



VietJet Aviation Joint Stock Company

Separate Financial Statements
for the year ended 31 December 2017

**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 24 January 2018. 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 the Investment Registration Certificate.

Board of Management	Nguyen Thanh Ha	Chairwoman
	Nguyen Thi Phuong Thao	Vice Chairwoman
	Nguyen Thanh Hung	Vice Chairman
	Chu Viet Cuong	Member
	Luu Duc Khanh	Member
	Dinh Viet Phuong	Member (from 21 April 2017)
	Luong The Phuc	Member (until 20 April 2017)

Board of Directors	Nguyen Thi Phuong Thao	Chief Executive Officer
	Luu Duc Khanh	Managing Director
	Nguyen Duc Tam	Vice President
	Luong The Phuc	Vice President
	Dinh Viet Phuong	Vice President
	Nguyen Thi Thuy Binh	Vice President
	To Viet Thang	Vice President
	Nguyen Duc Thinh	Vice President
	Tran Hoai Nam	Vice President
	Do Xuan Quang	Vice President (from 23 January 2018)
	Nguyen Thanh Son	Vice President (from 1 April 2018)
	Noraesyah Yvonne Binti Abdullah	Chief Financial Officer (until 1 July 2017)

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

Supervisory Board	Tran Duong Ngoc Thao	Head of the Board
	Doan Thu Huong	Member
	Pham Van Dau	Member (from 21 April 2017)
	Pham Minh Ha	Member (until 20 April 2017)

Registered Office	302/3 Kim Ma Street, Ngoc Khanh Ward Ba Dinh District Hanoi City Vietnam
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Auditor	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 2017.

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 47 give a true and fair view of the unconsolidated financial position of the Company as at 31 December 2017, 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 accompanying separate financial statements for issue.

On behalf of the Board of Directors



Nguyen Thi Phuong Thao
Chief Executive Officer

Ho Chi Minh City, 17 April 2018



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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 2017, 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 17 April 2018, as set out on pages 6 to 47.

Management's 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 separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the separate 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 2017 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.: 17-01-258-1




Chong Kwang Puay
Practicing Auditor Registration
Certificate No. 0864-2018-007-1
Deputy General Director



Tran Dinh Vinh
Practicing Auditor Registration
Certificate No. 0339-2018-007-1

Ho Chi Minh City, 17 April 2018

VietJet Aviation Joint Stock Company
Separate balance sheet as at 31 December 2017

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

	Code	Note	31/12/2017 VND	1/1/2017 VND
ASSETS				
Current assets (100 = 110 + 130 + 140 + 150)	100		15,198,000,906,647	8,760,720,394,235
Cash and cash equivalents	110	5	6,436,910,324,903	2,425,043,160,136
Cash	111		2,399,700,324,903	770,443,160,136
Cash equivalents	112		4,037,210,000,000	1,654,600,000,000
Accounts receivable – short-term	130		8,180,340,974,636	5,899,843,847,782
Accounts receivable from customers	131	6	420,236,270,174	484,387,835,852
Prepayments to suppliers – short-term	132	7(a)	90,275,878,162	91,313,947,896
Other short-term receivables	136	8(a)	7,669,828,826,300	5,324,142,064,034
Inventories	140	9	267,181,519,500	137,930,296,755
Other current assets	150		313,568,087,608	297,903,089,562
Short-term prepaid expenses	151	14(a)	218,461,780,633	241,049,562,115
Taxes receivable from State Treasury	153	16(b)	95,106,306,975	56,853,527,447
Long-term assets (200 = 210 + 220 + 240 + 250 + 260)	200		13,967,791,166,361	9,750,998,125,186
Accounts receivable – long-term	210		7,151,147,568,526	5,098,375,056,077
Prepayments to suppliers – long-term	212	7(b)	701,500,000,000	701,500,000,000
Other long-term receivables	216	8(b)	6,449,647,568,526	4,396,875,056,077
Fixed assets	220		1,528,472,334,559	1,046,915,836,501
Tangible fixed assets	221	10	1,523,538,521,104	1,039,768,837,676
Cost	222		1,676,846,302,493	1,102,453,625,349
Accumulated depreciation	223		(153,307,781,389)	(62,684,787,673)
Intangible fixed assets	227	11	4,933,813,455	7,146,998,825
Cost	228		29,077,618,155	27,127,786,155
Accumulated amortisation	229		(24,143,804,700)	(19,980,787,330)
Long-term work in progress	240		193,431,223,060	180,956,604,239
Construction in progress	242	12	193,431,223,060	180,956,604,239
Long-term financial investments	250	13	77,424,629,818	77,424,629,818
Investments in subsidiaries	251		9,000,000,000	9,000,000,000
Investments in associates	252		60,000,000,000	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
Other long-term assets	260		5,017,315,410,398	3,347,325,998,551
Long-term prepaid expenses	261	14(b)	5,017,315,410,398	3,347,325,998,551
TOTAL ASSETS (270 = 100 + 200)	270		29,165,792,073,008	18,511,718,519,421

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

VietJet Aviation Joint Stock Company
Separate balance sheet as at 31 December 2017 (continued)

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

	Code	Note	31/12/2017 VND	1/1/2017 VND
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		23,484,822,352,462	15,439,746,114,451
Current liabilities	310		16,340,000,178,511	10,692,674,531,581
Accounts payable to suppliers	311	15	552,067,306,745	381,433,703,156
Advances from customers	312		440,186,208,976	291,656,427,709
Taxes payable to State Treasury	313	16(a)	93,692,330,950	196,853,480,072
Accrued expenses	315	17	1,343,336,413,171	478,908,435,987
Unearned revenue	318	18	1,964,462,207,817	1,306,836,634,360
Other short-term payables	319	19	3,582,015,475,690	690,910,035,875
Short-term borrowings	320	20(a)	6,897,226,897,293	6,102,386,845,285
Provisions – short-term	321	21	1,467,013,337,869	1,243,688,969,137
Long-term liabilities	330		7,144,822,173,951	4,747,071,582,870
Other long-term payables	337		5,905,373,020	5,905,373,020
Long-term borrowings	338	20(b)	626,905,284,322	694,840,299,644
Deferred tax liabilities	341	22	147,546,321,044	82,471,339,722
Provisions – long-term	342	21	6,364,465,195,565	3,963,854,570,484
EQUITY (400 = 410)	400		5,680,969,720,546	3,071,972,404,970
Owners' equity	410	23	5,680,969,720,546	3,071,972,404,970
Share capital	411	24	4,513,432,840,000	3,000,000,000,000
Share premium	412		245,949,492,805	-
Retained profits	421		921,587,387,741	71,972,404,970
TOTAL RESOURCES (440 = 300 + 400)	440		29,165,792,073,008	18,511,718,519,421

17 April 2018

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 2017

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

	Code	Note	2017 VND	2016 VND
Revenue from sales of goods and provision of services	01	27	22,643,635,566,720	15,883,565,775,389
Cost of sales	11	28	19,332,152,371,327	13,520,512,624,316
Gross profit (20 = 01 - 11)	20		3,311,483,195,393	2,363,053,151,073
Financial income	21	29	119,177,084,027	575,799,036,707
Financial expenses	22	30	520,491,970,943	653,849,205,456
<i>In which: Interest expense</i>	23		237,597,428,875	180,732,739,883
Selling expenses	25	31	654,224,092,692	501,076,008,688
General and administration expenses	26	32	214,833,658,781	180,124,957,782
Net operating profit {30 = 20 + (21 - 22) - (25 + 26)}	30		2,041,110,557,004	1,603,802,015,854
Other income	31		5,742,377,818	18,117,113,063
Other expenses	32		1,522,911,752	29,956,864
Results of other activities (40 = 31 - 32)	40		4,219,466,066	18,087,156,199
Accounting profit before tax (50 = 30 + 40)	50		2,045,330,023,070	1,621,889,172,053
Income tax expense – current	51	34	163,475,878,977	155,027,738,705
Income tax expense – deferred	52	34	65,074,981,322	50,912,671,620
Net profit after tax (60 = 50 - 51 - 52)	60		1,816,779,162,771	1,415,948,761,728

17 April 2018

Prepared by:



Hoang Manh Ha
Acting Chief Accountant

Approved by:



Lưu Đức 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 2017
(Indirect method)

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

	Code	2017 VND	2016 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
Accounting profit before tax	01	2,045,330,023,070	1,621,889,172,053
Adjustments for			
Depreciation and amortisation	02	94,786,011,086	45,685,778,134
Allowances and provisions	03	-	53,085,360,121
Unwinding discount of provisions	03	277,580,251,779	442,283,153,862
Exchange losses/(gains) arising from revaluation of monetary items denominated in foreign currencies	04	5,314,290,289	(49,644,924,652)
Interest income	05	(69,917,578,051)	(53,335,659,366)
Dividend income	05	(4,481,015,376)	(436,035,103,949)
Interest expense	06	237,597,428,875	180,732,739,883
Operating profit before changes in working capital	08	2,586,209,411,672	1,804,660,516,086
Change in receivables	09	(1,933,893,117,574)	(939,052,304,445)
Change in inventories	10	(129,251,222,745)	26,497,826,117
Change in payables and other liabilities	11	3,634,460,002,442	419,722,141,226
Change in prepaid expenses	12	1,344,434,895,541	274,755,222,804
		5,501,959,969,336	1,586,583,401,788
Interest paid	14	(236,852,306,374)	(177,942,929,579)
Income tax paid	15	(317,032,958,814)	(40,000,000,000)
Net cash flows from operating activities	20	4,948,074,704,148	1,368,640,472,209
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for additions to fixed assets and other long-term assets	21	(296,741,327,382)	(1,859,068,922,771)
Payments for deposits to purchase aircrafts	21	(2,296,535,249,533)	(1,286,462,375,174)
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	64,169,619,717	103,751,955,256
Receipts of dividends	27	3,068,690,000	1,180,266,000
Net cash flows from investing activities	30	(2,526,038,267,198)	(2,830,599,076,689)

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 2017
(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	2017 VND	2016 VND
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from shares issued	31	1,759,382,332,805	71,500,000,000
Proceeds from borrowings	33	25,899,054,643,065	21,249,914,036,344
Payments to settle loan principals	34	(25,184,711,574,405)	(18,035,136,049,967)
Payments to settle business co-operation contracts	34	-	(300,000,000,000)
Payments of dividends	36	(876,827,065,550)	-
Net cash flows from financing activities	40	1,596,898,335,915	2,986,277,986,377
Net cash flows during the year (50 = 20 + 30 + 40)	50	4,018,934,772,865	1,524,319,381,897
Cash and cash equivalents at the beginning of the year	60	2,425,043,160,136	894,104,824,858
Effect of exchange rate fluctuations on cash and cash equivalents	61	(7,067,608,098)	6,618,953,381
Cash and cash equivalents at the end of the year (70 = 50 + 60 + 61) (Note 5)	70	6,436,910,324,903	2,425,043,160,136

17 April 2018

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 2017

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/QD-SGDHCM dated 6 February 2017 of the Ho Chi Minh Stock Exchange, the Company’s shares were officially listed on Ho Chi Minh Stock Exchange, with trading code VJC, on 28 February 2017.

(b) Principal activities

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

(c) Normal operating cycle

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

(d) Company’s structure

As at 31 December 2017, the Company had 3,048 employees (1/1/2017: 2,440 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 was preparing 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.



VietJet Aviation Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2017
(continued)

Form B 09 – DN
(Issued under Circular No. 200/2014/TT-BTC
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(c) Annual accounting period

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

(d) Accounting and presentation currency

The Company's accounting currency is Vietnam Dong ("VND"), which is also the currency used for financial statements 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, except for items hedged by financial instruments, are translated into VND at the average of the account transfer buying rates and selling rates at the end of the accounting period quoted by the commercial bank where the Company most frequently conducts transactions.

All foreign exchange differences are recorded in the 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) 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. Held-to-maturity investments include term deposits at banks and investments in business cooperation contracts held-to-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 2017
(continued)

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

(ii) Investments in subsidiaries and associates

For the purpose of these separate financial statements, investments in subsidiaries and associates are initially recognised at cost which include 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 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.

(iii) 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 investments 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 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 auxiliary power unit (APU) 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 2017
(continued)

Form B 09 – DN
*(Issued under Circular No. 200/2014/TT-BTC
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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 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 separate statement of income in the year in which the cost is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of tangible fixed assets beyond their originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets.

(ii) Depreciation

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

▪ 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.

VietJet Aviation Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2017
(continued)

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

(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 regulations. 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.

VietJet Aviation Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2017
(continued)

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

(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

(i) Ordinary shares

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

(ii) Shares premium

The difference between proceeds from issuance of shares over the par value is recorded in share premium.

(n) Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the 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 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 is 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 recorded 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) *Ancillary revenue*

Ancillary revenue includes cargo transportation, baggage service, other revenue related to passenger transportation, sale of in-flight and duty free merchandise, advertising and commission. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods or services.

Revenue from cargo transportation is recognised in the separate statement of income when the services were provided.

Revenue from baggage service is recognised in the separate statement of income when the related passenger transportation service is provided or when the ticket expires.

Other revenue related to passenger transportation such as fees charged in association with changes or extensions to non-refundable tickets is recorded as ancillary revenue at the time the fee is earned. Amendment fees related to non-refundable tickets are considered a separate transaction from the passenger transportation and they are recognised in the separate statement of income when charged to passengers.

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.

Advertising revenue and commission are recorded as ancillary revenue at the time the fee is earned.

(iii) *Charter flights*

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

VietJet Aviation Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2017
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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 granted 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 end of the annual accounting period. 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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(s) Segment reporting

A segment is a distinguishable component of the Company that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Company's primary format for segment reporting is based on business segment.

4. Segment reporting

(a) Business segment

For management purpose, the Company has one reportable operating segment which was providing passenger and cargo transportation, ancillary services, aircraft rental and advertising on aircrafts (referred to as "aviation services").

Except the indicated above, the Company has no other operating segments being aggregated to form a reportable operating segment. Segmental information for total revenue and cost of sales is shown in Note 27 and Note 28 to the separate financial statements. There is no intersegment revenue between operating segments. All the Company's assets, liabilities, financial income and financial expenses, general and administration expenses, selling expenses, other income and other expenses are unallocated.

The Board of Directors determined the operating segment based on reports that are reviewed and used to make strategic decisions.

(b) Geographical segment

The Company's revenue is presented by geographical area (by country of destination) as follows:

	2017	2016
	VND	VND
In Vietnam	14,191,213,337,436	11,359,191,136,631
Outside Vietnam	8,452,422,229,284	4,524,374,638,758
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	22,643,635,566,720	15,883,565,775,389
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The Company's fixed assets and capital expenditure are primarily located in Vietnam.

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Notes to the separate financial statements for the year ended 31 December 2017
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5. Cash and cash equivalents

	31/12/2017	1/1/2017
	VND	VND
Cash on hand	8,689,414,366	2,510,481,354
Cash in banks	2,391,010,910,537	767,932,678,782
Cash equivalents	4,037,210,000,000	1,654,600,000,000
	6,436,910,324,903	2,425,043,160,136

Cash equivalents represented term deposits at banks with maturities of less than 3 months and earned interest at rates ranging from 5.3% to 5.5% per annum during the year (2016: from 4.5% to 5.6%) for deposits in VND and no interest for deposits in USD.

Included in cash equivalents as at 31 December 2017 was VND300,000 million (1/1/2017: VND175,000 million) pledged as security for borrowings granted by Ho Chi Minh City Development Joint Stock Commercial Bank to the Company.

6. Accounts receivable from customers – short-term

(a) Accounts receivable from customers detailed by significant customers

	31/12/2017	1/1/2017
	VND	VND
Hangzhou BaoLi Co., Ltd	272,727,107,003	314,187,605,880
Vietjet Air Cargo Joint Stock Company	19,272,766,423	49,867,516,970
World Go International Co., Ltd	20,050,350,612	38,556,753,163
Other customers	108,186,046,136	81,775,959,839
	420,236,270,174	484,387,835,852

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(b) Accounts receivable from customers who are related parties

	31/12/2017	1/1/2017
	VND	VND
World Go International Co., Ltd, an other related party	20,050,350,612	38,556,753,163
Vietjet Air Cargo Joint Stock Company, a subsidiary	19,272,766,423	49,867,516,970
Thai Vietjet Air Joint Stock Company Limited, an associate	192,134,116	-
Ho Chi Minh City Development Joint Stock Commercial Bank, an other related party	60,199,199	-
Indochina Beach Hotel Joint Stock Company, an other related party	3,432,000	51,342,000
Ariyana Hotel and Tourism Joint Stock Company, an other related party	-	16,500,000
	<hr/>	<hr/>

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

7. Prepayments to suppliers

(a) Prepayments to suppliers – short-term

	31/12/2017	1/1/2017
	VND	VND
Related parties		
Prepayments for office building construction to Indochina ACM Corporation, an other related party	14,601,834,620	3,432,794,454
Prepayments for flight services to Thai Vietjet Air Joint Stock Company Limited, an associate	-	14,757,791,669
Third parties		
Prepayments for engine repair services	6,124,891,332	27,143,242,096
Others	69,549,152,210	45,980,119,677
	<hr/>	<hr/>
	90,275,878,162	91,313,947,896

Prepayments to the related parties were unsecured and are interest free.

VietJet Aviation Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2017
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(b) Prepayments to suppliers – long-term

	31/12/2017	1/1/2017
	VND	VND
Business co-operation contract	701,500,000,000	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-TĐĐB dated 2 June 2016 with Thuy Duong – Duc Binh Commercial Joint Stock Company. The Company will receive 15,547 m² office area and 13,409 m² residential area 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. As at 31 December 2017, the construct is in the progress as planned.

8. Other receivables

(a) Other short-term receivables

	31/12/2017	1/1/2017
	VND	VND
Related parties		
Expenses paid on behalf of Thai Vietjet Air Joint Stock Company Limited, an associate	475,913,444,890	468,344,946,987
Expenses paid on behalf of Vietjet Air IVB No. II Limited, a subsidiary	33,572,214,056	332,617,392,000
Dividends receivable from Vietjet Air IVB No. I Limited, a subsidiary	1,412,325,376	-
Third parties		
Deposits for aircraft purchases within next 12 months	5,299,354,253,466	3,462,539,158,419
Maintenance reserves of leased aircrafts	1,620,541,614,727	901,462,143,692
Advances to employees	68,024,109,022	39,944,053,468
Claims receivables from maintenance reserves of leased aircrafts	36,240,516,195	14,573,306,867
Purchase discounts receivable	22,755,445,167	-
Cabin modification receivables	9,030,285,032	12,079,587,527
Interest income	7,454,027,778	1,706,069,444
Advances share issuance costs	-	32,409,850,138
Other short-term deposits	52,829,252,297	30,296,462,087
Others	42,701,338,294	28,169,093,405
	7,669,828,826,300	5,324,142,064,034

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

VietJet Aviation Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2017
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(b) Other long-term receivables

	31/12/2017	1/1/2017
	VND	VND
Related parties		
Expenses paid on behalf of Thai Vietjet Air Joint Stock Company Limited, an associate	468,344,946,987	-
Deposits for aircraft leases to Apricot Aircraft Assets Limited, an other related party	36,064,548,000	-
Third parties		
Deposits for aircraft purchases after next 12 months	2,129,312,445,671	1,669,592,291,185
Maintenance reserves of leased aircrafts	2,931,845,978,926	2,099,900,362,116
Deposits for aircraft leases	832,941,542,209	614,849,191,414
Others	51,138,106,733	12,533,211,362
	6,449,647,568,526	4,396,875,056,077

In accordance with agreement in September 2017, the repayment term of VND468 billion due from Thai Vietjet Air Joint Stock Company Limited has been extended to 31 December 2019.

9. Inventories

	31/12/2017		1/1/2017	
	Cost	Allowance	Cost	Allowance
	VND	VND	VND	VND
Tools and supplies	257,446,699,070	-	133,562,282,327	-
Merchandise inventories	9,734,820,430	-	4,368,014,428	-
	267,181,519,500	-	137,930,296,755	-

At as 31 December 2017, inventories with carrying value of VND267,182 million (1/1/2017: VND137,930 million) were pledged as security for borrowings granted by Vietnam Joint Stock Commercial Bank for Industry and Trade to the Company.

VietJet Aviation Joint Stock Company

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10. Tangible fixed assets

Cost	Aircraft and components VND	Machinery and equipment VND	Office equipment VND	Motor vehicles VND	Total VND
Opening balance	1,014,972,823,421	57,248,469,944	15,293,940,518	14,938,391,466	1,102,453,625,349
Additions	-	-	3,070,846,745	3,103,636,999	6,174,483,744
Transfers from construction in progress	497,848,193,400	70,370,000,000	-	-	568,218,193,400
Closing balance	1,512,821,016,821	127,618,469,944	18,364,787,263	18,042,028,465	1,676,846,302,493
Accumulated depreciation					
Opening balance	30,816,828,145	13,011,087,353	11,223,520,835	7,633,351,340	62,684,787,673
Charge for the year	77,672,093,630	8,780,555,539	1,205,822,066	2,964,522,481	90,622,993,716
Closing balance	108,488,921,775	21,791,642,892	12,429,342,901	10,597,873,821	153,307,781,389
Net book value					
Opening balance	984,155,995,276	44,237,382,591	4,070,419,683	7,305,040,126	1,039,768,837,676
Closing balance	1,404,332,095,046	105,826,827,052	5,935,444,362	7,444,154,644	1,523,538,521,104

Included in the cost of tangible fixed assets were assets costing VND15,990 million which were fully depreciated as at 31 December 2017 (1/1/2017: VND11,455 million) but which are still in active use.

As at 31 December 2017, tangible fixed assets with carrying value of VND851,835 million (1/1/2017: VND888,585 million) million were pledged as security for borrowings granted by Military Commercial Joint Stock Bank to the Company.

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Notes to the separate financial statements for the year ended 31 December 2017
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11. Intangible fixed assets

	Software VND
Cost	
Opening balance	27,127,786,155
Additions during the year	1,949,832,000
	29,077,618,155
Accumulated amortisation	
Opening balance	19,980,787,330
Charge for the year	4,163,017,370
	24,143,804,700
Net book value	
Opening balance	7,146,998,825
Closing balance	4,933,813,455

Included in the cost of software was assets costing VND10,989 million which were fully amortised as at 31 December 2017 (1/1/2017: VND6,613 million), but which are still in active use.

12. Construction in progress

	2017 VND	2016 VND
Opening balance	180,956,604,239	131,379,001,816
Additions during the year	771,863,370,418	1,007,131,413,107
Transfer to tangible fixed assets	(568,218,193,400)	(913,682,191,969)
Transfer to other short-term receivables	(191,170,558,197)	(43,871,618,715)
	193,431,223,060	180,956,604,239
Closing balance	193,431,223,060	180,956,604,239

During the year, borrowing costs capitalised into construction in progress amounted to VND34,905 million (2016: VND23,050 million).

Construction in progress as at reporting date mainly represented the costs of acquiring aircrafts.

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13. Long-term financial investments

	31/12/2017 and 1/1/2017	
	% of equity owned/ voting right	VND
Equity investments in:		
▪ Subsidiaries		
- Vietjet Air Cargo Joint Stock Company	90%	→ 9,000,000,000
- Vietjet Air IVB No. I Limited	100%	-
- Vietjet Air IVB No. II Limited	100%	-
- Vietjet Air Singapore Pte. Ltd.	100%	-
- Vietjet Air Ireland No. 1 Limited	100%	-
		9,000,000,000
▪ Associates		
- Thai Vietjet Air Joint Stock Company Limited	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
		7,868,448,000
Held-to-maturity investments in:		
▪ Business co-operation contract		
		556,181,818
		77,424,629,818

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Notes to the separate financial statements for the year ended 31 December 2017
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Principal activities of subsidiaries and associates are described as follows:

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

-
- (a) As at 31 December 2017, the Company has not yet contributed capital in these subsidiaries and associates. These companies' operations are mainly financed by the Company.
- (b) The Company has significant influence over these companies because the Company has right to appoint members of the Board of Management of these companies.

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14. Prepaid expenses

(a) Short-term prepaid expenses

	31/12/2017	1/1/2017
	VND	VND
Prepayments for aircraft leases	201,055,142,423	227,656,900,271
Prepayments for maintenance expenses	14,643,249,582	13,212,911,483
Others	2,763,388,628	179,750,361
	218,461,780,633	241,049,562,115

(b) Long-term prepaid expenses

	Maintenance costs	Cost to make good	Major inspection and	Rotable parts,	Total
	VND	on leased assets	overhaul expenditure	tools and instruments	VND
	VND	VND	VND	VND	VND
Opening balance	2,797,822,490,216	172,072,300,904	166,521,757,016	210,909,450,415	3,347,325,998,551
Additions during the year	2,840,102,738,976	151,733,786,930	49,520,498,975	94,109,284,258	3,135,466,309,139
Charge for the year	(1,020,988,125,060)	(3,094,968,923)	(110,144,260,547)	(168,109,508,121)	(1,302,336,862,651)
Written off	(163,140,034,641)	-	-	-	(163,140,034,641)
	4,453,797,069,491	320,711,118,911	105,897,995,444	136,909,226,552	5,017,315,410,398

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15. Accounts payable to suppliers – short-term

(a) Accounts payable to suppliers detailed by significant suppliers

	31/12/2017 Cost/Amount within repayment capacity VND	1/1/2017 Cost/Amount within repayment capacity VND
SR Technics Switzerland Ltd	107,542,055,719	-
Petrolimex Aviation Fuel Joint Stock Company	25,305,914,761	243,481,418,499
Airports Corporation of Vietnam	93,936,585,717	-
The Civil Aviation Administration of China's Settlement Center	65,201,167,522	9,586,272,790
Vietnam Air Petrol Company Limited	-	21,849,959,094
Other suppliers	260,081,583,026	106,516,052,773
	552,067,306,745	381,433,703,156

(b) Accounts payable to supplier who is a related party

	31/12/2017 VND	1/1/2017 VND
Subsidiary		
Vietjet Air Cargo Joint Stock Company	-	97,065,680
	-	97,065,680

Amounts due to the related party were unsecured, interest free and are payable on demand.

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16. Taxes

(a) Taxes payable to State Treasury

	1/1/2017 VND	Incurred VND	Paid VND	Netted-off VND	Reclassified VND	31/12/2017 VND
Value added tax	64,969,047,604	1,517,051,331,796	(612,781,648,093)	(899,699,883,494)	-	69,538,847,813
Personal income tax	16,856,693,763	265,218,018,551	(257,921,229,177)	-	-	24,153,483,137
Foreign contractor tax	-	71,426,557,278	(71,149,994,774)	(276,562,504)	-	-
Corporate income tax	115,027,738,705	163,475,878,977	(317,032,958,814)	-	38,529,341,132	-
Other taxes	-	3,302,957,379	(3,302,958,279)	-	900	-
	196,853,480,072	2,020,474,743,981	(1,262,188,789,137)	(899,976,445,998)	38,529,342,032	93,692,330,950

(b) Taxes receivable from State Treasury

	1/1/2017 VND	Netted-off VND	Reclassified VND	31/12/2017 VND
Foreign contractor tax	56,853,527,447	(276,562,504)	-	56,576,964,943
Corporate income tax	-	-	38,529,341,132	38,529,341,132
Other taxes	-	-	900	900
	56,853,527,447	(276,562,504)	38,529,342,032	95,106,306,975

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17. Accrued expenses

	31/12/2017	1/1/2017
	VND	VND
Aircraft related expenses	1,111,983,250,562	409,026,251,553
Maintenance expenses	98,874,443,293	6,587,341,493
13 th month salary	45,457,925,690	34,312,991,844
Interest expense	5,609,006,900	4,863,884,399
Others	81,411,786,726	24,117,966,698
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	1,343,336,413,171	478,908,435,987
	<hr/>	<hr/>

18. Unearned revenue

	31/12/2017	1/1/2017
	VND	VND
Passenger transportation and ancillary revenue received in advance, to be realised within next 12 months	1,964,462,207,817	1,306,836,634,360
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Notes to the separate financial statements for the year ended 31 December 2017
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19. Other short-term payables

	31/12/2017	1/1/2017
	VND	VND
Related parties		
Aircraft sales proceeds collected on behalf of Vietjet Air IVB No. I Limited, a subsidiary	1,818,783,634,275	-
Utilisation of purchase discounts received on behalf of Vietjet Air IVB No. I Limited, a subsidiary	583,038,341,956	85,530,843,556
Aircraft sale proceeds collected on behalf of Vietjet Air IVB No. II Limited, a subsidiary	77,708,199,075	78,065,238,400
Dividends payable to shareholders	90,337,114,450	-
Consulting fees payable to Sovico Holdings, a shareholder	825,867,722	5,972,677,422
Third parties		
Airport tax payables	725,686,963,581	399,300,619,575
Short-term deposits received	281,103,539,996	107,423,263,649
Others	4,531,814,635	14,617,393,273
	<hr/>	<hr/>
	3,582,015,475,690	690,910,035,875

The amounts due to related parties were unsecured, interest free and are payable on demand.

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20. Borrowings

(a) Short-term borrowings

	1/1/2017			31/12/2017
	Carrying amount/ Amount within repayment capacity VND	Additions VND	Movements during the year Repayments VND	Carrying amount/ Amount within repayment capacity VND
Short-term borrowings	6,036,432,585,285	25,899,054,643,065	(25,104,729,049,962)	6,831,894,847,293
Current portion of long-term borrowings (Note 20(b))	65,954,260,000	79,360,314,443	(79,982,524,443)	65,332,050,000
	6,102,386,845,285	25,978,414,957,508	(25,184,711,574,405)	6,897,226,897,293

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

Lenders	Currency	31/12/2017 VND	1/1/2017 VND
Secured loans			
Ho Chi Minh City Development Joint Stock Commercial Bank (“HDBank”) (i)			
Loan 1	VND	-	106,812,385,443
Loan 2	USD	873,584,591,673	-
Vietnam Joint Stock Commercial Bank for Industry and Trade (“Vietinbank”) (ii)			
Loan 3	VND	1,913,772,674,679	1,647,157,457,453
Loan 4	USD	1,071,313,513,020	334,867,496,106
Unsecured loans			
Joint Stock Commercial Bank for Foreign Trade of Vietnam			
Loan 5	VND	141,151,969,667	340,862,342,163
Loan 6	USD	386,495,000,000	682,060,978,753
Petrolimex Group Commercial Joint Stock Bank			
Loan 7	VND	-	118,684,487,400
Military Commercial Joint Stock Bank			
Loan 8	VND	1,029,431,351,660	770,578,961,161
Loan 9	USD	-	79,764,999,999
Maritime Commercial Joint Stock Bank			
Loan 10	USD	325,269,962,608	128,315,091,936
Bank for Investment and Development of Vietnam			
Loan 11	VND	-	894,341,373,335
An Binh Commercial Joint Stock Bank			
Loan 12	USD	529,374,865,825	433,497,690,959
HSBC Bank (Vietnam) Ltd			
Loan 13	VND	561,500,918,161	166,665,685,684
Tien Phong Commercial Joint Stock Bank			
Loan 14	USD	-	332,823,634,893
		6,831,894,847,293	6,036,432,585,285

During the year, the above loans bore annual interest at rates ranging from 3.7% to 5.5% for loans in VND (2016: 2.4% to 5.5%) and from 1.4% to 3.5% for loans in USD (2016: 1.4% to 5%).

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- (i) Loans 1 and 2 from HDBank, a related party, were secured by:

	31/12/2017	1/1/2017
	VND	VND
Cash equivalents (Note 5)	300,000,000,000	175,000,000,000

As at 31 December 2017, loan 2 was secured by the estimated receivables from the Company's sale of flight tickets in the future amounted to VND1,440 billion.

- (ii) Loans 3 and 4 were secured by:

	31/12/2017	1/1/2017
	VND	VND
Inventories (Note 9)	267,181,519,500	137,930,296,755

(b) Long-term borrowings

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

Lender	Currency	Annual interest rate	Year of maturity	31/12/2017	1/1/2017
				VND	VND
Millitary Commercial Joint Stock Bank	USD	LIBOR 6 months + 2.7%	2018 – 2028	692,237,334,322	760,794,559,644
Repayable within 12 months (Note 20(a))				(65,332,050,000)	(65,954,260,000)
Repayable after 12 months				626,905,284,322	694,840,299,644

Original principal of this loan is repayable in 24 equal semi-annual instalments of USD1.4 million (equivalent to VND33 billion) each and a final instalment of USD1.5 million (equivalent to VND35 billion) on 13 June 2028.

In accordance with Principle Agreement No. 24012017/HDNT/MB-VJ dated 24 January 2017 between the Company and the lender, the Company also entered into currency and interest rate swap transactions with the lender in portion of its borrowings to manage the impact of changes in currency exchange rate and interest rate on these borrowings. Under the Agreement, the Company will receive USD amounts from the lender to settle the due principal and related interest expense; and pay VND equivalent amounts to the lender using fixed VND/USD exchange rate of 22,575 and fixed interest rate of 7.5% per annum for the period from 24 January 2017 to 13 December 2019. Payments are made at the end of each six-month period and the first payment date was on 13 June 2017.

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Detail of asset pledged as security for this loan was as follows:

	31/12/2017	1/1/2017
	VND	VND
Aircraft No. A320 MSN7167, VNA675 (Note 10)	851,835,624,577	888,585,171,422

21. Provisions

Movements of provisions during the year were as follows:

	Provision for maintenance expenses VND	Provision to make good on leased assets VND	Total VND
Opening balance	4,915,553,224,444	291,990,315,177	5,207,543,539,621
Provision made during the year	2,840,102,738,976	151,733,786,930	2,991,836,525,906
Unwinding discount	241,173,031,919	36,407,219,860	277,580,251,779
Utilisation during the year	(632,601,776,460)	-	(632,601,776,460)
Foreign exchange differences	(12,880,007,412)	-	(12,880,007,412)
Closing balance	7,351,347,211,467	480,131,321,967	7,831,478,533,434
Short-term	1,467,013,337,869	-	1,467,013,337,869
Long-term	5,884,333,873,598	480,131,321,967	6,364,465,195,565
	7,351,347,211,467	480,131,321,967	7,831,478,533,434

VietJet Aviation Joint Stock Company
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22. Deferred tax liabilities

	31/12/2017	1/1/2017
	VND	VND
Deferred tax assets:		
Unearned revenue -- short-term	-	2,368,124,035
Provisions	1,419,594,372,900	520,754,353,962
Accrued expenses	41,976,111,780	3,431,299,184
	<hr/>	<hr/>
Total deferred tax assets	1,461,570,484,680	526,553,777,181
	<hr/>	<hr/>
Deferred tax liabilities:		
Long-term prepaid expenses	(852,802,825,175)	(296,989,479,112)
Maintenance reserves of leased aircrafts	(748,423,357,259)	(300,136,250,581)
Unrealised foreign exchange gains	(7,890,623,290)	(11,899,387,210)
	<hr/>	<hr/>
Total deferred tax liabilities	(1,609,116,805,724)	(609,025,116,903)
	<hr/>	<hr/>
Net deferred tax liabilities	(147,546,321,044)	(82,471,339,722)
	<hr/>	<hr/>

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23. Changes in owners' equity

	Share capital VND	Share premium VND	Retained profits VND	Total VND
Balance as at 1 January 2016	1,450,000,000,000	-	134,523,643,242	1,584,523,643,242
Issuance of ordinary shares	571,500,000,000	-	-	571,500,000,000
Increase share capital by issuance of share dividends from retained profits	978,500,000,000	-	(978,500,000,000)	-
Cash dividends	-	-	(500,000,000,000)	(500,000,000,000)
Net profit for the year	-	-	1,415,948,761,728	1,415,948,761,728
Balance as at 1 January 2017	3,000,000,000,000	-	71,972,404,970	3,071,972,404,970
Issuance of ordinary shares	223,880,600,000	1,535,501,732,805	-	1,759,382,332,805
Increase share capital by issuance of share dividends from share premium (Note 24)	1,289,552,240,000	(1,289,552,240,000)	-	-
Cash dividends (Note 25)	-	-	(967,164,180,000)	(967,164,180,000)
Net profit for the year	-	-	1,816,779,162,771	1,816,779,162,771
Balance as at 31 December 2017	4,513,432,840,000	245,949,492,805	921,587,387,741	5,680,969,720,546

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24. Share capital

The Company's authorised and issued share capital are:

	31/12/2017		1/1/2017	
	Number of shares	VND	Number of shares	VND
Authorised/ Issued share capital				
Ordinary shares	451,343,284	4,513,432,840,000	300,000,000	3,000,000,000,000
Shares in circulation				
Ordinary shares	451,343,284	4,513,432,840,000	300,000,000	3,000,000,000,000

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

Movements in shares capital during the year were as follows:

	2017		2016	
	Number of shares	VND	Number of shares	VND
Opening balance	300,000,000	3,000,000,000,000	145,000,000	1,450,000,000,000
Shares issued by cash (*)	22,388,060	223,880,600,000	7,150,000	71,500,000,000
Share dividends issued (**)	128,955,224	1,289,552,240,000	97,850,000	978,500,000,000
Shares issued offset against cash dividends	-	-	50,000,000	500,000,000,000
Closing balance	451,343,284	4,513,432,840,000	300,000,000	3,000,000,000,000

(*) On 5 January 2017, the Company's shareholders resolved to issue 22,388,060 ordinary shares to Sunflowers Sunny Investment Company Limited, a related party, at VND84,600 per share. Subsequently, the Company issued these new shares to this shareholder on 17 March 2017.

(**) On 20 April 2017, the general meeting of Company's shareholders resolved to increase share capital from VND3,223 billion to VND4,513 billion by issuance of share dividends at the rate of 40 new shares for each of existing 100 shares from share premium.

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25. Dividends

On 24 April 2017 and 6 June 2017, the Company's Board of Management resolved to distribute cash dividends amounting to VND322,388 million (VND1,000 per share) and VND644,776 million (VND2,000 per share) from retained profits.

26. Off balance sheet items

(a) Lease commitments

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

	31/12/2017 VND	1/1/2017 VND
Within 1 year	4,894,046,728,440	3,328,499,183,704
Within 2 to 5 years	18,313,151,685,909	11,784,521,445,255
More than 5 years	22,347,046,275,866	12,974,577,948,968
	<hr/>	
	45,554,244,690,215	28,087,598,577,927
	<hr/>	

(b) Foreign currency

	31/12/2017		1/1/2017	
	Original currency	VND equivalent	Original currency	VND equivalent
USD	244,169,945	5,534,111,801,838	81,202,939	1,844,930,774,080
	<hr/>			

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(c) Capital commitments

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

	31/12/2017	1/1/2017
	VND	VND
Approved and contracted (i)	462,500,000,000	462,500,000,000
Approved but not contracted (ii)	3,825,000,000,000	3,825,000,000,000
	4,287,500,000,000	4,287,500,000,000

- (i) In addition to above commitments, the Company also have following approved and contracted commitments:

Purchases of aircrafts and components and related maintainance services

The Company 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 2017, the Company has received 42 aircrafts, the remaining aircrafts are scheduled to deliver to the Company from 2018 to 2023.

Pursuant to the aircraft purchase agreements, the Company's commitments as at 31 December 2017 in relation to pre-delivery payments for remaining aircrafts to be delivered (including engines) were USD682 million (in respect of Airbus aircrafts) and USD1,052 million (in respect of Boeing aircrafts).

The Company ordered 20 engines to power 10 new aircrafts with CFM International S.A. The value of this agreement, which also includes a long-term maintenance services, is USD580 million at list price. In addition, the Company 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.

On 31 May 2017, the Company signed an agreement with Honeywell Aviation Services for 98 auxiliary power units for Airbus A320 aircrafts. This agreement runs through 2022 and includes maintenance services for 12 years. The value of this agreement is USD180 million at list price.

On 31 May 2017, the Company signed a 12-year maintenance agreement with CFM International S.A to support the engines for Boeing 737 MAX aircrafts scheduled for delivery between 2019 and 2023. The value of this agreement is USD3.5 billion at list price and covers 215 engines.

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Financing arrangements

On 31 May 2017, the Company signed an aircraft financing memorandum of understanding with GE Capital Aviation Services of USD1 billion. GE Capital Aviation Services will finance, purchase and enter into sale and leaseback arrangements for 10 aircrafts.

On 5 June 2017, the Company signed a strategic agreement with Mitsubishi UFJ Lease and Finance Co., Ltd to finance 3 aircraft purchases of USD348 million.

- (ii) This capital commitment relates to development of an aviation technology research and training centre at Saigon Hi-Tech Park, District 9, Ho Chi Minh City in accordance with Investment Registration Certificate No. 2357762445 dated 30 December 2016 issued by the Board of Management of Saigon Hi-Tech Park.

27. Revenue from sales of goods and provision of services

	2017 VND	2016 VND
Passenger transportation		
▪ Domestic routes	10,783,474,944,053	8,646,255,772,294
▪ International routes	2,424,393,916,235	801,915,629,801
▪ Charter flights and aircraft wet leases	3,748,125,703,925	2,719,886,832,505
	<hr/>	<hr/>
	16,955,994,564,213	12,168,058,234,600
Ancillary revenue	5,471,476,182,153	3,519,142,819,668
Aircraft dry leases	95,153,288,514	56,914,200,000
Others	121,011,531,840	139,450,521,121
	<hr/>	<hr/>
	22,643,635,566,720	15,883,565,775,389

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28. Cost of sales

	2017	2016
	VND	VND
Ground operation expenses	1,657,602,015,834	1,123,517,651,781
Flight operation expenses	14,391,284,367,610	10,866,887,021,349
Technical expenses	1,443,536,341,114	737,044,632,260
Safety, security, quality and assurance expenses	30,578,861,088	20,575,056,630
Cargo expenses	60,165,495,726	67,686,489,747
Depreciation and amortisation	1,390,713,748,900	665,386,604,481
Others	358,271,541,055	39,415,168,068
	<hr/>	<hr/>
	19,332,152,371,327	13,520,512,624,316
	<hr/>	<hr/>

29. Financial income

	2017	2016
	VND	VND
Dividend income from Vietjet Air IVB No. I Limited, a subsidiary	1,412,325,376	434,854,837,949
Dividend income from other entities	3,068,690,000	1,180,266,000
Interest income	69,917,578,051	53,335,659,366
Realised foreign exchange gains	43,977,690,600	36,724,683,706
Unrealised foreign exchange gains	-	49,644,924,652
Others	800,800,000	58,665,034
	<hr/>	<hr/>
	119,177,084,027	575,799,036,707
	<hr/>	<hr/>

30. Financial expenses

	2017	2016
	VND	VND
Unwinding discount of provisions	277,580,251,779	442,283,153,862
Interest expense	237,597,428,875	180,732,739,883
Realised foreign exchange losses	-	30,833,311,711
Unrealised foreign exchange losses	5,314,290,289	-
	<hr/>	<hr/>
	520,491,970,943	653,849,205,456
	<hr/>	<hr/>

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31. Selling expenses

	2017	2016
	VND	VND
Sales expenses	385,999,015,340	224,768,340,966
Advertising and marketing expenses	195,900,988,406	219,120,948,284
Staff costs	63,591,839,070	53,697,885,576
Depreciation and amortisation	368,162,572	379,588,887
Others	8,364,087,304	3,109,244,975
	<hr/>	<hr/>
	654,224,092,692	501,076,008,688
	<hr/>	<hr/>

32. General and administration expenses

	2017	2016
	VND	VND
Staff costs	90,219,948,728	76,870,028,767
Rental expenses	25,244,550,872	16,940,377,802
Depreciation and amortisation	6,040,962,265	2,945,962,829
Insurance expenses	65,259,737	44,124,246
Others	93,262,937,179	83,324,464,138
	<hr/>	<hr/>
	214,833,658,781	180,124,957,782
	<hr/>	<hr/>

33. Business costs by elements

	2017	2016
	VND	VND
Fuel costs	8,060,241,634,646	5,369,109,087,358
Labour costs and staff costs	2,219,441,737,460	1,725,462,650,346
Depreciation and amortisation	94,786,011,086	45,685,778,134
Outside services	7,997,169,956,482	6,239,849,385,938
Other expenses	1,829,570,783,126	821,606,689,010
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34. Income tax

(a) Recognised in the separate statement of income

	2017	2016
	VND	VND
Current tax expense		
Current year	160,212,024,993	155,027,738,705
Under provision in prior years	3,263,853,984	-
	<hr/> 163,475,878,977	<hr/> 155,027,738,705
Deferred tax expense		
Origination and reversal of temporary differences	52,932,915,184	50,912,671,620
Effect of change in tax rate	12,142,066,138	-
	<hr/> 65,074,981,322	<hr/> 50,912,671,620
Income tax expense	<hr/> 228,550,860,299	<hr/> 205,940,410,325

(b) Reconciliation of effective tax rate

	2017	2016
	VND	VND
Accounting profit before tax	2,045,330,023,070	1,621,889,172,053
Tax at the Company's tax rate	409,066,004,614	324,377,834,411
Non-deductible expenses	525,202,984	266,009,325
Effect of change in tax rate	12,142,066,138	-
Under provision in prior years	3,263,853,984	-
Tax incentives	(196,446,267,421)	(118,703,433,411)
	<hr/> 228,550,860,299	<hr/> 205,940,410,325

(c) Applicable tax rates

For public passenger and cargo air transportation services, under the terms of current income tax regulations and income tax laws, the Company has an obligation to pay the government 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. However, 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 (2014) and entitled to a 50% reduction in income tax for the 3 succeeding years (2016, 2017 and 2018).

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For other activities, under the terms of current income tax regulations, 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 profits.

35. 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:

	Transaction value	
	2017 VND	2016 VND
Shareholders with significant influence		
Issuance of ordinary shares	1,894,029,876,000	-
Term deposits	7,613,132,376,000	1,180,000,000,000
Interest income	54,601,970,070	10,663,536,965
Borrowings	3,551,832,052,518	758,722,469,930
Interest expense	6,914,005,671	5,960,878,899
Services rendered	13,584,156,988	47,478,830,795
Purchase of consultancy services	1,975,600,000	4,379,100,000
Subsidiaries and associates		
Expenses paid and collected on behalf, net	1,970,520,256,131	925,854,181,816
Services rendered	868,878,237,343	570,437,470,250
Purchases of services	96,597,981,563	-
Dividend income	1,412,325,376	434,854,837,949
Capital contribution	-	60,000,000,000
Members of Board of Management, Board of Directors and Supervisory Board		
Share-based payments	124,096,200,000	-
Salary and compensations	15,986,506,107	13,109,379,578
Other related parties		
Services rendered	259,838,194,701	110,351,533,077
Purchases of services	18,115,812,000	-
Deposits for aircraft leases	36,064,548,000	-
Prepayments for office building construction	14,601,834,620	-
Income from investments in co-operation contracts and corporate bonds	-	14,841,666,667

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36. Share-based payments

The Company has an employee share-based payment plans to award employees based on the assessment of their performance. The issuance of shares under the plan has to be approved by the shareholders at annual general meeting.

In May 2016, the Company issued 7,150,000 shares at par value to a designated shareholder. On 12 January 2017, the shares, which were previously issued to the designated shareholder, were granted to the Company’s selected employees under Employee Stock Option Plan.

37. Non-cash investing and financing activities

	2017	2016
	VND	VND
Increase share capital by issuance of share dividends from share premium or retained profits	1,289,552,240,000	978,500,000,000
Cash dividends offset against shares issued	-	500,000,000,000
Net-off dividend receivable with payable to a subsidiary	-	434,854,837,949
Purchases of fixed assets not yet paid	497,848,193,400	-
	-	-

38. Post balance sheet event

Dividends declared after the year end

On 9 January 2018, the Company’s Board of Mangement resolved to advance interim cash dividend to existing shareholders from retained profits at the rate of VND1,000 per share. Total value of approved interim cash dividend is VND451,343 million.

39. Corresponding figures

Corresponding figures as at 1 January 2017 were derived from the balances and amounts reported in the Company’s separate financial statements as at and for the year ended 31 December 2016.

17 April 2018

Prepared by:  Approved by: 



Hoàng Mạnh Hà Lưu Đức Khanh
Acting Chief Accountant *Managing Director*

