



**DANANG PORT
JOINT STOCK COMPANY**
Interim financial statements
For the 6-month period ended 30/6/2019

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REPORT OF THE MANAGEMENT

The Management of Danang Port Joint Stock Company presents this report together with the reviewed interim financial statements for the six-month period ended 30/06/2019.

Overview

Danang Port Joint Stock Company ("the Company") is incorporated through transformation of the ownership form from a State-owned one-member limited liability company to a joint stock company under Decision No. 216/QD-HHVN dated 06/05/2014 of the Members' Council of Vietnam National Shipping Lines. The Company is an independent accounting entity, operating in accordance with the Enterprise Registration Certificate No. 3204000379 dated 01/04/2008 by the Department of Planning and Investment of Da Nang City (this Enterprise Registration Certificate has been amended 6 times and the most recent amendment was made on 14/02/2019 with the enterprise code 0400101972), the Enterprise Law, its Charter and other relevant regulations.

The Company was approved to list its common shares on Hanoi Stock Exchange - HNX under Decision No. 746/QD-SGDHN dated 17/11/2016 by the General Director of Hanoi Stock Exchange with the code CDN. Official trading date of the shares was 30/11/2016.

Charter capital as per the Enterprise Registration Certificate: VND990,000,000,000.

Paid-up capital as at 30/06/2019: VND990,000,000,000.

Head office

- Address: 26 Bach Dang Street, Thach Thang Ward, Hai Chau District, Da Nang City.
- Phone number: (84) 236.3822565
- Fax: (84) 236.3822565
- Email: Cangdn@danangport.com

Principal activities

- Cargo handling. Detail: Land cargo handling. Harbor cargo handling. Riverport cargo handling;
- Service activities incidental to water transportation. Detail: Service activities incidental to sea and coastal water transport. Service activities incidental to inland water transport;
- Other transportation support activities. Detail: Shipping agency services. Sea transport agency services. Trading in port and harbor services; Seagoing vessels towage and support services; Maintenance, tally and delivery of cargoes. Logistics Services; Trading in multimodal transport;
- Warehousing and storage. Detail: Warehousing and storage of goods in bonded warehouses. Warehousing and storage of goods in refrigerated warehouses. Warehousing and storage of goods in other warehouses;
- Restaurants and mobile food service activities;
- Provision of food services based on contractual arrangements with the customer (at parties, conferences, weddings, etc.);
- Other food service activities;
- Wholesale of solid, liquid and gaseous fuels and related products. Detail: Wholesale of crude oil; Wholesale of petroleum, oil and related products;

REPORT OF THE MANAGEMENT (cont'd)

- Other retail sale of new goods in specialized stores. Detail: Retail sale of souvenirs, wicker goods, handicrafts; Retail sale of paintings, pictures and other artworks (except antiques); Retail sale of household fuel oil, bottled gas, coal; Other retail sale of new goods n.e.c.;
- Manufacture of lifting and handling equipment (not operating at the head office);
- Repair of fabricated metal products (Not stamping, cutting, bending, welding and painting at the head office);
- Repair of machinery and equipment (Not stamping, cutting, bending, welding and painting at the head office);
- Repair of electronic and optical equipment;
- Repair of electrical equipment;
- Repair and maintenance of transport equipment (except automobiles, motorbikes, mopeds and other motor vehicles) (Not stamping, cutting, bending, welding and painting at the head office);
- Repair of other equipment;
- Installation of industrial machinery and equipment;
- Maintenance and repair of automobiles and other motor vehicles (Not stamping, cutting, bending, welding and painting at the head office);
- Retail sale of automotive fuel in specialized stores;
- Construction of buildings;
- Construction of other civil engineering projects;
- Trading in own or rented property and land use rights;
- Service activities incidental to rail transportation and land transportation;
- Renting and leasing of motor vehicles;
- Other remaining business support service activities n.e.c.;
- Short-term accommodation activities. Detail: Trading in tourist accommodation, tourist guest houses;
- Other accommodation;
- Freight transport by road. Detail: Trading in freight transport by auto.

Employees

As at 30/06/2019, the Company had 646 employees including 3 managing officers.

Members of the Board of Directors, Board of Supervisors, Management and Manager of Finance and Accounting Department during the period and up to this reporting date are as follows:

Board of Directors

- | | | |
|-------------------------|----------|---|
| • Mr. Tran Le Tuan | Chairman | Appointed on 16/02/2017 |
| • Mr. Nguyen Huu Sia | Chairman | Appointed on 25/07/2014
Resigned on 01/02/2019 |
| • Mr. Nguyen Quang Dung | Member | Appointed on 19/06/2019 |
| • Mr. Vu Quyet Thang | Member | Appointed on 19/06/2019 |

REPORT OF THE MANAGEMENT (cont'd)

• Mr. Phan Bao Loc	Non-executive member	Appointed on 27/06/2019
• Mr. Le Quang Duc	Member	Reappointed on 19/06/2019
• Ms. Nguyen Thi Yen	Member	Appointed on 19/06/2019
• Mr. Luong Dinh Minh	Member	Appointed on 17/02/2017 Resigned on 19/06/2019
• Mr. Tran Tuan Hai	Member	Appointed on 25/07/2014 Resigned on 19/06/2019

Board of Supervisors

• Ms. Phan Thi Nhi Ha	Chief Supervisor	Reappointed on 19/06/2019
• Ms. Tran Thi Kieu Oanh	Supervisor	Reappointed on 19/06/2019
• Ms. Nguyen Quang Phat	Supervisor	Appointed on 19/06/2019
• Mr. Le Duy Duong	Supervisor	Appointed on 26/04/2016 Resigned on 19/06/2019

Management and Manager of Finance and Accounting Department

• Mr. Tran Le Tuan	Acting General Director	Appointed on 02/02/2019
• Mr. Duong Duc Xuan	Vice General Director	Appointed on 20/05/2016
• Mr. Le Quang Duc	Vice General Director	Appointed on 25/07/2014
• Mr. Nguyen Ngoc Tam	Manager of Finance and Accounting Department	Appointed on 01/04/2016

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, Da Nang City; Telephone: (84) 0236.3655886; 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;
- 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.

REPORT OF THE MANAGEMENT (cont'd)

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 30/06/2019 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



[Signature]
Trần Lê Tuan
Acting General Director

Da Nang 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. 954/BCSX-AAC

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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

We have reviewed the accompanying interim financial statements which were prepared on 31/07/2019 of Danang Port Joint Stock Company ("the Company") as attached from page 7 to page 36 and comprise the interim balance sheet as at 30/06/2019, the interim income statement, interim statement of cash flows for the first 6 months of 2019 and notes to the interim financial statements.

Management' 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 30/06/2019, 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.

Other Matter

The Company's interim financial statements for the first 6 months of 2018 and the financial statements for the year 2018 were reviewed and audited by another auditor. In these reports, the preceding auditor expressed an unqualified opinion.



AAC Auditing and Accounting Co., Ltd.

Lam Quang Tu – Deputy General Director

Audit Practicing Registration Certificate

No. 1031-2018-010-1

Da Nang 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		509,938,179,710	473,510,432,353
I. Cash and cash equivalents	110	5	70,974,372,937	138,034,815,704
1. Cash	111		12,393,595,641	4,604,364,983
2. Cash equivalents	112		58,580,777,296	133,430,450,721
II. Short-term financial investments	120		264,116,480,884	179,760,217,808
1. Trading securities	121		-	-
2. Held-to-maturity investments	123	6a	264,116,480,884	179,760,217,808
III. Short-term receivables	130		121,467,071,175	97,310,360,889
1. Short-term trade receivables	131	7	114,884,042,476	90,630,649,632
2. Short-term prepayments to suppliers	132	8	3,167,993,756	3,009,978,098
3. Other short-term receivables	136	9	4,306,300,665	5,020,183,041
4. Provision for short-term doubtful receivables	137	10	(891,265,722)	(1,350,449,882)
IV. Inventories	140	11	11,102,411,967	9,182,867,075
1. Inventories	141		11,102,411,967	9,182,867,075
2. Provision for decline in value of inventories	149		-	-
V. Other current assets	150		42,277,842,747	49,222,170,877
1. Short-term prepaid expenses	151	12.a	2,407,335,204	1,352,831,895
2. Deductible VAT	152		39,870,507,543	47,869,338,982
B. LONG-TERM ASSETS	200		1,101,826,727,310	1,152,892,932,914
I. Long-term receivables	210		-	-
II. Fixed assets	220		1,063,404,368,773	1,114,865,152,013
1. Tangible fixed assets	221	13	962,528,034,869	1,014,072,373,485
- Cost	222		2,038,243,047,126	2,027,390,537,686
- Accumulated depreciation	223		(1,075,715,012,257)	(1,013,318,164,201)
2. Intangible fixed assets	224	14	100,876,333,904	100,792,778,528
- Cost	225		103,682,570,987	103,551,770,987
- Accumulated amortization	226		(2,806,237,083)	(2,758,992,459)
III. Investment properties	230	15	129,050,011	131,950,009
- Cost	231		145,000,000	145,000,000
- Accumulated depreciation	232		(15,949,989)	(13,049,991)
IV. Long-term assets in progress	240		6,186,681,299	5,798,207,662
1. Long-term work in process	241		-	-
2. Construction in progress	242	16	6,186,681,299	5,798,207,662
V. Long-term financial investments	250		31,911,510,949	31,911,510,949
1. Investments in joint ventures, associates	252	6b	30,089,813,149	30,089,813,149
2. Equity investments in other entities	253	6b	3,764,334,000	3,764,334,000
3. Provision for long-term financial investments	254	6b	(1,942,636,200)	(1,942,636,200)
VI. Other long-term assets	260		195,116,278	186,112,281
1. Long-term prepaid expenses	261	12.b	84,308,278	75,304,281
2. Long-term tools, supplies and spare parts	263		110,808,000	110,808,000
TOTAL ASSETS	270		1,611,764,907,020	1,626,403,365,267

INTERIM BALANCE SHEET (cont'd)

As at 30 June 2019

RESOURCES	Code	Note	30/06/2019 VND	01/01/2019 VND
C. LIABILITIES	300		313,168,208,445	401,876,648,118
I. Current liabilities	310		115,071,864,237	199,175,294,866
1. Short-term trade payables	311	17	21,481,266,338	95,964,873,258
2. Short-term advances from customers	312	18	3,075,568,517	5,445,986,705
3. Taxes and amounts payable to the State Budget	313	19	11,560,617,067	11,443,787,086
4. Payables to employees	314		36,685,938,934	36,227,093,120
5. Short-term accrued expenses	315	20	1,476,191,206	1,516,952,820
6. Short-term unearned revenue	318		78,909,091	18,500,000
7. Other short-term payables	319	21	3,816,099,309	23,150,158,059
8. Short-term loans and finance lease liabilities	320	22a	12,852,708,009	12,383,328,770
9. Provision for short-term payables	321		1,150,309,091	-
10. Reward and welfare fund	322		22,894,256,675	13,024,615,048
II. Long-term liabilities	330		198,096,344,208	202,701,353,252
1. Long-term loans and finance lease liabilities	338	22.b	194,984,478,034	199,533,315,078
2. Provision for long-term payables	342	23	3,111,866,174	3,168,038,174
D. EQUITY	400		1,298,596,698,575	1,224,526,717,149
I. Owners' equity	410		1,298,596,698,575	1,224,526,717,149
1. Share capital	411	24	990,000,000,000	990,000,000,000
- Common shares with voting rights	411a		990,000,000,000	990,000,000,000
- Preferred shares	411b		-	-
2. Share premium	412	24	(215,000,000)	(215,000,000)
3. Development investment fund	418	24	179,932,610,473	157,162,317,406
4. Undistributed profit after tax	421	24	128,879,088,102	77,579,399,743
- Undistributed profit up to prior year-end	421a		39,600,000,000	-
- Undistributed profit this period	421b		89,279,088,102	77,579,399,743
II. Budget sources and other funds	430		-	-
TOTAL RESOURCES	440		1,611,764,907,020	1,626,403,365,267



Tran Le Tuan
Acting General Director

Da Nang City, 31 July 2019

Nguyen Ngoc Tam
Manager of Finance and Accounting Department

Ngô Quốc Văn
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	25	374,110,223,690	330,603,760,601
2. Revenue deductions	02		34,956,550	-
3. Net revenue from sales and service provision	10		374,075,267,140	330,603,760,601
4. Cost of goods sold	11	26	238,858,408,309	214,572,013,547
5. Gross profit from sales and service provision	20		135,216,858,831	116,031,747,054
6. Financial income	21	27	11,822,133,594	9,971,911,192
7. Financial expenses	22	28	8,110,458,452	8,750,128,974
Including : Interest expense	23		5,808,474,255	7,251,853,912
8. Selling expenses	25	29.a	1,315,727,408	1,160,514,482
9. General and corporate administration expenses	26	29.b	27,629,527,216	24,178,783,485
10. Net operating profit	30		109,983,279,349	91,914,231,305
11. Other income	31		570,358,327	153,100,523
12. Other expenses	32		38,816,762	210,483,602
13. Other profit	40		531,541,565	(57,383,079)
14. Accounting profit before tax	50		110,514,820,914	91,856,848,226
15. Current corporate income tax expense	51	30	21,235,732,812	18,520,069,229
16. Deferred corporate income tax expense	52		-	-
17. Profit after corporate income tax	60		89,279,088,102	73,336,778,997
18. Basic earnings per share	70	31	902	895
19. Diluted earnings per share	71	31	902	895



Tran Le Tuan
Acting General Director

Da Nang City, 31 July 2019

Nguyen Ngoc Tam
Manager of Finance and Accounting Department

Ngo Quoc Van
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		110,514,820,914	91,856,848,226
2. Adjustments for				
- Depreciation and amortization	02	13,14,15	62,446,992,678	58,256,455,136
- Provisions	03		634,952,931	4,238,154,926
- Unrealized foreign exchange gains/losses	04	28	2,131,565,326	1,002,881,990
- Profits/losses from investing activities	05	27	(11,534,712,667)	(9,470,932,406)
- Interest expense	06	28	5,808,474,255	7,251,853,912
3. Operating profit before changes in working capital	08		170,002,093,437	153,135,261,784
- Increase/decrease in receivables	09		(14,990,772,108)	(27,447,116,695)
- Increase/decrease in inventories	10	11	(1,919,544,892)	(124,180,795)
- Increase/decrease in payables (exclusive of interest payable, income tax payable)	11		(5,260,642,308)	2,938,868,122
- Increase/decrease in prepaid expenses	12	12	(1,063,507,306)	(300,757,403)
- Interest paid	14	20,28	(5,849,235,869)	(6,573,190,839)
- Corporate income tax paid	15	19	(17,402,236,074)	(11,572,272,859)
- Other cash payments for operating activities	17		(5,339,465,050)	(4,522,184,030)
Net cash provided by operating activities	20		118,176,689,830	105,534,427,285
II. Cash flows from investing activities				
1. Purchases of fixed assets and other long-term assets	21	13,14,15,16	(87,492,664,528)	(211,907,192,996)
2. Cash paid for loans, acquisition of debt instruments	23	6a	(264,116,480,884)	(206,679,300,000)
3. Recovery of loans, resales of debt instruments	24	6a	179,760,217,808	1,200,000,000
4. Received loan interest, dividends, profits	27	9,27	12,600,968,667	7,200,036,906
Net cash used in operating activities	30		(159,247,958,937)	(410,186,456,090)
III Cash flows from financing activities				
1. Proceeds from stock issuance, capital contribution	31		-	329,785,000,000
2. Proceeds from borrowings	33		-	92,161,675,000
3. Repayment of loan principals	34	22	(6,191,664,385)	(11,880,669,493)
4. Dividends, profit paid to owners	36	21,24c	(19,800,000,000)	(64,350,000,000)
Net cash used in financing activities	40		(25,991,664,385)	345,716,005,507
Net cash flows for the period	50		(67,062,933,492)	41,063,976,702
Cash and cash equivalents at the beginning of the period	60	5	138,034,815,704	140,951,996,201
Impacts of exchange rate fluctuations	61		2,490,725	1,547,000
Cash and cash equivalents at the end of the period	70	5	70,974,372,937	182,017,519,903



Tran Le Tuan
Acting General Director

Da Nang City, 31 July 2019

Nguyen Ngoc Tam
Manager of Finance and Accounting Department

Ngô Quốc Văn
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 Port Joint Stock Company ("the Company") is incorporated through transformation of the ownership form from a State-owned one-member limited liability company to a joint stock company under Decision No. 216/QD-HHVN dated 06/05/2014 of the Members' Council of Vietnam National Shipping Lines. The Company is an independent accounting entity, operating in accordance with the Enterprise Registration Certificate No. 3204000379 dated 01/04/2008 by the Department of Planning and Investment of Da Nang City (this Enterprise Registration Certificate has been amended 6 times and the most recent amendment was made on 14/02/2019 with the enterprise code 0400101972), the Enterprise Law, its Charter and other relevant regulations.

The Company was approved to list its common shares on Hanoi Stock Exchange - HNX under Decision No. 746/QD-SGDHN dated 17/11/2016 by the General Director of Hanoi Stock Exchange with the code CDN. Official trading date of the shares was 30/11/2016.

Charter capital as per the Enterprise Registration Certificate: VND990,000,000,000.

Paid-up capital as at 30/06/2019: VND990,000,000,000.

1.2. Principal scope of business: Cargo handling, Service activities incidental to water transportation and other transportation support activities, warehousing and storage services.

1.3. Operating activities

- Cargo handling. Detail: Land cargo handling. Harbor cargo handling. Riverport cargo handling;
- Service activities incidental to water transportation. Detail: Service activities incidental to sea and coastal water transport. Service activities incidental to inland water transport;
- Other transportation support activities. Detail: Shipping agency services. Sea transport agency services. Trading in port and harbor services; Seagoing vessels towage and support services; Maintenance, tally and delivery of cargoes. Logistics Services; Trading in multimodal transport;
- Warehousing and storage. Detail: Warehousing and storage of goods in bonded warehouses. Warehousing and storage of goods in refrigerated warehouses. Warehousing and storage of goods in other warehouses;
- Restaurants and mobile food service activities;
- Provision of food services based on contractual arrangements with the customer (at parties, conference, wedding, etc.);
- Other food service activities;
- Wholesale of solid, liquid and gaseous fuels and related products. Detail: Wholesale of crude oil; Wholesale of petroleum, oil and related products;
- Other retail sale of new goods in specialized stores. Detail: Retail sale of souvenirs, wicker goods, handicrafts; Retail sale of paintings, pictures and other artworks (except antiques); Retail sale of household fuel oil, bottled gas, coal; Other retail sale of new goods n.e.c.;
- Manufacture of lifting and handling equipment (not operating at the head office);

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

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

- Repair of fabricated metal products (Not stamping, cutting, bending, welding and painting at the head office);
- Repair of machinery and equipment (Not stamping, cutting, bending, welding and painting at the head office);
- Repair of electronic and optical equipment;
- Repair of electrical equipment;
- Repair and maintenance of transport equipment (except automobiles, motorbikes, mopeds and other motor vehicles) (Not stamping, cutting, bending, welding and painting at the head office);
- Repair of other equipment;
- Installation of industrial machinery and equipment;
- Maintenance and repair of automobiles and other motor vehicles (Not stamping, cutting, bending, welding and painting at the head office);
- Retail sale of automotive fuel in specialized stores;
- Construction of buildings;
- Construction of other civil engineering project;
- Trading in own or rented property and land use rights;
- Service activities incidental to rail transportation and land transportation;
- Renting and leasing of motor vehicles;
- Other remaining business support service activities n.e.c.;
- Short-term accommodation activities. Detail: Trading in tourist accommodation, tourist guest houses;
- Other accommodation;
- Freight transport by road. Detail: Trading in freight transport by auto.

1.4. Normal course of business cycle

The Company's normal course of business cycle is 12 months.

1.5. Enterprise structure

The Company has 1 dependent entity, which is Tien Sa Port Enterprise and 2 associates as follows:

- Danang Port Logistics Joint Stock Company;
- Danang Port Tugboat Joint Stock Company.

2. Accounting period, currency used in accounting

The annual accounting period of the Company is from 1 January to 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 Vietnam Dong (VND).

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

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

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.

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 period 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 accounting period.

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 Financial investments

Held-to-maturity investments

Held-to-maturity investments are term deposits (including treasury bills, promissory notes), held-to-maturity loans to earn profits periodically and other held to maturity investments.

Held-to-maturity investments are recorded at book value upon revaluation. Provision for loss of held-to-maturity investments shall be recorded as a decrease directly in the book value of investments.

In case where held-to-maturity investments are monetary items denominated in foreign currencies, they are revaluated using the buying rate of the commercial bank where the Company regularly conducts transactions at the time of the financial statements.

Investments in associates and long-term equity investments in other companies

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the associate but not control or joint control over those policies. An entity is considered as an associate if the Company holds (directly or indirectly) from 20% to under 50% voting shares of the entity.

Long-term equity investments in other companies are investments which the Company has no power to control or joint control, no significant influence over the investees.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

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

Investments in associates and long-term equity investments in other companies are stated at cost less provision. Dividends and profits received in money or non-monetary asset for the period before the investment date shall be recorded as a decrease in value of the investments.

Provision

Provision for investments in associates is made if these investments are impaired or the investees suffer losses leading to the irrecoverability of the Company's investments. Provision for long-term investments in form of capital contribution in other companies is made as follows:

- If an investment in listed shares or the fair value of the investment is determined reliably, the provision shall be made based on market value of the shares;
- If the market value of the shares is not identifiable, the provision shall be made based on the loss reported in the financial statements of the investee.

With regards to the investees who are required to prepare the consolidated financial statements, the provision is made based on the consolidated financial statements. For other cases, the provision is made based on the financial statements of the investees.

4.4 Receivables

Receivables include trade receivables and other receivables:

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

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... Provision is made as guided by Circular No. 228/2009/TT-BTC dated 07/12/2009 of the Ministry of Finance.

4.5 Inventories

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

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

Cost of inventories comprises costs of purchase, costs of conversion and any directly attributable costs of bringing the inventories to their present location and condition.

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 07/12/2009 by the Ministry of Finance.

4.6 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

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

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

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 25/04/2013 by the Ministry of Finance. Details are as follows:

<u>Kinds of asset</u>	<u>Depreciation period (years)</u>
Buildings, architectures	5 – 30
Machinery, equipment	4 – 20
Motor vehicles	5 – 10
Office equipment	3 – 8
Other fixed assets	4

4.7 Intangible fixed assets

Cost

Intangible fixed assets are stated at cost less accumulated amortization.

The cost of intangible fixed 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 are land use rights including:

- 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 2013 and being granted with certificate of land use right by the competent authority.

The cost of land use right includes all the costs directly attributable to the putting of land into the ready-for-use state.

Amortization

Intangible fixed assets being land use rights with indefinite term are not amortized.

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 25/04/2013 by the Ministry of Finance.

The amortization period of intangible fixed assets of the Company is as follows:

<u>Kinds of asset</u>	<u>Amortization period (years)</u>
Computer software	2 – 3

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

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

4.8 Investment properties

Investment property held to be leased out under an operating lease is stated at cost less accumulated depreciation. Investment property held for capital appreciation is reflected at net of book value and impairment losses.

The depreciation policy of investment property held to be leased out under an operating lease is performed consistently with the depreciation policy of the same kind of fixed assets of the Company. Accordingly, depreciation of investment property held to be leased out under an operating lease is calculated on a straight-line basis over their estimated useful lives. The depreciation period is in conformity with Circular No. 45/2013/TT-BTC dated 25/04/2013 by the Ministry of Finance. Details are as follows:

<u>Kinds of assets</u>	<u>Depreciation period (years)</u>
Buildings, architectures	25

4.9 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 1 to 2 years;
- Insurance premium is amortized in accordance with the term of insurance contract;
- 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.

4.10 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 the remaining terms at the balance sheet date.

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

4.11 Accrued expenses

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

4.12 Unearned revenue

Unearned revenue of the Company is Amounts paid in advance for one or many accounting periods for services rendered to customers that are amortized over the period for which the Company has received the payment in advance.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

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

4.13 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.

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

4.14 Provision for payables

Provision for payables is a present obligation (legal or constructive) of the Company as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. A provision is recognized when a reliable estimate can be made on the amount of the obligation.

4.15 Owners' equity

Paid-up capital represents the amount of capital actually contributed by shareholders.

Share premium

Share premium reflects the difference between the issue price and par value of the shares issued, costs directly related to the issuance of shares; Difference between the re-issue price and book value, costs directly related to the re-issuance of shares; the capital component of convertible bonds as they fall due.

Profit distribution

Profit after corporate income tax is available for appropriation to funds and to shareholders as provided for in the Company's Charter or a resolution of the General Shareholders' Meeting.

The dividend 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.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

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

4.16 Recognition of revenue and other income

- 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.
 - ✓ Dividends and profits shared are recognized when the Company has the rights to receive dividends or profit from the capital contribution. Stock dividends are not recognized as financial revenue. Dividends received in the period before investment date shall be recorded as a decrease in value of investment.
- Other income is the income derived out of the 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.

4.17 Cost of goods sold

Cost of products, goods sold and services rendered shall be recognized in the correct accounting period in accordance with the matching principle and conservatism principle.

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

4.18 Financial expenses

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

4.19 Selling expenses, administrative expenses

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

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

4.20 Current corporate income tax expense

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.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

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

4.21 Financial instruments

Initial recognition

Financial assets

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

Financial liabilities

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

Subsequent measurement

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

4.22 Tax rates and charges payable to the State Budget which the Company applies

- Value Added Tax (VAT): 0% tax rate applies to maritime services provided to overseas organizations, 5% to water supply services for ships, and 10% to other activities.
- Corporate Income Tax (CIT): CIT rate of 20 % is applicable.
- Other taxes and obligation are fulfilled in accordance with the prevailing regulations.

4.23 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 and cash equivalents

	30/06/2019	01/01/2019
Cash on hand	752,596,074	190,707,258
Demand deposits	11,640,999,567	4,413,657,725
Term deposits within 3 months	58,580,777,296	133,430,450,721
Total	70,974,372,937	138,034,815,704

6. Financial investments

a. Held-to-maturity investments

	30/06/2019	01/01/2019
Deposits with terms ranging from 3 to 12 months	264.116.480.884	179.760.217.808
Total	264.116.480.884	179.760.217.808

The Management assessed that these investments were not impaired.

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

					30/06/2019			01/01/2019		
	Operation status	Holding rate	Rate of voting rights	Number of shares	Cost	Provision	Fair value	Cost	Provision	Fair value
Investments in associates					30,089,813,149	-	24,104,657,600	30,089,813,149	-	22,743,910,800
- Danang Port Logistics JSC (i)	Operating	45%	45%	1,943,924	19,907,661,902	-	24,104,657,600	19,907,661,902	-	22,743,910,800
- Danang Port Tugboat JSC (i)	Operating	36%	36%	1,089,000	10,182,151,247	-	-	10,182,151,247	-	-
Investments in other entities					3,764,334,000	(1,942,636,200)	1,821,697,800	3,764,334,000	(1,942,636,200)	1,821,697,800
- Vinalines Logistics Vietnam JSC (ii)	Operating	1.41%	1.41%	200,000	2,000,000,000	(960,000,000)	1,040,000,000	2,000,000,000	(960,000,000)	1,040,000,000
- Vietnam Maritime Commercial Joint Stock Bank (iii)	Operating	0.02%	0.02%	190,658	1,764,334,000	(982,636,200)	781,697,800	1,764,334,000	(982,636,200)	781,697,800
Total					33,854,147,149	(1,942,636,200)	25,926,355,400	33,854,147,149	(1,942,636,200)	24,565,608,600

- (i) These companies are profitable, and investment capital is well maintained. As a result, these investments were recognized at cost and no provisions are made for them.
- (ii) Fair value of investments in Danang Port Logistics Joint Stock Company and Vinalines Logistics Vietnam Joint Stock Company is determined based on closing prices on stocks of DNL and VLG at the balance sheet date.
- (iii) The shares of Vietnam Maritime Commercial Joint Stock Bank have not been listed on any exchanges and the Company has no reliable source of reference data in terms of market price of these stocks at the end of the accounting period. Fair value of this investment is determined by cost less provisions made.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

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

7. Trade receivables

a. Short-term

	30/06/2019	01/01/2019
Wanhai Lines Co., Ltd.	4,880,820,422	6,504,891,975
Bien Dong Shipping Co., Ltd.	1,172,267,688	5,043,522,167
Maersk Vietnam Limited	6,963,289,860	5,348,407,100
Thien Y Transport Maritime Service Co., Ltd.	2,520,421,581	4,657,423,126
Vinalines Shipping Company	6,162,305,640	51,805,475
Others	93,184,937,285	69,024,599,789
Total	114,884,042,476	90,630,649,632

b. Trade receivables from related parties

	30/06/2019	01/01/2019
Bien Dong Shipping Company Limited	1,172,267,688	5,043,522,167
Vinalines Container Shipping Company	1,461,935,026	1,461,935,026
Vinalines Shipping Company	6,162,305,640	51,805,475
Branch of Vietnam Ocean Shipping Agency Corporation - Danang Shipping Agency	1,065,149,059	766,102,806
Total	9,861,657,413	7,323,365,474

8. Short-term prepayments to suppliers

	30/06/2019	01/01/2019
KNS Technology Corporation	1,074,535,000	293,055,000
CiCa Vietnam Co., Ltd.	-	1,492,000,000
Construction Consultation J.S.C. for Maritime Building	1,007,566,976	322,273,236
Others	1,085,891,780	902,649,862
Total	3,167,993,756	3,009,978,098

9. Other short-term receivables

	30/06/2019		01/01/2019	
	Amount	Provision	Amount	Provision
Receivables from employees	177,962,000	-	314,450,000	-
Accrued interest income	3,147,282,200	-	4,073,538,200	-
Advances	698,571,918	-	376,885,071	-
Dividends and profits receivable	-	-	140,000,000	-
Other receivables	282,484,547	-	115,309,770	-
Total	4,306,300,665	-	5,020,183,041	-

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. Provision for doubtful debts

a. Short-term

	30/06/2019	01/01/2019
Provision for overdue debts		
- Over 3 years	856,183,722	1,302,483,722
- From 2 years to under 3 years	5,082,000	-
- From 1 year to under 2 years	30,000,000	47,966,160
Total	891,265,722	1,350,449,882

b. Bad debts

Overdue debts	30/06/2019			01/01/2019		
	Cost	Recoverable amount (*)	Overdue period	Cost	Recoverable amount (*)	Overdue period
Hoa Phuong Do Transport JSC	70,059,000	-	Over 3 years	70,059,000	-	Over 3 years
Tan Loc Xanh JSC	51,866,030	-	Over 3 years	51,866,030	-	Over 3 years
THA Construction, Trading and Services JSC	110,000,000	-	Over 3 years	110,000,000	-	Over 3 years
Long Bao An Production, Trading and Services Co., Ltd.	37,371,000	-	Over 3 years	37,371,000	-	Over 3 years
Nam Van Ly Co., Ltd.	446,297,523	-	Over 3 years	892,597,523	-	Over 3 years
Green Field JSC	63,122,695	-	Over 3 years	63,122,695	-	Over 3 years
Mr. Huynh Khong	41,124,454	-	Over 3 years	41,124,454	-	Over 3 years
Hong Hoang Hong Investment JSC	16,000,000	-	Over 3 years	16,000,000	-	Over 3 years
Hai Nam Shipping Co., Ltd.	20,343,020	-	Over 3 years	20,343,020	-	Over 3 years
Thang Long Construction and Mining Investent JSC	7,260,000	2,178,000	2 - 3 years	7,260,000	3,630,000	1 - 2 years
Lung Lo - VCCP Investment JSC	60,000,000	30,000,000	1 - 2 years	88,672,320	44,336,160	1 - 2 years
Total	923,443,722	32,178,000		1,398,416,042	47,966,160	

(*) The Company assesses that recoverable amount is the net of outstanding principal balance less the amount of provision that needs to be appropriated as guided in Circular No. 228/2009/TT-BTC dated 07/12/2009 of the Ministry of Finance.

11. Inventories

	30/06/2019		01/01/2019	
	Cost	Provision	Cost	Provision
Raw materials	10,767,743,681	-	8,930,155,012	-
Tools, instruments	216,521,445	-	162,759,251	-
Merchandise	118,146,841	-	89,952,812	-
Total	11,102,411,967	-	9,182,867,075	-

- There are no inventories unsold, in poor quality or slow-moving as at 30/06/2019.
- There are no inventories pledged, mortgaged as security for debts as at 30/06/2019.

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. Prepaid expenses

a. Short-term

	30/06/2019	01/01/2019
Tools, instruments pending allocation	404,777,033	297,360,090
Insurance premium	1,719,137,206	877,468,205
Other prepaid expenses	283,420,965	178,003,600
Total	2,407,335,204	1,352,831,895

b. Long-term

	30/06/2019	01/01/2019
Tools, instruments pending allocation	84,308,278	75,304,281
Total	84,308,278	75,304,281

13. Tangible fixed assets

	Buildings, architectures	Machinery, equipment	Motor vehicles	Office equipment	Other fixed assets	Total
Cost						
Opening 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
Newly-purchased	-	1,041,269,545	6,786,181,816	199,580,000	-	8,027,031,361
Self-constructed	5,001,428,108	-	-	-	-	5,001,428,108
Other decrease	5,594,082	2,170,355,947	-	-	-	2,175,950,029
Closing balance	1,135,607,166,133	785,536,360,922	103,432,550,689	11,849,354,146	1,817,615,236	2,038,243,047,126
Depreciation						
Opening 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
Charge for the period	27,439,001,255	34,072,120,810	604,684,434	272,229,177	8,812,380	62,396,848,056
Sold, disposed	-	-	-	-	-	-
Closing balance	523,806,415,835	444,181,193,474	95,192,193,141	10,739,544,822	1,795,664,985	1,075,715,012,257
Net book value						
Opening 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
Closing balance	611,800,750,298	341,355,167,448	8,240,357,548	1,109,809,324	21,950,251	962,528,034,869

- Net book value of tangible fixed assets mortgaged for loans as at 30/06/2019 is VND67,825,629,295.
- Cost of fixed assets fully depreciated but still in active use as at 30/06/2019 is VND572,406,813,689.
- No tangible fixed assets were pending disposal as at 30/06/2019.
- There are no commitments for future acquisition of valuable tangible fixed assets.

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. Intangible fixed assets

	Land use rights	Computer software	Total
Cost			
Opening balance	100,560,170,987	2,991,600,000	103,551,770,987
Newly-purchased	-	130,800,000	130,800,000
Decrease in the period	-	-	-
Closing balance	100,560,170,987	3,122,400,000	103,682,570,987
Amortization			
Opening balance	-	2,758,992,459	2,758,992,459
Charge for the period	-	47,244,624	47,244,624
Decrease in the period	-	-	-
Closing balance	-	2,806,237,083	2,806,237,083
Net book value			
Opening balance	100,560,170,987	232,607,541	100,792,778,528
Closing balance	100,560,170,987	316,162,917	100,876,333,904

- Net book value of intangible fixed assets pledged as security for loans as at 30/06/2019 is VND49,514,240,000.
- Cost of intangible fixed assets fully amortized but still in use as at 30/06/2019 is VND2,722,900,000.

15. Investment properties

	Buildings, architectures	Total
Cost		
Opening balance	145,000,000	145,000,000
Increase in the period	-	-
Decrease in the period	-	-
Closing balance	145,000,000	145,000,000
Accumulated depreciation		
Opening balance	13,049,991	13,049,991
Increase in the period	2,899,998	2,899,998
Decrease in the period	-	-
Closing balance	15,949,989	15,949,989
Net book value		
Opening balance	131,950,009	131,950,009
Closing balance	129,050,011	129,050,011

- There is no investment property fully depreciated but still in active use as at 30/06/2019.
- There is no investment property pledged as security for loans as at 30/06/2019.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

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

16. Construction in progress

	30/06/2019	01/01/2019
Logistics Center Project in Hoa Vang	5,464,269,026	5,464,269,026
Project on separate roads for Tien Sa tourists	220,705,000	220,705,000
Others	501,707,273	113,233,636
Total	6,186,681,299	5,798,207,662

17. Trade payables

a. Short-term

	30/06/2019	01/01/2019
Phu Xuan Consultation and Construction JSC	-	56,614,078,218
Ha Noi Water Project Construction JSC	-	18,041,827,094
Danang Port Tugboat JSC	7,956,489,892	7,526,732,643
Danang Port Logistics JSC	4,031,922,104	3,575,753,731
Petrolimex Danang Co., Ltd.	1,424,621,065	1,161,643,925
Others	8,068,233,277	9,044,837,647
Total	21,481,266,338	95,964,873,258

b. Trade payables to related parties

	30/06/2019	01/01/2019
Danang Port Tugboat Joint Stock Company	7,956,489,892	7,526,732,643
Danang Port Logistics Joint Stock Company	4,031,922,104	3,575,753,731
Total	11,988,411,996	11,102,486,374

18. Short-term advances from customers

	30/06/2019	01/01/2019
MACS Maritime Joint Stock Company	2,831,874,733	5,246,566,142
Others	243,693,784	199,420,563
Total	3,075,568,517	5,445,986,705

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

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

19. Taxes and amounts payable to the State Budget

	Opening balance	Amount to be paid	Amount actually paid	Closing balance
Corporate income tax	7,294,446,794	21,235,732,812	17,402,236,074	11,127,943,532
Personal income tax	2,216,994,840	4,708,711,918	6,499,972,050	425,734,708
Land and housing tax, land rent	1,764,027,660	2,856,426,514	4,613,515,347	6,938,827
Other fees and charges	168,317,792	4,000,000	172,317,792	-
Total	11,443,787,086	28,804,871,244	28,688,041,263	11,560,617,067

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

20. Short-term accrued expenses

	30/06/2019	01/01/2019
Accrued interest expense	1,476,191,206	1,516,952,820
Total	1,476,191,206	1,516,952,820

21. Other short-term payables

	30/06/2019	01/01/2019
Trade union fees	817,088,916	505,132,741
Social insurance, health insurance, unemployment insurance	45,739,045	7,279,483
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	277,082	19,800,277,082
Others	972,628,206	857,102,693
Total	3,816,099,309	23,150,158,059

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. Loans and finance lease liabilities

a. Short-term

	Opening balance	Increase in the period	Decrease in the period	Closing balance
Current portion of long-term loans from Vietnam Development Bank - Danang Branch	12,383,328,770	6,661,043,624	6,191,664,385	12,852,708,009
Total	12,383,328,770	6,661,043,624	6,191,664,385	12,852,708,009

b. Long-term

	Opening balance	Increase in the period	Decrease in the period	Closing balance
Danang Development Investment Fund (*)	150,000,000,000	-	-	150,000,000,000
Vietnam Development Bank - Danang Branch (**)	61,916,643,848	2,112,206,580	6,191,664,385	57,837,186,043
Total	211,916,643,848	2,112,206,580	6,191,664,385	207,837,186,043
<i>Of which:</i>				
- Portion of long-term loans due within 1 year	12,383,328,770			12,852,708,009
Long-term loans and financial lease liabilities	199,533,315,078			194,984,478,034

(*) Borrowing loan from Danang Development Investment Fund under the Credit Agreement No. 06/2017/HDTD dated 21/07/2017 to invest in construction and equipment for the project on "Tien Sa Port Upgrading/Expansion (2nd phase)". The loan amount is VND180,000,000,000; the loan term is 13 years. Due interest rate at the time of signing the agreement is 7% per annum, being recorded on each Indebtedness Certificate in line with the Fund's interest rate announcement and may be adjusted within the borrowing term in accordance with Decision on interest rates of the Fund issued at a given time by the Management Council of Danang Development Investment Fund; overdue interest rate is 150% of due interest rate. Type of loan security: Mortgaging assets under the Mortgage Agreement No. 14/2017/HDTTC dated 22/08/2017 and the Mortgage Agreement No. 24/2017/HDTTC dated 07/11/2017 between Danang Development Investment Fund and Danang Port Joint Stock Company.

(**) Borrowing loan from Vietnam Development Bank – Quang Nam - Danang Branch under the JBIC Loan Agreement No. 67/HDTDNN dated 24/09/2002, the contract on inheritance of rights and obligations No. 23A/2014/HD-NHPT dated 27/11/2014, the amendment contract No. 24/2014/HD SDBS-NHPT dated 27/11/2014 and the amendment contract No. 50/2015/HDSDBS-NHPT dated 28/12/2015 on the Tien Sa Port Expansion project in the 1999-2004 period, the total loan amount is 1,781 million Japanese Yen (JPY) plus 0.1% of the value of withdrawal; interest rate is 2% per annum of the loan balance; the borrowing term is 20 years; the grace period is 5 years as from the first drawdown date. This loan is unsecured.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

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

23. Provision for long-term payables

	30/06/2019	01/01/2019
Provision for severance allowance	3,111,866,174	3,168,038,174
Total	3,111,866,174	3,168,038,174

24. Owners' equity

a. Statement of changes in owners' equity

	Share capital	Share premium	Development investment fund	Undistributed profit
As at 01/01/2018	660,000,000,000	-	112,277,977,776	98,072,970,440
Increase in the year	330,000,000,000	(215,000,000)	44,884,339,630	147,484,206,758
Decrease in the year	-	-	-	167,977,777,455
As at 31/12/2018	990,000,000,000	(215,000,000)	157,162,317,406	77,579,399,743
As at 01/01/2019	990,000,000,000	(215,000,000)	157,162,317,406	77,579,399,743
Increase in the period	-	-	22,770,293,067	89,279,088,102
Decrease in the period	-	-	-	37,979,399,743
As at 30/06/2019	990,000,000,000	(215,000,000)	179,932,610,473	128,879,088,102

b. Breakdown of share capital

	30/06/2019	01/01/2019
Vietnam National Shipping Lines	742,500,000,000	742,500,000,000
Others	247,500,000,000	247,500,000,000
Total	990,000,000,000	990,000,000,000

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. Undistributed profit after tax

	First 6 months of 2019	Year 2018
Profit brought forward	77,579,399,743	98,072,970,440
Profit after corporate income tax of current period	89,279,088,102	147,484,206,758
Distribution of prior-year profit (*)	37,979,399,743	98,072,970,440
- Reward and welfare fund, bonus for the Management	15,209,106,676	13,588,630,810
- Development investment fund	22,770,293,067	44,884,339,630
- Dividends in cash	-	39,600,000,000
Temporary distribution of current-period profit	-	69,904,807,015
- Dividends in cash	-	69,300,000,000
- Other distribution	-	604,807,015
Undistributed profit	128,879,088,102	77,579,399,743

(*) The 2018 profit after tax is distributed in accordance with the Resolution of the Annual General Shareholders' Meeting No. 477/NQ- DHDCD dated 19/06/2019.

d. Dividends

The Resolution No. 01/NQ-DHDCD dated 19/06/2019 of the 2019 Annual General Shareholders' Meeting approved to pay dividends for 2018 in cash at the rate of 7% of charter capital, equivalent to VND69,300,000,000. These dividends were paid in 2018.

25. Revenue from sales and service provision

	First 6 months of 2019	First 6 months of 2018
Revenue from sales	6,250,410,730	5,553,493,210
Revenue from rendering services	367,859,812,960	325,050,267,391
Total	374,110,223,690	330,603,760,601

26. Cost of goods sold

	First 6 months of 2019	First 6 months of 2018
Cost of merchandise sold	5,963,525,939	5,299,505,351
Cost of services rendered	232,894,882,370	209,272,508,196
Total	238,858,408,309	214,572,013,547

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

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

27. Financial income

	First 6 months of 2019	First 6 months of 2018
Interest income from deposits, loans	7,179,719,067	6,294,223,606
Dividends, profits received	4,354,993,600	3,322,708,800
Foreign exchange gains	287,420,927	354,978,786
Total	11,822,133,594	9,971,911,192

28. Financial expenses

	First 6 months of 2019	First 6 months of 2018
Interest expense	5,808,474,255	7,251,853,912
Provision for diminution in the value of investments	-	20,000,000
Unrealized foreign exchange losses	2,131,565,326	1,002,881,990
Foreign exchange losses	170,418,871	475,393,072
Total	8,110,458,452	8,750,128,974

29. Selling expenses and administrative expenses

a. Selling expenses arising in the period

	First 6 months of 2019	First 6 months of 2018
Staff costs	77,458,894	67,928,723
Others	1,238,268,514	1,092,585,759
Total	1,315,727,408	1,160,514,482

b. Administrative expenses arising in the period

	First 6 months of 2019	First 6 months of 2018
Materials and tool expenses	537,803,249	505,384,528
Staff costs	18,654,130,270	16,096,583,482
Depreciation	408,885,755	678,878,956
Provision for doubtful debts	(459,184,160)	368,154,926
Taxes, charges and fees	127,862,423	463,083,171
Others	8,360,029,679	6,066,698,422
Total	27,629,527,216	24,178,783,485

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

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

30. Current corporate income tax expense

	First 6 months of 2019	First 6 months of 2018
Accounting profit before tax	110,514,820,914	91,856,848,226
Adjustments to taxable income	(4,336,156,854)	743,497,919
- Increasing adjustments	75,008,746	4,143,246,669
+ Unrealized foreign exchange losses upon revaluation of closing balance of cash and receivables	19,358,746	-
+ Unqualified expenses	55,650,000	293,246,669
+ Provision for overhaul of fixed assets	-	3,850,000,000
- Decreasing adjustments	4,411,165,600	3,399,748,750
+ Dividends, profits received	4,354,993,600	3,322,708,800
+ Severance allowance actually paid	56,172,000	77,039,950
Total taxable income	106,178,664,060	92,600,346,145
Current corporate income tax expense	21,235,732,812	18,520,069,229
<i>Of which:</i>		
- Current period income tax expenses	21,235,732,812	18,520,069,229
- Adjustment to current CIT expense of previous period to current CIT expense of current period	-	-

31. Basic, diluted earnings per share

	First 6 months of 2019	First 6 months of 2018
Profit after corporate income tax	89,279,088,102	73,336,778,997
Adjustments increasing or decreasing profit after tax	-	-
- Increase	-	-
- Decrease (Appropriation to Reward and welfare fund)	-	-
Profit or loss attributable to common shareholders	89,279,088,102	73,336,778,997
Weighted average number of outstanding common shares	99,000,000	81,950,000
Basic, diluted earnings per share (i)	902	895

- (i) Basis, diluted earnings per share is computed based on the profit after tax before deducting the amounts appropriated to reward and welfare fund (as the Company's Charter and Resolution of Annual General Meeting of Shareholders do not specify the appropriation rate of this fund). Based on the business results at the end of the year, the Board of Directors will estimate the appropriate rate for reward and welfare fund and present it to the General Meeting of Shareholders for approval.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

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

32. Operating expenses according to elements

	First 6 months of 2019	First 6 months of 2018
Materials expenses	11,646,211,836	11,964,260,423
Labor costs	100,778,903,502	86,774,689,725
Depreciation and amortization	62,446,992,678	58,256,455,136
Externally-purchased services	65,006,919,911	54,233,863,858
Other cash expenses	22,420,293,227	23,382,537,021
Total	262,299,321,154	234,611,806,163

33. 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 assesses that the Company is engaged in a sole business segment that is trading in port and harbor services and the only one geographical segment is Da Nang City, Vietnam.

34. Risk management

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 risk includes market risk (comprising interest rate risk, exchange rate risk and price risk), credit risk and liquidity risk.

Market risk management: The Company's activities mainly face risks when there are high fluctuations in interest rates, exchange rates and commodity prices.

Interest rate risk management

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

Exchange rate risk management

Since the Company undertakes sale and borrowing transactions in foreign currency, it is exposed to risk of exchange rate fluctuations. The Company has hedged risks related to exchange rate fluctuations by maintaining appropriate debt structure in VND and foreign currencies, 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.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

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

Book value of foreign currency financial instruments at the balance sheet date is as follows:

Financial instruments in foreign currency	30/06/2019	01/01/2019
Financial assets		
Cash		
- USD	30,046.73	22,654.06
- JPY	44,000	44,000
Trade receivables (USD)	2,112,490.76	1,643,597.95
Financial liabilities		
Borrowings and debts (JPY)	270,103,143.15	300,114,603.5

Price risk management

For harbor service provision activities: The Company mainly provides cargo handling services and containers for ships arriving at Tien Sa Port; these activities are insignificantly affected by input costs. Therefore, the Management assessed that the Company has no exposure to price risk.

Credit risk management

The Company's customers are all shipping lines and companies with import-export-trading activities and generally in punctual payment. The Management assessed that the Company has no significant exposure to credit risk with customers.

Liquidity risk management

To ensure the availability of funds to meet present and future financial obligations, the Company manages liquidity risk by regularly monitoring and maintaining sufficient cash reserve, optimizing idle cash flows, making use of credit from customers and counterparties, controlling maturing liabilities in relative to maturing assets and revenue resources can be generated within that period,...

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	21,481,266,338	-	21,481,266,338
Accrued expenses	1,476,191,206	-	1,476,191,206
Loans and finance lease liabilities	12,852,708,009	194,984,478,034	207,837,186,043
Other payables	2,953,271,348	-	2,953,271,348
Total	38,763,436,901	194,984,478,034	233,747,914,935
01/01/2019	Within 1 year	Over 1 year	Total
Trade payables	95,964,873,258	-	95,964,873,258
Accrued expenses	1,516,952,820	-	1,516,952,820
Loans and finance lease liabilities	12,383,328,770	199,533,315,078	211,916,643,848
Other payables	22,637,745,835	-	22,637,745,835
Total	132,502,900,683	199,533,315,078	332,036,215,761

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 Management assessed that the Company has almost no exposure to liquidity risks and believes that the Company is able to generate sufficient fund to meet financial obligations when they fall due.

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

30/06/2019	Within 1 year	Over 1 year	Total
Cash and cash equivalents	70,974,372,937	-	70,974,372,937
Financial investments	-	1,821,697,800	1,821,697,800
Held-to-maturity investments	264,116,480,884	-	264,116,480,884
Trade receivables	113,992,776,754	-	113,992,776,754
Other receivables	3,429,766,747	-	3,429,766,747
Total	452,513,397,322	1,821,697,800	454,335,095,122

01/01/2019	Within 1 year	Over 1 year	Total
Cash and cash equivalents	138,034,815,704	-	138,034,815,704
Financial investments	-	1,821,697,800	1,821,697,800
Held-to-maturity investments	179,760,217,808	-	179,760,217,808
Trade receivables	89,280,199,750	-	89,280,199,750
Other receivables	4,188,847,970	-	4,188,847,970
Total	411,264,081,232	1,821,697,800	413,085,779,032

35. Related party information

a. Related parties

Related parties	Relationship
Vietnam National Shipping Lines	Parent company
Danang Port Logistics Joint Stock Company	Associate
Danang Port Tugboat Joint Stock Company	Associate
Bien Dong Shipping Company Limited	Fellow subsidiary
Vinalines Container Shipping Company	Dependent entity of the parent company
Vinalines Shipping Company	Dependent entity of the parent company
Branch of Vietnam Ocean Shipping Agency - Danang Shipping Agency	Fellow subsidiary
Vietnam Ocean Shipping Joint Stock Company (VOSCO)	Fellow subsidiary

NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

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

b. Significant transactions with related parties arising in the period:

	Transaction	First 6 months of 2019	First 6 months of 2018
Vietnam National Shipping Lines	Dividends paid	14,850,000,000	54,450,000,000
Danang Port Logistics Joint Stock Company	Sales of goods and provisions of services	1,955,315,057	1,396,384,268
	Purchase of goods and services	16,734,480,548	9,190,613,297
Danang Port Tugboat Joint Stock Company	Sales of goods and provisions of services	2,491,927,251	2,131,199,353
	Purchase of goods and services	29,146,517,478	28,826,509,488
Bien Dong Shipping Company Limited	Provisions of services	1,703,204,888	7,559,603,304
Vinalines Container Shipping Company	Provisions of services	6,720,000	2,782,693,287
Vinalines Shipping Company	Provisions of services	9,331,310,521	-
Branch of Vietnam Ocean Shipping Agency Corporation - Danang Shipping Agency	Provisions of services	2,819,178,223	3,402,421,588
Vietnam Ocean Shipping Joint Stock Company (VOSCO)	Provisions of services	-	17,580,000

c. Income of key managing officers

	First 6 months of 2019	First 6 months of 2018
Salary and bonus of the Management, Board of Directors	2,076,683,547	2,506,538,916

36. 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.

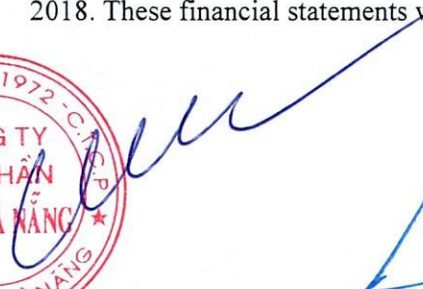
NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

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

37. 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 another auditor.

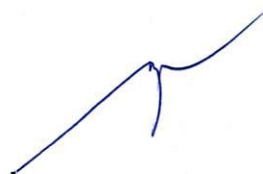



Tran Le Tuan
Acting General Director

Da Nang City, 31 July 2019



Nguyen Ngoc Tam
Head of Finance and Accounting Department



Ngo Quoc Van
Preparer

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