



**VINH SON - SONG HINH HYDRO-POWER JOINT  
STOCK COMPANY**

*(Incorporated in the Socialist Republic of Vietnam)*

**REVIEWED FINANCIAL  
STATEMENT**

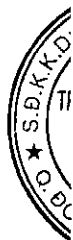
**For the period from 01 January 2009 to 30 June 2009**

**VINH SON - SONG HINH HYDRO-POWER JOINT  
STOCK COMPANY**

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**For the period from 01 January 2009 to 30 June 2009**



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## STATEMENT OF THE BOARD OF DIRECTORS

The Board of Directors of Vinh Son - Song Hinh Hydro-power Joint Stock Company ("the Company") presents this report together with the Company's reviewed financial statements for the period from 01 January 2009 to 30 June 2009.

### THE BOARDS OF MANAGEMENT AND DIRECTORS

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

#### Board of Management

Mr. Nguyen Van Thanh	Chairman (Assigned on 17 April 2009)
Mr. Trinh Van Tuan	Member
Mr. Vo Thanh Trung	Member
Mr. Nguyen Viet Thang	Member (Assigned on 17 April 2009)
Mr. Nguyen Duc Doi	Member (Resigned Chairman on 17 April 2009)
Ms. Dang Thi Hong Phuong	Member (Resigned on 17 April 2009)

#### Board of Directors

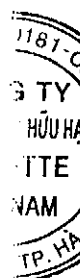
Mr. Vo Thanh Trung	General Director
Mr. Nguyen Van Thanh	Deputy General Director
Mr. Do Phong Thu	Deputy General Director (Resigned on 1 June 2009)

### THE BOARD OF DIRECTORS' STATEMENT OF RESPONSIBILITY

The Board of Directors of the Company is responsible for preparing the financial statements of each period, which give a true and fair view of the financial position of the Company and of its results and cash flows for the period. In preparing these 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 financial statements;
- Prepare the 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 the 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 to ensure that the financial statements comply with Vietnamese Accounting Standards, Vietnamese Accounting System and prevailing accounting regulations in Vietnam. It is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



**STATEMENT OF THE BOARD OF DIRECTORS (Continued)**

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

For and on behalf of the Board of Directors,



**Vo Thanh Trung**  
General Director

31 July 2009



No.: 489 /Deloitte-AUDHN-RE

## AUDITORS' REVIEW REPORT ON FINANCIAL STATEMENTS

To: **The Board of Management and Directors and shareholders of  
Vinh Son-Song Hinh Hydro-power Joint Stock Company**

We have reviewed the accompanying balance sheet of Vinh Son - Song Hinh Hydro-power Joint Stock Company ("the Company") as at 30 June 2009, and the related statements of income and cash flows for the period from 01 January 2009 to 30 June 2009. These financial statements are the responsibility of the Company's Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the Vietnamese Standards on Auditing. Those standards require that we plan and perform the review to obtain moderate assurance as to whether financial statements are free of material misstatements. A review is limited primarily to inquiries of Company's personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit, and, accordingly, we do not express an audit opinion.

As presented in Note 14 of the Notes to the financial statements, up to the reporting date, the Company and Electricity of Vietnam (EVN) have not had a formal agreement on the electricity price for the year 2009. Currently the Company is recording revenue from the electricity production business on the basis of the unit price equal to 90% of the unit price of the same period in 2008.

As presented in Note 16 of the Notes to the financial statements, according to the loan contract with Electricity of Vietnam (EVN) for VND 500 billion, the interest rate is fixed at 17% per year. However, EVN is proposing the Company to lower the interest rate to 8% per year with effect from 01 January 2009. Currently, the two parties have not yet agreed on the interest rate and the Company recorded its financial income on the basis of the interest rate at 17% per year. If the interest rate of 8% per year for the loan was applied from 01 January 2009, the total receivables as at 30 June 2009 and financial income for the period from 01 January 2009 to 30 June 2009 would reduce by the same amount of VND22,315,068,493.

Based on our review, except for the effects of the above-mentioned matters, nothing has come to our attention that causes us to believe that the accompanying financial statements do not give a true and fair view of, in all material respects, in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System and prevailing accounting regulations in Vietnam.

We would like to draw attention to that: there were no comparative figures for income statement and cash flow statement for the operation period from 01 January 2009 to 30 June 2009 because this is the first accounting period the Company prepares interim financial reports.



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

**For and on behalf of**  
**DELOITTE VIETNAM COMPANY LIMITED**

31 July 2009  
Hanoi, S.R. Vietnam

**Hoang Nam**  
**Auditor**  
CPA Certificate No. 0145KTV

**BALANCE SHEET**  
*As at 30 June 2009*

FORM B 01-DN  
 Unit: VND

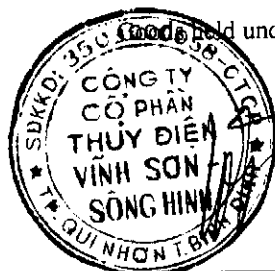
ASSETS	Codes	Notes	30/06/2009	31/12/2008
<b>A. CURRENT ASSETS</b>	<b>100</b>		<b>1,114,112,491,777</b>	<b>993,925,785,411</b>
<b>I. Cash and cash equivalents</b>	<b>110</b>	<b>4</b>	<b>128,270,005,460</b>	<b>47,989,060,180</b>
1. Cash	111		23,270,005,460	4,989,060,180
2. Cash equivalents	112		105,000,000,000	43,000,000,000
<b>II. Short-term financial investments</b>	<b>120</b>		<b>840,685,326,000</b>	<b>825,685,326,000</b>
1. Short-term investments	121	5	840,685,326,000	825,685,326,000
<b>III. Short-term receivables</b>	<b>130</b>		<b>118,809,543,969</b>	<b>99,349,590,941</b>
1. Trade accounts receivable	131		58,428,930,937	60,323,574,046
2. Advances to suppliers	132		6,684,029,050	2,363,319,258
3. Other receivables	135		53,696,583,982	36,662,697,637
<b>IV. Inventories</b>	<b>140</b>	<b>6</b>	<b>26,199,616,348</b>	<b>20,832,364,290</b>
1. Inventories	141		31,393,920,957	26,026,668,899
2. Provision for devaluation of inventories	149		(5,194,304,609)	(5,194,304,609)
<b>V. Other short-term assets</b>	<b>150</b>		<b>148,000,000</b>	<b>69,444,000</b>
1. Short-term prepayments	151		-	25,344,000
2. Other short-term assets	158		148,000,000	44,100,000
<b>B. NON-CURRENT ASSETS</b>	<b>200</b>		<b>1,429,072,924,577</b>	<b>1,489,324,555,639</b>
<b>I. Tangible fixed assets</b>	<b>220</b>		<b>1,417,805,640,035</b>	<b>1,478,057,271,097</b>
1. Tangible fixed assets	221	7	1,347,021,244,295	1,421,966,826,897
- Cost	222		2,897,747,888,188	2,897,221,819,557
- Accumulated depreciation	223		(1,550,726,643,893)	(1,475,254,992,660)
2. Construction in progress	230	8	70,784,395,740	56,090,444,200
<b>II. Long-term financial investments</b>	<b>250</b>		<b>9,968,708,390</b>	<b>9,968,708,390</b>
1. Investments in associates	252	9	9,968,708,390	9,968,708,390
<b>III. Other non-current assets</b>	<b>260</b>		<b>1,298,576,152</b>	<b>1,298,576,152</b>
1. Deferred tax assets	262		1,298,576,152	1,298,576,152
<b>TOTAL ASSETS</b>	<b>270</b>		<b>2,543,185,416,354</b>	<b>2,483,250,341,050</b>

The notes set out on pages 8 to 19 are an integral part of these financial statements

**BALANCE SHEET (Continued)**  
 As at 30 June 2009

FORM B 01-DN  
 Unit: VND

RESOURCES	Codes	Notes	30/06/2009	31/12/2008
<b>A. LIABILITIES</b>	<b>300</b>		<b>278,884,552,185</b>	<b>340,832,602,327</b>
<b>I. Current liabilities</b>	<b>310</b>		<b>53,896,584,199</b>	<b>115,838,468,947</b>
1. Short-term borrowings and liabilities	311	10	43,726,964,791	104,221,606,286
2. Trade accounts payable	312		2,789,113,345	1,307,578,287
3. Advances from customers	313		155,000,000	155,000,000
4. Taxes and amounts payable to the State budget	314	11	6,067,942,907	6,942,257,508
5. Payables to employees	315		3,930,430	2,114,960,684
6. Accrued expenses	316		1,094,358,626	956,067,682
7. Other current payables	319		59,274,100	140,998,500
<b>II. Long-term liabilities</b>	<b>330</b>		<b>224,987,967,986</b>	<b>224,994,133,380</b>
1. Long-term loans and liabilities	334	12	224,812,990,512	224,812,990,511
2. Provision for severance allowance	336		174,977,474	181,142,869
<b>B. EQUITY</b>	<b>400</b>		<b>2,264,300,864,169</b>	<b>2,142,417,738,723</b>
<b>I. Shareholders' equity</b>	<b>410</b>		<b>2,262,920,765,990</b>	<b>2,141,119,982,272</b>
1. Charter capital	411	13	1,374,942,580,000	1,374,942,580,000
2. Share premium	412		370,660,568,000	370,660,568,000
3. Investment and development funds	417		71,500,000,000	71,500,000,000
4. Financial reserve funds	418		14,380,000,000	14,380,000,000
5. Retained earnings	420	13	431,437,617,990	309,636,834,272
<b>II. Other resources and funds</b>	<b>430</b>		<b>1,380,098,179</b>	<b>1,297,756,451</b>
1. Bonus and welfare funds	431		844,236,100	677,236,047
2. Funds for fixed assets acquisition	433		535,862,079	620,520,404
<b>TOTAL RESOURCES</b>	<b>440</b>		<b>2,543,185,416,354</b>	<b>2,483,250,341,050</b>
<b>OFF BALANCE SHEET ITEMS</b>			<b>30/06/2009</b>	<b>31/12/2008</b>
Assets held under trust			-	163,316,733



*[Signature]*  
 Vo Thanh Trung  
 General Director

31 July 2009

*[Signature]*  
 Le Van Chuong  
 Preparer

The notes set out on pages 8 to 19 are an integral part of these financial statements



**INCOME STATEMENT**

*For the period from 01 January 2009 to 30 June 2009*

**FORM B 02-DN**

Unit: VND

ITEMS	Codes	Notes	From 01/01/2009 to 30/06/2009
1. Gross sales of merchandise	01	14	269,756,330,026
2. Less deductions	02		-
3. Net sales of merchandise	10		269,756,330,026
4. Cost of goods sold	11	15	90,858,341,330
5. Gross profit from sales of merchandise	20		178,897,988,696
6. Financial income	21	16	65,537,467,792
7. Financial expenses	22	16	3,789,703,122
- Include: Interest expenses	23		3,789,703,122
8. Selling expenses	24		-
9. General and administration expenses	25		4,317,361,363
10. Operating profit	30		236,328,392,003
11. Other income	31		47,019,115
12. Other expenses	32		-
13. Profit from other activities	40		47,019,115
14. Accounting profit before tax	50		236,375,411,118
15. Current tax expense	51		-
16. Deferred tax income	52		-
17. Net profit after tax	60		236,375,411,118
18. Earnings per share	70	17	1,719



**Vo Thanh Trung**  
 General Director

31 July 2009

**Le Van Chuong**  
 Preparer

*The notes set out on pages 8 to 19 are an integral part of these financial statements*

**CASH FLOW STATEMENT**

*For the period from 01 January 2009 to 30 June 2009*

**FORM B 03-DN**

Unit: VND

ITEMS	Codes	From 01/01/2009 to 30/06/2009
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<i>1. Profit before tax</i>	01	236,375,411,118
<i>2. Adjustments for:</i>		13,996,375,303
- Depreciation and amortisation	02	75,660,303,547
- Gain from investing activities	05	(65,453,631,366)
- Interest expense	06	3,789,703,122
<i>3. Operating profit before movements in working capital</i>	08	250,371,786,421
- Decrease in receivables	09	2,866,042,647
- Increase in inventories	10	(5,367,252,058)
- Decrease in accounts payable	11	(2,842,751,197)
- Decrease in prepaid expenses	12	25,344,000
- Interest paid	13	(4,096,502,885)
- Other cash outflows	16	(4,281,450,119)
<i>Net cash from operating activities</i>	20	236,675,216,809
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
1. Acquisition of fixed assets and other long-term assets	21	(18,831,814,802)
2. Cash outflow for lending	23	(335,000,000,000)
3. Cash recovered from lending	24	320,000,000,000
4. Interest income, dividends and profit received	27	47,843,754,741
<i>Net cash from investing activities</i>	30	14,011,939,939
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
1. Repayments of borrowings	34	(60,410,805,068)
2. Dividends paid	36	(109,995,406,400)
<i>Net cash used in financing activities</i>	40	(170,406,211,468)
<b>Net increase in cash and cash equivalents</b>	50	80,280,945,280
<b>Cash and cash equivalents at the beginning of the period</b>	60	47,989,060,180
<b>Cash and cash equivalents at the end of the period</b>	70	128,270,005,460

Cash outflow for purchases of fixed assets during the year excludes an amount of VND2,789,113,345, representing an addition in fixed asset construction during the year that has not been paid yet; and includes an amount of VND6,684,029,050, representing advance payment to contractors. Consequently, changes in accounts payable, receivable have been adjusted by the same amounts.



**Vo Thanh Trung**  
 General Director

31 July 2009

**Le Van Chuong**  
 Preparer

*The notes set out on pages 8 to 19 are an integral part of these financial statements*

**NOTES TO THE FINANCIAL STATEMENTS**

**FORM B 09-DN**

*These notes are an integral part of and should be read in conjunction with the accompanying 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 capitalising Vinh Son - Song Hinh Hydro-Power Plant. The Plant is responsible for proceeding equitization 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 Certification 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 in Hanoi Stock Trading Center in accordance with Decision No. 01/QD-TTGDHN. On 28 June 2006, the Company was officially granted certificate to be listed in Ho Chi Minh City Stock Exchange in accordance with Decision No. 54/UBCK-GDNY issued by the State Securities Committee.

The Company had 152 employees as at 30 June 2009 (2008: 150).

**Operating industry and principal activities**

The Company operates in hydroelectricity industry (two hydro-power plants namely Vinh Son and Song Hinh). All of the Company's electricity output is directly sold to EVN.

**2. ACCOUNTING CONVENTION AND ACCOUNTING PERIOD**

**Accounting convention**

The accompanying 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 accounting regulations in Vietnam.

**Accounting period**

The Company's financial year begins on 1 January and ends on 31 December.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**FORM B 09-DN**

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

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Estimates**

The preparation of financial statements in conformity with Vietnamese Accounting Standards, the Vietnamese Accounting System and prevailing accounting 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**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, which allow provisions to be made for obsolete, damaged, or sub-standard inventories which have a book value higher than net realisable value 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 Song hydro-power plant since 1995 and in Song Hinh hydro-power plant since 2000). Provision for devaluation of inventories for these materials has been made since 2007 based on accounting estimates for impaired materials.

**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 the following estimated useful lives:

	<b>From 01/01/2009 to 30 June 2009</b>
<b>Assets</b>	<b>(Years)</b>
Buildings and structures	20 - 50
Machinery and equipment	8 - 10
Office equipment	5 - 10
Motor vehicles	5 - 10



**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**FORM B 09-DN**

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

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 and spare parts incurred 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 income 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.

**Revenue recognition**

Revenue is recognised when the outcome of such transactions can be measured reliably and it is probable that the economic benefits associated with the transactions will flow to the Company. Sales of goods are recognised when goods are delivered and title has passed. Sales of services are recognised by reference to the completion of the transaction at the balance sheet date.

Revenue of electricity is recognised monthly upon certification by EVN on the volume of electricity transmitted via the national electricity grid line regardless whether money is collected 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, which have been established.

**Foreign currencies**

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction date. Foreign exchange differences arising from these transactions are recognised in the income statement.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rates of exchange prevailing on the balance sheet date. Exchange differences arising from the translation of these accounts are recognised in the income statement. Unrealised exchange gains at the balance sheet date are not treated as part of distributable profit to shareholders.

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**FORM B 09-DN**

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

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 income statement when incurred.

**Taxation**

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

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, Decree No. 108/2006/ND-CP dated 22 September 2006, Official Letter No. 5248/TC-CST dated 29 April 2005, Official Letter No. 11924/TC-CST dated 20 October 2004, 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 for 15 years from the establishment. 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. The year 2009 is the fifth profit-making year of the Company, thus, the Company is exempted from corporate income tax.

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

Deferred tax is recognised on significant differences between carrying amounts of assets and liabilities in the 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 taxation 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.

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**FORM B 09-DN**

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

**4. CASH AND CASH EQUIVALENTS**

	30/06/2009	31/12/2008
	VND	VND
Cash on hand	175,996,383	265,438,462
Cash in bank	23,094,009,077	4,723,621,718
Cash equivalents (i)	105,000,000,000	43,000,000,000
	<b>128,270,005,460</b>	<b>47,989,060,180</b>

(i) Cash equivalents include time deposits with the term of three months or below.

**5. SHORT-TERM INVESTMENTS**

	30/06/2009	31/12/2008
	VND	VND
Short-term investments in securities (i)	30,685,326,000	30,685,326,000
Other short-term investments include:	810,000,000,000	795,000,000,000
- Over three-month deposits	215,000,000,000	175,000,000,000
- Loan to Electricity of Vietnam (EVN) (ii)	500,000,000,000	500,000,000,000
- Trusted funds (iii)	-	35,000,000,000
- Others (iv)	95,000,000,000	85,000,000,000
	<b>840,685,326,000</b>	<b>825,685,326,000</b>

(i) In 2005, the Company bought 5 million shares of Pha Lai Thermo-Electricity JSC at par value (equivalent to 1.6% of Pha Lai Thermo-Electricity JSC's charter capital) in the amount of VND51 billion. In 2006 and 2007, the Company transferred 2,166,670 shares and received total profit of VND92.56 billion. In 2007, the Company received 178,536 shares as dividends distributed. This volume of shares has not changed during the period and as at 30 June 2009, the Company owned 3,011,866 shares of Pha Lai Thermo-Electricity JSC.

(ii) The loan to Electricity of Vietnam (EVN) with the interest of 17%/year and the duration of 12 months from the disbursement date.

(iii) A trusted fund in the amount of VND35,000,000,000 to SSI Asset Management Company, was due on 28 May 2009.

(iv) Other short-term investments include:

- An amount of VND60,000,000,000 trusted to EVN Finance Joint Stock Company, in which, the first trusted amount is VND35,000,000,000 with the duration of 12 months, due on 10 December 2009 with the fixed interest rate of 10% per year; the second trusted amount is VND25,000,000,000 with the duration of 6 months, due on 03 August 2009 with the fixed interest rate of 7.6% per year.
- An investment co-operation fund with Vietnam International Securities Joint Stock Company (VIS) from 28 January 2008, extended to 3 November 2009, with the interest rate of 17% per year before 03 May 2009 and 9% per year from 03 May 2009 onwards.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FORM B 09-DN

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

6. INVENTORIES

	30/06/2009	31/12/2008
	VND	VND
Raw materials	30,564,208,003	25,444,965,443
Work in progress	829,712,954	581,583,456
	<b>31,393,920,957</b>	<b>26,026,668,899</b>
Provision for devaluation of inventories	(5,194,304,609)	(5,194,304,609)
<b>Net realisable value</b>	<b>26,199,616,348</b>	<b>20,832,364,290</b>

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 Song hydro-power plant since 1995 and in Song Hinh hydro-power plant since 2000). Provision for devaluation of inventories for these materials has been made since 2007 based on accounting estimates for impaired materials.

Provision for devaluation of inventories is recognized in general and administration expenses under specialized accounting guidances applied to electricity industry.

7. TANGIBLE FIXED ASSETS

	Buildings and structures	Machinery and equipment	Office equipment	Motor vehicles	Total
	'000VND	'000VND	'000VND	'000VND	'000VND
<b>COST</b>					
As at 01/01/2009	2,047,298,356	826,438,563	1,836,984	21,647,916	2,897,221,819
Additions	-	102,694	-	696,685	799,379
Disposals	-	(30,550)	(242,760)	-	(273,310)
As at 30/06/2009	<b>2,047,298,356</b>	<b>826,510,707</b>	<b>1,594,224</b>	<b>22,344,601</b>	<b>2,897,747,888</b>
<b>ACCUMULATED DEPRECIATION</b>					
As at 01/01/2009	(842,940,825)	(613,844,242)	(1,344,030)	(17,125,895)	(1,475,254,993)
Charge for the period	(34,062,385)	(40,982,222)	(65,963)	(549,733)	(75,660,303)
Others	-	-	(31,349)	(53,309)	(84,658)
Disposals	-	30,550	242,760	-	273,310
As at 30/06/2009	<b>(877,003,210)</b>	<b>(654,795,914)</b>	<b>(1,198,582)</b>	<b>(17,728,937)</b>	<b>(1,550,726,644)</b>
<b>NET BOOK VALUE</b>					
As at 30/06/2009	<b>1,170,295,146</b>	<b>171,714,793</b>	<b>395,642</b>	<b>4,615,664</b>	<b>1,347,021,244</b>
As at 31/12/2008	<b>1,204,357,531</b>	<b>212,594,321</b>	<b>492,954</b>	<b>4,522,021</b>	<b>1,421,966,826</b>

As stated in Note 12, 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 VND492,567,109,739 as at 30 June 2009 (31 December 2008: VND515,063,495,873) 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, are VND21,586,384,589 (2008: VND21,529,694,095).



**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

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

**8. CONSTRUCTION IN PROGRESS**

	From 01/01/2009 to 30/06/2009	
	VND	
As at 1 January	56,090,444,200	
Additions	14,693,951,540	
As at 30 June	<b>70,784,395,740</b>	
<b>Construction in progress includes:</b>	<u>30/06/2009</u>	<u>31/12/2008</u>
	VND	VND
Reservoir C - Vinh Son Hydro-power plant (i)	5,374,696,606	5,374,696,606
Thuong Kontum Hydro-power project (ii)	54,594,644,240	42,080,661,024
Vinh Son 2&3 Hydro-power projects (iii)	9,744,483,637	8,009,606,020
Dong Cam Hydro-power project (iv)	180,645,860	180,645,860
Project for capacity improvement of Vinh Son reservoir (v)	444,834,690	444,834,690
Overhaul and regular repairments in progress (vi)	445,090,707	-
	<b>70,784,395,740</b>	<b>56,090,444,200</b>

- (i) According to Decision on approving Feasibility Study No. 14/QD-EVN-HDQT-TD dated 14 January 2002 by Electricity of Vietnam ("EVN"), the construction of "Reservoir C-Vinh Son Hydro-power plant" is built on a bank of Dakdingdong river (Upstream of Dinh Ba River) in Dakroong Commune, Kbang District, Gia Lai Province with the total investment capital of VND 217.1 billion. The construction is expected to irrigate water from Reservoir C in upstream of Dinh Ba River to existing Reservoir B of Vinh Son hydro-power plant in order to enhance the capacity and increase the average monthly electricity volume of the plant by 78.2 million kWh. In 2007, the Company temporarily accounted for an increase in tangible fixed assets of VND128 billion. Water has been irrigated from Reservoir B to Reservoir C.
- (ii) Thuong Kon Tum 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 1 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. 32 EVN/HDQT dated 13 January 2006 issued by EVN; the Hydro Power Management Board No. 4, on behalf of EVN, handed over all legal, technical, and financial documents relating to the project in accordance with Official Letter No. 6421/CV-EVN-KH dated 29 November 2006 issued by EVN and the handover minute dated 1 January 2007. The Company paid to EVN for all the accumulated expenses for the preparation stage of this project from 2002 to 2006 of approximately VND 19,330,450,930.
- (iii) 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, organized assessment of project file and submitted to the Ministry of Industry and Trade considering design of the project. The Ministry of Natural Resources and Environment issued Decision No. 1711/QD-BTNMT dated 28 August 2008 approving the assessment report of environmental effects of the project.
- (iv) Dong Cam Hydro-power project: The project is under planning stage and investment registration stage under the procedures of capital construction. Currently, the local authorities are considering the master plan of water supply for economic zones located in the South of Phu Yen Province.
- (v) Project for capacity improvement of Vinh Son reservoir: The project is under topographic and geologic survey stage to prepare investment plan.
- (vi) Overhaul and regular repairments in progress related to electricity business.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

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

**9. INVESTMENTS IN ASSOCIATES**

The balance of investment in associates represents investment in Binh Dinh Tourist Joint Stock Company.

*Details of the Company's associate as at 30 June 2009 are as follows:*

<u>Name of associate</u>	<u>Place of incorporation and operation</u>	<u>Proportion of ownership interest</u>	<u>Proportion of voting power held</u>	<u>Principal activities</u>
Binh Dinh Tourist Joint Stock Company	Quy Nhon City Binh Dinh Province	49,72%	49,72%	Tourism, hotel and travelling...

**10. SHORT-TERMS BORROWINGS AND LIABILITIES**

	<u>30/06/2009</u>	<u>31/12/2008</u>
	<u>VND</u>	<u>VND</u>
<b>Current portion of long-term loans</b>		
BIDV - Phu Yen Branch	7,320,611,336	31,232,323,296
The Bank for Development - Phu Yen Branch	36,406,353,455	72,989,282,990
	<u>43,726,964,791</u>	<u>104,221,606,286</u>

**11. TAXES AND AMOUNTS PAYABLE TO THE STATE BUDGET**

	<u>30/06/2009</u>	<u>31/12/2008</u>
	<u>VND</u>	<u>VND</u>
Value added tax	4,451,633,775	4,946,495,592
Corporate income tax (*)	-	-
Natural resources tax	1,616,309,132	1,415,713,755
Others	-	580,048,161
	<u>6,067,942,907</u>	<u>6,942,257,508</u>

(\*): The Company uses the preferential corporate income tax rate to calculate the corporate income tax, detail as: The income tax rate is 0% from 2005 to 2010; 5% from 2010 to 2016; 25% from 2017 onwards. However, according to the corporate income tax law 2008 coming into effect from 01 January 2009, financial activities other than major business activities are not subjects to the tax incentive, income from financial activities bears tax rate of 25%.

**12. LONG-TERM LOANS AND LIABILITIES**

	<u>30/06/2009</u>	<u>31/12/2008</u>
	<u>VND</u>	<u>VND</u>
The Bank for Development - Phu Yen Branch (i)	224,812,990,512	224,812,990,511
BIDV - Phu Yen Branch (ii)	-	-
	<u>224,812,990,512</u>	<u>224,812,990,511</u>

(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 Bank for Development, Phu Yen Branch to receive loan to invest into Song Hinh Hydro-Power Plant Project in the total amount of USD 34,654,946.2 including:

10203  
 CỘNG HÒA  
 XÃ HỘI CHỦ NGHĨA  
 VIỆT NAM  
 TỔNG ĐÀI

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**FORM B 09-DN**

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

**12. LONG-TERM LOANS AND LIABILITIES (Continued)**

- The loan from SIDA Organization (based in Sweden) in the amount of USD15,551,457.45, bearing no interest but administration fee of 0.2% of the loan balance per year. Principal is payable twice a year on 1 June and 1 December, equally in five years. Principal of USD 1,555,145.75 will be paid per each installment. The first payment is on 1 June 2005 and the last payment is on 1 December 2009. Overdue interest rate is equivalent to 9% per year.
- 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% and service fee of 0.75% of the loan balance per year. Principal is payable twice a year on every 1 June and 1 December 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 1 June 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% per year of the loan balance. Principal is payable twice a year on every 1 June and 1 December 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 1 June 2015. Overdue interest rate is equivalent to 9% per year.

(ii): This loan was transferred to the Company from Vinh Son – Song Hinh hydro-power plant, a state-owned enterprise (the “Plant”) at the time of change in ownership form. Previously, the plant received this loan from the Management Board of Song Hinh hydro-power plant Project and upon the hand over of Song Hinh hydro-power plant in accordance with Decision No. 279/QD-EVN-HDQT dated 5 August 2004 of the Board of Management of EVN approving the final accounts of investment for Song Hinh hydro-power plant. The loan is signed under long-term credit contract No. 01/2000/HD (Registered at Bank No. 01/0075) dated 14 August 2000 between BIDV, Phu Yen Branch (the lender) and the Board of Management of Song Hinh hydro-power plant (the borrower).

The loan term is 10 years from the first drawdown to the date when the loan is fully paid. The loan bears interest rate of 5.4% p.a. (effective from 1 June 2001) and is payable from July 2003. Principal amounts are paid on the quarterly basis, which is changed from time to time. Assets acquired from the loan capital are used to secure banking facilities. However, up to 31 December 2008, the mortgage contract had not been signed between the two sides.

As stated in Note 7, the Company pledged assets of Song Hinh Hydro-Power Plant with the net book value as at 30 June 2009 of VND492,567,109,739 (31 December 2008: VND515,063,495,873) to secure the loan as per mortgage contract No. 01/2006/HDTCTS-TL dated 12 April 2006.

**Long-term loans are repayable as follows:**

	30/06/2009	31/12/2008
	VND	VND
On demand or within one year	43,726,964,791	104,221,606,285
In the second year	20,185,864,194	20,185,864,194
In the third to fifth year inclusive	60,557,592,582	60,557,592,582
After five years	144,069,533,736	144,069,533,736
	<u>268,539,955,303</u>	<u>329,034,596,797</u>
Less: Amount due for settlement within 12 months (shown under current portion of long-term loans)	43,726,964,791	104,221,606,286
Amount due for settlement after 12 months	<u>224,812,990,512</u>	<u>224,812,990,511</u>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**FORM B 09-DN**

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

**13. SHAREHOLDERS' EQUITY**

**Movements in shareholders' equity**

	Charter capital	Retained earnings
	VND	VND
<b>Balance at 1/1/2008</b>	1,374,942,580,000	260,359,799,921
Capital addition in 2008	-	-
Profit for the year	-	371,551,684,877
Dividends paid	-	(247,489,664,400)
Distributed to funds	-	(74,112,600,000)
Others	-	(672,386,126)
<b>Balance at 1/1/2009</b>	<u>1,374,942,580,000</u>	<u>309,636,834,272</u>
Profit for the period	-	236,375,411,118
Dividends paid (i)	-	(109,995,406,400)
Distributed to funds (ii)	-	(4,579,221,000)
<b>Balance at 30/06/2009</b>	<u>1,374,942,580,000</u>	<u>431,437,617,990</u>

(i) The second dividend payment for the year 2008 is distributed at the rate of 18% under Resolution No. 292/NQ-VSHPC-DHDCD dated 16 April 2008 issued by the Shareholders' General Meeting.

(ii) According to Resolution No. 292/2009/NQ-VSHPC-DHDCD dated 16 April 2009 at the annual Shareholders' General Meeting and the business and finance plans 2009 was approved by the Board of Management on 16 April 2009, funds including bonus and welfare fund, remuneration of Management Board and Supervision Board, the bonus for Governing Board, are provided for in the amounts of VND1,662,880,000; VND2,416,341,000; VND500,000,000 respectively.

**Capital contribution structure**

	30/06/2009		31/12/2008	
	%	VND	%	VND
Electricity of Vietnam (EVN)	30.55	420,112,990,000	30.55	420,112,990,000
State Capital Investment Corporation (SCIC)	24.00	329,986,200,000	24.00	329,986,200,000
Other shareholders	45.45	624,843,390,000	45.45	624,843,390,000
	<u>100,00</u>	<u>1,374,942,580,000</u>	<u>100,00</u>	<u>1,374,942,580,000</u>

**14. REVENUE**

	From 01/01/2009 to 30/06/2009
	VND
Sale of electricity (*)	269,309,438,208
Other services	446,891,818
	<u>269,756,330,026</u>

(\*): Up to the reporting date, the Company and Electricity of Vietnam (EVN) have not reached a formal agreement on the electricity price for the year 2009. Currently the Company is recording revenue from the electricity production business on the basis of the unit price equal to 90% of the unit price of the same period in 2008. Management believes that recognized revenue is in accordance with accounting standards No. 14 "Revenue and other income".

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**FORM B 09-DN**

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

**15. COST OF GOODS SOLD**

	From 01/01/2009 to 30/06/2009
	VND
Cost of electricity sold	90,490,004,222
Cost of other services	368,337,108
	<u>90,858,341,330</u>

**16. FINANCIAL INCOME/EXPENSES**

	From 01/01/2009 to 30/06/2009
	VND
<b>Financial income</b>	
Saving account interest income (*)	62,544,951,366
Dividends distributed	2,908,680,000
Gains from realised foreign exchange differences	83,836,426
	<u>65,537,467,792</u>
<b>Financial expenses</b>	
Interest expense	3,789,703,122
	<u>3,789,703,122</u>
	<u>61,747,764,670</u>

**Profit from financial activities**

(\*): According to the loan contract with Electricity of Vietnam (EVN) for VND 500 billion, the interest rate is fixed at 17% per year. However, EVN is proposing the Company to lower the interest rate to 8% per year with effect from 01 January 2009. Currently the two parties have not yet agreed on the interest rate and the Company recorded financial income on the basis of the interest rate at 17% per year. If the interest rate of 8% per year for the loan was applied from 01 January 2009, the total receivables as at 30 June 2009 and financial income for the period from 01 January 2009 to 30 June 2009 would reduce by the corresponding amount of VND22,315,068,493. The Board of Directors believes this financial income was recorded in accordance with Vietnamese Accounting Standards No. 14 "Revenue and other Income".

**17. EARNINGS PER SHARE**

	From 01/01/2009 to 30/06/2009
	VND
Earnings for the purposes of basic earnings per share	236,375,411,118
Weighted average number of ordinary shares for calculating earnings per share	137,494,258
Earnings per share	<u>1,719</u>

**18. COMMITMENTS**

On 24 June 2009, the Company signed Contract No. 498/2009/VSH-ALSTOM with Alstom Hydro France Company for supplying 01 Hooped Pelton runner and 04 associated spare parts for Vinh Son Hydro-power plant. The contract value is EUR 610,000, equivalent to VND14,392,028,900. Goods delivery time is 16 months after the contract takes effect.

On 06 February 2009, the Company signed the joint-venture contract No. 89/2009/HD-VSHPC-LD with three contractors, namely Kon Tum Construction and Management Transportation Joint Stock Company, Tien Dung Investment Construction and Trading Limited Company and Quang Nam Transportation Construction Joint Stock Company, for constructing the road to the major construction from Km2+500 - Km20 of Thuong Kon Tum Project. The contract value is VND44,768,126,000; realized value up to 30 June 2009 is VND9,220,978,181.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**FORM B 09-DN**

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

**19. RELATED PARTY TRANSACTIONS AND BALANCES**

*During the period, the Company entered into the following transactions with related parties:*

	From 01/01/2009 to 30/06/2009
	VND
<b>Sales</b>	
Sales of electricity to EVN	269,309,438,208
Interest income from EVN	42,347,222,223
Interest income from EVN Finance JSC	2,510,833,280
<b>Dividends</b>	
Paid to EVN	33,609,039,200
Paid to State Capital Investment Corporation (SCIC)	26,398,896,000
Dividend received from Binh Dinh Tourist JSC	2,908,680,000
<b>Investments</b>	
Capital management trusted to EVN Finance JSC with the interest rate of 7.6%/year and the duration of 6 months	25,000,000,000

*Related party balances at the balance sheet were as follows:*

	30/06/2009	31/12/2008
	VND	VND
Trade receivables from EVN	49,366,207,638	60,215,025,046
Loan to EVN	500,000,000,000	500,000,000,000
Capital management trusted to EVN Finance JSC with the interest rate of 10%/year and the duration of 12 months	35,000,000,000	35,000,000,000
Capital management trusted to EVN Finance JSC with the interest rate of 7.6%/year and the duration of 6 months	25,000,000,000	25,000,000,000

**Directors' remuneration**

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

	From 01/01/2009 to 30/06/2009
	VND
Salaries, bonus and other benefits in kind	1,746,143,573

**20. COMPARATIVE FIGURES**

Comparative data on the balance sheet is the figures as at 31 December 2008. There were no comparative figures for income statement and cash flow statement because this is the first accounting period the Company prepares interim financial reports.