



VietJet Aviation Joint Stock Company

Separate 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.

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

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
Nguyen Thanh Son	Vice President	

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

Supervisory Board	Tran Duong Ngoc Thao Doan Thu Huong Pham Van Dau	Head of the Board Member Member
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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 interim financial statements of the Company for the six-month period ended 30 June 2018.

The Board of Directors is responsible for the preparation and fair presentation of the separate 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 separate interim financial statements set out on pages 6 to 50 give a true and fair view of the unconsolidated financial position of the Company as at 30 June 2018, and of the unconsolidated results of operations and the unconsolidated cash flows of the Company 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 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 interim financial statements for issue.

On behalf of the Board of Directors



Nguyễn Thị Phương Thao
Chief Executive Officer

Ho Chi Minh City, 29 August 2018



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District 1, Ho Chi Minh City, Vietnam
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SEPARATE INTERIM FINANCIAL STATEMENTS REVIEW REPORT

To the Shareholders VietJet Aviation Joint Stock Company

We have reviewed the accompanying separate interim financial statements of VietJet Aviation Joint Stock Company (“the Company”), which comprise the separate balance sheet as at 30 June 2018, the separate 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 50.

Management’s Responsibility

The Company’s Board of Directors is responsible for the preparation and fair presentation of these separate 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 separate 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 separate 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 separate interim financial statements do not give a true and fair view, in all material respects, of the unconsolidated financial position of VietJet Aviation Joint Stock Company as at 30 June 2018 and of its unconsolidated results of operations and its unconsolidated 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

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
Separate balance sheet as at 30 June 2018

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

	Code	Note	30/6/2018 VND	1/1/2018 VND
ASSETS				
Current assets (100 = 110 + 120 + 130 + 140 + 150)	100		16,772,460,853,455	15,198,000,906,647
Cash and cash equivalents	110	7	4,932,430,251,705	6,436,910,324,903
Cash	111		1,333,050,251,705	2,399,700,324,903
Cash equivalents	112		3,599,380,000,000	4,037,210,000,000
Short-term financial investments	120	8	1,326,000,000,000	-
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		455,500,000,000	-
Accounts receivable – short-term	130		9,824,683,354,188	8,180,340,974,636
Accounts receivable from customers	131	9	465,693,219,022	420,236,270,174
Prepayments to suppliers – short-term	132	10(a)	494,313,240,929	90,275,878,162
Other short-term receivables	136	11(a)	8,864,676,894,237	7,669,828,826,300
Inventories	140	12	328,466,753,333	267,181,519,500
Other current assets	150		360,880,494,229	313,568,087,608
Short-term prepaid expenses	151	16(a)	304,839,944,044	218,461,780,633
Taxes receivable from State Treasury	153	18(b)	56,040,550,185	95,106,306,975

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

VietJet Aviation Joint Stock Company
Separate balance sheet as at 30 June 2018 (continued)

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

	Code	Note	30/6/2018 VND	1/1/2018 VND
Long-term assets (200 = 210 + 220 + 240 + 250 + 260)	200		15,573,393,255,269	13,967,791,166,361
Accounts receivable – long-term	210		8,060,873,343,652	7,151,147,568,526
Prepayments to suppliers – long-term	212	10(b)	701,500,000,000	701,500,000,000
Other long-term receivables	216	11(b)	7,359,373,343,652	6,449,647,568,526
Fixed assets	220		1,774,241,556,409	1,528,472,334,559
Tangible fixed assets	221	13	1,770,500,738,389	1,523,538,521,104
Cost	222		1,992,201,980,610	1,676,846,302,493
Accumulated depreciation	223		(221,701,242,221)	(153,307,781,389)
Intangible fixed assets	227	14	3,740,818,020	4,933,813,455
Cost	228		29,077,618,155	29,077,618,155
Accumulated amortisation	229		(25,336,800,135)	(24,143,804,700)
Long-term work in progress	240		588,660,455,385	193,431,223,060
Construction in progress	242	15	588,660,455,385	193,431,223,060
Long-term financial investments	250	8	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		5,072,193,270,005	5,017,315,410,398
Long-term prepaid expenses	261	16(b)	5,072,193,270,005	5,017,315,410,398
TOTAL ASSETS (270 = 100 + 200)	270		32,345,854,108,724	29,165,792,073,008

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

VietJet Aviation Joint Stock Company
Separate balance sheet as at 30 June 2018 (continued)

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

	Code	Note	30/6/2018 VND	1/1/2018 VND
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		26,381,294,033,649	23,484,822,352,462
Current liabilities	310		18,147,267,040,686	16,340,000,178,511
Accounts payable to suppliers	311	17	479,039,508,243	552,067,306,745
Advances from customers	312		562,908,900,902	440,186,208,976
Taxes payable to State Treasury	313	18(a)	182,711,132,695	93,692,330,950
Accrued expenses	315	19	1,608,570,796,328	1,343,336,413,171
Unearned revenue	318	20	1,963,444,485,096	1,964,462,207,817
Other short-term payables	319	21	5,210,657,808,981	3,582,015,475,690
Short-term borrowings	320	22(a)	6,959,882,007,867	6,897,226,897,293
Provisions – short-term	321	23	1,180,052,400,574	1,467,013,337,869
Long-term liabilities	330		8,234,026,992,963	7,144,822,173,951
Other long-term payables	337		5,745,373,020	5,905,373,020
Long-term borrowings	338	22(b)	601,700,564,321	626,905,284,322
Deferred tax liabilities	341	24	192,389,227,184	147,546,321,044
Provisions – long-term	342	23	7,434,191,828,438	6,364,465,195,565
EQUITY (400 = 410)	400		5,964,560,075,075	5,680,969,720,546
Owners' equity	410	25	5,964,560,075,075	5,680,969,720,546
Share capital	411	26	4,513,432,840,000	4,513,432,840,000
Share premium	412		245,949,492,805	245,949,492,805
Retained profits	421		1,205,177,742,270	921,587,387,741
TOTAL RESOURCES (440 = 300 + 400)	440		32,345,854,108,724	29,165,792,073,008

29 August 2018

Prepared by:


 Hoang Manh Ha
 Chief Accountant

Approved by:


 Duc Khanh
 Managing Director

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

VietJet Aviation Joint Stock Company
Separate statement of income for the six-month period ended 30 June 2018

Form B 02a – DN
(Issued under Circular No. 200/2014/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	29	16,512,316,137,606	10,797,201,318,207
Cost of sales	11	30	14,301,045,516,095	9,097,270,103,470
Gross profit (20 = 01 - 11)	20		2,211,270,621,511	1,699,931,214,737
Financial income	21	31	136,878,833,598	28,337,632,617
Financial expenses	22	32	494,209,729,369	258,859,657,568
<i>In which: Interest expense</i>	23		111,749,080,626	117,897,169,144
Selling expenses	25	33	391,355,477,841	280,439,148,638
General and administration expenses	26	34	118,462,239,692	98,383,267,034
Net operating profit {30 = 20 + (21 - 22) - (25 + 26)}	30		1,344,122,008,207	1,090,586,774,114
Other income	31		2,474,492,552	8,912,256,479
Other expenses	32		58,897,837	1,586,452
Results of other activities (40 = 31 - 32)	40		2,415,594,715	8,910,670,027
Accounting profit before tax (50 = 30 + 40)	50		1,346,537,602,922	1,099,497,444,141
Income tax expense – current	51	36	115,417,774,253	72,831,466,382
Income tax expense – deferred	52	36	44,842,906,140	37,277,177,527
Net profit after tax (60 = 50 - 51 - 52)	60		1,186,276,922,529	989,388,800,232

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 separate interim financial statements

VietJet Aviation Joint Stock Company
Separate statement of cash flows for the six-month period ended 30 June 2018
(Indirect method)

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

	Code	Six-month period ended	
		30/6/2018 VND	30/6/2017 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
Accounting profit before tax	01	1,346,537,602,922	1,099,497,444,141
Adjustments for			
Depreciation and amortisation	02	69,766,287,673	37,339,176,323
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	64,345,332,144	116,032,486
Interest income	05	(92,114,769,533)	(28,337,632,617)
Dividend income	05	(2,832,636,000)	-
Interest expense	06	111,749,080,626	117,897,169,144
Operating profit before changes in working capital	08	1,815,566,214,431	1,331,666,338,005
Change in receivables	09	(1,552,999,861,482)	(1,009,258,500,159)
Change in inventories	10	(61,285,233,833)	(42,573,544,839)
Change in payables and other liabilities	11	1,248,079,345,462	1,901,274,899,202
Change in prepaid expenses	12	802,947,553,132	476,015,595,467
		2,252,308,017,710	2,657,124,787,676
Interest paid	14	(110,707,436,267)	(118,648,499,112)
Income tax paid	15	(18,000,000,000)	(110,937,638,448)
Net cash flows from operating activities	20	2,123,600,581,443	2,427,538,650,116
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for additions to fixed assets and other long-term assets	21	(559,974,142,592)	(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	88,709,878,690	26,611,618,728
Net cash flows from investing activities	30	(2,713,572,606,733)	(3,139,753,864,953)

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

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

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

	Code	Six-month period ended	
		30/6/2018 VND	30/6/2017 VND
CASH FLOWS FROM FINANCING ACTIVITIES			
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	34	(16,652,089,581,643)	(12,319,955,283,250)
Payments of dividends	36	(933,173,304,900)	(287,748,150,952)
Net cash flows from financing activities	40	(916,086,799,822)	944,508,497,792
Net cash flows during the period (50 = 20 + 30 + 40)	50	(1,506,058,825,112)	232,293,282,955
Cash and cash equivalents at the beginning of the period	60	6,436,910,324,903	2,425,043,160,136
Effect of exchange rate fluctuations on cash and cash equivalents	61	1,578,751,914	(20,234,781,777)
Cash and cash equivalents at the end of the period (70 = 50 + 60 + 61) (Note 7)	70	4,932,430,251,705	2,637,101,661,314

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 separate interim financial statements

VietJet Aviation Joint Stock Company
Notes to the separate interim financial statements for the six-month period ended
30 June 2018

Form B 09a – 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 interim financial statements.

1. Reporting entity

(a) Ownership structure

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

(b) Principal activities

The principal activities of the Company are to provide passenger and cargo transportation services on domestic and international air routes, 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 30 June 2018, the Company had 3,412 employees (1/1/2018: 3,048 employees).

2. Basis of preparation

(a) Statement of compliance

These separate 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 separate interim financial statements should be read in conjunction with the Company’s latest annual separate financial statements as at and for the year ended 31 December 2017.

The Company prepares and issues its consolidated interim 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 interim financial statements should be read in conjunction with the consolidated interim financial statements.

(b) Basis of measurement

The separate interim 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 interim financial statements for the six-month period ended
30 June 2018 (continued)

Form B 09a – DN

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

(c) Annual accounting period

The annual accounting period of the Company is from 1 January to 31 December. These separate 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 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 Company's separate 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 Company in the preparation of these separate interim financial statements.

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

(a) 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, 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.



VietJet Aviation Joint Stock Company
Notes to the separate interim financial statements for the six-month period ended
30 June 2018 (continued)

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

(c) Investments

(i) Trading securities

Trading securities are those held by the Company for trading purpose i.e. purchased for resale with the aim of making profits over a short period of time. 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.

(ii) Held-to-maturity investments

Held-to-maturity investments are those that the Company's Board of Directors has the intention and ability to hold until maturity. 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.

(iii) Investments in subsidiaries and associates

For the purpose of these separate interim 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.

(iv) Investments in equity instruments of other entities

Investments in equity instruments of other entities are initially recognised at cost which include purchase price plus any directly attributable transaction costs. Subsequent to initial recognition, these 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.

VietJet Aviation Joint Stock Company
Notes to the separate interim financial statements for the six-month period ended
30 June 2018 (continued)

Form B 09a – DN
(Issued under Circular No. 200/2014/TT-BTC
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(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.

(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 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

VietJet Aviation Joint Stock Company
Notes to the separate interim financial statements for the six-month period ended
30 June 2018 (continued)

Form B 09a – DN
(Issued under Circular No. 200/2014/TT-BTC
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(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 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.

(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 costs.

(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.

VietJet Aviation Joint Stock Company
Notes to the separate interim financial statements for the six-month period ended
30 June 2018 (continued)

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

(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.

(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 period 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.

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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 amount of assets and liabilities using 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.

(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.

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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 ancilliary 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.

(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 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 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.

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(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.

(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. Seasonality of operations

The Company 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 is in line with the expectation of the Company's Board of Directors.

5. Changes in accounting estimates

In preparing these separate interim financial statements, 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 separate 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 Company has one reportable operating segment which was providing passenger and cargo transportation, ancilliary 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 29 and Note 30 to the separate interim 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:

	Six-month period ended	
	30/6/2018	30/6/2017
	VND	VND
In Vietnam	9,069,847,742,053	7,427,425,320,655
Outside Vietnam	7,442,468,395,553	3,369,775,997,552
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	16,512,316,137,606	10,797,201,318,207
	<hr/>	<hr/>

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

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7. Cash and cash equivalents

	30/6/2018	1/1/2018
	VND	VND
Cash on hand	8,371,213,566	8,689,414,366
Cash in banks	1,324,679,038,139	2,391,010,910,537
Cash equivalents	3,599,380,000,000	4,037,210,000,000
	4,932,430,251,705	6,436,910,324,903
	4,932,430,251,705	6,436,910,324,903

Cash equivalents represented term deposits at banks in VND with maturities of less than 3 months from their placement 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 Company 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). Details of the trading securities as at 30 June 2018 were as follows:

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

(b) Held-to-maturity investments

	30/6/2018	1/1/2018
	VND	VND
Held-to-maturity investments – short-term		
▪ Term deposits at a bank	455,500,000,000	-
Held-to-maturity investments – long-term		
▪ Business co-operation contract	556,181,818	556,181,818
	556,181,818	556,181,818
	556,181,818	556,181,818

Term deposits at a bank earned interest at rates 5.5% per annum during the period.

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(c) Equity investments in other entities

		30/6/2018		1/1/2018	
	% of equity owned/ voting right	VND		% of equity owned/ voting right	VND
Equity investments in subsidiaries					
▪ VietjetAir Cargo Joint Stock Company	90%	9,000,000,000		90%	9,000,000,000
▪ Vietjet Air IVB No. I Limited	100%	-		100%	-
▪ Vietjet Air IVB No. II Limited	100%	-		100%	-
▪ Vietjet Air Singapore Pte. Ltd.	100%	-		100%	-
▪ Vietjet Air Ireland No. 1 Limited	100%	-		100%	-
		<u>9,000,000,000</u>		<u>9,000,000,000</u>	
Equity investments in associates					
▪ 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
		<u>60,000,000,000</u>		<u>60,000,000,000</u>	
Equity investments in other entity					
▪ Sai Gon Ground Services Joint Stock Company	4%	7,868,448,000		4%	7,868,448,000
		<u>7,868,448,000</u>		<u>7,868,448,000</u>	



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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				
VietjetAir 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 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 30 June 2018, 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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9. Accounts receivable from customers – short-term

(a) Accounts receivable from customers detailed by significant customers

	30/6/2018	1/1/2018
	VND	VND
Hangzhou BaoLi Co., Ltd	166,661,313,120	272,727,107,003
Vietjet Air Ireland No. 1 Limited	127,118,895,210	-
VietjetAir Cargo Joint Stock Company	7,591,206,351	19,272,766,423
World Go International Co., Ltd	49,627,596,252	20,050,350,612
Other customers	114,694,208,089	108,186,046,136
	<hr/>	
	465,693,219,022	420,236,270,174
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(b) Accounts receivable from customers who are related parties

	30/6/2018	1/1/2018
	VND	VND
Subsidiaries and associates		
Vietjet Air Ireland No. 1 Limited	127,118,895,210	-
VietjetAir Cargo Joint Stock Company	7,591,206,351	19,272,766,423
Thai Vietjet Air Joint Stock Company Limited	5,121,806,486	192,134,116
Other related parties		
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/>	

The amounts due from 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

	30/6/2018	1/1/2018
	VND	VND
Related parties		
Advances to Angelica Holding Limited, an other related party	443,625,000,000	-
Prepayments for office building construction to Indochina ACM Corporation, an other related party	-	14,601,834,620
Third parties		
Prepayments for engine repair services	-	6,124,891,332
Others	50,688,240,929	69,549,152,210
	494,313,240,929	90,275,878,162

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

(b) Prepayments to suppliers – long-term

	30/6/2018	1/1/2018
	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-TDDB 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.

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11. Other receivables

(a) Other short-term receivables

	30/6/2018	1/1/2018
	VND	VND
Related parties		
Expenses paid on behalf of Thai Vietjet Air Joint Stock Company Limited, an associate	618,130,468,828	475,913,444,890
Expenses paid on behalf of Vietjet Air IVB No. II Limited, a subsidiary	32,199,183,118	33,572,214,056
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	5,915,677,016,936	5,299,354,253,466
Maintenance reserves of leased aircrafts	1,785,264,316,360	1,620,541,614,727
Deposits 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	118,303,183,494	68,024,109,022
Purchase discounts receivable	-	22,755,445,167
Cabin modification receivables	7,868,531,347	9,030,285,032
Interest income	15,103,879,997	7,454,027,778
Other short-term deposits	75,980,034,981	52,829,252,297
Others	24,537,867,534	42,701,338,294
	8,864,676,894,237	7,669,828,826,300

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

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(b) Other long-term receivables

	30/6/2018	1/1/2018
	VND	VND
Related parties		
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	-
Third parties		
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	47,375,911,069	51,138,106,733
	7,359,373,343,652	6,449,647,568,526

- (*) 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.

12. Inventories

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

At as 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 Company.

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13. Tangible fixed assets

Cost	Aircraft and components VND	Machinery and equipment VND	Office equipment VND	Motor vehicles VND	Total VND
Opening balance	1,512,821,016,821	127,618,469,944	18,364,787,263	18,042,028,465	1,676,846,302,493
Additions	-	1,876,000,000	2,645,310,998	-	4,521,310,998
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	21,010,098,261	17,862,197,059	1,992,201,980,610
Accumulated depreciation					
Opening balance	108,488,921,775	21,791,642,892	12,429,342,901	10,597,873,821	153,307,781,389
Charge for the period	61,326,573,230	4,936,437,272	905,469,915	1,404,811,821	68,573,292,238
Written off	-	-	-	(179,831,406)	(179,831,406)
Closing balance	169,815,495,005	26,728,080,164	13,334,812,816	11,822,854,236	221,701,242,221
Net book value					
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	7,675,285,445	6,039,342,823	1,770,500,738,389

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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: VND15,990 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) million were pledged as security for borrowings granted by Military Commercial Joint Stock Bank to the Company.

14. Intangible fixed assets

	Software VND
Cost	
Opening balance and closing balance	29,077,618,155
Accumulated amortisation	
Opening balance	24,143,804,700
Charge for the period	1,192,995,435
Closing balance	25,336,800,135
Net book value	
Opening balance	4,933,813,455
Closing balance	3,740,818,020

Included in the cost of software 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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15. Construction in progress

	Six-month period ended	
	30/6/2018	30/6/2017
	VND	VND
Opening balance	193,431,223,060	180,956,604,239
Additions during the period	831,282,030,119	91,878,679,861
Transfer to tangible fixed assets	(311,014,198,525)	(340,695,000)
Transfer to other short-term receivables	(125,038,599,269)	(85,434,010,190)
	<hr/>	<hr/>
Closing balance	588,660,455,385	187,060,578,910
	<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:

	30/6/2018	1/1/2018
	VND	VND
Aircrafts	179,413,378,959	193,431,223,060
Aviation Technology Research and Training Centre	409,247,076,426	-
	<hr/>	<hr/>
	588,660,455,385	193,431,223,060
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16. Prepaid expenses

(a) Short-term prepaid expenses

	30/6/2018 VND	1/1/2018 VND
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	2,763,388,628
	304,839,944,044	218,461,780,633

(b) Long-term prepaid expenses

	Maintenance costs VND	Cost to make good on leased assets VND	Major inspection and overhaul expenditure VND	Rotable parts, tools and instruments VND	Total VND
Opening balance	4,453,797,069,491	320,711,118,911	109,333,570,556	133,473,651,440	5,017,315,410,398
Additions during the period	911,638,116,407	32,565,459,743	43,594,672,770	51,480,316,720	1,039,278,565,640
Charge for the period	(769,641,322,772)	(19,677,185,637)	(46,987,281,768)	(76,436,382,621)	(912,742,172,798)
Reversal	(71,658,533,235)	-	-	-	(71,658,533,235)
Closing balance	4,524,135,329,891	333,599,393,017	105,940,961,558	108,517,585,539	5,072,193,270,005



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17. Accounts payable to suppliers – short-term

Accounts payable to suppliers detailed by significant suppliers:

	30/6/2018	1/1/2018
	Cost/Amount	Cost/Amount
	within repayment	within repayment
	capacity	capacity
	VND	VND
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	228,056,453,019	260,081,583,026
	<hr/>	<hr/>
	479,039,508,243	552,067,306,745
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18. Taxes

(a) Taxes payable to State Treasury

	1/1/2018 VND	Incurred VND	Paid VND	Netted-off VND	30/6/2018 VND
Value added tax	69,538,847,813	968,417,094,284	(357,165,849,189)	(591,876,648,336)	88,913,444,572
Personal income tax	24,153,483,137	200,549,070,280	(189,793,298,415)	-	34,909,255,002
Foreign contractor tax	-	43,745,785,291	(43,209,370,533)	(536,414,758)	-
Corporate income tax	-	115,417,774,253	(18,000,000,000)	(38,529,341,132)	58,888,433,121
Other taxes	-	832,167,066	(832,166,166)	(900)	-
	93,692,330,950	1,328,961,891,174	(609,000,684,303)	(630,942,405,126)	182,711,132,695

(b) Taxes receivable from State Treasury

	1/1/2018 VND	Netted-off VND	30/6/2018 VND
Foreign contractor tax	56,576,964,943	(536,414,758)	56,040,550,185
Corporate income tax	38,529,341,132	(38,529,341,132)	-
Other taxes	900	(900)	-
	95,106,306,975	(39,065,756,790)	56,040,550,185

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19. Accrued expenses

	30/6/2018	1/1/2018
	VND	VND
Aircraft related expenses	1,484,910,123,563	1,111,983,250,562
Maintenance expenses	9,851,823,388	98,874,443,293
13 th month salary	48,565,155,972	45,457,925,690
Interest expense	6,650,651,259	5,609,006,900
Others	58,593,042,146	81,411,786,726
	1,608,570,796,328	1,343,336,413,171

20. Unearned revenue

	30/6/2018	1/1/2018
	VND	VND
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

21. Other short-term payables

	30/6/2018	1/1/2018
	VND	VND
Related parties		
Aircraft sales proceeds collected on behalf of Vietjet Air IVB No. I Limited, a subsidiary	3,034,930,848,930	1,818,783,634,275
Utilisation of purchase discounts received on behalf of Vietjet Air IVB No. I Limited, a subsidiary	858,867,540,481	583,038,341,956
Aircraft sale proceeds collected on behalf of Vietjet Air IVB No. II Limited, a subsidiary	78,179,978,158	77,708,199,075
Dividends payable to shareholders	59,850,377,550	90,337,114,450
Consulting fees payable to Sovico Holdings, an other related party	3,193,702,171	825,867,722
Third parties		
Airport tax payables	861,503,097,446	725,686,963,581
Short-term deposits received	282,998,535,731	281,103,539,996
Others	31,133,728,514	4,531,814,635
	5,210,657,808,981	3,582,015,475,690

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

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22. 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 22(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
Secured loans			
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
Unsecured loans			
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 Overseas 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%).

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

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

- (ii) Loans 2 and 3 were secured by:

	30/6/2018	1/1/2018
	VND	VND
Inventories (Note 12)	328,466,753,333	267,181,519,500

(b) Long-term borrowings

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

Lender	Currency	Annual interest rate	Year of maturity	30/6/2018	1/1/2018
				VND	VND
Millitary Commercial		LIBOR 6			
Joint Stock Bank	USD	months + 2.7%	2017 – 2028	667,032,614,321	692,237,334,322
Repayable within 12 months (Note 22(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 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:

	30/6/2018	1/1/2018
	VND	VND
Aircraft No. A320 MSN7167, VNA675 (Note 13)	829,516,787,252	851,835,624,577

23. Provisions

Movements of provisions during the period were as follows:

	Provision for maintenance expenses VND	Provision to make good on leased assets VND	Total VND
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
Closing balance	8,079,973,441,854	534,270,787,158	8,614,244,229,012
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
	8,079,973,441,854	534,270,787,158	8,614,244,229,012

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24. Deferred tax liabilities

	30/6/2018	1/1/2018
	VND	VND
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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25. Changes in owners' equity

	Share capital VND	Share premium VND	Retained profits VND	Total VND
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
Dividends	-	-	(967,164,180,002)	(967,164,180,002)
Net profit for the period	-	-	989,388,800,232	989,388,800,232
Balance as at 30 June 2017	3,223,880,600,000	1,535,501,732,805	94,197,025,200	4,853,579,358,005
Increase share capital from share premium	1,289,552,240,000	(1,289,552,240,000)	-	-
Net profit for the period	-	-	827,390,362,541	827,390,362,541
Balance as at 1 January 2018	4,513,432,840,000	245,949,492,805	921,587,387,741	5,680,969,720,546
Dividends (Note 27)	-	-	(902,686,568,000)	(902,686,568,000)
Net profit for the period	-	-	1,186,276,922,529	1,186,276,922,529
Balance as at 30 June 2018	4,513,432,840,000	245,949,492,805	1,205,177,742,270	5,964,560,075,075

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26. 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
Authorised share capital				
Ordinary shares	451,343,284	4,513,432,840,000	451,343,284	4,513,432,840,000
Issued share capital				
Ordinary shares	451,343,284	4,513,432,840,000	451,343,284	4,513,432,840,000
Shares in circulation				
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

27. 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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28. Off balance sheet items

(a) Lease commitments

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

	30/6/2018	1/1/2018
	VND	VND
Within 1 year	5,540,398,978,045	4,894,046,728,440
Within 2 to 5 years	20,095,753,370,898	18,313,151,685,909
More than 5 years	24,046,158,466,758	22,347,046,275,866
	<hr/>	<hr/>
	49,682,310,815,701	45,554,244,690,215
	<hr/>	<hr/>

(b) Foreign currency

	30/6/2018		1/1/2018	
	Original	VND	Original	VND
	currency	equivalent	currency	equivalent
USD	47,416,894	1,086,795,203,004	244,169,945	5,534,111,801,838
	<hr/>		<hr/>	

(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:

	30/6/2018	1/1/2018
	VND	VND
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 Company 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 sixed 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 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.

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29. Revenue from sales of goods and provision of services

	Six-month period ended	
	30/6/2018 VND	30/6/2017 VND
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
	<hr/> 12,579,222,286,722	<hr/> 8,215,963,138,425
Ancillary revenue	3,805,986,501,165	2,517,335,262,011
Aircraft dry leases	33,593,760,000	28,690,200,000
Others	93,513,589,719	35,212,717,771
	<hr/> 16,512,316,137,606	<hr/> 10,797,201,318,207

30. Cost of sales

	Six-month period ended	
	30/6/2018 VND	30/6/2017 VND
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	21,727,840,634	39,240,506,318
Depreciation and amortisation	981,316,581,681	548,970,808,562
Others	5,342,009,252	27,134,792,382
	<hr/> 14,301,045,516,095	<hr/> 9,097,270,103,470

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31. Financial income

	Six-month period ended	
	30/6/2018	30/6/2017
	VND	VND
Interest income	92,114,769,533	28,337,632,617
Realised foreign exchange gains	40,955,244,780	-
Dividend income	2,832,636,000	-
Others	976,183,285	-
	<hr/>	<hr/>
	136,878,833,598	28,337,632,617
	<hr/>	<hr/>

32. Financial expenses

	Six-month period ended	
	30/6/2018	30/6/2017
	VND	VND
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	64,345,332,144	116,032,486
Realised foreign exchange losses	-	35,692,307,410
	<hr/>	<hr/>
	494,209,729,369	258,859,657,568
	<hr/>	<hr/>

33. Selling expenses

	Six-month period ended	
	30/6/2018	30/6/2017
	VND	VND
Sales expenses	246,406,917,944	124,037,236,390
Advertising and marketing expenses	94,739,606,871	106,389,545,167
Staff costs	39,453,305,057	27,152,570,561
Depreciation and amortisation	110,826,175	194,253,535
Others	10,644,821,794	22,665,542,985
	<hr/>	<hr/>
	391,355,477,841	280,439,148,638
	<hr/>	<hr/>

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34. General and administration expenses

	Six-month period ended	
	30/6/2018	30/6/2017
	VND	VND
Staff costs	45,491,051,142	43,699,285,130
Rental expenses	13,490,539,584	10,555,270,985
Depreciation and amortisation	1,081,052,615	5,090,824,405
Others	58,399,596,351	39,037,886,514
	<hr/>	<hr/>
	118,462,239,692	98,383,267,034
	<hr/>	<hr/>

35. 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
Labour costs and staff costs	1,525,749,103,617	1,003,222,404,670
Depreciation and amortisation	69,766,287,673	37,339,176,323
Outside services	5,904,258,989,359	3,784,454,994,852
Other expenses	1,010,681,060,740	648,939,706,859
	<hr/>	<hr/>

36. Income tax

(a) Recognised in the separate statement of income

	Six-month period ended	
	30/6/2018	30/6/2017
	VND	VND
Current tax expense		
Current period	115,417,774,253	72,831,466,382
	<hr/>	<hr/>
Deferred tax expense		
Origination and reversal of temporary differences	38,709,022,985	37,277,177,527
Effect of change in tax rate	6,133,883,155	-
	<hr/>	<hr/>
	44,842,906,140	37,277,177,527
	<hr/>	<hr/>
Income tax expense	160,260,680,393	110,108,643,909
	<hr/>	<hr/>

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(b) Reconciliation of effective tax rate

	Six-month period ended	
	30/6/2018	30/6/2017
	VND	VND
Accounting profit before tax	1,346,537,602,922	1,099,497,444,141
Tax at the Company’s tax rate	269,307,520,584	219,899,488,828
Non-deductible expenses	118,525,453	158,899,494
Effect of change in tax rate	6,133,883,155	-
Tax incentives	(115,299,248,799)	(109,949,744,413)
	160,260,680,393	110,108,643,909

(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).

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.

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37. Significant transactions with related parties

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

	Transaction value	
	Six-month period ended	
	30/6/2018	30/6/2017
	VND	VND
Shareholders with significant influence		
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
Services rendered	3,458,344,779	1,127,606,840
Subsidiaries and associates		
Expenses paid and collected on behalf, net amount	3,230,732,083,242	2,042,692,421,067
Services rendered	940,997,141,988	303,490,939,199
Purchases of services	80,794,111,633	143,562,606,667
Members of Board of Management, Board of Directors and Supervisory Board		
Salary and compensations	9,526,865,297	7,510,398,587
Other related parties		
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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38. Non-cash investing and financing activities

	Six-month period ended	
	30/6/2018	30/6/2017
	VND	VND
Additions of fixed assets but not yet paid	275,829,198,525	243,400,022,680
Transfer from construction in progress to other short-term receivables	125,038,599,269	85,434,010,190
Shares issuance costs not yet paid	-	87,265,686,211

39. Post balance sheet events

(a) Shares 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 share premium. 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 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



