



**DANANG AIRPORT SERVICE
JOINT STOCK COMPANY**

Interim financial statements

For the first 6 months of 2019

REPORT OF MANAGEMENT

The Management of Danang Airport Service Joint Stock Company has pleasure in presenting this report together with the reviewed interim financial statements for the first 6 months of 2019.

Overview

Danang Airport Service Joint Stock Company (abbreviated as “Masco”, hereinafter referred to as “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 30/06/2019: 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 30 June 2019, the Company had 635 employees, including 23 managing officers.

Members of the Board of Directors, Board of Supervisors, Management and Chief Accountant during the period 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 interim financial statements have been reviewed 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 interim financial statements

The Company's Management is responsible for true and fair preparation and presentation of these interim 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;

REPORT OF MANAGEMENT (Cont'd)

- Preparing the interim 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 interim 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 interim financial statements including the interim balance sheet, the interim income statement, the interim statement of cash flows and the notes to the interim financial statements give a true and fair view of the financial position of the Company as at 30 June 2019 and the result of its operations and its cash flows for the first six months of 2019 in accordance with the Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and the statutory requirements relevant to preparation and presentation of the interim financial statements.

On behalf of the Management

A handwritten signature in blue ink is written over a red circular stamp. The stamp contains the text 'CÔNG TY CỔ PHẦN DỊCH VỤ SÂN BAY DANANG' and 'DANANG'.

Nguyen Thanh Dong

General Director

Danang City, 12 August 2019



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. 979/BCSX-AAC

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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

We have reviewed the accompanying interim financial statements prepared on 1 August 2019 of Danang Airport Service Joint Stock Company ("the Company") as attached from page 6 to page 35, which comprise the interim balance sheet as at 30 June 2019, the interim income statement, interim statement of cash flows for the first 6 months of 2019 and notes to the interim financial statements.

Management's Responsibility

The Management of the Company is responsible for the preparation and fair presentation of these interim financial statements in accordance with the Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and the statutory requirements relevant to preparation and presentation of the interim financial statements, and for such internal control as the Management determines is necessary to enable the preparation and presentation of interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express a conclusion on the accompanying interim financial statements based on our review. We conducted our review in accordance with Vietnamese Standard on Review Engagements (VSRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Vietnamese Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion of Auditors

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not present fairly, in all material respects, the financial position of the Company as at 30 June 2019, and its financial performance and its cash flows for the first 6 months of 2019, in accordance with the Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and the statutory requirements relevant to preparation and presentation of the interim 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, 12 August 2019

INTERIM BALANCE SHEET
 As at 30 June 2019

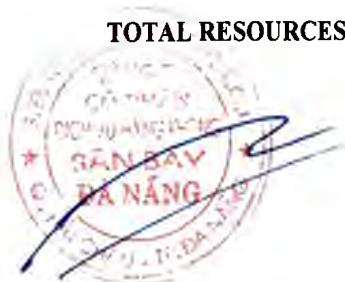
Form B 01 - DN
 Issued under Circular No. 200/2014/TT-BTC
 dated 22/12/2014 by the Ministry of Finance

ASSETS	Code	Note	30/06/2019 VND	01/01/2019 VND
A. CURRENT ASSETS	100		38,487,528,034	29,649,050,872
I. Cash and cash equivalents	110		16,793,309,917	5,047,257,845
1. Cash	111	5	16,793,309,917	5,047,257,845
2. Cash equivalents	112		-	-
II. Short-term financial investments	120		-	-
III. Short-term receivables	130		11,521,055,570	13,771,075,948
1. Short-term trade receivables	131	6	11,373,777,271	12,424,802,879
2. Short-term prepayments to suppliers	132	7	104,412,289	2,077,038,028
3. Other short-term receivables	136	8	1,523,991,009	750,360,040
4. Provision for doubtful debts	137	9	(1,481,124,999)	(1,481,124,999)
IV. Inventories	140	10	7,255,981,873	7,627,469,428
1. Inventories	141		7,255,981,873	7,627,469,428
2. Provision for decline in value of inventories	149		-	-
V. Other current assets	150		2,917,180,674	3,203,247,651
1. Short-term prepaid expenses	151	11.a	2,917,180,674	3,203,247,651
2. Deductible VAT	152		-	-
B. NON-CURRENT ASSETS	200		95,398,860,073	98,666,017,865
I. Long-term receivables	210		-	-
II. Fixed assets	220		91,176,271,766	94,296,327,515
1. Tangible fixed assets	221	12	90,587,727,993	93,694,167,078
- Cost	222		205,916,894,287	200,942,226,207
- Accumulated depreciation	223		(115,329,166,294)	(107,248,059,129)
2. Intangible fixed assets	227	13	588,543,773	602,160,437
- Cost	228		887,433,100	887,433,100
- Accumulated amortization	229		(298,889,327)	(285,272,663)
III. Investment property	230		-	-
IV. Non-current assets in progress	240		1,888,148,440	1,771,012,910
1. Long-term work in progress	241		-	-
2. Construction in progress	242	14	1,888,148,440	1,771,012,910
V. Long-term financial investments	250		-	-
VI. Other non-current assets	260		2,334,439,867	2,598,677,440
1. Long-term prepaid expenses	261	11.b	2,334,439,867	2,598,677,440
2. Other non-current assets	268		-	-
TOTAL ASSETS	270		133,886,388,107	128,315,068,737

INTERIM BALANCE SHEET (cont'd)

As at 30 June 2019

RESOURCES	Code	Note	30/06/2019 VND	01/01/2019 VND
C. LIABILITIES	300		72.027.774.977	71.475.617.121
I. Short-term liabilities	310		50.169.240.163	49.617.082.307
1. Short-term trade payables	311	15	14.512.074.130	11.440.439.498
2. Short-term advances from customers	312	16	6.289.413.718	4.839.837.882
3. Taxes and amounts payable to the State budget	313	17	2.322.259.248	2.070.775.340
4. Payables to employees	314		4.111.031.284	4.330.489.484
5. Short-term accrued expenses	315	18	2.365.637.318	195.830.328
6. Short-term unearned revenue	318	19	3.674.196.299	2.924.600.107
7. Other short-term payables	319	20.a	5.828.084.210	4.010.376.450
8. Short-term loans and finance lease liabilities	320	21.a	7.607.166.328	16.981.015.590
9. Reward and welfare fund	322		3.459.377.628	2.823.717.628
II. Long-term liabilities	330		21.858.534.814	21.858.534.814
1. Other long-term payables	337	20.b	3.640.000.000	3.640.000.000
2. Long-term loans and finance lease liabilities	338	21.b	18.218.534.814	18.218.534.814
D. EQUITY	400		61.858.613.130	56.839.451.616
I. Owners' equity	410		61.858.613.130	56.839.451.616
1. Share capital	411	22	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	22	803.208.113	803.208.113
3. Undistributed profit	421	22	18.378.575.017	13.359.413.503
- Undistributed profit up to the end of prior period	421a		11.859.413.503	30.965.175
- Undistributed profit of current period	421b		6.519.161.514	13.328.448.328
II. Other resources and funds	430		-	-
TOTAL RESOURCES	440		133.886.388.107	128.315.068.737



Nguyen Thanh Dong
 General Director

Danang City, 1 August 2019

Nguyen Thi Minh Huyen
 Chief Accountant

Pham Thi Thuong
 Preparer

INTERIM INCOME STATEMENT
 For the first 6 months of 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	First 6 months of 2019 VND	First 6 months of 2018 VND
1. Revenue from sales and service provision	01	24	125,587,700,615	118,927,239,207
2. Deductions	02	25	3,142,604,071	2,539,090,020
3. Net revenue from sales and service provision	10		122,445,096,544	116,388,149,187
4. Cost of goods sold	11	26	99,670,461,866	94,797,995,766
5. Gross profit from sales and service provision	20		22,774,634,678	21,590,153,421
6. Financial income	21	27	53,065,998	30,808,322
7. Financial expenses	22	28	1,690,093,237	1,784,360,823
<i>Including: Interest expense</i>	23		1,631,596,154	1,734,826,618
8. Selling expenses	25	29.a	3,794,242,776	3,457,182,379
9. Administrative expenses	26	29.b	9,238,599,561	8,264,895,174
10. Operating profit	30		8,104,765,102	8,114,523,367
11. Other income	31	30	964,137,477	1,717,736,281
12. Other expenses	32	31	144,981,327	160,264,192
13. Other profit	40		819,156,150	1,557,472,089
14. Accounting profit before tax	50		8,923,921,252	9,671,995,456
15. Current corporate income tax expense	51	32	1,591,596,187	1,754,201,972
16. Deferred corporate income tax expense	52		-	-
17. Profit after tax	60		7,332,325,065	7,917,793,484
18. Basic earnings per share	70	33	1,528	1.480
19. Diluted earnings per share	71	33	1,528	1.480



Nguyen Thanh Dong
 General Director

Danang City, 1 August 2019

Nguyen Thi Minh Huyen
 Chief Accountant

Pham Thi Thuong
 Preparer

INTERIM STATEMENT OF CASH FLOWS

For the first 6 months of 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	First 6 months of 2019 VND	First 6 months of 2018 VND
I. Cash flows from operating activities				
1. Profit before tax	01		8,923,921,252	9,671,995,456
2. Adjustments for				
- Depreciation and amortisation	02	12;13	8,485,987,920	9,266,239,402
- Exchange gain/loss upon revaluation of monetary items denominated in foreign currency	04		(38,651,120)	48,396,392
- Profit/loss from investing activities	05	27;30	(109,857,766)	(1,325,245,683)
- Interest expenses	06	28	1,631,596,154	1,734,826,618
- Other adjustments	07		-	131,116,490
3. Operating profit before changes in working capital	08		18,892,996,440	19,527,328,675
- Increase/decrease in receivables	09		556,300,543	(1,901,516,560)
- Increase/decrease in inventories	10		371,487,555	862,217,540
- Increase/decrease in payables (exclusive of interest payable, income tax payable)	11		8,685,639,648	1,564,561,693
- Increase/decrease in prepaid expenses	12		550,304,550	(1,387,751,487)
- Interest paid	14	18;28	(1,704,026,861)	(1,618,666,738)
- Corporate income tax paid	15	17	(1,735,000,000)	(807,214,697)
- Other cash payments for operating activities	17		(864,340,000)	(2,226,957,500)
Net cash provided by operating activities	20		24,753,361,875	14,012,000,926
II. Cash flows from investing activities				
1. Purchases of fixed assets and other long-term assets	21		(3,725,026,291)	(10,616,037,193)
2. Proceeds from disposals of fixed assets and other long-term assets	22		100,000,000	2,077,397,685
3. Dividends, profit and interest received	27	8;27	9,857,766	30,546,739
Net cash used in investing activities	30		(3,615,168,525)	(8,508,092,769)
III. Cash flows from financing activities				
1. Proceeds from borrowings	33	21	10,879,258,026	22,987,572,836
2. Repayment of borrowings	34	21	(20,273,410,603)	(14,036,459,542)
3. Dividends, profit paid to owners	36		-	(22,163,214,000)
Net cash used in financing activities	40		(9,394,152,577)	(13,212,100,706)
Net cash flows for the period	50		11,744,040,773	(7,708,192,549)
Cash and cash equivalents at the beginning of the period	60	5	5,047,257,845	17,247,807,536
Impacts of exchange rate fluctuations	61		2,011,299	5,188,502
Cash and cash equivalents at the end of period	70	5	16,793,309,917	9,544,803,489



Nguyen Thanh Dong
General Director

Danang City, 1 August 2019



Nguyen Thi Minh Huyen
Chief Accountant



Pham Thi Thuong
Preparer

NOTES TO THE INTERIM 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 (abbreviated as “Masco”, hereinafter referred to as “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 INTERIM 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 30 June 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. Only these interim financial statements are prepared for the first 6 months of 2019 (starting on 01/01/2019 and ending on 30/06/2019).

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 INTERIM 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. Provision for doubtful debts represents the amounts of outstanding receivables at the balance sheet date, which have been overdue for 6 months or which have not been overdue but the debtor is in the state of insolvency, winding up, missing or running away, etc. Provision is made as guided by Circular No. 228/2009/TT-BTC dated 7/12/2009 of the Ministry of Finance.

4.4 Inventories

Cost of inventories is calculated using the weighted average method and accounted for using the perpetual method.

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

Cost of inventories includes:

- 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 when the net realizable value of inventories is less than cost. The provision is made in accordance with Circular No. 228/2009/TT-BTC dated 7/12/2009 by the Ministry of Finance.

NOTES TO THE INTERIM 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 INTERIM 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. Amortization rate is based on their cost and 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 currencies.

4.9 Unearned revenue

The Company's unearned revenue includes:

- 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;
- Revenue corresponding to the value of goods or services to be discounted for buyers in traditional customers program. The Company shall record the unearned revenues corresponding to the obligations that the Company must fulfill in the future.

4.10 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.

NOTES TO THE INTERIM 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 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 Company's Annual Shareholder Meeting.

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.
 - ✓ Interests are recognized on the basis of the actual term and interest rates:

NOTES TO THE INTERIM 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. 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, bank 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 include loans, trade payables, accrued expenses and other payables.

NOTES TO THE INTERIM 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 currencies	30/06/2019 VND	Foreign currencies	01/01/2019 VND
- Cash on hand		2,047,494,701		1,206,679,502
+ VND		1,817,703,341		1,039,131,939
+ USD	9,904.80 #	229,791,360	7,245.30 #	167,547,563
- Cash at bank		14,745,815,216		3,840,578,343
+ VND		13,085,012,284		3,783,717,436
+ USD	71,591.25 #	1,660,802,932	2,458.85 #	56,860,907
Total		16,793,309,917		5,047,257,845

6. Short-term trade receivables

	30/06/2019	01/01/2019
Indochina Airlines Joint Stock Company	1,481,124,999	1,481,124,999
VietJet Airviation Joint Stock Company	1,397,628,611	3,477,667,208
Air Ticket Booking Office - Air China Limited	1,076,294,400	1,137,010,000
Others	7,418,729,261	6,329,000,672
Total	11,373,777,271	12,424,802,879

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

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

Of which, related party balance

	30/06/2019	01/01/2019
Airports Corporation of Vietnam - JSC	-	338,753,974
Jetstar Pacific Airlines Joint Stock Aviation Company	532,307,661	522,112,711
Total	<u>532,307,661</u>	<u>860,866,685</u>

7. Short-term prepayments to suppliers

	30/06/2019	01/01/2019
Ho Bac Company Limited	34,675,410	-
Petroleum Company Region V - Petrolimex Store number 7	20,107,990	20,107,990
Danang International Airport - Branch of Airports Corporation of Vietnam	-	208,772,760
Others	49,628,889	1,848,157,278
Total	<u>104,412,289</u>	<u>2,077,038,028</u>

8. Other short-term receivables

	30/06/2019		01/01/2019	
	Amount	Provision	Amount	Provision
Advances	985,382,298	-	526,583,071	-
Deposits, collaterals	192,000,000	-	-	-
Other receivables	346,608,711	-	223,776,969	-
Total	<u>1,523,991,009</u>	<u>-</u>	<u>750,360,040</u>	<u>-</u>

9. Provision for short-term doubtful debts

	30/06/2019	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 INTERIM FINANCIAL STATEMENTS (cont'd)

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

10. Inventories

	30/06/2019		01/01/2019	
	Cost	Provision	Cost	Provision
Raw materials	3,269,398,185	-	3,724,152,868	-
Tools, instruments	11,908,005	-	3,656,104	-
Merchandise	3,974,675,683	-	3,899,660,456	-
Total	7,255,981,873	-	7,627,469,428	-

- There are no inventories which are pledged as securities for debts as at 30/06/2019.
- There are no inventories which are stagnant, in poor quality or slow-moving as at 30/06/2019.

11. Prepaid expenses

a. Short-term

	30/06/2019	01/01/2019
Vehicle insurance fee	531,982,799	458,032,174
Car, land, office rental fee	1,258,478,518	2,298,928,620
Tools and instruments pending allocation	431,348,241	272,143,804
Repair expenses, training fee, others	695,371,116	174,143,053
Total	2,917,180,674	3,203,247,651

b. Long-term

	30/06/2019	01/01/2019
Tools and instruments pending allocation	814,409,466	692,213,483
Training expenses for catering certificate	294,222,408	389,301,252
Office rental	-	135,000,000
Repair expenses	1,225,807,993	1,382,162,705
Total	2,334,439,867	2,598,677,440

NOTES TO THE INTERIM 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	-	2,363,771,637	806,934,217	168,678,864	3,339,384,718
Self-constructed	2,026,547,453	-	-	-	2,026,547,453
Sold, disposed	-	-	391,264,091	-	391,264,091
Closing balance	52,478,916,495	31,086,393,322	121,036,529,725	1,315,054,745	205,916,894,287
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 period	1,557,368,041	2,020,514,881	4,868,536,450	25,951,884	8,472,371,256
Sold, disposed	-	-	391,264,091	-	391,264,091
Closing balance	19,601,921,499	12,730,532,093	81,910,682,937	1,086,029,765	115,329,166,294
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	32,876,994,996	18,355,861,229	39,125,846,788	229,024,980	90,587,727,993

- Book value of fixed assets which are mortgaged for loans as at 30/06/2019 is VND42,046,357,044.
- Cost of fixed assets fully depreciated but still in active use as at 30/06/2019 is VND53,481,430,225.

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	-	-	-
Closing balance	473,227,100	414,206,000	887,433,100
Amortization			
Opening balance	-	285,272,663	285,272,663
Charge for the period	-	13,616,664	13,616,664
Decrease	-	-	-
Closing balance	-	298,889,327	298,889,327
Net book value			
Opening balance	473,227,100	128,933,337	602,160,437
Closing balance	473,227,100	115,316,673	588,543,773

(*) 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 30/06/2019 is VND263,206,000.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)*(These notes form part of and should be read in conjunction with the accompanying financial statements)***14. Construction in progress**

	30/06/2019	01/01/2019
Internal road of Cam Ranh Air Catering Factory	1,181,973,682	886,480,227
Expenses for repairing Danang Air Catering Factory	706,174,758	293,987,228
Air catering facility	-	590,545,455
Total	<u>1,888,148,440</u>	<u>1,771,012,910</u>

15. Short-term trade payables

	30/06/2019	01/01/2019
Global Foods Distributer Co., Ltd	366,091,734	212,918,232
Le Ngoc Thinh	1,366,656,490	1,505,679,140
Nguyen Ngoc Anh	773,558,100	1,256,677,150
Le Tien Minh	600,860,000	540,730,000
Others	11,404,907,806	7,924,434,976
Total	<u>14,512,074,130</u>	<u>11,440,439,498</u>

16. Short-term advances from customers

	30/06/2019	01/01/2019
Airports Corporation of Vietnam - JSC	930,251,626	-
Others	5,359,162,092	4,839,837,882
Total	<u>6,289,413,718</u>	<u>4,839,837,882</u>

17. Taxes and amounts payable to the State budget

	Opening balance		Amount to be paid	Amount actually paid	Closing balance	
	Receivable	Payable			Receivable	Payable
Value added tax	-	1,039,577,124	5,748,183,246	5,174,154,426	-	1,613,605,944
Corporate income tax	-	780,020,946	1,591,596,187	1,735,000,000	-	636,617,133
Personal income tax	-	251,177,270	350,126,194	529,267,293	-	72,036,171
Other taxes	-	-	10,000,000	10,000,000	-	-
Total	-	<u>2,070,775,340</u>	<u>7,699,905,627</u>	<u>7,448,421,719</u>	-	<u>2,322,259,248</u>

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.

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

	30/06/2019	01/01/2019
Accrued interest payable	123,399,621	195,830,328
Payment discounts	408,333,333	-
Other payables	1,833,904,364	-
Total	<u>2,365,637,318</u>	<u>195,830,328</u>

19. Short-term unearned revenue

	30/06/2019	01/01/2019
Driver training at Danang Center	2,412,257,411	2,550,368,041
Driver training at Thua Thien Hue Center	1,075,938,888	176,232,066
Advertising revenue	186,000,000	198,000,000
Total	<u>3,674,196,299</u>	<u>2,924,600,107</u>

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

	30/06/2019	01/01/2019
Trade union fees	220,806,673	586,687,817
Short-term deposit, collateral received	433,500,000	232,450,000
Profit, dividends payable	171,457,658	171,457,658
Other payables	5,002,319,879	3,019,780,975
- Responsibility fee for taxi driver	1,330,196,169	1,501,196,169
- Responsibility fee for driver trainers at Danang Center	65,000,000	75,000,000
- Air ticket fee	-	150,863,191
- Dividends payable to investors	813,163,551	1,195,633,999
- Other payables	2,793,960,159	97,087,616
Total	<u>5,828,084,210</u>	<u>4,010,376,450</u>

b. Long-term

	30/06/2019	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 INTERIM FINANCIAL STATEMENTS (cont'd)*(These notes form part of and should be read in conjunction with the accompanying financial statements)***21. Loans and finance lease liabilities****a. Short-term**

	Opening balance	Increase in the period	Decrease in the period	Closing balance
Short-term loans	7,000,141,473	10,879,258,026	15,340,896,187	2,538,503,312
- Vietinbank - Danang Branch	141,473	6,879,258,026	4,340,896,187	2,538,503,312
- 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	20,303,315	4,932,514,416	5,068,663,016
- Vietcombank - Danang Branch	1,703,695,785	20,303,315	952,597,750	771,401,350
- Vietinbank - Danang Branch	7,477,178,332	-	3,579,916,666	3,897,261,666
- BIDV - Hai Van Branch	800,000,000	-	400,000,000	400,000,000
Total	16,981,015,590	10,899,561,341	20,273,410,603	7,607,166,328

b. Long-term

	Opening balance	Increase in the period	Decrease in the period	Closing balance
Long-term loans	18,218,534,814	-	-	18,218,534,814
- Vietcombank - Danang Branch	4,122,268,300	-	-	4,122,268,300
- Vietinbank - Danang Branch	13,596,374,514	-	-	13,596,374,514
- BIDV - Hai Van Branch	499,892,000	-	-	499,892,000
Total	18,218,534,814	-	-	18,218,534,814

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

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

- The Company obtained the loan 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 VND4,000,000,000; the loan term is 60 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 the construction of Catering Manufacturer Zone at Phu Bai International Airport. The credit agreement is secured by assets acquired from the loan.
- The Company obtained the loans 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.
- 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. 02/2016-HDUDA/NHCT480-MASCO dated 22/08/2016: The loan amount is VND1,294,500,000. The loan term is 36 months from the first drawdown date. Interest rate is specified in each drawdown note at the drawdown date. Loan purpose: covering proper expenses to implement Project: purchase of quick cooling machine Olis - Italy. 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 48 months from the first drawdown date. Interest rate is 9% per annum and adjusted every quarter. Loan purpose: covering legal capital for investment project of Cam Ranh Catering Factory.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

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

22. Owners' equity

a. Statement of changes in owners' equity

	Share capital	Development 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	-	-	7,332,325,065	7,332,325,065
Decrease	-	-	2,313,163,551	2,313,163,551
As at 30/06/2019	<u>42,676,830,000</u>	<u>803,208,113</u>	<u>18,378,575,017</u>	<u>61,858,613,130</u>

b. Share capital

	30/06/2019	01/01/2019
Capital contributed by Airports Corporation of Vietnam - JSC	15,412,650,000	15,412,650,000
Capital contributed by 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

	30/06/2019 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 INTERIM FINANCIAL STATEMENTS (cont'd)*(These notes form part of and should be read in conjunction with the accompanying financial statements)***d. Undistributed profit**

	First 6 months of 2019	Year 2018
Profit brought forward	13,359,413,503	21,379,302,425
Profit after corporate income tax of current period	7,332,325,065	14,854,282,327
Profit distribution	2,313,163,551	22,874,171,249
- Distribution of prior-period profit (*)	1,500,000,000	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	-	16,003,811,250
- Temporary distribution of current-period profit	813,163,551	1,525,833,999
+ Appropriated for reward and welfare fund from profit of cooperation-investment agreements	-	137,000,000
+ Profit distributed to partners under cooperation-investment agreements	813,163,551	1,195,633,999
+ Remuneration for the Board of Directors and Board of Supervisors	-	193,200,000
Undistributed profit after tax	<u>18,378,575,017</u>	<u>13,359,413,503</u>

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

23. Off balance sheet items

ITEMS	30/06/2019	01/01/2019
Foreign currencies		
Cash on hand (USD)	9,904.80	7,245.30
Cash at bank (USD)	71,591.25	2,458.85

24. Revenue from sales and service provision

	First 6 months of 2019	First 6 months of 2018
Revenue from sales of merchandise	7,252,894,522	7,597,534,377
Revenue from sales of finished goods	-	1,320,286,050
Revenue from rendering services	118,334,806,093	110,009,418,780
Total	<u>125,587,700,615</u>	<u>118,927,239,207</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

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

25. Revenue deductions

	First 6 months of 2019	First 6 months of 2018
Trade discounts	2,675,994,072	2,149,904,020
Sales returns	466,609,999	389,186,000
Total	<u>3,142,604,071</u>	<u>2,539,090,020</u>

26. Cost of sales

	First 6 months of 2019	First 6 months of 2018
Cost of merchandise sold	3,811,083,081	4,079,730,272
Cost of finished goods sold	-	1,368,290,597
Cost of services rendered	95,859,378,785	89,349,974,897
Total	<u>99,670,461,866</u>	<u>94,797,995,766</u>

27. Financial income

	First 6 months of 2019	First 6 months of 2018
Deposit and loan interest	9,857,766	27,340,072
Foreign exchange gains	43,208,232	3,468,250
Total	<u>53,065,998</u>	<u>30,808,322</u>

28. Financial expenses

	First 6 months of 2019	First 6 months of 2018
Interest expenses	1,631,596,154	1,734,826,618
Foreign exchange losses	163,750	49,534,205
Payment discounts	58,333,333	-
Total	<u>1,690,093,237</u>	<u>1,784,360,823</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

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

29. Selling expenses and administrative expenses

a. Selling expenses arising in the period

	First 6 months of 2019	First 6 months of 2018
Material and tool expenses	99,727,439	94,944,584
Salary expenses	1,699,872,832	1,521,614,849
Depreciation and amortisation	22,976,460	22,976,460
Outsourced services	1,737,804,180	1,663,410,451
Others	233,861,865	154,236,035
Total	<u>3,794,242,776</u>	<u>3,457,182,379</u>

b. Administrative expenses arising in the period

	First 6 months of 2019	First 6 months of 2018
Tool expenses	360,490,180	259,503,024
Salary expenses	5,215,050,044	5,193,109,639
Outsourced services	2,763,418,438	2,409,736,496
Others	899,640,899	402,546,015
Total	<u>9,238,599,561</u>	<u>8,264,895,174</u>

30. Other income

	First 6 months of 2019	First 6 months of 2018
Proceeds from disposal of fixed assets	100,000,000	1,297,905,611
Re-used goods	42,706,630	85,858,762
Purchase support	110,000,000	333,971,908
Proceeds from transfer of billboards	700,000,000	-
Others	11,430,847	-
Total	<u>964,137,477</u>	<u>1,717,736,281</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

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

31. Other expenses

	First 6 months of 2019	First 6 months of 2018
Bonus for re-used goods	13,665,322	34,348,791
Destroyed goods expenses	6,216,428	13,296,971
Others	125,099,577	112,618,430
Total	144,981,327	160,264,192

32. Current corporate income tax expenses

	First 6 months of 2019	First 6 months of 2018
Accounting profit before tax	8,923,921,252	9,671,995,456
Adjustments to arrive to taxable income	119,014,461	112,123,980
- Increasing adjustments	179,018,896	112,123,980
+ <i>Unqualified expenses</i>	111,449,658	112,123,980
+ <i>Ending exchange gains of cash and receivables in prior period</i>	67,569,238	-
- Decreasing adjustments	60,004,435	-
+ <i>Ending exchange gains of cash and receivables this period</i>	60,004,435	-
Total taxable income	9,042,935,713	9,784,119,436
- <i>Activities eligible for tax incentives</i>	2,169,909,551	2,026,219,149
- <i>Activities ineligible for tax incentives</i>	6,873,026,162	7,757,900,287
Corporate income tax	1,591,596,187	1,754,201,972
- <i>Activities eligible for tax incentives (10%)</i>	216,990,955	202,621,915
- <i>Activities ineligible for tax incentives</i>	1,374,605,232	1,551,580,057
Current corporate income tax expense	1,591,596,187	1,754,201,972

33. Basic earnings per share, diluted earnings per share

	First 6 months of 2019	First 6 months of 2018
Profit after corporate income tax	7,332,325,065	7,917,793,484
Adjustments increasing or decreasing profit after tax	(813,163,551)	(1,599,977,800)
- <i>Increasing</i>		
- <i>Decreasing</i>	813,163,551	1,599,977,800
+ <i>Reward and welfare fund, remuneration of the Board of Directors, Board of Supervisors</i>	-	799,546,553
+ <i>Profit distributed under BCC agreements</i>	813,163,551	800,431,247
Profit or loss attributable to common shareholders	6,519,161,514	6,317,815,684
Weighted average number of outstanding shares	4,267,683	4,267,683
Basic/diluted earnings per share	1,528	1,480

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

- Basic earnings per share, diluted earnings per share for the first 6 months of 2019 are calculated before deducting the reward and welfare fund and other amounts in accordance with the Company's Charter and the Annual Shareholders Meeting does not stipulate the appropriation of these funds. Accordingly, this item may change depending on the decision of the Annual Shareholders Meeting.
- Reward and welfare fund, bonus for the management and remuneration of the Board of Directors and the Board of Supervisors are adjusted down (VND799,546,553) when recalculating item "Basic earnings per share" in the first 6 months of 2018. This is determined based on the ratio of profit after tax for the first 6 months of 2018 compared to profit after tax for the whole year 2018 and the Reward and welfare fund, bonus for the management and remuneration of the Board of Directors and the Board of Supervisors is appropriated from profit after tax of 2018 (VND1,500,000,000) according to the Resolution of the 2019 Annual Shareholders Meeting.

34. Operating expenses by elements

	First 6 months of 2019	First 6 months of 2018
Materials expenses	46,868,022,721	41,776,712,067
Labor costs	33,026,863,273	32,939,171,982
Depreciation expenses	8,485,987,920	9,266,239,402
Outside service expenses	14,548,104,038	11,975,731,033
Other cash expenses	5,963,243,170	4,994,381,879
Total	<u>108,892,221,122</u>	<u>100,952,236,363</u>

35. 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 ...) 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 INTERIM 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	
	First 6 months of	First 6 months of	First 6 months of	First 6 months of	First 6 months of	First 6 months of	First 6 months of	First 6 months of
	2019	2018	2019	2018	2019	2018	2019	2018
Revenue from sales and service provision	74,881,949,390	78,016,329,029	42,184,920,557	32,622,245,878	8,520,830,668	8,288,664,300	125,587,700,615	118,927,239,207
Revenue deductions	1,430,531,239	1,296,572,693	1,574,895,988	1,144,854,733	137,176,844	97,662,594	3,142,604,071	2,539,090,020
Net revenue from sales and service provision	73,451,418,151	76,719,756,336	40,610,024,569	31,477,391,145	8,383,653,824	8,191,001,706	122,445,096,544	116,388,149,187
Cost of sales	58,424,215,276	60,469,862,867	34,896,672,950	28,235,975,330	6,349,573,640	6,092,157,569	99,670,461,866	94,797,995,766
Gross profit from sales and service provision	15,027,202,875	16,249,893,469	5,713,351,619	3,241,415,815	2,034,080,184	2,098,844,137	22,774,634,678	21,590,153,421
Depreciation expenses	5,210,510,907	5,906,797,547	2,807,518,953	2,873,485,121	467,958,060	485,956,734	8,485,987,920	9,266,239,402

Items	Danang City		Khanh Hoa Province		Thua Thien Hue Province		Total	
	30/06/2019	01/01/2019	30/06/2019	01/01/2019	30/06/2019	01/01/2019	30/06/2019	01/01/2019
	Fixed assets	38,621,041,346	40,138,567,906	45,181,089,773	46,515,607,236	7,374,140,647	7,642,152,373	91,176,271,766
- Cost	109,919,429,907	106,617,709,651	73,412,243,145	71,939,241,655	23,472,654,335	23,272,708,001	206,804,327,387	201,829,659,307
- Accumulated depreciation	(71,298,388,561)	(66,479,141,745)	(28,231,153,372)	(25,423,634,419)	(16,098,513,688)	(15,630,555,628)	(115,628,055,621)	(107,533,331,792)

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

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

36. 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 is as follows:

	30/06/2019	01/01/2019
Financial assets		
Cash (USD)	81,496.05	7,245.30
Trade receivables (USD)	122,811.66	103,595.76
Financial liabilities		
Borrowings and debts (USD)	209,579.00	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 insignificant.

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 INTERIM 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:

30/06/2019	Within 1 year	Over 1 year	Total
Trade payables	14,512,074,130	-	14,512,074,130
Accrued expenses	2,365,637,318	-	2,365,637,318
Loans and finance lease obligations	7,607,166,328	18,218,534,814	25,825,701,142
Other payables	5,607,277,537	3,640,000,000	9,247,277,537
Total	30,092,155,313	21,858,534,814	51,950,690,127
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 INTERIM 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:

30/06/2019			In: VND
	Within 1 year	Over 1 year	Total
Cash and cash equivalents	16,793,309,917	-	16,793,309,917
Trade receivables	9,892,652,272	-	9,892,652,272
Other receivables	538,608,711	-	538,608,711
Total	27,224,570,900	-	27,224,570,900
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

37. Related party information

a. Related party

Company	Relationship
Airports Corporation of Vietnam - JSC	Investor
Jetstar Pacific Airlines Joint Stock Aviation Company	Having the same investor
Aviation High - Grade Plastic Joint Stock Company	Having the same investor

b. Significant transactions with related party arising in the period

Transaction	First 6 months of	First 6 months of
	2019	2018
Airports Corporation of Vietnam - JSC	Selling	59,241,228,306
	Paying dividends	-
Jetstar Pacific Airlines Joint Stock Aviation Company	Selling	1,435,422,457
Aviation High - Grade Plastic Joint Stock Company	Purchasing	-
		99,000,000

NOTES TO THE INTERIM 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 and Management**

	First 6 months of 2019	First 6 months of 2018
Remuneration of the Board of Directors, Board of Supervisors	-	193,200,000
Remuneration of the Management	1,484,500,000	1,572,812,044
Total	1,484,500,000	1,766,012,044

38. 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.

39. Corresponding figures

Corresponding figures in the interim balance sheet were taken from the financial statements for the year ended 31/12/2018. Corresponding figures in the interim income statement and the interim statement of cash flows were taken from the interim financial statements for the first 6 months of 2018. These financial statements were audited and reviewed by AAC.

Nguyen Thanh Dong
General Director

Danang City, 1 August 2019

Nguyen Thi Minh Huyen
Chief Accountant

Pham Thi Thuong
Preparer