



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

Consolidated Financial Statements
for the year ended 31 December 2016



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

**Business Registration
Certificate No.**

0103018458

23 July 2007

**Corporate Registration
Certificate No.**

0102325399

19 April 2011

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

**Investment Registration
Certificate No.**

2357762445

30 December 2016

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

Board of Management

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

Chairwoman
Vice Chairwoman
Vice Chairman
Member
Member
Member

Board of Directors

Nguyen Thi Phuong Thao
Luu Duc Khanh
Nguyen Duc Tam
Luong The Phuc
Dinh Viet Phuong
Nguyen Thi Thuy Binh
To Viet Thang
Nguyen Duc Thinh
Tran Hoai Nam
Nguyen Thi Kim Chinh

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

Do Xuan Quang

Noraesyah Yvonne Binti Abdullah

**VietJet Aviation Joint Stock Company and its subsidiaries
Corporate Information (continued)**

Supervisory Board	Tran Duong Ngoc Thao Pham Minh Ha Doan Thu Huong	Head of the Board Member Member
Registered Office	Block 1, Apartment 2C, Van Phuc Diplomatic Corps Ngoc Khanh Ward, Ba Dinh District Hanoi City Vietnam	
Auditor	KPMG Limited Vietnam	

VietJet Aviation Joint Stock Company and its subsidiaries
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 2016.

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 55 give a true and fair view of the consolidated financial position of the Group as at 31 December 2016, 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, 30 March 2017



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10th Floor, Sun Wah Tower
115 Nguyen Hue Street, Ben Nghe Ward
District 1, Ho Chi Minh City, Vietnam
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders

VietJet Aviation Joint Stock Company and its subsidiaries

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 2016, 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 30 March 2017, as set out on pages 6 to 55.

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

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




Auditor's Opinion

In our opinion, the 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 2016 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.: 16-01-1057-2





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



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

Ho Chi Minh City, 30 March 2017

VietJet Aviation Joint Stock Company and its subsidiaries
Consolidated balance sheet as at 31 December 2016

Form B 01 – DN/HN

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

	Code	Note	31/12/2016 VND	1/1/2016 VND
ASSETS				
Current assets				
(100 = 110 + 120 + 130 + 140 + 150)	100		10,313,466,695,796	6,257,864,316,315
Cash and cash equivalents	110	5	2,741,341,465,691	923,512,917,695
Cash	111		1,086,741,465,691	273,512,917,695
Cash equivalents	112		1,654,600,000,000	650,000,000,000
Short-term financial investments	120		1,400,000,000	270,000,000,000
Trading instruments	121		-	270,000,000,000
Held-to-maturity investments	123		1,400,000,000	-
Accounts receivable – short-term	130		7,128,756,627,068	4,691,405,870,021
Accounts receivable from customers	131	6	1,758,360,196,227	639,233,057,212
Prepayments to suppliers	132	7(a)	91,313,966,035	334,715,978,511
Short-term loans receivable	135		-	32,000,000,000
Other short-term receivables	136	8(a)	5,279,082,464,806	3,685,456,834,298
Inventories	140	9	137,930,296,755	164,428,122,872
Other current assets	150		304,038,306,282	208,517,405,727
Short-term prepaid expenses	151	14(a)	241,502,028,011	202,836,870,543
Deductible value added tax	152	16(b)	5,682,750,824	5,680,535,184
Taxes receivable from State Treasury	153	16(b)	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 2016 (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	31/12/2016 VND	1/1/2016 VND
Long-term assets				
(200 = 210 + 220 + 240 + 250 + 260)	200		9,749,234,828,931	5,786,999,448,908
Accounts receivable – long-term	210		5,104,774,400,197	2,885,226,595,760
Prepayments to suppliers – long-term	212	7(b)	701,500,000,000	-
Other long-term receivables	216	8(b)	4,403,274,400,197	2,885,226,595,760
Fixed assets	220		1,047,218,102,390	28,964,897,604
Tangible fixed assets	221	10	1,039,794,508,192	17,742,310,565
<i>Cost</i>	222		<i>1,102,569,142,629</i>	<i>39,655,775,900</i>
<i>Accumulated depreciation</i>	223		<i>(62,774,634,437)</i>	<i>(21,913,465,335)</i>
Intangible fixed assets	227	11	7,423,594,198	11,222,587,039
<i>Cost</i>	228		<i>27,580,216,155</i>	<i>26,367,181,251</i>
<i>Accumulated amortisation</i>	229		<i>(20,156,621,957)</i>	<i>(15,144,594,212)</i>
Long-term work in progress	240		181,302,243,599	137,353,932,965
Construction in progress	242	12	181,302,243,599	137,353,932,965
Long-term financial investments	250	13	68,424,629,818	8,424,629,818
Investments in associates	252		60,000,000,000	-
Equity investments in other entities	253		7,868,448,000	7,868,448,000
Held-to-maturity investments	255		556,181,818	556,181,818
Other long-term assets	260		3,347,515,452,927	2,727,029,392,761
Long-term prepaid expenses	261	14(b)	3,347,515,452,927	2,727,029,392,761
TOTAL ASSETS (270 = 100 + 200)	270		20,062,701,524,727	12,044,863,765,223

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 2016 (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	31/12/2016 VND	1/1/2016 VND
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		15,328,679,347,088	9,897,423,484,873
Current liabilities	310		10,570,076,600,330	6,393,867,460,244
Accounts payable to suppliers	311	15	391,117,403,830	425,825,498,260
Advances from customers	312		306,908,790,544	169,271,600,512
Taxes payable to State Treasury	313	16(a)	197,975,487,841	62,933,846,915
Accrued expenses	315	17	492,497,152,683	396,937,677,585
Unearned revenue	318	18	1,306,836,634,360	662,230,377,199
Other short-term payables	319	19	528,665,316,650	622,174,879,614
Short-term borrowings	320	20(a)	6,102,386,845,285	3,543,467,794,788
Provisions – short-term	321	21	1,243,688,969,137	511,025,785,371
Long-term liabilities	330		4,758,602,746,758	3,503,556,024,629
Other long-term payables	337		17,436,536,908	8,967,800,380
Long-term borrowings	338	20(b)	694,840,299,644	-
Deferred tax liabilities	341	22	82,471,339,722	31,558,668,102
Provisions – long-term	342	21	3,963,854,570,484	3,463,029,556,147
EQUITY (400 = 410)	400		4,734,022,177,639	2,147,440,280,350
Owners' equity	410	23	4,734,022,177,639	2,147,440,280,350
Share capital	411	24	3,000,000,000,000	1,450,000,000,000
Foreign exchange differences	417		29,673,324,403	10,578,470,043
Retained profits	421		1,702,862,911,199	685,722,725,515
Non-controlling interest	429		1,485,942,037	1,139,084,792
TOTAL RESOURCES (440 = 300 + 400)	440		20,062,701,524,727	12,044,863,765,223

30 March 2017

Prepared by:



Hoang Manh Ha
Acting Chief Accountant

Approved by:



Lưu Đức 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 2016

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

	Code	Note	2016 VND	2015 VND
Revenue from sales of goods and provision of services	01	27	27,499,296,237,637	19,845,478,919,852
Cost of sales	11	28	23,597,459,394,556	17,735,540,395,773
Gross profit (20 = 01 - 11)	20		3,901,836,843,081	2,109,938,524,079
Financial income	21	29	144,656,340,136	153,676,796,667
Financial expenses	22	30	653,948,554,956	561,567,340,925
<i>In which: Interest expense</i>	23		180,732,739,883	129,699,274,892
Share of losses in associates	24		(14,605,462,081)	(20,606,172,829)
Selling expenses	25	31	517,790,332,496	317,844,423,588
General and administration expenses	26	32	188,801,029,582	203,353,915,992
Net operating profit {30 = 20 + (21 - 22) + 24 - (25 + 26)}	30		2,671,347,804,102	1,160,243,467,412
Other income	31		31,852,848,762	8,379,092,634
Other expenses	32		54,588,241	140,032,814
Results of other activities (40 = 31 - 32)	40		31,798,260,521	8,239,059,820
Accounting profit before tax (50 = 30 + 40)	50		2,703,146,064,623	1,168,482,527,232
Income tax expense – current	51	34	156,246,350,074	-
Income tax expense/(benefit) – deferred	52	34	50,912,671,620	(2,149,186,431)
Net profit after tax (60 = 50 - 51 - 52)	60		2,495,987,042,929	1,170,631,713,663

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 2016 (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	2016 VND	2015 VND
Net profit after tax	60		2,495,987,042,929	1,170,631,713,663
Attributable to:				
Shareholders of the Company	61		2,495,640,185,684	1,170,253,353,846
Non-controlling interest	62		346,857,245	378,359,817
Earnings per share				
Basic earnings per share	70	35	9,586	5,893

30 March 2017

Prepared by:



Hoang Manh Ha
Acting Chief Accountant

Approved by:



Lưu Đức 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 2016
(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 Note	2016 VND	2015 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
Accounting profit before tax	01	2,703,146,064,623	1,168,482,527,232
Adjustments for			
Depreciation and amortisation	02	45,873,196,847	10,165,032,533
Allowances and provisions	03	53,085,360,121	-
Unwinding discount of provisions	03	442,283,153,862	272,908,367,170
Unrealised foreign exchange (gains)/losses	04	(50,494,265,652)	40,184,427,061
Interest income from deposits and loans receivable	05	(55,494,512,525)	(14,959,749,738)
Share of losses in associates	05	14,605,462,081	20,606,172,829
Gains on disposals of a subsidiary and an associate	05	-	(19,634,366,469)
Losses from disposals and write-off tangible fixed assets	05	-	16,078,787
Dividends income	05	(1,180,266,000)	-
Profits from other investing activities	05	-	(31,807,087,556)
Interest expense	06	180,732,739,883	129,699,274,892
Operating profit before changes in working capital	08	3,332,556,933,240	1,575,660,676,741
Change in receivables	09	(2,628,501,734,577)	(1,625,001,218,034)
Change in inventories	10	26,497,826,117	(71,064,886,853)
Change in payables and other liabilities	11	848,242,406,191	1,014,101,748,947
Change in prepaid expenses	12	275,392,428,650	120,235,326,504
		1,854,187,859,621	1,013,931,647,305
Interest paid	14	(177,942,929,579)	(162,169,963,853)
Income tax paid	15	(40,220,855,647)	-
Net cash flows from operating activities	20	1,636,024,074,395	851,761,683,452

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 2016
(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 Note	2016 VND	2015 VND
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for additions to fixed assets and long-term assets	21	(1,859,421,262,131)	(161,111,592,351)
Payments for deposits to purchase aircrafts	21	(1,286,462,375,174)	(1,048,612,463,176)
Receipts from collecting debt instruments of other entities	24	270,000,000,000	-
Payments for investments in other entities	25	(60,000,000,000)	-
Payments for term deposits	25	(1,400,000,000)	-
Disposal of subsidiary, net of cash disposed	26	-	(1,261,983,489)
Receipts of interests on deposits and loans receivable	27	105,910,808,415	10,256,694,183
Receipts of dividends	27	1,180,266,000	-
Net cash flows from investing activities	30	(2,830,192,562,890)	(1,200,729,344,833)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from shares issued	31	71,500,000,000	-
Proceeds from borrowings	33	21,249,914,036,344	13,366,588,908,049
Proceeds from business co-operation contracts	33	-	300,000,000,000
Payments to settle loan principals	34	(18,035,136,049,967)	(12,426,501,340,454)
Payments to settle business co-operation contracts	34	(300,000,000,000)	(500,000,000,000)
Net cash flows from financing activities	40	2,986,277,986,377	740,087,567,595

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 2016
(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 Note	2016 VND	2015 VND
Net cash flows during the year (50 = 20 + 30 + 40)	50	1,792,109,497,882	391,119,906,214
Cash and cash equivalents at beginning of the year	60	923,512,917,695	526,748,546,327
Effect of exchange rate fluctuations on cash and cash equivalents	61	6,624,195,754	(4,474,463,459)
Currency translation differences	61	19,094,854,360	10,118,928,613
Cash and cash equivalents at the end of the year (70 = 50 + 60 + 61)	70 5	2,741,341,465,691	923,512,917,695

30 March 2017

Prepared by:



Hoang Manh Ha
Acting Chief Accountant

Approved by:




Lau 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 2016

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 2016 comprises the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interest in associates.

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

(b) Principal activities

The principal activities of the Company 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 structure

As at 31 December 2016, the Group has 5 subsidiaries and 2 associates (1/1/2016: 5 subsidiaries and 1 associate) as follows:

Company	Principal activities	Business certificate	Ownership interest	
			31/12/2016	1/1/2016
<i>Subsidiaries</i>				
Vietjet Air Cargo Joint Stock Company	To provide cargo transportation related support services.	No. 0312759089 dated 27 August 2014	90%	90%
Vietjet Air IVB No. I Limited (*)	To trade aircrafts.	No. 1825671 dated 27 May 2014	100%	100%
Vietjet Air IVB No. II Limited (*)	To trade aircrafts.	No. 1825613 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 2016
(continued)

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

Company	Principal activities	Business certificate	Ownership interest	
			31/12/2016	1/1/2016
Vietjet Air Singapore Pte. Ltd. (*)	To trade aircrafts.	No. 201408849N dated 27 March 2014	100%	100%
Vietjet Air Ireland No. 1 Limited (*)	To trade aircrafts.	No. 544879 dated 3 June 2014	100%	100%
<i>Associates</i>				
Thai Vietjet Air Joint Stock Company Limited (*) (**)	To provide transport and transfer goods and passenger, operate the business of tours and other related services	No. 0105556100551 dated 25 June 2013	9%	9%
Cam Ranh International Terminal Joint Stock Company (**)	Direct supporting services for airline transportation.	No. 4201676638 dated 5 February 2016	10%	-

(*) As at 31 December 2016, the Company has not yet contributed capital in these subsidiaries and the associate.

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

As at 31 December 2016, the Group has 2,494 employees (1/1/2016: 1,792 employees).

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.

VietJet Aviation Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2016
(continued)

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/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.

(d) Accounting and presentation currency

The Company and its subsidiaries' 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.

(ii) Non-controlling interests

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

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

(iii) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in the consolidated statement of income. Any interest retained in the former subsidiary when control is lost is stated at the carrying amount of the retained investment in the separate 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.

VietJet Aviation Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2016
(continued)

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
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(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 associate.

(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 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 caption "Foreign exchange differences" in equity.

VietJet Aviation Joint Stock Company and its subsidiaries
Notes to the consolidated financial statements for the year ended 31 December 2016
(continued)

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

(c) Cash and cash equivalents

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

(d) Investments

(i) Trading instruments

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

(ii) Held-to-maturity investments

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

(iii) Investments in equity instruments of other entities

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

(e) Accounts receivable

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

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(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 APU (auxiliary power unit) heavy repair. If there are excess amounts on maintenance reserves at the expiration of the leases, the lessors are entitled to retain such excess amounts.

(g) Inventories

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

The Group applies the perpetual method of accounting for inventories.

(h) Tangible fixed assets

(i) Cost

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

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(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.

(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.

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(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.

(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.

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(n) Share capital

Ordinary shares

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

(o) Taxation

Income tax on the consolidated 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.

(p) Revenue and other income

(i) Passenger transportation revenue

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

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(ii) Ancillary revenue

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

Sales of in-flight and duty free merchandise is recognised in the 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 merchandise inventories.

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

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

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

(iii) Charter flights

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

(iv) Aircrafts leasing

Revenue from aircrafts leasing is recognised in consolidated statement of income on a straight-line basis over the term of the lease. Lease incentives received 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.

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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.
- If the fair value at the time of a sale and leaseback transaction is less than the carrying amount of the asset, 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.

(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.

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(q) Borrowing costs

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

(r) Operating lease payments

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

(s) Earnings per share

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

(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 geographical 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 two reportable operating segments as follows:

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

Except those indicated above, the Group has no other operating segments being aggregated to form reportable operating segments. Segmental information for total revenue and cost of sales is shown in the notes (Note 27 and Note 28) 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 has 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:

	2016	2015
	VND	VND
Vietnam	11,383,297,393,344	8,555,403,290,664
Outside of Vietnam	16,115,998,844,293	11,290,075,629,188
	<hr/>	
	27,499,296,237,637	19,845,478,919,852
	<hr/>	

Segment assets and capital expenditures are not presented because the assets and operations are primarily located in Vietnam.

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5. Cash and cash equivalents

	31/12/2016	1/1/2016
	VND	VND
Cash on hand	2,543,172,753	3,796,679,625
Cash in banks	1,084,198,292,938	269,716,238,070
Cash equivalents	1,654,600,000,000	650,000,000,000
	<hr/>	<hr/>
	2,741,341,465,691	923,512,917,695
	<hr/>	<hr/>

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

Included in cash in banks as at 1 January 2016 was VND165,881 million pledged as security for borrowings granted by Ho Chi Minh City Development Joint Stock Commercial Bank (“HDBank”) – Headquarter and Vietnam Joint Stock Commercial Bank for Industry and Trade (“Vietinbank”) – District 11 Branch to the Group (Note 20).

Included in cash equivalents as at at 31 December 2016 was VND175,000 million (1/1/2016: Nil) pledged as security for borrowings granted by HDBank – Headquarter to the Group (Note 20).

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6. Accounts receivable from customers – short-term

(a) Accounts receivable from customers detailed by significant customers

	31/12/2016	1/1/2016
	VND	VND
Hangzhou BaoLi Co., Ltd	1,556,774,827,960	514,870,541,180
World Go International Co., Ltd	38,556,753,163	11,455,024,049
Other customers	163,028,615,104	112,907,491,983
	<hr/>	<hr/>
	1,758,360,196,227	639,233,057,212

As at 1 January 2016, included in accounts receivable was VND377,056 million pledged as security for loans granted by Joint Stock Commercial Bank for Foreign Trade of Vietnam (“Vietcombank”) – Ho Chi Minh Branch to the Group (Note 20).

(b) Accounts receivable from customers who are related parties

	31/12/2016	1/1/2016
	VND	VND
Shareholder with significant influence		
Ho Chi Minh City Development Joint Stock Commercial Bank	-	560,824,000
Other related parties		
Indochina Beach Hotel Joint Stock Company	51,342,000	6,008,000
Ariyana Hotel and Tourism Joint Stock Company	16,500,000	-
	<hr/>	<hr/>

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

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7. Prepayments to suppliers

(a) Prepayments to suppliers – short-term

	31/12/2016	1/1/2016
	VND	VND
Prepayments for engine repair services	27,143,242,096	-
Prepayments to Thai Vietjet Air Joint Stock Company Limited, an associate	14,757,791,669	-
Prepayments for flight training centre project	-	180,000,000,000
Prepayments to Ariyana Hotel and Tourism Joint Stock Company, a related party, for flight attendance house project	-	100,000,000,000
Others	49,412,932,270	54,715,978,511
	<hr/>	
	91,313,966,035	334,715,978,511
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The prepayments to related parties were unsecured and interest free.

(b) Prepayments to suppliers – long-term

	31/12/2016	1/1/2016
	VND	VND
Co-operation contract	701,500,000,000	-
	<hr/>	

Prepayments to suppliers – long-term represented the Company's contribution to develop an office and residential complex building in 18E Cong Hoa, Ward 4, Tan Binh District, Ho Chi Minh City in accordance with Contract No. 01/2016/VJA-TDĐB dated 2 June 2016 with Thuy Duong – Duc Binh Commercial Joint Stock Company. The Company will receive 15,547 m² office area and 13,409 m² 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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8. Other receivables

(a) Other short-term receivables

	31/12/2016	1/1/2016
	VND	VND
Deposits for aircraft purchases	3,462,539,158,419	3,020,517,186,184
Maintenance reserves of leased aircrafts	901,462,143,692	320,326,400,008
Expenses paid on behalf of Thai Vietjet Air Joint Stock Company Limited, an associate	447,296,489,780	160,345,864,150
Purchase discounts receivable	299,790,648,188	-
Other receivables related to the initial public offering (“IPO”)	32,409,850,138	-
Other receivables from maintenance reserves of lease aircrafts	14,573,306,867	-
Cabin modification receivables	12,079,587,527	39,987,259,744
Consultancy services advanced to Sovico Holdings, a shareholder with significant influence	-	6,701,877,729
Interest receivables	1,706,069,444	52,122,365,334
Advances to employees	40,451,553,468	48,342,981,996
Deposits for office rental to Ariyana Hotel and Tourism Joint Stock Company, a related party	-	10,000,000,000
Other deposits	30,296,462,087	17,854,259,318
Others	36,477,195,196	9,258,639,835
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	5,279,082,464,806	3,685,456,834,298
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The non-trade related amounts due from related parties were unsecured, interest free and are receivable on demand.

(b) Other long-term receivables

	31/12/2016	1/1/2016
	VND	VND
Maintenance reserves of leased aircrafts	2,099,900,362,116	1,529,980,542,163
Deposits for aircraft purchases	1,669,592,291,185	825,151,888,246
Deposits for aircraft leases	614,849,191,414	512,179,593,037
Others	18,932,555,482	17,914,572,314
	<hr/>	
	4,403,274,400,197	2,885,226,595,760
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9. Inventories

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

As at 31 December 2016, inventories with carrying value of VND137,930 million were pledged as security for borrowings granted by Vietinbank – District 11 Branch to the Group (1/1/2016: VND164,428 million) (Note 20).

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10. Tangible fixed assets

Cost	Aircraft and components VND	Machinery and equipment VND	Office equipment VND	Motor vehicles VND	Total VND
Opening balance	-	11,849,962,336	14,750,215,587	13,055,597,977	39,655,775,900
Additions	101,290,631,452	45,398,507,608	659,242,211	1,882,793,489	149,231,174,760
Transfer from construction in progress	913,682,191,969	-	-	-	913,682,191,969
Closing balance	1,014,972,823,421	57,248,469,944	15,409,457,798	14,938,391,466	1,102,569,142,629
Accumulated depreciation					
Opening balance	-	6,911,848,515	9,992,580,164	5,009,036,656	21,913,465,335
Charge for the year	30,816,828,145	6,099,238,838	1,320,787,435	2,624,314,684	40,861,169,102
Closing balance	30,816,828,145	13,011,087,353	11,313,367,599	7,633,351,340	62,774,634,437
Net book value					
Opening balance	-	4,938,113,821	4,757,635,423	8,046,561,321	17,742,310,565
Closing balance	984,155,995,276	44,237,382,591	4,096,090,199	7,305,040,126	1,039,794,508,192

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

As at 31 December 2016, tangible fixed assets with carrying value of VND888,585 million (1/1/2016: Nil) were pledged as security for loans granted by Military Commercial Joint Stock Bank to the Group (Note 20).

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11. Intangible fixed assets

	Software VND
Cost	
Opening balance	26,367,181,251
Additions	1,213,034,904
	27,580,216,155
Closing balance	
	27,580,216,155
Accumulated amortisation	
Opening balance	15,144,594,212
Charge for the year	5,012,027,745
	20,156,621,957
Closing balance	
	20,156,621,957
Net book value	
Opening balance	11,222,587,039
Closing balance	7,423,594,198

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

12. Construction in progress

	2016 VND	2015 VND
Opening balance	137,353,932,965	146,099,277,427
Additions during the year	1,007,477,052,467	153,769,930,522
Transfer to tangible fixed assets	(913,682,191,969)	-
Written off	(49,846,549,864)	(162,515,274,984)
	181,302,243,599	137,353,932,965
Closing balance	181,302,243,599	137,353,932,965

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

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

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13. Long-term financial investments

	31/12/2016		1/1/2016	
	% 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	-	-
		60,000,000,000		-
• Other entity				
- Sai Gon Ground Services Joint Stock Company	4%	7,868,448,000	4%	7,868,448,000
Held-to-maturity investments in:				
• Business co-operation contract		556,181,818		556,181,818
		68,424,629,818		8,424,629,818

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

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

14. Prepaid expenses

(a) Short-term prepaid expenses

	31/12/2016 VND	1/1/2016 VND
Prepayments for aircraft leases	227,656,900,271	178,338,944,890
Prepayments for maintenance expenses	13,212,911,483	16,440,934,746
Others	632,216,257	8,056,990,907
	241,502,028,011	202,836,870,543

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(b) Long-term prepaid expenses

	Maintenance costs VND	Cost to make good on leased assets VND	Major inspection and overhaul expenditure VND	Rotable parts, tools and instruments VND	Others VND	Total VND
Balance as at 1 January 2016	2,247,148,148,287	142,173,066,533	140,064,199,458	196,630,229,782	1,013,748,701	2,727,029,392,761
Additions during the year	1,178,269,279,439	61,816,749,558	135,304,649,002	174,488,437,268	1,757,971,843	1,551,637,087,110
Charge for the year	(322,052,554,797)	(31,917,515,187)	(108,847,091,444)	(160,209,216,635)	(2,582,266,168)	(625,608,644,231)
Written off	(305,542,382,713)	-	-	-	-	(305,542,382,713)
Balance as at 31 December 2016	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

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15. Accounts payable to suppliers – short-term

Accounts payable to suppliers detailed by significant suppliers

	31/12/2016	1/1/2016
	Cost/Amount	Cost/Amount
	within repayment	within repayment
	capacity	capacity
	VND	VND
Petrolimex Aviation Fuel Joint Stock Company	243,481,418,499	123,621,454,259
Airports Corporation of Viet Nam Joint Stock Company	21,849,959,094	86,718,052,069
Other suppliers	125,786,026,237	215,485,991,932
	391,117,403,830	425,825,498,260

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16. Taxes receivable from and payable to State Treasury

(a) Taxes payable to State Treasury

	1/1/2016 VND	Incurred VND	Paid VND	Netted-off VND	Reclassified VND	31/12/2016 VND
Value added tax	42,064,055,558	1,205,438,885,148	(460,761,984,913)	(721,771,908,189)	-	64,969,047,604
Personal income tax	13,217,859,358	257,427,177,089	(253,664,090,637)	-	-	16,980,945,810
Foreign contractor tax	7,651,931,999	23,400,200,494	(87,905,659,940)	-	56,853,527,447	-
Corporate income tax	-	156,246,350,074	(40,220,855,647)	-	-	116,025,494,427
	62,933,846,915	1,642,512,612,805	(842,552,591,137)	(721,771,908,189)	56,853,527,447	197,975,487,841

(b) Taxes receivable from State Treasury

	1/1/2016 VND	Incurred VND	Received VND	Netted-off VND	Reclassified VND	31/12/2016 VND
Deductible value added tax	5,680,535,184	721,774,123,829	-	(721,771,908,189)	-	5,682,750,824
Foreign contractor tax	-	-	-	-	56,853,527,447	56,853,527,447
	5,680,535,184	721,774,123,829	-	(721,771,908,189)	56,853,527,447	62,536,278,271

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17. Accrued expenses

	31/12/2016	1/1/2016
	VND	VND
Aircraft related expenses	409,026,251,553	350,426,292,908
13 th month salary	34,312,991,844	15,711,421,153
Interest expense	4,863,884,399	2,074,074,095
Maintenance expenses	-	14,338,340,858
Others	44,294,024,887	14,387,548,571
	<hr/>	<hr/>
	492,497,152,683	396,937,677,585
	<hr/>	<hr/>

18. Unearned revenue

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

19. Other short-term payables

	31/12/2016	1/1/2016
	VND	VND
Airport tax payables	399,300,619,575	233,290,358,812
Short-term deposits received	107,423,263,649	1,167,425,328
Business co-operation contract with HDBank Asset Management One Member Company Limited, a related party	-	300,000,000,000
Amounts due to other related parties (*)	7,676,125,320	33,832,034,038
Others	14,265,308,106	53,885,061,436
	<hr/>	<hr/>
	528,665,316,650	622,174,879,614
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(*) The non-trade related amounts due to related parties were unsecured and interest free and are payable on demand.

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20. Borrowings

(a) Short-term borrowings

	Movements during the year				31/12/2016 Carrying amount/ Amount within repayment capacity VND
	1/1/2016 Carrying amount/ Amount within repayment capacity VND	Additions VND	Repayments VND	Revaluation VND	
Short-term borrowings	3,543,467,794,788	20,472,167,981,143	(18,002,824,709,967)	23,621,519,321	6,036,432,585,285
Current portion of long-term borrowings	-	98,265,600,000	(32,311,340,000)	-	65,954,260,000
	3,543,467,794,788	20,570,433,581,143	(18,035,136,049,967)	23,621,519,321	6,102,386,845,285

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

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

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

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

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

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

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

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

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

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

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

- (d) As at 31 December 2016, Borrowing 15 was secured by receivables which incurred from the Group's aircraft sales and purchases of A320 and A321 aircrafts delivered in May 2017 between the Company and Goshawk Management (Ireland) Limited, an aircraft leasing company.

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

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(b) Long-term borrowings

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

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

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

Principal outstanding as at 31 December 2016 is repayable in 24 equal semi-annual instalments of USD1.4 million each and a final instalment of USD1.5 million on 13 June 2028.

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

	31/12/2016	1/1/2016
	VND	VND
Aircraft no. A320 MSN 7167, VNA675 (Note 10)	888,585,171,422	-

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21. Provisions

Movements of provisions during the year were as follows:

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

22. Deferred tax liabilities

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

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23. Changes in owners' equity

	Share capital VND	Foreign exchange differences VND	Retained profits VND	Non-controlling interest VND	Total VND
Balance as at 1 January 2015	800,000,000,000	459,541,430	165,469,371,669	727,479,009	966,656,392,108
Share dividends (Note 25)	200,000,000,000	-	(200,000,000,000)	-	-
Issue of ordinary shares	450,000,000,000	-	-	-	450,000,000,000
Dividends (Note 25)	-	-	(450,000,000,000)	-	(450,000,000,000)
Net profit for the year	-	-	1,170,253,353,846	378,359,817	1,170,631,713,663
Translation of foreign operations	-	10,118,928,613	-	-	10,118,928,613
Disposal of a subsidiary with non-controlling interest	-	-	-	33,245,966	33,245,966
Balance as at 1 January 2016	1,450,000,000,000	10,578,470,043	685,722,725,515	1,139,084,792	2,147,440,280,350
Share dividends (Note 25)	978,500,000,000	-	(978,500,000,000)	-	-
Issue of ordinary shares	571,500,000,000	-	-	-	571,500,000,000
Dividends (Note 25)	-	-	(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
Translation of foreign operations	-	19,094,854,360	-	-	19,094,854,360
Balance as at 31 December 2016	3,000,000,000,000	29,673,324,403	1,702,862,911,199	1,485,942,037	4,734,022,177,639

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24. Share capital

The Company's authorised and issued share capital are:

	31/12/2016		1/1/2016	
	Number of shares	VND	Number of shares	VND
Authorised/Issued share capital				
Ordinary shares	300,000,000	3,000,000,000,000	145,000,000	1,450,000,000,000

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

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

Movements in share capital during the year were as follows:

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

Share dividends issued during the year

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

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

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Share issued during the year being offset against cash dividends

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

Share issued during the year by cash

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

25. Dividends

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

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

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

26. Off balance sheet items

(a) Lease commitments

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

	31/12/2016	1/1/2016
	VND	VND
Within 1 year	3,329,553,590,024	1,365,570,676,824
Within 2 to 5 years	11,786,025,592,691	4,818,618,055,197
More than 5 years	12,974,577,948,968	2,593,230,085,091
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	28,090,157,131,683	8,777,418,817,112
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(b) Foreign currency

	31/12/2016		1/1/2016	
	Original currency	VND equivalent	Original currency	VND equivalent
United State Dollar (“USD”)	95,442,767	2,168,459,663,514	6,544,678	146,537,458,046

(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:

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

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

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

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

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27. Revenue from sales of goods and provision of services

	2016	2015
	VND	VND
Passenger transportation:		
▪ Domestic routes	8,646,255,772,294	6,724,682,633,020
▪ International routes	801,915,629,801	481,252,164,219
▪ Charter flights and aircraft wet leases	2,719,886,832,505	1,336,803,281,353
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	12,168,058,234,600	8,542,738,078,592
	<hr/>	<hr/>
Ancillary revenue	3,552,923,831,576	2,474,737,561,716
Aircraft dry leases	56,914,200,000	56,800,800,000
Other revenue	139,450,521,121	4,990,079,544
Sales of aircrafts	11,581,949,450,340	8,766,212,400,000
	<hr/>	<hr/>
	27,499,296,237,637	19,845,478,919,852
	<hr/>	<hr/>
In which:		
Total revenue from aviation services	15,917,346,787,297	11,079,266,519,852
Sales of aircrafts	11,581,949,450,340	8,766,212,400,000
	<hr/>	<hr/>
	27,499,296,237,637	19,845,478,919,852
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28. Cost of sales

	2016 VND	2015 VND
Ground operation expenses	1,123,517,651,781	767,471,742,896
Flight operation expenses	10,866,887,021,349	7,517,025,723,355
Technical expenses	737,044,632,260	566,201,538,790
Safety, security, quality and assurance expenses	20,575,056,630	7,424,768,698
Cargo expenses	84,883,338,007	72,368,868,001
Depreciation and amortisation	668,100,803,990	531,133,243,849
Other expenses	41,120,606,588	26,141,372,093
Cost of aircrafts sold	10,055,330,283,951	8,247,773,138,091
	<hr/>	<hr/>
	23,597,459,394,556	17,735,540,395,773
	<hr/>	<hr/>
In which:		
Total cost of aviation services	13,542,129,110,605	9,487,767,257,682
Cost of aircrafts sold	10,055,330,283,951	8,247,773,138,091
	<hr/>	<hr/>
	23,597,459,394,556	17,735,540,395,773
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29. Financial income

	2016 VND	2015 VND
Interest income	55,494,512,525	14,959,749,738
Realised foreign exchange gains	37,428,630,925	86,907,900,041
Unrealised foreign exchange gains	50,494,265,652	-
Dividend income	1,180,266,000	-
Income from investments in business co-operation contracts and corporate bonds	-	31,807,087,556
Gains on disposals of a subsidiary and an associate	-	19,634,366,469
Others	58,665,034	367,692,863
	<hr/>	<hr/>
	144,656,340,136	153,676,796,667
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30. Financial expenses

	2016 VND	2015 VND
Unwinding discount of provisions	442,283,153,862	272,908,367,170
Interest expense	180,732,739,883	129,699,274,892
Realised foreign exchange losses	30,932,661,211	118,775,271,802
Unrealised foreign exchange losses	-	40,184,427,061
	653,948,554,956	561,567,340,925

31. Selling expenses

	2016 VND	2015 VND
Sales expenses	237,253,896,663	126,505,861,711
Advertising and marketing expenses	219,120,948,284	137,160,216,770
Staff costs	57,327,184,911	49,074,432,025
Depreciation and amortisation	379,588,887	469,982,457
Others	3,708,713,751	4,633,930,625
	517,790,332,496	317,844,423,588

32. General and administration expenses

	2016 VND	2015 VND
Staff costs	81,805,573,809	76,369,251,406
Rental expenses	17,887,211,429	15,290,906,072
Depreciation and amortisation	3,001,448,201	4,416,999,795
Insurance expenses	44,124,246	49,275,874
Others	86,062,671,897	107,227,482,845
	188,801,029,582	203,353,915,992

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33. Trading and business costs by element

	2016	2015
	VND	VND
Cost of purchasing aircrafts	10,055,330,283,951	8,247,773,138,091
Fuel costs included in cost of sales	5,369,109,087,358	4,147,611,503,988
Labour costs and staff costs	1,736,737,890,476	1,149,606,678,967
Depreciation and amortisation	45,873,196,847	10,165,032,533
Outside services	6,253,281,775,262	3,313,885,273,437
Other expenses	843,718,522,740	796,876,820,783

34. Income tax

(a) Recognised in the consolidated statement of income

	2016	2015
	VND	VND
Current tax expense		
Current year	156,246,350,074	-
Deferred tax expense/(benefit)		
Origination and reversal temporary differences	50,912,671,620	(2,149,186,431)
Income tax expense/(benefit)	207,159,021,694	(2,149,186,431)

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(b) Reconciliation of effective tax rate

	2016	2015
	VND	VND
Profit before tax	2,703,146,064,623	1,168,482,527,232
Tax at the Company's tax rate	540,629,212,925	233,696,505,446
Effect of difference tax rates applied for subsidiaries	(305,233,872,706)	(103,640,918,362)
Effect of change in tax rate	-	(31,558,668,102)
Non-deductible expenses	575,054,880	1,503,755,878
Deferred tax liabilities not recognised	89,892,060,006	(239,562,809)
Tax incentives	(118,703,433,411)	(101,910,298,482)
	<u>207,159,021,694</u>	<u>(2,149,186,431)</u>

(c) Applicable tax rates

(i) Companies incorporated in Vietnam

VietJet Aviation Joint Stock Company

For public transport passengers and cargo aircraft activities, under the terms of current tax regulations and Income Tax law, 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 allow the Company to be exempt from income tax for 2 years starting from the first year it generates a taxable profit and entitled to a 50% reduction in income tax for the 3 succeeding years.

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

The usual income tax rate applicable to the Company before any incentives is 20% of taxable profit (1/1/2016: 22%).

Vietjet Air Cargo Joint Stock Company

Under the terms of current tax regulations and Income Tax Law, Vietjet Air Cargo Joint Stock Company has an obligations to pay the government income tax at the rate 20% of taxable profits (2015: 22%).

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(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. Accordingly, no provision for British Virgin Islands income taxes is included in these consolidated financial statements.

(iii) Company incorporated in Singapore

Vietjet Air Singapore Pte. Ltd.

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

(iv) Company incorporated in Ireland

Vietjet Air Ireland No. 1 Limited

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

35. Basic earnings per share

The calculation of basic earnings per share for the year ended 31 December 2016 was based on the profit attributable to ordinary shareholders of the Company and a weighted average number of ordinary shares outstanding of 260,329,178 (2015: 198,589,726 shares), calculated as follows:

(a) Net profit attributable to ordinary shareholders

	2016	2015
	VND	VND
Net profit attributable to ordinary shareholders	2,495,640,185,684	1,170,253,353,846

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(b) Weighted average number of ordinary shares

	Number of shares	
	2016	2015
Issued ordinary shares at the beginning of the year	145,000,000	80,000,000
Effect of share dividends issued in 2016	97,850,000	97,850,000
Effect of share dividends issued in 2015	-	20,000,000
Effect of shares issued during the year	17,479,178	739,726
Weighted average number of ordinary shares	260,329,178	198,589,726

36. 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:

	Transaction value	
	2016	2015
	VND	VND
Shareholders with significant influence		
Borrowing from HDBank	758,722,469,930	1,123,180,663,833
Interest expense	5,960,878,899	23,386,718,198
Loan to a shareholder	-	30,000,000,000
Interest income	10,663,536,965	25,150,611,112
Service rendered	47,478,830,795	3,871,800,200
Consultancy fees	4,379,100,000	4,218,000,000
Term deposits	1,180,000,000,000	-
Associates		
Expenses paid on behalf	414,042,387,138	120,191,442,366
Service rendered	62,758,730,595	56,800,800,000
Capital contribution	60,000,000,000	-
Executive member of the Board of Management and the Board of Directors		
Salary and compensations	13,109,379,578	12,778,035,334
Other related parties		
Income from investments in corporate bonds	14,841,666,667	9,000,000,000
Revenue from service rendered	265,998,900	-
Proceeds from business co-operation contracts	-	300,000,000,000

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37. Non-cash investing and financing activities

	2016	2015
	VND	VND
Share dividends	978,500,000,000	200,000,000,000
Cash dividends offset against shares issued	500,000,000,000	450,000,000,000
Proceeds from disposal of a subsidiary not yet received	-	3,400,000,000

30 March 2017

Prepared by:



Hoang Manh Ha
Acting Chief Accountant



Approved by:



Lưu Đức Khanh
Managing Director

