

URBAN-CIVIL WORKS CONSTRUCTION INVESTMENT MANAGEMENT AUTHORITY

HO CHI MINH CITY GREEN TRANSPORT DEVELOPMENT PROJECT
Under Financing Agreement No. 5654 - VN

AUDITED FINANCIAL STATEMENTS
For the year ended 31 December 2017

2018 -06- 25



HO CHI MINH CITY GREEN TRANSPORT DEVELOPMENT PROJECT
Urban-Civil Works Construction Investment Management Authority (UCCI)
Financing Agreement No. 5654 - VN

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PART I
FINANCIAL STATEMENTS

YEAR

IN: C

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HO CHI MINH CITY GREEN TRANSPORT DEVELOPMENT PROJECT

Urban-Civil Works Construction Investment Management Authority (UCCI)

Financing Agreement No. 5654 - VN

REPORT OF THE PROJECT MANAGEMENT UNIT

The Project Management Unit of Urban-Civil Works Construction Investment Management Authority (hereinafter referred to as "UCCI" or "Project Management Unit") submits its report together with the audited financial statements of the Ho Chi Minh City Green Transport Development Project - Financing Agreement No. 5654 -VN (hereinafter referred to as "the Project") for the ended 31 December 2017.

The Project Management Unit

The Project Management Unit of UCCI who held the Project during the year and to the date of this report are as follows:

| | |
|-----------------------------|---|
| Mr. Luong Minh Phuc | General director of Urban-Civil Works Construction Investment Management Authority cum Project Director |
| Mr. Ha Quoc Linh | Vice Director |
| Mr. Nguyen Tran Thanh Binh | Vice Director |
| Mr. Tran Quan | Vice Director |
| Mr. Doan Trung Kien | Vice Director |
| Mrs. Nguyen Thi Minh Phuong | Chief Accountant |

Responsibilities of the Project Management Unit

The Project Management Unit is responsible for preparing Financial Statements for the ended 31 December 2017 which give a true and fair view of the financial position of the Project; the funds received and disbursements made for the year in accordance with the accounting policies as stated in Note 2 and Note 3 of Notes to the Financial Statements and regulations under the Financing Agreement No. 5654 - VN. In preparing those 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; and
- Design and maintain an effective internal control system for compliance with regulations that may have directly and materially financial impact on the financial statements as well as for the purpose of proper preparation and presentation of the financial statements to minimize risks and frauds and also responsible for management assertions on the effectiveness of the internal control system.

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 to ensure that the financial statements comply with the accounting systems as described in Note 2 and Note 3 of Notes to the Financial Statements and regulations under the Financing Agreement No. 5654 - VN between the Socialist Republic of Vietnam and International Development Association (IDA) as well as laws and other provisions applicable to the Project.

They are also responsible for safeguarding the assets of the Project and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

HO CHI MINH CITY GREEN TRANSPORT DEVELOPMENT PROJECT
Urban-Civil Works Construction Investment Management Authority (UCCI)
Financing Agreement No. 5654 - VN

REPORT OF THE PROJECT MANAGEMENT UNIT (CONTINUED)

The Project Management Unit confirms that they have complied with the above requirements in preparing the Financial Statements.

For and on behalf of the Project Management Unit,



Luong Minh Phuc
General Director cum Project Director 201
Ho Chi Minh City, 10 May 2018



INDEPENDENT AUDITORS' REPORT

*On Ho Chi Minh City Green Transport Development Project
For the year ended 31 December 2017*

To: The Project Management Unit of Urban-Civil Works Construction Investment Management Authority (UCCI)
The World Bank

Opinion

We have audited the accompanying financial statements of the Ho Chi Minh City Green Transport Development Project ("the Project"), which comprise the Statement of Financial Position as at 31 December 2017, Statement of Sources and Uses of funds, Statement of Designated account, Statement of Loan Withdrawals for the year then ended, and the Notes to the financial statements, including a summary of significant accounting policies.

In our opinion, in all material respects:

- The accompanying financial statements give a true and fair view of the financial position of the Project as at 31 December 2017, the funds received and expenditures incurred of the Project for the year ended 31 December 2017 in accordance with the accounting policies described in Note 3 of the Notes to the financial statements.
- The accompanying statements of designated accounts give a true and fair view of the balance of the designated account as at 31 December 2017 and the Project's receipts and disbursements via this designated account for the year ended 31 December 2017 in conformity with the relevant covenants of Financing Agreement No. 5654 - VN and relevant regulations established by the World Bank.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditors' 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 these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matters

Basis of Financial Reporting and Restriction of uses

As stated in Note 2 of Notes to the financial statements, the financial statements are prepared in accordance with requirements of the World Bank's financial reporting, Financing Agreement No. 5654 – VN and the accounting policies stated in Note 3 of the Notes to the Financial statements. As a result, the financial statements is only used for submission to the World Bank and should not be used for other purposes and distributed to any other parties. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Responsibilities of the Project Management Unit for the financial statements

The Project Management Unit is responsible for the preparation of the financial statements in accordance with the principal accounting policies described in 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, the Project Management Unit is responsible for assessing the Project's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to cease operations, or has no realistic alternative but to do so.

Auditors' responsibility for the Audit of the Financial Statements

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 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 statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Project's internal control.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Project's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Project to cease to continue as a going concern.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Nguyen Thi Phuong Thao
Deputy General Director
CPA Registration Certificate
No. 0933-2018-112-1
Hanoi, 10 May 2018

Nguyen Thi Thu Ha
Auditor
CPA Registration Certificate
No. 2277-2018-112-1

STATEMENT OF SOURCES AND USES OF FUND
For the ended 31 December 2017

| | Note | Year 2017 VND | Accumulated to 31/12/2017 VND |
|---|------|------------------------------|-------------------------------------|
| I. Funds | | | |
| 1 World Bank | 6 | 627,804,739 | 1,501,924,739 |
| 2 SECO | | | - |
| 3 Counterpart fund | | 11,854,146,046 | 32,272,635,680 |
| 4 Foreign exchange rate differences | | 12,064,113 | 35,820,211 |
| | | <u>12,494,014,898</u> | <u>33,810,380,630</u> |
| II. Expenditures | 5 | | |
| 1 Preparation stage | | | 9,197,105,634 |
| BRT component | | | 8,915,005,634 |
| SECO component | | | 282,100,000 |
| 2 Component 1 | | 12,203,957,228 | 22,738,977,808 |
| Consulting services | | 1,312,480,000 | 1,973,577,000 |
| Project management | | 10,891,477,228 | 20,764,837,201 |
| Bank charges | | | 77,000 |
| 3 Component 2 | | | - |
| 4 Component SECO | | | - |
| 5 Interest, commitment fees and service charges | | | 8,330,996 |
| | | <u>12,203,957,228</u> | <u>31,943,927,831</u> |
| III. Surplus | | <u>290,057,670</u> | <u>1,866,452,799</u> |



Luong Minh Phuc
 General Director cum Project Director
 Ho Chi Minh City, 10 May 2018

2018
 Nguyen Thi Minh Phuong
 Chief Accountant

STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

| | Notes | 31 December 2017 VND | 01 January 2017 VND |
|-----------------------------|-------|-------------------------|------------------------|
| Opening fund balance | | 1,576,395,129 | - |
| Surplus | | 290,057,670 | 1,576,395,129 |
| Closing fund balance | | 1,866,452,799 | 1,576,395,129 |
| Represented by: | | | |
| Assets | | | |
| Cash at bank | 7 | 3,952,912,396 | 1,882,160,522 |
| Advance to Contractors | 8 | 323,820,000 | 745,730,000 |
| Total | | 4,276,732,396 | 2,627,890,522 |
| Liabilities | | | |
| Payables to contractors | 9 | 890,570,000 | 345,536,000 |
| Payables to staff | | 89,605,672 | 697,600,000 |
| Interest payable | 10 | - | 8,359,393 |
| Bonus and welfare fund | | 1,430,103,925 | - |
| Total | | 2,410,279,597 | 1,051,495,393 |
| Net assets | | 1,866,452,799 | 1,576,395,129 |



Luong Minh Phuc
 General Director cum Project Director
 Ho Chi Minh City, 10 May 2018

2018/05/10
 Nguyen Thi Minh Phuong
 Chief Accountant

STATEMENT OF DESIGNATED ACCOUNT

For the ended 31 December 2017

| | | |
|----------------------|---|---|
| Account number | : | 0531372507247 |
| Bank | : | Joint Stock Commercial Bank for Foreign Trade of Vietnam - Dong Sai Gon Branch |
| Head office address | : | 198 Tran Quang Khai Avenue, Hanoi |
| Brand address | : | 199 Dien Bien Phu, Ward 15, Binh Thanh District, Ho Chi Minh City |
| Credit Agreement No. | : | 5654 - VN |
| Currency | : | USD |

PART A - ACCOUNT ACTIVITIES

| | <u>Note</u> | USD |
|---|-------------|-------------------------|
| Beginning balane as at 01 January 2017 | | 11,682.24 |
| Add: | | |
| - Total amount transferred to designated account by the IDA | | 28,317.76 |
| Less: | | |
| - Amount withdrawn from designated account during the year | | - |
| Ending balance as at 31 December 2017 | | <u>40,000.00</u> |

PART B - RECONCILIATION

| | |
|---|-------------------------|
| Advances from the World Bank as at 01 January 2017 | <u>40,000.00</u> |
| Add additional advances during the year | - |
| Less amount withdrawn but not yet claimed | - |
| Advances from World Bank as at 31 December 2017 | <u>40,000.00</u> |



Luong Minh Phuc
 General Director cum Project Director
 Ho Chi Minh City, 10 May 2018

24/05/2018
 Nguyen Thi Minh Phuong
 Chief Accountant

HO CHI MINH CITY GREEN TRANSPORT DEVELOPMENT PROJECT
Urban-Civil Works Construction Investment Management Authority (UCCI)
Financing Agreement No. 5654 - VN

FINANCIAL STATEMENTS
For the year ended
31 December 2017

STATEMENT OF LOAN WITHDRAWALS
For the ended 31 December 2017

| No | Date | Currency | Amount claimed | | | Amount disbursed | | |
|--|------------|----------|------------------|------------------|-------------------|------------------|-------------------|-------------------|
| | | | Claimed | Total | Original currency | Date | Original currency | Original currency |
| Financing Agreement No. 5654-VN | | | | | | | | |
| BRT-002 | 09/02/2017 | USD | 28,317.76 | 28,317.76 | 23/02/2017 | | 28,317.76 | 28,317.76 |
| Total | | | <u>28,317.76</u> | <u>28,317.76</u> | | | <u>28,317.76</u> | <u>28,317.76</u> |



Luong Minh Phuc
General Director cum Project Director
Ho Chi Minh City, 10 May 2018

Nguyen Thi Minh Phuong
Chief Accountant

NOTES TO THE FINANCIAL STATEMENTS

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

1. PROJECT BACKGROUND

The Ho Chi Minh City Green Transport Development Project operates under the Financing Agreement No.5654 - VN dated 09 May 2015 signed between the Socialist Republic of Vietnam and the International Development Association (IDA). The Financing Agreement officially takes effect after 90 days from the signing date and has a duration of 5.3 years from 09 October 2015 to 31 December 2020.

The project development objective is to improve the performance and efficiency of public transport along a high priority corridor in HCMC.

The Project has a total cost of US\$ 143.6 million and will be financed by an International Development Association Credit of SDR 88,200,000, equivalent to US\$ 123.6 million. The project will also be co-financed by the Government of Vietnam (US\$ 20 million). The International Development Association Credit will have a maturity of 25 years, including a grace period of 5 years. The IDA Credit terms also include interest of 1.25%, service charge of 0.75%, and commitment fee 0.50%. The borrower is the Government of Vietnam that will on-lend the credit to HCMC.

The Project consists of two components as follows:

Component 1: Bus Rapid Transportation (BRT) Corridor Development

Development of a Bus Rapid Transit ("BRT") corridor between An Lac in the southwest of HCMC to Rach Chiec in the northwest of HCMC, including the following:

- (a) Carrying out the construction and supervision of the BRT infrastructure and facilities;
- (b) Improvement of the traffic management system, including the modification of intersection control and the deployment of an intelligent transport system and associated technologies;
- (c) Development of a fare collection system, including smart cards and servers;
- (d) Provision of BRT vehicles and fueling facilities;
- (e) Carrying out integrated planning and urban development measures around BRT stations;
- (f) Provision of management support for BRT system implementation, including carrying out of marketing and public communication activities;
- (g) Provision of support for Project management; and Provision of: (i) office equipment and vehicles, support for the upgrading of office facilities; and (ii) other operational support for managing implementation of the BRT system;
- (h) Land acquisition and resettlement.

Component 2: Institutional Strengthening

- (a) Training programs and technical support for relevant implementing agencies in Project management, urban transport planning, and public transport operation including strategic support for the operation of the BRT system;
- (b) Carrying out of monitoring and evaluation activities, including the assessment of the BRT system success on an on-going basis;
- (c) Carrying out of feasibility and design studies for maximizing connectivity and ridership and continued development of the BRT system; and
- (d) Carrying out of a study to develop the optimal fare structure and fare product range for the public transportation system.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

1. PROJECT BACKGROUND (CONTINUED)

The financing ratios by each donor are as follows:

| Project Component | Project Cost (USD) | Government of Vietnam | IDA (USD) |
|---------------------------------------|--------------------|-----------------------|--------------------|
| 1. BRT Corridor Development | 138,679,533 | 20,064,105 | 118,615,428 |
| Construction | 49,699,000 | | 49,699,000 |
| Equipment | 21,097,300 | | 21,097,300 |
| Project management | 3,913,600 | 3,913,600 | - |
| Consulting services | 13,136,900 | 1,252,900 | 11,884,000 |
| Other expenses | 3,987,314 | 224,814 | 3,762,500 |
| Land acquisition & resettlement | 4,576,000 | 4,576,000 | |
| Provisions | 35,650,294 | 3,477,666 | 32,172,628 |
| Interest, commitment fees | 6,619,125 | 6,619,125 | |
| 2. Institutional Strengthening | 5,000,000 | | 5,000,000 |
| TOTAL | 143,679,533 | 20,064,105 | 123,615,428 |

SECO section

Technical assistance project to HCMC Green Transport Development project financed by Swiss State Secretariat for Economic Affairs (SECO) fund entrusted to the World Bank will contribute to improve the performance and efficiency of public transport along a high priority corridor in HCMC. The components under the SECO technical assistance project do not overlap with those under the main project. The additional components include:

- (i) Integrated urban development based on Transit Oriented Development (TOD) principles;
- (ii) Transport planning for enhanced connectivity which supports the integration of BRT with other modes of transport;
- (iii) Capacity strengthening for UCCI in the implementation of the GTD project as well as the activities under the additional financing; and the corporate and business capacity of relevant authorities.

The section will be carried out at a total cost of USD 11.46 million, of which, 10.5 million USD comes from non-refundable aid by the Swiss State Secretariat for Economic Affairs (SECO) entrusted to the WB and USD 0.96 million is counter-part fund.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

2. BASIS OF PREPARATION AND ACCOUNTING PERIOD

The financial statements are prepared in accordance with the World Bank's financial reporting requirements, the requirements of the above-mentioned Agreement and the following accounting principles.

The accompanying financial statements have been prepared in Vietnam Dong ("VND"), except for the statement of designated account and the statement of loan withdrawals, which are prepared in the original currency of United States Dollars ("USD"). The financial statements are prepared under the historical cost convention and on a modified cash basis of accounting. Accordingly, receipts are recognised when received rather than when the right to receive them arises, and expenditures are recognised when incurred.

Accounting period

The Project's accounting period is from 1 January to 31 December.

The financial statements have been prepared for the ended 31 December 2017.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Foreign currency translation

Funds received in foreign currency are translated into VND at the exchange rate announced by the Ministry of Finance of Vietnam.

Expenses arising in foreign currencies are translated into VND at the exchange rate announced by the Ministry of Finance of Vietnam at the date of acceptance minutes.

Payments in foreign currencies are translated into VND at the buying exchange rate of the service bank at the transaction date.

Balances of monetary assets and liabilities denominated in foreign currencies at the year-end are translated at the exchange rate announced by the Ministry of Finance Vietnam.

Foreign exchange difference is not a receipt/expenditure. However, cash-related foreign exchange difference is presented in a separate line in the Statement of Resources and Uses of Funds for the purpose of reconciliation between opening fund balance and closing fund balance.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Recognition of funds

Funds received from the Donors are recorded when remittance made into Designated Accounts or direct payment made to the contractors/suppliers.

Counterpart funds of the Vietnamese Government are recorded when payments are made directly from the Vietnamese Government to contractors/ suppliers of the Project or funds are remitted to the PMU for settlement of project's activities.

3.2 Recognition of expenditures

Expenditures are recognized when they are actually incurred and approved by the PMU;

General administration expenses are allocated among sub-projects implemented by UCCI.

Commitment fee of IDA loan: Maximum commitment fee of IDA loan is equal to 0.5% per year on the undrawn fund balance.

Service charge of IDA loan is calculated based on the rate of 0.75% on the drawn amounts.

Interest: Interest of IDA loan is calculated based on the drawn balance at the rate of 1.25% per year.

Commitment fee, service charge interest charge of IDA loan are recognised as an expense of the Project annually in accordance to announcement of World Bank.

4. DESIGNATED ACCOUNT

Designated account is a deposit account maintained at the commercial bank for purpose of the Project's activities.

Payments made via Designated Account are for eligible expenditures of the Project in accordance with the provisions of the Financing Agreement No. 5654-VN dated 09 May 2015.

The Designated Account for Financing Agreement No. 5654-VN is a USD deposit account maintained at Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank) for the Project's activities. Payments from the Designated Account are made in accordance with related covenants of Financing Agreement No. 5654-VN and relevant regulations of the World Bank.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

5. EXPENDITURES

| Categories | Year 2017 | | | | Accumulated to 31 December 2017 | | | |
|--------------------------------------|--------------------|----------|-----------------------|-----------------------|---------------------------------|----------|-----------------------|-----------------------|
| | IDA fund | | SECO fund | | Counterpart fund | | Total | |
| | VND | VND | VND | VND | VND | VND | VND | VND |
| Preparation stage | - | - | - | - | - | - | 9,197,105,634 | 9,197,105,634 |
| BRT component | - | - | - | - | - | - | 8,915,005,634 | 8,915,005,634 |
| SECO component | - | - | - | - | - | - | 282,100,000 | 282,100,000 |
| Component 1 | 792,480,000 | - | 11,411,477,228 | 12,203,957,228 | 946,734,000 | - | 21,791,757,201 | 22,738,491,201 |
| Consulting services | 792,480,000 | - | 520,000,000 | 1,312,480,000 | 946,657,000 | - | 1,026,920,000 | 1,973,577,000 |
| Project management | - | - | 10,891,477,228 | 10,891,477,228 | - | - | 20,764,837,201 | 20,764,837,201 |
| Bank charges | - | - | - | - | 77,000 | - | - | 77,000 |
| Component 2 | - | - | - | - | - | - | - | - |
| Interest, commitment fees, IDA | - | - | - | - | - | - | 8,330,996 | 8,330,996 |
| | 792,480,000 | - | 11,411,477,228 | 12,203,957,228 | 946,734,000 | - | 30,997,193,831 | 31,943,927,831 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

6. IDA FUND

| | Year 2017 | | Accumulated to 31/12/2017 | |
|---|--------------------------|--------------------|------------------------------|----------------------|
| | Equivalent to USD VND | | Equivalent to USD VND | |
| | USD | VND | USD | VND |
| IDA: Financial Agreement 5654-VN | | | | |
| - IDA Fund | 28,317.76 | 627,804,739 | 68,317.76 | 1,501,924,739 |
| | 28,317.76 | 627,804,739 | 68,317.76 | 1,501,924,739 |

7. CASH AT BANK

| | 31 December 2017 | | 01 January 2017 | |
|--|--------------------------|----------------------|--------------------------|----------------------|
| | Equivalent to USD VND | | Equivalent to USD VND | |
| | USD | VND | USD | VND |
| - Cash at the State Treasury | - | 2,965,266,724 | - | 926,640,027 |
| - Cash at Joint Stock Commercial Bank for Investment and Development of Vietnam (BIDV) | - | 89,605,672 | - | 697,600,000 |
| - Designated account - IDA (Joint Stock Commercial Bank for Foreign Trade of Vietnam) | 40,000.00 | 898,040,000 | 11,628.24 | 257,920,495 |
| | | 3,952,912,396 | | 1,882,160,522 |

8. ADVANCES TO CONTRACTORS

| | 31 December 2017 | | 01 January 2017 | |
|--|------------------|--------------------|-----------------|--------------------|
| | VND | VND | VND | VND |
| Thang Long Construction Consulting Company Limited | | | - | 260,000,000 |
| Joint venture of UHY Auditing & Consulting Ltd. and Nexia STT Ltd. | | 323,820,000 | | 485,730,000 |
| | | 323,820,000 | | 745,730,000 |

9. PAYABLES TO CONTRACTORS

| | 31 December 2017 | | 01 January 2017 | |
|--|------------------|--------------------|-----------------|--------------------|
| | VND | VND | VND | VND |
| Ms. Nguyen Thi Thuy Nga (consulting cost) | 306,750,000 | | - | |
| Joint venture of UHY Auditing & Consulting Ltd. and Nexia STT Ltd. | 323,820,000 | | - | |
| Thang Long Construction Consulting Company Limited | | 260,000,000 | - | |
| An Son Joint Stock Company | | - | 345,536,000 | |
| | | 890,570,000 | | 345,536,000 |



Luong Minh Phuc
 General Director cum Project Director
 Ho Chi Minh City, 10 May 2018

Nguyen Thi Minh Phuong
 Chief Accountant

2018

PART II

**AUDITORS' REPORT ON THE
INTERNAL CONTROL OVER PREPARATION OF THE FINANCIAL STATEMENTS**

**AUDITORS' REPORT ON THE INTERNAL CONTROL OVER PREPARATION
OF THE FINANCIAL STATEMENTS**

To: **The Project Management Unit of Urban-Civil Works Construction Investment
Management Authority (UCCI)
The World Bank**

We have audited the financial statements of the Ho Chi Minh City Green Transport Development Project - Financing Agreement No. 5654 -VN implemented by UCCI ("the Project") for the ended 31 December 2017 in accordance with International Standards on Auditing and issued Independent Auditors' Report dated 10 May 2018 with unqualified opinion.

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 Implications on the Financial statements as well as of internal control over financial reporting.

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 implications on the Financial statements as well as over financial reporting for the purpose of properly preparing and presenting the Financial statements so as to minimize errors and frauds, and take responsibility for its assertion 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 direct and material financial Implications 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 Quality Control Standard No. 1, 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 requirements that could have a direct and material financial effect on the financial statements as well as internal control over financial reporting.

We apply International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

We also conduct other audit procedures that we found necessary in each circumstance in order to obtain sufficient evidence as a basis for expressing our opinion. We believe that our examination has provided a reasonable basis for 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 prevented or detected on a regular basis. 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.

**AUDITORS' REPORT ON THE INTERNAL CONTROL OVER PREPARATION
OF THE FINANCIAL STATEMENTS (CONTINUED)**

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 direct and material financial implications on the financial reporting as well as the internal control over the Project's financial reporting for the ended 31 December 2017.



Nguyen Thi Phuong Thao
Deputy General Director
CPA Registration Certificate
No. 0933-2018-112-1
Hanoi, 10 May 2018

A blue handwritten signature of "Nguyen Thi Thu Ha".

Nguyen Thi Thu Ha
Auditor
CPA Registration Certificate
No. 2277-2018-112-1

PART III

AUDITORS' REPORT ON THE COMPLIANCE

AUDITORS' REPORT ON THE COMPLIANCE

To: **The Project Management Unit of Urban-Civil Works Construction Investment Management Authority (UCCI)
The World Bank**

We have audited the financial statements of the Ho Chi Minh City Green Transport Development Project - Financing Agreement No. 5654 -VN implemented by UCCI ("the Project") for the ended 31 December 2017 in accordance with International Standards on Auditing and issued Independent Auditors' Report dated 10 May 2018 with unqualified opinion.

In connection with the audit of the Financial statements, we also performed procedures on the Project's compliance with Financing Agreement No. 5654 - VN and regulations that could have a direct and material financial Implications on the Project's Financial statements for the ended 31 December 2017 (hereinafter referred to as "Requirements").

The Project Management Unit is responsible for complying with Financing Agreement No. 5654 - VN, 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, rather than test of 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 Quality Control Standard No. 1, ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether, in all material respects, the Project has complied with the regulations.

We apply International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

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 auditor's judgment, including the assessment of risk 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 was, in all material respects, in compliance with Financing Agreement No. 5654 - VN, and regulations that could have a direct and material financial effect on the Project's Financial Statements for the ended 31 December 2017.



Nguyen Thi Phuong Thao
Deputy General Director
CPA Registration Certificate
No. 0933-2018-112-1
Hanoi, 10 May 2018

Nguyen Thi Thu Ha
Auditor
CPA Registration Certificate
No. 2277-2018-112-1