



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

Consolidated Financial Statements  
for the year ended 31 December 2017



**VietJet Aviation Joint Stock Company**  
**Corporate Information**

**Business Registration Certificate No.** 0103018458 23 July 2007

**Corporate Registration Certificate No.** 0102325399 19 April 2011

The Company's Corporate Registration Certificate has been amended several times, the most recent of which is by Corporate Registration Certificate No. 0102325399 dated 24 January 2018. The Business Registration Certificate, the Corporate Registration Certificate and updates were issued by Hanoi Department of Planning and Investment.

**Investment Registration Certificate No.** 2357762445 30 December 2016

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

**Board of Management**

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

**Board of Directors**

Nguyen Thi Phuong Thao	Chief Executive Officer
Luu Duc Khanh	Managing Director
Nguyen Duc Tam	Vice President
Luong The Phuc	Vice President
Dinh Viet Phuong	Vice President
Nguyen Thi Thuy Binh	Vice President
To Viet Thang	Vice President
Nguyen Duc Thinh	Vice President
Tran Hoai Nam	Vice President
Do Xuan Quang	Vice President
	(from 23 January 2018)
Nguyen Thanh Son	Vice President
	(from 1 April 2018)
Noraesyah Yvonne Binti Abdullah	Chief Financial Officer
	(until 30 June 2017)

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

<b>Supervisory Board</b>	Tran Duong Ngoc Thao Doan Thu Huong Pham Van Dau  Pham Minh Ha	Head of the Board Member Member (from 21 April 2017) Member (until 20 April 2017)
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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 financial statements of the Company and its subsidiaries (together referred to as “the Group”) for the year ended 31 December 2017.

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

- (a) the consolidated financial statements set out on pages 6 to 54 give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, and of the consolidated results of operations and the consolidated cash flows of the Group for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting; and
- (b) at the date of this statement, there are no reasons to believe that the 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 financial statements for issue.



On behalf of the Board of Directors

Nguyen Thi Phuong Thao  
*Chief Executive Officer*

Ho Chi Minh City, 20 April 2018



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115 Nguyen Hue Street, Ben Nghe Ward  
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## **INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying consolidated 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 31 December 2017, the consolidated statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Company's Board of Directors on 20 April 2018, as set out on pages 6 to 54.

### **Management's Responsibility**

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

### **Auditor's Responsibility**

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

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

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

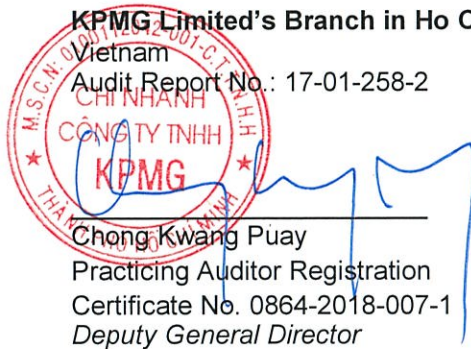


### Auditor's Opinion

In our opinion, the consolidated financial statements 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 31 December 2017 and of their consolidated results of operations and their consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

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

Audit Report No.: 17-01-258-2



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

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

Ho Chi Minh City, 20 April 2018.

**VietJet Aviation Joint Stock Company and its subsidiaries**  
**Consolidated balance sheet as at 31 December 2017**

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

	Code	Note	31/12/2017 VND	1/1/2017 VND
<b>ASSETS</b>				
<b>Current assets</b> (100 = 110 + 120 + 130 + 140 + 150)	<b>100</b>		<b>17,668,643,983,650</b>	<b>10,313,466,695,796</b>
<b>Cash and cash equivalents</b>	<b>110</b>	<b>5</b>	<b>6,861,601,955,584</b>	<b>2,741,341,465,691</b>
Cash	111		2,824,391,955,584	1,086,741,465,691
Cash equivalents	112		4,037,210,000,000	1,654,600,000,000
<b>Short-term financial investments</b>	<b>120</b>		<b>1,400,000,000</b>	<b>1,400,000,000</b>
Held-to-maturity investments	123		1,400,000,000	1,400,000,000
<b>Accounts receivable – short-term</b>	<b>130</b>		<b>10,223,453,944,832</b>	<b>7,128,756,627,068</b>
Accounts receivable from customers	131	6	1,447,857,870,382	1,758,360,196,227
Prepayments to suppliers – short-term	132	7(a)	533,003,878,162	91,313,966,035
Loans receivable	135	8	487,333,764,000	-
Other short-term receivables	136	9(a)	7,755,258,432,288	5,279,082,464,806
<b>Inventories</b>	<b>140</b>	<b>10</b>	<b>267,181,519,500</b>	<b>137,930,296,755</b>
<b>Other current assets</b>	<b>150</b>		<b>315,006,563,734</b>	<b>304,038,306,282</b>
Short-term prepaid expenses	151	15(a)	218,686,791,604	241,502,028,011
Deductible value added tax	152		881,949,735	5,682,750,824
Taxes receivable from State Treasury	153	17(b)	95,437,822,395	56,853,527,447

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

**VietJet Aviation Joint Stock Company and its subsidiaries**  
**Consolidated balance sheet as at 31 December 2017 (continued)**

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

	Code	Note	31/12/2017 VND	1/1/2017 VND
<b>Long-term assets</b> (200 = 210 + 220 + 240 + 250 + 260)	<b>200</b>		<b>13,989,621,257,774</b>	<b>9,749,234,828,931</b>
<b>Accounts receivable – long-term</b>	<b>210</b>		<b>7,152,674,330,646</b>	<b>5,104,774,400,197</b>
Prepayments to suppliers – long-term	212	7(b)	701,500,000,000	701,500,000,000
Other long-term receivables	216	9(b)	6,451,174,330,646	4,403,274,400,197
<b>Fixed assets</b>	<b>220</b>		<b>1,528,720,840,609</b>	<b>1,047,218,102,390</b>
Tangible fixed assets	221	11	1,523,538,521,104	1,039,794,508,192
Cost	222		1,676,961,819,773	1,102,569,142,629
Accumulated depreciation	223		(153,423,298,669)	(62,774,634,437)
Intangible fixed assets	227	12	5,182,319,505	7,423,594,198
Cost	228		29,680,011,655	27,580,216,155
Accumulated amortisation	229		(24,497,692,150)	(20,156,621,957)
<b>Long-term work in progress</b>	<b>240</b>		<b>222,031,597,270</b>	<b>181,302,243,599</b>
Construction in progress	242	13	222,031,597,270	181,302,243,599
<b>Long-term financial investments</b>	<b>250</b>	<b>14</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>5,017,769,859,431</b>	<b>3,347,515,452,927</b>
Long-term prepaid expenses	261	15(b)	5,017,769,859,431	3,347,515,452,927
<b>TOTAL ASSETS (270 = 100 + 200)</b>	<b>270</b>		<b>31,658,265,241,424</b>	<b>20,062,701,524,727</b>

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



**VietJet Aviation Joint Stock Company and its subsidiaries**  
**Consolidated balance sheet as at 31 December 2017 (continued)**

**Form B 01 – DN/HN**

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

	Code	Note	31/12/2017 VND	1/1/2017 VND
<b>RESOURCES</b>				
<b>LIABILITIES (300 = 310 + 330)</b>	<b>300</b>		<b>21,064,130,723,313</b>	<b>15,328,679,347,088</b>
<b>Current liabilities</b>	<b>310</b>		<b>13,911,511,198,702</b>	<b>10,570,076,600,330</b>
Accounts payable to suppliers	311	16	560,253,025,326	391,117,403,830
Advances from customers	312		456,356,000,505	306,908,790,544
Taxes payable to State Treasury	313	17(a)	93,848,331,921	197,975,487,841
Accrued expenses	315	18	1,366,768,242,056	492,497,152,683
Unearned revenue	318	19	1,964,462,207,817	1,306,836,634,360
Other short-term payables	319	20	1,105,583,155,915	528,665,316,650
Short-term borrowings	320	21(a)	6,897,226,897,293	6,102,386,845,285
Provisions – short-term	321	22	1,467,013,337,869	1,243,688,969,137
<b>Long-term liabilities</b>	<b>330</b>		<b>7,152,619,524,611</b>	<b>4,758,602,746,758</b>
Other long-term payables	337		13,702,723,680	17,436,536,908
Long-term borrowings	338	21(b)	626,905,284,322	694,840,299,644
Deferred tax liabilities	341	23	147,546,321,044	82,471,339,722
Provisions – long-term	342	22	6,364,465,195,565	3,963,854,570,484
<b>EQUITY (400 = 410)</b>	<b>400</b>		<b>10,594,134,518,111</b>	<b>4,734,022,177,639</b>
<b>Owners' equity</b>	<b>410</b>	<b>24</b>	<b>10,594,134,518,111</b>	<b>4,734,022,177,639</b>
Share capital	411	25	4,513,432,840,000	3,000,000,000,000
Share premium	412		245,949,492,805	-
Foreign exchange differences	417		23,916,098,372	29,673,324,403
Retained profits	421		5,809,062,955,579	1,702,862,911,199
Non-controlling interests	429		1,773,131,355	1,485,942,037
<b>TOTAL RESOURCES (440 = 300 + 400)</b>	<b>440</b>		<b>31,658,265,241,424</b>	<b>20,062,701,524,727</b>

Prepared by:



Hoang Manh Ha  
Acting Chief Accountant

20 April 2018

Approved by:



Luu Duc Khanh  
Managing Director

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

**VietJet Aviation Joint Stock Company and its subsidiaries**  
**Consolidated statement of income for the year ended 31 December 2017**

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

	Code	Note	2017 VND	2016 VND
Revenue from sales of goods and provision of services	01	28	42,302,758,277,806	27,499,296,237,637
Revenue deductions	02	28	185,595,188	-
Net revenue (10 = 01 - 02)	10	28	42,302,572,682,618	27,499,296,237,637
Cost of sales	11	29	35,753,175,886,701	23,597,459,394,556
Gross profit (20 = 10 - 11)	20		6,549,396,795,917	3,901,836,843,081
Financial income	21	30	118,683,815,564	144,656,340,136
Financial expenses	22	31	520,764,518,091	653,948,554,956
<i>In which: Interest expense</i>	23		237,597,428,875	180,732,739,883
Share of losses in associates	24		(44,276,615,962)	(14,605,462,081)
Selling expenses	25	32	578,782,913,704	517,790,332,496
General and administration expenses	26	33	225,808,906,918	188,801,029,582
Net operating profit {30 = 20 + (21 - 22) + 24 - (25 + 26)}	30		5,298,447,656,806	2,671,347,804,102
Other income	31		5,745,444,926	31,852,848,762
Other expenses	32		1,554,224,633	54,588,241
Results of other activities (40 = 31 - 32)	40		4,191,220,293	31,798,260,521
Accounting profit before tax (50 = 30 + 40)	50		5,302,638,877,099	2,703,146,064,623
Income tax expense – current	51	35	163,912,482,079	156,246,350,074
Income tax expense – deferred	52	35	65,074,981,322	50,912,671,620
Net profit after tax (60 = 50 - 51 - 52)	60		5,073,651,413,698	2,495,987,042,929

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

**VietJet Aviation Joint Stock Company and its subsidiaries**  
**Consolidated statement of income for the year ended 31 December 2017 (continued)**

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

	Code	Note	2017 VND	2016 VND
<b>Net profit after tax</b>	<b>60</b>		<b>5,073,651,413,698</b>	<b>2,495,987,042,929</b>
<b>Attributable to:</b>				
Shareholders of the Company	61		5,073,364,224,380	2,495,640,185,684
Non-controlling interests	62		287,189,318	346,857,245
<b>Earnings per share</b>				
Basic earnings per share	70	36	11,356	6,562

20 April 2018

Prepared by:

Hoang Manh Ha  
Acting Chief Accountant

Approved by:



Luu Duc Khanh  
Managing Director

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

**VietJet Aviation Joint Stock Company and its subsidiaries**  
**Consolidated statement of cash flows for the year ended 31 December 2017**  
**(Indirect method)**

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

	Code	2017 VND	2016 VND
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Accounting profit before tax</b>	<b>01</b>	<b>5,302,638,877,099</b>	<b>2,703,146,064,623</b>
<b>Adjustments for</b>			
Depreciation and amortisation	02	94,989,734,425	45,873,196,847
Allowances and provisions	03	-	53,085,360,121
Unwinding discount of provisions	03	277,580,251,779	442,283,153,862
Exchange losses/(gains) arising from revaluation of monetary items denominated in foreign currencies	04	5,586,837,437	(50,494,265,652)
Interest income	05	(70,603,613,358)	(55,494,512,525)
Share of losses in associates	05	44,276,615,962	14,605,462,081
Dividend income	05	(3,068,690,000)	(1,180,266,000)
Interest expense	06	237,597,428,875	180,732,739,883
<b>Operating profit before changes in working capital</b>	<b>08</b>	<b>5,888,997,442,219</b>	<b>3,332,556,933,240</b>
Change in receivables	09	(2,794,306,394,758)	(2,628,501,734,577)
Change in inventories	10	(129,251,222,745)	26,497,826,117
Change in payables and other liabilities	11	1,824,012,605,198	848,242,406,191
Change in prepaid expenses	12	1,344,397,355,809	275,392,428,650
		<b>6,133,849,785,723</b>	<b>1,854,187,859,621</b>
Interest paid	14	(236,852,306,374)	(177,942,929,579)
Income tax paid	15	(318,798,833,058)	(40,220,855,647)
<b>Net cash flows from operating activities</b>	<b>20</b>	<b>5,578,198,646,291</b>	<b>1,636,024,074,395</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for additions to fixed assets and other long-term assets	21	(325,491,665,092)	(1,859,421,262,131)
Payments for deposits to purchase aircrafts	21	(2,296,535,249,533)	(1,286,462,375,174)
Payments for term deposits	23	-	(1,400,000,000)
Payments for granting loans	23	(487,333,764,000)	-
Receipts from collecting debt instruments of other entities	24	-	270,000,000,000
Payments for investments in other entities	25	-	(60,000,000,000)
Receipts of interests	27	64,280,330,441	105,910,808,415
Receipts of dividends	27	3,068,690,000	1,180,266,000
<b>Net cash flows from investing activities</b>	<b>30</b>	<b>(3,042,011,658,184)</b>	<b>(2,830,192,562,890)</b>

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

**VietJet Aviation Joint Stock Company and its subsidiaries**  
**Consolidated statement of cash flows for the year ended 31 December 2017**  
**(Indirect method – continued)**

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

	Code	2017 VND	2016 VND
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from shares issued	31	1,759,382,332,805	71,500,000,000
Proceeds from borrowings	33	25,899,054,643,065	21,249,914,036,344
Payments to settle loan principals	33	(25,184,711,574,405)	(18,035,136,049,967)
Payments to settle business co-operation contracts	34	-	(300,000,000,000)
Payments of dividends	36	(876,827,065,550)	-
<b>Net cash flows from financing activities</b>	<b>40</b>	<b>1,596,898,335,915</b>	<b>2,986,277,986,377</b>
<b>Net cash flows during the year</b> (50 = 20 + 30 + 40)	<b>50</b>	<b>4,133,085,324,022</b>	<b>1,792,109,497,882</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>60</b>	<b>2,741,341,465,691</b>	<b>923,512,917,695</b>
<b>Effect of exchange rate fluctuations on cash and cash equivalents</b>	<b>61</b>	<b>(7,067,608,098)</b>	<b>6,624,195,754</b>
<b>Currency translation differences</b>	<b>61</b>	<b>(5,757,226,031)</b>	<b>19,094,854,360</b>
<b>Cash and cash equivalents at the end of the year (70 = 50 + 60 + 61) (Note 5)</b>	<b>70</b>	<b>6,861,601,955,584</b>	<b>2,741,341,465,691</b>

20 April 2018

Prepared by:



Hoang Manh Ha  
Acting Chief Accountant

Approved by:



Luu Duc Khanh  
Managing Director

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

**VietJet Aviation Joint Stock Company and its subsidiaries**  
**Notes to the consolidated financial statements for the year ended 31 December 2017**

**Form B 09 – 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 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 financial statements of the Company for the year ended 31 December 2017 comprises the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interest in associates.

According to Decision No. 29/QD-SGDHCM dated 6 February 2017 of Ho Chi Minh Stock Exchange, the Company’s share were officially listed on Ho Chi Minh Stock Exchange, with trading code VJC, on 28 February 2017.

**(b) Principal activities**

The principal activities of the Company 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 31 December 2017, the Group has 5 subsidiaries and 2 associates (1/1/2017: 5 subsidiaries and 2 associates) as follows:

Name	Country of incorporation	Principal activities	Business registration certificate	% ownership interest/ voting right	
				31/12/2017	1/1/2017
<i>Subsidiaries</i>					
Vietjet Air 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 Aviation Joint Stock Company and its subsidiaries**  
**Notes to the consolidated financial statements for the year ended 31 December 2017**  
**(continued)**

**Form B 09 – 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	
				31/12/2017	1/1/2017
Vietjet Air IVB No. II Limited (*)	British Virgin Islands	To trade aircrafts.	No. 1825613 dated 27 May 2014	100%	100%
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%	-
<i>Associates</i>					
Thai Vietjet Air Joint Stock Company Limited (*) (**)	Thailand	To provide transportation and transfer of goods and passengers, operate the business of tours 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%

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(\*) As at 31 December 2017, 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 31 December 2017, the Group has 3,162 employees (1/1/2017: 2,494 employees).

**VietJet Aviation Joint Stock Company and its subsidiaries**  
**Notes to the consolidated financial statements for the year ended 31 December 2017**  
**(continued)**

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

**2. Basis of preparation**

**(a) Statement of compliance**

The consolidated financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

**(b) Basis of measurement**

The consolidated 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.

**(d) Accounting and presentation currency**

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

**3. Summary of significant accounting policies**

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

**(a) Basis of consolidation**

**(i) Subsidiaries**

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



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**(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 consolidated 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 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 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 year have been translated into VND at rates approximating actual rates of exchange ruling at the transaction dates.

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at the average of the account transfer buying rates and selling rates at the end of the annual accounting period quoted by the commercial bank where the 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 annual 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) Held-to-maturity investments**

Held-to-maturity investments are those that the management 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.

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**(ii) 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 management 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.

**(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.

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**(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 year in which the cost is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of tangible fixed assets beyond their originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets.

**(ii) Depreciation**

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

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

**(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.

**(j) Construction in progress**

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

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**(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 cost.

**(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.

**(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.

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**(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.

**(o) Taxation**

Income tax on the profit or loss for the year 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 year, using tax rates enacted at the end of the annual accounting period, and any adjustment to tax payable in respect of previous years.

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

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

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**(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.

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.

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**(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.
- 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 annual 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.



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

**(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.

**(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 year. 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 segments.

**(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.



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**4. Segment reporting**

**(a) Business segment**

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

- Providing passenger and cargo transportation, ancilliary 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 segments. Segmental information for total revenue and cost of sales is shown in Note 28 and Note 29 to the consolidated 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>2017</b>	<b>2016</b>
	<b>VND</b>	<b>VND</b>
In Vietnam	14,164,060,449,620	11,383,297,393,344
Outside Vietnam	28,138,512,232,998	16,115,998,844,293
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	42,302,572,682,618	27,499,296,237,637
	<hr/>	<hr/>

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

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**5. Cash and cash equivalents**

	31/12/2017 VND	1/1/2017 VND
Cash on hand	8,740,285,221	2,543,172,753
Cash in banks	2,407,681,670,363	1,084,198,292,938
Cash in transits	407,970,000,000	-
Cash equivalents	4,037,210,000,000	1,654,600,000,000
	6,861,601,955,584	2,741,341,465,691

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

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

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

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

	31/12/2017 VND	1/1/2017 VND
Hangzhou BaoLi Co., Ltd	1,206,074,957,438	1,556,774,827,960
Aviation Solutions (Thailand) Co., Ltd	72,928,310,709	72,860,587,484
World Go International Co., Ltd	20,050,350,612	38,556,753,163
Other customers	148,804,251,623	90,168,027,620
	1,447,857,870,382	1,758,360,196,227

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

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

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

**7. Prepayments to suppliers**

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

	<b>31/12/2017</b>	<b>1/1/2017</b>
	<b>VND</b>	<b>VND</b>
<b>Related parties</b>		
Prepayments for consultancy services to Angelica Holding Limited, an other related party (*)	442,728,000,000	-
Prepayments for office building construction to Indochina ACM Corporation, an other related party (**)	14,601,834,620	3,432,794,454
Prepayments for flight services to Thai Vietjet Air Joint Stock Company Limited, an associate (**)	-	14,757,791,669
<b>Third parties</b>		
Prepayments for engine repair services	6,124,891,332	27,143,242,096
Others	69,549,152,210	45,980,137,816
	<hr/>	<hr/>
	533,003,878,162	91,313,966,035

(\*) The prepayments were refunded on 19 April 2018 by the related party (Refer to Note 40(b)).

(\*\*) The prepayments to the related parties were unsecured and interest free.

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

	<b>31/12/2017</b>	<b>1/1/2017</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-TDDB 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. As at 31 December 2017, the construct is in the progress as planned.

**8. 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 are unsecured and bore interest at rate of 2.5% per annum.

**9. Other receivables**

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

	<b>31/12/2017</b>	<b>1/1/2017</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	410,572,971,721	447,296,489,780
<b>Third parties</b>		
Deposits for aircraft purchases within next 12 months	5,299,354,253,466	3,462,539,158,419
Maintenance reserves of leased aircrafts	1,620,541,614,727	901,462,143,692
Purchase discounts receivable	207,075,437,945	299,790,648,188
Advances to employees	68,562,678,338	40,451,553,468
Claims receivables from maintenance reserves of leased aircrafts	36,240,516,195	14,573,306,867
Cabin modification receivables	9,030,285,032	12,079,587,527
Interest income	8,029,352,361	1,706,069,444
Advances share issuance costs	-	32,409,850,138
Other short-term deposits	52,829,252,297	30,296,462,087
Others	43,022,070,206	36,477,195,196
	<b>7,755,258,432,288</b>	<b>5,279,082,464,806</b>

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

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

	31/12/2017 VND	1/1/2017 VND
<b>Related party</b>		
Expenses paid on behalf of Thai Vietjet Air Joint Stock Company Limited, an associate	468,344,946,987	-
<b>Third parties</b>		
Deposits for aircraft purchases after next 12 months	2,129,312,445,671	1,669,592,291,185
Maintenance reserves of leased aircrafts	2,931,845,978,926	2,099,900,362,116
Deposits for aircraft leases	869,006,090,209	614,849,191,414
Others	52,664,868,853	18,932,555,482
	6,451,174,330,646	4,403,274,400,197

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

**10. Inventories**

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

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

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**11. Tangible fixed assets**

Cost	Aircraft and components VND	Machinery and equipment VND	Office equipment VND	Motor vehicles VND	Total VND
Opening balance	1,014,972,823,421	57,248,469,944	15,409,457,798	14,938,391,466	1,102,569,142,629
Additions	-	-	3,070,846,745	3,103,636,999	6,174,483,744
Transfer from construction in progress	497,848,193,400	70,370,000,000	-	-	568,218,193,400
Closing balance	1,512,821,016,821	127,618,469,944	18,480,304,543	18,042,028,465	1,676,961,819,773
<b>Accumulated depreciation</b>					
Opening balance	30,816,828,145	13,011,087,353	11,313,367,599	7,633,351,340	62,774,634,437
Charge for the year	77,672,093,630	8,780,555,539	1,231,492,582	2,964,522,481	90,648,664,232
Closing balance	108,488,921,775	21,791,642,892	12,544,860,181	10,597,873,821	153,423,298,669
<b>Net book value</b>					
Opening balance	984,155,995,276	44,237,382,591	4,096,090,199	7,305,040,126	1,039,794,508,192
Closing balance	1,404,332,095,046	105,826,827,052	5,935,444,362	7,444,154,644	1,523,538,521,104

Included in the cost of tangible fixed assets were assets costing VND16,105 million which were fully depreciated as at 31 December 2017 (1/1/2017: VND11,455 million), but which are still in active use.

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

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**12. Intangible fixed assets**

	<b>Software VND</b>
<b>Cost</b>	
Opening balance	27,580,216,155
Additions	2,099,795,500
	29,680,011,655
<b>Accumulated amortisation</b>	
Opening balance	20,156,621,957
Charge for the year	4,341,070,193
	24,497,692,150
<b>Net book value</b>	
Opening balance	7,423,594,198
Closing balance	5,182,319,505
	5,182,319,505

Included in the cost of intangible fixed assets was assets costing VND10,898 million which were fully amortised as at 31 December 2017 (1/1/2017: VND6,613 million), but which are still in active use.

**13. Construction in progress**

	<b>2017 VND</b>	<b>2016 VND</b>
Opening balance	181,302,243,599	137,353,932,965
Additions during the year	800,463,744,628	1,007,477,052,467
Transfer to tangible fixed assets	(568,218,193,400)	(913,682,191,969)
Transfer to cost of aircrafts sold	(191,516,197,557)	(49,846,549,864)
	222,031,597,270	181,302,243,599
Closing balance	222,031,597,270	181,302,243,599

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

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



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**14. Long-term financial investments**

	31/12/2017		1/1/2017	
	% of equity owned/voting rights	VND	% of equity owned/voting rights	VND
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
		60,000,000,000		60,000,000,000
• Other entity				
- Sai Gon Ground Services Joint Stock Company	4%	7,868,448,000	4%	7,868,448,000
- Angelica Holding Limited (*)	10%	-	-	-
		7,868,448,000		7,868,448,000
Held-to-maturity investments in:				
• Business co-operation contract		556,181,818		556,181,818
		556,181,818		556,181,818
		68,424,629,818		68,424,629,818

(\*) As at 31 December 2017, 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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<b>15. Prepaid expenses</b>	<b>31/12/2017</b>	<b>1/1/2017</b>	<b>Total</b>			
<b>(a) Short-term prepaid expenses</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>			
Prepayments for aircraft leases	201,055,142,423	227,656,900,271				
Prepayments for maintenance expenses	14,643,249,582	13,212,911,483				
Others	2,988,399,599	632,216,257				
	<b>218,686,791,604</b>	<b>241,502,028,011</b>				
<b>(b) Long-term prepaid expenses</b>	<b>Maintenance costs</b>	<b>Cost to make good on leased assets</b>	<b>Major inspection and overhaul expenditure</b>	<b>Rotable parts, tools and instruments</b>	<b>Others</b>	<b>Total</b>
	<b>VND</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>
Opening balance	2,797,822,490,216	172,072,300,904	166,521,757,016	210,909,450,415	189,454,376	3,347,515,452,927
Additions during the year	2,840,102,738,976	151,733,786,930	49,520,498,975	94,109,284,258	545,461,111	3,136,011,770,250
Charge for the year	(1,020,988,125,060)	(3,094,968,923)	(110,144,260,547)	(168,109,508,121)	(280,466,454)	(1,302,617,329,105)
Written off	(163,140,034,641)	-	-	-	-	(163,140,034,641)
Closing balance	4,453,797,069,491	320,711,118,911	105,897,995,444	136,909,226,552	454,449,033	5,017,769,859,431

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

Accounts payable to suppliers detailed by significant suppliers:

	<b>31/12/2017</b> <b>Cost/Amount</b> <b>within repayment</b> <b>capacity</b> <b>VND</b>	<b>1/1/2017</b> <b>Cost/Amount</b> <b>within repayment</b> <b>capacity</b> <b>VND</b>
SR Technics Switzerland Ltd	107,542,055,719	-
Petrolimex Aviation Fuel Joint Stock Company	25,305,914,761	243,481,418,499
Airports Corporation of Vietnam	93,936,585,717	-
The Civil Aviation Administration of China's Settlement Center	65,201,167,522	9,586,272,790
Vietnam Air Petrol Company Limited	-	21,849,959,094
Other suppliers	268,267,301,607	116,199,753,447
	<b>560,253,025,326</b>	<b>391,117,403,830</b>

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**17. Taxes**

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

	1/1/2017 VND	Incurred VND	Paid VND	Netted-off VND	Reclassified VND	31/12/2017 VND
Value added tax	64,969,047,604	1,574,334,339,392	(612,781,648,093)	(956,982,891,090)	-	69,538,847,813
Personal income tax	16,980,945,810	266,691,772,560	(259,372,753,119)	-	-	24,299,965,251
Foreign contractor tax	-	71,426,557,278	(71,149,994,774)	(276,562,504)	-	-
Corporate income tax	116,025,494,427	163,912,482,079	(318,798,833,058)	-	38,860,856,552	-
Other taxes	-	3,371,449,305	(3,361,931,348)	-	900	9,518,857
	197,975,487,841	2,079,736,600,614	(1,265,465,160,392)	(957,259,453,594)	38,860,857,452	93,848,331,921

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

	1/1/2017 VND	Netted-off VND	Reclassified VND	31/12/2017 VND
Foreign contractor tax	56,853,527,447	(276,562,504)	-	56,576,964,943
Corporate income tax	-	-	38,860,856,552	38,860,856,552
Other taxes	-	-	900	900
	56,853,527,447	(276,562,504)	38,860,857,452	95,437,822,395

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**18. Accrued expenses**

	31/12/2017 VND	1/1/2017 VND
Aircraft related expenses	1,133,907,718,337	409,026,251,553
Maintenance expenses	98,874,443,293	6,587,341,493
13 <sup>th</sup> month salary	46,385,852,941	34,312,991,844
Interest expense	5,609,006,900	4,863,884,399
Others	81,991,220,585	37,706,683,394
	<hr/>	
	1,366,768,242,056	492,497,152,683
	<hr/>	

**19. Unearned revenue**

	31/12/2017 VND	1/1/2017 VND
Passenger transportation and ancillary revenue received in advance, to be realised within next 12 months	1,964,462,207,817	1,306,836,634,360
	<hr/>	

**20. Other short-term payables**

	31/12/2017 VND	1/1/2017 VND
<b>Related parties</b>		
Dividends payable to shareholders	90,337,114,450	-
Amounts due to other related parties	1,692,894,632	7,676,125,320
<b>Third parties</b>		
Airport tax payables	725,686,963,581	399,300,619,575
Short-term deposits received	281,103,539,996	107,423,263,649
Others	6,762,643,256	14,265,308,106
	<hr/>	
	1,105,583,155,915	528,665,316,650
	<hr/>	

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

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**21. Borrowings**

**(a) Short-term borrowings**

	<b>1/1/2017</b>	<b>31/12/2017</b>			
	<b>Carrying amount/ Amount within repayment capacity VND</b>	<b>Additions VND</b>	<b>Movements during the year Repayments VND</b>	<b>Revaluation VND</b>	<b>Carrying amount/ Amount within repayment capacity VND</b>
Short-term borrowings	6,036,432,585,285	25,899,054,643,065	(25,104,729,049,962)	1,136,668,905	6,831,894,847,293
Current portion of long-term borrowings (Note 21(b))	65,954,260,000	79,360,314,443	(79,982,524,443)	-	65,332,050,000
	<b>6,102,386,845,285</b>	<b>25,978,414,957,508</b>	<b>(25,184,711,574,405)</b>	<b>1,136,668,905</b>	<b>6,897,226,897,293</b>



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

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

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

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

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

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

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

	<b>31/12/2017</b>	<b>1/1/2017</b>
	<b>VND</b>	<b>VND</b>
Inventories (Note 10)	267,181,519,500	137,930,296,755

**(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>31/12/2017</b>	<b>1/1/2017</b>
				<b>VND</b>	<b>VND</b>
Millitary Commercial Joint Stock Bank	USD	LIBOR 6 months + 2.7%	2017 – 2028	692,237,334,322	760,794,559,644
Repayable within 12 months (Note 21(a))				(65,332,050,000)	(65,954,260,000)
Repayable after 12 months				626,905,284,322	694,840,299,644

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

In accordance with Principle Agreement No. 24012017/HDNT/MB-VJ dated 24 January 2017 between the 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>31/12/2017</b>	<b>1/1/2017</b>
	<b>VND</b>	<b>VND</b>
Aircraft no. A320 MSN7167, VNA675 (Note 11)	851,835,624,577	888,585,171,422

## 22. Provisions

Movements of provisions during the year were as follows:

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

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**23. Deferred tax liabilities**

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

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**24. Changes in owners' equity**

	Share capital VND	Share premium VND	Foreign exchange differences VND	Retained profits VND	Non-controlling interest VND	Total VND
<b>Balance as at 1 January 2016</b>	<b>1,450,000,000,000</b>		<b>-</b>	<b>685,722,725,515</b>	<b>1,139,084,792</b>	<b>2,147,440,280,350</b>
Increase share capital by issuance of share dividends from retained profits	978,500,000,000		-	(978,500,000,000)	-	-
Issuance of ordinary shares	571,500,000,000		-	-	-	571,500,000,000
Cash dividends	-		-	(500,000,000,000)	-	(500,000,000,000)
Net profit for the year	-		-	2,495,640,185,684	346,857,245	2,495,987,042,929
Currency translation of foreign operations	-		19,094,854,360	-	-	19,094,854,360
<b>Balance as at 1 January 2017</b>	<b>3,000,000,000,000</b>		<b>-</b>	<b>29,673,324,403</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
Increase share capital by issuance of share dividends from share premium (Note 25)	1,289,552,240,000	(1,289,552,240,000)	-	-	-	-
Cash dividends (Note 26)	-		-	(967,164,180,000)	-	(967,164,180,000)
Net profit for the year	-		-	5,073,364,224,380	287,189,318	5,073,651,413,698
Currency translation of foreign operations	-		(5,757,226,031)	-	-	(5,757,226,031)
<b>Balance as at 31 December 2017</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>

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**25. Share capital**

The Company's authorised and issued share capital are:

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

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

Movements in share capital during the year were as follows:

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

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

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

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**26. Dividends**

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

**27. Off balance sheet items**

**(a) Lease commitments**

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

	31/12/2017 VND	1/1/2017 VND
Within 1 year	4,894,901,836,920	3,329,553,590,024
Within 2 to 5 years	18,313,664,866,549	11,786,025,592,691
More than 5 years	22,347,046,275,866	12,974,577,948,968
	45,555,612,979,335	28,090,157,131,683

**(b) Foreign currency**

	31/12/2017		1/1/2017	
	Original currency	VND equivalent	Original currency	VND equivalent
USD	262,781,900	5,955,951,758,740	95,442,767	2,168,459,663,514

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**(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>31/12/2017</b>	<b>1/1/2017</b>
	<b>VND</b>	<b>VND</b>
Approved and contracted (*)	462,500,000,000	462,500,000,000
Approved but not contracted (**)	3,825,000,000,000	3,825,000,000,000
	4,287,500,000,000	4,287,500,000,000

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

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

The Group signed a principle purchase agreement and related amendments with Airbus S.A.S to purchase 119 aircrafts and with Boeing Company to purchase 100 aircrafts. As at 31 December 2017, the Group has received 42 aircrafts, the remaining aircrafts are scheduled to deliver to the Company from 2018 to 2023.

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

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

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**Financing arrangements**

On 31 May 2017, the Group 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 Group signed a strategic agreement with Mitsubishi UFJ Lease and Finance Co., Ltd to finance 3 aircraft purchases of USD348 million.

(\*\*) 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.

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

	2017 VND	2016 VND
<b>Total revenue</b>		
Passenger transportation		
▪ Domestic routes	10,783,474,944,053	8,646,255,772,294
▪ International routes	2,424,393,916,235	801,915,629,801
▪ Charter flights and aircraft wet leases	3,646,261,365,525	2,719,886,832,505
	<hr/> 16,854,130,225,813	<hr/> 12,168,058,234,600
Ancillary revenue	5,477,049,982,320	3,552,923,831,576
Aircraft dry leases	96,564,199,433	56,914,200,000
Other revenue	121,011,531,840	139,450,521,121
Sales of aircrafts	19,754,002,338,400	11,581,949,450,340
	<hr/> 42,302,758,277,806	<hr/> 27,499,296,237,637
<b>Less revenue deductions</b>		
▪ Sales discounts	(185,595,188)	-
	<hr/> 42,302,572,682,618	<hr/> 27,499,296,237,637
<b>Net revenue</b>	<hr/> <hr/> 42,302,572,682,618	<hr/> <hr/> 27,499,296,237,637
<b>In which:</b>		
Net revenue from aviation services	22,548,570,344,218	15,917,346,787,297
Net revenue from sales of aircrafts	19,754,002,338,400	11,581,949,450,340
	<hr/> 42,302,572,682,618	<hr/> 27,499,296,237,637

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**29. Cost of sales**

	<b>2017</b>	<b>2016</b>
	<b>VND</b>	<b>VND</b>
Ground operation expenses	1,657,602,015,834	1,123,517,651,781
Flight operation expenses	14,391,284,367,610	10,866,887,021,349
Technical expenses	1,443,536,341,114	737,044,632,260
Safety, security, quality and assurance expenses	30,578,861,088	20,575,056,630
Cargo expenses	127,121,920,018	84,883,338,007
Depreciation and amortisation	1,391,067,072,313	668,100,803,990
Others	358,271,541,055	41,120,606,588
Costs of aircrafts sold	16,353,713,767,669	10,055,330,283,951
	<hr/>	<hr/>
	35,753,175,886,701	23,597,459,394,556
	<hr/>	<hr/>
In which:		
Costs of aviation services	19,399,462,119,032	13,542,129,110,605
Costs of aircrafts sold	16,353,713,767,669	10,055,330,283,951
	<hr/>	<hr/>
	35,753,175,886,701	23,597,459,394,556
	<hr/>	<hr/>

**30. Financial income**

	<b>2017</b>	<b>2016</b>
	<b>VND</b>	<b>VND</b>
Interest income	70,603,613,358	55,494,512,525
Realised foreign exchange gains	44,210,712,206	37,428,630,925
Unrealised foreign exchange gains	-	50,494,265,652
Dividend income	3,068,690,000	1,180,266,000
Others	800,800,000	58,665,034
	<hr/>	<hr/>
	118,683,815,564	144,656,340,136
	<hr/>	<hr/>



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**31. Financial expenses**

	<b>2017</b>	<b>2016</b>
	<b>VND</b>	<b>VND</b>
Unwinding discount of provisions	277,580,251,779	442,283,153,862
Interest expense	237,597,428,875	180,732,739,883
Realised foreign exchange losses	-	30,932,661,211
Unrealised foreign exchange losses	5,586,837,437	-
	<hr/>	<hr/>
	520,764,518,091	653,948,554,956
	<hr/>	<hr/>

**32. Selling expenses**

	<b>2017</b>	<b>2016</b>
	<b>VND</b>	<b>VND</b>
Sales expenses	290,104,149,149	237,253,896,663
Advertising and marketing expenses	211,599,966,466	219,120,948,284
Staff costs	66,580,045,457	57,327,184,911
Depreciation and amortisation	451,670,326	379,588,887
Others	10,047,082,306	3,708,713,751
	<hr/>	<hr/>
	578,782,913,704	517,790,332,496
	<hr/>	<hr/>

**33. General and administration expenses**

	<b>2017</b>	<b>2016</b>
	<b>VND</b>	<b>VND</b>
Staff costs	97,367,937,767	81,805,573,809
Rental expenses	25,244,550,872	17,887,211,429
Depreciation and amortisation	6,088,320,891	3,001,448,201
Insurance expenses	65,259,737	44,124,246
Others	97,042,837,651	86,062,671,897
	<hr/>	<hr/>
	225,808,906,918	188,801,029,582
	<hr/>	<hr/>

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**34. Business costs by elements**

	<b>2017</b>	<b>2016</b>
	<b>VND</b>	<b>VND</b>
Fuel costs	8,060,241,634,646	5,369,109,087,358
Costs of purchasing aircrafts	16,353,713,767,669	10,055,330,283,951
Labour costs and staff costs	2,237,138,806,620	1,736,737,890,476
Depreciation and amortisation	94,989,734,425	45,873,196,847
Outside services	7,916,974,068,351	6,253,281,775,262
Other expenses	1,894,709,695,612	843,718,522,740

**35. Income tax**

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

	<b>2017</b>	<b>2016</b>
	<b>VND</b>	<b>VND</b>
<b>Current tax expense</b>		
Current year	160,648,628,095	156,246,350,074
Under provision in prior years	3,263,853,984	-
	<hr/> 163,912,482,079	<hr/> 156,246,350,074
<b>Deferred tax expense</b>		
Origination and reversal temporary differences	52,932,915,184	50,912,671,620
Effect of change in tax rate	12,142,066,138	-
	<hr/> 65,074,981,322	<hr/> 50,912,671,620
<b>Income tax expense</b>	<hr/> 228,987,463,401	<hr/> 207,159,021,694

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

	<b>2017</b>	<b>2016</b>
	<b>VND</b>	<b>VND</b>
Accounting profit before tax	5,302,638,877,099	2,703,146,064,623
Tax at the Company's tax rate	1,060,527,775,420	540,629,212,925
Effect of difference tax rates applied for subsidiaries	(659,765,059,473)	(305,233,872,706)
Non-deductible expenses	352,402,637	575,054,880
Deferred tax assets not recognised	8,912,692,116	89,892,060,006
Under provision in prior years	3,263,853,984	-
Effect of change in tax rate	12,142,066,138	-
Tax incentives	(196,446,267,421)	(118,703,433,411)
	228,987,463,401	207,159,021,694

**(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*

Under the terms of current tax regulations and income tax laws, Vietjet Air Cargo Joint Stock Company has an obligations to pay the government income tax at the rate 20% of taxable profits.

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

*Vietjet Air IVB No. I Limited và 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.

**36. Basic earnings per share**

The calculation of basic earnings per share for the year ended 31 December 2017 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>2017</b>	<b>2016</b>
	<b>VND</b>	<b>VND</b>
Net profit attributable to ordinary shareholders	5,073,364,224,380	2,495,640,185,684

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

	<b>Number of shares</b>	
	<b>2017</b>	<b>2016</b>
		<b>Restated</b>
Issued ordinary shares at the beginning of the year	300,000,000	145,000,000
Effect of share dividends issued in 2016	-	111,685,616
Effect of share dividends issued in 2017	128,955,224	120,000,000
Effect of shares issued by cash during the year	17,787,774	3,643,562
Weighted average number of ordinary shares	446,742,998	380,329,178

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The weighted average number of ordinary shares and basic earnings per share for the year ended 31 December 2016 was restated to represent the effect of share dividends issued in 2017.

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**37. Significant transactions with related parties**

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

	<b>Transaction value</b>	
	<b>2017</b>	<b>2016</b>
	<b>VND</b>	<b>VND</b>
<b>Shareholders with significant influence</b>		
Issuance of ordinary shares	1,894,029,876,000	-
Term deposits	7,613,132,376,000	1,180,000,000,000
Interest income	54,601,970,070	10,663,536,965
Borrowings	3,551,832,052,518	758,722,469,930
Interest expense	6,914,005,671	5,960,878,899
Service rendered	13,584,156,988	47,478,830,795
Purchase of consultancy services	1,975,600,000	4,379,100,000
<b>Associates</b>		
Expenses paid on behalf	178,391,832,252	414,042,387,138
Services rendered	124,219,932,630	62,758,730,595
Capital contribution	-	60,000,000,000
<b>Members of Board of Management, Board of Directors and Supervisory Board</b>		
Share-based payments	124,096,200,000	-
Salary and compensations	15,986,506,107	13,109,379,578
<b>Other related parties</b>		
Sales of aircrafts	2,314,686,000,000	-
Prepayments for consultancy services	442,728,000,000	-
Services rendered	259,838,194,701	110,351,533,077
Aircrafts leases rental	18,115,812,000	-
Deposits for aircrafts leases	36,064,548,000	-
Prepayments for office building construction	14,601,834,620	-
Income from investments in corporate bonds	-	14,841,666,667

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**38. Share-based payments**

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

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

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

	<b>2017</b>	<b>2016</b>
	<b>VND</b>	<b>VND</b>
Increase share capital by issuance of share dividends from share premium or retained profits	1,289,552,240,000	978,500,000,000
Cash dividends offset with shares issued	-	500,000,000,000
Net-off payables from purchases of fixed assets with other short-term receivables	497,848,193,400	-
	497,848,193,400	-

**40. Post balance sheet events**

**(a) Dividends declared after the year end**

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

**(b) Termination of consultancy agreement**

In quarter 4 of 2017, the Group made a payment of VND442,728 million (equivalent to USD19.5 million) for a consultancy service agreement with Angelica Holding Limited, an oversea other related party for aircraft delivery management (on-site representation), documentation and system management, technical redelivery services with total contract value of VND816,948 million (equivalent to USD36 million). The payment was presented in prepayments to suppliers as at 31 December 2017 (Note 7(a)). After balance sheet date, on 16 April 2018, the Group and the related party agreed to terminate the service agreement. Accordingly, both parties agreed that the Group does not have any obligation related to this agreement until the date of termination. In addition, the related party also agreed to refund the advances receipts and the Group received this repayment on 19 April 2018.

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**41. Corresponding figures**

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

20 April 2018

Prepared by: 

Approved by: 



Hoang Manh Ha  
*Acting Chief Accountant*

Lau Duc Khanh  
*Managing Director*

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