

**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 2007**

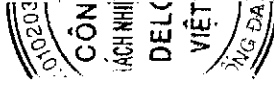


**VINH SON – SONG HINH HYDRO-POWER JOINT STOCK COMPANY**

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

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## VINH SON – SONG HINH HYDRO-POWER JOINT STOCK COMPANY

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

### 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”) present this report together with the Company’s audited consolidated financial statements for the year ended 31 December 2007.

### 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 Duc Doi	Chairman
Mr. Tran Le Canh	Member
Mr. Trinh Van Tuan	Member
Mr. Vo Thanh Trung	Member
Mr. Nguyen Duy Hung	Member (resigned on 2 May 2006)
Ms. Dang Thi Hong Phuong	Member (appointed on 5 May 2006)

#### Board of Directors

Mr. Tran Le Canh	Director
Mr. Nguyen Van Thanh	Deputy Director
Mr. Do Phong Thu	Deputy 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 year, which give a true and fair view of the consolidated financial position of the Company and of its consolidated 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 the financial statements so as to minimise errors and frauds.

The Board of Directors is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the financial position of the Company and to ensure that the 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

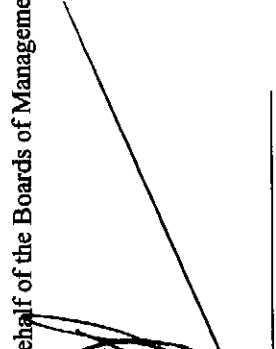
The Board of Management confirms that these consolidated financial statements for the year 2007 were read and approved by the Board of Management.

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

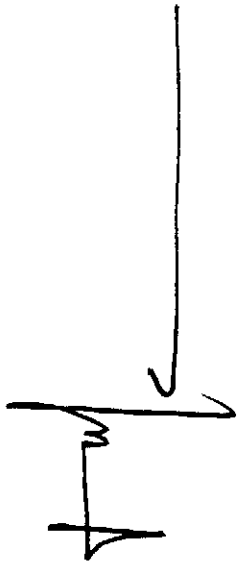
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Binh Dinh Province, S.R. Vietnam

**STATEMENT OF THE BOARDS OF MANAGEMENT AND DIRECTORS (Continued)**

**THE BOARDS OF MANAGEMENT AND DIRECTORS' STATEMENT OF RESPONSIBILITY  
(Continued)**

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



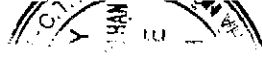


**Nguyen Duc Doi**  
Chairman

*25 January 2008*

**Tran Le Canh**  
Director

*25 January 2008*



No. 40 /Deloitte-AUDHP-RE

## AUDITORS' REPORT

To: 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 2007, and the related consolidated statements of income and cash flows for the year then ended. The accompanying consolidated financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam.

### Respective Responsibilities of the Board of Directors and Auditors

As stated in the Statement of the 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

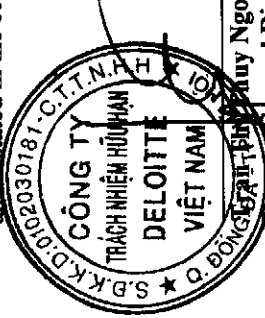
We have conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance that the consolidated financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence 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.

### Opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of the financial position of the Company as at 31 December 2007 and the results of its operations and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System and prevailing accounting regulations in Vietnam.

### *We would draw the readers' attention to the following matters:*

As stated in Note 5 – Retroactive adjustments of the Notes to the financial statements, the capital contribution rate of the Company in Binh Dinh Tourist Joint Stock Company decreased from 53.86% to 49.72%. Accordingly, the financial statements are consolidated using the equity method of accounting rather than the full consolidation method. Therefore, the balances in the consolidated balance sheet as at 31 December 2006 and items in the consolidated income and cash flow statements for the year then ended were adjusted retroactively and restated in the consolidated financial statements for the year ended 31 December 2007.



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

For and on behalf of

DELOITTE VIETNAM COMPANY LIMITED

25 January 2008  
Haiphong City, S.R. Vietnam

Tran Ngoc Bao  
Auditor  
CPA Certificate No. 0796/KTV

**VINH SON – SONG HINH HYDRO-POWER JOINT STOCK COMPANY**21 Nguyen Hue, Quy Nhon City  
Binh Dinh Province, S.R. VietnamConsolidated Financial Statements  
For the year ended 31 December 2007**CONSOLIDATED BALANCE SHEET***As at 31 December 2007***FORM B 01-DN**  
Unit: VND

ASSETS	Codes	Notes	31/12/2007	31/12/2006
				Restated
<b>A - CURRENT ASSETS</b>	<b>100</b>		<b>833,437,565,164</b>	<b>161,941,309,610</b>
<b>I. Cash and cash equivalents</b>	<b>110</b>	<b>6</b>	<b>228,783,514,656</b>	<b>52,758,690,926</b>
1. Cash	111		15,783,514,656	34,758,690,926
2. Cash equivalents	112		213,000,000,000	18,000,000,000
<b>II. Short-term financial investments</b>	<b>120</b>		<b>510,685,326,000</b>	<b>57,740,000,000</b>
1. Short term investments	121	7	510,685,326,000	57,740,000,000
<b>III. Short-term receivables</b>	<b>130</b>		<b>70,557,595,420</b>	<b>25,435,391,276</b>
1. Trade accounts receivable	131		62,355,638,460	23,194,895,020
2. Advances to suppliers	132		2,861,000,000	859,409,500
3. Other receivables	135		5,340,956,960	1,381,086,756
<b>IV. Inventories</b>	<b>140</b>	<b>8</b>	<b>23,361,815,088</b>	<b>25,237,856,044</b>
1. Inventories	141		25,361,815,088	25,237,856,044
2. Provision for devaluation of inventories	149		(2,000,000,000)	-
<b>V. Other short-term assets</b>	<b>150</b>		<b>49,314,000</b>	<b>769,371,364</b>
1. Short-term prepayments	151		-	4,365,000
2. Other receivables from the State budget	154		-	658,506,364
3. Other short-term assets	158		49,314,000	106,500,000
<b>B - NON-CURRENT ASSETS</b>	<b>200</b>		<b>1,626,011,569,817</b>	<b>1,720,804,513,211</b>
<b>I. Fixed assets</b>	<b>220</b>		<b>1,614,583,801,378</b>	<b>1,711,905,243,705</b>
1. Tangible fixed assets	221	9	1,572,542,635,693	1,568,501,311,731
- Cost	222		2,896,959,420,174	2,745,408,868,268
- Accumulated depreciation	223		(1,324,416,784,481)	(1,176,907,556,537)
2. Construction-in-progress	230	10	42,041,165,685	143,403,931,974
<b>II. Long-term financial investments</b>	<b>250</b>		<b>10,419,390,818</b>	<b>8,517,189,859</b>
1. Investments in associates	252	11	10,419,390,818	8,517,189,859
<b>III. Other non-current assets</b>	<b>260</b>		<b>1,008,377,621</b>	<b>382,079,647</b>
1. Long-term prepayments	261	12	448,377,621	382,079,647
2. Deferred tax assets	262		560,000,000	-
<b>TOTAL ASSETS</b>	<b>270</b>		<b>2,459,449,134,981</b>	<b>1,882,745,822,821</b>

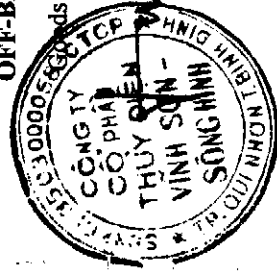
The notes set out on pages 9 to 22 are an integral part of these consolidated financial statements

**VINH SON – SONG HINH HYDRO-POWER JOINT STOCK COMPANY**21 Nguyen Hue, Quy Nhon City  
Binh Dinh Province, S.R. Vietnam**Consolidated Financial Statements**  
For the year ended 31 December 2007**CONSOLIDATED BALANCE SHEET (Continued)***As at 31 December 2007***FORM B 01-DN**  
Unit: VND

RESOURCES	Codes	Notes	31/12/2007	31/12/2006
				Restated
<b>A - LIABILITIES</b>				
<b>I. Current liabilities</b>				
1. Short-term loans and liabilities	300		437,162,947,761	546,436,502,946
2. Trade accounts payable	310	13	123,155,615,830	125,870,823,651
3. Advances from customers	311		101,278,983,589	117,823,092,738
4. Taxes and amounts payable to the State budget	312		12,782,190,861	4,752,769,896
5. Payables to employees	313		599,800,517	199,524,517
6. Accrued expenses	314	14	5,975,545,689	761,755,152
7. Other current payables	315		1,435,825,111	1,022,164,451
	316		1,014,334,363	1,221,127,697
	319		68,935,700	90,389,200
<b>II. Long-term liabilities</b>				
1. Long-term loans and liabilities	330		314,007,331,931	420,565,679,295
2. Provision for severance allowance	334	15	313,900,758,796	420,524,794,865
	336		106,573,135	40,884,430
<b>B - EQUITY</b>				
<b>I. Owner's equity</b>				
1. Legal capital	400		2,022,286,187,220	1,336,309,319,875
2. Share premium	410		2,020,949,381,547	1,336,120,848,205
2. Treasury shares	411	16	1,374,942,580,000	1,250,000,000,000
3. Financial reserve funds	412		370,660,568,000	-
4. Retained earnings	414		-	(9,933,000,000)
	418		14,380,000,000	880,000,000
	420	16	260,966,233,547	95,173,848,205
<b>II. Other resources and other funds</b>				
1. Bonus and welfare funds	430		1,336,805,673	188,471,670
2. Funds for fixed assets acquisition	431		662,444,632	178,398,632
	433		674,361,041	10,073,038
<b>TOTAL RESOURCES</b>	<b>440</b>		<b>2,459,449,134,981</b>	<b>1,882,745,822,821</b>

**OFF-BALANCE-SHEET ITEM**

Funds held under trust

Tran Le Canh  
DirectorVo Thanh Trung  
Chief AccountantLe Van Chuong  
Preparer

25 January 2008

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

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

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

**Consolidated Financial Statements**  
For the year ended 31 December 2007

**CONSOLIDATED INCOME STATEMENT**

*For the year ended 31 December 2007*

**FORM B 02-DN**  
Unit: VND

ITEMS	2006		Codes	Notes	2007		Restated
	2006	Restated			2007	Restated	
1. Gross sales of merchandise	1	17	370,161,500,494	409,274,295,173			
2. Cost of goods sold	11	18	168,039,781,307	166,348,045,203			
3. Gross profit from sale of merchandise	20		202,121,719,187	242,926,249,970			
4. Financial income	21	19	75,835,030,553	58,309,538,501			
5. Financial expenses	22	19	15,980,350,469	26,014,147,015			
- Including: Interest expenses	23		15,392,208,930	19,310,596,544			
6. General and administration expenses	25		7,606,242,659	4,984,565,554			
7. Operating profit	30		254,370,156,612	270,237,075,902			
8. Other income	31		11,755,041	9,318,178			
9. Other expenses	32		2,727,270	-			
10. Profit from other activities	40		9,027,771	9,318,178			
11. Profit in associates	41		1,902,200,959	122,123,242			
12. Accounting profit before tax	50		256,281,385,342	270,368,517,322			
13. Deferred tax expense	52		560,000,000	-			
14. Net profit after tax	60		256,841,385,342	270,368,517,322			
15. Earnings per share	70	20	2,039	2,176			



Tran Le Canh  
Director

Vo Thanh Trung  
Chief Accountant

Le Van Chuong  
Preparer

25 January 2008



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

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

**Consolidated Financial Statements**  
For the year ended 31 December 2007

**CONSOLIDATED CASH FLOW STATEMENT**

*For the year ended 31 December 2007*

**FORM B 03-DN**  
Unit: VND

ITEMS	Codes	2006	
		2007	Restated
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<i>1. Profit before tax</i>	01	256,281,385,342	270,368,517,322
<i>2. Adjustments for:</i>			
- Depreciation and amortisation	02	147,477,567,353	146,974,509,840
- Provisions	03	2,000,000,000	-
- Loss from unrealised foreign exchange differences	04	283,863,020	5,984,896,877
- Gain from investing activities	05	(77,737,231,512)	(57,393,795,076)
- Interest expense	06	15,392,208,930	19,310,596,544
<i>3. Operating profit before movements in working capital</i>			
- (Increase)/Decrease in receivables	08	343,697,793,133	385,244,725,507
- Decrease/(Increase) in other current assets	9a	(40,121,405,361)	4,141,286,272
- Increase in inventories	9b	720,057,364	(5,656,075,939)
- Increase in accounts payable (not including accrued interest and business income tax payable)	10	(123,959,044)	(260,748,004)
- (Increase)/Decrease in long-term prepayments	11	4,130,941,702	1,755,191,281
- Interest paid	12	(66,297,974)	471,743,317
- Other cash inflows	13	(14,546,874,567)	(21,901,879,557)
- Other cash outflows	15	695,948,594	431,306,000
- Other cash outflows	16	(2,064,954,000)	(2,059,788,757)
<i>Net cash from operating activities</i>	20	292,321,249,847	362,165,760,120
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
1. Acquisition of fixed assets and other long-term assets	21	(41,337,707,349)	(44,218,300,692)
2. Cash outflow for buying debt instruments	23	(452,945,326,000)	(5,000,000,000)
3. Cash recovered from lending, selling debt instruments of other companies	24	49,937,456,000	61,476,800,000
4. Interest income, dividends and profit paid	27	20,896,775,770	9,054,871,834
<i>Net cash (used in)/from investing activities</i>	30	(423,448,801,579)	21,313,371,142
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
1. Proceeds from receiving capital from owners	31	505,536,148,000	-
2. Proceeds from long-term borrowings	33	-	20,976,832,000
3. Repayment of borrowings	34	(123,452,008,238)	(124,838,552,136)
4. Dividends and profit paid	36	(74,931,764,300)	(236,177,610,800)
<i>Net cash from (used in) financing activities</i>	40	307,152,375,462	(340,039,330,936)
<b>Net increase in cash and cash equivalents</b>	50	176,024,823,730	43,439,800,326
<b>Cash and cash equivalents at beginning of year</b>	60	52,758,690,926	9,318,890,600
<b>Cash and cash equivalents at end of year</b>	70	228,783,514,656	52,758,690,926



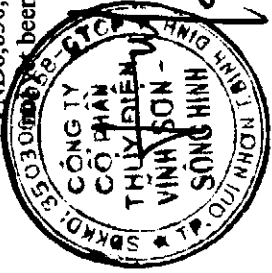
**CONSOLIDATED CASH FLOW STATEMENT (Continued)**

*For the year ended 31 December 2007*

**FORM B 03-DN**

**Supplemental non-cash disclosures**

Cash outflows for purchases of fixed assets and construction-in-progress during the year exclude an amount of VND8,850,078,268 (2006: VND4,981,625,914), representing an addition in fixed assets during the year that has been paid. Consequently, changes in accounts payable have been adjusted by the same amount.



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**Tran Le Canh**  
 Director

**Vo Thanh Trung**  
 Chief Accountant

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**Le Van Chuong**  
 Preparer

25 January 2008

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

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

**Consolidated Financial Statements**  
For the year ended 31 December 2007

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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

**FORM B 09 – DN**

**1. GENERAL INFORMATION**

*Structure of ownership*

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

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

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

The major shareholder of the Company is EVN (contributing 54.55% of chartered capital). On 7 July 2005, the Company was granted certificate to trade in Hanoi Stock Trading Center in accordance with Decision No. 01/QĐ-TTGDHN. On 28 June 2006, the Company was granted certificate to be listed in Ho Chi Minh City Stock Trading Center in accordance with Decision No. 54/UBCK-GDNY issued by the State Securities Committee.

The Company had 127 employees as at 31 December 2007 (2006: 121)

*Operating industry and principal activities*

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

**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. The financial statements have been translated from those issued in Vietnam, from the Vietnamese language into the English language.

*Accounting period*

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

**3. ADOPTION OF ACCOUNTING STANDARDS**

In the current year, the Company adopted the following Vietnamese Accounting Standard (VAS) for the first time:

VAS 17 Corporate income tax

The application of this standard did not have significant effect on the amounts reported for the current or prior periods.

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

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

**Consolidated Financial Statements**  
For the year ended 31 December 2007

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

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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 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.

**Investments in associates**

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

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

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

**Cash and cash equivalents**

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

**Provision for doubtful debts**

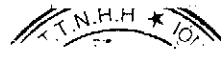
Provision for doubtful debts is made for receivables that are overdue for three months or more, or when the debtor is in dissolution, in bankruptcy, or is experiencing similar difficulties and so maybe unable to repay the debt.

**Inventories**

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

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

The Company's inventories mainly include materials and spare parts for two electricity generators in Vinh Son hydro-power plant and Song Hinh hydro-power plant. These specialised materials and spare parts are used to replace synchronous generators and have been stored since the installation of these generators (in Vinh Song hydro-power plant in 1995 and in Song Hinh hydro-power plant in 2000). Provision for devaluation of inventories for these materials were made since 2007 based on accounting estimates for impaired materials.



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

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

**Consolidated Financial Statements**  
For the year ended 31 December 2007

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09 – DN**

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

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

**Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less accumulated depreciation.

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

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

<b>Assets</b>	<b>2007 (Years)</b>
Buildings and structure	20 – 50
Machinery and equipment	8 – 10
Office equipment	5 – 10
Motor vehicles	5 – 10

**Construction in progress**

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

**Investments in securities**

Investments in securities are recognised on trade 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 consolidated income over the period of two years in accordance with the current prevailing accounting regulations.

**Revenue recognition**

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

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

Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest applicable rate.

Income from investments is recognised when the Company's right to receive payment has been established.



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

**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.

**Borrowings costs**

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

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

**Taxation**

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

As regulated in Decree No.164/2003-ND-CP dated 22 December 2003 issued by the Government, Circular No. 128/2003/TT-BTC dated 22 December 2003 issued by the Ministry of Finance, Decree No. 108/2006/ND-CP dated 22 September 2006, Official Letter No. 5248/TC-CST dated 29 April 2005, Official Letter No. 11924/TC-CST dated 20 October 2004, and Official Letter No. 1591/TC/T/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. The Company is entitled to tax exemption in 6 years from the first profit-making year and a 50% reduction in tax payable for 6 years thereafter. The year 2007 is the third profit-making year of the Company, thus, the Company did not provide for corporate income tax.

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

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

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

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

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**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****Tax (Continued)**

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. RETROACTIVE ADJUSTMENTS**

As at 31 December 2007, the capital contribution rate of the Company in Binh Dinh Tourist Joint Stock Company decreased from 53.86% to 49.72%. Therefore, the results and assets and liabilities of Binh Dinh Tourist Joint Stock Company, an associate of the Company, are consolidated in these financial statements using the equity method of accounting.

Accordingly, balances in consolidated balance sheet as at 31 December 2006 and items in consolidated income and cash flow statements for the year then ended will be adjusted retroactively and restated in the financial statements for the year ended 31 December 2007.

**6. CASH AND CASH EQUIVALENTS**

	31/12/2007	31/12/2006
	VND	VND
Cash on hand	92,860,566	128,996,334
Cash in bank	15,690,654,090	34,629,694,592
Cash equivalents	213,000,000,000	18,000,000,000
	<u>228,783,514,656</u>	<u>52,758,690,926</u>

**7. SHORT-TERM INVESTMENTS**

	31/12/2007	31/12/2006
	VND	VND
Time deposits	480,000,000,000	20,000,000,000
Shares of Pha Lai Thermo-Electricity JSC (i)	30,685,326,000	37,740,000,000
	<u>510,685,326,000</u>	<u>57,740,000,000</u>

(i) In 2005, the Company bought 5 billion shares of Pha Lai Thermo-Electricity JSC (equivalent to 1.6% of chartered capital) in the amount of VND51 billion. In 2006, the Company transferred 1,300,000 shares and received a profit of VND48.34 billion. In 2007, the Company transferred 866,670 shares and received a profit of VND44.22 billion. Income from dividends in 2007 was VND7.13 billion (including 10% of dividends distributed in 2006 and 10% of dividends temporarily distributed in 2007). In addition, in 2007, the Company received 178,536 shares as dividends. As at 31 December 2007, the Company owned 3,011,866 shares of Pha Lai Thermo-Electricity JSC.

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	31/12/2007	31/12/2006
	VND	VND
Raw materials	24,584,487,880	25,012,930,342
Work-in-progress	777,327,208	224,925,702
	<u>25,361,815,088</u>	<u>25,237,856,044</u>
Provision for devaluation of inventories (i)	(2,000,000,000)	-
<b>Net realizable value</b>	<u>23,361,815,088</u>	<u>25,237,856,044</u>

(i) Provision for devaluation of inventories is made for materials and spare parts for two electricity generators in Vinh Son hydro-power plant and Song Hinh hydro-power plant. These specialised materials and spare parts are used to replace synchronous generators and have been stored since the installation of these generators (in Vinh Song hydro-power plant in 1995 and in Song Hinh hydro-power plant in 2000). Provision for devaluation of inventories for these materials has been made since 2007 based on accounting estimates for impaired materials.

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

**9. TANGIBLE FIXED ASSETS**

	Buildings and structure		Machinery and equipment		Motor vehicles		Office equipment		Total
	VND	VND	VND	VND	VND	VND	VND	VND	
<b>COST</b>									
As at 01/1/2007	1,897,613,933,711	825,215,782,740	21,100,839,428	1,478,312,389	2,745,408,868,268				
Additions	-	712,829,069	639,709,091	198,013,746	1,550,551,906				
Transferred from CIP	150,000,000,000	-	-	-	150,000,000,000				
As at 31/12/2007	<u>2,047,613,933,711</u>	<u>825,928,611,809</u>	<u>21,740,548,519</u>	<u>1,676,326,135</u>	<u>2,896,959,420,174</u>				

**ACCUMULATED DEPRECIATION**

As at 01/1/2007	710,539,365,074	450,157,509,580	15,191,968,868	1,018,713,015	1,176,907,556,537
Charge for the year	64,178,197,969	81,795,881,154	1,393,840,717	141,308,104	147,509,227,944
As at 31/12/2007	<u>774,717,563,043</u>	<u>531,953,390,734</u>	<u>16,585,809,585</u>	<u>1,160,021,119</u>	<u>1,324,416,784,481</u>

**NET BOOK VALUE**

As at 31/12/2007	<u>1,272,896,370,668</u>	<u>293,975,221,075</u>	<u>5,154,738,934</u>	<u>516,305,016</u>	<u>1,572,542,635,693</u>
As at 31/12/2006	<u>1,187,074,568,637</u>	<u>375,058,273,160</u>	<u>5,908,870,560</u>	<u>459,599,374</u>	<u>1,568,501,311,731</u>

As presented in Note 15, according to Loan Contract No. 01/2000/HID signed with the Bank for Investment and Development of Vietnam (BIDV), Phu Yen Branch, the Company has pledged its assets in Song Hinh hydro-power plant to secure the loan. However, until 31 December 2007, the Company and the lender were yet to sign collateral contract. As a result, the net book value of the assets used as collateral to secure the loan as at 31 December 2007 was not available.

As presented in Note 15, according to 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 560,056,268,141 as at 31 December 2007 (31/12/2006: VND605,049,040,409) to secure the loan from Phu Yen Development Fund, currently the Bank for Development, Phu Yen Branch.



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The costs of the Company's buildings and structure, machinery and equipment, motor vehicles and office equipment, which have been fully depreciated but which are still in use, are VND7,715,774,000; VND1,897,777,129; VND5,970,514,776 and VND590,232,288, respectively (2006: VND0; VND 1,008,746,466; VND 5,970,514,776 and VND 499,206,627)

**10. CONSTRUCTION-IN-PROGRESS**

	2007	2006
	VND	VND
As at 1 January	143,403,931,974	104,365,782,372
Additions	51,873,613,159	43,946,842,307
Transferred to tangible fixed assets	(150,000,000,000)	-
Transferred to frequent repairing expense	(3,236,379,448)	(4,908,692,705)
<b>As at 31 December</b>	<b>42,041,165,685</b>	<b>143,403,931,974</b>

**Construction in progress includes:**

	31/12/2007	31/12/2006
	VND	VND
Reservoir C - Vinh Son hydro plant (i) Operation and Management Road for Vinh Son 110kV grid line and Binh Dinh Bypass (ii)	6,352,298,686	122,911,862,060
Thuong Kontum Hydro-power project (iii)	104,542,195	19,565,081,309
Vinh Son 2 Hydro-power project (iv)	34,988,180,367	575,446,639
Dong Cam Hydro-power project (v)	424,969,156	223,453,603
Project for capacity improvement of Vinh Son reservoir (vi)	170,329,681	128,088,363
	845,600	-
	<b>42,041,165,685</b>	<b>143,403,931,974</b>

- (i) The Company continues to invest in the project of Reservoir C - Vinh Son hydro-power plant. According to Decision on approving Feasibility Study No. 14/QĐ-EVN-HDQT-TĐ dated 14 January 2002 by Electricity of Vietnam ("EVN"), the construction is built on a bank of Dakdingdong river (Upstream of Dinh Ba River) in Dakroong Commune, Kbang District, Gia Lai Province with the total investment capital of VND 217.1 billion. The construction is expected to irrigate water from Reservoir C in upstream of Dinh Ba River to existing Reservoir B of Vinh Son hydro-power plant in order to enhance the capacity and increase the average monthly electricity volume of the plant by 78.2 million kWh. On 16 June 2003, EVN approved technical design and estimation of the construction of VND 203.94 billion (including VAT). In 2007, the Company temporarily accounted for an increase in tangible fixed assets of VND128 billion. Water has been irrigated from Reservoir C to Reservoir B.

- (ii) The Company is also investing in the project of Operation and Management Road for Vinh Son 110kV grid line and Binh Dinh Bypass with the total investment capital of VND24.7 billion. In 2007, the Company temporarily accounted for an increase in tangible fixed assets of VND22 billion. Currently, investment capital into these constructions is being finalized.

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**10. CONSTRUCTION IN PROGRESS (Continued)**

- (iii) Thuong Kon Tum project is the construction carried out on hydro-power terrace of Se San river. The construction includes reservoir, main irrigation system on the bank of Dak Nghe river, valley of Se San river, passing through two communes of Dak Koi of Kon Ray district and Dak Tang of Kongplong district; a power plant located on one side of Dak Lo river, Dak Tang and Ngoc Tem communes, Kongplong district, valley of Tra Khuc River, Quang Ngai province. The project was approved in Official letter No. 1774/TTg-CN dated 1 November 2006 issued by the Prime Minister, the previous investor, EVN will transfer 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, to hand over all legal, technical, and financial documents relating to the project in accordance with Official Letter No. 6421/CV-EVN-KH dated 29 November 2006 issued by EVN and the handover minute dated 1 January 2007. On 27 March 2007, the Company paid to EVN for all the accumulated expenses for the preparation stage of this project from 2002 to 2006 of approximately VND 19,330,450,930..

- (iv) Planning for Hydro-power system in upstream of Con River under Vinh Son hydro-power project No. 2 was approved by the Ministry of Industry in Document No. 2488/QĐ-BCN dated 12 September 2006. The Company is in progress of selecting consultants for preparing planning and investment plan.

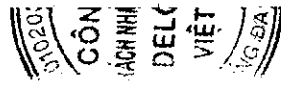
- (v) The Company completed survey report and is awaiting the Ministry of Industry's approval on planning of Dong Cam Hydro power project to continue investment.

- (vi) This represents an expense incurred for the draft preparation stage of studying geography and geology.

**11. INVESTMENTS IN ASSOCIATES**

*Details of the Company's associates at 31 December 2007 are as follows:*

Name of associate	Place of incorporation and operation	Proportion of ownership interest		Principal activities
		voting	held	
		%	%	
Binh Dinh Tourist Joint Stock Company	Quy Nhon city, Binh Dinh province	49.72%	49.72%	Tourism, hotel and traveling



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Summarized financial information of the Company's associate and the Company's shares of associate's net assets are set out below:

	31/12/2007	31/12/2006
	VND	VND
Total Assets	24,655,380,808	22,307,744,209
Total Liabilities	3,699,677,091	6,495,477,050
<b>Net assets</b>	<b>20,955,703,717</b>	<b>15,812,267,159</b>
<i>Details as follows:</i>		
Legal capital	19,500,000,000	18,000,000,000
Share premium	600,000,000	-
Other funds	19,351,197	23,121,197
Retained earnings	836,352,520	(2,210,854,038)
Ownership proportion of the Company	49.72%	53.86%
<b>Company's share of associate's net assets</b>	<b>10,419,390,818</b>	<b>8,517,189,859</b>

During the consolidation, profit of associate is recognized in consolidated income statement in 2007 in the amount of VND1,902,200,959 (2006: VND122,123,242).

*Details of revenue and net profit of associate are as follows:*

	2007	2006
	VND	VND
Revenue	16,292,181,721	27,488,188,254
Net profit	3,047,606,559	642,265,294

In 2007, Binh Dinh Tourist Joint Stock Company liquidated Phuong Mai Hotel located at No. 14, Nguyen Hue Street, Quy Nhon City, Binh Dinh Province, an investment property. Binh Dinh Tourist Joint Stock Company has made a profit of VND1,493,118,110 from this liquidation.

**12. LONG-TERM PREPAYMENTS**

	2007	2006
	VND	VND
As at 01 January	382,079,647	858,187,964
Additions	132,595,949	196,251,737
Allocated to expenses during the year	(66,297,975)	(672,360,054)
<b>As at 31 December</b>	<b>448,377,621</b>	<b>382,079,647</b>

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

	31/12/2007	31/12/2006
	VND	VND
<b>Current portion of long-term loans</b>		
BIDV - Binh Dinh Branch	-	16,600,000,000
BIDV - Phu Yen Branch	32,000,000,000	32,000,000,000
The Bank for Development - Phu Yen Branch	69,278,983,589	69,223,092,738
	<b>101,278,983,589</b>	<b>117,823,092,738</b>

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	31/12/2007	31/12/2006
	VND	VND
Value added tax	4,168,159,894	-
Resources tax	1,464,640,050	508,834,060
Personnal income tax	342,745,745	252,921,092
	<u>5,975,545,689</u>	<u>761,755,152</u>

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

	31/12/2007	31/12/2006
	VND	VND
BIDV - Binh Dinh Branch (i)	-	5,628,915,500
BIDV - Phu Yen Branch (ii)	31,320,611,336	63,320,611,336
The Bank for Development, Phu Yen Branch (iii)	282,580,147,460	351,575,268,029
	<u>313,900,758,796</u>	<u>420,524,794,865</u>

**(i) The Bank for Development and Investment of Vietnam (BIDV), Binh Dinh Branch**

On 16 August 2005, the Company entered into a loan contract No. 01/2005/HD with BIDV, Binh Dinh Branch, in the amount of VND37.3 billion so as to invest in some items of the project of Capacity Enhancement for Vinh Son hydro-power plant (Reservoir C). The loan term is 42 months from the date of the first drawdown, bearing floating interest rate which is subject to review every six months on 21 May and 21 November annually. The interest rate is the 24-month saving rate, paid in arrear, and shall be announced by BIDV, Binh Dinh Branch upon the date of adjustment plus 2.28%. Overdue rate is equal to 1.5 of the due rate. Principal amounts are paid twice a year on June and December annually in the amount of VND6.2 billion each, the last payment is VND6.3 billion. The first principal payment is in June 2006. Interest is paid on the quarterly basis on every 30th. As at 31 December 2007, the project of Reservoir C was completed and the Company settled this loan.

On 16 August 2005, the Company entered into a loan contract No. 02/2005/HD with BIDV, Binh Dinh Branch in the amount of VND12.7 billion to invest in the project of Operation and Management Road for Vinh Son hydro power plant 110 KV grid line and Enhancing Operation road for Vinh Son hydro-power plant. The loan term is 42 months from the date of the first drawdown, bearing floating interest rate which is subject to review every six months on 21 May and 21 November annually. The interest rate is the 24-month saving rate, paid in arrears, and shall be announced by BIDV, Binh Dinh Branch upon the date of adjustment plus 2.28%. Overdue rate is equal to 1.5 times of the due rate. Principal amounts are paid twice a year on June and December in the amount of VND2.1 billion each, the last payment is VND2.2 billion. The first principal payment is in June 2006. Interest is paid on the quarterly basis on every 30th.

As at 31 December 2007, the project of Operation and Management Road for Vinh Son hydro-power plant 110 KV grid line and Enhancing Operation road for Vinh Son hydro-power plant was completed and the Company settled this loan.

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**15. LONG-TERM LOANS (Continued)**

**(ii) The Bank for Development and Investment of Vietnam (BIDV), Phu Yen Branch**

This loan was transferred to the Company from Vinh Son – Song Hinh hydro-power plant, a state-owned enterprise (the Plant). Previously, the plant received this loan from the Management Board of Song Hinh hydro-power plant Project and upon the hand over of Song Hinh hydro-power plant in accordance with Decision No. 279/QĐ-EVN-HDQT dated 5 August 2004 of Board of Management of EVN approving the final accounts of investment for Song Hinh hydro-power plant.

According to long-term credit contract No. 01/2000/HD (Registered at Bank No. 01/0075) signed on 14 August 2000 between BIDV, Phu Yen Branch (the lender) and the Board of Management of Song Hinh hydro-power plant (the borrower) and Contract Addendum, the borrower borrows VND 203 billion at the rate of 7% per year (5.4%/year since 1 June 2001), overdue interest is equal to 1.3 times of the due rate.

The loan term is 10 years from the first drawdown to the date when the loan is fully paid.

The loan is payable from July 2003. Principal is paid on the quarterly basis. In 2003, the Company paid VND 6.5 billion per quarter. In 2004, the Company paid VND 7.5 billion per quarter. From 2005 to 2009, the Company shall pay VND 8 billion per quarter. As presented in Note 9, assets acquired from the loan capital are used to secure banking facilities until the borrower pays all principal and interest to the lender. However, as at 31 December 2007, two parties were yet to sign the mortgage contract.

On 6 December 2005, the Company signed debt acceptance with BIDV, Phu Yen Branch relating to this loan. Accordingly, the Company takes over all obligations that Vinh Son – Song Hinh Hydro-power plant previously entered into with the bank. Other terms of the contract remain unchanged.

**(iii) The Bank for Development, Phu Yen Branch**

The loan is in foreign currencies (USD) received by the Company from Vinh Son – Song Hinh hydro-power plant, a state-owned enterprise (the Plant).

On 22 November 2005, the Company signed a ODA credit contract No. 01/TDNN with Development Fund, Phu Yen Branch, currently the Bank for Development, Phu Yen Branch to receive loan to invest into Song Hinh Hydro-Power Plant Project in the total amount of USD 34,654,946.2 including:

- The loan from SIDA Organization (based in Sweden) in the amount of USD15,551,457.45, not bearing interest but bearing administration fee of 0.2% per year of the loan balance. Principal is payable twice a year on 1 June and 1 December. Principal of USD 1,555,145.75 will be paid in each installment. The first payment is on 1 June 2005 and the last payment is on 1 December 2009. Overdue interest rate is equivalent to 9% per year.
- The loan from Northern Development Funds (NDF) in the amount of USD 8,378,301.48, not bearing interest rate but bearing administration fee of 0.2% per year of the loan balance. Principal is payable twice a year on every 1 June and 1 December in 30 years (from 2005 to 2035). From 2005 to 2014, loan payable is equivalent to 2% of the principal (i.e. USD 83,873.01 each). From 2015 to the date of the loan fully settlement, the loan payable is equivalent to 4% of the principal (i.e. USD 167,566.02 each). The first payment is on 1 December 2005 and the last payment is on 1 June 2035. Overdue interest rate is equivalent to 3% per year.
- The loan from Northern Investment Bank (NIB) in the amount of USD 10,725,187.27, bearing interest rate of LIBOR plus rate margin, the specific rate will be periodically informed by NIB. The administration fee is 0.2% per year of the loan balance. Principal is payable twice a year on every 1 June and 1 December within 10 years (from 2005 to 2015) in the amount of USD 510,723.21 each. The first payment is on 1 June 2005 and the last payment is on 1 June 2015. Overdue interest rate is equivalent to 9% per year.

As presented in Note 9, the Company pledged assets of Song Hinh Hydro-Power Plant with the net book value as at 31 December 2007 of VND 560,056,268,141 (2006: VND 605,049,040,409) to secure the loan as per mortgage contract No. 01/2006/HDTCTS-TL dated 12 April 2006.



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Long-term loans are repayable as follows:

	31/12/2007	31/12/2006
	VND	VND
On demand or within one year	101,278,983,589	117,823,092,738
In the second year	100,515,794,874	106,852,008,238
From the third to fifth year inclusive	57,479,239,074	138,748,550,221
After five years	155,905,724,848	174,924,236,406
	<u>415,179,742,385</u>	<u>538,347,887,603</u>
Less: Amount due for settlement within 12 months (shown under current liabilities)	<u>(101,278,983,589)</u>	<u>(117,823,092,738)</u>
<b>Amount due for settlement after 12 months</b>	<u>313,900,758,796</u>	<u>420,524,794,865</u>

**16. OWNER'S EQUITY**

Movements in owner's equity

	Legal capital	Retained earnings
	VND	VND
<b>Balance at 31/12/2005</b>	<b>1,250,000,000,000</b>	<b>26,501,221,458</b>
Retroactive adjustments (i)	-	(1,417,890,575)
<b>Balance at 1/1/2006</b>	<b>1,250,000,000,000</b>	<b>25,083,330,883</b>
Profit for the year	-	270,368,517,322
Dividends paid	-	(198,768,000,000)
Distributed to other funds	-	(1,510,000,000)
<b>Balance at 1/1/2007</b>	<b>1,250,000,000,000</b>	<b>95,173,848,205</b>
Profit for the year	-	256,841,385,342
Capital addition in 2007 (ii)	124,942,580,000	-
Dividends paid (iii)	-	(75,000,000,000)
Distributed to other funds (iv)	-	(16,049,000,000)
<b>Balance at 31/12/2007</b>	<b>1,374,942,580,000</b>	<b>260,966,233,547</b>

(i) As stated in Note 5- Retroactive adjustments- of the Notes to the consolidated financial statements, the financial statements are consolidated using the equity method of accounting. Accordingly, in 2005, the Company had a loss of VND1,417,890,575 of the associate.

(ii) In 2007, the Company increased its chartered capital by 10% by issuing 12,494,258 shares.

(iii) On 9 July 2007, The Company's Board of Management temporarily declared the first dividend payment for the year 2007 at the rate of 6% of charter capital, equivalent to VND75,000,000,000.

(iv) Other funds including financial reserve fund, bonus and welfare fund and fund for remunerations of the Board of Management and the Supervision Board are provided for in accordance with Resolution No. 210/NQ-VSHPC-HDQT dated 02 May 2007 at the annual shareholders' meeting on the same date and a sponsor for Quang Trung museum with Resolution of the Board of Management dated 16 October 2006 in the amounts of VND13,500,000,000, VND1,540,000,000, VND1,540,000,000, VND759,000,000 and VND250,000,000, respectively.

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*These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements***16. OWNERS' EQUITY (Continued)****Contributed capital structure**

As stated in item (iii), the Company increased its charter capital by 10% by issuing additional shares. However, EVN, the main shareholder of the Company, did not buy these shares. Thus, buying right of EVN was sold by auction to other shareholders. Accordingly, contributed capital structure was as follows:

	Capital contributed as at		
	31/12/2007	31/12/2006	
	VND	%	VND
EVN	750,099,190,000	54.55	750,099,190,000
Other shareholders	624,843,390,000	45.45	499,900,810,000
	<b>1,374,942,580,000</b>	<b>100.00</b>	<b>1,250,000,000,000</b>

**17. REVENUE**

	2007		2006	
	VND	%	VND	VND
Sales of power electricity	369,604,046,015		409,093,269,280	
Other services	557,454,479		181,025,893	
	<b>370,161,500,494</b>		<b>409,274,295,173</b>	

**18. COST OF GOODS SOLD**

	2007		2006	
	VND	%	VND	VND
Cost of power electricity sold	167,995,921,307		166,195,355,514	
Cost of other services	43,860,000		152,689,689	
	<b>168,039,781,307</b>		<b>166,348,045,203</b>	

**19. FINANCIAL INCOME/EXPENSES**

	2007		2006	
	VND	%	VND	VND
<b>Interest income</b>				
Interest income	16,979,628,553		3,969,538,501	
Gain from dividend on shares	8,917,946,000		6,000,000,000	
Gain from selling shares	49,937,456,000		48,340,000,000	
	<b>75,835,030,553</b>		<b>58,309,538,501</b>	
<b>Interest expenses</b>				
Interest expenses	15,392,208,930		19,310,596,544	
Commission for sales of shares	229,040,700		123,200,000	
Loss from foreign exchange difference	359,100,839		6,580,350,471	
	<b>15,980,350,469</b>		<b>26,014,147,015</b>	
	<b>59,854,680,084</b>		<b>32,295,391,486</b>	

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*These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements***20. EARNINGS PER SHARE**

	2007	2006
	VND	VND
Earnings for the purposes of basic earnings per share	256,841,385,342	270,368,517,322
Weighted average number of ordinary shares for calculating earnings per share	125,935,976	124,230,000
<b>Earnings per share</b>	<b>2,039</b>	<b>2,176</b>

**21. RELATED PARTY TRANSACTIONS AND BALANCES***During the year, the Company entered into the following transactions with related parties:*

	2007	2006
	VND	VND
<b>Sales</b>		
Sales to EVN	369,604,046,015	409,093,269,280

**Dividends paid**

Paid to EVN	45,005,951,400	120,015,870,400
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Related party balances at the balance sheet were as follows:

	31/12/2007	31/12/2006
	VND	VND
<b>Receivables</b>		
EVN (i)	62,304,273,460	23,194,895,020

(i) Receivables from EVN include the balances of receivables presented as trade accounts receivable and other receivables in the consolidated financial statements.

**Directors' remuneration**

Remuneration paid to the Company during the year was as follows:

	2007	2006
	VND	VND
Salary, bonus and benefits in kind	725,620,019	647,971,702

**22. COMMITMENT FOR SELLING ELECTRICITY**

In accordance with Contract No. 05-2005-EVN/VSSHPC/IPP signed with EVN for selling electricity, the whole electricity generated by Vinh Son Hydro-Power plant and Song Hinh Hydro-Power plant shall be sold to EVN at the rates of VND476 per kWh in rainy season and VND580 per kWh in dry season. The contract shall be valid until 31 December 2008.

**23. COMPARATIVE FIGURES**

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