



**DANANG AIRPORT SERVICE
JOINT STOCK COMPANY**

REVIEWED FINANCIAL STATEMENTS
For the six-month period ended 30 June 2017



DANANG AIRPORT SERVICE JOINT STOCK COMPANY

Danang International Airport, Hoa Thuan Tay Ward,
Hai Chau District, Danang City, Vietnam

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MANAGEMENT'S REPORT

Management of Danang Airport Service Joint Stock Company (hereinafter referred to as "the Company") hereby presents its report and the reviewed financial statements of the Company for the six-month period ended 30 June 2017.

MEMBERS OF THE BOARD OF DIRECTORS, THE CONTROL COMMITTEE, AND MANAGEMENT

Members of the Board of Directors during the period and on the date of this report include:

<u>Full name</u>	<u>Position</u>
Mr. Ho Quang Tuan	Chairman
Mr. Nguyen Thanh Dong	Member
Mr. Tran Thanh Hai	Member
Ms. Vu Thi Thu Bon	Member
Ms. Le Thi Thuy Linh	Member

Members of the Control Committee during the period and on the date of this report include:

<u>Full name</u>	<u>Position</u>
Mr. Nguyen Dung	Head
Mr. Pham Ngoc Tuan	Member
Ms. Duong Thuy Van	Member

Members of management during the period and on the date of this report include:

<u>Full name</u>	<u>Position</u>
Mr. Nguyen Thanh Dong	General Director
Mr. Pham Van Ha	Vice General Director
Mr. Tran Thanh Hai	Vice General Director

RESPONSIBILITY OF MANAGEMENT

The Company's management is responsible for preparing the financial statements of each period which give a true and fair view of the financial position of the Company and the results of its operations and its cash flows. In preparing these financial statements, management is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting principles have been followed, subject to any departures that need to be disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- Design and implement the internal control system effectively for a fair preparation and presentation of the financial statements so as to mitigate error or fraud.

Management is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the financial position of the Company and ensure that the financial statements comply with Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and prevailing accounting regulations in Vietnam. Management is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Management confirms that the Company has complied with the above requirements in preparing these financial statements.

MANAGEMENT'S REPORT (CONTINUED)

AUDITOR

RSM Vietnam Auditing & Consulting Company Limited have expressed their willingness to accept re-appointment as auditors.

STATEMENT BY THE MANAGEMENT

In management's opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 30 June 2017 and the results of its operations and its cash flows for the six-month period then ended in accordance with the Vietnamese Accounting Standards, Vietnamese Accounting System and prevailing accounting regulations in Vietnam.

For and on behalf of management *AV*



Nguyen Thanh Dong

General Director

Danang City, 05 August 2017

No: 06/BCSX/2017-RSMMT

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

Kính gửi: Members of the Board of Directors
Members of management
DANANG AIRPORT SERVICE JOINT STOCK COMPANY

We have reviewed the accompanying interim financial statements of Danang Airport Service Joint Stock Company prepared on 27 July 2017 as set out from page 5 to page 34 which comprise the statement of financial position as at 30 June 2017 and the income statement and cash-flow statement for the six-month period then ended, and selected notes to the financial statements.

Management's Responsibility

Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with Vietnamese Accounting Standards and Vietnamese Corporate Accounting System and relevant legislation as to the preparation and presentation of interim financial statements and for such internal control as 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.

Auditors' Responsibility

Our responsibility is to express a conclusion on these interim financial statements based on our review. We conducted our review in accordance with the Vietnamese Standard on Review Engagements 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.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION (CONTINUED)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not give a true and fair view of the financial position of Danang Airport Service Joint Stock Company as at 30 June 2017, and of its financial performance and its cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards and Vietnamese Corporate Accounting System and relevant legislation as to the preparation and presentation of interim financial statements.



Tran Duong Nghia
Director

Audit Practice Registration Certificate:
1309-2016-026-1

RSM Vietnam Auditing & Consulting Company Limited
Central Branch
Danang City, 05 August 2017

As disclosed in Note 2.1 to the interim financial statements, the accompanying financial statements are not intended to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

Expressed in VND

ASSETS	Code	Notes	As at 30 Jun. 2017	As at 01 Jan. 2017
A. CURRENT ASSETS	100		72,592,774,183	53,893,736,788
I. Cash and cash equivalents	110	4.1	37,839,610,631	23,823,012,137
1. Cash	111		36,839,610,631	22,423,012,137
2. Cash equivalents	112		1,000,000,000	1,400,000,000
II. Current financial investments	120		-	-
III. Current account receivables	130		22,790,763,040	18,628,561,718
1. Trade receivables	131	4.2	21,436,306,753	17,883,833,411
2. Advances to suppliers	132		1,202,734,513	1,322,074,082
3. Other current receivables	136	4.3	1,632,846,773	903,779,224
4. Provision for doubtful debts	137	4.4	(1,481,124,999)	(1,481,124,999)
IV. Inventories	140	4.5	9,696,313,445	9,619,966,029
1. Inventories	141		9,696,313,445	9,619,966,029
2. Provision for decline in value of inventories	149		-	-
V. Other current assets	150		2,266,087,067	1,822,196,904
1. Current prepayments	151	4.6	2,266,087,067	1,402,247,474
2. Value added tax deductible	152		-	419,949,430
B. NON-CURRENT ASSETS	200		86,378,766,260	73,492,821,013
I. Non-current account receivables	210		-	-
II. Fixed assets	220		71,417,267,663	72,633,002,255
1. Tangible fixed assets	221	4.7	70,932,546,046	72,126,320,032
Cost	222		162,182,627,934	155,405,773,708
Accumulated depreciation	223		(91,250,081,888)	(83,279,453,676)
2. Intangible fixed assets	227	4.8	484,721,617	506,682,223
Cost	228		736,433,100	736,433,100
Accumulated amortisation	229		(251,711,483)	(229,750,877)
III. Investment property	230		-	-
IV. Non-current assets in progress	240		14,407,770,877	125,915,418
1. Non-current work in progress	241		-	-
2. Construction in progress	242	4.9	14,407,770,877	125,915,418
VI. Other non-current assets	260		553,727,720	733,903,340
1. Non-current prepayments	261	4.6	553,727,720	733,903,340
2. Other non-current assets	268		-	-
TOTAL ASSETS (270 = 100 + 200)	270		158,971,540,443	127,386,557,801

STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2017

Expressed in VND

RESOURCES	Code	Notes	As at 30 Jun. 2017	As at 01 Jan. 2017
C. LIABILITIES	300		83,451,714,940	64,611,805,800
I. Current liabilities	310		70,138,403,185	48,313,760,440
1. Trade payables	311	4.10	16,779,266,013	15,060,563,680
2. Advances from customers	312		4,990,866,499	2,442,466,549
3. Taxes and amounts payable to the state budget	313	4.11	3,771,793,602	2,469,669,514
4. Payables to employees	314		3,478,265,714	7,918,882,345
5. Accrued expenses	315	4.12	212,956,540	435,639,726
8. Current unearned revenue	318	4.14	3,116,527,310	2,801,811,969
9. Other current payables	319	4.15	21,346,568,495	11,661,230,029
10. Current loans and obligations under finance leases	320		11,760,887,249	4,204,260,800
12. Bonus and welfare fund	322		4,681,271,763	1,319,235,828
II. Non-current liabilities	330		13,313,311,755	16,298,045,360
7. Other non-current payables	337	4.14	3,640,000,000	3,640,000,000
8. Non-current loans and obligations under finance leases	338	4.15	9,673,311,755	12,658,045,360
D. OWNER'S EQUITY	400		75,519,825,503	62,774,752,001
I. Equity	410	4.16	75,519,825,503	62,774,752,001
1. Owner's contributed capital	411		42,676,830,000	30,088,160,000
Ordinary shares carrying voting rights	411a		42,676,830,000	30,088,160,000
Preference shares	411b		-	-
8. Investment and development fund	418		803,208,113	803,208,113
11. Retained earnings	421		32,039,787,390	31,883,383,888
Beginning accumulated retained earnings	421a		91,261,088	464,468,618
Ending accumulated retained earnings	421b		31,948,526,302	31,418,915,270
II. Other capital and funds	430		-	-
TOTAL RESOURCES (440 = 300 + 400)	440		158,971,540,443	127,386,557,801



Nguyen Thanh Dong
General Director
Danang City, 27 July 2017

Phan Huu Tam
Chief Accountant

Nguyen Thi Minh Huyen
Preparer

INCOME STATEMENT

For the six-month period ended 30 June 2017

Expressed in VND

ITEMS	Code	Note	Current period	Previous period
1. Revenue	01	4.18	171,399,161,317	141,710,895,790
2. Deductions	02	4.19	2,497,628,952	2,267,965,068
3. Net revenue	10		168,901,532,365	139,442,930,722
4. Cost of sales	11	4.20	112,996,270,138	96,012,894,227
5. Gross profit	20		55,905,262,227	43,430,036,495
6. Financial income	21	4.21	291,889,592	133,272,464
7. Financial expense	22	4.22	820,223,421	447,133,272
<i>Of which, interest expense</i>	23		808,118,314	371,140,708
8. Selling expense	25	4.23	3,737,607,852	3,844,806,152
9. General and administration expense	26	4.24	11,034,246,572	8,810,406,909
10. Operating profit/(loss)	30		40,605,073,974	30,460,962,626
11. Other income	31	4.25	414,378,213	3,019,913,958
12. Other expense	32	4.26	278,742,927	59,845,558
13. Net other income/(loss)	40		135,635,286	2,960,068,400
14. Accounting profit/(loss) before tax	50		40,740,709,260	33,421,031,026
15. Current corporate income tax expense	51	4.27	8,184,000,025	6,540,655,827
16. Deferred corporate income tax expense	52		-	-
17. Net profit/(loss) after tax	60		32,556,709,235	26,880,375,199
18. Basic earnings per share	70	4.29	9,866	8,721
19. Diluted earnings per share	71	4.30	9,866	6,142



Nguyen Thanh Dong
General Director
Danang City, 27 July 2017

Phan Huu Tam
Chief Accountant

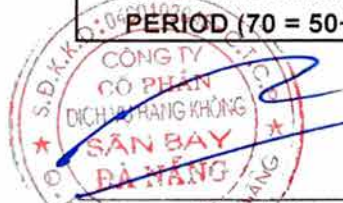
Nguyen Thi Minh Huyen
Preparer

CASH FLOW STATEMENT

(Indirect method)

For the six-month period ended 30 June 2017

ITEMS	Code	Note	Current period	Previous period
I. CASH FLOWS FROM OPERATING ACTIVITIES				
1. Net profit /(loss) before taxes	01		40,740,709,260	33,421,031,026
2. Adjustment for:				
Depreciation and amortisation	02		7,992,588,818	8,298,788,700
Foreign exchange gains/losses from revaluation of foreign currency monetary items	04		764,484	(16,087,540)
Gains/losses from investment	05		(65,618,427)	(2,750,116,257)
Interest expense	06		808,118,314	371,140,708
3. Operating profit /(loss) before adjustments to working capital	08		49,476,562,449	39,324,756,637
Increase or decrease in accounts receivable	09		(2,623,675,761)	(6,035,365,133)
Increase or decrease in inventories	10		(76,347,416)	(2,025,970,285)
Increase or decrease in accounts payable (excluding interest expense)	11		(686,542,315)	4,034,834,555
Increase or decrease prepaid expenses	12		(683,663,973)	(504,048,369)
Interest paid	14		(783,331,077)	(371,140,708)
Corporate income tax paid	15		(7,299,212,349)	(6,034,953,411)
Other cash inflows from operating activities	16		-	271,620,000
Other cash outflows from operating activities	17		(1,031,164,065)	(594,269,001)
Net cash from operating activities	20		36,292,625,493	28,065,464,285
II. CASH FLOWS FROM INVESTING ACTIVITIES				
1. Acquisition and construction of fixed assets and other long-term assets	21		(22,075,235,923)	(3,842,248,452)
2. Proceeds from disposals of fixed assets and other long-term assets	22		-	2,555,000,000
3. Interest and dividends received	27		50,027,317	38,553,798
Net cash from investing activities	30		(22,025,208,606)	(1,248,694,654)
III. CASH FLOWS FROM FINANCING ACTIVITIES				
1. Proceeds from issuing stocks and capital contribution from owners	31		12,588,670,000	-
2. Proceeds from borrowings	33	4.31	15,904,644,512	7,820,767,855
3. Repayment of borrowings	34	4.32	(11,322,559,978)	(4,535,578,922)
4. Dividends paid	36		(17,422,319,740)	(23,566,295,675)
Net cash from financing activities	40		(251,565,206)	(20,281,106,742)
NET INCREASE/(DECREASE) IN CASH	50		14,015,851,681	6,535,662,889
Cash and cash equivalents at beginning of year	60		23,823,012,137	14,181,285,143
Impact of exchange rate fluctuation	61		746,813	(23,502,750)
CASH AND CASH EQUIVALENTS AT END OF PERIOD (70 = 50+60+61)	70		37,839,610,631	20,693,445,282



Nguyen Thanh Dong
General Director

Danang City, 24 January 2017

Phan Huu Tam
Chief Accountant

Nguyen Thi Minh Huyen
Preparer

SELECTED NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

1.1. Structure of ownership

Danang Airport Service Joint Stock Company – Masco (hereinafter referred to as “the Company”) was incorporated on the basis of equitizing the State-owned enterprise (Danang Airport Service Company) under the Decision No. 3547/QD-BGTVT dated 23/09/2005 by the Ministry of Transport. The Company is an independent accounting entity which is operating in observance of the Business Registration Certificate No. 3203000950 dated 05/04/2006 by Danang City’s Department of Planning and Investment, Enterprise Law, its Charter and other relevant regulations. So far, the Company’s Certificate has been amended 14 times and the most recent amendment was made on 20/04/2017 with the registration number 0400102045.

On 30 June 2014, the Company was formally licensed to trade securities on Hanoi Securities Trading Centre under Decision No. 350/QD-SGDHN dated 30 June 2014 by Hanoi Stock Exchange. On 15 July 2014, the Company was formally listed to trade securities on Hanoi City Securities Trading Centre.

The charter capital as stipulated in the Business Registration Certificate is VND 42,676,830,000 as follows:

Investors	Nation	As at 30 Jun. 2017		As at 01 Jan. 2017	
		Amount (VND)	Percent (%)	Amount (VND)	Percent (%)
Vietnam Airlines Corporation	Vietnam	15.412.650.000	36,11	10.854.050.000	36,07
Other investors		27.264.180.000	63,89	19.234.110.000	63,93
Total		42.676.830.000	100	30.088.160.000	100

The Company’s registered head office is at Danang International Airport, Hoa Thuan Tay Ward, Hai Chau District, Danang City..

The number of employees as at 30 June 2017 was 715 (31 December 2016: 740).

1.2. Business field

The Company operates in many fields such as: Industrial Manufacturing, trading, services, construction, etc.

1.3. Operating industry and principal activities

According to the Business Registration Certificate, the Company’s principal activities include:

- Service activities incidental to air transportation. Details: Air transport technical commercial exploitation;
- Manufacture of prepared meals and dishes. Details: Manufacture and serve of catering on flight, industrial catering, packed and instant food, candies, purified bottled water;
- Real estate activities with own or leased property;
- Other educational activities n.e.c. Details: Training of driving car, motor;

SELECTED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

- Land transport of passengers by urban or suburban transport systems (except via bus). Details: Transport of passengers by provincial and intercity car, taxi;
- Sale of motor vehicles on a fee or contract basis;
- Maintenance and repair of motor vehicles;
- Freight transport by road; Details: Freight transport by car;
- Restaurants and mobile food service activities. Details: Restaurants for food and beverage,; Trading of locally produced wine, beer, cigarette;
- Short-term accommodation activities. Details: Tourism accommodation activities;
- Other support activities related to transportation. Details: Booking office; Office of freight transport by air, boat, train;
- Advertising. Details: Advertising services;
- Other retail sale of new goods in specialized stores. Details: Retail sale of duty-free goods, artworks, general goods, office supplies;
- Wholesale of construction materials, installation supplies. Details: Wholesale of interior exterior decoration products, construction materials (except for brick, sand, soil and cement);
- Wholesale of other machinery and equipment. Details: Wholesale of electricity, telecommunication, marine equipment and specialized equipment for transportation and urban environment;
- Wholesale of food. Details: Wholesale of waterfood, seafood;
- Marine aquaculture. Details: Water and marine aquaculture;
- Wholesale of textiles, clothing, footwear. Details: Wholesale of wearing apparel;
- Manufacture of textile articles (except apparel). Details: Outsourcing of wearing apparel;
- Sale of motor vehicle part and accessories.

1.4. Normal operating cycle

The Company's normal operating cycle is carried out for a time period of 12 month.

1.5. The Company's structure

As at 30 June 2017, the Company's jointly controlled entities were as follows:

Name	Address	Tax Code
Phu Bai Branch	Group 18, Phu Bai Ward, Huong Thuy Town, Thua Thien Hue Province	0400102045 - 004
Nha Trang Branch	Cam Ranh airport, Cam Nghia Ward, Cam Ranh City, Khanh Hoa Province	0400102045 - 005
Masco Danang Driver training Centre	21 Nui Thanh St., Hai Chau Dist., Danang City	0400102045 - 010
Masco Thua Thien Hue Driver training Centre	34-36 Nguyen Luong Bang St., Hue City, Thua Thien Hue Province	0400102045 - 006

SELECTED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Passenger Transportation Enterprise	Danang International Airport, Hoa Thuan Tay Ward, Hai Chau District, Danang City	0400102045
Danang Catering Enterprise	Danang International Airport, Hoa Thuan Tay Ward, Hai Chau District, Danang City	0400102045
Airport service Enterprise	Danang International Airport, Hoa Thuan Tay Ward, Hai Chau District, Danang City	0400102045
Trading and service Enterprise	Danang International Airport, Hoa Thuan Tay Ward, Hai Chau District, Danang City	0400102045
Car maintenance service Centre	Danang International Airport, Hoa Thuan Tay Ward, Hai Chau District, Danang City	0400102045

2. BASIS OF PREPARATION**2.1. Accounting standards, accounting system**

The accompanying financial statements, expressed in VND, are prepared under the historical cost convention and in accordance with Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and prevailing accounting regulations in Vietnam.

The accompanying financial statements are not intended to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam.

2.2. Forms of accounting records

The form of accounting records applied in the Company is the documents far book entry.

2.3. Financial year

The Company's financial year is from 01 January to 31 December.

2.4. Reporting and functional currency

The Company maintains its accounting records in Vietnamese Dong (VND).

3. ACCOUNTING POLICIES

The accounting policies adopted to prepare the financial statements for the six-month period ended 30 June 2017 are consistent with those applicable to the 2016 financial statements.

SELECTED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. SIGNIFICANT EVENTS AND TRANSACTIONS DURING THE INTERIM PERIOD

4.1. Cash and cash equivalents

	As at 30 Jun. 2017		As at 01 Jan. 2017	
	Foreign currencies	VND	Foreign currencies	VND
Cash in hand		2,178,540,348		1,848,003,610
VND		1,973,338,309		1,644,367,170
USD	9,051.70 #	205,202,039	8,976.70 #	203,636,440
Cash at banks		34,661,070,283		20,575,008,527
VND		28,093,848,311		12,682,933,549
USD	289,678.78 #	6,567,221,972	347,898.39 #	7,892,074,978
Cash equivalents		1,000,000,000		1,400,000,000
Total		37,839,610,631		23,823,012,137

4.2. Current trade receivables

	As at 30 Jun. 2017 VND	As at 01 Jan. 2017 VND
Trade Receivables	14,658,675,416	14,513,221,152
Indochina Airlines Joint Stock Company	1,481,124,999	1,481,124,999
Nordwind Airlines	1,693,494,340	811,260,970
Ikar Airlines	1,948,531,840	791,683,815
Vietjet Aviation Joint Stock Company	3,628,836,774	2,304,035,273
Viet Nam DHT Trade Joinstock Company	2,668,172,854	6,114,265,365
Others	3,238,514,609	3,010,850,730
Trade Receivables from related parties - refer to note 4.34	6,777,631,337	3,370,612,259
Total	21,436,306,753	17,883,833,411

4.3. Other current receivables

	As at 30 Jun. 2017 VND		As at 01 Jan. 2017 VND	
	Value	Provision	Value	Provision
Interest receivable	15,591,110	-	-	-
Receivables from other individuals and organizations	222,629,262	-	109,867,306	-
Advances	1,394,626,401	-	793,484,115	-
Deposits	-	-	427,803	-
Total	1,632,846,773	-	903,779,224	-

SELECTED NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4.4. Doubtful debts

	As at 30 Jun. 2017		As at 01 Jan. 2017	
	VND		VND	
	Cost	Recoverable amount	Cost	Recoverable amount
Overdue trade receivables not yet due but uncollectible	1,481,124,999	-	1,481,124,999	-
Total	1,481,124,999	-	1,481,124,999	-

Management assessed the ability to recover the overdue receivables as low because Indochina Airlines Joint Stock Company stopped operating for a long time and the Civil Aviation Authority of Vietnam has officially retrieved this company's flight authorization.

Overdue trade receivables and overdue amounts loaned are analysed by debtor as follows:

	As at 30 Jun. 2017			As at 01 Jan. 2017		
	VND			VND		
	Cost	Recoverable amount	Overdue days	Cost	Recoverable amount	Overdue days
Trade receivable						
Indochina Airlines Joint Stock Company	1,481,124,999	-	Over 3 years	1,481,124,999	-	Over 3 years
Total	1,481,124,999	-		1,481,124,999	-	

SELECTED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4.5. Inventories

	As at 30 Jun. 2017		As at 01 Jan. 2017	
	VND		VND	
	Cost	Provision	Cost	Provision
Raw materials	3,797,886,514	-	4,590,701,476	-
Tools and supplies	11,302,283	-	6,058,708	-
Finished goods	1,605,651,142	-	462,019,105	-
Merchandise	4,281,473,506	-	4,561,186,740	-
Total	9,696,313,445	-	9,619,966,029	-

There is no slow moving and obsolescent inventories at the period-end.

There is no inventories pledged as security for liabilities at the period-end.

4.6. Prepayments

	As at 30 Jun. 2017 VND	As at 01 Jan. 2017 VND
Current:		
Vehicle insurance fee, road fee	353,146,468	702,908,612
Land, office rental fee	1,273,237,245	617,232,361
Tools and equipment waiting allocation	60,550,613	18,413,125
Repair expenses, training fee, others	579,152,741	63,693,376
Total	2,266,087,067	1,402,247,474
Non-current:		
Tools and equipment waiting allocation	170,990,022	114,170,385
Road fee	53,306,512	514,732,955
Office rental, others	329,431,186	105,000,000
Total	553,727,720	733,903,340

DANANG AIRPORT SERVICE JOINT STOCK COMPANY

Danang International Airport, Hoa Thuan Tay Ward,

Hai Chau District, Danang City, Vietnam

FINANCIAL STATEMENTS

For the six-month period ended 30 June 2017

SELECTED NOTES TO FINANCIAL STATEMENTS (CONTINUED)**4.7. Tangible fixed assets**

Items	Buildings, structures VND	Machinery and equipment VND	Motors vehicles VND	Equipment, management tools VND	Total VND
Cost:					
As at 01 Jan. 2017	30,659,709,042	19,003,312,359	104,687,216,426	1,055,535,881	155,405,773,708
Purchase	-	137,000,000	6,537,717,456	-	6,674,717,456
Other additions	-	-	102,136,770	-	102,136,770
As at 30 Jun. 2017	30,659,709,042	19,140,312,359	111,327,070,652	1,055,535,881	162,182,627,934
Accumulated depreciation:					
As at 01 Jan. 2017	11,533,577,958	4,222,423,362	66,589,944,212	933,508,144	83,279,453,676
Depreciation	1,831,386,042	1,333,501,168	4,753,396,896	52,344,106	7,970,628,212
Other decreases	-	-	-	-	-
As at 30 Jun. 2017	13,364,964,000	5,555,924,530	71,343,341,108	985,852,250	91,250,081,888
Net book value:					
As at 01 Jan. 2017	19,126,131,084	14,780,888,997	38,097,272,214	122,027,737	72,126,320,032
As at 30 Jun. 2017	17,294,745,042	13,584,387,829	39,983,729,544	69,683,631	70,932,546,046

The amount of period-end net book value of tangible fixed assets pledged/mortgaged as loan security totalled VND 24,486,767,002;

The historical cost of tangible fixed assets fully depreciated but still in use totalled VND 46,412,274,930;

There is no tangible fixed assets held for disposal.

SELECTED NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4.8. Intangible fixed assets

Items	Land use rights (*) VND	Computer Software VND	Total VND
Cost:			
As at 01 Jan. 2017	473,227,100	263,206,000	736,433,100
Purchase	-	-	-
Other decreases	-	-	-
As at 30 Jun. 2017	473,227,100	263,206,000	736,433,100
Accumulated amortisation:			
As at 01 Jan. 2017	-	229,750,877	229,750,877
Amortisation	-	21,960,606	21,960,606
Other decreases	-	-	-
As at 30 Jun. 2017	-	251,711,483	251,711,483
Net book value:			
As at 01 Jan. 2017	473,227,100	33,455,123	506,682,223
As at 30 Jun. 2017	473,227,100	11,494,517	484,721,617

(*) This relates to the indefinite land use right at Danang International Airport, Danang City which is used for building the Company's Head Office.

There is no tangible fixed assets pledged/mortgaged as loan security.

4.9. Non – current construction in progress

	As at 30 Jun. 2017 VND	As at 01 Jan. 2017 VND
Purchasing Fixed assets	7,110,623,640	68,000,000
Cost of construction of catering factory in Cam Ranh	7,297,147,237	57,915,418
Total	14,407,770,877	125,915,418

4.10. Trade payables

	As at 30 Jun. 2017 VND		As at 01 Jan. 2017 VND	
	Value	Payable value	Value	Payable value
GLOBAL FOODS DISTRIBUTER CO., LTD	4,004,526,851	4,004,526,851	2,591,988,309	2,591,988,309
Le Ngoc Thinh	1,282,971,219	1,282,971,219	1,248,232,166	1,248,232,166
Nguyen Ngoc Anh	1,625,679,000	1,625,679,000	968,268,600	968,268,600
Others	9,866,088,943	9,866,088,943	10,252,074,605	10,252,074,605
Total	16,779,266,013	16,779,266,013	15,060,563,680	15,060,563,680

SELECTED NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4.11. Taxes and amounts payable to the state budget

	As at 30 Jun.	Movements in the period		As at 01 Jan.
	2017 VND	VND		2017 VND
	Payable	Payable	Paid	Payable
Value added tax	307,812,302	2,794,506,406	2,486,694,104	-
Corporate income tax	3,373,023,439	8,328,527,105	7,299,212,349	2,343,708,683
Personal income tax	90,957,861	924,390,978	959,393,948	125,960,831
Other taxes	-	9,000,000	9,000,000	-
Total	3,771,793,602	12,056,424,489	10,754,300,401	2,469,669,514

4.12. Accrued expenses

	As at 30 Jun. 2017 VND	As at 01 Jan. 2017 VND
Interest expense	92,946,963	68,159,726
Other accrued expenses	120,009,577	367,480,000
Total	212,956,540	435,639,726

4.13. Current unearned revenue

	As at 30 Jun. 2017 VND	As at 01 Jan. 2017 VND
Car and motorbike driver training in Masco Da Nang Driver training Centre	1,644,653,447	1,312,861,619
Car and motorbike driver training in Masco Thua Thien Hue Driver training Centre	1,235,773,863	840,650,350
Advertising revenue	236,100,000	648,300,000
Total	3,116,527,310	2,801,811,969

SELECTED NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4.14. Other payables

	As at 30 Jun. 2017 VND	As at 01 Jan. 2017 VND
Current:	11,456,394,495	11,661,230,029
Trade union dues	318,097,470	133,129,650
Social insurance, Health Insurance, Unemployment insurance	943,387,996	717,310,292
Current deposits	6,034,050,000	6,038,025,000
Other payables	4,160,859,029	4,772,765,087
Responsibility fee for taxi driver	2,346,363,159	2,562,546,169
Responsibility fee for teacher	100,000,000	120,000,000
Tickets fee	2,980,202	119,039,201
Divident payables	121,326,408	34,897,348
Shareholder payable in two training center	608,182,933	-
Other payables	982,006,327	1,936,282,369
Divident payable for related parties - refer to note 4.34	9,890,174,000	-
Total	21,346,568,495	11,661,230,029
Non - current:		
At Danang Driver Training Centre	1,640,000,000	1,640,000,000
At Thua Thien Hue Driver Training Centre	2,000,000,000	2,000,000,000
Total	3,640,000,000	3,640,000,000

DANANG AIRPORT SERVICE JOINT STOCK COMPANY

Danang International Airport, Hoa Thuan Tay Ward,

Hai Chau District, Danang City, Vietnam

FINANCIAL STATEMENTS

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SELECTED NOTES TO FINANCIAL STATEMENTS (CONTINUED)**4.15. Loans and finance lease liabilities**

	As at 30 Jun. 2017		Movements in the period		As at 01 Jan. 2017	
	Value	Payable value	Increase	Decrease	Value	Payable value
	VND		VND		VND	
Current	5,376,459,740	5,376,459,740	12,114,644,512	9,138,362,235	2,400,177,463	2,400,177,463
- Vietinbank - Danang Branch	5,376,459,740	5,376,459,740	12,114,644,512	9,138,362,235	2,400,177,463	2,400,177,463
Current portion of current loans	6,384,427,509	6,384,427,509	5,486,151,009	905,806,837	1,804,083,337	1,804,083,337
- Vietcombank - Danang Branch	898,276,500	898,276,500	-	905,806,837	1,804,083,337	1,804,083,337
- BIDV - Hai Van Branch	800,000,000	800,000,000	800,000,000	-	-	-
- Vietinbank - Danang Branch	4,686,151,009	4,686,151,009	4,686,151,009	-	-	-
Total	11,760,887,249	11,760,887,249	17,600,795,521	10,044,169,072	4,204,260,800	4,204,260,800
Non-current	9,673,311,755	9,673,311,755	3,790,000,000	6,774,733,605	12,658,045,360	12,658,045,360
- Vietcombank - Danang Branch	1,996,837,920	1,996,837,920	-	1,315,440	1,998,153,360	1,998,153,360
- BIDV - Hai Van Branch	1,699,892,000	1,699,892,000	-	1,200,000,000	2,899,892,000	2,899,892,000
- Vietinbank - Danang Branch	5,976,581,835	5,976,581,835	3,790,000,000	5,573,418,165	7,760,000,000	7,760,000,000
Total	9,673,311,755	9,673,311,755	3,790,000,000	6,774,733,605	12,658,045,360	12,658,045,360

SELECTED NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The Company obtained the borrowings from the Joint Stock Commercial Bank for Foreign Trade of Vietnam - Danang Branch under following credit agreements:

- Credit agreement No. 248/2013/VCB-KHDN dated 16/09/2013:
 - Borrowing amount: USD 175,824
 - Purpose: Buying the catering transport car.
 - Credit term: 60 months from the first drawdown date.
 - Interest rate: 6% per annum and is subject every quarter.
 - Collateral is assets acquired from the loan.
- Credit agreement No. 202/2014/VCB-KHDN dated 06/06/2014:
 - Borrowing amount: USD 177,392
 - Purpose: Buying the catering transport car.
 - Credit term: 48 months from the first drawdown date.
 - Interest rate: 5% per annum and is subject every quarter.
 - Collateral is assets acquired from the loan.
- Credit agreement under investment and development project No. 326/2015/VCB-KHDN dated 23/10/2015:
 - Borrowing amount: VND 5,800,000,000
 - Purpose: Buying 25 five-seat cars Hyundai i10 Sedan 1,2MT – Base for taxi activities.
 - Credit term: 60 months from the first drawdown date (in which the grace period is 2 months)
 - Interest rate: 7.23% per annum fixed within 01 year from the first drawdown date.
 - Collateral is assets acquired from the loan.

The Company obtained the borrowings from the Bank for Investment and Development of Vietnam - Hai Van Branch under following credit agreement:

- Credit agreement under investment and development project No. 01/2016/8573287/HDTD dated 13/06/2016:
 - Borrowing amount: VND 4,000,000,000
 - Purpose: Investing the construction of Catering Manufacture Zone at Phu Bai International Airport.
 - Credit term: 60 months from the first drawdown date.
 - Interest rate: 10% per annum applied for the amount drawdown from the agreement date until the end of year 2016. From 2017 and on, the interest rate will be adjusted.
 - Collateral is assets acquired from the loan.

The Company obtained the borrowings from the Vietnam Joint Stock Commercial Bank for Industry and Trade - Danang Branch under following credit agreement:

- Credit agreement No. 01/2016-HDTDDA/NHCT480-MASCO dated 20/09/2016:
 - Borrowing amount: VND 4,876,500,000
 - Purpose: financing the capital used for Project: Re-finance the borrowing from Joint Stock Commercial Bank for Foreign Trade of Vietnam - Danang Branch for purchase of 25 five-seat car Hyundai Grand i10 Sedan 1.2MT – Base used for taxi activities.
 - Credit term: 50 months from the first drawdown date, but do not exceed 26th October 2016.

SELECTED NOTES TO FINANCIAL STATEMENTS (CONTINUED)

- Interest rate: specified in each drawdown note.
- Collateral is assets acquired from the loan.
- Credit agreement No. 01/2017-HĐCVTL/NHCT480-MASCO dated 12/04/2017
 - Borrowing amount: VND 1,472,000,000
 - Purpose: Payment for proper investment expense of the Project buying 05 Cars Nissan Sunny.
 - Credit term: 60 months from the first drawdown date
 - Interest rate: specified in each drawdown note.
 - Collateral is assets acquired from the loan.
- Credit agreement No. 02/2017-HĐCVTL/NHCT480-MASCO dated 15/05/2017
 - Borrowing amount: VND 1,909,000,000
 - Purpose: Payment for proper expense of the Project buying 02 Cars Ford Ranger
 - Credit term: 60 months from the first drawdown date
 - Interest rate: specified in each drawdown note.
 - Collateral is assets acquired from the loan.

DANANG AIRPORT SERVICE JOINT STOCK COMPANY

Danang International Airport, Hoa Thuan Tay Ward,
Hai Chau District, Danang City, Vietnam

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SELECTED NOTES TO FINANCIAL STATEMENTS (CONTINUED)**4.16. Owner's equity****4.16.1.Changes in owner's equity**

	Items of owner's equity			Total VND
	Owner's contributed capital VND	Investment and development fund VND	Retained earnings VND	
Balance as at 01 Jan. 2016	30,088,160,000	803,208,113	25,378,996,618	56,270,364,731
First six month of previous year's capital increase	-	-	26,880,375,199	26,880,375,199
Bonus and welfare fund, management bonus	-	-	(700,000,000)	(700,000,000)
Remuneration of Board of Directors, Controll Committee	-	-	(144,000,000)	(144,000,000)
Profit sharing following investment cooperation contract	-	-	(640,314,297)	(640,314,297)
Dividend for shareholders	-	-	(24,070,528,000)	(24,070,528,000)
Balance as at 30 Jun. 2016	30,088,160,000	803,208,113	26,704,529,520	57,595,897,633
Last six month of previous year's profits	-	-	17,783,834,890	17,783,834,890
Profit sharing following investment cooperation contract	-	-	(569,716,522)	(569,716,522)
Dividend for shareholders	-	-	(12,035,264,000)	(12,035,264,000)
Balance as at 01 Jan. 2017	30,088,160,000	803,208,113	31,883,383,888	62,774,752,001
Current period's capital increase	12,588,670,000	-	-	12,588,670,000
Current period's profits	-	-	32,556,709,235	32,556,709,235
Bonus and welfare fund, management bonus	-	-	(4,200,000,000)	(4,200,000,000)
Remuneration of Board of Directors, Controll Committee	-	-	(193,200,000)	(193,200,000)
Profit sharing following investment cooperation contract	-	-	(608,182,933)	(608,182,933)
Dividend for shareholders	-	-	(27,398,922,800)	(27,398,922,800)
Balance as at 30 Jun. 2017	42,676,830,000	803,208,113	32,039,787,390	75,519,825,503

SELECTED NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4.16.2.Details of owners' equity

	As at 30 Jun. 2017 VND	As at 01 Jan. 2017 VND
Capital contributed by Vietnam Airlines Corporation	15,412,650,000	10,854,050,000
Capital contributed by others	27,264,180,000	19,234,110,000
Total	42,676,830,000	30,088,160,000

4.16.3.Capital transactions with owners

	Current period VND	Previous period VND
As at 01 Jan. 2017	30,088,160,000	30,088,160,000
Capital contribution in the period	12,588,670,000	-
Capital redemption in the period	-	-
As at 30 Jun. 2017	42,676,830,000	30,088,160,000

(*) According to the Resolution of the 2016 extraordinary General Assembly of shareholders No. 12/NQ-DHDCDBT-DVDN dated 21/10/2016, extraordinary general Assembly of Shareholders has approved the decision on increasing Charter Capital in year 2016 from VND 30,088,160,000 to VND 42,724,930,000 to supplement the capital to proceed the Company's investment projects. At 11/01/2017, State Security Commission of Vietnam issue certificate of issuance of stocks to the public No. 01/GCN-UBCK, and then, at 13/01/2017, the Company sent Notice No. 18/TB-DVĐN to Vietnam Security Depository (VSD) inform the last register date on which the share purchase right shall be performed is 08/02/2017, time of stock offering is from 16/02/17 to 10/03/2017. At 19/05/2017, Hanoi Stock Exchange issued Notice No. 656/TB-SGDHN about "Notice of the first transaction date of supplementary listed stock of Danang Airport service Joint stock (MCK:MAS)". Accordingly, the first official transaction date of MAS stock is 29/05/2017.

SELECTED NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4.16.4. Shares

	As at 30 Jun. 2017	As at 01 Jan. 2017
Number of shares registered for issue	4,267,683	3,008,816
Number of shares sold to public:	4,267,683	3,008,816
<i>Including: Common shares</i>	4,267,683	3,008,816
<i>Preference shares (Classified as owners' equity)</i>	-	-
Number of shares repurchased (Treasury shares):	-	-
<i>Including: Common shares</i>	-	-
<i>Preference shares (Classified as owners' equity)</i>	-	-
Number of shares outstanding:	4,267,683	3,008,816
<i>Including: Common shares</i>	4,267,683	3,008,816
<i>Preference shares (Classified as owners' equity)</i>	-	-
Par value per outstanding share: VND 10,000 per share		

4.17. Off statement of financial position items

	As at 30 Jun. 2017	As at 01 Jan. 2017
Foreign currencies:		
+ USD	298,730.48	356,875.09

4.18. Revenue from selling goods and rendering services

	Current period VND	Previous period VND
Revenue:		
Sale of merchandise	9,998,690,786	9,349,641,469
Sale of finished goods	307,006,000	2,348,542,000
Rendering of services	161,093,464,531	130,012,712,321
Total	171,399,161,317	141,710,895,790
Revenue to related parties – Refer to Note 4.34	46,503,987,661	49,255,708,278

4.19. Deductions

	Current period VND	Previous period VND
Trade discounts	2,019,773,498	1,915,688,068
Allowances	34,545,455	7,000,000
Sales returns	443,309,999	345,277,000
Total	2,497,628,952	2,267,965,068

SELECTED NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4.20. Cost of sales

	Current period VND	Previous period VND
Cost of merchandise sold	5,399,785,198	5,059,998,797
Cost of finished goods sold	314,886,638	2,405,163,870
Cost of services rendered	107,281,598,302	88,547,731,560
Total	112,996,270,138	96,012,894,227

4.21. Financial income

	Current period VND	Previous period VND
Deposit and loan interest	65,618,427	38,553,798
Realized gains from exchange differences	226,271,165	64,666,672
Unrealized gains from exchange differences	-	16,087,540
Purchase discounts	-	13,964,454
Total	291,889,592	133,272,464

4.22. Financial expense

	Current period VND	Previous period VND
Interest expense	808,118,314	371,140,708
Realized losses from exchange differences	11,340,623	75,992,564
Unrealized losses from exchange differences	764,484	-
Total	820,223,421	447,133,272

4.23. Selling expense

	Current period VND	Previous period VND
Salaries	1,712,252,563	1,872,787,584
Other outsourced services expenses	1,694,495,855	1,716,990,466
Other selling expenses	330,859,434	255,028,102
Total	3,737,607,852	3,844,806,152

SELECTED NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4.24. General and administration expense

	Current period VND	Previous period VND
Salaries	9,304,990,905	4,249,716,951
Other GA expenses	1,729,255,667	4,560,689,958
Total	11,034,246,572	8,810,406,909

4.25. Other income

	Current period VND	Previous period VND
Re-used goods	47,478,107	36,731,451
Purchase support	366,900,000	271,620,000
Other income	106	48
Proceeds from disposal of assets	-	2,711,562,459
Total	414,378,213	3,019,913,958

4.26. Other expense

	Current period VND	Previous period VND
Re-used goods expenses	18,830,000	14,230,000
Destroyed goods expenses	11,022,776	3,655,969
Other expenses	248,890,151	41,959,589
Total	278,742,927	59,845,558

SELECTED NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4.27. Current corporate income tax expense

	Current period VND	Previous period VND
Accounting profit before tax	40,740,709,260	33,421,031,026
Add: Adjustments according to CIT laws	248,875,151	41,959,589
- <i>Inproper expenses</i>	248,875,151	41,959,589
Less	-	-
Total taxable income	40,989,584,411	33,462,990,615
- Taxable income from training centers	1,560,037,327	1,561,323,734
+ <i>Taxable income from incentive business activities</i>	1,486,021,249	1,519,422,954
+ <i>Taxable income from other business activities</i>	74,016,078	41,900,780
- Taxable income of the Company	39,429,547,084	31,901,666,881
Current CIT rate		
- Current CIT rate from incentive business activities	10%	10%
- Current CIT rate from other business activities	20%	20%
Current CIT expense for the period	8,184,000,025	6,540,655,827
<i>In which,</i>		
- <i>Current CIT expense incurred this period</i>	8,049,314,756	6,540,655,827
+ <i>Incentive activities</i>	148,602,125	151,942,295
+ <i>Other activities</i>	7,900,712,631	6,388,713,532
- <i>Adjust current CIT expense of previous period into current CIT expense of current period</i>	134,685,269	-

4.28. Production and business costs by elements

	Current period VND	Previous period VND
Raw materials	60,540,119,818	50,874,295,355
Labor	38,750,439,940	25,021,701,411
Depreciation and amortization	7,992,588,818	8,298,788,700
Out-sourced services	9,835,314,391	9,472,984,666
Other cash expenses	6,393,508,434	6,980,588,224
Total	123,511,971,401	100,648,358,356

4.29. Basic earnings per share

	Current period VND	Previous period VND
Profit after CIT	32,556,709,235	26,880,375,199
Profit sharing following the business cooperation contract	(608,182,933)	(640,314,297)
Profit after tax attributable to ordinary share holders	31,948,526,302	26,240,060,902
Weighted average number of ordinary shares outstanding during the period	3,238,333	3,008,816
Basic earnings per share	9,866	8,721

SELECTED NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4.30. Diluted earnings per share

	Current period VND	Previous period VND
Profit after CIT	32,556,709,235	26,880,375,199
Profit sharing following the business cooperation contract	(608,182,933)	(640,314,297)
Earnings for the purpose of calculating diluted earnings per share	<u>31,948,526,302</u>	<u>26,240,060,902</u>
Weighted average number of ordinary shares outstanding during the period	3,238,333	3,008,816
Adjusted for dilutive potential ordinary shares outstanding during the period	-	1,263,702
Number of ordinary shares for the purpose of calculating diluted earning per share	3,238,333	4,272,518
Diluted earnings per share	<u>9,866</u>	<u>6,142</u>

Basic earnings per share and diluted earnings per share of current period is not yet distributed to the bonus and welfare fund. There is no specific regulation about bonus fund proportion in General Assembly of shareholders's plan as well as Charter corporation. Anually, based on the income statement at the end of the period, Management shall propose specific bonus and welfare fund proportion.

4.31. Cash receipts from loans in the period

	Current period VND	Previous period VND
Cash receipts from loans under normal contracts	15,904,644,512	7,820,767,855
Total	<u>15,904,644,512</u>	<u>7,820,767,855</u>

4.32. Cash repayments of principal amounts borrowed

	Current period VND	Previous period VND
Cash repayment of principal amounts under normal contracts	11,322,559,978	4,535,578,922
Total	<u>11,322,559,978</u>	<u>4,535,578,922</u>

SELECTED NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4.33. Segment reporting

According to Vietnamese Accounting Standard No. 28 and the Circular guiding this standard, the Company is required to prepare segment report. Segment is a distinguishable component of the Company that is engaged in providing related products or services (a business segment) or providing products or services within a particular economic environment (a geographical segment) and that is subject to risks and returns that are different from those of other segments. The Chairman of the Board of Directors and the Management of the Company assess that the is engaged in a sole business segment that is related to air transport activities (catering, flight crew transport...) and three main geographic segment are Danang City, Khanh Hoa Province and Thua Thien Hue Province. Therefore, the Company present segment report in geographic segment that the company is engaged.

Specific figure about operation situation following each geographic segment:

Express in: VND

	Danang City		Khanh Hoa Province		Thua Thien Hue Province		Total	
	Current period	Previous period	Current period	Previous period	Current period	Previous period	Current period	Previous period
Revenue	72,359,014,912	70,508,227,125	90,894,321,838	63,638,313,268	8,145,824,567	7,564,355,397	171,399,161,317	141,710,895,790
Deductions	1,446,158,454	1,425,361,496	944,544,498	740,229,570	106,926,000	102,374,002	2,497,628,952	2,267,965,068
Cost of sale	54,812,108,469	53,955,458,573	52,144,932,619	36,636,798,614	6,039,229,050	5,420,637,040	112,996,270,138	96,012,894,227
Gross profit	16,100,747,989	15,127,407,056	37,804,844,721	26,261,285,084	1,999,669,517	2,041,344,355	55,905,262,227	43,430,036,495

	Danang City		Khanh Hoa Province		Thua Thien Hue Province		Total	
	30 Jun. 2017	01 Jan. 2017	30 Jun. 2017	01 Jan. 2017	30 Jun. 2017	01 Jan. 2017	30 Jun. 2017	01 Jan. 2017
Fixed assets	40,693,911,530	42,479,698,290	22,717,553,206	22,481,891,112	8,005,802,927	7,671,412,853	71,417,267,663	72,633,002,255
- Cost	104,168,120,146	101,071,876,962	39,479,031,741	36,582,220,699	19,271,909,147	18,488,109,147	162,919,061,034	156,142,206,808
- Accumulated depreciation	(63,474,208,616)	(58,592,178,672)	(16,761,478,535)	(14,100,329,587)	(11,266,106,220)	(10,816,696,294)	(91,501,793,371)	(83,509,204,553)

SELECTED NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4.34. Related Parties

<u>List of related parties</u>	<u>Relationship</u>
Vietnam Airlines Corporation	Investor
Board of Directors and Management	Key management personnel

At the end of the reporting year, the balances with related parties are as follows:

	As at 30 Jun. 2017 VND	As at 01 Jan. 2017 VND
Receivables:		
Vietnam Airlines Corporation	6,777,631,337	3,370,612,259
Total – Refer to Note 4.2	6,777,631,337	3,370,612,259

	As at 30 Jun. 2017 VND	As at 01 Jan. 2017 VND
Dividend payable		
Vietnam Airlines Corporation	9,890,174,000	-
Total – Refer to Note 4.14	9,890,174,000	-

During the reporting year, the Company has had related party transactions as follows:

	Current period VND	Previous period VND
Rendering services:		
Vietnam Airlines Corporation	46,503,987,661	49,255,708,278
Total – Refer to Note 4.18	46,503,987,661	49,255,708,278

	Current period VND	Previous period VND
Dividend paid		
Vietnam Airlines Corporation	9,890,174,000	8,683,240,000
Total	9,890,174,000	8,683,240,000

SELECTED NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Remunerations of the Board of Directors, management and key management personnel are as follows:

	Current period VND	Previous period VND
Remuneration of the Board of Directors	138,000,000	88,800,000
Remuneration of the Control committee	55,200,000	55,200,000
Remuneration of management	1,904,942,609	1,451,163,289
Total	2,098,142,609	1,595,163,289

4.35. Financial instruments

In performing its operating, investing and financing activities, the Company is exposed to the following financial risks:

- Credit risk: the possibility that a debtor will not repay all or a portion of a loan or will not repay in a timely manner and therefore will cause a loss to the Company.
- Liquidity risk: the risk that the Company may not have, or may not be able to raise, cash funds when needed and therefore encounter difficulty in meeting obligations associated with financial liabilities.
- Market risk: the risk that the value of a financial instrument will fluctuate in terms of fair value or future cash flows as a result of a fluctuation in market prices. Basically, the Company, is exposed to two market risk components:
 - + Interest rate risk
 - + Currency risk

In order to effectively manage those risks, the Board of Directors has approved specific strategies for the management of financial risks, which are in line with corporate objectives. These strategies set up guidelines for the short and long term objectives and actions to be taken in order to manage the financial risks that the Company faces. The major guidelines are the following:

- Minimise interest rate, currency and price risks for all kinds of transactions;
- All financial risk management activities are carried out and monitored at central level;
- All financial risk management activities are carried out on a prudent and consistent basis and following the best market practices.

The following table summarises the carrying amount of financial assets and financial liabilities recorded by category:

	As at 30 Jun. 2017 VND	As at 01 Jan. 2017 VND
Financial assets:		
Cash and cash equivalents	37,839,610,631	23,823,012,137
Trade receivables	19,955,181,754	16,402,708,412
Other receivables	238,220,372	110,295,109
Total	58,033,012,757	40,336,015,658

SELECTED NOTES TO FINANCIAL STATEMENTS (CONTINUED)

	As at 30 Jun. 2017 VND	As at 01 Jan. 2017 VND
Financial liabilities:		
Borrowings	21,434,199,004	16,862,306,160
Trade & other payables	40,504,349,042	29,511,353,767
Accruals	212,956,540	435,639,726
Total	62,151,504,586	46,809,299,653

Liquidity risk

The Company manages liquidity risk on the basis of expected maturity dates.

The following tables analyse financial liabilities by remaining contractual maturity.

	Borrowings VND	Trade & other payables VND	Total VND
Less than 1 year	11,760,887,249	37,077,305,582	48,838,192,831
Over 1 years	9,673,311,755	3,640,000,000	13,313,311,755
As at 30 Jun. 2017	21,434,199,004	40,717,305,582	62,151,504,586

	Borrowings VND	Trade & other payables VND	Total VND
Less than 1 year	4,204,260,800	26,306,993,493	30,511,254,293
Over 1 years	12,658,045,360	3,640,000,000	16,298,045,360
As at 01 Jan. 2017	16,862,306,160	29,946,993,493	46,809,299,653

At present, the Company expects to pay all liabilities at their contractual maturity. In order to meet such cash commitments, the Company expects the operating activity to generate sufficient cash inflows. In addition, the Company holds financial assets for which there is a liquid market and that are readily available to meet liquidity needs.

Interest rate risk

The Company's exposure to interest rate risk mainly concerns financial liabilities which are floating rate. The following table analyses the breakdown of liabilities by type of interest rate:

SELECTED NOTES TO FINANCIAL STATEMENTS (CONTINUED)

	As at 30 Jun. 2017 VND	As at 01 Jan. 2017 VND
Financial Liabilities:		
Floating rate	16,057,739,264	14,462,128,697
Fixed rate	5,376,459,740	2,400,177,463
Total	21,434,199,004	16,862,306,160

In order to manage the interest rate risk, the Company maintain an appropriate mix between fixed and floating rate borrowings.

Foreign currency risk

Since the Company operates internationally, it is exposed to foreign currency risk as part of its normal industrial and commercial business. The Company's overseas operations are partly financed by local currency loans and the equity element is largely hedged by long-term foreign currency borrowings. In addition, forward currency contracts are used as cash flow hedges of exposures on certain net foreign currency sales exposures as described below.

Financial assets are analysed by currency as follows:

	Trade And Other Receivables	Cash and Cash Equivalents	Total
US Dollars	954.181,00	298,730.48	1,252,911.48
As at 30 Jun. 2017	954.181,00	298,730.48	1,252,911.48
US Dollars	915.292,00	356,875.09	1,272,167.09
As at 01 Jan. 2017	915.292,00	356,875.09	1,272,167.09

The following table analyses the breakdown of liabilities by currency:

	Borrowings	Trade and Other payables	Total
US Dollars	48,246.00	5,000.00	53,246.00
As at 30 Jun. 2017	48,246.00	5,000.00	53,246.00
US Dollars	87,696.00	5,000.00	92,696.00
As at 01 Jan. 2017	87,696.00	5,000.00	92,696.00

SELECTED NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4.36. Events after the end of the reporting period

There were no significant events arising after the end of the reporting period to the date of the financial statements.



Nguyen Thanh Dong
General Director
Danang City, 27 July 2017

Phan Huu Tam
Chief Accountant

Nguyen Thi Minh Huyen
Preparer