



**DANANG AIRPORT SERVICE  
JOINT STOCK COMPANY**

**Financial statements**

**For the year ended 31 December 2021**

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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 2021.

### 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 31/12/2021:* 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)**

### ***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;
- 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 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 2021, the Company had 250 employees, including 23 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. Dao Manh Kien	Chairman	Reappointed on 25/06/2021
• Mr. Nguyen Thanh Dong	Member	Reappointed on 25/06/2021
• Mr. Tran Thanh Hai	Member	Reappointed on 25/06/2021
• Ms. Le Thi Thuy Linh	Member	Reappointed on 25/06/2021
• Ms. Nguyen Thi Thuy Linh	Member	Appointed on 25/06/2021

***Board of Supervisors***

• Mr. Dinh Hong Son	Chief Supervisor	Reappointed on 25/06/2021
• Mr. Nguyen Dung	Supervisor	Reappointed on 25/06/2021
• Mr. Le Giang Nam	Supervisor	Appointed on 25/06/2021

***Management and Chief Accountant***

• Mr. Nguyen Thanh Dong	General Director	Reappointed on 25/06/2021
• Mr. Pham Van Ha	Vice General Director	Reappointed on 01/11/2021
• Mr. Tran Thanh Hai	Vice General Director	Reappointed on 01/11/2021
• Ms. Nguyen Thi Minh Huyen	Chief Accountant	Reappointed on 01/11/2021

**Independent Auditor**

These financial statements have been audited by AAC Auditing and Accounting Co., Ltd. (Head office: Lot 78-80, 30<sup>th</sup> April Street, Hai Chau District, Danang City; Telephone: (84) 236.3655886; Fax: (84) 0236.3655887; Website: [www.aac.com.vn](http://www.aac.com.vn); Email: [aac@dng.vnn.vn](mailto: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;
- Making judgments and estimates that are reasonable and prudent;
- Preparing the financial statements on the going concern basis;

## REPORT OF MANAGEMENT (cont'd)

- 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 2021 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, 01 March 2022

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## AAC AUDITING AND ACCOUNTING CO., LTD

AN INDEPENDENT MEMBER OF PRIMEGLOBAL

AUDITING - ACCOUNTING - 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. 147/2022/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 which were prepared on 28/02/2022 of Danang Airport Service Joint Stock Company ("the Company") as set out on pages 6 to 34, which comprise the balance sheet as at 31/12/2021, 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 31/12/2021, 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 Phuong Lan – Deputy General Director**

*Audit Practising Registration Certificate*

No. 0396-2018-010-1

Danang, 01 March 2022

**Duong Thi Van Thanh – Auditor**

*Audit Practising Registration Certificate*

No.3671-2021-010-1

**BALANCE SHEET**  
**As at 31 December 2021**

Form B 01 - DN

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

ASSETS	Code	Note	31/12/2021 VND	01/01/2021 VND
<b>A. CURRENT ASSETS</b>	<b>100</b>		<b>20,156,325,002</b>	<b>22,331,682,222</b>
<b>I. Cash and cash equivalents</b>	<b>110</b>		<b>8,255,293,320</b>	<b>6,949,392,466</b>
1. Cash	111	5	8,255,293,320	6,949,392,466
2. Cash equivalents	112		-	-
<b>II. Short-term financial investments</b>	<b>120</b>		-	-
<b>III. Short-term receivables</b>	<b>130</b>		<b>7,050,505,083</b>	<b>7,900,267,861</b>
1. Short-term trade receivables	131	6	4,977,854,022	7,245,801,452
2. Short-term prepayments to suppliers	132	7	51,848,511	50,665,740
3. Other short-term receivables	136	8.a	4,514,437,681	2,084,925,668
4. Provision for short-term doubtful debts	137	9	(2,493,635,131)	(1,481,124,999)
<b>IV. Inventories</b>	<b>140</b>	<b>10</b>	<b>4,104,389,065</b>	<b>5,142,173,646</b>
1. Inventories	141		4,104,389,065	5,142,173,646
2. Provision for decline in value of inventories	149		-	-
<b>V. Other current assets</b>	<b>150</b>		<b>746,137,534</b>	<b>2,339,848,249</b>
1. Short-term prepaid expenses	151	11.a	710,892,590	2,304,603,305
2. Deductible VAT	152		-	-
3. Taxes and amounts receivable from the State	153	16	35,244,944	35,244,944
<b>B. NON-CURRENT ASSETS</b>	<b>200</b>		<b>55,605,378,119</b>	<b>73,246,216,441</b>
<b>I. Long-term receivables</b>	<b>210</b>		<b>84,000,000</b>	-
1. Long-term trade receivables	211		-	-
2. Other long-term receivables	216	8.b	84,000,000	-
<b>II. Fixed assets</b>	<b>220</b>		<b>54,605,330,227</b>	<b>71,087,350,286</b>
1. Tangible fixed assets	221	12	54,084,869,774	70,539,656,505
- Cost	222		163,337,924,526	190,995,441,699
- Accumulated depreciation	223		(109,253,054,752)	(120,455,785,194)
2. Intangible fixed assets	227	13	520,460,453	547,693,781
- Cost	228		806,083,100	806,083,100
- Accumulated amortization	229		(285,622,647)	(258,389,319)
<b>III. Investment properties</b>	<b>230</b>		-	-
<b>IV. Non-current assets in progress</b>	<b>240</b>		-	-
<b>V. Long-term financial investments</b>	<b>250</b>		-	-
<b>VI. Other non-current assets</b>	<b>260</b>		<b>916,047,892</b>	<b>2,158,866,155</b>
1. Long-term prepaid expenses	261	11.b	916,047,892	2,158,866,155
2. Other non-current assets	268		-	-
<b>TOTAL ASSETS</b>	<b>270</b>		<b>75,761,703,121</b>	<b>95,577,898,663</b>



**BALANCE SHEET (cont'd)**

As at 31 December 2021

RESOURCES	Code	Note	31/12/2021 VND	01/01/2021 VND
<b>C. LIABILITIES</b>	<b>300</b>		<b>48,110,743,643</b>	<b>53,543,887,313</b>
<b>I. Short-term liabilities</b>	<b>310</b>		<b>41,666,431,243</b>	<b>44,622,968,213</b>
1. Short-term trade payables	311	14	6,254,515,758	10,074,739,931
2. Short-term advances from customers	312	15	14,691,536,120	9,401,814,010
3. Taxes and amounts payable to the State budget	313	16	993,062,432	823,175,705
4. Payables to employees	314		1,388,861,100	4,140,844,677
5. Short-term accrued expenses	315	17	208,208,330	198,586,781
6. Short-term unearned revenue	318	18	3,149,052,504	4,545,495,840
7. Other short-term payables	319	19.a	2,887,432,325	3,463,286,489
8. Short-term loans and finance lease liabilities	320	20.a	9,944,687,674	9,743,974,780
9. Reward and welfare fund	322		2,149,075,000	2,231,050,000
<b>II. Long-term liabilities</b>	<b>330</b>		<b>6,444,312,400</b>	<b>8,920,919,100</b>
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	2,804,312,400	5,280,919,100
<b>D. EQUITY</b>	<b>400</b>		<b>27,650,959,478</b>	<b>42,034,011,350</b>
<b>I. Owners' equity</b>	<b>410</b>		<b>27,650,959,478</b>	<b>42,034,011,350</b>
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	(15,829,078,635)	(1,446,026,763)
- Undistributed profit up to the end of prior year	421a		(955,092,014)	10,707,051,831
- Undistributed profit of current year	421b		(14,873,986,621)	(12,153,078,594)
<b>II. Other resources and funds</b>	<b>430</b>		<b>-</b>	<b>-</b>
<b>TOTAL RESOURCES</b>	<b>440</b>		<b>75,761,703,121</b>	<b>95,577,898,663</b>



**Nguyen Thanh Dong**  
General Director

Danang City, 28 February 2022

**Nguyen Thi Minh Huyen**  
Chief Accountant

**Pham Thi Thuong**  
Preparer

## INCOME STATEMENT

For the year ended 31/12/2021

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 2021 VND	Year 2020 VND
1. Revenue from sales and service provision	01	23	47,055,568,683	98,974,575,660
2. Deductions	02	24	1,969,422,320	1,680,127,819
3. Net revenue from sales and service provision	10		45,086,146,363	97,294,447,841
4. Cost of goods sold	11	25	52,917,658,579	95,613,952,460
<b>5. Gross profit from sales and service provision</b>	<b>20</b>		<b>(7,831,512,216)</b>	<b>1,680,495,381</b>
6. Financial income	21	26	49,299,878	41,008,726
7. Financial expenses	22	27	1,738,979,788	2,398,873,822
<i>Including: Interest expense</i>		23	1,038,979,792	1,698,873,826
8. Selling expenses	25	28.a	2,353,362,406	4,206,554,202
9. Administrative expenses	26	28.b	7,830,058,544	10,468,457,711
<b>10. Operating profit</b>	<b>30</b>		<b>(19,704,613,076)</b>	<b>(15,352,381,628)</b>
11. Other income	31	29	6,760,968,312	4,923,436,367
12. Other expenses	32	30	1,893,630,863	660,013,612
<b>13. Other profit</b>	<b>40</b>		<b>4,867,337,449</b>	<b>4,263,422,755</b>
<b>14. Accounting profit before tax</b>	<b>50</b>		<b>(14,837,275,627)</b>	<b>(11,088,958,873)</b>
15. Current corporate income tax expense	51	31	-	-
16. Deferred corporate income tax expense	52		-	-
<b>17. Profit after tax</b>	<b>60</b>		<b>(14,837,275,627)</b>	<b>(11,088,958,873)</b>
18. Basic earnings per share	70	32	(3,485)	(2,733)
19. Diluted earnings per share	71	32	(3,485)	(2,733)



Nguyen Thanh Dong  
General Director

Danang City, 28 February 2022

  
Nguyen Thi Minh Huyen  
Chief Accountant

  
Pham Thi Thuong  
Preparer

## STATEMENT OF CASH FLOWS

For the year ended 31/12/2021

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 2021 VND	Year 2020 VND
<b>I. Cash flows from operating activities</b>				
1. Profit before tax	01		(14,837,275,627)	(11,088,958,873)
2. Adjustments for				
- Depreciation and amortization	02	12;13	14,543,585,083	16,326,471,673
- Provisions	03	9	1,012,510,132	-
- Exchange gain/loss upon revaluation of monetary items denominated in foreign currency	04		(42,721,990)	(27,214,729)
- Profit/loss from investing activities	05	26;29	(6,403,190,483)	(4,061,710,896)
- Interest expenses	06	27	1,038,979,792	1,698,873,826
3. Operating profit before changes in working capital	08		(4,688,113,093)	2,847,461,001
- Increase/decrease in receivables	09		1,787,666,374	7,956,480,845
- Increase/decrease in inventories	10		1,037,784,581	2,427,705,817
- Increase/decrease in payables (exclusive of interest payable, income tax payable)	11		(3,633,875,422)	(2,020,049,472)
- Increase/decrease in prepaid expenses	12		2,836,528,978	1,426,000,134
- Interest paid	14	17;27	(984,045,243)	(1,755,137,606)
- Corporate income tax paid	15		-	(868,530,451)
- Other payments for operating activities	17		(1,169,138,365)	(5,318,045,871)
<b>Net cash (used in)/provided by operating activities</b>	20		<b>(4,813,192,190)</b>	<b>4,695,884,397</b>
<b>II. Cash flows from investing activities</b>				
1. Purchases of fixed assets and other long-term assets	21	12	(752,754,034)	(1,813,135,914)
2. Proceeds from sales, disposals of fixed assets and other long-term assets	22		9,107,801,605	4,047,916,899
3. Dividends, profit and interest received	27	26	6,577,888	13,793,997
<b>Net cash provided by investing activities</b>	30		<b>8,361,625,459</b>	<b>2,248,574,982</b>
<b>III. Cash flows from financing activities</b>				
1. Proceeds from borrowings	33	20	11,187,346,320	9,250,629,051
2. Repayment of borrowings	34	20	(13,415,953,827)	(19,542,955,811)
3. Dividends, profit paid to owners	36	19.a	(10,107,874)	-
<b>Net cash used in financing activities</b>	40		<b>(2,238,715,381)</b>	<b>(10,292,326,760)</b>
<b>Net cash flows for the year</b>	50	5	<b>1,309,717,888</b>	<b>(3,347,867,381)</b>
Cash and cash equivalents at the beginning of the year	60		6,949,392,466	10,268,028,034
Impacts of exchange rate fluctuations	61		(3,817,034)	29,231,813
<b>Cash and cash equivalents at the end of the year</b>	70	5	<b>8,255,293,320</b>	<b>6,949,392,466</b>



Nguyen Thanh Dong  
General Director

Danang City, 28 February 2022

Nguyen Thi Minh Huyen  
Chief Accountant

Pham Thi Thuong  
Preparer

## NOTES TO THE FINANCIAL STATEMENTS

*(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 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 31/12/2021, the Company had 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 01 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 conducts transactions on the date of the transactions.

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

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)**

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

currencies which are classified as liabilities are revaluated using the selling exchange rate of the commercial bank where the Company regularly conducts transactions. For foreign currencies deposited in bank, the exchange rate upon revaluation is the purchasing 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 bank 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. Provision for doubtful debts represents the estimated loss amounts at the balance sheet date for overdue receivables which the Company has claimed many times but still has not collected yet or which have not been overdue but the debtor has been in the state of insolvency, doing dissolution procedures, missing or running away.

**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 costs 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 year.

**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>Asset title</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:

- 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.

Capitalization 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 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 to obtain economic benefits, it can be reliably measured and the following conditions are also met:
  - ✓ 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.
  - ✓ Interest is recognized on the basis of the actual term and interest rates;

## **NOTES TO THE FINANCIAL STATEMENTS (cont'd)**

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

- ✓ 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 comprise cash on hand, short-term deposits, trade receivables and other receivables.

##### *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 comprise loans, trade payables, accrued expenses and other payables.

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)***(These notes form part of and should be read in conjunction with the accompanying financial statements)***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		31/12/2021 VND	Foreign currency	01/01/2021 VND
- Cash on hand			429,320,407		697,787,534
+ VND			333,390,699		600,054,636
+ USD	4,242.80	#	95,929,708	4,242.80	97,732,898
- Cash in bank			7,825,972,913		6,251,604,932
+ VND			7,786,606,481		6,169,160,824
+ USD	1,738.80	#	39,366,432	3,579.08	82,444,108
<b>Total</b>			<b>8,255,293,320</b>		<b>6,949,392,466</b>

**6. Short-term trade receivables**

	31/12/2021	01/01/2021
Indochina Airlines Joint Stock Company	1,481,124,999	1,481,124,999
VietJet Aviation Joint Stock Company	281,632,883	553,590,141
Bamboo Airways Joint Stock Company	140,128,306	942,923,897
Pacific Airlines Aviation Joint Stock Company	698,741,264	698,741,264
Other customers	2,376,226,570	3,569,421,151
<b>Total</b>	<b>4,977,854,022</b>	<b>7,245,801,452</b>

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

	31/12/2021	01/01/2021
Pacific Airlines Aviation Joint Stock Company	698,741,264	698,741,264
<b>Total</b>	<b>698,741,264</b>	<b>698,741,264</b>

**7. Short-term prepayments to suppliers**

	31/12/2021	01/01/2021
Phu Bai International Airport - Branch of Airports Corporation of Vietnam	-	30,000,000
Nguyen Ngoc Vu Long	17,400,000	17,400,000
Other suppliers	34,448,511	3,265,740
<b>Total</b>	<b>51,848,511</b>	<b>50,665,740</b>

**8. Other receivables****a. Short-term**

	31/12/2021		01/01/2021	
	Value	Provision	Value	Provision
Advances	2,066,191,517	-	1,542,868,927	-
Deposits, collateral	208,772,760	-	192,000,000	-
Other receivables	2,239,473,404	-	350,056,741	-
- Losses attributable to venturers	2,038,111,003	-	-	-
Other receivables	201,362,401	-	350,056,741	-
<b>Total</b>	<b>4,514,437,681</b>	<b>-</b>	<b>2,084,925,668</b>	<b>-</b>

**b. Long-term**

	31/12/2021		01/01/2021	
	Value	Provision	Value	Provision
Deposits, collateral (*)	84,000,000	-	-	-
<b>Total</b>	<b>84,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>

(\*) This balance represents a deposit for office lease for a term of 2 years starting from 01/11/2021 under Contract No. 20/HDKT/2021/XN109-DVHK.

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)***(These notes form part of and should be read in conjunction with the accompanying financial statements)***9. Provision for short-term doubtful debts**

	31/12/2021	01/01/2021
Provision for debts overdue		
- From 3 years and more	2,144,264,499	1,481,124,999
- From 1 year to less than 2 years	349,370,632	-
<b>Total</b>	<b><u>2,493,635,131</u></b>	<b><u>1,481,124,999</u></b>

**10. Inventories**

	31/12/2021		01/01/2021	
	Cost	Provision	Cost	Provision
Raw materials	995,801,784	-	1,687,099,056	-
Tools, instruments	42,350,881	-	21,527,916	-
Finished goods	1,930,444	-	-	-
Merchandise	3,064,305,956	-	3,433,546,675	-
<b>Total</b>	<b><u>4,104,389,065</u></b>	<b><u>-</u></b>	<b><u>5,142,173,647</u></b>	<b><u>-</u></b>

- No inventories were pledged as security for debts as at 31/12/2021.
- No inventories were stagnant, in poor quality or slow-moving as at 31/12/2021.

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

	31/12/2021	01/01/2021
Vehicle insurance fee	108,666,000	278,082,112
Car, land, office rental fee	379,661,666	1,449,000,000
Tools and instruments pending allocation	59,530,438	49,568,174
Repair expenses, other training expenses	163,034,486	527,953,019
<b>Total</b>	<b><u>710,892,590</u></b>	<b><u>2,304,603,305</u></b>

**b. Long-term**

	31/12/2021	01/01/2021
Tools and instruments pending allocation	268,379,208	328,803,238
Training expenses for catering certificate	97,841,710	333,408,562
Office rental	350,000,000	770,000,000
Repair expenses	199,826,974	726,654,355
<b>Total</b>	<b><u>916,047,892</u></b>	<b><u>2,158,866,155</u></b>

**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
<b>Cost</b>					
Opening balance	54,421,210,597	31,723,061,422	103,607,024,235	1,244,145,445	190,995,441,699
Newly-purchased	488,758,152	228,870,000	-	35,125,882	752,754,034
Sold, disposed	-	-	28,410,271,207	-	28,410,271,207
<b>Closing balance</b>	<b>54,909,968,749</b>	<b>31,951,931,422</b>	<b>75,196,753,028</b>	<b>1,279,271,327</b>	<b>163,337,924,526</b>
<b>Depreciation</b>					
Opening balance	23,479,124,313	18,571,427,531	77,312,257,233	1,092,976,117	120,455,785,194
Charge for the year	2,935,776,026	3,919,519,637	7,602,775,308	58,280,784	14,516,351,755
Sold, disposed	-	-	25,719,082,197	-	25,719,082,197
<b>Closing balance</b>	<b>26,414,900,339</b>	<b>22,490,947,168</b>	<b>59,195,950,344</b>	<b>1,151,256,901</b>	<b>109,253,054,752</b>
<b>Net book value</b>					
Opening balance	30,942,086,284	13,151,633,891	26,294,767,002	151,169,328	70,539,656,505
<b>Closing balance</b>	<b>28,495,068,410</b>	<b>9,460,984,254</b>	<b>16,000,802,684</b>	<b>128,014,426</b>	<b>54,084,869,774</b>

- Carrying amount of tangible fixed assets pledged as security for loans as at 31/12/2021 was VND9,468,216,698.
- Cost of tangible fixed assets fully depreciated but still in active use as at 31/12/2021 was VND47,808,681,445.

**13. Intangible fixed assets**

	Land use rights (*) VND	Software VND	Total VND
<b>Cost</b>			
Opening balance	473,227,100	332,856,000	806,083,100
Increases	-	-	-
Decreases	-	-	-
<b>Closing balance</b>	<b>473,227,100</b>	<b>332,856,000</b>	<b>806,083,100</b>
<b>Amortization</b>			
Opening balance	-	258,389,319	258,389,319
Charge for the year	-	27,233,328	27,233,328
Decreases	-	-	-
<b>Closing balance</b>	<b>-</b>	<b>285,622,647</b>	<b>285,622,647</b>
<b>Net book value</b>			
Opening balance	473,227,100	74,466,681	547,693,781
<b>Closing balance</b>	<b>473,227,100</b>	<b>47,233,353</b>	<b>520,460,453</b>

(\*) These relate to the indefinite land use rights at Danang International Airport, which is used for building the Company's office and Danang Catering Factory. These land use rights were pledged as loan security at Vietnam Joint Stock Commercial Bank for Industry and Trade - Danang Branch.

Cost of intangible fixed assets fully amortized but still in active use at 31/12/2021 was VND181,856,000.

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)***(These notes form part of and should be read in conjunction with the accompanying financial statements)***14. Short-term trade payables**

	31/12/2021	01/01/2021
Do Thi Phuong Thao	1,065,741,919	1,131,503,881
Richy Food Southern Joint Stock Company	235,357,368	684,987,368
Le Tien Minh	707,340,000	843,780,000
Danang International Airport	891,991,905	259,940,893
Others	3,354,084,566	7,154,527,789
<b>Total</b>	<b>6,254,515,758</b>	<b>10,074,739,931</b>

**15. Short-term advances from customers**

	31/12/2021	01/01/2021
Vietnam Airlines JSC (related party)	8,704,618,117	4,142,129,634
Advances from students of Danang vocational training center	5,581,280,002	5,128,160,001
Advances from students of Hue vocational training center	405,638,001	126,008,000
Others	-	5,516,375
<b>Total</b>	<b>14,691,536,120</b>	<b>9,401,814,010</b>

**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	-	701,423,712	1,888,870,770	1,693,411,665	-	896,882,817
Corporate income tax	35,244,944	-	-	-	35,244,944	-
Personal income tax	-	121,751,993	92,445,449	118,017,827	-	96,179,615
Other taxes	-	-	12,000,000	12,000,000	-	-
<b>Total</b>	<b>35,244,944</b>	<b>823,175,705</b>	<b>1,993,316,219</b>	<b>1,823,429,492</b>	<b>35,244,944</b>	<b>993,062,432</b>

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

**17. Short-term accrued expenses**

	31/12/2021	01/01/2021
Accrued interest payable	128,135,968	73,201,419
Accrued uniform expenses	-	120,813,000
Other accruals	80,072,362	4,572,362
<b>Total</b>	<b>208,208,330</b>	<b>198,586,781</b>

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)***(These notes form part of and should be read in conjunction with the accompanying financial statements)***18. Short-term unearned revenue**

	31/12/2020	01/01/2020
Driver training at Danang Center	2,017,416,951	2,323,481,088
Driver training at Thua Thien Hue Center	1,055,635,553	2,222,014,752
Dual-control car rental	76,000,000	-
<b>Total</b>	<b><u>3,149,052,504</u></b>	<b><u>4,545,495,840</u></b>

**19. Other payables****a. Short-term**

	31/12/2021	01/01/2021
Trade union fees	231,420,297	166,385,346
Social insurance, health insurance, unemployment insurance	-	810,396,059
Short-term deposit, collateral received	429,200,000	432,150,000
Profit, dividends payable	118,499,924	128,607,798
Other payables	2,108,312,104	1,925,747,286
- <i>Responsibility fee for taxi driver</i>	228,743,943	806,796,169
- <i>Responsibility fee for driver trainers</i>	40,000,000	40,000,000
- <i>Profit payable to venturers</i>	1,186,742,696	902,403,525
- <i>Other payables</i>	652,825,465	176,547,592
<b>Total</b>	<b><u>2,887,432,325</u></b>	<b><u>3,463,286,489</u></b>

**b. Long-term**

	31/12/2021	01/01/2021
Capital contributed under business cooperation contracts to:		
- <i>Masco - Danang Driver Training Center</i>	1,640,000,000	1,640,000,000
- <i>Masco - Thua Thien Hue Driver Training Center</i>	2,000,000,000	2,000,000,000
<b>Total</b>	<b><u>3,640,000,000</u></b>	<b><u>3,640,000,000</u></b>



**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	Increases	Decreases	Closing balance
<b>Short-term loans</b>	<b>3,685,461,580</b>	<b>11,187,346,320</b>	<b>9,114,089,826</b>	<b>5,758,718,074</b>
- Vietinbank - Danang Branch	3,685,461,580	8,187,346,320	9,114,089,826	2,758,718,074
- Le Bich Hong - individual	-	3,000,000,000	-	3,000,000,000
<b>Current portion of long-term loans</b>	<b>6,058,513,200</b>	<b>2,444,859,600</b>	<b>4,317,403,200</b>	<b>4,185,969,600</b>
- Vietcombank - Danang Branch	1,496,903,200	66,009,600	454,043,200	1,108,869,600
- Vietinbank - Danang Branch	4,561,610,000	2,378,850,000	3,863,360,000	3,077,100,000
<b>Total</b>	<b>9,743,974,780</b>	<b>13,632,205,920</b>	<b>13,431,493,026</b>	<b>9,944,687,674</b>

**b. Long-term**

	Opening balance	Increases	Decreases	Closing balance
<b>Long-term loans</b>	<b>5,280,919,100</b>	-	<b>2,476,606,700</b>	<b>2,804,312,400</b>
- Vietcombank - Danang Branch (a)	2,245,819,100	-	97756700	2,148,062,400
- Vietinbank - Danang Branch (b)	3,035,100,000	-	2378850000	656,250,000
<b>Total</b>	<b>5,280,919,100</b>	-	<b>2,476,606,700</b>	<b>2,804,312,400</b>

- 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 to be formed from loan. In 2020, Vietcombank agreed to adjust the repayment schedule in the said agreement according to Agreement on Amendments and Supplements No. 01 dated 26/06/2020. As a result, the loan principal has been extended and restructured until 2023.
- 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. 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 Ford Ranger cars. The credit agreement is secured by assets to be formed 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 48 months from the following date of the first drawdown date. Interest rate is 9% for the first year and adjusted every quarter. Loan purpose: covering legal capital for investment project of Cam Ranh Catering Factory. In 2021, Vietinbank agreed to adjust the repayment schedule in the said agreement according to documents on amendments and supplements dated 05/04/2021 and 05/10/2021.

## 21. Owners' equity

### a. Statement of changes in owners' equity

	Share capital	Development investment fund	Undistributed profit	Total
As at 01/01/2020	42,676,830,000	803,208,113	13,767,051,831	57,247,089,944
Increases	-	-	(11,088,958,873)	(11,088,958,873)
Decreases	-	-	4,124,119,721	4,124,119,721
As at 31/12/2020	42,676,830,000	803,208,113	(1,446,026,763)	42,034,011,350
As at 01/01/2021	42,676,830,000	803,208,113	(1,446,026,763)	42,034,011,350
Increases	-	-	(14,837,275,627)	(14,837,275,627)
Decreases	-	-	(454,223,755)	(454,223,755)
As at 31/12/2021	42,676,830,000	803,208,113	(15,829,078,635)	27,650,959,478

### b. Breakdown of share capital

	31/12/2021	01/01/2021
Vietnam Airlines JSC	15,412,650,000	15,412,650,000
Other shareholders	27,264,180,000	27,264,180,000
<b>Total</b>	<b>42,676,830,000</b>	<b>42,676,830,000</b>

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)**

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

**c. Shares**

	31/12/2021	01/01/2021
	Shares	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		

**d. Undistributed profit**

	Year 2021	Year 2020
Profit brought forward	(1,446,026,763)	13,767,051,831
Profit after corporate income tax of current period	(14,837,275,627)	(11,088,958,873)
Profit distribution	(454,223,755)	4,124,119,721
- Distribution of prior-year profit	(490,934,749)	3,060,000,000
+ Losses attributable to venturers	(490,934,749)	-
+ Appropriated for reward and welfare fund	-	2,760,000,000
+ Appropriated for bonus fund for the management	-	300,000,000
- Temporary distribution of current-year profit	36,710,994	1,064,119,721
+ Appropriated for reward and welfare fund	163,000,000	121,000,000
from profit of business cooperation contracts		
+ Profit (loss) attributable to venturers	(126,289,006)	943,119,721
<b>Undistributed profit</b>	<b>(15,829,078,635)</b>	<b>(1,446,026,763)</b>

**e. Dividends**

Resolution of the 2021 Annual General Shareholders Meeting No. 06/NQ-ĐHĐCĐ dated 25/06/2021 approved the plan for payment of the 2019 dividends (which had been approved at the rate of 25% of par value in the 2020 Annual General Shareholders Meeting) that provides for the temporary postponement of distribution of the 2019 profit to alleviate the difficulties in capital and cash flows for the Company's operations in 2021 when the Company was severely affected by the Covid-19 pandemic.

**22. Off-balance sheet items**

ITEMS	31/12/2021	01/01/2021
Foreign currencies (USD)	5,981.60	7,821.88

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)***(These notes form part of and should be read in conjunction with the accompanying financial statements)***23. Revenue from sales and service provision**

	Year 2021	Year 2020
Revenue from sales of merchandise	1,712,438,451	4,770,337,334
Revenue from rendering of services	45,343,130,232	94,204,238,326
<b>Total</b>	<b><u>47,055,568,683</u></b>	<b><u>98,974,575,660</u></b>

**24. Revenue deductions**

	Year 2021	Year 2020
Trade discounts	98,900,320	169,839,819
Sales returns	1,870,522,000	1,510,288,000
<b>Total</b>	<b><u>1,969,422,320</u></b>	<b><u>1,680,127,819</u></b>

**25. Cost of sales**

	Year 2021	Year 2020
Cost of merchandise sold	919,181,765	2,552,826,827
Cost of services rendered	51,998,476,814	93,061,125,633
<b>Total</b>	<b><u>52,917,658,579</u></b>	<b><u>95,613,952,460</u></b>

**26. Financial income**

	Year 2021	Year 2020
Deposit and loan interest	6,577,888	13,793,997
Foreign exchange gains	42,721,990	27,214,729
<b>Total</b>	<b><u>49,299,878</u></b>	<b><u>41,008,726</u></b>

**27. Financial expenses**

	Year 2021	Year 2020
Interest expenses	1,038,979,792	1,698,873,826
Payment discounts	699,999,996	699,999,996
<b>Total</b>	<b><u>1,738,979,788</u></b>	<b><u>2,398,873,822</u></b>

**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 year**

	Year 2021	Year 2020
Materials and tools expenses	8,640,226	69,433,848
Labor costs	732,769,798	1,510,248,082
Depreciation and amortisation	36,530,114	45,952,920
Outside service expenses	1,475,899,349	2,428,941,882
Others	99,522,919	151,977,470
<b>Total</b>	<b><u>2,353,362,406</u></b>	<b><u>4,206,554,202</u></b>

**b. Administrative expenses arising in the year**

	Year 2021	Year 2020
Tool expenses	82,170,603	82,029,256
Staff costs	4,440,933,952	7,697,902,071
Depreciation and amortisation	1,012,510,132	-
Outside service expenses	1,880,016,125	2,174,837,735
Others	414,427,732	513,688,649
<b>Total</b>	<b><u>7,830,058,544</u></b>	<b><u>10,468,457,711</u></b>

**29. Other income**

	Year 2021	Year 2020
Proceeds from disposal of fixed assets	6,396,612,595	4,047,916,899
Re-used goods	126,493,111	106,819,751
Purchase support	97,864,800	565,404,030
Others	139,997,806	203,295,687
<b>Total</b>	<b><u>6,760,968,312</u></b>	<b><u>4,923,436,367</u></b>

**30. Other expenses**

	Year 2021	Year 2020
Bonus for re-used goods	48,568,000	33,914,000
Destroyed goods expenses	233,883,752	36,085,424
Remuneration of the Board of Supervisors	118,560,000	118,800,000
Others	1,492,619,111	471,214,188
<b>Total</b>	<b><u>1,893,630,863</u></b>	<b><u>660,013,612</u></b>

**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 2021	Year 2020
Accounting profit before tax	(14,837,275,627)	(11,088,958,873)
Adjustments to arrive to taxable income	1,625,049,008	1,025,910,264
- Increasing adjustments	1,625,049,008	1,058,455,493
+ <i>Non-deductible expenses</i>	1,584,989,470	999,189,303
+ <i>Year-end foreign exchange gain of cash and receivables of the prior year</i>	32,545,229	59,266,190
+ <i>Year-end foreign exchange loss of cash and receivables of the current year</i>	7,514,309	-
- Decreasing adjustments	-	32,545,229
+ <i>Year-end foreign exchange gain of cash and receivables of current year</i>	-	32,545,229
Total taxable income	(13,212,226,619)	(10,063,048,609)
- <i>Activities eligible for tax incentives</i>	3,896,171,644	2,188,056,459
- <i>Activities ineligible for tax incentives</i>	(17,108,398,263)	(12,251,105,068)
Corporate income tax	-	-
- <i>Activities eligible for tax incentives (10%)</i>	-	-
- <i>Activities ineligible for tax incentives</i>	-	-
<b>Current corporate income tax expense</b>	<b>-</b>	<b>-</b>

**32. Basic earnings per share, diluted earnings per share**

	Year 2021	Year 2020
Profit after corporate income tax	(14,837,275,627)	(11,088,958,873)
Adjustments increasing or decreasing profit after tax	(36,710,994)	(573,184,972)
- <i>Increasing</i>	1,547,176,254	-
+ <i>Loss distributed under BCC agreements</i>	1,547,176,254	-
- <i>Decreasing</i>	1,583,887,248	573,184,972
+ <i>Reward and welfare fund, remuneration of the Board of Directors, Board of Supervisors</i>	163,000,000	121,000,000
+ <i>Profit distributed under BCC agreements</i>	1,420,887,248	452,184,972
Profit or loss attributable to common shareholders	(14,873,986,621)	(11,662,143,845)
Weighted average number of outstanding shares	4,267,683	4,267,683
<b>Basic/diluted earnings per share</b>	<b>(3,485)</b>	<b>(2,733)</b>

- The item "Basic Earnings per share" in 2020 is recalculated based on the amount of loss distributed to the business cooperation contract signed with Masco Da Nang driver training center.

**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 2021	Year 2020
Materials expenses	10,638,589,323	31,713,068,532
Labor costs	17,791,815,854	33,928,499,411
Depreciation and amortization	14,543,585,083	16,326,471,673
Outside service expenses	14,567,228,991	19,631,493,696
Other cash expenses	3,628,168,381	6,136,604,234
<b>Total</b>	<b><u>61,169,387,632</u></b>	<b><u>107,736,137,546</u></b>

**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.

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

Items	Da Nang City		Khanh Hoa Province		Thue Thien Hue Province		Total	
	Year 2021	Year 2020	Year 2021	Year 2020	Year 2021	Year 2020	Year 2021	Year 2020
Revenue from sales and service provision	23,901,745,376	61,698,032,324	3,559,411,737	15,480,017,599	19,594,411,570	21,796,525,737	47,055,568,683	98,974,575,660
Revenue deductions	253,855,000	545,317,819	9,385,320	-	1,706,182,000	1,134,810,000	1,969,422,320	1,680,127,819
Net revenue from sales and service provision	23,647,890,376	61,152,714,505	3,550,026,417	15,480,017,599	17,888,229,570	20,661,715,737	45,086,146,363	97,294,447,841
Cost of sales	28,925,597,916	59,171,780,312	11,154,704,423	20,862,494,645	12,837,356,240	15,579,677,503	52,917,658,579	95,613,952,460
Gross profit from sales and service provision	(5,277,707,540)	1,980,934,193	(7,604,678,006)	(5,382,477,046)	5,050,873,330	5,082,038,234	(7,831,512,216)	1,680,495,381
Depreciation and amortization	8,153,392,435	9,562,844,245	5,374,667,873	5,741,127,277	1,015,524,775	1,022,500,151	14,543,585,083	16,326,471,673

Items	Da Nang City		Khanh Hoa Province		Thua Thien Hue Province		Total	
	31/12/2021	01/01/2021	31/12/2021	01/01/2021	31/12/2021	01/01/2021	31/12/2021	01/01/2021
Fixed assets	14,615,376,713	25,424,832,276	32,697,316,787	38,071,984,660	7,292,636,727	7,590,533,350	54,605,330,227	71,087,350,286
- Cost	62,824,564,906	91,199,710,231	75,723,114,571	75,723,114,571	25,596,328,149	24,878,699,997	164,144,007,626	191,801,524,799
- Accumulated depreciation	(48,209,188,193)	(65,774,877,955)	(43,025,797,784)	(37,651,129,911)	(18,303,691,422)	(17,288,166,647)	(109,538,677,399)	(120,714,174,513)



**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, 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:

	31/12/2021	01/01/2021
<b>Financial assets</b>		
Cash (USD)	5,981.60	7,821.88
Trade receivables (USD)	6,000.00	4,070.00
<b>Financial liabilities</b>		
Borrowings and debts (USD)	142,100.00	161,220.00
Other paybles (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 with Banks. As an enterprise mainly engaged in the provision of airline catering services, the Company has been negatively impacted and has seen a sharp decline in sources of income due to anti-Covid-19 measures (such as border control, movement restrictions, social distancing) during the past 2 years. Hence, the Management has worked with banks to adjust repayment schedules, reschedule debts and reduce interest rates. The Company assesses that the unexpected risks arising from interest rate fluctuations are controllable.

*Price risk management*

The Company purchases materials from local suppliers for its business and 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

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

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.

**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. For overdue debts, the Company makes classification of debts, appropriation for provisions and implements recovery measures. As a result, the Management assesses the credit risk from the Company's customers is controllable.

**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 the Company believes that it 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 line with their maturity as follows:

In: VND

<b>31/12/2021</b>	<b>Within 1 year</b>	<b>Over 1 year</b>	<b>Total</b>
Trade payables	6,254,515,758	-	6,254,515,758
Accrued expenses	208,208,330	-	208,208,330
Loans and finance lease liabilities	9,944,687,674	2,804,312,400	12,749,000,074
Other payables	2,656,012,028	3,640,000,000	6,296,012,028
<b>Total</b>	<b>19,063,423,790</b>	<b>6,444,312,400</b>	<b>25,507,736,190</b>
<b>01/01/2021</b>	<b>Within 1 year</b>	<b>Over 1 year</b>	<b>Total</b>
Trade payables	10,074,739,931	-	10,074,739,931
Accrued expenses	198,586,781	-	198,586,781
Loans and finance lease liabilities	9,743,974,780	5,280,919,100	15,024,893,880
Other payables	2,486,505,084	3,640,000,000	6,126,505,084
<b>Total</b>	<b>22,503,806,576</b>	<b>8,920,919,100</b>	<b>31,424,725,676</b>

The Management assesses that the Company is currently exposed to liquidity risk but 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:

<b>31/12/2021</b>	<b>Within 1 year</b>	<b>Over 1 year</b>	<b>Total</b>
Cash and cash equivalents	8,255,293,320	-	8,255,293,320
Trade receivables	2,484,218,891	-	2,484,218,891
Other receivables	2,448,246,164	84,000,000	2,532,246,164
<b>Total</b>	<b>13,187,758,375</b>	<b>84,000,000</b>	<b>13,271,758,375</b>
<b>01/01/2021</b>	<b>Within 1 year</b>	<b>Over 1 year</b>	<b>Total</b>
Cash and cash equivalents	6,949,392,466	-	6,949,392,466
Trade receivables	5,764,676,453	-	5,764,676,453
Other receivables	542,056,741	-	542,056,741
<b>Total</b>	<b>13,256,125,660</b>	<b>-</b>	<b>13,256,125,660</b>

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

<b>Company</b>	<b>Relationship</b>
Vietnam Airlines JSC	Investor
Pacific Airlines Joint Stock Aviation Company	Having the same investor

**b. Material related-party transactions in the year**

	<b>Transactions</b>	<b>Year 2021</b>	<b>Year 2020</b>
Vietnam Airlines JSC	Selling goods	14,592,958,840	34,201,561,699

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

	<b>Position</b>	<b>Year 2021</b>	<b>Year 2020</b>
Mr. Dao Manh Kien	Chairman	19,500,000	30,000,000
Ms. Le Thi Thuy Linh	Member	10,920,000	16,800,000
Ms. Nguyen Thi Thuy Linh	Member	10,920,000	16,800,000
Mr. Nguyen Thanh Dong	Member	10,920,000	16,800,000
	General Director	258,900,000	261,635,204
Mr. Tran Thanh Hai	Member	10,920,000	16,800,000
	Vice General Director	202,548,000	232,412,985
Mr. Pham Van Ha	Vice General Director	202,548,000	232,179,189

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

### 37. Important event in the year that affects the financial statements

The Covid-19 pandemic has spread across the globe from 2020 and is continuing at present. Its consequences have caused the global economic recession and created adverse impacts on many business fields and industries. To prevent the spread of the disease, regulations on movement restrictions, border control and social distancing have been implemented in most countries around the world in general and Vietnam in particular. Since the Company is mainly engaged in the provision of airline catering services, the collapse in air travel demands has been negatively affecting the Company's business environment. Accordingly, the sources of income earned in 2021 dropped sharply compared to previous years; revenue generated in 2021 of the Company reached only 48% of that in 2020 and 18% of that in 2019 (prior to the pandemic).

The Company has taken plentiful measures to trim costs; negotiating with suppliers to bring down the prices of input goods and services; adjusting its labor and employment policy, negotiating interest reduction and debt rescheduling with banks. In addition, the Company has downsized the operations of its transportation enterprise by liquidating 50 taxis with the net income from liquidation being VND6,396,612,595. In 2021, the Company still incurred a loss of VND12,127,679,194 from catering activities.

### 38. Events after the balance sheet date

The Government has allowed reopening international air routes from 15/02/2022 and officially reopening tourism from 15/03/2022. In the implementation of this policy, the entire airline industry has promptly resuming flights to the key markets. The Government's policy of "Safe and flexible adaptation, effective disease control and socio-economic recovery and development" would bring positive signals to the Company's operations in the coming years.

Apart from that, 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.

### 39. Corresponding figures

Corresponding figures were taken from the financial statements for the year ended 31/12/2020 which were audited by AAC.



Nguyen Thanh Dong  
General Director

Danang City, 28 February 2022

Nguyen Thi Minh Huyen  
Chief Accountant

Pham Thi Thuong  
Preparer

