



**VietJet Aviation Joint Stock Company**

Separate Financial Statements for the year  
ended 31 December 2016



**VietJet Aviation Joint Stock Company  
Corporate Information**

**Business Registration  
Certificate No.**

0103018458

23 July 2007

**Corporate Registration  
Certificate No.**

0102325399

19 April 2011

The Company's Corporate Registration Certificate has been amended several times, the most recent of which is by Corporate Registration Certificate No. 0102325399 dated 16 January 2017. The Business Registration certificate, the Corporate Registration Certificate and updates were issued by Hanoi Department of Planning and Investment.

**Investment Registration  
Certificate No.**

2357762445

30 December 2016

The Investment Registration Certificate was issued by the Board of Management of Saigon Hi-Tech Park and is valid for 50 years from the date of issuance.

**Board of Management**

Nguyen Thanh Ha  
Nguyen Thi Phuong Thao  
Nguyen Thanh Hung  
Chu Viet Cuong  
Luu Duc Khanh  
Luong The Phuc

Chairwoman  
Vice Chairwoman  
Vice Chairman  
Member  
Member  
Member

**Board of Directors**

Nguyen Thi Phuong Thao  
Luu Duc Khanh  
Nguyen Duc Tam  
Luong The Phuc  
Dinh Viet Phuong  
Nguyen Thi Thuy Binh  
To Viet Thang  
Nguyen Duc Thinh  
Tran Hoai Nam  
Nguyen Thi Kim Chinh  
  
Do Xuan Quang  
  
Noraesyah Yvonne Binti Abdullah

Chief Executive Officer  
Managing Director  
Vice President  
(until 23 December 2016)  
Vice President  
(until 18 November 2016)  
Chief Financial Officer  
(from 1 December 2016)

**VietJet Aviation Joint Stock Company**  
**Corporate Information (continued)**

<b>Supervisory Board</b>	Tran Duong Ngoc Thao Pham Minh Ha Doan Thu Huong	Head of the Board Member Member
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<b>Registered Office</b>	Block 1, Apartment 2C, Van Phuc Diplomatic Corps Ngoc Khanh Ward, Ba Dinh District Hanoi City Vietnam
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<b>Auditor</b>	KPMG Limited Vietnam
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**VietJet Aviation Joint Stock Company**  
**Statement of the Board of Directors**

The Board of Directors of VietJet Aviation Joint Stock Company (“the Company”) presents this statement and the accompanying separate financial statements of the Company for the year ended 31 December 2016.

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

- (a) the separate financial statements set out on pages 6 to 49 give a true and fair view of the unconsolidated financial position of the Company as at 31 December 2016, and of the unconsolidated results of operations and the unconsolidated cash flows of the Company for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting; and
- (b) at the date of this statement, there are no reasons to believe that the Company will not be able to pay its debts as and when they fall due.

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

On behalf of the Board of Directors



Nguyen Thi Phuong Thao  
*Chief Executive Officer*

Ho Chi Minh City, 30 March 2017



KPMG Limited Branch  
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115 Nguyen Hue Street, Ben Nghe Ward  
District 1, Ho Chi Minh City, Vietnam  
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## **INDEPENDENT AUDITOR'S REPORT**

### **To the Shareholders VietJet Aviation Joint Stock Company**

We have audited the accompanying separate financial statements of VietJet Aviation Joint Stock Company ("the Company"), which comprise the separate balance sheet as at 31 December 2016, the separate statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Company's Board of Directors on 30 March 2017, as set out on pages 6 to 49.

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

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



## Auditor's Opinion

In our opinion, the separate financial statements give a true and fair view, in all material respects, of the unconsolidated financial position of VietJet Aviation Joint Stock Company as at 31 December 2016 and of its unconsolidated results of operations and its unconsolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

### KPMG Limited's Branch in Ho Chi Minh City

Vietnam

Audit Report No.: 16-01-1057-1



  
\_\_\_\_\_  
Nguyen Thanh Nghi  
Practicing Auditor Registration  
Certificate No. 0304-2013-007-1  
*Deputy General Director*



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Nguyen Cam Tu  
Practicing Auditor Registration  
Certificate No. 2193-2013-007-1

Ho Chi Minh City, 30 March 2017

**VietJet Aviation Joint Stock Company**  
**Separate balance sheet as at 31 December 2016**

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

	Code	Note	31/12/2016 VND	1/1/2016 VND
<b>ASSETS</b>				
<b>Current assets</b> <b>(100 = 110 + 120 + 130 + 140 + 150)</b>	<b>100</b>		<b>8,760,720,394,235</b>	<b>6,240,403,475,829</b>
<b>Cash and cash equivalents</b>	<b>110</b>	<b>4</b>	<b>2,425,043,160,136</b>	<b>894,104,824,858</b>
Cash	111		770,443,160,136	244,104,824,858
Cash equivalents	112		1,654,600,000,000	650,000,000,000
<b>Short-term financial investments</b>	<b>120</b>		-	<b>270,000,000,000</b>
Trading instruments	121		-	270,000,000,000
<b>Accounts receivable – short-term</b>	<b>130</b>		<b>5,899,843,847,782</b>	<b>4,709,299,034,973</b>
Accounts receivable from customers	131	5	484,387,835,852	647,215,638,730
Prepayments to suppliers	132	6(a)	91,313,947,896	334,715,960,377
Short-term loans receivable	135		-	32,000,000,000
Other short-term receivables	136	7(a)	5,324,142,064,034	3,695,367,435,866
<b>Inventories</b>	<b>140</b>	<b>8</b>	<b>137,930,296,755</b>	<b>164,428,122,872</b>
<b>Other current assets</b>	<b>150</b>		<b>297,903,089,562</b>	<b>202,571,493,126</b>
Short-term prepaid expenses	151	13(a)	241,049,562,115	202,571,493,126
Taxes receivable from State Treasury	153	15(b)	56,853,527,447	-

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

**VietJet Aviation Joint Stock Company**  
**Separate balance sheet as at 31 December 2016 (continued)**

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

	Code	Note	31/12/2016 VND	1/1/2016 VND
<b>Long-term assets</b> <b>(200 = 210 + 220 + 240 + 250 + 260)</b>	<b>200</b>		<b>9,750,998,125,186</b>	<b>5,782,128,440,336</b>
<b>Accounts receivable – long-term</b>	<b>210</b>		<b>5,098,375,056,077</b>	<b>2,878,827,251,640</b>
Prepayments to suppliers – long-term	212	6(b)	701,500,000,000	-
Other long-term receivables	216	7(b)	4,396,875,056,077	2,878,827,251,640
<b>Fixed assets</b>	<b>220</b>		<b>1,046,915,836,501</b>	<b>28,481,913,002</b>
Tangible fixed assets	221	9	1,039,768,837,676	17,678,134,293
Cost	222		1,102,453,625,349	39,540,258,620
Accumulated depreciation	223		(62,684,787,673)	(21,862,124,327)
Intangible fixed assets	227	10	7,146,998,825	10,803,778,709
Cost	228		27,127,786,155	25,921,451,251
Accumulated amortisation	229		(19,980,787,330)	(15,117,672,542)
<b>Long-term work in progress</b>	<b>240</b>		<b>180,956,604,239</b>	<b>131,379,001,816</b>
Construction in progress	242	11	180,956,604,239	131,379,001,816
<b>Long-term financial investments</b>	<b>250</b>	<b>12</b>	<b>77,424,629,818</b>	<b>17,424,629,818</b>
Investments in subsidiaries	251		9,000,000,000	9,000,000,000
Investments in associates	252		60,000,000,000	-
Equity investments in other entities	253		7,868,448,000	7,868,448,000
Held-to-maturity investments	255		556,181,818	556,181,818
<b>Other long-term assets</b>	<b>260</b>		<b>3,347,325,998,551</b>	<b>2,726,015,644,060</b>
Long-term prepaid expenses	261	13(b)	3,347,325,998,551	2,726,015,644,060
<b>TOTAL ASSETS (270 = 100 + 200)</b>	<b>270</b>		<b>18,511,718,519,421</b>	<b>12,022,531,916,165</b>

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

**VietJet Aviation Joint Stock Company**  
**Separate balance sheet as at 31 December 2016 (continued)**

**Mẫu B 01 – DN**

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

	Code	Note	31/12/2016 VND	1/1/2016 VND
<b>RESOURCES</b>				
<b>LIABILITIES (300 = 310 + 330)</b>	<b>300</b>		<b>15,439,746,114,451</b>	<b>10,438,008,272,923</b>
<b>Current liabilities</b>	<b>310</b>		<b>10,692,674,531,581</b>	<b>6,938,203,578,750</b>
Accounts payable to suppliers	311	14	381,433,703,156	417,966,665,729
Advances from customers	312		291,656,427,709	156,740,793,796
Taxes payable to State Treasury	313	15(a)	196,853,480,072	62,794,377,086
Accrued expenses	315	16	478,908,435,987	395,552,785,491
Unearned revenue	318	17	1,306,836,634,360	662,230,377,199
Other short-term payables	319	18	690,910,035,875	1,188,424,999,290
Short-term borrowings	320	19(a)	6,102,386,845,285	3,543,467,794,788
Provisions – short-term	321	20	1,243,688,969,137	511,025,785,371
<b>Long-term liabilities</b>	<b>330</b>		<b>4,747,071,582,870</b>	<b>3,499,804,694,173</b>
Other long-term payables	337		5,905,373,020	5,216,469,924
Long-term borrowings	338	19(b)	694,840,299,644	-
Deferred tax liabilities	341	21	82,471,339,722	31,558,668,102
Provisions – long-term	342	20	3,963,854,570,484	3,463,029,556,147
<b>EQUITY (400 = 410)</b>	<b>400</b>		<b>3,071,972,404,970</b>	<b>1,584,523,643,242</b>
<b>Owners' equity</b>	<b>410</b>	<b>22</b>	<b>3,071,972,404,970</b>	<b>1,584,523,643,242</b>
Share capital	411	23	3,000,000,000,000	1,450,000,000,000
Retained profits	421		71,972,404,970	134,523,643,242
<b>TOTAL RESOURCES (440 = 300 + 400)</b>	<b>440</b>		<b>18,511,718,519,421</b>	<b>12,022,531,916,165</b>

30 March 2017

Prepared by:



Hoang Manh Ha  
Acting Chief Accountant

Approved by:



Luu Duc Khanh  
Managing Director

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

**VietJet Aviation Joint Stock Company**  
**Separate statement of income for the year ended 31 December 2016**

**Form B 02 – DN**

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

	Code	Note	2016 VND	2015 VND
<b>Revenue from sales of goods and provision of services</b>	<b>01</b>	<b>26</b>	<b>15,883,565,775,389</b>	<b>11,012,896,769,134</b>
<b>Cost of sales</b>	<b>11</b>	<b>27</b>	<b>13,520,512,624,316</b>	<b>9,438,139,936,374</b>
<b>Gross profit (20 = 01 - 11)</b>	<b>20</b>		<b>2,363,053,151,073</b>	<b>1,574,756,832,760</b>
Financial income	21	28	575,799,036,707	133,301,321,046
Financial expenses	22	29	653,849,205,456	561,610,265,735
<i>In which: Interest expense</i>	23		180,732,739,883	129,699,274,892
Selling expenses	25	30	501,076,008,688	312,276,634,445
General and administration expenses	26	31	180,124,957,782	193,339,282,820
<b>Net operating profit</b> <b>{30 = 20 + (21 - 22) - (25 + 26)}</b>	<b>30</b>		<b>1,603,802,015,854</b>	<b>640,831,970,806</b>
Other income	31		18,117,113,063	8,378,083,029
Other expenses	32		29,956,864	129,932,461
<b>Results of other activities</b> <b>(40 = 31 - 32)</b>	<b>40</b>		<b>18,087,156,199</b>	<b>8,248,150,568</b>
<b>Accounting profit before tax</b> <b>(50 = 30 + 40)</b>	<b>50</b>		<b>1,621,889,172,053</b>	<b>649,080,121,374</b>
<b>Income tax expense – current</b>	<b>51</b>	<b>33</b>	<b>155,027,738,705</b>	<b>-</b>
<b>Income tax expense/(benefit) – deferred</b>	<b>52</b>	<b>33</b>	<b>50,912,671,620</b>	<b>(2,149,186,431)</b>
<b>Net profit after tax</b> <b>(60 = 50 - 51 - 52)</b>	<b>60</b>		<b>1,415,948,761,728</b>	<b>651,229,307,805</b>

30 March 2017

Prepared by:



Hoang Manh Ha  
Acting Chief Accountant

Approved by:



Luu Duc Khanh  
Managing Director

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

**VietJet Aviation Joint Stock Company**  
**Separate statement of cash flows for the year ended 31 December 2016**  
**(Indirect method)**

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

	Code Note	2016 VND	2015 VND
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Accounting profit before tax</b>	<b>01</b>	<b>1,621,889,172,053</b>	<b>649,080,121,374</b>
<b>Adjustments for</b>			
Depreciation and amortisation	02	45,685,778,134	10,094,601,779
Allowances and provisions	03	53,085,360,121	-
Unwinding discount of provisions	03	442,283,153,862	272,908,367,170
Unrealised foreign exchange (gains)/losses	04	(49,644,924,652)	40,184,427,061
Interest income from deposits and loans receivable	05	(53,335,659,366)	(14,894,691,544)
Profits from other investing activities	05	-	(31,807,087,556)
Loss from disposals and written off tangible fixed assets	05	-	16,078,787
Receipt of dividends	05	(436,035,103,949)	-
Interest expense	06	180,732,739,883	129,699,274,892
<b>Operating profit before changes in working capital</b>	<b>08</b>	<b>1,804,660,516,086</b>	<b>1,055,281,091,963</b>
Change in receivables	09	(939,052,304,445)	(1,601,902,015,540)
Change in inventories	10	26,497,826,117	(71,019,775,696)
Change in payables and other liabilities	11	419,722,141,226	1,459,618,946,625
Change in prepaid expenses	12	274,755,222,804	119,056,291,757
		<b>1,586,583,401,788</b>	<b>961,034,539,109</b>
Interest paid	14	(177,942,929,579)	(162,169,963,853)
Income tax paid	15	(40,000,000,000)	-
<b>Net cash flows from operating activities</b>	<b>20</b>	<b>1,368,640,472,209</b>	<b>798,864,575,256</b>

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

**VietJet Aviation Joint Stock Company**  
**Separate statement of cash flows for the year ended 31 December 2016**  
**(Indirect method – continued)**

**Form B 03 – DN**

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

	<b>Code Note</b>	<b>2016 VND</b>	<b>2015 VND</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for additions to fixed assets and other long-term assets	21	(1,859,068,922,771)	(123,930,206,389)
Payments for deposits to purchase aircrafts	21	(1,286,462,375,174)	(1,048,612,463,176)
Receipts from collecting debt instruments of other entities	24	270,000,000,000	-
Payments for investments in other entities	25	(60,000,000,000)	-
Receipts of interests on deposits and loans receivable	27	103,751,955,256	10,191,635,989
Receipts of dividends	27	1,180,266,000	-
<b>Net cash flows from investing activities</b>	<b>30</b>	<b>(2,830,599,076,689)</b>	<b>(1,162,351,033,576)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from shares issued	31	71,500,000,000	-
Proceeds from borrowings	33	21,249,914,036,344	13,366,588,908,049
Proceeds from co-operation contracts	33	-	300,000,000,000
Payments to settle borrowing principals	34	(18,035,136,049,967)	12,426,501,340,454
Payments to settle business co-operation contracts	34	(300,000,000,000)	(500,000,000,000)
<b>Net cash flows from financing activities</b>	<b>40</b>	<b>2,986,277,986,377</b>	<b>740,087,567,595</b>

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

**VietJet Aviation Joint Stock Company**  
**Separate statement of cash flows for the year ended 31 December 2016**  
**(Indirect method – continued)**

**Form B 03 – DN**

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

	Code Note	2016 VND	2015 VND
Net cash flows during the year (50 = 20 + 30 + 40)	50	1,524,319,381,897	376,601,109,275
Cash and cash equivalents at beginning of the year	60	894,104,824,858	521,978,179,042
Effect of exchange rate fluctuations on cash and cash equivalents	61	6,618,953,381	(4,474,463,459)
Cash and cash equivalents at the end of the year (70 = 50 + 60 + 61)	70 4	2,425,043,160,136	894,104,824,858

30 March 2017

Prepared by:



Hoang Manh Ha  
Acting Chief Accountant

Approved by:



Luu Duc Khanh  
Managing Director

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

**VietJet Aviation Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2016**

**Form B 09 – DN**

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

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

**1. Reporting Entity**

**(a) Ownership structure**

VietJet Aviation Joint Stock Company (“the Company”) is a joint stock company incorporated in Vietnam.

According to Decision No. 29/QĐ-SGDHCM dated 6 February 2017 of the Ho Chi Minh City Stock Exchanges, the Company’s share was officially listed on Ho Chi Minh Stock Exchange, with trading code of VJC.

**(b) Principal activities**

The principal activities of the Company are to provide passenger and cargo transportation services on domestic and international air routes, and air related support services.

**(c) Normal operating cycle**

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

**(d) Company structure**

As at 31 December 2016, the Company had 2,440 employees (1/1/2016: 1,650 employees).

**2. Basis of preparation**

**(a) Statement of compliance**

These separate financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting. The Company prepares and issues its consolidated financial statements separately. For a comprehensive understanding of the Company’s consolidated financial position, its consolidated results of operations and its consolidated cash flows, these separate financial statements should be read in conjunction with the consolidated financial statements.

**(b) Basis of measurement**

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

**(c) Annual accounting period**

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

**VietJet Aviation Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2016**  
**(continued)**

**Form B 09 – DN**

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

**(d) Accounting and presentation currency**

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

**3. Summary of significant accounting policies**

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

**(a) Foreign currency transactions**

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

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

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

**(b) Cash and cash equivalents**

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

**(c) Investments**

**(i) Trading instruments**

Trading instruments are those held by the Company for trading purpose i.e. purchased for resale with the aim of making profits over a short period of time. These investments are stated at costs less allowance for diminution in the value of investment.

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

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

**VietJet Aviation Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2016**  
**(continued)**

**Form B 09 – DN**

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

**(iii) Investments in subsidiaries and associates**

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

**(iv) Investments in equity instruments of other entities**

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

**(d) Accounts receivable**

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

**(e) Maintenance reserves of leased aircrafts**

Under the terms of its aircraft operating lease agreements, the Company is legally and contractually responsible for maintenance and repair of the leased aircrafts throughout the lease period and is also required to make maintenance reserves with the lessors. The maintenance reserves are recorded as other short-term and long-term receivables when there is no significant uncertainty regarding recovery of the reimbursement from lessors. Maintenance reserves made to lessors are typically calculated based on a performance measure, such as flight hours or cycles, and are contractually required to be reimbursed to the Company upon the completion of the required maintenance of the leased aircraft including replacement of life limited parts, engine performance restoration, airframe major structural inspection, landing gear overhaul and APU (auxiliary power unit) heavy repair. If there are excess amounts on maintenance reserves at the expiration of the leases, the lessors are entitled to retain such excess amounts.

**VietJet Aviation Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2016**  
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**(f) Inventories**

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

The Company applies the perpetual method of accounting for inventories.

**(g) Tangible fixed assets**

**(i) Cost**

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

**(ii) Depreciation**

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

▪ aircraft and components	20 years
▪ machinery and equipment	3 – 10 years
▪ office equipment	3 – 5 years
▪ motor vehicles	6 years

**(h) Intangible fixed assets**

**Software**

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

**(i) Construction in progress**

Construction in progress represents the cost of construction and acquiring aircrafts which have not been fully completed. No depreciation is provided for construction in progress during the period of construction.

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

**(i) Major inspection and overhaul expenditure**

Major inspection and overhaul expenditure for leased aircrafts are deferred and amortised over the shorter of the period to the next major inspection event and the remaining term of the lease.

**(ii) Rotable parts**

Rotable parts which have estimated useful lives of more than 1 year are recorded in long-term prepaid expenses and amortised on a straight-line basis over their estimated useful lives but not exceeding 3 years.

**(iii) Tools and instruments**

Tools and instruments include assets held for use by the Company in the normal course of business whose costs of individual items are less than VND30 million and therefore not qualified for recognition as fixed assets under prevailing regulation. Cost of tools and instruments are amortised on a straight-line basis over a period from 2 to 5 years.

**(k) Trade and other payables**

Trade and other payables are stated at their cost.

**(l) Provisions**

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

**(i) Provisions for maintenance costs in the scope of maintenance reserves**

According to the aircraft leasing agreements between the Company and its lessors and the requirements of Vietnam Aviation Authority, the Company has to perform the routine maintenance and periodic maintenance for leased aircrafts based on its own Maintenance Planning Development (“MPD”) which was constructed based on the guidance of airline manufacturers. The routine maintenance will be performed at the Company’s cost while the periodic maintenance will be covered by maintenance reserves. The provisions for maintenance expenses in the scope of maintenance reserves is determined by discounting the expected future costs of maintenance for the leased aircrafts, having regard to the current fleet plan. During the period of leasing, the estimated costs are recorded in provisions with the corresponding debit to long-term prepaid expenses. The estimated costs in long-term prepaid expenses are amortised on the basis of flight hours or cycles to the next maintenance event. The effect of unwinding discount of the provisions is recorded as financial expenses.

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**(ii) Provisions for cost to make good on leased assets**

With respect to aircraft operating lease agreements where the Company is required to return the aircraft with adherence to certain maintenance conditions, cost to make good on leased assets is estimated at the inception of the lease based on the present value of the future expected costs at the expiration of the lease in order for the Company to meet the certain conditions for the return of the aircraft to the lessors, including certain levels of maintenance as well as arranging for final test flights, inspection, custom and deregistration costs, removal of the Company's modifications, if any and return of the aircraft to a specified location. At the inception of the lease, the estimated cost is recorded in provisions with the corresponding debit to long-term prepaid expenses. The estimated costs in long-term prepaid expenses are amortised on a straight-line basis over the term of the leases. The effect of unwinding discount of the provisions is recorded as financial expenses.

**(m) Share capital**

***Ordinary shares***

Ordinary shares are stated at par value. Incremental costs directly attributable to the issue of shares, net of tax effects, are recognised as a deduction from share premium.

**(n) Taxation**

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

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

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

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

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**(o) Revenue and other income**

**(i) Passenger transportation**

Revenue from passenger transportation are recognised in the separate statement of income when the transportation is provided or when the ticket expires. The value of unused passenger tickets and miscellaneous charges is included in current liabilities as unearned revenue. Non-refundable tickets generally expire on the date of the intended flight, unless the date is extended by notification from the customer on or before the intended flight date. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due. Revenue of passenger transportation is recognised at the net amount after deducting sales discounts stated on the invoice.

**(ii) Ancilliary revenue**

Ancilliary revenue includes sale of in-flight and duty free merchandise, advertising, commission, cargo transportation and revenue from related passenger transportation services.

Sales of in-flight and duty free merchandise is recognised in the separate statement of income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of merchandise inventories.

Revenue from cargo transportations are recognised in the statement of income when the services were completed. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

Advertising revenue and commission are recorded as ancilliary revenue at the time the fee is earned. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

Revenue from related passenger transportation services such as fees charged in association with changes or extensions to non-refundable tickets are recorded as ancilliary revenue at the time the fee is earned. Amendment fees related to non-refundable tickets are considered a consolidated transaction from the air transportation and they are recognised in the separate statement of income when charged to passengers. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

**(iii) Charter flights**

Revenue from charter flights are recognised in the separate statement of income when the services were completed. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

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**(iv) Aircraft leasing**

Revenue from aircraft leasing is recognised in the separate statement of income on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease revenue. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

**(v) Other services**

Revenue from services rendered is recognised in the separate statement of income in proportion to the stage of completion of the transaction at the reporting date. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

**(vi) Interest income**

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

**(vii) Dividend income**

Dividend income is recognised when the right to receive dividend is established. Share dividends are not recognised as income. Dividends received which are attributable to the period before investment acquisition date are deducted from the carrying amount of the investment.

**(p) Borrowing costs**

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

**(q) Operating lease payments**

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

**(r) Related parties**

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

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**4. Cash and cash equivalents**

	<b>31/12/2016</b>	<b>1/1/2016</b>
	<b>VND</b>	<b>VND</b>
Cash on hand	2,510,481,354	3,786,706,753
Cash in banks	767,932,678,782	240,318,118,105
Cash equivalents	1,654,600,000,000	650,000,000,000
	<hr/>	<hr/>
	2,425,043,160,136	894,104,824,858
	<hr/>	<hr/>

Cash equivalents at 31 December 2016 represented the term deposits in VND at banks with maturities less than 3 months and earned interest at rates ranging from 4.5% to 5.6% per annum in 2016 (2015: from 1% to 5.3%) and term deposit in USD at banks with maturities less than 3 months and earned interest at the rate of 0% per annum in 2016 (2015: Nil).

Included in cash in banks as at 1 January 2016 was VND165,881 million pledged as security for borrowings granted by Ho Chi Minh City Development Joint Stock Commercial Bank (“HDBank”) – Headquarter and Vietnam Joint Stock Commercial Bank for Industry and Trade (“Vietinbank”) – District 11 Branch to the Company (Note 19).

Included in cash equivalents as at 31 December 2016 was VND175,000 million (1/1/2016: Nil) pledged as security for borrowings granted by HDBank – Headquarter to the Company (Note 19).

**5. Accounts receivable from customers – short-term**

**(a) Accounts receivable from customers detailed by significant customers**

	<b>31/12/2016</b>	<b>1/1/2016</b>
	<b>VND</b>	<b>VND</b>
Hangzhou BaoLi Co., Ltd	314,187,605,880	514,870,541,180
Vietjet Air Cargo Joint Stock Company	49,867,516,970	91,984,447,963
World Go International Co., Ltd	38,556,753,163	11,455,024,049
Other customers	81,775,959,839	28,905,625,538
	<hr/>	<hr/>
	484,387,835,852	647,215,638,730
	<hr/>	<hr/>

At 1 January 2016, included in accounts receivables from customers was VND377,056 million pledged as security for borrowings granted by Joint Stock Commercial Bank for Foreign Trade of Vietnam (“Vietcombank”) - Ho Chi Minh City Branch to the Company (Note 19).

**VietJet Aviation Joint Stock Company**  
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**(b) Accounts receivable from customers who are related parties**

	<b>31/12/2016</b>	<b>1/1/2016</b>
	<b>VND</b>	<b>VND</b>
<b>Shareholder with significant influence</b>		
Ho Chi Minh City Development Bank	-	560,824,000
<b>Subsidiary</b>		
Vietjet Air Cargo Joint Stock Company	49,867,516,970	91,984,447,963
<b>Related parties</b>		
Indochina Beach Hotel Joint Stock Company	51,342,000	6,008,000
Ariyana Hotel and Tourism Joint Stock Company	16,500,000	-

The accounts receivables related amounts due from related parties were unsecured, interest free and are receivable on demand.

**6. Prepayments to suppliers**

**(a) Prepayments to suppliers – short-term**

	<b>31/12/2016</b>	<b>1/1/2016</b>
	<b>VND</b>	<b>VND</b>
Prepayments for engine repair services	27,143,242,096	-
Prepayments for Thai Vietjet Air Joint Stock Company Limited, an associate	14,757,791,669	-
Prepayments for flight training center project	-	180,000,000,000
Prepayments to Ariyana Hotel and Tourism Joint Stock Company, a related party, for flight attendance house project	-	100,000,000,000
Others	49,412,914,131	54,715,960,377
	<b>91,313,947,896</b>	<b>334,715,960,377</b>

Prepayments to related parties are unsecured and interest free.

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**(b) Prepayments to suppliers – long-term**

	<b>31/12/2016</b>	<b>1/1/2016</b>
	<b>VND</b>	<b>VND</b>
Business co-operation contract	701,500,000,000	-

Prepayments to suppliers – long-term represented the Company’s contribution to develop an office and residential complex building in 18E Cong Hoa, Ward 4, Tan Binh District, Ho Chi Minh City in accordance with Contract No. 01/2016/VJA-TDĐB dated 2 June 2016 with Thuy Duong – Duc Binh Commercial Joint Stock Company. The Company will receive 15,547 m<sup>2</sup> office area and 13,409 m<sup>2</sup> and use these areas as the Company’s office and dormitory upon completion of the project, which is expected within 3 years from the date of the contract.

**7. Other receivables**

**(a) Other short-term receivables**

	<b>31/12/2016</b>	<b>1/1/2016</b>
	<b>VND</b>	<b>VND</b>
Deposits for aircraft purchases	3,462,539,158,419	3,020,517,186,184
Maintenance reserves of leased aircrafts	901,462,143,692	320,326,400,008
Expenses paid on behalf of Thai Vietjet Air Joint Stock Company Limited, an associate	468,344,946,987	170,237,634,312
Other receivables from Vietjet Air IVB No, II Limited, a subsidiary	332,617,392,000	-
Other receivables related to intitial public offering (“IPO”)	32,409,850,138	-
Other receivables from maintenance reserves of leased aircrafts	14,573,306,867	-
Receivables from cabin reparation	12,079,587,527	39,987,259,744
Consultancy services advanced to Sovico Holdings, a shareholder with significant influence	-	6,701,877,729
Interest receivables	1,706,069,444	52,122,365,334
Advance to employees	39,944,053,468	48,342,981,996
Deposits for office rental to Ariyana Hotel and Tourism Joint Stock Company, a related party	-	10,000,000,000
Other deposits	30,296,462,087	17,854,259,318
Others	28,169,093,405	9,277,471,241
	<b>5,324,142,064,034</b>	<b>3,695,367,435,866</b>

The non-trade related amounts due from related parties were unsecured, interest free and are receivable on demand.

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**(b) Other long-term receivables**

	<b>31/12/2016</b>	<b>1/1/2016</b>
	<b>VND</b>	<b>VND</b>
Maintenance reserves of leased aircrafts	2,099,900,362,116	1,529,980,542,163
Deposits for aircraft purchases	1,669,592,291,185	825,151,888,246
Deposits for aircraft leases	614,849,191,414	512,179,593,037
Others	12,533,211,362	11,515,228,194
	4,396,875,056,077	2,878,827,251,640

**8. Inventories**

	<b>31/12/2016</b>		<b>1/1/2016</b>	
	<b>Cost</b>	<b>Allowance</b>	<b>Cost</b>	<b>Allowance</b>
	<b>VND</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>
Raw materials	-	-	32,485,725	-
Tools and supplies	133,562,282,327	-	159,388,355,629	-
Merchandise inventories	4,368,014,428	-	5,007,281,518	-
	137,930,296,755	-	164,428,122,872	-

At 31 December 2016, inventories with carrying value of VND137,930 million (1/1/2016: VND164,428 million) were pledged as security for borrowings granted by Vietinbank – District 11 Branch to the Company (Note 19).

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**9. Tangible fixed assets**

	Aircraft and components VND	Machinery and equipment VND	Office equipment VND	Motor vehicles VND	Total VND
<b>Cost</b>					
Opening balance	-	11,849,962,336	14,634,698,307	13,055,597,977	39,540,258,620
Additions	101,290,631,452	45,398,507,608	659,242,211	1,882,793,489	149,231,174,760
Transfers from construction in progress	913,682,191,969	-	-	-	913,682,191,969
Closing balance	1,014,972,823,421	57,248,469,944	15,293,940,518	14,938,391,466	1,102,453,625,349
<b>Accumulated depreciation</b>					
Opening balance	-	6,911,848,515	9,941,239,156	5,009,036,656	21,862,124,327
Charge for the year	30,816,828,145	6,099,238,838	1,282,281,679	2,624,314,684	40,822,663,346
Closing balance	30,816,828,145	13,011,087,353	11,223,520,835	7,633,351,340	62,684,787,673
<b>Net book value</b>					
Opening balance	-	4,938,113,821	4,693,459,151	8,046,561,321	17,678,134,293
Closing balance	984,155,995,276	44,237,382,591	4,070,419,683	7,305,040,126	1,039,768,837,676

Included in the cost of tangible fixed assets were assets costing VND11,455 million which were fully depreciated as at 31 December 2016 (1/1/2016: VND10,499 million) but which are still in active use.

As at 31 December 2016, tangible fixed assets with carrying value of VND888,585 million were pledged as security for borrowings granted by Military Commercial Joint Stock Bank to the Company (1/1/2016: Nil) (Note 19).

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**10. Intangible fixed assets**

	<b>Software VND</b>
<b>Cost</b>	
Opening balance	25,921,451,251
Additions	1,206,334,904
	27,127,786,155
<b>Accumulated amortisation</b>	
Opening balance	15,117,672,542
Charge for the year	4,863,114,788
	19,980,787,330
<b>Net book value</b>	
Opening balance	10,803,778,709
Closing balance	7,146,998,825

Included in the cost of software was assets costing VND6,613 million which were fully amortised as at 31 December 2016 (1/1/2016: VND5,630 million), but which are still in active use.

**11. Construction in progress**

	<b>2016 VND</b>	<b>2015 VND</b>
Opening balance	131,379,001,816	146,099,277,427
Additions during the year	1,007,131,413,107	147,794,999,373
Transfer to tangible fixed assets	(913,682,191,969)	-
Transfer to other short-term receivables	(43,871,618,715)	(162,515,274,984)
	180,956,604,239	131,379,001,816
Closing balance	180,956,604,239	131,379,001,816

During the year, borrowing costs capitalised into construction in progress amounted to VND23,050 million (2015: VND29,860 million).

Construction in progress as at 31 December 2016 mainly represented the cost of acquiring aircrafts.

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**12. Long-term financial investments**

	31/12/2016		1/1/2016	
	% of equity owned/ voting right	VND	% of equity owned/ voting right	VND
Equity investments in:				
▪ Subsidiaries				
- Vietjet Air Cargo Joint Stock Company	90%	9,000,000,000	90%	9,000,000,000
- Vietjet Air IVB No. I Limited	100%	-	100%	-
- Vietjet Air IVB No. II Limited	100%	-	100%	-
- Vietjet Air Singapore Pte, Ltd,	100%	-	100%	-
- Vietjet Air Ireland No. 1 Limited	100%	-	100%	-
		9,000,000,000		9,000,000,000
▪ Associates				
- Thai Vietjet Air Joint Stock Company Limited	9%	-	9%	-
- Cam Ranh International Terminal Joint Stock Company (*)	10%	60,000,000,000	-	-
		60,000,000,000		-
▪ Other entity				
- Sai Gon Ground Services Joint Stock Company	4%	7,868,448,000	4%	7,868,448,000
Held-to-maturity investments in:				
▪ Business co-operation contract		556,181,818		556,181,818
		77,424,629,818		17,424,629,818

(\*) The amount represented the cost of investment in 6,000,000 shares of Cam Ranh International Terminal Joint Stock Company in 2016.

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Principal activities of subsidiaries and associate are described as follows:

<b>Name</b>	<b>Country of incorporation</b>	<b>License number</b>	<b>Principal activities</b>
<b>Subsidiaries</b>			
Vietjet Air Cargo Joint Stock Company	Vietnam	No. 0312759089 dated 27 August 2014	To provide cargo transportation related support services.
Vietjet Air IVB No. I Limited (**)	British Virgin Islands	No. 1825671 dated 27 May 2014	To trade aircrafts.
Vietjet Air IVB No. II Limited (**)	British Virgin Islands	No. 1825613 dated 27 May 2014	To trade aircrafts.
Vietjet Air Singapore Pte. Ltd. (**)	Singapore	No. 201408849N dated 27 March 2014	To trade aircrafts.
Vietjet Air Ireland No. 1 Limited (**)	Ireland	No. 544879 dated 3 June 2014	To trade aircrafts.
<b>Associates</b>			
Thai Vietjet Air Joint Stock Company Limited (**)(***)	Thailand	No. 0105556100551 dated 25 June 2013	To provide transport and transfer goods and passenger, operate the business of tours and other related services.
Cam Ranh International Terminal Joint Stock Company (***)	Vietnam	No. 4201676638 dated 5 February 2016	To provide services to support avia aviation transportation.

(\*\*) As at 31 December 2016, the Company has not yet contributed capital in these subsidiaries and the associate. These companies' operation are mainly financed by the Company.

(\*\*\*) The Company has significant influence over these companies because the Company has a right to appoint members of the Board of Management of these companies.

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**13. Prepaid expenses**

**(a) Short-term prepaid expenses**

	<b>31/12/2016</b>	<b>1/1/2016</b>
	<b>VND</b>	<b>VND</b>
Prepayments for aircraft leases	227,656,900,271	178,338,944,890
Prepayments for maintenance expenses	13,212,911,483	16,336,297,906
Others	179,750,361	7,896,250,330
	<hr/>	<hr/>
	241,049,562,115	202,571,493,126
	<hr/>	<hr/>

VietJet Aviation Joint Stock Company

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(b) Long-term prepaid expenses

	Maintenance costs VND	Cost to make good on leased assets VND	Major inspection and overhaul expenditure VND	Rotable parts, tools and instruments VND	Total VND
Opening balance	2,247,148,148,287	142,173,066,533	140,064,199,458	196,630,229,782	2,726,015,644,060
Additions during the year	1,178,269,279,439	61,816,749,558	135,304,649,002	174,488,437,268	1,549,879,115,267
Charged for the year	(322,052,554,797)	(31,917,515,187)	(108,847,091,444)	(160,209,216,635)	(623,026,378,063)
Written-off	(305,542,382,713)	-	-	-	(305,542,382,713)
Closing balance	2,797,822,490,216	172,072,300,904	166,521,757,016	210,909,450,415	3,347,325,998,551

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**14. Accounts payable to suppliers – short-term**

**(a) Accounts payable to suppliers detailed by significant suppliers**

	<b>31/12/2016</b> <b>Cost/Amount</b> <b>within repayment</b> <b>capacity</b> <b>VND</b>	<b>1/1/2016</b> <b>Cost/Amount</b> <b>within repayment</b> <b>capacity</b> <b>VND</b>
Petrolimex Aviation Fuel Joint Stock Company	243,481,418,499	123,621,454,259
Airports Corporation of Viet Nam Joint Stock Company	21,849,959,094	86,718,052,069
Other suppliers	116,102,325,563	207,627,159,401
	381,433,703,156	417,966,665,729

**(b) Accounts payable to customers who are related parties**

	<b>31/12/2016</b> <b>VND</b>	<b>1/1/2016</b> <b>VND</b>
<b>Subsidiary</b>		
Vietjet Air Cargo Joint Stock Company	97,065,680	-
	97,065,680	-

Trade related amounts due to related party were unsecured, interest free and are payable on demand.

**VietJet Aviation Joint Stock Company**

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**15. Taxes receivable from and payable to State Treasury**

**(a) Taxes payable to State Treasury**

	1/1/2016 VND	Incurred VND	Paid VND	Netted-off VND	Reclassified VND	31/12/2016 VND
Value added tax	42,064,055,558	1,156,878,995,246	(460,761,984,913)	(673,212,018,287)	-	64,969,047,604
Personal income tax	13,106,680,195	256,780,404,700	(253,030,391,132)	-	-	16,856,693,763
Foreign contractor tax	7,623,641,333	23,346,401,325	(87,823,570,105)	-	56,853,527,447	-
Corporate income tax	-	155,027,738,705	(40,000,000,000)	-	-	115,027,738,705
	62,794,377,086	1,592,033,539,976	(841,615,946,150)	(673,212,018,287)	56,853,527,447	196,853,480,072

**(b) Taxes receivable from State Treasury**

	1/1/2016 VND	Incurred VND	Refunded VND	Netted-off VND	Reclassified VND	31/12/2016 VND
Deductible value added tax	-	673,212,018,287	-	(673,212,018,287)	-	-
Foreign contractor tax	-	-	-	-	56,853,527,447	56,853,527,447
	-	673,212,018,287	-	(673,212,018,287)	56,853,527,447	56,853,527,447

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**16. Accrued expenses**

	<b>31/12/2016</b>	<b>1/1/2016</b>
	<b>VND</b>	<b>VND</b>
Aircraft related expenses	409,026,251,553	350,426,292,908
13 <sup>th</sup> month salary	34,312,991,844	14,941,754,485
Interest expense	4,863,884,399	2,074,074,095
Maintenance expenses	-	14,338,340,858
Others	30,705,308,191	13,772,323,145
	<hr/>	<hr/>
	478,908,435,987	395,552,785,491
	<hr/>	<hr/>

**17. Unearned revenue**

	<b>31/12/2016</b>	<b>1/1/2016</b>
	<b>VND</b>	<b>VND</b>
Revenue from passenger transportation and ancillary revenue received in advance, to be realised within 12 months	1,306,836,634,360	662,230,377,199
	<hr/>	<hr/>

**VietJet Aviation Joint Stock Company**  
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**18. Other short-term payables**

	<b>31/12/2016</b>	<b>1/1/2016</b>
	<b>VND</b>	<b>VND</b>
Airport tax payables	399,300,619,575	233,290,358,812
Short-term deposits received	107,423,263,649	1,167,425,328
Purchase discounts received on behalf of Vietjet Air IVB No. I Limited, a subsidiary (*)	85,530,843,556	-
Payables of aircraft sale proceeds collected on behalf of Vietjet Air IVB No. II Limited, a subsidiary (*)	78,065,238,400	79,270,214,987
Consulting fees payable to Sovico Holdings, a shareholder with significant influence (*)	5,972,677,422	-
Business co-operation contract with HDBank Asset Management One Member Company Limited, a related party (*)	-	300,000,000,000
Payables of aircraft sales proceeds collected on behalf of Vietjet Air IVB No. I Limited, a subsidiary (*)	-	520,416,965,047
Others	14,617,393,273	54,280,035,116
	<hr/>	
	690,910,035,875	1,188,424,999,290
	<hr/>	

(\*) Non-trade related amounts due to related parties were unsecured and interest free and are payable on demand.

VietJet Aviation Joint Stock Company

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**19. Borrowings**

**(a) Short-term borrowings**

	1/1/2016	Movements during the year		31/12/2016
	Carrying amount/ Amount within repayment capacity VND	Additions VND	Payments VND	Carrying amount/ Amount within repayment capacity VND
Short-term borrowings	3,543,467,794,788	20,472,167,981,143	(18,002,824,709,967)	6,036,432,585,285
Current portion of long-term borrowings	-	98,265,600,000	(32,311,340,000)	65,954,260,000
	3,543,467,794,788	20,570,433,581,143	(18,035,136,049,967)	6,102,386,845,285

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Terms and conditions of short-term borrowings were as follows:

Lenders	Currency	Annual interest rate	31/12/2016 VND	1/1/2016 VND
Ho Chi Minh City Development Joint Stock Commercial Bank (“HD Bank”) – Headquarter (a)				
Borrowing 1	VND	2.4% – 5.5%	106,812,385,443	-
Borrowing 2	USD	1.4%	-	133,788,438,427
Vietnam Joint Stock Commercial Bank for Industry and Trade (“Vietinbank”) – District 11 Branch (b)				
Borrowing 3	VND	4.8% – 5.3%	1,647,157,457,453	799,584,491,935
Borrowing 4	USD	1.4% – 1.6%	334,867,496,106	-
Joint Stock Commercial Bank for Foreign Trade of Vietnam (“Vietcombank”) – Ho Chi Minh City Branch (c)				
Borrowing 5	VND	5% – 5.2%	340,862,342,163	338,059,374,846
Borrowing 6	USD	1.5% – 1.85%	682,060,978,753	131,551,003,813
Petrolimex Group Commercial Joint Stock Bank (e)				
Borrowing 7	VND	5% – 5.5%	118,684,487,400	148,932,876,040
Military Commercial Joint Stock Bank (e)				
Borrowing 8	VND	5% – 5.3%	770,578,961,161	499,967,032,083
Borrowing 9	USD	5%	79,764,999,999	-
Maritime Commercial Joint Stock Bank (e)				
Borrowing 10	USD	1.3% – 2.5%	128,315,091,936	225,540,000,000
Bank for Investment and Development of Vietnam (e)				
Borrowing 11	VND	5% – 5.5%	894,341,373,335	763,181,592,235
Borrowing 12	USD	2.2%	-	387,719,867,627
An Binh Commercial Joint Stock Bank (e)				
Borrowing 13	USD	1.65%	433,497,690,959	-
HSBC Bank (e)				
Borrowing 14	VND	3.5% – 4.7%	166,665,685,684	-
Tien Phong Commercial Joint Stock Bank (d)				
Borrowing 15	USD	1.9% – 3.5%	332,823,634,893	115,143,117,782
			6,036,432,585,285	3,543,467,794,788

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- (a) Borrowing 1 and 2 from HDBank – Headquarter, a related party, were secured by assets as follows:

	<b>31/12/2016</b>	<b>1/1/2016</b>
	<b>VND</b>	<b>VND</b>
Cash in banks (Note 5)	-	70,614,566,717
Cash equivalent (Note 5)	175,000,000,000	-
	175,000,000,000	70,614,566,717

As at 31 December 2016, borrowing 1 was secured by receivables from the Company's aircraft sales and purchases agreement with Avation Plc, an aircraft leasing company, in future.

- (b) Details of assets used as security for borrowing 3 and borrowing 4 were as follows:

	<b>31/12/2016</b>	<b>1/1/2016</b>
	<b>VND</b>	<b>VND</b>
Inventories (Note 9)	137,930,296,755	164,428,122,872
Cash in banks (Note 5)	-	95,266,033,861
	137,930,296,755	259,694,156,733

As at 31 December 2016, borrowing 3 and 4 were secured by all right to receive assets from the Company's aircraft sales and purchases agreements of A320 and A321 aircrafts delivered in June 2017 between the Company and Goshawk Management (Ireland) Limited, an aircraft leasing company.

- (c) Details of assets used as security for borrowing 5 and borrowing 6 were as follows:

	<b>31/12/2016</b>	<b>1/1/2016</b>
	<b>VND</b>	<b>VND</b>
Accounts receivable from customers (Note 6)	-	377,055,901,869

As at 31 December 2016, borrowing 5 and 6 were secured by all right to receive assets from the Company's aircraft sales and purchases agreements of A320 and A321 aircrafts delivered in May and June 2017 between the Company and Goshawk Management (Ireland) Limited, an aircraft leasing company.

- (d) As at 31 December 2016, borrowing 15 were secured by all right to receive assets from the Company's aircraft sales and purchases agreements of A320 and A321 aircrafts delivered in May 2017 between the Company and Goshawk Management (Ireland) Limited, an aircraft leasing company.

- (e) Borrowing 7, 8, 9, 10, 11, 12, 13 and 14 were unsecured.

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**(b) Long-term borrowings**

	<b>31/12/2016</b>	<b>1/1/2016</b>
	<b>VND</b>	<b>VND</b>
Long-term borrowings	760,794,559,644	-
Repayable within 12 months	(65,954,260,000)	-
	694,840,299,644	-

Terms and conditions of long-term borrowings were as follow:

<b>Lender</b>	<b>Currency</b>	<b>Annual interest rate</b>	<b>Year of maturity</b>	<b>31/12/2016</b>	<b>1/1/2016</b>
				<b>VND</b>	<b>VND</b>
Millitary Commercial Joint Stock Bank	USD	3.63% – 3.64%	2017 – 2028	760,794,559,644	-

Principal outstanding as at 31 December is repayable in 24 equal semi-annual instalments of USD1.4 million each and a final instalment of USD1.5 million on 13 June 2028.

Detail of asset used as security for the borrowings was as follows:

	<b>31/12/2016</b>	<b>1/1/2016</b>
	<b>VND</b>	<b>VND</b>
Aircraft no. A320 MSN 7167, VNA675 (Note 9)	888,585,171,422	-

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**20. Provisions**

Movements of provisions during the year were as follows:

	<b>Provision for maintenance expenses VND</b>	<b>Provision to make good on leased assets VND</b>	<b>Total VND</b>
Opening balance	3,743,787,222,790	230,268,118,728	3,974,055,341,518
Provision made during the year	1,178,269,279,439	61,816,749,558	1,240,086,028,997
Unwinding discount	433,096,479,471	9,186,674,391	442,283,153,862
Utilisation during the year	(108,035,639,289)	(9,281,227,500)	(117,316,866,789)
Written-off during the year	(358,627,742,834)	-	(358,627,742,834)
Foreign exchange differences	27,063,624,867	-	27,063,624,867
<b>Closing balance</b>	<b>4,915,553,224,444</b>	<b>291,990,315,177</b>	<b>5,207,543,539,621</b>
Short-term	1,225,810,611,444	17,878,357,693	1,243,688,969,137
Long-term	3,689,742,613,000	274,111,957,484	3,963,854,570,484
	<b>4,915,553,224,444</b>	<b>291,990,315,177</b>	<b>5,207,543,539,621</b>

**21. Deferred tax liabilities**

	<b>31/12/2016 VND</b>	<b>1/1/2016 VND</b>
Deferred tax assets:		
Unearned revenue – short-term	2,368,124,035	250,270,000
Provisions	520,754,353,962	397,405,534,152
Accrued expenses	3,431,299,184	947,642,206
<b>Total deferred tax assets</b>	<b>526,553,777,181</b>	<b>398,603,446,358</b>
Deferred tax liabilities:		
Long-term prepaid expenses	(296,989,479,112)	(238,932,121,482)
Maintenance reserves of leased aircrafts	(300,136,250,581)	(185,030,694,217)
Unrealised foreign exchange gains	(11,899,387,210)	(6,199,298,761)
<b>Total deferred tax liabilities</b>	<b>(609,025,116,903)</b>	<b>(430,162,114,460)</b>
<b>Net deferred tax liabilities</b>	<b>(82,471,339,722)</b>	<b>(31,558,668,102)</b>

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**22. Changes in owners' equity**

	<b>Share capital VND</b>	<b>Retained profits VND</b>	<b>Total VND</b>
<b>Balance as at 1 January 2015</b>	800,000,000,000	133,294,335,437	933,294,335,437
Share dividends (Note 24)	200,000,000,000	(200,000,000,000)	-
Issue of ordinary shares	450,000,000,000	-	450,000,000,000
Dividends (Note 24)	-	(450,000,000,000)	(450,000,000,000)
Net profit for the year	-	651,229,307,805	651,229,307,805
<b>Balance as at 1 January 2016</b>	1,450,000,000,000	134,523,643,242	1,584,523,643,242
Share dividends (Note 24)	978,500,000,000	(978,500,000,000)	-
Issue of ordinary shares	571,500,000,000	-	571,500,000,000
Dividends (Note 24)	-	(500,000,000,000)	(500,000,000,000)
Net profit for the year	-	1,415,948,761,728	1,415,948,761,728
<b>Balance as at 31 December 2016</b>	3,000,000,000,000	71,972,404,970	3,071,972,404,970

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**23. Share capital**

The Company's authorised and issued share capital are:

	31/12/2016		1/1/2016	
	Number of shares	VND	Number of shares	VND
<b>Authorised/issued share capital</b>				
Ordinary shares	300,000,000	3,000,000,000,000	145,000,000	1,450,000,000,000

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

Subsequent to the end of the annual accounting period, the Company's authorised and issued share capital increased from VND3,000,000 million to VND3,223,881 million.

Movements in share capital during the year were as follows:

	2016		2015	
	Number of shares	VND	Number of shares	VND
Opening balance	145,000,000	1,450,000,000,000	80,000,000	800,000,000,000
Share dividends issued during the year	97,850,000	978,500,000,000	20,000,000	200,000,000,000
Shares issued during the year being offset against cash dividends	50,000,000	500,000,000,000	45,000,000	450,000,000,000
Cash dividends issued during the year	7,150,000	71,500,000,000	-	-
Closing balance	300,000,000	3,000,000,000,000	145,000,000	1,450,000,000,000

*Share dividend issued during the year*

The annual general meeting of shareholders of the Company on 6 May 2016 resolved to issue ordinary share for the existing shareholders from retained profits at the rate of 33 new shares for each 100 existing shares. The total value of the shares issued at par was VND478,500 million (2015: VND200,000 million), equivalent to 47,850,000 new ordinary shares.

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On 17 November 2016, the annual general meeting of shareholders approved the issuance of ordinary shares to existing shareholders from retained profits at the rate of a new share for each 5 existing shares. The total value of shares issued at par was VND500,000 million equivalent to 50,000,000 new ordinary shares.

*Share issued during the year being offset against cash dividends*

On 5 September 2016, the annual general meeting of shareholders resolved an advance cash dividend of VND500,000 million (2015: VND450,000 million). Shareholders authorised for the Company to offset the cash dividends against the additional shares issued pursuant to the resolution of shareholders on 21 September 2016.

*Share issued during the year by cash*

On 6 May 2016, the annual general meeting of shareholders resolved to issue 7,150,000 shares at par to employees of the Company.

## **24. Dividends**

The annual general meeting of shareholders of the Company on 6 May 2016 resolved to issue ordinary shares to existing shareholders from retained profits at the rate of 33 new shares for each 100 existing shares. The total value of shares issued at par was VND478,500 million (2015: VND200,000 million), equivalent to 47,850,000 new ordinary shares.

On 5 September 2016, the annual general meeting of shareholders resolved an advance cash dividend of VND500,000 million (2015: VND450,000 million). Shareholders authorised for the Company to offset these cash dividends against the additional shares issued pursuant to the resolution of shareholders on 21 September 2016.

On 17 November 2016, the annual general meeting of shareholders resolved to issue of ordinary shares to existing shareholders from retained profits at the rate of a new share for each 5 existing shares. The total value of shares issued at par was VND500,000 million, equivalent to 50,000,000 new ordinary shares.

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**25. Off balance sheet items**

**(a) Lease commitments**

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

	<b>31/12/2016</b>	<b>1/1/2016</b>
	<b>VND</b>	<b>VND</b>
Within 1 year	3,328,499,183,704	1,364,943,775,912
Within 2 to 5 years	11,784,521,445,255	4,817,995,572,765
More than 5 years	12,974,577,948,968	2,593,230,085,091
	<hr/>	<hr/>
	28,087,598,577,927	8,776,169,433,768
	<hr/>	<hr/>

**(b) Foreign currency**

	<b>31/12/2016</b>		<b>1/1/2016</b>	
	<b>Original currency</b>	<b>VND equivalent</b>	<b>Original currency</b>	<b>VND equivalent</b>
USD	81,202,939	1,844,930,774,080	5,572,764	125,610,100,560
	<hr/>		<hr/>	

**(c) Capital commitments**

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

	<b>31/12/2016</b>	<b>1/1/2016</b>
	<b>VND</b>	<b>VND</b>
Approved and contracted (*)	462,500,000,000	236,428,571,428
Approved but not contracted	3,825,000,000,000	-
	<hr/>	<hr/>
	4,287,500,000,000	236,428,571,428
	<hr/>	<hr/>

(\*) In addition to above commitments, the Company also signed a principle purchase agreement and related amendments with Airbus S.A.S to purchase 119 aircrafts and with Boeing Company to purchase 100 aircrafts. As at 31 December 2016, the Company has received 20 aircrafts, the remaining aircrafts are scheduled to deliver to the Company from 2017 to 2023.

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Pursuant to the aircraft purchase agreements, the Company's commitments as at 31 December 2016 in relation to pre-delivery payments for remaining aircrafts to be delivered (including engines) were USD1,200 million (in respect of Airbus aircrafts) and USD1,052 million (in respect of Boeing aircrafts).

In addition, the Company has also signed a principle purchase agreement and related amendments with CFM International S.A to purchase 3 aircraft engines for replacement and with United Technologies Corporation (Pratt & Whitney Division) to purchase 9 aircraft engines for replacement.

**26. Revenue from sales of goods and provision of services**

	<b>2016 VND</b>	<b>2015 VND</b>
Passenger transportation		
▪ Domestic routes	8,646,255,772,294	6,724,682,633,020
▪ International routes	801,915,629,801	481,252,164,219
▪ Charter flights and aircraft wet leases	2,719,886,832,505	1,336,803,281,353
	<hr/> 12,168,058,234,600	<hr/> 8,542,738,078,592
Ancillary revenue	3,519,142,819,668	2,409,972,028,606
Aircraft dry leases	56,914,200,000	56,800,800,000
Other revenue	139,450,521,121	3,385,861,936
	<hr/> 15,883,565,775,389	<hr/> 11,012,896,769,134

**27. Cost of sales**

	<b>2016 VND</b>	<b>2015 VND</b>
Ground operation expenses	1,123,517,651,781	767,471,742,896
Flight operation expenses	10,866,887,021,349	7,517,025,723,355
Technical expenses	737,044,632,260	566,201,538,790
Safety, security, quality and assurance expenses	20,575,056,630	7,424,768,698
Cargo expenses	67,686,489,747	23,529,620,124
Depreciation and amortisation	665,386,604,481	531,104,920,729
Others	39,415,168,068	25,381,621,782
	<hr/> 13,520,512,624,316	<hr/> 9,438,139,936,374

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**28. Financial income**

	<b>2016</b>	<b>2015</b>
	<b>VND</b>	<b>VND</b>
Dividend shared from Vietjet Air IVB No. I Limited, a subsidiary	434,854,837,949	-
Dividend shared from other entities	1,180,266,000	-
Interest income	53,335,659,366	14,894,691,544
Unrealised foreign exchange gains	36,724,683,706	86,599,541,946
Realised foreign exchange gains	49,644,924,652	-
Income from investments in business co-operation contracts and corporate bonds	-	31,807,087,556
Others	58,665,034	-
	<hr/>	<hr/>
	575,799,036,707	133,301,321,046
	<hr/>	<hr/>

**29. Financial expenses**

	<b>2016</b>	<b>2015</b>
	<b>VND</b>	<b>VND</b>
Unwinding discount of provisions	442,283,153,862	272,908,367,170
Interest expense	180,732,739,883	129,699,274,892
Realised foreign exchange losses	30,833,311,711	118,818,196,612
Unrealised foreign exchange losses	-	40,184,427,061
	<hr/>	<hr/>
	653,849,205,456	561,610,265,735
	<hr/>	<hr/>

**30. Selling expenses**

	<b>2016</b>	<b>2015</b>
	<b>VND</b>	<b>VND</b>
Sales expenses	224,768,340,966	126,505,861,711
Advertising and marketing expenses	219,120,948,284	136,337,095,000
Staff costs	53,697,885,576	45,829,360,859
Depreciation and amortisation	379,588,887	469,982,457
Others	3,109,244,975	3,134,334,418
	<hr/>	<hr/>
	501,076,008,688	312,276,634,445
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**VietJet Aviation Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2016**  
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**31. General and administration expenses**

	<b>2016</b>	<b>2015</b>
	<b>VND</b>	<b>VND</b>
Staff costs	76,870,028,767	70,172,852,009
Rental expenses	16,940,377,802	14,413,343,110
Depreciation and amortisation	2,945,962,829	3,151,186,648
Insurance expenses	44,124,246	49,275,874
Others	83,324,464,138	105,552,625,179
	<hr/>	<hr/>
	180,124,957,782	193,339,282,820
	<hr/>	<hr/>

**32. Trading and business costs by element**

	<b>2016</b>	<b>2015</b>
	<b>VND</b>	<b>VND</b>
Fuel costs included in cost of sales	5,369,109,087,358	4,147,611,503,988
Labour costs and staff costs	1,725,462,650,346	1,135,914,088,694
Depreciation and amortisation	45,685,778,134	10,094,601,779
Outside services	6,239,849,385,938	3,312,184,588,705
Other expenses	821,606,689,010	1,337,951,070,473
	<hr/>	<hr/>

**33. Income tax**

**(a) Recognised in the separate statement of income**

	<b>2016</b>	<b>2015</b>
	<b>VND</b>	<b>VND</b>
<b>Current tax expense</b>		
Current year	155,027,738,705	-
<b>Deferred tax expense/(benefit)</b>		
Origination and reversal temporary differences	50,912,671,620	(2,149,186,431)
	<hr/>	<hr/>
Income tax expense/(benefit)	205,940,410,325	(2,149,186,431)
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**VietJet Aviation Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2016**  
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**(b) Reconciliation of effective tax rate**

	<b>2016</b>	<b>2015</b>
	<b>VND</b>	<b>VND</b>
Profit before tax	1,621,889,172,053	649,080,121,374
Tax at the Company's tax rate	324,377,834,411	129,816,024,275
Effect of change in tax rate	-	(31,558,668,102)
Non-deductible expenses	266,009,325	1,503,755,878
Tax incentives	(118,703,433,411)	(101,910,298,482)
	205,940,410,325	(2,149,186,431)

**(c) Applicable tax rates**

For public passenger and cargo air transportation services, under the terms of current tax regulations and Income Tax Law, the Company has an obligation to pay income tax at the rate of 20% of taxable profits for the first 10 years starting from the first year of operation and at usual income tax rate for the succeeding years. The current tax regulations also allow the Company to be exempt from income tax for 2 years starting from the first year it generates a taxable profit and entitled to a 50% reduction in income tax for the 3 succeeding years.

For other activities, under the terms of current tax regulations and Income Tax Law, the Company has an obligation to pay the government income tax at usual income tax rate.

The usual income tax rate applicable to the Company before any incentives is 20% of taxable profit (2015: 22%).

**VietJet Aviation Joint Stock Company**  
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**34. Significant transactions with related parties**

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

	<b>Transaction value</b>	
	<b>2016</b>	<b>2015</b>
	<b>VND</b>	<b>VND</b>
<b>Shareholders with significant influence</b>		
Borrowings from HDBank	758,722,469,930	1,123,180,663,833
Interest expense	5,960,878,899	23,386,718,198
Loan to a shareholder	-	30,000,000,000
Interest income	10,663,536,965	25,150,611,112
Service rendered	47,478,830,795	3,871,800,200
Consultancy fees	4,379,100,000	4,218,000,000
Term deposits	1,180,000,000,000	-
<b>Subsidiaries and associates</b>		
Expenses paid on behalf	925,854,181,816	2,708,353,393,005
Services rendered	570,437,470,250	595,324,240,718
Aircraft leases expenses	129,175,133,550	-
Dividends receivable	434,854,837,949	-
Capital contribution	60,000,000,000	-
<b>Executive member of the Board of Management and the Board of Directors</b>		
Salary and compensation	13,109,379,578	12,778,035,334
<b>Other related parties</b>		
Proceeds from business co-operation contracts	-	300,000,000,000
Income from investments in co-operation contracts and corporate bonds	14,841,666,667	9,000,000,000
Services rendered	265,998,900	-

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**35. Non-cash investing and financing activities**

	<b>2016 VND</b>	<b>2015 VND</b>
Shares dividends	978,500,000,000	200,000,000,000
Cash dividends offset against shares issued	500,000,000,000	450,000,000,000
Dividends not yet received	434,854,837,949	-
Transfers from construction in progress to other short-term receivables	43,871,618,715	162,515,274,984
Disposal of a subsidiary not yet received	-	3,400,000,000

30 March 2017

Prepared by:



Hoang Manh Ha  
*Acting Chief Accountant*

Approved by:




Luu Duc Khanh  
*Managing Director*



