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**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 2012

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STATEMENT OF THE BOARDS OF MANAGEMENT AND DIRECTORS

The Boards of Management and Directors of Vinh Son - Song Hinh Hydro-power Joint Stock Company ("the Company") presents this report together with the Company's consolidated financial statements for the year ended 31 December 2012.

THE BOARDS OF MANAGEMENT AND DIRECTORS

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

Board of Management

Mr. Nguyen Van Thanh	Chairman
Mr. Vo Thanh Trung	Member
Mr. Nguyen Viet Thang	Member
Mr. Nguyen Duc Doi	Member (resigned on 30 November 2012)
Mr. Phan Hong Quan	Member
Mr. Nguyen Hong Son	Member (appointed on 30 November 2012)

Board of Directors

Mr. Vo Thanh Trung	General Director
Mr. Hoang Anh Tuan	Deputy General Director
Mr. Duong Tan Tuong	Deputy General Director
Mr. Pham Van Dung	Deputy General Director (resigned on 01 October 2012)

THE BOARDS OF MANAGEMENT AND DIRECTORS' STATEMENT OF RESPONSIBILITY

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

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

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

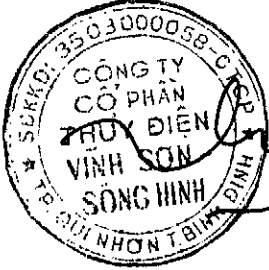
The Board of Directors is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the financial position of the Company and that the consolidated financial statements comply with Vietnamese Accounting Standards, Vietnamese Accounting System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

STATEMENT OF THE BOARDS OF MANAGEMENT AND DIRECTORS (Continued)

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

The Board of Management confirms that they have read and approved the Company's consolidated financial statements for the year ended 31 December 2012.

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



Nguyen Van Thanh
Chairman of the Board of Management

21 March 2013

Vo Thanh Trung
General Director



No.: 686 /Deloitte-AUDHN-RE

INDEPENDENT AUDITORS' REPORT

To: **The Shareholders, The Boards of Management and Directors 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 2012, the related consolidated statements of income and cash flows for the year then ended, and the notes thereto (collectively referred to as "the consolidated financial statements"), prepared on 21 March 2013, as set out from page 4 to page 26. 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 Boards of Management and 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

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

Limitation of audit scope:

As presented in Note 17 of the Notes to the consolidated financial statements, up to the reporting date, the Company and Electricity of Vietnam (EVN) had not reached a final agreement on the electricity prices for the years 2010, 2011 and 2012. The Company's electricity revenue for these years has been recognized on a temporary basis and will be adjusted when the Company and Electricity of Vietnam (EVN) have final agreement on electricity prices.

Qualified opinion


In our opinion, except for the effects of the above-mentioned limitation of audit scope, 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 2012 and the results of its operations and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System and prevailing relevant laws in Vietnam.



Đang Chờ Đăng
Deputy General Director
CPA Certificate No. D.0030/KTV

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

21 March 2013
Hanoi, S.R. Vietnam



Nguyen Quang Trung
Auditor
CPA Certificate No. 0733/KTV

CONSOLIDATED BALANCE SHEET

As at 31 December 2012

FORM B 01-DN/HN

Unit: VND

ASSETS	Codes	Notes	31/12/2012	31/12/2011
A. CURRENT ASSETS (100=110+120+130+140+150)	100		1,467,516,629,020	1,811,131,832,651
I. Cash and cash equivalents	110	5	640,342,507,484	482,797,391,011
1. Cash	111		13,725,507,484	3,797,391,011
2. Cash equivalents	112		626,617,000,000	479,000,000,000
II. Short-term financial investments	120		181,118,326,000	699,583,062,000
1. Short-term investments	121	6	181,118,326,000	709,185,326,000
2. Provision for diminution in value of short-term investments	129		-	(9,602,264,000)
III. Short-term receivables	130		598,779,150,626	603,244,857,655
1. Trade accounts receivable	131		143,309,993,065	218,400,591,186
2. Advances to suppliers	132	7	431,970,413,857	358,806,658,584
3. Other receivables	135		23,498,743,704	26,037,607,885
IV. Inventories	140	8	30,927,437,465	25,420,521,985
1. Inventories	141		38,893,126,975	33,386,211,495
2. Provision for devaluation of inventories	149		(7,965,689,510)	(7,965,689,510)
V. Other short-term assets	150		16,349,207,445	86,000,000
1. Short-term prepayments	151		41,320,000	-
2. VAT deductibles	152		15,956,389,711	-
3. Other short-term assets	158		351,497,734	86,000,000
B. NON-CURRENT ASSETS (200 = 220+250+260)	200		1,914,895,846,476	1,534,601,224,067
I. Fixed assets	220		1,898,614,047,965	1,518,890,038,781
1. Tangible fixed assets	221	9	985,490,166,686	1,060,821,965,402
- Cost	222		2,959,240,478,190	2,948,317,183,011
- Accumulated depreciation	223		(1,973,750,311,504)	(1,887,495,217,609)
2. Construction in progress	230	10	913,123,881,279	458,068,073,379
II. Long-term financial investments	250		13,520,639,142	12,942,480,766
1. Investments in associates	252	11	13,520,639,142	12,942,480,766
III. Other long-term assets	260		2,761,159,369	2,768,704,520
1. Long-term prepayments	261		146,757,690	154,302,841
2. Deferred tax assets	262		2,614,401,679	2,614,401,679
TOTAL ASSETS (270 = 100 + 200)	270		3,382,412,475,496	3,345,733,056,718

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The notes set out on pages 9 to 26 are an integral part of these consolidated financial statements

CONSOLIDATED BALANCE SHEET (Continued)

As at 31 December 2012

FORM B 01-DN/HN

Unit: VND

RESOURCES	Codes	Notes	31/12/2012	31/12/2011
A. LIABILITIES (300=310+330)	300		931,961,694,964	1,000,975,875,665
I. Current liabilities	310		720,085,160,107	742,948,979,463
1. Short-term loans and liabilities	311	12	591,015,250,928	522,019,557,378
2. Trade accounts payable	312		11,058,429,001	25,116,453,314
3. Advances from customers	313		1,155,829,000	985,354,000
4. Taxes and amounts payable to the State budget	314	13	67,928,339,121	58,290,820,405
5. Payables to employees	315		5,395,728,189	5,755,068,146
6. Accrued expenses	316		3,516,009,993	3,779,331,868
7. Other current payables	319	14	38,304,930,339	126,696,572,833
8. Bonus and welfare funds	323		1,710,643,536	305,821,519
II. Long-term liabilities	330		211,876,534,857	258,026,896,202
1. Long-term loans and liabilities	334	15	211,876,534,857	257,844,485,957
2. Provision for severance allowance	336		-	182,410,245
B. EQUITY (400=410+430)	400		2,450,450,780,532	2,344,757,181,053
I. Owners' equity	410		2,449,203,529,076	2,343,097,744,825
1. Charter capital	411	16	2,062,412,460,000	2,062,412,460,000
2. Treasury shares	414	16	(47,117,531,962)	(47,117,531,962)
4. Foreign exchange reserve	416		(7,338,762,414)	(7,752,006,653)
3. Investment and development fund	417		21,500,000,000	21,500,000,000
4. Financial reserve fund	418		26,880,000,000	26,880,000,000
5. Retained earnings	420	16	392,867,363,452	287,174,823,440
II. Other resources and funds	430		1,247,251,456	1,659,436,228
1. Funds for fixed assets acquisition	433		1,247,251,456	1,659,436,228
TOTAL RESOURCES (440 = 300+ 400)	440		3,382,412,475,496	3,345,733,056,718



Vo Thanh Trung
 General Director

21 March 2013

Huynh Cong Ha
 Chief Accountant

Le Van Chuong
 Preparer

The notes set out on pages 9 to 26 are an integral part of these consolidated financial statements

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2012

FORM B 02-DN/HN

Unit: VND

ITEMS	Codes	Notes	2012	2011
1. Net sales	10	17	332,190,919,819	459,415,356,047
2. Cost of sales	11	18	154,577,429,886	185,734,392,992
3. Gross profit from sales (20 = 10-11)	20		177,613,489,933	273,680,963,055
4. Financial income	21	20	97,758,266,312	138,203,880,107
5. Financial expenses	22	20	(5,378,875,264)	36,385,902,782
- In which: Interest expense	23		4,223,388,736	4,126,964,228
6. General and administration expenses	25		17,091,969,237	18,578,126,091
7. Operating profit (30 = 20+(21-22)-25)	30		263,658,662,272	356,920,814,289
8. Other income	31		220,388,744	257,892,806
9. Other expenses	32		87,565,072	40,707,301
10. Profit from other activities (40=31-32)	40		132,823,672	217,185,505
11. Share of profit in the associate	45		1,741,613,876	6,553,287,830
12. Accounting profit before tax (50=30+40+45)	50		265,533,099,820	363,691,287,624
13. Current corporate income tax expense	51	21	31,535,026,822	34,655,328,021
14. Net profit after corporate income tax (60=50-51)	60		233,998,072,998	329,035,959,603
15. Basic earnings per share	70	22	1,157	1,627



Vo Thanh Trung
General Director

21 March 2013

Huynh Cong Ha
Chief Accountant

Le Van Chuong
Preparer

The notes set out on pages 9 to 26 are an integral part of these consolidated financial statements

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2012

FORM B 03-DN/HN

Unit: VND

ITEMS	Codes	2012	2011
I. CASH FLOWS FROM OPERATING ACTIVITIES			
<i>1. Profit before tax</i>	01	265,533,099,820	363,691,287,624
<i>2. Adjustments for:</i>		(19,125,072,232)	12,868,545,400
- Depreciation and amortisation	02	85,753,683,220	116,988,450,809
- Provisions	03	(9,602,264,000)	9,602,264,000
- Unrealized foreign exchange loss	04	-	20,354,746,470
- Gain from investing activities	05	(99,499,880,188)	(138,203,880,107)
- Interest expense	06	4,223,388,736	4,126,964,228
<i>3. Operating profit before movements in working capital</i>	08	246,408,027,588	376,559,833,024
- Change in receivables	09	53,587,955,481	(66,938,426,607)
- Change in inventories	10	(5,506,915,480)	16,736,247,042
- Change in accounts payable (not including accrued interest and corporate income tax payable)	11	2,746,207,989	21,208,554,352
- Change in prepaid expenses	12	(33,774,849)	17,776,382
- Interest paid	13	(4,710,887,631)	(35,723,667,833)
- Corporate income tax paid	14	(35,814,190,909)	(22,724,881,266)
- Other cash inflows	15	-	67,196,981
- Other cash outflows	16	-	(3,861,958,763)
<i>Net cash from operating activities</i>	20	256,676,422,189	285,340,673,312
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition and construction of fixed assets	21	(547,652,649,082)	(428,120,842,893)
2. Cash outflow for lending to other entities	23	-	(233,500,000,000)
3. Cash recovered from lending to other entities	24	402,067,000,000	75,000,000,000
4. Interest earned, dividends and profit received	27	106,459,806,277	151,907,157,838
<i>Net cash used in investing activities</i>	30	(39,125,842,805)	(434,713,685,055)
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Proceeds from borrowings	33	1,001,172,528,499	551,643,031,328
2. Repayments of borrowings	34	(977,731,541,810)	(318,441,821,494)
3. Dividends paid and profit received	36	(83,446,449,600)	(278,448,596,000)
<i>Net cash from used in financing activities</i>	40	(60,005,462,911)	(45,247,386,166)
<i>Net increase/(decrease) in cash</i>	50	157,545,116,473	(194,620,397,909)
<i>Cash and cash equivalents at the beginning of the year</i>	60	482,797,391,011	677,417,788,920
<i>Cash and cash equivalents at the end of the year</i>	70	640,342,507,484	482,797,391,011

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The notes set out on pages 9 to 26 are an integral part of these consolidated financial statements

CONSOLIDATED CASH FLOW STATEMENT (Continued)
For the year ended 31 December 2012

Supplemental non-cash disclosures

Cash recovered from lending to other entities excludes an amount of VND 126 billion, representing dividends payable to Electricity of Vietnam (EVN) which were offset against the loan to EVN in accordance with Official Letter No. BT36/EVN-TCKT dated 29 March 2012.

Cash outflow for paying dividends during the year excludes an amount of VND 37,898,298,000 presenting dividends declared in the year but not yet paid to shareholders.

Cash outflows for purchases and construction of fixed assets during the year include an amount of VND 73,258,826,362, representing advances to contractors while the volume of completed works have not yet been inspected and exclude an amount of VND 8,878,081,094, representing an addition in fixed assets and constructions in progress during the year that has not yet been paid.

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



Vo Thanh Trung
General Director

21 March 2013

Huynh Cong Ha
Chief Accountant

Le Van Chuong
Preparer

VINH SON - SONG HINH HYDRO-POWER JOINT STOCK COMPANY

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

Consolidated financial statements
For the year ended 31 December 2012

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FORM B 09-DN/HN

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

1. GENERAL INFORMATION

Structure of ownership

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

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

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

The Company was granted certificate to trade securities in Hanoi Stock Trading Center in accordance with Decision No. 01/QD-TTGDHN. On 28 June 2006, the Company was officially granted certificate to listed in Ho Chi Minh 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 2012 was 158 (31 December 2011: 127).

Operating industry and principal activities

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

2. ACCOUNTING CONVENTION AND FINANCIAL YEAR

Accounting convention

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

Financial year

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

3. ADOPTION OF NEW ACCOUNTING GUIDANCE

On 24 October 2012, the Ministry of Finance issued Circular No. 179/2012/TT-BTC ("Circular 179") providing guidance on recognition, measurement and treatment of foreign exchange differences in enterprises. Circular 179 came into effect from 10 December 2012 and is applied from financial year 2012. Circular 179 provides detailed guidance on the exchange rates applicable to payment and revaluation of monetary items denominated in foreign currencies. According to the Board of Directors' assessment, Circular 179 has immaterial effect on the Company's consolidated financial statements for the year ended 31 December 2012.

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, Vietnamese Accounting System and prevailing relevant regulations in Vietnam requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the financial year. Although these accounting estimates are based on the management's best knowledge, actual results may differ from those estimates.

Financial instruments

Initial recognition

Financial assets

At the date of initial recognition, financial assets are recognized at cost plus transaction costs that are directly attributable to the acquisition of the financial assets. Financial assets of the Company comprise cash and cash equivalents, trade receivables and other receivables and financial investments.

Financial liabilities

At the date of initial recognition, financial liabilities are recognized at cost net of transaction costs that are directly attributable to the issue of the financial liabilities. Financial liabilities of the Company comprise trade payables and other payables, accruals and borrowings.

Re-measurement after initial recognition

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

Basis of consolidation

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN
*These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements***4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****Investments in associates**

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

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

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

Cash and cash equivalents

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

Inventories

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

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

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

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation.

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

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

Assets	2012 (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/HN**
*These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements***4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****Construction in progress**

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

Investments in securities

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

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

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

Long-term prepayments

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

Provisions

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

Revenue recognition

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

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

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

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

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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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies

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

Borrowings costs

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

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

Taxation

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

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

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.



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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

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

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

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

5. CASH AND CASH EQUIVALENTS

	<u>31/12/2012</u>	<u>31/12/2011</u>
	VND	VND
Cash on hand	1,000,272,060	949,843,016
Cash in bank	12,725,235,424	2,847,547,995
Cash equivalents (i)	626,617,000,000	479,000,000,000
	<u>640,342,507,484</u>	<u>482,797,391,011</u>

- (i) As presented in Note 12 and Note 15, the Company has mortgaged deposit contracts with the total amount of VND 533,050,000,000 to secure loans granted to the Company.

6. SHORT-TERM INVESTMENTS

	<u>31/12/2012</u>	<u>31/12/2011</u>
	VND	VND
Short-term investments in securities (i)	30,685,326,000	30,685,326,000
Other short-term investments include:	150,433,000,000	678,500,000,000
- Over three-month deposits (ii)	50,433,000,000	178,500,000,000
- Loan to Electricity of Vietnam (EVN) (ii)	100,000,000,000	500,000,000,000
	<u>181,118,326,000</u>	<u>709,185,326,000</u>

- (i) Represents an investment in Pha Lai Thermo-Electricity JSC of which the Company owned 3,011,866 shares as at 31 December 2012.
- (ii) Represents the loan to Electricity of Vietnam (EVN) under loan contract which expired on 25 June 2011. Interest rate ranges from 9% to 14% per annum. Up to the date of financial statement preparation, Electricity of Vietnam (EVN) has paid this loan to the Company.

7. ADVANCES TO SUPPLIERS

Advances to suppliers as at 31 December 2012 mainly include VND 284,057,318,817 of advance to Hydrochina Huadong - CR18G and other contractors to implement Thuong Kon Tum Hydro-power Plant Project.

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8. INVENTORIES

	31/12/2012	31/12/2011
	VND	VND
Raw materials	37,095,930,654	32,138,041,223
Work in progress	1,797,196,321	1,248,170,272
	38,893,126,975	33,386,211,495
Provision for devaluation of inventories	(7,965,689,510)	(7,965,689,510)
Net realisable value	30,927,437,465	25,420,521,985

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

9. TANGIBLE FIXED ASSETS

	Buildings and structures	Machinery and equipment	Motor vehicles	Office equipment	Total
	'000VND	'000VND	'000VND	'000VND	'000VND
COST					
As at 01/01/2012	2,053,968,738	857,893,964	27,131,564	9,322,917	2,948,317,183
Additions	-	8,197,236	896,100	184,562	9,277,898
Transfers from CIP	1,704,554	-	-	-	1,704,554
Others	-	(54,469)	915,985	(920,673)	(59,157)
As at 31/12/2012	2,055,673,292	866,036,731	28,943,649	8,586,806	2,959,240,478
ACCUMULATED DEPRECIATION					
As at 01/01/2012	(1,047,540,324)	(817,449,993)	(20,576,877)	(1,928,024)	(1,887,495,218)
Charge for the year	(68,244,841)	(16,153,056)	(1,007,533)	(348,253)	(85,753,683)
Others	-	-	(406,897)	(94,514)	(501,411)
As at 31/12/2012	(1,115,785,165)	(833,603,049)	(21,991,307)	(2,370,791)	(1,973,750,312)
NET BOOK VALUE					
As at 31/12/2012	939,888,127	32,433,682	6,952,342	6,216,015	985,490,166
As at 31/12/2011	1,006,428,414	40,443,971	6,554,687	7,394,893	1,060,821,965

As stated in Note 15, under 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 351,011,781,600 as at 31 December 2012 (31 December 2011: VND 380,085,179,069) to secure the loans from Phu Yen Development Fund, currently known as the Vietnam Development Bank, Phu Yen Branch.

The total costs of the Company's buildings and structure, machinery and equipment, motor vehicles and office equipment, which have been fully depreciated but are still in use, as at 31 December 2012 are VND 860,757,681,755 (31 December 2011: VND 401,545,920,266).

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These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements
10. CONSTRUCTION IN PROGRESS

Construction in progress includes:

	<u>31/12/2012</u>	<u>31/12/2011</u>
	VND	VND
Thuong Kon Tum Hydro-power project (i)	824,403,814,547	382,699,011,611
Vinh Son 2&3 Hydro-power projects (ii)	86,155,898,037	73,003,084,526
Others	2,564,168,695	2,365,977,242
	<u>913,123,881,279</u>	<u>458,068,073,379</u>

(i) Thuong Kon Tum hydro - power plant Project is the construction carried out on hydro-power terrace of Se San river. The construction includes reservoir, main irrigation system on the bank of Dak Nghe river, valley of Se San river, passing through two communes of Dak Koi of Kon Ray district and Dak Tang of Kon Plong district, Kon Tum province; a power plant located on one side of Dak Lo river, Dak Tang and Ngoc Tem communes, Kon Plong district, valley of Tra Khuc River, Quang Ngai province. The project was approved in Official letter No. 1774/TTg-CN dated 01 November 2006 issued by the Prime Minister, in which, the previous investor - EVN has transferred the project to the Company in accordance with Document No. 32EVN/HDQT dated 13 January 2006 issued by EVN;

(ii) Vinh Son 2&3 Hydro-power projects were granted Investment Certificate dated 7 November 2007 issued by Binh Dinh People's Committee.

11. INVESTMENTS IN ASSOCIATES

The balance of investment in associates as at 31 December 2012 represents investment in Binh Dinh Tourist Joint Stock Company.

Details of the Company's associate as at 31 December 2012 are as follows:

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

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

	<u>31/12/2012</u>	<u>31/12/2011</u>
	VND	VND
Total assets	31,819,793,920	29,238,655,095
Total liabilities	4,626,231,688	3,207,921,454
Net assets	<u>27,193,562,232</u>	<u>26,030,733,641</u>

Details of the associate's net assets as follows:

Capital contributed in the associate	19,500,000,000	19,500,000,000
Share premium of the associate	600,000,000	600,000,000
Other owner's funds of the associate	2,067,736,800	2,069,090,997
Retained earnings of the associate	5,025,825,432	3,861,642,644

	<u>2012</u>	<u>2011</u>
	VND	VND
Revenue	17,459,912,731	17,661,871,312
Net profit	3,792,150,227	13,578,313,365
Company's share of the associate's net profit	1,741,613,876	6,553,287,830

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

	<u>31/12/2012</u>	<u>31/12/2011</u>
	VND	VND
Short-term borrowings		
Military Commercial Joint Stock Bank	5,612,783,429	25,000,000,000
Vietnam Joint Stock Commercial Bank for Industry and Trade	15,000,000,000	100,000,000,000
Nam A Commercial Joint Stock Bank	230,732,272,872	138,991,840,328
Ocean Commercial Joint Stock Bank	66,413,226,350	84,084,000,000
Vietnam Joint Stock Commercial Bank for Investment and Development	69,689,758,000	50,000,000,000
Vietnam Maritime Commercial Joint Stock Bank	8,665,192,300	10,000,000,000
Vietnam International Commercial Joint Stock Bank	109,382,822,227	-
Ho Chi Minh City Development Joint Stock Commercial Bank	19,551,244,650	-
Asia Commercial Joint Stock Bank	20,000,000,000	-
Joint Stock Commercial Bank for Foreign Trade of Vietnam	-	20,000,000,000
Vietnam Prosperity Joint Stock Commercial Bank	-	16,000,000,000
Vietnam Technological and Commercial Joint Stock Bank	-	9,800,000,000
Western Commercial Joint Stock Bank	-	5,000,000,000
Current portion of long-term loans		
Vietnam Development Bank - Phu Yen Branch	24,764,751,100	24,764,751,100
Vietnam International Commercial Joint Stock Bank	21,203,200,000	38,378,965,950
	<u>591,015,250,928</u>	<u>522,019,557,378</u>

Short-term borrowings represent loans from commercial banks, which fall due within one year from date of disbursement. These loans can be withdrawn in VND and USD, and are used to supplement working capital and finance basic construction activities. The interest rate ranges from 3% to 6% per annum for loan in USD and from 11.5% to 17.5% per annum for loan in VND. These loans are secured by deposit contracts with the amount of VND 513,050,000,000.

13. TAXES AND AMOUNTS PAYABLE TO THE STATE BUDGET

	<u>31/12/2012</u>	<u>31/12/2011</u>
	VND	VND
Value added tax	416,534,292	1,370,170,925
Corporate income tax	30,201,176,906	34,655,328,021
Natural resources tax	632,400,728	2,501,079,834
Environment protection fee	35,015,880,480	18,064,621,600
Others	1,662,346,715	1,699,620,025
	<u>67,928,339,121</u>	<u>58,290,820,405</u>

In 2012, Binh Dinh Taxation Department has inspected VAT and CIT declarations of the Company for the period from 2007 to 2011. Up to the date of the financial statement preparation, Binh Dinh Taxation Department has not have conclusion of the inspection.

14. OTHER PAYABLES

	<u>31/12/2012</u>	<u>31/12/2011</u>
	VND	VND
Dividends payable	38,033,354,500	126,351,142,500
Other payables	271,575,839	345,430,333
	<u>38,304,930,339</u>	<u>126,696,572,833</u>

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VINH SON - SONG HINH HYDRO-POWER JOINT STOCK COMPANY21 Nguyen Hue Street, Quy Nhon City
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For the year ended 31 December 2012**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***15. LONG-TERM LOANS AND LIABILITIES**

	<u>31/12/2012</u>	<u>31/12/2011</u>
	VND	VND
Vietnam Development Bank - Phu Yen Branch (i)	176,749,734,857	201,514,485,957
Vietnam International Commercial Joint Stock Bank (ii)	15,626,800,000	36,830,000,000
Asia Commercial Joint Stock Bank (iii)	19,500,000,000	19,500,000,000
	<u>211,876,534,857</u>	<u>257,844,485,957</u>

- (i) The loan in foreign currency (USD) was transferred from Vinh Son - Song Hinh hydro-power plant, a state-owned enterprise (the Plant), upon equitisation.

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

- The interest-free loan from Northern Development Funds (NDF) in the amount of USD 8,378,301.48, bearing management fee of 0.2% p.a and service fee of 0.75% p.a of the loan balance. Principal is repayable twice a year on every 31 March and 30 September in 30 years (from 2005 to 2035). From 2005 to 2014, loan payable for each installment is equivalent to 1% of the principal (i.e. USD 83,873.01 per each installment); loan payable for each year of the remaining period is equivalent to 4% of the principal (i.e. USD 167,566.02 per each installment). The first repayment is on 01 December 2005 and the last repayment is on 31 March 2035. Overdue interest rate is 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 rate, the specific rate will be periodically informed by NIB. The management fee is 0.2% p.a of the loan balance. Principal is equally repayable twice a year on every 31 March and 30 September in 10 years (from 2005 to 2015) in the amount of USD 510,723.21 per each installment. The first repayment is on 01 June 2005 and the last repayment is on 31 March 2015. Overdue interest rate is 9% p.a.

The Company has mortgaged its fixed assets of Song Hinh Hydro-power Plant with the net book value of VND 351,011,781,600 as at 31 December 2012 to secure the loans under Contract No. 01/2006/HDTCTS-TL dated 12 April 2006.

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

- The loan under credit contract No. 0018/HDTD2-VIB412.10 dated 8 June 2010 with 60-month term and credit line of VND 52,096,000,000; interest rate is subject to change every 6 months and equal to the rate applicable to VIB's 6-month business loan in VND plus minimum margin rate of 1.8% p.a. subject to VIB's interest rate policy from time to time. The loan is unsecured.
- The loan under credit contract No. 0022/HDTD2-VIB412.10 dated 27 September 2010 with 36-month term and credit line of VND 40,000,000,000; interest rate is equal to the rate applicable to VIB's 6-month business loan in VND plus minimum margin rate of 1.8% p.a. Principal is repaid every six months from 06 March 2011. This loan is secured by the Company's deposits at VIB.

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

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

Long-term loans are repayable as follows:

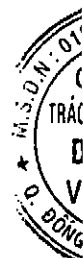
	<u>31/12/2012</u>	<u>31/12/2011</u>
	VND	VND
On demand or within one year	45,967,951,100	63,143,717,050
In the second year	39,083,951,101	45,965,951,100
In the third to fifth year inclusive	48,487,329,030	70,841,150,002
After five years	<u>124,305,254,726</u>	<u>141,037,384,855</u>
	257,844,485,957	320,988,203,007
Less: Amount due for settlement within 12 months (shown under current portion of long-term loans)	45,967,951,100	63,143,717,050
Amount due for settlement after 12 months	<u><u>211,876,534,857</u></u>	<u><u>257,844,485,957</u></u>

16. OWNERS' EQUITY

Movements in shareholders' equity

	<u>Charter capital</u>	<u>Treasury shares</u>	<u>Retained earnings</u>
	VND	VND	VND
Balance at 01/01/2011	2,062,412,460,000	(47,117,531,962)	364,237,178,628
Profit for the year	-	-	329,035,959,603
Dividends declared	-	-	(404,482,492,000)
Funds distribution	-	-	(1,435,822,791)
Others	-	-	(180,000,000)
Balance at 01/01/2012	<u>2,062,412,460,000</u>	<u>(47,117,531,962)</u>	<u>287,174,823,440</u>
Profit for the year	-	-	233,998,072,998
Dividends declared (i)	-	-	(121,344,747,600)
Allocation to bonus & welfare funds (ii)	-	-	(6,297,055,500)
Others	-	-	(663,729,886)
Balance at 31/12/2012	<u><u>2,062,412,460,000</u></u>	<u><u>(47,117,531,962)</u></u>	<u><u>392,867,363,452</u></u>

- (i) Under Resolution of the Board of Shareholders No. 1108/2012/NQ-VSH-DHDCD dated 30 November 2012, the Company declared to pay interim dividends of 2012 profit at the rate of 6%. As at 31 December 2012, the dividends declared but not yet paid to EVN were VND 37,810,168,800.
- (ii) Represents the temporarily distribution to bonus and welfare funds in 2012 under Resolution of the Board of Management with the amount of VND 5,742,055,500. The distribution will be adjusted upon approval of the Board of Shareholders.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN
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16. SHAREHOLDERS' EQUITY (Continued)

Capital contribution structure

	31/12/2012		31/12/2011	
	%	VND	%	VND
Electricity of Vietnam (EVN)	30.55	630,169,054,175	30.55	630,169,054,175
State Capital Investment Corporation (SCIC)	24.00	494,978,961,600	24.00	494,978,961,600
Other shareholders	45.45	937,264,444,225	45.45	937,264,444,225
	100.00	2,062,412,460,000	100.00	2,062,412,460,000

Shares

	31/12/2012	31/12/2011
- Number of shares issued to public		
Ordinary shares	206,241,246	206,241,246
Preferred shares	-	-
- Number of treasury shares		
Ordinary shares	4,000,000	4,000,000
Preferred shares	-	-
- Number of outstanding shares in circulation		
Ordinary shares	202,241,246	202,241,246
Preferred shares	-	-

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

17. NET SALES

	2012	2011
	VND	VND
Sale of electricity (*)	323,546,138,786	447,435,760,621
Other services	8,644,781,033	11,979,595,426
	332,190,919,819	459,415,356,047

(*) Up to the reporting date, the Company and Electricity of Vietnam (EVN) had not reached a final agreement on the electricity prices for the years 2010, 2011 and 2012. The Company's electricity revenue for these years has been recognized on a temporary basis and will be adjusted when the Company and Electricity of Vietnam (EVN) have agreement on electricity prices. The Company recorded electricity revenue for 2010 and the first 11 months of 2011 using unit price equal to 90% of 2009 unit price; electricity revenue for December 2011 is recorded using unit price equal to 76% of 2009 unit price. Electricity revenue for 2012 is recorded using average price of VND 382/Kwh.

18. COST OF SALES

	2012	2011
	VND	VND
Cost of electricity sold	149,310,672,361	179,029,230,854
Cost of other services rendered	5,266,757,525	6,705,162,138
	154,577,429,886	185,734,392,992

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19. PRODUCTION COST BY NATURE

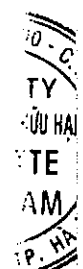
	<u>2012</u>	<u>2011</u>
	VND	VND
Raw materials and consumables	2,919,450,640	2,720,227,890
Labour	26,326,392,527	23,767,447,044
Depreciation and amortisation	85,753,683,220	116,988,450,809
Out-sourced services	4,750,430,874	5,126,855,934
Other expenses	52,468,467,911	56,369,608,723
	<u>172,218,425,172</u>	<u>204,972,590,400</u>

20. NET PROFIT FROM FINANCIAL ACTIVITIES

	<u>2012</u>	<u>2011</u>
	VND	VND
Financial income		
Bank interest	97,758,266,312	138,203,880,107
	<u>97,758,266,312</u>	<u>138,203,880,107</u>
Financial expenses		
Interest expense	4,223,388,736	4,126,964,228
Foreign exchange losses	-	22,656,674,554
Provision for diminution in value of investments	(9,602,264,000)	9,602,264,000
	<u>(5,378,875,264)</u>	<u>36,385,902,782</u>
Profit from financial activities	<u>103,137,141,576</u>	<u>101,817,977,325</u>

21. CORPORATE INCOME TAX

	<u>2012</u>	<u>2011</u>
	VND	VND
Profit before tax	265,533,099,820	363,691,287,624
Adjustments for taxable income		
Less: non-assessable income	1,741,613,876	7,241,518,918
Taxable income	<u>263,791,485,944</u>	<u>356,449,768,706</u>
In which:		
Income from activities subject to 5% tax rate	159,738,674,996	253,288,903,051
Income from activities subject to 25% tax rate	104,052,810,948	103,160,865,655
Corporate income tax	34,000,136,487	38,454,661,566
30% reduction under Circular No. 154/2011/TT-BTC dated 11 November 2011	-	3,799,333,545
30% reduction under Circular No. 140/2012/TT-BTC dated 21 August 2012	2,465,109,665	-
	<u>31,535,026,822</u>	<u>34,655,328,021</u>



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22. BASIC EARNINGS PER SHARE

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

	<u>2012</u>	<u>2011</u>
	VND	VND
Earnings for the purposes of calculating basic earnings per share	233,998,072,998	329,035,959,603
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	202,241,246	202,241,246
Basic earnings per share	<u><u>1,157</u></u>	<u><u>1,627</u></u>

23. COMMITMENTS

On 17 September 2010, the Company signed Contract No.786/2010/HD-VSH-LD with a group of contractors, namely Construction Joint Stock Company No. 47, Tien Dung Investment Construction and Trading Limited Company and Power Engineering Consulting Joint Stock Company No. 1 for designing, supplying equipment and installing the pressure line of Thuong Kon Tum Hydro-power plant Project with the amount of VND 505,583,654,488. The Company has advanced to the contractors an amount of VND 94.4 billion as at 31 December 2012.

On 20 October 2010, the Company signed Contract No. 885/2010/HD-VSH-TH with the group of contractors namely Hydrochina Huadong - CR18G for designing and constructing the second stage power line of Thuong Kon Tum Hydro-power plant Project and Addendum to Contract No. 886/2010/HD-VSH-TH with the group of contractors namely Hydrochina Huadong - CR18G for designing and constructing the water tunnel (from Km0+270 to Km3+000) that belongs to Thuong Kon Tum Hydro-power plant Project with the value of VND 1,324,037,315,815 and USD 25,000,000. The Company signed Addendum to contract No. 930/2011/BSHD-VSH-HHCR-18G on 12 October 2011 amended Contract No. 886/2010/HD-VSH-TH for implementing the second stage of construction and reinforcement of the inside and outside of the water tunnel (from Km0+000 to Km0+270) with the value of VND 6,723,438,229 and Addendum to Contract No. 827/2012/PLHD-VSH-TH on 17 August 2012 for constructing electricity distribution station with the value of VND 27,035,830,000. The completed work of these contracts are VND 172 billion up to 31 December 2012.

24. FINANCIAL INSTRUMENTS

Capital risk management

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

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

Gearing ratio

The gearing ratio of the Company as at the balance sheet date was as follows:

	<u>31/12/2012</u>	<u>31/12/2011</u>
	VND	VND
Borrowings	802,891,785,785	779,864,043,335
Cash and cash equivalents	640,342,507,484	482,797,391,011
Net debt	162,549,278,301	297,066,652,324
Owners' capital	<u>2,450,450,780,532</u>	<u>2,344,757,181,053</u>
Net debt to owners' equity ratio	<u><u>0.07</u></u>	<u><u>0.13</u></u>

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24. FINANCIAL INSTRUMENTS (Continued)

Significant accounting policies

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

	Carrying amounts	
	31/12/2012	31/12/2011
	VND	VND
Financial assets		
Cash and cash equivalents	640,342,507,484	482,797,391,011
Trade and other receivables	166,808,736,769	244,438,199,071
Short-term investments	181,118,326,000	699,583,062,000
Total	988,269,570,253	1,426,818,652,082
Financial liabilities		
Borrowings	802,891,785,785	779,864,043,335
Trade and other payables	49,363,359,340	151,813,026,147
Accruals	3,516,009,993	3,779,331,868
Total	855,771,155,118	935,456,401,350

The Company has not assessed fair value of its financial assets and liabilities as at the balance date since there are no comprehensive guidance under Circular No. 210/2009/TT-BTC issued by the Ministry of Finance on 06 November 2009 ("Circular 210") and other relevant prevailing regulations to determine fair value of these financial assets and liabilities. While Circular 210 refers to the application of International Financial Reporting Standards ("IFRS") on presentation and disclosures of financial instruments, it did not adopt the equivalent guidance for the recognition and measurement of financial instruments, including application of fair value, in accordance with IFRS.

Financial risk management objectives

The Company has set up risk management system to identify and assess the risks exposed by the Company and designed control policies and procedures to manage those risks at an acceptable level. Risk management system is reviewed on a regular basis to reflect changes in market conditions and the Company's operations.

Financial risks include market risk (including foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk.

Market risk

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

Foreign currency risk management

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Liabilities		Assets	
	31/12/2012	31/12/2011	31/12/2011	31/12/2010
	VND	VND	VND	VND
US Dollars	296,581,927,897	352,822,633,385	-	-



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24. FINANCIAL INSTRUMENTS (Continued)

Foreign currency sensitivity analysis

The Company is mainly exposed to United States Dollar.

5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. For a 5% increase/decrease in United States Dollar against Vietnam Dong, the profit before tax in the year would decrease/increase by VND 14.83 billion.

Interest rate risk management

The Company has significant interest rate risks arising from interest bearing loans which are arranged. The risk is managed by the Company by maintaining an appropriate level of borrowings and analyzing market competition to enjoy favorable interest rates from appropriate lenders.

Interest rate sensitivity

The loan's sensitivity to interest rate change may arise at an appropriate level. Assuming all other variables were held constant, if interest rates applicable to floating interest bearing loans had been 2% higher/lower, the Company's profit before tax would have decreased/ increased by VND 11.93 billion.

Commodity price risk management

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

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. At the balance sheet date, there is a significant concentration of credit risk arising on the amount of VND 143,299,041,484 as at 31 December 2012 due from Electric Power Trading Company (EPTC) - Electricity of Vietnam (a related party). The Board of Directors assessed the credit risk at low level.

Liquidity risk management

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

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

Liquidity risk management (Continued)

The following table details the Company's remaining contractual maturity for its non-derivative financial assets and financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial assets including interest that will be earned on those assets, if any and undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

	<u>Less than 1 year</u>	<u>More than 1 year</u>	<u>Total</u>
	VND	VND	VND
31/12/2012			
Cash and cash equivalents	640,342,507,484	-	640,342,507,484
Trade and other receivables	166,808,736,769	-	166,808,736,769
Short-term investments	181,118,326,000	-	181,118,326,000
Total	988,269,570,253	-	988,269,570,253
31/12/2012			
Trade and other payables	49,363,359,340	-	49,363,359,340
Accruals	3,516,009,993	-	3,516,009,993
Borrowings	591,015,250,928	211,876,534,857	802,891,785,785
Total	643,894,620,261	211,876,534,857	855,771,155,118
Net liquidity gap	344,374,949,992	(211,876,534,857)	132,498,415,135
	<u>Less than 1 year</u>	<u>More than 1 year</u>	<u>Total</u>
	VND	VND	VND
31/12/2011			
Cash and cash equivalents	482,797,391,011	-	482,797,391,011
Trade and other receivables	244,438,199,071	-	244,438,199,071
Short-term investments	699,583,062,000	-	699,583,062,000
Total	1,426,818,652,082	-	1,426,818,652,082
31/12/2011			
Trade and other payables	151,813,026,147	-	151,813,026,147
Accruals	3,779,331,868	-	3,779,331,868
Borrowings	522,019,557,378	257,844,485,957	779,864,043,335
Total	677,611,915,393	257,844,485,957	935,456,401,350
Net liquidity gap	749,206,736,689	(257,844,485,957)	491,362,250,732

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

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25. RELATED PARTY TRANSACTIONS AND BALANCES

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

	2012	2011
	VND	VND
Income		
Sales of electricity to EVN	323,546,138,786	447,435,760,621
Interest income from EVN	45,998,375,345	46,714,180,211
Interest income from trusted investment at EVN Finance JSC	-	3,489,097,222
Dividends		
Dividends declared		
To EVN	37,810,168,800	126,033,896,000
To State Capital Investment Corporation (SCIC)	29,698,758,000	98,995,860,000
Dividend paid		
To EVN	126,033,896,000	-
To State Capital Investment Corporation (SCIC)	29,698,758,000	98,995,860,000
Dividends received from Binh Dinh Tourist JSC	1,163,455,500	5,331,780,113
Investments		
Trusted investment at EVN Finance JSC	-	25,000,000,000

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

	31/12/2012	31/12/2011
	VND	VND
Trade receivables from EVN	143,299,041,484	218,389,639,601
Dividends payable to EVN	37,810,168,800	126,033,896,000
Loans to EVN	100,000,000,000	500,000,000,000

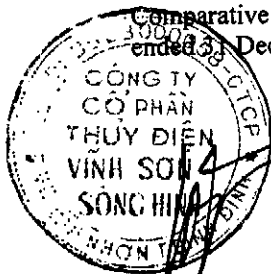
Directors' remuneration

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

	2012	2011
	VND	VND
Salaries, bonus and other benefits in kind	1,992,021,563	1,521,873,191

26. COMPARATIVE FIGURES

Comparative figures are those of the Company's audited consolidated financial statements for the year ended 31 December 2011.



Vo Thanh Trung
General Director

21 March 2013

Huynh Cong Ha
Chief Accountant

Le Van Chuong
Preparer