

Audited Project Financial Statements

Project Number: 41456-033

Loan/Grant Number: 2961

Period covered: 18 September 2013 – 31 December 2017

VIE: Water Sector Investment Program – Tranche 2

Prepared by Quang Nam Water Supply and Drainage JSC

For the Asian Development Bank

Date received by ADB: 29 June 2018

The audited project financial statements are documents owned by the borrower. The views expressed herein do not necessarily represent those of ADB's Board of Directors, Management, or staff. These documents are made publicly available in accordance with ADB's Public Communications Policy 2011 and as agreed between ADB and Quang Nam's PPC.



**WATER SUPPLY SYSTEM FOR TAM HIEP
AND DIEN NAM – DIEN NGOC URBAN PROJECT**

AUDITED PROJECT FINANCIAL STATEMENTS

Loan Number 2961 – VIE (from 18/09/2013 to 31/12/2017)

Loan Number 3251 – VIE (from 29/03/2016 to 31/12/2017)

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REPORT OF THE PROJECT MANAGEMENT UNIT

The Management Unit of Investment and Construction Projects of Quang Nam Water Supply and Drainage JSC ("the Project Management Unit") presents this report and the Project Financial statements of the Water supply system for Tam Hiep and Dien Nam – Dien Ngoc Urban Project ("the Project") for the period from 18 September 2013 to 31 December 2017.

The Project

The Water supply system for Tam Hiep and Dien Nam – Dien Ngoc Urban Project is a sub-project of the Viet Nam Water Sector Investment Program, which is invested by Quang Nam Water Supply and Drainage JSC ("Quang Nam WS"). In addition to the counterpart funds, the Project is also financed by the Asian Development Bank ("ADB") under Loan Number 2961 – VIE signed on 23 May, 2013 and the Loan Number 3251 – VIE signed on 19 November, 2015 ("the Agreements").

The Project Management Unit

Members of the Project Management Unit in the period and to the reporting date are:

Mr. Ngo Duc Trung	Director
Mr. Hoang Kim Tam	Deputy Director
Mr. Nguyen Huu Y	Chief Accountant

Auditors

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

Responsibilities of the Project Management Unit

The Project Management Unit is responsible for preparing the project Financial statements, including Statement of Financial Position, Statement of Receipts and Disbursements, Statement of Budget versus Actual Disbursements, Statement of Advance Account and Statement of Withdrawals and Reconciliation of Funds, which comply with the accounting policies described in the attached Notes to the Project Financial statements. The Project Management Unit assures that the accounting policies are appropriately selected and consistently applied.

The Project Management Unit assures that the accounting records were fully maintained to prepare the Project 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 Project Management Unit is 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 agreement, including over the procurement progress, that could have a direct and material financial effect on the Project Financial statements ("the Requirements").

In addition, the Project Management Unit is responsible for complying with the Requirements applicable to the Project, in which:

- ▶ The funds have been used in accordance with the conditions of the Loan Number 2961 – VIE signed on 23 May, 2013 and the Loan Number 3251 – VIE signed on 19 November, 2015;
- ▶ The Advance Account procedures have been operated in accordance with the Asian Development Bank's Loan Disbursement Handbook;
- ▶ Adequate supporting documents, with respect to Statement of Expenditures, have been fully maintained to support to the replenishment requests submitted to the Asian Development Bank. The expenditures are eligible and in right purposes of the Loan Number 2961 – VIE dated 23 May 2013 and the Loan Number 3251 – VIE signed on 19 November, 2015.

Water supply system for Tam Hiep and Dien Nam – Dien Ngoc Urban Project

Loan Number 2961 – VIE

Loan Number 3251 – VIE

On behalf of the Project Management Unit



Ngo Duc Trung
Director

Quang Nam, 30 July 2018



INDEPENDENT AUDITORS' REPORT ON THE PROJECT FINANCIAL STATEMENTS

**To: The Management Unit of Investment and Construction Project
Quang Nam Water Supply and Drainage JSC**

Opinion

We have audited the accompanying Project Financial statements of the Water supply system for Tam Hiep and Dien Nam – Dien Ngoc Urban Project ("the Project") which comprise:

- ▶ Statement of Financial Position as at 31 December 2017, Statement of Receipts and Disbursements, Statement of Budget versus Actual Disbursements, Statement of Advance Account, Statement of Withdrawals and Reconciliation of Funds and Notes to the Project Financial statements for the period from 18 September 2013 to 31 December 2017, including a summary of significant accounting policies of the Loan Number 2961 – VIE;
- ▶ Statement of Financial Position as at 31 December 2017, Statement of Receipts and Disbursements, Statement of Budget versus Actual Disbursements, Statement of Advance Account, Statement of Withdrawals and Reconciliation of Funds and Notes to the Project Financial statements for the period from 29 March 2016 to 31 December 2017, including a summary of significant accounting policies of the Loan Number 3251 – VIE.

In our opinion:

- ▶ The accompanying Project Financial statements of the Loan Number 2961 – VIE signed on 23 May, 2013 give a true and fair view of the financial position of the Project, including the balance of the Advance Account as at 31 December 2017, funds received and expenditures incurred, movements of the Advance Account for the period from 18 September 2013 to 31 December 2017 in accordance with the basis of the principal accounting policies described in the Notes to the Project Financial statements and the provisions of the Loan Number 2961 – VIE signed on 23 May, 2013;
- ▶ The accompanying Project Financial statements of the Loan Number 3251 – VIE signed on 19 November, 2015 give a true and fair view of the financial position of the Project, including the balance of the Advance Account as at 31 December 2017, funds received and expenditures incurred, movements of the Advance Account for the period from 29 March 2016 to 31 December 2017 in accordance with the basis of the principal accounting policies described in the Notes to the Project Financial statements and the provisions of the Loan Number 3251 – VIE signed on 19 November, 2015.

Basis of Opinion

We conducted our audit in accordance with the International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Project 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 Management for the Project Financial statements

The Project Management Unit is responsible for the preparation of the Project Financial statements in accordance with the principal accounting policies described in Notes to the Project 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 Project Financial statements, the Project Management Unit 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 Project Financial statements

Our objectives are to obtain reasonable assurance about whether the Project 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 Project Financial statements.

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

- ▶ Identify and assess the risks of material misstatement of the Project 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 management.
- ▶ Conclude on the appropriateness of management'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 Project Financial statements, including the disclosures, and whether the Project Financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Project Management Unit, 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.



Đo Mạnh Cường
Deputy General Director
CPA Registered No.:
0744-2018-002-1

Hanoi, 30 July, 2018

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

STATEMENT OF FINANCIAL POSITION

Loan Number 2961 – VIE
As at 31 December 2017

	Note	31/12/2017 VND
NON-CURRENT ASSETS		85,758,298
Project Implementation Expenditures	05	85,758,298
TOTAL ASSETS		85,758,298
FUNDS		85,758,298
Project Implementation Funds from The Asian Development Bank	07	85,758,298
TOTAL RESOURCES		85,758,298

STATEMENT OF FINANCIAL POSITION

Loan Number 3251 – VIE
As at 31 December 2017

	Note	31/12/2017 VND
CURRENT ASSETS		19,209,859,733
Cash on hand		35,837,000
Cash at bank	03	18,280,103
Deductible Value added tax		11,730,570,554
Advances to staff		1,028,830,000
Advances to contractors	04	6,396,342,076
NON-CURRENT ASSETS		128,793,206,744
Project Implementation Expenditures	05	128,793,206,744
TOTAL ASSETS		148,003,066,477
CURRENT LIABILITIES		55,679,798,713
Payables to contractors	06	55,576,857,398
Tax payables to State (Foreign Contractor Tax)		102,941,317
FUNDS		92,323,267,764
Project Implementation Funds		92,323,296,264
- The Asian Development Bank	07	65,339,602,323
- Quang Nam Province State budget		6,282,227,873
- Quang Nam Water Supply and Drainage JSC		20,701,466,068
Foreign exchange differences		(28,500)
TOTAL RESOURCES		148,003,066,477

STATEMENT OF RECEIPTS AND DISBURSEMENTS

Loan Number 2961 – VIE

Period from 18 September 2013 to 31 December 2017

	<u>Note</u>	<u>Period from 18/09/2013 to 31/12/2017</u> VND
RECEIPTS		
Received from the Asian Development Bank		<u>85,758,298</u>
		85,758,298
DISBURSEMENTS		
Interest charges and commitment fees		<u>85,758,298</u>
	08	<u>85,758,298</u>
RECONCILIATION AS AT CLOSING		<u>-</u>

STATEMENT OF RECEIPTS AND DISBURSEMENTS

Loan Number 3251 – VIE

Period from 29 March 2016 to 31 December 2017

	Note	Period from 29/03/2016 to 31/12/2017 VND
RECEIPTS		
Received from the Asian Development Bank		65,339,602,323
Received from Quang Nam Province State budget		6,282,227,873
Received from Quang Nam Water Supply and Drainage JSC		20,701,466,068
		<u>92,323,296,264</u>
DISBURSEMENTS		
Civil Works		72,815,701,072
Resettlement and Land Acquisition		9,691,411,242
Consulting Services		6,061,454,050
Interest charges and commitment fees		1,616,850,469
Project management and other disbursements		<u>2,083,733,828</u>
	08	<u>92,269,150,661</u>
FOREIGN EXCHANGE DIFFERENCES DUE TO REVALUATION		<u>(28,500)</u>
RECONCILIATION AS AT CLOSING		<u>54,117,103</u>
<i>Presented by:</i>		
Cash on hand		35,837,000
Cash at bank	03	<u>18,280,103</u>
		<u>54,117,103</u>

Water supply system for Tam Hiep and Dien Nam - Dien Ngoc Urban Project

Loan Number 2961 - VIE
Loan Number 3251 - VIE

Financial Statements
Period ended 31 December 2017

STATEMENT OF BUDGET VERSUS ACTUAL DISBURSEMENTS

Period from 29 March 2016 to 31 December 2017

Categories	Budget Disbursements			Actual Disbursements			Variance		
	Loan Number	Counterpart	Total	Loan Number	Counterpart	Total	Loan Number	Counterpart	Total
	3251-VIE	Fund	VND	3251-VIE	Fund	VND	3251-VIE	Fund	VND
Civil Works	205,000,000,000	26,500,000,000	291,500,000,000	59,915,293,774	12,900,407,298	72,815,701,072	(205,064,706,226)	(13,588,592,702)	(218,654,298,928)
Resettlement and Land Acquisition	-	12,000,000,000	12,000,000,000	-	9,691,411,242	9,691,411,242	9,691,411,242	(2,308,568,756)	7,382,822,484
Consulting Services	8,000,000,000	800,000,000	8,800,000,000	3,807,458,080	2,253,995,970	6,061,454,050	(4,192,541,920)	1,453,995,970	(2,738,545,950)
Interest charges and commitment fees	1,616,850,469	-	1,616,850,469	1,616,850,469	-	1,616,850,469	-	-	-
Project management	-	3,000,000,000	3,000,000,000	-	2,083,733,828	2,083,733,828	2,083,733,828	(916,266,172)	1,167,467,656
	274,616,850,469	42,300,000,000	316,916,850,469	65,339,602,323	26,929,548,338	92,269,150,661	(197,502,103,076)	(15,370,451,662)	(212,872,554,738)
									29%

The period budget disbursement was prepared basic on Decision 105/QĐ-GDT dated 24 July 2017 on the disbursement of ODA funds in 2017 and the Project Management Unit's estimate and the Project's status.

STATEMENT OF ADVANCE ACCOUNT

For the period: from 29 March 2016 to 31 December 2017
Account No: 1010495989
Serving bank: Saigon – Hanoi Commercial Joint Stock Bank – Quang Nam Branch
Address: No. 215 Phan Boi Chau Street, Tan Thanh Ward, Tam Ky City, Quang Nam Province
Agreement: 3251-VIE

	Note	USD
PART A: ACTIVITIES		
Opening balance		-
Add: Total amounts deposited by the ADB		-
Deduct: Total amounts withdrawn		-
Closing balance		-
PART B: RECONCILIATION		
1. Amount advanced by the ADB		-
2. Add: Amount supplemented by the ADB		-
3. Present outstanding amount advanced to		-
4. Closing balance of the Advance Account		-
5. Add: Amounts withdrawn but not yet claimed		-
6. Total advances accounted for		-

Water supply system for Tam Hiep and Dien Nam – Dien Ngoc Urban Project

Loan Agreement No. 2961 – VIE

Loan Agreement No. 3251 – VIE

Financial Statements
Period ended 31 December 2017

STATEMENT OF WITHDRAWALS AND RECONCILIATION OF FUNDS

Loan Number 3251 – VIE

Period from 29 March 2016 to 31 December 2017

Withdrawal applications			Claimed		Received in 2017			Variances	Note
Number	Date	Currency	Civil Works	Consulting services	Amount	Date	Amount		
Advance account									
QN011	21/12/2017	USD	-	250,000.00	250,000.00		-	250,000.00	(1)
Direct payment - VND									
QN001	30/08/2017	VND	10,266,511,446	-	10,266,511,446	21/09/2017	10,266,511,446	-	
QN002	30/08/2017	VND	4,402,408,554	-	4,402,408,554	19/09/2017	4,402,408,554	-	
QN003	30/08/2017	VND	11,993,489,820	-	11,993,489,820	19/09/2017	11,993,489,820	-	
QN004	30/08/2017	VND	14,212,440,000	-	14,212,440,000	19/09/2017	14,212,440,000	-	
QN005	02/10/2017	VND	13,739,622,954	-	13,739,622,954	13/11/2017	13,739,622,954	-	
QN006	31/10/2017	VND	814,291,318	-	814,291,318	13/11/2017	814,291,318	-	
QN007	31/10/2017	VND	4,486,529,682	-	4,486,529,682	13/11/2017	4,486,529,682	-	
QN010	21/12/2017	VND	7,438,079,318	-	7,438,079,318		-	7,438,079,318	(2)
QN012	21/12/2017	VND	5,333,056,363	-	5,333,056,363		-	5,333,056,363	(2)
Direct payment - USD									
QN008	31/10/2017	USD	-	37,906.00	37,906.00	27/11/2017	37,906.00	-	
QN009	31/10/2017	USD	-	130,000.00	130,000.00	14/11/2017	130,000.00	-	
Total in VND			72,686,429,455	-	72,686,429,455	-	59,915,293,774	12,771,135,681	
Total in USD			-	417,906.00	417,906.00	-	167,906.00	250,000.00	

(1) Received on 16/01/2018

(2) Received on 12/01/2018

NOTES TO THE PROJECT FINANCIAL STATEMENTS
 Period ended 31 December 2017

1. Background

The Water supply system for Tam Hiep and Dien Nam – Dien Ngoc Urban Project ("the Project") is a sub-project of the Viet Nam Water Sector Investment Program ("the Program"), which is invested by Quang Nam Water Supply and Drainage JSC ("Quang Nam WS"). In addition to the counterpart funds, the Project is financed by the Asian Development Bank ("ADB") under the Loan Number 2961 – VIE and the Loan Number 3251 – VIE ("the Agreements"). Some milestones of these agreements are as follows:

Agreement	Signing date	Effective date	Closing date (expected)
Loan No. 2961-VIE	23 May 2013	18 September 2013	30 June 2020
Loan No. 3251-VIE	19 November 2015	29 March 2016	31 December 2020

The main objectives of the Project are: (i) Constructing Dien Nam - Dien Ngoc water supply system with capacity of 15,000 m³/day each to supply water to 9 communes, Nam Dien - Dien Nam Industrial Park, Trang Nhat 1 Industrial Park, and Dien Ban District Tourist Area; and (ii) Expansion of the Tam Hiep water supply system with a capacity from 5,000 m³/day to 20,000 m³/day for the purpose of providing sustainable water supply services for Chu Lai Economic Zone.

The Project includes 02 components as below:

Component 1: Constructing Dien Nam - Dien Ngoc urban water supply system

- ▶ Constructing a pumping station and a raw water pump station with the capacity of 15,000 m³/day at Bau Sau River;
- ▶ Installing a rough water pipeline of about 2.4 km to drain water from the crude water pump station to Dien Nam - Dien Ngoc Water Plant;
- ▶ Constructing Dien Nam - Dien Ngoc Water Plant with a capacity of 15,000m³/day for the phase I in 2013 - 2016 in Trang Nhat 1 Industrial Zone, Dien Bien District, including a tank of 32,000m³ of raw water, a treatment group of 15,000 m³/day, a fresh water tank of 2,000 m³/day, a second level pump station and a filtration system, electrical equipment and drainage system using Lamen sedimentation technology;
- ▶ Constructing of a fresh water tank of 2,000 m³, sedimentation ponds for settling tanks and wastewater treatment tanks; constructing raw water pumping stations of 15,000 m³/day, grade II water supply stations for water supply and pressure requirements;
- ▶ Constructing a 18 km long transmission pipeline system using HDPE D400 and D300 pipes, 54 km of distribution pipeline using HDPE D110, D160, D225 and D250 pipes, 90 km of service pipeline and installing 8,000 consumption meters.

Component 2: Expansion of Tam Hiep water supply system

- ▶ Expansion of Tam Hiep water plant with a capacity from 5,000 m³/day to 20,000 m³/day with constructing of a new production unit of 15,000 m³/day in Bich Son village, Tam Xuan commune, Nui Thanh district and using fast filter technology;
- ▶ Constructing a D400 300m long raw water pipe from the raw water pump station in Phu Ninh lake to the water treatment plant in Tam Xuan 2 commune;
- ▶ Constructing a fresh water tank of 2,000 m³, sedimentation ponds for settling tanks and wastewater treatment tanks; constructing of raw water pumping stations of 15,000 m³/day, grade II water supply stations for water supply and pressure requirements;

- Building auxiliary works: operator, chemical house, workshop, warehouse, gate, fence, tree, internal road, drainage, electricity, new transformer station 560KVA - 22/0.4 KV;
- Constructing and installing of 18.1 km D600, D400 and D300 transmission pipelines, 39 km of D110, D165 and D250 distribution pipelines, and 75 km of service pipeline for 8,000 households.

The Project is managed by the Management Unit of Investment and Construction Projects of Quang Nam Water Supply and Drainage JSC ("the Project Management Unit"), and its office is located at No. 86-88 Phan Boi Chau Street, Tam Ky City, Quang Nam Province.

2. Principal Accounting Policies

a. Basis of accounting

The annual accounting period commenced from 1st January to 31st December. The first period is from 18 September 2013 to 31 December 2017 (Loan Number 2961 – VIE) and from 29 March 2016 to 31 December 2017 (Loan Number 3251 – VIE).

The Project Financial statements are prepared under the requirements of the Asian Development Bank and in accordance with Vietnamese Accounting Standards and Circular No. 195/2012/TT-BTC dated 15 November 2012. Statement of Receipts and Disbursements is prepared on the cash basis.

These Financial statements are presented in Vietnam Dong (VND), except for Statements of Advance Account and Statement of Withdrawals and Reconciliation of Funds which are prepared in United State Dollar (USD). These Financial statements are prepared in accordance with the principal accounting policies are summarized as below:

b. Foreign currencies

Funds received from the Asian Development Bank in foreign currency are converted to VND under buying exchange rate of Saigon – Hanoi Commercial Joint Stock Bank – Quang Nam Branch ("the serving bank") on the date of remittance made into Advance Accounts or direct payment made to contractors/suppliers, except capitalization of interest charges and commitment fees (Note 2c) in USD is converted to VND under monthly exchange rate of the Ministry of Finance in the month of announcement by the ADB.

Transactions in foreign currencies are converted to VND under the actual exchange rate of the serving bank on transaction dates. Monetary items denominated in foreign currencies are revalued annually at the actual exchange rate (buying exchange rate with assets / selling exchange rate with liabilities) of the serving bank at balance sheet date. All exchange differences from these transactions are recorded and presented as "Foreign exchange differences" on Statement of Financial Position.

c. Funds and Expenditures

Funds:

- Funds received from the Asian Development Bank (ADB) are recorded when direct payments are made from ADB to contractors/suppliers or remittance are made into Advance Account. Of which, capitalization of interest charges and commitment fees are recognized upon announcement by the ADB (twice per year);
- Counterpart funds received from Quang Nam Province State budget are recorded when payments are made directly to contractors/suppliers of the Project or funds remitted to Quang Nam WS for settlement of the Project's activities;
- Counterpart funds received from Quang Nam WS are recorded when payments are made directly to contractors/suppliers or funds remitted to the Project Management Unit for settlement of the Project's activities.

Expenditures:

- ▶ The Project's expenditures (excluding tax) are recorded when they are actually incurred, except for salary costs in "Project management costs" that are allocated upon people assigned to the Project and rates approved by the funds of Quang Nam WS;
- ▶ Value added tax is declared and deducted at Quang Nam WS. Value added tax deductibles is separately presented as an item on Statement of Financial Position.

d. Advance Accounts and their Interest

Advance Accounts are the deposit accounts in USD opened at the serving bank for the Project's activities. Payments made via the Advance Accounts are for eligible expenditures of the Project in accordance with provisions of the Loan Number 2961 – VIE signed on 23 May, 2013 and the Loan Number 3251 – VIE signed on 19 November, 2015.

Interest of the Advance Accounts is considered as receipts of Quang Nam WS and initially recorded as Other payables in Statement of Financial Position. They are used to cover bank charges. At the end of the Project, outstanding interests will be returned to Quang Nam Water Supply and Drainage JSC. In case bank charges are not fully covered by the interests, Quang Nam Water Supply and Drainage JSC will plan to settle by the counterpart funds (according to Circular No.111/2016/TT-BTC dated 30 June 2016).

3. Cash at bank

	31/12/2017
	VND
Current account (VND)	11,480,603
Current account (USD)	6,799,500
	<u>18,280,103</u>

4. Advance to contractors

	31/12/2017
	VND
Civil Works	
HOWACO Ltd	66,949,378
Consulting Services	
SWS Consulting Engineering Srl	952,867,050
International Engineering Consultant JSC	4,343,565,000
Others	52,000,000
Resettlement and Land Acquisition	
Dien Ban Industry - Commerce and Service Development Center	918,982,000
Clearance - Compensation Department of Management	54,588,000
Chu Lai Open Economic Zone	
Ky Ha Chu Lai Development and Investment Co., Ltd	7,390,648
	<u>6,396,342,076</u>

5. Project Implementation Expenditures

	31/12/2017 VND
Loan Number 2961 - VIE	85,758,298
Interest charges and commitment fees	85,758,298
Loan Number 3251 - VIE	128,793,206,744
Civil Works	116,669,975,089
Resettlement and Land Acquisition	7,762,450,594
Consulting Services	753,765,171
Interest charges and commitment fees	1,616,850,469
Project management and other disbursements	1,990,165,427
	128,878,965,042

In which, expenditures incurred before the effective date of Loan Number 3251 – VIE (29 March 2016) is VND 14,333,024,488.

6. Payable to contractors

	31/12/2017 VND
Civil Works	
Son Ha Investment and Construction Co., Ltd	500,520,000
5 Hai Investment and Construction Consultant Co., Ltd	50,586,000
Dai Phu Thinh Co., Ltd	49,230,775,196
Pumps Europe JSC	5,794,996,200
	55,576,857,396

7. Funds received from the Asian Development Bank

	Incurred and accumulated to 31/12/2017	
	Original currency	Converted to VND
Loan Number 2961 – VIE		85,758,298
Capitalization of interest charges and commitment fees (USD)	3,946.12	85,758,298
Loan Number 3251 – VIE		65,339,602,323
Direct payments		63,722,751,854
VND	59,915,293,774	59,915,293,774
USD	167,806.00	3,807,458,080
Capitalization of interest charges and commitment fees (USD)	72,714.62	1,616,850,469
		65,425,360,621

Water supply system for Tam Hiep and Dien Nam – Dien Ngoc Urban Project

Loan Number 2961 – VIE
Loan Number 3251 – VIE

Financial Statements
Period ended 31 December 2017

8. Disbursements

a. Disbursements by categories and by funding

	Loan 2961-Vie VND	Funded by		Total VND
		Loan 3251-Vie VND	Counterpart funds (*) VND	
Civil Works	-	59,915,293,774	12,900,407,298	72,815,701,072
Resettlement and Land Acquisition	-	-	9,691,411,242	9,691,411,242
Consulting Services	-	3,807,458,080	2,253,995,970	6,061,454,050
Interest charges and commitment fees	85,758,298	1,616,850,469	-	1,702,608,767
Project management and other disbursements	-	-	2,083,733,828	2,083,733,828
	85,758,298	65,339,602,323	26,929,548,338	92,354,908,959

Disbursements are financed under the Loan Number 2961 - VIE dated 23 May 2013 and the Loan Number 3251 – VIE signed on 19 November, 2015 as below:

Agreement	Categories	Funding rate (%)
Loan Number 2961 – VIE	Consulting Services, Interest charges and commitment fees	100% expenditures excluding tax
Loan Number 3251 – VIE	Civil Works, Consultant Services, Interest charges and commitment fees	100% expenditures excluding tax

(*) Up to 31/12/2017, counterpart funds were only disbursed for Loan 3251-Vie signed on 19 November, 2015

b. Reconciliation between Project Implementation Expenditures on Statement of Financial Position and Disbursement on Statement of Receipts and Disbursements as at 31 December 2017

	VND	VND
Project Implementation Expenditures		128,878,965,042
Add:		
Deductible Value added tax	11,730,570,554	
Advances to staff	1,028,830,000	
Advances to contractors	6,396,342,076	
		19,155,742,630
Deduct:		-
Payable to contractors	(55,576,857,396)	
Tax payables to State (Foreign Contractor Tax)	(102,941,317)	
		(55,679,798,713)
Disbursements accumulated to closing		92,354,908,959

9. Subsequent events

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

10. Approval of the Project Financial statements

The Project Financial statements were approved by the Project Management Unit for issuance on 30 July, 2018.



Ngô Duc Trung
Director

Quang Nam, 30 July, 2018

Nguyen Huu Y
Chief Accountant