VIETNAM URBAN WATER SUPPLY
AND WASTEWATER PROJECT
SUB-COMPONENT 2B
CENTRAL PROJECT MANAGEMENT UNIT 2
Credit Agreement No. 4948-VN; 5817 – VN;
and Loan Agreement No. 8621 - VN

AUDITED FINANCIAL STATEMENTS
Fiscal year ended 31 December 2016
Vietnam Urban Water Supply and Wastewater Project
Sub-Component 2B
Central Project Management Unit 2
Credit Agreement No. 4948-VN; 5817 – VN; and Loan Agreement No. 8621 - VN

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Vietnam Urban Water Supply and Wastewater Project
Sub-Component 2B
Central Project Management Unit 2
Credit Agreement No. 4948-VN; 5817 – VN; and Loan Agreement No. 8621 - VN

REPORT OF THE CENTRAL PROJECT MANAGEMENT UNIT 2

The Central Project Management Unit 2 ("CPMU2") of the Vietnam Urban Water Supply and Wastewater Project - Sub-Component 2B ("the Project") presents this report and the Financial Statements of the Project for the fiscal year ended 31 December 2016.

The Project


The Central Project Management Unit 2

Members of the Central Project Management Unit 2 in the year and to the reporting date are:

Ms. Luong Thi Hong Hanh Deputy Director in charge
Mr. Nguyen Xuan Hoang Chief Accountant

Auditors

The auditors of AASC Limited have taken the audit of financial statements of the Project.

Responsibilities of the Central Project Management Unit 2

The Central Project Management Unit 2 is responsible for preparing the project financial statements, including Statement of Funds and Expenditures, Statement of Funds balance, Statement of Designated Account and Statement of Withdrawals, which comply with the accounting policies described in the attached Notes to the Financial Statements. The Central Project Management Unit 2 assures that the accounting policies are appropriately selected and consistently applied.

The Central Project Management Unit 2 assures that the accounting records were fully maintained to prepare the financial statements in accordance with the applied accounting policies and to disclose, with reasonable accuracy at any time, the financial position of the Project.

The Central Project Management Unit 2 is also responsible for maintaining an effective internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and comply with relevant laws, regulations and other provisions of the funding agreement that could have a direct and material financial effect on the Project financial statements.

On behalf of the Central Project Management Unit 2

Luong Thi Hong Hanh
Deputy Director in charge

Hanoi, 10 June 2017
INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

To: The Central Project Management Unit 2 of Vietnam Urban Water Supply and Wastewater Project - Sub-Component 2B

Opinion

We have audited the financial statements of the Vietnam Urban Water Supply and Wastewater Project - Sub-Component 2B ("the Project") which comprise Statement of Funds balance as at 31/12/2016, Statement of Funds and Expenditures, Statement of Designated Account for the year then ended, and Notes to the Financial Statements, including a summary of significant accounting policies.

In our opinion:

The accompanying financial statements give a true and fair view of the financial position of the Project, including the balance of the Designated Account as at 31 December 2016, funds received and expenditures incurred, movements of the Designated Account for the year then ended in accordance with the basis of the principal accounting policies described in the Notes to the Financial Statements and the provisions of the Credit Agreement No. 4948 - VN dated 13 July 2011; No. 5817 – VN dated 25 July 2016 and Loan Agreement No. 8621 – VN dated 25 July 2016 (Amendment to the Credit Agreement No. 4948 – VN dated 13 July 2011).

In addition, with respect to Statements of Expenditure, adequate supporting documents have been fully maintained to support to the replenishment requests submitted to the World Bank. The expenditures are eligible and in right purposes of the Credit Agreement No. 4948 - VN dated 13 July 2011; No. 5817 – VN dated 25 July 2016 and Loan Agreement No. 8621 – VN dated 25 July 2016 (Amendment to the Credit Agreement No. 4948 – VN dated 13 July 2011).

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Project Management Unit in accordance with the international Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the CPMU2 for the Financial Statements

CPMU2 is responsible for the preparation of the financial statements in accordance with the principal accounting policies described in Notes to the Financial Statements, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Project's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to cease operations, or has no realistic alternative but to do so.
Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Project's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by CPMU2.

- Conclude on the appropriateness of CPMU2’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Project’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Project to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with CPMU2 regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Do Manh Cuong  
Deputy General Director  
CPA Registered No.: 0744-2013-002-1

Nguyen Pham Hung  
Auditor in-charge  
CPA Registered No.: 2893-2015-002-1

Hanoi, 10 June 2017
## Statement of Funds and Expenditures

*Fiscal year ended 31 December 2016*

<table>
<thead>
<tr>
<th>Note</th>
<th>Description</th>
<th>Accumulated to 31/12/2015</th>
<th>Year ended 31/12/2016</th>
<th>Accumulated to 31/12/2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>I.</td>
<td>Funds</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Funds received from the World Bank</td>
<td>25,148,359,972</td>
<td>-</td>
<td>25,148,359,972</td>
</tr>
<tr>
<td>2</td>
<td>Counterpart fund</td>
<td>3,251,674,039</td>
<td>-</td>
<td>3,251,674,039</td>
</tr>
<tr>
<td>3</td>
<td>Others - Foreign exchange rate differences</td>
<td>69,506,172</td>
<td>25,596,836</td>
<td>119,103,008</td>
</tr>
<tr>
<td></td>
<td></td>
<td>28,493,540,183</td>
<td>25,596,836</td>
<td>28,519,137,019</td>
</tr>
<tr>
<td>II.</td>
<td>Expenditures</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Civil works, Equipment and Goods</td>
<td>492,060,402</td>
<td>-</td>
<td>492,060,402</td>
</tr>
<tr>
<td>2</td>
<td>Consultant and Technical assistance</td>
<td>22,822,039,566</td>
<td>-</td>
<td>22,822,039,566</td>
</tr>
<tr>
<td>3</td>
<td>Project management expenses</td>
<td>3,251,674,039</td>
<td>-</td>
<td>3,251,674,039</td>
</tr>
<tr>
<td>4</td>
<td></td>
<td>26,565,774,007</td>
<td>-</td>
<td>26,565,774,007</td>
</tr>
<tr>
<td>III.</td>
<td>Surplus</td>
<td>1,927,766,176</td>
<td>25,596,836</td>
<td>1,953,363,012</td>
</tr>
</tbody>
</table>
Vietnam Urban Water Supply and Wastewater Project  
Sub-Component 2B  
Central Project Management Unit 2  
Credit Agreement No. 4948-VN; 5817 – VN;  
and Loan Agreement No. 8621 - VN  

Financial Statements  
Year ended 31 December 2016

**STATEMENT OF FUNDS BALANCE**  
As at 31 December 2016

<table>
<thead>
<tr>
<th>Note</th>
<th>31/12/2016</th>
<th>31/12/2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>VND</td>
<td>VND</td>
</tr>
</tbody>
</table>

**Surplus/(Deficit)**

<table>
<thead>
<tr>
<th>Description</th>
<th>31/12/2016</th>
<th>31/12/2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surplus / (Deficit) as at beginning</td>
<td>1,927,766,176</td>
<td>(926,348,779)</td>
</tr>
<tr>
<td>Surplus in the year</td>
<td>25,596,836</td>
<td>2,854,114,955</td>
</tr>
<tr>
<td>Surplus as at closing</td>
<td><strong>1,953,363,012</strong></td>
<td><strong>1,927,766,176</strong></td>
</tr>
</tbody>
</table>

**Represented by:**

<table>
<thead>
<tr>
<th>Category</th>
<th>31/12/2016</th>
<th>31/12/2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets</td>
<td>1,955,405,302</td>
<td>1,939,064,976</td>
</tr>
<tr>
<td>Cash at bank</td>
<td>1,955,405,302</td>
<td>1,939,064,976</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>2,042,290</td>
<td>11,298,800</td>
</tr>
<tr>
<td>Tax payables and statutory obligations</td>
<td>-</td>
<td>9,283,465</td>
</tr>
<tr>
<td>Other payables - Interest of Designated Account</td>
<td>2,042,290</td>
<td>2,015,335</td>
</tr>
<tr>
<td>Net worth</td>
<td><strong>1,953,363,012</strong></td>
<td><strong>1,927,766,176</strong></td>
</tr>
</tbody>
</table>
STATEMENT OF DESIGNATED ACCOUNT

For the period: From 01/01/2016 to 31/12/2016
Account No: 1440201023392
Bank: Vietnam Bank for Agriculture and Rural Development - Northern Hanoi Branch
Address: No. 226 Doi Can street, Ba Dinh District, Hanoi
Agreement No.: 4948-VN; 5817 – VN; 8621 – VN
Currency: USD

PART A: ACTIVITIES

<table>
<thead>
<tr>
<th>Note</th>
<th>USD</th>
<th>USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td></td>
<td>86,359.77</td>
</tr>
<tr>
<td>Deduct: Total amounts withdrawn</td>
<td>(417.05)</td>
<td></td>
</tr>
<tr>
<td>The interest transferred to interest account</td>
<td>(5.06)</td>
<td></td>
</tr>
<tr>
<td>Closing balance</td>
<td></td>
<td>85,937.66</td>
</tr>
</tbody>
</table>

PART B: RECONCILIATION

1. Amount advanced by the World Bank | 200,000.00 |
2. Add: Amount supplemented by the World Bank
3. Present outstanding amount advanced to | 200,000.00 |
4. Closing balance | (1) 85,937.66 |
5. Add: Amounts withdrawn and not yet claimed | (2) 114,062.34 |
7. Total advances accounted for | 200,000.00 |

(1) Refunded to the World Bank on 09 March 2017
(2) Claimed at withdrawal applications No. 08-MPI dated 06 March 2017
NOTES TO THE FINANCIAL STATEMENTS
Fiscal year ended 31 December 2016

1. Background

The Project is implemented under the Credit Agreement No. 4948 - VN dated 13 July 2011; No. 5817 - VN dated 25 July 2016 and Loan Agreement No. 8621 - VN dated 25 July 2016 (Amendment to the Credit Agreement No. 4948 - VN dated 13 July 2011) (the "Agreement") between the Government of the Socialist Republic of Vietnam and the World Bank. Total project cost is estimated to be USD 236.2 million, in which IDA funding of USD 200 million and counterpart funding by Government of Vietnam of USD 36.2 million.

The main objectives of the Project are to increase access to sustainable water services and environmental sanitation in selected urban areas in Project Provinces. The Project includes components as follows:

- Component 1: Investment and Project Implementation (implemented by the participating provinces, covering 7 water supply Sub-projects - under Sub-Component 1A and 7 environmental sanitation Sub-project - under Sub-Component 1B). In which the Component 1 comprise (i) Civil works, equipment and goods; (ii) Consulting and Technical assistance, (iii) PPMU costs, compensation, approvals; and

- Component 2: Technical Assistance on Institutional Strengthening and Project Monitoring. (Implemented by Ministry of Construction - Management Board of Technical Infrastructure Development Project ("CPMU1") - under Sub-Component 2A); and Technical Assistance on Improving the Efficiency of Investments and Operations (Implemented by Ministry of Planning and Investment ("CPMU2") - under Sub-Component 2B).

The Sub-Component 2B: Technical Assistance on Improving the Efficiency of Investments and Operations: Policy support and promote private sector participation in water and drainage sector and efficiency operation was established based on Credit Agreement No. 4948 - VN dated 13 July 2011; No. 5817 - VN dated 25 July 2016 and Loan Agreement No. 8621 - VN dated 25 July 2016 (Amendment to the Credit Agreement No. 4948 - VN dated 13 July 2011).

The Project is managed by Central Project Management Unit 2 of the Sub-Component 2B which was established and received mission for the Sub-Component 2B under Decision No. 386/QD-BKHĐT on 24 March 2011 issued by the Minister of Planning and Investment.

The Project comes effective at 07 October 2011 and completed at 31 December 2016.

The CPMU2 office is located at No. 6B Hoang Dieu Street, Ba Dinh District, Hanoi.

Total Sub-Component 2B estimated funds: USD 1,460,000
In which: IDA fund USD 1,200,000
Counterpart fund USD 260,000

2. Principal Accounting Policies

a. Basis of preparation of the Financial Statements

The annual accounting period commences from 1st January and ends at 31st December.

The financial statements are prepared in accordance with the requirements of the World Bank and presented in Vietnam Dong (VND), except for the Statement of Designated Account and Statement of Withdrawals, which are prepared in United State Dollar (USD).

The financial statements were prepared for funds received, expenditures incurred in relation to Sub-Component 2B of the Agreement that managed by the Central Project Management Unit 2.
Vietnam Urban Water Supply and Wastewater Project
Sub-Component 2B
Central Project Management Unit 2
Credit Agreement No. 4948-VN; 5817 – VN;
and Loan Agreement No. 8621 - VN

Financial Statements
Year ended 31 December 2016

The principal accounting policies are summarized as below:

b. Foreign currencies

Funds received from the World Bank in foreign currency is translated into VND under the actual exchange rate announced by the service bank (mentioned at Note 2d) at the transaction dates.

Other transactions in foreign currencies are translated to VND under transfer buying rate announced by the service bank at the date of transaction. All exchange differences from these transactions are recorded into exchange rate difference account and presented as other funds in on Statement of Funds and Expenditures.

Monetary assets and liabilities denominated in foreign currencies are revaluated at the reporting date under transfer buying rate of the service bank at the same date.

c. Funds and Expenditures

Funds:

- Funds received from the World Bank are recorded when direct payment made to the contractors/ suppliers or remittance made into Designated Account.

- Counterpart fund of the Vietnamese Government are recorded when payments are made directly from the Vietnamese Government to contractors/ suppliers or funds are remitted to the CPMU2 for settlement of Project’s activities.

Expenditures are recognized when they are actually incurred.

d. Designated Account and its interest

Designated Account - Sub-Component 2B is the deposit account in USD opened at the Northern Hanoi Branch of Vietnam Bank for Agriculture and Rural Development of activities under Sub-Component 2B. Payments out of the Designated Account - Sub-Component 2B are made for expenditures in accordance with the relevant covenants of Credit Agreement No. 4948 - VN dated 13 July 2011; No. 5817 – VN dated 25 July 2016 and Loan Agreement No. 8621 – VN (Amendment to the Credit Agreement No. 4948 – VN dated 13 July 2011) and the Project’s Operations Manual and relevant regulations established by the World Bank.

Interests of the Designated Account are considered as receipts of the State Budget and initially recorded as Other payables in Statement of funds Balance and used to cover bank charges. At the end of the project, outstanding interests will be returned to the Vietnamese Government. In case bank charges are not fully covered by the interests, CPMU2 will plan to settle by counterpart fund (According to the Circular No. 218/2013/TB-BTC dated 31 December 2013 and the replacing Circular No. 111/2016/TT-BTC dated 30 June 2016 which comes into force from 01 November 2016).

3. Funds received from the World Bank

<table>
<thead>
<tr>
<th></th>
<th>Year ended 31/12/2016</th>
<th>Accumulated to 31/12/2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>USD</td>
<td>Equivalent to VND</td>
</tr>
<tr>
<td>Sub-Component 2B</td>
<td>-</td>
<td>1,171,312.70</td>
</tr>
<tr>
<td>Advance</td>
<td>-</td>
<td>200,000.00</td>
</tr>
<tr>
<td>Replenishment</td>
<td>-</td>
<td>971,312.70</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### 4. Expenditures

Expenditures by categories:

<table>
<thead>
<tr>
<th>Categories</th>
<th>Year ended 31/12/2016</th>
<th>Accumulated to 31/12/2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>IDA</td>
<td>Counterpart fund</td>
</tr>
<tr>
<td></td>
<td>VND</td>
<td>VND</td>
</tr>
<tr>
<td>Civil works, Equipment and Goods</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Consulting and Technical assistance</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Project management expenses</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>23,314,099,968</td>
<td>3,251,674,039</td>
</tr>
</tbody>
</table>

Financial Statements

Year ended 31 December 2016
Vietnam Urban Water Supply and Wastewater Project
Sub-Component 2B
Central Project Management Unit 2
Credit Agreement No. 4948-VN; 5817 – VN;
and Loan Agreement No. 8621 - VN

Financial Statements
Year ended 31 December 2016

5. Cash at bank

<table>
<thead>
<tr>
<th></th>
<th>31/12/2016</th>
<th>31/12/2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>VND</td>
<td>VND</td>
</tr>
<tr>
<td>Designated Account - Sub-Component 2B</td>
<td>1,953,363,012</td>
<td>1,937,049,641</td>
</tr>
<tr>
<td>Interest from Designated Account - Sub Component 2B</td>
<td>2,042,290</td>
<td>2,015,335</td>
</tr>
<tr>
<td></td>
<td>1,955,405,302</td>
<td>1,939,064,976</td>
</tr>
</tbody>
</table>

6. Subsequent events

There have been no significant events occurring after the reporting date, which would require adjustments or disclosures to be made in the financial statements.

7. Corresponding figures

The corresponding figures are the financial statements for the fiscal year ended as at 31 December 2015 which were audited by AASC Limited,

8. Approval of the Financial Statements

The financial statements were approved by the Central Project Management Unit 2 for issuance on 10 June 2017.

Luong Thi Hong Hanh
Deputy Director in charge
Hanoi, 10 June 2017

Nguyen Xuan Hoang
Chief Accountant
INDEPENDENT AUDITORS' REPORT ON THE INTERNAL CONTROL SYSTEM

To: Central Project Management Unit 2 of Vietnam Urban Water Supply and Wastewater Project - Sub-Component 2B

We have audited, in accordance with International Standards on Auditing, the financial statements of the Vietnam Urban Water Supply and Wastewater Project - Sub-Component 2B ("the Project") for the year ended 31 December 2016 and issued the auditors report thereon dated 10 June 2017 expressing an opinion on those financial statements.

In connection with our audit of the financial statements, we also examined the effectiveness of internal control over compliance with requirements that could have a direct and material financial effect on the financial statements as well as the internal control over financial reporting for the year ended 31 December 2016.

Responsibilities of the Central Project Management Unit 2

The Central Project Management Unit 2 is responsible for maintaining an effective internal control over compliance with requirements that could have a direct and material financial effect on the financial statements as well as the internal control over financial reporting.

Auditor's Responsibility

Our responsibility is to express an opinion on the effectiveness of internal control based on our examination.

Our examination was conducted in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised). That standard requires that we comply with ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether, in all material respects, the Project has maintained an effective internal control over compliance with requirements that could have a direct and material financial effect on the financial statements as well as internal control over financial reporting.

Our examination included obtaining an understanding, testing, and evaluating the design and operating effectiveness of the internal control, and performing other procedures as we considered necessary in the circumstances to obtain sufficient appropriate evidence to provide a basis for our opinion.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not to be prevented or detected on a regular basis. In addition, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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

In our opinion, the Project has maintained an effective internal control over misstatements that could have a direct and material financial effect on the Project financial statements for the year ended 31 December 2016.

Hanoi, 10 June 2017

Cuong Nguyen Pham Hung
Deputy General Director
CPA Registered No.: 0744-2013-002-1

Nguyen Pham Hung
Auditor in-charge
CPA Registered No.: 2893-2015-002-1
INDEPENDENT AUDITORS' REPORT ON THE COMPLIANCE

To: Central Project Management Unit 2 of Vietnam Urban Water Supply and Wastewater Project - Sub-Component 2B

We have audited, in accordance with the International Standards on Auditing, the financial statements of the Vietnam Urban Water Supply and Wastewater Project - Sub-Component 2B ("the Project") for the year ended 31 December 2016 and issued the auditors' report thereon dated on 10 June 2017 expressing an opinion on those financial statements.

In connection with the audit of the financial statements, we also performed procedures on the Project's compliance with the Credit Agreement No. 4948 - VN dated 13 July 2011; No. 5817 – VN dated 25 July 2016 and Loan Agreement No. 8621 – VN dated 25 July 2016 (Amendment to the Credit Agreement No. 4948 – VN dated 13 July 2011), law and regulations that have a direct and material effect on the Project's financial statements for the year ended 31 December 2016 ("the Requirements").

Responsibilities of the Central Project Management Unit 2

The Central Project Management Unit 2 is responsible for complying with the Requirements applicable to the Project.

Auditor's Responsibility

Our responsibility is to express an opinion on the Project's compliance with the Requirements based on our procedures. We limited our tests of compliance to the Requirements, and we did not test compliance with all laws and regulations applicable to the Project.

We performed our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised). That standard requires that we comply with ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether, in all material respects, the Project has complied with the Requirements.

An assurance engagement to report on the compliance with the Requirements at the Project involves performing procedures to obtain evidence about whether the Project's activities are free of material non-compliance with the Requirements, including obtaining an understanding of the internal control relevant to the Project's compliance with the Requirements. The procedures selected depend on the auditors' judgment, including the assessment of risks that the Project does not comply with the Requirements and whether such non-compliance could have a direct and material financial effect on the Project's financial statements. Our procedures included testing the compliance with the Requirements we consider necessary to provide a reasonable assurance that the Requirements are complied by the Project.

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

In our opinion, the Project has complied with the Requirements that could have a direct and material financial effect on the Project's financial statements for the fiscal year ended 31 December 2016.

Do Manh Cuong
Deputy General Director
CPA Registered No.: 0744-2013-002-1

Hanoi, 10 June 2017

Nguyen Pham Hung
Auditor in-charge
CPA Registered No.: 2893-2015-002-1