

# Audited Project Financial Statements

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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 Northern 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 Northern Power Corporation.



**NORTHERN 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**

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**PART I**  
**FINANCIAL STATEMENTS**

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## **STATEMENT OF THE BOARD OF DIRECTORS**

The Board of Directors of Northern Power Corporation ("NPC") 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 NPC ("the Project") for the year ended 31 December 2015.

### ***Board of Directors***

The members of the Board of Directors of NPC who held office during the year and to the date of this report are as follows:

Mr. Thieu Kim Quynh	Chairman cum General Director (Appointed on 02 October 2015, resigned as Deputy General Director in charge of operation from 02 October 2015)
Mr. Le Minh Tuan	Deputy General Director
Mr. Du Cao Minh	Deputy General Director
Ms. Do Nguyet Anh	Deputy General Director
Mr. Ho Manh Tuan	Deputy General Director

### ***The Board of Directors' Statement of Responsibility***

The Board of Directors of NPC 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, statement of imprest account for the year then ended and the notes to the financial statements, which give a true and fair view of the financial position the Project as at 31 December 2015, as well as its receipts, disbursements and expenditures 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 statements, the Board of 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 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 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 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 Directors confirms that they have complied with the above requirements in preparing these financial statements.

Prepared and signed on behalf of the Board of Directors,

  
Thieu Kim Quynh  
General Director

Hanoi, 10 June 2016

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No.: 52 /VNIA-HN-BC

## INDEPENDENT AUDITORS' REPORT

**To:** The Board of Directors of Northern Power Corporation

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 Northern Power Corporation (the "Project"), prepared on 10 June 2016, as set out from page 05 to page 18, 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 as well as its receipts, disbursements and expenditures 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 prevailing relevant regulations established by the Asia Development Bank.
- The withdrawal applications were reconciled to the statements of expenditures (SOEs) prepared by the Board of Directors during the year and those SOEs were adequately supported.



**Dương Chí Dũng**

Deputy General Director

Audit Practising Registration Certificate

No. 0030-2013-001-I

*For and on behalf of*

**DELOITTE VIETNAM COMPANY LIMITED**

10 June 2016

Hanoi, S.R. Vietnam

**Nguyễn Thanh Hương**

Auditor

Audit Practising Registration Certificate

No. 1415-2013-001-I

**NORTHERN POWER CORPORATION**

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

Financial statements  
For the year ended  
31 December 2015

**STATEMENT OF SOURCES AND USES OF FUNDS**

For the year ended 31 December 2015

Unit: VND

Items	2015			Accumulated to 31 December 2015	
	Loan from the Asian Development Bank	Counterpart Fund	Total	Loan from the Asian Development	Counterpart Fund
<b>I - RECEIPTS</b>					
Loan from the Asian Development Bank	125,824,219,476	71,013,257,869	196,037,477,345	670,469,332,266	192,720,668,331
Counterpart fund	125,024,219,476	-	125,024,219,476	670,469,332,266	-
	-	71,013,257,869	71,013,257,869	-	192,720,668,331
<b>II - DISBURSEMENTS</b>					
Constructions	141,734,701,602	71,013,257,869	212,747,959,471	611,289,076,310	192,720,668,331
Equipment	137,754,957,798	1,990,417,006	139,745,374,804	496,989,319,708	14,788,173,944
Others	5,244,398,318	6,330,175,364	11,574,573,682	115,928,933,703	7,618,119,384
Realised foreign exchange difference	(1,264,654,514)	62,692,665,499	62,692,665,499	(1,629,177,101)	170,314,375,003
	(16,710,482,126)	-	(16,710,482,126)	59,180,255,956	-
<b>III - SURPLUS (DEFICIT) OF RECEIPTS OVER DISBURSEMENTS</b>					
Unrealized foreign exchange difference	1,316,230,674	-	1,316,230,674	1,929,468,638	-
<b>IV - OPENING BALANCE</b>	76,503,976,046	-	76,503,976,046	-	-
<b>V - CLOSING BALANCE</b>	61,109,724,594	-	61,109,724,594	61,109,724,594	61,109,724,594
Represented by:					
Balance of cash in bank as at 31 December 2015	60,953,949,888	-	60,953,949,888	60,953,949,888	60,953,949,888
Balance of other receivables as at 31 December 2015	155,774,706	-	155,774,706	-	155,774,706



Nguyen Tien Du  
Chief Accountant

Thieu Kim Quynh  
General Director

Tran Xuan Hanh  
Preparer

Hanoi, 10 June 2016

The notes set out on pages 15 to 18 are an integral part of these financial statements



**STATEMENT OF DISBURSEMENTS**

*For the year ended 31 December 2015*

*Unit: VND*

Items	Year 2015	Accumulated to 31/12/2015
<b>1. Constructions</b>	<b>139,745,374,804</b>	<b>511,777,493,652</b>
1.1 Network expansion and rehabilitation for remote communes sector of Dien Bien province - Phase No.1	28,148,235,297	167,436,134,570
1.2 Network expansion and rehabilitation for remote communes sector of Dien Bien province - Phase No.2	12,515,925,603	51,888,089,094
1.3 Network expansion and rehabilitation for remote communes sector of Dien Bien province - Phase No.3	-	-
1.4 Network expansion and rehabilitation for remote communes sector of Lai Chau province - Phase No.1	17,041,486,598	116,044,245,972
1.5 Network expansion and rehabilitation for remote communes sector of Lai Chau province - Phase No.2	34,317,420,241	116,751,961,212
1.6 Network expansion and rehabilitation for remote communes sector of Lai Chau province - Phase No.3	-	-
1.7 Network expansion and rehabilitation for remote communes sector of Ha Giang province	-	-
1.8 Network expansion and rehabilitation for remote communes sector of Yen Bai province	-	-
1.9 Network expansion and rehabilitation for remote communes sector of Lang Son province	-	-
1.10 Network expansion and rehabilitation for remote communes sector of Lao Cai province	-	-
1.11 Mini Hydropower Plant in Nam Pay - Tuan Giao - Dien Bien	13,730,424,543	25,665,180,282
1.12 Mini Hydropower Plant in Nam Nghe - Nam Nhung - Lai Chau	22,354,221,984	22,354,221,984
1.13 Mini Hydropower Plant in So Vin - Moc Chau - Son La	11,637,660,538	11,637,660,538
<b>2. Equipment</b>	<b>11,574,573,682</b>	<b>123,547,053,087</b>
2.1 Network expansion and rehabilitation for remote communes sector of Dien Bien province - Phase No.1	18,071,155	48,463,306,667
2.2 Network expansion and rehabilitation for remote communes sector of Dien Bien province - Phase No.2	237,574,917	12,082,783,850
2.3 Network expansion and rehabilitation for remote communes sector of Dien Bien province - Phase No.3	110,546,151	110,546,151
2.4 Network expansion and rehabilitation for remote communes sector of Lai Chau province - Phase No.1	689,241,474	31,452,932,414
2.5 Network expansion and rehabilitation for remote communes sector of Lai Chau province - Phase No.2	1,079,454,089	21,997,798,109
2.6 Network expansion and rehabilitation for remote communes sector of Lai Chau province - Phase No.3	105,980,713	105,980,713
2.7 Network expansion and rehabilitation for remote communes sector of Ha Giang province	-	-
2.8 Network expansion and rehabilitation for remote communes sector of Yen Bai province	-	-
2.9 Network expansion and rehabilitation for remote communes sector of Lang Son province	-	-
2.10 Network expansion and rehabilitation for remote communes sector of Lao Cai province	-	-
2.11 Mini Hydropower Plant in Nam Pay - Tuan Giao - Dien Bien	5,253,113,668	5,253,113,668
2.12 Mini Hydropower Plant in Nam Nghe - Nam Nhung - Lai Chau	4,080,591,515	4,080,591,515
2.13 Mini Hydropower Plant in So Vin - Moc Chau - Son La	-	-

**STATEMENT OF DISBURSEMENTS (Continued)**  
*For the year ended 31 December 2015*

Items	Unit: VND	
	Year 2015	Accumulated to 31/12/2015
<b>3. Others</b>	<b>62,692,665,499</b>	<b>170,314,375,003</b>
3.1 Network expansion and rehabilitation for remote communes sector of Dien Bien province - Phase No.1	7,602,667,902	31,228,871,489
3.2 Network expansion and rehabilitation for remote communes sector of Dien Bien province - Phase No.2	1,820,700,447	9,106,511,315
3.3 Network expansion and rehabilitation for remote communes sector of Dien Bien province - Phase No.3	3,065,370,559	3,910,070,558
3.4 Network expansion and rehabilitation for remote communes sector of Lai Chau province - Phase No.1	2,343,733,155	23,635,254,476
3.5 Network expansion and rehabilitation for remote communes sector of Lai Chau province - Phase No.2	6,522,981,566	21,971,853,098
3.6 Network expansion and rehabilitation for remote communes sector of Lai Chau province - Phase No.3	2,338,465,329	2,891,887,709
3.7 Network expansion and rehabilitation for remote communes sector of Ha Giang province	5,724,640,337	6,539,110,337
3.8 Network expansion and rehabilitation for remote communes sector of Yen Bai province	4,436,691,300	4,906,951,300
3.9 Network expansion and rehabilitation for remote communes sector of Lang Son province	4,766,359,204	5,140,303,255
3.10 Network expansion and rehabilitation for remote communes sector of Lao Cai province	5,363,988,331	5,363,988,331
3.11 Mini Hydropower Plant in Nam Pay - Tuan Giao - Dien Bien	6,363,521,369	19,569,281,264
3.12 Mini Hydropower Plant in Nam Nghe - Nam Nhung - Lai Chau	8,537,589,710	26,333,718,925
3.13 Mini Hydropower Plant in So Vin - Moc Chau - Son La	3,805,956,290	9,716,572,946
<b>4. Realised foreign exchange difference</b>	<b>(1,264,654,514)</b>	<b>(1,629,177,101)</b>
<b>Total</b>	<b>212,747,959,471</b>	<b>804,009,744,641</b>

**Tran Xuan Hanh**  
**Preparer**

*Hanoi, 10 June 2016*

**Nguyen Tien Du**  
**Chief Accountant**



**Thieu Kim Quynh**  
**General Director**

# **NORTHERN POWER CORPORATION**

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

Financial statements  
For the year ended  
31 December 2015

## **STATEMENT OF WITHDRAWALS**

For the year ended 31 December 2015

Withdrawal Applications			Amount claimed		Amount disbursed		Difference	
No.	Date	Currency	Constructions	Equipment	Total	Date	Amount	Note
<b>Imprest account</b>								
NP03	20/12/2015	USD	1,591,256		1,591,256	21/12/2015	1,590,594	
<b>Direct payment</b>								
NP03A	30/01/2015	USD		244,809	244,809	17/03/2015	244,809	
NP04A	11/02/2015	VND	8,590,000,000		8,590,000,000	23/03/2015	8,590,000,000	
NP05A	11/02/2015	VND	5,478,118,402		5,478,118,402	23/03/2015	5,478,118,402	
NP06A	11/02/2015	VND	4,848,000,000		4,848,000,000	26/03/2015	4,848,000,000	
NP07A	11/02/2015	VND	2,890,000,000		2,890,000,000	26/03/2015	2,890,000,000	
NP09A	09/06/2015	USD		186,414	186,414	28/09/2015	186,414	
NP10A	14/07/2015	VND	6,185,453,651		6,185,453,651	03/09/2015	6,185,453,651	
NP11A	14/07/2015	VND	2,795,454,554		2,795,454,554	03/09/2015	2,795,454,554	
NP12A	14/07/2015	VND	1,868,309,904		1,868,309,904	13/08/2015	1,868,309,904	
NP13A	22/07/2015	VND	2,469,273,443		2,469,273,443	11/08/2015	2,469,273,443	
NP14A	03/08/2015	VND	7,761,357,217		7,761,357,217	03/09/2015	7,761,357,217	
NP15A	03/08/2015	VND	1,407,029,878		1,407,029,878	03/09/2015	1,407,029,878	
NP16A	20/08/2015	VND	355,595,758		355,595,758	03/11/2015	355,595,758	
NP17A	22/09/2015	VND	818,000,000		818,000,000	03/11/2015	818,000,000	
NP18A	25/09/2015	VND	1,729,849,420		1,729,849,420	03/11/2015	1,729,849,420	
NP19A	25/09/2015	VND	795,761,256		795,761,256	10/11/2015	795,761,256	
								(*)

The notes set out on pages 15 to 18 are an integral part of these financial statements

**NORTHERN POWER CORPORATION**

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

Financial statements  
For the year ended  
31 December 2015

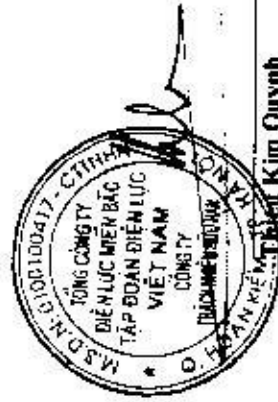
**STATEMENT OF WITHDRAWALS (Continued)**

For the year ended 31 December 2015

Withdrawal Applications			Amount claimed		Total	Amount disbursed		Difference	
No.	Date	Currency	Civil works	Equipment		Date	Amount	Amount	Note
Direct payment									
NP20A	28/12/2015	VND	2,186,125,116		2,186,125,116			2,186,125,116	(**)
NP21A	28/12/2015	VND	6,307,450,720		6,307,450,720			6,307,450,720	(**)
NP22A	28/12/2015	VND	4,088,720,719		4,088,720,719			4,088,720,719	(**)
NP23A	31/12/2015	VND	3,352,320,957		3,352,320,957			3,352,320,957	(**)
NP24A	31/12/2015	VND	4,004,219,659		4,004,219,659			4,004,219,659	(**)
NPC79	19/11/2014	VND	6,273,942,208		6,273,942,208	18/05/2015	6,273,942,208	-	
NPC86	01/12/2014	VND	4,689,810,245		4,689,810,245	11/02/2015	4,689,810,245	-	
NPC87	01/12/2014	VND	2,709,319,128		2,709,319,128	22/01/2015	2,709,319,128	-	
NPC88	03/12/2014	VND	3,567,651,201		3,567,651,201	15/01/2015	3,567,651,201	-	
NPC89	04/12/2014	VND	2,836,588,578		2,836,588,578	13/01/2015	2,836,588,578	-	
NPC91	31/12/2014	VND	3,456,175,400		3,456,175,400	11/02/2015	3,456,175,400	-	
NPC92	15/01/2015	VND	8,349,409,721		8,349,409,721	15/05/2015	8,349,409,721	-	
Total		USD	1,591,256	431,223	2,022,479		2,021,817	662	
		VND	99,813,937,135	-	99,813,937,135		79,875,099,964	19,938,837,171	

(\*) The difference was because the withdrawal application was rejected by the Asian Development Bank.

(\*\*) The difference was because the amount was claimed in 2015 but disbursed for in 2016.



Tran Xuan Hanh  
Preparer

Hanoi, 10 June 2016

Nguyen Tien Du  
Chief Accountant

Tran Kim Quynh  
General Director

The notes set out on pages 15 to 18 are an integral part of these financial statements

**BALANCE SHEET**  
*As at 31 December 2015*

	Notes	31/12/2015 VND	31/12/2014 VND
<b>ASSETS</b>			
<b>A. SHORT-TERM ASSETS</b>		<b>100,197,121,336</b>	<b>93,166,449,542</b>
I. Cash	5	60,953,949,888	76,503,976,046
Cash in bank		60,953,949,888	76,503,976,046
II. Short-term receivables		39,243,171,448	16,662,473,496
Advances to suppliers	6	39,087,396,742	16,662,473,496
Other receivables		155,774,706	-
<b>B. EXPENDITURES</b>		<b>857,091,392,719</b>	<b>664,341,528,290</b>
Project implementing expenditures		857,091,392,719	664,341,528,290
<b>TOTAL ASSETS</b>		<b>957,288,514,055</b>	<b>757,507,977,832</b>
<b>RESOURCES</b>			
<b>A. LIABILITIES</b>		<b>90,539,867,719</b>	<b>89,377,694,029</b>
I. Current liabilities		90,539,867,719	89,377,694,029
Payables to suppliers	7	90,539,867,719	89,377,694,029
<b>B. FUNDS</b>		<b>866,748,646,336</b>	<b>668,130,283,803</b>
Loan from the Asian Development Bank	8	670,469,332,266	545,445,112,790
Counterpart fund		192,720,668,331	121,707,410,462
Foreign exchange difference	9	3,558,645,739	977,760,551
<b>TOTAL RESOURCES</b>		<b>957,288,514,055</b>	<b>757,507,977,832</b>
<b>OFF BALANCE SHEET ITEMS</b>			
		<b>31/12/2015</b>	<b>31/12/2014</b>
Foreign currency			
- USD		2,716,281	3,578,296

*Tran Xuan Hanh*  
**Tran Xuan Hanh**  
**Preparer**

*Hanoi, 10 June 2016*

*Nguyen Tien Du*  
**Nguyen Tien Du**  
**Chief Accountant**



*Thien Kim Quynh*  
**Thien Kim Quynh**  
**General Director**

**NORTHERN POWER CORPORATION**

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

Financial statements  
For the year ended  
31 December 2015

**STATEMENT OF PROJECT IMPLEMENTATION BY CONSTRUCTION WORK/WORK ITEM**

For the year ended 31 December 2015

Unit: VND

No.	Construction works/ Work items	Implementation in the year				Total	Accumulated from the beginning to 31 December 2015
		Constructions	Equipment	Consulting	Others		
1.	Civil works	74,270,753,150	-	-	-	74,270,753,150	508,286,559,111
1.1	Network expansion and rehabilitation for remote communes sector of Dien Bien province - Phase No.1	3,117,152,780	-	-	-	3,117,152,780	170,275,118,122
1.2	Network expansion and rehabilitation for remote communes sector of Dien Bien province - Phase No.2	9,327,885,560	-	-	-	9,327,885,560	53,891,617,194
1.3	Network expansion and rehabilitation for remote communes sector of Dien Bien province - Phase No.3	-	-	-	-	-	-
1.4	Network expansion and rehabilitation for remote communes sector of Lai Chau province - Phase No.1	2,800,737,062	-	-	-	2,800,737,062	117,632,315,438
1.5	Network expansion and rehabilitation for remote communes sector of Lai Chau province - Phase No.2	15,607,036,996	-	-	-	15,607,036,996	117,878,402,040
1.6	Network expansion and rehabilitation for remote communes sector of Lai Chau province - Phase No.3	-	-	-	-	-	-
1.7	Network expansion and rehabilitation for remote communes sector of Ha Giang province	-	-	-	-	-	-
1.8	Network expansion and rehabilitation for remote communes sector of Yen Bai province	-	-	-	-	-	-
1.9	Network expansion and rehabilitation for remote communes sector of Lang Son province	-	-	-	-	-	-
1.10	Network expansion and rehabilitation for remote communes sector of Lao Cai province	-	-	-	-	-	-
1.11	Mini Hydropower Plant in Nam Pay - Tuan Giao - Dien Bien	13,618,593,592	-	-	-	13,618,593,592	18,809,759,157
1.12	Mini Hydropower Plant in Nam Nghe - Nam Nhung - Lai Chau	19,108,041,017	-	-	-	19,108,041,017	19,108,041,017
1.13	Mini Hydropower Plant in So Vin - Moc Chau - Son La	10,691,306,143	-	-	-	10,691,306,143	10,691,306,143

The notes set out on pages 15 to 18 are an integral part of these financial statements



**NORTHERN POWER CORPORATION**

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

Financial statements  
For the year ended  
31 December 2015

**STATEMENT OF PROJECT IMPLEMENTATION BY CONSTRUCTION/WORK ITEM (Continued)**

For the year ended 31 December 2015

No.	Construction works/ Work items	Implementation in the year				Accumulated from the beginning to 31 December 2015
		Constructions	Equipment	Consulting	Others	Total
<b>2.</b>	<b>Equipment</b>		48,680,713,052	-	-	48,680,713,052
2.1	Network expansion and rehabilitation for remote communes sector of Dien Bien province - Phase No.1	-	18,071,155	-	-	18,071,155
2.2	Network expansion and rehabilitation for remote communes sector of Dien Bien province - Phase No.2	-	237,574,917	-	-	237,574,917
2.3	Network expansion and rehabilitation for remote communes sector of Dien Bien province - Phase No.3	-	110,546,151	-	-	110,546,151
2.4	Network expansion and rehabilitation for remote communes sector of Lai Chau province - Phase No.1	-	689,241,474	-	-	689,241,474
2.5	Network expansion and rehabilitation for remote communes sector of Lai Chau province - Phase No.2	-	1,079,454,089	-	-	1,079,454,089
2.6	Network expansion and rehabilitation for remote communes sector of Lai Chau province - Phase No.3	-	105,980,713	-	-	105,980,713
2.7	Network expansion and rehabilitation for remote communes sector of Ha Giang province	-	11,287,252,920	-	-	11,287,252,920
2.8	Network expansion and rehabilitation for remote communes sector of Yen Bai province	-	9,943,343,493	-	-	9,943,343,493
2.9	Network expansion and rehabilitation for remote communes sector of Lang Son province	-	12,575,823,886	-	-	12,575,823,886
2.10	Network expansion and rehabilitation for remote communes sector of Lao Cai province	-	12,633,424,254	-	-	12,633,424,254
2.11	Mini Hydropower Plant in Nam Pay - Tuan Giao - Dien Bien	-	-	-	-	-
2.12	Mini Hydropower Plant in Nam Nghe - Nam Nhung - Lai Chau	-	-	-	-	-
2.13	Mini Hydropower Plant in So Vin - Moc Chau - Son La	-	-	-	-	-

The notes set out on pages 15 to 18 are an integral part of these financial statements.

# NORTHERN POWER CORPORATION

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

Financial statements  
For the year ended  
31 December 2015

## STATEMENT OF PROJECT IMPLEMENTATION BY CONSTRUCTION/WORK ITEM (Continued)

For the year ended 31 December 2015

No.	Construction works/ Work items	Implementation in the year				Accumulated from the beginning to 31 December 2015
		Constructions	Equipment	Consulting	Others	
3.	Other expenses					
3.1	Network expansion and rehabilitation for remote communes sector of Dien Bien province - Phase No.1	-	-	-	69,798,398,227	188,151,641,151
3.2	Network expansion and rehabilitation for remote communes sector of Dien Bien province - Phase No.2	-	-	-	7,564,405,624	33,916,055,578
3.3	Network expansion and rehabilitation for remote communes sector of Dien Bien province - Phase No.3	-	-	-	1,255,700,447	9,821,879,552
3.4	Network expansion and rehabilitation for remote communes sector of Lai Chau province - Phase No.1	-	-	-	3,677,516,917	4,733,902,704
3.5	Network expansion and rehabilitation for remote communes sector of Lai Chau province - Phase No.2	-	-	-	5,264,729,963	25,650,988,554
3.6	Network expansion and rehabilitation for remote communes sector of Lai Chau province - Phase No.3	-	-	-	6,522,981,566	24,046,015,855
3.7	Network expansion and rehabilitation for remote communes sector of Ha Giang province	-	-	-	2,963,590,859	3,655,368,834
3.8	Network expansion and rehabilitation for remote communes sector of Yen Bai province	-	-	-	6,909,334,608	7,927,479,355
3.9	Network expansion and rehabilitation for remote communes sector of Lang Son province	-	-	-	5,355,539,120	5,943,370,619
3.10	Network expansion and rehabilitation for remote communes sector of Lao Cai province	-	-	-	7,570,319,525	8,037,749,589
3.11	Mini Hydropower Plant in Nam Pay - Tuan Giao - Dien Bien	-	-	-	7,708,303,156	7,708,303,156
3.12	Mini Hydropower Plant in Nam Nghe - Nam Nhun - Lai Chau	-	-	-	6,909,576,381	18,472,341,300
3.13	Mini Hydropower Plant in So Vin - Moe Chau - Son La	-	-	-	4,482,087,577	27,726,254,698
	Total	74,270,753,150	48,680,713,052	-	3,614,212,484	10,511,931,357
					192,749,864,429	857,091,392,719

*Handwritten signature*

Tran Xuan Hanh

Preparer

Hanoi, 10 June 2016

Nguyen Tien Du

Chief Accountant



The notes set out on pages 15 to 18 are an integral part of these financial statements




**STATEMENT OF IMPREST ACCOUNT**

*Period* : From 01 January 2015 to 31 December 2015  
*Account No.* : 99010977888  
*Depository bank* : Lien Viet Post Joint Stock Commercial Bank - Hanoi Branch  
*Address* : 135 Xa Dan, Phuong Lien Ward, Dong Da District, Hanoi  
*Currency unit* : USD


	<u>Amount</u>
<b>PART A: ACCOUNT ACTIVITY</b>	
Opening balance (as at 01/01/2015)	3,578,296
Add:	
Total amount deposited by the ADB to the imprest account	1,590,594
Deduct:	
Total amount withdrawn in the year	2,452,609
Closing balance (as at 31/12/2015)	<u>2,716,281</u>

**PART B: ACCOUNT RECONCILIATION**

1	Amount advanced by the ADB	3,937,000
2	Add: Total amount advanced by the the ADB in the year	-
3	Present outstanding amount advanced to the Imprest account as at 31/12/2015	<u>3,937,000</u>
4	Closing balance of the Imprest account as at 31/12/2015	2,716,281
5	Add: Amount claimed but not yet credited	9,366
6	Add: Amount withdrawn but not yet claimed	<u>1,211,353</u>
7	Total advance to the Imprest account accounted for as at 31/12/2015	<u>3,937,000</u>

  
Tran Xuan Hanh  
Preparer

Hanoi, 10 June 2016

  
Nguyen Tien Du  
Chief Accountant



  
Thien Kim Quynh  
General Director

**NOTES TO THE FINANCIAL STATEMENTS**

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

**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 NPC is SDR 44,958,000.

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 a 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.

According the Loan Agreement, the Renewable Energy Development and Network Expansion and Rehabilitation for Remote Communes Sector Project is expected to be completed by 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 statement of 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 Project's financial year begins on 01 January and ends on 31 December.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

***Recognition of funds and expenditures***

Project's funds and expenditures are recognized when incurred.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

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

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Foreign currency translation**

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 commercial bank at the balance sheet date.

Foreign exchange differences are neither receipts nor disbursements. However, foreign exchange differences 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 in the balance sheet.

**4. IMPREST ACCOUNT**

Imprest account is a deposit account in USD opened at Lien Viet Post Joint Stock Commercial Bank - Hanoi Branch for 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 ADB.

**5. CASH**

	31/12/2015		31/12/2014	
	USD	VND equivalent	USD	VND equivalent
Imprest account	2,716,281	60,953,949,888	3,578,296	76,503,976,046
	<u>2,716,281</u>	<u>60,953,949,888</u>	<u>3,578,296</u>	<u>76,503,976,046</u>

**6. ADVANCES TO SUPPLIERS**

	31/12/2015	31/12/2014
	VND	VND
Binh Minh Development & Investment JSC	6,586,784,589	-
Song Da Construction and Investment JSC	6,185,453,651	-
VVV Investment JSC	5,685,454,554	-
Zhejiang Jinlun Electrical Engineering Co., Ltd.	5,253,113,668	-
Toan Phat Industry Construction JSC	5,040,993,675	2,953,510,431
Vu Yen Electrical Construction Materials Co., Ltd.	4,080,591,515	-
Northern Electricity Development and Investment JSC No.1	2,883,077,000	2,883,077,000
Song Da Investment and Trading JSC	-	5,028,447,718
Lai Chau Power Company	-	2,942,430,000
Others	3,371,928,090	2,855,008,347
	<u>39,087,396,742</u>	<u>16,662,473,496</u>

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

**Financial statements**  
**For the year ended**  
**31 December 2015**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

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

**7. PAYABLES TO SUPPLIERS**

	<b>31/12/2015</b>	<b>31/12/2014</b>
	<b>VND</b>	<b>VND</b>
Thinh Phat Real estate - Cables JSC	32,425,542,688	-
AIT Applying and Developing of Information Technology Co., Ltd.	10,812,504,365	-
Duyen Ha Company Limited	-	35,932,971,135
Others	47,301,820,666	53,444,722,894
	<b>90,539,867,719</b>	<b>89,377,694,029</b>

**8. LOAN FROM THE ASIAN DEVELOPMENT BANK**

<b>Currency</b>	<b>2015</b>			<b>Accumulated to 31/12/2015</b>		
	<b>Original currency</b>	<b>USD equivalent</b>	<b>VND equivalent</b>	<b>Original currency</b>	<b>USD equivalent</b>	<b>VND equivalent</b>
USD	2,021,817	2,021,817	45,149,119,512	13,421,401	13,421,401	284,543,559,407
VND	79,875,099,964	3,697,831	79,875,099,964	385,925,772,859	18,380,085	385,925,772,859
		<b>5,719,648</b>	<b>125,024,239,476</b>		<b>31,801,486</b>	<b>670,469,332,266</b>

**9. FOREIGN EXCHANGE DIFFERENCE**

	<b>31/12/2015</b>	<b>31/12/2014</b>
	<b>VND</b>	<b>VND</b>
Realised foreign exchange difference	1,629,177,101	364,522,587
Unrealised foreign exchange difference from retranslation of cash balance denominated in foreign currencies	1,929,468,638	613,237,964
	<b>3,558,645,739</b>	<b>977,760,551</b>

**10. RELATED PARTY TRANSACTIONS AND BALANCES**

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

**Related parties**

Northern Power trading & Construction investment JSC  
 Northern Power Consulting Company Company Limited  
 Power Construction Consulting Company Company Limited No. 1  
 Dien Bien Power Company  
 Lai Chau Power Company

**Relationship**

Company in the EVN  
 Company in the NPC  
 Company in the EVN  
 Company in the NPC  
 Company in the NPC

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

**Financial statements**  
**For the year ended**  
**31 December 2015**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

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


**10. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)**

Related party balances as at the balance sheet date were as follows:

	31/12/2015 VND	31/12/2014 VND
<b>Advances to suppliers</b>		
Dien Bien Power Company	587.000.000	129.558.084
Lai Chau Power Company	-	2.942.430.000
<b>Payables to suppliers</b>		
Northern Power Trading & Construction Investment JSC	200.008.290	200.017.290
Northern Power Consulting Company Limited	191.877.902	191.877.902
Power Construction Consulting Company Limited No. 1	705.746.022	705.746.022
Dien Bien Power Company	926.107.740	-

**11. COMPARATIVE FIGURES**


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

  
Tran Xuan Hanh  
Preparer

Hanoi, 10 June 2016

  
Nguyen Tien Du  
Chief Accountant



  
Kim Quynh  
General Director

11/01/2016  
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**PART II**  
**REPORT OF INDEPENDENT AUDITORS ON  
INTERNAL CONTROL**



## REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL

**To: The Board of Directors of Northern Power Corporation**

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 Northern Power Corporation (the "Project") for the year ended 31 December 2015 and issued the independent auditors' report thereon dated 10 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.



**Dương Chí Dũng**  
Deputy General Director  
Audit Practising Registration Certificate  
No. 0030-2013-001-1

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

**Nguyen Thanh Huong**  
Auditor  
Audit Practising Registration Certificate  
No. 1415-2013-001-1

**PART III**  
**INDEPENDENT ASSURANCE REPORT ON COMPLIANCE**





## INDEPENDENT ASSURANCE REPORT ON COMPLIANCE

**To: The Board of Directors of Northern Power Corporation**

We have audited, in accordance with International Standards on Auditing, the financial statements of Renewable Energy Development and Network Expansion and Rehabilitation for Remote Communes Sector Project - Loan Agreement No. 2517-VIE(SF) - Portion implemented by Northern Power Corporation (the "Project") for the year ended 31 December 2015 and issued the independent auditors' report thereon dated 10 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**

10 June 2016  
Hanoi, S.R. Vietnam

**Nguyen Thanh Huong**  
Auditor  
Audit Practising Registration Certificate  
No. 1415-2013-001-1