NATIONAL POWER TRANSMISSION CORPORATION
CAPACITY BUILDING FOR INVOLUNTARY
RESETTELMENT IN ENERGY SECTOR IN VIETNAM
PROJECT
Under the Financing Agreement for Credit No. TF016492 between
the Government of the Socialist Republic of Vietnam and the
World Bank ("WB")

AUDITED FINANCIAL STATEMENTS
AND OTHER INDEPENDENT ASSURANCE
REPORTS
For the period from inception to 31 December 2016

Hanoi, June 2017
TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>THE STATEMENT OF THE BOARD OF MANAGEMENT</td>
<td>2–3</td>
</tr>
<tr>
<td>INDEPENDENT AUDITORS' REPORT</td>
<td>4–5</td>
</tr>
<tr>
<td>AUDITED FINANCIAL STATEMENTS</td>
<td></td>
</tr>
<tr>
<td>Statement of income, expenditure and fund balance</td>
<td>6</td>
</tr>
<tr>
<td>Statement on the use of fund by activities</td>
<td>7</td>
</tr>
<tr>
<td>Statement of special accounts</td>
<td>8</td>
</tr>
<tr>
<td>Combined statements of withdrawals</td>
<td>9</td>
</tr>
<tr>
<td>Notes to the financial statements</td>
<td>10–12</td>
</tr>
<tr>
<td>INDEPENDENT ASSURANCE REPORT ON COMPLIANCE</td>
<td>13–14</td>
</tr>
<tr>
<td>INDEPENDENT ASSURANCE REPORT ON EFFECTIVENESS OF INTERNAL CONTROL</td>
<td>15–16</td>
</tr>
</tbody>
</table>
THE STATEMENT OF THE BOARD OF MANAGEMENT

The Board of Management of National Power Transmission Corporation ("the Corporation") presents this report together with the audited financial statements of the Capacity Building for Involuntary Resettlement in Energy Sector in Vietnam Project – Financing Agreement No. TF016492 (hereinafter referred to as "the Project") for the period from inception to 31 December 2016.

MEMBERS OF THE BOARD OF MANAGEMENT

THE BOARD OF MANAGEMENT

The members of the Board of Management during the period and at the date of this report are:

Mr. Vu Ngoc Minh General Director
Mr. Vu Tran Nguyen Deputy General Director
Mr. Tran Quoc Lam Deputy General Director
Mr. Nguyen Tuan Tung Deputy General Director

AUDITORS

The accompanying financial statements have been audited by RSM Vietnam Auditing & Consulting Company Limited, a member of RSM International.

THE BOARD OF MANAGEMENT'S STATEMENT OF RESPONSIBILITY

The Board of Management is responsible for preparing the financial statements for the period from inception to 31 December 2016, which give a true and fair view of:

- Income, expenditure and fund balance for the period from inception to 31 December 2016;
- Balance of the special account as at 31 December 2016 and its movements for the period from inception to 31 December 2016;

In preparing these financial statements, the Board of Management is required to:

- Select suitable accounting policies and then apply them consistently in accordance with the Financing Agreement No. TF016492 signed on 10 December 2014 between the Government of the Socialist Republic of Vietnam and the World Bank ("WB"), Additional Financing Agreement signed on 06 June 2015 between the Vietnamese Ministry of Industry & Trade and National Power Transmission Corporation (the "Financing Agreements"), the Project Operations Manual ("POM") and other applicable laws and regulations;
- State whether applicable accounting policies have been followed, subject to any material departures disclosed and explained in the financial statements;
- Design and implement an effective internal control to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

The Board of Management confirms that they have complied with the above requirements in preparing the combined financial statements.

The Board of Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the Project's fund balance and its income and expenditure for the reporting period and accounting books compliance with POM. It is also responsible for safeguarding the assets of the Project and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.
THE STATEMENT OF THE BOARD OF MANAGEMENT

The Board of Management hereby state that, in its opinion:

- The accompanying financial statements give a true and fair view of the fund balance of the Project as at 31 December 2016, the income and expenditure for the period from inception to 31 December 2016, the balance of special account as at 31 December 2016 and its movement in the period and the combined statement of withdrawals in the period in accordance with the accounting policies as described in Note 3 to the financial statements and POM;
- The funds provided by the World Bank’s Institutional Development Fund ("IDF") and the Government of Vietnam are utilised for the purposes defined in the Financing Agreements;
- The Project complies with the Financing Agreements, POM, and other applicable laws and regulations;
- The Project designs and implements an effective internal control to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error, as well as to ensure compliance with the Financing Agreements, POM, laws and regulations applicable to the Project.

For and on behalf of the Board of Management,

Vu Ngoc Minh  
General Director  
28 June 2017
INDEPENDENT AUDITORS' REPORT

Re.: Financial statements for the period from inception to 31 December 2016 of Capacity Building for Involuntary Resettlement in Energy Sector in Vietnam Project – Financing Agreement No. TF016492

To: The Board of Management of National Power Transmission Corporation

Opinion

We have audited the accompanying financial statements of the Capacity Building for Involuntary Resettlement in Energy Sector in Vietnam Project – Financing Agreement No. TF016492 ("the Project"), which comprise: Statement of income, expenditure and fund balance as at 31 December 2016 and for the period from inception to 31 December 2016, the statement of special account and the combined statement of withdrawals for the period from inception to 31 December 2016 and the notes to the financial statements as set out on pages 06 to 12. The financial statements have been prepared by the Board of Management of National Power Transmission Corporation ("the Corporation") in accordance with the accounting policies as described in Note 3 to the financial statements and the Project Operations Manual.

In our opinion, the accompanying financial statements of the Project are prepared, in all material respects, in accordance with the accounting policies as described in Note 3 to the financial statements and the Project Operations Manual.

Basic of Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Project in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Vietnam, and we have fulfilled our other responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Accounting Policies

We draw attention to Note 3 to the financial statements which describes the accounting policies. Our opinion is not modified in respect of this matter.

Other information

We note that for the period from inception to 31 December 2016, counterpart fund was not available as committed. Therefore, all expenditures incurred during the period were funded by IDF.

Responsibilities of the Board of Management

The Board of Management is responsible for the preparation of these financial statements in accordance with the accounting policies as described in Note 3 to the financial statements and the Project Operations Manual, and for such internal control as the Board of Management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

THE POWER OF BEING UNDERSTOOD

AUDIT | TAX | CONSULTING
INDEPENDENT AUDITORS’ REPORT (CONT’D)

Auditors’ responsibilities for the Audit of the Financial Statements

The objectives of our audit 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 planning and performance of 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 Corporation’s internal control;

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

We are required to communicate with the management 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.

Nguyen Thanh Lam
Deputy General Director
Audit Practice Registration Certificate
No. 0299-2016-026-1

Hoang Thi Vinh
Auditor
Audit Practice Registration Certificate
No. 1678-2016-026-1

For and on behalf of
RSM Vietnam Auditing & Consulting Company Limited
Member of RSM International
Hanoi, 28 June 2017
STATEMENT OF INCOME, EXPENDITURE AND FUND BALANCE
As at 31 December 2016 and for the period from inception to 31 December 2016

<table>
<thead>
<tr>
<th>Actual amount</th>
<th>VND</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Opening Cash Balance</strong></td>
<td></td>
</tr>
<tr>
<td>IDF Special Account</td>
<td>-</td>
</tr>
<tr>
<td>Counterpart Bank account (NPT)</td>
<td>-</td>
</tr>
<tr>
<td>Others</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>-</td>
</tr>
<tr>
<td><strong>Add:</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Sources of Funds</strong></td>
<td></td>
</tr>
<tr>
<td>IDF Funds (i)</td>
<td>2,151,546,606</td>
</tr>
<tr>
<td>Counterpart Funds (NPT)</td>
<td>-</td>
</tr>
<tr>
<td>Others</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,151,546,606</td>
</tr>
<tr>
<td><strong>Foreign Exchange Difference</strong></td>
<td>60,851,785</td>
</tr>
<tr>
<td><strong>Less:</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Uses of Funds</strong></td>
<td></td>
</tr>
<tr>
<td>Goods</td>
<td>118,000,000</td>
</tr>
<tr>
<td>IDF Funds</td>
<td>-</td>
</tr>
<tr>
<td>NPT Funds</td>
<td>118,000,000</td>
</tr>
<tr>
<td>Works</td>
<td>-</td>
</tr>
<tr>
<td>IDF Funds</td>
<td>-</td>
</tr>
<tr>
<td>NPT Funds</td>
<td>-</td>
</tr>
<tr>
<td>Others</td>
<td>1,271,792,810</td>
</tr>
<tr>
<td>IDF Funds</td>
<td>1,271,792,810</td>
</tr>
<tr>
<td>NPT Funds</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,389,792,810</td>
</tr>
<tr>
<td><strong>Closing Balances</strong></td>
<td></td>
</tr>
<tr>
<td>IDF Special Account</td>
<td>1,242,815,581</td>
</tr>
<tr>
<td>Counterpart Bank account (NPT)</td>
<td>-</td>
</tr>
<tr>
<td>Other payables (ii)</td>
<td>(420,210,000)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>822,605,581</td>
</tr>
</tbody>
</table>

(i) See “Combined statements of withdrawals” for further information.

(ii) This presents expenses for the 2016 annual workshop prepaid by the Central Power Projects Management Board in the period.

Vu Ngoc Minh
General Director
28 June 2017

Nguyen Hoai Anh
Acting Chief Accountant

Cao Thi To Uyen
Preparer

The notes set out from pages 10 to 12 are an integral part of these financial statements
# STATEMENT ON THE USE OF FUND BY ACTIVITIES

For the period from inception to 31 December 2016

<table>
<thead>
<tr>
<th>Project Activities</th>
<th>Planned amount USD</th>
<th>Planned amount VND</th>
<th>Revised amount USD</th>
<th>Revised amount VND</th>
<th>Actual amount VND</th>
</tr>
</thead>
<tbody>
<tr>
<td>Package 01 - Assessment of the current practices, training, community diagnostic meeting and solutions on improvement of efficiency in land acquisition and compensation</td>
<td>101,607</td>
<td>2,133,747,000</td>
<td>101,607</td>
<td>2,308,511,040</td>
<td>164,567,810</td>
</tr>
<tr>
<td>Package 02 - Software development</td>
<td>12,887</td>
<td>270,627,000</td>
<td>21,452</td>
<td>487,398,095</td>
<td>44,500,000</td>
</tr>
<tr>
<td>Package 03 - Evaluation and lessons learnt</td>
<td>32,340</td>
<td>679,140,000</td>
<td>32,340</td>
<td>734,764,800</td>
<td>-</td>
</tr>
<tr>
<td>Package 04 - Audit report</td>
<td>9,524</td>
<td>200,004,000</td>
<td>9,524</td>
<td>216,385,280</td>
<td>-</td>
</tr>
<tr>
<td>Package 05 - Purchase of computers</td>
<td>7,143</td>
<td>150,003,000</td>
<td>7,143</td>
<td>162,288,960</td>
<td>118,000,000</td>
</tr>
<tr>
<td>Package 06 - Workshop</td>
<td>86,523</td>
<td>1,816,983,000</td>
<td>86,523</td>
<td>1,965,802,560</td>
<td>1,062,725,000</td>
</tr>
<tr>
<td>Package 07 - Study tour</td>
<td>64,262</td>
<td>1,349,502,000</td>
<td>64,262</td>
<td>1,460,032,640</td>
<td>-</td>
</tr>
<tr>
<td>Package 08 - Project management</td>
<td>85,714</td>
<td>1,799,994,000</td>
<td>77,149</td>
<td>1,752,816,625</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>400,000</strong></td>
<td><strong>8,400,000,000</strong></td>
<td><strong>400,000</strong></td>
<td><strong>9,088,000,000</strong></td>
<td><strong>1,389,792,810</strong></td>
</tr>
</tbody>
</table>

(i) Budgeted exchange rate was USD/VND 21,000.

(ii) Adjusted exchange rate was determined using buying exchange rate of Joint Stock Commercial Bank for Foreign Trade of Vietnam as at 31 December 2016 of USD/VND 22,720.

Vu Ngoc Minh  
General Director  
28 June 2017

Nguyen Hoai Anh  
Acting Chief Accountant

Cao Thi To Uyen  
Preparer

The notes set out from pages 10 to 12 are an integral part of these financial statements
# NATIONAL POWER TRANSMISSION CORPORATION
CAPACITY BUILDING FOR INO Voluntary
RESETTLEMENT IN ENERGY SECTOR IN VIETNAM PROJECT

FINANCIAL STATEMENTS
For the period from inception to 31 December 2016

## STATEMENT OF SPECIAL ACCOUNT
As at 31 December 2016 and for the period from inception to 31 December 2016

<table>
<thead>
<tr>
<th>Amount</th>
<th>USD</th>
<th>Amount VND Equivalent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Opening balance</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2 Add: Cumulative unexplained discrepancy</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>3 IDF advance during the period</td>
<td>98,219.91</td>
<td>2,151,546,606</td>
</tr>
<tr>
<td>4 Less: Refund to IDF from SA during the period</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>5 Present outstanding amount advanced to SA</td>
<td>98,219.91</td>
<td>2,151,546,606</td>
</tr>
<tr>
<td>6 SA closing balance at end of this period carried forward to next</td>
<td>54,701.39</td>
<td>1,242,815,581</td>
</tr>
<tr>
<td>7 Add: Amount of eligible expenditures paid during period (i)</td>
<td>43,518.52</td>
<td>969,582,810</td>
</tr>
<tr>
<td>8 Service charges (if debited into SA)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>9 Less: Interest earned (if credited into SA)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>10 Total advance accounted for</td>
<td>98,219.91</td>
<td>2,212,398,391</td>
</tr>
</tbody>
</table>

(i) See "Combined statements of withdrawals" for further information.

(ii) The discrepancy incurred from foreign exchange differences due to payment to contractors and revaluation at the year end.

Vu Ngoc Minh
General Director
28 June 2017

Nguyen Hoai Anh
Acting Chief Accountant

Cao Thi To Oyen
Preparer

The notes set out from pages 10 to 12 are an integral part of these financial statements
### COMBINED STATEMENTS OF WITHDRAWALS

*For the period from inception to 31 December 2016*

<table>
<thead>
<tr>
<th>Date</th>
<th>Doc.</th>
<th>Sources of Funds</th>
<th>Amount USD</th>
<th>VND Equivalent</th>
</tr>
</thead>
<tbody>
<tr>
<td>30/6/2016</td>
<td>DA-01</td>
<td>IDF Funds</td>
<td>60,000.00</td>
<td>1,313,040,000</td>
</tr>
<tr>
<td>26/10/2016</td>
<td>DA-02</td>
<td>IDF Funds</td>
<td>38,219.91</td>
<td>838,506,606</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>98,219.91</strong></td>
<td><strong>2,151,546,606</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Date</th>
<th>Doc.</th>
<th>For package</th>
<th>Amount VND</th>
</tr>
</thead>
<tbody>
<tr>
<td>9/3/2016</td>
<td>977/CPMB-TCKT</td>
<td>Package 06 - Workshop</td>
<td>642,515,000</td>
</tr>
<tr>
<td>7/6/2016</td>
<td>3426/CPMB-TCKT</td>
<td>Package 01 - Assessment of the current practises, training, community diagnostic meeting and solutions on improvement of efficiency in land acquisition and compensation</td>
<td>164,567,810</td>
</tr>
<tr>
<td>23/8/2016</td>
<td>4325/CPMB-TCKT</td>
<td>Package 02 - Software development</td>
<td>44,500,000</td>
</tr>
<tr>
<td>23/9/2016</td>
<td>4959/CPMB-TCKT</td>
<td>Package 05 - Purchase of computers</td>
<td>118,000,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>969,582,810</strong></td>
</tr>
</tbody>
</table>

(i) The requests for withdrawals incurred in National Power Transmission Corporation represents e-mails sent to WB to apply for funding for the activities of the Project.

(ii) These payments were performed by National Power Transmission Corporation based on dispatches of Central Power Projects Management Board on request for payments of expenses incurred under the Project.
NOTES TO FINANCIAL STATEMENTS
These notes are an integral part of and should be read in conjunction with accompanying financial statements

1. GENERAL INFORMATION

Capacity Building for Involuntary Resettlement in Energy Sector in Vietnam Project operates using grant from the World Bank’s Institutional Development Fund (“IDF”) under the technical assistance from the Central Power Projects Management Board (“CPMB”) and direction of National Power Transmission Corporation (“NPT”). The objective of the Project is to enhance the capacity for planning and implementing involuntary resettlement in Vietnam’s transmission grid investment, in targeted districts in southern Vietnam, which has plans to invest in Vietnam transmission grids. The Project will focus on improving management of socio-economic impacts of energy investments. The Project’s goal aims to achieving Power Developer Master plan VII (hereinafter referred to as PDP VII) for the period 2011 – 2020 with the vision to 2030 approved by Vietnam Prime Minister in July 2011.

The Project consists of 4 components as follows:

- **Component (A): Evaluate current practices in land acquisition and compensation in the energy sector**: The component will integrate current policies and procedures, experience in land acquisition and compensation for infrastructure investment in Vietnam; figure out the gap between policies and procedures related to national requirements as well as international practices established with Vietnam.

- **Component (B): Software development and application**: According to this component, software must be specifically designed for planning and budgeting resettlement. These softwares should be a user-friendly designed and easily converted output to other applications (such as MS Word, MS Excel). Upon the completion, the selected consultant will be responsible for training and providing applications to trainees at the Land Development Centers (or equivalent agencies) in 9 districts in three pilot provinces including Binh Duong Province: Phu Giao Dist., Bau Bang Dist., Ben Cat Town; Binh Phuoc Province: Loc Ninh Dist., Hon Quan Dist., Binh Long Town; Tay Ninh Province: Tan Chau Dist., Duong Minh Chau Dist., Tay Ninh City.

- **Component (C): Training, workshop, study tour and community diagnostic meetings**: The objective of this component is to provide knowledge of national and international policies and procedures in resettlement field in transmission projects in pilot provinces.

- **Component (D): Project Management, Monitoring and Evaluation**: The objective of this component is to ensure that all project activities are properly monitored, reported and evaluated. CPMB will maintain an internal monitoring system for all project activities, including internal monitoring data collection. The final evaluation made by the consultant includes the achievements and lessons learnt from the project.

2. BASIS OF PREPARATION FOR FINANCIAL STATEMENTS

The Project’s financial statements are presented in Vietnam Dong (“VND”), in which the statement of special account is presented in United States Dollar (“USD”).

The Project’s financial statements are prepared in accordance with the accounting policies described in Note 3 and the Project Operations Manual (“POM”).

According to the Financing Agreement, financial statements include expenses incurred from 10 December 2014 (the date of the Financing Agreement) to 31 December 2016.
3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant policies adopted in the preparation of the financial statements are set out below:

**Contribution from Institutional Development Fund ("IDF")**

Contribution from IDF is recognised when funds are transferred from IDF to the Project's special account.

**Contribution from the Government of Vietnam ("counterpart funds")**

Contribution from the counterpart funds is recognised when cash is disbursed through the account of National Power Transmission Corporation or its Projects Management Boards for the activities of the Project.

**Expenditures**

Expenditures are recognised for the value of goods or services rendered from suppliers whether it has been paid or not.

**Foreign exchange transactions**

The transactions arising in foreign currencies are translated into VND at the exchange rates ruling at the date of transactions. The balances of monetary items which are denominated in foreign currencies are translated into VND at the exchange rate of Joint Stock Commercial Bank for Foreign Trade at the reporting date.

All foreign exchange differences are presented separately in the statement of income, expenditure and fund balance for the reporting period.

**Payables**

Payables are recognised by expenses that will be paid in the future for goods or services purchased from suppliers but have not been paid due to lack of invoices or insufficient accounting documents. These expenses have been approved by the Board of Management and recognised as project expenses in the reporting period.

**Acquisition of assets and equipment**

All items of expenditures on goods are recorded in the Project's expenses when relevant supporting documents are approved by the Board of Management.
4. SUBSEQUENT EVENTS

According to WB submission letter No. 572/TT-CPMB dated 17 January 2017 approved by the competent agency and Decision No. 423/QD-CPMB dated 03 March 2017, CPMB extending of Project's scope for 8 new districts in Quang Ngai and Binh Dinh provinces increasing the scope to 17 districts. Accordingly, with the scope extension, there are additional expenses for procurement, training, consultancy and evaluation at 8 new districts resulting in increase in the Project's budgeting and planning in 2017 of about VND 1.9 billion.

Vu Ngoc Minh
General Director
29 June 2017

Nguyen Hoai Anh
Acting Chief Accountant

Cao Thi To Oyen
Preparer
INDEPENDENT ASSURANCE REPORT ON COMPLIANCE
For the period from inception to 31 December 2016
of Capacity Building for Involuntary Resettlement in Energy Sector in Vietnam Project
– Financing Agreement No. TF016492

To: The Board of Management of National Power Transmission Corporation

We have examined the compliance of the Board of Managements of National Power Transmission Corporation ("the Corporation") in relation to the implementation of the Capacity Building for Involuntary Resettlement in Energy Sector in Vietnam Project ("the Project") with the applicable laws, regulations, procurement procedures and other provisions of the Financing Agreement between the Government of the Socialist Republic of Vietnam and the World Bank ("WB"), Additional Financing Agreement between the Vietnamese Ministry of Industry & Trade and National Power Transmission Corporation ("the Financing Agreements") for the period from inception to 31 December 2016. The Board of Management is responsible for the compliance with the Financing Agreements, the Project Operations Manual ("POM") and other laws and regulations applicable to the Project (collectively referred to as "the Project’s regulations").

Auditors’ responsibility

Our responsibility is to express an opinion, based on our examination, on the compliance of the Board of Management with the Project managers' regulations that could have a direct and material financial effect to the financial statements of the Project as at 31 December 2016 and for the period from inception to 31 December 2016. We conducted our examination in accordance with the principles of International Standard on Assurance Engagements 3000 - Assurance Engagements other than Audits or Reviews of Historical Financial Information ("ISAE 3000") insofar this standard could be usefully applied in this examination and in its specific compliance context. This standard requires that we comply with ethical requirements and that we plan and perform the examination to obtain reasonable assurance about whether the Board of Management comply with the Project’s regulations that could have a direct and material financial effect to the financial statements.

Our examination included obtaining a sufficient understanding of the Project and the Project’s regulations; assessing the risk on non-compliance exists that could have a direct and material financial effect to the combined financial statements of the Project; testing and evaluating, on a sample basis, the compliance of the Project management with the Project’s regulations based on the assessed risk; and performing such other procedures as we considered necessary in the circumstances.

We considered the following criteria in evaluating the compliance of the Project Management with the Project’s regulations:

- The awareness of the Board of Management regarding the Project’s regulations;
- The implementation of the Project’s regulations by the Board of Management;
- The significance to the financial statements where the Board of Management fail to comply with one requirement or several requirements in the Project’s regulations, if any;
- That a weakness or a deficiency existed where the Project Management fail to comply with one or several requirements in the Project’s regulations that could have a direct and material financial effect to the combined financial statements.

We believe that our audit provides a reasonable basis for our opinion.
Auditors' opinion

In our opinion, the Project Management complies, in all material respects, with the Project's regulations that could have a direct and material financial effect to the combined financial statements of the Project as at 31 December 2016 and for the period from inception to 31 December 2016 based on the evaluating criteria above.

Other Matters

We would like to note that we have not issued Management Letter because there was no significant incompliance from the Project's regulations which have direct and material financial effect on the financial statements of the Project or put the Project's compliance at risk.

This examination involved a historical evaluation of the compliance of the Board of Management with the Project's regulations from time to time. Thus, this examination does not provide future assurance since there is a risk that the Project's regulations may change or the degree of compliance with the Project's regulations may decrease.

Nguyen Thanh Lam
Deputy General Director
Audit Practice Registration Certificate
No. 0299-2016-026-1

For and on behalf of
RSM Vietnam Auditing & Consulting Company
Member of RSM International
Hanoi, 28 June 2017

Hoang Thi Vinh
Auditor
Audit Practice Registration Certificate
No. 1678-2016-026-1
INDEPENDENT ASSURANCE REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROL

For the period from inception to 31 December 2016

of Capacity Building for Involuntary Resettlement in Energy Sector in Vietnam Project

– Financing Agreement No. TF016492

To: The Board of Management of National Power Transmission Corporation

We have audited the design and operating effectiveness of the internal control of the Capacity Building for Involuntary Resettlement in Energy Sector in Vietnam Project ("the Project") implemented by National Power Transmission Corporation ("the Corporation") for the period from inception to 31 December 2016. The internal control was established to manage the risks achievement of the Project's objectives, including the reasonable prevention and detection of errors, irregularities and fraud. The internal control is the responsibility of the Board of Management.

Auditors' Responsibility

Our responsibility is to express an opinion, based on our audit, on the effectiveness of the internal control that could have a direct and material financial effect to the financial statements of the Project as at 31 December 2016 and for the period from inception to 31 December 2016. We conducted our audit in accordance with the principles of International Standard on Assurance Engagements 3000 - Assurance Engagements other than Audits or Reviews of Historical Financial Information ("ISAE 3000") insofar this standard could be usefully applied in this audit and in its specific compliance context. This standard requires that we comply with ethical requirements and that we plan and perform the audit to obtain reasonable assurance about whether the internal control for the Project is adequately designed for the purpose of the Project and was operating effectively during the period covered by the audit.

Our audit included obtaining a sufficient understanding of the Project and the internal control for the Project; assessing the risk that a material weakness exists that could have a direct and material financial effect to the combined financial statements of the Project; testing and evaluating, on a sample basis, the design and operating effectiveness of internal control based on the assessed risk; and performing such other procedures as we considered necessary in the circumstances.

We considered the following criteria in evaluating the effectiveness of the internal control:

- The requirement for design and implementation of the internal control in the Project Operations Manual ("POM");
- The appropriateness of the internal control for the Project's activities and objectives;
- The implementation of the internal control by the Project Management to achieve its objective of prevention and detection of errors, irregularities and fraud that could have a direct and material financial effect to the financial statements of the Project;
- The significance to the financial statements where one control or several controls did not operate as designed, if any,
INDEPENDENT ASSURANCE REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROL (CONT'D)

Auditors' Responsibility (cont'd)

- That a weakness or a deficiency existed where a control or several controls did not reasonably prevent or detect risks that could have an adverse impact on the objectives of those internal controls which are to provide reasonable assurance that the combined financial statements are prepared, in all material respects, in accordance with the adopted accounting policies and POM, that the funds are utilised for the purposes defined in the Financing Agreement between the Government of the Socialist Republic of Vietnam and the World Bank ("WB") ("the Financing Agreement"), and that the Project complies with the Financing Agreement, POM and other laws and regulations applicable to the Project.

We believe that our audit provides a reasonable basis for our opinion.

Auditors' opinion

In our opinion, the Project's internal control for the period from inception to 31 December 2016, in all material respects, was adequately designed for the purpose of the Project and operated in an effective manner, based on the evaluation criteria above.

Other Matters

We would like to note that we have not issued Management Letter because there was no significant finding from the internal control which have direct and material financial effect on the financial statements of the Project or put internal control system's effectiveness at risk.

This audit involved a historical evaluation of internal control from time to time. Thus, this audit does not provide future assurance since there is a risk that internal control may become inappropriate because of changes in operations, or the degree of compliance with policies or procedures may decrease.

Nguyen Thanh Lam
Deputy General Director
Audit Practice Registration Certificate
No. 0299-2016-026-1

Hoang Thi Vinh
Auditor
Audit Practice Registration Certificate
No. 1678-2016-026-1

For and on behalf of
RSM Vietnam Auditing & Consulting Company
Member of RSM International
Hanoi, 28 June 2017