

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 2009**

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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 audited consolidated financial statements for the year ended 31 December 2009.

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 (Appointed on 17 April 2009)
Mr. Trinh Van Tuan	Member
Mr. Vo Thanh Trung	Member
Mr. Nguyen Viet Thang	Member (Appointed on 17 April 2009)
Mr. Nguyen Duc Doi	Member (Resigned from the position of 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. Hoang Anh Tuan	Deputy General Director (Appointed on 1 December 2009)
Mr. Nguyen Van Thanh	Deputy General Director (Resigned on 1 December 2009)
Mr. Do Phong Thu	Deputy General Director (Resigned on 1 June 2009)

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 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 presenting 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 to ensure that the consolidated 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 for taking reasonable steps for the prevention and detection of fraud and other irregularities.

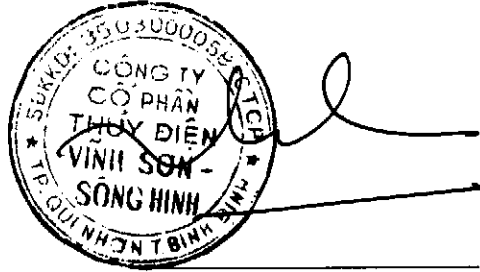
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STATEMENT OF THE BOARDS OF MANAGEMENT AND DIRECTORS (Continued)

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 2009 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

31 March 2010

Vo Thanh Trung
General Director

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No.: 227/Deloitte-AUDHN-RE

AUDITORS' REPORT

To: **The Boards of Management and Directors and shareholders of
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 2009, the related consolidated statements of income, cash flows and the notes to the consolidated financial statements for the year then ended. 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, 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 2009 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 accounting regulations in Vietnam.



Trần Thị Thuý Ngọc
Deputy General Director
CPA Certificate No. D.0031/KTV

For and on behalf of
DELOITTE VIETNAM COMPANY LIMITED

31 March 2010
Hanoi, S.R. Vietnam

Nguyen Tuan Anh
Auditor
CPA Certificate No. N.1291/KTV

CONSOLIDATED BALANCE SHEET

As at 31 December 2009

FORM B 01-DN

Unit: VND

ASSETS	Codes	Notes	31/12/2009	31/12/2008
A. CURRENT ASSETS	100		1,159,172,623,682	993,925,785,411
I. Cash and cash equivalents	110	5	196,280,817,110	47,989,060,180
1. Cash	111		16,280,817,110	4,989,060,180
2. Cash equivalents	112		180,000,000,000	43,000,000,000
II. Short-term financial investments	120	6	785,685,326,000	825,685,326,000
1. Short-term investments	121		785,685,326,000	825,685,326,000
III. Short-term receivables	130		156,617,456,520	99,349,590,941
1. Trade accounts receivable	131		107,228,003,552	60,323,574,046
2. Advances to suppliers	132		24,230,720,000	2,363,319,258
3. Other receivables	135		25,158,732,968	36,662,697,637
IV. Inventories	140	7	20,525,974,052	20,832,364,290
1. Inventories	141		28,491,663,562	26,026,668,899
2. Provision for devaluation of inventories	149		(7,965,689,510)	(5,194,304,609)
V. Other short-term assets	150		63,050,000	69,444,000
1. Short-term prepayments	151		18,550,000	25,344,000
2. Other short-term assets	158		44,500,000	44,100,000
B. NON-CURRENT ASSETS	200		1,421,776,973,968	1,489,324,555,639
I. Fixed assets	220		1,406,167,435,180	1,478,057,271,097
1. Tangible fixed assets	221	8	1,279,345,161,357	1,421,966,826,897
- Cost	222		2,905,610,150,005	2,897,221,819,557
- Accumulated depreciation	223		(1,626,264,988,648)	(1,475,254,992,660)
2. Construction in progress	230	9	126,822,273,823	56,090,444,200
II. Long-term financial investments	250		13,537,609,715	9,968,708,390
1. Investments in associates	252	11	13,537,609,715	9,968,708,390
III. Other non-current assets	260		2,071,929,073	1,298,576,152
1. Long-term prepayments	261		80,506,696	-
2. Deferred tax assets	262		1,991,422,377	1,298,576,152
TOTAL ASSETS	270		2,580,949,597,650	2,483,250,341,050

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The notes set out on pages 9 to 23 are an integral part of these consolidated financial statements

CONSOLIDATED BALANCE SHEET (Continued)

As at 31 December 2009

FORM B 01-DN

Unit: VND

RESOURCES	Codes	Notes	31/12/2009	31/12/2008
A. LIABILITIES	300		316,335,288,683	340,832,602,327
I. Current liabilities	310		67,077,067,462	115,838,468,947
1. Short-term borrowings and liabilities	311	12	30,918,252,300	104,221,606,286
2. Trade accounts payable	312		5,885,617,641	1,307,578,287
3. Advances from customers	313		-	155,000,000
4. Taxes and amounts payable to the State budget	314	13	19,457,067,987	6,942,257,508
5. Payables to employees	315		4,129,042,662	2,114,960,684
6. Accrued expenses	316		1,199,417,868	956,067,682
7. Other current payables	319		5,487,669,004	140,998,500
II. Long-term liabilities	330		249,258,221,221	224,994,133,380
1. Long-term loans and liabilities	334	14	249,066,753,336	224,812,990,511
2. Provision for severance allowance	336		191,467,885	181,142,869
B. EQUITY	400		2,264,614,308,967	2,142,417,738,723
I. Shareholders' equity	410	15	2,261,115,671,822	2,141,119,982,272
1. Charter capital	411		2,062,412,460,000	1,374,942,580,000
2. Share premium	412		-	370,660,568,000
3. Investment and development fund	417		21,500,000,000	71,500,000,000
4. Financial reserve fund	418		14,380,000,000	14,380,000,000
5. Retained earnings	420		162,823,211,822	309,636,834,272
II. Other resources and funds	430		3,498,637,145	1,297,756,451
1. Bonus and welfare funds	431		2,122,125,601	677,236,047
2. Funds for fixed assets acquisition	433		1,376,511,544	620,520,404
TOTAL RESOURCES	440		2,580,949,597,650	2,483,250,341,050



Phan Trung
General Director

31 March 2010

Huynh Cong Ha
Chief Accountant

Le Van Chuong
Preparer

The notes set out on pages 9 to 23 are an integral part of these consolidated financial statements

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2009

FORM B 02-DN

Unit: VND

ITEMS	Codes	Notes	2009	2008
1. Gross sales	01	16	517,563,494,991	483,680,050,837
2. Less deductions	02		-	-
3. Net sales	10		517,563,494,991	483,680,050,837
4. Cost of sales	11	17	184,900,669,469	177,684,637,332
5. Gross profit from sales	20		332,662,825,522	305,995,413,505
6. Financial income	21	19	82,105,273,259	100,549,005,370
7. Financial expenses	22	19	19,279,794,670	26,545,200,871
- Include: Interest expenses	23		6,514,304,722	10,620,290,844
8. Selling expenses	24		-	-
9. General and administration expenses	25		14,921,002,929	10,168,033,018
10. Operating profit	30		380,567,301,182	369,831,184,986
11. Other income	31		105,551,110	71,590,905
12. Other expenses	32		5,895,455	21,066,364
13. Profit from other activities	40		99,655,655	50,524,541
14. Profit in associates	41		6,477,581,325	324,965,572
15. Accounting profit before tax	50		387,144,538,162	370,206,675,099
16. Current tax expense	51		13,313,961,437	-
17. Deferred tax income	52		692,846,225	738,576,152
18. Net profit after tax	60		374,523,422,950	370,945,251,251
19. Earnings per share	70	20	1,816	1,799



Vũ Thanh Trung
General Director

Huynh Cong Ha
Chief Accountant

Le Van Chuong
Preparer

31 March 2010

The notes set out on pages 9 to 23 are an integral part of these consolidated financial statements

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2009

FORM B 03-DN

Unit: VND

ITEMS	Codes	2009	2008
I. CASH FLOWS FROM OPERATING ACTIVITIES			
<i>1. Profit before tax</i>	01	387,144,538,162	370,206,675,099
<i>2. Adjustments for:</i>		84,980,530,896	115,727,658,860
- Depreciation and amortisation	02	151,512,205,909	151,291,990,918
- Provisions	03	2,771,384,901	3,194,304,609
- Losses from unrealised foreign exchange differences	04	12,765,489,948	15,133,838,102
- Gains from investing activities	05	(88,582,854,584)	(64,512,765,613)
- Interest expenses	06	6,514,304,722	10,620,290,844
<i>3. Operating profit before movements in working capital</i>	08	472,125,069,058	485,934,333,959
- (Increase) in receivables	09	(54,586,630,853)	(28,476,418,221)
- (Increase) in inventories	10	(2,464,994,663)	(664,853,811)
- Increase/(decrease) in accounts payable	11	7,647,256,970	(10,288,812,404)
- (Increase)/decrease in prepaid expenses	12	(74,112,696)	423,033,621
- Interest paid	13	(6,160,221,217)	(10,509,557,525)
- Other cash inflows	15	5,000,000	12,214,000
- Other cash outflows	16	(2,363,003,841)	(3,187,194,711)
<i>Net cash from operating activities</i>	20	414,128,362,758	433,242,744,908
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition of fixed assets and other long-term assets	21	(98,566,662,938)	(15,281,095,835)
2. Proceeds from sales of fixed assets	22	15,200,000	42,500,000
3. Cash outflow for lending	23	(890,000,000,000)	(1,105,000,000,000)
4. Cash recovered from lending	24	930,000,000,000	790,000,000,000
5. Interest income, dividends and profit received	27	101,933,966,192	64,920,948,041
<i>Net cash from/(used in) investing activities</i>	30	43,382,503,254	(265,317,647,794)
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Proceeds from borrowings	33	42,406,525,177	-
2. Repayments of borrowings	34	(104,137,769,859)	(101,278,983,690)
3. Dividends paid	36	(247,487,864,400)	(247,440,567,900)
<i>Net cash used in financing activities</i>	40	(309,219,109,082)	(348,719,551,590)
Net increase/(decrease) in cash and cash equivalents	50	148,291,756,930	(180,794,454,476)
Cash and cash equivalents at the beginning of the year	60	47,989,060,180	228,783,514,656
Cash and cash equivalents at the end of the year	70	196,280,817,110	47,989,060,180

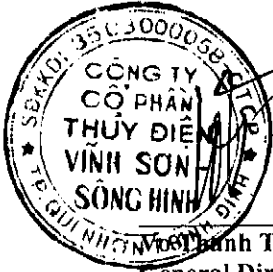
The notes set out on pages 9 to 23 are an integral part of these consolidated financial statements

CONSOLIDATED CASH FLOW STATEMENT (Continued)

For the year ended 31 December 2009

Supplementary non-cash disclosures

Cash outflows for purchases and construction of fixed assets during the year exclude an amount of VND6,291,859,404, representing an addition in construction in progress during the year that has not yet been paid and include an amount of VND20,392,700,000, representing advance payment to contractors while final accounts of the constructions have not been verified. Consequently, changes in accounts payable, receivable have been adjusted by the same amounts.



Mo Thanh Trung
General Director

31 March 2010

Huynh Cong Ha
Chief Accountant

Le Van Chuong
Preparer

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FORM B 09-DN

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/QĐ-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/QĐ-TCCB of the Ministry of Industry on capitalising 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/QĐ-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/QĐ-TTGDHN. On 28 June 2006, the Company was officially granted certificate to have its stocks 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 2009 was 125 (31 December 2008: 122).

Operating industry and principal activities

The Company operates in hydro-electricity industry; provides operation management services and hydroelectric power plants maintenance; provides consulting and management service for projects and supervises the construction of hydropower plant projects; provides consulting services for the designs of irrigation, transportation and hydropower projects; provides consulting and supervising services for the construction of irrigation and transport projects; tests power; trades materials and equipment in hydroelectricity industry; invests in construction of power projects; and trades properties.

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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 accounting regulations in Vietnam.

Accounting period

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

3. ADOPTION OF NEW ACCOUNTING STANDARDS AND GUIDANCE

On 15 October 2009, the Ministry of Finance issued Circular No. 201/2009/TT-BTC guiding the recognition of foreign exchange differences in enterprises. The recognition of foreign exchange differences arising from revaluation of monetary items at the balance sheet date in accordance with Circular No. 201/2009/TT-BTC differs from that as regulated with Vietnamese Accounting Standard No.10 (VAS 10) - Effects of changes in foreign exchange rates. According to Circular No. 201/2009/TT-BTC, accounting treatments of foreign exchange differences are as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**FORM B 09-DN***These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements***3. ADOPTION OF NEW ACCOUNTING STANDARDS AND GUIDANCE (Continued)**

- Foreign exchange differences arising from revaluation of monetary items, short-term receivables and payables denominated in foreign currencies at the balance sheet date are not recorded in the consolidated income statement for the reporting period but are recorded in the consolidated balance sheet under the account "foreign exchange reserve" in the shareholders' equity section.
- Foreign exchange differences arising from revaluation of long-term payables are recorded in consolidated the income statement for the reporting period. In case the Company makes a loss, it may allocate part of foreign exchange losses within 5 subsequent years after deducting the foreign exchange difference incurred during the reporting period corresponding to the current portion of long-term loans.

The Board of Directors decides to recognise foreign exchange differences as guided in Vietnamese Accounting Standard No. 10 (VAS 10) and believes that by applying VAS 10, the consolidated financial statements will give a more appropriate view of the financial position of the Company and of its results for the year ended 31 December 2009.

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 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of consolidation

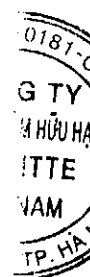
The consolidated financial statements incorporate the financial statements of the Company and enterprises controlled by the Company (its subsidiaries) up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise 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.

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 (see below) 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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**FORM B 09-DN***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)****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 member company 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, which allow provisions to be made for obsolete, damaged, or sub-standard inventories and for those 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 Son 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:

Assets	2009 (Years)
Buildings and structures	20 - 50
Machinery and equipment	8 - 10
Office equipment	5 - 10
Motor vehicles	5 - 10

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B 09-DN

*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)****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 the consolidated income statement 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 of cash receipt.

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 consolidated 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 consolidated income statement. Unrealised exchange gains at the balance sheet date are not treated as part of distributable profit to shareholders.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B 09-DN

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)

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.

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, 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 in 15 years from the establishment. The Company is entitled to tax exemption in 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 year. 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 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 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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5. CASH AND CASH EQUIVALENTS

	<u>31/12/2009</u>	<u>31/12/2008</u>
	VND	VND
Cash on hand	358,060,981	265,438,462
Cash in bank	15,922,756,129	4,723,621,718
Cash equivalents (i)	180,000,000,000	43,000,000,000
	<u>196,280,817,110</u>	<u>47,989,060,180</u>

(i): Cash equivalents include time deposits with terms of three months or below.

6. SHORT-TERM INVESTMENTS

	<u>31/12/2009</u>	<u>31/12/2008</u>
	VND	VND
Short-term investments in securities (i)	30,685,326,000	30,685,326,000
Other short-term investments include:	755,000,000,000	795,000,000,000
- <i>Over three-month deposits</i>	150,000,000,000	175,000,000,000
- <i>Loan to Electricity of Vietnam (EVN) (ii)</i>	500,000,000,000	500,000,000,000
- <i>Trusted funds</i>	-	35,000,000,000
- <i>Others (iii)</i>	105,000,000,000	85,000,000,000
	<u>785,685,326,000</u>	<u>825,685,326,000</u>

(i) Represents an investment in Pha Lai Thermo-Electricity JSC, in which, the volume of shares the Company owned is 3,011,866 shares as at 31 December 2009.

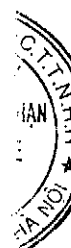
(ii) Represents the loan to Electricity of Vietnam (EVN) with the interest rate of 8% p.a. and the duration of 12 months from the disbursement date. This loan contract will be due on 26 September 2010.

(iii) Other short-term investments include:

- An amount of VND85,000,000,000 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 9 December 2010 with the fixed interest rate of 10.2% p.a.; the second trusted amount is VND25,000,000,000 with the duration of 6 months, due on 29 January 2010 with the fixed interest rate of 8% p.a.; the second trusted amount is VND25,000,000,000 with the duration of 6 months, due on 3 February 2010 with the fixed interest rate of 8% p.a.
- An investment co-operation fund with Vietnam International Securities Joint Stock Company (VIS) with the amount of VND20,000,000,000, duration of 3 months, due on 2 March 2010 and the fixed interest rate of 9.5% p.a.

7. INVENTORIES

	<u>31/12/2009</u>	<u>31/12/2008</u>
	VND	VND
Raw materials	27,652,793,979	25,444,965,443
Tools and supplies	3,230,000	120,000
Work in progress	835,639,583	581,583,456
	<u>28,491,663,562</u>	<u>26,026,668,899</u>
Provision for devaluation of inventories	(7,965,689,510)	(5,194,304,609)
Net realisable value	<u>20,525,974,052</u>	<u>20,832,364,290</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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7. INVENTORIES (Continued)

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 specialised accounting guidance applied to electricity industry.

8. TANGIBLE FIXED ASSETS

	Nhà cửa và vật kiến trúc	Máy móc và thiết bị	Thiết bị văn phòng	Phương tiện vận tải	Tổng
	'000VND	'000VND	'000VND	'000VND	'000VND
NGUYÊN GIÁ					
Tại ngày 01/01/2009	2,047,298,356	826,438,563	1,836,984	21,647,916	2,897,221,819
Tăng trong năm	-	909,112	5,436,862	2,723,251	9,069,225
Thanh lý, nhượng bán	-	(30,550)	(242,760)	(400,000)	(673,310)
Giảm khác	-	-	(7,584)	-	(7,584)
Tại ngày 31/12/2009	2,047,298,356	827,317,125	7,023,502	23,971,167	2,905,610,150
GIÁ TRỊ HAO MÒN LŨY KẾ					
Tại ngày 01/01/2009	(842,940,825)	(613,844,242)	(1,344,030)	(17,125,895)	(1,475,254,992)
Khấu hao trong năm	(68,125,610)	(82,082,552)	(143,899)	(1,160,145)	(151,512,206)
Tăng khác	-	-	(52,690)	(118,411)	(171,101)
Thanh lý, nhượng bán	-	30,550	242,760	400,000	673,310
Tại ngày 31/12/2009	(911,066,435)	(695,896,244)	(1,297,859)	(18,004,451)	(1,626,264,989)
GIÁ TRỊ CÒN LẠI					
Tại ngày 31/12/2009	1,136,231,921	131,420,881	5,725,643	5,966,716	1,279,345,161
Tại ngày 31/12/2008	1,204,357,531	212,594,321	492,954	4,522,021	1,421,966,827

The total costs of the Company's tangible fixed assets, which have been fully depreciated but are still in use at 31 December 2009, are VND21,274,032,589 (31 December 2008: VND21,529,694,095).

9. CONSTRUCTION IN PROGRESS

	2009	2008
	VND	VND
As at 1 January	56,090,444,200	42,041,165,685
Additions	75,823,665,371	17,227,226,117
Transferred to regular repairing expenses	(5,091,835,748)	(3,177,947,602)
As at 31 December	126,822,273,823	56,090,444,200

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9. CONSTRUCTION IN PROGRESS (Continued)

Construction in progress includes:	<u>31/12/2009</u>	<u>31/12/2008</u>
	VND	VND
Reservoir C - Vinh Son Hydro plant (i)	5,374,696,606	5,374,696,606
Thuong Kontum Hydro-power project (ii)	105,860,953,965	42,080,661,024
Vinh Son 2&3 Hydro-power projects (iii)	13,532,335,191	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)	579,241,872	444,834,690
Setting up the benchmarks defending the reservoir- Vinh Son Plant (vi)	1,293,620,329	-
Enhancement of the capacity of Song Hinh lake	780,000	-
	<u>126,822,273,823</u>	<u>56,090,444,200</u>

- (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. 32EVN/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) Setting up the benchmarks defending the reservoir- Vinh Son plant: According to Resolution No. 292/NQ-VSHPC-DHDCD dated 9 July 2009, the Board of Management approved draft survey, the technical report for the project of improving B+C reservoir exploitation capacity, Vinh Son Hydropower. At as 31 December 2009, the works had basically been completed but not yet officially finalised.

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10. INVESTMENTS IN SUBSIDIARIES

The balance of investment in subsidiary represents investment in VSH Consulting and Technical Service One Member Company Limited.

Details of the Company's subsidiary as at 31 December 2009 are as follows:

<u>Name of subsidiary</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>
VSH Consulting and Technical Service One Member Company Limited	Quy Nhon City, Binh Dinh Province	100%	100%	Consulting and Technical Services

11. 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 31 December 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

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

	<u>31/12/2009</u>	<u>31/12/2008</u>
	VND	VND
Total assets	29,460,572,340	22,812,179,962
Total liabilities	2,232,877,820	2,762,484,890
Net assets	<u>27,227,694,520</u>	<u>20,049,695,072</u>
Company's share of the associate's net assets	13,537,609,715	9,968,708,390
<i>Details as follows:</i>		
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	5,241,197	6,341,197
Retained earnings/(accumulated losses) of the associate	7,122,273,323	(56,646,125)
	<u>2009</u>	<u>2008</u>
	VND	VND
Revenue	14,001,155,439	18,736,839,357
Net profit	13,185,843,468	2,237,230,393
Company's share of the associate's net profit	6,477,581,325	324,965,572

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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12. SHORT-TERM BORROWINGS AND LIABILITIES

	<u>31/12/2009</u>	<u>31/12/2008</u>
	VND	VND
Current portion of long-term loans		
BIDV - Phu Yen Branch	-	31,232,323,296
The Bank for Development - Phu Yen Branch	21,332,072,186	72,989,282,990
VIB bank - Quy Nhon Branch	9,586,180,114	-
	<u>30,918,252,300</u>	<u>104,221,606,286</u>

13. TAXES AND AMOUNTS PAYABLE TO THE STATE BUDGET

	<u>31/12/2009</u>	<u>31/12/2008</u>
	VND	VND
Value added tax	4,176,191,306	4,946,495,592
Corporate income tax (*)	13,313,961,437	-
Natural resources tax	1,813,656,868	1,415,713,755
Personal income tax	153,258,376	580,048,161
	<u>19,457,067,987</u>	<u>6,942,257,508</u>

(*): The Company uses the preferential corporate income tax rate to calculate the corporate income tax. Accordingly, the income tax rate is 0% from 2005 to 2010; 5% from 2011 to 2016; 25% from 2017 onwards. According to the corporate income tax law 2008 effective from 01 January 2009, financial activities other than major business activities are not entitled to tax incentive, and income from financial activities bears tax rate of 25%. The Company is entitled to corporate income tax reduction of 30% for the year 2009 in accordance with Circular No. 03/2009/TT-BTC dated 13 January 2009 by the Ministry of Finance, providing guidance on the implementation of corporate income tax (CIT) reduction and deferment of CIT payment.

14. LONG-TERM LOANS AND LIABILITIES

	<u>31/12/2009</u>	<u>31/12/2008</u>
	VND	VND
BIDV - Phu Yen Branch (i)	-	31,232,323,296
The Bank for Development - Phu Yen Branch (ii)	237,578,480,460	297,802,273,501
VIB Bank - Quy Nhon Branch (iii)	42,406,525,176	-
	<u>279,985,005,636</u>	<u>329,034,596,797</u>

(i): 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 (Bank Registration 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. The loan bears interest rate of 5.4% p.a. (effective from 1 June 2001). Principal is repayable from July 2003 on quarterly basis, which is changed from time to time. This loan was fully paid in 2009.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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14. LONG-TERM LOANS AND LIABILITIES (Continued)

- (ii): 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 loans to invest in Song Hinh Hydro-Power Plant Project for the total amount of USD 34,654,946.2 including:

- The loan from SIDA Organization (based in Sweden) for the amount of USD15,551,457.45, bearing no interest but administration fee of 0.2% p.a. of the loan balance. Principal is payable twice a year on 31 March and 30 September, equally in five years (from 2005 to 2009). Principal of USD 1,555,145.75 will be paid per each instalment. The first payment is on 1 June 2005 and the last payment is on 30 September 2009. Overdue interest rate is equivalent to 9% p.a. The principal of this loan was fully paid in 2009.
- The loan from Northern Development Fund (NDF) for the amount of USD 8,378,301.48, bearing no interest but administration fee of 0.2% p.a. and service fee of 0.75% p.a. of the loan balance. Principal is payable 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 83,783.01 per each instalment). From 2015 to 2035, the loan payable is equivalent to 4% of the principal (i.e. USD 167,566.02 per each instalment). The first payment is on 1 December 2005 and the last payment is on 31 March 2035. Overdue interest rate is equivalent to 3% p.a.
- The loan from Northern Investment Bank (NIB) in the amount of USD 10,725,187.27, bearing interest rate of LIBOR plus margin of 1.35% effective from 31 March 2009 to the next day of the interest adjustment period (31 March 2012); the specific rate will be periodically informed by NIB. The administration fee is 0.2% p.a. of the loan balance. Principal is payable 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 instalment. The first payment is on 1 June 2005 and the last payment is on 31 March 2015. Overdue interest rate is equivalent to 9% p.a.

- (iii): Loans from VIB bank "VIB"- Quy Nhon Branch includes:

- The loan under the credit contract No. 0021/HDDTD2-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 of 0.65% p.a. (subject to VIB's interest rate policy in each period). Principal is repaid every six months from the eighteenth month.

The loan under the credit contract No. 0025/HDDTD2-VIB412-09 dated 24 September 2009 with credit line of VND 20,000,000,000; 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 of 0.65% p.a. (subject to VIB's interest rate policy in each period). Principal is repaid every six months from the first drawdown.

Long-term loans are repayable as follows:

	<u>31/12/2009</u>	<u>31/12/2008</u>
	VND	VND
On demand or within one year	30,918,252,300	104,221,606,285
In the second year	54,152,417,247	20,185,864,194
In the third to fifth year inclusive	63,996,216,558	60,557,592,582
After five years	<u>130,918,119,531</u>	<u>144,069,533,736</u>
	279,985,005,636	329,034,596,797
Less: Amount due for settlement within 12 months (shown under current portion of long-term loans, note 12)	30,918,252,300	104,221,606,286
Amount due for settlement after 12 months	<u>249,066,753,336</u>	<u>224,812,990,511</u>

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15. SHAREHOLDER'S EQUITY

Movements in shareholders' equity

	Charter Capital		Share Premium		Investment and Development Fund		Financial Reserve Fund		Retained Earnings		Total
	VND		VND		VND		VND		VND		VND
Balance at 1/1/2008	1,374,942,580,000		370,660,568,000		-		14,380,000,000		260,966,233,547		2,020,949,381,547
Profit for the year	-		-		-		-		370,945,251,251		370,945,251,251
Dividends paid	-		-		-		-		(247,489,664,400)		(247,489,664,400)
Distribution to funds	-		-		71,500,000,000		-		(74,112,600,000)		(2,612,600,000)
Others	-		-		-		-		(672,386,126)		(672,386,126)
Balance at 1/1/2009	1,374,942,580,000		370,660,568,000		71,500,000,000		14,380,000,000		309,636,834,272		2,141,119,982,272
Profit for the year	-		-		-		-		374,523,422,950		374,523,422,950
Increase in charter capital (i)	687,469,880,000		(370,660,568,000)		(50,000,000,000)		-		(266,809,312,000)		-
Dividends paid (ii)	-		-		-		-		(247,489,664,400)		(247,489,664,400)
Distribution to funds (iii)	-		-		-		-		(3,796,728,000)		(3,796,728,000)
Others (iii)	-		-		-		-		(3,241,341,000)		(3,241,341,000)
Balance at 31/12/2009	2,062,412,460,000		-		21,500,000,000		14,380,000,000		162,823,211,822		2,261,115,671,822

(i) During the year, the Company increased its charter capital by issuing bonus shares. The charter capital increased during the year was from share premium, investment and development funds and retained earnings.

(ii) The second dividend payment for the year 2008 is made at the rate of 18% (in which amount paid in 2008 equivalent to 10%) under Resolution No. 292/2009/NQ-VSHPC-DHDCCD dated 16 April 2009 issued by the Shareholders' Annual Meeting in 2009. Concurrently, the first dividend payment for the year 2009 is temporary distributed at the rate of 10% under Resolution No.565/2009/NQ-VSH-HDQT dated 9 July 2009 issued by the Board of Management's the third General Meeting in 2009.

(iii) According to Resolution No. 292/2009/NQ-VSHPC-DHDCCD dated 17 April 2009 by the Shareholders' Annual Meeting and Resolution No.35/2010/NQ-VSH-HDQT dated 18 January 2010 issued by the Board of Management's first Regular Meeting in 2010, bonus and welfare funds, remuneration of Management Board and Supervision Board, the bonus for Governing Board are provided for in the amounts of VND2,841,348,000, VND2,741,341,000, VND500,000,000 respectively.



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15. SHAREHOLDER'S EQUITY (Continued)
Capital contribution structure

	31/12/2009		31/12/2008	
	%	VND	%	VND
Electricity of Vietnam (EVN)	30.55	630,169,054,175	30.55	420,112,990,000
State Capital Investment Corporation (SCIC)	24.00	494,978,961,600	24.00	329,986,200,000
Other shareholders	45.45	937,264,444,225	45.45	624,843,390,000
	<u>100,00</u>	<u>2,062,412,460,000</u>	<u>100,00</u>	<u>1,374,942,580,000</u>

16. REVENUE

	2009	2008
	VND	VND
Sales of power	516,645,504,400	482,691,689,892
Other services	917,990,591	988,360,945
	<u>517,563,494,991</u>	<u>483,680,050,837</u>

As stated in Note 23, on 30 March 2010, Electricity of Vietnam issued Resolution No. 155/NQ-HDQT approving the average power purchasing price in 2009 of VND 563/kWh for Vinh Son - Song Hinh Hydro-Power Joint Stock Company. Following this Resolution, the Company and Electricity Power Purchase Company - Electricity of Vietnam is proceeding to sign appendix to power purchase agreement No. 05-2005 EVN/VSHPC-IPP. According to this appendix, the power price in 2009 is VND 476/kWh for raining season (from 1 July to 30 September) and VND 580/kWh for dry season (remaining period of the year). The Company recorded revenue in 2009 based on the unit price specified in this appendix.

17. COST OF SALES

	2009	2008
	VND	VND
Cost of power sold	184,327,630,087	176,927,623,702
Cost of other services	573,039,382	757,013,630
	<u>184,900,669,469</u>	<u>177,684,637,332</u>

18. PRODUCTION COST BY NATURE

	2009	2008
	VND	VND
Raw materials and consumables	2,108,140,799	2,712,567,515
Labour	13,307,377,390	9,223,810,285
Depreciation and amortisation	151,507,122,140	151,291,267,892
Out-sourced services	7,534,993,713	4,436,798,872
Other expenses	25,618,094,483	19,992,282,034
	<u>200,075,728,525</u>	<u>187,656,726,598</u>

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

	<u>2009</u>	<u>2008</u>
	VND	VND
Financial income		
Bank interest income	82,021,436,833	98,963,535,247
Dividends income		1,505,933,000
Gains from realised foreign exchange differences	<u>83,836,426</u>	<u>79,537,123</u>
	82,105,273,259	100,549,005,370
Financial expenses		
Interest expense	6,514,304,722	10,620,290,844
Losses from unrealised foreign exchange differences	12,765,489,948	15,133,838,102
Losses from realised foreign exchange differences	-	<u>791,071,925</u>
	<u>19,279,794,670</u>	<u>26,545,200,871</u>
Profit from financial activities	<u>62,825,478,589</u>	<u>74,003,804,499</u>

20. EARNINGS PER SHARE

	<u>2009</u>	<u>2008</u>
	VND	VND
Earnings for the purposes of basic earnings per share	374,523,422,950	370,945,251,251
Weighted average number of ordinary shares for calculating earnings per share	<u>206,241,246</u>	<u>206,241,246</u>
Earnings per share	<u>1,816</u>	<u>1,799</u>

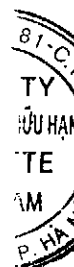
As stated in Note 15, the Company increased its charter capital by issuing bonus shares. The number of bonus shares are treated as an increase at the beginning of the year. The average number of shares in 2008 were also adjusted accordingly.

21. 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 EUR610,000, equivalent to VND14,392,028,900. Goods delivery time is 16 months after the contract takes effect. As at 31 December 2009, the Company had prepaid Alstom Hydro France Company 20% of the contract value, equivalent to EUR122,000.

On 06 February 2009, the Company signed 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 work from Km2+500 - Km20 that belongs to Thuong Kon Tum hydropower Project. The contract value is VND44,768,126,000; realized value up to 31 December 2009 is VND36,734,002,714.

On 4 September 2009, the Company signed contract No. 772/2009/ HD-VSH-Vimeco-Vina CTN with Vimeco Joint Stock Company and Vietnam Underground Investment & Construction Joint Stock Company for constructing water-receiving gate and the head of the water-receiving underground road that belongs to Thuong Kon Tum hydropower Project. The total contract value is VND124,014,274,000. As at 31 December 2009, the Company had prepaid the constructors under the payment terms mentioned in the contract with the amount of VND18,814,500,000.



VINH SON - SONG HINH HYDRO-POWER JOINT STOCK COMPANY21 Nguyen Hue Street, Quy Nhon City
Binh Dinh Province, S.R. Vietnam**Consolidated Financial Statements**
For the year ended 31 December 2009**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****FORM B 09-DN***These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements***22. RELATED PARTY TRANSACTIONS AND BALANCES***During the year, the Company entered into the following transactions with its related parties:*

	<u>2009</u>	<u>2008</u>
	VND	VND
Sales		
Sales of electricity to Power Purchase Company	516,645,504,400	482,691,689,892
Interest income from EVN	40,856,811,265	-
Interest income from EVN Finance JSC	6,201,222,230	-
Dividends		
Dividends paid to EVN	75,620,338,200	135,017,854,200
Dividends paid to State Capital Investment Corporation (SCIC)	59,397,516,000	-
Dividends received from Binh Dinh Tourist JSC	2,908,680,000	775,648,000
Investments		
Capital management trusted to EVN Finance JSC	110,000,000,000	35,000,000,000
Loan to EVN	500,000,000,000	500,000,000,000

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

	<u>31/12/2009</u>	<u>31/12/2008</u>
	VND	VND
Receivables from Power Purchase Company	107,123,294,902	60,215,025,046
Loan to EVN	500,000,000,000	500,000,000,000
Capital management trusted to EVN Finance JSC	85,000,000,000	35,000,000,000

Directors' remuneration

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

	<u>2009</u>	<u>2008</u>
	VND	VND
Salaries	859,134,775	852,144,715

23. SUBSEQUENT EVENTS

On 30 March 2010, Electricity of Vietnam issued Resolution No. 155/NQ-HDQT approving the average power purchasing price in 2009 of VND 563/kWh for Vinh Son - Song Hinh Hydro Power Joint Stock Company. Following this Resolution, the Company and Electricity Power Purchase Company - Electricity of Vietnam is proceeding to sign appendix to power purchase agreement No. 05-2005 EVN/VSHPC-IPP. According to this appendix, the power price in 2009 is VND 476/kWh for raining season (from 1 July to 30 September) and VND 580/kWh for dry season (remaining period of the year).

24. COMPARATIVE FIGURES

Certain reclassifications have been made to the prior year's figures to enhance their comparability with the current year's presentation.
