**DDH: Explanation for information relating to the financial statement of 2017**

On 29/03/2018, Hai Phong Waterway Traffic Assurance Joint Stock Company explained the information relating to the financial statement of 2017 as follows:

**Contents:**

Explanation letter of Board of Managers and Board of Administrators

**A, Financial statement:**

1, We completed our responsibilities as negotiation in articles of Audit Contract No.83/2016/HD-AV3-TC issued on 28/12/2016, for planning presenting the financial statement following the accounting standard, Vietnam accounting regime and legal regulations which relate to the planning and presenting of the financial statement. The financial statement was presented honestly, reasonably on the basic of materiality aspects in accordance with the accounting standard, Vietnam accounting regime and the legal regulations which relate to the planning and presenting of the financial statement

2, We used the proper assumptions to give accounting estimations, even when estimation on proper value in the presentation on the financial statement

3, The relationship and transactions with related parties were explained and noted properly following the accounting standard, Vietnam accounting regime and the legal regulations which relate to the planning and presenting of the financial statement

4, All transactions which incurred after the finishing date of accounting term (if any) were adjusted and noted following the framework on planning and presenting the financial statement in the financial statement

5, The effects of mistakes on provision for bad debts which were not adjusted with the amount of VND 2,897,333,270 had materiality effect to the financial statement

6, The selection and apply on accounting policies in the planning of the financial statement were in accordance with business and production operations of the Company and accounting standard, Vietnam accounting regime and the legal regulation which relate to the planning and presenting of the financial statement

7, The following problems were recorded, assessed, presented or noted following the framework of planning and presenting the financial statement:

- The Company didn’t have any plan or expectation which could affect to the book value or classification on assets, payables

- As at the finishing date of the accounting term, the company contributed enough charter capital

- Provision for bad debts was planned on the basic of assessment of Board of Managers on capability to recovering debts. The overdue receivables were confirmed to have capability to recovery, the Company didn’t implement provision. Board of Managers said that this implementation was in accordance with the real situation of the Company on the current period, complied the regulations at Circular No. 228/2009/TT-BTC issued on 07/12/2009 by Financial Ministry.

- Provision for loss of financial investments was planned on the basic of the regulations of Circular No. 228/2009/TT-BTC issued on 07/12/2009 and Circular No.89/2013/TT-BTC issued on 28/06/2013 by Financial Ministry

- The Company was owner of all assets in the financial statement and didn’t have any asset which was mortgaged or pledged

- Other assets were fixed assets belonging to waterway infrastructure, road, not served purpose of business, not calculated in value of enterprise to equitize and the Company managed, followed, accounted in the accounting book until the handover to Department of Specialized Management following the Decision No.1406/2016/QD- UBND issued on 18/07/2016 by People’s Committee of Hai Phong City. The Company didn’t calculate depreciation for these assets.

- The Company complied every article of contract; contract violations would affect materiality of the financial statement.

8, Financial tools were recorded, assessed, presented or noted following the framework on planning and presenting the financial statement

9, Revenue, expense, result, assets and payables were recorded, assessed, presented or noted following the framework on planning and presenting the financial statement

10, The Company didn’t have potential enterprise income tax. Moreover, we didn’t receive any information of tax office which was different from the above assessment

11, We implemented the procedures on assessing accuracy and completeness of information in the financial statement

12, The Company didn’t have any litigation which need to be noted in the financial statement.

**B, Provided information**

1, We provided auditors:

- Right to receive all accounting books, accounting documents and other information (including resolutions, decisions, minutes of meeting of General Meeting of Shareholders, Board of Supervisors, Board of Directors and Board of Managers) which we found that they related to the planning and presenting of the financial statement

- The documents, additional information which are required by auditors to serve the purpose of auditing

- Right to meet individuals in the Company who auditors found that it was necessary to collect proofs

2, All transactions were recorded in the documents, accounting book and presented in the financial statement

3, We assessed that there was not any risk causing the incorrect information in the financial statement because of frauds

4, We didn’t find any fraud which incurred or could incur and affected the Company relating to:

* Board of Managers
* Employees and staff who had major roles in internal administration
* Other problems which could affect materiality in the financial statement

5, We didn’t receive any information relating to frauds which were incurred or could be incurred and affected the Company by current staff or old staff of the Company, analyzers, management departments or other persons

6, We didn’t have any case which didn’t comply the law and the regulations and their effects need to be considered when planning and presenting the financial statement

7, We gave auditors list of related entities, all transactions and relationship with related entities. The relationship, transactions, materiality balance and policy on price (if any) with related entities were presented and noted in the financial statement fulfill.