



**DANANG AIRPORT SERVICE
JOINT STOCK COMPANY**

Financial statements

For the year ended 31 December 2019

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REPORT OF MANAGEMENT

The Management of Danang Airport Service Joint Stock Company hereby presents this report together with the audited financial statements for the year ended 31 December 2019.

Overview

Danang Airport Service Joint Stock Company – Masco (“the Company”) was incorporated on the basis of equitizing the State-owned enterprise (Danang Airport Service Company) under Decision No. 3547/QD-BGTVT dated 23 September 2005 by the Ministry of Transport. The Company is an independent accounting entity, operating in observance of the Business Registration Certificate No. 3203000950 dated 5 April 2006 by Danang City’s Department of Planning and Investment, Enterprise Law, its Charter and other relevant regulations. So far, the Company’s Business Registration Certificate (which is now the Enterprise Registration Certificate No. 0400102045) has been amended 14 times and the most recent amendment was made on 20 April 2017.

The Company registered to list its common shares on the Hanoi Stock Exchange with code MAS under Decision No. 350/QD-SGDHN dated 30 June 2014 issued by Hanoi Stock Exchange. The official trading date was 15 July 2014.

Charter capital: VND42,676,830,000

Paid-in capital as at 31/12/2019: VND42,676,830,000

The Company has 9 dependent entities, including:

- Phu Bai Branch;
- Nha Trang Branch;
- Masco - Danang Driver Training Center;
- Masco – Thua Thien Hue Driver Training Center;
- Passenger Transportation Enterprise;
- Danang Catering Enterprise;
- Airport Service Enterprise;
- Trading and Service Enterprise;
- Car Maintenance Service Center.

Head office

- Address: Danang International Airport, Hoa Thuan Tay Ward, Hai Chau District, Danang City, Vietnam
- Tel: (84) 236 3830340
- Fax: (84) 236 3826133
- Email: masco@masco.com.vn
- Website: www.masco.com.vn

REPORT OF MANAGEMENT (cont'd)***Principal activities***

- Service activities incidental to air transportation. Details: Air transport technical commercial exploitation;
- Manufacture of prepared meals and dishes. Details: Manufacture and serve of catering on flights, industrial catering, packed and instant food, candies, purified bottled water;
- Real estate activities with own or leased property;
- Human resources provision and management of human resources functions. Details: Internal human resources provision; Services for sending workers for overseas employment;
- Activities of employment placement agencies. Details: Job introduction and consultancy services;
- Travel agency activities. Details: Travel services; Tour guides and shuttle services;
- Other educational activities n.e.c. Details: Training of driving cars, motorcycles;
- Land transport of passengers by urban or suburban transport systems (except via bus). Details: Transport of passengers by provincial and intercity car, taxi;
- Sale of motor vehicles on a fee or contract basis;
- Maintenance and repair of motor vehicles;
- Freight transport by road; Details: Freight transport by car;
- Sale of motorcycles. Details: Sale of motorcycles on a fee or contract basis;
- Restaurants and mobile food service activities. Details: Restaurants for food and beverage; Trading of locally-produced wine, beer, cigarette;
- Short-term accommodation activities. Details: Tourism accommodation activities;
- Other support activities related to transportation. Details: Booking office; Office of freight transport by air, boat, train;
- Advertising. Details: Advertising services;
- Other retail sale of new goods in specialized stores. Details: Retail sale of duty-free goods, artworks, general goods, office supplies;
- Wholesale of construction materials and installation supplies. Details: Wholesale of interior and exterior decoration products, construction materials (except for brick, sand, soil and cement);
- Wholesale of other machinery and other equipment. Details: Wholesale electricity, telecommunication, marine equipment and specialized equipment for transportation and urban environment;
- Wholesale of food. Details: Wholesale of waterfood, seafood;
- Marine aquaculture. Details: Water and marine aquaculture;
- Wholesale of textiles, clothing, footwear. Details: Wholesale of wearing apparel;
- Manufacture textile articles (except apparel). Details: Outsourcing of wearing apparel;
- Sale of motor vehicle part and accessories.

REPORT OF MANAGEMENT (cont'd)**Employees**

As at 31 December 2019, the Company had 641 employees, including 24 managing officers.

Members of the Board of Directors, Board of Supervisors, Management and Chief Accountant during the year and up to this reporting date are as follows:

Board of Directors

• Mr. Ho Quang Tuan	Chairman	Appointed on 22/04/2016
• Mr. Nguyen Thanh Dong	Member	Appointed on 22/04/2016
• Mr. Tran Thanh Hai	Member	Appointed on 14/03/2017
• Ms. Vu Thi Thu Bon	Member	Appointed on 22/04/2016
• Ms. Le Thi Thuy Linh	Member	Appointed on 22/04/2016

Board of Supervisors

• Mr. Dinh Hong Son	Chief Supervisor	Appointed on 27/05/2019
• Mr. Nguyen Dung	Chief Supervisor	Resigned on 27/05/2019
	Supervisor	Appointed on 27/05/2019
• Ms. Duong Thuy Van	Supervisor	Reappointed on 22/04/2016
• Mr. Pham Ngoc Tuan	Supervisor	Reappointed on 22/04/2016
		Resigned on 22/04/2019

Management and Chief Accountant

• Mr. Nguyen Thanh Dong	General Director	Reappointed on 22/04/2016
• Mr. Pham Van Ha	Vice General Director	Reappointed on 01/07/2016
• Mr. Tran Thanh Hai	Vice General Director	Reappointed on 01/07/2016
• Ms. Nguyen Thi Minh Huyen	Chief Accountant	Appointed on 15/05/2018

Independent Auditor

These financial statements have been audited by AAC Auditing and Accounting Co., Ltd. (Head office: Lot 78-80, 30th April Street, Hai Chau District, Danang City; Telephone: (84) 236.3655886; Fax: (84) 0236.3655887; Website: www.aac.com.vn; Email: aac@dng.vnn.vn).

Responsibility of the Management in preparation and presentation of the financial statements

The Company's Management is responsible for true and fair preparation and presentation of these financial statements on the basis of:

- Complying with the Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and other relevant regulations;
- Selecting suitable accounting policies and then applying them consistently;

REPORT OF MANAGEMENT (cont'd)

- Making judgments and estimates that are reasonable and prudent;
- Preparing the financial statements on the going concern basis;
- Responsibility for such internal control as the Management determines is necessary to enable the preparation and presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Members of the Company's Management hereby confirm that the accompanying financial statements including the balance sheet, the income statement, the statement of cash flows and notes to the financial statements give a true and fair view of the financial position of the Company as at 31 December 2019 and the result of its operations and its cash flows for the year then ended in accordance with the Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and the statutory requirements relevant to preparation and presentation of the financial statements.

On behalf of the Management



Nguyen Thanh Dong
General Director

Danang, 25 February 2020



AAC AUDITING AND ACCOUNTING CO., LTD

AN INDEPENDENT MEMBER OF PRIMEGLOBAL

AUDITING ACCOUNTING AND FINANCE SPECIALITY

Head Office: Lot 78 - 80, April 30th Street, Hai Chau District, Da Nang City

Tel: +84 (236) 3 655 886; Fax: +84 (236) 3 655 887; Email: aac@dng.vnn.vn; Website: <http://www.aac.com.vn>

No. 109/2020/BCKT-AAC

INDEPENDENT AUDITORS' REPORT

**To: The Shareholders, Board of Directors and Management
Danang Airport Service Joint Stock Company**

We have audited the accompanying financial statements of Danang Airport Service Joint Stock Company ("the Company") as prepared on 20 February 2020 and set out on pages 6 to 36, which comprise the balance sheet as at 31 December 2019, the income statement, statement of cash flows, and notes to the financial statements for the year then ended.

Management's Responsibility for the Financial Statements

The Management of the Company is responsible for the preparation and fair presentation of these financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and the statutory requirements relevant to preparation and presentation of financial statements, and for such internal control as the Management determines is necessary to enable the preparation and presentation 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 Vietnamese 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 Company's preparation and fair presentation of the financial statements 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the 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.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and the statutory requirements relevant to preparation and presentation of financial statements.



AAC Auditing and Accounting Co., Ltd.

Tran Thi Thu Hien – Deputy General Director

Audit Practising Registration Certificate

No. 0753-2018-010-1

Danang City, 25 February 2020

Dinh Thi Ngoc Thuy – Auditor

Audit Practising Registration Certificate

No. 1463-2018-010-1

■ Branch in Ho Chi Minh City

47 - 49 Hoang Sa St. (4th Floor, Hoang Dan Building), Dist. 1, HCM City
Tel: +84 (28) 3910 2235; Fax: +84 (28) 3910 2349

■ Branch in Ha Noi

09 Duy Tan St., (6th Floor, Viet A Building), Cau Giay Dist., Ha Noi
Tel: +84 (24) 3224 2403; Fax: +84 (24) 3224 2402

BALANCE SHEET
As at 31 December 2019

Form B 01 - DN

Issued under Circular No. 200/2014/TT - BTC
dated 22/12/2014 by the Ministry of Finance

ASSETS	Code	Note	31/12/2019 VND	01/01/2019 VND
A. CURRENT ASSETS	100		35,934,305,002	29,649,050,872
I. Cash and cash equivalents	110		10,268,028,034	5,047,257,845
1. Cash	111	5	10,268,028,034	5,047,257,845
2. Cash equivalents	112		-	-
II. Short-term financial investments	120		-	-
III. Short-term receivables	130		15,853,435,290	13,771,075,948
1. Short-term trade receivables	131	6	14,268,008,672	12,424,802,879
2. Short-term prepayments to suppliers	132	7	275,944,967	2,077,038,028
3. Other short-term receivables	136	8	2,790,606,650	750,360,040
4. Provision for short-term doubtful debts	137	9	(1,481,124,999)	(1,481,124,999)
IV. Inventories	140	10	7,569,879,463	7,627,469,428
1. Inventories	141		7,569,879,463	7,627,469,428
2. Provision for decline in value of inventories	149		-	-
V. Other current assets	150		2,242,962,215	3,203,247,651
1. Short-term prepaid expenses	151	11.a	2,242,962,215	3,203,247,651
2. Deductible VAT	152		-	-
B. NON-CURRENT ASSETS	200		89,247,193,424	98,666,017,865
I. Long-term receivables	210		-	-
II. Fixed assets	220		85,600,686,045	94,296,327,515
1. Tangible fixed assets	221	12	85,025,758,936	93,694,167,078
- Cost	222		203,512,845,907	200,942,226,207
- Accumulated depreciation	223		(118,487,086,971)	(107,248,059,129)
2. Intangible fixed assets	227	13	574,927,109	602,160,437
- Cost	228		806,083,100	887,433,100
- Accumulated amortization	229		(231,155,991)	(285,272,663)
III. Investment property	230		-	-
IV. Non-current assets in progress	240		-	1,771,012,910
1. Long-term work in progress	241		-	-
2. Construction in progress	242		-	1,771,012,910
V. Long-term financial investments	250		-	-
VI. Other non-current assets	260		3,646,507,379	2,598,677,440
1. Long-term prepaid expenses	261	11.b	3,646,507,379	2,598,677,440
2. Other non-current assets	268		-	-
TOTAL ASSETS	270		125,181,498,426	128,315,068,737

BALANCE SHEET (cont'd)

As at 31 December 2019

RESOURCES	Code	Note	31/12/2019 VND	01/01/2019 VND
C. LIABILITIES	300		67,934,408,482	71,475,617,121
I. Short-term liabilities	310		54,226,620,682	49,617,082,307
1. Short-term trade payables	311	14	14,238,801,208	11,440,439,498
2. Short-term advances from customers	312	15	7,704,557,532	4,839,837,882
3. Taxes and amounts payable to the State budget	313	16	2,048,963,139	2,070,775,340
4. Payables to employees	314		5,245,353,331	4,330,489,484
5. Short-term accrued expenses	315	17	146,595,199	195,830,328
6. Short-term unearned revenue	318	18	3,093,223,660	2,924,600,107
7. Other short-term payables	319	19.a	3,569,496,645	4,010,376,450
8. Short-term loans and finance lease liabilities	320	20.a	15,243,952,340	16,981,015,590
9. Reward and welfare fund	322		2,935,677,628	2,823,717,628
II. Long-term liabilities	330		13,707,787,800	21,858,534,814
1. Other long-term payables	337	19.b	3,640,000,000	3,640,000,000
2. Long-term loans and finance lease liabilities	338	20.b	10,067,787,800	18,218,534,814
D. EQUITY	400		57,247,089,944	56,839,451,616
I. Owners' equity	410		57,247,089,944	56,839,451,616
1. Share capital	411	21	42,676,830,000	42,676,830,000
- Common shares with voting rights	411a		42,676,830,000	42,676,830,000
- Preferred shares	411b		-	-
2. Development investment fund	418	21	803,208,113	803,208,113
3. Undistributed profit	421	21	13,767,051,831	13,359,413,503
- Undistributed profit up to the end of prior year	421a		123,285,253	30,965,175
- Undistributed profit of current year	421b		13,643,766,578	13,328,448,328
II. Other resources and funds	430		-	-
TOTAL RESOURCES	440		125,181,498,426	128,315,068,737



Nguyen Thanh Dong
General Director

Danang City, 20 February 2020

Nguyen Thi Minh Huyen
Chief Accountant

Pham Thi Thuong
Preparer

INCOME STATEMENT

For the year ended 31 December 2019

Form B 02 - DN

Issued under Circular No. 200/2014/TT - BTC
 dated 22/12/2014 by the Ministry of Finance

ITEMS	Code	Note	Year 2019 VND	Year 2018 VND
1. Revenue from sales and service provision	01	23	254,834,141,468	240,796,317,341
2. Deductions	02	24	6,184,487,365	5,366,467,435
3. Net revenue from sales and service provision	10		248,649,654,103	235,429,849,906
4. Cost of goods sold	11	25	202,846,312,896	191,736,187,547
5. Gross profit from sales and service provision	20		45,803,341,207	43,693,662,359
6. Financial income	21	26	169,501,943	121,935,458
7. Financial expenses	22	27	3,077,617,543	3,505,008,688
<i>Including: Interest expense</i>	23		2,659,833,074	3,422,141,516
8. Selling expenses	25	28.a	7,520,029,722	7,236,252,633
9. Administrative expenses	26	28.b	18,191,542,506	16,569,536,886
10. Operating profit	30		17,183,653,379	16,504,799,610
11. Other income	31	29	2,048,575,302	2,385,478,024
12. Other expenses	32	30	336,139,569	658,552,080
13. Other profit	40		1,712,435,733	1,726,925,944
14. Accounting profit before tax	50		18,896,089,112	18,231,725,554
15. Current corporate income tax expense	51	31	3,438,264,561	3,377,443,227
16. Deferred corporate income tax expense	52		-	-
17. Profit after tax	60		15,457,824,551	14,854,282,327
18. Basic earnings per share	70	32	3,197	2,772
19. Diluted earnings per share	71	32	3,197	2,772



Nguyen Thanh Dong
 General Director

Danang City, 20 February 2020

Nguyen Thi Minh Huyen
 Chief Accountant

Pham Thi Thuong
 Preparer

STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

Form B 03 - DN

Issued under Circular No. 200/2014/TT - BTC
dated 22/12/2014 by the Ministry of Finance

ITEMS	Code	Note	Year 2019 VND	Year 2018 VND
I. Cash flows from operating activities				
1. Profit before tax	01		18,896,089,112	18,231,725,554
2. Adjustments for				
- Depreciation and amortization	02	12;13	16,851,431,442	17,899,622,835
- Exchange gain/loss upon revaluation of monetary items denominated in foreign currency	04		(89,806,740)	89,399,612
- Profit/loss from investing activities	05	26;29	(828,986,641)	(1,837,086,586)
- Interest expenses	06	27	2,659,833,074	3,422,141,516
- Other adjustments	07		-	131,116,490
3. Operating profit before changes in working capital	08		37,488,560,247	37,936,919,421
- Increase/decrease in receivables	09		(3,780,341,259)	4,456,117,722
- Increase/decrease in inventories	10		57,589,965	1,168,297,578
- Increase/decrease in payables (exclusive of interest payable, income tax payable)	11		5,796,030,654	(2,997,824,800)
- Increase/decrease in prepaid expenses	12		(87,544,503)	(2,517,518,821)
- Interest paid	14	17;27	(2,726,198,203)	(3,401,236,482)
- Corporate income tax paid	15	16	(3,385,000,000)	(2,702,396,289)
- Other payments for operating activities	17		(3,006,029,925)	(7,360,460,135)
Net cash provided by operating activities	20		30,357,066,976	24,581,898,194
II. Cash flows from investing activities				
1. Purchases of fixed assets and other long-term assets	21		(5,042,995,086)	(16,475,027,819)
2. Proceeds from disposals of fixed assets and other long-term assets	22		1,514,990,911	3,216,102,231
3. Dividends, profit and interest received	27	8	23,620,076	40,215,082
Net cash used in investing activities	30		(3,504,384,099)	(13,218,710,506)
III. Cash flows from financing activities				
1. Proceeds from borrowings	33	20	17,975,264,925	33,487,572,836
2. Repayment of borrowings	34	20	(27,833,734,639)	(34,886,757,692)
3. Dividends, profit paid to owners	36	19;21	(11,778,978,110)	(22,163,214,000)
Net cash used in financing activities	40		(21,637,447,824)	(23,562,398,856)
Net cash flows for the year	50	5	5,215,235,053	(12,199,211,168)
Cash and cash equivalents at the beginning of the year	60		5,047,257,845	17,247,807,536
Impacts of exchange rate fluctuations	61		5,535,136	(1,338,523)
Cash and cash equivalents at the end of the year	70	5	10,268,028,034	5,047,257,845



Nguyen Thanh Dong
General Director

Danang City, 20 February 2020

Nguyen Thi Minh Huyen
Chief Accountant

Pham Thi Thuong
Preparer

NOTES TO THE FINANCIAL STATEMENT

*(These notes form part of and should be read
In conjunction with the accompanying financial statements)*

Form B 09 - DN

*Issued under Circular No. 200/2014/TT - BTC
dated 22/12/2014 by the Ministry of Finance*

1. Nature of operations

1.1. Overview

Danang Airport Service Joint Stock Company – Masco (“the Company”) was incorporated on the basis of equitizing the State-owned enterprise (Danang Airport Service Company) under Decision No. 3547/QD-BGTVT dated 23 September 2005 by the Ministry of Transport. The Company is an independent accounting entity, operating in observance of the Business Registration Certificate No. 3203000950 dated 5 April 2006 by Danang City’s Department of Planning and Investment, Enterprise Law, its Charter and other relevant regulations. So far, the Company’s Business Registration Certificate (which is now the Enterprise Registration Certificate No. 0400102045) has been amended 14 times and the most recent amendment was made on 20 April 2017.

1.2. Principal scope of business: Manufacture of catering on flights, trading and services; Training of driving cars and motorcycles.

1.3. Operating activities

- Service activities incidental to air transportation. Details: Air transport technical commercial exploitation;
- Manufacture of prepared meals and dishes. Details: Manufacture and serve of catering on flights, industrial catering, packed and instant food, candies, purified bottled water;
- Real estate activities with own or leased property;
- Human resources provision and management of human resources functions. Details: Internal human resources provision; Services for sending workers for overseas employment;
- Activities of employment placement agencies. Details: Job introduction and consultancy services;
- Travel agency activities. Details: Travel services; Tour guides and shuttle services;
- Other educational activities n.e.c. Details: Training of driving cars, motorcycles;
- Land transport of passengers by urban or suburban transport systems (except via bus). Details: Transport of passengers by provincial and intercity car, taxi;
- Sale of motor vehicles on a fee or contract basis;
- Maintenance and repair of motor vehicles;
- Freight transport by road; Details: Freight transport by car;
- Sale of motorcycles. Details: Sale of motorcycles on a fee or contract basis;
- Restaurants and mobile food service activities. Details: Restaurants for food and beverage; Trading of locally-produced wine, beer, cigarette;
- Short-term accommodation activities. Details: Tourism accommodation activities;
- Other support activities related to transportation. Details: Booking office; Office of freight transport by air, boat, train;
- Advertising. Details: Advertising services;
- Other retail sale of new goods in specialized stores. Details: Retail sale of duty-free goods, artworks, general goods, office supplies;

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(These notes form part of and should be read in conjunction with the accompanying financial statements)

- Wholesale of construction materials and installation supplies. Details: Wholesale of interior and exterior decoration products, construction materials (except for brick, sand, soil and cement);
- Wholesale of other machinery and other equipment. Details: Wholesale electricity, telecommunication, marine equipment and specialized equipment for transportation and urban environment;
- Wholesale of food. Details: Wholesale of waterfood, seafood;
- Marine aquaculture. Details: Water and marine aquaculture;
- Wholesale of textiles, clothing, footwear. Details: Wholesale of wearing apparel;
- Manufacture textile articles (except apparel). Details: Outsourcing of wearing apparel;
- Sale of motor vehicle part and accessories.

1.4. Business structure

As at 31 December 2019, the Company has 9 dependent entities:

- Phu Bai Branch;
- Nha Trang Branch;
- Masco - Danang Driver Training Center;
- Masco – Thua Thien Hue Driver Training Center;
- Passenger Transportation Enterprise;
- Danang Catering Enterprise;
- Airport Service Enterprise;
- Trading and Service Enterprise;
- Car Maintenance Service Center.

2. Accounting period, currency used in accounting

The Company's annual accounting period starts on 1 January and ends on 31 December.

Financial statements and accounting transactions are expressed in Vietnamese Dong (VND).

3. Applied accounting standards and system

The Company adopts the Vietnamese Corporate Accounting System, which was guided under Circular No. 200/2014/TT-BTC dated 22/12/2014 and Vietnamese Accounting Standards promulgated by the Ministry of Finance.

4. Summary of significant accounting policies

4.1 Exchange rate differences applied in accounting

Transactions denominated in foreign currencies are translated to VND using the actual exchange rate announced by the commercial bank where the Company anticipates conducting transactions on the date of the transactions.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(These notes form part of and should be read in conjunction with the accompanying financial statements)

At the balance sheet date, monetary items denominated in foreign currencies which are classified as assets are revaluated using the purchasing exchange rate and monetary items denominated in foreign currencies which are classified as liabilities are revaluated using the selling exchange rate of the commercial bank where the Company regularly conducts transactions at the time of the financial statements. For foreign currencies deposited in bank, the exchange rate upon revaluation is the purchase exchange rate of the bank where the Company opens foreign currency accounts.

Exchange rate differences are treated in accordance with the provisions of Vietnamese Accounting Standards No. 10 "Effects of changes in foreign exchange rates". Accordingly, foreign exchange differences arising during the year and exchange rate differences resulting from revaluating the closing balances of monetary items denominated in foreign currencies are recorded as financial incomes or financial expenses in the fiscal year.

4.2 Cash and cash equivalents

Cash includes cash on hand and demand deposits.

All short-term investments which are collectible or mature of 3 months or less as from purchasing date, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value at reporting date shall be recognized as cash equivalents.

4.3 Receivables

Receivables include trade receivables and other receivables:

- Trade receivables include commercial receivables generating from purchase-sale related transactions between the Company and buyers;
- Other receivables include non-commercial receivables, receivables not related to purchase-sale and intra-company transactions.

Receivables are recorded at cost less provision for doubtful debts. The appropriation of provision complies with the guidelines in Circular No. 48/2019/TT-BTC dated 08/08/2019 by the Ministry of Finance. Accordingly, provision is made at the balance sheet date for the amounts receivable which have been overdue for 6 months or which have not been overdue but are likely to become irrecoverable.

4.4 Inventories

Inventories are stated at the lower of cost and net realizable value.

Cost is calculated using the weighted average method and accounted for using the perpetual method with value determined as follows:

- Materials, goods: Cost comprises costs of purchase, costs of conversion and any directly attributable costs of bringing the inventories to their present location and condition;
- Finished products: Cost comprises cost of direct materials and labour plus attributable overhead based on the normal level of activities.

Net realizable value is the estimated selling price less the estimated costs of completing the products and the estimated costs needed for their consumption.

Provision for decline in value of inventories is made for each kind of inventories when the net realizable value of that kind of inventories is less than cost.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)*(These notes form part of and should be read in conjunction with the accompanying financial statements)***4.5 Tangible fixed assets****Cost**

Tangible fixed assets are stated at cost less accumulated depreciation.

The cost of tangible assets comprises their purchase price and all the costs incurred by the Company to acquire those assets as of the time of putting such assets into the ready-for-use state. The costs incurred after the initial recognition of tangible fixed asset shall be recorded as increase in their historical cost if these costs are certain to augment future economic benefits obtained from the use of those assets. Those incurred costs which fail to meet this requirement must be recognized as production and business expenses in the period.

Depreciation

Depreciation of fixed assets is calculated in accordance with the straight-line method over their estimated useful lives. Depreciation period is in conformity with Circular No. 45/2013/TT-BTC dated 25/4/2013 by the Ministry of Finance.

<u>Kind of assets</u>	<u>Depreciation period (years)</u>
Buildings, architectures	6 - 25
Machinery, equipment	3 - 10
Motor vehicles	3 - 10
Office equipment	4 - 10

4.6 Intangible fixed assets**Cost**

Intangible fixed assets are stated at cost less accumulated amortization.

The cost of intangible assets comprises all the costs incurred by the Company to acquire those assets as of the time of putting such assets into the ready-for-use state.

Land use rights

Intangible fixed assets being land use rights include:

- The land use right allocated by the State with land use fee or receiving the transfer of legal land use right (including term and non-term land use right);
- The prepaid land rent (has been paid for the leasing time or paid in advance for many years but the remaining land lease term paid is at least five years) for the land rent contract before the effective date of the Land Act 2003 and being granted with certificate of land use right by the competent authority.

Cost of intangible fixed assets being land use rights include all costs directly attributable to putting such assets into the ready-for-use state.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)*(These notes form part of and should be read in conjunction with the accompanying financial statements)****Amortization***

Intangible fixed assets being land use rights with indefinite term are not amortized. For land use rights with definite term, the amortization period is the period in which the Company is allowed to use the land.

Other intangible fixed assets are amortized in accordance with the straight-line method over their estimated useful lives. Amortization period is in conformity with Circular No. 45/2013/TT-BTC dated 25/4/2013 by the Ministry of Finance.

<u>Kinds of assets</u>	<u>Amortization period (years)</u>
Computer software	4 - 6

4.7 Prepaid expenses

Prepaid expenses are reported as short-term or long-term prepaid expenses. These are expenditures that have been incurred but related to the operations of many accounting periods. The Company's primary prepayments are as follows:

- Cost of tools and instruments being put into use are amortized in accordance with the straight-line method over a period ranging from 12 to 36 months;
- Other prepaid expenses: the Company selects appropriate method and criteria of allocation over the period in which economic benefits are expected to be received based on the nature and extent of the prepaid expenses.

4.8 Payables

Payables include trade payables and other payables:

- Trade payables are trade-related amounts, arising from trading activities between the Company and its suppliers;
- Other payables are non-trade amounts, which are not related to trading activities, intra-company transactions.

Payables are recognized at cost and reported as short-term and long-term payables based on their remaining terms at the balance sheet date.

Payables are monitored according to their creditors, principal terms, remaining terms and original currencies.

4.9 Accrued expenses

Accruals are recognized for amount to be paid in the future for goods and services received, whether or not billed to the Company.

4.10 Unearned revenue

Unearned revenue is the advance payments received for services to be rendered in one or more accounting periods and allocated over the periods for which the Company receives the amounts in advance.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(These notes form part of and should be read in conjunction with the accompanying financial statements)

4.11 Loans and finance lease liabilities

Loans and finance lease liabilities are reflected at cost and classified into short-term liabilities and long-term liabilities based on their remaining terms at the balance sheet date.

The Company monitors loans and finance lease liabilities according to their creditors, loan agreements, principal terms, remaining terms and original currencies.

Borrowing costs

Borrowing costs comprise interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing costs are recognized as an expense in the period in which they are incurred, except to the extent that they qualify the conditions to be capitalized in accordance with Accounting Standard "Borrowing costs".

Borrowing costs associated with a particular borrowing for the purpose of obtaining a qualifying asset shall be capitalized as part of the cost of that asset. For general borrowing funds, the borrowing costs eligible for capitalization in the period shall be determined according to the capitalization rate, which is the weighted average of the borrowing costs applicable to the borrowings of the Company that are outstanding during the period.

Capitalisation of borrowing costs shall be suspended during extended periods in which it suspends active development of a qualifying asset, except to the extent that the suspension is necessary. Capitalization shall be ceased when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are completed.

4.12 Owners' equity

Share capital represents the amount of capital actually contributed by shareholders.

Distribution of profit

Profit after tax is appropriated to funds and to shareholders as provided for in the resolution of the Annual General Meeting of Shareholders.

The dividend or profit amount to be paid to the shareholders shall not exceed the undistributed profit after tax and with consideration of non-monetary items in undistributed post-tax profits that may affect cash flow and ability to pay dividends.

4.13 Revenue and other income recognition

- Revenue from sales and service provision is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:
 - ✓ Revenue from the sale of goods is recognized in the income statement when the significant risks and rewards of ownership have been transferred to the buyer and there are no significant uncertainties regarding recovery of the consideration due or the likely return of goods;
 - ✓ Revenue from service provision is recognized when the services have been rendered. In case that the services are to be provided in many accounting periods, the determination of revenue in each period is done on the basis of the service completion rate as of the balance sheet date.
- Revenue from financing activities is recognized when revenue is determined with relative certainty and it is possible to obtain economic benefits from the transactions.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(These notes form part of and should be read in conjunction with the accompanying financial statements)

- ✓ Interests are recognized on the basis of the actual term and interest rates;
- ✓ Dividends and profits shared are recognized when the Company has the rights to receive dividends or profit from the capital contribution.
- Other income is the income derived out of Company's scope of business and recognized when it can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company.

4.14 Cost of goods sold

Cost of products, goods sold and services rendered and corresponding revenue are recognized in the correct period and in accordance with the matching principle and conservatism principle.

Costs which are incurred in excess of the ordinary level of goods sold and services rendered shall be charged out to cost of goods sold in the period, not to the production cost.

4.15 Financial expenses

Financial expenses reflect expenses or losses related to financial investment activities: interest expense, loss from sale of foreign currency, foreign exchange loss and expenses of other investing activities.

4.16 Selling expenses, administrative expenses

Selling expenses recognized in the period are expenses actually incurred in process of selling products, goods and rendering services.

Administrative expenses recognized are expenses actually incurred related to the overall administration of enterprises.

4.17 Current corporate income tax expense, deferred corporate income tax expense

Corporate income tax expenses during the period include current income tax and deferred income tax.

Current income tax is the tax amount computed based on the taxable income during the period at the tax rates applied as of the balance sheet date. Taxable income is different from accounting profit due to the adjustments of temporary differences between tax and accounting figures as well as those of non-taxable or non-deductible income and expenses.

Deferred income tax is determined for temporary differences at the balance sheet date between the tax base of assets and liability and their carrying amount for financial reporting purpose.

4.18 Financial instruments

Initial recognition

Financial assets

A financial asset is recognized initially at cost plus transaction costs directly attributable to the acquisition of the asset. The Company's financial assets include cash on hand, short-term deposits, trade receivables and other receivables.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)*(These notes form part of and should be read in conjunction with the accompanying financial statements)**Financial liabilities*

A financial liability is recognized initially at cost plus transaction costs directly attributable to the issuance of such liability. The Company's financial liabilities include loans, trade payables, accrued expenses and other payables.

Subsequent measurement

Currently, there has been no requirement for subsequent measurement of financial instruments.

4.19 Tax rates and other statutory obligations to the State Treasury

- Value added tax (VAT):
 - ✓ Tax rate of 10% is applied for the activities including catering transport, attendants, taxi crews, catering and drinking serving, serving fee and providing other products for flights.
 - ✓ Other activities apply the tax rate in accordance with prevailing regulations.
- Corporate income tax (CIT):
 - ✓ Applicable tax rate is 20%;
 - ✓ Tax rate of 10% is applied for training activities at Driver Training Centers over the operating time.
- Other taxes, fees and charges are paid in accordance with relevant regulations.

4.20 Related parties

Parties are considered to be related if one party has the ability to (directly or indirectly) control the other party or exercise significant influence over the other party in making financial or operational decisions.

*Unit: VND***5. Cash**

	Foreign currency	31/12/2019 VND	Foreign currency	01/01/2019 VND
- Cash on hand		637,307,040		1,206,679,502
+ VND		539,722,640		1,039,131,939
+ USD	4,242.80 #	97,584,400	7,245.30 #	167,547,563
- Cash in bank		9,630,720,994		3,840,578,343
+ VND		7,713,539,810		3,783,717,436
+ USD	82,637.12 #	1,917,181,184	2,458.85 #	56,860,907
Total		10,268,028,034		5,047,257,845

NOTES TO THE FINANCIAL STATEMENTS (cont'd)*(These notes form part of and should be read in conjunction with the accompanying financial statements)***6. Short-term trade receivables**

	31/12/2019	01/01/2019
Indochina Airlines Joint Stock Company	1,481,124,999	1,481,124,999
VietJet Airviation Joint Stock Company	1,593,773,278	3,477,667,208
Bamboo Airways Joint Stock Company	3,274,008,147	-
Others	7,919,102,248	7,466,010,672
Total	<u>14,268,008,672</u>	<u>12,424,802,879</u>

Of which, related party balances

	31/12/2019	01/01/2019
Vietnam Airlines Corporation	-	338,753,974
Jetstar Pacific Airlines Joint Stock Aviation Company	384,360,512	522,112,711
Total	<u>384,360,512</u>	<u>860,866,685</u>

7. Short-term prepayments to suppliers

	31/12/2019	01/01/2019
Danang International Airport - Branch of Airports Corporation of Vietnam	208,772,760	208,772,760
Others	67,172,207	1,868,265,268
Total	<u>275,944,967</u>	<u>2,077,038,028</u>

8. Other short-term receivables

	31/12/2019		01/01/2019	
	Amount	Provision	Amount	Provision
Advances	2,259,734,767	-	526,583,071	-
Deposits, collateral	192,000,000	-	-	-
Other receivables	338,871,883	-	223,776,969	-
Total	<u>2,790,606,650</u>	<u>-</u>	<u>750,360,040</u>	<u>-</u>

9. Provision for short-term doubtful debts

	31/12/2019	01/01/2019
Provision for debts overdue - From 3 years and more	1,481,124,999	1,481,124,999
Total	<u>1,481,124,999</u>	<u>1,481,124,999</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)*(These notes form part of and should be read in conjunction with the accompanying financial statements)***10. Inventories**

	31/12/2019		01/01/2019	
	Cost	Provision	Cost	Provision
Raw materials	3,615,187,161	-	3,724,152,868	-
Tools, instruments	7,761,940	-	3,656,104	-
Merchandise	3,946,930,362	-	3,899,660,456	-
Total	7,569,879,463	-	7,627,469,428	-

- There are no inventories which are pledged as securities for debts as at 31/12/2019.
- There are no inventories which are stagnant, in poor quality or slow-moving as at 31/12/2019.

11. Prepaid expenses**a. Short-term**

	31/12/2019	01/01/2019
Vehicle insurance fee	579,917,689	458,032,174
Car, land, office rental fee	292,600,806	2,298,928,620
Tools and instruments pending allocation	434,080,866	272,143,804
Repair expenses, training fee, others	936,362,854	174,143,053
Total	2,242,962,215	3,203,247,651

b. Long-term

	31/12/2019	01/01/2019
Tools and instruments pending allocation	814,103,768	692,213,483
Training expenses for catering certificate	618,508,516	389,301,252
Office rental	1,190,000,000	135,000,000
Repair expenses	1,023,895,095	1,382,162,705
Total	3,646,507,379	2,598,677,440

NOTES TO THE FINANCIAL STATEMENTS (cont'd)*(These notes form part of and should be read in conjunction with the accompanying financial statements)***12. Tangible fixed assets**

	Buildings, architectures VND	Machinery equipment VND	Motor vehicles VND	Office equipment VND	Total VND
Cost					
Opening balance	50,452,369,042	28,722,621,685	120,620,859,599	1,146,375,881	200,942,226,207
Newly-purchased	-	3,232,035,637	806,934,217	168,678,864	4,207,648,718
Self-constructed	4,657,765,600	-	-	-	4,657,765,600
Sold, disposed	1,251,774,959	337,880,900	4,634,229,459	70,909,300	6,294,794,618
Closing balance	53,858,359,683	31,616,776,422	116,793,564,357	1,244,145,445	203,512,845,907
Depreciation					
Opening balance	18,044,553,458	10,710,017,212	77,433,410,578	1,060,077,881	107,248,059,129
Charge for the year	3,192,928,393	4,056,758,205	9,522,607,748	51,903,768	16,824,198,114
Sold, disposed	1,003,408,685	277,061,900	4,233,790,387	70,909,300	5,585,170,272
Closing balance	20,234,073,166	14,489,713,517	82,722,227,939	1,041,072,349	118,487,086,971
Net book value					
Opening balance	32,407,815,584	18,012,604,473	43,187,449,021	86,298,000	93,694,167,078
Closing balance	33,624,286,517	17,127,062,905	34,071,336,418	203,073,096	85,025,758,936

- Book value of tangible fixed assets which are mortgaged for loans as at 31/12/2019 is VND37,896,916,764.
- Cost of tangible fixed assets fully depreciated but still in active use as at 31/12/2019 is VND51,478,171,478.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)*(These notes form part of and should be read in conjunction with the accompanying financial statements)***13. Intangible fixed assets**

	Land use rights (*) VND	Software VND	Total VND
Cost			
Opening balance	473,227,100	414,206,000	887,433,100
Increase	-	-	-
Decrease	-	81,350,000	81,350,000
Closing balance	473,227,100	332,856,000	806,083,100
Amortization			
Opening balance	-	285,272,663	285,272,663
Charge for the year	-	27,233,328	27,233,328
Decrease	-	81,350,000	81,350,000
Closing balance	-	231,155,991	231,155,991
Net book value			
Opening balance	473,227,100	128,933,337	602,160,437
Closing balance	473,227,100	101,700,009	574,927,109

(*) This related to the indefinite land use right at Danang International Airport, Danang City which is used for building the Company's office and Danang Catering Factory. This land use right was pledged as loan security at Vietnam Joint Stock Commercial Bank for Industry and Trade - Danang Branch.

Cost of intangible fixed assets fully depreciated but still in active use as at 31/12/2019 is VND181,856,000.

14. Short-term trade payables

	31/12/2019	01/01/2019
Do Thi Phuong Thao	1,336,581,026	1,505,679,140
Nguyen Ngoc Anh	930,559,870	1,256,677,150
Le Tien Minh	805,350,000	540,730,000
Others	11,166,310,312	8,137,353,208
Total	14,238,801,208	11,440,439,498

15. Short-term advances from customers

	31/12/2019	01/01/2019
Vietnam Airlines Corporation	5,452,306,780	-
Advances from students of Vocational training centers	2,241,940,000	4,825,760,002
Others	10,310,752	14,077,880
Total	7,704,557,532	4,839,837,882

NOTES TO THE FINANCIAL STATEMENTS (cont'd)*(These notes form part of and should be read in conjunction with the accompanying financial statements)***16. Taxes and amounts payable to the State budget**

	Opening balance		Amount to be paid	Actual amount paid	Closing balance	
	Receivable	Payable			Receivable	Payable
Value-added tax	-	1,039,577,124	11,646,551,173	11,715,229,053	-	970,899,244
Corporate income tax	-	780,020,946	3,438,264,561	3,385,000,000	-	833,285,507
Personal income tax	-	251,177,270	947,374,976	953,773,858	-	244,778,388
Other taxes	-	-	10,000,000	10,000,000	-	-
Total	-	2,070,775,340	16,042,190,710	16,064,002,911	-	2,048,963,139

The Company's tax returns are subject to inspection of tax authority. The tax amounts presented in the financial statements may be changed under decision of tax authorities.

17. Short-term accrued expenses

	31/12/2019	01/01/2019
Accrued interest payable	129,465,199	195,830,328
Accrued hazard pay	17,130,000	-
Total	146,595,199	195,830,328

18. Short-term unearned revenue

	31/12/2019	01/01/2019
Driver training at Danang training center	2,605,610,187	2,550,368,041
Driver training at Thua Thien Hue training center	189,961,957	176,232,066
Advertising revenue	297,651,516	198,000,000
Total	3,093,223,660	2,924,600,107

NOTES TO THE FINANCIAL STATEMENTS (cont'd)*(These notes form part of and should be read in conjunction with the accompanying financial statements)***19. Other payables****a. Short-term**

	31/12/2019	01/01/2019
Trade union fees	217,741,702	586,687,817
Social insurance, health insurance, unemployment insurance	1,246,341	-
Short-term deposit, collateral received	432,300,000	232,450,000
Profit, dividends payable	128,607,798	171,457,658
Other payables	2,789,600,804	3,019,780,975
- Responsibility fee for taxi driver	1,212,696,169	1,501,196,169
- Responsibility fee for driver trainers at Danang Center	65,000,000	75,000,000
- Ticket fee	-	150,863,191
- Dividends payable to investors	1,391,702,047	1,195,633,999
- Other payables	120,202,588	97,087,616
Total	<u>3,569,496,645</u>	<u>4,010,376,450</u>

b. Long-term

	31/12/2019	01/01/2019
Capital contributed under business cooperation agreements at:		
- Masco - Danang Driver Training Center	1,640,000,000	1,640,000,000
- Masco - Thua Thien Hue Driver Training Center	2,000,000,000	2,000,000,000
Total	<u>3,640,000,000</u>	<u>3,640,000,000</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)*(These notes form part of and should be read in conjunction with the accompanying financial statements)***20. Loans and finance lease liabilities****a. Short-term**

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Short-term loans	7,000,141,473	17,975,264,925	17,879,540,972	7,095,865,426
- Vietinbank - Danang Branch	141,473	13,975,264,925	6,879,540,972	7,095,865,426
- Le Thi Bich Hong (individual)	7,000,000,000	4,000,000,000	11,000,000,000	-
Current portion of long-term loans	9,980,874,117	8,185,570,240	10,018,357,443	8,148,086,914
- Vietcombank - Danang Branch	1,703,695,785	1,535,353,726	1,741,179,111	1,497,870,400
- Vietinbank - Danang Branch	7,477,178,332	6,150,324,514	7,477,178,332	6,150,324,514
- BIDV - Hai Van Branch	800,000,000	499,892,000	800,000,000	499,892,000
Total	16,981,015,590	26,160,835,165	27,897,898,415	15,243,952,340

b. Long-term

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Long-term loans	18,218,534,814	8,797,611	8,159,544,625	10,067,787,800
- Vietcombank - Danang Branch (a)	4,122,268,300	8,797,611	1,509,328,111	2,621,737,800
- Vietinbank - Danang Branch (b)	13,596,374,514	-	6,150,324,514	7,446,050,000
- BIDV - Hai Van Branch ©	499,892,000	-	499,892,000	-
Total	18,218,534,814	8,797,611	8,159,544,625	10,067,787,800

- a) This is the loan obtained from the Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank) - Danang Branch under Credit Agreement No. 104/2017/VCB-KHDN dated 10/10/2017. The loan amount is USD306,358.5; the loan term is 60 months from the date of debt acknowledgment, the lending interest rate comprises base rate plus a margin in which the base rate is subject to change every quarter and margin rate as at contract date is 4.2%. Loan purpose: Buying 3 catering transport cars at the airports. The credit agreement is secured by assets acquired from loan.
- b) The Company obtained the loans from the Vietnam Joint Stock Commercial Bank for Industry and Trade (Vietinbank) - Danang Branch under following credit agreements:
- Credit Agreement No. 01/2016-HDTDN/NHCT480-MASCO dated 20/09/2016: The loan amount is VND4,876,500,000. The loan term is 50 months from the first drawdown date. Interest rate is specified in each drawdown note at the drawdown date. Loan purpose: re-financing the amount borrowed for buying 25 five-seat cars Hyundai Grand i10 sedan 1,2MT – Base used for taxi. The credit agreement is secured by assets acquired from the loan.
 - Credit Agreement No. 01/2017-HDCVTL/NHCT480-MASCO dated 12/04/2017: The loan amount is VND1,472,000,000. The loan term is 60 months from the first drawdown date. Interest rate is specified in each drawdown note at the drawdown date. Loan purpose: financing the legal capital for Project: purchase of 5 cars Nissan Sunny. The credit agreement is secured by assets acquired from the loan.
 - Credit Agreement No. 02/2017-HDCVTL/NHCT480-MASCO dated 15/05/2017: The loan amount is VND1,909,000,000. The loan term is 60 months from the first drawdown date. Interest rate is specified in each drawdown note at the drawdown date. Loan purpose: financing the legal capital for Project: purchase of 2 cars Ford Ranger. The credit agreement is secured by assets acquired from the loan.
 - Credit Agreement No. 01/2018-HDCVTL/NHCT480-MASCO dated 01/02/2018: The loan amount is VND990,000,000. The loan term is 36 months from the first drawdown date. Interest rate is 8.5% per annum and adjusted every quarter. Loan purpose: covering proper expenses for investment in installation of machinery and equipment in cold storage and freezing warehouse. The credit agreement is secured by assets acquired from the loan.
 - Credit Agreement No. 02/2018-HDCVTL/NHCT480-MASCO dated 09/02/2018: The loan amount is VND675,000,000. The loan term is 36 months from the first drawdown date. Interest rate is 8.5% per annum and adjusted every quarter. Loan purpose: covering legal capital for investment project of industrial dishwashing machine for operating activities. The credit agreement is secured by assets acquired from the loan.
 - Credit Agreement No. 03/2018-HDCVTL/NHCT480-MASCO dated 16/07/2018: The loan amount is VND10,500,000,000. The loan term is 45 months from the first drawdown date. Interest rate is 8.5% per annum and adjusted every quarter. Loan purpose: covering legal capital for investment project of Cam Ranh Catering Factory. The credit agreement is secured by assets acquired from the loan.
- c) This is the loan obtained from the Bank for Investment and Development of Vietnam (BIDV) - Hai Van Branch under Credit Agreement No. 01/2016/8573287/HDTD dated 13/06/2016: Loan amount is VND3,299,892,000, the loan term is 48 months from the first drawdown date, the loan interest rate is specified in the indebtedness agreements signed between the Company and the Bank for Investment and Development of Vietnam - Hai Van Branch. Loan purpose: Investing in the purchase of 10 new Taxi Innova cars. The credit agreement is secured by assets acquired from the loan.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)*(These notes form part of and should be read in conjunction with the accompanying financial statements)***21. Owners' equity****a. Statement of changes in owners' equity**

	Share capital	investment fund	Undistributed profit	Total
As at 01/01/2018	42,676,830,000	803,208,113	21,379,302,425	64,859,340,538
Increase	-	-	14,854,282,327	14,854,282,327
Decrease	-	-	22,874,171,249	22,874,171,249
As at 31/12/2018	<u>42,676,830,000</u>	<u>803,208,113</u>	<u>13,359,413,503</u>	<u>56,839,451,616</u>
As at 01/01/2019	42,676,830,000	803,208,113	13,359,413,503	56,839,451,616
Increase	-	-	15,457,824,551	15,457,824,551
Decrease	-	-	15,050,186,223	15,050,186,223
As at 31/12/2019	<u>42,676,830,000</u>	<u>803,208,113</u>	<u>13,767,051,831</u>	<u>57,247,089,944</u>

b. Breakdown of share capital

	31/12/2019	01/01/2019
Vietnam Airlines Corporation	15,412,650,000	15,412,650,000
Other shareholders	27,264,180,000	27,264,180,000
Total	<u>42,676,830,000</u>	<u>42,676,830,000</u>

c. Shares

	31/12/2019 Shares	01/01/2019 Shares
Number of shares authorized to be issued	4,267,683	4,267,683
Numbers of shares sold to public	4,267,683	4,267,683
- Common shares	4,267,683	4,267,683
- Preferred shares	-	-
Number of outstanding shares	4,267,683	4,267,683
- Common shares	4,267,683	4,267,683
- Preferred shares	-	-
Par value of outstanding shares: VND10,000 each		

NOTES TO THE FINANCIAL STATEMENTS (cont'd)*(These notes form part of and should be read in conjunction with the accompanying financial statements)***d. Undistributed profit**

	Year 2019	Year 2018
Profit brought forward	13,359,413,503	21,379,302,425
Profit after corporate income tax of current period	15,457,824,551	14,854,282,327
Profit distribution	15,050,186,223	22,874,171,249
- Distribution of prior-year profit (*)	13,236,128,250	21,348,337,250
+ Remuneration for the Board of Directors and Board of Supervisors	-	193,200,000
+ Appropriated for reward and welfare fund	1,200,000,000	4,851,326,000
+ Appropriated for bonus fund for the management	300,000,000	300,000,000
+ Dividends paid	11,736,128,250	16,003,811,250
- Temporary distribution of current-period profit	1,814,057,973	1,525,833,999
+ Appropriated for reward and welfare fund from profit of cooperation-investment agreements	170,000,000	137,000,000
+ Profit distributed to partners under cooperation-investment	1,450,857,973	1,195,633,999
+ Remuneration for the Board of Directors and Board of Supervisors	193,200,000	193,200,000
Undistributed profit	<u>13,767,051,831</u>	<u>13,359,413,503</u>

(*) The 2018 profit after tax is distributed in accordance with Resolution of the Annual General Meeting of Shareholders No. 03/NQ-DHDCD-DVDN dated 24/04/2019.

e. Dividends

Resolution of the 2019 Annual General Meeting of Shareholders No. 03/NQ-DHDCD dated 24/04/2019 approved to pay 2018 dividends in cash at the rate of 27.5% par value (one share receives VND2,750). Accordingly, the payment of dividends was made on 30/10/2019.

22. Off-balance sheet items

ITEMS	31/12/2019	01/01/2019
Foreign currencies (USD)	86,879.92	9,704.15

23. Revenue from sales and service provision

	Year 2019	Year 2018
Revenue from sales of merchandise	14,253,161,421	14,572,136,858
Revenue from sales of finished goods	-	1,470,114,050
Revenue from rendering services	240,580,980,047	224,754,066,433
Total	<u>254,834,141,468</u>	<u>240,796,317,341</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)*(These notes form part of and should be read in conjunction with the accompanying financial statements)***24. Revenue deductions**

	Year 2019	Year 2018
Trade discounts	5,365,977,366	4,590,695,435
Sales returns	818,509,999	775,772,000
Total	<u>6,184,487,365</u>	<u>5,366,467,435</u>

25. Cost of sales

	Year 2019	Year 2018
Cost of merchandise sold	7,524,457,998	7,779,849,678
Cost of finished goods sold	-	1,493,471,991
Cost of services rendered	195,321,854,897	182,462,865,878
Total	<u>202,846,312,896</u>	<u>191,736,187,547</u>

26. Financial income

	Year 2019	Year 2018
Deposit and loan interest	23,620,076	37,008,415
Foreign exchange gains	145,881,867	84,927,043
Total	<u>169,501,943</u>	<u>121,935,458</u>

27. Financial expenses

	Year 2019	Year 2018
Interest expenses	2,659,833,074	3,422,141,516
Foreign exchange losses	15,044,745	82,867,172
Payment discounts	402,739,724	-
Total	<u>3,077,617,543</u>	<u>3,505,008,688</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)*(These notes form part of and should be read in conjunction with the accompanying financial statements)***28. Selling expenses and administrative expenses****a. Selling expenses arising in the period**

	Year 2019	Year 2018
Materials and tools expenses	206,434,236	203,087,090
Labor costs	3,503,221,724	3,131,003,527
Depreciation and amortisation	45,952,920	45,952,920
Outside service expenses	3,369,908,547	3,335,390,582
Others	394,512,295	520,818,514
Total	<u>7,520,029,722</u>	<u>7,236,252,633</u>

b. Administrative expenses arising in the period

	Year 2019	Year 2018
Tool expenses	646,807,655	424,518,994
Cost of managing officers	11,340,888,920	10,862,169,548
Outside service expenses	4,572,440,754	4,161,193,060
Others	1,631,405,177	1,121,655,284
Total	<u>18,191,542,506</u>	<u>16,569,536,886</u>

29. Other income

	Year 2019	Year 2018
Proceeds from disposal of fixed assets	805,366,565	1,800,078,171
Re-used goods	90,979,533	149,078,655
Purchase support	396,000,000	333,971,908
Proceeds from transfer of billboards	700,000,000	-
Others	56,229,204	102,349,290
Total	<u>2,048,575,302</u>	<u>2,385,478,024</u>

30. Other expenses

	Year 2019	Year 2018
Bonus for re-used goods	27,175,275	40,618,791
Destroyed goods expenses	23,377,937	22,005,312
Others	285,586,357	595,927,977
Total	<u>336,139,569</u>	<u>658,552,080</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)*(These notes form part of and should be read in conjunction with the accompanying financial statements)***31. Current corporate income tax expense**

	Year 2019	Year 2018
Accounting profit before tax	18,896,089,112	18,231,725,554
Adjustments to arrive to taxable income	275,162,237	290,468,522
- Increasing adjustments	334,428,427	358,037,760
+ <i>Non-deductible expenses</i>	266,859,189	358,037,760
+ <i>Year-end foreign exchange gain of cash and receivables of the prior year</i>	67,569,238	-
- Decreasing adjustments	59,266,190	67,569,238
+ <i>Year-end foreign exchange gain of cash and receivables of current year</i>	59,266,190	67,569,238
Total taxable income	19,171,251,349	18,522,194,076
- <i>Activities eligible for tax incentives</i>	3,959,857,089	3,269,955,899
- <i>Activities ineligible for tax incentives</i>	15,211,394,260	15,252,238,177
Corporate income tax	3,438,264,561	3,377,443,227
- <i>Activities eligible for tax incentives (10%)</i>	395,985,709	326,995,590
- <i>Activities ineligible for tax incentives</i>	3,042,278,852	3,050,447,637
Current corporate income tax expense	<u>3,438,264,561</u>	<u>3,377,443,227</u>

32. Basic earnings per share, diluted earnings per share

	Year 2019	Year 2018
Profit after corporate income tax	15,457,824,551	14,854,282,327
Adjustments increasing or decreasing profit after tax	(1,814,057,973)	(3,025,833,999)
- <i>Increasing</i>	-	-
- <i>Decreasing</i>	1,814,057,973	3,025,833,999
+ <i>Reward and welfare fund, remuneration of the Board of Directors, Board of Supervisors</i>	363,200,000	1,830,200,000
+ <i>Profit distributed under BCC agreements</i>	1,450,857,973	1,195,633,999
Profit or loss attributable to common shareholders	13,643,766,578	11,828,448,328
Weighted average number of outstanding shares	4,267,683	4,267,683
Basic/diluted earnings per share	<u>3,197</u>	<u>2,772</u>

- Basic/diluted earnings per share for the year 2019 are calculated before deducting the reward and welfare fund and other amounts since the Company's Charter and the Annual General Meeting of Shareholders do not stipulate the appropriation of these funds. Accordingly, this item may change depending on the decision of the Annual General Meeting of Shareholders.

- Item "Basic Earnings per share" in 2018 is recalculated based on the amount of profit distribution approved in accordance with the Resolution of the 2019 Annual General Meeting of Shareholders No. 03/NQ-DHDCD dated 24/04/2019. Accordingly, the Annual General Meeting of Shareholders approved the official appropriation amount for the Reward and welfare fund, bonus for the management and remuneration of the Board of Directors and the Board of Supervisors, which is VND1,830,200,000.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)*(These notes form part of and should be read in conjunction with the accompanying financial statements)***33. Operating expenses by elements**

	Year 2019	Year 2018
Materials expenses	96,076,793,383	84,292,990,062
Labor costs	68,061,481,344	64,888,758,526
Depreciation and amortization	16,851,431,442	17,899,622,835
Outside service expenses	27,430,313,049	24,887,559,685
Other cash expenses	12,613,407,907	14,306,568,157
Total	<u>221,033,427,125</u>	<u>206,275,499,265</u>

34. Segment reporting

According to Vietnamese Accounting Standard No. 28 and the relevant guidelines, the Company is required to have segment reporting. Accordingly, a business segment is a distinguishable component of the Company that is engaged in providing related products or service (business segment) or providing goods or services in a specific economic environment (segment by geographical area) and that is subject to risks and returns that are different from those of other business segment. The Management of the Company assesses that the Company operates in the main business of providing services related to aviation (catering, transportation, taxi crews, etc.) and in three main geographical areas which are: Thien Hue Province, Khanh Hoa Province and Danang City. Accordingly, the Company presents its geographical segments as follows:

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NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(These notes form part of and should be read in conjunction with the accompanying financial statements)

Items	Danang City		Khanh Hoa Province		Thua Thien Hue Province		Total	
	Year 2019	Year 2018	Year 2019	Year 2018	Year 2019	Year 2018	Year 2019	Year 2018
Revenue from sales and service provision	152,017,013,015	151,960,843,406	84,998,113,120	71,759,149,425	17,819,015,333	17,076,324,510	254,834,141,468	240,796,317,341
Revenue deductions	2,780,713,291	2,557,502,671	3,139,036,759	2,598,702,530	264,737,315	210,262,234	6,184,487,365	5,366,467,435
Net revenue from sales and service provision	149,236,299,724	149,403,340,735	81,859,076,361	69,160,446,895	17,554,278,018	16,866,062,276	248,649,654,103	235,429,849,906
Cost of sales	118,774,673,698	118,458,521,975	70,624,550,282	60,452,313,697	13,447,088,915	12,825,351,875	202,846,312,896	191,736,187,547
Gross profit from sales and service provision	30,461,626,026	30,944,818,760	11,234,526,079	8,708,133,198	4,107,189,103	4,040,710,401	45,803,341,207	43,693,662,359
Depreciation and amortization	10,217,096,715	11,027,178,180	5,698,418,607	5,696,450,652	935,916,120	1,175,994,003	16,851,431,442	17,899,622,835

Items	Danang City		Khanh Hoa Province		Thua Thien Hue Province		Total	
	31/12/2019	01/01/2019	31/12/2019	01/01/2019	31/12/2019	01/01/2019	31/12/2019	01/01/2019
Fixed assets	34,881,391,521	40,138,567,906	43,813,111,937	46,515,607,236	6,906,182,587	7,642,152,373	85,600,686,045	94,296,327,515
- Cost	105,123,160,101	106,617,709,651	75,723,114,571	71,939,241,655	23,472,654,335	23,272,708,001	204,318,929,007	201,829,659,307
- Accumulated depreciation	(70,241,768,580)	(66,479,141,745)	(31,910,002,634)	(25,423,634,419)	(16,566,471,748)	(15,630,555,628)	(118,718,242,962)	(107,533,331,792)

NOTES TO THE FINANCIAL STATEMENTS (cont'd)*(These notes form part of and should be read in conjunction with the accompanying financial statements)***35. Financial instruments****a. Capital risk management**

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance.

b. Financial risk management

Financial risks include market risk (including interest rate risk, exchange rate risk, commodity price risk), credit risk and liquidity risk.

Market risk management: The Company's activities expose it primarily to the financial risks of changes in exchange rates, interest rates and prices.

Exchange rate risk management

Since the Company undertakes transactions for borrowing loans in foreign currencies and providing catering services to international airlines, consequently it is exposed to risk of exchange rate fluctuations. The Company has hedged risks related to exchange rate fluctuations by optimizing the time for settlement of debts, selecting the appropriate time to purchase and make payment in foreign currencies, projecting future exchange rates and optimizing the utilization of existing funds to balance the exchange rate risk and liquidity risk.

Book value of financial instruments in foreign currency at the end of the year is as follows:

	31/12/2019	01/01/2019
Financial assets		
Cash (USD)	86,879.92	9,704.15
Trade receivables (USD)	159,231.26	103,595.76
Financial liabilities		
Borrowings and debts (USD)	177,340.00	250,633.00
Other payables (USD)	10,000.00	10,000.00

Interest rate risk management

The Company's interest rate risks mainly derive from interest bearing loans which are arranged. To minimize these risks, the Company has estimated the impact of borrowing costs to its periodic business results as well as making analysis and projection to select appropriate time to repay the loans. The Management assesses that uncontrollable risks arising from fluctuations of interest rates are low.

Price risk management

The Company purchases goods, materials from local suppliers for its business production activities; it is therefore exposed to risks of changes in prices of input materials. To minimize this risk, the Company applies the policy of quarterly order, for consumables in large quantity and value (i.e. supplying drinking services on flights), the Company signs a contract with the supplier who commits to sell at a fixed price within 1 year, or signs a contract of purchase with terms of payment after the goods have been consumed. Furthermore, the Company applies the policy of diversification of supply sources and making frequently purchase of goods in bulk from 1 supplier to enjoy preferential policies, etc. The Company also actively monitors the market to capture fluctuations, in order to make decisions to avoid the impact of fluctuations in price of input materials.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)*(These notes form part of and should be read in conjunction with the accompanying financial statements)***Credit risk management**

The Company's major customers are Airlines firms. In order to manage credit risk, the Company maintains the escrow policy to execute the contract and requests payment of the debt within 30 days from the date of the debt incurred. As a result, the Management assesses the credit risk of the Company's customers is at a low level.

Liquidity risk management

The purpose of liquidity risk management is to ensure the availability of funds to meet present and future financial obligations. Liquidity is also managed by ensuring that the excess of maturing liabilities over maturing assets in any period is kept to manageable levels relative to the amount of funds that the Company believes can generate within that period. The Company's policy is to regularly monitor current and expected liquidity requirements to ensure that the Company maintains sufficient reserves of cash, borrowings to meet its liquidity requirements in the short and longer term.

The Company's aggregate financial liabilities are categorized in accordance with their maturity as follows:

31/12/2019	Within 1 year	Over 1 year	Total
Trade payables	14,238,801,208	-	14,238,801,208
Accrued expenses	146,595,199	-	146,595,199
Loans and finance lease obligations	15,243,952,340	10,067,787,800	25,311,740,140
Other payables	3,350,508,602	3,640,000,000	6,990,508,602
Total	32,979,857,349	13,707,787,800	46,687,645,149
01/01/2019	Within 1 year	Over 1 year	Total
Trade payables	11,440,439,498	-	11,440,439,498
Accrued expenses	195,830,328	-	195,830,328
Loans and finance lease obligations	16,981,015,590	18,218,534,814	35,199,550,404
Other payables	3,423,688,633	3,640,000,000	7,063,688,633
Total	32,040,974,049	21,858,534,814	53,899,508,863

The Management assesses that the Company is currently exposed to liquidity risk, however the Management believes that the Company can generate sufficient resources to meet its financial obligations as they fall due.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)*(These notes form part of and should be read in conjunction with the accompanying financial statements)*

The Company's available financial assets are drawn up on a net asset basis as follows:

	Unit: VND		
31/12/2019	Within 1 year	Over 1 year	Total
Cash and cash equivalents	10,268,028,034	-	10,268,028,034
Trade receivables	12,786,883,673	-	12,786,883,673
Other receivables	530,871,883	-	530,871,883
Total	23,585,783,590	-	23,585,783,590
01/01/2019	Within 1 year	Over 1 year	Total
Cash and cash equivalents	5,047,257,845	-	5,047,257,845
Trade receivables	10,943,677,880	-	10,943,677,880
Other receivables	223,776,969	-	223,776,969
Total	16,214,712,694	-	16,214,712,694

36. Related party information**a. Related parties**

Related parties	Relationship
Vietnam Airlines Corporation	Investor
Jetstar Pacific Airlines Joint Stock Aviation Company	Having the same investor
Aviation High Grade Plastics Joint Stock Company	Having the same investor
Aviation Printing Joint Stock Company	Having the same investor

b. Significant related party transactions arising in the fiscal year

	Transactions	Year 2019	Year 2018
Vietnam Airlines Corporation	Selling goods	133,275,053,962	119,668,149,807
	Paying dividends	4,238,478,750	11,944,803,750
Jetstar Pacific Airlines Joint Stock Aviation Company	Selling goods	3,642,402,701	3,636,404,600
Aviation High Grade Plastics Joint Stock Company	Purchasing goods	-	99,000,000
Aviation Printing Joint Stock Company	Purchasing goods	188,925,000	61,710,000

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(These notes form part of and should be read in conjunction with the accompanying financial statements)

c. Remuneration of the Board of Directors, income of the Management

	Year 2019	Year 2018
Remuneration of the Board of Directors, Board of Supervisors	193,200,000	193,200,000
Income of the Management	2,785,780,000	2,655,405,000
Total	2,978,980,000	2,848,605,000

37. Events after the balance sheet date

There have been no significant events occurring after the balance sheet date which would require adjustments or disclosures to be made in the interim financial statements.

38. Corresponding figures

Corresponding figures were taken from the financial statements for the year ended 31 December 2018 which had been audited by AAC.



Nguyen Thanh Dong
General Director

Danang City, 20 February 2020

Nguyen Thi Minh Huyen
Chief Accountant

Pham Thi Thuong
Preparer

