



**VINH SON - SONG HINH HYDRO-POWER
JOINT STOCK COMPANY**
(Incorporated in the Socialist Republic of Vietnam)

**AUDITED CONSOLIDATED
FINANCIAL STATEMENTS**
For the year ended 31 December 2011

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STATEMENT OF THE BOARDS OF MANAGEMENT AND DIRECTORS

The Boards of Management and Directors of Vinh Son - Song Hinh Hydro-power Joint Stock Company ("the Company") presents this report together with the Company's consolidated financial statements for the year ended 31 December 2011.

THE BOARDS OF MANAGEMENT AND DIRECTORS

The members of the Boards of Management and Directors of the Company who held office during the year and at the date of this report are as follows:

Board of Management

Mr. Nguyen Van Thanh	Chairman
Mr. Vo Thanh Trung	Member
Mr. Nguyen Viet Thang	Member
Mr. Nguyen Duc Doi	Member
Mr. Phan Hong Quan	Member

Board of Directors

Mr. Vo Thanh Trung	General Director
Mr. Hoang Anh Tuan	Deputy General Director
Mr. Duong Tan Tuong	Deputy General Director
Mr. Pham Van Dung	Deputy General Director

THE BOARDS OF MANAGEMENT AND DIRECTORS' STATEMENT OF RESPONSIBILITY

The Board of Management is entitled to the ultimate power to exercise all rights and obligations on behalf of the Company, except for the rights relating to the Board of Shareholders.

The Board of Directors of the Company is responsible for preparing the consolidated financial statements of each year, which give a true and fair view of the financial position of the Company and of its results and cash flows for the year. In preparing these consolidated financial statements, the Board of Directors is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the consolidated financial statements;
- Prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- Design and implement an effective internal control system for the purpose of properly preparing and presenting the consolidated financial statements so as to minimise errors and frauds.

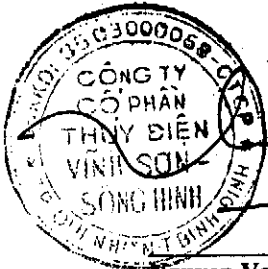
The Board of Directors is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the financial position of the Company and that the consolidated financial statements comply with Vietnamese Accounting Standards, Vietnamese Accounting System and prevailing relevant regulations in Vietnam. The Board of Directors is also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT OF THE BOARDS OF MANAGEMENT AND DIRECTORS (Continued)

The Board of Directors confirms that the Company has complied with the above requirements in preparing these consolidated financial statements.

The Board of Management confirms that these consolidated financial statements for the year ended 31 December 2011 were read and approved by the Board of Management.

For and on behalf of the Boards of Management and Directors,



Nguyen Van Thanh
Chairman of the Board of Management

24 March 2012

Vo Thanh Trung
General Director

No.: 1160/Deloitte-AUDHN-RE

AUDITORS' REPORT

To: Shareholders, Boards of Management and Directors
Vinh Son-Song Hinh Hydro-power Joint Stock Company

We have audited the accompanying consolidated balance sheet of Vinh Son - Song Hinh Hydro-power Joint Stock Company ("the Company") as at 31 December 2011, the related consolidated statements of income and cash flows for the year then ended, and the notes thereto (collectively referred to as "the consolidated financial statements"), as set out from page 5 to page 27. The accompanying consolidated financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam.

Respective Responsibilities of the Board of Directors and Auditors

As stated in the Statement of the Board of Directors on pages 1 and 2, these consolidated financial statements are the responsibility of the Company's Board of Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

Basis of Opinion

We have conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance that the consolidated financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Limitation of audit scope:

- As presented in Note 17 of the Notes to the consolidated financial statements, up to the reporting date, the Company and Electricity of Vietnam (EVN) had not had a formal agreement on the electricity price for the years 2011 and 2010. Currently, the Company is recording revenue from the electricity production business in 2010 and the first 11 months of 2011 on the basis of unit price equal to 90% of the unit price of 2009. Revenue from electricity in December 2011 is recorded based on unit price equal to 76% of the unit price of 2009.
- As presented in Note 6 of the Notes to the consolidated financial statements, the loans to Electricity of Vietnam (EVN) under loan contracts with amounts of VND 200 billion, VND 100 billion and VND 200 billion matured on 25 June 2011, 25 August 2011 and 25 September 2011, respectively. Up to the reporting date, these contracts had not been extended, and the loans had not been recovered. The Company temporarily calculated interest rate of 7% per year which will be adjusted upon mutual agreement by the two parties on interest rates.

Qualified opinion

In our opinion, except for the effects of the above-mentioned matters, the accompanying consolidated financial statements give a true and fair view of, in all material respects, the financial position of the Company as at 31 December 2011 and the results of its operations and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System and prevailing relevant regulations in Vietnam.

AUDITORS' REPORT (Continued)

Qualified opinion (Continued)

We would like to draw readers' attention to the following issue:

As presented in Note 4 of the Notes to the consolidated financial statements, foreign exchange difference related to construction activities of Thuong Kon Tum Hydro-power plant was presented in the consolidated balance sheet. As at 31 December 2011, the foreign exchange loss recorded in the consolidated balance sheet is VND 7,752,006,653. The Company plans to establish a subsidiary in order to receive new hydro-power plants when completed. The balance of foreign exchange reserve item on the consolidated balance sheet will be transferred to this subsidiary when the plants have been completed and commence operation. Other foreign exchange differences that are not related to construction activities as mentioned above was recognised in the consolidated income statement.



Tran Thi Thanh Ngoc
Deputy General Director
CPA Certificate No. D.0031/KTV

For and on behalf of
DELOITTE VIETNAM COMPANY LIMITED

24 March 2012
Hanoi, S.R. Vietnam

Nguyen Quang Trung
Auditor
CPA Certificate No. 0733/KTV

VINH SON - SONG HINH HYDRO-POWER JOINT STOCK COMPANY

 21 Nguyen Hue Street, Quy Nhon City
 Binh Dinh Province, S.R. Vietnam

 Consolidated financial statements
 For the year ended 31 December 2011

CONSOLIDATED BALANCE SHEET

As at 31 December 2011

FORM B 01-DN/HN

Unit: VND

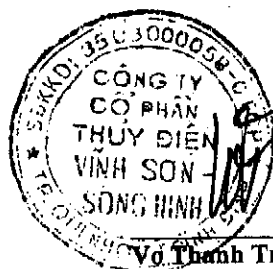
ASSETS	Codes	Notes	31/12/2011	31/12/2010
A. CURRENT ASSETS (100=110+120+130+140+150)	100		1,811,131,832,651	1,658,768,899,826
I. Cash and cash equivalents	110	5	482,797,391,011	677,417,788,920
1. Cash	111		3,797,391,011	20,417,788,920
2. Cash equivalents	112		479,000,000,000	657,000,000,000
II. Short-term financial investments	120		699,583,062,000	550,685,326,000
1. Short-term investments	121	6	709,185,326,000	550,685,326,000
2. Provision for diminution in value of short-term investments	129		(9,602,264,000)	-
III. Short-term receivables	130		603,244,857,655	388,372,395,788
1. Trade accounts receivable	131		218,400,591,186	167,736,868,225
2. Advances to suppliers	132	7	358,806,658,584	193,374,537,021
3. Other receivables	135		26,037,607,885	27,260,990,542
IV. Inventories	140	8	25,420,521,985	42,156,769,027
1. Inventories	141		33,386,211,495	50,122,458,537
2. Provision for devaluation of inventories	149		(7,965,689,510)	(7,965,689,510)
V. Other short-term assets	150		86,000,000	136,620,091
1. Short-term prepayments	151		-	36,120,091
2. Other short-term assets	158		86,000,000	100,500,000
B. NON-CURRENT ASSETS (200 = 220+250+260)	200		1,534,601,224,067	1,370,061,747,129
I. Fixed assets	220		1,518,890,038,781	1,355,554,293,178
1. Tangible fixed assets	221	9	1,060,821,965,402	1,141,562,975,588
- Cost	222		2,948,317,183,011	2,911,580,842,118
- Accumulated depreciation	223		(1,887,495,217,609)	(1,770,017,866,530)
2. Construction in progress	230	10	458,068,073,379	213,991,317,590
II. Long-term financial investments	250		12,942,480,766	11,720,973,049
1. Investments in associates	252	11	12,942,480,766	11,720,973,049
III. Other long-term assets	260		2,768,704,520	2,786,480,902
1. Long-term prepayments	261		154,302,841	172,079,223
2. Deferred tax assets	262		2,614,401,679	2,614,401,679
TOTAL ASSETS (270 = 100 + 200)	270		3,345,733,056,718	3,028,830,646,955

The notes set out on pages 10 to 27 are an integral part of these consolidated financial statements

CONSOLIDATED BALANCE SHEET (Continued)
 As at 31 December 2011

FORM B 01-DN/HN
 Unit: VND

RESOURCES	Codes	Notes	31/12/2011	31/12/2010
A. LIABILITIES (300=310+330)	300		1,000,975,875,665	598,825,512,882
I. Current liabilities	310		742,948,979,463	263,802,230,295
1. Short-term loans and liabilities	311	12	522,019,557,378	183,722,395,805
2. Trade accounts payable	312		25,116,453,314	15,811,655,958
3. Advances from customers	313		985,354,000	150,573,000
4. Taxes and amounts payable to the State budget	314	13	58,290,820,405	27,798,397,110
5. Payables to employees	315		5,755,068,146	5,406,855,036
6. Accrued expenses	316		3,779,331,868	2,742,506,634
7. Other current payables	319	14	126,696,572,833	25,323,435,620
8. Bonus and welfare funds	323		305,821,519	2,846,411,132
II. Long-term liabilities	330		258,026,896,202	335,023,282,587
1. Long-term loans and liabilities	334	15	257,844,485,957	334,833,684,573
2. Provision for severance allowance	336		182,410,245	189,598,014
B. EQUITY (400=410+430)	400		2,344,757,181,053	2,430,005,134,073
I. Shareholders' equity	410		2,343,097,744,825	2,427,912,106,666
1. Charter capital	411	16	2,062,412,460,000	2,062,412,460,000
2. Treasury shares	414	16	(47,117,531,962)	(47,117,531,962)
4. Foreign exchange reserve	416		(7,752,006,653)	-
3. Investment and development funds	417		21,500,000,000	21,500,000,000
4. Financial reserve fund	418		26,880,000,000	26,880,000,000
5. Retained earnings	420	16	287,174,823,440	364,237,178,628
II. Other resources and funds	430		1,659,436,228	2,093,027,407
1. Funds for fixed assets acquisition	433		1,659,436,228	2,093,027,407
TOTAL RESOURCES (440 = 300+ 400)	440		3,345,733,056,718	3,028,830,646,955



Võ Thanh Trung
 General Director

Huynh Cong Ha
 Chief Accountant

Le Van Chuong
 Preparer

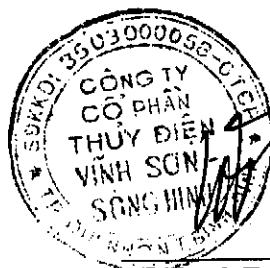
24 March 2012

The notes set out on pages 10 to 27 are an integral part of these consolidated financial statements

CONSOLIDATED INCOME STATEMENT
 For the year ended 31 December 2011

FORM B 02-DN/HN
 Unit: VND

ITEMS	Codes	Notes	2011	2010
1. Net sales	10	17	459,415,356,047	424,508,110,542
2. Cost of sales	11	18	185,734,392,992	183,823,225,751
3. Gross profit from sales (20 = 10-11)	20		273,680,963,055	240,684,884,791
4. Financial income	21	20	138,203,880,107	109,962,100,261
5. Financial expenses	22	20	36,385,902,782	16,304,198,690
- In which: Interest expense	23		4,126,964,228	3,411,837,498
6. General and administration expenses	25		18,578,126,091	11,302,425,980
7. Operating profit (30 = 20+(21-22)-25)	30		356,920,814,289	323,040,360,382
8. Other income	31		257,892,806	157,303,930
9. Other expenses	32		40,707,301	3,930,000
10. Profit from other activities (40=31-32)	40		217,185,505	153,373,930
11. Share of profit in the associate (50=30+40+41)	41		6,553,287,830	1,479,696,357
12. Accounting profit before tax	50		363,691,287,624	324,673,430,669
13. Current corporate income tax expense	51	21	34,655,328,021	22,883,647,537
14. Deferred corporate tax income	52		-	(622,979,302)
15. Net profit after corporate income tax (60=50-51-52)	60		329,035,959,603	302,412,762,434
16. Basic earnings per share	70	22	1,627	1,474



Võ Thanh Trung
 General Director

24 March 2012

Huynh Cong Ha
 Chief Accountant

Le Van Chuong
 Preparer

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2011

FORM B 03-DN/HN

Unit: VND

ITEMS	Codes	2011	2010
I. CASH FLOWS FROM OPERATING ACTIVITIES			
<i>1. Profit before tax</i>	01	363,691,287,624	324,673,430,669
<i>2. Adjustments for:</i>		12,868,545,400	49,863,849,260
- Depreciation and amortisation	02	116,988,450,809	144,469,393,745
- Provisions	03	9,602,264,000	-
- Unrealized foreign exchange loss	04	20,354,746,470	11,944,718,278
- Gain from investing activities	05	(138,203,880,107)	(109,962,100,261)
- Interest expense	06	4,126,964,228	3,411,837,498
<i>3. Operating profit before movements in working capital</i>	08	376,559,833,024	374,537,279,929
- Change in receivables	09	(66,938,426,607)	(54,295,764,434)
- Change in inventories	10	16,736,247,042	(21,630,794,975)
- Change in accounts payable (not including accrued interest and corporate income tax payable)	11	21,208,554,352	(10,607,886,126)
- Change in prepaid expenses	12	17,776,382	(109,142,618)
- Interest paid	13	(35,723,667,833)	(4,305,181,798)
- Corporate income tax paid	14	(22,724,881,266)	(13,226,788,513)
- Other cash inflows	15	67,196,981	3,199,892,000
- Other cash outflows	16	(3,861,958,763)	(3,255,892,000)
<i>Net cash from operating activities</i>	20	285,340,673,312	270,305,721,465
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition and construction of fixed assets	21	(428,120,842,893)	(252,936,579,311)
2. Cash outflow for lending to other entities	23	(233,500,000,000)	(760,000,000,000)
3. Cash recovered from lending to other entities	24	75,000,000,000	995,000,000,000
4. Interest earned, dividends and profit received	27	151,907,157,838	106,528,724,354
<i>Net cash from investing activities</i>	30	(434,713,685,055)	88,592,145,043
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Purchasing treasury shares	32	-	(47,117,531,962)
2. Proceeds from borrowings	33	551,643,031,328	262,754,228,651
3. Repayments of borrowings	34	(318,441,821,494)	(36,127,872,187)
4. Dividends paid and profit received	36	(278,448,596,000)	(57,269,719,200)
<i>Net cash from / (used in) financing activities</i>	40	(45,247,386,166)	122,239,105,302
Net (decrease)/increase in cash	50	(194,620,397,909)	481,136,971,810
Cash and cash equivalents at the beginning of the year	60	677,417,788,920	196,280,817,110
Cash and cash equivalents at the end of the year	70	482,797,391,011	677,417,788,920

The notes set out on pages 10 to 27 are an integral part of these consolidated financial statements

CONSOLIDATED CASH FLOW STATEMENT (Continued)

For the year ended 31 December 2011

Supplemental non-cash disclosures

Cash outflow for purchases and construction of fixed assets during the year includes an amount of VND 161,593,880,669 representing advance to contractors while value of the constructions have not been finalized, and excludes an amount of VND 20,774,120,676, representing an addition in fixed assets and constructions in progress during the year that has not yet been paid.

Cash outflow for paying dividends during the year excludes an amount of VND 126,033,896,000 representing dividend declared in 2011 but not yet paid to Electricity of Vietnam.

Consequently, changes in accounts receivable, payable have been adjusted by the same amounts.



Võ Thanh Trung
General Director

24 March 2012

Huỳnh Công Hà
Chief Accountant

Lê Văn Chương
Preparer

VINH SON - SONG HINH HYDRO-POWER JOINT STOCK COMPANY

21 Nguyen Hue Street, Quy Nhon City
Binh Dinh Province, S.R. Vietnam

Consolidated financial statements
For the year ended 31 December 2011

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FORM B 09-DN/HN

These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements

1. GENERAL INFORMATION

Structure of ownership

Vinh Son - Song Hinh Hydro-power Joint Stock Company is incorporated in Vietnam as a joint stock company which was converted from Vinh Son - Song Hinh Hydro Power Plant, a State-owned enterprise ("the Plant"). Previously, the Plant was a dependent accounting unit of Electricity of Vietnam ("EVN").

According to Decision No. 219/QD-TTg dated 28 October 2003 issued by the Prime Minister approving the general plan for renovation of State-owned Enterprises under Electricity of Vietnam in the period from 2003 to 2005 and Decision No. 2992/QD-TCCB of the Ministry of Industry on equitization of Vinh Son - Song Hinh Hydro-Power Plant. The Plant is responsible for proceeding equitisation in 2004. On 2 December 2004, the Ministry of Industry issued Decision No. 151/2004/QD-BCN on converting Vinh Son - Song Hinh Hydro Power Plant into Vinh Son - Song Hinh Hydro-power Joint Stock Company.

On 4 May 2005, the Plant officially started operating under the model of a joint stock company and under the name of Vinh Son - Song Hinh Hydro-power Joint Stock Company. The Company's Business Certificate No. 3503000058 was issued by the Department of Planning and Investment of Binh Dinh Province on 4 May 2005, as amended.

The Company was granted certificate to trade securities in Hanoi Stock Trading Center in accordance with Decision No. 01/QD-TTGDHN. On 28 June 2006, the Company was officially granted certificate to listed in Ho Chi Minh City Stock Exchange in accordance with Decision No. 54/UBCK-GDNY issued by the State Securities Committee.

The Company has a 100% owned subsidiary namely VSH Consulting and Technical Service One Member Company Limited and an associate namely Binh Dinh Tourist Joint Stock Company.

The number of employees as at 31 December 2011 was 127 (31/12/2010: 125).

Operating industry and principal activities

The principal activities of the Company are to produce electricity; provide operation management services and hydroelectric power plant maintenance; provide consulting and management service for projects and supervise the construction of hydropower plant projects; provide consulting services for the designs of irrigation, transportation and hydropower projects; provide consulting and supervising services for the construction of irrigation and transport projects; test power; trade materials and equipment in hydroelectricity industry; invest in construction of power projects; and trade properties.

2. ACCOUNTING CONVENTION AND ACCOUNTING PERIOD

Accounting convention

The accompanying consolidated financial statements, expressed in Vietnam Dong (VND), are prepared under the historical cost convention and in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System and prevailing relevant regulations in Vietnam.

Accounting period

The Company's financial year begins on 01 January and ends on 31 December.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN

These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements

3. ADOPTION OF NEW ACCOUNTING GUIDANCE

On 06 November 2009, the Ministry of Finance issued Circular No.210/2009/TT-BTC ("Circular 210") guiding the application of International Financial Reporting Standards on presentation of financial statements and disclosures of financial instruments. The adoption of Circular 210 requires disclosures of certain financial instruments as well as the effect thereof on the consolidated financial statements. This Circular is effective for the financial year ending on or after 31 December 2011. The Company has adopted Circular 210 and additional notes on this application to the consolidated financial statements for the year ended 31 December 2011 are set out in Note 24.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies, which have been adopted by the Company in the preparation of these consolidated financial statements, are as follows:

Estimates

The preparation of consolidated financial statements in conformity with Vietnamese Accounting Standards, the Vietnamese Accounting System and prevailing relevant regulations in Vietnam requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the financial year. Actual results could differ from those estimates.

Financial instruments

Initial recognition

Financial assets

At the date of initial recognition, financial assets are recognized at cost plus transaction costs that are directly attributable to the acquisition of the financial assets.

Financial assets of the Company comprise cash and cash equivalents, trade receivables and other receivables, loans, listed financial instruments.

Financial liabilities

At the date of initial recognition, financial liabilities are recognized at cost net of transaction costs that are directly attributable to the issue of the financial liabilities.

Financial liabilities of the Company comprise trade payables and other payables, accruals and borrowings.

Re-measurement after initial recognition

Currently, there are no requirements for the re-measurement of the financial instruments after initial recognition.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and enterprises controlled by the Company (its subsidiaries) up to the balance sheet date. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) **FORM B 09-DN/HN**
These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basic of consolidation (Continued)

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Company.

All inter-company transactions and balances between group enterprises are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Company's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Company except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Investments in associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Interests in associates are carried in the balance sheet at cost as adjusted by post-acquisition changes in the Company's share of the net assets of the associate. Losses of an associate in excess of the Company's interest in that associate (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate) are not recognised.

Where a group entity transacts with an associate of the Company, unrealised profits and losses are eliminated to the extent of the Company's interest in the relevant associate.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

The evaluation of necessary provision for inventory obsolescence follows current prevailing accounting regulations of which allow provisions to be made for obsolete, damaged, or sub-standard inventories and for those which have costs higher than net realisable values as at the balance sheet date.

The Company's inventories mainly include materials and spare parts for two electricity generators in Vinh Son hydro-power plant and Song Hinh hydro-power plant. These specialised materials and spare parts are used to replace synchronous generators and have been stored since the installation of these generators (in Vinh Son hydro-power plant since 1995 and in Song Hinh hydro-power plant since 2000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) **FORM B 09-DN/HN**
These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation.

The cost of purchased tangible fixed assets comprises its purchase price and any directly attributable costs of bringing the assets to its working condition and location for its intended use.

Tangible fixed assets are depreciated using the straight-line method over their estimated useful lives as follows:

Assets	2011 (Years)
Buildings and structures	20 - 50
Machinery and equipment	8 - 10
Office equipment	5 - 10
Motor vehicles	5 - 10

Construction in progress

Properties in the course of construction for production, rental or administrative purposes, or for the purposes not yet determined, are carried at cost. Cost includes professional fees, and for qualifying assets, borrowing costs dealt with in accordance with the Company's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Investments in securities

Investments in securities are recognised on transaction dates and are initially measured at cost including directly attributable transaction costs.

At the subsequent reporting dates, investments in securities are measured at cost, less diminution in value of investments in securities.

Provision for diminution in value of investments in securities is made in accordance with current prevailing accounting regulations which allow provision to be made for freely traded securities whose book value is higher than market price as at the balance sheet date.

Long-term prepayments

Other types of long-term prepayments comprise small tools, supplies and spare parts issued for consumption which are expected to provide future economic benefits to the Company for more than one year. These expenditures have been capitalised as long-term prepayments, and are allocated to the consolidated income statement using the straight-line method over the period of two years in accordance with the current prevailing accounting regulations.

Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the balance sheet date.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

Revenue from the sale of goods is recognised when all five (5) following conditions are satisfied:

- (a) the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (b) the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (c) the amount of revenue can be measured reliably;
- (d) it is probable that the economic benefits associated with the transaction will flow to the Company; and
- (e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue of electricity is recognised monthly upon certification by EVN on the volume of electricity transmitted via the national electricity grid regardless of whether cash is received or not.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest applicable rate. Income from investments is recognised when the Company's right to receive payments has been established.

Foreign currencies

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction date. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rates of exchange prevailing on the consolidated balance sheet date. Exchange differences arising from payment or revaluation of these accounts dominated in foreign currencies, relating to construction activities are recorded under the owner's equity section in the consolidated balance sheet. The Company's construction activities in the year include construction of new Hydro-power Plants namely Thuong Kon Tum and Vinh Son 2 and 3. According to the Company's commitment with local Government, after Thuong Kon Tum Hydro-power plant is completed and starts generating electricity, a subsidiary will be established (namely Thuong Kon Tum Hydro-power Co., Ltd.) to receive and operate the plant. The balance of foreign exchange reserve item on the consolidated balance sheet will be transferred to this subsidiary, when the plants have been completed and commence operation. Other foreign exchange differences which are not related to the Company's construction activities were recognised in the consolidated income statement.

Borrowings costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the cost of those assets.

All other borrowing costs are recognised in the consolidated income statement when incurred.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other periods (including loss carried forward) and it further excludes items that are never taxable or deductible.

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Binh Dinh Province, S.R. Vietnam**Consolidated financial statements**
For the year ended 31 December 2011**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)** **FORM B 09-DN/HN**
*These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements***4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****Taxation (Continued)**

As regulated in Decree No.164/2003/ND-CP dated 22 December 2003 issued by the Government, Circular No. 128/2003/TT-BTC dated 22 December 2003 issued by the Ministry of Finance, Circular No. 130/2008/TT-BTC dated 26 December 2008 issued by the Ministry of Finance, Decree No. 108/2006/ND-CP dated 22 September 2006 by the Government, Official Letter No. 5248/TC-CST dated 29 April 2005, Official Letter No. 11924/TC-CST dated 20 October 2004 by the Ministry of Finance, and Official Letter No. 1591/TCT/DNNN dated 4 May 2006 issued by the General Department of Taxation, the Company is obliged to pay corporate income tax at the rate of 10% of its assessable income in 15 years from the establishment date. The Company is entitled to tax exemption for 6 years from the first profit-making year and a 50% reduction in tax payable for 6 years thereafter. This year is the first year that the Company enjoys 50% reduction in corporate income tax payable.

Income from other activities is subject to corporate income tax rate of 25% under the current regulations.

Deferred tax is recognised on significant differences between carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit and is accounted for using balance sheet liability method. Deferred tax liabilities are generally recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Company intends to settle its current tax assets and liabilities on a net basis.

The determination of the tax currently payable is based on the current interpretation of tax regulations. However, these regulations are subject to periodic variation and their ultimate determination depends on the results of the tax authorities' examinations.

Other taxes are paid in accordance with the prevailing tax laws in Vietnam.

5. CASH AND CASH EQUIVALENTS

	<u>31/12/2011</u>	<u>31/12/2010</u>
	VND	VND
Cash on hand	949,843,016	502,839,771
Cash in bank	2,847,547,995	19,914,949,149
Cash equivalents (i)	479,000,000,000	657,000,000,000
	<u>482,797,391,011</u>	<u>677,417,788,920</u>

- (i) As presented in Note 12 and Note 15, the Company has mortgaged deposit contracts with the total amount of VND 379 billion to secure loans granted to the Company.

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6. SHORT-TERM INVESTMENTS

	<u>31/12/2011</u>	<u>31/12/2010</u>
	VND	VND
Short-term investments in securities (i)	30,685,326,000	30,685,326,000
Other short-term investments include:	678,500,000,000	520,000,000,000
- Over three-month deposits (ii)	178,500,000,000	20,000,000,000
- Loan to Electricity of Vietnam (EVN) (iii)	500,000,000,000	500,000,000,000
	<u>709,185,326,000</u>	<u>550,685,326,000</u>

- (i) Represents an investment in Pha Lai Thermo-Electricity JSC of which Company owned 3,011,866 shares as at 31 December 2011.
- (ii) As presented in Note 12 and Note 15, the Company has mortgaged deposit contracts with the total amount of VND 103.5 billion to secure for loans granted to the Company.
- (iii) The loans to Electricity of Vietnam (EVN) under loan contracts with amounts of VND 200 billion, VND 100 billion and VND 200 billion matured on 25 June 2011, 25 August 2011 and 25 September 2011, respectively. Interest rate ranges from 11.2% to 11.4% per annum (which is the average rate of commercial banks). Up to the reporting date, those contracts had not been extended, and the loans had not been recovered. The Company temporarily calculated interest rate of 7% per year which will be adjusted upon mutual agreement by the two parties on interest rates.

7. ADVANCE TO SUPPLIERS

Advances to suppliers as at 31 December 2011 mainly include VND 246,332,714,465 representing advance to contractors - Hydrochina Huadong - CR18G to design and construct the second power line of Thuong Kon Tum Project and advances to contractors for building construction works at Thuong Kon Tum Project.

8. INVENTORIES

	<u>31/12/2011</u>	<u>31/12/2010</u>
	VND	VND
Raw materials	32,138,041,223	49,693,450,491
Work in progress	1,248,170,272	429,008,046
	<u>33,386,211,495</u>	<u>50,122,458,537</u>
Provision for devaluation of inventories	(7,965,689,510)	(7,965,689,510)
Net realisable value	<u>25,420,521,985</u>	<u>42,156,769,027</u>

Provision for devaluation of inventories is made for materials and spare parts for two electricity generators in Vinh Son hydro-power plant and Song Hinh hydro-power plant. These specialised materials and spare parts are used to replace synchronous generators and have been stored since the installation of these generators (in Vinh Son hydro-power plant since 1995 and in Song Hinh hydro-power plant since 2000). Provision for devaluation of these materials has been made, based on accounting estimates for impaired materials.

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9. TANGIBLE FIXED ASSETS

	Buildings and structures	Machinery and equipment	Office equipment	Motor vehicles	Total
	'000VND	'000VND	'000VND	'000VND	'000VND
COST					
As at 01/01/2011	2,048,990,953	828,453,779	8,564,943	25,571,167	2,911,580,842
Additions	-	29,440,185	757,974	1,560,397	31,758,556
Transfers from CIP	4,977,785	-	-	-	4,977,785
As at 31/12/2011	2,053,968,738	857,893,964	9,322,917	27,131,564	2,948,317,183
ACCUMULATED DEPRECIATION					
As at 01/01/2011	(979,320,163)	(769,896,943)	(1,542,312)	(19,258,448)	(1,770,017,866)
Charge for the year	(68,220,161)	(47,553,050)	(299,209)	(916,032)	(116,988,452)
Others	-	-	(86,503)	(402,397)	(488,900)
As at 31/12/2011	(1,047,540,324)	(817,449,993)	(1,928,024)	(20,576,877)	(1,887,495,218)
NET BOOK VALUE					
As at 31/12/2011	1,006,428,414	40,443,971	7,394,893	6,554,687	1,060,821,965
As at 31/12/2010	1,069,670,790	58,556,836	7,022,631	6,312,719	1,141,562,976

As stated in Note 15, under Mortgage Contract No. 01/2006/HDTCTS-TL dated 12 April 2006, the Company has pledged its assets in Song Hinh hydro-power plant with the net book value of VND 380,085,179,069 as at 31 December 2011 to secure the loans from Phu Yen Development Fund, currently known as the Bank for Development, Phu Yen Branch.

The total costs of the Company's buildings and structure, machinery and equipment, motor vehicles and office equipment, which have been fully depreciated but are still in use, as at 31/12/2011 are VND 401,545,920,266 (31/12/2010: VND 392,559,815,335).

10. CONSTRUCTION IN PROGRESS

Construction in progress includes:

	31/12/2011	31/12/2010
	VND	VND
Reservoir C - Vinh Son Hydro-power plant	-	5,374,696,606
Thuong Kon Tum Hydro-power project (i)	382,699,011,611	170,932,786,399
Vinh Son 2&3 Hydro-power projects (ii)	73,003,084,526	36,335,273,789
Others	2,365,977,242	1,348,560,796
	458,068,073,379	213,991,317,590

- (i) Thuong Kon Tum hydro - power plant Project is the construction carried out on hydro-power terrace of Se San river. The construction includes reservoir, main irrigation system on the bank of Dak Nghe river, valley of Se San river, passing through two communes of Dak Koi of Kon Ray district and Dak Tang of Kongplong district, Kon Tum province; a power plant located on one side of Dak Lo river, Dak Tang and Ngoc Tem communes, Kongplong district, valley of Tra Khuc River, Quang Ngai province. The project was approved in Official letter No. 1774/TTg-CN dated 01 November 2006 issued by the Prime Minister, in which, the previous investor - EVN has transferred the project to the Company in accordance with Document No. 32EVN/HDQT dated 13 January 2006 issued by EVN;
- (ii) Vinh Son 2&3 Hydro-power projects were granted Investment Certificate dated 7 November 2007 issued by Binh Dinh People's Committee. The Company has completed investment plan, appraised project file and is constructing roads to the major works.

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11. INVESTMENTS IN ASSOCIATES

The balance of investment in associates as at 31 December 2011 represents investment in Binh Dinh Tourist Joint Stock Company.

Details of the Company's associate as at 31 December 2011 are as follows:

Name of associate	Place of incorporation and operation	Proportion of ownership interest	Proportion of voting power held	Principal activities
Binh Dinh Tourist Joint Stock Company	Quy Nhon City Binh Dinh Province	49.72%	49.72%	Tourism, hospitality and travelling etc.

Summarised financial information in respect of the Company's associates is set out below:

	31/12/2011	31/12/2010
	VND	VND
Total assets	29,238,655,095	25,769,468,799
Total liabilities	3,207,921,454	2,232,877,820
Net assets of the associate	26,030,733,641	23,536,590,979

Details as follows:

Capital contributed in the associate	19,500,000,000	19,500,000,000
Share premium of the associate	600,000,000	600,000,000
Other funds in the associate	2,069,090,997	2,177,630,997
Retained earnings of the associate	3,861,642,644	1,296,329,279

	2011	2010
	VND	VND
Revenue	17,661,871,312	15,622,821,124
Net profit	13,578,313,365	3,246,329,279
Company's share of associate's net profit	6,553,287,830	1,479,696,357

12. SHORT-TERM LOANS AND LIABILITIES

	31/12/2011	31/12/2010
	VND	VND
Short-term borrowings		
Military Commercial Joint Stock Bank	25,000,000,000	63,350,083,095
Vietnam Joint Stock Commercial Bank for Industry and Commerce	100,000,000,000	36,958,145,556
Nam A Commercial Joint Stock Bank	138,991,840,328	-
Ocean Commercial Joint Stock Bank	84,084,000,000	-
Bank for Investment and Development of Vietnam	50,000,000,000	-
Joint Stock Commercial Bank for Foreign Trade of Viet Nam	20,000,000,000	-
Vietnam Prosperity Joint Stock Commercial Bank	16,000,000,000	-
Vietnam Maritime Commercial Stock Bank	10,000,000,000	-
Vietnam Technological Commercial Joint Stock Bank	9,800,000,000	-
Western Commercial Joint Stock Bank	5,000,000,000	-
Current portion of long-term loans		
Vietnam Development Bank - Phu Yen Branch	24,764,751,100	22,510,383,514
Vietnam International Commercial Joint Stock Bank	38,378,965,950	60,903,783,640
	522,019,557,378	183,722,395,805

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12. SHORT-TERM LOANS AND LIABILITIES (Continued)

Short-term loan represent the loan from commercial banks, which will fall due within one year from date of withdrawal. Loan is drawn in VND and USD, to temporarily pay dividend for years 2010 and 2011, and supplement working capital. The interest rate ranges from 3% to 5% per annum for loan in USD and from 15.3% to 17.1% per annum for loan in VND. Loan is secured by deposit contracts with the amount of VND 462.5 billion.

13. TAXES AND AMOUNTS PAYABLE TO THE STATE BUDGET

	31/12/2011	31/12/2010
	VND	VND
Value added tax	1,370,170,925	1,919,702,460
Corporate income tax	34,655,328,021	22,724,881,266
Natural resources tax	2,501,079,834	2,071,108,848
Environment protection fee	18,064,621,600	-
Others	1,699,620,025	1,082,704,536
	58,290,820,405	27,798,397,110

14. OTHER SHORT-TERM PAYABLES

Other short-term payables mainly include dividend for 2010 and 2011 that had been declared but not paid to Electricity of Vietnam (EVN) with amount of VND 126,033,896,000.

15. LONG-TERM LOANS AND LIABILITIES

	31/12/2011	31/12/2010
	VND	VND
Vietnam Development Bank - Phu Yen Branch (i)	201,514,485,957	205,680,743,037
Vietnam International Commercial Joint Stock Bank (ii)	36,830,000,000	109,652,941,536
Asia Commercial Joint Stock Bank (iii)	19,500,000,000	19,500,000,000
	257,844,485,957	334,833,684,573

- (i) The loan is in foreign currency (USD) received by the Company from Vinh Son - Song Hinh hydro-power plant, a state-owned enterprise (the Plant) at the time of change in ownership form.

On 22 November 2005, the Company signed an ODA credit contract No. 01/TDNN with Development Fund, Phu Yen Branch, currently the Vietnam Development - Phu Yen Branch to receive loan to invest into Song Hinh Hydro-Power Plant Project including:

- The loan from Northern Development Funds (NDF) in the amount of USD 8,378,301.48, bearing no interest rate but administration fee of 0.2% per year and service fee of 0.75% per year of the loan balance. Principal is repayable twice a year on every 31 March and 30 September in 30 years (from 2005 to 2035). From 2005 to 2014, loan payable is equivalent to 2% of the principal (i.e. USD 83,873.01 per each installment). From 2015 to the date of the loan is fully settled, the loan payable is equivalent to 4% of the principal (i.e. USD 167,566.02 per each installment). The first payment is on 1 December 2005 and the last payment is on 31 March 2035. Overdue interest rate is equivalent to 3% per year.
- The loan from Northern Investment Bank (NIB) in the amount of USD 10,725,187.27, bearing interest rate of LIBOR plus margin rate, the specific rate will be periodically informed by NIB. The administration fee is 0.2% of the loan balance per year. Principal is repayable twice a year on every 31 March and 30 September in 10 years (from 2005 to 2015) in the amount of USD 510,723.21 per each installment. The first payment is on 1 June 2005 and the last payment is on 31 March 2015. Overdue interest rate is equivalent to 9% per year.

The Company has mortgaged fixed assets of Song Hinh Hydro-power Plant with the net book value of VND 380,085,179,069 as at 31 December 2011 to secure the loans under Contract No. 01/2006/HDTCTS-TL dated 12 April 2006.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) **FORM B 09-DN/HN**
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15. LONG-TERM LOANS AND LIABILITIES (Continued)

(ii) Loans from Vietnam International Commercial Joint Stock Bank "VIB"- Quy Nhon Branch includes:

- The loan under credit contract No. 0018/HDTD2-VIB412.10 dated 8 June 2010 with 60-month term and credit line of VND 52,096,000,000; interest rate is subject to change every 6 months and equal to the rate applicable to VIB's 6-month business loan in VND plus minimum margin rate of 1.8% p.a. subject to VIB's interest rate policy in each period. The loan is unsecured.

The loan under credit contract No. 0021/HDTD2-VIB412-09 dated 30 June 2009 with credit line of VND 50,000,000,000; interest rate is subject to change every 12 months and equal to the rate applicable to VIB's 6-month business loan in VND plus minimum margin rate of 0.65% p.a. (subject to VIB's interest rate policy in each period). Principal is repaid every six months from the 18th month. The loan is unsecured.

- The loan under credit contract No. 0022/HDTD2-VIB412.10 dated 27 September 2010 with 36-month term and credit line of VND 40,000,000,000; interest rate is equal to the rate applicable to VIB's 6-month business loan in VND plus minimum margin rate of 1.8% p.a. Principal is repaid every six months from 06 March 2011. This loan is secured by the Company's accounts at VIB.

(iii) The loan under the credit contract No. BDL.DN.02231210 dated 26 December 2010 with 120-month term and credit line of VND 262,000,000,000; grace period of 36 months from the first disbursement. Interest rate is specified for each withdrawal, fixed for each month. Interest is equal to the rate applicable to VIB's 12-month saving deposit with interest paid in arrears plus 3.1% p.a. This loan is secured by the deposit contract of VND 20,000,000,000.

Long-term loans are repayable as follows:

	<u>31/12/2011</u>	<u>31/12/2010</u>
	VND	VND
On demand or within one year	63,143,717,050	83,414,167,154
In the second year	45,965,951,100	66,083,325,051
In the third to fifth year inclusive	70,841,150,002	131,014,494,645
After five years	<u>141,037,384,855</u>	<u>137,735,864,877</u>
	320,988,203,007	418,247,851,727
Less: Amount due for settlement within 12 months (shown under current portion of long-term loans)	63,143,717,050	83,414,167,154
Amount due for settlement after 12 months	<u>257,844,485,957</u>	<u>334,833,684,573</u>

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16. SHAREHOLDERS' EQUITY
Movements in shareholders' equity

	Charter capital VND	Treasury shares VND	Retained earnings VND
Balance at 01/01/2010	2,062,412,460,000	-	162,823,211,822
Capital addition	-	(47,117,531,962)	-
Profit for the year	-	-	302,412,762,434
Dividends paid	-	-	(82,476,498,400)
Funds distribution	-	-	(16,470,452,000)
Others	-	-	(2,051,845,228)
Balance at 01/01/2011	2,062,412,460,000	(47,117,531,962)	364,237,178,628
Profit for the year	-	-	329,035,959,603
Dividends declared (i)	-	-	(404,482,492,000)
Allocation to bonus & welfare funds (ii)	-	-	(1,435,822,791)
Others (iii)	-	-	(180,000,000)
Balance at 31/12/2011	2,062,412,460,000	(47,117,531,962)	287,174,823,440

(i) Under Resolution of the Board of Shareholders No. 1095/2011/NQ-VSH-DHDCD dated 02 December 2011, the BOM agreed to temporarily distribute dividend of 2010 and 2011 at 10% per year. As at 31 December 2011, the dividend for EVN, which had been declared but not paid, is VND 126,033,896,000.

(ii) Represent the amount distributed from the subsidiary's 2010 retained earnings to bonus and welfare funds and the amount temporarily distributed to bonus and welfare funds in 2011 under the Board of Management's Decision. This temporarily distributed amount will be adjusted upon approval by the Board of Shareholders.

The net amount allocated to bonus and welfare funds during the year includes the decrease in bonus and welfare funds distributed from 2010 profit by VND 3,436,452,000 which has not been approved by the Board of Shareholders under its Resolution No. 1095/2011/NQ-VSH-DHDCD dated 02 December 2011.

(iii) Remuneration for the Chairman and Board of Supervisors of the subsidiary.

Capital contribution structure

	31/12/2011		31/12/2010	
	%	VND	%	VND
Electricity of Vietnam (EVN)	30.55	630,169,054,175	30.55	630,169,054,175
State Capital Investment Corporation (SCIC)	24.00	494,978,961,600	24.00	494,978,961,600
Other shareholders	45.45	937,264,444,225	45.45	937,264,444,225
	100.00	2,062,412,460,000	100.00	2,062,412,460,000

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16. SHAREHOLDERS' EQUITY (Continued)

Shares	31/12/2011	31/12/2010
- Number of shares issued to public		
Ordinary shares	206,241,246	206,241,246
Preferred shares	-	-
- Number of treasury shares		
Ordinary shares	4,000,000	4,000,000
Preferred shares	-	-
- Number of outstanding shares in circulation		
Ordinary shares	202,241,246	202,241,246
Preferred shares	-	-

The par value of an ordinary share is VND 10,000.

17. REVENUE

	2011	2010
	VND	VND
Sale of electricity (*)	447,435,760,621	424,448,110,542
Other services	11,979,595,426	60,000,000
	459,415,356,047	424,508,110,542

(*) Up to the reporting date, the Company and Electricity of Vietnam (EVN) had not had a formal agreement on the electricity price for the years 2011 and 2010. Currently, the Company is recording revenue from the electricity production business in 2010 and the first 11 months of 2011 on the basis of unit price equal to 90% of the unit price of 2009. Revenue from electricity in December 2011 is recorded based on unit price equal to 76% of the unit price of 2009.

18. COST OF SALES

	2011	2010
	VND	VND
Cost of electricity sold	179,029,230,854	183,160,258,131
Cost of other services	6,705,162,138	662,967,620
	185,734,392,992	183,823,225,751

19. PRODUCTION COST BY NATURE

	2011	2010
	VND	VND
Raw materials and consumables	2,720,227,890	2,221,805,064
Labour	23,767,447,044	15,797,271,509
Depreciation and amortisation	116,988,450,809	143,278,524,228
Out-sourced services	5,126,855,934	4,104,664,973
Other expenses	56,369,608,723	29,025,184,420
	204,972,590,400	194,427,450,194

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20. FINANCIAL INCOME/EXPENSES

	2011	2010
	VND	VND
Financial income		
Bank interest	138,203,880,107	105,444,301,261
Dividends received	-	4,517,799,000
	<u>138,203,880,107</u>	<u>109,962,100,261</u>
Financial expenses		
Interest expense	4,126,964,228	3,411,837,498
Foreign exchange losses	22,656,674,554	12,892,361,192
Provision for decline in value of investments	9,602,264,000	-
	<u>36,385,902,782</u>	<u>16,304,198,690</u>
Profit from financial activities	<u>101,817,977,325</u>	<u>93,657,901,571</u>

21. CORPORATE INCOME TAX

	2011	2010
	VND	VND
Profit before tax	363,691,287,624	324,673,430,669
Adjustments for taxable income		
Less: non-assessable income	7,241,518,918	7,814,132,023
Taxable income	<u>356,449,768,706</u>	<u>316,859,298,646</u>
In which:		
Tax-exempted profit	-	225,324,708,498
Income from activities subject to 5% tax rate	253,288,903,051	-
Income from activities subject to 25% tax rate	103,160,865,655	91,534,590,148
Corporate income tax	<u>38,454,661,566</u>	<u>22,883,647,537</u>
30% reduction under Circular No. 154/2011/TT-BTC dated 11 November 2011	3,799,333,545	-
Corporate income tax	<u>34,655,328,021</u>	<u>22,883,647,537</u>

22. BASIC EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the following data:

	2011	2010
	VND	VND
Earnings for the purposes of calculating basic earnings per share	329,035,959,603	302,412,762,434
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	202,241,246	205,183,051
Basic earnings per share	<u>1,627</u>	<u>1,474</u>

23. COMMITMENTS

On 17 September 2010, the Company signed Contract No.786/2010/HD-VSH-LD with a group of contractors, namely Construction Joint Stock Company No. 47, Tien Dung Investment Construction and Trading Limited Company and Power Engineering Consulting Joint Stock Company No. 1 for designing, supplying equipment and installing the pressure line of Thuong Kon Tum Hydro-power plant Project with the amount of VND 505,583,654,488. The Company has advanced to the contractors an amount of VND 83,927,282,112 as at 31 December 2011.

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On 20 October 2010, the Company signed Contract No. 885/2010/HD-VSH-TH with the group of contractors namely Hydrochina Huadong - CR18G for designing and constructing the second power line of Thuong Kom Tum Hydro-power plant Project and Addendum to Contract No. 886/2010/HD-VSH-TH with the group of contractors namely Hydrochina Huadong - CR18G for designing and constructing the water-receiving underground road (from Km0+270 to Km3+000) that belongs to Thuong Kon Tum Hydro-power plant Project with the value of VND 1,324,037,315,815 and USD 25,000,000. The Company had advanced to the contractors the amount of VND 246,332,714,465 as at 31 December 2011.

24. FINANCIAL INSTRUMENTS**Capital risk management**

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Company consists of net debt (borrowings disclosed in Note 12 and Note 15 offset by cash and cash equivalents) and equity attributable to the shareholders of the Company (comprising capital, reserves and retained earnings).

Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in Note 4.

Categories of financial instruments

	Carrying amounts	
	31/12/2011	31/12/2010
	VND	VND
Financial assets		
Cash and cash equivalents	482,797,391,011	677,417,788,920
Trade and other receivables	244,438,199,071	194,997,858,767
Short-term investments	699,583,062,000	550,685,326,000
Total	1,426,818,652,082	1,423,100,973,687
Financial liabilities		
Borrowings	779,864,043,335	518,556,080,378
Trade and other payables	151,813,026,147	41,135,091,578
Accruals	3,779,331,868	2,742,506,634
Total	935,456,401,350	562,433,678,590

The Company has not assessed fair value of its financial assets and liabilities as at the balance sheet date since there are no comprehensive guidance under Circular 210 and other relevant prevailing regulations to determine fair value of these financial assets and liabilities. While Circular 210 refers to the application of IFRS on presentation and disclosures of financial instruments, it did not adopt the equivalent guidance for the recognition and measurement of financial instruments, including application of fair value, in accordance with IFRS.

Financial risk management objectives

Financial risks include market risk (including foreign currency risk, interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Company does not hedge these risk exposures due to the lack of a market to purchase financial instruments.

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*These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements***24. FINANCIAL INSTRUMENTS (Continued)****Market risk**

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates and commodity prices. The Company does not hedge these risk exposures due to the lack of any market to purchase financial instruments.

Foreign currency risk management

The Company undertakes certain transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company does not hedge this risk due to the lack of any market to purchase such instruments.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Liabilities		Assets	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
	VND	VND	VND	VND
US Dollars	352,822,633,385	350,041,209,646	-	-

Interest rate risk management

The Company has significant interest rate risks arising from interest bearing loans. The Company's interest bearing loans are arranged at fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings.

Commodity price risk management

The Company purchases materials, commodities from local and foreign suppliers for business purpose. Therefore, the Company is exposed to the risk of changes in selling prices of materials, commodities.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. At the balance sheet date, there is a significant concentration of credit risk arising on the amount of VND 218,389,639,601 as at 31 December 2011 due from Electricity of Vietnam (a related party).

Liquidity risk management

The purpose of liquidity risk management is to ensure the availability of funds to meet present and future financial obligations. Liquidity is also managed by ensuring that the excess of maturing liabilities over maturing assets in any period is kept to manageable levels relative to the amount of funds that the Company believes can generate within that period. The Company's policy is to regularly monitor current and expected liquidity requirements to ensure that the Company maintains sufficient reserves of cash, borrowings and adequate committed funding from its owners to meet its liquidity requirements in the short and longer term.

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24. FINANCIAL INSTRUMENTS (Continued)

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

31/12/2011	Less than 1 year	More than 1 year	Total
	VND	VND	VND
Trade and other payables	151,813,026,147	-	151,813,026,147
Accruals	3,779,331,868	-	3,779,331,868
Borrowings	522,019,557,378	257,844,485,957	779,864,043,335
31/12/2010	Less than 1 year	More than 1 year	Total
	VND	VND	VND
Trade and other payables	41,135,091,578	-	41,135,091,578
Accruals	2,742,506,634	-	2,742,506,634
Borrowings	183,722,395,805	334,833,684,573	518,556,080,378

The management assessed the liquidity risk concentration at low level. The management believes that the Company will be able to generate sufficient funds to meet its financial obligations as and when they fall due.

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets, if any. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

31/12/2011	Less than 1 year	More than 1 year	Total
	VND	VND	VND
Cash and cash equivalents	482,797,391,011	-	482,797,391,011
Trade and other receivables	244,438,199,071	-	244,438,199,071
Short term investments	699,583,062,000	-	699,583,062,000
31/12/2010	Less than 1 year	More than 1 year	Total
	VND	VND	VND
Cash and cash equivalents	677,417,788,920	-	677,417,788,920
Trade and other receivables	194,997,858,767	-	194,997,858,767
Short term investments	550,685,326,000	-	550,685,326,000

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25. RELATED PARTY TRANSACTIONS AND BALANCES

During the year, the Company entered into the following significant transactions with its related parties:

	<u>2011</u>	<u>2010</u>
	VND	VND
Sales		
Sales of electricity to EVN	447,435,760,621	516,645,504,400
Interest income from EVN	46,714,180,211	46,764,444,444
Interest income from trusted investment at EVN Finance JSC	3,489,097,222	8,970,304,165
Dividends		
Dividends paid to EVN	-	75,620,338,200
Dividends paid to State Capital Investment Corporation (SCIC)	98,995,860,000	19,799,172,000
Dividends received from Binh Dinh Tourist JSC	5,331,780,113	3,296,333,023
Investments		
Capital management trusted at EVN Finance JSC	25,000,000,000	185,000,000,000
Loan to EVN	-	500,000,000,000

Related party balances at the consolidated balance sheet date were as follows:

	<u>31/12/2011</u>	<u>31/12/2010</u>
	VND	VND
Trade receivables from EVN	218,389,639,601	167,736,868,225
Dividend payable to EVN	126,033,896,000	25,206,779,200
Loans to EVN	500,000,000,000	500,000,000,000
Trusted funds to EVN Finance JSC	-	50,000,000,000

Directors' remuneration

Remuneration paid to the Company's Directors during the year was as follows:

	<u>2011</u>	<u>2010</u>
	VND	VND
Salaries, bonus and other benefits in kind	1,521,873,191	1,584,628,002

26. COMPARATIVE FIGURES

Comparative figures are those of the Company's audited consolidated financial statements for the year ended 31 December 2010.



Vo Thanh Trung
General Director

24 March 2012

Huynh Cong Ha
Chief Accountant

Le Van Chuong
Preparer