, power grid, new and renewable energy, electricity telecommunication, transportation, irrigation, technical infrastructure and civil, industrial works.



OPERATION FIELDS

- + Consulting for construction investment management;
- + Inspecting, evaluating and certifying of conditions for safety loading, certifying of conformity for constructional works' quality. Testing of water analysis, testing of soil-rock physical-mechanical properties, testing of work foundations and constructional materials. Testing for inspecting of works quality;
- + Producing and trading of electricity;
- + Other businesses allowable by laws;



Surveying for solar power on Da Mi HPP reservoir

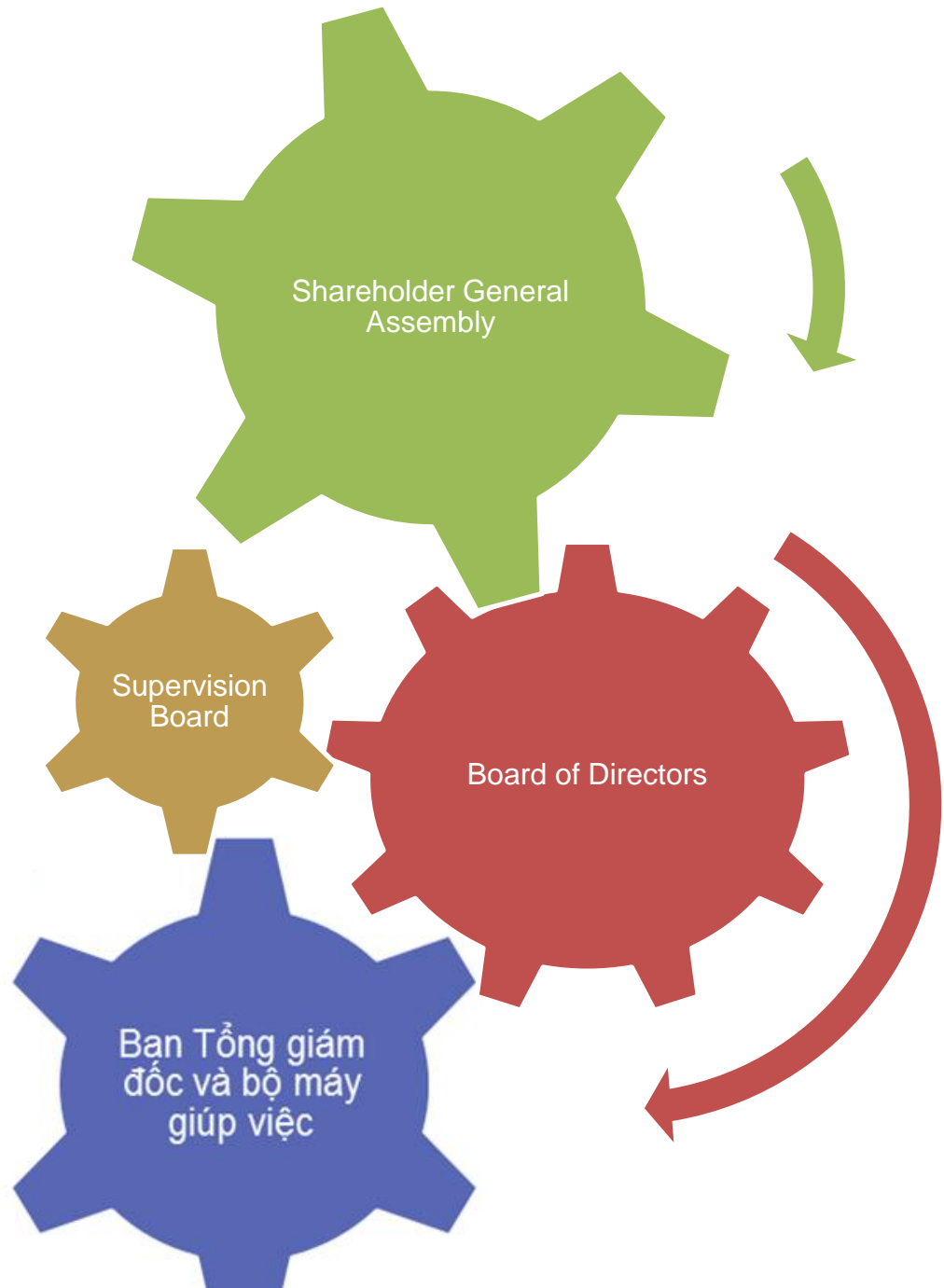


Engineering geological survey drilling for Bac Ai PSPP

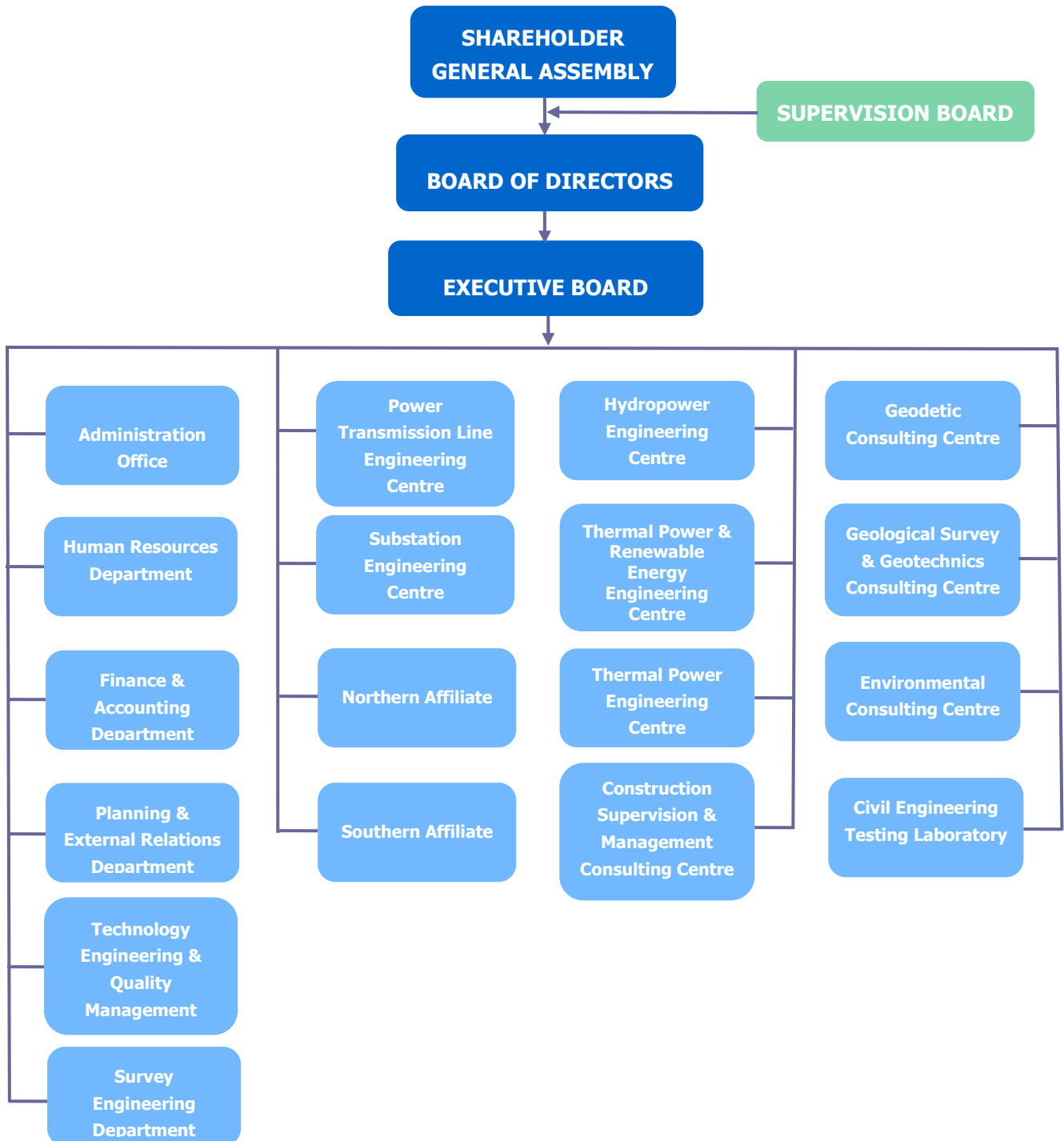
BUSINESS TERRITORY

PECC4 carries out consulting for construction of power works for Clients in Viet Nam and other countries in the Southeast Asia such as Laos, Cambodia.

ADMINISTRATIVE MODEL



ORGANIZATION CHART



BOARD OF DIRECTORS



Mr. PHAM MINH SON

Chairman of the Board – General Director

Date of Birth : October 14th, 1959

Nationality : Vietnamese

Address: 17 Le Lai – Nha Trang - Khanh Hoa

Qualification: Master of Business Administration (MBA), Architect, Electrical Engineer

Awarded:

- First Class Labor Medal
- National Emulator

Experience:

- Worked in PECC4 from 1984.
- From 2001: Director of Power Engineering Consulting Company 4
- From August/2007 to present: Chairman of the Board, General Director.



Mr. TRAN HOAI NAM

Member of the Board – Deputy General Director

Date of Birth : March 4th, 1960

Nationality : Vietnamese

Address: 12A Buu Doa - Nha Trang - Khanh Hoa

Qualification: Electrical Engineer

Awarded: Second Class Labor Medal

Experience:

- Worked in PECC4 from 1983.
- From 2006: Deputy General Director of Power Engineering Consulting Joint Stock Company
- From April/2012 to present: Member of the Board – Deputy General Director.

BOARD OF DIRECTORS



Mr. NGUYEN DUY BINH

Member of the Board

Date of Birth : January 22nd, 1967

Nationality : Vietnamese

Address: 74/17 Truong Quoc Dung, Ward 10,
Phu Nhuan District, Ho
Chi Minh City

Qualification: *Electrical Engineer*

Experience:

*-Period 1996 – 2013, worked in Alstom Company
(Switzerland)*

*-From 2014, worked in Vietnam Electricity.
Presently, Deputy Director of Technical and
Operational Department – EVN*

-Member of the Board from April/2015.



Mr. TRAN VAN THO

Independent Member of the Board

Date of Birth : May 12th, 1952

Nationality : Vietnamese

Address: Unit 62, Trung Tu Ward, Dong Da
District, Ha Noi City

Qualification: *Hydraulic-Hydropower Engineer*

Awarded: *Second Class Labor Medal*

Experience:

-From 1975: Worked in Vietnam Electricity Sector

*-From 2003: Deputy Director of Power
Engineering Consulting Company*

*-From August/2007: Member of the Board of
Directors.*

BOARD OF DIRECTORS



Mr. VU THANH DANH

Member of the Board – Chief Accountant

Date of Birth : August 18th, 1964

Nationality : Vietnamese

Address: 78/37 Tue Tinh – Nha Trang - Khanh Hoa

Qualification: Master of Business Administration (MBA), Bachelor of Finance-Credit.

Awarded: Second Class Labor Medal

Experience:

- Worked in PECC4 from 1988.
- From 1997: Manager of Finance Department, Chief Accountant of Power Engineering Consulting Company 4.
- From April/2012 to present: Member of the Board – Chief Accountant.

BOARD OF SUPERVISORS



Mr. HO NAM KHANH

Chief Supervisor

Date of Birth : May 14th, 1980

Nationality : Vietnamese

Address: 6/26 Nguyen Thien Thuat, Nha Trang - Khanh Hoa

Qualification: Master of Business Administration, Bachelor of Accounting

Experience:

- Worked in PECC4 from 2003.
- From 2014: Deputy Chief of Administration Office.
- From May/2016 to present, Chief Supervisor

BOARD OF SUPERVISORS



Mr. TRAN VINH THAI

Member of the Board of Supervisors

Date of Birth : January 18th, 1972

Nationality : Vietnamese

Address: No.18 Ly Van Phuc, Cat Linh Ward,
Dong Da District, Ha
Noi City

Qualification: *Electrical Engineer*

Experience:

-Period 1996 – 2009: Teacher of Electrical Faculty, Hanoi University of Science and Technology

-From 2010, worked in Viet Nam Electricity.

-From May/2013, Member of the Board of Supervisors



Mrs. VUONG XUAN THI LIEN

Member of the Board of Supervisors

Date of Birth : June 16th, 1975

Nationality : Vietnamese

Address: 135 Chu Van An, Ward 26, Binh
Thanh District, Ho Chi
Minh City

Qualification: *Bachelor of Economic - Auditing*

Experience:

-From 1999 to present, worked in Ho Chi Minh City Power Corporation. Presently, Deputy Director of Finance Department of Ho Chi Minh City Power Corporation.

-From May/2012, Member of the Board of Supervisors

EXECUTIVE BOARD



Mr. PHAM NGOC SON A

Deputy General Director

Date of Birth : October 10th, 1959
Nationality : Vietnamese
Address: 06 Tran Quoc Toan – Nha Trang - Khanh Hoa
Qualification: *Electrical Engineer*
Awarded: *Third Class Labor Medal*
Experience:
- *Worked in PECC4 from 1987.*
- *From June/2013, Deputy General Director of Power Engineering Joint Stock Company 4*



Mr. NGUYEN XUAN PHUONG

Deputy General Director

Date of Birth : September 24th, 1964
Nationality : Vietnamese
Address: D2.3 Le Hong Phong Residential Building 02, Nha Trang City, Khanh Hoa Province
Qualification: *Hydraulic Engineer*
Experience:
- *Worked in PECC4 from 1987.*
- *Period 2009 – 2014, worked in Buon Don Hydropower JS Company, with title: General Director.*
- *From March/2015, Deputy General Director of Power Engineering Consulting Joint Stock Company*

ASSOCIATIONS

Buon Don Hydropower Joint Stock Company



- Address: Floor 7th – Biet Dien hotel, No.01 Ngo Quyen, Thang Loi ward, Buon Ma Thuot city, Dak Lak province.
- Main business activities: Production, transmission and distribution of electricity.
- Charter capital: 335,000,000,000 VND.
- The holding rate of Power Engineering Consulting J.S Company 4 is 31% equivalent to 103,850,000,000 VND.

Son Giang Power Joint Stock Company

- Address: 14/34 Phan Dang Luu street, Ward 9, Tuy Hoa city, Phu Yen province.
- Main business activities: Production, transmission and distribution of electricity.
- Charter capital: 50,000,000,000 VND.
- The holding rate of Power Engineering Consulting J.S Company 4 is 30% equivalent to 15,000,000,000 VND.

RISKS



The competition in the consulting field has become boiling increasingly. The phenomenon of brain drainage, qualified manpower movement is a big challenge to the Company.

II. BUSINESS ACTIVITIES IN 2016

1- Business Operation Statement

2- Organization and Manpower

3- Investment Statement

4- Financial Situation

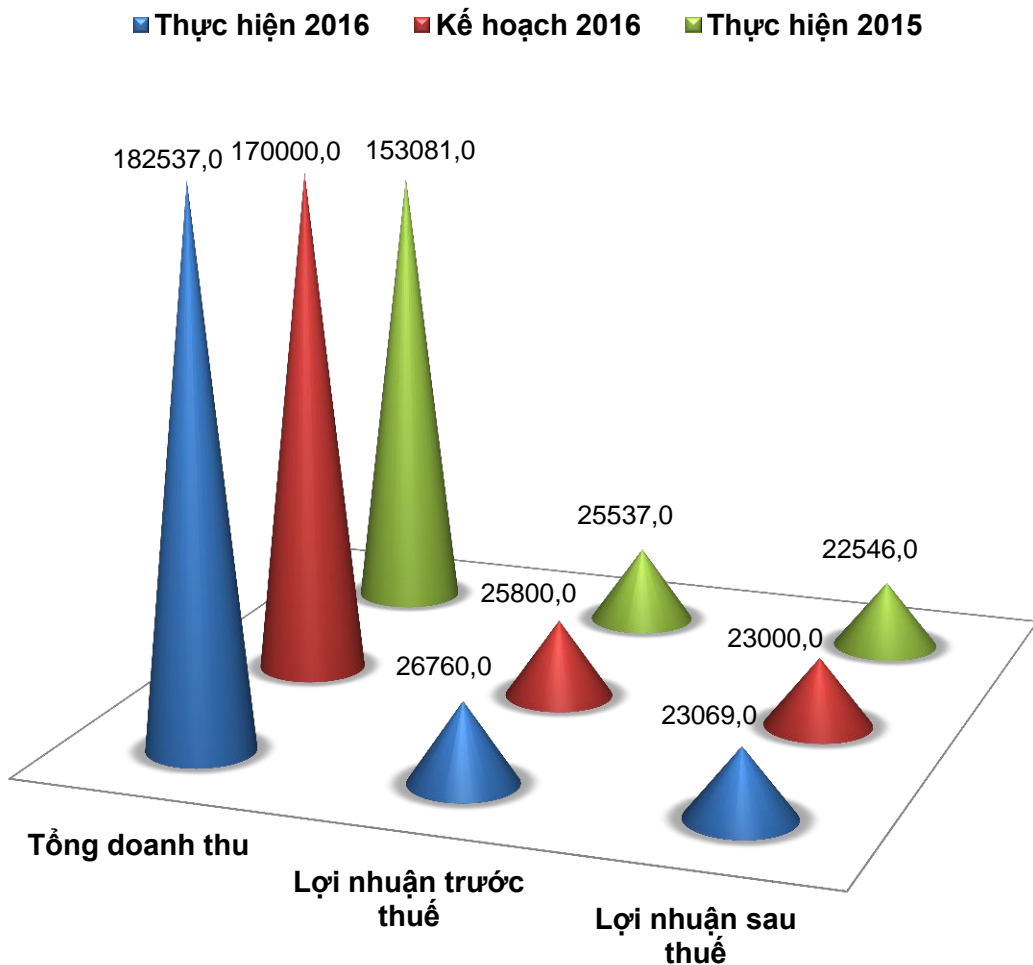
5- Shareholders Distribution

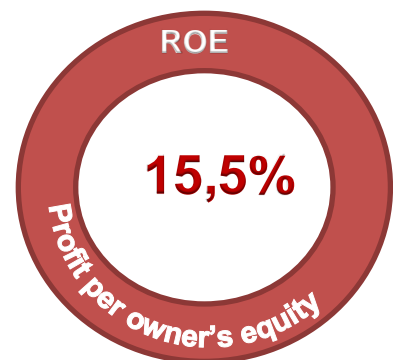
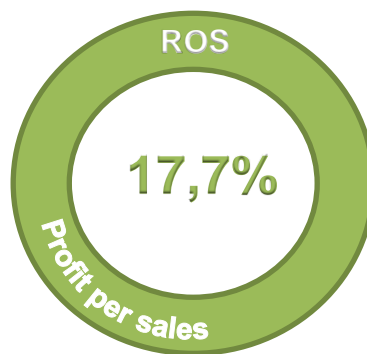
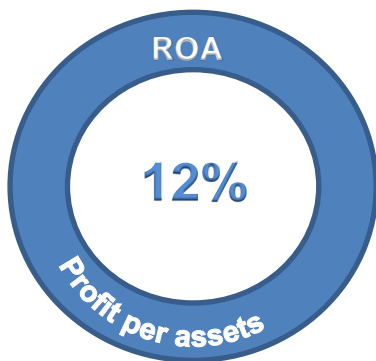
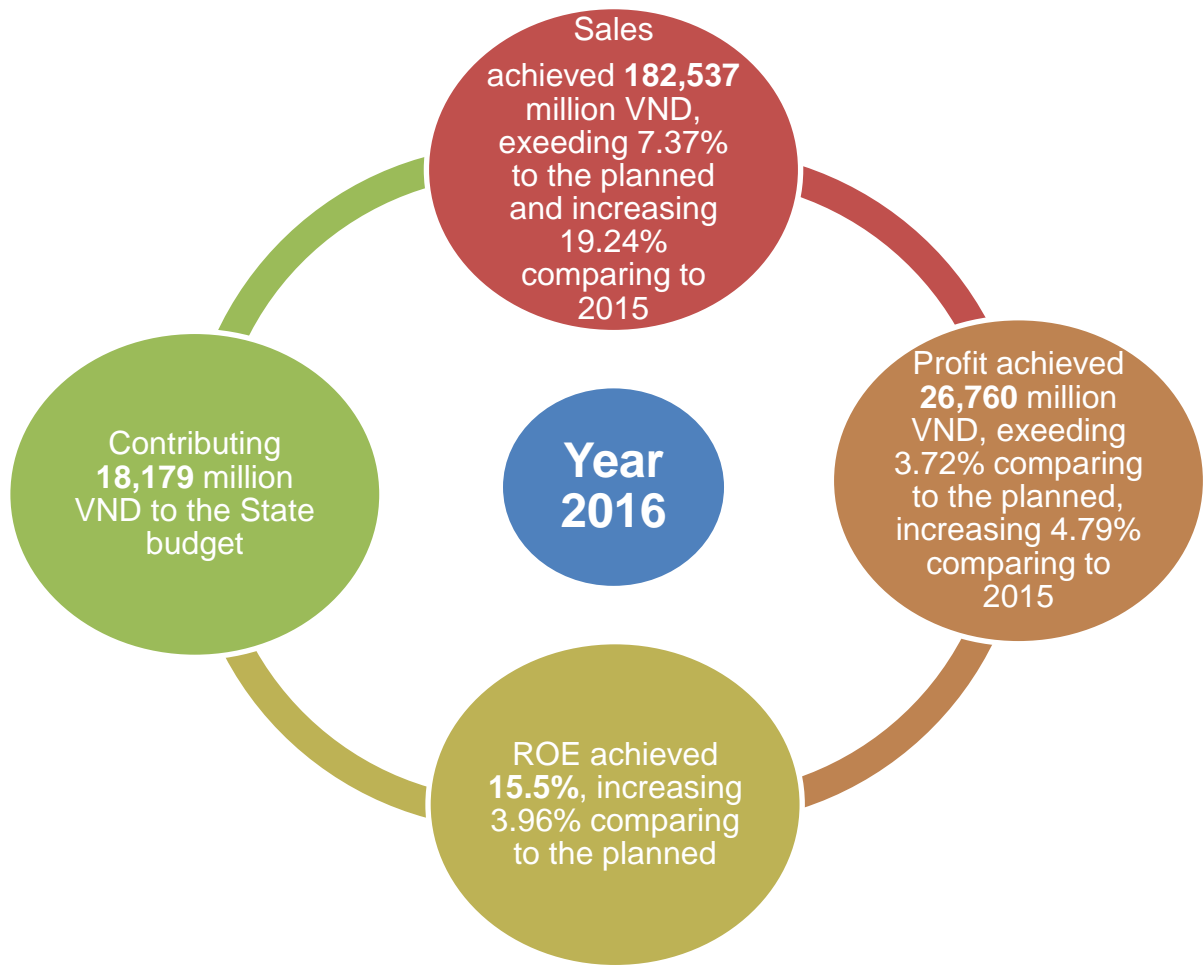


1- BUSINESS OPERATION

In 2016, the Company has executed the planned targets in the condition of domestic economy being stable. However, the financial situation and capital arrangement for the construction investment of Viet Nam Electricity has been involved difficulty due to the Government limits in loaning ensurance. The Company business activities have been developed continuously and steadily.

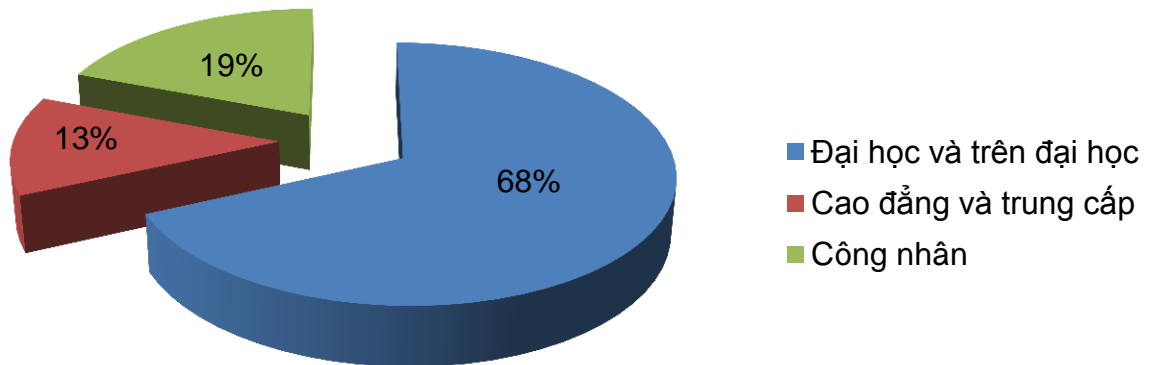
In 2016, the business activities have been organized operating effeciently that result increasing of turnover and profit. Until December 31, 2016, the Company has sucessfully completed exeeding planned targets, which were approved by the Annual Shareholder General Meeting.



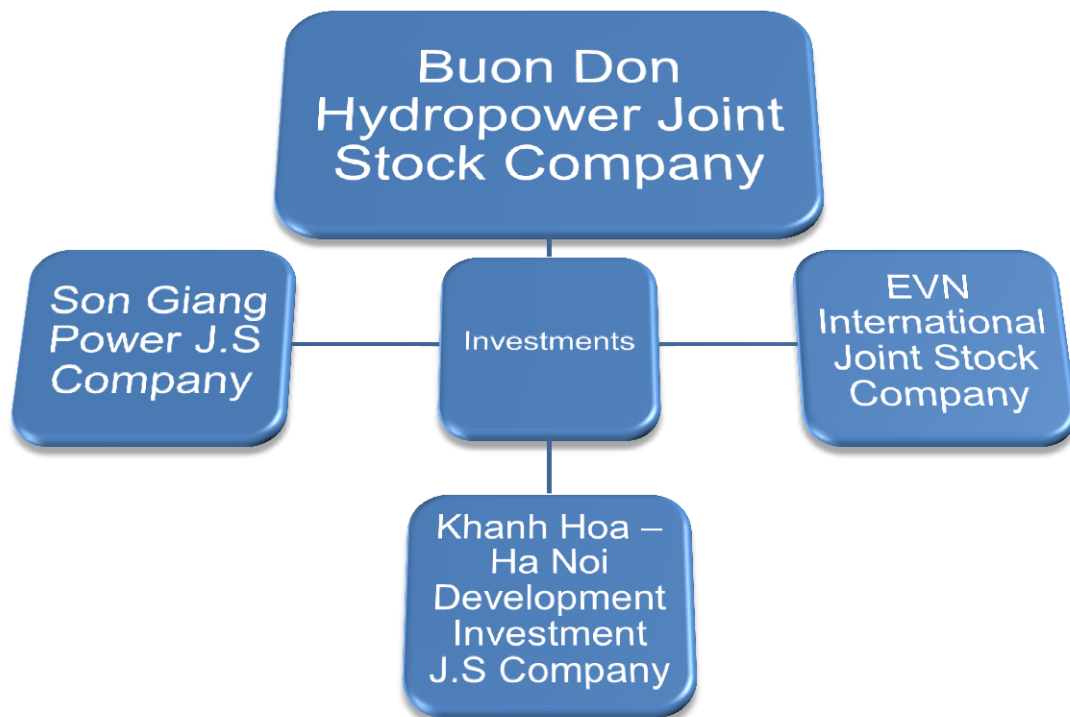


2- ORGANIZATION AND MANPOWER

Until Dember 31, 2016 the total is 495 staffs, in which:



3- INVESTMENT STATEMENT



- Buon Don Hydropower Joint Stock Company: Presently, the Company has participated capital contribution into Buon Don Hydropower Joint Stock Company (BDHC) to invest into Srepok 4A hydropower project with contributed amount 103,850 million VND, achieving 100% amount that have to contribute.

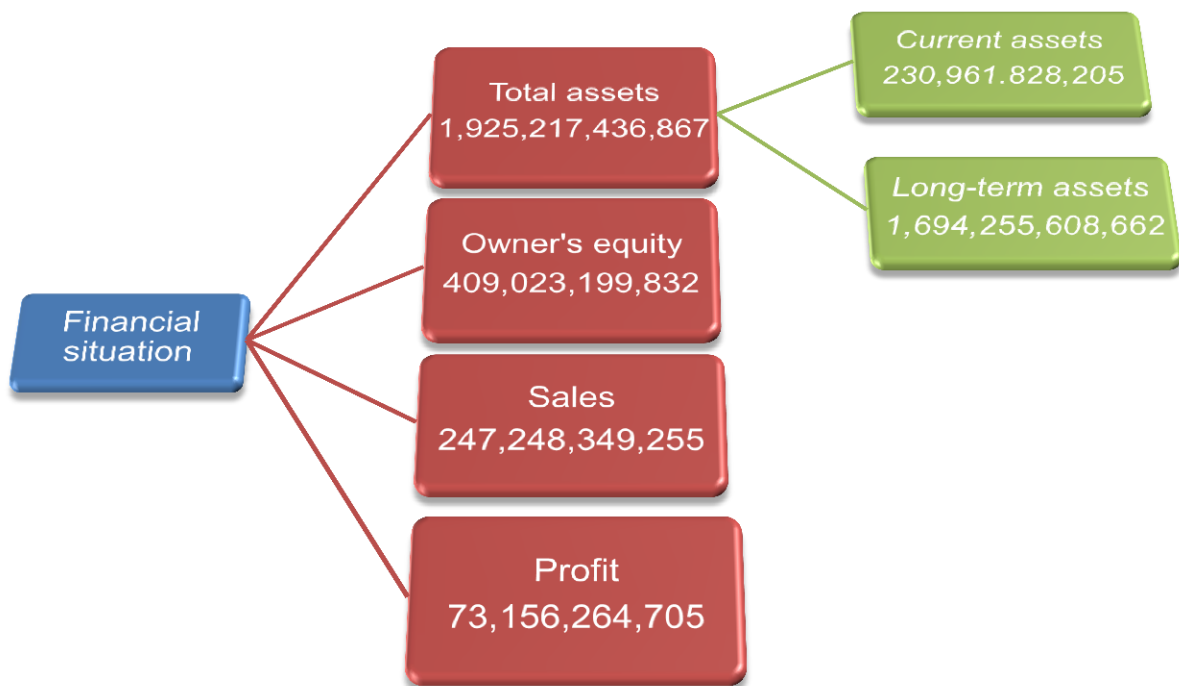
In 2016, 8% dividend by cash has been benefited by the Company from the amount contributed into BDHC.

- EVN International Joint Stock Company (EVNI): From 2012, the Company capital contribution into EVNI has been suspended due to some EVNI's large projects at Cambodia have been ceased. Presently, the contributed amount is 1,050 million VND.

- Khanh Hoa – Ha Noi Development Investment Joint Stock Company (K&H): K&H is divided from Nha Trang – Ha Noi Development Investment Joint Stock Company. The amount that the Company has contributed into K&H is 1,042 million VND.

- Son Giang Power Joint Stock Company: Execution following Resolution No. 535/NQ-HĐQT dated November 16th, 2016 of the Board of Directors, in December 2016 the Company carried out investment contributing capital into Son Giang Power Joint Stock Company with amount 600 million VND.

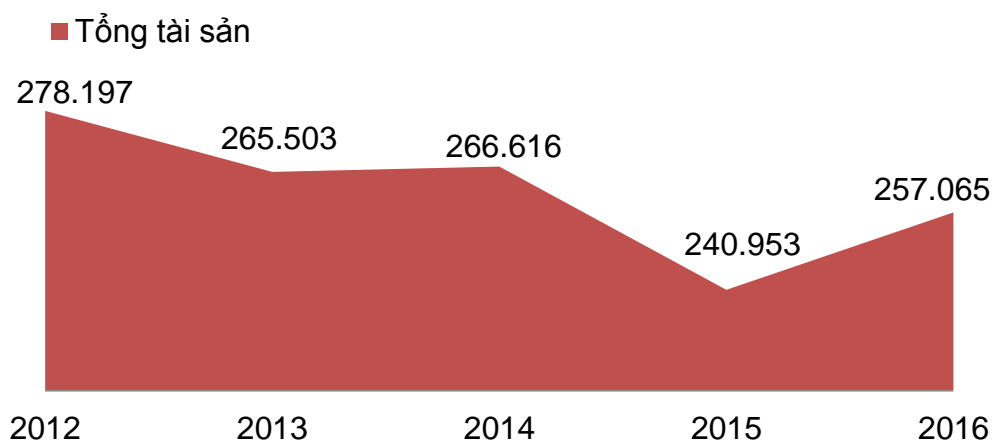
Buon Don Hydropower Joint Stock Company



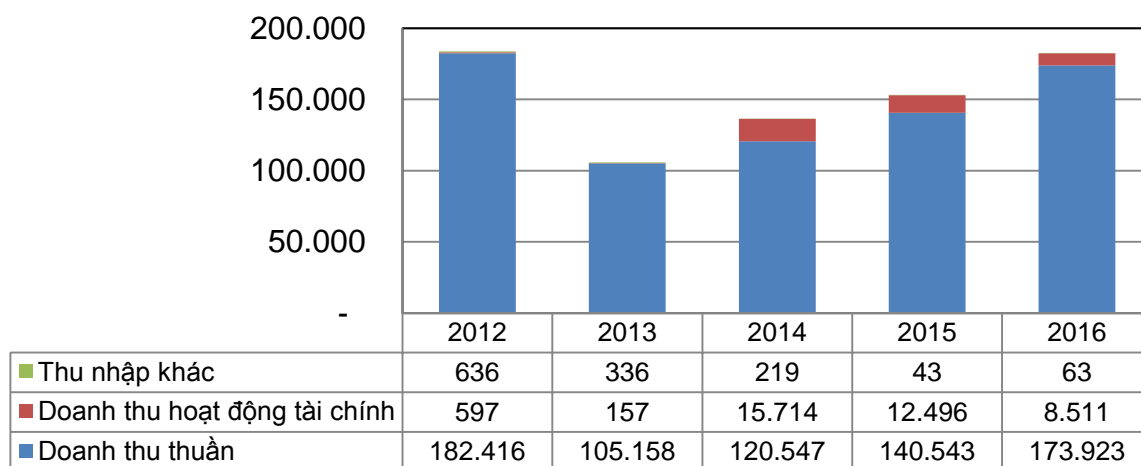
Son Giang Power Joint Stock Company

Son Giang Power Joint Stock Company has just been established from November 22nd, 2016 and being in the building process, not yet operating with its services.

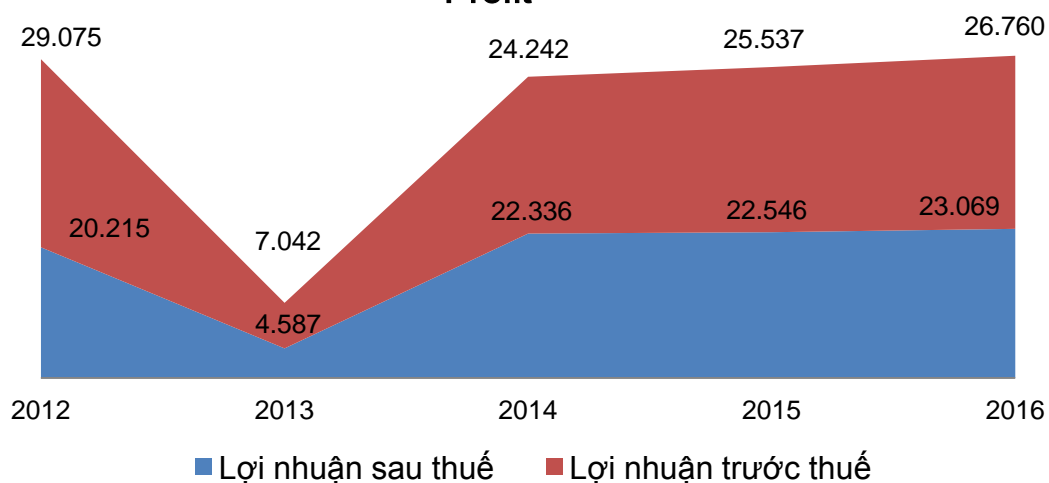
4- FINANCIAL SITUATION



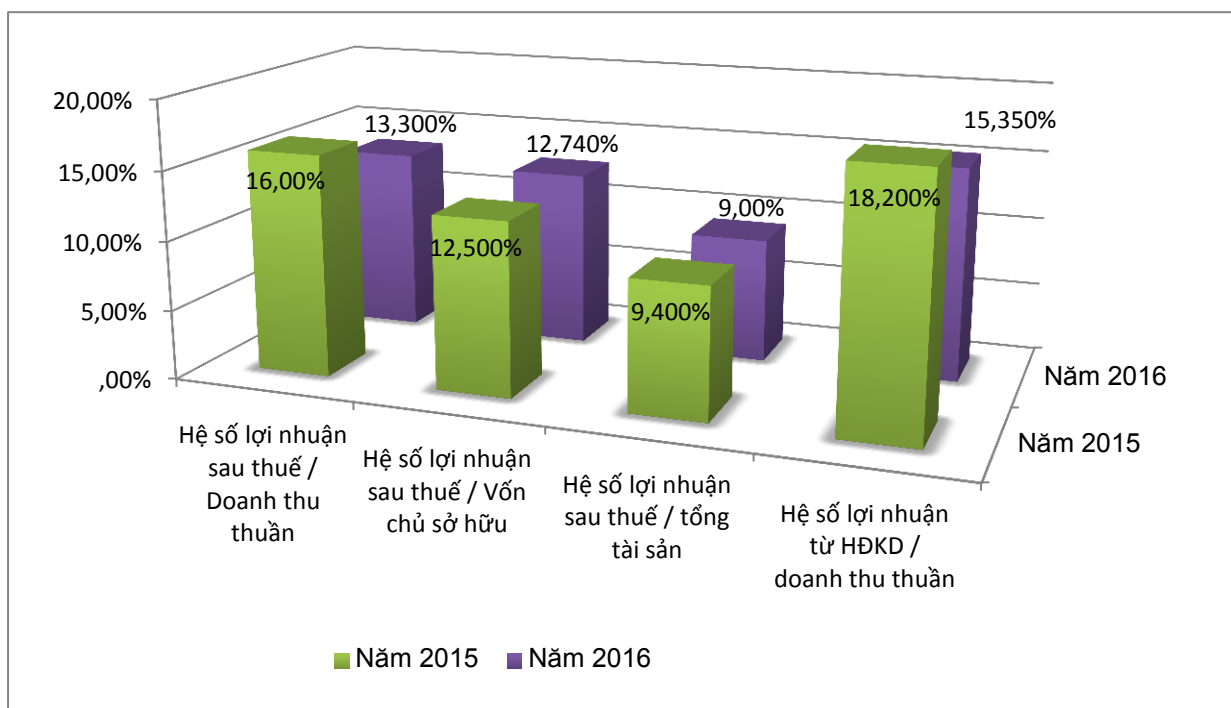
Total sales



Profit



Items	2015	2016
1. Ratio of payment ability:		
+ Short term payment ratio	1.86	1.62
+ Quick payment ratio	1.62	1.40
2. Ratio of capital structure:		
+ Ratio of debt / total assets	0.25	0.30
+ Ratio of debt / owner equity	0.34	0.42
3. Ratio of activity capability:		
+ Inventory ratio	10.51	8.06
+ Net sales / total assets	0.58	0.68
4. Ratio of profitability:		
+ Ratio of profit after tax / Net sales	16.0%	13.30%
+ Ratio of profit after tax / Owner equity	12.5%	12.74%
+ Ratio of profit after tax / Total assets	9.4%	9.00%
+ Ratio of business profit / Net sales	18.2%	15.35%



5- SHAREHOLDERS, OWNER EQUITY

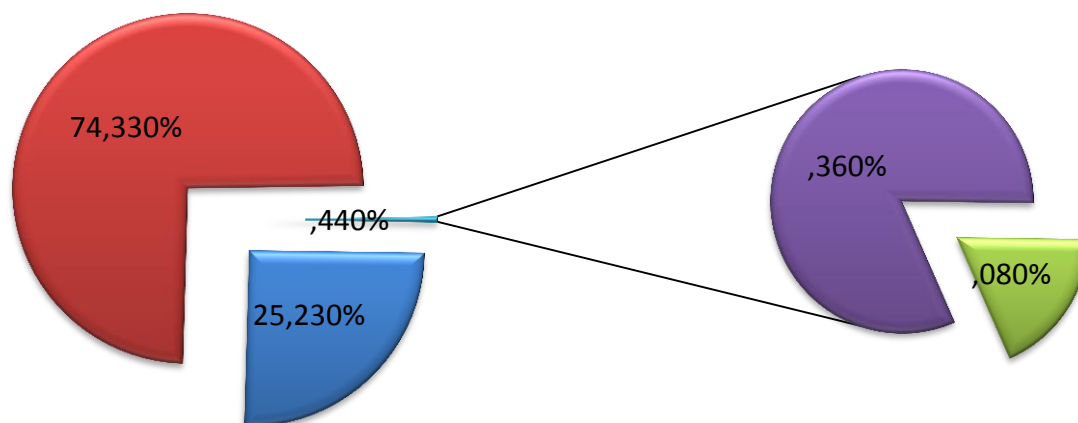
Shares:

- Number of shares allowed to be issued	: 14,599,614
- Number of repurchased shares	: 64,523
- Number of outstanding shares	: 14,535,091

Shareholders:

In 2016, the Company has no change of capital owners.

No.	Investors	Shares	Scale %
I	Domestic	14,535,129	99.56%
-	Individual investors	3,683,706	25.23%
-	Institutional investors	10,851,423	74.33%
II	Foreign	64,485	0.44%
-	Individual investors	12,244	0.08%
-	Institutional investors	52,241	0.36%
	Total	14,599,614	100.00%



■ Cá nhân trong nước ■ Tổ chức trong nước
■ Cá nhân nước ngoài ■ Tổ chức nước ngoài

Treasury stocks:

In 2016, the Company did not purchase treasury shares. As of December 31st 2016, the number of treasury shares of PECC4 is 64,523 shares.

III. REPORT OF EXECUTIVE BOARD

1- Business Operation Assessment

2- Financial Assessment

3- Improvements to Organization, Policy, Management

4- Business Plan 2017

5- Assessments relating to Environmental and Social Responsibilities



1- BUSINESS OPERATION ASSESSMENT

In 2016, the Company has implemented a large number of hydropower, grid projects at various stages, including key and urgent projects, contributing to enhance the investment efficiency of EVN's projects.

Implementation following the Program of Capability Enhancement and Sustainable Development in period 2015 – 2020, in 2016 the Company has continuously executed the solutions of management, steering, which results the business operation efficiency, limits the risks affecting to the planned sales, profits.

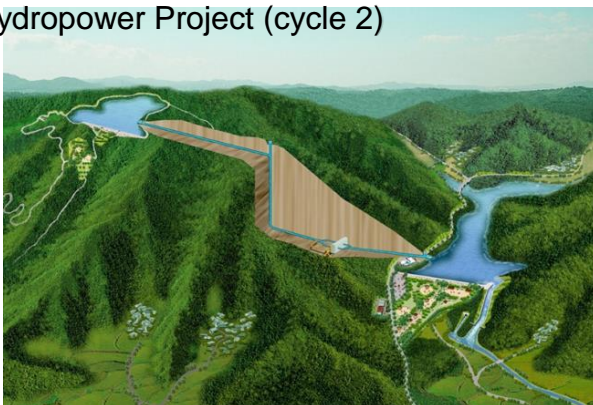
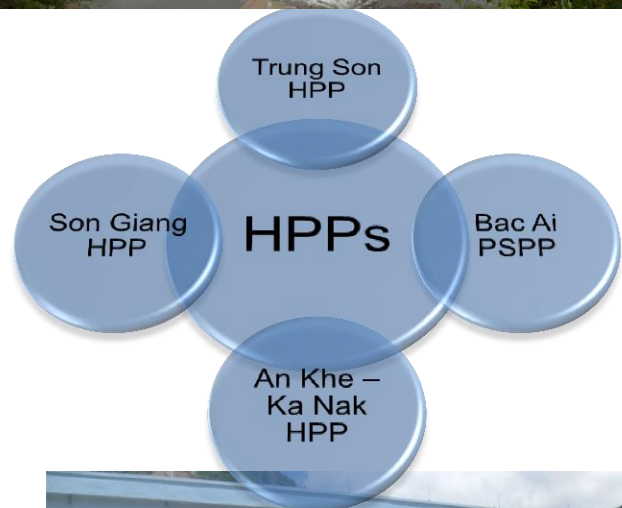
1.1- Hydropower projects (HPPs)

- Trung Son Hydropower Project: The Company has concentrated power sources, coordinated with the Project Owner for implementation organization, absolutely ensuring safety for the project. Presently, the Unit 1 of the Plant has been commercial commissioning.

- Bac Ai Pumped Storage Hydropower Project: The Technical Design of Stage 1 – Outlet works has been completed. For survey works for Technical Design, it is expected that the survey report will be completed in May 2017, meeting the schedule requirement.

- Son Giang Hydropower Project, Phu Yen Province: The survey works, Feasibility Study, Technical Design-Total Cost Estimate and Detailed Design had been completed ensuring the Project commenced in December 2016.

- In addition, in 2016 the Company has carried out and completed 02 contracts of monitoring the work deformation of Trung Son Hydropower Project (cycle 0) and An Khe – Ka Nak Hydropower Project (cycle 2)



Bac Ai PSPP

1.2- Thermal power projects (TPPs):

In 2016, the Company has carried out the services of performance improvement, maintenance, repair for thermal power plants and other services:

- Completed the Study of Establishment of EPS Northern Affiliate.
- Completed the Project of O&M strategy for the power plants belonging GENCO 1; Completed and being approved the Project of transferring auxiliary fuel from FO to DO for the Units 300MW and 330MW of Uong Bi Thermal Power Plant;
- Completed the Service Package of optimizing and enhancing reliability of coal fired thermal power plants' boilers belonging GENCO 3; Participated consulting the Project of upgrading capacity, performance of Phu My 1 TPP; Survey, assessment of plant performance, support commissioning for Vinh Tan 2 TPP.
- Establishing Bidding Documents, selecting Consultant preparing FS for project "Retrofitting equipment for the Line 1"; Reviewing the F/S of project: retrofitting, upgrading equipment of Electrostatic Precipitator of Line 1 and F/S of project: Investment constructing the desulfurization system of Line 1 - Pha Lai Thermal Power Joint Stock Company.
- Consulting for establishing of works scope, establishing of maintenance-repair rates, establishing alternative, design and manufacture, installation, retrofitting and repairing of ash bucket-belt system of Vung Ang 1 thermal power plant.
- Consulting for establishing the inventory rates for O&M of Ca Mau 1&2 and Nhon Trach thermal power plants.
- Establishing of initial report for the Study of transferring FO to DO for Line 2, with considering to Line 1 of Pha Lai Thermal Power Joint Stock Company.
- Reviewing of Technical Design and EPC documents of Vinh Tan 4 extension thermal power complex.



Transferring FO – DO system
Uong Bi TPP



Performance survey for Vinh Tan 2 TPP



Project of upgrading capacity, performance for Phu My 1 TPP



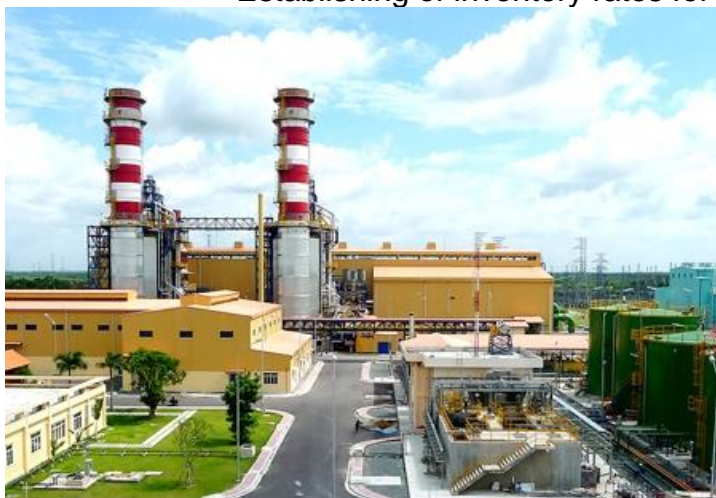
Retrofitting for equipment improvement
Pha Lai TPP



Establishing of maintenance, repair rates
Vung Ang 1 TPP



Establishing of inventory rates for Nhon Trach TPP



Establishing of inventory
rates for Ca Mau 1&2 TPP

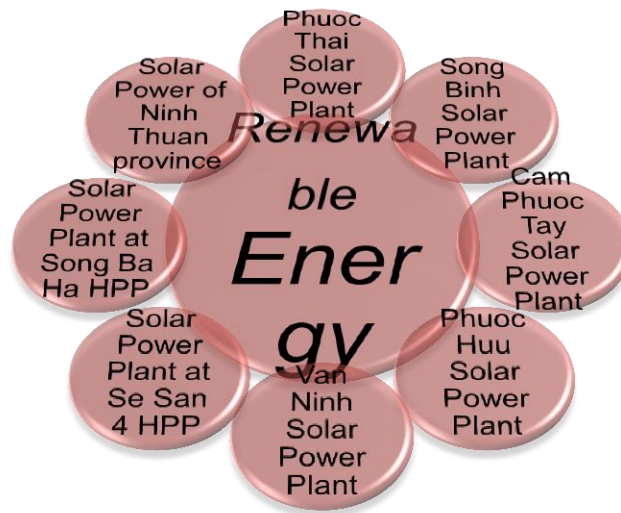
1.3- Renewable energy projects:

In the field of solar power energy: in 2016, the Company has organized and carried out, completed with many Projects, approached to various investors within and without the Sector, opening opportunity for the jobs of 2017 and next coming years, particularly:

- Phuoc Thai Solar Power Plant, Ninh Thuan province (200 MW); Song Binh Solar Power Plant, Binh Thuan province (200MW): The Company has completed the reports of project development and supplementing projects into the master plan. Presently, the Report of supplementing Phuoc Thai Solar Power Plant into the National Power Development Master Plan VII (adjusted) has been submitted by the Ministry of Industry and Trade to the Government for review and approval.

- In addition, the Company has prepared the Reports of application for decision on investment /Report of project development/Adjustment, supplementation into master plan: Solar Power Plant at Cam Phuoc Tay commune (75MW), Phuoc Huu solar plant (200MW); Van Ninh solar plant (148MW- Khanh Hoa); Solar power plant at Se San 4 HPP (49MW), Solar power plant at Song Ba Ha HPP (100MW) etc.

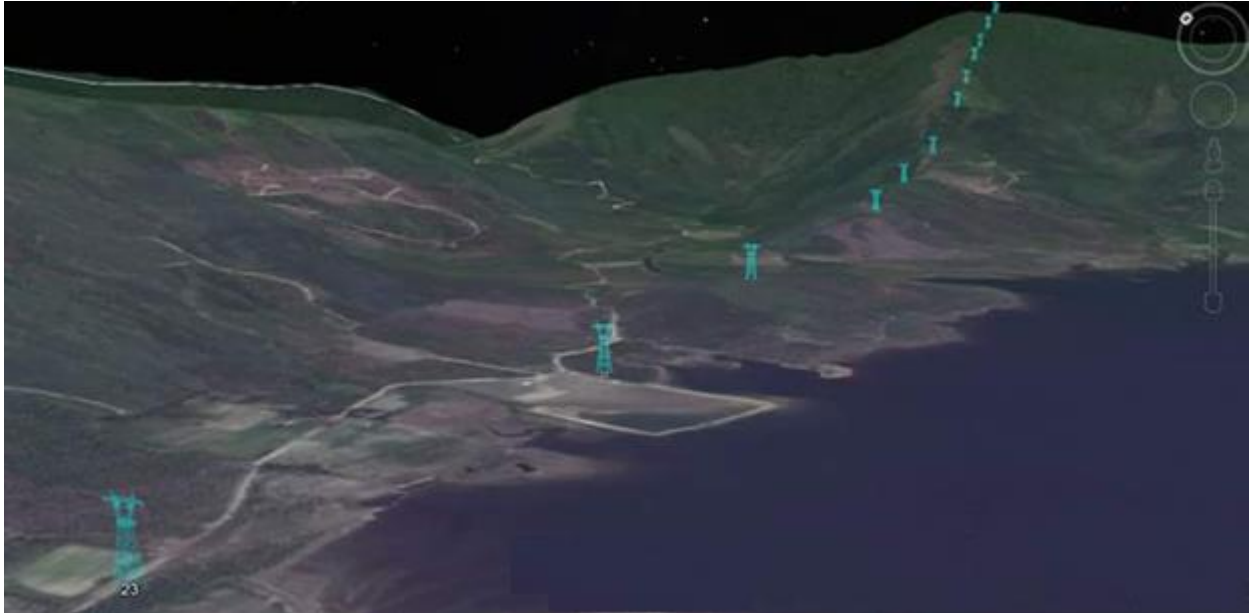
- The Company has completed the Project of Solar Power Development Planning of Ninh Thuan province in period 2016 - 2020, with vision to 2030. The Report has been reviewing by the Provincial People’s Committee, expected to be approved in February 2017.



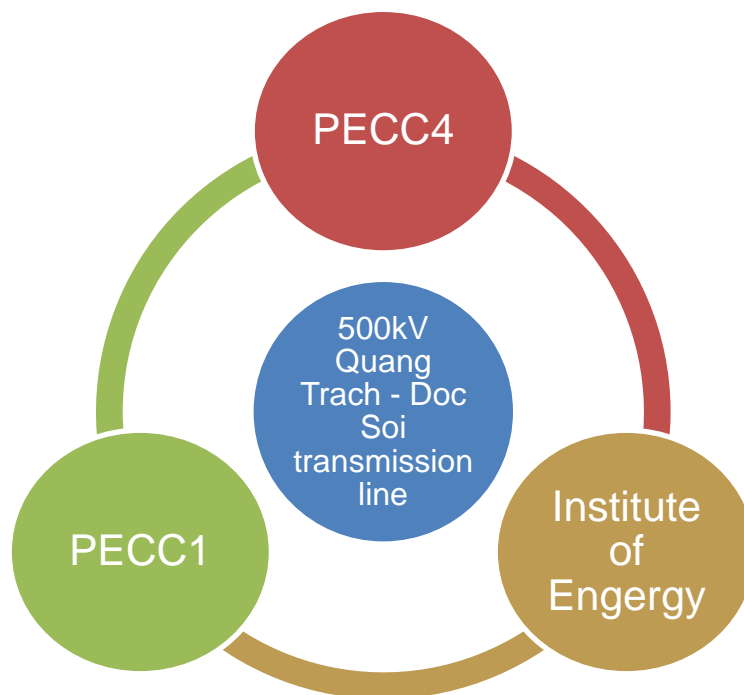
Besides, the Company has also participated in the field of biomass energy: Preparing of Pre-F/S for Combined Heat and Power at Sugar Mill Nasuco - Nghe An province for GIZ and Hau Giang Sugar Mill for GGGI (Korea)...etc.

1.4- Power grid projects:

In order to optimize the Viet Nam power grids system, the Company has studied, calculated the system, proposed the necessary of construction investment for supplying power to the South (Adjusted Master Plan VII is not yet referred).



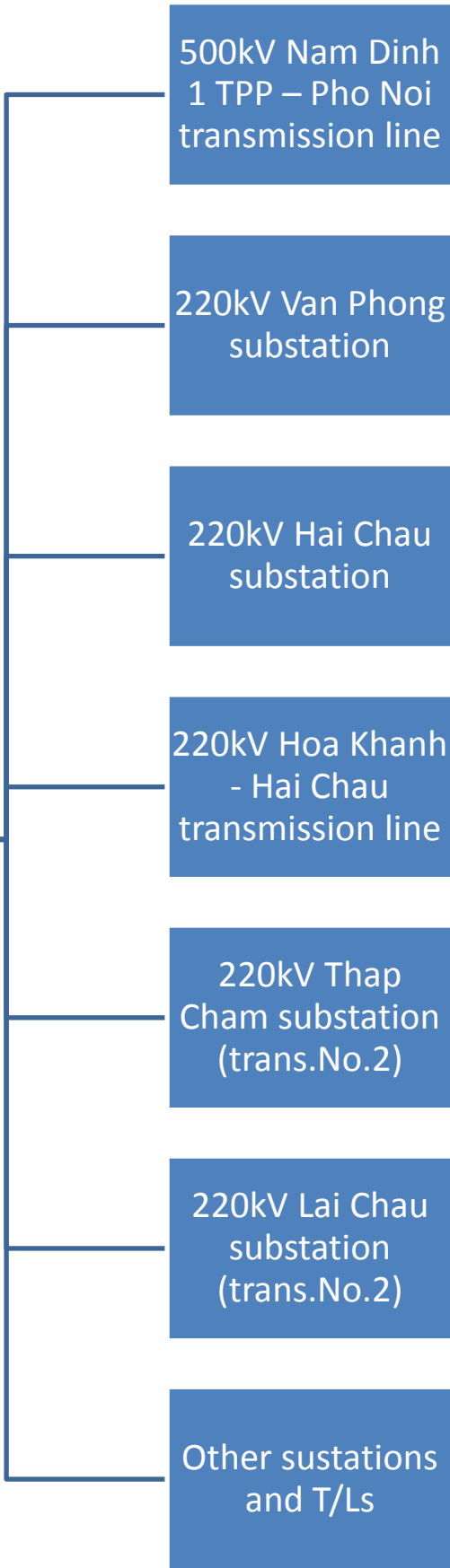
500kV transmission line circuit 3



The Consortium has carried out and completed the Feasibility Study



Survey,
preparing
Feasibility
Study





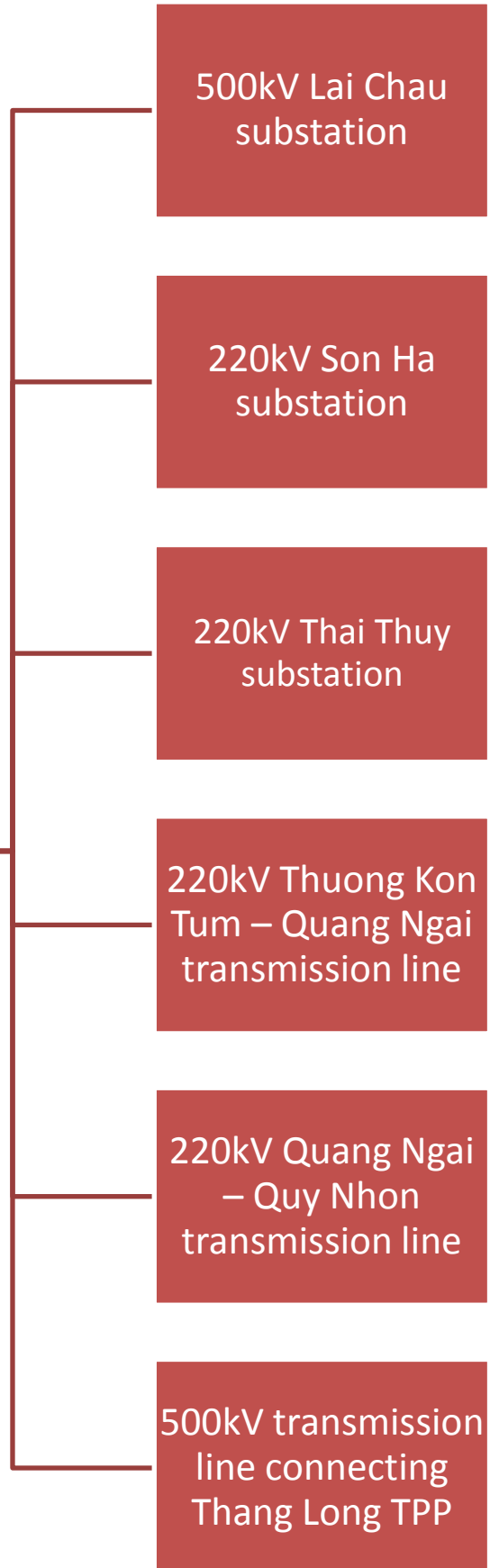
Consulting
survey,
designing
power grids



- 220kV Dong Hoi – Dong Ha T/L
- 220kV Nha Trang – Thap Cham T/L
- 220kV Tuy Hoa – Nha Trang T/L
- 110kV Tan Thanh - 220kV Ham Tan substation T/L
- 220kV Thap Cham substation (trans.No.2), 500kV Thuong Tin sub.
- 220kV Phu My sub., 220kV Phong Dien sub.
- Other subs and T/Ls



Consulting,
supervising grid
designers



1.5- Supervision of works construction:

The Company has completed the works of supervising the construction of 220kV An Khe - Quy Nhon circuit 2, combined improving circuit 1; Carried out supervising the projects: 500kV Tay Ha Noi substation, 220kV Ninh Binh - Nam Dinh transmission line, 220kV Thai Binh - Tien Hai - Truc Ninh double-circuit transmission line, 500kV transmission line connecting Thang Long TPP and other power projects...etc. The works of supervising the construction of infrastructure of Vinh Tan Power Complex has been continuously implemented.

The tasks of consulting for EPC contract management of Vinh Tan 4 extension thermal power plant have been carried out.



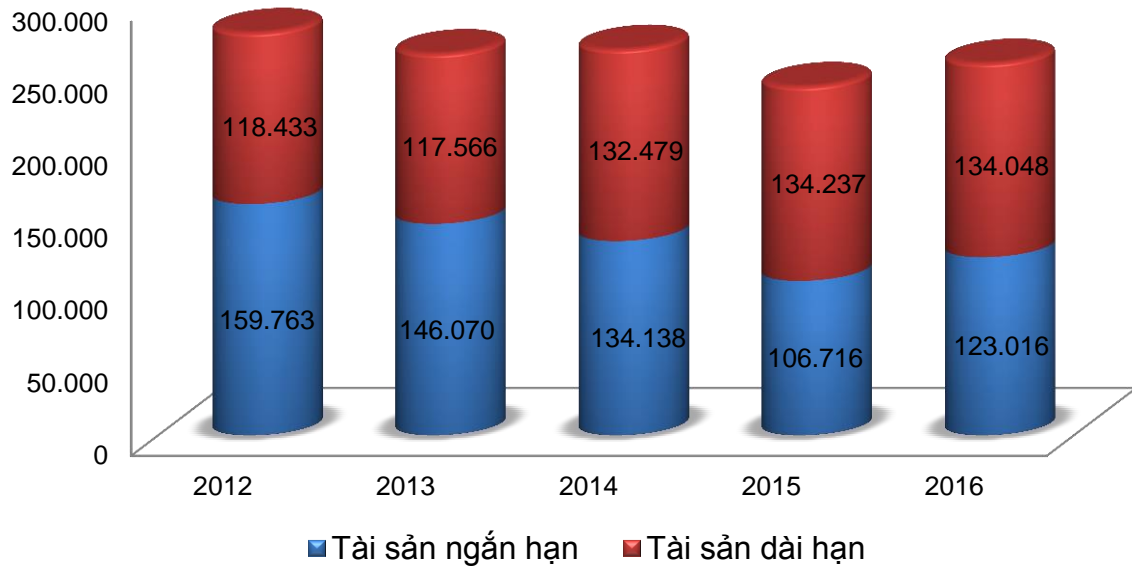
220kV An Khe - Quy Nhon T/L circuit 2, combined improving circuit 1



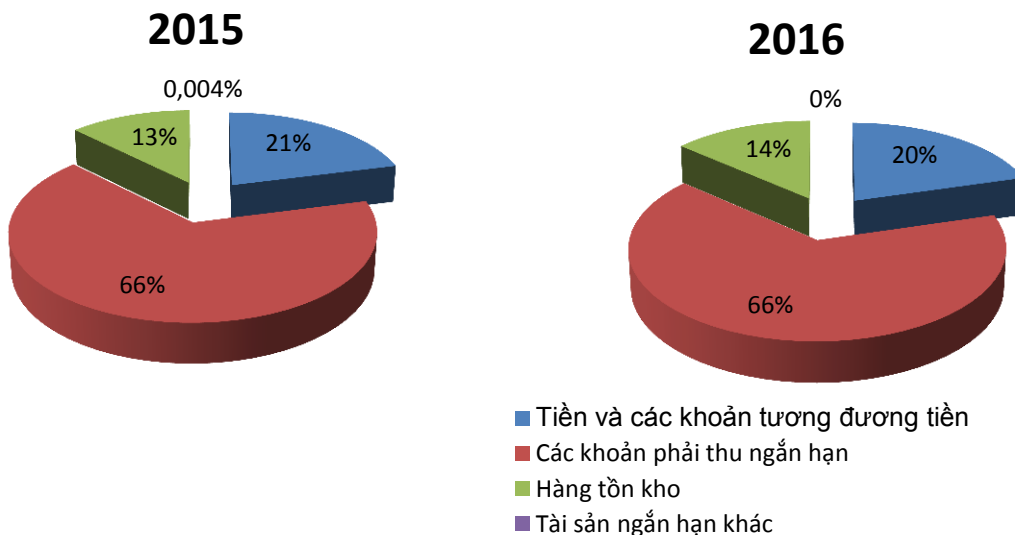
500kV Tay Ha Noi substation

2- FINANCIAL ASSESSMENT

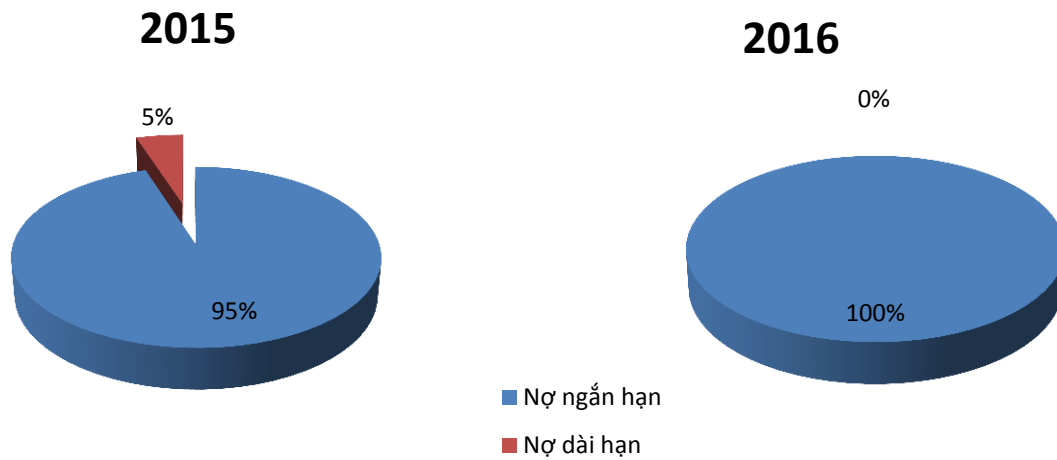
Financial situation



Until December 31, 2016, the assets of Power Engineering Consulting J.S Company 4 has increased 16,111 million VND equal to 6.69% comparing to January 1st, 2016. In which, the portion of current asset accounts 47.85%, the long-term asset accounts 52.15% total assets, in accordance with the structure of the Sector.



Liabilities situation



In 2016, the Company liabilities have increased with 15,588 million VND (+25.78%) comparing to the beginning of the year. In which, the current liabilities increase with 18,588 million VND and the long-term debt decrease with 3,000 million VND. At the end of the year, the Company has ensured it'self funded sources, without any loans and funding debts.

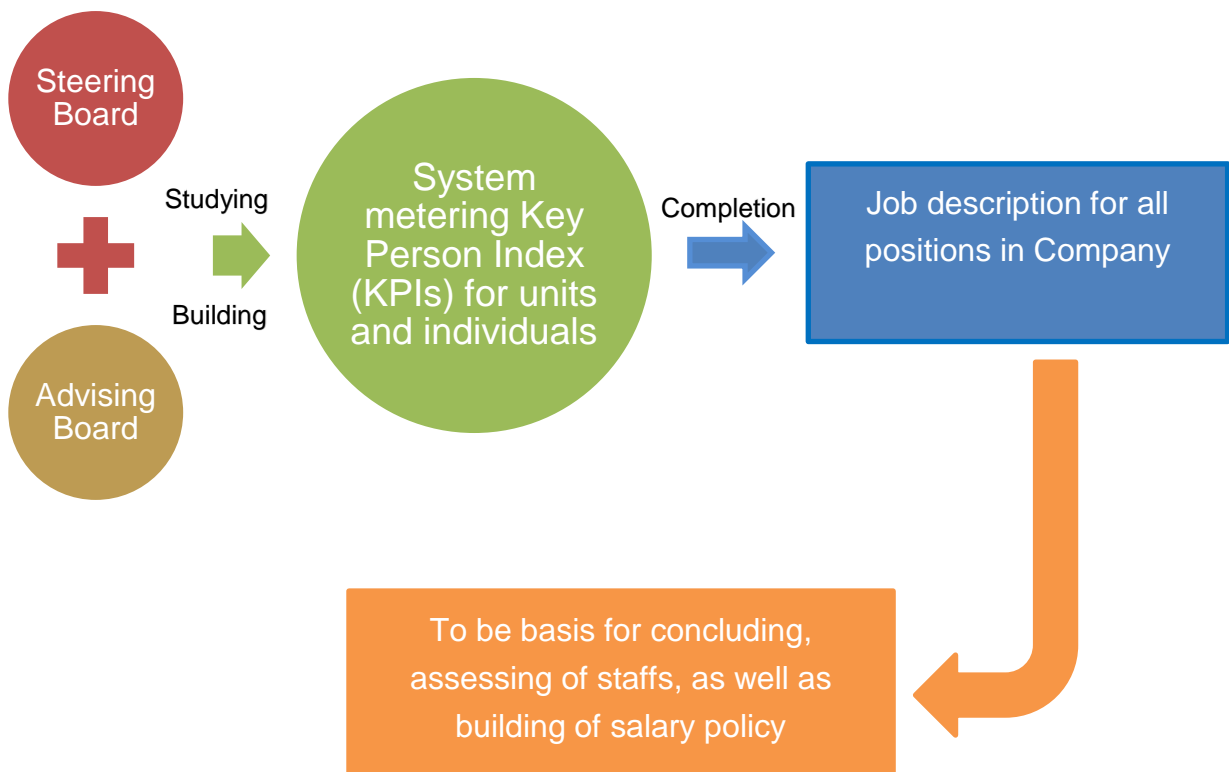


3- IMPROVEMENTS OF MANAGEMENT, ORGANIZATION

Company administration

To be continuously reinforcement and development of manpower; Mobilization, turning-around staffs, additionally recruiting manpower for production requirement.

The building of Key Person Index (KPIs) system has been strongly carried out.



Researching science, renovating technology and training development

Investing, procuring, renovating equipment

Ensuring equipment demand for key projects

Serving drilling works

Testings in exploitation tunnel



Investing, procuring, training and applying science, technology

Software for project management

Software for design

Reviewing dossiers



Researching science, renovating technology and training development



Thermal power workshop



Training energy auditors



Workshop of resistance materials

Researching science, renovating technology and training development



Training internal auditors following ISO 9001 - 2015



Workshop representing submarine cable heads



Training software PLS - CADD

4- TARGETS AND TASKS IN 2017



5- ASSESSMENTS RELATING TO ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

Policies toward labourers



In addition, the Company collaborated with the Labour Union organize to give gifts to staffs, retired officials in Tet festival occasion, and other activities such as: Ceremony of meeting between staffs and retired officials via the celebration of 40 years-Company establishment; Organize manoeuvre; Organize ceremony declaring, awarding to staff's children for learning results via the Children International Day 1/6; Organize for Autumn...etc.



Activities 8/3 at Thanh Son pagoda



Awarding to staff's children via the Children National Day 1/6

Sinh hoạt 20/10



Autumn for children



Manoeuvre 2016

Labour safety - hygiene:

- + The Company and Labour Union have organized delegations visiting workers and checking labour safety-hygiene at sites – Bac Ai PSPP...etc. The tasks of 5S performance in the whole Company are always maintained, ensuring labour safety-hygiene, fire protection.
- + The working environment, labourer health are concentrately improved, organizing periodic health examination for staffs as regulations.



Periodic health examination

Community activities



Supporting to households in the critical fire at Con Nhat Tri –Nha Trang city



Giving gifts at Son Lam – Khanh Vinh



EVN pink week

Movement activities



Ceremony of 85 years establishing Ho Chi Minh Communist Youth Union



Manoeuvre for 40 years – Company establishment ceremony



Movement activities



Ceremony of 40 years – Company construction and development



Workers' performance

IV. REPORT OF BOARD OF DIRECTORS

1- Assessments to Company operation

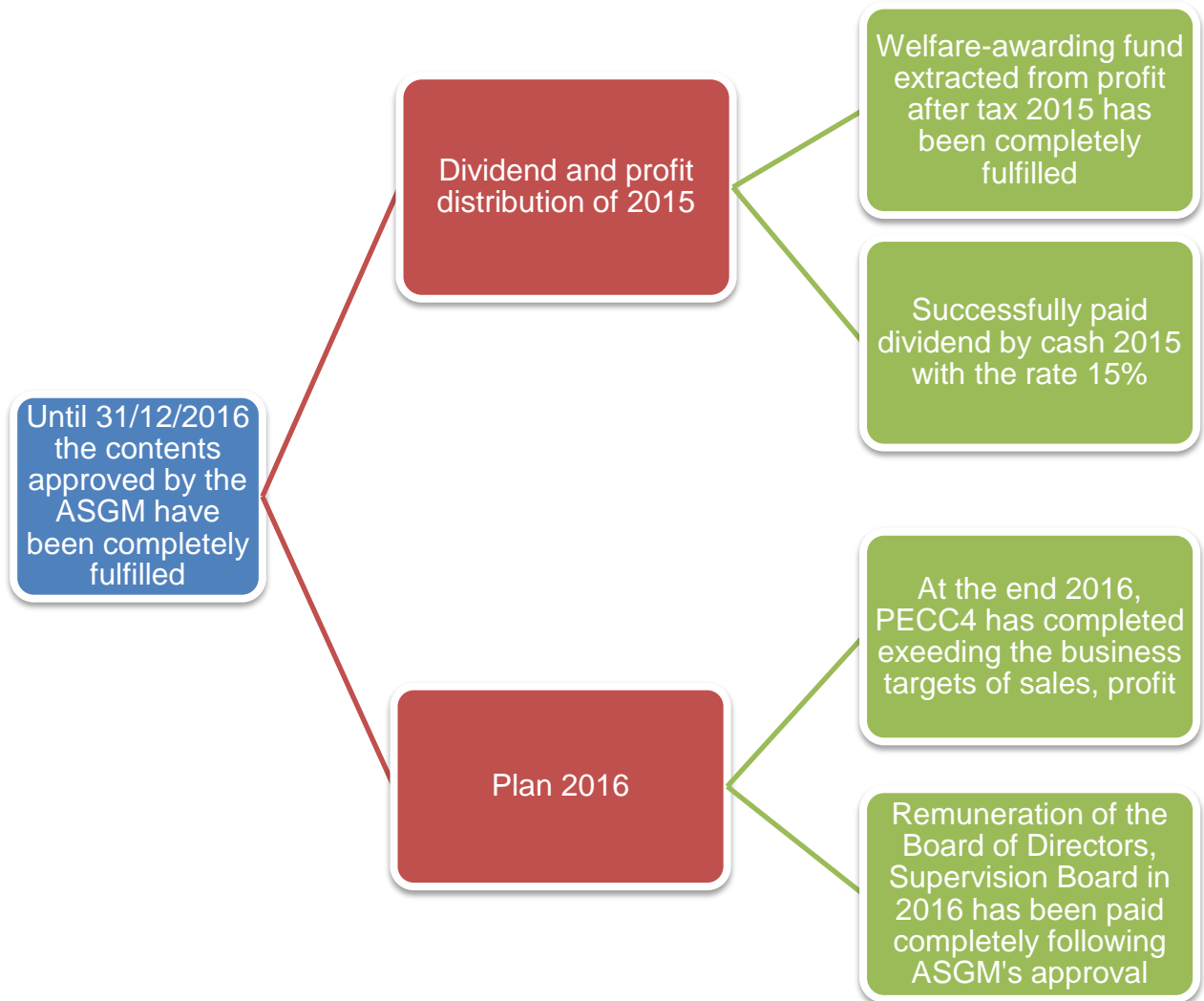
2- Assessments to Executive Board

3- Board of Directors' Plan and Orientation



1- ASSESSMENT TO COMPANY OPERATION

The Board of Directors has executed the functions of monitoring, ensuring the business operation results following approved targets, orientation and plan.



Legend: ASGM – Annual Shareholder General Meeting
BOD - Board of Directors

2- ASSESSMENT TO EXECUTIVE BOARD

Pursuant to the Company Charter and Internal Rule, the Board of Directors has executed the functions of monitoring, supervising the activities of the Executive Board in the managing of business operation and carried out the resolutions of ASGM and the Board of Directors in 2016



The Board of Directors has steered, discussed and enquired the Executive Board at the BOD's meetings regarding to contents relating to the business activities. Arisen issues , obtacles are all defined, handled in absolutely and suitably manner

The Board of Directors has discussed and passed the decisions via resolutions/ MOMs after each session regarding to Business Plan and other relating issues which are the basis for the Executive Board's action



Under the steering of the Executive Board, at the end 2016, the Company has sucessfully completed the business targets approved by the ASGM.

The Executive Board has carried out and well fulfilled the activities following the assignment, in accordance with the BOD's resolutions.

3- BOARD OF DIRECTORS' PLAN AND ORIENTATION



V. COMPANY ADMINISTRATION

1- Board of Directors

2- Board of Supervisors

3- Transactions, Remunerations and Benefits of the Board of Directors, Executive Board and Supervision Board



1- BOARD OF DIRECTORS

Members and structure of the Board of Directors:

- | | |
|------------------------|--|
| 1. Mr. Pham Minh Son | Chairman of the Board of Directors |
| 2. Mr. Nguyen Duy Binh | Member of the Board of Directors |
| 3. Mr. Tran Hoai Nam | Member of the Board of Directors |
| 4. Mr. Vu Thanh Danh | Member of the Board of Directors |
| 5. Mr. Tran Van Tho | Independent Member of the Board of Directors |

The shareholding of the Members of the Board of Directors until February 28, 2017 is as below:

No.	Full Name	Title	Shares			Scale (%)
			Personal	State representative	Total	
1	Pham Minh Son	Chairman	110,319	4,179,138	4,289,457	29.38
2	Nguyen Duy Binh	Member	-	3,134,353	3,134,353	21.47
3	Tran Hoai Nam	Member	24,443	3,134,353	3,158,796	21.64
4	Vu Thanh Danh	Member	49,684	-	49,684	0.34
5	Tran Van Tho	Member	26,737	-	26,737	0.18

Activities of the Board of Directors

In 2016, the Board of Directors has held meetings and timely given steerings. Contents of the meetings and implementation of resolutions, decisions are as below:

Session	Number of Members	Type (Meeting/ Feedback)	Content	Resolution, Decision
Session 1 (05/01/2016)	5/5	Feedback in writing	Interim payment of dividend 2015	Resolution on interim payment of dividend 2015 (02/NQ- HÐQT dated 05/01/2016)
Session 2 (23/01/2016)	5/5	Feedback in writing	Proposal to approve the settlement of wage budget 2015	Decision on the approval of the settlement of wage budget 2015 (61/QĐ-HÐQT dated 23/01/2016)
Session 3 (04/03/2016)	5/5	Feedback in writing	Regarding to to hold the Annual Shareholder General Meeting 2016 of PECC4	Resolution regarding to hold Annual Shareholder General Meeting 2016 of PECC4 (119/NQ-HÐQT dated 04/03/2016)
Session 4 (31/03/2016)	5/5	Feedback in writing	Regarding to the proposal approving salary plan 2016	Decision approving salary plan 2016 (119A/QĐ-HÐQT dated 31/03/2016)
Session 5 (04/04/2016)	5/5	Meeting	Passing the reports at Annual Shareholder General Meeting 2016: Report of BOD, report of Executive Board in 2016	
Session 6 (27/04/2016)	5/5	Meeting	Passing the contents submitted to the ASGM 2016 (after received resolution of EVN Members Board)	Resolution on contents submitted to ASGM 2016 (209/NQ-HÐQT dated 27/04/2016)
Session 7 (08/7/2016)	5/5	Feedback in writing	- Passing the interim payment of dividend 2015 (phase 2) of PECC4. - Passing the selection of Auditor for the Annual Report 2016	- Resolution on interim payment of dividend 2015 (phase 2) (305/NQ-HÐQT dated 08/7/2016). - Resolution on selecting Auditor for Annual Report 2016 (306/NQ-HÐQT dated 08/7/2016).
Session 8 (23/07/2016)	5/5	Meeting	Passing the business results of the first 6 months, and plan of the last 6 months and Establishment of Site Supervision and Construction Management Consulting Centre	Resolution on Passing the business results of the first 6 months, and plan of the last 6 months and Establishment of Site Supervision and Construction Management Consulting Centre (372/NQ-HÐQT dated 23/7/2016)

Session 9 (28/10/2016)	5/5	Feedback in writing	Passing the final payment by cash of dividend 2015.	Resolution regarding to final payment by cash of dividend 2015 (517NQ-HĐQT dated 28/10/2016)
Session 10 (31/10/2016)	5/5	Feedback in writing	Passing the reviewing of officials planning in period 2017-2021 and building the new officials planning period 2020-2025.	Resolution regarding to selection of financial Auditor for annual report 2015 (155/NQ-HĐQT dated 26/6/2015)
Session 11 (2/11/2016)	5/5	Meeting	Passing the business results of 10 first-months, and plan of 2 last-months of 2016	
Session 12 (16/11/2016)	5/5	Meeting	Passing the plan contributing capital and assigning representative competes into the Board of Directors of Son Giang Hydropower .S Company	Resolution regarding to Passing the plan contributing capital and assigning representative competes into the Board of Directors of Son Giang Hydropower .S Company (535/NQ-HĐQT dated 16/11/2016; 536/QĐ-HĐQT dated 16/11/2016)
Session 13 (25/12/2015)	5/5	Meeting	- Passing the Incentive Report of Business Completion 2015 and building the Business Plan 2016; - Reviewing to issue the Company financial management rules;	Decision regarding to promulgating Company financial management rules (428/QĐ-TVĐ4 dated 26/12/2015)
Session 14 (31/12/2015)	5/5	Feedback in writing	Regarding to handling of bad debts but enable for collection	Resolution regarding to handling of bad debts but enable for collection (NQ430/NQ-HĐQT dated 31/12/2015)

Members of the Board of Directors have Certificate of Company Administration:

1. Mr. Pham Minh Son - Chairman of the Board: Master of Business Administration.

2. Mr. Vu Thanh Danh – Member of the Board: Master of Business Administration, Certificate of Company Administration issued by the State Securities Commission.

2- BOARD OF SUPERVISORS

Members and structure of the Board of Supervisors:

- | | |
|-----------------------------|------------------|
| 1. Mr. Ho Nam Khanh | Chief Supervisor |
| 2. Mr. Tran Vinh Thai | Member |
| 3. Mrs. Vuong Xuan Thi Lien | Member |

Shareholding of the Members of the Board of Supervisors until February 28, 2017 is as below:

No.	Full Name	Title	Shares	Scale (%)
1	Ho Nam Khanh	Chief Supervisor	48,307	0.33
2	Tran Vinh Thai	Member	-	-
3	Vuong Xuan Thi Lien	Member	-	-



Activities of the Board of Supervisors

In 2016, the Board of Supervisors (BOS) has held 03 meetings, 02 periodic evaluations at the Company's headquarter as scheduled and regularly exchanged information within the Board of Supervisors to monitor the Company's activities. The main activities of the BOS in 2016 are as follows:

- The BOS has held meeting to assign tasks for each member for checking and assessment following approved functions.
- The BOS has monitored the implementation of resolutions and decisions of the ASGM, Board of Directors, Executive Board and Company's internal rules and regulations;
- The BOS has participated with the Board of Directors, Executive Board to promulgate resolutions, decisions, regulations and internal rules in accordance with laws;
- The BOS has attended the meetings of the Board of Directors, periodic meetings between Executive Board and Managers, other meetings relating to business operation, development strategy and given proposals within responsibility and right scope of the BOS;
- The BOS has reviewed the summary report, periodic business operation report of Executive Board to timely update information for the BOS activities;
- To be responsible to the contents of information relating to Shareholders relation. Supervised the Company via obeying regulations of companies listed on stock exchange in information disclosure, company administration report;
- The BOS has participated to review the updated company charter that approved by the ASGM 2016 via Resolution No. 214/2016/NQ-ĐHĐCĐ.
- Participated the profession grinds serving the supervision tasks;
- Strictly, fully implemented the reports of supervision tasks as regulations.
- Appraised the six-month financial report 2016.
- Supervised the payment of dividend 2015 following the alternative approved by ASGM and interim payment of dividend 2016 following resolution of the Board of Directors.
- Reviewed the cycle held Annual Shareholder General Meeting (ASGM) 2016 following Company Charter, Enterprises Law and Securities Law.
- Appraised the Bids for services auditing 6-month financial report and 2016 financial report from auditing units and proposed to select Auditor for 2016 financial report following functions, tasks of Supervision Board as regulated by Company charter.

3- TRANSACTIONS, REMUNERATIONS AND BENEFITS OF THE BOARD OF DIRECTORS, EXECUTIVE BOARD AND SUPERVISION BOARD

Executed following resolution of ASGM 2016, remuneration to the Boards is paid as follows:

The total remuneration paid to the Board of Directors, Supervision Board is 504,000,000 VND, particularly:

Unit: VND

No.	Full Name	Title	Remuneration
1	Pham Minh Son	Chairman of BOD	96,000,000
2	Nguyen Duy Binh	Member of BOD	72,000,000
3	Tran Van Tho	Member of BOD	72,000,000
4	Tran Hoai Nam	Member of BOD	72,000,000
5	Vu Thanh Danh	Member of BOD	72,000,000
6	Vu Ngoc Thu	Chief Supervisor – resigned dated 28/4/2016	18,000,000
7	Tran Vinh Thai	Member of BOS	42,000,000
8	Vuong Xuan Thi Lien	Member of BOS	42,000,000
9	Nguyen Minh Hang	Secretary	18,000,000
	Total		504,000,000

Transaction of internal shareholders: none.

VI. FINANCIAL STATEMENT:

1. OPINION OF AUDITORS



Headquarters : 2 Trưng Sơn St., W. 2, Tân Bình Dist., Ho Chi Minh City
Tel: (84.8) 3 5472972 - Fax: (84.8) 3 5472970
Branch in Ha Noi : 40 Giang Vo St., Dong Da Dist., Ha Noi City
Branch in Nha Trang: 18 Tran Khanh Du St., Nha Trang City
Branch in Can Tho : 162C/4 Tran Ngoc Que St., Can Tho City
www.a-c.com.vn

No. 026/2017/BCTC-KTTV

INDEPENDENT AUDITOR'S REPORT

THE SHAREHOLDERS, THE BOARD OF MANAGEMENT AND THE BOARD OF DIRECTORS POWER ENGINEERING CONSULTING JOINT STOCK COMPANY 4

We have audited the accompanying financial statements of Power Engineering Consulting Joint Stock Company 4 (hereinafter referred to as "the Company"), which were prepared on 20 February 2017 (from page 7 to page 44) including the balance sheet as of 31 December 2016, the income statement, the cash flows statement for the fiscal year then ended and the notes to the financial statements.

Responsibility of the Board of Directors

The Company's Board of Directors is responsible for the preparation, true and fair presentation of the financial statements in accordance with the Vietnamese accounting standards and system as well as the legal regulations related to the preparation and presentation of the financial statements; and responsible for the internal control as the company's Directors determine necessary to enable the preparation and presentation of the financial statements to be free from material misstatement due to fraud or error.

Responsibility of Auditors

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical standards and requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion of Auditors

In our opinion, the financial statements referred to above, give a true and fair view, in all material respects, the financial position as of 31 December 2016 of Power Engineering Consulting Joint Stock Company 4, as well as its financial performance and its cash flows for the fiscal year then ended in conformity with the prevailing Vietnamese accounting standards and as well as the other legal regulations relevant to preparation and presentation of financial statements.

For and on behalf of
A&C Auditing and Consulting Co., Ltd.

Nha Trang Branch



Nguyen Van Kien - Director

Audit Practice Registration Certificate No. 0192-2013-008-1

Nha Trang, 4 March 2017

Nguyen Thi Kim Hong - Auditor

Audit Practice Registration Certificate No. 1513-2013-008-1

2. BALANCE SHEET

Unit: VND

ITEMS	Code	Note	Ending balance	Beginning balance
A - CURRENT ASSETS	100		123.016.388.654	106.716.218.995
I. Cash and cash equivalents	110	V.1	25.256.467.922	22.446.436.893
1. Cash	111		20.256.467.922	8.446.436.893
2. Cash equivalents	112		5.000.000.000	14.000.000.000
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		80.986.712.993	70.887.111.072
1. Short-term trade receivables	131	V.3a	75.613.294.847	71.152.693.943
2. Short-term prepayments to suppliers	132	V.4	6.191.618.297	2.596.806.461
3. Short-term inter-company receivables	133		-	-
4. Receivable according to the progress of construction contract	134		-	-
5. Receivables for short-term loans	135		-	-
6. Other short-term receivables	136	V.5	11.469.451.118	8.877.920.737
7. Allowance for short-term doubtful debts	137	V.6	(12.287.651.269)	(11.740.310.069)
8. Deficit assets for treatment	139		-	-
IV. Inventories	140		16.773.207.739	13.377.472.269
1. Inventories	141	V.7	16.773.207.739	13.377.472.269
2. Allowance for inventories	149		-	-
V. Other current assets	150		-	5.198.761
1. Short-term prepaid expenses	151	V.8a	-	5.198.761
2. Deductible VAT	152		-	-
3. Taxes and other receivables from the State	153		-	-
4. Trading Government bonds	154		-	-
5. Other current assets	155		-	-

ITEMS	Code	Note	Ending balance	Beginning balance
B- NON-CURRENT ASSETS	200		134.048.340.285	134.237.097.398
I. Long-term receivables	210		1.898.192.121	2.082.336.984
1. Long-term trade receivables	211	V.3b	1.828.192.121	2.012.336.984
2. Long-term prepayments to suppliers	212		-	-
3. Working capital in affiliates	213		-	-
4. Long-term inter-company receivable	214		-	-
5. Receivables for long-term loans	215		-	-
6. Other long-term receivables	216	V.5b	70.000.000	70.000.000
7. Allowance for long-term doubtful debts	219		-	-
II. Fixed assets	220		23.826.289.846	24.894.878.303
1. Tangible fixed assets	221	V.9	8.880.707.842	9.729.739.810
- <i>Historical cost</i>	222		34.157.773.536	33.511.228.081
- <i>Accumulated depreciation</i>	223		(25.277.065.694)	(23.781.488.271)
2. Financial leased assets	224		-	-
- <i>Historical cost</i>	225		-	-
- <i>Accumulated depreciation</i>	226		-	-
3. Intangible fixed assets	227	V.10	14.945.582.004	15.165.138.493
- <i>Initial cost</i>	228		18.828.157.411	18.797.483.911
- <i>Accumulated amortization</i>	229		(3.882.575.407)	(3.632.345.418)
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		106.541.640.000	105.941.640.000
1. Investments in subsidiaries	251		-	-
2. Investments in joint ventures and associates	252	V.2a	104.450.000.000	103.850.000.000
3. Investments in other entities	253	V.2b	2.091.640.000	2.091.640.000
4. Provisions for devaluation of long-term financial investments	254		-	-
5. Held-to-maturity investments	255		-	-
VI. Other non-current assets	260		1.782.218.318	1.318.242.111
1. Long-term prepaid expenses	261	V.8b	1.782.218.318	1.318.242.111
2. Deferred income tax assets	262		-	-
3. Long-term components and spare parts	263		-	-
4. Other non-current assets	268		-	-
TOTAL ASSETS	270		257.064.728.939	240.953.316.393

ITEMS	Code	Note	Ending balance	Beginning balance
C - LIABILITIES	300		76.054.242.808	60.466.301.691
I. Current liabilities	310		76.054.242.808	57.466.301.691
1. Short-term trade payables	311	V.11	9.007.430.317	7.293.851.403
2. Short-term advances from customers	312	V.12	46.252.826.690	29.118.791.548
3. Taxes and other obligations to the State Budget	313	V.13	4.081.537.493	3.552.778.700
4. Payables to employees	314	V.14	9.356.201.560	7.803.724.472
5. Short-term accrued expenses	315		730.936.000	-
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.15	3.646.081.508	4.156.290.116
10. Short-term borrowings and financial leases	320	V.16a	-	-
11. Provisions for short-term payables	321		-	-
12. Bonus and welfare funds	322	V.17	2.979.229.240	5.540.865.452
13. Price stabilization fund	323		-	-
14. Trading Government bonds	324		-	-
II. Long-term liabilities	330		-	3.000.000.000
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	V.16b	-	3.000.000.000
9. Convertible bonds	339		-	-
10. Preferred shares	340		-	-
11. Deferred income tax liability	341		-	-
12. Provisions for long-term payables	342		-	-
13. Science and technology development fund	343		-	-

ITEMS	Code	Note	Ending balance	Beginning balance
D - OWNER'S EQUITY	400		181.010.486.131	180.487.014.702
I. Owner's equity	410		181.010.486.131	180.487.014.702
1. Capital	411	V.18	145.996.140.000	145.996.140.000
2. Share premiums	412	V.18	(15.784.110.000)	(15.784.110.000)
3. Bond conversion options	413		-	-
4. Other sources of capital	414		-	-
5. Treasury stocks	415	V.18	(745.850.060)	(745.850.060)
6. Differences on asset revaluation	416		-	-
7. Foreign exchange differences	417		-	-
8. Investment and development fund	418	V.18	26.753.260.607	26.753.260.607
9. Business arrangement supporting fund	419		-	-
10. Other funds	420	V.18	1.721.694.867	1.721.694.867
11. Retained earnings	421	V.18	23.069.350.717	22.545.879.288
- Retained earnings accumulated to the end of the previous period	421a		7.157.300.042	22.545.879.288
- Retained earnings of the current period	421b		15.912.050.675	-
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		257.064.728.939	240.953.316.393

Khanh Hoa, 20 February 2017



Tran Le Thanh Binh
Preparer



Vu Thanh Danh
Chief Accountant




Phạm Minh Sơn
General Director

3. INCOME STATEMENT

Unit: VND

ITEMS	Code	Note	Current year	Previous year
1. Sales	01	VI.1	173.922.554.025	140.542.529.949
2. Sales deductions	02		-	-
3. Net sales	10		173.922.554.025	140.542.529.949
4. Cost of sales	11	VI.2	121.738.597.125	97.716.980.532
5. Gross profit/ (loss)	20		52.183.956.900	42.825.549.417
6. Financial income	21	VI.3	8.551.187.108	12.495.797.255
7. Financial expenses	22	VI.4	235.787.377	287.555.474
In which: Loan interest expenses	23		234.903.727	272.832.675
8. Selling expenses	25	VI.5	5.000.000	-
9. General and administration expenses	26	VI.6	33.795.616.210	29.458.655.563
10. Net operating profit/ (loss)	30		26.698.740.421	25.575.135.635
11. Other income	31	VI.7	62.769.000	42.989.909
12. Other expenses	32	VI.8	1.821.025	81.620.046
13. Other profit/(loss)	40		60.947.975	(38.630.137)
14. Total accounting profit/ (loss) before tax	50		26.759.688.396	25.536.505.498
15. Current income tax	51	V.13	3.690.337.679	2.990.626.210
16. Deferred income tax	52		-	-
17. Profit/ (loss) after tax	60		<u>23.069.350.717</u>	<u>22.545.879.288</u>
18. Earnings per share	70	VI.8	<u>1.587</u>	<u>1.551</u>
19. Diluted earnings per share	71	VI.8	<u>1.587</u>	<u>1.551</u>

Khanh Hoa, 20 February 2017


Tran Le Thanh Binh
Preparer


Vu Thanh Danh
Chief Accountant


Phạm Minh Sơn
General Director

4. CASH FLOWS STATEMENT

Unit: VND

ITEMS	Code	Note	Current year	Previous year
I. Cash flows from operating activities				
1. Profit/ (loss) before tax	01		26.759.688.396	25.536.505.498
2. Adjustments				
- Depreciation of fixed assets and investment properties	02	V.9; V.10	1.745.807.412	1.455.606.254
- Provisions and allowances	03	V.6	547.341.200	(3.079.981.615)
- Exchange gain/ (loss) due to revaluation of monetary items in foreign currencies	04		-	-
- Gain/ (loss) from investing activities	05		(8.509.110.553)	(12.365.715.699)
- Interest expenses	06	V1.4	234.903.727	272.832.675
- Others	07		-	-
3. Operating profit/(loss) before changes of working capital	08		20.778.630.182	11.819.247.113
- Increase/(decrease) of receivables	09		(8.905.048.258)	27.872.610.367
- Increase/(decrease) of inventories	10	V.7	(3.395.735.470)	1.215.768.748
- Increase/ (decrease) of payables	11		21.698.821.010	(18.047.251.800)
- Increase/ (decrease) of prepaid expenses	12	V.8a,b	(458.777.446)	(429.061.545)
- Increase/ (decrease) of trading securities	13		-	-
- Interests paid	14		(245.423.727)	(1.071.366.872)
- Corporate income tax paid	15	V.13	(4.296.843.960)	(2.300.964.329)
- Other cash inflows	16	V.17	10.000.000	26.000.000
- Other cash outflows	17	V.17	(3.314.879.000)	(2.740.786.000)
Net cash flows from operating activities	20		21.870.743.331	16.344.195.682
II. Cash flows from investing activities				
1. Purchases and construction of fixed assets and other long-term assets	21	V.9; V.10	(644.218.955)	(3.253.414.602)
2. Proceeds from disposals of fixed assets and other long-term assets	22		-	-
3. Cash outflow for lending, buying debt instruments of other entities	23		-	-
4. Cash recovered from lending, selling debt instruments of other entities	24		-	-
5. Investments into other entities	25	V.2a	(600.000.000)	-
6. Withdrawals of investments in other entities	26		-	458.360.000
7. Interest earned, dividends and profits received	27		6.951.360.553	5.615.465.699
Net cash flows from investing activities	30		5.707.141.598	2.820.411.097

ITEMS	Code	Note	Current year	Previous year
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	V.16a	31.237.652.382	17.162.710.500
4. Repayment for loan principal	34	V.16a	(34.237.652.382)	(24.741.756.682)
5. Payments for financial leased assets	35		-	-
6. Dividends and profit paid to the owners	36	V.15; V.18	(21.767.853.900)	(19.759.013.000)
<i>Net cash flows from financing activities</i>	40		<u>(24.767.853.900)</u>	<u>(27.338.059.182)</u>
Net cash flows during the period	50		2.810.031.029	(8.173.452.403)
Beginning cash and cash equivalents	60		22.446.436.893	30.619.889.296
Effects of fluctuations in foreign exchange rates	61		-	-
Ending cash and cash equivalents	70		<u>25.256.467.922</u>	<u>22.446.436.893</u>

Khanh Hoa, 20 February 2017



Tran Le Thanh Binh
Preparer



Vu Thanh Danh
Chief Accountant



Phạm Minh Sơn
General Director

5. NOTES TO THE FINANCIAL STATEMENT

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 operation during the year on the Financial Statements

During the year, sales increase more 23,75% equivalent to VND 33,3 billion because sales from surveying the Company’s power projects strongly increase.

6. Structure of the Company

Joint ventures and associates

Name of the Company	Address	Principal business activities	Contribution rate	Possessing rate	Voting rate
Buon Don Hydroelectricity Joint Stock Company	Floor 7, 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. 14/34 Phan Dang Luu St, Ward 9, Tuy Hoa City, Phu Yen Province, Vietnam	Trading in electricity	30%	30%	30%

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

Affiliates	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 - Tan Dinh Ward - District 1 - Ho Chi Minh City

7. Statement on information comparability on the Financial Statements

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

8. Employees

As of the balance sheet date, there have been 464 employees working for the Company (at the beginning of the year: 475 employees).

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.

- 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.

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

Trading securities

Investments classified as trading securities are those held by the Company for the trading purpose with the aim of making profit.

Trading securities are recognized at original costs which include fair value of the payments made at the time of the transaction plus other costs attributable transaction costs.

The time of recognizing trading securities is when the Company acquires the ownership, as follows:

- For listed securities: recognized at the time of order-matching (T+0).
- For unlisted securities: recognized at the time of acquiring official ownership as stipulated by law.

Interest, dividends, and profit of the periods prior to the acquisition of trading securities are recorded as a decrease in the value of such securities. Interest, dividends and profit of the periods after the acquisition of such securities are recorded in 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.

Convertible shares are determined on the basis of the fair value at the date of exchange. The fair value of the shares is determined as follows:

- For shares of listed companies: the closing price listed on the stock market at the date of exchange. In case at the date of exchange, the stock market is not traded, the fair value of shares is the closing price of the preceding trading with the date of exchange.
- For unlisted shares traded on UPCOM: the closing price on UPCOM at the date of exchange. In case at the date of exchange, the UPCOM is not traded, the fair value of shares is the closing price of the preceding trading with the date of exchange.
- For other unlisted shares: the price agreed by the parties under the contracts or the carrying value at the time of exchange.

Provisions for devaluation of trading securities are made for each particular type of securities in the market of which the fair value is lower than original costs. The fair value of trading securities listed on the stock market or traded on UPCOM is the closing price at the balance sheet date. In case where the stock market or UPCOM is not available for transactions as at the balance sheet date, the fair value of shares is the closing price of the preceding transaction with the balance sheet date.

Increases/ (decreases) in the provisions for devaluation of trading securities are recorded into "Financial expenses" during the year.

Profit or loss from transferring trading securities is recorded into financial income or expenses expenses. Costs are determined in line with mobile weighted average method.

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.

Dividends and profits of the periods prior to the purchase of investments are recorded as a decrease in value of such investments. Dividends and profit of the periods after the purchase of investments are recorded into the Company's revenues. Particularly, the dividends paid in form of shares are not recorded as an increase in values, but the increasing quantity is followed up.

Provisions for impairment of investments associates

Provisions for impairment of investments associates is made when the associates suffer from losses at the rate equal to the difference between the actual capital invested by investors in associates and the actual owner's equity multiplying (x) by the Company's rate of capital contribution over the total actual capital invested by investors in associates. If the associates are consolidated into Consolidated Financial Statements, the basis for impairment provisions is the Consolidated Financial Statements.

Increases/ (decreases) in the provisions for impairment of investments in associates are recorded into “Financial expenses” during the year.

Investments in equity instruments of other entities

Investments in equity instruments of other entities include such investments in equity instruments that do not enable the Company to have the control, joint control or significant influence on these entities.

Investments in equity instruments of other entities are initially recognized at costs, including cost of purchase plus other directly attributable transaction costs. Values of these investments are derecognized for dividends and profits arising in the periods prior to the acquisition of such investments. Dividends and profit arising in the periods after the acquisition of investments are recorded into the Company’s revenue. Particularly, the dividends paid in form of shares are not recorded as an increase in values, but the increasing quantity of shares is followed up.

Provisions for impairment of investments in equity instruments of other entities are made as follows:

- For investments in listed shares or fair value of investments which is reliably measured, provisions are made on the basis of the market value of shares.
- For investments of which the fair value cannot be measured at the time of reporting, provisions are made on the basis of the losses suffered by investees, at the rate equal to the difference between the actual capital invested by investors and the actual owner’s equity multiplying (x) by the Company’s rate of capital contribution over the total actual capital invested by investors in these investees.

Increases/ (decreases) in the provisions for impairment of investments in equity instruments of other entities are recorded into “Financial expenses” during the year.

5. Receivables

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

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

- Trade receivables reflect receivables concerning the commercial nature arising from purchase and sale transactions between the Company and customers who are independent to the Company, inclusive of receivables for the exports entrusted to other entities.
- Other receivables reflect receivables not concerning the commercial nature and irrelevant to purchase and sale transactions.

Allowance is made for each doubtful debt on the basis of the estimated loss

Increases/(decreases) in the obligatory allowance for doubtful debts as of the balance sheet date are recorded into “General and administration expenses”.

6. Inventories

Inventories are recognized at the lower of cost or net realizable value.

Cost of inventories is determined as follows:

- For materials and merchandises: Costs comprises costs of purchases and other directly relevant costs incurred in bringing the inventories to their present location and conditions.
- Work-in-process: Costs only comprises main materials and labors.

Costs of goods sold 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

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

Computer software

Purchase price of computer software, which is not a part associated with the relevant hardware, will be capitalized. Costs of computer software include all the expenses paid by the Company until the date the software is put into use. Computer software is amortized in accordance with the straight-line method in 2 years.

Vehicles

Vehicle of which its historical cost under VND 30 million is allocated in line with straight line method for 3 years.

Other expenses are allocated in line with actual use period of fee for looking up online legal documents.

8. Tangible fixed assets

Tangible fixed assets are determined by their historical costs less accumulated depreciation. Historical costs of tangible fixed assets include all the expenses paid by the Company to bring the asset to its working condition for its intended use. Other expenses arising subsequent to initial recognition are included into historical costs of fixed assets only if it can be clearly demonstrated that the expenditure has resulted in future economic benefits expected to be obtained from the use of these assets. Those which do not meet the above conditions will be recorded into operation costs during the period.

When a tangible fixed asset is sold or disposed, its historical cost and accumulated depreciation are written off, then any gain or loss arising from such disposal is included in the income or the expenses during the year.

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

<u>Fixed assets</u>	<u>Years</u>
Buildings and structures	05 – 25
Machinery and equipment	03 – 06
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 (50 years). Land use right is permanent, it 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

Purchase price of computer software, which is not a part associated with the relevant hardware, will be capitalized. 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 from 3 to 5 years.

10. Payables and accrued expenses

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

The classification of payables as trade payables, accrued expenses and other payables is made on the basis of following principles:

- Trade payables reflect payables of commercial nature arising from the purchase of goods, services, or assets and the seller is an independent entity with the Company, including payables for import through entrustment.

- Accrued expenses reflect expenses for goods, services received from suppliers or supplied to customers but have not been paid, invoiced or lack of accounting records and supporting documents; pay on leave payable to employees; and accrual of operation expenses.
- Other payables reflect payables of non-commercial nature and irrelevant to purchase, sales of goods or provisions of services.

Payables and accrued expenses are classified as short term and long term in balance sheet on the basis of remaining term as of the balance sheet date.

11. Owner's equity

Capital

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

Share premiums

Share premiums are recorded in accordance with the difference between the issuance price and face value upon the IPO, additional issue or the difference between the re-issuance price and carrying value of treasury shares and the equity component of convertible bonds upon maturity date. Expenses directly related to the additional issue of shares and the re-issuance of treasury shares are recorded as a decrease in share premiums.

Other sources of capital

Other sources of capital are due to the supplementation from business profits, revaluation of assets and net carrying values between the fair values of the assets gifted or granted to the Company after deducting taxes payable (if any) related to these assets.

Treasury shares

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

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 is recorded as payables upon approval of the Shareholders' Meeting and the Decision of the Board of Management regarding dividends payment.

13. Recognition of sales and income

Sales of rendering services

Sales of rendering services shall be recognized when all of the following conditions are satisfied:

- the amount of sales can be measured reliably. When the contract stipulates that the buyer is entitled to return the services rendered under specific conditions, sales is recognized only when these specific conditions are no longer existed and the buyer is not entitled to return the services rendered.

- the Company received or shall probably receive the economic benefits associated with the rendering of services.
- the stage of completion of the transaction at the end of reporting period can be measured reliably.
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

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

Interest

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

Dividends and profit shared

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

14. 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. Sales deductions

Sales deductions include trade discounts, sales allowances, sales returns incurred in the same period of providing services which are recorded as a deduction of sales in such period.

In case of services provided in the previous year but trade discounts, sales allowances, sales returns incurred in the current year, sales deductions shall be recorded as follows:

- the Company received or shall probably receive the economic benefits associated with the rendering of services.
- the stage of completion of the transaction at the end of reporting period can be measured reliably.
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

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

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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. Sales deductions

Sales deductions include trade discounts, sales allowances, sales returns incurred in the same period of providing services which are recorded as a deduction of sales in such period.

In case of services provided in the previous year but trade discounts, sales allowances, sales returns incurred in the current year, sales deductions shall be recorded as follows:

- If sales allowances, trade discounts, sales returns incur prior to the release of the Financial Statements, such sales deductions are recognized in the Financial Statements of the current year.
- If sales allowances, trade discounts, sales returns incur after the release of the Financial Statements, such sales deductions are recognized in the Financial Statements of the following year.

16. Borrowing costs

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

Borrowing costs are recorded as an expense when it is incurred. In case the borrowing costs are directly attributable to the construction or the production of an asset in progress, which takes a substantial period of time (over 12 months) to get ready for intended use or sales of the asset, these costs will be included in the cost of that asset. To the extent that the borrowings are especially for the purpose of construction of fixed assets and investment properties, the borrowing cost is eligible for capitalization even if construction period is under 12 months. Incomes arisen from provisional investments as loans are recognized as a decrease in the costs of relevant assets.

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.

17. 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.

18. Corporate income tax

Corporate income tax includes current income tax and deferred income tax.

Current income tax

Current income tax is the tax amount computed based on the taxable income. Taxable income is different from accounting profit due to the adjustments of temporary differences between tax and accounting figures, non-deductible expenses as well as those of non-taxable income and losses brought forward.

Deferred income tax

Deferred income tax is the amount of corporate income tax payable or refundable due to temporary differences between book values of assets and liabilities serving the preparation of the financial statements and the values for tax purposes. Deferred income tax liabilities are recognized for all the temporary taxable differences. Deferred income tax assets are recorded only when there is an assurance on the availability of taxable income in the future against which the temporarily deductible differences can be used.

Carrying values of deferred corporate income tax assets are considered as of the balance sheet date and will be reduced to the rate that ensures enough taxable income against which the benefits from part of or all of the deferred income tax can be used. Deferred corporate income tax assets, which have not been recorded before, are considered as of the balance sheet date and are recorded when there is certainly enough taxable income to use these unrecognized deferred corporate income tax assets.

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

The Company shall offset deferred tax assets and deferred tax liabilities if, and only if:

- The Company has the legal right to offset current income tax assets against current income tax liabilities; and
- Deferred income tax assets and deferred income tax liabilities are relevant to corporate income tax which is under the management of one tax authority either:
 - 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.

19. 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.

20. Segment reporting

A business segment is a distinguishable component of the Company that is engaged in manufacturing or providing products or services and that is subject to risks and returns that are different from those of other business segments.

A geographical segment is a distinguishable component of the Company that is engaged in manufacturing or providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

Segment information is prepared and presented in conformity with accounting policies applied to prepare and present the Financial Statements of the Company.

21. 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, listed and 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, 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	52.895.000	352.649.000
Demand deposits in bank	20.203.572.922	8.093.787.893
Cash equivalents (<i>time deposits of which the principal maturity is under 3 months</i>)	5.000.000.000	14.000.000.000
Total	<u>25.256.467.922</u>	<u>22.446.436.893</u>

2. Financial investments

The financial investments of the Company include investment into joint ventures, associates and capital contribution into other entities. The Company's financial investments are as follows:

2a. *Investments into associates, joint ventures*

Pursuant to Business Registration Certificate No. 6000884487 dated 20 May 2009 of Buon Don Hydroelectricity Joint Stock Company granted by Department of Planning and Investment of Daklak Province, the Company has invested into Buon Don Hydroelectricity Joint Stock Company at amount of VND 103.850.000.000 equivalent to 31% of charter capital. As of the balance sheet date, the Company has fully invested its 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 600.000.000, charter capital to be invested into Son Giang Power Joint Stock Company is VND 14.400.000.000.

Fair value

The Company has not yet determined fair value of unlisted investments since there is no guidance on determination of fair value in detail.

Situation of the associate's operations

Buon Don Hydroelectricity Joint Stock Company are operating in normal condition, there are no material changes in comparison with those of previous year.

Son Giang Power Joint Stock Company was established on 22 November 2016, it is in the process of construction and has not yet come into operation.

Investments into associates are not devaluated; therefore, the Company has made no provision.

Transactions with associates

During the year, the Company has had transaction of capital contribution into Son Giang Power Joint Stock Company – associate – at amount of VND 600.000.000. In previous year, the Company only had transaction of providing design survey service to Buon Don Hydroelectricity Joint Stock Company – associate – at amount of VND 2.230.184.730.

2b. Capital contribution into other entities

	Ending balance			Beginning balance		
	Original costs	Fair value	Provisions	Original costs	Fair value	Provisions
Shares						
EVN International Joint Stock Company	105.000	1.050.000.000	-	105.000	1.050.000.000	-
Khanh Hoa – Ha Noi Development Investment Joint Stock Company	104.164	1.041.640.000	-	104.164	1.041.640.000	-
Total		2.091.640.000	-		2.091.640.000	-

3. Short-term/ long-term trade receivables

3a. Short-term trade receivables

	Ending balance	Beginning balance
Receivables from related parties	2.726.583.861	1.115.332.656
Power Engineering Consulting Joint Stock Company 2	1.611.251.205	-
Buon Don Hydroelectricity Joint Stock Company	974.266.502	974.266.502
Power Engineering Consulting Joint Stock Company 1	141.066.154	141.066.154

	<u>Ending balance</u>	<u>Beginning balance</u>
<i>Receivables from other customers</i>	72.886.710.986	70.037.361.287
Son Giang Power Joint Stock Company	8.302.760.000	-
Trung Nam Power Joint Stock Company	5.664.180.169	7.264.180.169
Others	58.919.770.817	62.773.181.118
Total	<u>75.613.294.847</u>	<u>71.152.693.943</u>

3b. Long-term trade receivables

	<u>Ending balance</u>	<u>Beginning balance</u>
<i>Receivables from other customers</i>		
Nho Que Power Development and Investment JSC	1.532.762.821	1.532.762.821
Hydroelectricity Management Board 2	156.818.300	156.818.300
Trung Son Hydropower One Member Co., Ltd	138.611.000	138.611.000
Hydroelectricity Management Board 1	-	184.144.863
Total	<u>1.828.192.121</u>	<u>2.012.336.984</u>

4. Short-term prepayments to suppliers

	<u>Ending balance</u>	<u>Beginning balance</u>
<i>Prepayments to related parties</i>	1.122.997.242	-
Power Engineering Consulting JSC 1	1.122.997.242	-
<i>Prepayments to other suppliers</i>	5.068.621.055	2.596.806.461
HTC TCC Co., Ltd.	1.864.611.600	-
Hanoi - Energy Construction Consulting Co., Ltd.	400.000.000	400.000.000
Le Nguyen Construction Co., Ltd.	397.101.100	397.101.100
NIAPP	269.146.436	269.146.436
Others	2.137.761.919	1.530.558.925
Total	<u>6.191.618.297</u>	<u>2.596.806.461</u>

5. Other short-term/ long-term receivables

5a. Short-term receivables

	<u>Ending balance</u>		<u>Beginning balance</u>	
	Value	Allowance	Value	Allowance
<i>Receivables from related parties</i>	8.308.000.000	-	6.750.250.000	-
Buon Don Hydroelectricity Joint Stock Company - dividends and profits shared	8.308.000.000	-	6.750.250.000	-
<i>Receivables from other organizations and individuals</i>	3.161.451.118	-	2.127.670.737	-
Advances to employees	2.754.421.947	-	1.841.967.261	-
Receipt from employees	42.500.000	-	78.000.000	-
Social insurance	22.322.000	-	-	-
Mott MacDonald Ltd., Co – Expenses for fuels to be collected from investors	-	-	23.892.818	-
Other short-term receivables	342.207.171	-	183.810.658	-
Total	<u>11.469.451.118</u>	<u>-</u>	<u>8.877.920.737</u>	<u>-</u>

5b. Other long-term receivables

	Ending balance		Beginning balance	
	Value	Allowance	Value	Allowance
Deposits and mortgages	70.000.000	-	70.000.000	-
Total	70.000.000	-	70.000.000	-

6. Doubtful debts

	Outstanding period	Ending balance		Outstanding period	Beginning balance	
		Original costs	Recoverable amount		Original costs	Recoverable amount
<i>Other organizations and individuals</i>						
Nho Que Hydroelectricity JSC 1	2008 2009 2010	6.037.929.873	4.830.343.898	2008 2009 2010	6.037.929.873	4.830.343.898
Northern Power Development and Investment JSC 1	2010	5.919.992.822	4.015.316.154	2010	5.919.992.822	4.015.316.154
Duc Long Gia Lai Group JSC	2010 2011	5.318.864.000	-	2010 2011	5.318.864.000	2.659.432.000
Nhan Luat Energy JSC	2009	3.054.527.900	1.527.263.950	2009	3.054.527.900	1.527.263.950
La Ngau Power Joint Stock Company	2007 2008	2.481.247.709	1.760.255.309	2007 2008	3.455.841.709	2.734.849.309
Vietnam Electricity Construction Joint Stock Corporation	2007	62.621.336	62.621.336	2007	3.686.461.336	1.530.276.536
Other customers	1999 - 2013	2.460.082.057	851.813.781	1999 - 2013	2.671.988.057	1.107.813.781
Total		25.335.265.697	13.047.614.428		30.145.605.697	18.405.295.628

Fluctuations in allowances for doubtful debts are as follows:

	Current year	Previous year
Beginning balance	11.740.310.069	14.820.291.684
Additional provision	547.341.200	1.516.817.092
Written off	-	(4.596.798.707)
Ending balance	12.287.651.269	11.740.310.069

7. Inventories

	Ending balance		Beginning balance	
	Original costs	Allowance	Original costs	Allowance
Materials and supplies	457.514.549	-	491.433.726	-
Tools	8.453.608	-	9.806.103	-
Work in progress	16.307.239.582	-	12.876.232.440	-
Total	16.773.207.739	-	13.377.472.269	-

8. Short-term/long-term prepaid expenses

8a. Short-term prepaid expenses

	<u>Ending balance</u>	<u>Beginning balance</u>
Tools	-	5.198.761
Total	-	5.198.761

8b. Long-term prepaid expenses

	<u>Ending balance</u>	<u>Beginning balance</u>
Tools	1.522.260.347	1.303.037.507
Other expenses	259.957.971	15.204.604
Total	1.782.218.318	1.318.242.111

9. Tangible fixed assets

	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Vehicles</u>	<u>Office equipment</u>	<u>Total</u>
Historical costs					
Beginning balance	10.104.595.287	9.746.130.755	12.541.821.147	1.118.680.892	33.511.228.081
Purchases during the year	-	568.000.000	-	78.545.455	646.545.455
Ending balance	10.104.595.287	10.314.130.755	12.541.821.147	1.197.226.347	34.157.773.536
<i>In which:</i>					
Assets fully depreciated but still in use	773.606.927	7.837.767.082	9.908.142.964	838.752.339	19.358.269.312
Assets waiting for liquidation	-	-	-	-	-
Depreciation					
Beginning balance	4.310.763.255	7.819.057.830	10.758.911.077	892.756.109	23.781.488.271
Depreciation	465.031.208	501.386.502	451.077.900	78.081.813	1.495.577.423
Ending balance	4.775.794.463	8.320.444.332	11.209.988.977	970.837.922	25.277.065.694
Net book value					
Beginning balance	5.793.832.032	1.927.072.925	1.782.910.070	225.924.783	9.729.739.810
Ending balance	5.328.800.824	1.993.686.423	1.331.832.170	226.388.425	8.880.707.842
<i>In which:</i>					
Assets temporarily not in use	-	-	-	-	-
Assets waiting for liquidation	-	-	-	-	-

10. Intangible fixed assets

	<u>Long-term land use right</u>	<u>Fixed-term land use right</u>	<u>Computer software</u>	<u>Total</u>
Initial costs				
Beginning balance	7.093.957.000	9.463.506.000	2.240.020.911	18.797.483.911
Purchases during the year	-	-	30.673.500	30.673.500
Ending 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>
<i>In which:</i>				
Assets fully depreciated but still being in use	-	-	2.107.552.255	2.107.552.255
Amortization				
Beginning balance	-	1.476.920.505	2.155.424.913	3.632.345.418
Amortization	-	199.504.800	50.725.189	250.229.989
Ending balance	-	<u>1.676.425.305</u>	<u>2.206.150.102</u>	<u>3.882.575.407</u>
Net book value				
Beginning balance	7.093.957.000	7.986.585.495	84.595.998	15.165.138.493
Ending balance	<u>7.093.957.000</u>	<u>7.787.080.695</u>	<u>64.544.309</u>	<u>14.945.582.004</u>
<i>In which:</i>				
Temporarily not yet used	-	-	-	-
To be liquidated	-	-	-	-

11. Short-term trade payables

	<u>Ending balance</u>	<u>Beginning balance</u>
Payables to related parties		
Power Engineering Consulting JSC 1	983.545.000	983.545.000
Payables to other suppliers	8.023.885.317	6.310.306.403
Sea Research and Sea Map Measure Team	917.730.264	917.730.264
Hoa Binh - Agriculture 1 Map Measure Enterprise	733.998.010	733.998.010
Other suppliers	6.372.157.043	4.658.578.129
Total	<u>9.007.430.317</u>	<u>7.293.851.403</u>

12. Short-term advances from customers

	<u>Ending balance</u>	<u>Beginning balance</u>
Prepayment to related parties		
Power Engineering Consulting JSC 2	-	762.712.795
Prepayment to other customers	46.252.826.690	28.356.078.753
Central Power Project Management Board	11.666.723.079	4.247.698.817
Management Board of Southern Electricity Project	9.832.704.819	3.371.930.288
Trung Son Hydroelectricity Co., Ltd. (ATS)	2.770.675.756	6.879.147.834
Others	21.982.723.036	13.857.301.814
Total	<u>46.252.826.690</u>	<u>29.118.791.548</u>

13. Taxes and other obligations to the State budget

	<u>Beginning balance</u>	<u>Amount payable</u>	<u>Amount already paid</u>	<u>Ending balance</u>
VAT on local sales	2.277.021.750	13.776.120.931	(12.852.921.847)	3.200.220.834
Corporate income tax	1.239.518.950	3.690.337.679	(4.296.843.960)	633.012.669
Personal income tax	36.238.000	1.037.149.480	(825.083.490)	248.303.990
Property tax	-	3.123.300	(3.123.300)	-
Other taxes	-	201.297.303	(201.297.303)	-
Total	3.552.778.700	18.708.028.693	(18.179.269.900)	4.081.537.493

Value Added Tax (VAT)

The company has paid VAT 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 for taxable income at tax rate of 20% (tax rate of previous year was 22%).

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

	<u>Current year</u>	<u>Previous year</u>
Total accounting profit before tax	26.759.688.396	25.536.505.498
Increases/(decreases) of accounting profit to determine profit subject to corporate income tax		
- Increases	-	-
- Decreases	(8.308.000.000)	(11.942.750.000)
Taxable income	18.451.688.396	13.593.755.498
Corporate income tax rate	20%	22%
Corporate income tax payable	3.690.337.679	2.990.626.210

Determination of corporate income tax liability of the Company is based on prevailing regulations on tax. Nonetheless, these tax regulations may change from time to time and tax regulations applicable to variety of transactions can be interpreted differently. Hence, the tax amounts presented in the financial statements can be changed upon the inspection of tax authorities.

Property tax

Property tax is paid in line with notices of tax department.

Other taxes

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

14. Payable to employees

Salary fund during the period is determined in line with Decision No. 119A/QĐ-HĐQT dated 31 March 2016 of the Chairman of the Board of Management. The unit price of salary for sales is recorded during the year as follows:

- Survey by the company itself: VND 530/VND 1.000 sales
- Design by the company itself: VND 530/VND 1.000 sales

The ending balance is salary fund not yet paid to employees.

15. 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>1.670.399.935</i>
Payable for EVN	1.659.879.935	1.670.399.935
<i>Payables to other organization and individuals</i>	<i>1.986.201.573</i>	<i>2.485.890.181</i>
Trade Union's Expenditure	1.714.909.889	2.285.120.097
Payable for equitization	2.100.000	2.100.000
Dividends and profits payable	84.154.400	49.371.800
Interest on bonds payable	48.118.000	48.118.000
Other payables	136.919.284	101.180.284
Total	<u>3.646.081.508</u>	<u>4.156.290.116</u>

16. Short-term/long-term borrowings

16a. Short-term borrowings

	<u>Ending balance</u>	<u>Beginning balance</u>
<i>Short-term borrowings payable to related parties</i>		
Current portion of long -term borrowings from EVN	-	-
<i>Short-term borrowings payable to other organizations and individuals</i>	-	-
Short-term borrowings from Bank for Investment and Development of Vietnam Joint Stock Company (BIDV) - Khanh Hoa Branch	-	-
Total	<u>-</u>	<u>-</u>

Increase, decrease of long-terms borrowings during the year is as follows:

	<u>Beginning balance</u>	<u>Increase</u>	<u>Transfer from long-term borrowings</u>	<u>Amount already paid during the year</u>	<u>Ending balance</u>
Borrowings from BIDV - Khanh Hoa Branch	-	31.237.652.382	-	(31.237.652.382)	-
Current portion of long-term borrowings from EVN	-	-	3.000.000.000	(3.000.000.000)	-
Total	<u>-</u>	<u>31.237.652.382</u>	<u>3.000.000.000</u>	<u>(34.237.652.382)</u>	<u>-</u>

16b. Long-term borrowings

	<u>Ending balance</u>	<u>Beginning balance</u>
<i>Long-term borrowings payable to related parties</i>		
Borrowings from EVN	-	3.000.000.000
Total	<u>-</u>	<u>3.000.000.000</u>

The Company can settle long-term borrowings.

Payment term of long-term borrowings: under 1 year.

Details of long-term borrowings from EVN are as follows:

Beginning balance	3.000.000.000
Transfer to short-term borrowings during the year	<u>(3.000.000.000)</u>
Ending balance	<u>-</u>

17. Bonus and welfare fund

	Beginning balance	Increase due to appropriation for profit	Bonus from the Group	Funds paid during the year	Ending balance
Bonus fund	2.474.434.174	499.842.788	10.000.000	(2.514.850.000)	469.426.962
Welfare fund	2.396.131.278	-	-	(129.980.000)	2.266.151.278
Bonus fund for the Executive Officers	670.300.000	243.400.000	-	(670.049.000)	243.651.000
Total	<u>5.540.865.452</u>	<u>743.242.788</u>	<u>10.000.000</u>	<u>(3.314.879.000)</u>	<u>2.979.229.240</u>

18. Owner's equity

18a. Statement on fluctuations in owner's equity

Information on the fluctuation of owner's equity is presented in the attached Appendix.

18b. Details of capital contribution of the owners

Situation of charter capital contribution is as follows:

	As in Business Registration Certificate		Charter capital already contributed (VND)	Charter capital to be contributed (VND)
	VND	Rate (%)		
Electricity of Vietnam	104.478.440.000	71,56	104.478.440.000	-
Other shareholders	41.517.700.000	28,44	41.517.700.000	-
Total	<u>145.996.140.000</u>	<u>100,00</u>	<u>145.996.140.000</u>	<u>-</u>

18c. Shares

	Ending balance	Beginning balance
Number of shares registered to be issued	14.599.614	14.599.614
Number of shares already sold to the public	14.599.614	14.599.614
Number of shares repurchased	(64.523)	(64.523)
Number of outstanding shares	14.535.091	14.535.091

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

18d. Profit distribution

During the year, the Company has distributed profit of the year ended 2015 in line with Resolution of 2016 shareholders' meeting dated 28 April 2016 as follows:

	VND
• Sharing dividends from profit of the year 2015	: 21.802.636.500
• Extraction for bonus and welfare fund	: 499.842.788
• Bonus fund for the Executive Officers	: 243.400.000

19. Off-balance sheet items

19a. Foreign currencies

As of the balance sheet date, currency includes USD 17,389.84 (Beginning balance: USD 22,343.03).

19b. Treated doubtful debts

	Ending balance		Beginning balance		Reasons for writing off
	Original currency	VND	Original currency	VND	
Other customers	-	8.435.060.390	-	8.435.060.390	
Total		8.435.060.390		8.435.060.390	

VI. ADDITIONAL INFORMATION ON THE ITEMS OF THE INCOME STATEMENT

1. Sales

1a. Gross sales

	Current year	Previous year
Survey	81.934.896.367	30.379.442.136
Design	91.987.657.658	110.163.087.813
Total	173.922.554.025	140.542.529.949

1b. Sales to related parties

Apart from transactions on sales of goods and service provisions to subsidiaries, joint ventures, associates are presented in Note V.2a, the Company has transactions on sales of goods and service provisions to related parties which are not joint ventures and associates are as follows:

	Current year	Previous year
Son Giang Power Joint Stock Company	7.547.963.636	-
Power Engineering Consulting JSC 2	5.319.740.201	-
Electricity of Vietnam (EVN)	814.545.455	14.326.965.180
Buon Don Hydroelectricity Joint Stock Company	-	2.723.769.960

2. Costs of goods sold

	Current year	Previous year
Costs of survey	50.512.663.120	22.851.382.772
Costs of design	71.225.934.005	74.865.597.760
Total	121.738.597.125	97.716.980.532

3. Financial income

	Current year	Previous year
Bank deposit interests	229.226.645	461.348.158
Dividends and profit shared	8.308.000.000	11.942.750.000
Gains from foreign exchange difference	2.660.083	68.781.097
Gains from foreign exchange difference due to revaluation of monetary items in foreign currencies	11.300.380	-
Other financial income	-	22.918.000
Total	8.551.187.108	12.495.797.255

4. Financial expenses		
	Current year	Previous year
Loan interest expenses	234.903.727	272.832.675
Loss from foreign exchange difference	883.650	14.722.799
Total	235.787.377	287.555.474
5. Selling expenses		
	Current year	Previous year
Other expenses	5.000.000	-
Total	5.000.000	-
6. Administrative overheads		
	Current year	Previous year
Expenses for employees	15.957.685.014	14.847.979.126
Office materials and stationeries	683.299.292	498.177.432
Depreciation of fixed assets	71.164.238	54.937.818
Taxes, fees and legal fees	63.456.632	61.954.992
External service rendered	1.119.123.630	1.062.935.453
Other expenses	15.900.887.404	12.932.670.742
Total	33.795.616.210	29.458.655.563
7. Other income		
	Current year	Previous year
Receipt from refunding training fee	62.669.000	36.814.000
Receipt from compensating documents	100.000	885.000
Gains from material liquidation	-	5.290.909
Total	62.769.000	42.989.909
8. Other expenses		
	Current year	Previous year
Fines due to contract violation	1.821.025	81.620.046
Total	1.821.025	81.620.046
9. Earnings per share		
9a. Basic/diluted earnings per share		
	Current year	Previous year
Accounting profit after corporate income tax	23.069.350.717	22.545.879.288
Appropriation for bonus and welfare funds	-	(499.842.788)
Appropriation for the Board of Management, the Executive Officers and the Controllers	-	(243.400.000)
Profit used to calculate basic/dilute earnings per share	23.069.350.717	21.802.636.500
The average number of ordinary shares outstanding during the year	14.535.091	14.535.091
Basic/dilute earnings per share	1.587	1.500

9b. Other information

Basic/diluted earnings per share of previous year was re-calculated due to deduction of amount appropriated for bonus and welfare fund as determining profit used to calculate basic earnings per share in line with guidance of Circular No. 200/2014/TT-BTC dated 22 December 2014 of Ministry of Finance. This application of new regulation has made basic earnings per share of previous year decrease from VND 1.551 to VND 1.500.

There are no transactions relating to ordinary shares or potential ordinary shares occurring from the balance sheet date to the date releasing these Financial Statements.

10. Operating expenses

	<u>Current year</u>	<u>Previous year</u>
Materials and supplies	9.097.647.029	5.659.694.011
Labors	88.654.304.499	74.239.895.628
Depreciation of fixed assets	1.745.807.412	1.455.606.254
External service rendered	30.776.380.086	22.496.657.539
Other expenses	28.696.081.451	22.119.762.247
Total	<u>158.970.220.477</u>	<u>125.971.615.679</u>

VI. ADDITIONAL INFORMATION ON THE ITEMS OF THE CASH FLOWS STATEMENT

Non-cash transactions

During the year, the Company has had non-cash transactions as follows:

	<u>Current year</u>	<u>Previous year</u>
Payment of principal amount of long-term loans through offsetting liabilities against EVN	-	3.000.000.000
Payment of principal amount of short-term loans through offsetting against liabilities	-	1.766.900.000
Total	<u>-</u>	<u>4.766.900.000</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 Hydroelectricity Project of Buon Don Hydroelectricity Joint Stock Company*”, the Board of Management of the Company has adopted commitment on supporting capital loans for Srêpôk 4A Hydroelectricity Project of Buon Don Hydroelectricity Joint Stock Company as follows:

- Power Engineering Consulting Joint Stock Company 4 will not transfer the Company’s shares if not yet having the agreement of the creditor starting from date of commitment to all liabilities of the credit contract fully repaid;
- Power Engineering Consulting Joint Stock Company 4, shareholders relating to EVN and individuals together contribute capital to Buon Don Hydroelectricity Joint Stock Company by form of capital contribution or of additionally giving loans to assure the shortage of cash on hand which is able to happen in the the future of the progress of capital loan and to assure ability to pay liabilities of Buon Don Hydroelectricity Joint Stock Company.

Capital contribution commitment

Pursuant to Business Registration Certificate No. 4401028708 dated 22 November 2016 of Son Giang Electricity Joint Stock Company granted by Department of Planning and Investment of Phu Yen Province, the Company has invested into Son Giang Electricity Joint Stock Company at amount of VND 15.000.000.000 equivalent to 30% of charter capital. During the year, the Company has invested VND 600.000.000. As of the balance sheet date, the Company has invested VND 600.000.000, charter capital to be invested into Son Giang Electricity Joint Stock Company is VND 14.400.000.000.

2. Balances and transactions with related parties

Related parties with the Company include key managers, individuals related to key managers and other related parties.

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

Key manager members include the members of the Board of Management, the Board of Directors, Chief Accountant. Their related individuals are their family members.

Transactions with key managers and their related individuals

The Company does not have transactions on sales of goods and service provision to key managers and their related individuals and only has transactions with the members of the Board of Management, the Board of Directors, Chief Accountant as follows:

Key managers	Transactions
The Board of Management and the Board of Control	Pursuant to Resolution of the 2016 annual general shareholders' meeting, the Board of Management and the Board of Control has received remuneration at amount of 499.500.000 in 2016 (in 2015 was VND 524.400.000).
The Board of Directors and Chief Accountant	Income from salary and allowances in line with regulations on salary of the Company. Income of the Board of Directors and Chief Accountant in 2016 is VND 2.709.529.256 (in 2015 was VND 2.319.045.171).

Liabilities with key managers and their related individuals

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

2b. Balances and transactions with other related parties

Other related parties with the Company include:

Other related parties	Relationship
Electricity of Vietnam (EVN)	Shareholders possessing 71,56% of shares (see Note V.18)
Power Engineering Consulting Joint Stock Company 2	The Group
Power Engineering Consulting Joint Stock Company 1	The Group
Buon Don Hydroelectricity Joint Stock Company	The Group

Transactions with other related parties

Apart from transactions arisen with associates presented in Note V.2a as well as transactions on sales of goods and service provision to other related parties which are not associates presented in VI.1b, the Company also has transactions with other related parties as follows:

	<u>Current year</u>	<u>Previous year</u>
<i>Electricity of Vietnam (EVN)</i>		
Offsetting against advances to perform contract of design and survey	-	4.500.000.000
Offsetting liabilities against loan interest expenses payable	-	6.455.732.065
Offsetting liabilities against current portion of long-term debts	-	1.766.900.000
Offsetting liabilities against long-term debts and loans	-	3.000.000.000
Dividends of the year 2015 paid	15.671.766.000	-
Loan interest expenses	161.280.000	-
<i>Power Engineering Consulting Joint Stock Company 1</i>		
Advances	1.967.500.000	-
Expenses for testing Bac Ai pumped-storage hydroelectricity project	767.729.780	-
<i>Power Engineering Consulting Joint Stock Company 2</i>		
Receipt of survey payment	3.477.200.221	-

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

Liabilities with other related parties

Liabilities with other related parties are presented in Note V.3a, V.4, V.5a, V.11 and V.12, V.15, 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 major business field of the Company is to mainly provide survey and design service and is taken place in Vietnam.

4. Financial risk management

The Company's operation arises financial risks as follows credit risk, liquidity risk and market risk, the Board of General Directors have responsibility for establishing policies and the control in order to diminish financial risks as well as manage performance of policies and the controls established.

a. Credit risk

Credit risk is the risk that a contractual party cannot perform its responsibilities, leading to a financial loss to the company.

The Company has credit risks from accounts receivable from customers and bank deposits.

Receivable from customers

The company diminish credit risk by only transacting entities having good financial activity. 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 the trust banks in Vietnam. Therefore, credit risk of bank deposits is low.

The maximum level of credit risk with 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:

		<u>Not yet overdue or not impaired</u>	<u>Note yet overdue but impaired</u>	<u>Already overdue but not impaired</u>	<u>Overdue and/or impaired</u>	<u>Total</u>
Ending balance						
Cash and equivalents	cash	25.256.467.922	-	-	-	25.256.467.922
Receivable from customers	from	52.106.221.271	-	-	25.335.265.697	77.441.486.968
Other receivables		8.720.207.171	-	-	-	8.720.207.171
Available for financial assets	sale	2.091.640.000	-	-	-	2.091.640.000
Total		88.174.536.364	-	-	25.335.265.697	113.509.802.061
Beginning balance						
Cash and equivalents	cash	22.446.436.893	-	-	-	22.446.436.893
Receivable from customers	from	43.019.425.230	-	-	30.145.605.697	73.165.030.927
Other receivables		7.027.953.476	-	-	-	7.027.953.476
Available for financial assets	sale	2.091.640.000	-	-	-	2.091.640.000
Total		74.585.455.599	-	-	30.145.605.697	104.731.061.296

b. Liquidity risk

Liquidity risk is the risk that the Company will have difficulties in paying its financial liabilities.

The Company's liquidity risk arises from financial assets and liabilities having the different maturity date.

The Company's approach to risk management is to constantly follow up requirement on present and future payment to maintain an appropriate amount of cash and loans, to supervise the actual cash flows arisen comparing with estimated those to minimize the effects of the changes in cash flows to the Company.

Payment term of non-derivative financial liabilities (including interest payable) based on the undiscounted payment term supposed to make contract as follows:

	Under 1 year	
	Ending balance	Beginning balance
Payable to suppliers	9.007.430.317	7.293.851.403
Debts and loans	-	3.000.000.000
Other payables	1.931.171.619	1.871.170.019
Total	10.938.601.936	12.165.021.422

The Directors show that risk level of paying liabilities is low. The company has ability to pay current portions of liabilities from business cash flows and receipts from financial assets on maturity. The company has had ability to access sources of capital and maturity loans within 12 months can be extended the present creditors.

c. Market risk

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

Market risk relating to the Company's operations include foreign currency risk, interest risk and risk arising from security price and risk from material price risk.

Sensitivity analysis, the appreciations below related to financial situation of the company as at 31 December 2016 and 31 December 2015 base on net liability value. Change level of exchange rate, interest, materials and security price used to analyze sensitivity is based on appreciating ability to cause within the next year with visible condition of current market.

Foreign currency risk

Foreign currency risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in exchange rates.

The Board of Directors appreciates effect level due to fluctuation of foreign exchange rate on profit after tax and owner's equity of the Company is insignificant because net foreign currency liabilities have small value.

Interest rate risk

Interest rate risk is the risk that the fair value or cash flows of in the future a financial instrument will fluctuate due to changes in market interest rates.

The Company's interest rate risk substantially relates to term deposits, loans given and loans at floating interest rates.

The Company controls the interest rate risk by analyzing the market situation in order to give appropriate decision on choosing the time for getting loans, choosing appropriate loan terms to get the most favorable interest rates as well as maintaining loan structure with appropriate floating interest rate and fixed interest rate.

The Company's financial instruments at floating interest rates are as follows:

	Ending balance		Beginning balance	
	VND	USD	VND	USD
Cash and cash equivalents	-	-	14.000.000.000	-
Borrowings	-	-	(3.000.000.000)	-
Net assets	-	-	11.000.000.000	-

As at the balance sheet date, with the assumption that other variables were constant, if the interest rates of VND denominated loans at floating interest rates increase/decrease by 2%, the profit before tax and owner's equity of the Company in the previous year will decrease/increase by VND 162.414.052.

Material price risk

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

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

d. Collaterals

Collaterals given to other entities

Carrying values of financial assets given to other entities are as follows:

	Ending balance	Beginning balance
Cash in bank	-	8.093.787.893
Receivable from customers	-	71.152.693.943
Total	-	79.246.481.836

The Company's collaterals will be released when financial obligations are fulfilled. There are no special terms and conditions in respect of the uses of these collaterals.

Collaterals received from other entities

The Company has not received any collaterals from other entities as at 31 December 2016 and 31 December 2015.

5. Financial assets and financial liabilities

Financial assets

Carrying values of financial assets are as follows:

	Ending balance		Beginning balance	
	Original costs	Provision	Original costs	Provision
Cash and cash equivalents	25.256.467.922	-	22.446.436.893	-
Receivables from customers	52.106.221.271	(12.287.651.269)	43.019.425.230	(11.740.310.000)
Other receivables	8.720.207.171	-	7.027.953.476	-
Available-for-sale financial assets	2.091.640.000	-	2.091.640.000	-
Total	88.174.536.364	(12.287.651.269)	74.585.455.599	(11.740.310.000)

Financial liabilities

Carrying values of financial liabilities are as follows:

	Ending balance	Beginning balance
Trade payables	9.007.430.317	7.293.851.403
Borrowings and debts	-	3.000.000.000
Other payables	1.931.171.619	1.871.170.019
Total	10.938.601.936	12.165.021.422

Method of fair value determination of financial assets and liabilities

Fair values of financial assets and financial liabilities of the Company are reflected at the values which the financial instruments can be converted in a current transaction among parties having adequate knowledge and expecting to involve in the transaction.

The Company has applied the following method and assumption to estimate the fair values of financial assets and financial liabilities:

- Fair values of cash and cash equivalents, trade receivables, other receivables, borrowings, trade payables and other current liabilities are equivalent to their carrying values (already excluded estimation of doubtful debts) since these instruments have short-term periods.
- Fair values of held-to-maturity investments and available-for-sale financial assets which have been listed in stock market are the prices disclosed as at the balance sheet date. Fair values of held-to-maturity investments and available-for-sale financial assets which have not been listed in the stock market but had transaction prices disclosed by 03 stock companies are the average price computed based on transaction prices disclosed by 03 stock companies.
- Fair values of trade receivables, other receivables, borrowings, trade payables, other payables, held-to-maturity investments which have not been listed in the stock market or had transaction prices disclosed by 03 stock companies are estimated by discounting cash flows at the current interest rate applied to the borrowings having similar features and due dates.

The Company has not made any official assessment on the available-for-sale financial assets which have not been listed in the stock market and not had transaction prices disclosed by 03 stock companies. However, the Board of Directors believes that there is no material difference between fair values of these financial assets and their carrying values.

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.

Nha Trang, 20 February 2017



Tran Le Thanh Binh
Preparer



Vu Thanh Danh
Chief Accountant



Phan Minh Sơn
General Director



EVNPECC4

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