

Deloitte

**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 2010

TABLE OF CONTENTS

<u>CONTENTS</u>	<u>PAGE(S)</u>
STATEMENT OF THE BOARDS OF MANAGEMENT AND DIRECTORS	1 - 2
AUDITORS' REPORT	3
CONSOLIDATED BALANCE SHEET	4 - 5
CONSOLIDATED INCOME STATEMENT	6
CONSOLIDATED CASH FLOW STATEMENT	7 - 8
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	9 - 23

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23

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 2010.

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. Trinh Van Tuan	Member (resigned on 23 July 2010)
Mr. Vo Thanh Trung	Member
Mr. Nguyen Viet Thang	Member
Mr. Nguyen Duc Doi	Member
Mr. Phan Hong Quan	Member (appointed on 23 July 2010)

Board of Directors

Mr. Vo Thanh Trung	General Director
Mr. Hoang Anh Tuan	Deputy General Director
Mr. Duong Tan Tuong	Deputy General Director (appointed on 01 January 2010)
Mr. Pham Van Dung	Deputy General Director (appointed on 15 October 2010)

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.

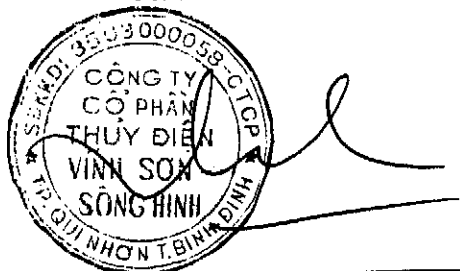
The Board of Directors is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the financial position of the Company and to ensure that the consolidated financial statements comply with Vietnamese Accounting Standards, Vietnamese Accounting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

STATEMENT OF THE BOARDS OF MANAGEMENT AND DIRECTORS (Continued)

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

The Board of Management confirms that these consolidated financial statements for the year ended 31 December 2010 were read and approved by the Board of Management.

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



Nguyen Van Thanh
Chairman of the Board of Management

25 April 2011

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke.

Vo Thanh Trung
General Director

00.
TY
100
TTE
AA
P.

No.: 621 /Deloitte-AUDHN-RE

AUDITORS' REPORT

To: **Shareholders, Boards of Management and Directors**
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 2010, 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"), as set out from page 4 to page 23. The accompanying consolidated financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam.

Respective Responsibilities of the Board of Directors and Auditors

As stated in the Statement of the Board of Directors on pages 1 and 2, these consolidated financial statements are the responsibility of the Company's Board of Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

Basis of Opinion

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

Qualified opinion

As presented in Note 16 of the Notes to the consolidated financial statements, up to the reporting date, the Company and Electricity of Vietnam (EVN) have not had a formal agreement on the electricity price for the year 2010. Currently, the Company is recording revenue from the electricity production business on the basis of unit price equal to 90% of the unit price of 2009.

In our opinion, except for the effects of the above-mentioned matters, 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 2010 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 regulations in Vietnam.



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

For and on behalf of
DELOITTE VIETNAM COMPANY LIMITED

25 April 2011
Hanoi, S.R. Vietnam

Nguyen Quang Trung
Auditor
CPA Certificate No. 0733/KTV

CONSOLIDATED BALANCE SHEET

As at 31 December 2010

FORM B 01-DN/HN

Unit: VND

ASSETS	Codes	Notes	31/12/2010	31/12/2009
A. CURRENT ASSETS	100		1,658,768,899,826	1,159,172,623,682
I. Cash and cash equivalents	110	5	677,417,788,920	196,280,817,110
1. Cash	111		20,417,788,920	16,280,817,110
2. Cash equivalents	112		657,000,000,000	180,000,000,000
II. Short-term financial investments	120		550,685,326,000	785,685,326,000
1. Short-term investments	121	6	550,685,326,000	785,685,326,000
III. Short-term receivables	130		388,372,395,788	156,617,456,520
1. Trade accounts receivable	131		167,736,868,225	107,228,003,552
2. Advances to suppliers	132	7	193,374,537,021	24,230,720,000
3. Other receivables	135		27,260,990,542	25,158,732,968
IV. Inventories	140	8	42,156,769,027	20,525,974,052
1. Inventories	141		50,122,458,537	28,491,663,562
2. Provision for devaluation of inventories	149		(7,965,689,510)	(7,965,689,510)
V. Other short-term assets	150		136,620,091	63,050,000
1. Short-term prepayments	151		36,120,091	18,550,000
2. Other short-term assets	158		100,500,000	44,500,000
B. NON-CURRENT ASSETS	200		1,370,061,747,129	1,421,776,973,968
I. Fixed assets	220		1,355,554,293,178	1,406,167,435,180
1. Tangible fixed assets	221	9	1,141,562,975,588	1,279,345,161,357
- Cost	222		2,911,580,842,118	2,905,610,150,005
- Accumulated depreciation	223		(1,770,017,866,530)	(1,626,264,988,648)
2. Construction in progress	230	10	213,991,317,590	126,822,273,823
II. Long-term financial investments	250		11,720,973,049	13,537,609,715
1. Investments in associates	252	11	11,720,973,049	13,537,609,715
III. Other long-term assets	260		2,786,480,902	2,071,929,073
1. Long-term prepayments	261		172,079,223	80,506,696
2. Deferred tax assets	262		2,614,401,679	1,991,422,377
TOTAL ASSETS	270		3,028,830,646,955	2,580,949,597,650

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

CONSOLIDATED BALANCE SHEET (Continued)
 As at 31 December 2010

FORM B 01-DN/HN
 Unit: VND

RESOURCES	Codes	Notes	31/12/2010	31/12/2009
A. LIABILITIES	300		598,825,512,882	318,457,414,284
I. Current liabilities	310		263,802,230,295	69,199,193,063
1. Short-term loans and liabilities	311	12	183,722,395,805	30,918,252,300
2. Trade accounts payable	312		15,811,655,958	5,885,617,641
3. Advances from customers	313		150,573,000	-
4. Taxes and amounts payable to the State budget	314	13	27,798,397,110	19,457,067,987
5. Payables to employees	315		5,406,855,036	4,129,042,662
6. Accrued expenses	316		2,742,506,634	1,199,417,868
7. Other current payables	319		25,323,435,620	5,487,669,004
8. Bonus and welfare funds	323		2,846,411,132	2,122,125,601
II. Long-term liabilities	330		335,023,282,587	249,258,221,221
1. Long-term loans and liabilities	334	14	334,833,684,573	249,066,753,336
2. Provision for severance allowance	336		189,598,014	191,467,885
B. EQUITY	400		2,430,005,134,073	2,262,492,183,366
I. Shareholders' equity	410		2,427,912,106,666	2,261,115,671,822
1. Charter capital	411	15	2,062,412,460,000	2,062,412,460,000
2. Treasury shares	414	15	(47,117,531,962)	-
3. Investment and development funds	417		21,500,000,000	21,500,000,000
4. Financial reserve fund	418		26,880,000,000	14,380,000,000
5. Retained earnings	420	15	364,237,178,628	162,823,211,822
II. Other resources and funds	430		2,093,027,407	1,376,511,544
1. Funds for fixed assets acquisition	433		2,093,027,407	1,376,511,544
TOTAL RESOURCES	440		3,028,830,646,955	2,580,949,597,650



Vo Thanh Trung
 General Director

Huynh Cong Ha
 Chief Accountant

Le Van Chuong
 Preparer

25 April 2011

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

CONSOLIDATED INCOME STATEMENT
 For the year ended 31 December 2010

FORM B 02-DN/HN
 Unit: VND

ITEMS	Codes	Notes	2010	2009
1. Net sales	10	16	424,508,110,542	517,563,494,991
2. Cost of sales	11	17	183,823,225,751	184,900,669,469
3. Gross profit from sales	20		240,684,884,791	332,662,825,522
4. Financial income	21	19	109,962,100,261	82,105,273,259
5. Financial expenses	22	19	16,304,198,690	19,279,794,670
- In which: Interest expense	23		3,411,837,498	6,514,304,722
6. General and administration expenses	25		11,302,425,980	14,921,002,929
7. Operating profit	30		323,040,360,382	380,567,301,182
8. Other income	31		157,303,930	105,551,110
9. Other expenses	32		3,930,000	5,895,455
10. Profit from other activities	40		153,373,930	99,655,655
11. Share of profit in the associate	41		1,479,696,357	6,477,581,325
12. Accounting profit before tax	50		324,673,430,669	387,144,538,162
13. Current corporate income tax expense	51	20	22,883,647,537	13,313,961,437
14. Deferred corporate income tax expense	52		622,979,302	692,846,225
15. Net profit after corporate income tax	60		302,412,762,434	374,523,422,950
16. Basic earnings per share	70	21	1,474	1,816



[Signature]
 Vo Thanh Trung
 General Director

[Signature]
 Huynh Cong Ha
 Chief Accountant

[Signature]
 Le Van Chuong
 Preparer

25 April 2011

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

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 December 2010

FORM B 03-DN/HN
 Unit: VND

ITEMS	Codes	2010	2009
I. CASH FLOWS FROM OPERATING ACTIVITIES			
<i>1. Profit before tax</i>	01	324,673,430,669	387,144,538,162
<i>2. Adjustments for:</i>		49,863,849,260	84,980,530,896
- Depreciation and amortisation	02	144,469,393,745	151,512,205,909
- Provisions	03	-	2,771,384,901
- Unrealized foreign exchange Loss	04	11,944,718,278	12,765,489,948
- Gain from investing activities	05	(109,962,100,261)	(88,582,854,584)
- Interest expense	06	3,411,837,498	6,514,304,722
<i>3. Operating profit before movements in working capital</i>	08	374,537,279,929	472,125,069,058
- (Increase) in receivables	09	(54,295,764,434)	(54,586,630,853)
- Decrease in other non-current assets	09	-	-
- (Increase) in inventories	10	(21,630,794,975)	(2,464,994,663)
-(Decrease)/Increase in accounts payable (not including accrued interest and corporate income tax payable)	11	(10,607,886,126)	7,647,256,970
- (Increase) in prepaid expenses	12	(109,142,618)	(74,112,696)
- Interest paid	13	(4,305,181,798)	(6,160,221,217)
- Corporate income tax paid	14	(13,226,788,513)	-
- Other cash inflows	15	3,199,892,000	5,000,000
- Other cash outflows	16	(3,255,892,000)	(2,363,003,841)
<i>Net cash from operating activities</i>	20	270,305,721,465	414,128,362,758
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition and construction of fixed assets	21	(252,936,579,311)	(98,566,662,938)
2. Proceeds from sales, disposal of fixed assets	22	-	15,200,000
3. Cash outflow for lending to other entities	23	(760,000,000,000)	(890,000,000,000)
4. Cash recovered from lending to other entities	24	995,000,000,000	930,000,000,000
5. Investment in subsidiary	25	-	-
6. Interest earned, dividends and profit received	27	106,528,724,354	101,933,966,192
<i>Net cash from investing activities</i>	30	88,592,145,043	43,382,503,254
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Purchasing treasury shares	32	(47,117,531,962)	-
2. Proceeds from borrowings	33	262,754,228,651	42,406,525,177
3. Repayments of borrowings	34	(36,127,872,187)	(104,137,769,859)
4. Dividends paid	36	(57,269,719,200)	(247,487,864,400)
<i>Net cash from / (used in) financing activities</i>	40	122,239,105,302	(309,219,109,082)
Net increase in cash	50	481,136,971,810	148,291,756,930
Cash and cash equivalents at the beginning of the year	60	196,280,817,110	47,989,060,180
Cash and cash equivalents at the end of the year	70	677,417,788,920	196,280,817,110

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

CONSOLIDATED CASH FLOW STATEMENT (Continued)

For the year ended 31 December 2010

Supplemental non-cash disclosures

Cash outflow for purchases and construction of fixed assets during the year includes an amount of VND174,027,668,798 representing advance to contractors while final accounts of the constructions have not been verified, and excludes an amount of VND14,230,825,367, representing an addition in fixed assets and constructions in progress during the year that has not yet been paid.

Cash outflow for paying dividends during the year excludes an amount of VND 25,206,779,200, which is the dividends declared in 2009 but not yet paid to the Electricity of Vietnam.

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



Vo Thanh Trung
General Director

25 April 2011

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 2010

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FORM B 09-DN/HN

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

1. GENERAL INFORMATION

Structure of ownership

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

According to Decision No. 219/QD-TTg dated 28 October 2003 issued by the Prime Minister approving the general plan for renovation of State-owned Enterprises under Electricity of Vietnam in the period from 2003 to 2005 and Decision No. 2992/QD-TCCB of the Ministry of Industry on 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 (currently known as Hanoi Stock Exchange) in accordance with Decision No. 01/QD-TTGDHN. On 28 June 2006, the Company was officially granted certificate to listed in Ho Chi Minh City Stock Exchange in accordance with Decision No. 54/UBCK-GDNY issued by the State Securities Committee.

The Company has a 100% owned subsidiary namely VSH Consulting and Technical Service One Member Company Limited and an associate namely Binh Dinh Tourist Joint Stock Company.

The number of employees as at 31 December 2010 was 125 (31/12/2009: 125).

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 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 relevant regulations in Vietnam.

Accounting period

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B 09-DN/HN

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

3. NEW ACCOUNTING GUIDANCE IN ISSUE NOT YET ADOPTED

On 06 November 2009, the Ministry of Finance issued Circular No.210/2009/TT-BTC ("Circular 210") guiding the application of International Financial Reporting Standards on presentation of consolidated financial statements and disclosures of consolidated financial instruments. The adoption of Circular 210 requires disclosures of certain financial instruments as well as the effect thereof on the consolidated financial statements. This Circular is effective for the financial year ending on or after 31 December 2011. The Board of Directors is considering the extent of impact of the adoption on the Company's consolidated financial statements for future accounting periods.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Estimates

The preparation of consolidated financial statements in conformity with Vietnamese Accounting Standards, the Vietnamese Accounting System and prevailing 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. Actual results could differ from those estimates.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and enterprises controlled by the Company (its subsidiaries) up to 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.

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.

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 (Continued)**

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). Provision for devaluation of inventories for these materials has been made since 2007 based on accounting estimates for impaired materials.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation.

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

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

Assets	2010 (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 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.

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**

The Company applies the method of recording foreign exchange differences in accordance with Vietnamese Accounting Standard No. 10 (VAS 10) "Effects of changes in foreign exchange rates". Accordingly, 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 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 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.

As regulated in Decree No.164/2003/ND-CP dated 22 December 2003 issued by the Government, Circular No. 128/2003/TT-BTC dated 22 December 2003 issued by the Ministry of Finance, Circular No. 130/2008/TT-BTC dated 26 December 2008 issued by the Ministry of Finance, Decree No. 108/2006/ND-CP dated 22 September 2006, Official Letter No. 5248/TC-CST dated 29 April 2005, Official Letter No. 11924/TC-CST dated 20 October 2004, and Official Letter No. 1591/TCT/DNNN dated 4 May 2006 issued by the General Department of Taxation, the Company is obliged to pay corporate income tax at the rate of 10% of its assessable income in 15 years from the establishment date. The Company is entitled to tax exemption for 6 years from the first profit-making year and a 50% reduction in tax payable for 6 years thereafter. This year is the last year that the Company makes profit and is exempted from corporate income tax.

Income from other activities is subject to corporate income tax rate of 25% under the current regulations.

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.

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 2010

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

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 taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

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

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

5. CASH AND CASH EQUIVALENTS

	<u>31/12/2010</u>	<u>31/12/2009</u>
	VND	VND
Cash on hand	502,839,771	358,060,981
Cash in bank	19,914,949,149	15,922,756,129
Cash equivalents (i)	657,000,000,000	180,000,000,000
	<u>677,417,788,920</u>	<u>196,280,817,110</u>

- (i) Cash equivalents include time deposits with terms of three months or below, and 2 investment to trusts to EVN Finance Joint stock Company with VND 25 billion each, with interest rate of 11% and respectively due on 29/01/2011 and 03/02/2011.

As presented in Note 12 and Note 14 of the Notes to the consolidated financial statements, the Company has mortgaged contract deposit contracts with the total amount of VND 205 billion to secure for the loans.

6. SHORT-TERM INVESTMENTS

	<u>31/12/2010</u>	<u>31/12/2009</u>
	VND	VND
Short-term investments in securities (i)	30,685,326,000	30,685,326,000
Other short-term investments include:	520,000,000,000	755,000,000,000
- Over three-month deposits	20,000,000,000	150,000,000,000
- Loan to Electricity of Vietnam (EVN) (ii)	500,000,000,000	500,000,000,000
- Others	-	105,000,000,000
	<u>550,685,326,000</u>	<u>785,685,326,000</u>

- (i) Represents an investment in Pha Lai Thermo-Electricity JSC, in which, the volume of shares the Company owned is 3,011,866 shares as at 31 December 2010.
- (ii) Represents the loan to Electricity of Vietnam (EVN) with the term of 12 months and interest rate of 8%/year which has been adjusted up to 11.4%/year from 26 June 2010.

7. ADVANCE TO SUPPLIERS

Advance to suppliers mainly include VND 121,850,083,095 representing advance to contractors - Hydrochina Huadong - CR18G to design and construct the second power line of Thuong Kon Tum Project and prepayments to contractors for building construction works at Thuong Kontum Project with the total amount of VND 57,701,432,223.

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 2010

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

	31/12/2010	31/12/2009
	VND	VND
Raw materials	49,693,450,491	27,652,793,979
Tools and supplies	-	3,230,000
Work in progress	429,008,046	835,639,583
	<u>50,122,458,537</u>	<u>28,491,663,562</u>
Provision for devaluation of inventories	(7,965,689,510)	(7,965,689,510)
Net realisable value	<u>42,156,769,027</u>	<u>20,525,974,052</u>

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

9. TANGIBLE FIXED ASSETS

	Buildings and structures	Machinery and equipment	Office equipment	Motor vehicles	Total
	'000VND	'000VND	'000VND	'000VND	'000VND
COST					
As at 01/01/2010	2,047,298,356	827,317,125	7,023,502	23,971,167	2,905,610,150
Additions	1,692,597	1,282,949	1,395,146	1,600,000	5,970,692
Reclassification	-	(146,295)	146,295	-	-
As at 31/12/2010	<u>2,048,990,953</u>	<u>828,453,779</u>	<u>8,564,943</u>	<u>25,571,167</u>	<u>2,911,580,842</u>
ACCUMULATED DEPRECIATION					
As at 01/01/2010	(911,066,435)	(695,896,244)	(1,297,859)	(18,004,451)	(1,626,264,989)
Charge for the year	(68,253,728)	(74,000,699)	(178,834)	(993,009)	(143,426,270)
Others	-	-	(65,619)	(260,988)	(326,607)
As at 31/12/2010	<u>(979,320,163)</u>	<u>(769,896,943)</u>	<u>(1,542,312)</u>	<u>(19,258,448)</u>	<u>(1,770,017,866)</u>
NET BOOK VALUE					
As at 31/12/2010	<u>1,069,670,790</u>	<u>58,556,836</u>	<u>7,022,631</u>	<u>6,312,719</u>	<u>1,141,562,976</u>
As at 31/12/2009	<u>1,136,231,921</u>	<u>131,420,881</u>	<u>5,725,643</u>	<u>5,966,716</u>	<u>1,279,345,161</u>

As stated in Note 14, under Mortgage Contract No. 01/2006/HDTCTS-TL dated 12 April 2006, the Company has pledged its assets in Song Hinh hydro-power plant with the net book value of VND 425,077,951,337 as at 31 December 2010 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 31/12/2010 are VND 392,559,815,335 (31/12/2009: VND 21,274,032,589).

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 2010

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

10. CONSTRUCTION IN PROGRESS

	<u>2010</u>	<u>2009</u>
	VND	VND
As at 1 January	126,822,273,823	56,090,444,200
Additions	88,766,006,497	75,823,665,371
Others	(1,596,962,730)	(5,091,835,748)
As at 31 December	<u>213,991,317,590</u>	<u>126,822,273,823</u>

Construction in progress includes:

	<u>31/12/2010</u>	<u>31/12/2009</u>
	VND	VND
Reservoir C - Vinh Son Hydro-power plant	5,374,696,606	5,374,696,606
Thuong Kontum Hydro-power project (i)	170,932,786,399	105,860,953,965
Vinh Son 2&3 Hydro-power projects (ii)	36,335,273,789	13,532,335,191
Others	1,348,560,796	2,054,288,061
	<u>213,991,317,590</u>	<u>126,822,273,823</u>

- (i) Thuong Kon Tum hydro - electric plant Project is the construction carried out on hydro-power terrace of Se San river. The construction includes reservoir, main irrigation system on the bank of Dak Nghe river, valley of Se San river, passing through two communes of Dak Koi of Kon Ray district and Dak Tang of Kongplong district, Kon Tum province; a power plant located on one side of Dak Lo river, Dak Tang and Ngoc Tem communes, Kongplong district, valley of Tra Khuc River, Quang Ngai province. The project was approved in Official letter No. 1774/TTg-CN dated 01 November 2006 issued by the Prime Minister, in which, the previous investor - EVN has transferred the project to the Company in accordance with Document No. 32EVN/HDQT dated 13 January 2006 issued by EVN;
- (ii) Vinh Son 2&3 Hydro-power projects were granted Investment Certificate dated 7 November 2007 issued by Binh Dinh People's Committee. The Company has completed investment plan, appraised project file and is constructing roads to the major works.

11. INVESTMENTS IN ASSOCIATES

The balance of investment in associates as at 31 December 2010 represents investment in Binh Dinh Tourist Joint Stock Company.

Details of the Company's associate as at 31 December 2010 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.

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 2010

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

11. INVESTMENT IN ASSOCIATES (Continued)

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

	<u>31/12/2010</u>	<u>31/12/2009</u>
	VND	VND
Total assets	25,769,468,799	29,460,572,340
Total liabilities	2,195,508,523	2,232,877,820
Net assets of the associate	<u>23,573,960,276</u>	<u>27,227,694,520</u>
<i>Details as follows:</i>		
Capital contributed in the associate	19,500,000,000	19,500,000,000
Share premium of the associate	600,000,000	600,000,000
Retained earnings of the associate	1,296,329,279	7,122,273,323
	<u>2010</u>	<u>2009</u>
	VND	VND
Revenue	15,622,821,124	14,001,155,439
Net profit	3,246,329,279	13,185,843,468
Company's share of associate's net profit	1,479,696,357	6,477,581,325

12. SHORT-TERM LOANS AND LIABILITIES

	<u>31/12/2010</u>	<u>31/12/2009</u>
	VND	VND
Short-term borrowings		
Military Commercial Joint Stock Bank (i)	63,350,083,095	-
Vietnam Joint Stock Commercial Bank for Industry and Trade (ii)	36,958,145,556	-
Current portion of long-term loans		
Vietnam Development Bank - Phu Yen Branch	22,510,383,514	21,332,072,186
Vietnam International Commercial Joint Stock Bank	60,903,783,640	9,586,180,114
	<u>183,722,395,805</u>	<u>30,918,252,300</u>

- (i) Represent the loan of USD 3,248,722 under the Credit Agreement No. 201.10.401.700002.TD.DN dated 27/12/2010 signed with Military Commercial Joint Stock Bank - Binh Dinh Branch for advancing to contractors who design and construct the second powerline of Thuong Kon Tum Hydropower Project. Interest rates are determined on the basis of 12-month deposit rates of banks for deposits in USD with interest paid in arrears plus (+) margin rate of 2% per year. The loan is secured by the deposit contract worth VND 75,000,000,000.
- (ii) Represent the loans under Credit Agreement No. 542/2010/0002716 dated 06/12/2010 signed with Vietnam Joint Stock Commercial Bank for Industry and Trade - Phu Tai Industrial Park Branch for payment for construction costs of Thuong Kon Tum Hydropower Project. Interest rates are determined on the basis of 12-month savings deposit rate with interest paid in arrears plus (+) margin rate of 2.5% per year. The loan is secured by the deposit contract worth VND 50,000,000,000.

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 2010

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

13. TAXES AND AMOUNTS PAYABLE TO THE STATE BUDGET

	<u>31/12/2010</u>	<u>31/12/2009</u>
	VND	VND
Value added tax	1,919,702,460	4,176,191,306
Corporate income tax	22,724,881,266	13,313,961,437
Natural resources tax	2,071,108,848	1,813,656,868
Others	1,082,704,536	153,258,376
	<u>27,798,397,110</u>	<u>19,457,067,987</u>

14. LONG-TERM LOANS AND LIABILITIES

	<u>31/12/2010</u>	<u>31/12/2009</u>
	VND	VND
Vietnam Development Bank - Phu Yen Branch (i)	205,680,743,037	216,246,408,274
Vietnam International Commercial Joint Stock Bank (ii)	109,652,941,536	32,820,345,062
Asia Commercial Joint Stock Bank (iii)	19,500,000,000	-
	<u>334,833,684,573</u>	<u>249,066,753,336</u>

- (i) The loan is in foreign currency (USD) received by the Company from Vinh Son - Song Hinh hydro-power plant, a state-owned enterprise (the Plant) at the time of change in ownership form.

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

- The loan from Northern Development Funds (NDF) in the amount of USD 8,378,301.48, bearing no interest rate but administration fee of 0.2% and service fee of 0.75% of the loan balance per year. Principal is payable twice a year on every 31 March and 30 September in 30 years (from 2005 to 2035). From 2005 to 2014, loan payable is equivalent to 2% of the principal (i.e. USD 83,873.01 per each installment). From 2015 to the date of the loan is fully settled, the loan payable is equivalent to 4% of the principal (i.e. USD 167,566.02 per each installment). The first payment is on 1 December 2005 and the last payment is on 31 March 2035. Overdue interest rate is equivalent to 3% per year.
- The loan from Northern Investment Bank (NIB) in the amount of USD 10,725,187.27, bearing interest rate of LIBOR plus margin rate, the specific rate will be periodically informed by NIB. The administration fee is 0.2% of the loan balance per year. Principal is 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 payment is on 1 June 2005 and the last payment is on 31 March 2015. Overdue interest rate is equivalent to 9% per year.

The Company has mortgaged fixed assets of Song Hinh Hydropower Plant with the net book value of VND 425,077,951,337 as at 31 December 2010 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 the credit contract No. 0018/HDTD2-VIB412.10 dated 8 June 2010 with 60-month term 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 in each period), current interest rate is 13.8% p.a. The loan is unsecured.
 - The loan under the credit contract No. 0021/HDTD2-VIB412-09 dated 30 June 2009 with credit line of VND 50,000,000,000; interest rate is subject to change every 12 months and equal to the rate applicable to VIB's 6-month business loan in VND plus minimum margin rate of 0.65% p.a. (subject to VIB's interest rate policy in each period). Principal is repaid every six months from the 18th month. The loan is unsecured.

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

14. LONG TERM LOAN AND LIABILITIES (Continued)

- The loan under the credit contract No. 0025/HDTD2-VIB412-09 dated 24 September 2009 with credit line of VND 20,000,000,000; interest rate is subject to change every 12 months and equal to the rate applicable to VIB's 6-month business loan in VND plus minimum margin rate of 0.65% p.a. (subject to VIB's interest rate policy in each period). Principal is repaid every six months from the first withdrawal. The loan is unsecured.
 - The loan under the credit contract No. 0022/HDTD2-VIB412.10 dated 27 September 2010 with 36-month term 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 accounts at VIB.
 - The loan under the credit contract No. 0029/HDTD2-VIB412.10 dated 27 December 2010 with 48-month term credit line of USD 3,000,000; principal is repaid every 8 months and interest is repaid every 6 months. Interest rate is equal to the rate applicable to VIB's 3-month business loan in VND/USD plus minimum margin rate of 1.6% p.a. This loan is secured by the deposit contract worth VND 60,000,000,000.
- (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; grace period of 36 months from the first disbursement. Interest rate is specified for each withdrawal, fixed for each month. Interest is equal to the rate applicable to VIB's 3-month saving deposit with interest received later plus 3.1%. This loan is secured by the deposit contract worth VND 20,000,000,000.

Long-term loans are repayable as follows:

	<u>31/12/2010</u>	<u>31/12/2009</u>
	VND	VND
On demand or within one year	83,414,167,154	30,918,252,300
In the second year	66,083,325,051	54,152,417,247
In the third to fifth year inclusive	131,014,494,645	63,996,216,558
After five years	<u>137,735,864,877</u>	<u>130,918,119,531</u>
	418,247,851,727	279,985,005,636
Less: Amount due for settlement within 12 months (shown under current portion of long-term loans)	83,414,167,154	30,918,252,300
Amount due for settlement after 12 months	<u>334,833,684,573</u>	<u>249,066,753,336</u>

VINH SON - SONG HINH HYDRO-POWER JOINT STOCK COMPANY

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

Consolidated financial statements
For the year ended 31 December 2010

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B 09-DN/HN

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

15. SHAREHOLDER'S EQUITY

Movements in shareholders' equity

	<u>Charter capital</u>	<u>Treasury shares</u>	<u>Retained earnings</u>
	VND	VND	VND
Balance at 01/01/2009	1,374,942,580,000	-	309,636,834,272
Capital addition	687,469,880,000	-	(266,809,312,000)
Profit for the year	-	-	374,523,422,950
Dividends paid	-	-	(247,489,664,400)
Funds distribution	-	-	(3,796,728,000)
Others	-	-	(3,241,341,000)
Balance at 01/01/2010	2,062,412,460,000	-	162,823,211,822
Profit for the year	-	-	302,412,762,434
Capital increase (i)	-	(47,117,531,962)	-
Dividends paid (ii)	-	-	(82,476,498,400)
Financial reserve fund distribution (ii)	-	-	(12,500,000,000)
Bonus & welfare funds distribution (iii)	-	-	(3,970,452,000)
Others	-	-	(2,051,845,228)
Balance at 31/12/2010	2,062,412,460,000	(47,117,531,962)	364,237,178,628

- (i) Under Resolution of the Board of Management (BOM) No. 693/2010/NQ-VSH-HDQT dated 13/08/2010, the BOM agreed to repurchase 4 million shares of Vinh Son - Song Hinh Hydropower Joint Stock Company, with funding from the undistributed profits in 2009. The transaction period is from 25/08/2010 to 16/11/2010.
- (ii) Represents the second payment of dividend in 2009 with the rate of 4% and distribution to the financial reserve fund from profit in 2009 according to Resolution of the General Assembly of Shareholders No. 609/2010/NQ-VSH-DHDCD dated 23/07/2010.
- (iii) Represents distribution to bonus and welfare distribution in accordance with the Resolution of BOM No. 35.3/2010/TNQ-VSH-HDQT dated 18/01/2010 and bonus and welfare distribution for 2010.

Capital contribution structure

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

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 2010

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

	<u>2010</u>	<u>2009</u>
	VND	VND
Sale of electricity (*)	424,448,110,542	516,645,504,400
Other services	60,000,000	917,990,591
	<u>424,508,110,542</u>	<u>517,563,494,991</u>

(*) Up to the reporting date, the Company and Electricity of Vietnam (EVN) have not reached a formal agreement on the electricity price for the year 2010. Currently, the Company is recording revenue from the electricity production business on the basis of unit price equal to 90% of the unit price of 2009. Management believes that such revenue recognition is in accordance with Vietnamese Accounting Standard No. 14 "Revenue and other income". If the electricity price is maintained as the price of 2009, sales and profit after tax of the Company will be increased by corresponding amount of VND 47,232,497,110.

17. COST OF SALES

	<u>2010</u>	<u>2009</u>
	VND	VND
Cost of electricity sold	183,160,258,131	184,327,630,087
Cost of other services	662,967,620	573,039,382
	<u>183,823,225,751</u>	<u>184,900,669,469</u>

18. PRODUCTION COST BY NATURE

	<u>2010</u>	<u>2009</u>
	VND	VND
Raw materials and consumables	2,221,805,064	2,108,140,799
Labour	15,797,271,509	13,307,377,390
Depreciation and amortisation	143,278,524,228	151,507,122,140
Out-sourced services	4,104,664,973	7,534,993,713
Other expenses	29,025,184,420	25,618,094,483
	<u>194,427,450,194</u>	<u>200,075,728,525</u>

19. FINANCIAL INCOME/EXPENSES

	<u>2010</u>	<u>2009</u>
	VND	VND
Financial income		
Bank interest	105,444,301,261	82,021,436,833
Dividends received	4,517,799,000	-
Realised foreign exchange gain	-	83,836,426
	<u>109,962,100,261</u>	<u>82,105,273,259</u>
Financial expenses		
Interest expense	3,411,837,498	6,514,304,722
Realised foreign exchange losses	947,642,915	-
Unrealised foreign exchange losses	11,944,718,277	12,765,489,948
	<u>16,304,198,690</u>	<u>19,279,794,670</u>
	<u>93,657,901,571</u>	<u>62,825,478,589</u>
Profit from financial activities		

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 2010

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

20. CORPORATE INCOME TAX

	<u>2010</u>	<u>2009</u>
	VND	VND
Profit before tax	324,673,430,669	387,144,538,162
Adjustments for taxable income		
Less: non-assessable income	-	-
Add back: non-deductible expenses	2,491,917,208	2,771,384,900
Taxable income	<u>327,165,347,877</u>	<u>389,915,923,062</u>
In which:		
Profit from tax exempt activities	235,630,757,729	336,660,077,314
Other income	91,534,590,148	53,255,845,748
Assessable income under current regulations	<u>91,534,590,148</u>	<u>53,255,845,748</u>
Normal tax rate	25%	25%
Corporate income tax	<u>22,883,647,537</u>	<u>13,313,961,437</u>

21. BASIC EARNINGS PER SHARE

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

	<u>2010</u>	<u>2009</u>
	VND	VND
Earnings for the purposes of calculating basic earnings per share	302,412,762,434	374,523,422,950
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	205,183,051	206,241,246
Basic earnings per share	<u>1,474</u>	<u>1,816</u>

22. COMMITMENTS

On 06 February 2009, the Company signed joint-venture contract No. 89/2009/HD-VSHPC-LD with three contractors, namely Kon Tum Construction and Management Transportation Joint Stock Company, Tien Dung Investment Construction and Trading Limited Company and Quang Nam Transportation Construction Joint Stock Company, for constructing the road to the major works from Km2+500 - Km20 that belongs to Thuong Kon Tum hydropower Project. The total contract value is VND44,768,126,000.

On 4 September 2009, the Company signed Contract No. 772/2009/HD-VSH-Vimeco-Vina CTN with Vimeco Joint Stock Company and Vietnam Underground Investment & Construction Joint Stock Company for constructing water-receiving gate and the head of the water-receiving underground road that belongs to Thuong Kon Tum hydropower Project. The total contract value is VND124,014,274,000.

On 11 January 2010, the Company signed Contract No. 18/HD-VSH-CVCCH with Cavico Corporation on construction of traffic tunnel and turn to the plant - Thuong Kontum Hydropower Project with the total contract value of VND111,958,725,000. The Company has prepaid 15% of the contract value as at 31 December 2010.

On 17 September 2010, the Company signed Contract No.786/2010/HD-VSH-LD with a group of contractors, namely Construction Joint Stock Company 47, Tien Dung Investment Construction and Trading Limited Company and Power Engineering Consulting Joint Stock Company 1 for designing, supplying equipment and installing the pressure line of Thuong KonTum Hydropower Project with the amount of VND 505,583,654,488. The Company has prepaid 7.5% of the contract value as at 31 December 2010.

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 power line of Thuong Kom Tum Hydropower Project with value of USD 25,000,000 and VND 1,137,167,773,456. The Company has prepaid 7.5% of the contract value as at 31 December 2010.

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 2010

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

23. RELATED PARTY TRANSACTIONS AND BALANCES

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

	<u>2010</u>	<u>2009</u>
	VND	VND
Sales		
Sales of electricity to EVN	424,448,110,542	516,645,504,400
Interest income from EVN	46,764,444,444	40,856,811,265
Interest income from entrustments at EVN Finance JSC	8,970,304,165	6,201,222,230
Dividends		
Dividends paid to EVN	-	75,620,338,200
Dividends paid to State Capital Investment Corporation (SCIC)	19,799,172,000	59,397,516,000
Dividends received from Binh Dinh Tourist JSC	3,296,333,023	2,908,680,000
Investments		
Capital management trusted to EVN Finance JSC	185,000,000,000	110,000,000,000
Loan to EVN	500,000,000,000	500,000,000,000

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

	<u>31/12/2010</u>	<u>31/12/2009</u>
	VND	VND
Trade receivables from EVN	167,736,868,225	107,123,294,902
Dividend payables to EVN	25,206,779,200	-
Loans to EVN	500,000,000,000	500,000,000,000
Entrusted funds to EVN Finance JSC	50,000,000,000	85,000,000,000

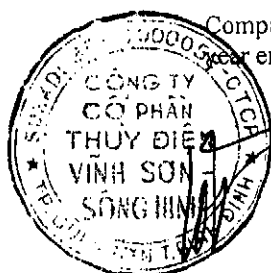
Directors' remuneration

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

	<u>2010</u>	<u>2009</u>
	VND	VND
Salaries, bonus and other benefits in kind	1,584,628,002	859,134,775

24. COMPARATIVE FIGURES

Comparative figures are the audited figures of the Company's consolidated financial statements for the year ended 31 December 2009.



Vo Thanh Trung
General Director

Huyh Cong Ha
Chief Accountant

Le Van Chuong
Preparer

25 April 2011