



VietJet Aviation Joint Stock Company

Separate Financial Statements
for the year ended 31 December 2018

**VietJet Aviation Joint Stock Company
Corporate Information**

Business Registration Certificate No. 0103018458 23 July 2007

Corporate Registration Certificate No. 0102325399 19 April 2011

The Company's Corporate Registration Certificate has been amended several times, the most recent of which is by Corporate Registration Certificate No. 0102325399 dated 1 August 2018. The Business Registration Certificate, the Corporate Registration Certificate and updates were issued by Hanoi Department of Planning and Investment.

Investment Registration Certificate No. 2357762445 30 December 2016

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

Board of Management	Nguyen Thanh Ha	Chairwoman
	Nguyen Thi Phuong Thao	Vice Chairwoman
	Nguyen Thanh Hung	Vice Chairman
	Chu Viet Cuong	Member
	Luu Duc Khanh	Member
	Dinh Viet Phuong	Member

Board of Directors	Nguyen Thi Phuong Thao	Chief Executive Officer
	Luu Duc Khanh	Managing Director
	Nguyen Duc Tam	Vice President
	Luong The Phuc	Vice President
	Dinh Viet Phuong	Vice President
	Nguyen Thi Thuy Binh	Vice President
	To Viet Thang	Vice President
	Nguyen Duc Thinh	Vice President
	Tran Hoai Nam	Vice President
	Do Xuan Quang	Vice President
	Nguyen Thanh Son	Vice President
Ho Ngoc Yen Phuong	Vice President (from 3 November 2018)	



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

Supervisory Board	Tran Duong Ngoc Thao Doan Thu Huong Pham Van Dau	Head of the Board Member Member
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Registered Office	302/3 Kim Ma Street, Ngoc Khanh Ward Ba Dinh District Hanoi City Vietnam
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Auditor	KPMG Limited Vietnam
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VietJet Aviation Joint Stock Company Statement of the Board of Directors

The Board of Directors of VietJet Aviation Joint Stock Company (“the Company”) presents this statement and the accompanying separate financial statements of the Company for the year ended 31 December 2018.

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

- (a) the separate financial statements set out on pages 6 to 47 give a true and fair view of the unconsolidated financial position of the Company as at 31 December 2018, and of the unconsolidated results of operations and the unconsolidated cash flows of the Company for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting; and
- (b) at the date of this statement, there are no reasons to believe that the Company will not be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these accompanying separate financial statements for issue.

On behalf of the Board of Directors



Nguyen Thi Phuong Thao
Chief Executive Officer

Ho Chi Minh City, 5 April 2019



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115 Nguyen Hue Street, Ben Nghe Ward
District 1, Ho Chi Minh City, Vietnam
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INDEPENDENCE AUDITOR'S REPORT

To the Shareholders VietJet Aviation Joint Stock Company

We have audited the accompanying separate financial statements of VietJet Aviation Joint Stock Company ("the Company"), which comprise the separate balance sheet as at 31 December 2018, the separate statements of income and cash flows for the year then ended and the explanatory notes thereto, which were authorised for issue by the Company's Board of Directors on 05 APR 2019 as set out on pages 6 to 47.

Management's Responsibility

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

Auditor's Responsibility

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

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

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



Auditor's Opinion

In our opinion, the separate financial statements give a true and fair view, in all material respects, of the unconsolidated financial position of VietJet Aviation Joint Stock Company as at 31 December 2018 and of its unconsolidated results of operations and its unconsolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

KPMG Limited's Branch in Ho Chi Minh City



Vietnam
Audit Report No: 18-01-00446-19-1

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



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

Ho Chi Minh City, 05 APR 2019

VietJet Aviation Joint Stock Company
Separate balance sheet as at 31 December 2018

Form B 01 – DN

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

	Code	Note	31/12/2018 VND	1/1/2018 VND
ASSETS				
Current assets (100 = 110 + 120 + 130 + 140 + 150)	100		16,727,030,230,311	15,198,000,906,647
Cash and cash equivalents	110	5	7,156,359,241,738	6,436,910,324,903
Cash	111		3,640,399,241,738	2,399,700,324,903
Cash equivalents	112		3,515,960,000,000	4,037,210,000,000
Short-term financial investments	120	6(a)	815,500,000,000	-
Trading securities	121		990,000,000,000	-
Allowance for diminution in the value of trading securities	122		(174,500,000,000)	-
Accounts receivable – short-term	130		7,931,509,214,723	8,180,340,974,636
Accounts receivable from customers	131	7	1,220,013,565,836	420,236,270,174
Prepayments to suppliers – short-term	132	8(a)	129,927,091,931	90,275,878,162
Other short-term receivables	136	9(a)	6,581,568,556,956	7,669,828,826,300
Inventories	140	10	468,729,305,585	267,181,519,500
Other current assets	150		354,932,468,265	313,568,087,608
Short-term prepaid expenses	151	14(a)	299,977,931,225	218,461,780,633
Taxes receivable from State Treasury	153	16(b)	54,954,537,040	95,106,306,975
Long-term assets (200 = 210 + 220 + 240 + 250 + 260)	200		19,955,201,908,719	13,967,791,166,361
Accounts receivable – long-term	210		10,575,666,223,835	7,151,147,568,526
Prepayments to suppliers – long-term	212	8(b)	701,500,000,000	701,500,000,000
Other long-term receivables	216	9(b)	9,874,166,223,835	6,449,647,568,526
Fixed assets	220		1,645,095,006,520	1,528,472,334,559
Tangible fixed assets	221	11	1,642,189,535,533	1,523,538,521,104
Cost	222		1,934,434,945,327	1,676,846,302,493
Accumulated depreciation	223		(292,245,409,794)	(153,307,781,389)
Intangible fixed assets	227	12	2,905,470,987	4,933,813,455
Cost	228		29,077,618,155	29,077,618,155
Accumulated amortisation	229		(26,172,147,168)	(24,143,804,700)
Long-term work in progress	240		1,175,977,845,586	193,431,223,060
Construction in progress	242	13	1,175,977,845,586	193,431,223,060
Long-term financial investments	250		77,424,629,818	77,424,629,818
Investments in subsidiaries	251	6(b)	9,000,000,000	9,000,000,000
Investments in associates	252	6(b)	60,000,000,000	60,000,000,000
Equity investments in other entities	253	6(b)	7,868,448,000	7,868,448,000
Held-to-maturity investments	255	6(c)	556,181,818	556,181,818
Other long-term assets	260		6,481,038,202,960	5,017,315,410,398
Long-term prepaid expenses	261	14(b)	6,481,038,202,960	5,017,315,410,398
TOTAL ASSETS (270 = 100 + 200)	270		36,682,232,139,030	29,165,792,073,008

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

VietJet Aviation Joint Stock Company
Separate balance sheet as at 31 December 2018 (continued)

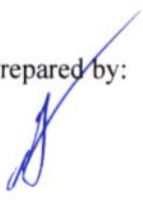
Form B 01 – DN

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


	Code	Note	31/12/2018 VND	1/1/2018 VND
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		30,422,594,983,854	23,484,822,352,462
Current liabilities	310		20,326,158,485,235	16,340,000,178,511
Accounts payable to suppliers	311	15	913,707,485,181	552,067,306,745
Advances from customers	312		731,957,225,384	440,186,208,976
Taxes payable to State Treasury	313	16(a)	204,303,773,014	93,692,330,950
Accrued expenses	315	17	1,911,683,033,277	1,343,336,413,171
Unearned revenue	318	18	2,732,382,333,601	1,964,462,207,817
Other short-term payables	319	19	6,963,402,316,712	3,582,015,475,690
Short-term borrowings	320	20(a)	4,957,780,032,953	6,897,226,897,293
Provisions – short-term	321	21	1,910,942,285,113	1,467,013,337,869
Long-term liabilities	330		10,096,436,498,619	7,144,822,173,951
Other long-term payables	337		5,658,606,820	5,905,373,020
Long-term borrowings	338	20(b)	572,231,674,577	626,905,284,322
Deferred tax liabilities	341	22	374,787,926,130	147,546,321,044
Provisions – long-term	342	21	9,143,758,291,092	6,364,465,195,565
EQUITY (400 = 410)	400		6,259,637,155,176	5,680,969,720,546
Owners' equity	410	23	6,259,637,155,176	5,680,969,720,546
Share capital	411	24	5,416,113,340,000	4,513,432,840,000
Share premium	412		245,949,492,805	245,949,492,805
Retained profits	421		597,574,322,371	921,587,387,741
TOTAL RESOURCES (440 = 300 + 400)	440		36,682,232,139,030	29,165,792,073,008


5 April 2019

Prepared by:


Hoang Manh Ha
Chief Accountant

Approved by:


Ho Ngoc Yen Phuong
Vice President cum
Chief Financial Officer


Luu Duc Khanh
Managing Director



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

VietJet Aviation Joint Stock Company
Separate statement of income for the year ended 31 December 2018

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

	Code	Note	2018 VND	2017 VND
Revenue from sales of goods and provision of services	01	27	33,866,663,626,058	22,643,635,566,720
Cost of sales	11	28	29,081,230,936,008	19,332,152,371,327
Gross profit (20 = 01 - 11)	20		4,785,432,690,050	3,311,483,195,393
Financial income	21	29	317,974,861,113	119,177,084,027
Financial expenses	22	30	917,353,597,510	520,491,970,943
<i>In which: Interest expense</i>	23		257,505,446,656	237,597,428,875
Selling expenses	25	31	868,275,625,696	654,224,092,692
General and administration expenses	26	32	278,263,940,261	214,833,658,781
Net operating profit {30 = 20 + (21 - 22) - (25 + 26)}	30		3,039,514,387,696	2,041,110,557,004
Other income	31		5,872,706,313	5,742,377,818
Other expenses	32		107,090,542	1,522,911,752
Results of other activities (40 = 31 - 32)	40		5,765,615,771	4,219,466,066
Accounting profit before tax (50 = 30 + 40)	50		3,045,280,003,467	2,045,330,023,070
Income tax expense – current	51	34	253,461,727,751	163,475,878,977
Income tax expense – deferred	52	34	227,241,605,086	65,074,981,322
Net profit after tax (60 = 50 - 51 - 52)	60		2,564,576,670,630	1,816,779,162,771

5 April 2019

Prepared by:

Hoang Manh Ha
Chief Accountant

Approved by:

Ho Ngoc Yen Phuong
Vice President cum
Chief Financial Officer

Luu Duc Khanh
Managing Director



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

Interest paid	14	(254,235,592,773)	(236,852,306,374)
Income tax paid	15	(108,000,000,000)	(317,032,958,814)
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Net cash flows from operating activities	20	4,926,603,695,458	4,948,074,704,148
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CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for additions to fixed assets and other long-term assets	21	(798,424,965,557)	(296,741,327,382)
Deposits to purchase aircrafts, net cash flows	21	1,545,988,562,283	(2,296,535,249,533)
Payments for investments in other entities	25	(1,132,840,350,000)	-
Receipts of interests	27	206,055,648,390	64,169,619,717
Receipts of dividends	27	2,832,636,000	3,068,690,000
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Net cash flows from investing activities	30	(176,388,468,884)	(2,526,038,267,198)
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The accompanying notes are an integral part of these separate financial statements

VietJet Aviation Joint Stock Company
Separate statement of cash flows for the year ended 31 December 2018
(Indirect method)

Form B 03 – DN

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

	Code	2018 VND	2017 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
Accounting profit before tax	01	3,045,280,003,467	2,045,330,023,070
Adjustments for			
Depreciation and amortisation	02	146,219,233,505	94,786,011,086
Allowances and provisions	03	174,500,000,000	-
Unwinding discount of provisions	03	434,733,395,693	277,580,251,779
Exchange losses arising from revaluation of monetary items denominated in foreign currencies	04	50,614,755,161	5,314,290,289
Interest income	05	(208,253,201,298)	(69,917,578,051)
Dividend income	05	(2,832,636,000)	(4,481,015,376)
Gain from disposal equity investment	05	(16,271,500,000)	-
Fixed assets written off	05	10,506,525,264	-
Interest expense	06	257,505,446,656	237,597,428,875
Operating profit before changes in working capital	08	3,892,002,022,448	2,586,209,411,672
Change in receivables	09	(4,120,317,632,175)	(1,933,893,117,574)
Change in inventories	10	(201,547,786,085)	(129,251,222,745)
Change in payables and other liabilities	11	3,641,557,158,774	3,634,460,002,442
Change in prepaid expenses	12	2,077,145,525,269	1,344,434,895,541

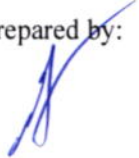
VietJet Aviation Joint Stock Company
Separate statement of cash flows for the year ended 31 December 2018
(Indirect method – continued)

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


	Code	2018 VND	2017 VND
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from shares issued	31	-	1,759,382,332,805
Proceeds from borrowings	33	33,529,973,247,843	25,899,054,643,065
Payments to settle loan principals	34	(35,527,608,459,899)	(25,184,711,574,405)
Payments of dividends	36	(2,016,955,829,400)	(876,827,065,550)
Net cash flows from financing activities	40	(4,014,591,041,456)	1,596,898,335,915
Net cash flows during the year (50 = 20 + 30 + 40)	50	735,624,185,118	4,018,934,772,865
Cash and cash equivalents at the beginning of the year	60	6,436,910,324,903	2,425,043,160,136
Effect of exchange rate fluctuations on cash and cash equivalents	61	(16,175,268,283)	(7,067,608,098)
Cash and cash equivalents at the end of the year (70 = 50 + 60 + 61) (Note 5)	70	7,156,359,241,738	6,436,910,324,903

5 April 2019

Prepared by:


Hoang Manh Ha
Chief Accountant

Approved by:


Ho Ngoc Yen Phuong
Vice President cum
Chief Financial Officer


Lưu Đức Khanh
Managing Director



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

VietJet Aviation Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2018

Form B 09 – DN

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

These notes form an integral part of and should be read in conjunction with the accompanying separate financial statements.

1. Reporting entity

(a) Ownership structure

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

(b) Principal activities

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

(c) Normal operating cycle

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

(d) Company’s structure

As at 31 December 2018, the Company had 3,853 employees (1/1/2018: 3,048 employees).

2. Basis of preparation

(a) Statement of compliance

These separate financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting. The Company prepares and issues its consolidated financial statements separately. For a comprehensive understanding of the Company’s consolidated financial position, its consolidated results of operations and its consolidated cash flows, these separate financial statements should be read in conjunction with the consolidated financial statements.

(b) Basis of measurement

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

(c) Annual accounting period

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

VietJet Aviation Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2018
(continued)

Form B 09 – DN

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

(d) Accounting and presentation currency

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

3. Summary of significant accounting policies

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

(a) Foreign currency transactions

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

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

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

(b) Cash and cash equivalents

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

(c) Investments

(i) Trading securities

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

VietJet Aviation Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2018
(continued)

Form B 09 – DN
*(Issued under Circular No. 200/2014/TT-BTC
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(ii) Held-to-maturity investments

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

(iii) Investments in subsidiaries and associates

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

(iv) Investments in equity instruments of other entities

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

(d) Accounts receivable

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

(e) Maintenance reserves of leased aircrafts

Under the terms of its aircraft operating lease agreements, the Company is legally and contractually responsible for maintenance and repair of the leased aircrafts throughout the lease period and is also required to make maintenance reserves with the lessors. The maintenance reserves are recorded as other short-term and long-term receivables when there is no significant uncertainty regarding recovery of the reimbursement from lessors. Maintenance reserves made to lessors are typically calculated based on a performance measure, such as flight hours or cycles, and are contractually required to be reimbursed to the Company upon the completion of the required maintenance of the leased aircraft including replacement of life limited parts, engine performance restoration, airframe major structural inspection, landing gear overhaul and auxiliary power unit (APU) heavy repair. If there are excess amounts on maintenance reserves at the expiration of the leases, the lessors are entitled to retain such excess amounts.

VietJet Aviation Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2018
(continued)

Form B 09 – DN
*(Issued under Circular No. 200/2014/TT-BTC
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(f) Inventories

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

The Company applies the perpetual method of accounting for inventories.

(g) Tangible fixed assets

(i) Cost

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

(ii) Depreciation

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

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

(h) Intangible fixed assets

Software

Cost of acquiring new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible asset. Software is amortised on a straight-line basis over 3 years.

(i) Construction in progress

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

VietJet Aviation Joint Stock Company
Notes to the separate financial statements for the year ended 31 December 2018
(continued)

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

(j) Long-term prepaid expenses

(i) Major inspection and overhaul expenditure

Major inspection and overhaul expenditure for leased aircrafts are deferred and amortised over the shorter of the period to the next major inspection event and the remaining term of the lease.

(ii) Rotable parts

Rotable parts which have estimated useful lives of more than 1 year are recorded in long-term prepaid expenses and amortised on a straight-line basis over their estimated useful lives but not exceeding 3 years.

(iii) Tools and instruments

Tools and instruments include assets held for use by the Company in the normal course of business whose costs of individual items are less than VND30 million and therefore not qualified for recognition as fixed assets under prevailing regulations. Cost of tools and instruments are amortised on a straight-line basis over a period from 2 to 5 years.

(k) Trade and other payables

Trade and other payables are stated at their costs.

(l) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

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

According to the aircraft leasing agreements between the Company and its lessors and the requirements of Vietnam Aviation Authority, the Company has to perform the routine maintenance and periodic maintenance for leased aircrafts based on its own Maintenance Planning Development (“MPD”) which was constructed based on the guidance of airline manufacturers. Routine maintenance will be performed at the Company’s cost while the periodic maintenance will be covered by maintenance reserves. The provisions for maintenance expenses in the scope of maintenance reserves is determined by discounting the expected future costs of maintenance for the leased aircrafts, having regard to the current fleet plan. During the period of leasing, the estimated costs are recorded in provisions with the corresponding debit to long-term prepaid expenses. The estimated costs in long-term prepaid expenses are amortised on the basis of flight hours or cycles to the next maintenance event. The effect of unwinding discount of the provisions is recorded as financial expenses.

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

With respect to aircraft operating lease agreements where the Company is required to return the aircraft with adherence to certain maintenance conditions, cost to make good on leased assets is estimated at the inception of the lease based on the present value of the future expected costs at the expiration of the lease in order for the Company to meet the conditions for the return of the aircraft to the lessors, including certain levels of maintenance as well as arranging for final test flights, inspection, custom and deregistration costs, removal of the Company's modifications, if any and return of the aircraft to a specified location. At the inception of the lease, the estimated cost is recorded in provisions with the corresponding debit to long-term prepaid expenses. The estimated costs in long-term prepaid expenses are amortised on a straight-line basis over the term of the leases. The effect of unwinding discount of the provisions is recorded as financial expenses.

(m) Share capital

(i) Ordinary shares

Ordinary shares are recognised at issuance price less incremental costs directly attributable to the issue of ordinary shares, net of tax effects. Such costs are recognised as a deduction from share premium.

(ii) Shares premium

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

(n) Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the separate statement of income except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the end of the annual accounting period, and any adjustment to tax payable in respect of previous years.

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

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

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(o) Revenue and other income

(i) Passenger transportation

Revenue from passenger transportation is recognised in the separate statement of income when the transportation is provided or when the ticket expires. The value of unused passenger tickets and miscellaneous charges is recorded in current liabilities as unearned revenue. Non-refundable tickets generally expire on the date of the intended flight, unless the date is extended by notification from the customer on or before the intended flight date. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due. Revenue of passenger transportation is recognised at the net amount after deducting sales discounts stated on the invoice.

(ii) Ancillary revenue

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

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

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

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

Sales of in-flight and duty free merchandise is recognised in the separate statement of income when the significant risks and rewards of ownership have been transferred to the buyers.

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

(iii) Charter flights

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

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(iv) Aircraft leasing

Revenue from aircraft leasing is recognised in the separate statement of income on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total lease revenue.

(v) Other services

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

(vi) Interest income

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

(vii) Dividend income

Dividend income is recognised when the right to receive dividend is established. Share dividends are not recognised as income. Dividends received which are attributable to the period before investment acquisition date are deducted from the carrying amount of the investment.

(p) Borrowing costs

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

(q) Operating lease payments

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

(r) Segment reporting

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

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(s) Related parties

Parties are considered to be related to the Company if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or where the Company and the other party are subject to common control or significant influence. Related parties may be individuals or corporate entities and include close family members of any individual considered to be a related party.

4. Segment reporting

(a) Business segment

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

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

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

(b) Geographical segment

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

	2018	2017
	VND	VND
In Vietnam	17,680,771,405,478	14,191,213,337,436
Outside Vietnam	16,185,892,220,580	8,452,422,229,284
	<hr/>	<hr/>
	33,866,663,626,058	22,643,635,566,720
	<hr/>	<hr/>

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

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5. Cash and cash equivalents

	31/12/2018	1/1/2018
	VND	VND
Cash on hand	7,979,150,266	8,689,414,366
Cash in banks	3,632,420,091,472	2,391,010,910,537
Cash equivalents	3,515,960,000,000	4,037,210,000,000
	7,156,359,241,738	6,436,910,324,903

Cash equivalents mainly included term deposits at banks in VND with maturities of less than 3 months from their placement dates and earned interest at from 5.5% to 8.3% per annum during the year (2017: from 5.3% to 5.5%).

As at 31 December 2018 and 1 January 2018, the Company has current and term deposit accounts VND1,749 billion (1/1/2018: VND3,384 billion) and certificate of deposits of VND700 billion (1/1/2018: nil) at Ho Chi Minh City Development Joint Stock Commercial Bank, a related party at normal trading terms.

6. Investments

(a) Trading securities

Trading securities included the investments in securities of Petrovietnam Oil Corporation as at 31 December 2018 (1/1/2018: nil) as follow:

	Quantity	Cost VND	31/12/2018 Allowance VND	Fair value VND
PetroVietnam Oil Corporation	50,000,000	990,000,000,000	174,500,000,000	815,500,000,000

Fair value of the investments in securities was determined by reference to the closing price on Ho Chi Minh Stock Exchange on 28 December 2018.

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(b) Equity investments in other entities

	31/12/2018		1/1/2018	
	% of equity owned/ voting right	VND	% of equity owned/ voting right	VND
Equity investments in subsidiaries				
▪ VietjetAir Cargo Joint Stock Company	90%	9,000,000,000	90%	9,000,000,000
▪ Vietjet Air IVB No. I Limited	100%	-	100%	-
▪ Vietjet Air IVB No. II Limited	100%	-	100%	-
▪ Vietjet Air Singapore Pte. Ltd.	100%	-	100%	-
▪ Vietjet Air Ireland No. 1 Limited	100%	-	100%	-
		9,000,000,000		9,000,000,000
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
Equity investments in other entity				
▪ Sai Gon Ground Services Joint Stock Company	4%	7,868,448,000	4%	7,868,448,000
		7,868,448,000		7,868,448,000

In 2018, the Company established 3 wholly owned subsidiaries including Apricot Aircraft Company (Ireland) 8577 Limited, Apricot Aircraft Company (Ireland) 8592 Limited and Apricot Aircraft Company (Ireland) 8605 Limited which are incorporated in Ireland. The principle activities of these companies are leasing aircrafts. Subsequently, these subsidiaries were disposed at total consideration of VND16,271,500,000.

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Principal activities of subsidiaries and associates are described as follows:

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

-
- (a) As at 31 December 2018, the Company has not yet contributed capital in these subsidiaries and associates. These companies' operations are mainly financed by the Company.
- (b) The Company has significant influence over these companies because the Company has right to appoint members of the Board of Management of these companies.
- (c) On 25 September 2018, the Company signed an agreement with Quince Investment Limited, and Asia Aero Services and Infrastructure Co., Ltd. for a purchase option to increase the ownership in Thai Vietjet Air Joint Stock Company Limited to 38% by 2021. The price of transferred share is equal with par value.

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(c) Held-to-maturity investments

	31/12/2018	1/1/2018
	VND	VND
Held-to-maturity investments – long-term		
▪ Business co-operation contract	556,181,818	556,181,818

7. Accounts receivable from customers – short-term

(a) Accounts receivable from customers detailed by significant customers

	31/12/2018	1/1/2018
	VND	VND
Hangzhou BaoLi Co., Ltd	183,193,236,698	272,727,107,003
Vietjet Air Ireland No. 1 Limited	380,546,402,153	-
VietjetAir Cargo Joint Stock Company	-	19,272,766,423
World Go International Co., Ltd	38,456,118,847	20,050,350,612
Other customers	617,817,808,138	108,186,046,136
	1,220,013,565,836	420,236,270,174

(b) Accounts receivable from customers who are related parties

	31/12/2018	1/1/2018
	VND	VND
Subsidiaries and associates		
Vietjet Air Ireland No. 1 Limited	380,546,402,153	-
VietjetAir Cargo Joint Stock Company	-	19,272,766,423
Thai Vietjet Air Joint Stock Company Limited	9,946,260,000	192,134,116
Other related parties		
World Go International Co., Ltd	38,456,118,847	20,050,350,612
Ho Chi Minh City Development Joint Stock Commercial Bank	8,186,200	60,199,199
Indochina Beach Hotel Joint Stock Company	25,738,288	3,432,000

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

8. Prepayments to suppliers

(a) Prepayments to suppliers – short-term

	31/12/2018 VND	1/1/2018 VND
Related parties		
Prepayments for office building construction to Indochina ACM Corporation, a related party	-	14,601,834,620
Third parties		
Prepayments for engine repair services	86,093,582,599	6,124,891,332
Others	43,833,509,332	69,549,152,210
	<hr/> 129,927,091,931	<hr/> 90,275,878,162

The prepayments to a related party was unsecured and interest free.

(b) Prepayments to suppliers – long-term

	31/12/2018 VND	1/1/2018 VND
Business co-operation contract	701,500,000,000	701,500,000,000

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

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9. Other receivables

(a) Other short-term receivables

	31/12/2018	1/1/2018
	VND	VND
Related parties		
Expenses paid on behalf of Thai Vietjet Air Joint Stock Company Limited, an associate	836,386,005,056	475,913,444,890
Other receivables from Angelica Holding Limited, a related party (Note 9(b))	147,875,000,000	-
Receivables from disposals of subsidiaries from Angelica Aircraft Assets Limited, a related party	16,271,500,000	-
Expenses paid on behalf of Vietjet Air Ireland No. 1 Limited, a subsidiary	1,242,754,552	33,572,214,056
Expenses paid on behalf of Vietjet Air Singapore Pte. Ltd., a subsidiary	1,311,400,251	-
Expenses paid on behalf of Apricot Aircraft Company (Ireland) 8577 Limited, a related party	13,457,758,507	-
Expenses paid on behalf of Apricot Aircraft Company (Ireland) 8592 Limited, a related party	11,492,488,965	-
Expenses paid on behalf of Apricot Aircraft Company (Ireland) 8605 Limited, a related party	10,822,745,608	-
Dividends receivable from Vietjet Air IVB No. 1 Limited, a subsidiary	-	1,412,325,376
Third parties		
Deposits for aircraft purchases within next 12 months	3,475,240,954,627	5,299,354,253,466
Maintenance reserves of leased aircrafts	1,184,688,761,520	1,620,541,614,727
Deposits for securities purchases	142,840,350,000	-
Claims receivables from maintenance reserves of leased aircrafts	237,582,261,399	36,240,516,195
Advances to employees	144,766,041,739	68,024,109,022
Purchase discounts receivable	229,106,136,065	22,755,445,167
Cabin modification receivables	5,959,839,053	9,030,285,032
Interest income	9,651,580,686	7,454,027,778
Other short-term deposits	75,463,939,580	52,829,252,297
Others	37,409,039,348	42,701,338,294
	6,581,568,556,956	7,669,828,826,300

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

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(b) Other long-term receivables

	31/12/2018	1/1/2018
	VND	VND
Related parties		
Expenses paid on behalf of Thai Vietjet Air Joint Stock Company Limited, an associate (*)	468,344,946,987	468,344,946,987
Other receivables from Angelica Holding Limited, a related party (**)	295,750,000,000	-
Deposits for aircraft leases to Apricot Aircraft Assets Limited, a related party (***)	36,844,236,000	36,064,548,000
Deposits for maintenance reserves to Apricot Aircraft Assets Limited, a related party (***)	109,056,626,997	-
Third parties		
Deposits for aircraft purchases after next 12 months	2,407,437,182,227	2,129,312,445,671
Maintenance reserves of leased aircrafts	5,460,891,081,018	2,931,845,978,926
Deposits for aircraft leases	1,046,702,306,276	832,941,542,209
Others	49,139,844,330	51,138,106,733
	9,874,166,223,835	6,449,647,568,526

(*) In accordance with extension agreement in 2018, the repayment term of VND468 billion due from Thai Vietjet Air Joint Stock Company Limited has been extended to 31 December 2021.

(**) Other receivables from the related party were unsecured, interest free and are receivable within 3 years.

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

10. Inventories

	31/12/2018		1/1/2018	
	Cost	Allowance	Cost	Allowance
	VND	VND	VND	VND
Tools and supplies	461,585,964,571	-	257,446,699,070	-
Merchandise inventories	7,143,341,014	-	9,734,820,430	-
	468,729,305,585	-	267,181,519,500	-

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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	1,512,821,016,821	127,618,469,944	18,364,787,263	18,042,028,465	1,676,846,302,493
Additions during the year	-	68,709,091	5,852,256,182	-	5,920,965,273
Transfer from construction in progress	267,427,465,457	-	-	-	267,427,465,457
Written off	-	(15,759,787,896)	-	-	(15,759,787,896)
Reclassifications	89,191,017,104	(89,438,755,115)	(249,400,000)	497,138,011	-
Closing balance	1,869,439,499,382	22,488,636,024	23,967,643,445	18,539,166,476	1,934,434,945,327
Accumulated depreciation					
Opening balance	108,488,921,775	21,791,642,892	12,429,342,901	10,597,873,821	153,307,781,389
Charge for the year	132,898,756,976	5,622,826,009	2,874,487,207	2,794,820,845	144,190,891,037
Written off	-	(5,253,262,632)	-	-	(5,253,262,632)
Reclassifications	6,920,458,456	(5,598,580,164)	(1,904,265,674)	582,387,382	-
Closing balance	248,308,137,207	16,562,626,105	13,399,564,434	13,975,082,048	292,245,409,794
Net book value					
Opening balance	1,404,332,095,046	105,826,827,052	5,935,444,362	7,444,154,644	1,523,538,521,104
Closing balance	1,621,131,362,175	5,926,009,919	10,568,079,011	4,564,084,428	1,642,189,535,533



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Included in the cost of tangible fixed assets were assets costing VND19,860 million which were fully depreciated as at 31 December 2018 (1/1/2018: VND15,990 million), but which are still in active use.

As at 31 December 2018, tangible fixed assets with carrying value of VND781,624 million (1/1/2018: VND851,835 million) were pledged as security for borrowings granted by Military Commercial Joint Stock Bank to the Company.

12. Intangible fixed assets

	Software VND
Cost	
Opening balance and closing balance	29,077,618,155
Accumulated amortisation	
Opening balance	24,143,804,700
Charge for the year	2,028,342,468
Closing balance	26,172,147,168
Net book value	
Opening balance	4,933,813,455
Closing balance	2,905,470,987

Included in the cost of intangible fixed assets was assets costing VND20,627 million which were fully amortised as at 31 December 2018 (1/1/2018: VND10,989 million), but which are still in active use.

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13. Construction in progress

	2018	2017
	VND	VND
Opening balance	193,431,223,060	180,956,604,239
Additions during the year	1,566,189,996,094	771,863,370,418
Transfer to tangible fixed assets	(267,427,465,457)	(568,218,193,400)
Transfer to other short-term receivables	(316,215,908,111)	(191,170,558,197)
	<hr/>	<hr/>
Closing balance	1,175,977,845,586	193,431,223,060
	<hr/>	<hr/>

During the year, borrowing costs capitalised into construction in progress amounted to VND31,729 million (2017: VND34,905 million).

Major constructions in progress were as follows:

	31/12/2018	1/1/2018
	VND	VND
Aircrafts and components	675,478,775,495	168,518,291,792
Aviation Technology Research and Training Centre	500,499,070,091	24,912,931,268
	<hr/>	<hr/>
	1,175,977,845,586	193,431,223,060
	<hr/>	<hr/>

14. Prepaid expenses

(a) Short-term prepaid expenses

	31/12/2018	1/1/2018
	VND	VND
Prepayments for aircraft leases	280,592,905,482	201,055,142,423
Prepayments for maintenance expenses	19,375,890,925	14,643,249,582
Others	9,134,818	2,763,388,628
	<hr/>	<hr/>
	299,977,931,225	218,461,780,633
	<hr/>	<hr/>

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(b) Long-term prepaid expenses

	Maintenance costs VND	Costs to make good on leased assets VND	Major inspection and overhaul expenditure VND	Rotable parts, tools and instruments VND	Total VND
Opening balance	4,453,797,069,491	320,711,118,911	105,897,995,444	136,909,226,552	5,017,315,410,398
Additions during the year	3,267,477,527,187	354,906,941,236	111,933,122,275	50,032,257,667	3,784,349,848,365
Charge for the year	(1,694,693,404,561)	(109,635,394,473)	(136,969,273,440)	(73,401,312,675)	(2,014,699,385,149)
Written off	(305,927,670,654)	-	-	-	(305,927,670,654)
Reclassifications	-	-	27,575,655,996	(27,575,655,996)	-
Closing balance	5,720,653,521,463	565,982,665,674	108,437,500,275	85,964,515,548	6,481,038,202,960

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15. Accounts payable to suppliers – short-term

Accounts payable to suppliers detailed by significant suppliers:

	31/12/2018 Cost/Amount within repayment capacity VND	1/1/2018 Cost/Amount within repayment capacity VND
Petrolimex Aviation Fuel Joint Stock Company	358,790,499,261	25,305,914,761
Hamilton Sundstrand	106,774,686,440	-
Lufthansa Technik Aktiengesellschaft	85,225,886,410	-
SR Technics Switzerland Ltd	67,645,408,624	107,542,055,719
Airports Corporation of Vietnam	-	93,936,585,717
The Civil Aviation Administration of China's Settlement Center	52,386,483,371	65,201,167,522
Other suppliers	242,884,521,075	260,081,583,026
	913,707,485,181	552,067,306,745

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16. Taxes

(a) Taxes payable to State Treasury

	1/1/2018 VND	Incurred VND	Paid VND	Netted-off VND	31/12/2018 VND
Value added tax	69,538,847,813	1,755,808,129,668	(553,652,982,840)	(1,204,521,756,090)	67,172,238,551
Personal income tax	24,153,483,137	418,664,182,548	(412,618,517,841)	-	30,199,147,844
Foreign contractor tax	-	91,368,602,014	(89,746,174,111)	(1,622,427,903)	-
Corporate income tax	-	253,461,727,751	(108,000,000,000)	(38,529,341,132)	106,932,386,619
Other taxes	-	832,167,066	(832,166,166)	(900)	-
	93,692,330,950	2,520,134,809,047	(1,164,849,840,958)	(1,244,673,526,025)	204,303,773,014

(b) Taxes receivable from State Treasury

	1/1/2018 VND	Netted-off VND	31/12/2018 VND
Foreign contractor tax	56,576,964,943	(1,622,427,903)	54,954,537,040
Corporate income tax	38,529,341,132	(38,529,341,132)	-
Other taxes	900	(900)	-
	95,106,306,975	(40,151,769,935)	54,954,537,040

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17. Accrued expenses

	31/12/2018	1/1/2018
	VND	VND
Aircraft related expenses	1,585,492,948,464	1,111,983,250,562
Maintenance expenses	137,923,043,709	98,874,443,293
13 th month salary	44,139,020,226	45,457,925,690
Interest expense	8,878,860,783	5,609,006,900
Others	135,249,160,095	81,411,786,726
	<hr/>	<hr/>
	1,911,683,033,277	1,343,336,413,171
	<hr/>	<hr/>

18. Unearned revenue

	31/12/2018	1/1/2018
	VND	VND
Passenger and ancillary services revenue received in advance, to be realised within next 12 months	2,732,382,333,601	1,964,462,207,817
	<hr/>	<hr/>

19. Other short-term payables

	31/12/2018	1/1/2018
	VND	VND
Related parties		
Aircraft sales proceeds collected on behalf of Vietjet Air IVB No. I Limited, a subsidiary	4,741,429,139,113	1,818,783,634,275
Utilisation of purchase discounts received on behalf of Vietjet Air IVB No. I Limited, a subsidiary	560,427,025,373	583,038,341,956
Aircraft sale proceeds collected on behalf of Vietjet Air IVB No. II Limited, a subsidiary	78,359,824,800	77,708,199,075
Dividends payable to shareholders	59,290,521,050	90,337,114,450
Amounts due to Thai Vietjet Air Joint Stock Company Limited, an associate	12,717,070,372	-
Consulting fees payable to Sovico Holdings, a related party	7,306,110,821	825,867,722
Third parties		
Airport tax payables	959,306,960,036	725,686,963,581
Short-term deposits received	487,358,535,248	281,103,539,996
Others	57,207,129,899	4,531,814,635
	<hr/>	<hr/>
	6,963,402,316,712	3,582,015,475,690
	<hr/>	<hr/>

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

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20. Borrowings

(a) Short-term borrowings

	1/1/2018	Movements during the year			31/12/2018
	Carrying amount/ Amount within repayment capacity VND	Additions VND	Repayments VND	Revaluation VND	Carrying amount/ Amount within repayment capacity VND
Short-term borrowings	6,831,894,847,293	33,529,973,247,843	(35,462,276,409,899)	(7,143,702,284)	4,892,447,982,953
Current portion of long-term borrowings (Note 20(b))	65,332,050,000	65,332,050,000	(65,332,050,000)	-	65,332,050,000
	6,897,226,897,293	33,595,305,297,843	(35,527,608,459,899)	(7,143,702,284)	4,957,780,032,953

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

Lenders	Currency	31/12/2018 VND	1/1/2018 VND
Secured loans			
Ho Chi Minh City Development Joint Stock Commercial Bank, a related party			
Loan 1	USD	1,224,380,942,780	873,584,591,673
Vietnam Joint Stock Commercial Bank for Industry and Trade			
Loan 2	VND		- 1,913,772,674,679
Loan 3	USD		- 1,071,313,513,020
Unsecured loans			
Satona Financial Investment Joint Stock Company, a related party			
Loan 4	VND	150,000,000,000	-
Sunflower Sunny Investment Company Limited, a related party			
Loan 5	VND	300,000,000,000	-
Joint Stock Commercial Bank for Foreign Trade of Vietnam			
Loan 6	VND		- 141,151,969,667
Loan 7	USD		- 386,495,000,000
Military Commercial Joint Stock Bank			
Loan 8	VND	1,364,639,205,779	1,029,431,351,660
Maritime Commercial Joint Stock Bank			
Loan 9	USD		- 325,269,962,608
An Binh Commercial Joint Stock Bank			
Loan 10	USD		- 529,374,865,825
HSBC Bank (Vietnam) Ltd			
Loan 11	VND	22,484,736,412	561,500,918,161
Citibank, N.A., Ho Chi Minh City Branch			
Loan 12	VND	317,121,228,150	-
United Overseas Bank, Ho Chi Minh City Branch			
Loan 13	VND	135,467,261,751	-
Joint Stock Commercial Bank for Investment and Development of Vietnam			
Loan 14	VND	1,378,354,608,081	-
		4,892,447,982,953	6,831,894,847,293

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During the year, the above loans bore annual interest at rates ranging from 4.6% to 5.0% for loans in VND (2017: 4.8% to 5.5%) and 2.7% for loans in USD (2017: 1.4% to 3.5%).

As at 31 December 2018, loan 1 was secured by the estimated receivables from the Company's sale of flight tickets in the future of VND4,997 billion (1/1/2018: estimated receivables from sale of flight tickets of VND1,440 billion and cash equivalents of VND300 billion).

As at 1 January 2018, loan 2 and loan 3 were secured by inventories with the carrying amount of VND267 billion.

(b) Long-term borrowings

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

Lender	Currency	Annual interest rate	Year of maturity	31/12/2018 VND	1/1/2018 VND
Millitary Commercial Joint Stock Bank	USD	LIBOR 6 months + 2.7%	2017 – 2028	637,563,724,577	692,237,334,322
Repayable within 12 months (Note 20(a))				(65,332,050,000)	(65,332,050,000)
Repayable after 12 months				572,231,674,577	626,905,284,322

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

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

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

	31/12/2018 VND	1/1/2018 VND
Aircraft No. A320 MSN7167, VNA675 (Note 11)	781,624,125,287	851,835,624,577

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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	7,351,347,211,467	480,131,321,967	7,831,478,533,434
Provision made during the year	3,267,477,527,187	354,906,941,236	3,622,384,468,423
Unwinding discount	390,473,266,958	44,260,128,735	434,733,395,693
Utilisation during the year	(777,541,609,892)	-	(777,541,609,892)
Written off	(153,811,558,700)	(76,074,883,222)	(229,886,441,922)
Foreign exchange differences	173,532,230,469	-	173,532,230,469
Closing balance	10,251,477,067,489	803,223,508,716	11,054,700,576,205
Short-term	1,910,942,285,113	-	1,910,942,285,113
Long-term	8,340,534,782,376	803,223,508,716	9,143,758,291,092
	10,251,477,067,489	803,223,508,716	11,054,700,576,205

22. Deferred tax liabilities

	31/12/2018 VND	1/1/2018 VND
Deferred tax assets:		
Provisions	2,210,940,115,241	1,419,594,372,900
Accrued expenses	43,733,453,444	41,976,111,780
Total deferred tax assets	2,254,673,568,685	1,461,570,484,680
Deferred tax liabilities:		
Long-term prepaid expenses	(1,257,327,237,428)	(852,802,825,175)
Maintenance reserves of leased aircrafts	(1,350,927,293,907)	(748,423,357,259)
Unrealised foreign exchange gains	(21,206,963,480)	(7,890,623,290)
Total deferred tax liabilities	(2,629,461,494,815)	(1,609,116,805,724)
Net deferred tax liabilities	(374,787,926,130)	(147,546,321,044)

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23. Changes in owners' equity

	Share capital VND	Share premium VND	Retained profits VND	Total VND
Balance as at 1 January 2017	3,000,000,000,000	-	71,972,404,970	3,071,972,404,970
Issuance of ordinary shares	223,880,600,000	1,535,501,732,805	-	1,759,382,332,805
Bonus shares issued from share premium	1,289,552,240,000	(1,289,552,240,000)	-	-
Cash dividends	-	-	(967,164,180,000)	(967,164,180,000)
Net profit for the year	-	-	1,816,779,162,771	1,816,779,162,771
Balance as at 1 January 2018	4,513,432,840,000	245,949,492,805	921,587,387,741	5,680,969,720,546
Shares dividend issued from retained profits (Note 25)	902,680,500,000	-	(902,680,500,000)	-
Cash dividends (Note 25)	-	-	(1,985,909,236,000)	(1,985,909,236,000)
Net profit for the year	-	-	2,564,576,670,630	2,564,576,670,630
Balance as at 31 December 2018	5,416,113,340,000	245,949,492,805	597,574,322,371	6,259,637,155,176

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24. Share capital

The Company's authorised and issued share capital are:

	31/12/2018		1/1/2018	
	Number of shares	VND	Number of shares	VND
Authorised share capital				
Ordinary shares	541,611,334	5,416,113,340,000	451,343,284	4,513,432,840,000
Issued share capital				
Ordinary shares	541,611,334	5,416,113,340,000	451,343,284	4,513,432,840,000
Shares in circulation				
Ordinary shares	541,611,334	5,416,113,340,000	451,343,284	4,513,432,840,000

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

Movements in share capital during the year were as follows:

	2018		2017	
	Number of shares	VND	Number of shares	VND
Opening balance	451,343,284	4,513,432,840,000	300,000,000	3,000,000,000,000
Shares issued by cash	-	-	22,388,060	223,880,600,000
Bonus share issued	-	-	128,955,224	1,289,552,240,000
Shares dividend issued	90,268,050	902,680,500,000	-	-
Closing balance	541,611,334	5,416,113,340,000	451,343,284	4,513,432,840,000

25. Dividends

On 9 January 2018, 23 April 2018 and 16 August 2018, the Company's Board of Management resolved to distribute cash dividends amounting to VND1,986 billion (2017: VND967 billion).

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

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26. Off balance sheet items

(a) Lease receivables

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

	31/12/2018	1/1/2018
	VND	VND
Within 1 year	1,934,811,915,412	287,144,140,056
Within 2 to 5 years	2,213,550,039,149	739,084,897,926
More than 5 years	1,601,202,861,168	395,121,488,013
	<hr/>	<hr/>
	5,749,564,815,729	1,421,350,525,995
	<hr/>	<hr/>

(b) Lease commitments

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

	31/12/2018	1/1/2018
	VND	VND
Within 1 year	6,622,313,720,342	4,894,046,728,440
Within 2 to 5 years	24,306,450,035,438	18,313,151,685,909
More than 5 years	29,217,736,273,881	22,347,046,275,866
	<hr/>	<hr/>
	60,146,500,029,661	45,554,244,690,215
	<hr/>	<hr/>

(c) Foreign currency

	31/12/2018		1/1/2018	
	Original currency	VND equivalent	Original currency	VND equivalent
USD	115,982,056	2,685,565,056,772	244,169,945	5,534,111,801,838
	<hr/>		<hr/>	

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(d) Capital commitments

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

	31/12/2018	1/1/2018
	VND	VND
Approved and contracted (i)	462,500,000,000	462,500,000,000
Approved but not contracted (ii)	3,324,500,929,909	3,825,000,000,000
	3,787,000,929,909	4,287,500,000,000

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

The Company signed a principle purchase agreements and related amendments with Airbus S.A.S to purchase 121 aircrafts and with Boeing Company to purchase 100 aircrafts. As at 31 December 2018, the Company has received 55 aircrafts, the remaining aircrafts are scheduled to deliver to the Company until 2023. To power these aircrafts, the Company also ordered 106 engines from CFM International S.A and 90 engines from United Technologies Corporation (Pratt & Whitney Division), including maintenance services agreements.

Pursuant to the aircraft purchase agreements, the Company's commitments as at 31 December 2018 in relation to pre-delivery payments for remaining aircrafts to be delivered (including engines) were USD1,586 million.

On 31 May 2017, the Company signed an agreement with Honeywell Aviation Services for 98 auxiliary power units for Airbus aircrafts. This agreement runs through 2022 and includes maintenance services for 12 years.

Following the memorandum in July 2018, subsequent to the year end, the Company signed the contract with Boeing Company on 27 February 2019 to purchase 100 aircrafts, which are scheduled to deliver to the Company from 2022 to 2025.

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

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27. Revenue from sales of goods and provision of services

	2018 VND	2017 VND
Passenger transportation		
▪ Domestic routes	12,827,108,085,916	10,783,474,944,053
▪ International routes	4,945,312,832,354	2,424,393,916,235
▪ Charter flights and aircraft wet leases	6,908,889,025,909	3,748,125,703,925
	<hr/>	<hr/>
	24,681,309,944,179	16,955,994,564,213
Ancilliary revenue	8,397,618,439,458	5,471,476,182,153
Aircraft dry leases	417,694,356,063	95,153,288,514
Others	370,040,886,358	121,011,531,840
	<hr/>	<hr/>
	33,866,663,626,058	22,643,635,566,720

28. Cost of sales

	2018 VND	2017 VND
Ground operation expenses	2,698,352,086,705	1,657,602,015,834
Flight operation expenses	24,125,562,020,117	15,834,820,708,724
Safety, security, quality and assurance expenses	35,102,906,117	30,578,861,088
Cargo expenses	50,051,662,866	60,165,495,726
Depreciation and amortisation	2,158,428,776,085	1,390,713,748,900
Others	13,733,484,118	358,271,541,055
	<hr/>	<hr/>
	29,081,230,936,008	19,332,152,371,327

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29. Financial income

	2018 VND	2017 VND
Interest income	208,253,201,298	69,917,578,051
Realised foreign exchange gains	85,422,296,361	43,977,690,600
Gains from disposals of subsidiaries	16,271,500,000	-
Dividend income from Vietjet Air IVB No. 1 Limited, a subsidiary	-	1,412,325,376
Dividend income from other entities	2,832,636,000	3,068,690,000
Others	5,195,227,454	800,800,000
	<hr/> 317,974,861,113	<hr/> 119,177,084,027 <hr/>

30. Financial expenses

	2018 VND	2017 VND
Unwinding discount of provisions	434,733,395,693	277,580,251,779
Interest expense	257,505,446,656	237,597,428,875
Allowance for diminution in the value of trading securities	174,500,000,000	-
Unrealised foreign exchange losses	50,614,755,161	5,314,290,289
	<hr/> 917,353,597,510	<hr/> 520,491,970,943 <hr/>

31. Selling expenses

	2018 VND	2017 VND
Commission and booking expenses	524,329,305,237	385,999,015,340
Advertising and marketing expenses	241,699,843,363	195,900,988,406
Staff costs	82,765,929,701	63,591,839,070
Depreciation and amortisation	223,452,183	368,162,572
Others	19,257,095,212	8,364,087,304
	<hr/> 868,275,625,696	<hr/> 654,224,092,692 <hr/>

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32. General and administration expenses

	2018 VND	2017 VND
Staff costs	103,569,844,658	90,219,948,728
Rental expenses	26,900,048,305	25,244,550,872
Depreciation and amortisation	2,266,390,386	6,040,962,265
Insurance expenses	197,811,168	65,259,737
Others	145,329,845,744	93,262,937,179
	<hr/> 278,263,940,261	<hr/> 214,833,658,781

33. Business costs by elements

	2018 VND	2017 VND
Fuel costs	13,258,963,486,074	8,060,241,634,646
Labour costs and staff costs	3,221,437,392,036	2,219,441,737,460
Depreciation and amortisation	146,219,233,505	94,786,011,086
Outside services	11,353,160,734,384	7,997,169,956,482
Other expenses	2,247,989,655,966	1,829,570,783,126
	<hr/> 278,263,940,261	<hr/> 214,833,658,781

34. Income tax

(a) Recognised in the separate statement of income

	2018 VND	2017 VND
Current tax expense		
Current year	253,461,727,751	160,212,024,993
Under provision in prior years	-	3,263,853,984
	<hr/> 253,461,727,751	<hr/> 163,475,878,977
Deferred tax expense		
Origination and reversal of temporary differences	227,241,605,086	52,932,915,184
Effect of change in tax rate	-	12,142,066,138
	<hr/> 227,241,605,086	<hr/> 65,074,981,322
Income tax expense	<hr/> 480,703,332,837	<hr/> 228,550,860,299

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(b) Reconciliation of effective tax rate

	2018	2017
	VND	VND
Accounting profit before tax	3,045,280,003,467	2,045,330,023,070
Tax at the Company's tax rate	609,056,000,693	409,066,004,614
Non-deductible expenses	613,938,670	525,202,984
Effect of change in tax rate	-	12,142,066,138
Under provision in prior years	-	3,263,853,984
Tax incentives	(128,966,606,526)	(196,446,267,421)
	480,703,332,837	228,550,860,299

(c) Applicable tax rates

For public passenger and cargo air transportation services, under the terms of current income tax regulations and income tax laws, the Company has an obligation to pay the government income tax at the rate of 20% of taxable profits for the first 10 years starting from the first year of operation and at usual income tax rate for the succeeding years. The current tax regulations also allow the Company to be exempt from income tax for 2 years starting from the first year it generates a taxable profit (2014) and entitled to a 50% reduction in income tax for the 3 succeeding years (2016, 2017 and 2018).

For other activities, under the terms of current income tax regulations, the Company has an obligation to pay the government income tax at usual income tax rate. The usual income tax rate applicable to the Company before any incentives is 20% of taxable profits.

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35. Significant transactions with related parties

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

	Transaction value	
	2018	2017
	VND	VND
Companies that shareholders have significant influence		
Issuance of ordinary shares	-	1,894,029,876,000
Term deposits and certificate of deposits	17,535,922,500,000	7,613,132,376,000
Interest income	156,014,812,926	54,601,970,070
Borrowings	13,175,114,570,820	3,551,832,052,518
Interest expense	27,021,197,486	6,914,005,671
Services rendered	15,198,053,711	13,584,156,988
Purchase of consultancy services	1,755,600,000	1,975,600,000
Subsidiaries and associates		
Cargo revenue	643,986,543,672	795,096,346,224
Charter revenue	394,026,612,500	101,864,338,400
Aircrafts rental income	417,694,356,063	124,219,932,630
Sales commission expense	175,716,292,503	96,597,981,563
Consultancy service rendered	119,763,569,215	-
Booking service rendered	79,281,523,500	-
Dividend income	-	1,412,325,376
Payments and receipts on behalf, net cash inflows	3,224,377,088,946	1,970,520,256,131
Other related parties		
Aircraft rental expense	247,119,461,282	18,115,812,000
Deposits for maintenance reserves	108,477,847,747	-
Deposits for aircrafts leases	-	36,064,548,000
Services rendered	525,273,972,960	259,838,194,701
Prepayments for consultancy services	443,625,000,000	-
Prepayments for construction services	400,295,994,854	14,601,834,620
Borrowings received	450,000,000,000	-
Disposals of subsidiaries	16,271,500,000	-
Payments on behalf, net cash outflows	35,570,220,230	-
Members of Board of Management, Board of Directors and Supervisory Board		
Employee stock option plan	-	124,096,200,000
Salary and compensations	30,932,611,019	15,986,506,107

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36. Non-cash investing and financing activities

	2018	2017
	VND	VND
Bonus shares issued from share premium	-	1,289,552,240,000
Shares dividends issued from retained profits	902,680,500,000	-
Purchases of fixed assets not yet paid	773,685,995,810	497,848,193,400
	-	-

37. Corresponding figures

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

5 April 2019

Prepared by:



Hoang Manh Ha
 Chief Accountant

Approved by:



Ho Ngoc Yen Phuong
 Vice President cum
 Chief Financial Officer




Luu Duc Khanh
 Managing Director

