HO CHI MINH CITY POWER CORPORATION
DISTRIBUTION EFFICIENCY PROJECT

Financing Agreement No. Cr.5156-VN, Loan Agreement No. TF013468-VN
Grant Agreement No. TF013456-VN

AUDITED FINANCIAL STATEMENTS AND MANAGEMENT LETTER

For the year ended 31 December 2014

Ho Chi Minh, March 2015

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PART I

FINANCIAL STATEMENTS

STATEMENT OF THE BOARD OF GENERAL DIRECTORS

The Board of General Directors of Ho Chi Minh City Power Corporation (the "Corporation") presents this report together with the financial statements of the Distribution Efficiency Project - Financing Agreement No. Cr.5156-VN, Loan Agreement No. TF013468-VN and Grant Agreement No. TF013456-VN - Portion implemented by the Corporation (the "Project") for the year ended 31 December 2014.

BOARD OF GENERAL DIRECTORS

The members of the Board of General Directors of the Corporation who held office during the year and at the date of this report are as follows:

Board of General Directors

Mr. Le Van Phuoc	General Director
Mr. Nguyen Van Ly	Deputy General Director
Mr. Tran Khiem Tuan	Deputy General Director
Mr. Pham Quoc Bao	Deputy General Director
Mr. Tang Nai Tong	Deputy General Director

Board of General Directors' Statement of Responsibility

The Board of General Directors of the Corporation is responsible for preparing the financial statements of the Project, which give a true and fair view of the balances of assets, liabilities and funds as at 31 December 2014, as well as the receipts and disbursements of the Project for the year ended 31 December 2014, in accordance with the accounting policies set out in Note 3 of the Notes to the financial statements and the covenants contained in Financing Agreement No. Cr.5156-VN, Loan Agreement No. TF013468-VN and Grant Agreement No. TF013456-VN. In preparing these financial statements, the Board of General 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 financial statements; and
- Design and maintain effective internal control over compliance with requirements that could have a direct and material financial effect on the financial statements as well as over financial reporting for the purpose of properly preparing and presenting the financial statements so as to minimize errors and frauds; and take responsibility for its assertions as to the effectiveness of such internal control.

STATEMENT OF THE BOARD OF GENERAL DIRECTORS (CONTINUED)

The Board of General Directors is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the financial position of the Project and that the financial statements comply with the accounting policies set out in Note 3 of the Notes to the financial statements and the covenants contained in Financing Agreement No. Cr.5156-VN, Loan Agreement No. TF013468-VN and Grant Agreement No. TF013456-VN. The Board of General Directors is responsible for using the Project's funds as intended for the Project and for complying with the covenants of Financing Agreement No. Cr.5156-VN, Loan Agreement No. TF013468-VN and Grant Agreement No. TF013456-VN as well as laws and regulations applicable to the Project. The Board of General Directors is also responsible for safeguarding the assets of the Project and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

The Board of General Directors confirms that they have complied with the above requirements in preparing these financial statements.

For and on behalf of the Board of General Directors,

TỔNG CÔNG TY ĐIỆN LỰC THÀNH PHỐ HỒ CHÍ MINH TNHH

Pham Quoc Bao
Deputy General Director
Ho Chi Minh, 30 March 2015

UHY ACA Ltd

No.: 235 /2015/UHY ACA - BCKT

INDEPENDENT AUDITORS' REPORT

On financial statements of Distribution Efficiency Project – Portion implemented by Ho Chi Minh City Power Corporation For the year ended 31 December 2014

To: The Board of General Directors of Ho Chi Minh City Power Corporation
The World Bank

We have audited the accompanying financial statements of the Distribution Efficiency Project – Financing Agreement No. Cr.5156-VN, Loan Agreement No. TF013468-VN and Grant Agreement No. TF013456-VN – Portion implemented by Ho Chi Minh City Power Corporation (the "Project"), prepared on 30 March 2015, as set out from page 7 to page 17, which comprise the balance sheet as at 31 December 2014, the statement of sources and uses of funds, statement of designated account, and statement of loan withdrawals for the year ended 31 December 2014, and the Notes to the financial statements (collectively referred to as the "Financial statements").

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting policies set out in Note 3 of the 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor consider internal control relevant to the Project's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. 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 financial statements.

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

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INDEPENDENT AUDITORS' REPORT (CONTINUED)

Opinion

In our opinion:

- The accompanying financial statements give a true and fair view of the Project's financial position as at 31 December 2014 as well as its receipts and disbursements for the year ended 31 December 2014, in accordance with the accounting policies set out in Note 3 of the Notes to the financial statements.

- The accompanying statements of designated account gives a true and fair view of the balance of the designated account as at 31 December 2014 and the Project's receipts and disbursements via the designated account for the year ended 31 December 2014 in accordance with the relevant covenants of Financing Agreement No. Cr.5156-VN, Loan Agreement No. TF013468-VN and Grant Agreement No. TF013456-VN and relevant regulations established by the World Bank.

- The withdrawal applications were adequately reconciled to the statements of expenditures (SOEs) prepared by the Board of General Directors during the year ended 31 December 2014 and those SOEs were adequately supported.

Other matters

The financial statements for the period from 07 February 2013 to 31 December 2013 were audited by Deloitte Vietnam Company Limited which gave unqualified opinion in the Audit report No. 1267/VN1A-HN-BC dated 20 June 2014.

CÔNG TY TRÁCH NHIỆM HỮU HẠN KIỂM TOÁN VÀ TƯ VẤN UHY ACA

Nguyen Thi Phuong Thao
Deputy General Director
CPA Registration Certificate
No. 0933-2014-112-1
For and on behalf of
UHY ACA AUDITING AND CONSULTING LIMITED
Hanoi, 30 March 2015

Hoang Le Thuy Hang
Auditor
CPA Registration Certificate
No. 3059-2015-112-1

BALANCE SHEET

As at 31 December 2014

	Notes	31/12/2014 VND	01/01/2014 VND
ASSETS			
Expenditures		**425,236,026,503**	**112,318,947,408**
Project implementing expenditures	5	425,236,026,503	112,318,947,408
Current assets		**79,419,687,926**	**61,922,742,954**
Prepayments to suppliers	6	35,828,659,085	36,313,151,811
Cash	7	43,591,028,841	25,609,591,143
TOTAL ASSETS		**504,655,714,429**	**174,241,690,362**
RESOURCES			
Funds		**390,396,482,523**	**129,643,623,436**
IDA fund	8	344,972,000,000	101,112,000,000
Counterpart fund		45,606,085,414	28,419,397,799
Foreign exchange difference	9	(181,602,891)	112,225,637
Current liabilities		**114,259,231,906**	**44,598,066,926**
Payables to suppliers	10	114,041,310,265	44,451,842,585
Other current payables		217,921,641	146,224,341
TOTAL RESOURCES		**504,655,714,429**	**174,241,690,362**

OFF BALANCE SHEET ITEMS

		31/12/2014	01/01/2014
Foreign currencies	7	2,038,869.45	1,214,588.00

TỔNG CÔNG TY ĐIỆN LỰC THÀNH PHỐ HỒ CHÍ MINH TNHH

Pham Quoc Bao	Le Van Thu	Huynh To Trinh
Deputy General Director	**Chief Accountant**	**Preparer**

Ho Chi Minh, 30 March 2015

STATEMENT OF SOURCES AND USES OF FUNDS

For the year ended 31 December 2014

	Year 2014			Accumulated to 31/12/2014		
	IDA Fund VND	Counterpart fund VND	Total VND	IDA Fund VND	Counterpart fund VND	Total VND
RECEIPTS	243,860,000,000	17,186,687,615	261,046,687,615	344,972,000,000	45,606,085,414	390,578,085,414
IDA Fund	243,860,000,000	-	243,860,000,000	344,972,000,000	-	344,972,000,000
Counterpart Fund	-	17,186,687,615	17,186,687,615	-	45,606,085,414	45,606,085,414
DISBURSEMENTS	226,008,898,323	17,186,687,615	243,195,585,938	301,516,202,992	45,606,085,414	347,122,288,406
Construction	83,771,614,436	-	83,771,614,436	116,602,272,903	-	116,602,272,903
Equipment	141,179,626,298	-	141,179,626,298	183,951,277,591	-	183,951,277,591
Others	1,209,175,000	17,186,687,615	18,395,862,615	1,209,175,000	45,606,085,414	46,815,260,414
Realised foreign exchange difference	(151,517,411)	-	(151,517,411)	(246,522,502)	-	(246,522,502)
SURPLUS OF RECEIPTS OVER DISBURSEMENTS	17,851,101,677		17,851,101,677	43,455,797,008		43,455,797,008
Unrealised foreign exchange difference from revaluation of cash balance denominated in foreign currency	130,336,021	-	130,336,021	135,231,833	-	135,231,833
OPENING BALANCE	25,609,591,143	-	25,609,591,143	-	-	-
CLOSING BALANCE	43,591,028,841	-	43,591,028,841	43,591,028,841	-	43,591,028,841
Represented by:						
Cash balance as at 31 December 2014	43,591,028,841	-	43,591,028,841	43,591,028,841	-	43,591,028,841

TỔNG CÔNG TY ĐIỆN LỰC THÀNH PHỐ HỒ CHÍ MINH TNHH

Phan Quốc Bảo	Le Van Thu	Huynh To Trinh
Deputy General Director	**Chief Accountant**	**Preparer**

Ho Chi Minh, 30 March 2015

STATEMENT OF DESIGNATED ACCOUNT

Year ended	*: 31 December 2014*
Account No.	*: 007.1.37.0763302*
Depository Bank	*: Joint Stock Commercial Bank for Foreign Trade of Vietnam – Ho Chi Minh Branch*
Address	*: No. 132 Ham Nghi, District 1, Ho Chi Minh City*
Financing Agreement No.	*: 5156-VN*
Currency unit	*: USD*

PART A: ACCOUNT ACTIVITY	**USD**
Opening Balance (as at 01/01/2014)	**1,214,588.15**
Add:	
- Total amount deposited by the World Bank in the year	11,500,000.00
- Bank interest	1,236.83
Deduct:	
- Total amount withdrawn in the year	10,675,718.70
- Interest transferred to a separate account	1,236.83
Closing Balance (as at 31/12/2014)	**2,038,869.45**

PART B: ACCOUNT RECONCILIATION	
1. Opening advance balance by the World Bank	**1,214,588.15**
2. Amount withdrawn but not yet cleared as at 31/12/2013	1,508,039.32
3. Add: Total amount advanced by the World Bank for the year	11,500,000.00
4. Deduct: Total amount claimed and accepted	9,509,371.66
5. Present outstanding advance amount as at 31/12/2014	**4,713,255.81**
6. Closing balance of the designated account as at 31/12/2014	2,038,869.45
7. Amount withdrawn but not yet cleared	2,674,386.36
8. Total present outstanding advance amount as at 31/12/2014	**4,713,255.81**

TỔNG CÔNG TY ĐIỆN LỰC THÀNH PHỐ HỒ CHÍ MINH TNHH

Pham Quoc Bao	**Le Van Thu**	**Huynh To Trinh**
Deputy General Director	**Chief Accountant**	**Preparer**

Ho Chi Minh, 30 March 2015

STATEMENT OF LOAN WITHDRAWALS

For the year ended 31 December 2014

Withdraw application No.	Date	Amount claimed (for disbursement) Advance USD	Accepted for advance clearance USD	Total USD	Amount disbursed/accepted for advance clearance Date	Amount disbursed USD	Accepted for advance clearance USD	Total USD	Diff USD
Designated account									
HCM-004	26-Mar-2014	2,000,000.00	1,508,039.32	3,508,039.32	16-Apr-2014	2,000,000.00	1,508,039.32	3,508,039.32	-
HCM-005	5-May-2014	2,000,000.00	956,193.96	2,956,193.96	15-May-2014	2,000,000.00	956,193.96	2,956,193.96	-
HCM-006	11-Jun-2014	1,500,000.00	-	1,500,000.00	25-Jun-2014	1,500,000.00	-	1,500,000.00	-
HCM-007	11-Aug-2014	2,000,000.00	2,920,532.35	4,920,532.35	29-Aug-2014	2,000,000.00	2,920,532.35	4,920,532.35	-
HCM-008	8-Oct-2014	2,000,000.00	-	2,000,000.00	29-Oct-2014	2,000,000.00	-	2,000,000.00	-
HCM-009	5-Dec-2014	2,000,000.00	4,124,606.03	6,124,606.03	23-Dec-2014	2,000,000.00	4,124,606.03	6,124,606.03	-
		11,500,000.00	**9,509,371.66**	**21,009,371.66**		**11,500,000.00**	**9,509,371.66**	**21,009,371.66**	**-**

Statement of Withdrawals of the Project for the year ended 31 December 2014 only presents withdrawals under Financing Agreement No. Cr.5156-VN; funds of Loan Agreement No. TF013486-VN and Grant Agreement No. TF 013456-VN have yet been disbursed.

TỔNG CÔNG TY ĐIỆN LỰC THÀNH PHỐ HỒ CHÍ MINH TNHH

Pham Quoc Bao	Le Van Thu	Huynh To Trinh
Deputy General Director	Chief Accountant	Preparer

Ho Chi Minh, 30 March 2015