



**Danang Port Joint Stock Company**

Financial Statements for the year ended  
31 December 2018



## **Danang Port Joint Stock Company Corporate Information**

### **Enterprise Registration Certificate No.**

0400101972

14 February 2019

The Company's Enterprise Registration Certificate has been amended six times, the most recent of which is Enterprise Registration Certificate No. 0400101972 dated 14 February 2019. The Enterprise Registration Certificate was issued by the Da Nang Department of Planning and Investment.

### **Board of Management**

Mr. Tran Le Tuan	Chairman
Mr. Le Quang Duc	Member
Mr. Phan Bao Loc	Member
Mr. Luong Dinh Minh	Member
Mr. Tran Tuan Hai	Member
Mr. Nguyen Huu Sia	Member ( <i>until 1/2/2019</i> )

### **Supervisory Board**

Ms. Phan Thi Nhi Ha	Head of Supervisory Board
Mr. Le Duy Duong	Member
Ms. Tran Thi Kieu Oanh	Member

### **Board of Directors**

Mr Tran Le Tuan	Acting General Director ( <i>from 2/2/2019</i> )
Mr. Nguyen Huu Sia	General Director ( <i>until 1/2/2019</i> )
Mr. Le Quang Duc	Deputy General Director
Mr. Duong Duc Xuan	Deputy General Director

### **Registered Office**

26 Bach Dang Street, Thach Thang Ward  
Hai Chau District, Da Nang City  
Vietnam

### **Auditor**

KPMG Limited  
Vietnam

## **Danang Port Joint Stock Company Statement of the Board of Directors**

The Board of Directors of Danang Port Joint Stock Company (“the Company”) presents this statement and the accompanying financial statements of the Company for the year ended 31 December 2018.

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting. In the opinion of the Board of Directors:

- (a) the financial statements set out on pages 5 to 41 give a true and fair view of the financial position of the Company as at 31 December 2018, and of the results of operations and cash flows of the Company for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting; and
- (b) at the date of this statement, there are no reasons to believe that the Company will not be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised the accompanying financial statements for issue.



On behalf of the Board of Directors

Tran Le Tuan  
*Acting General Director*

Da Nang, 27 March 2019





KPMG Limited  
46<sup>th</sup> Floor, Keangnam Landmark 72  
E6 Pham Hung Road, Me Tri Ward  
South Tu Liem District, Hanoi, Vietnam  
+84 (24) 3946 1600 | kpmg.com.vn

## **INDEPENDENT AUDITOR'S REPORT**

### **To the Shareholders Danang Port Joint Stock Company**

We have audited the accompanying financial statements of Danang Port Joint Stock Company ("the Company"), which comprise the balance sheet as at 31 December 2018, the statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Company's Board of Directors on 27 March 2019, as set out on pages 5 to 41.

### **Board of Directors' Responsibility**

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

### **Auditor's 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 of 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 auditor's judgement, 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 auditor considers 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 Company's Board of Directors, 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.





### Auditor's Opinion

In our opinion, the financial statements give a true and fair view, in all material respects, of the financial position of Danang Port Joint Stock Company as at 31 December 2018 and of its results of operations and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

#### KPMG Limited

Vietnam

Audit Report No.: 18-02-00133-19-1



  
Dam Xuan Lam

Practicing Auditor Registration  
Certificate No.: 0861-2018-007-1  
Deputy General Director

Hanoi, 27 March 2019



Pham Thi Thuy Linh  
Practicing Auditor Registration  
Certificate No.: 3065-2019-007-1

**Danang Port Joint Stock Company**  
**Balance sheet as at 31 December 2018**

**Form B 01 – DN**  
*(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	31/12/2018 VND	1/1/2018 VND
<b>ASSETS</b>				
<b>Current assets</b> <b>(100 = 110 + 120 + 130 + 140 + 150)</b>	<b>100</b>		<b>473,510,432,353</b>	<b>298,846,610,264</b>
<b>Cash and cash equivalents</b>	<b>110</b>	<b>5</b>	<b>138,034,815,704</b>	<b>140,951,996,201</b>
Cash	111		4,604,364,983	7,912,625,354
Cash equivalents	112		133,430,450,721	133,039,370,847
<b>Short-term financial investments</b>	<b>120</b>		<b>179,760,217,808</b>	<b>1,200,000,000</b>
Held-to-maturity investments	123	6(a)	179,760,217,808	1,200,000,000
<b>Accounts receivable – short-term</b>	<b>130</b>		<b>97,310,360,889</b>	<b>103,294,085,577</b>
Accounts receivable from customers	131	7	90,630,649,632	69,115,769,586
Prepayments to suppliers	132		3,009,978,098	33,112,019,425
Other receivables	136	8	5,020,183,041	2,266,846,628
Allowance for doubtful debts	137	9	(1,350,449,882)	(1,200,550,062)
<b>Inventories</b>	<b>140</b>	<b>10</b>	<b>9,182,867,075</b>	<b>9,540,430,753</b>
Inventories	141		9,182,867,075	9,540,430,753
<b>Other current assets</b>	<b>150</b>		<b>49,222,170,877</b>	<b>43,860,097,733</b>
Short-term prepaid expenses	151	15(a)	1,352,831,895	1,398,406,511
Deductible value added tax	152		47,869,338,982	42,461,691,222

*The accompanying notes are an integral part of these financial statements*

**Danang Port Joint Stock Company**  
**Balance sheet as at 31 December 2018 (continued)**

**Form B 01 – DN**  
*(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	31/12/2018 VND	1/1/2018 VND
<b>Long-term assets</b> <b>(200 = 220 + 230 + 240 + 250 + 260)</b>	<b>200</b>		<b>1,152,892,932,914</b>	<b>987,991,943,958</b>
<b>Fixed assets</b>	<b>220</b>		<b>1,114,865,152,013</b>	<b>493,025,283,111</b>
Tangible fixed assets	221	11	1,014,072,373,485	392,465,112,124
Cost	222		2,027,390,537,686	1,282,531,144,077
Accumulated depreciation	223		(1,013,318,164,201)	(890,066,031,953)
Intangible fixed assets	227	12	100,792,778,528	100,560,170,987
Cost	228		103,551,770,987	103,283,070,987
Accumulated amortisation	229		(2,758,992,459)	(2,722,900,000)
<b>Investment property</b>	<b>230</b>	<b>13</b>	<b>131,950,009</b>	<b>137,750,005</b>
Cost	231		145,000,000	145,000,000
Accumulated depreciation	232		(13,049,991)	(7,249,995)
<b>Long-term work in progress</b>	<b>240</b>		<b>5,798,207,662</b>	<b>462,489,573,464</b>
Construction in progress	242	14	5,798,207,662	462,489,573,464
<b>Long-term financial investments</b>	<b>250</b>	<b>6(b)</b>	<b>31,911,510,949</b>	<b>32,052,445,149</b>
Investments in associates	252		30,089,813,149	30,089,813,149
Equity investments in other entities	253		3,764,334,000	3,764,334,000
Allowance for diminution in the value of long-term financial investments	254		(1,942,636,200)	(1,801,702,000)
<b>Other long-term assets</b>	<b>260</b>		<b>186,112,281</b>	<b>286,892,229</b>
Long-term prepaid expenses	261	15(b)	75,304,281	176,084,229
Long-term tools, supplies and spare parts	263		110,808,000	110,808,000
<b>TOTAL ASSETS (270 = 100 + 200)</b>	<b>270</b>		<b>1,626,403,365,267</b>	<b>1,286,838,554,222</b>

*The accompanying notes are an integral part of these financial statements*



**Danang Port Joint Stock Company**  
**Balance sheet as at 31 December 2018 (continued)**

**Form B 01 – DN**  
*(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	31/12/2018 VND	1/1/2018 VND
<b>RESOURCES</b>				
<b>LIABILITIES (300 = 310 + 330)</b>	<b>300</b>		<b>401,876,648,118</b>	<b>416,487,606,006</b>
<b>Current liabilities</b>	<b>310</b>		<b>199,175,294,866</b>	<b>230,972,507,951</b>
Accounts payable to suppliers	311	16	95,964,873,258	117,322,915,930
Advances from customers	312	17	5,445,986,705	11,393,012,016
Taxes and others payable to State Treasury	313	18	11,443,787,085	5,687,994,070
Payables to employees	314		36,227,093,121	42,936,477,310
Accrued expenses	315	19	1,516,952,820	1,132,621,017
Unearned revenue – short-term	318		18,500,000	29,113,637
Other payables – short-term	319	20	23,150,158,059	28,261,690,969
Current portion of long-term borrowings	320	21	12,383,328,770	11,886,338,986
Bonus and welfare fund	322	23	13,024,615,048	12,322,344,016
<b>Long-term liabilities</b>	<b>330</b>		<b>202,701,353,252</b>	<b>185,515,098,055</b>
Long-term borrowings	338	21	199,533,315,078	182,270,019,931
Provisions – long-term	342	22	3,168,038,174	3,245,078,124
<b>EQUITY (400 = 410)</b>	<b>400</b>		<b>1,224,526,717,149</b>	<b>870,350,948,216</b>
<b>Owners' equity</b>	<b>410</b>	<b>24</b>	<b>1,224,526,717,149</b>	<b>870,350,948,216</b>
Share capital	411	25	990,000,000,000	660,000,000,000
- Ordinary shares with voting rights	411a		990,000,000,000	660,000,000,000
Share premium	412		(215,000,000)	-
Investment and development fund	418	27	157,162,317,406	112,277,977,776
Retained profits	421		77,579,399,743	98,072,970,440
- Retained profits brought forward	421a		-	-
- Retained profit for the current year	421b		77,579,399,743	98,072,970,440
<b>TOTAL RESOURCES</b> <b>(440 = 300 + 400)</b>	<b>440</b>		<b>1,626,403,365,267</b>	<b>1,286,838,554,222</b>

27 March 2019

Prepared by:

Ngo Quoc Van  
Accountant

Approved by:

Nguyen Ngoc Tam  
Head of Finance and Accounting Department



Tran Le Tuan  
Acting General Director

*The accompanying notes are an integral part of these financial statements*

**Danang Port Joint Stock Company**  
**Statement of income for the year ended 31 December 2018**

**Form B 02 – DN**  
*(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	2018 VND	2017 VND
Revenue from sales of goods and provision of services	01	29	695,674,254,294	601,447,223,364
Revenue deductions	02	29	932,737,170	330,786,698
Net revenue (10 = 01 - 02)	10	29	694,741,517,124	601,116,436,666
Cost of sales of goods and provision of services	11	30	460,504,519,525	387,222,357,676
Gross profit (20 = 10 - 11)	20		234,236,997,599	213,894,078,990
Financial income	21	31	21,665,716,098	13,149,899,015
Financial expenses	22	32	17,490,061,145	7,408,164,037
<i>In which: Interest expense</i>	23		13,916,484,149	1,932,055,489
Selling expenses	25		3,049,403,916	2,643,020,890
General and administration expenses	26	33	53,217,636,227	60,080,371,052
Net operating profit {30 = 20 + (21 - 22) - (25 + 26)}	30		182,145,612,409	156,912,422,026
Other income	31	34	1,684,347,557	6,362,525,501
Other expenses	32		445,202,201	1,130,647,200
Results of other activities (40 = 31 - 32)	40		1,239,145,356	5,231,878,301
Accounting profit before tax (50 = 30 + 40)	50		183,384,757,765	162,144,300,327
Income tax expense – current	51	36	35,900,551,007	30,577,992,235
Net profit after tax (60 = 50 - 51)	60		147,484,206,758	131,566,308,092
				(Restated)
Basic earnings per share	70	37	1,624	1,627

27 March 2019

Prepared by:



Ngo Quoc Van  
Accountant

Approved by:



Nguyen Ngoc Tam  
Head of Finance and Accounting Department



Tran Le Tuan  
Acting General Director

*The accompanying notes are an integral part of these financial statements*



**Danang Port Joint Stock Company**  
**Statement of cash flows for the year ended 31 December 2018**  
**(Indirect method)**

**Form B 03 – DN**

*(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	2018 VND	2017 VND
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Profit before tax</b>	<b>01</b>		<b>183,384,757,765</b>	<b>162,144,300,327</b>
<b>Adjustments for</b>				
Depreciation and amortisation	02		123,294,024,703	103,577,743,999
Allowances and provisions	03		290,834,020	(2,390,827,060)
Exchange losses arising from revaluation of monetary items denominated in foreign currencies	04		2,704,002,184	3,964,599,407
Profits from investing activities	05		(18,968,166,230)	(16,404,793,468)
Interest expense	06		13,916,484,149	1,932,055,489
<b>Operating profit before changes in working capital</b>	<b>08</b>		<b>304,621,936,591</b>	<b>252,823,078,694</b>
Change in receivables	09		(29,378,204,515)	15,387,255,774
Change in inventories	10		357,563,678	(613,991,587)
Change in payables and other liabilities	11		(5,932,029,111)	(38,773,767,771)
Change in prepaid expenses	12		146,354,564	(150,111,224)
			<b>269,815,621,207</b>	<b>228,672,463,886</b>
Interest paid	14		(13,532,152,346)	(1,390,615,389)
Income tax paid	15		(32,172,776,147)	(36,227,126,069)
Other payments for operating activities	17		(12,963,399,728)	(17,800,229,855)
<b>Net cash flows from operating activities</b>	<b>20</b>		<b>211,147,292,986</b>	<b>173,254,492,573</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for additions to fixed assets and other long-term assets	21		(282,302,066,850)	(505,508,550,928)
Proceeds from disposals of fixed assets and other long-term assets	22		-	4,235,863,637
Placement of term deposits	23		(334,760,217,808)	(73,401,722,717)
Withdrawal of term deposit s	24		156,200,000,000	182,193,647,161
Payments for investments in other entities	25		-	(3,239,870,000)
Receipts of interests and dividends	27		15,590,594,030	15,333,112,846
<b>Net cash flows from investing activities</b>	<b>30</b>		<b>(445,271,690,628)</b>	<b>(380,387,520,001)</b>

*The accompanying notes are an integral part of these financial statements*



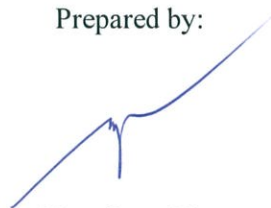
**Danang Port Joint Stock Company**  
**Statement of cash flows for the year ended 31 December 2018**  
**(Indirect method - continued)**

**Form B 03 – DN**  
*(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	2018 VND	2017 VND
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from equity issued	31		329,785,000,000	-
Proceeds from borrowings	33		116,161,675,000	122,838,325,000
Payments to settle loan principals	34		(100,886,338,986)	(14,127,651,887)
Payments of dividends	36		(113,850,000,000)	(41,250,000,000)
<b>Net cash flows from financing activities</b>	<b>40</b>		<b>231,210,336,014</b>	<b>67,460,673,113</b>
<b>Net cash flows during the year (50 = 20 + 30 + 40)</b>	<b>50</b>		<b>(2,914,061,628)</b>	<b>(139,672,354,315)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>60</b>		<b>140,951,996,201</b>	<b>280,624,734,208</b>
<b>Effect of exchange rate fluctuations on cash and cash equivalents</b>	<b>61</b>		<b>(3,118,869)</b>	<b>(383,692)</b>
<b>Cash and cash equivalents at the end of the year (70 = 50 + 60 + 61)</b>	<b>70</b>	<b>5</b>	<b>138,034,815,704</b>	<b>140,951,996,201</b>

27 March 2019

Prepared by:



Ngo Quoc Van  
Accountant

Approved by:



Nguyen Ngoc Tam  
Head of Finance and Accounting Department



Tran Le Tuan  
Acting General Director

*The accompanying notes are an integral part of these financial statements*

**Danang Port Joint Stock Company**  
**Notes to the financial statements for the year ended 31 December 2018**

**Form B 09 – DN**

*(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)*

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

**1. Reporting entity**

**(a) Ownership structure**

Danang Port Joint Stock Company (“the Company”) is incorporated as a joint stock company in Vietnam through transformation of the ownership form from a State-owned one-member limited liability company to a joint stock company under Decision No. 216/QĐ-HHVN dated 6 May 2014 of the Members’ Council of Vietnam National Shipping Lines.

**(b) Principal activities**

In accordance with the Enterprise Registration Certificate of the Company, its registered activities comprise loading and unloading services, support services for waterway transportation and other transportation support services, warehousing and storage services, restaurant and catering services, trading of solid, liquid and gas fuels, retail sale of other goods in specialised shops and other services.

During the year, the Company’s principal activities include loading and unloading services, support services for waterway transportation and other transportation support services, warehousing and storage services.

**(c) Normal operating cycle**

The normal operating cycle of the Company is generally within 12 months.

As at 31 December 2018, the Company had 653 employees (1/1/2018: 645 employees).

**2. Basis of preparation**

**(a) Statement of compliance**

These financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

**(b) Basis of measurement**

The financial statements, except for the statement of cash flows, are prepared on the accrual basis using the historical cost concept. The statement of cash flows is prepared using the indirect method.

**(c) Annual accounting period**

The annual accounting period of the Company is from 1 January to 31 December.



**Danang Port Joint Stock Company**

**Notes to the financial statements for the year ended 31 December 2018 (continued)**

**Form B 09 – DN**

*(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)*

**(d) Accounting and presentation currency**

The Company's accounting currency is Vietnam Dong ("VND"), which is also the currency used for financial statement presentation purpose.

**3. Summary of significant accounting policies**

The following significant accounting policies have been adopted by the Company in the preparation of these financial statements.

**(a) Foreign currency transactions**

Transactions in currencies other than VND during the year have been translated into VND at actual rates of exchange ruling at the transaction dates.

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at the average of the account transfer buying rates and selling rates at the end of the accounting period quoted by the commercial bank where the Company most frequently conducts transactions.

All foreign exchange differences are recorded in the statement of income.

**(b) Cash and cash equivalents**

Cash comprises cash balances and call deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

**(c) Investments**

**(i) Held-to-maturity investments**

Held-to-maturity investments are those that the Company's Board of Directors have the intention and ability to hold until maturity. Held-to-maturity investments include term deposits at bank. These investments are stated at costs less allowance for doubtful debts.

**(ii) Investments in associates**

Investments in associates are initially recognized at cost which includes purchase price plus any directly attributable transaction costs. Subsequent to initial recognition, these investments are stated at cost less allowance for diminution in value. An allowance is made for diminution in investment value if the investee has suffered a loss, except where such a loss was anticipated by the Company's management before making the investment. The allowance is reversed if the investee subsequently made a profit that offsets the previous loss for which the allowance had been made. An allowance is reversed only to the extent that the investment's carrying amount does not exceed the carrying amount that would have been determined if no allowance had been recognised



**Danang Port Joint Stock Company****Notes to the financial statements for the year ended 31 December 2018 (continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)***(iii) Investments in equity instruments of other entities**

Investments in equity instruments of other entities are initially recognized at cost which include purchase price plus any directly attributable transaction costs. Subsequent to initial recognition, these investment are stated at cost less allowance for diminution in value. An allowance is made for diminution in investment values if the investee has suffered a loss, except where such a loss was anticipated by the Company's management before making the investment. The allowance is reversed if the investee subsequently made a profit that offsets the previous loss for which the allowance had been made. An allowance is reversed only to the extent that the investment's carrying amount does not exceed the carrying amount that would have been determined if no allowance had been recognised.

**(d) Accounts receivable**

Trade and other receivables are stated at cost less allowance for doubtful debts.

**(e) Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes all costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price of inventory items, less the estimated costs of completion and direct selling expenses.

The Company applies the perpetual method of accounting for inventories.

**(f) Tangible fixed assets****(i) Cost**

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition for its intended use. Expenditure incurred after tangible fixed assets have been put into operation, such as repair, maintenance and overhaul cost, is charged to the statement of income in the year in which the cost is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of tangible fixed assets beyond their originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets.

**(ii) Depreciation**

Depreciation is computed on a straight-line basis over the estimated useful lives of tangible fixed assets. The estimated useful lives are as follows:

▪ buildings and structures	5 – 30 years
▪ plant and machinery	4 – 20 years
▪ motor vehicles	5 – 10 years
▪ office equipment	3 – 8 years
▪ other assets	4 years



**Danang Port Joint Stock Company**

**Notes to the financial statements for the year ended 31 December 2018 (continued)**

**Form B 09 – DN**

*(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)*

**(g) Intangible fixed assets**

**(i) Land use rights**

Land use rights comprise those granted by the State for which land use payments are collected. Land use rights with indefinite term are stated at cost and not amortised.

**(ii) Software**

Cost of acquiring new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible asset. Software cost is amortised on a straight-line basis over 2 to 3 years.

**(h) Investment property held to earn rental**

**(i) Cost**

Investment property held to earn rental is stated at cost less accumulated depreciation. The initial cost of an investment property held to earn rental comprises its purchase price, cost of land use rights and any directly attributable expenditures of bringing the property to the condition necessary for it to be capable of operating in the manner intended by the Board of Directors. Expenditure incurred after the investment property held to earn rental has been put into operation, such as repairs and maintenance, is charged to the statement of income in the year in which the expenditure is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in future economic benefits in excess of the originally assessed standard of performance of the existing investment property held to earn rental, the expenditure is capitalised as an additional cost of the investment property held to earn rental.

**(ii) Depreciation**

Depreciation is computed on a straight-line basis over the estimated useful lives of investment property. The estimated useful lives are as follows:

- buildings and structures      25 years

**(i) Construction in progress**

Construction in progress represents the costs of construction and machinery which have not been fully completed or installed. No depreciation is provided for construction in progress during the period of construction and installation.

**(j) Long-term prepaid expenses**

***Tools and instruments***

Tools and instruments include assets held for use by the Company in the normal course of business whose costs of individual items are less than VND30 million and therefore not qualified for recognition as fixed assets under prevailing regulation. Cost of tools and instruments are amortised on a straight-line basis over a period ranging from 2 to 3 years.



**Danang Port Joint Stock Company**

**Notes to the financial statements for the year ended 31 December 2018 (continued)**

**Form B 09 – DN**

*(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)*

**(k) Trade and other payables**

Trade and other payables are stated at their cost.

**(l) Provisions**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

***Severance allowance***

Under the Vietnamese Labour Code, when an employee who has worked for 12 months or more (“the eligible employees”) voluntarily terminates his/her labour contract, the employer is required to pay the eligible employee severance allowance calculated based on years of service and employee’s compensation at termination. Provision for severance allowance has been provided based on employees’ years of service and their average salary for the six-month period prior to the end of the annual accounting period. For the purpose of determining the number of years of service by an employee, the period for which the employee participated in and contributed to unemployment insurance in accordance with prevailing laws and regulations and the period for which severance allowance has been paid by the Company are excluded.

**(m) Share capital**

***Ordinary shares***

Ordinary shares are stated at par value. The cash proceeds over and above the par value are recognised in share premium. Incremental costs directly attributable to the issue of shares, net of tax effects, are recognized as a deduction from share premium.



**(n) Taxation**

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of income except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the end of the annual accounting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities using the tax rates enacted or substantively enacted at the end of the annual accounting period.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**(o) Revenue and other incomes**

**(i) Goods sold**

Revenue from the sale of goods is recognised in the statement of income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods. Revenue on sales of goods is recognized at the net amount after deducting sales discounts stated on the invoice.

**(ii) Services rendered**

Revenue from services rendered is recognised in the statement of income after completion of the services. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

**(iii) Rental income**

Rental income from leased property is recognised in the statement of income on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income.

**(iv) Interest income**

Interest income is recognized on a time proportion basis with reference to the principal outstanding and the applicable interest rate.

**(v) Dividend income**

Dividend income is recognized when the right to receive dividend is established. Dividends received which are attributable to the period before investment acquisition date are deducted from the carrying amount of the investment.



**Danang Port Joint Stock Company**

**Notes to the financial statements for the year ended 31 December 2018 (continued)**

**Form B 09 – DN**

*(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)*

**(p) Operating lease payments**

Payments made under operating leases are recognised in the statement of income on a straight-line basis over the term of the lease. Lease incentives received are recognized in the statement of income as an integral part of the total lease expense.

**(q) Borrowing costs**

Borrowing costs are recognised as an expense in the year in which they are incurred, except where the borrowing costs relate to borrowings in respect of the construction of qualifying assets, in which case the borrowing costs incurred during the period of construction are capitalized as part of the cost of the assets concerned.

**(r) Earnings per share**

The Company presents basic earnings per share (“EPS”) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. As at 31 December 2018 and for the year then ended, the Company does not have dilutive potential shares. As a result, requirement to disclose diluted earnings per share is not applicable.

**(s) Segment reporting**

A segment is a distinguishable component of the Company that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Board of Directors determined that the Company primarily operates in two business segments, which are port related services and trade of petroleum products in one primary geographical segment which is Vietnam, with similar economic, political and regulatory conditions.

**(t) Related parties**

Parties are considered to be related to the Company if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or where the Company and the other party are subject to common control or significant influence. Related parties may be individuals or corporate entities and include close family members of any individual considered to be a related party.



**Danang Port Joint Stock Company**  
**Notes to the financial statements for the year ended 31 December 2018 (continued)**

**Form B 09 – DN**  
*(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)*

**4. Segment reporting**

The Company comprises the following main business segments:

- Provision of port related services;
- Trade of petroleum products.

	Provision of port related services		Trade of petroleum products		Total	
	2018	2017	2018	2017	2018	2017
	VND	VND	VND	VND	VND	VND
Total segment revenue	684,569,906,966	601,447,223,364	11,104,347,328	-	695,674,254,294	601,447,223,364
Segment results	233,282,102,342	213,894,078,990	954,895,257	-	234,236,997,599	213,894,078,990
Unallocated expenses					52,091,385,190	56,981,656,964
Results from operating activities					182,145,612,409	156,912,422,026
Other income					1,684,347,557	6,362,525,501
Other expenses					445,202,201	1,130,647,200
Income tax					35,900,551,007	30,577,992,235
Net profit after tax					147,484,206,758	131,566,308,092

**Danang Port Joint Stock Company**

**Notes to the financial statements for the year ended 31 December 2018 (continued)**

**Form B 09 – DN**  
(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)

	Provision of port related services		Trade of petroleum products		Total	
	31/12/2018	1/1/2018	31/12/2018	1/1/2018	31/12/2018	1/1/2018
	VND	VND	VND	VND	VND	VND
Segment assets	1,626,308,077,245	1,286,838,554,222	-	-	1,626,308,077,245	1,286,838,554,222
Total unallocated liabilities					401,876,648,118	416,487,606,006
Capital expenditure	282,302,066,850	505,508,550,928	-	-	282,302,066,850	505,508,550,928
Depreciation of tangible fixed assets	123,252,132,248	103,430,032,886	-	-	123,252,132,248	103,430,032,886
Amortization of intangible fixed assets	36,092,459	141,911,117	-	-	36,092,459	141,911,117
Depreciation of finance lease assets	5,799,996	5,799,996	-	-	5,799,996	5,799,996



**Danang Port Joint Stock Company****Notes to the financial statements for the year ended 31 December 2018 (continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)***5. Cash and cash equivalents**

	<b>31/12/2018 VND</b>	<b>1/1/2018 VND</b>
Cash on hand	190,707,258	192,708,305
Cash in banks	4,413,657,725	7,719,917,049
Cash equivalents	133,430,450,721	133,039,370,847
	<hr/>	<hr/>
	138,034,815,704	140,951,996,201

**6. Investments****(a) Held-to-maturity investments**

	<b>31/12/2018</b>		<b>1/1/2018</b>	
	<b>Cost VND</b>	<b>Fair value VND</b>	<b>Cost VND</b>	<b>Fair value VND</b>
Term deposits	179,760,217,808	183,255,017,508	1,200,000,000	1,254,383,333

Term deposits include deposits at commercial banks with terms ranging from 4 to 12 months and the interest rates ranging from 5.1% to 6.5% per annum (2017: 6.5% per annum).

Fair values of term deposits include costs of the deposit amount and accrued interest income as at 31 December 2018 and 1 January 2018 which were recognised as other receivables. The Board of Directors assessed that as these amount were deposited with a reputational bank in Vietnam and, therefore, were not impaired as at 31 December 2018 and 1 January 2018.

**Danang Port Joint Stock Company**  
**Notes to the financial statements for the year ended 31 December 2018 (continued)**

**Form B 09 – DN**  
*(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)*

**(b) Long-term investments**

	31/12/2018				1/1/2018						
	Address	Quantity	% of equity owned and voting rights	Cost VND	Allowance for diminution in value VND	Fair value VND	Quantity	% of equity owned and voting rights	Cost VND	Allowance for diminution in value VND	Fair value VND
Equity investments in:											
Associates											
• Da Nang Port Logistics Joint Stock Company (**)	Da Nang, Vietnam	1,943,924	45%	19,907,661,902	-	22,743,910,800	1,943,924	45%	19,907,661,902	-	28,186,898,000
• Da Nang Port Tugboat Joint Stock Company (***)	Da Nang, Vietnam	1,089,000	36%	10,182,151,247	-	(*)	990,000	36%	10,182,151,247	-	(*)
				30,089,813,149	-				30,089,813,149	-	
Other entities:											
• Vinalines Logistics Vietnam Joint Stock Company	Hanoi, Vietnam	200,000	1.41%	2,000,000,000	(982,636,200)	(*)	200,000	1.41%	2,000,000,000	(800,000,000)	(*)
• Vietnam Maritime Commercial Joint Stock Bank	Hanoi, Vietnam	190,658	0.02%	1,764,334,000	(960,000,000)	(*)	190,658	0.02%	1,764,334,000	(1,001,702,000)	(*)
				3,764,334,000	(1,942,636,200)				3,764,334,000	(1,801,702,000)	
				33,854,147,149	(1,942,636,200)				33,854,147,149	(1,801,702,000)	

(\*) The Company has not determined fair values of these long-term investments for disclosure in the financial statements because information about their market prices is not available and there is currently no guidance on determination of fair value using valuation techniques under Vietnamese Accounting Standards or the Vietnamese Accounting System for enterprises. There fair values of these investments may differ from their costs.

(\*\*) Fair values of these long-term investments are determined based on trading prices of shares on the UpCOM at the reporting date.

(\*\*\*) During the year, Da Nang Port Tugboat Joint Stock Company distributed share dividends equivalent to 10% of shares currently held by shareholders.



**Danang Port Joint Stock Company****Notes to the financial statements for the year ended 31 December 2018 (continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)***7. Accounts receivable from customers – short-term****Accounts receivable from customers detailed by significant customers and by customers who are related parties**

	<b>31/12/2018 VND</b>	<b>1/1/2018 VND</b>
<b>Related parties</b>		
Bien Dong Shipping Company Limited	5,043,522,167	2,867,340,842
Vinalines Container Shipping Company	1,461,935,026	2,711,999,586
Branch of Vietnam Ocean Shipping Agency Corporation – Da Nang Shipping Agency	766,102,806	393,955,020
<b>Third parties</b>		
Wanhai Lines Company Limited	6,504,891,975	5,383,268,173
Maersk Vietnam Limited	5,348,407,100	6,184,251,543
Thien Y Transport Maritime Service Co., Ltd.	4,657,423,126	-
VINAFCO Shipping Joint Stock Company	3,781,856,067	3,277,663,015
SITC Container Lines Company Limited	3,618,177,996	3,420,489,671
Other customers	59,448,333,369	44,876,801,736
	<b>90,630,649,632</b>	<b>69,115,769,586</b>

The amounts due from the related parties were unsecured, interest free and are due in 30 days from invoice dates.

**8. Other receivables**

	<b>31/12/2018 VND</b>	<b>1/1/2018 VND</b>
Accrued interest income	4,073,538,200	549,966,000
Advance	376,885,071	613,160,576
Receivables from employees	314,450,000	350,000,000
Dividends and profits receivable	140,000,000	140,000,000
Others	115,309,770	613,720,052
	<b>5,020,183,041</b>	<b>2,266,846,628</b>

**Danang Port Joint Stock Company**  
**Notes to the financial statements for the year ended 31 December 2018 (continued)**

**Form B 09 – DN**  
*(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)*

**9. Bad and doubtful debts**

	Overdue period	31/12/2018			Overdue period	1/1/2018		
		Cost VND	Allowance VND	Recoverable amount VND		Cost VND	Allowance VND	Recoverable amount VND
Hoa Phuong Do Transport Joint Stock Company	Over 3 years	70,059,000	70,059,000	-	Over 3 years	70,059,000	70,059,000	-
Tan Loc Xanh Joint Stock Company	Over 3 years	51,866,030	51,866,030	-	Over 3 years	51,866,030	51,866,030	-
THA Construction, Trading and Services Joint Stock Company	Over 3 years	110,000,000	110,000,000	-	Over 3 years	110,000,000	110,000,000	-
Long Bao An Production, Trading and Services Co., Ltd.	Over 3 years	37,371,000	37,371,000	-	Over 3 years	37,371,000	37,371,000	-
Nam Van Ly Co., Ltd.	Over 3 years	892,597,523	892,597,523	-	2 - 3 years	892,597,523	624,818,266	267,779,257
Green Field Joint Stock Company	Over 3 years	63,122,695	63,122,695	-	Over 3 years	63,122,695	63,122,695	-
Hai Nam Shipping Company Limited	Over 3 years	20,343,020	20,343,020	-	Over 3 years	20,343,020	20,343,020	-
Hong Hoang Hong Investment Joint Stock Company	Over 3 years	16,000,000	16,000,000	-	2 - 3 years	16,000,000	11,200,000	4,800,000
Dai Hiep Production, Trading and Services Co., Ltd.	-	-	-	-	1 - 2 years	361,609,866	180,804,933	180,804,933
Mr. Huynh Khong Thang Long Construction and Mining Investment Joint Stock Company	Over 3 years	41,124,454	41,124,454	-	2 - 3 years 6 months	41,124,454	28,787,118	12,337,336
Lung Lo - VCCP Investment Joint Stock Company	2 - 3 years	7,260,000	3,630,000	3,630,000	- 1 year	7,260,000	2,178,000	5,082,000
	1 - 2 years	88,672,320	44,336,160	44,336,160	-	-	-	-
<b>Of which:</b>		<b>1,398,416,042</b>	<b>1,350,449,882</b>	<b>47,966,160</b>		<b>1,671,353,588</b>	<b>1,200,550,062</b>	<b>470,803,526</b>
Allowance for doubtful debts – short-term			<u>1,350,449,882</u>				<u>1,200,550,062</u>	



**Danang Port Joint Stock Company****Notes to the financial statements for the year ended 31 December 2018 (continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)***10. Inventories**

	<b>31/12/2018</b>		<b>1/1/2018</b>	
	<b>Cost VND</b>	<b>Allowance VND</b>	<b>Cost VND</b>	<b>Allowance VND</b>
Raw materials	8,930,155,012	-	9,194,131,471	-
Tools and supplies	162,759,251	-	187,213,586	-
Merchandise inventories	89,952,812	-	159,085,696	-
	<hr/>		<hr/>	
	9,182,867,075	-	9,540,430,753	-
	<hr/>		<hr/>	

**Danang Port Joint Stock Company**

**Notes to the financial statements for the year ended 31 December 2018 (continued)**

**Form B 09 – DN**  
(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)

**11. Tangible fixed assets**

<b>Cost</b>	<b>Buildings and structures VND</b>	<b>Machinery and equipment VND</b>	<b>Motor vehicles VND</b>	<b>Office equipment VND</b>	<b>Others VND</b>	<b>Total VND</b>
Opening balance	616,108,208,828	559,336,680,241	94,854,550,689	10,414,089,083	1,817,615,236	1,282,531,144,077
Additions	-	562,600,000	1,791,818,184	1,053,860,063	-	3,408,278,247
Transfer from construction in progress	514,503,123,279	226,766,167,083	-	181,825,000	-	741,451,115,362
Closing balance	1,130,611,332,107	786,665,447,324	96,646,368,873	11,649,774,146	1,817,615,236	2,027,390,537,686
<b>Accumulated depreciation</b>						
Opening balance	438,491,671,615	347,236,864,988	92,474,237,922	10,094,029,583	1,769,227,845	890,066,031,953
Charge for the year	57,875,742,965	62,872,207,676	2,113,270,785	373,286,062	17,624,760	123,252,132,248
Closing balance	496,367,414,580	410,109,072,664	94,587,508,707	10,467,315,645	1,786,852,605	1,013,318,164,201
<b>Net book value</b>						
Opening balance	177,616,537,213	212,099,815,253	2,380,312,767	320,059,500	48,387,391	392,465,112,124
Closing balance	634,243,917,527	376,556,374,660	2,058,860,166	1,182,458,501	30,762,631	1,014,072,373,485

Included in tangible fixed assets were assets costing VND445,034 million which were fully depreciated as of 31 December 2018 (1/1/2018: VND376,073 million), but are still in active use.

At 31 December 2018 tangible fixed assets with a net book value of VND81,315 million (1/1/2018: VND111,411 million) were pledged with banks as security for loans granted to the Company (Note 21).



**Danang Port Joint Stock Company****Notes to the financial statements for the year ended 31 December 2018 (continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)***12. Intangible fixed assets**

	<b>Land use rights VND</b>	<b>Software VND</b>	<b>Total VND</b>
<b>Cost</b>			
Opening balance	100,560,170,987	2,722,900,000	103,283,070,987
Additions	-	268,700,000	268,700,000
Closing balance	100,560,170,987	2,991,600,000	103,551,770,987
<b>Accumulated amortization</b>			
Opening balance	-	2,722,900,000	2,722,900,000
Charge for the year	-	36,092,459	36,092,459
Closing balance	-	2,758,992,459	2,758,992,459
<b>Net book value</b>			
Opening balance	100,560,170,987	-	100,560,170,987
Closing balance	100,560,170,987	232,607,541	100,792,778,528

Included in intangible fixed assets were assets costing VND2,723 million which were fully amortised as of 31 December 2018 (1/1/2018: VND2,723 million), but which are still in use.

At 31 December 2018 intangible fixed assets with a net book value of VND49,514 million (1/1/2018: VND49,514 million) were pledged with banks as security for loans granted to the Company (Note 21).

**13. Investment property held to earn rental**

	<b>Buildings and structures VND</b>
<b>Cost</b>	
Opening and closing balance	145,000,000
<b>Accumulated depreciation</b>	
Opening balance	7,249,995
Charge for the year	5,799,996
Closing balance	13,049,991
<b>Net book value</b>	
Opening balance	137,750,005
Closing balance	131,950,009

The fair value of investment property held to earn rental has not been determined as the Company has not performed a valuation.

**14. Construction in progress**

	<b>2018 VND</b>	<b>2017 VND</b>
Opening balance	462,489,573,464	39,147,284,763
Additions during the year	284,905,749,560	573,936,595,283
Transfer to tangible fixed assets	(741,451,115,362)	(150,594,306,582)
Other decreases	(146,000,000)	-
Closing balance	5,798,207,662	462,489,573,464

Major constructions in progress were as follows:

	<b>31/12/2018 VND</b>	<b>1/1/2018 VND</b>
Logistics Center in Hoa Vang	5,464,269,026	5,464,269,026
Tien Sa Port Upgrading/Expansion Project - Phase 2	-	456,479,077,349
Others	333,938,636	546,227,089
	5,798,207,662	462,489,573,464



**Danang Port Joint Stock Company****Notes to the financial statements for the year ended 31 December 2018 (continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)***15. Prepaid expenses****(a) Short-term prepaid expenses**

	<b>31/12/2018</b> <b>VND</b>	<b>1/1/2018</b> <b>VND</b>
Prepaid insurance fees	877,468,205	742,406,326
Other short-term prepaid expenses	475,363,690	656,000,185
	<hr/>	<hr/>
	1,352,831,895	1,398,406,511

**(b) Long-term prepaid expenses**

	<b>Tools and instruments VND</b>
Opening balance	176,084,229
Additions	49,381,818
Amortization for the year	(150,161,766)
	<hr/>
Closing balance	75,304,281

**16. Accounts payable to suppliers****Accounts payable to suppliers detailed by significant suppliers and suppliers who are related parties**

	<b>Cost and amount within payment capacity</b>	
	<b>31/12/2018</b> <b>VND</b>	<b>1/1/2018</b> <b>VND</b>
<b>Related parties</b>		
Da Nang Port Tugboat Joint Stock Company	7,526,732,643	7,523,020,534
Da Nang Port Logistics Joint Stock Company	3,575,753,731	2,226,238,685
<b>Third parties</b>		
Phu Xuan Construction and Consultant JSC	56,614,078,218	54,408,034,794
Hanoi Water Construction Joint Stock Company	18,041,827,094	27,248,504,570
Huynh Thy Trading and Services Co., Ltd.	52,800,000	19,883,524,416
Other suppliers	10,153,681,572	6,033,592,931
	<hr/>	<hr/>
	95,964,873,258	117,322,915,930

The amounts due to the related parties were unsecured, interest free and are payable within 30 to 45 days from invoice date.

**Danang Port Joint Stock Company****Notes to the financial statements for the year ended 31 December 2018 (continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)***17. Advances from customers**

	<b>31/12/2018 VND</b>	<b>1/1/2018 VND</b>
MACS Maritime Joint Stock Company	5,246,566,142	11,209,538,319
Other customers	199,420,563	183,473,697
	<b>5,445,986,705</b>	<b>11,393,012,016</b>

**18. Taxes and others payable to State Treasury**

	<b>1/1/2018 VND</b>	<b>Incurred VND</b>	<b>Paid/ deducted VND</b>	<b>31/12/2018 VND</b>
Value added tax	-	68,500,684,372	(68,500,684,372)	-
Corporate income tax	2,961,864,918	36,505,358,022	(32,172,776,147)	7,294,446,793
Personal income tax	2,726,129,152	8,292,876,844	(8,802,011,156)	2,216,994,840
Land tax	-	5,712,853,036	(3,948,825,376)	1,764,027,660
Other taxes	-	2,003,330,903	(1,835,013,111)	168,317,792
	<b>5,687,994,070</b>	<b>121,015,103,177</b>	<b>(115,259,310,162)</b>	<b>11,443,787,085</b>

**19. Accrued expenses**

	<b>31/12/2018 VND</b>	<b>1/1/2018 VND</b>
Interest expense	1,516,952,820	1,132,621,017

**20. Other payables – short-term**

	<b>31/12/2018 VND</b>	<b>1/1/2018 VND</b>
Trade union fees	505,132,741	996,328,777
Subsidies for demolition and relocation	1,597,938,600	1,597,938,600
Subsidies for discontinued production to employees	382,427,460	382,427,460
Dividend payables	19,800,277,082	24,750,277,082
Others	864,382,176	534,719,050
	<b>23,150,158,059</b>	<b>28,261,690,969</b>



**Danang Port Joint Stock Company**  
**Notes to the financial statements for the year ended 31 December 2018 (continued)**

**Form B 09 – DN**  
*(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)*

**21. Borrowings**

	Movements during the year				31/12/2018
	1/1/2018	Addition	Repayment	Unrealised foreign exchange losses	
	Carrying amount VND	VND	VND	VND	Amount within repayment capacity VND
Long-term borrowings	194,156,358,917	116,161,675,000	(100,886,338,986)	2,484,948,917	211,916,643,848
					211,916,643,848
Terms and conditions of outstanding long-term borrowings were as follows:					
		Currency	Annual interest rate	Year of maturity	1/1/2018
					VND
Vietnam Development Bank – Da Nang Branch (unsecured borrowings)		JPY	2%	2024	71,318,033,917
Da Nang Development and Investment Fund (*)		VND	7%	2030	122,838,325,000
Amount repayable within 12 months					211,916,643,848
					(12,383,328,770)
Amount repayable after 12 months					199,533,315,078
					182,270,019,931

(\*) This borrowing was secured over certain tangible fixed assets and intangible fixed assets with a net book value of VND130,829 million as at 31 December 2018 (1/1/2018: VND160,925 million) (Note 11 and Note 12).

**Danang Port Joint Stock Company****Notes to the financial statements for the year ended 31 December 2018 (continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)***22. Provisions**

Movement of long-term provisions during the year were as follows:

	<b>Severance allowance VND</b>
Opening balance	3,245,078,124
Provision used during the year	(77,039,950)
Closing balance	<u>3,168,038,174</u>

**23. Bonus and welfare fund**

This fund is established by appropriating from retained profits as approved by shareholders at shareholders' meeting. This fund is used to pay bonus and welfare to the Company's employees in accordance with the Company's bonus and welfare policies. Movements of bonus and welfare fund during the year were as follows:

	<b>2018 VND</b>	<b>2017 VND</b>
Opening balance	12,322,344,016	11,953,296,736
Appropriation	13,588,630,810	14,320,997,047
Utilisation	(12,886,359,778)	(13,951,949,767)
Closing balance	<u>13,024,615,048</u>	<u>12,322,344,016</u>



**Danang Port Joint Stock Company**

**Notes to the financial statements for the year ended 31 December 2018 (continued)**

**Form B 09 – DN**  
(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)

**24. Changes in owners' equity**

	Share capital VND	Share premium (*) VND	Investment and development fund VND	Retained profits VND	Total VND
<b>Balance at 1/1/2017</b>	660,000,000,000	-	51,075,383,456	108,523,591,367	819,598,974,823
Net profit for the year	-	-	-	-	-
Appropriation to investment and development fund	-	-	-	131,566,308,092	131,566,308,092
Appropriation to bonus and welfare fund (Note 23)	-	-	61,202,594,320	(61,202,594,320)	-
Dividends (Note 26)	-	-	-	(14,320,997,047)	(14,320,997,047)
Other movements	-	-	-	(66,000,000,000)	(66,000,000,000)
	-	-	-	(493,337,652)	(493,337,652)
<b>Balance at 1/1/2018</b>	660,000,000,000	-	112,277,977,776	98,072,970,440	870,350,948,216
Shares issued	330,000,000,000	(215,000,000)	-	-	329,785,000,000
Net profit for the year	-	-	-	147,484,206,758	147,484,206,758
Appropriation to investment and development fund	-	-	44,884,339,630	(44,884,339,630)	-
Appropriation to bonus and welfare fund (Note 23)	-	-	-	(13,588,630,810)	(13,588,630,810)
Dividends (Note 26)	-	-	-	(108,900,000,000)	(108,900,000,000)
Other movements	-	-	-	(604,807,015)	(604,807,015)
<b>Balance at 31/12/2018</b>	990,000,000,000	(215,000,000)	157,162,317,406	77,579,399,743	1,224,526,717,149

(\*) This represents expenses directly attributable to the issuance of shares which were recognised as a deduction from share premium.



**Danang Port Joint Stock Company****Notes to the financial statements for the year ended 31 December 2018 (continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)***25. Share capital**

The Company's authorised and issued share capital are as follows:

	31/12/2018		1/1/2018	
	Number of shares	VND	Number of shares	VND
<b>Authorised share capital</b>	99,000,000	990,000,000,000	66,000,000	660,000,000,000
<b>Issued share capital</b>				
Ordinary shares	99,000,000	990,000,000,000	66,000,000	660,000,000,000
<b>Shares in circulation</b>				
Ordinary shares	99,000,000	990,000,000,000	66,000,000	660,000,000,000

All ordinary shares have a par value of VND10,000. Each share is entitled to one vote at meetings of the Company. Shareholders are entitled to receive dividend as declared from time to time. All ordinary shares are ranked equally with regard to the Company's residual assets.

Movements of shares during the year were as follows:

	2018		2017	
	Number of shares	VND	Number of shares	VND
Opening balance	66,000,000	660,000,000,000	66,000,000	660,000,000,000
Shares issued during the year	33,000,000	330,000,000,000	-	-
Closing balance	99,000,000	990,000,000,000	66,000,000	660,000,000,000

On 5 January 2018, the Company started to offer rights to purchase 33,000,000 shares additionally issued to existing shareholders at the ratio of 2:1 at the price equal to the par value of VND10,000 per share. The total of shares registered for purchase by existing shareholders was 32,959,870 and the remaining 40,130 shares were offered to some other existing shareholders. The issue of shares was completed on 5 April 2018.

**26. Dividends**

The General Meeting of Shareholders of the Company on 24 April 2018 resolved to distribute dividends for 2017 in cash amounting to VND72,600 million to the shareholders, in which VND33,000 million was paid in advance in December 2017.

On 17 August 2018 and 17 December 2018, the Board of Management of the Company resolved to make advance payment of the first and second instalment of dividends for 2018 amounting to VND69,300 million to the shareholders. These dividends had been fully paid at the date of these financial statements.



## **27. Investment and development fund**

Investment and development fund was appropriated from retained profits in accordance with the resolution of General Meeting of Shareholders. This fund was established for the purpose of future business expansion.

## **28. Off balance sheet items**

### **(a) Operating lease commitments**

The future minimum lease payments under non-cancellable operating leases were:

	<b>31/12/2018 VND</b>	<b>1/1/2018 VND</b>
Within one year	3,626,825,550	3,849,252,650
Within two to five years	14,507,302,200	15,397,010,600
More than five years	120,591,949,538	131,836,903,263
	<hr/>	<hr/>
	138,726,077,288	151,083,166,513
	<hr/>	<hr/>

### **(b) Foreign currencies**

	<b>31/12/2018</b>		<b>1/1/2018</b>	
	<b>Original currency</b>	<b>VND equivalent</b>	<b>Original currency</b>	<b>VND equivalent</b>
USD	22,653	523,705,943	7,692	174,238,707
JPY	44,000	8,866,000	-	-
		<hr/>		<hr/>
		532,571,943		174,238,707
		<hr/>		<hr/>

### **(c) Capital expenditure commitments**

As at the reporting date, the Company had the following outstanding capital commitments approved but not provided for in the balance sheet:

	<b>31/12/2018 VND</b>	<b>1/1/2018 VND</b>
Approved and contracted	90,921,290,232	340,981,208,490
	<hr/>	<hr/>

**Danang Port Joint Stock Company****Notes to the financial statements for the year ended 31 December 2018 (continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)***29. Revenue from sales of goods and provision of services**

Total revenue represents the gross value of goods sold and services rendered exclusive of value added tax.

	<b>2018 VND</b>	<b>2017 VND</b>
Total revenue		
▪ Sale of petrol and oil	11,104,347,328	-
▪ Provision of port related services	684,569,906,966	601,447,223,364
	<hr/>	<hr/>
	695,674,254,294	601,447,223,364
Less revenue deductions		
▪ Sales discounts	932,737,170	330,786,698
	<hr/>	<hr/>
Net revenue	694,741,517,124	601,116,436,666
	<hr/>	<hr/>

**30. Cost of sales**

	<b>2018 VND</b>	<b>2017 VND</b>
Total cost of sales:		
▪ Merchandise goods sold	10,149,452,071	-
▪ Services provided	450,355,067,454	387,560,830,887
▪ Reversal of allowance for inventories	-	(338,473,211)
	<hr/>	<hr/>
	460,504,519,525	387,222,357,676
	<hr/>	<hr/>

**31. Financial income**

	<b>2018 VND</b>	<b>2017 VND</b>
Interest income from deposits	14,562,457,430	8,692,132,946
Dividends	4,551,708,800	3,869,937,000
Realised foreign exchange gains	2,551,549,868	587,829,069
	<hr/>	<hr/>
	21,665,716,098	13,149,899,015
	<hr/>	<hr/>



**Danang Port Joint Stock Company****Notes to the financial statements for the year ended 31 December 2018 (continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)***32. Financial expenses**

	<b>2018 VND</b>	<b>2017 VND</b>
Interest expense	13,916,484,149	1,932,055,489
Provision/(reversal) of allowance for diminution in the value of investments	140,934,200	(40,000,000)
Realised foreign exchange losses	728,640,612	1,544,762,215
Unrealised foreign exchange losses	2,704,002,184	3,964,599,407
Other financial expenses	-	6,746,926
	<hr/>	<hr/>
	17,490,061,145	7,408,164,037

**33. General and administration expenses**

	<b>2018 VND</b>	<b>2017 VND</b>
Labour costs	33,124,591,828	32,092,393,493
Materials and office supplies	967,098,128	1,244,816,354
Depreciation	912,218,164	1,348,667,687
Taxes, charges and fees	558,931,315	351,720,419
Outside services	1,287,573,212	2,019,204,099
Allowance for doubtful debts	149,899,820	115,861,198
Severance allowance	-	2,950,000,000
Others	16,217,323,760	19,957,707,802
	<hr/>	<hr/>
	53,217,636,227	60,080,371,052

**34. Other income**

	<b>2018 VND</b>	<b>2017 VND</b>
Receipt of insurance compensation	1,315,027,772	546,678,904
Gains from disposal of fixed assets	-	3,842,723,522
Bonus for ship unloading capacity	144,372,178	1,313,148,727
Others	224,947,607	659,974,348
	<hr/>	<hr/>
	1,684,347,557	6,362,525,501

**Danang Port Joint Stock Company****Notes to the financial statements for the year ended 31 December 2018 (continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)***35. Trading and business costs by element**

	<b>2018 VND</b>	<b>2017 VND</b>
Raw material costs included in production costs	26,189,186,891	25,342,413,505
Labour costs	182,907,210,023	165,992,712,731
Depreciation and amortisation	123,294,024,703	103,577,743,999
Outside services	117,659,423,174	97,224,472,661
Other expenses	56,503,129,922	57,772,070,625

**36. Income tax****(a) Reconciliation of effective tax rate**

	<b>2018 VND</b>	<b>2017 VND</b>
Accounting profit before tax	183,384,757,765	162,144,300,327
Tax at the Company's tax rate	36,676,951,553	32,428,860,065
Non-deductible expenses	126,227,079	36,160,864
Change in temporary differences	7,714,135	(1,113,041,294)
Tax exempt income	(910,341,760)	(773,987,400)
	<b>35,900,551,007</b>	<b>30,577,992,235</b>

**(b) Applicable tax rates**

Under the terms of the Law on Corporate Income Tax, the Company has an obligation to pay the government income tax at the rate of 20% on taxable profits.



**Danang Port Joint Stock Company****Notes to the financial statements for the year ended 31 December 2018 (continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)***37. Basic earnings per share**

The calculation of basic earnings per share for the year ended 31 December 2018 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

**(i) Basic earnings per share**

	<b>2018</b>	<b>2017 (Restated)</b>
Profits during the year (VND)	147,484,206,758	131,566,308,092
Appropriation to bonus and welfare fund (VND) (*)	-	-
Net profit attributable to ordinary shareholders (VND)	147,484,206,758	131,566,308,092
Weighted average number of ordinary shares in circulation for the year (shares)	90,841,667	80,868,132
Basic earnings per share (VND)	1,624	1,627

(\*) At 31 December 2018, the Company had not estimated reliably the amount of profit for the year ended 31 December 2018 which can be appropriated to the bonus and welfare fund. Had the Company appropriated net profit to bonus and welfare fund for the year ended 31 December 2018, net profit attributable to ordinary shareholders and basic earnings per share would have been decreased.

At 31 December 2018, the Company did not have dilutive potential ordinary shares.

**(ii) Weighted average number of ordinary shares**

	<b>2018</b>	<b>2017 (Restated)</b>
Issued ordinary shares at the beginning of the year	66,000,000	66,000,000
Effect of shares issued in the year	24,841,667	14,868,132
Weighted average number of ordinary shares	90,841,667	80,868,132

**Danang Port Joint Stock Company****Notes to the financial statements for the year ended 31 December 2018 (continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)***(iii) Restatement of the weighted average number of ordinary shares and basic earnings per share for the year ended 31 December 2017**

During 2018, the Company issued 33 million ordinary shares to existing shareholders at par value of VND10,000 per share, which was lower than the market value of shares in circulation. Therefore, this is considered as a bonus element in issuance of shares. Accordingly, there was a change in the weighted average number of ordinary shares for the year ended 31 December 2017 used for calculation of basic earnings per share for the year ended 31 December 2017.

Basic earnings per share for the year ended 31 December 2017 were restated as follows:

	<b>Weighted average number of ordinary shares Number of shares (Restated)</b>	<b>Basic earnings per share VND (Restated)</b>
As previously reported	66,000,000	1,993
Adjustment for the effect of offering shares to existing shareholders at par value lower than market value of shares	14,868,132	(366)
Restated	80,868,132	1,627

**38. Significant transactions with related parties**

In addition to related party balances disclosed in other notes to the financial statements, the Company had the following significant transactions with related parties during the year:

	<b>Transaction value</b>	
	<b>2018 VND</b>	<b>2017 VND</b>
<b>Parent company</b>		
<i>Vietnam National Shipping Lines</i>		
Dividends announced and paid	71,575,000,000	24,750,000,000
<b>Related parties</b>		
<i>Da Nang Port Logistics Joint Stock Company</i>		
Sales of goods and provisions of services	3,617,752,423	3,708,416,475
Purchase of goods and services	26,086,195,211	22,737,769,840
Dividends received	2,332,708,800	1,619,937,000
Purchase of additional shares	-	3,239,870,000



**Danang Port Joint Stock Company****Notes to the financial statements for the year ended 31 December 2018 (continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)*

	<b>Transaction value</b>	
	<b>2018</b>	<b>2017</b>
	<b>VND</b>	<b>VND</b>
<b><i>Da Nang Port Tugboat Joint Stock Company</i></b>		
Sales of goods and provisions of services	4,183,023,211	239,342,545
Purchase of goods and services	55,737,226,861	50,377,481,589
Dividends received	2,079,000,000	1,890,000,000
<b><i>Vinalines Logistics Vietnam JSC</i></b>		
Dividends received	140,000,000	360,000,000
<b><i>Bien Dong Shipping Company Limited</i></b>		
Provisions of services	17,429,615,480	19,460,374,880
<b><i>Vinalines Container Shipping Company</i></b>		
Provisions of services	2,878,080,095	11,453,538,156
<b><i>Vietnam Ocean Shipping Joint Stock Company (VOSCO)</i></b>		
Provisions of services	17,580,000	622,175,479
<b><i>Branch of Vietnam Ocean Shipping Agency Corporation – Da Nang Shipping Agency</i></b>		
Provisions of services	7,097,249,806	5,530,930,444
<b><i>General Director</i></b>		
Salary and bonus	1,110,697,499	1,382,919,453
<b><i>Other members of Board of Directors</i></b>		
Salary and bonus	1,741,405,831	1,987,384,753
<b><i>Members of Board of Management and Supervisory Board</i></b>		
Salary and bonus	1,174,640,326	1,034,929,671
Compensation	396,000,000	371,850,000

**Danang Port Joint Stock Company**

**Notes to the financial statements for the year ended 31 December 2018 (continued)**

**Form B 09 – DN**

*(Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance)*

**39. Corresponding figures**

Except for the adjustment of basic earnings per share for the year ended 31 December 2017 as described in Note 37, corresponding figures as at 1 January 2018 were derived from the balances and amounts reported in the Company's financial statements as at and for the year ended 31 December 2017.

27 March 2019

Prepared by:



Ngo Quoc Van  
Accountant

Approved by:



Nguyen Ngoc Tam  
Head of Finance and Accounting Department



Tran Le Tuan  
Acting General Director

