

**PROJECT ON SUPPORT FOR THE REDD+
READINESS PREPARATION IN VIETNAM - PHASE 2**

Grant No. TF0A1122

AUDITED FINANCIAL STATEMENTS AND MANAGEMENT LETTER

For the fiscal year ended December 31, 2018

2019 -06- 26

Hanoi, June 2019



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PART I
INDEPENDENT AUDITORS' REPORT
ON THE FINANCIAL STATEMENTS

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REPORT OF THE PROJECT MANAGEMENT UNIT

The Project Management Unit of the Project on Support for the REDD+ Readiness Preparation in Vietnam - Phase 2 ("the Project") presents this report and the Financial Statements of the Project for fiscal year ended December 31, 2018.

The Project Management Unit

The Project Management Unit was established according to the Decision No. 1015/QĐ-BNN-TCCB dated March 28, 2017 of Ministry of Agriculture & Rural Development

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

Mrs. Nguyen Thi Thu Thuy Director
Mr. Nguyen Viet Hung Deputy Director

Responsibilities of the Project Management Unit

The Project Management Unit is responsible for preparing the financial statements of the Project, which comprise Balance sheet, Statement of Funds and Expenditures, Statements of Funds balance, Statements of Designated Account, Statement of Withdrawals and the Notes to the Financial statements including a summary of significant accounting policies which give a true and fair view of the financial position of the Project as at December 31, 2018 as well as its receipts, disbursements and expenditures of the Project for the fiscal year then ended, in accordance with the accounting convention and accounting policies set out in Note 2 of the Notes to the financial statements. In preparing these financial statements, the Project Management Unit is required to:

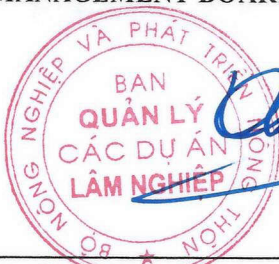
- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Subproject will continue in operation; and
- Design and maintain an 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 assertion as to the effectiveness of such internal control.

The Project Management Unit 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 convention and accounting policies set out in Note 2 of the Notes to the Financial statements. The Project Management Unit is responsible for using the Project's funds as intended for the Project and for complying with covenants contained in Grant agreement No. TF0A1122 as well as laws and regulations applicable to the Project. The Project Management Unit 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 Project Management Unit confirms that they have complied with the above requirements in preparing these financial statements.

For and on behalf of,

MANAGEMENT BOARD FOR FORESTRY PROJECTS



Vu Xuan Thon
General Director
Hanoi, June 18, 2019

No: 381 -19/BC-TC/VAE

Hanoi, June 25, 2019

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

**To: The Project Management Unit of
Project on Support for the REDD+ Readiness Preparation in Vietnam - Phase 2**

Opinion

We have audited the financial statements of the Project on Support for the REDD+ Readiness Preparation in Vietnam - Phase 2 ("the Project"), which comprise Statement of Funds balance as at December 31, 2018, Statement of Funds and Expenditures, Statements of Funds balance, Statement of Designated Account, Statement of Withdrawals for the fiscal year ended December 31, 2018 and Notes to the Financial Statements including a summary of significant accounting policies.

In our opinion:

- The Financial Statements give a true and fair view, of the financial position of the Project, including the balance of the Designated Account as at December 31, 2018, funds received and expenditures incurred, movements of the Designated Account for the fiscal year then ended in accordance with the basis of the principal accounting policies described in the Notes to the Financial Statements and the provision of the Grant No. TF0A1122 dated November 18, 2016.
- In addition, with respect to Statements of Expenditures, adequate supporting documents have been fully maintained to support to the replenishment requests submitted to the World Bank. The expenditures are eligible and in right purposes of the Grant No. TF0A1122 dated November 18, 2016.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of 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 Financial Statements

The Project Management Unit is responsible for the preparation of the financial statements in accordance with the accounting convention and the accounting policies set out in Note 2 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.

In preparing the financial statements, management 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 liquidate the Project or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the



INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

(Continued)

aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statement, 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.
- 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 auditor's report to the related disclosures in the 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 auditor's report. However, future events or conditions may cause the Project to cease to continue as a going concern.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by management.

We communicate with the Project Management Unit regarding 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.



Tran Quoc Tuan

General Director

Certificate of Audit practice Registration

No.: 0148-2018-034-1

For and on behalf of

VIETNAM AUDITING AND EVALUATION CO., LTD

A blue ink signature of Nguyen Thi Hong Van.

Nguyen Thi Hong Van

Auditor

Certificate of Audit practice Registration

No.: 0946-2018-034-1

BALANCE SHEET
 As at December 31, 2018

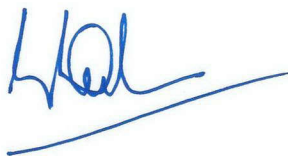
Unit: VND

	Notes	31/12/2018	31/12/2017
A - ASSETS			
Current assets		322,034,491	4,022,275,083
Cash on hand		3,000,000	80,780,700
Cash in bank	9.	3,050,593	3,765,939,720
Advance	11.	315,983,898	175,554,663
Total assets		322,034,491	4,022,275,083
B - LIABILITIES			
Current liabilities		4,916,938,082	2,066,450,592
Trade accounts payable	10.	4,595,690,785	1,076,615,140
Taxes and payables to the State budget	12.	321,247,297	335,860,452
Payables to employees	13.	-	653,975,000
Total liabilities		4,916,938,082	2,066,450,592
NET ASSETS (A- B)		(4,594,903,591)	1,955,824,491
NET FUNDS			
Difference of income over expenditures		(4,594,903,591)	1,955,824,491
TOTAL NET FUNDS		(4,594,903,591)	1,955,824,491

Hanoi, June 18, 2019

MANAGEMENT BOARD FOR FORESTRY PROJECTS

Accountant



Nguyen Hoang Nam

General Director




Vu Xuan Thon

STATEMENT OF FUNDS AND EXPENDITURES
 The period from January 01, 2018 to December 31, 2018

Unit: VND

	<u>Accumulated to December 31, 2017</u>	<u>The period ended December 31, 2018</u>	<u>Accumulated to December 31, 2018</u>
I. Funds			
1. Funds from the World Bank	22,442,000,000	30,186,690,467	52,628,690,467
2. Counterpart funds	3,115,755,671	3,995,857,327	7,111,612,998
3. Others funds (*)	187,945,978	732,448,071	920,394,049
Total	25,745,701,649	34,914,995,865	60,660,697,514
II. Expenditures			
1. Goods	4,141,981,000	3,463,400,000	7,605,381,000
2. Consulting service	7,926,956,468	14,887,598,478	22,814,554,946
3. Training and Workshops	5,939,148,114	15,117,605,000	21,056,753,114
4. Incremental Operating Costs	5,781,791,576	7,997,120,469	13,778,912,045
Total	23,789,877,158	41,465,723,947	65,255,601,105
III. Surplus/(Deficit)	1,955,824,491	(6,550,728,082)	(4,594,903,591)

(*) Foreign Exchange rate differences and receipts from sales of bidding documents.

Hanoi, June 18, 2019


MANAGEMENT BOARD FOR FORESTRY PROJECTS

Accountant



Nguyen Hoang Nam

General Director



Vu Xuan Thon

STATEMENT OF FUNDS BALANCE

As at December 31, 2018

Unit: VND

	31/12/2018	31/12/2017
Difference of income over expenditures		
Difference of income over expenditures as at beginning	1,955,824,491	-
Difference of income over expenditures in the period	(6,550,728,082)	1,955,824,491
Difference of income over expenditures as at closing	(4,594,903,591)	1,955,824,491
<u>Represented by:</u>		
Current assets (1)	322,034,491	4,022,275,083
Cash on hand	3,000,000	80,780,700
Cash in bank	3,050,593	3,765,939,720
Advance	315,983,898	175,554,663
Current liabilities (2)	4,916,938,082	2,066,450,592
Trade accounts payable	4,595,690,785	1,076,615,140
Personal income tax	321,247,297	335,860,452
Payables to employees	-	653,975,000
Net worth (3) = (1) - (2)	(4,594,903,591)	1,955,824,491

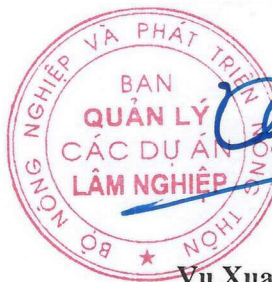
Hanoi, June 18, 2019

MANAGEMENT BOARD FOR FORESTRY PROJECTS

Accountant

Nguyen Hoang Nam

General Director



Vu Xuan Thon

STATEMENT OF DESIGNATED ACCOUNT

For the period: From January 01, 2018 to December 31, 2018
 Account No.: 1504 201035231
 At: Vietnam Bank for Agriculture and Rural Development - Dong Da Branch
 Address: No. 21 Xa Dan Street, Nam Dong Ward, Dong Da district, Hanoi
 Grant No.: TF0A1122

Part A: ACTIVITIES

USD

Opening balance	167,740.40
Add: Total amounts deposited by the World Bank	1,336,063.71
Deduct:	
Total amounts withdrawn	(1,503,669.90)
Amount refunded to the World Bank	-
Bank charges	-
Closing balance	134.21

Part B: RECONCILIATION

1. Amount advanced by the World Bank	1,000,000.00
2. Deduct: Amount recovered by the World Bank	-
3. Deduct: Amount refunded to the World Bank	-
4. Total amounts withdrawn but not yet claimed	(999,865.79)
5. Closing balance	134.21
6. Total advance as at period end	1,000,000.00

Hanoi, June 18, 2019

MANAGEMENT BOARD FOR FORESTRY
 PROJECTS

Accountant

Nguyen Hoang Nam

General Director



Vu Xuan Thon

STATEMENT OF WITHDRAWALS
 The period from January 01, 2018 to December 31, 2018

Withdrawals application		Amount claimed	Amount received	Difference	Note
No.	Date	Currency	Goods, works, non-consulting services, consulting services, incremental costs and training, workshops	Goods, works, non-consulting services, consulting services, incremental costs and training, workshops	
			(a)	(b)	(b) - (a)
Designated Account			1,336,063.71	1,336,063.71	-
02	February 6, 2018	USD	428,380.95	428,380.95	-
03	August 23, 2018	USD	907,682.76	907,682.76	-
Total			1,336,063.71	1,336,063.71	-

Hanoi, June 18, 2019

MANAGEMENT BOARD FOR FORESTRY PROJECTS

Accountant



Nguyen Hoang Nam

General Director



Vu Xuan Thon

NOTES TO THE FINANCIAL STATEMENTS

(Notes are an integral part of these Financial Statements and they shall be read in conjunction with such enclosed Financial Statements)

1. Background

The Project on Support for the REDD+ Readiness Preparation in Vietnam (the "Project") is implemented under the Grant No. TF0A1122 dated November 18, 2016 (the "Agreement") between the Government of the Socialist Republic of Vietnam and the World Bank.

The objective of the Additional Readiness Preparation Activities is to support Vietnam to become ready for future REDD+ implementation by preparing the key elements, systems, and policies needed in a socially and environmentally sound manner.

The Project consists of the following components:

Component 1: Analytical studies and development of capacities for the effective and efficient REDD+ implementation at national and provincial levels

Component 2: Policies and technical support on SFC and FMB reform for REDD+ service provision; private sector engagement and support for FLEGT

Component 3: Development of the Strategic Environmental and Social Assessment national and sub-national REDD+ strategy options; stakeholder consultation and participation

Component 4: Project management and monitoring and evaluation

The Project officially came into force since November 18, 2016 and closed on December 31, 2019.

The Project is implemented by the Central Project Management Unit located at Room 043, No. 14 Thuy Khue, Tay Ho, Hanoi and 6 Provincial Project Management Unit (PPMU) of Thanh Hoa, Nghe An, Ha Tinh, Quang Binh, Quang Tri and Thua Thien Hue.

2. Principal Accounting Policies

a. Basis of preparation of the Financial Statements

The annual accounting period commences from January 01 and ends December 31.

The financial statements are prepared in accordance with the requirements of the World Bank and presented in Vietnam Dong (VND), except for the Statement of Designated Account and Statement of Withdrawals, which are prepared in United State Dollar (USD).

The principal accounting policies are summarized as bellow:

b. Foreign currencies

Funds received from World Bank in foreign currency is translated into VND using the exchange rates announced by the Ministry of Finance at the date of receiving the funds or at the date of direct payment made to contractors/suppliers.

Transactions in foreign currencies are translated into VND using the actual exchange rate at the date of transaction announced by the Vietnam Bank for Agriculture and Rural Development - Dong Da Branch.

Monetary assets and liabilities denominated in foreign currencies are revalued at the actual exchange rate announced by the Ministry of Finance in December 2018. All differences on foreign exchange are recorded into exchange rate differences account and presented as other funds on Statement of Funds and Expenditures.

c. Funds and Expenditures

Funds:

- Funds received from the World Bank are recognized when remittance made into the Designated Account or direct payment made to contractors/suppliers.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

(Notes are an integral part of these Financial Statements and they shall be read in conjunction with such enclosed Financial Statements)

- Counterpart funds are recognized when payments are made directly from the State Treasury to contractors/suppliers of the project or funds are withdrawn to the PMU for settlement of project's activities.

Expenditures:

- Expenditures are recorded when it is actually incurred.

d. Designated account

Designated account is the deposite account in USD opened at Vietnam Bank for Agriculture and Rural Development - Dong Da Branch for the Project's activities. Payments made via the Designated Account are for eligible expenditures of the Project in accordance with the provisions of the Grant No. TF0A1122 dated November 18, 2016.

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. Funds received from the World Bank

	Accumulated to December 31, 2018		Accumulated to December 31, 2017	
	USD	VND equivalent	USD	VND equivalent
Designated Account	2,336,063.71	52,628,690,467	1,000,000.00	22,442,000,000
Advance	1,000,000.00	22,442,000,000	1,000,000.00	22,442,000,000
Refund	1,336,063.71	30,186,690,467	-	-
Total	2,336,063.71	52,628,690,467	1,000,000.00	22,442,000,000

4. Counterpart funds

	The period ended December 31, 2018	Accumulated to December 31, 2018
	VND	VND
<i>Counterpart funds were granted at:</i>		
State Treasury - Tay Ho branch	1,081,402,434	1,724,988,325
State Treasury - Thanh Hoa Province	442,577,000	950,577,000
State Treasury - Nghe An Province	999,590,658	2,017,576,288
State Treasury - Ha Tinh Province	500,000,000	500,000,000
State Treasury - Quang Binh Province	200,000,000	400,000,000
State Treasury - Quang Tri Province	550,327,157	1,169,327,157
State Treasury - Thua Thien Hue Province	221,960,078	349,144,228
Total	3,995,857,327	7,111,612,998

5. Expenditures

	The period ended December 31, 2018	Accumulated to December 31, 2018
	VND	VND
<i>Expenditures covered by:</i>		
<i>The World Bank</i>		
CPMU	37,469,866,620	58,143,988,107
Thanh Hoa PPMU	27,764,495,855	44,633,472,005
Nghe An PPMU	2,228,465,956	2,997,162,605
Ha Tinh PPMU	1,977,414,800	2,700,405,065
Ha Tinh PPMU	160,897,500	415,197,560
Quang Binh PPMU	1,886,271,730	2,706,717,730
Quang Tri PPMU	1,676,346,825	2,353,577,325
Thua Thien Hue PPMU	1,775,973,954	2,337,455,817
<i>The Counterpart funds</i>		
CPMU	3,995,857,327	7,111,612,998
Thanh Hoa PPMU	1,081,402,434	1,724,988,325
Thanh Hoa PPMU	442,577,000	950,577,000
Nghe An PPMU	999,590,658	2,017,576,288
Ha Tinh PPMU	500,000,000	500,000,000
Quang Binh PPMU	200,000,000	400,000,000
Quang Tri PPMU	550,327,157	1,169,327,157
Thua Thien Hue PPMU	221,960,078	349,144,228
Total	41,465,723,947	65,255,601,105

Grant No. TF0A1122 dated November 18, 2016 fund 100% of the project's expenditures (including tax).

PROJECT ON SUPPORT FOR THE REDD+
 READINESS PREPARATION IN VIETNAM - PHASE 2
 Grant No. TF0A1122

FINANCIAL STATEMENTS
 for the fiscal year ended December 31, 2018

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. Expenditures by components

Unit: VND

Components	Accumulated to December 31, 2017		
	Funds received from the World	Counterpart funds	Other funds
Component 1: Analytical studies and development of capacities for the effective and efficient REDD+ implementation at national and provincial levels	10,289,922,182	-	-
Component 2: Policies and technical support on SFC and FMB reform for REDD+ service provision; private sector engagement and support for FLEGT	1,518,876,564	-	-
Component 3: Development of the Strategic Environmental and Social Assessment national and sub-national REDD+ strategy options; stakeholder consultation and participation	4,138,089,426	-	-
Component 4: Project management and monitoring and evaluation	4,727,233,315	3,115,755,671	-
Total	20,674,121,487	3,115,755,671	23,789,877,158

The period ended December 31, 2018

Components	The period ended December 31, 2018		
	Funds received from the World	Counterpart funds	Other funds
Component 1: Analytical studies and development of capacities for the effective and efficient REDD+ implementation at national and provincial levels	10,730,586,400	-	-
Component 2: Policies and technical support on SFC and FMB reform for REDD+ service provision; private sector engagement and support for FLEGT	4,318,804,919	-	-
Component 3: Development of the Strategic Environmental and Social Assessment national and sub-national REDD+ strategy options; stakeholder consultation and participation	12,210,698,757	-	-
Component 4: Project management and monitoring and evaluation	10,209,776,544	3,995,857,327	-
Total	37,469,866,620	3,995,857,327	41,465,723,947



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. Expenditures by components (continued)

Unit: VND

Components	Accumulated to December 31, 2018			Total
	Funds received from the World	Counterpart funds	Other funds	
Component 1: Analytical studies and development of capacities for the effective and efficient REDD+ implementation at national and provincial levels	21,020,508,582	-	-	21,020,508,582
Component 2: Policies and technical support on SFC and FMB reform for REDD+ service provision; private sector engagement and support for FLEGT	5,837,681,483	-	-	5,837,681,483
Component 3: Development of the Strategic Environmental and Social Assessment national and sub-national REDD+ strategy options; stakeholder consultation and participation	16,348,788,183	-	-	16,348,788,183
Component 4: Project management and monitoring and evaluation	14,937,009,859	7,111,612,998	-	22,048,622,857
Total	58,143,988,107	7,111,612,998	-	65,255,601,105

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. Expenditures by categories

Unit: VND

Accumulated to December 31, 2017

Categories	Accumulated to December 31, 2017			Total
	Funds received from the World	Counterpart funds	Other funds	
Goods	4,141,981,000	-	-	4,141,981,000
Consulting services	7,926,956,468	-	-	7,926,956,468
Training, workshops	5,939,148,114	-	-	5,939,148,114
Incremental costs	2,666,035,905	3,115,755,671	-	5,781,791,576
Total	20,674,121,487	3,115,755,671	-	23,789,877,158

The period ended December 31, 2018

Categories	The period ended December 31, 2018			Total
	Funds received from the World	Counterpart funds	Other funds	
Goods	3,463,400,000	-	-	3,463,400,000
Consulting services	14,887,598,478	-	-	14,887,598,478
Training, workshops	15,104,909,500	12,695,500	-	15,117,605,000
Incremental costs	4,013,958,642	3,983,161,827	-	7,997,120,469
Total	37,469,866,620	3,995,857,327	-	41,465,723,947

Accumulated to December 31, 2018

Categories	Accumulated to December 31, 2018			Total
	Funds received from the World	Counterpart funds	Other funds	
Goods	7,605,381,000	-	-	7,605,381,000
Consulting services	22,814,554,946	-	-	22,814,554,946
Training, workshops	21,044,057,614	12,695,500	-	21,056,753,114
Incremental costs	6,679,994,547	7,098,917,498	-	13,778,912,045
Total	58,143,988,107	7,111,612,998	-	65,255,601,105

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. Summary of actual disbursement by items accumulated to December 31, 2018 (Fund from the World Bank)

Category	TF0A1122	Accumulated to December 31, 2018	Difference	Percentage
	USD [1]	USD [2]	USD [1] - [2]	%
Goods, works, non-consulting services, consulting services, incremental costs and training, workshops	5,000,000.00	2,335,929.50	2,664,070.50	46.72%
Total	5,000,000.00	2,335,929.50	2,664,070.50	46.72%

9. Cash in bank

	31/12/2018		31/12/2017	
	USD	VND equivalent	USD	VND equivalent
Designated Account	134.21	3,050,593	167,740.40	3,765,939,720
Total	134.21	3,050,593	167,740.40	3,765,939,720

10. Trade accounts payable

	31/12/2018 VND	31/12/2017 VND
ATP Trading and Investment Co., Ltd	872,500,000	-
Mr Fabien Monteils	635,407,603	-
GFA Certification GmbH	579,544,082	-
Bach Minh Thai Trading and Travel JSC.	443,778,000	6,795,000
Vietlevel Group JSC.	254,660,000	-
Nguyen Khang Printing Technology Development JSC.	219,700,000	190,900,000
Dai Bang Travel and Trading JSC.	125,600,000	-
International Media Travel and Hotel Business JSC.	36,400,000	148,400,000
Phu Dong hotel branch - Phu Dong JSC.	-	183,590,000
Ngan Ha Trading and Investment JSC.	-	100,260,000
Others	1,428,101,100	446,670,140
Total	4,595,690,785	1,076,615,140

11. Advance

	31/12/2018 VND	31/12/2017 VND
Thanh Hoa PPMU	26,737,395	3,303,351
Nghe An PPMU	9,194,935	9,735
Ha Tinh PPMU	239,802,440	60,699,940
Quang Binh PPMU	1,282,270	92,554,000
Quang Tri PPMU	14,722,675	4,469,500
Thua Thien Hue PPMU	24,244,183	14,518,137
Total	315,983,898	175,554,663

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. Taxes and payables to the State budget

	31/12/2018	31/12/2017
	VND	VND
Personal income tax	321,247,297	335,860,452
Total	321,247,297	335,860,452

13. Payables to employees

	31/12/2018	31/12/2017
	VND	VND
Dinh Quang Tuan	-	270,000,000
Nguyen Viet Dung	-	117,000,000
Others	-	266,975,000
Total	-	653,975,000

14. Subsequent events

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

15. Comparative figures

Comparative figures are figures in the Project's audited financial statements for the period from November 18, 2016 to December 31, 2017 by Vietnam Auditing and Evaluation Co.,Ltd.

16. Approval of the Financial Statements

The Financial Statements have been approved by the Project Management Unit for issuance on June 18, 2019.



 Nguyen Hoang Nam
 Accountant



 Vu Xuan Thon
 General Director

Hanoi, June 18, 2019

PART II
INDEPENDENT AUDITORS' REPORT
ON THE INTERNAL CONTROL SYSTEM

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VIET NAM AUDITING AND EVALUATION COMPANY LIMITED
INDEPENDENT MEMBER OF LEA GLOBAL
Specialized in Auditing, Evaluation, Consultancy on Finance, Accounting and Tax

No.: 381 -19/BC-TC/VAE

Hanoi, June 25, 2019

INDEPENDENT AUDITORS' REPORT
On the internal control system

To: The Project Management Unit of
Project on Support for the REDD+ Readiness Preparation in Vietnam - Phase 2

We have audited, in accordance with International Standards on Auditing, the Financial Statements of Project on Support for the REDD+ Readiness Preparation in Vietnam - Phase 2 ("the Project") for the fiscal year ended December 31, 2018 and issued the Independent Auditor's Report thereon dated June 25, 2019 expressing an 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 Project Management Unit on page 2, the Project Management Unit 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 (revised). 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 Management Unit 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 Project Management Unit 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 fiscal year ended to December 31, 2018.



Tran Quoc Tuan
General Director
Certificate of audit practising registration
No.: 0148-2018-034-1

For and on behalf of
VIETNAM AUDITING AND EVALUATION CO., LTD

Nguyen Thi Hong Van
Auditor
Certificate of audit practising registration
No.: 0946-2018-034-1

PART III
INDEPENDENT AUDITORS' REPORT
ON THE COMPLIANCE

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No.: 381 -19/BC-TC/VAE

Hanoi, June 25, 2019

INDEPENDENT AUDITOR'S REPORT
On compliance

To: The Project Management Unit of
Project on Support for the REDD+ Readiness Preparation in Vietnam - Phase 2

We have audited, in accordance with International Standards on Auditing, the Financial statements of Project on Support for the REDD+ Readiness Preparation in Vietnam - Phase 2 ("the Project") for the fiscal year ended December 31, 2018 and issued the Independent Auditor's Report thereon dated June 25, 2019 expressing an opinion on those Financial Statements.

In connection with our audit of the Project's Financial Statements, we also performed procedures on the Project's compliance with the Grant agreement No. TF0A1122, laws and regulations that could have a direct and material financial effect on the Project's Financial Statements for the fiscal year ended December 31, 2018 ("the requirements").

The Project Management Unit is responsible for complying with the requirements. 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 (Revised). 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 Grant agreement No. TF0A1122, laws and regulations that could have a direct and material financial effect on the Project's Financial Statements for the fiscal year ended December 31, 2018.



Tran Quoc Tuan
General Director
Certificate of audit practising registration
No.: 0148-2018-034-1

Nguyen Thi Hong Van
Auditor
Certificate of audit practising registration
No.: 0946-2018-034-1

For and on behalf of
VIETNAM AUDITING AND EVALUATION CO., LTD