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

(Incorporated in the Socialist Republic of Vietnam)

**AUDITED SEPARATE
FINANCIAL STATEMENTS**

For the year ended 31 December 2013

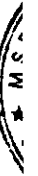


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STATEMENT OF THE BOARDS OF MANAGEMENT AND DIRECTORS

The Boards of Management and Directors of Vinh Son - Song Hinh Hydro-power Joint Stock Company (the "Company") presents this report together with the Company's separate financial statements for the year ended 31 December 2013.

THE BOARDS OF MANAGEMENT AND DIRECTORS

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

Board of Management

Mr. Nguyen Van Thanh	Chairman
Mr. Vo Thanh Trung	Member
Mr. Nguyen Viet Thang	Member (resigned on 09 August 2013)
Mr. Nguyen Trong Hien	Member (appointed on 09 August 2013)
Mr. Phan Hong Quan	Member
Mr. Nguyen Hong Son	Member

Board of Directors

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

THE BOARDS OF MANAGEMENT AND DIRECTORS' STATEMENT OF RESPONSIBILITY

The Board of Management is entitled to the ultimate power to exercise all rights 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 separate financial statements, 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 accordance with Vietnamese accounting standards, accounting regime for enterprises and legal regulations relating to financial reporting. In preparing these separate 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 separate financial statements;
- Prepare the separate 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 separate financial statements so as to minimise errors and frauds.

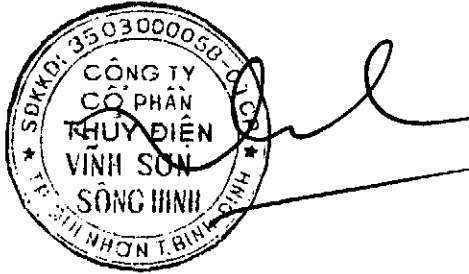
The Board of Directors is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the financial position of the Company and that the separate financial statements comply with Vietnamese accounting standards, accounting regime for enterprises and legal regulations relating to financial reporting. The Board of Directors is also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of frauds 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 separate financial statements.

The Board of Management confirms that they have read and approved the Company's separate financial statements for the year ended 31 December 2013.

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



Nguyen Van Thanh
Chairman of the Board of Management

31 March 2014

A handwritten signature in black ink.

Vo Thanh Trung
General Director



No.: 920 /VNIA-HN-BC

INDEPENDENT AUDITORS' REPORT

**To: The Shareholders, the Boards of Management and Directors of
Vinh Son - Song Hinh Hydro-power Joint Stock Company**

We have audited the accompanying separate financial statements of Vinh Son - Song Hinh Hydro-power Joint Stock Company (the "Company") prepared on 31 March 2014 as set out from page 05 to page 26, which comprise the balance sheet as at 31 December 2013, the statement of income and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information (collectively referred to as the "separate financial statements").

Management's Responsibility for the Separate Financial Statements

Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with Vietnamese accounting standards, accounting regime for enterprises and legal regulations relating to financial reporting and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the separate financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

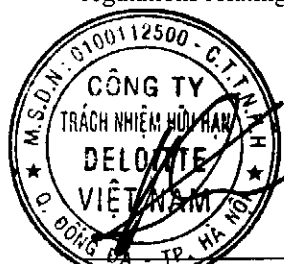
Basis for Qualified Opinion

As presented in Note 19 of the Notes to the separate financial statements, up to the reporting date, the Company and Electricity of Vietnam (EVN) had not reached a final agreement on the electricity prices for the period from 2010 to 2013. The Company's electricity revenue for these years has been recognized on a temporary basis and will be adjusted when the Company and Electricity of Vietnam (EVN) have a final agreement on electricity prices. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

INDEPENDENT AUDITORS' REPORT (Continued)

Qualified opinion

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion" paragraph, the accompanying separate financial statements give a true and fair view of, in all material respects, the financial position of the Company as at 31 December 2013 and its financial performance and its cash flows for the year then ended in accordance with Vietnamese accounting standards, accounting regime for enterprises and legal regulations relating to financial reporting.



Dang Chi Dung
Deputy General Director
Audit Practising Registration Certificate
No. 0030-2013-001-1

Tran Tung
Auditor
Audit Practising Registration Certificate
No. 1941-2013-001-1

For and on behalf of
DELOITTE VIETNAM COMPANY LIMITED

31 March 2014
Hanoi, S.R. Vietnam

BALANCE SHEET

As at 31 December 2013

FORM B 01-DN
 Unit: VND

ASSETS	Codes	Notes	31/12/2013	31/12/2012
A. CURRENT ASSETS (100=110+120+130+140+150)	100		1,254,044,881,090	1,465,196,581,337
I. Cash and cash equivalents	110	5	572,851,902,881	639,705,515,200
1. Cash	111		30,211,902,881	13,088,515,200
2. Cash equivalents	112		542,640,000,000	626,617,000,000
II. Short-term financial investments	120		-	181,118,326,000
1. Short-term investments	121	6	-	181,118,326,000
III. Short-term receivables	130		627,816,482,446	598,518,199,045
1. Trade accounts receivable	131		157,461,734,866	143,299,041,484
2. Advances to suppliers	132	7	435,313,950,989	431,720,413,857
3. Other receivables	135	8	35,040,796,591	23,498,743,704
IV. Inventories	140	9	34,745,093,608	29,505,333,647
1. Inventories	141		42,710,783,118	37,471,023,157
2. Provision for devaluation of inventories	149		(7,965,689,510)	(7,965,689,510)
V. Other short-term assets	150		18,631,402,155	16,349,207,445
1. Short-term prepayments	151		-	41,320,000
2. VAT deductibles	152		18,174,531,373	15,956,389,711
3. Other short-term assets	158		456,870,782	351,497,734
B. NON-CURRENT ASSETS (200 = 220+250+260)	200		2,410,703,835,922	1,915,660,735,532
I. Tangible fixed assets	220		2,393,899,456,353	1,898,856,355,963
1. Tangible fixed assets	221	10	918,144,903,974	982,469,629,484
- Cost	222		2,964,529,248,183	2,955,141,550,617
- Accumulated depreciation	223		(2,046,384,344,209)	(1,972,671,921,133)
2. Construction in progress	230	11	1,475,754,552,379	916,386,726,479
II. Long-term financial investments	250		14,812,957,192	14,812,957,192
1. Investments in subsidiaries	251	12	5,000,000,000	5,000,000,000
2. Investments in associates	252	13	9,812,957,192	9,812,957,192
III. Other long-term assets	260		1,991,422,377	1,991,422,377
1. Deferred tax assets	262		1,991,422,377	1,991,422,377
TOTAL ASSETS (270 = 100 + 200)	270		3,664,748,717,012	3,380,857,316,869

The note set out on page 10 to 26 are an integral part of these separate financial statements

VINH SON - SONG HINH HYDRO-POWER JOINT STOCK COMPANY

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

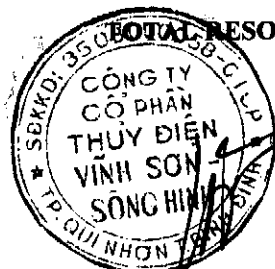
Separate financial statements
 For the year ended 31 December 2013

BALANCE SHEET (Continued)

As at 31 December 2013

FORM B 01-DN
 Unit: VND

RESOURCES	Codes	Notes	31/12/2013	31/12/2012
A. LIABILITIES (300=310+330)	300		1,054,659,381,038	932,233,677,331
I. Current liabilities	310		901,156,590,646	720,357,142,474
1. Short-term loans and liabilities	311	14	664,833,201,060	591,015,250,928
2. Trade accounts payable	312		38,849,996,051	12,281,253,102
3. Advances from customers	313		1,055,829,000	1,055,829,000
4. Taxes and amounts payable to the State budget	314	15	63,135,174,720	67,124,254,795
5. Payables to employees	315		5,905,157,224	5,395,728,189
6. Accrued expenses	316		3,777,970,899	3,516,009,993
7. Other current payables	319	16	119,268,890,756	38,276,794,378
8. Bonus and welfare funds	323		4,330,370,936	1,692,022,089
II. Long-term liabilities	330		153,502,790,392	211,876,534,857
1. Long-term loans and liabilities	334	17	153,502,790,392	211,876,534,857
B. EQUITY (400=410+430)	400		2,610,089,335,974	2,448,623,639,538
I. Owners' equity	410		2,609,245,745,889	2,447,376,388,082
1. Charter capital	411	18	2,062,412,460,000	2,062,412,460,000
2. Share premium	412	18	6,332,468,038	-
3. Treasury shares	414	18	-	(47,117,531,962)
4. Foreign exchange reserve	416		(8,575,787,126)	(7,338,762,414)
5. Investment and development fund	417		21,500,000,000	21,500,000,000
6. Financial reserve fund	418		26,880,000,000	26,880,000,000
7. Retained earnings	420	18	500,696,604,977	391,040,222,458
II. Other resources and funds	430		843,590,085	1,247,251,456
1. Funds for fixed assets acquisition	433		843,590,085	1,247,251,456
TOTAL RESOURCES (440 = 300+400)	440		3,664,748,717,012	3,380,857,316,869


Vo Thanh Trung
 General Director

31 March 2014

Huynh Cong Ha
 Chief Accountant

Le Van Chuong
 Preparer

The note set out on page 10 to 26 are an integral part of these separate financial statements

VINH SON - SONG HINH HYDRO-POWER JOINT STOCK COMPANY

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

Separate financial statements
For the year ended 31 December 2013

INCOME STATEMENT

For the year ended 31 December 2013

FORM B 02-DN
Unit: VND

ITEMS	Codes	Notes	2013	2012
1. Net sales	10	19	283,314,654,908	324,548,953,331
2. Cost of sales	11	20	131,175,081,837	150,194,585,605
3. Gross profit from sales (20 = 10-11)	20		152,139,573,071	174,354,367,726
4. Financial income	21	22	95,768,766,797	99,821,877,949
5. Financial expenses	22	22	5,802,431,136	(5,378,875,264)
- In which: Interest expense	23		3,682,556,544	4,223,388,736
6. General and administration expenses	25		15,354,301,862	14,496,791,429
7. Operating profit (30 = 20+(21-22)-25)	30		226,751,606,870	265,058,329,510
8. Other income	31		81,818,182	195,188,744
9. Other expenses	32		36,363,637	87,565,072
10. Profit from other activities (40=31-32)	40		45,454,545	107,623,672
11. Accounting profit before tax (50=30+40)	50		226,797,061,415	265,165,953,182
12. Current corporate income tax expense	51	23	28,559,937,996	31,373,957,895
13. Net profit after corporate income tax (60=50-51)	60		198,237,123,419	233,791,995,287



Vo Thanh Trung
General Director

31 March 2014

Huynh Cong Ha
Chief Accountant

Le Van Chuong
Preparer

The note set out on page 10 to 26 are an integral part of these separate financial statements

CASH FLOW STATEMENT

For the year ended 31 December 2013

FORM B 03-DN
 Unit: VND

ITEMS	Codes	2013	2012
I. CASH FLOWS FROM OPERATING ACTIVITIES			
<i>1. Profit before tax</i>	01	226,797,061,415	265,165,953,182
<i>2. Adjustments for:</i>		(15,378,907,648)	(19,874,136,666)
- Depreciation and amortisation	02	74,818,524,088	85,326,616,547
- Provisions	03	-	(9,602,264,000)
- Unrealized foreign exchange loss	04	1,888,778,517	-
- Gain from investing activities	05	(95,768,766,797)	(99,821,877,949)
- Interest expense	06	3,682,556,544	4,223,388,736
<i>3. Operating profit before movements in working capital</i>	08	211,418,153,767	245,291,816,516
- Changes in receivables	09	(40,239,510,149)	56,164,351,495
- Changes in inventories	10	(5,239,759,961)	(4,493,902,571)
- Changes in accounts payable (not including accrued interest and corporate income tax payable)	11	87,137,534,396	6,031,860,905
- Changes in prepaid expenses	12	132,356,031	(41,320,000)
- Interest paid	13	(3,947,740,765)	(4,710,887,631)
- Corporate income tax paid	14	(48,076,372,280)	(35,814,190,909)
<i>Net cash from operating activities</i>	20	201,184,661,039	262,427,727,805
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition and construction of fixed assets	21	(550,974,653,195)	(546,738,685,446)
2. Cash recovered from lending to other entities	24	181,118,326,000	402,067,000,000
3. Interest earned, dividends and profit received	27	111,573,553,099	105,065,101,307
<i>Net cash used in investing activities</i>	30	(258,282,774,096)	(39,606,584,139)
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Selling treasury shares	32	53,450,000,000	-
2. Proceeds from borrowings	33	1,213,015,247,314	1,001,172,528,499
3. Repayments of borrowings	34	(1,200,696,844,876)	(977,731,541,810)
4. Dividends and profits paid	36	(75,523,901,700)	(83,446,449,600)
<i>Net cash used in financing activities</i>	40	(9,755,499,262)	(60,005,462,911)
Net (decrease)/increase in cash	50	(66,853,612,319)	162,815,680,755
Cash and cash equivalents at the beginning of the year	60	639,705,515,200	476,889,834,445
Cash and cash equivalents at the end of the year	70	572,851,902,881	639,705,515,200

The note set out on page 10 to 26 are an integral part of these separate financial statements

CASH FLOW STATEMENT (Continued)

For the year ended 31 December 2013

Supplemental non-cash disclosures:

Cash outflows for purchases and construction of fixed assets during the year include an amount of VND 3,593,537,132, representing advances to contractors while the volume of completed works have not yet been inspected and accepted, and exclude an amount of VND 26,568,742,949, representing an addition in fixed assets during the year that has not yet been paid.

Dividends paid during the year exclude an amount of VND 45,005,951,200 representing dividends declared in the year but not yet paid to shareholders and include an amount of VND 38,033,354,500 representing dividends declared in the previous year that have been paid in this year.

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



Vo Thanh Trung
General Director

31 March 2014

Huynh Cong Ha
Chief Accountant

Le Van Chuong
Preparer

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

FORM B 09-DN

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

1. GENERAL INFORMATION

Structure of ownership

Vinh Son - Song Hinh Hydro-power Joint Stock Company is a joint stock company which was transform from Vinh Son - Song Hinh Hydro Power Plant, a State-owned enterprise ("the Plant"). The Plant used to be 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 equitization in 2004. On 02 December 2004, the Ministry of Industry issued Decision No. 151/2004/QD-BCN on transformation of Vinh Son - Song Hinh Hydro Power Plant into Vinh Son - Song Hinh Hydro-power Joint Stock Company.

On 04 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 Registration Certificate No. 3503000058 was issued by the Department of Planning and Investment of Binh Dinh Province on 04 May 2005, as amended.

The Company was granted certificate to trade securities in Hanoi Stock Trading Center in accordance with Decision No. 01/QD-TTGDHN. On 28 June 2006, the Company's shares were officially listed in Ho Chi Minh Stock Exchange in accordance with Decision No. 54/UBCK-GDNY issued by the State Securities Committee.

The number of employees as at 31 December 2013 was 132 (31 December 2012: 158).

Operating industry and principal activities

The principal activities of the Company are to produce electricity; provide operation management and maintenance services to hydroelectric power plant; provide management consultancy and supervision services to projects of construction of hydropower plant; provide design consulting services for irrigation, transportation and hydropower projects; provide consulting and supervising services for the construction of irrigation and transport projects; perform electricity experiments; trade materials and equipment used in hydroelectricity industry; invest in construction of power projects; and trade real estate.

2. ACCOUNTING CONVENTION AND FINANCIAL YEAR

Accounting convention

The accompanying separate financial statements, expressed in Vietnam Dong (VND), are prepared under the historical cost convention and in accordance with Vietnamese accounting standards, accounting regime for enterprises and legal regulations relating to financial reporting.

The accompanying separate 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.

Financial year

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



NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)**FORM B 09-DN***These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements***3. ADOPTION OF NEW ACCOUNTING GUIDANCE****New guidance on management, usage and depreciation of fixed assets**

On 25 April 2013, the Ministry of Finance issued Circular No. 45/2013/TT-BTC ("Circular 45") guiding the regime of management, usage and depreciation of fixed assets. This Circular supersedes Circular No. 203/2009/TT-BTC ("Circular 203") dated 20 October 2009 of the Ministry of Finance guiding the regime of management, usage and depreciation of fixed assets. Circular 45 is effective from 10 June 2013 and is applied from financial year 2013 onwards. According to the Board of Directors' assessment, Circular 45 does not have material effect on the Company's separate financial statements for the year ended 31 December 2013.

New guidance on provision for impairment of long-term investments into other entities

On 28 June 2013, the Ministry of Finance issued Circular No. 89/2013/TT-BTC ("Circular 89") amending and supplementing Circular No. 228/2009/TT-BTC ("Circular 228") dated 07 December 2009 of the Ministry of Finance guiding the appropriation and use of provisions for devaluation of inventories, losses of financial investments, bad debts and warranty for products, goods and construction and installation works at enterprises. Circular 89 is effective starting from 26 July 2013. According to the Board of Directors' assessment, Circular 89 does not have material effect on the Company's separate financial statements for the year ended 31 December 2013.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Estimates

The preparation of separate financial statements in conformity with Vietnamese accounting standards, accounting regime for enterprises and legal regulations relating to financial reporting 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 financial statements and the reported amounts of revenues and expenses during the financial year. Although these accounting estimates are based on the management's best knowledge, actual results may differ from those estimates.

Financial instruments***Initial recognition******Financial assets***

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

Financial liabilities

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

Subsequent measurement after initial recognition

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



NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 09-DN

*These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements***4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****Cash and cash equivalents**

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

Provision for doubtful debts

Provision for doubtful debts is made for receivables that are overdue, or when the debtor is in dissolution, in bankruptcy, or is experiencing similar difficulties and so may be 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 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 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 facilities of 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.

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.

The costs of self-constructed or manufactured assets are the actual construction or manufacturing cost plus installation and test running costs.

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

Assets	2013 (Years)
Buildings and structures	20 - 50
Machinery and equipment	8 - 10
Office equipment	5 - 10
Motor vehicles	5 - 10

Construction in progress

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

FORM B 09-DN

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in securities

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

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

Provision for impairment 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.

Investment in subsidiaries

Investments in a subsidiary are investments in the entity controlled by the Company. 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. Investments in subsidiaries are stated at cost.

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. Investments in associates are stated at cost.

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 income over the period of two years in accordance with the current prevailing accounting regulations.

Revenue recognition

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

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

Revenue from the sale of electricity is recognised monthly upon certification by Electric Power Trading Company - Electricity of Vietnam 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 SEPARATE FINANCIAL STATEMENTS (Continued)**FORM B 09-DN***These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements***4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****Foreign currencies**

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

Borrowings costs

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

All other borrowing costs are recognised in the 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 income statement because it excludes items of income or expense that are taxable or deductible in other periods (including loss carried forward) and it further excludes items that are never taxable or deductible.

Deferred tax is recognised on significant differences between carrying amounts of assets and liabilities in the 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 tax authority and the Company intends to settle its current tax assets and liabilities on a net basis.

The determination of the tax currently payable is based on the current interpretation of tax regulations. However, these regulations are subject to periodic variation and the ultimate determination depends on the results of the tax authorities' examinations. In 2012, Binh Dinh Taxation Department has inspected VAT and CIT declarations of the Company for the period from 2007 to 2011. Up to reporting date, Binh Dinh Taxation Department have not have conclusion of the inspections.

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

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5. CASH AND CASH EQUIVALENTS

	<u>31/12/2013</u>	<u>31/12/2012</u>
	VND	VND
Cash on hand	463,237,153	363,279,776
Cash in bank	29,748,665,728	12,725,235,424
Cash equivalents (i)	542,640,000,000	626,617,000,000
	<u>572,851,902,881</u>	<u>639,705,515,200</u>

- (i) As presented in Note 14, the Company has mortgaged deposit contracts with the total amount of VND 473.64 billion to secure loans granted to the Company (31 December 2012: VND 533.05 billion). The interest rates earned on those deposits range from 6% to 7% per annum.

6. SHORT-TERM INVESTMENTS

	<u>31/12/2013</u>	<u>31/12/2012</u>
	VND	VND
Short-term investments in securities (i)	-	30,685,326,000
Other short-term investments include:	-	150,433,000,000
- Over three-month deposits	-	50,433,000,000
- Loan to Electricity of Vietnam (EVN) (ii)	-	100,000,000,000
	<u>-</u>	<u>181,118,326,000</u>

- (i) Represents investments in shares of Pha Lai Thermal Power JSC which were entirely divested in 2013.
- (ii) Represents the loan to Electricity of Vietnam (EVN) under loan contracts with loan amount is VND 100 billion which was fully recovered in January 2013.

7. ADVANCES TO SUPPLIERS

Advances to suppliers as at 31 December 2013 mainly include advances to contractors to implement Thuong Kon Tum Hydro-power Plant Project, details are as follows:

	<u>31/12/2013</u>	<u>31/12/2012</u>
	VND	VND
Hydrochina Huadong - CR18G	249,024,687,253	284,057,318,817
Andritz Hydro GmbH	133,841,928,951	66,540,760,150
Other	52,447,334,785	81,122,334,890
	<u>435,313,950,989</u>	<u>431,720,413,857</u>

8. OTHER RECEIVABLES

	<u>31/12/2013</u>	<u>31/12/2012</u>
	VND	VND
Interest income	3,734,247,467	19,539,033,769
Other receivables from Electric Power Trading Company (i)	28,589,573,003	-
Others	2,716,976,121	3,959,709,935
	<u>35,040,796,591</u>	<u>23,498,743,704</u>

- (i) Represents for receivables corresponding to additional sales generated from July to September 2012 as the Company entered the competitive electricity market. The documents related to sales in this period are being reviewed and not yet approved by Electric Power Trading Company.

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9. INVENTORIES

	<u>31/12/2013</u>	<u>31/12/2012</u>
	VND	VND
Raw materials	41,842,470,615	37,095,930,654
Work in progress	868,312,503	375,092,503
	<u>42,710,783,118</u>	<u>37,471,023,157</u>
Provision for devaluation of inventories	(7,965,689,510)	(7,965,689,510)
Net realisable value	<u>34,745,093,608</u>	<u>29,505,333,647</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, based on accounting estimates for impaired materials.

10. TANGIBLE FIXED ASSETS

	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Motor vehicles</u>	<u>Office equipment</u>	<u>Total</u>
	VND	VND	VND	VND	VND
COST					
As at 01/01/2013	2,055,168,392,533	865,922,231,890	26,460,845,901	7,590,080,293	2,955,141,550,617
Additions	-	9,190,899,947	291,734,287	1,569,083,566	11,051,717,800
Disposals	-	-	(400,000,000)	-	(400,000,000)
Reclassification	(63,521,000)	(320,403,295)	(97,355,776)	(782,740,163)	(1,264,020,234)
As at 31/12/2013	<u>2,055,104,871,533</u>	<u>874,792,728,542</u>	<u>26,255,224,412</u>	<u>8,376,423,696</u>	<u>2,964,529,248,183</u>
ACCUMULATED DEPRECIATION					
As at 01/01/2013	(1,115,601,089,747)	(833,519,758,970)	(21,483,675,987)	(2,067,396,429)	(1,972,671,921,133)
Charge for the year	(68,386,706,848)	(5,239,128,899)	(849,773,018)	(342,915,323)	(74,818,524,088)
Other	-	-	(380,241,987)	(86,641,204)	(466,883,191)
Disposals	-	-	400,000,000	-	400,000,000
Reclassification	63,521,000	274,205,563	96,939,032	738,318,608	1,172,984,203
As at 31/12/2013	<u>(1,183,924,275,595)</u>	<u>(838,484,682,306)</u>	<u>(22,216,751,960)</u>	<u>(1,758,634,348)</u>	<u>(2,046,384,344,209)</u>
NET BOOK VALUE					
As at 31/12/2013	<u>871,180,595,938</u>	<u>36,308,046,236</u>	<u>4,038,472,452</u>	<u>6,617,789,348</u>	<u>918,144,903,974</u>
As at 31/12/2012	<u>939,567,302,786</u>	<u>32,402,472,920</u>	<u>4,977,169,914</u>	<u>5,522,683,864</u>	<u>982,469,629,484</u>

As stated in Note 14 and 17, the Company has pledged its assets with the net book value of VND 329,227,740,444 as at 31 December 2013 (31 December 2012: VND 351,011,781,600) to secure the loans granted to it.

The total cost of the Company's buildings and structure, machinery and equipment, motor vehicles and office equipments as at 31 December 2013 includes VND 860,925,891,938 (31 December 2012: VND 860,757,681,755) of assets which have been fully depreciated but are still in used.

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11. CONSTRUCTION IN PROGRESS

	<u>31/12/2013</u>	<u>31/12/2012</u>
	VND	VND
Acquisition of fixed assets	9,902,935,000	8,196,815,250
Construction in progress includes:		
<i>Thuong Kon Tum Hydro-power project (i)</i>	<i>1,370,419,385,239</i>	<i>819,469,844,497</i>
<i>Vinh Son 2&3 Hydro-power projects (ii)</i>	<i>91,836,625,883</i>	<i>86,155,898,037</i>
<i>Others</i>	<i>3,595,606,257</i>	<i>2,564,168,695</i>
	<u>1,475,754,552,379</u>	<u>916,386,726,479</u>

- (i) Thuong Kon Tum hydro - power plant Project is the construction carried out on hydro-power terrace of Se San river. The constructions include reservoir, main irrigation system on Dak Nghe river bank, in Se San river basin, in Dak Koi commune of Kon Ray district and Dak Tang commune of Kon Plong district, Kon Tum province; a power plant located on one side of Dak Lo river, Dak Tang and Ngoc Tem communes, Kon Plong district, in Tra Khuc river basin, Quang Ngai province. The project was approved in Official letter No. 1774/TTg-CN dated 01 November 2006 issued by the Prime Minister; 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 with Investment Certificate dated 07 November 2007 issued by Binh Dinh People's Committee.

12. INVESTMENTS IN SUBSIDIARY

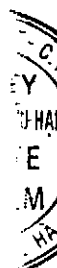
The balance of investments in subsidiary as at 31 December 2013 represents the investment in VSH Consulting and Technical Service One Member Company Limited. The information about the subsidiary is as follows:

<u>Name of subsidiary</u>	<u>Place of incorporation and operation</u>	<u>Proportion of ownership interest</u>	<u>Proportion of voting power held</u>	<u>Principal activities</u>
VSH Consulting and Technical Service One Member Company Limited	Quy Nhon City, Binh Dinh Province	100%	100%	Consulting and technical services

13. INVESTMENTS IN ASSOCIATES

The balance of investments in associates as at 31 December 2013 represents the investment in Binh Dinh Tourist Joint Stock Company. The information about the associate is as follows:

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



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14. SHORT-TERMS LOANS AND LIABILITIES

	<u>31/12/2013</u>	<u>31/12/2012</u>
	VND	VND
Short-term borrowings		
Military Commercial Joint Stock Bank	14,057,913,879	5,612,783,429
Vietnam Joint Stock Commercial Bank for Industry and Trade	15,000,000,000	15,000,000,000
Nam A Commercial Joint Stock Bank	258,742,290,026	230,732,272,872
Ocean Commercial Joint Stock Bank	33,668,933,760	66,413,226,350
Vietnam Joint Stock Commercial Bank for Investment and Development	149,474,566,004	69,689,758,000
Vietnam Maritime Commercial Joint Stock Bank	-	8,665,192,300
Vietnam International Commercial Joint Stock Bank	85,538,633,340	109,382,822,227
Ho Chi Minh City Housing Development Joint Stock Commercial Bank	60,983,173,465	19,551,244,650
Asia Commercial Joint Stock Bank	-	20,000,000,000
Vietnam Prosperity Joint Stock Commercial Bank - Binh Dinh Branch	8,204,740,500	-
Vietnam Technological and Commercial Joint Stock Bank - Quy Nhon Branch	14,150,884,398	-
Current portion of long-term loans		
Vietnam Development Bank	25,012,065,688	24,764,751,100
Vietnam International Commercial Joint Stock Bank	-	21,203,200,000
	<u>664,833,201,060</u>	<u>591,015,250,928</u>

Short-term borrowings represent loans from commercial banks, which fall due within one year from date of disbursement. These loans can be withdrawn in VND and USD, and are used to supplement working capital and finance construction activities. In 2013, the interest rates range from 3.6% per annum (for loans in USD) and from 8.5% to 13.5% per annum (for loans in VND). As at 31 December 2013, certain loans amounting to VND 163,610,030,615 were unsecured. The remaining loans were secured by deposit contracts with the total amount of 473.64 billion and all the land use right and assets attached to land at 21 Nguyen Hue, Quy Nhon City, Binh Dinh with the net book value of VND 1,982,898,012 as at 31 December 2013.

15. TAXES AND AMOUNTS PAYABLES TO THE STATE BUDGET

	<u>31/12/2013</u>	<u>31/12/2012</u>
	VND	VND
Corporate income tax	10,297,446,968	29,813,626,872
Natural resources tax	2,875,222,011	632,400,728
Environment protection fee	48,394,511,820	35,015,880,480
Others	1,567,993,921	1,662,346,715
	<u>63,135,174,720</u>	<u>67,124,254,795</u>

16. OTHER PAYABLES

	<u>31/12/2013</u>	<u>31/12/2012</u>
	VND	VND
Dividends payable	45,005,951,200	38,033,354,500
Payables to EVN for working capital support	74,000,000,000	-
Other payables	262,939,556	243,439,878
	<u>119,268,890,756</u>	<u>38,276,794,378</u>

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	<u>31/12/2013</u>	<u>31/12/2012</u>
	VND	VND
Vietnam Development Bank- Phu Yen Branch (i)	153,502,790,392	176,749,734,857
Vietnam International Commercial Joint Stock Bank	-	15,626,800,000
Asia Commercial Joint Stock Bank	-	19,500,000,000
	<u>153,502,790,392</u>	<u>211,876,534,857</u>

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

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

- The interest-free loan from Northern Development Funds (NDF) in the amount of USD 8,378,301.48, bearing management fee of 0.2% p.a and service fee of 0.75% p.a of the loan balance. Principal is repayable twice a year on every 31 March and 30 September in 30 years (from 2005 to 2035). From 2005 to 2014, loan payable for each installment is USD 83,873.01; loan payable for each installment of the remaining period is USD 167,566.02. The first repayment is on 01 December 2005 and the last repayment is on 31 March 2035.
- The loan from Northern Investment Bank (NIB) in the amount of USD 10,725,187.27, bearing interest rate of LIBOR plus margin rate, the specific rate will be periodically informed by NIB. The management fee is 0.2% p.a of the loan balance. Principal is equally repayable twice a year on every 31 March and 30 September in 10 years (from 2005 to 2015). Loan payable for each installment is USD 510,723.21. The first repayment is on 01 June 2005 and the last repayment is on 31 March 2015.

The Company has mortgaged its fixed assets in Song Hinh Hydro-Power Plant with the net book value of VND 327,244,842,432 as at 31 December 2013 to secure the loans under Contract No. 01/2006/HDTCTS-TL dated 12 April 2006.

Long-term loans are repayable as follows:

	<u>31/12/2013</u>	<u>31/12/2012</u>
	VND	VND
On demand or within one year	25,012,065,688	45,967,951,100
In the second year	17,793,411,039	39,083,951,101
In the third to fifth year inclusive	21,149,512,780	48,487,329,030
After five years	114,559,866,573	124,305,254,726
	<u>178,514,856,080</u>	<u>257,844,485,957</u>
Less: Amount due for settlement within 12 months (shown under current portion of long-term loans)	25,012,065,688	45,967,951,100
Amount due for settlement after 12 months	<u>153,502,790,392</u>	<u>211,876,534,857</u>

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18. OWNERS' EQUITY
Movements in shareholders' equity

	<u>Charter capital</u>	<u>Share plus</u>	<u>Treasury shares</u>	<u>Retained earnings</u>
	VND	VND	VND	VND
Balance at 01/01/2012	2,062,412,460,000	-	(47,117,531,962)	284,992,530,271
Profit for the year	-	-	-	233,791,995,287
Dividends declared	-	-	-	(121,344,747,600)
Allocation to bonus & welfare funds	-	-	-	(5,742,055,500)
Others	-	-	-	(657,500,000)
Balance at 01/01/2013	<u>2,062,412,460,000</u>	<u>-</u>	<u>(47,117,531,962)</u>	<u>391,040,222,458</u>
Profit for the year	-	-	-	198,237,123,419
Increase (i)	-	6,332,468,038	47,117,531,962	-
Dividends declared (ii)	-	-	-	(82,496,498,400)
Allocation to bonus & welfare funds (iii)	-	-	-	(5,296,742,500)
Others	-	-	-	(787,500,000)
Balance at 31/12/2013	<u>2,062,412,460,000</u>	<u>6,332,468,038</u>	<u>-</u>	<u>500,696,604,977</u>

- (i) From 02 July 2013 to 19 July 2013, the Company sold 4 million treasury shares, the average selling price was VND 13,363 per share, total proceeds were VND 53,450 million, including VND 6,332,468,038 of capital gain as the selling price is higher than their purchase price.
- (ii) Under Resolution of the Board of Shareholders No. 474/2013/NQ-VSH-DHDCD dated 23 May 2013, the Company declared 2012 dividends at the rate of 10%. In 2012, the Company had paid interim dividends at the rate of 6%. The remaining dividends (4%) are declared in 2013 under Resolution of the Board of Shareholders No. 1035/2013/NQ-VSH-HDQT dated 17 October 2013.
- (iii) Represents the temporarily distribution to bonus and welfare funds for 2013 under relevant Resolution of the Board of Management. The distribution for 2013 and prior years will be adjusted upon approval of the Board of Shareholders.

Capital contribution structure

	<u>31/12/2013</u>		<u>31/12/2012</u>	
	%	VND	%	VND
Electricity of Vietnam (EVN)	-	-	30.55	630,169,054,175
Power Generation Corporation 3	30.55	630,169,054,175	-	-
State Capital Investment Corporation (SCIC)	24.00	494,978,961,600	24.00	494,978,961,600
Other shareholders	45.45	937,264,444,225	45.45	937,264,444,225
	<u>100.00</u>	<u>2,062,412,460,000</u>	<u>100.00</u>	<u>2,062,412,460,000</u>

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	<u>31/12/2013</u>	<u>31/12/2012</u>
- Number of shares issued to public		
Ordinary shares	206,241,246	206,241,246
Preferred shares	-	-
- Number of treasury shares		
Ordinary shares	-	4,000,000
Preferred shares	-	-
- Number of outstanding shares in circulation		
Ordinary shares	206,241,246	202,241,246
Preferred shares	-	-

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

19. NET SALES

	<u>2013</u>	<u>2012</u>
	<u>VND</u>	<u>VND</u>
Sales of electricity (i) (ii)	283,237,654,908	323,546,138,786
Other services rendered	77,000,000	1,002,814,545
	<u>283,314,654,908</u>	<u>324,548,953,331</u>

(i) Up to the reporting date, the Company and Electricity of Vietnam (EVN) had not reached a final agreement on the electricity prices for the years from 2010 to 2013. The Company's electricity revenue for these years has been recognized on a temporary basis and will be adjusted when the Company and Electricity of Vietnam (EVN) have agreement on electricity prices. The Company recorded electricity revenue for 2010 and the first 11 months of 2011 using unit price equal to 90% of 2009 unit price; electricity revenue for December 2011 is recorded using unit price equal to 76% of 2009 unit price. Electricity revenue for 2012 and 2013 is recorded using the average unit prices (excluding payment for forest environment services) of VND 382/Kwh and VND 351/Kwh respectively.

(ii) The selling price for year 2011 and 2012 is temporarily calculated based on the selling price of 2009, not including payment for forest environment services. In the year, the Company's dossiers related to such payments for forest environment services of those years were accepted by Electric Power Trading Company with amount of VND 35,015 million. The Company has recorded this amount as an addition in revenue 2013.

20. COST OF SALES

	<u>2013</u>	<u>2012</u>
	<u>VND</u>	<u>VND</u>
Cost of electricity sold	131,100,852,747	149,310,672,361
Cost of other services rendered	74,229,090	883,913,244
	<u>131,175,081,837</u>	<u>150,194,585,605</u>

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21. PRODUCTION COST BY NATURE

	<u>2013</u>	<u>2012</u>
	VND	VND
Raw materials and consumables	2,362,117,898	2,720,607,824
Labour	22,598,782,776	22,225,524,490
Depreciation and amortisation	74,818,524,088	85,326,616,547
Out-sourced services	4,406,134,796	4,544,658,946
Others	42,837,044,141	49,409,982,367
	<u>147,022,603,699</u>	<u>164,227,390,174</u>

22. FINANCIAL INCOMES AND EXPENSES

	<u>2013</u>	<u>2012</u>
	VND	VND
Financial income		
Bank interest	47,907,708,650	97,527,016,842
Dividends received	3,085,854,647	2,294,861,107
Gain from selling shares	44,775,203,500	-
	<u>95,768,766,797</u>	<u>99,821,877,949</u>
Financial expenses		
Interest expense	3,682,556,544	4,223,388,736
Foreign exchange losses	2,119,874,592	-
Provision for impairment in value of investments	-	(9,602,264,000)
	<u>5,802,431,136</u>	<u>(5,378,875,264)</u>

23. CORPORATE INCOME TAX

	<u>2013</u>	<u>2012</u>
	VND	VND
Profit before tax	226,797,061,415	265,165,953,182
Adjustments for taxable income		
Less: non-assessable income	3,131,309,192	2,294,861,107
Taxable income	<u>223,665,752,223</u>	<u>262,871,092,075</u>
In which:		
Income from main activities subject to 5% tax rate	136,782,500,299	159,738,674,996
Income from other activities subject to 25% tax rate	86,883,251,924	103,132,417,079
Preferential tax rate	5%	5%
Normal tax rate	25%	25%
Corporate income tax	<u>28,559,937,996</u>	<u>33,770,038,020</u>
30% tax reduction under Circular No. 140/2012/TT-BTC dated 21 August 2012	-	2,396,080,125
	<u>28,559,937,996</u>	<u>31,373,957,895</u>

VINH SON - SONG HINH HYDRO-POWER JOINT STOCK COMPANY21 Nguyen Hue Street, Quy Nhon City
Binh Dinh Province, S.R. Vietnam**Separate financial statements**
For the year ended 31 December 2013**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)****FORM B 09-DN***These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements***24. COMMITMENTS**

On 17 September 2010, the Company signed Contract No.786/2010/HD-VSH-LD with a group of contractors, namely Construction Joint Stock Company No. 47, Tien Dung Investment Construction and Trading Limited Company and Power Engineering Consulting Joint Stock Company No. 1 for designing, supplying equipment for and installing the pressure line of Thuong Kon Tum Hydro-power plant Project with the contract value of VND 505,583,654,488. The value of completed work up to 31 December 2013 was VND 220 billion.

On 20 October 2010, the Company signed Contract No. 885/2010/HD-VSH-TH with the group of contractors namely Hydrochina Huadong - CR18G for designing and constructing the second stage of power line of Thuong Kon Tum Hydro-power Plant Project and Addendum to Contract No. 886/2010/HD-VSH-TH with the group of contractors namely Hydrochina Huadong - CR18G for designing and constructing the water tunnel (from Km0+270 to Km3+000) that belongs to Thuong Kon Tum Hydro-power plant Project with the value of VND 1,324,037,315,815 and USD 25,000,000. The Company signed Addendum to contract No. 930/2011/BSHD-VSH-HHCR-18G on 12 October 2011 amending Contract No. 886/2010/HD-VSH-TH for implementing the second stage of construction and reinforcement of the inside and outside of the water tunnel (from Km0+000 to Km0+270) with the value of VND 6,723,438,229 and Addendum to Contract No. 827/2012/PLHD-VSH-TH on 17 August 2012 for constructing electricity distribution station with the value of VND 27,035,830,000. The value of completed work up to 31 December 2013 of these contracts was VND 406 billion.

On 15 August 2012, the Company entered into contracts No. 817/2012/HD-VSH-AH with Andritz Hydro GmbH (Republic of Austria) for providing electromechanical equipment and engineering services for Thuong Kon Tum Hydro-power Plant Project with the contract value of USD 35,489,858. The completed work up to 31 December 2013 of the contract was VND 133.84 billion.

On 28 March 2013, the Company signed an Export Credit agreement with Raiffeisenlandesbank Oberösterreich Aktiengesellschaft (Republic of Austria) worth USD 27,100,933.35 and an addition amount in USD equivalent to EUR 3,000,000. The loan purpose is to pay 85% of the payment obligations of the Company under the contract for electromechanical equipment for Thuong Kon Tum Hydro-power plant Project signed on 15 August 2012 with Andritz Hydro GmbH (Republic of Austria). By the end of the financial year, the loan has not been disbursed.

25. FINANCIAL INSTRUMENTS**Capital risk management**

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

The capital structure of the Company consists of net debt (borrowings disclosed in Note 14 and Note 17 offset by cash and cash equivalents) and shareholders' equity (comprising capital, reserves and retained earnings).

Gearing ratio

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

	<u>31/12/2013</u>	<u>31/12/2012</u>
	VND	VND
Borrowings	818,335,991,452	802,891,785,785
Cash and cash equivalents	572,851,902,881	639,705,515,200
Net debt	245,484,088,571	163,186,270,585
Owners' equity	<u>2,610,089,335,974</u>	<u>2,448,623,639,538</u>
Net debt to owners' equity ratio	0.09	0.07

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

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*These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements***24. FINANCIAL INSTRUMENTS (Continued)****Significant accounting policies**

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

Categories of financial

	Carrying amounts	
	31/12/2013	31/12/2012
	VND	VND
Financial assets		
Cash and cash equivalents	572,851,902,881	639,705,515,200
Trade and other receivables	192,502,531,457	166,797,785,188
Short-term investments	-	181,118,326,000
Total	765,354,434,338	987,621,626,388
Financial liabilities		
Borrowings	818,335,991,452	802,891,785,785
Trade and other payables	158,118,886,807	50,558,047,480
Accruals	3,777,970,899	3,516,009,993
Total	980,232,849,158	856,965,843,258

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

Financial risk management objectives

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

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

Market risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and price.

Foreign currency risk management

The Company undertakes certain transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

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*These notes are an integral part of and should be read in conjunction with the accompanying separate financial statements***25. FINANCIAL INSTRUMENTS (Continued)***Foreign currency risk management (Continued)*

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the year end are as follows:

	Liabilities		Assets	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	VND	VND	VND	VND
US Dollars	207,449,592,882	296,581,927,897	-	-

Foreign currency sensitivity

The Company is mainly exposed to United States Dollar.

5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates. For a 5% increase/decrease in United States Dollar against Vietnam Dong, the profit before tax in the year would decrease/increase by VND 10.37 billion.

Interest rate risk management

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

Interest rate sensitivity

The loan's sensitivity to interest rate change may arise at an appropriate level. Assuming all other variables were held constant, if interest rates applicable to floating interest bearing loans had been 2% higher/lower, the Company's interest expense (including that recorded in separate income statement and that capitalized in cost of construction in progress) would have increased/ decreased by VND 16.68 billion.

Commodity price risk management

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

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. At the balance sheet date, there is a significant concentration of credit risk arising on the amount of VND 186,051,307,869 due from Electric Power Trading Company - Electricity of Vietnam (a related party). The Board of Directors assessed the credit risk at low level.

Liquidity risk management

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

VINH SON - SONG HINH HYDRO-POWER JOINT STOCK COMPANY

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

Separate financial statements
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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

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

25. FINANCIAL INSTRUMENTS (Continued)

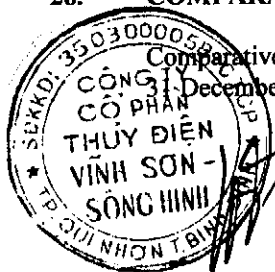
Liquidity risk management (Continued)

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

	<u>Less than 1 year</u>	<u>More than 1 year</u>	<u>Total</u>
31/12/2013	VND	VND	VND
Cash and cash equivalents	572,851,902,881	-	572,851,902,881
Trade and other receivables	192,502,531,457	-	192,502,531,457
Total	765,354,434,338	-	765,354,434,338
31/12/2013			
Trade and other payables	158,118,886,807	-	158,118,886,807
Accruals	3,777,970,899	-	3,777,970,899
Borrowings	664,833,201,060	153,502,790,392	818,335,991,452
Total	826,730,058,766	153,502,790,392	980,232,849,158
Net liquidity gap	(61,375,624,428)	(153,502,790,392)	(214,878,414,820)
	<u>Less than 1 year</u>	<u>More than 1 year</u>	<u>Total</u>
31/12/2012	VND	VND	VND
Cash and cash equivalents	639,705,515,200	-	639,705,515,200
Trade and other receivables	166,797,785,188	-	166,797,785,188
Short-term investments	181,118,326,000	-	181,118,326,000
Total	987,621,626,388	-	987,621,626,388
31/12/2012			
Trade and other payables	50,558,047,480	-	50,558,047,480
Accruals	3,516,009,993	-	3,516,009,993
Borrowings	591,015,250,928	211,876,534,857	802,891,785,785
Total	645,089,308,401	211,876,534,857	856,965,843,258
Net liquidity gap	342,532,317,987	(211,876,534,857)	130,655,783,130

As at 31 December 2013, although the Company's financial assets are much lower than its financial liabilities, the management had a financial plan for the future and believe that the Company will be able to generate sufficient funds to meet its financial obligations as and when they fall due.

26. COMPARATIVE FIGURES



Comparative figures are those of the Company's audited separate financial statements for the year ended 31 December 2012.

Vo Thanh Trung
General Director

31 March 2014

Huynh Cong Ha
Chief Accountant

Le Van Chuong
Preparer