

Audited Project Financial Statements

Project Number: 42182-013
Loan/Grant Number: 2517/0384
Period covered: 1/1/2015-31/12/2015

VIE: Renewable Energy Development and Network Expansion and Rehabilitation for Remote Communes Sector Project

Prepared by Southern Power Corporation

For the Asian Development Bank
Date received by ADB: 30 June 2016

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 the Southern Power Corporation.

**SOUTHERN POWER CORPORATION
RENEWABLE ENERGY DEVELOPMENT
AND NETWORK EXPANSION
AND REHABILITATION FOR REMOTE
COMMUNES SECTOR PROJECT**

Loan Agreement No. 2517-VIE(SF)

**AUDITED FINANCIAL STATEMENTS
AND MANAGEMENT LETTER**

For the year ended 31 December 2015

TABLE OF CONTENTS

<u>CONTENTS</u>	<u>PAGE(S)</u>
PART I FINANCIAL STATEMENTS	
Statement of the Board of General Directors	2
Independent Auditors' Report	3 - 4
Statement of Sources and Uses of Funds	5
Statement of Disbursements	6
Statement of Withdrawals	7
Balance Sheet	8
Statement of Project Implementation by construction work/work item	9
Statement of Imprest Account	10
Notes to the Financial Statements	11 - 15
PART II REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL	16
PART III INDEPENDENT ASSURANCE REPORT ON COMPLIANCE	17
PART IV MANAGEMENT LETTER	18 - 21
ANNEX I PROJECT IMPLEMENTATION PROGRESS AND WITHDRAWAL PROGRESS	22

PART I
FINANCIAL STATEMENTS

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SOUTHERN POWER CORPORATION
Renewable Energy Development and Network Expansion and
Rehabilitation for Remote Communes Sector Project
Loan Agreement No.2517-VIE(SF)

STATEMENT OF THE BOARD OF GENERAL DIRECTORS

The Board of General Directors of Southern Power Corporation ("SPC") presents this report together with the financial statements of the Renewable Energy Development and Network Expansion and Rehabilitation for Remote Communes Sector Project - Loan Agreement No. 2517-VIE(SF) - Portion implemented by SPC (the "Project") for the year ended 31 December 2015.

Board of General Directors

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

Mr. Nguyen Van Hop	General Director
Mr. Pham Ngoc Le	Deputy General Director
Mr. Ho Quang Ai	Deputy General Director
Mr. Nguyen Phuoc Duc	Deputy General Director
Mr. Nguyen Cong Hau	Deputy General Director

Board of General Directors' Statement of Responsibility

The Board of General Directors of SPC is responsible for preparing the financial statements of the Project which comprise the balance sheet as at 31 December 2015, the statement of sources and uses of funds, statement of disbursements, statement of withdrawals, statement of Project implementation by construction work/work item, and statement of imprest account for the year then ended and the notes to financial statement, which give a true and fair view of the financial position as at 31 December 2015, as well as the receipts, disbursements and expenditures of the Project for the year then ended, in accordance with the accounting policies set out in Note 3 of the notes to the financial statements and the covenants contained in Loan Agreement No. 2517-VIE(SF). 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 minimise errors and frauds; and take responsibility for its assertions as to the effectiveness of such internal control.

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. The Board of General Directors is responsible for using the Project's funds as intended for the Project and for complying with covenants contained in Loan Agreement No. 2517-VIE(SF) 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,



Nguyen Van Hop
General Director

22 June 2016

No.: 79 /VNIA-HN-BC

INDEPENDENT AUDITORS' REPORT

**To: The Board of General Directors of Southern Power Corporation
The Asian Development Bank**

We have audited the accompanying financial statements of the Renewable Energy Development and Network Expansion and Rehabilitation for Remote Communes Sector Project - Loan Agreement No. 2517-VIE(SF) - Portion implemented by Southern Power Corporation (the "Project"), prepared on 22 June 2016, as set out from page 05 to page 15, which comprise the balance sheet as at 31 December 2015, the statement of sources and uses of funds, statement of disbursements, statement of withdrawals, statement of Project implementation by construction work/work item, and statement of imprest account for the year then ended and the notes to 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 about 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 auditors' 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 auditors 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.

INDEPENDENT AUDITORS' REPORT (Continued)

Opinion

In our opinion:

- The financial statements give a true and fair view of the financial position of the Project as at 31 December 2015 and its receipts, disbursements and expenditure for the year then ended in accordance with the accounting policies set out in Note 3 of the notes to the financial statements.
- The statement of imprest account gives a true and fair view of the balance of the imprest account as at 31 December 2015 and the Project's receipts and disbursements via the imprest account for the year then ended in accordance with the relevant covenants of Loan Agreement No. 2517-VIE(SF) and relevant regulations established by the Asian Development Bank.
- The withdrawal applications were adequately reconciled to the statements of expenditures (SOEs) prepared by the Board of General Directors during the year and those SOEs were adequately supported.



Dang Chi Dung

Deputy General Director

Audit Practising Registration Certificate
No. 0030-2013-001-1

Pham Ngoc Hai

Auditor

Audit Practising Registration Certificate
No. 2452-2013-001-1

For and on behalf of

DELOITTE VIETNAM COMPANY LIMITED

22 June 2016

Hanoi, S.R. Vietnam


STATEMENT OF SOURCES AND USES OF FUNDS

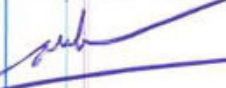
For the year ended 31 December 2015

Unit: VND

Contents	2015			Accumulated to 31/12/2015		
	Loan from the Asian Development Bank	Counterpart fund	Total	Loan from the Asian Development Bank	Counterpart fund	Total
RECEIPTS	95,476,028,236	49,673,336,980	145,149,365,216	599,727,448,107	176,019,153,813	775,746,601,920
Loan from the Asian Development Bank	95,476,028,236	-	95,476,028,236	599,727,448,107	-	599,727,448,107
Counterpart fund	-	49,673,336,980	49,673,336,980	-	176,019,153,813	176,019,153,813
DISBURSEMENTS	54,061,296,435	49,673,336,980	103,734,633,415	542,932,225,060	176,019,153,813	718,951,378,873
Construction	40,044,098,234	-	40,044,098,234	335,452,701,688	9,092,817,531	344,545,519,219
Goods, equipment	15,816,889,034	-	15,816,889,034	209,704,588,329	3,089,445,269	212,794,033,598
Other expenses	-	49,673,336,980	49,673,336,980	200,000,000	163,836,891,013	164,036,891,013
Realised foreign exchange difference	(1,799,690,833)	-	(1,799,690,833)	(2,425,064,957)	-	(2,425,064,957)
SURPLUS OF RECEIPTS OVER DISBURSEMENTS	41,414,731,801	-	41,414,731,801	56,795,223,047	-	56,795,223,047
OPENING BALANCE	15,350,902,609	-	15,350,902,609	-	-	-
Unrealised foreign exchange differences from revaluation of cash balance denominated in foreign currency at year end	364,692,924	-	364,692,924	335,104,287	-	335,104,287
CLOSING BALANCE	57,130,327,334	-	57,130,327,334	57,130,327,334	-	57,130,327,334
<i>Represented by:</i>						
- Cash in bank balance as at 31 December 2015	55,881,806,334	-	55,881,806,334	55,881,806,334	-	55,881,806,334
- Other receivables not relating to expenditures as at 31 December 2015	1,248,521,000	-	1,248,521,000	1,248,521,000	-	1,248,521,000


Cong Thi Thuy Van
Preparer
 22 June 2016


Thai Phong Linh
Deputy Director of Finance and Accounting Department


Nguyen Van Hop
General Director



The notes set out on pages 11 to 15 are an integral part of these financial statements

STATEMENT OF WITHDRAWALS

For the year ended 31 December 2015

Withdrawal Applications			Amount claimed			Amount disbursed			Difference	
No.	Date	Currency	Construction	Equipment	Total	Date	Currency	Amount	Amount	Notes
Imprest account										
SPC-38	24/12/2014	USD	1,061,963	21,954	1,083,917	16/10/2015	USD	1,083,917	-	
SPC-39	19/05/2015	USD	1,174,108	245,624	1,419,732	14/12/2015	USD	1,419,732	-	
SPC-40	23/09/2015	USD	665,112	-	665,112	15/12/2015	USD	665,112	-	
SPC-41	03/11/2015	USD	480,892	185,079	665,971	17/12/2015	USD	665,971	-	
SPC-42	30/11/2015	USD	273,681	-	273,681	17/12/2015	USD	273,681	-	
SPC-43	01/12/2015	USD	182,184	-	182,184	17/12/2015	USD	182,184	-	
Total		USD	3,837,940	452,657	4,290,597			4,290,597	-	



Cong Thi Thuy Van
Preparer

22 June 2016



Thai Phong Linh
Deputy Director of Finance and
Accounting Department



Nguyen Van Hop
General Director

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BALANCE SHEET

As at 31 December 2015

ITEMS	Notes	31/12/2015 VND	31/12/2014 VND
ASSETS			
A. CURRENT ASSETS		70,261,168,500	37,382,897,257
I. Cash		55,881,806,334	15,057,140,597
Cash	5	55,881,806,334	15,057,140,597
II. Short-term receivables		14,379,362,166	22,325,756,660
Advances to suppliers	6	13,119,512,596	22,023,033,648
Other receivables		1,259,849,570	302,723,012
B. PROJECT IMPLEMENTING EXPENDITURES		760,155,148,021	622,974,203,518
Project implementing expenditures		760,155,148,021	622,974,203,518
TOTAL ASSETS		830,416,316,521	660,357,100,775
RESOURCES			
A. LIABILITIES		51,909,545,357	29,164,078,584
I. Current liabilities		51,909,545,357	29,164,078,584
Payables to suppliers	7	45,510,539,127	29,150,568,052
Other short-term payables	8	6,399,006,230	13,510,532
B. FUNDS		778,506,771,164	631,193,022,191
Loan from the Asian Development Bank	9	599,727,448,107	504,251,419,871
Counterpart fund		176,019,153,813	126,345,816,833
Foreign exchange reserve	10	2,760,169,244	595,785,487
TOTAL RESOURCES		830,416,316,521	660,357,100,775

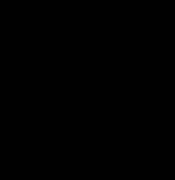
OFF BALANCE SHEET ITEMS

Foreign currencies
- USD

	31/12/2015	31/12/2014
	2,489,168	704,256


Cong Thi Thuy Van
Preparer

22 June 2016


Thai Phong Linh
Deputy Director of Finance and
Accounting Department


Nguyen Van Hop
General Director



The notes set out on pages 11 to 15 are an integral part of these financial statements

STATEMENT OF PROJECT IMPLEMENTATION BY CONSTRUCTION WORK/WORK ITEM

For the year ended 31 December 2015

Unit: VND

No.	Construction works/ work items	Accumulated from the beginning to 31/12/2014	Implementation in the year				Accumulated from the beginning to 31/12/2015
			Construction	Equipment	Others	Total	
1.	Transmission lines and substation in Tra Vinh	278,406,091,998	17,495,622,682	22,989,504,220	17,546,512,698	58,031,639,600	336,437,731,598
2.	Transmission lines and substation in Soc Trang	344,568,111,520	27,043,347,461	26,217,957,455	25,887,999,987	79,149,304,903	423,717,416,423
	Total	622,974,203,518	44,538,970,143	49,207,461,675	43,434,512,685	137,180,944,503	760,155,148,021

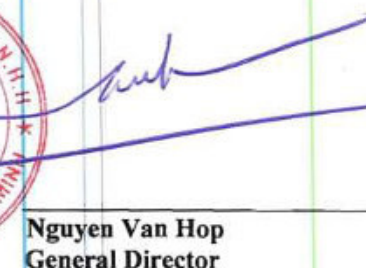


Cong Thi Thuy Van
Preparer

22 June 2016



Thai Phong Linh
Deputy Director of Finance and
Accounting Department

Nguyen Van Hop
General Director

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STATEMENT OF IMPREST ACCOUNT

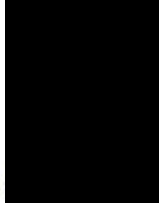
Period : From 01 January 2015 to 31 December 2015
Account number : 4520.520001515.840.9999
Bank name : Lien-Viet Post Joint-Stock Commercial Bank - Cho Lon branch
Address : 52-54-56 Hai Thuong Lan Ong, Ward 10, District 5, Ho Chi Minh City
Currency : USD

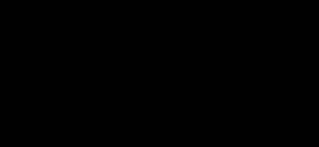
	Amount
PART A: ACCOUNT ACTIVITY	
Opening balance (as at 01/01/2015)	704,256
Add:	
Total amount deposited by the ADB to the Imprest account in the year	4,290,596
Refund of withdrawals for ineligible expenses	39,144
Total interest earned in the year	313
Deduct:	
Total amount withdrawn from the Imprest account in the year	2,544,828
Total interest transferred to a separate account	313
Closing balance (as at 31/12/2015)	2,489,168

PART B: ACCOUNT RECONCILIATION

1	Total amount advanced by the ADB for the year	3,000,000
2	Refund regarding disbursements for ineligible expenses	39,144
3	Total present outstanding amount advanced to the Imprest account as at 31/12/2015	3,039,144
4	Closing balance of the Imprest account as at 31/12/2015	2,489,168
5	Add: Amount withdrawn but not yet claimed	549,976
6	Total advance to the imprest account accounted for as at 31/12/2015	3,039,144


Cong Thi Thuy Van
Preparer
22 June 2016


Thai Phong Linh
Deputy Director of Finance and
Accounting Department


Nguyen Van Hop
General Director



NOTES TO THE FINANCIAL STATEMENTS

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

1. GENERAL INFORMATION

The Renewable Energy Development and Network Expansion and Rehabilitation for Remote Communes Sector Project operates under Loan Agreement No. 2517-VIE(SF) signed on 17 September 2009 between the Government of the Socialist Republic of Vietnam and the Asian Development Bank ("ADB"). The ADB agrees to lend to the Borrower from ADB's Special Funds resources an amount in various currencies equivalent to SDR 102,161,000. In which, the fund allocated to the portion implemented by Southern Power Corporation is SDR 20,148,000.

The impact of the Renewable Energy Development and Network Expansion and Rehabilitation for Remote Communes Sector Project is expected to be to promote pro-poor and balanced economic development of remote mountainous communes and poor communes through the sustainable use of electricity and renewable energy in an affordable manner. The Project's outcome is provision of reliable and affordable supply of electricity to remote mountainous and poor communes and replacement of thermal power generation with renewable energy.

The scope of the Renewable Energy Development and Network Expansion and Rehabilitation for Remote Communes Sector Project comprises:

Component 1: Developing Mini Hydropower Plants

Carrying out subprojects to be selected in accordance with the procedures and criteria, comprising the following activities:

- Construction of mini hydropower plants;
- Connection of such mini hydropower plants to the national grid; and
- Extension of the low voltage network to supply the nearby un-electrified villages packaged as subprojects to be selected.

Component 2: Network Expansion and Rehabilitation for Poor Communes

Carrying out subprojects to be selected in accordance with the procedures and criteria, for the expansion of:

- Medium voltage network by about 800 - 1,000 kilometers (km);
- 2,000 - 2,500 medium to low voltage substations totaling 35 - 40 megavolt-ampere; and/or
- 2,500 - 3,000 km of low voltage distribution lines.

The Renewable Energy Development and Network Expansion and Rehabilitation for Remote Communes Sector Project was completed on 31 December 2015. The Project's duration is extended to 31 December 2017.

2. ACCOUNTING CONVENTION AND FINANCIAL YEAR

Accounting convention

The accompanying financial statements, prepared under the historical cost convention, are expressed in Vietnam Dong (VND), except for the statement of withdrawals and imprest account which are expressed in original currencies. These financial statements are prepared in accordance with the accounting policies set out in Note 3 of the notes to the financial statements.

Financial year

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Recognition of funds and expenditures

The Project's funds and expenditures are recognized when incurred.

Foreign currency conversion

Transactions in foreign currencies are translated into Vietnam Dong (VND) at the exchange rate ruling at the transaction date. Closing balances of assets and liabilities denominated in foreign currencies are retranslated at the rate quoted by a commercial bank at the balance sheet date.

Foreign exchange differences are neither receipts nor disbursements. However, foreign exchange differences relating to cash are presented in a separate item on the statement of sources and uses of funds for the purpose of reconciling balances of assets and liabilities at the beginning and end of the financial year.

4. IMPREST ACCOUNT

Imprest account is a special deposit account in USD opened at Lien Viet Post Joint Stock Commercial Bank - Cho Lon branch for the implementation of the Project's activities. Payments out of the imprest account are for expenditures in accordance with the relevant covenants of Loan Agreement No. 2517-VIE(SF) and relevant regulations established by the Asian Development Bank.

5. CASH

	31/12/2015		31/12/2014	
	USD	VND equivalent	USD	VND equivalent
Imprest account	2,489,168	55,881,806,334	704,256	15,057,140,597
	2,489,168	55,881,806,334	704,256	15,057,140,597

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

6. PREPAYMENTS TO SUPPLIERS

	31/12/2015	31/12/2014
	VND	VND
EE Engineering and trading Joint Stock Company	6,163,871,878	4,219,190,036
Tra Vinh Power Company	3,500,319,995	3,602,871,338
Southern Electricity Consulting One-member Co., Ltd.	1,732,593,580	2,700,000,000
An Nhon Construction JSC	920,593,563	-
Soc Trang Power Company	117,624,486	7,224,137,967
Dai Long Electric Wire and Cable Trading and Manufacturing Co., Ltd.	-	2,059,079,275
Ca Mau Power Construction JSC	-	918,969,148
Vietnam Electrical Equipment Joint Stock Corporation (GLEX)	-	508,858,000
Compensation and Resettlement Board	-	200,000,000
Southern Electrical Equipment Trading and Manufacturing JSC	-	108,609,473
Others	684,509,094	481,318,411
	13,119,512,596	22,023,033,648

7. PAYABLES TO SUPPLIERS

	31/12/2015	31/12/2014
	VND	VND
Tan Nghe Nam Trading and Manufacturing Co., Ltd.	15,598,399,785	-
E.E Engineering-trading Joint Stock Company	6,150,781,626	6,094,745,256
Thuy Lam Vietnam Mechanical Electric Co., Ltd.	5,470,322,880	-
Thai Hai Private Enterprise	4,783,669,599	-
Tra Vinh Power Company	3,710,183,193	1,349,058,767
Southern Power Corporation	2,644,814,977	2,023,236,981
An Nhon Construction JSC	2,308,109,703	453,105,440
Southern Electricity Consulting One-member Co., Ltd.	1,868,773,757	2,909,660,677
Nam Viet Electric Co., Ltd.	1,307,141,000	-
Quang Phuc Water Electric JSC	611,386,999	-
Lam Dong Mechanical and Construction JSC	-	3,343,065,252
Kien Giang Mechanical one-member Co., Ltd	-	4,833,747,213
Southern Electrical Equipment Trading & Producing JSC	-	215,611,263
Ca Mau Power Construction JSC	-	279,757,006
Minh Sang Co., Ltd.	-	336,991,926
Mien Tay Co.,Ltd.	-	720,404,490
Southern Power Project Management Unit	-	224,713,141
Vietnam Electrical Equipment Joint Stock Corporation (GLEX)	-	5,088,580,000
Tra Vinh Department of Industry and Trade	-	291,331,537
Others	1,056,955,608	986,559,103
	45,510,539,127	29,150,568,052

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

8. OTHER PAYABLES

	31/12/2015	31/12/2014
	VND	VND
Accrued construction expenditures	6,385,508,490	-
Others	13,497,740	13,510,532
	<u>6,399,006,230</u>	<u>13,510,532</u>

9. LOAN FROM THE ASIAN DEVELOPMENT BANK

Currency	2015			Accumulated to 31/12/2015		
	Original Currency	USD equivalent	VND equivalent	Original Currency	USD equivalent	VND equivalent
USD	4,290,597	4,290,597	95,476,028,236	23,961,821	23,961,821	507,388,013,958
VND	-	-	-	92,339,434,149	5,775,384	92,339,434,149
		<u>4,290,597</u>	<u>95,476,028,236</u>		<u>29,737,204</u>	<u>599,727,448,107</u>

10. FOREIGN EXCHANGE RESERVE

	31/12/2015	31/12/2014
	VND	VND
Realised foreign exchange difference	2,425,064,957	625,374,124
Unrealised foreign exchange difference from revaluation of cash balance denominated in foreign currencies at year end	335,104,287	(29,588,637)
	<u>2,760,169,244</u>	<u>595,785,487</u>

11. COMMITMENTS

As at 31 December 2015, the outstanding value of contracts for construction and equipment signed with contractors was approximately VND 55.6 billions (at as 31 December 2014: VND 28 billions).

12. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related party transactions relate to activities which were financed by the counterpart fund.

List of related parties that the project has significant transactions and balances with during the year:

List of related parties	Relationship
Tra Vinh Power Company	Under SPC's manager
Soc Trang Power Company	Under SPC's manager
Southern Electricity Consulting Company	Under SPC's manager
Southern Power Project Management Board	Under SPC's manager
Southern Power Corporation	Corporation

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

12. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

During the year, the Project entered into the following counterpart funded transactions with its related parties:

	2015	2014
	VND	VND
Services/Construction		
Tra Vinh Power Company	10,614,819,820	2,169,854,109
Soc Trang Power Company	23,680,723,915	1,356,096,818
Southern Electricity Consulting One-member Co., Ltd	13,266,140,110	13,738,720,819
Southern Power Corporation	2,357,776,025	3,085,944,464

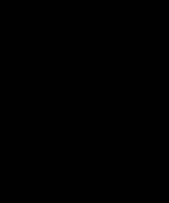
Significant related parties balance as at the balance sheet date were as followed:

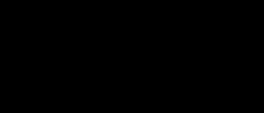
	31/12/2015	31/12/2014
	VND	VND
Advances to suppliers		
Tra Vinh Power Company	3,500,319,995	3,602,871,338
Soc Trang Power Company	117,624,486	7,224,137,967
Southern Electricity Consulting One-member Co., Ltd	1,732,593,580	2,700,000,000
Payables to suppliers		
Tra Vinh Power Company	3,710,183,193	1,349,058,767
Southern Electricity Consulting One-member Co., Ltd	1,868,773,757	2,909,660,677
Southern Power Corporation	2,644,814,977	2,023,236,981
Other payables		
Tra Vinh Power Company	-	260,123,858
Soc Trang Power Company	-	451,082,620
Other receivables		
Southern Power Project Management Board	-	285,174,821

13. COMPARATIVE FIGURES

Comparative figures are figures of the Project's audited financial statements for the year ended 31 December 2014.


Cong Thi Thuy Van
Preparer


Thai Phong Linh
Deputy Director of Finance
and Accounting Department


Nguyen Van Hop
General Director



22 June 2016

PART II
**REPORT OF INDEPENDENT AUDITORS ON
INTERNAL CONTROL**

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REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL

**To: The Board of General Directors of Southern Power Corporation
The Asian Development Bank**

We have audited, in accordance with International Standards on Auditing, the financial statements of the Renewable Energy Development and Network Expansion and Rehabilitation for Remote Communes Sector Project - Loan Agreement No. 2517-VIE(SF) - Portion implemented by Southern Power Corporation (the "Project") for the year ended 31 December 2015 and issued the independent auditors' report thereon dated 22 June 2016 expressing an unmodified opinion on those financial statements.

In connection with our audit of the Project's 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 of internal control over financial reporting.

As stated in the Statement of the Board of Directors on page 2, the Board of Directors is responsible for designing and maintaining 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 minimise errors and frauds; and take responsibility for its assertions as to the effectiveness of such internal control. Our responsibility is to express an opinion on 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 internal control over financial reporting based on our examination.

Our examination was conducted in accordance with International Standard on Assurance Engagements (ISAE) 3000. 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 effective internal control over compliance with the 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 of internal control over compliance with requirements that could have a direct and material financial effect on the financial statements as well as of internal control over financial reporting, testing, and evaluating the design and operating effectiveness of the internal control, and performing such other procedures as we considered necessary in the circumstances to obtain sufficient appropriate evidence on which to base our opinion. Because of 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 detected. Also, 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 evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, the Board of Directors has maintained, in all material respects, effective internal control over compliance with requirements that could have a direct and material financial effect on the Project's financial statements as well as over financial reporting for the year ended 31 December 2015.



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


Pham Ngoc Hai
Auditor
Audit Practising Registration Certificate
No. 2452-2013-001-1

For and on behalf of
DELOITTE VIETNAM COMPANY LIMITED
22 June 2016
Hanoi, S.R. Vietnam

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INDEPENDENT ASSURANCE REPORT ON COMPLIANCE

PART III



INDEPENDENT ASSURANCE REPORT ON COMPLIANCE

**To: The Board of General Directors of Southern Power Corporation
The Asian Development Bank**

We have audited the financial statements of the Renewable Energy Development and Network Expansion and Rehabilitation for Remote Communes Sector Project - Loan Agreement No. 2517-VIE(SF) - Portion implemented by Southern Power Corporation (the "Project") for the year ended 31 December 2015 in compliance with International Standards on Auditing and issued the independent auditors' report thereon dated 22 June 2016 expressing an unmodified opinion on those financial statements.

In connection with the audit of the financial statements, we also performed procedures on the Project's compliance with Loan Agreement No. 2517-VIE(SF), laws and regulations that have a direct and material financial effect on the Project's financial statements for the year ended 31 December 2015 (the "requirements").

The Board of Directors is responsible for complying with Loan Agreement No. 2517-VIE(SF), laws and regulations applicable to the Project. 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 International Standard on Assurance Engagements (ISAE) 3000. 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 noncompliance 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 noncompliance could have a direct and material financial effect on the Project's financial statements. Our procedures included testing the compliance with the requirements that we consider necessary to provide reasonable assurance that the requirements are complied by the Project.

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

In our opinion, the Project has complied, in all material respects, with Loan Agreement No. 2517-VIE(SF), laws and regulations that could have a direct and material financial effect on the Project's financial statements for the year ended 31 December 2015.



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

**For and on behalf of
DELOITTE VIETNAM COMPANY LIMITED**

22 June 2016
Hanoi, S.R. Vietnam



Pham Ngoc Hai
Auditor
Audit Practising Registration Certificate
No. 2452-2013-001-1