

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

**REVIEWED CONSOLIDATED  
FINANCIAL STATEMENTS**

**For the period from 01 January 2010 to 30 June 2010**

★ S.P.V

**TABLE OF CONTENTS**

<b><u>CONTENTS</u></b>	<b><u>PAGE(S)</u></b>
STATEMENT OF THE BOARDS OF MANAGEMENT AND DIRECTORS	1 - 2
AUDITORS' REVIEW REPORT	3
CONSOLIDATED BALANCE SHEET	4 - 5
CONSOLIDATED INCOME STATEMENT	6
CONSOLIDATED CASH FLOW STATEMENT	7 - 8
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	9 - 22

11/01/2011

## 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 reviewed consolidated financial statements for the period from 01 January 2010 to 30 June 2010.

### 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
Mr. Trinh Van Tuan	Member
Mr. Vo Thanh Trung	Member
Mr. Nguyen Viet Thang	Member
Mr. Nguyen Duc Doi	Member

#### Board of Directors

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

### THE BOARDS OF MANAGEMENT AND DIRECTORS’ STATEMENT OF RESPONSIBILITY

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

The Board of Directors of the Company is responsible for preparing the consolidated 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 consolidated financial statements, the Board of Directors is required to:

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

The Board of Directors is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the financial position of the Company and 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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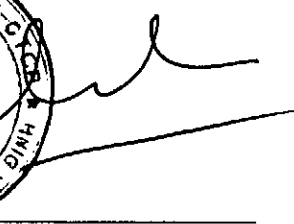
**STATEMENT OF THE BOARDS OF MANAGEMENT AND DIRECTORS (Continued)**

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 period from 01 January 2010 to 30 June 2010 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

*11 August 2010*

  
\_\_\_\_\_  
Vo Thanh Trung  
General Director

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No.: 79 /Deloitte-AUDHN-RE

## AUDITORS' REVIEW REPORT

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

We have reviewed the accompanying consolidated balance sheet of Vinh Son - Song Hinh Hydro-power Joint Stock Company ("the Company") as at 30 June 2010, and the related consolidated statements of income, cash flows and the notes to the consolidated financial statements for the period from 01 January 2010 to 30 June 2010. These financial statements are the responsibility of the Company's Board of Directors. Our responsibility is to issue a report on these consolidated financial statements based on our review.

We conducted our review in accordance with Vietnamese Standards on Auditing applicable to review engagements. This standard requires 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 13 of the Notes to the financial statements, the Company did not revalue borrowings denominated in the foreign currencies at the balance sheet date. If the Company had performed the revaluation of these borrowings in accordance with Vietnam Accounting Standard No. 10 "The Effect of changes in foreign exchange rates", the profit before tax of the Company would have been decreased by VND7,626,558,211, and foreign long-term loans balance would have been increased respectively.

As presented in Note 15 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 2010. Currently, the Company is recording revenue from the electricity production business on the basis of unit price equal to 90% of the unit price of the same period in 2009.

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 consolidated financial statements do not give a true and fair view of, in all material respects, the financial position of the Company as at 30 June 2010 and the results of its operations and its cash flows for the period from 01 January 2010 to 30 June 2010 in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System and prevailing accounting regulations in Vietnam.



Tran Thi Thuý Ngọc  
Deputy General Director  
CPA Certificate No. D.0031/KTV

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

11 August 2010  
Hanoi, S.R. Vietnam

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

VIỆT NAM

## CONSOLIDATED BALANCE SHEET

As at 30 June 2010

FORM B 01-DN/HN

Unit: VND

ASSETS	Codes	Notes	30/06/2010	31/12/2009
<b>A. CURRENT ASSETS</b>	<b>100</b>		<b>1,422,347,857,198</b>	<b>1,159,172,623,682</b>
<b>I. Cash and cash equivalents</b>	<b>110</b>	<b>4</b>	<b>360,934,958,275</b>	<b>196,280,817,110</b>
1. Cash	111		11,838,958,275	16,280,817,110
2. Cash equivalents	112		349,096,000,000	180,000,000,000
<b>II. Short-term financial investments</b>	<b>120</b>		<b>815,685,326,000</b>	<b>785,685,326,000</b>
1. Short-term investments	121	5	815,685,326,000	785,685,326,000
<b>III. Short-term receivables</b>	<b>130</b>		<b>222,916,684,947</b>	<b>156,617,456,520</b>
1. Trade accounts receivable	131		152,990,507,780	107,228,003,552
2. Advances to suppliers	132		46,804,260,568	24,230,720,000
3. Other receivables	135		23,121,916,599	25,158,732,968
<b>IV. Inventories</b>	<b>140</b>	<b>6</b>	<b>21,683,005,651</b>	<b>20,525,974,052</b>
1. Inventories	141		29,648,695,161	28,491,663,562
2. Provision for devaluation of inventories	149		(7,965,689,510)	(7,965,689,510)
<b>V. Other short-term assets</b>	<b>150</b>		<b>1,127,882,325</b>	<b>63,050,000</b>
1. Short-term prepayments	151		-	18,550,000
2. VAT deductible	152		36,862,325	-
3. Other short-term assets	158		1,091,020,000	44,500,000
<b>B. NON-CURRENT ASSETS</b>	<b>200</b>		<b>1,359,159,779,008</b>	<b>1,421,776,973,968</b>
<b>I. Tangible fixed assets</b>	<b>220</b>		<b>1,342,787,398,434</b>	<b>1,406,167,435,180</b>
1. Tangible fixed assets	221	7	1,203,136,814,959	1,279,345,161,357
- Cost	222		2,905,801,605,116	2,905,610,150,005
- Accumulated depreciation	223		(1,702,664,790,157)	(1,626,264,988,648)
2. Construction in progress	230	8	139,650,583,475	126,822,273,823
<b>II. Long-term financial investments</b>	<b>250</b>		<b>14,215,463,291</b>	<b>13,537,609,715</b>
1. Investments in associates	252	10	14,215,463,291	13,537,609,715
<b>III. Other non-current assets</b>	<b>260</b>		<b>2,156,917,283</b>	<b>2,071,929,073</b>
1. Long-term prepayments	261		165,494,906	80,506,696
2. Deferred tax assets	262		1,991,422,377	1,991,422,377
<b>TOTAL ASSETS</b>	<b>270</b>		<b>2,781,507,636,206</b>	<b>2,580,949,597,650</b>

The notes set out on pages 9 to 22 are an integral part of these financial statements

**CONSOLIDATED BALANCE SHEET (Continued)**

As at 30 June 2010

FORM B 01-DN/HN

Unit: VND

RESOURCES	Codes	Notes	30/06/2010	31/12/2009
<b>A. LIABILITIES</b>	<b>300</b>		<b>345,007,682,391</b>	<b>318,457,414,284</b>
<b>I. Current liabilities</b>	<b>310</b>		<b>77,288,359,409</b>	<b>69,199,193,063</b>
1. Short-term borrowings and liabilities	311	11	49,082,173,948	30,918,252,300
2. Trade accounts payable	312		4,652,907,032	5,885,617,641
3. Taxes and amounts payable to the State budget	314	12	18,475,872,098	19,457,067,987
4. Payables to employees	315		2,590,723,375	4,129,042,662
5. Accrued expenses	316		1,312,402,956	1,199,417,868
6. Other current payables	319		178,364,502	5,487,669,004
7. Bonus and welfare funds	323		995,915,498	2,122,125,601
<b>II. Long-term liabilities</b>	<b>330</b>		<b>267,719,322,982</b>	<b>249,258,221,221</b>
1. Long-term loans and liabilities	334	13	267,539,695,595	249,066,753,336
2. Provision for severance allowance	336		179,627,387	191,467,885
<b>B. EQUITY</b>	<b>400</b>		<b>2,436,499,953,815</b>	<b>2,262,492,183,366</b>
<b>I. Shareholders' equity</b>	<b>410</b>		<b>2,435,276,664,926</b>	<b>2,261,115,671,822</b>
1. Charter capital	411	14	2,062,412,460,000	2,062,412,460,000
2. Investment and development funds	417		21,500,000,000	21,500,000,000
3. Financial reserve funds	418		14,380,000,000	14,380,000,000
4. Retained earnings	420	14	336,984,204,926	162,823,211,822
<b>II. Other resources and funds</b>	<b>430</b>		<b>1,223,288,889</b>	<b>1,376,511,544</b>
1. Funds for fixed assets acquisition	433		1,223,288,889	1,376,511,544
<b>TOTAL RESOURCES</b>	<b>440</b>		<b>2,781,507,636,206</b>	<b>2,580,949,597,650</b>



Phan Trung  
General Director

11 August 2010

Huynh Cong Ha  
Chief Accountant

Le Van Chuong  
Preparer

The notes set out on pages 9 to 22 are an integral part of these financial statements

**CONSOLIDATED INCOME STATEMENT**

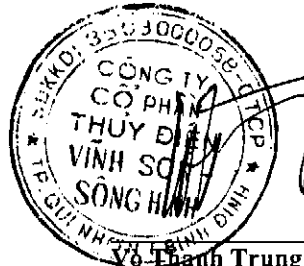
For the period from 01 January 2010 to 30 June 2010

FORM B 02-DN

Unit: VND

From 01/01/2010  
to 30/06/2010

ITEMS	Codes	Notes	
1. Gross sales of merchandise and services	01	15	231,211,587,998
2. Less deductions	02		-
3. Net sales of merchandise and services (10=01-02)	10		231,211,587,998
4. Cost of goods sold and services	11	16	92,644,535,140
5. Gross profit from sales	20		138,567,052,858
6. Financial income	21	17	44,226,033,686
7. Financial expenses	22	17	2,287,414,377
- Include: Interest expenses	23		1,928,927,126
8. Selling expenses	24		-
9. General and administration expenses	25		5,559,904,094
10. Operating profit (30=20+(21-22)-(24+25))	30		174,945,768,073
11. Other income	31		15,254,683
12. Other expenses	32		-
13. Profit from other activities	40		15,254,683
14. Profit from the associate	41		677,853,576
15. Accounting profit before tax	50		175,638,876,332
16. Current tax expense	51		-
17. Deferred tax income	52		-
18. Net profit after tax	60		175,638,876,332
19. Basic earnings per share	70	18	852



Võ Thanh Trung  
General Director

Huynh Cong Ha  
Chief Accountant

Le Van Chuong  
Preparer

11 August 2010

The notes set out on pages 9 to 22 are an integral part of these financial statements



**CONSOLIDATED CASH FLOW STATEMENT***For the period from 01 January 2010 to 30 June 2010*

FORM B 03-DN

Unit: VND

ITEMS	Codes	From 01/01/2010 to 30/06/2010
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<i>1. Profit before tax</i>	<i>01</i>	<i>175,638,876,332</i>
<i>2. Adjustments for:</i>		<i>33,952,139,782</i>
- Depreciation and amortisation	02	76,249,246,342
- Gain from investing activities	05	(44,226,033,686)
- Interest expense	06	1,928,927,126
<i>3. Operating profit before movements in working capital</i>	<i>08</i>	<i>209,591,016,114</i>
- (Increase) in receivables	09	(41,169,108,284)
- (Increase) in inventories	10	(1,157,031,599)
- (Decrease) in accounts payable	11	(12,193,507,289)
- (Increase) in prepaid expenses	12	(66,438,210)
- Interest paid	13	(1,965,911,943)
- Other cash inflows	15	1,103,622,000
- Other cash outflows	16	(2,187,004,325)
<i>Net cash from operating activities</i>	<i>20</i>	<i>151,955,636,464</i>
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
1. Acquisition of fixed assets and other long-term assets	21	(35,122,756,596)
2. Cash outflow for lending to other companies	23	(460,000,000,000)
3. Cash recovered from lending to other companies	24	430,000,000,000
4. Interest income, dividends and profit received	27	41,184,397,390
<i>Net cash used in investing activities</i>	<i>30</i>	<i>(23,938,359,206)</i>
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
1. Proceeds from borrowings	33	52,096,000,000
2. Repayments of borrowings	34	(15,459,136,093)
<i>Net cash from financing activities</i>	<i>40</i>	<i>36,636,863,907</i>
<b>Net increase in cash</b>	<b>50</b>	<b>164,654,141,165</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>60</b>	<b>196,280,817,110</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>70</b>	<b>360,934,958,275</b>

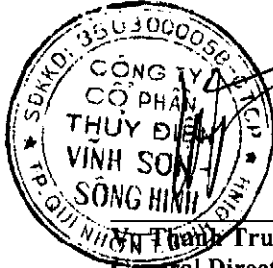
*The notes set out on pages 9 to 22 are an integral part of these financial statements*

**CONSOLIDATED CASH FLOW STATEMENT (Continued)**

*For the period from 01 January 2010 to 30 June 2010*

**Supplementary non-cash disclosures**

Cash outflows for purchases and construction of fixed assets during the period include an amount of VND22,100,324,345 representing advance to contractors while final accounts of the constructions have not been verified. Accordingly, a change in accounts receivable has been adjusted by the same amount.



**Nguyễn Thành Trung**  
General Director

11 August 2010

**Huynh Cong Ha**  
Chief Accountant

**Le Van Chuong**  
Preparer

11/08/2010

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**FORM B 09-DN/HN**

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

**1. GENERAL INFORMATION**

**Structure of ownership**

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

According to Decision No. 219/QD-TTg dated 28 October 2003 issued by the Prime Minister approving the general plan for renovation of State-owned Enterprises under Electricity of Vietnam in the period from 2003 to 2005 and Decision No. 2992/QD-TCCB of the Ministry of Industry on 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/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 securities in Hanoi Stock Trading Center in accordance with Decision No. 01/QD-TTGDHN. On 28 June 2006, the Company was officially granted certificate to 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 30 June 2010 was 149 (31/12/2009: 125).

**Operating industry and principal activities**

The principal activities of the Company are to produce electricity; 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.

**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 01 January and ends on 31 December. There are interim financial statements for the period from 01 January 2010 to 30 June 2010.

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

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

**3. 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 balance sheet date. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the period 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.

**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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN***These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements***3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****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 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:

Assets	From 01 January 2010 to 30 June 2010 (Years)
Buildings and structures	20 - 50
Machinery and equipment	8 - 10
Office equipment	5 - 10
Motor vehicles	5 - 10

**Construction in progress**

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

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

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

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

**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 whether cash is received or not.

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

*These notes are an integral part of and should be read in conjunction with the accompanying consolidated 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 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/DNHN dated 4 May 2006 issued by the General Department of Taxation, the Company is obliged to pay corporate income tax at the rate of 10% of its assessable income in 15 years from the establishment date. The Company is entitled to tax exemption in 6 years from the first profit-making year and a 50% reduction in tax payable for 6 years thereafter. If the Company makes profit in 2010, this year is the sixth profit-making year of the Company and 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 consol income statement because it excludes items of income or expense that are taxable or deductible in other periods (including loss carried forward) and it further excludes items that are never taxable or deductible.

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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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN***These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements***4. CASH AND CASH EQUIVALENTS**

	<u>30/06/2010</u>	<u>31/12/2009</u>
	VND	VND
Cash on hand	320,833,695	358,060,981
Cash in bank	11,518,124,580	15,922,756,129
Cash equivalents (i)	349,096,000,000	180,000,000,000
	<u>360,934,958,275</u>	<u>196,280,817,110</u>

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

**5. SHORT-TERM INVESTMENTS**

	<u>30/06/2010</u>	<u>31/12/2009</u>
	VND	VND
Short-term investments in securities (i)	30,685,326,000	30,685,326,000
Other short-term investments include:	785,000,000,000	755,000,000,000
- Over three-month deposits	200,000,000,000	150,000,000,000
- Loan to Electricity of Vietnam (EVN) (ii)	500,000,000,000	500,000,000,000
- Others (iii)	85,000,000,000	105,000,000,000
	<u>815,685,326,000</u>	<u>785,685,326,000</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 30 June 2010.
- (ii) The loan to Electricity of Vietnam (EVN) with the interest of 8%/year and the duration of 12 months from the disbursement date.
- (iii) Other short-term investments includes trusted funds to EVN Finance Joint stock Company with the amount of VND 25 billion, VND 25 billion, VND 35 billion for 6 months with corresponding interest rates of 10.4%, 10.4%, 11.49% and respectively due on 29/07/2010, 03/08/2010, 09/12/2010.

**6. INVENTORIES**

	<u>30/06/2010</u>	<u>31/12/2009</u>
	VND	VND
Raw materials	29,468,694,188	27,652,793,979
Tools and supplies	3,850,000	3,230,000
Work in progress	176,150,973	835,639,583
	<u>29,648,695,161</u>	<u>28,491,663,562</u>
Provision for devaluation of inventories	(7,965,689,510)	(7,965,689,510)
Net realisable value	<u>21,683,005,651</u>	<u>20,525,974,052</u>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN***These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements***6. 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 Son hydro-power plant since 1995 and in Song Hinh hydro-power plant since 2000). Provision for devaluation of these materials has been made since 2007 based on accounting estimates for impaired materials.

Provision for devaluation of inventories is recognized as general and administration expenses under specialised accounting guidance 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 01/01/2010	2,047,298,356	827,317,124	7,023,503	23,971,167	2,905,610,150
Additions	-	47,380	86,084	57,991	191,455
Disposals	-	-	-	-	-
As at 30/06/2010	2,047,298,356	827,364,504	7,109,587	24,029,158	2,905,801,605
<b>ACCUMULATED DEPRECIATION</b>					
As at 01/01/2010	(911,066,435)	(695,896,244)	(1,329,803)	(17,972,507)	(1,626,264,989)
Charge for the period	(34,060,360)	(41,477,054)	(592,612)	(119,219)	(76,249,245)
Others	-	-	(124,067)	(26,489)	(150,556)
As at 30/06/2010	(945,126,795)	(737,373,298)	(2,046,482)	(18,118,215)	(1,702,664,790)
<b>NET BOOK VALUE</b>					
As at 30/06/2010	1,102,171,561	89,991,206	5,063,105	5,910,943	1,203,136,815
As at 31/12/2009	1,136,231,921	131,420,880	5,693,700	5,998,660	1,279,345,161

As stated in Note 13, under Mortgage Contract No. 01/2006/HDTCTS-TL dated 12 April 2006, the Company has pledged its assets in Song Hinh hydro-power plant with the net book value of VND 443,824,939,782 as at 30 June 2010 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 VND 22,573,170,504 as at 30 June 2010 (31/12/2009: VND 21,274,032,589).

**8. CONSTRUCTION IN PROGRESS**

	From 01/01/2010 to 30/06/2010	From 01/01/2009 to 30/06/2009
	VND	VND
As at 1 January	126,822,273,823	56,090,444,200
Additions	12,828,309,652	14,693,951,540
As at 30 June	<b>139,650,583,475</b>	<b>70,784,395,740</b>

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

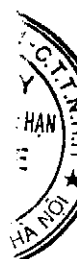
These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements

## 8. CONSTRUCTION IN PROGRESS (Continued)

## Construction in progress includes:

	30/06/2010	31/12/2009
	VND	VND
Reservoir C - Vinh Son Hydro-power plant (i)	5,374,696,606	5,374,696,606
Thuong Kontum Hydro-power project (ii)	116,416,252,107	105,860,953,965
Vinh Son 2&3 Hydro-power projects (iii)	15,299,536,992	13,532,335,191
Dong Cam Hydro-power project (iv)	180,645,860	180,645,860
Project for capacity improvement of Vinh Son reservoir (v)	657,362,002	579,241,872
Setting up the benchmarks defending the Vinh Son reservoir (vi)	1,571,340,003	1,293,620,329
Overhaul and regular repairs in progress	150,749,905	780,000
	<b>139,650,583,475</b>	<b>126,822,273,823</b>

- (i) According to Decision on approving Feasibility Study No. 14/QĐ-EVN-HDQT-TĐ 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 VND217.1 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 hydro - electric plant Project is the construction carried out on hydro-power terrace of Se San river. The construction includes reservoir, main irrigation system on the bank of Dak Nghe river, valley of Se San river, passing through two communes of Dak Koi of Kon Ray district and Dak Tang of Kongplong district, Kon Tum province; a power plant located on one side of Dak Lo river, Dak Tang and Ngoc Tem communes, Kongplong district, valley of Tra Khuc River, Quang Ngai province. The project was approved in Official letter No. 1774/TTg-CN dated 01 November 2006 issued by the Prime Minister, in which, the previous investor - EVN has transferred the project to the Company in accordance with Document No. 32EVN/HDQT dated 13 January 2006 issued by EVN; 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 01 January 2007. The Company paid to EVN for all the accumulated expenses for the preparation stage of this project from 2002 to 2006 of VND19,330,450,930.
- (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/QĐ-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.



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

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

## 9. INVESTMENTS IN SUBSIDIARIES

*Detail of the Company's subsidiary as at 30 June 2010 are as followings.*

<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

## 10. INVESTMENTS IN ASSOCIATES

The balance of investment in associates as at 30 June 2010 represents investment in Binh Dinh Tourist Joint Stock Company.

*Details of the Company's associate as at 30 June 2010 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>30/06/2010</u>	<u>31/12/2009</u>
	VND	VND
Total assets	28,988,398,434	29,460,572,340
Total liabilities	397,362,049	2,238,119,017
Net assets of the associate	<u>28,591,036,385</u>	<u>27,222,453,323</u>
Company's share of associates' net assets	14,215,463,291	13,537,609,715
<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
Retained earnings of the associate	8,491,036,385	7,122,273,323
	<u>From 01/01/2010 to 30/06/2010</u>	<u>From 01/01/2009 to 30/06/2009</u>
	VND	VND
Revenue	7,753,756,047	14,001,155,439
Net profit	1,743,299,585	13,185,843,468
Company's share of associates' net profit	677,853,576	6,477,581,325

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN***These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements***11. SHORT-TERM BORROWINGS AND LIABILITIES**

	<u>30/06/2010</u>	<u>31/12/2009</u>
	VND	VND
<b>Current portion of long-term loans</b>		
The Bank for Development - Phu Yen Branch	21,332,072,186	21,332,072,186
VIB - Quy Nhon Branch	27,750,101,762	9,586,180,114
	<u>49,082,173,948</u>	<u>30,918,252,300</u>

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

	<u>30/06/2010</u>	<u>31/12/2009</u>
	VND	VND
Value added tax	3,556,475,368	4,176,191,306
Corporate income tax	13,226,788,513	13,313,961,437
Natural resources tax	1,522,113,494	1,813,656,868
Others	170,494,723	153,258,376
	<u>18,475,872,098</u>	<u>19,457,067,987</u>

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

	<u>30/06/2010</u>	<u>31/12/2009</u>
	VND	VND
The Bank for Development - Phu Yen Branch (i)	205,580,372,181	216,246,408,274
VIB - Quy Nhon Branch (ii)	61,959,323,414	32,820,345,062
	<u>267,539,695,595</u>	<u>249,066,753,336</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 including:

- The loan from Northern Development Funds (NDF) in the amount of USD8,378,301.48, 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 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. USD83,783.01 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. USD167,566.02 per each installment). The first payment is on 1 December 2005 and the last payment is on 31 March 2035. Overdue interest rate is equivalent to 3% per year.
- The loan from Northern Investment Bank (NIB) in the amount of USD10,725,187.27, bearing interest rate of LIBOR plus margin rate 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% per year 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 USD510,723.21 per each installment. The first payment is on 1 June 2005 and the last payment is on 31 March 2015. Overdue interest rate is equivalent to 9% per year.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN***These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements***13. LONG-TERM LOANS AND LIABILITIES (Continued)**

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

- The loan under the credit contract No. 0021/HDTD2-VIB412-09 dated 30 June 2009 with credit line of VND 50,000,000,000; interest rate is subject to change every 12 months and equal to the rate applicable to VIB's 6-month business loan in VND plus minimum margin of 0.65% per annum. (subject to VIB's interest rate policy in each period). Principal is repaid every six months from the 18<sup>th</sup> month.
- The loan under the credit contract No. 0025/HDTD2-VIB412-09 dated 24 September 2009 with credit line of VND20,000,000,000; 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 withdrawal.
- The loan under the credit contract No. 0018/HDTD2-VIB412-10 dated 8 June 2010 with 60-month term credit line of VND52,096,000,000; interest rate is subject to change every 6 months and equal to the rate applicable to VIB's 6-month business loan in VND plus minimum margin of 1.8% p.a. (subject to VIB's interest rate policy in each period), current interest rate is 13.8% p.a. The loan is unsecured.

The Company did not revalue borrowings denominated in foreign currencies as at 30 June 2010. If the Company had performed the revaluation of borrowings denominated in foreign currencies in accordance with Vietnam Accounting Standards No. 10 "The Effect of changes in foreign exchange rates", the profit before tax of the Company would have been decreased by VND7,626,558,211, and long-term loans balance would have been increased respectively.

The Company has mortgaged fixed assets of Song Hinh Hydropower Plant with the net book value of VND443,824,939,782 as at 30 June 2010 to secure the loans under Contract No. 01/2006/HDTCTS-TL dated 12 April 2006.

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

	<u>30/06/2010</u>	<u>31/12/2009</u>
	VND	VND
On demand or within one year	49,082,173,948	30,918,252,300
In the second year	52,033,795,601	54,152,417,247
In the third to fifth year inclusive	96,756,963,773	63,996,216,558
After five years	118,748,936,221	130,918,119,531
	<u>316,621,869,543</u>	<u>279,985,005,636</u>
Less: Amount due for settlement within 12 months (shown under current portion of long-term loans)	49,082,173,948	30,918,252,300
Amount due for settlement after 12 months	<u>267,539,695,595</u>	<u>249,066,753,336</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN***These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements***14. SHAREHOLDER'S EQUITY****Changes in shareholders' equity**

	<u>Charter capital</u>	<u>Retained earnings</u>
	VND	VND
<b>Balance at 1/1/2009</b>	1,374,942,580,000	309,636,834,272
Capital addition	687,469,880,000	(266,809,312,000)
Profit for the year	-	374,523,422,950
Dividends paid	-	(247,489,664,400)
Fund distribution	-	(3,796,728,000)
Others	-	(3,241,341,000)
<b>Balance at 1/1/2010</b>	<u>2,062,412,460,000</u>	<u>162,823,211,822</u>
Profit for the period	-	175,638,876,332
Distributed to funds	-	(1,477,883,228)
<b>Balance at 30/06/2010</b>	<u>2,062,412,460,000</u>	<u>336,984,204,926</u>

**Capital contribution structure**

	<u>30/06/2010</u>		<u>31/12/2009</u>	
	%	VND	%	VND
Electricity of Vietnam (EVN)	30.55	630,169,054,175	30.55	630,169,054,175
State Capital Investment Corporation (SCIC)	24.00	494,978,961,600	24.00	494,978,961,600
Other shareholders	45.45	937,264,444,225	45.45	937,264,444,225
	<u>100.00</u>	<u>2,062,412,460,000</u>	<u>100.00</u>	<u>2,062,412,460,000</u>

**15. REVENUE**

	<u>From 01/01/2010</u>
	<u>to 30/06/2010</u>
	VND
Sale of electricity (*)	231,069,214,260
Other services	142,373,738
	<u>231,211,587,998</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 2010. Currently, the Company is recording revenue from the electricity production business on the basis of unit price equal to 90% of the unit price of the same period in 2009. Management believes that such revenue recognition is in accordance with Vietnamese Accounting Standard No. 14 "Revenue and other income".

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN***These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements***16. COST OF GOODS SOLD AND SERVICES**

	<u>From 01/01/2010 to 30/06/2010</u>
	VND
Cost of electricity sold	91,338,004,704
Cost of other services	1,306,530,436
	<u>92,644,535,140</u>

**17. FINANCIAL INCOME/EXPENSES**

	<u>From 01/01/2010 to 30/06/2010</u>
	VND
<b>Financial income</b>	
Bank interest	40,611,794,486
Dividends distributed	3,614,239,200
	<u>44,226,033,686</u>
<b>Financial expenses</b>	
Interest expense	1,928,927,126
Losses from realised foreign exchange differences	358,487,251
	<u>2,287,414,377</u>
<b>Profit from financial activities</b>	<u>41,938,619,309</u>

**18. EARNINGS PER SHARE**

	<u>From 01/01/2010 to 30/06/2010</u>
	VND
Earnings for the purposes of basic earnings per share	175,638,876,332
Weighted average number of ordinary shares for calculating earnings per share	206,241,246
Earnings per share	<u>852</u>

**19. 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 30 June 2010, the Company had prepaid Alstom Hydro France Company 30% of the contract value, equivalent to EUR183,000.

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 30 June 2010 is VND39,200,954,442.

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

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 30 June 2010, the Company had prepaid the constructors under the payment terms mentioned in the contract with the amount of VND18,225,468,223. Construction in progress was recorded for the first stage of VND 1,912,440,706 relevant to the completed parts.

On 11 January 2010 the company signed Contract No. 18/HD-VSH-CVCCH with Cavico Corporation on construction of tunnel traffic and turn to the plant - Thuong Kontum Hydropower Project with the amount of VND111,958,725,000. As at 30 June 2010, the company has advanced to the contractor VND16,794,000,000 equivalent to 15% of contract value.

**20. RELATED PARTY TRANSACTIONS AND BALANCES***During the period, the Company entered into the following transactions with its related parties:*

	<u>From 01/01/2010</u> <u>to 30/06/2010</u>
	VND
<b>Sales</b>	
Sales of electricity to EVN	231,211,587,998
Interest income from EVN	15,646,750,000
Interest income from EVN Finance JSC	4,358,087,500
<b>Investments</b>	
Entrusted funds to EVN Finance JSC of 6-month term	85,000,000,000

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

	<u>30/06/2010</u>	<u>31/12/2009</u>
	VND	VND
Trade receivables from EVN	152,990,507,780	107,123,294,902
Loans to EVN	500,000,000,000	500,000,000,000
Entrusted funds to EVN Finance JSC	85,000,000,000	85,000,000,000

**Directors' remuneration**

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

	<u>From 01/01/2010</u> <u>to 30/06/2010</u>
	VND
Salaries, bonus and other benefits in kind	1,092,888,367

**21. SUBSEQUENT EVENTS**

According to Resolution No. 609/2010/NQ-VSH-DHDCD dated 23 July 2010 by the Shareholders' Annual Meeting, the Board of management was authorized to approved the issuance plan of corporate bonds with amount of VND1,000 billion to finance construction projects, expected to be issued in late 2010 and early 2011.

**22. COMPARATIVE FIGURES**

Comparative figures on the consolidated balance sheet are those on the audited consolidated financial statements for the year ended 31 December 2009. There are no comparative figures for the consolidated income statement and cash flow statement for the period from 01 January 2010 to 30 June 2010 as these are the first interim consolidated financial statements.

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