



**VietJet Aviation Joint Stock Company  
and its subsidiaries**

Consolidated Interim Financial Statements  
for the six-month period ended 30 June 2018



**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 1 August 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.

<b>Board of Management</b>	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

<b>Board of Directors</b>	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
Nguyen Thanh Son	Vice President	

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

<b>Supervisory Board</b>	Tran Duong Ngoc Thao Doan Thu Huong Pham Van Dau	Head of the Board Member Member
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<b>Registered Office</b>	302/3 Kim Ma Street 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 consolidated interim financial statements of the Company and its subsidiaries (together referred to as “the Group”) for the six-month period ended 30 June 2018.

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

- (a) the consolidated interim financial statements set out on pages 6 to 56 give a true and fair view of the consolidated financial position of the Group as at 30 June 2018, and of the consolidated results of operations and the consolidated cash flows of the Group for the six-month period then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to interim financial reporting; and
- (b) at the date of this statement, there are no reasons to believe that the Group 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 consolidated interim financial statements for issue.

On behalf of the Board of Directors



The stamp is circular and red, containing the text: "M.S.D.N. 102259", "CÔNG TY CỔ PHẦN HÀNG KHÔNG VIETJET", and "Đ. O. B. A. N. H. A. N. O. I.". A blue ink signature is written across the stamp.

Nguyen Thi Phuong Thao  
*Chief Executive Officer*

Ho Chi Minh City, 29 August 2018



KPMG Limited Branch  
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115 Nguyen Hue Street, Ben Nghe Ward  
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## **CONSOLIDATED INTERIM FINANCIAL STATEMENTS REVIEW REPORT**

### **To the Shareholders**

#### **VietJet Aviation Joint Stock Company and its subsidiaries**

We have reviewed the accompanying consolidated interim financial statements of VietJet Aviation Joint Stock Company (“the Company”) and its subsidiaries (together referred to as “the Group”), which comprise the consolidated balance sheet as at 30 June 2018, the consolidated statements of income and cash flows for the six-month period then ended and the explanatory notes thereto which were authorised for issue by the Company’s Board of Directors on 29 August 2018, as set out on pages 6 to 56.

### **Management’s Responsibility**

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

### **Auditor’s Responsibility**

Our responsibility is to express a conclusion on these consolidated interim financial statements based on our review. We conducted our review in accordance with Vietnamese Standard on Review Engagements 2410 – *Review of interim financial information performed by the independent auditor of the entity*.

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Vietnamese Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



### **Auditor's Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not give a true and fair view, in all material respects, of the consolidated financial position of VietJet Aviation Joint Stock Company and its subsidiaries as at 30 June 2018 and of their consolidated results of operations and their consolidated cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to interim financial reporting.

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

Vietnam

Review Report No.: 18-01-257/1

Chang Hung Chun  
Practicing Auditor Registration  
Certificate No. 0863-2018-007-1  
*Deputy General Director*

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

Ho Chi Minh City, 29 August 2018

**VietJet Aviation Joint Stock Company and its subsidiaries**  
**Consolidated balance sheet as at 30 June 2018**

**Form B 01a – DN/HN**  
*(Issued under Circular No. 202/2014/TT-BTC*  
*dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	30/6/2018 VND	1/1/2018 VND
<b>ASSETS</b>				
<b>Current assets</b> (100 = 110 + 120 + 130 + 140 + 150)	<b>100</b>		<b>18,603,578,164,013</b>	<b>17,668,643,983,650</b>
<b>Cash and cash equivalents</b>	<b>110</b>	<b>7</b>	<b>4,939,421,469,372</b>	<b>6,861,601,955,584</b>
Cash	111		1,340,041,469,372	2,824,391,955,584
Cash equivalents	112		3,599,380,000,000	4,037,210,000,000
<b>Short-term financial investments</b>	<b>120</b>	<b>8</b>	<b>1,327,400,000,000</b>	<b>1,400,000,000</b>
Trading securities	121		990,000,000,000	-
Allowance for diminution in the value of trading securities	122		(119,500,000,000)	-
Held-to-maturity investments	123		456,900,000,000	1,400,000,000
<b>Accounts receivable – short-term</b>	<b>130</b>		<b>11,647,288,068,785</b>	<b>10,223,453,944,832</b>
Accounts receivable from customers	131	9	1,927,965,547,661	1,447,857,870,382
Prepayments to suppliers	132	10(a)	494,399,485,930	533,003,878,162
Loans receivable	135	11	494,321,784,000	487,333,764,000
Other short-term receivables	136	12(a)	8,730,601,251,194	7,755,258,432,288
<b>Inventories</b>	<b>140</b>	<b>13</b>	<b>328,466,753,333</b>	<b>267,181,519,500</b>
<b>Other current assets</b>	<b>150</b>		<b>361,001,872,523</b>	<b>315,006,563,734</b>
Short-term prepaid expenses	151	17(a)	304,839,944,044	218,686,791,604
Deductible value added tax	152		-	881,949,735
Taxes receivable from State Treasury	153	19(b)	56,161,928,479	95,437,822,395

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

**VietJet Aviation Joint Stock Company and its subsidiaries**  
**Consolidated balance sheet as at 30 June 2018 (continued)**

**Form B 01a – DN/HN**  
*(Issued under Circular No. 202/2014/TT-BTC*  
*dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	30/6/2018 VND	1/1/2018 VND
<b>Long-term assets</b> (200 = 210 + 220 + 240 + 250 + 260)	<b>200</b>		<b>15,631,985,845,672</b>	<b>13,989,621,257,774</b>
<b>Accounts receivable – long-term</b>	<b>210</b>		<b>8,062,464,594,522</b>	<b>7,152,674,330,646</b>
Prepayments to suppliers	212	10(b)	701,500,000,000	701,500,000,000
Other long-term receivables	216	12(b)	7,360,964,594,522	6,451,174,330,646
<b>Fixed assets</b>	<b>220</b>		<b>1,774,998,175,152</b>	<b>1,528,720,840,609</b>
Tangible fixed assets	221	14	1,771,036,887,482	1,523,538,521,104
Cost	222		1,992,859,061,526	1,676,961,819,773
Accumulated depreciation	223		(221,822,174,044)	(153,423,298,669)
Intangible fixed assets	227	15	3,961,287,670	5,182,319,505
Cost	228		29,848,011,655	29,680,011,655
Accumulated amortisation	229		(25,886,723,985)	(24,497,692,150)
<b>Long-term work in progress</b>	<b>240</b>		<b>653,330,198,875</b>	<b>222,031,597,270</b>
Construction in progress	242	16	653,330,198,875	222,031,597,270
<b>Long-term financial investments</b>	<b>250</b>	<b>8</b>	<b>68,424,629,818</b>	<b>68,424,629,818</b>
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
<b>Other long-term assets</b>	<b>260</b>		<b>5,072,768,247,305</b>	<b>5,017,769,859,431</b>
Long-term prepaid expenses	261	17(b)	5,072,768,247,305	5,017,769,859,431
<b>TOTAL ASSETS (270 = 100 + 200)</b>	<b>270</b>		<b>34,235,564,009,685</b>	<b>31,658,265,241,424</b>

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



**VietJet Aviation Joint Stock Company and its subsidiaries**  
**Consolidated balance sheet as at 30 June 2018 (continued)**

**Form B 01a – DN/HN**  
*(Issued under Circular No. 202/2014/TT-BTC*  
*dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	30/6/2018 VND	1/1/2018 VND
<b>RESOURCES</b>				
<b>LIABILITIES (300 = 310 + 330)</b>	<b>300</b>		<b>22,481,073,199,694</b>	<b>21,064,130,723,313</b>
<b>Current liabilities</b>	<b>310</b>		<b>14,236,353,939,863</b>	<b>13,911,511,198,702</b>
Accounts payable to suppliers	311	18	482,861,187,751	560,253,025,326
Advances from customers	312		581,422,531,534	456,356,000,505
Taxes payable to State Treasury	313	19(a)	182,972,292,665	93,848,331,921
Accrued expenses	315	20	1,642,913,094,136	1,366,768,242,056
Unearned revenue	318	21	1,963,444,485,096	1,964,462,207,817
Other short-term payables	319	22	1,242,805,940,240	1,105,583,155,915
Short-term borrowings	320	23(a)	6,959,882,007,867	6,897,226,897,293
Provisions – short-term	321	24	1,180,052,400,574	1,467,013,337,869
<b>Long-term liabilities</b>	<b>330</b>		<b>8,244,719,259,831</b>	<b>7,152,619,524,611</b>
Other long-term payables	337		16,437,639,888	13,702,723,680
Long-term borrowings	338	23(b)	601,700,564,321	626,905,284,322
Deferred tax liabilities	341	25	192,389,227,184	147,546,321,044
Provisions – long-term	342	24	7,434,191,828,438	6,364,465,195,565
<b>EQUITY (400 = 410)</b>	<b>400</b>		<b>11,754,490,809,991</b>	<b>10,594,134,518,111</b>
<b>Owners' equity</b>	<b>410</b>	<b>26</b>	<b>11,754,490,809,991</b>	<b>10,594,134,518,111</b>
Share capital	411	27	4,513,432,840,000	4,513,432,840,000
Share premium	412		245,949,492,805	245,949,492,805
Foreign exchange differences	417		88,089,746,041	23,916,098,372
Retained profits	421		6,905,160,686,141	5,809,062,955,579
Non-controlling interests	429		1,858,045,004	1,773,131,355
<b>TOTAL RESOURCES</b>	<b>440</b>		<b>34,235,564,009,685</b>	<b>31,658,265,241,424</b>
<b>(440 = 300 + 400)</b>				

29 August 2018

Prepared by:



Hoang Manh Ha  
Chief Accountant

Approved by:



Luu Duc Khanh  
Managing Director

The accompanying notes are an integral part of these consolidated interim financial statements

**VietJet Aviation Joint Stock Company and its subsidiaries**  
**Consolidated statement of income for the six-month period ended 30 June 2018**

**Form B 02a – DN/HN**  
*(Issued under Circular No. 202/2014/TT-BTC*  
*dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	Six-month period ended	
			30/6/2018 VND	30/6/2017 VND
Revenue from sales of goods and provision of services	01	30	21,221,912,133,769	16,423,450,986,205
Revenue deductions	02	30	-	185,595,188
<b>Net revenue (10 = 01 - 02)</b>	<b>10</b>	<b>30</b>	<b>21,221,912,133,769</b>	<b>16,423,265,391,017</b>
Cost of sales	11	31	18,223,403,626,452	13,904,006,243,845
<b>Gross profit (20 = 10 - 11)</b>	<b>20</b>		<b>2,998,508,507,317</b>	<b>2,519,259,147,172</b>
Financial income	21	32	137,235,050,043	28,345,492,731
Financial expenses	22	33	493,502,100,801	258,826,661,861
<i>In which: Interest expense</i>	23		<i>111,749,080,626</i>	<i>117,897,169,144</i>
Share of losses in associates	24		(39,878,326,404)	(19,215,126,153)
Selling expenses	25	34	319,740,991,234	268,529,575,013
General and administration expenses	26	35	125,694,351,091	102,482,651,453
<b>Net operating profit</b> <b>{30 = 20 + (21 - 22) + 24 - (25 + 26)}</b>	<b>30</b>		<b>2,156,927,787,830</b>	<b>1,898,550,625,423</b>
Other income	31		2,475,346,709	8,912,536,006
Other expenses	32		63,104,809	20,342,450
<b>Results of other activities (40 = 31 - 32)</b>	<b>40</b>		<b>2,412,241,900</b>	<b>8,892,193,556</b>
<b>Accounting profit before tax (50 = 30 + 40)</b>	<b>50</b>		<b>2,159,340,029,730</b>	<b>1,907,442,818,979</b>
Income tax expense – current	51	37	115,627,911,379	73,599,584,911
Income tax expense – deferred	52	37	44,842,906,140	37,277,177,527
<b>Net profit after tax (60 = 50 - 51 - 52)</b>	<b>60</b>		<b>1,998,869,212,211</b>	<b>1,796,566,056,541</b>

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

**VietJet Aviation Joint Stock Company and its subsidiaries**

**Consolidated statement of income for the six-month period ended 30 June 2018 (continued)**

**Form B 02a – DN/HN**

*(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)*

	Code	Note	Six-month period ended	
			30/6/2018 VND	30/6/2017 VND
<b>Net profit after tax</b>	<b>60</b>		<b>1,998,869,212,211</b>	<b>1,796,566,056,541</b>
<b>Attributable to:</b>				
Shareholders of the Company	61		1,998,784,298,562	1,796,167,594,584
Non-controlling interests	62		84,913,649	398,461,957
<b>Earnings per share</b>				
Basic earnings per share	70	38	3,690	3,374

29 August 2018

Prepared by:

Hoang Manh Ha  
Chief Accountant

Approved by:



Lưu Đức Khanh  
Managing Director

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

**VietJet Aviation Joint Stock Company and its subsidiaries**  
**Consolidated statement of cash flows for the six-month period ended 30 June 2018**  
**(Indirect method)**

**Form B 03a – DN/HN**  
*(Issued under Circular No. 202/2014/TT-BTC*  
*dated 22 December 2014 of the Ministry of Finance)*

	Code	Six-month period ended 30/6/2018 VND	30/6/2017 VND
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Accounting profit before tax	01	2,159,340,029,730	1,907,442,818,979
Adjustments for			
Depreciation and amortisation	02	69,967,738,616	37,434,325,541
Allowances and provisions	03	119,500,000,000	-
Unwinding discount of provisions	03	198,615,316,599	105,154,148,528
Unrealised foreign exchange losses	04	63,637,703,576	234,878,050
Interest income	05	(92,177,056,810)	(28,345,492,731)
Share of losses in associates	05	39,878,326,404	19,215,126,153
Dividend income	05	(2,832,636,000)	-
Interest expense	06	111,749,080,626	117,897,169,144
<b>Operating profit before changes in working capital</b>	<b>08</b>	<b>2,667,678,502,741</b>	<b>2,159,032,973,664</b>
Change in receivables	09	(1,763,094,617,139)	(1,226,897,845,766)
Change in inventories	10	(61,285,233,833)	(42,573,544,839)
Change in payables and other liabilities	11	44,169,205,055	990,817,211,106
Change in prepaid expenses	12	803,052,035,836	476,136,957,403
		<b>1,690,519,892,660</b>	<b>2,356,515,751,568</b>
Interest paid	14	(110,707,439,267)	(118,648,499,112)
Income tax paid	15	(18,000,000,000)	(111,790,521,187)
<b>Net cash flows from operating activities</b>	<b>20</b>	<b>1,561,812,453,393</b>	<b>2,126,076,731,269</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for additions to fixed assets and other long-term assets	21	(471,714,476,239)	(130,872,022,150)
Payments for deposits to purchase aircrafts	21	(653,967,992,831)	(3,035,493,461,531)
Placements of term deposits at banks and corporate bonds	23	(559,055,555,556)	-
Receipts from sales of corporate bonds	24	103,555,555,556	-
Payments for investments in other entities	25	(1,132,840,350,000)	-
Receipts of dividends and interest income	27	87,352,299,704	26,619,478,842
<b>Net cash flows from investing activities</b>	<b>30</b>	<b>(2,626,670,519,366)</b>	<b>(3,139,746,004,839)</b>

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

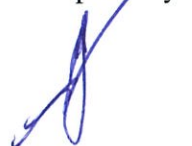
**VietJet Aviation Joint Stock Company and its subsidiaries**  
**Consolidated statement of cash flows for the six-month period ended 30 June 2018**  
**(Indirect method – continued)**

**Form B 03a – DN/HN**  
*(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)*

	Code	Six-month period ended	
		30/6/2018 VND	30/6/2017 VND
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from shares issued	31	-	1,846,648,019,016
Proceeds from borrowings	33	16,669,176,086,721	11,705,563,912,978
Payments to settle loan principals	33	(16,652,089,581,643)	(12,319,955,283,250)
Payments of dividends	36	(933,173,304,900)	(287,748,150,952)
<b>Net cash flows from financing activities</b>	<b>40</b>	<b>(916,086,799,822)</b>	<b>944,508,497,792</b>
<b>Net cash flows during the period</b> (50 = 20 + 30 + 40)	<b>50</b>	<b>(1,980,944,865,795)</b>	<b>(69,160,775,778)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>60</b>	<b>6,861,601,955,584</b>	<b>2,741,341,465,691</b>
<b>Effect of exchange rate fluctuations on cash and cash equivalents</b>	<b>61</b>	<b>1,578,751,914</b>	<b>(20,234,781,777)</b>
<b>Currency translation differences</b>	<b>61</b>	<b>57,185,627,669</b>	<b>(1,455,769,870)</b>
<b>Cash and cash equivalents at the end of the period</b> (70 = 50 + 60 + 61) (Note 7)	<b>70</b>	<b>4,939,421,469,372</b>	<b>2,650,490,138,266</b>

29 August 2018

Prepared by:



Hoang Manh Ha  
Chief Accountant

Approved by:



Luu Duc Khanh  
Managing Director

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

**VietJet Aviation Joint Stock Company and its subsidiaries**  
**Notes to the consolidated interim financial statements for the six-month period ended**  
**30 June 2018**

**Form B 09a – DN/HN**  
*(Issued under Circular No. 202/2014/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 consolidated interim financial statements.

**1. Reporting entity**

**(a) Ownership structure**

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

The consolidated interim financial statements of the Company for the six-month period ended 30 June 2018 comprises the Company and its subsidiaries (together referred to as “the Group”) and the Group’s interest in associates.

**(b) Principal activities**

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

**(c) Normal operating cycle**

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

**(d) Group’s structure**

As at 30 June 2018, the Group has 6 subsidiaries and 2 associates (1/1/2018: 6 subsidiaries and 2 associates) as follows:

Name	Country of incorporation	Principal activities	Business registration certificate	% ownership interest/ voting right	
				30/6/2018	1/1/2018
<i>Subsidiaries</i>					
VietjetAir Cargo Joint Stock Company	Vietnam	To provide cargo transportation and related support services.	No. 0312759089 dated 27 August 2014	90%	90%
Vietjet Air IVB No. I Limited (*)	British Virgin Islands	To trade aircrafts.	No. 1825671 dated 27 May 2014	100%	100%
Vietjet Air IVB No. II Limited (*)	British Virgin Islands	To trade aircrafts.	No. 1825613 dated 27 May 2014	100%	100%

**VietJet Aviation Joint Stock Company and its subsidiaries**  
**Notes to the consolidated interim financial statements for the six-month period ended**  
**30 June 2018 (continued)**

**Form B 09a – DN/HN**  
*(Issued under Circular No. 202/2014/TT-BTC*  
*dated 22 December 2014 of the Ministry of Finance)*

Name	Country of incorporation	Principal activities	Business registration certificate	% ownership interest/ voting right	
				30/6/2018	1/1/2018
Vietjet Air Singapore Pte. Ltd. (*)	Singapore	To trade aircrafts.	No. 201408849N dated 27 March 2014	100%	100%
Vietjet Air Ireland No. 1 Limited (*)	Ireland	To trade aircrafts.	No. 544879 dated 3 June 2014	100%	100%
Skymate Limtied (*)	Cayman Islands	To trade aircrafts.	No.327015 dated 15 September 2017	100%	100%
<i>Associates</i>					
Thai Vietjet Air Joint Stock Company Limited (*) (**)	Thailand	To provide transportation and transfer of goods and passengers and other related services.	No. 0105556100551 dated 25 June 2013	9%	9%
Cam Ranh International Terminal Joint Stock Company (**)	Vietnam	To provide support services for airline transportation.	No. 4201676638 dated 5 February 2016	10%	10%

(\*) As at 30 June 2018, the Group has not yet contributed capital in these subsidiaries and the associates. These companies' operations are mainly financed by the Company.

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

As at 30 June 2018, the Group has 3,490 employees (1/1/2018: 3,162 employees).

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**2. Basis of preparation**

**(a) Statement of compliance**

The consolidated interim financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to interim financial reporting. These consolidated interim financial statements should be read in conjunction with the Group's latest annual consolidated financial statements as at and for the year ended 31 December 2017.

**(b) Basis of measurement**

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

**(c) Annual accounting period**

The annual accounting period of the Group is from 1 January to 31 December. These consolidated interim financial statements are prepared for the six-month period ended 30 June 2018.

**(d) Accounting and presentation currency**

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

**(e) Corresponding figures**

The corresponding figures as at 1 January 2018 were derived from the balances and amounts reported in the Group's consolidated financial statements as at and for the year ended 31 December 2017.

**3. Summary of significant accounting policies**

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

The accounting policies that have been adopted by the Group in the preparation of these consolidated interim financial statements are consistent with those adopted in the preparation of the latest annual consolidated financial statements.



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**(a) Basis of consolidation**

**(i) *Subsidiaries***

Subsidiaries are entities controlled by the Group. The financial statements of the subsidiaries are included in the consolidated interim financial statements from the date that control commences until the date that control ceases.

**(ii) *Non-controlling interests***

Non-controlling interests (“NCI”) are measured at their proportionate share of the acquiree’s identifiable net assets at date of acquisition.

Changes in the Group’s interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners. The difference between the change in the Group’s share of net assets of the subsidiary and any consideration paid or received is recorded directly in retained profits under equity.

**(iii) *Loss of control***

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in the consolidated statement of income. Any interest retained in the former subsidiary when control is lost is stated at the carrying amount of the retained investment in the separate interim financial statements adjusted for appropriate shares of changes in equity of the investee since the acquisition date, if significant influence in the investee is maintained, or otherwise stated at cost.

**(iv) *Associates***

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Associates are accounted for using the equity method. The consolidated interim financial statements include the Group’s share of the income and expenses of the associates, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When the Group’s share of losses exceeds its interest in an associate, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

**(v) *Transactions eliminated on consolidation***

Intra-group balances and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated interim financial statements. Unrealised gains and losses arising from transactions with associates are eliminated against the investment to the extent of the Group’s interest in the associates.

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**(b) Foreign currency**

**(i) Foreign currency transactions**

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

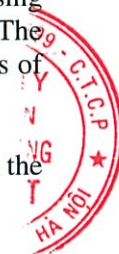
Monetary assets and liabilities denominated in currencies other than VND are translated into VND, except for items hedged by financial instruments, at the average of the account transfer buying rates and selling rates at the end of the accounting period quoted by the commercial bank where the Group's entities most frequently conducts transactions.

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

**(ii) Foreign operations**

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to VND at exchange rates at the end of the accounting period. The income and expenses of foreign operations are translated to VND at exchange rates at the dates of transactions.

Foreign currency differences arising from the translation of foreign operations are recognised in the consolidated balance sheet under the account "Foreign exchange differences" in equity.



**(c) 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.

**(d) Investments**

**(i) Trading securities**

Trading securities are those held by the Group for trading purpose i.e. purchased for resale with the aim of making profits over a short period of time. Trading securities are initially recognised at cost which include purchase price plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at cost less allowance for diminution in value. An allowance is made for diminution in value of trading securities if market price of the securities item falls below its carrying amount. The allowance is reversed if the market price subsequently increases after the allowance was recognised. An allowance is reversed only to the extent that the securities' carrying amount does not exceed the carrying amount that has been determined if no allowance had been recognised.

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

Held-to-maturity investments are those that the Board of Directors has the intention and ability to hold until maturity. Held-to-maturity investments include term deposits at banks, investments in business cooperation contracts and loans receivable held-to-maturity. These investments are stated at costs less allowance for doubtful debts.

**(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 value if the investee has suffered a loss, except where such loss was anticipated by the 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.

**(e) *Accounts receivable***

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

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

Under the terms of its aircraft operating lease agreements, the Group 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 Group 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.

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**(g) 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 Group applies the perpetual method of accounting for inventories.

**(h) 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 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

**(i) 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.

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**(j) Construction in progress**

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

**(k) 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 Group 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 years to 5 years.

**(l) Trade and other payables**

Trade and other payables are stated at their costs.

**(m) Provisions**

A provision is recognised if, as a result of a past event, the Group 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.

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

According to the aircraft leasing agreements between the Group and its lessors and the requirements of Vietnam Aviation Authority, the Group 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 Group’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 for the next maintenance event. The effect of unwinding discount of the provisions is recorded as financial expenses.

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

With respect to aircraft operating lease agreements where the Group 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 Group 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 Group’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.

**(n) 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.

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**(o) Taxation**

Income tax on the consolidated profit or loss for the period comprises current and deferred tax. Income tax is recognised in the consolidated 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 period, using tax rates enacted at the end of the accounting period, and any adjustment to tax payable in respect of previous periods.

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

**(p) Revenue and other income**

**(i) *Passenger transportation***

Revenue from passenger transportation is recognised in the consolidated 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 consolidated statement of income when the service is provided.

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Revenue from baggage service is recognised in the consolidated 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 are 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 consolidated statement of income when charged to passengers.

Sales of in-flight and duty free merchandise is recognised in the consolidated 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 consolidated statement of income when the service is provided. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

**(iv) Aircrafts leasing**

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

**(v) Sales of aircrafts**

Revenue from the sales of aircrafts is recognised in consolidated 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 aircrafts.

***Aircraft sales and leaseback transaction***

The Group's aircraft sales and leaseback transaction is a transaction where an aircraft is sold then leased back by the Group. The accounting treatment of a sale and leaseback transaction depends upon the type of lease involved.

For a transaction that results in an operating lease:

- If the lease payment and sale price are at fair value, there has in effect been a normal sale transaction and any profit or loss is recognised immediately.



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- If the sale price is below fair value, any profit or loss shall be recognised immediately except that, if the loss is compensated for by future lease payments at below market price, it shall be deferred and amortised in proportion to the lease payments over the period for which the aircraft is expected to be used.
- If the sale price is above fair value, the excess over fair value shall be deferred and amortised over the period for which the aircraft is expected to be used.
- If the fair value at the time of a sale and leaseback transaction is less than the carrying amount of the aircraft, a loss equal to the amount of the difference between the carrying amount and fair value shall be recognised immediately.

**(vi) Other services**

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

**(vii) Interest income**

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

**(viii) 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.

**(q) Borrowing costs**

Borrowing costs are recognised as an expense in the period 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.

**(r) Operating lease payments**

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

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**(s) Earnings per share**

The Group presents basic earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. The Company does not have potential dilutive ordinary share.

**(t) Segment reporting**

A segment is a distinguishable component of the Group 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 Group's primary format for segment reporting is based on business segment.

**(u) Related parties**

Parties are considered to be related to the Group 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 Group 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.

**4. Seasonality of operations**

The Group primarily involved in the provision of air transportation services and thus, is subject to the seasonal demand for air travel. With the assumptions of unchanged number of operating routes and aircrafts, the first half of the year typically tends to result in higher revenue than the second half of the year. This seasonal pattern for air transportation services is in line with the expectation of the Company's Board of Directors. The result of operation of the sales of aircrafts is not subject to seasonality fluctuations.

**5. Changes in accounting estimates**

In preparing these consolidated interim financial statement, the Board of Directors has made several accounting estimates. Actual results may differ from these estimates. There was no significant changes in accounting estimates compared to those made in the most recent annual consolidated financial statements or those made in the same interim period of the prior year.

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**6. Segment reporting**

**(a) Business segment**

For management purpose, the Group has 2 reportable operating segments as follows:

- Providing passenger and cargo transportation, ancillary services, aircraft rental and advertising on aircrafts (referred to as “aviation services”); and
- Sales of aircrafts.

Except those indicated above, the Group 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 30 and Note 31 to the consolidated interim financial statements. There is no intersegment revenue between operating segments. All the Group’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 segments based on reports that are reviewed and used to make strategic decisions.

**(b) Geographical segment**

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

	<b>Six-month period ended</b>	
	<b>30/6/2018</b>	<b>30/6/2017</b>
	<b>VND</b>	<b>VND</b>
In Vietnam	9,105,503,572,383	7,427,250,920,758
Outside Vietnam	12,116,408,561,386	8,996,014,470,259
	21,221,912,133,769	16,423,265,391,017

The Group’s fixed assets and capital expenditure are primarily located in Vietnam.

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**7. Cash and cash equivalents**

	<b>30/6/2018</b>	<b>1/1/2018</b>
	<b>VND</b>	<b>VND</b>
Cash on hand	8,454,100,785	8,740,285,221
Cash in banks	1,331,507,368,587	2,407,681,670,363
Cash in transits	80,000,000	407,970,000,000
Cash equivalents	3,599,380,000,000	4,037,210,000,000
	4,939,421,469,372	6,861,601,955,584

Cash equivalents represented term deposits in VND at banks with maturities of less than 3 months from their replacement dates and earned interest at rate 5.5% per annum during the period (six-month period ended 30 June 2017: from 5.3% to 5.5%).

As at 30 June 2018, the Group has current and term deposit accounts at Ho Chi Minh City Development Joint Stock Commercial Bank, a related party at normal trading terms.

**8. Investments**

**(a) Trading securities**

Trading security represented the investments in securities of Petrovietnam Oil Corporation as at 30 June 2018 (1/1/2018: nil). Detail of the trading securities as at 30 June 2018 were as follows:

		<b>30/6/2018</b>		
	<b>Quantity</b>	<b>Cost</b>	<b>Allowance for</b>	<b>Fair value</b>
		<b>VND</b>	<b>diminution in value</b>	<b>VND</b>
			<b>VND</b>	<b>VND</b>
Petrovietnam Oil Corporation	50,000,000	990,000,000,000	(119,500,000,000)	870,500,000,000
				870,500,000,000

Fair value of the investments in securities of Petrovietnam Oil Corporation was determined by reference to the closing price on Ho Chi Minh Stock Exchange on 29 June 2018.

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

	<b>30/6/2018</b>	<b>1/1/2018</b>
	<b>VND</b>	<b>VND</b>
Held-to-maturity investments – short-term		
▪ Term deposits at banks	456,900,000,000	1,400,000,000
Held-to-maturity investments – long-term		
▪ Business co-operation contract	556,181,818	556,181,818
	556,181,818	556,181,818

Term deposits at banks earned interest at rates 5.5% per annum (six-month period ended 30 June 2017: 5.5% per annum) during the period.

**(c) Equity investments in other entities**

	<b>30/6/2018</b>		<b>1/1/2018</b>	
	<b>% of equity owned/voting rights</b>	<b>VND</b>	<b>% of equity owned/voting rights</b>	<b>VND</b>
<b>Equity investments in associates</b>				
▪ Thai Vietjet Air Joint Stock Company Limited	9%	-	9%	-
▪ Cam Ranh International Terminal Joint Stock Company	10%	60,000,000,000	10%	60,000,000,000
		60,000,000,000		60,000,000,000
<b>Equity investments in other entities</b>				
▪ Sai Gon Ground Services Joint Stock Company	4%	7,868,448,000	4%	7,868,448,000
▪ Angelica Holding Limited (*)	10%	-	10%	-
		7,868,448,000		7,868,448,000

(\*) As at 30 June 2018, the Group has not yet contributed capital in this company, which is incorporated in Cayman Islands. The principal activities of this company and its subsidiaries are to provide consultancy services and lease aircrafts.

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

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

	<b>30/6/2018</b>	<b>1/1/2018</b>
	<b>VND</b>	<b>VND</b>
Hangzhou BaoLi Co., Ltd	1,511,282,937,730	1,206,074,957,438
Aviation Solutions (Thailand) Co., Ltd	73,727,833,938	72,928,310,709
Thai Vietjet Air Joint Stock Company Limited	170,127,841,526	192,134,116
World Go International Co., Ltd	49,627,596,252	20,050,350,612
Other customers	123,199,338,215	148,612,117,507
	<hr/>	<hr/>
	1,927,965,547,661	1,447,857,870,382
	<hr/>	<hr/>

**(b) Accounts receivable from customers who are related parties**

	<b>30/6/2018</b>	<b>1/1/2018</b>
	<b>VND</b>	<b>VND</b>
<b>Associate</b>		
Thai Vietjet Air Joint Stock Company Limited	170,127,841,526	192,134,116
<b>Other related parties</b>		
World Go International Co., Ltd	49,627,596,252	20,050,350,612
Ho Chi Minh City Development Joint Stock		
Commercial Bank	1,333,863,230	60,199,199
Indochina Beach Hotel Joint Stock Company	54,276,000	3,432,000
	<hr/>	<hr/>

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

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**10. Prepayments to suppliers**

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

	<b>30/6/2018</b>	<b>1/1/2018</b>
	<b>VND</b>	<b>VND</b>
<b>Related parties</b>		
Advances to Angelica Holding Limited, an other related party	443,625,000,000	442,728,000,000
Prepayments for office building construction to Indochina ACM Corporation, an other related party	-	14,601,834,620
<b>Third parties</b>		
Prepayments for engine repair services	-	6,124,891,332
Others	50,774,485,930	69,549,152,210
	494,399,485,930	533,003,878,162

The advances and prepayments to the related parties were unsecured and interest free.

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

	<b>30/6/2018</b>	<b>1/1/2018</b>
	<b>VND</b>	<b>VND</b>
Business co-operation contract	701,500,000,000	701,500,000,000

Prepayments to suppliers – long-term represented the Group'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 Group will receive 15,547 m<sup>2</sup> office area and 13,409 m<sup>2</sup> residential area and use these areas as the Group's office and dormitory upon completion of the project, which is expected within 3 years from the date of the contract.

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**11. Loans receivable**

Loans receivable represented loans provided to AAA Aircraft Asset Company Limited, an other related party amounted to USD21,501,600 to finance its purchase of aircrafts and related acquisition costs. The loans were unsecured and bore interest at rate of 2.5% per annum during the period.

**12. Other receivables**

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

	<b>30/6/2018</b>	<b>1/1/2018</b>
	<b>VND</b>	<b>VND</b>
<b>Related party</b>		
Expenses paid on behalf of Thai Vietjet Air Joint Stock Company Limited, an associate	513,002,669,255	410,572,971,721
<b>Third parties</b>		
Deposits for aircraft purchases within next 12 months	5,915,677,016,936	5,299,354,253,466
Maintenance reserves of leased aircrafts	1,785,264,316,360	1,620,541,614,727
Purchase discount receivables	3,324,928,750	207,075,437,945
Deposit for securities purchases	142,840,350,000	-
Claims receivables from maintenance reserves of leased aircrafts	128,772,061,642	36,240,516,195
Advances to employees	118,842,535,762	68,562,678,338
Interest income	15,686,745,467	8,029,352,361
Cabin modification receivables	7,868,531,347	9,030,285,032
Other short-term deposits	75,980,034,981	52,829,252,297
Others	23,342,060,694	43,022,070,206
	<b>8,730,601,251,194</b>	<b>7,755,258,432,288</b>

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



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

	<b>30/6/2018</b>	<b>1/1/2018</b>
	<b>VND</b>	<b>VND</b>
<b>Related parties</b>		
Expenses paid on behalf of Thai Vietjet Air Joint Stock Company Limited, an associate (*)	468,344,946,987	468,344,946,987
Deposits for aircraft leases to Apricot Aircraft Assets Limited, an other related party (**)	72,564,252,432	36,064,548,000
Deposits for maintenance reserves to Apricot Aircraft Assets Limited, an other related party (**)	51,520,081,385	-
<b>Third parties</b>		
Deposits for aircraft purchases after next 12 months	2,166,957,675,032	2,129,312,445,671
Maintenance reserves of leased aircrafts	3,667,787,985,845	2,931,845,978,926
Deposits for aircraft leases	884,822,490,902	832,941,542,209
Others	48,967,161,939	52,664,868,853
	<b>7,360,964,594,522</b>	<b>6,451,174,330,646</b>

(\*) 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.

(\*\*) In accordance with leasing contracts, the deposits to a related party were unsecured, interest free and will be reimbursed to the Company at the end of leasing contracts for deposits for aircraft leases and upon completion of required maintenance for deposits for maintenance reserves.

**13. Inventories**

	<b>30/6/2018</b>		<b>1/1/2018</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>
Tools and supplies	317,954,449,586	-	257,446,699,070	-
Merchandise inventories	10,512,303,747	-	9,734,820,430	-
	<b>328,466,753,333</b>	<b>-</b>	<b>267,181,519,500</b>	<b>-</b>

As at 30 June 2018, inventories with a carrying value of VND328,467 million (1/1/2018: VND267,182 million) were pledged as security for borrowings granted by Vietnam Joint Stock Commercial Bank for Industry and Trade to the Group.

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**14. Tangible fixed assets**

	Aircraft and components VND	Machinery and equipment VND	Office equipment VND	Motor vehicles VND	Total VND
<b>Cost</b>					
Opening balance	1,512,821,016,821	127,618,469,944	18,480,304,543	18,042,028,465	1,676,961,819,773
Additions	-	1,876,000,000	3,186,874,634	-	5,062,874,634
Transfer from construction in progress	311,014,198,525	-	-	-	311,014,198,525
Written off	-	-	-	(179,831,406)	(179,831,406)
Closing balance	1,823,835,215,346	129,494,469,944	21,667,179,177	17,862,197,059	1,992,859,061,526
<b>Accumulated depreciation</b>					
Opening balance	108,488,921,775	21,791,642,892	12,544,860,181	10,597,873,821	153,423,298,669
Charge for the period	61,326,573,230	4,936,437,272	910,884,458	1,404,811,821	68,578,706,781
Written off	-	-	-	(179,831,406)	(179,831,406)
Closing balance	169,815,495,005	26,728,080,164	13,455,744,639	11,822,854,236	221,822,174,044
<b>Net book value</b>					
Opening balance	1,404,332,095,046	105,826,827,052	5,935,444,362	7,444,154,644	1,523,538,521,104
Closing balance	1,654,019,720,341	102,766,389,780	8,211,434,538	6,039,342,823	1,771,036,887,482

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Included in the cost of tangible fixed assets were assets costing VND16,683 million which were fully depreciated as at 30 June 2018 (1/1/2018: VND16,105 million), but which are still in active use.

As at 30 June 2018, tangible fixed assets with carrying value of VND829,517 million (1/1/2018: VND851,835 million) were pledged as security for borrowings granted by Military Commercial Joint Stock Bank to the Group.

**15. Intangible fixed assets**

	<b>Software VND</b>
<b>Cost</b>	
Opening balance	29,680,011,655
Additions	168,000,000
	29,848,011,655
<b>Closing balance</b>	
	29,848,011,655
<b>Accumulated amortisation</b>	
Opening balance	24,497,692,150
Charge for the period	1,389,031,835
	25,886,723,985
<b>Closing balance</b>	
	25,886,723,985
<b>Net book value</b>	
Opening balance	5,182,319,505
Closing balance	3,961,287,670
	3,961,287,670

Included in the cost of intangible fixed assets was assets costing VND20,638 million which were fully amortised as at 30 June 2018 (1/1/2018: VND10,989 million), but which are still in active use.

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**16. Construction in progress**

	<b>Six-month period ended</b>	
	<b>30/6/2018</b>	<b>30/6/2017</b>
	<b>VND</b>	<b>VND</b>
Opening balance	222,031,597,270	181,302,243,599
Additions during the period	742,312,800,130	91,878,679,861
Transfer to tangible fixed assets	(311,014,198,525)	(340,695,000)
Written off	-	(85,743,806,250)
	<hr/>	<hr/>
Closing balance	653,330,198,875	187,096,422,210
	<hr/>	<hr/>

During the period, borrowing costs capitalised into construction in progress amounted to VND22,483 million (six-month period ended 30 June 2017: VND23,524 million).

Major constructions in progress were as follows:

	<b>30/6/2018</b>	<b>1/1/2018</b>
	<b>VND</b>	<b>VND</b>
Aircrafts	244,083,122,449	222,031,597,270
Aviation Technology Research and Training Centre	409,247,076,426	-
	<hr/>	<hr/>
	653,330,198,875	222,031,597,270
	<hr/>	<hr/>

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<b>17. Prepaid expenses</b>	<b>30/6/2018</b>	<b>1/1/2018</b>			
<b>(a) Short-term prepaid expenses</b>	<b>VND</b>	<b>VND</b>			
Prepayments for aircraft leases	280,854,355,105	201,055,142,423			
Prepayments for maintenance expenses	22,945,356,000	14,643,249,582			
Others	1,040,232,939	2,988,399,599			
	<b>304,839,944,044</b>	<b>218,686,791,604</b>			
<b>(b) Long-term prepaid expenses</b>					
	<b>Maintenance costs VND</b>	<b>Cost to make good on leased assets VND</b>			
	<b>Major inspection and overhaul expenditure VND</b>	<b>Rotable parts, tools and instruments VND</b>			
	<b>Others VND</b>	<b>Total VND</b>			
Opening balance	4,453,797,069,491	320,711,118,911	133,473,651,440	454,449,033	5,017,769,859,431
Additions during the period	911,638,116,407	32,565,459,743	43,594,672,770	51,480,316,720	1,318,566,486
Charge for the period	(769,641,322,772)	(19,677,185,637)	(46,987,281,768)	(76,436,382,621)	(1,198,038,219)
Reversal	(71,658,533,235)	-	-	-	(71,658,533,235)
Closing balance	<b>4,524,135,329,891</b>	<b>333,599,393,017</b>	<b>105,940,961,558</b>	<b>108,517,585,539</b>	<b>5,072,768,247,305</b>

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

Accounts payable to suppliers detailed by significant suppliers:

	<b>30/6/2018</b> <b>Cost/Amount</b> <b>within repayment</b> <b>capacity</b> <b>VND</b>	<b>1/1/2018</b> <b>Cost/Amount</b> <b>within repayment</b> <b>capacity</b> <b>VND</b>
Lufthansa Technik Aktiengesellschaft	116,628,390,844	-
SR Technics Switzerland Ltd	16,303,447,931	107,542,055,719
Petrolimex Aviation Fuel Joint Stock Company	75,381,633,911	25,305,914,761
Airports Corporation of Vietnam	-	93,936,585,717
The Civil Aviation Administration of China's Settlement Center	42,669,582,538	65,201,167,522
Other suppliers	231,878,132,527	268,267,301,607
	<b>482,861,187,751</b>	<b>560,253,025,326</b>

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<b>19. Taxes</b>					
<b>(a) Taxes payable to State Treasury</b>	<b>1/1/2018</b>	<b>Incurred</b>	<b>Paid</b>	<b>Netted-off</b>	<b>30/6/2018</b>
	<b>VND</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>
Value added tax	69,538,847,813	1,003,059,750,781	(357,695,422,734)	(625,868,163,047)	89,035,012,813
Personal income tax	24,299,965,251	201,740,076,074	(191,002,844,540)	-	35,037,196,785
Foreign contractor tax	9,518,857	43,807,703,546	(43,269,157,699)	(536,414,758)	11,649,946
Corporate income tax	-	115,627,911,379	(18,000,000,000)	(38,739,478,258)	58,888,433,121
Other taxes	-	832,167,066	(832,166,166)	(900)	-
	<b>93,848,331,921</b>	<b>1,365,067,608,846</b>	<b>(610,799,591,139)</b>	<b>(665,144,056,963)</b>	<b>182,972,292,665</b>
<hr/>					
<b>(b) Taxes receivable from State Treasury</b>	<b>1/1/2018</b>			<b>Netted-off</b>	<b>30/6/2018</b>
	<b>VND</b>			<b>VND</b>	<b>VND</b>
Foreign contractor tax		56,576,964,943		(536,414,758)	56,040,550,185
Corporate income tax		38,860,856,552		(38,739,478,258)	121,378,294
Other taxes		900		(900)	-
		<b>95,437,822,395</b>		<b>(39,275,893,916)</b>	<b>56,161,928,479</b>

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**20. Accrued expenses**

	<b>30/6/2018</b>	<b>1/1/2018</b>
	<b>VND</b>	<b>VND</b>
Aircraft related expenses	1,504,583,398,962	1,133,907,718,337
Maintenance expenses	9,851,823,388	98,874,443,293
13 <sup>th</sup> month salary	49,100,883,347	46,385,852,941
Interest expense	6,650,651,259	5,609,006,900
Others	72,726,337,180	81,991,220,585
	<hr/>	<hr/>
	1,642,913,094,136	1,366,768,242,056
	<hr/>	<hr/>

**21. Unearned revenue**

	<b>30/6/2018</b>	<b>1/1/2018</b>
	<b>VND</b>	<b>VND</b>
Passenger transportation and ancillary revenue received in advance, to be realised within next 12 months	1,963,444,485,096	1,964,462,207,817
	<hr/>	<hr/>

**22. Other short-term payables**

	<b>30/6/2018</b>	<b>1/1/2018</b>
	<b>VND</b>	<b>VND</b>
<b>Related parties</b>		
Dividends payable to shareholders	59,850,377,550	90,337,114,450
Amounts due to other related parties	4,070,483,851	1,692,894,632
<b>Third parties</b>		
Airport tax payables	861,503,097,446	725,686,963,581
Short-term deposits received	282,998,535,731	281,103,539,996
Others	34,383,445,662	6,762,643,256
	<hr/>	<hr/>
	1,242,805,940,240	1,105,583,155,915
	<hr/>	<hr/>

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



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**23. Borrowings**

**(a) Short-term borrowings**

	1/1/2018	Movements during the period			30/6/2018
	Carrying amount/ Amount within repayment capacity VND	Additions VND	Repayments VND	Revaluation VND	Carrying amount/ Amount within repayment capacity VND
Short-term borrowings	6,831,894,847,293	16,669,176,086,721	(16,619,778,241,643)	13,257,265,496	6,894,549,957,867
Current portion of long-term borrowings (Note 23(b))	65,332,050,000	32,311,340,000	(32,311,340,000)	-	65,332,050,000
	6,897,226,897,293	16,701,487,426,721	(16,652,089,581,643)	13,257,265,496	6,959,882,007,867

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

Lenders	Currency	30/6/2018 VND	1/1/2018 VND
<b>Secured loans</b>			
Ho Chi Minh City Development Joint Stock Commercial Bank (“HDBank”) (i)			
Loan 1	USD	1,338,017,542,514	873,584,591,673
Vietnam Joint Stock Commercial Bank for Industry and Trade (“Vietinbank”) (ii)			
Loan 2	VND	1,297,037,394,253	1,913,772,674,679
Loan 3	USD	123,423,885,138	1,071,313,513,020
<b>Unsecured loans</b>			
Joint Stock Commercial Bank for Foreign Trade of Vietnam			
Loan 4	VND	250,134,349,454	141,151,969,667
Loan 5	USD	271,282,000,000	386,495,000,000
Military Commercial Joint Stock Bank			
Loan 6	VND	1,200,823,652,910	1,029,431,351,660
Maritime Commercial Joint Stock Bank			
Loan 7	USD	822,626,466,025	325,269,962,608
An Binh Commercial Joint Stock Bank			
Loan 8	USD	525,081,741,888	529,374,865,825
HSBC Bank (Vietnam) Ltd			
Loan 9	VND	608,476,604,852	561,500,918,161
Citibank, N.A., Ho Chi Minh City Branch			
Loan 10	VND	325,804,667,023	-
United Oversea Bank, Ho Chi Minh City Branch			
Loan 11	VND	131,841,653,810	-
		6,894,549,957,867	6,831,894,847,293

During the period, the above loans bore annual interest at rates ranging from 3.5% to 5.3% for loans in VND (six-month period ended 30 June 2017: 4.8% to 5.5%) and from 2.0% to 2.6% for loans in USD (six-month period ended 30 June 2017: 1.4% to 2.5%).

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

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	<b>30/6/2018</b>	<b>1/1/2018</b>
	<b>VND</b>	<b>VND</b>
Cash equivalents	-	300,000,000,000

(ii) Loans 2 and 3 were secured by:

	<b>30/6/2018</b>	<b>1/1/2018</b>
	<b>VND</b>	<b>VND</b>
Inventories (Note 13)	328,466,753,333	267,181,519,500

**(b) Long-term borrowings**

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>30/6/2018</b>	<b>1/1/2018</b>
				<b>VND</b>	<b>VND</b>
Millitary Commercial Joint Stock Bank	USD	LIBOR 6 months + 2.7%	2017 – 2028	667,032,614,321	692,237,334,322
Repayable within 12 months (Note 23(a))				(65,332,050,000)	(65,332,050,000)
Repayable after 12 months				601,700,564,321	626,905,284,322

Original principal of this loan is repayable in 24 equal semi-annual instalments of USD1.4 (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 Group and the lender, the Group 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 Group 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 the 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:

	<b>30/6/2018</b>	<b>1/1/2018</b>
	<b>VND</b>	<b>VND</b>
Aircraft no. A320 MSN7167, VNA675 (Note 14)	829,516,787,252	851,835,624,577

## 24. Provisions

Movements of provisions during the period were as follows:

	<b>Provision for</b>	<b>Provision to</b>	<b>Total</b>
	<b>maintenance</b>	<b>make good on</b>	<b></b>
	<b>expenses</b>	<b>leased assets</b>	<b>VND</b>
	<b>VND</b>	<b>VND</b>	<b>VND</b>
Opening balance	7,351,347,211,467	480,131,321,967	7,831,478,533,434
Provision made during the period	911,638,116,407	32,565,459,743	944,203,576,150
Unwinding discount	177,041,311,151	21,574,005,448	198,615,316,599
Utilisation during the period	(386,416,262,318)	-	(386,416,262,318)
Written off	(40,720,852,492)	-	(40,720,852,492)
Foreign exchange differences	67,083,917,639	-	67,083,917,639
<b>Closing balance</b>	<b>8,079,973,441,854</b>	<b>534,270,787,158</b>	<b>8,614,244,229,012</b>
Short-term	1,180,052,400,574	-	1,180,052,400,574
Long-term	6,899,921,041,280	534,270,787,158	7,434,191,828,438
	<b>8,079,973,441,854</b>	<b>534,270,787,158</b>	<b>8,614,244,229,012</b>

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**25. Deferred tax liabilities**

	<b>30/6/2018</b>	<b>1/1/2018</b>
	<b>VND</b>	<b>VND</b>
Deferred tax assets:		
Provisions	1,604,843,605,745	1,419,594,372,900
Accrued expenses	25,606,983,907	41,976,111,780
	<hr/>	<hr/>
Total deferred tax assets	1,630,450,589,652	1,461,570,484,680
	<hr/>	<hr/>
Deferred tax liabilities:		
Long-term prepaid expenses	(894,582,812,305)	(852,802,825,175)
Maintenance reserves of leased aircrafts	(922,388,045,082)	(748,423,357,259)
Unrealised foreign exchange gains	(5,868,959,449)	(7,890,623,290)
	<hr/>	<hr/>
Total deferred tax liabilities	(1,822,839,816,836)	(1,609,116,805,724)
	<hr/>	<hr/>
Net deferred tax liabilities	(192,389,227,184)	(147,546,321,044)
	<hr/>	<hr/>

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**26. Changes in owners' equity**

	Share capital VND	Share premium VND	Foreign exchange differences VND	Retained profits VND	Non-controlling interests VND	Total VND
<b>Balance as at 1 January 2017</b>	<b>3,000,000,000,000</b>	-	<b>29,673,324,403</b>	<b>1,702,862,911,199</b>	<b>1,485,942,037</b>	<b>4,734,022,177,639</b>
Issuance of ordinary shares	223,880,600,000	1,535,501,732,805	-	-	-	1,759,382,332,805
Dividends	-	-	-	(967,164,180,002)	-	(967,164,180,002)
Net profit for the period	-	-	-	1,796,167,594,584	398,461,957	1,796,566,056,541
Translation of foreign operations	-	-	(1,455,769,870)	-	-	(1,455,769,870)
<b>Balance as at 30 June 2017</b>	<b>3,223,880,600,000</b>	<b>1,535,501,732,805</b>	<b>28,217,554,533</b>	<b>2,531,866,325,781</b>	<b>1,884,403,994</b>	<b>7,321,350,617,113</b>
Increase share capital from share premium	1,289,552,240,000	(1,289,552,240,000)	-	-	-	-
Net profit for the period	-	-	-	3,277,196,629,798	(111,272,639)	3,277,085,357,159
Translation of foreign operations	-	-	(4,301,456,161)	-	-	(4,301,456,161)
<b>Balance as at 1 January 2018</b>	<b>4,513,432,840,000</b>	<b>245,949,492,805</b>	<b>23,916,098,372</b>	<b>5,809,062,955,579</b>	<b>1,773,131,355</b>	<b>10,594,134,518,111</b>
Dividends (Note 28)	-	-	-	(902,686,568,000)	-	(902,686,568,000)
Net profit for the period	-	-	-	1,998,784,298,562	84,913,649	1,998,869,212,211
Translation of foreign operations	-	-	64,173,647,669	-	-	64,173,647,669
<b>Balance as at 30 June 2018</b>	<b>4,513,432,840,000</b>	<b>245,949,492,805</b>	<b>88,089,746,041</b>	<b>6,905,160,686,141</b>	<b>1,858,045,004</b>	<b>11,754,490,809,991</b>

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**27. Share capital**

The Company's authorised and issued share capital are:

	30/6/2018		1/1/2018	
	Number of shares	VND	Number of shares	VND
<b>Authorised share capital</b>				
Ordinary shares	451,343,284	4,513,432,840,000	451,343,284	4,513,432,840,000
<b>Issued share capital</b>				
Ordinary shares	451,343,284	4,513,432,840,000	451,343,284	4,513,432,840,000
<b>Shares in circulation</b>				
Ordinary shares	451,343,284	4,513,432,840,000	451,343,284	4,513,432,840,000

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 share capital during the period were as follows:

	Six-month period ended			
	30/6/2018		30/6/2017	
	Number of shares	VND	Number of shares	VND
Opening balance	451,343,284	4,513,432,840,000	300,000,000	3,000,000,000,000
Shares issued by cash	-	-	22,388,060	223,880,600,000
Closing balance	451,343,284	4,513,432,840,000	322,388,060	3,223,880,600,000

**28. Dividends**

On 9 January 2018 and 23 April 2018, the Company's Board of Management resolved to distribute cash dividends amounting to VND902,687 million (six-month period ended 30 June 2017: VND967,164 million)

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**29. Off balance sheet items**

**(a) Lease commitments**

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

	<b>30/6/2018</b>	<b>1/1/2018</b>
	<b>VND</b>	<b>VND</b>
Within 1 year	5,540,398,978,045	4,894,901,836,920
Within 2 to 5 years	20,095,753,370,898	18,313,664,866,549
More than 5 years	24,046,158,466,758	22,347,046,275,866
	<hr/>	<hr/>
	49,682,310,815,701	45,555,612,979,335
	<hr/>	<hr/>

**(b) Foreign currency**

	<b>30/6/2018</b>		<b>1/1/2018</b>	
	<b>Original currency</b>	<b>VND equivalent</b>	<b>Original currency</b>	<b>VND equivalent</b>
USD	47,536,298	1,089,531,942,665	262,781,900	5,955,951,758,740
	<hr/>		<hr/>	

**(c) Capital commitments**

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

	<b>30/6/2018</b>	<b>1/1/2018</b>
	<b>VND</b>	<b>VND</b>
Approved and contracted (i)	462,500,000,000	462,500,000,000
Approved but not contracted (ii)	3,415,752,923,574	3,825,000,000,000
	<hr/>	<hr/>
	3,878,252,923,574	4,287,500,000,000
	<hr/>	<hr/>



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

**Purchases of aircrafts and components and related maintainance services**

The Company signed a principle purchase agreements and related amendments with Airbus S.A.S to purchase 121 aircrafts and with Boeing Company to purchase 100 aircrafts. As at 30 June 2018, the Company has received 46 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 30 June 2018 in relation to pre-delivery payments for remaining aircrafts to be delivered (including engines) were USD738 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.

On 18 July 2018, the Company signed a memorandum with Boeing Company to purchase 100 Boeing 737 MAX aircrafts, which are scheduled to deliver to the Company from 2022 to 2025.

**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 commitment relates to the 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.

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

	Six-month period ended	
	30/6/2018 VND	30/6/2017 VND
<b>Total revenue</b>		
Passenger transportation		
▪ Domestic routes	6,892,812,429,457	5,761,307,859,463
▪ International routes	2,372,446,557,158	1,007,055,719,731
▪ Charter flights and aircraft wet leases	3,313,963,300,107	1,447,599,559,231
	12,579,222,286,722	8,215,963,138,425
Ancillary revenue	3,807,135,161,736	2,522,859,930,009
Aircraft dry leases	39,753,379,592	28,690,200,000
Other revenue	93,513,589,719	35,212,717,771
Sales of aircrafts	4,702,287,716,000	5,620,725,000,000
	21,221,912,133,769	16,423,450,986,205
<b>Less revenue deductions</b>		
▪ Sales discounts	-	(185,595,188)
	21,221,912,133,769	16,423,265,391,017
<b>Net revenue</b>		
In which:		
▪ Net revenue from aviation services	16,519,624,417,769	10,802,540,391,017
▪ Net revenue from sales of aircrafts	4,702,287,716,000	5,620,725,000,000
	21,221,912,133,769	16,423,265,391,017

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**31. Cost of sales**

	<b>Six-month period ended</b>	
	<b>30/6/2018</b>	<b>30/6/2017</b>
	<b>VND</b>	<b>VND</b>
Ground operation expenses	1,295,978,932,836	748,170,046,279
Flight operation expenses	11,127,434,679,274	7,343,963,097,913
Technical expenses	852,592,249,349	375,425,459,518
Safety, security, quality and assurance expenses	16,653,223,069	14,365,392,498
Cargo expenses	86,429,769,431	47,341,444,721
Depreciation and amortisation	982,526,528,564	549,583,617,362
Others	4,726,883,840	27,134,792,382
Costs of aircrafts sold	3,857,061,360,089	4,798,022,393,172
	<b>18,223,403,626,452</b>	<b>13,904,006,243,845</b>
<b>In which:</b>		
▪ Costs of aviation services	14,366,342,266,363	9,105,983,850,673
▪ Costs of aircrafts sold	3,857,061,360,089	4,798,022,393,172
	<b>18,223,403,626,452</b>	<b>13,904,006,243,845</b>

**32. Financial income**

	<b>Six-month period ended</b>	
	<b>30/6/2018</b>	<b>30/6/2017</b>
	<b>VND</b>	<b>VND</b>
Interest income	92,177,056,810	28,345,492,731
Realised foreign exchange gains	41,249,173,948	-
Dividend income	2,832,636,000	-
Others	976,183,285	-
	<b>137,235,050,043</b>	<b>28,345,492,731</b>

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**33. Financial expenses**

	<b>Six-month period ended</b>	
	<b>30/6/2018</b>	<b>30/6/2017</b>
	<b>VND</b>	<b>VND</b>
Unwinding discount of provisions	198,615,316,599	105,154,148,528
Interest expense	111,749,080,626	117,897,169,144
Allowance for diminution in the value of trading securities	119,500,000,000	-
Unrealised foreign exchange losses	63,637,703,576	234,878,050
Realised foreign exchange losses	-	35,540,466,139
	<hr/>	<hr/>
	493,502,100,801	258,826,661,861
	<hr/>	<hr/>

**34. Selling expenses**

	<b>Six-month period ended</b>	
	<b>30/6/2018</b>	<b>30/6/2017</b>
	<b>VND</b>	<b>VND</b>
Sales expenses	166,244,281,300	124,743,180,193
Advertising and marketing expenses	95,197,044,911	106,389,545,167
Staff costs	41,569,956,082	28,597,499,690
Depreciation and amortisation	217,385,722	230,833,817
Others	16,512,323,219	8,568,516,146
	<hr/>	<hr/>
	319,740,991,234	268,529,575,013
	<hr/>	<hr/>

**35. General and administration expenses**

	<b>Six-month period ended</b>	
	<b>30/6/2018</b>	<b>30/6/2017</b>
	<b>VND</b>	<b>VND</b>
Staff costs	50,964,537,892	46,164,453,947
Rental expenses	13,490,539,584	11,033,782,923
Depreciation and amortisation	1,164,035,347	5,119,923,619
Insurance expenses	100,171,713	32,237,720
Others	59,975,066,555	40,132,253,244
	<hr/>	<hr/>
	125,694,351,091	102,482,651,453
	<hr/>	<hr/>

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**36. Business costs by elements**

	Six-month period ended	
	30/6/2018	30/6/2017
	VND	VND
Fuel costs	6,300,407,792,239	4,002,136,236,438
Costs of purchasing aircrafts	3,857,061,360,089	4,798,022,393,172
Labour costs and staff costs	1,539,425,316,919	1,009,300,211,836
Depreciation and amortisation	69,967,738,616	37,434,325,541
Outside services	5,824,553,790,755	3,785,639,450,593
Other expenses	1,077,422,970,159	642,485,852,731

**37. Income tax**

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

	Six-month period ended	
	30/6/2018	30/6/2017
	VND	VND
<b>Current tax expense</b>		
Current period	115,627,911,379	73,599,584,911
<b>Deferred tax expense</b>		
Origination and reversal temporary differences	38,709,022,985	37,277,177,527
Effect of change in tax rate	6,133,883,155	-
	44,842,906,140	37,277,177,527
Income tax expense	160,470,817,519	110,876,762,438

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**(b) Reconciliation of effective tax rate**

	Six-month period ended	
	30/6/2018 VND	30/6/2017 VND
Accounting profit before tax	2,159,340,029,730	1,907,442,818,979
Tax at the Company's tax rate	431,868,005,946	381,488,563,796
Effect of difference tax rates applied for subsidiaries	(170,324,295,918)	(164,507,741,752)
Non-deductible expenses	118,525,452	185,088,666
Deferred tax assets not recognised	7,973,947,683	3,660,596,141
Effect of change in tax rate	6,133,883,155	-
Tax incentives	(115,299,248,799)	(109,949,744,413)
	160,470,817,519	110,876,762,438

**(c) Applicable tax rates**

**(i) Companies incorporated in Vietnam**

*VietJet Aviation Joint Stock Company*

For public passengers and cargo air transportation services, under the terms of current 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).

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.

*Vietjet Air Cargo Joint Stock Company*

Vietjet Air Cargo Joint Stock Company has an obligations to pay the income tax at the rate of 20% of taxable profits.

**(ii) Companies incorporated in British Virgin Islands**

*Vietjet Air IVB No. I Limited and Vietjet Air IVB No. II Limited*

There are no taxes on income or gains in the British Virgin Islands.

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**(iii) Company incorporated in Singapore**

*Vietjet Air Singapore Pte. Ltd.*

Vietjet Air Singapore Pte. Ltd. has an obligation to pay income tax at the rate of 17% of taxable profits.

**(iv) Company incorporated in Ireland**

*Vietjet Air Ireland No. 1 Limited*

Vietjet Air Ireland No. 1 Limited has an obligation to pay income tax at the rate of 12.5% of taxable profits.

**38. Basic earnings per share**

The calculation of basic earnings per share for the six-month period ended 30 June 2018 was based on the profit attributable to ordinary shareholders of the Company and a weighted average number of ordinary shares, as follows:

**(a) Net profit attributable to ordinary shareholders**

	<b>Six-month period ended</b>	
	<b>30/6/2018</b>	<b>30/6/2017</b>
	<b>VND</b>	<b>VND</b>
Net profit attributable to ordinary shareholders	1,998,784,298,562	1,796,167,594,584

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

	<b>Number of shares</b>	
	<b>Six-month period ended</b>	
	<b>30/6/2018</b>	<b>30/6/2017</b>
		<b>Restated</b>
Issued ordinary shares at the beginning of the period	451,343,284	300,000,000
Effect of share dividends issued in July 2018	90,268,050	90,268,050
Effect of bonus share issued in September 2017	-	128,955,224
Effect of shares issued by cash	-	13,111,240
Weighted average number of ordinary shares	541,611,334	532,334,514

The weighted average number of ordinary shares and basic earnings per share for the six-month period ended 30 June 2017 was restated to represent the effect of bonus shares issued in September 2017 and share dividends issued in July 2018.

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**39. Significant transactions with related parties**

In addition to related party balances disclosed in other notes to the consolidated interim financial statements, the Group had the following significant transactions with related parties during the period:

	<b>Transaction value</b>	
	<b>Six-month period ended</b>	
	<b>30/6/2018</b>	<b>30/6/2017</b>
	<b>VND</b>	<b>VND</b>
<b>Shareholders with significant influence</b>		
Issuance of ordinary shares	-	1,894,029,876,000
Term deposits	7,945,269,500,000	4,855,654,876,000
Purchases of corporate bonds	103,555,555,556	-
Interest income	69,412,136,906	22,267,901,668
Borrowings	5,397,424,591,381	1,368,682,010,520
Interest expense	13,566,149,015	879,678,214
Service rendered	909,726,430	1,127,606,840
<b>Associates</b>		
Expenses paid and collected on behalf, net amount	126,863,028,790	75,319,110,173
Services rendered	147,984,571,771	28,690,200,000
Purchases of services	-	114,936,666,667
<b>Members of Board of Management, Board of Directors and Supervisory Board</b>		
Salary and compensations	9,526,865,297	7,510,398,587
<b>Other related parties</b>		
Advances	443,625,000,000	-
Purchases of construction services	403,408,819,827	6,488,193,146
Services rendered	167,071,961,960	72,327,239,160
Aircrafts rental	108,180,734,785	-
Deposits for aircraft leases	36,499,704,432	-
Deposits for maintenance reserves	51,520,081,385	-



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

	<b>Six-month period ended</b>	
	<b>30/6/2018</b>	<b>30/6/2017</b>
	<b>VND</b>	<b>VND</b>
Purchases of fixed assets by netting off with other short-term receivables	275,829,198,525	243,400,022,680
Shares issuance costs not yet paid	-	87,265,686,211

**41. Post balance sheet events**

**(a) Share issuance**

On 26 April 2018, the annual general meeting of Company’s shareholders approved to increase share capital from VND4,513 billion to VND5,416 billion by issuance of ordinary shares at the rate of 20 new shares for each existing 100 shares from retained profits. On 4 July 2018, the issuance has been completed.

**(b) Dividend declared after the period end**

On 16 August 2018, the Company’s Board of Management resolved to advance interim cash dividend to existing shareholders from retained profits at the rate of VND2,000 per share. Total value of approved interim cash dividend is VND1,083 billion.

29 August 2018

Prepared by:



Hoang Manh Ha  
Chief Accountant

Approved by:



Luu Duc Khanh  
Managing Director



