



Vietnam Airlines JSC

Separate financial statements for the year
ended 31 December 2017



Vietnam Airlines JSC Corporate Information

Establishment documents Decision No. 259/2006/QĐ-TTg dated 13 November 2006 of the Prime Minister on establishment of the State-owned enterprise – Vietnam Airlines Corporation including member entities with dependent accounting.

Decision No. 952/QĐ-TTg dated 23 June 2010 of the Prime Minister on conversion of the Parent Company - Vietnam Airlines Corporation into a State-owned one member limited liability company since 1 July 2010.

Decision No. 3207/QĐ-BGTVT dated 13 October 2016 of the Ministry of Transport on finalization of cash generated from equitization, cost for equitization and revaluation of State capital at effective date of equitization of Vietnam Airlines JSC.

Enterprise Registration

Certificate No. 0100107518 20 March 2017

The Enterprise Registration Certificate has been amended six times, the most recent of which is by the Enterprise Registration Certificate No. 0100107518 dated 20 March 2017. The Enterprise Registration Certificate was issued by Hanoi Department of Planning and Investment.

Board of Management	Mr. Pham Ngoc Minh	Chairman
	Mr. Luu Van Hanh	Member (<i>until 31/10/2017</i>)
	Mr. Duong Tri Thanh	Member
	Mr. Ta Manh Hung	Member
	Mr. Nguyen Xuan Minh	Member
	Mr. Koji Shibata	Member

Board of Directors	Mr. Duong Tri Thanh	President & CEO
	Mr. Trinh Hong Quang	Executive Vice President
	Mr. Trinh Ngoc Thanh	Executive Vice President
	Mr. Le Hong Ha	Executive Vice President
	Mr. Nguyen Minh Hai	Executive Vice President
	Mr. Dang Ngoc Hoa	Executive Vice President
	Mr. Nguyen Thai Trung	Executive Vice President (<i>from 22/4/2017</i>)
	Mr. Phan Xuan Duc	Executive Vice President (<i>until 30/11/2017</i>)
	Mr. Nguyen Hong Linh	Executive Vice President (<i>from 1/12/2017</i>)
	Mr. Nguyen Ngoc Trong	Executive Vice President (<i>until 31/12/2017</i>)
	Mr. Tran Thanh Hien	Chief Accountant

Registered Office 200 Nguyen Son Street
Long Bien District, Hanoi
Vietnam

Auditor KPMG Limited
Vietnam

Vietnam Airlines JSC Statement of the Board of Directors

The Board of Directors of Vietnam Airlines JSC (“Vietnam Airlines”) presents this statement and the accompanying separate financial statements of Vietnam Airlines for the year ended 31 December 2017.

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 5 to 51 give a true and fair view of the unconsolidated financial position of Vietnam Airlines as at 31 December 2017, and of the unconsolidated results of operations and the unconsolidated cash flows of Vietnam Airlines 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 Vietnam Airlines 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, authorized the accompanying separate financial statements for issue.

On behalf of the Board of Directors



Dương Tri Thanh
President & CEO

Hanoi, **26 MAR 2018**



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South Tu Liem District, Hanoi, Vietnam
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders Vietnam Airlines JSC

We have audited the accompanying separate financial statements of Vietnam Airlines JSC ("Vietnam Airlines"), which comprise the separate balance sheet as at 31 December 2017, the separate statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by Vietnam Airlines' Board of Directors on **26 MAR 2018** as set out on pages 5 to 51.

Management's Responsibility

Vietnam Airlines' 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 financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Vietnam Airlines' 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 Vietnam Airlines' internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Vietnam Airlines' 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 separate financial statements give a true and fair view, in all material respects, of the unconsolidated financial position of Vietnam Airlines JSC as at 31 December 2017 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
Vietnam
Audit Report No.: 16-02-057/2017-c



Trần Anh Quan
Practicing Auditor Registration
Certificate No.: 0306-2018-007-1
Deputy General Director

Hanoi, **26 MAR 2018**

Doan Thanh Toan
Practicing Auditor Registration
Certificate No.: 3073-2014-007-1

Vietnam Airlines JSC
Separate balance sheet as at 31 December 2017

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

	Code	Note	31/12/2017 VND	1/1/2017 VND
ASSETS				
Current assets (100 = 110 + 130 + 140 + 150)	100		12,261,208,498,254	12,913,003,969,618
Cash and cash equivalents	110	4	4,100,233,984,544	904,706,473,646
Cash	111		824,339,984,544	904,706,473,646
Cash equivalents	112		3,275,894,000,000	-
Accounts receivable – short-term	130		7,481,818,982,769	11,413,000,962,136
Accounts receivable from customers	131	5	2,530,328,965,033	2,327,509,439,324
Prepayments to suppliers	132	6	4,518,975,402,003	8,705,721,445,923
Other receivables	136	7(a)	456,858,917,606	403,918,226,540
Allowance for doubtful debts	137	8	(24,344,301,873)	(24,148,149,651)
Inventories	140	9	536,088,201,409	328,057,465,032
Inventories	141		604,502,201,409	328,057,465,032
Allowance for inventories	149		(68,414,000,000)	-
Other current assets	150		143,067,329,532	267,239,068,804
Short-term prepaid expenses	151	15(a)	86,069,286,530	90,191,771,416
Deductible value added tax	152		56,998,043,002	117,382,441,645
Taxes receivable from State Treasury	153		-	59,664,855,743

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

Vietnam Airlines JSC
Separate balance sheet as at 31 December 2017 (continued)

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

	Code	Note	31/12/2017 VND	1/1/2017 VND
Long-term assets (200 = 210 + 220 + 240 + 250 + 260)	200		66,935,601,061,539	74,119,669,929,033
Accounts receivable – long-term	210		3,900,189,355,249	4,498,710,626,765
Prepayments to suppliers – long-term	212	6	1,812,099,336,087	2,435,873,162,405
Other long-term receivables	216	7(b)	2,088,090,019,162	2,062,837,464,360
Fixed assets	220		52,987,436,435,293	59,299,658,158,742
Tangible fixed assets	221	10	15,919,754,227,299	19,126,180,275,847
Cost	222		24,667,249,134,022	33,684,529,254,219
Accumulated depreciation	223		(8,747,494,906,723)	(14,558,348,978,372)
Finance lease tangible fixed assets	224	11	36,974,510,362,914	40,074,687,176,382
Cost	225		53,392,380,549,661	53,403,999,739,544
Accumulated depreciation	226		(16,417,870,186,747)	(13,329,312,563,162)
Intangible fixed assets	227	12	93,171,845,080	98,790,706,513
Cost	228		449,955,206,626	434,956,186,461
Accumulated amortisation	229		(356,783,361,546)	(336,165,479,948)
Long-term work in progress	240		25,045,757,525	200,604,209,687
Construction in progress	242	13	25,045,757,525	200,604,209,687
Long-term financial investments	250	14	4,917,289,041,312	5,005,330,637,550
Investments in subsidiaries	251		4,217,876,843,742	4,175,847,768,900
Investments in associates, joint-ventures	252		1,423,461,764,579	1,436,433,935,387
Equity investments in other entities	253		191,211,140,573	191,211,140,573
Allowance for diminution in the value of long-term financial investments	254		(915,260,707,582)	(798,162,207,310)
Other long-term assets	260		5,105,640,472,160	5,115,366,296,289
Long-term prepaid expenses	261	15(b)	4,857,447,544,090	4,837,450,073,711
Long-term tools, supplies and spare parts	263		248,192,928,070	277,916,222,578
TOTAL ASSETS (270 = 100 + 200)	270		79,196,809,559,793	87,032,673,898,651

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

Vietnam Airlines JSC
Separate balance sheet as at 31 December 2017 (continued)

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

	Code	Note	31/12/2017 VND	1/1/2017 VND
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		62,266,148,311,687	70,730,734,200,195
Current liabilities	310		24,658,132,973,921	20,403,508,283,619
Accounts payable to suppliers	311	16	9,630,755,958,908	8,937,092,231,773
Advances from customers	312		212,586,323,735	157,307,491,328
Taxes and others payable to State Treasury	313	17	44,339,060,567	66,819,359,706
Payables to employees	314		968,435,412,063	869,056,989,715
Accrued expenses	315	18	4,791,460,021,424	2,405,155,384,901
Unearned revenue – short-term	318	19	714,721,008,282	558,827,531,007
Other payables – short-term	319	20(a)	641,988,132,798	661,195,789,034
Short-term borrowings and finance lease liabilities	320	21(a)	7,318,825,559,796	6,686,028,787,358
Bonus and welfare funds	322	22	335,021,496,348	62,024,718,797
Long-term liabilities	330		37,608,015,337,766	50,327,225,916,576
Other payables – long-term	337	20(b)	639,801,130,272	806,680,510,442
Long-term borrowings and finance lease liabilities	338	21(b)	36,968,214,207,494	49,520,545,406,134
EQUITY (400 = 410)	400		16,930,661,248,106	16,301,939,698,456
Owners' equity	410	23	16,930,661,248,106	16,301,939,698,456
Share capital	411	24	12,275,337,780,000	12,275,337,780,000
- Ordinary shares with voting rights	411a		12,275,337,780,000	12,275,337,780,000
Share premium	412		1,220,852,256,541	1,220,852,256,541
Enterprise reorganization assistance fund	419		1,068,628,929,237	1,068,628,929,237
Retained profits	421		2,365,842,282,328	1,737,120,732,678
- Retained profits brought forward	421a		550,023,689,172	33,863,809,923
- Retained profits for the current year	421b		1,815,818,593,156	1,703,256,922,755
TOTAL RESOURCES (440 = 300 + 400)	440		79,196,809,559,793	87,032,673,898,651

Prepared by:



Ho Xuan Tam
 Department of Finance and Accounting

26 MAR 2018



Tran Thanh Hien
 Chief Accountant

Approved by:



Duong Tri Thanh
 President & CEO

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

Vietnam Airlines JSC
Separate statement of income for the year ended 31 December 2017

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

	Code	Note	2017 VND	2016 VND
Revenue from sales of goods and provision of services	01	27	63,966,517,457,222	56,993,105,191,413
Revenue deductions	02	27	591,995,680,668	475,057,615,375
Net revenue (10 = 01 - 02)	10	27	63,374,521,776,554	56,518,047,576,038
Cost of sales	11		54,930,400,904,947	47,589,779,009,725
Gross profit (20 = 10 - 11)	20		8,444,120,871,607	8,928,268,566,313
Financial income	21	28	1,149,861,607,285	1,390,857,811,134
Financial expenses	22	29	2,267,203,120,395	3,628,897,705,210
<i>In which: Interest expense</i>	23		1,473,238,149,382	1,286,793,414,468
Selling expenses	25	30	4,370,681,900,931	3,964,109,128,701
General and administration expenses	26	31	1,434,752,667,612	1,492,022,491,120
Net operating profit {30 = 20 + (21 - 22) - (25 + 26)}	30		1,521,344,789,954	1,234,097,052,416
Other income	31	32	395,121,755,803	479,700,148,099
Other expenses	32		5,370,690,107	2,823,536,818
Results of other activities (40 = 31 - 32)	40		389,751,065,696	476,876,611,281
Accounting profit before tax (50 = 30 + 40)	50		1,911,095,855,650	1,710,973,663,697
Income tax expense – current	51	34	95,277,262,494	7,716,740,942
Net profit after tax (60 = 50 - 51)	60		1,815,818,593,156	1,703,256,922,755

Prepared by:

26 MAR 2018



Ho Xuan Tam
 Department of Finance and Accounting

Approved by:



Tran Thanh Hien
 Chief Accountant



Duong Tri Thanh
 President & CEO

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

Vietnam Airlines JSC
Separate statement of cash flows for the year ended 31 December 2017
(Indirect method)

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

	Code Note	2017 VND	2016 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax	01	1,911,095,855,650	1,710,973,663,697
Adjustments for			
Depreciation and amortisation	02	4,792,372,256,176	4,835,186,564,093
Allowances and provisions	03	185,708,652,494	765,113,793,672
Exchange (gains)/losses arising from revaluation of monetary items denominated in foreign currencies	04	(60,248,266,922)	695,484,137,089
Profits from investing activities	05	(679,684,467,933)	(1,029,732,340,050)
Interest expense	06	1,473,238,149,382	1,286,793,414,468
Operating profit before changes in working capital	08	7,622,482,178,847	8,263,819,232,969
Change in receivables	09	4,643,093,117,047	2,259,434,132,464
Change in inventories	10	(246,721,441,869)	304,225,764
Change in payables and other liabilities	11	3,351,196,387,077	2,059,432,577,202
Change in prepaid expenses	12	(15,874,985,493)	(388,164,768,127)
		15,354,175,255,609	12,194,825,400,272
Interest paid	14	(1,500,531,430,533)	(1,449,127,966,026)
Other payments for operating activities	17	(177,579,999,155)	(67,673,609,024)
Net cash flows from operating activities	20	13,676,063,825,921	10,678,023,825,222
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for additions to fixed assets and other long-term assets	21	(113,227,459,500)	(8,840,819,428,526)
Proceeds from disposals of fixed assets and other long-term assets	22	1,610,730,033,310	283,891,800,410
Payments for investments in other entities	25	(46,587,674,842)	(753,289,627,895)
Collections on investments in other entities	26	-	2,915,300,000
Receipts of interests and dividends	27	677,957,974,375	1,088,530,829,742
Net cash flows from investing activities	30	2,128,872,873,343	(8,218,771,126,269)

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

Vietnam Airlines JSC

Separate statement of cash flows for the year ended 31 December 2017

(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	Note	2017 VND	2016 VND
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from equity issued	31		-	2,261,047,697,999
Proceeds from borrowings	33		8,342,294,882,527	15,398,383,259,710
Payments to settle loan principals	34		(15,646,658,171,443)	(16,302,060,105,247)
Payments to settle finance lease liabilities	35		(4,576,282,512,191)	(4,791,497,458,122)
Payments of dividends	36		(736,520,266,800)	(174,129,922,303)
Net cash flows from financing activities	40		(12,617,166,067,907)	(3,608,256,527,963)
Net cash flows during the year (50 = 20 + 30 + 40)	50		3,187,770,631,357	(1,149,003,829,010)
Cash and cash equivalents at the beginning of the year	60	4	904,706,473,646	2,056,061,892,479
Effect of exchange rate fluctuations on cash and cash equivalents	61		7,756,879,541	(2,351,589,823)
Cash and cash equivalents at the end of the year (70 = 50 + 60 + 61)	70	4	4,100,233,984,544	904,706,473,646

Prepared by:



Ho Xuan Tam
Department of Finance and Accounting

26 MAR 2018

Approved by:



Tran Thanh Hien
Chief Accountant



Dương Tri Thanh
President & CEO

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

Vietnam Airlines JSC

Notes to the separate financial statements for the year ended 31 December 2017

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

Vietnam Airlines JSC (“Vietnam Airlines”), formerly a State-owned enterprise, was established under Decision No. 259/2006/QĐ-TTg dated 13 November 2006 by the Prime Minister, including its member entities with dependent accounting (“dependent entities”).

Based on Decision No. 952/QĐ-TTg dated 23 June 2010 on conversion of the Parent Company - Vietnam Airlines Corporation into a State-owned one member limited liability company from 1 July 2010, the Parent Company - Vietnam Airlines Corporation, operating as a State-owned enterprise, was converted into Vietnam Airlines Corporation, operating as a one member limited liability company.

According to the Enterprise Registration Certificate for One Member Limited Liability Company No. 0100107518 initially issued by the Hanoi Department of Planning and Investment on 30 June 2010 and the third amendment dated 1 April 2015, the Parent Company - Vietnam Airlines Corporation was converted into a joint stock company under the name of Vietnam Airlines Joint Stock Company from 1 April 2015.

(b) Principal activities

The principal activities of Vietnam Airlines JSC include:

- Air transportation of passengers;
- Investment, management of investment capital, business operation; overseas investments; purchase and sale of businesses; capital contribution or purchase of shares or share transfer, sale of shares;
- Air transportation of luggage, cargos, parcels, postal items and mails;
- Activities of general aviation (aerial photography of the terrain, geological surveys, lead flight calibration of air stations, repair and maintenance of high voltage lines, serving oil and gas, afforestation, environmental testing, search and rescue, medical emergency, providing flights for political, economic, social and national defence tasks);
- Provision of commercial, tourist, hotel, duty-free shop services offered at airports and in other provinces and cities; other aviation services;
- Provision of technical services for commercial ground; other services at passenger terminals and cargo terminals and parking services at airports, airfields;
- Repair and maintenance of motor vehicles (except automobiles, motors, motorbikes and other motorised vehicles): maintenance of aircraft, engines, spare parts, aviation equipment and other technical equipment;
- Production of components, spare parts, materials for aircraft, technical equipment and others in aviation industry;
- Provision of technical services, materials and spare parts for local and international airlines;

Vietnam Airlines JSC

Notes to the separate financial statements for the year ended 31 December 2017

(continued)

Form B 09 – DN

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

- Provision of forwarding services, investment and exploitation of technical infrastructure at airports: passenger and cargo terminals, technical infrastructure and synchronous services in respect of air transport line;
- Multimodal transport;
- Export, import of aircraft, engines, spare parts, aviation equipment (rent, lease, hire purchase, purchase and sale) and other goods as per the State regulations;
- Manufacturing, import and export of tools, instruments and equipment serving the air transportation line;
- Manufacturing, processing, import and export of food to serve on plane;
- Export and import of oil, gasoline aviation grease (including fuels, lubricants and dedicated liquids) and other kinds of fuel;
- Supply of oil, gasoline, aviation grease (including fuels, lubricants and dedicated liquids) and other kinds of fuel at airports;
- Gasoline retail agents;
- Provision of agent services to air carriers, aircraft engine, equipment and spare parts manufacturers, domestic and foreign travel and transportation companies;
- Printing (except as prohibited by the State);
- Construction and construction consultancy service (not including construction design);
- Supply labor (excluding brokerage and referral, employment and labor supply for enterprises which have functions in respect of labor export and supply of labor, management of labor working abroad); Import, export of labor;
- Science and technology;
- Trade in real estate;
- Trade in e-commerce services; and
- Training; Finance and banking; Finance leasing (the enterprise operates only when permitted by the State's competent authorities).

For business lines that the laws require certain conditions, Vietnam Airlines operates only when meeting such business conditions.

(c) Normal operating cycle

The normal operating cycle of Vietnam Airlines is generally within 12 months.

Vietnam Airlines JSC

Notes to the separate financial statements for the year ended 31 December 2017

(continued)

Form B 09 – DN

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

(d) Corporate structure

As at 31 December 2017, Vietnam Airlines had dependent entities (including domestic and overseas branches), subsidiaries and associates. A list of subsidiaries and associates is provided in Note 14.

Dependent entities of Vietnam Airlines include:

- Branch of Vietnam Airlines JSC – Heritage Magazine
- Branch of Vietnam Airlines JSC – Flight Crew 919
- Branch of Vietnam Airlines JSC – Cabin Crew
- Branch of Vietnam Airlines JSC – Noi Bai Operation Center
- Branch of Vietnam Airlines JSC – Tan Son Nhat Operation Center
- Branch of Vietnam Airlines JSC – Flight training Center
- Branch of Vietnam Airlines JSC – LotuSmile
- Branch of Vietnam Airlines JSC – Vietnam Air Service Company (VASCO)
- Northern Region Branch of Vietnam Airlines JSC
- Southern Region Branch of Vietnam Airlines JSC
- Central Region Branch of Vietnam Airlines
- Branch of Vietnam Airlines JSC in Thailand
- Branch of Vietnam Airlines JSC in Singapore
- Branch of Vietnam Airlines JSC in Malaysia
- Branch of Vietnam Airlines JSC in Laos
- Branch of Vietnam Airlines JSC in Cambodia
- Branch of Vietnam Airlines JSC in Japan
- Branch of Vietnam Airlines JSC in Republic of Korea
- Branch of Vietnam Airlines JSC in Hong Kong
- Branch of Vietnam Airlines JSC in Taiwan
- Branch of Vietnam Airlines JSC in Russia
- Branch of Vietnam Airlines JSC in Australia
- Branch of Vietnam Airlines JSC in Germany
- Branch of Vietnam Airlines JSC in France and West Europe
- Branch of Vietnam Airlines JSC in Canada
- Branch of Vietnam Airlines JSC in China
- Branch of Vietnam Airlines JSC in USA
- Branch of Vietnam Airlines JSC in UK
- Branch of Vietnam Airlines JSC in Myanmar
- Branch of Vietnam Airlines JSC in Indonesia

As at 31 December 2017, Vietnam Airlines JSC had 6,708 employees (1/1/2017: 7,064 employees).

Vietnam Airlines JSC
Notes to the separate financial statements for the year ended 31 December 2017
(continued)

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

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. Vietnam Airlines prepares and issues its consolidated financial statements separately. For a comprehensive understanding of Vietnam Airlines' 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 concept. The separate statement of cash flows is prepared using the indirect method.

(c) Annual accounting period

The annual accounting period of Vietnam Airlines JSC is from 1 January to 31 December.

(d) Accounting and presentation currency

Vietnam Airlines' accounting currency is Vietnam Dong ("VND"), which is also the currency used for financial statement presentation purpose.

3. Summary of significant accounting policies

The following significant accounting policies have been adopted by Vietnam Airlines JSC 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 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 Vietnam Airlines most frequently conducts transactions or at rates approximating actual commercial bank rates.

All foreign exchange differences are recorded in the separate statement of income. Unrealised foreign exchange gains at the end of the annual accounting period are not treated as part of distributable dividends to shareholders.

Vietnam Airlines JSC

Notes to the separate financial statements for the year ended 31 December 2017

(continued)

Form B 09 – DN

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

(b) Cash and cash equivalents

Cash comprises cash balances, call deposits and cash in transit. 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) Accounts receivable

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

(d) Inventories

Inventories are stated at cost. Where net realisable value is lower than cost, inventories are stated at net realisable value. Cost 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 cost of spare parts and supplies received is calculated based on prices stated in suppliers' commercial invoices and all related expenses (such as import duty, commission fees, transportation costs).

Unit price of aircraft spare parts and supplies for consumption is calculated using the specific identification method.

The following principles are applied in allocating the costs of spare parts and supplies issued for consumption:

- For spare parts and supplies which are consumable, issued for one-time consumption (unrepairable), issued price is charged to the production and business costs during the year equalling the total value of such items.
- For repairable and rotational spare parts whose unit price ranges from USD1,500 to USD50,000 issued for consumption, cost is recognised as long-term prepayments on the separate balance sheet and allocated to production and business costs on a straight line basis over 3 years from the first issuance.
- For repairable and rotational spare parts whose unit price is more than USD50,000 issued for consumption, cost is recognised as long-term prepayments on the separate balance sheet and allocated to production and business costs on a straight line basis over 5 years from the first issuance.

Vietnam Airlines applies the perpetual method of accounting for inventories.

Allowance for inventory is calculated in accordance with the prevailing accounting regulations which allow provisions to be made for obsolete, damaged, or sub-standard inventories and for those with costs higher than net realisable values at the end of the annual accounting period.

Vietnam Airlines JSC

Notes to the separate financial statements for the year ended 31 December 2017

(continued)

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(Issued under Circular No. 200/2014/TT-BTC
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(e) 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. In cases of tangible fixed assets being aircrafts, credits granted under aircraft purchase contracts are recognised in accordance with the following principles:

- credit granted under aircraft purchase contracts being services is not recognised separately from cost of the aircraft but as a decrease in cost of sales upon actual receipt;
- credit granted under aircraft purchase contracts being spare parts or equipment which Vietnam Airlines is not likely to receive is not recognised separately from cost of the aircraft but as a decrease in cost of sales upon actual receipt;
- credit granted under aircraft purchase contracts being equipment which Vietnam Airlines is likely to receive with a detailed list for handover is recognised separately from cost of the aircraft.

Expenditure incurred after tangible fixed assets have been put into operation, such as repair, 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 | 16 – 20 years |
| ▪ Aircraft engines | 10 years |
| ▪ Buildings, structures | 10 – 30 years |
| ▪ Machinery, equipment | 5 – 10 years |
| ▪ Motor vehicles | 7 – 10 years |
| ▪ Office equipment | 3 – 5 years |
| ▪ Others | 5 – 7 years |

(f) Finance lease tangible fixed assets

Leases in terms of which Vietnam Airlines assumes substantially all the risks and rewards of ownership are classified as finance leases. Tangible fixed assets acquired by way of finance leases are stated at an amount equal to the lower of fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation.

Depreciation on finance leased assets is computed on a straight-line basis over the estimated useful lives of items of the leased assets. The estimated useful lives of finance leased assets are consistent with the useful lives of tangible fixed assets as described in accounting policy 3(e).

Vietnam Airlines JSC

Notes to the separate financial statements for the year ended 31 December 2017

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Form B 09 – DN

(Issued under Circular No. 200/2014/TT-BTC
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(g) Intangible fixed assets

(i) Land use rights

The initial cost of a land use rights acquired in a legitimate transfer comprises its purchase price and any directly attributable costs incurred in conjunction with securing the land use rights. Land use rights with indefinite term are not amortised.

(ii) Software

Software comprises passenger/cargo revenue management software, cargo management software and accounting 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 cost is amortised on a straight-line basis over 3 to 7 years.

(h) Construction in progress

Construction in progress represents the costs of construction and machinery which have not been fully completed or installed. Construction in progress will be transferred to fixed assets at estimated costs (if such costs have not been approved) when they are ready for use.

According to the State's regulations on investment and construction management, the finalised costs of completed construction projects are subject to approval by appropriate level of competent authorities. Therefore, the final costs of these completed construction projects may change depending on the final approval by competent authorities.

(i) Long-term prepaid expenses

(i) Overhaul expenses for aircraft engines and airframe

Overhaul expenses for aircraft engines and airframe are allocated to the statement of income when the overhaul is completed. For leased aircraft engines, the expense awaiting allocation excludes the amount from maintenance reserve paid by the lessor. Repair and maintenance expenses of airframe, main engines, auxiliary power unit and aircraft landing gears incurred at USD300,000 or more are allocated to the statement of income over 3 years. Maintenance expenses are fully recognized into the statement of income during the year if incurred below USD300,000.

Overhaul expenses for aircraft engines provided under maintenance cost per hour contracts are accrued and charged to the statement of income based on flight hours.

(ii) Export credit guarantee fee

Export credit guarantee fee in respect of financing contracts for aircraft purchase under finance lease and other expenses relating to financing contracts are allocated to the statement of income on a straight line basis over the duration of the finance lease contract.

Vietnam Airlines JSC

Notes to the separate financial statements for the year ended 31 December 2017

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(iii) Tools and instruments

Tools and instruments include:

- Assets held for use by Vietnam Airlines 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 regulation. Cost of tools and instruments are amortised over a period of 2 years;
- Rotational spare parts allocated annually (Note 3(d)).

(j) Investments

(i) Investments in subsidiaries, associates and jointly controlled entities and equity investments in other entities arising during the pre-equitization period

Investments in subsidiaries, associates and jointly controlled entities and equity investments in other entities arising during the pre-equitization period are recognised at the revaluated value upon conversion of Vietnam Airlines into a joint stock company as at 31 March 2015, which was approved by the Ministry of Transport under the Decision No. 3207/QD-BGTVT dated 13 October 2016 (“Decision 3207”). The revaluated value is considered the initial historical cost of the investments when Vietnam Airlines was transformed into a joint stock company. Subsequent to initial recognition, these investments are measured at historical cost less allowance for diminution in the value of investments. Dividends or share of profit received which are attributable to the period before equitization are deducted from the carrying amount of the investment.

(ii) Investments in subsidiaries, associates and jointly controlled entities and equity investments in other entities arising during the post-equitization period

Investments in subsidiaries, associates and jointly controlled entities and equity investments in other entities arising during the post-equitization period are initially recognized at cost which include purchase price plus any directly attributable transaction costs. Subsequent to initial recognition, the investment in subsidiaries, associates and other entities are stated at cost less allowance for diminution in value.

(iii) Allowance for diminution in the value of investments

An allowance is made for diminution in investment values if the investee has suffered a loss, except where such a loss was anticipated by Vietnam Airlines’ management before making the investment. The allowance is reversed if the investee subsequently made a profit that offsets the previous loss for which the allowance had been made. An allowance is reversed only to the extent that the investment’s carrying amount does not exceed the carrying amount that would have been determined if no allowance had been recognised.

Allowance for diminution in value of investments in subsidiaries, associates, jointly controlled entities and other entities is made in accordance with Circular No. 228/2009/TT-BTC dated 7 December 2009 of the Ministry of Finance guiding the appropriation and use of allowance for diminution in value of inventories, loss of financial investments, doubtful debts and warranty for products, goods and construction works at enterprises and Circular No. 89/2013/TT-BTC dated 28 June 2013 of the Ministry of Finance amending and supplementing Circular No. 228/2009/TT-BTC and prevailing accounting regulations.

Vietnam Airlines JSC
Notes to the separate financial statements for the year ended 31 December 2017
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*(Issued under Circular No. 200/2014/TT-BTC
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(k) Trade and other payables

Trade and other payables are stated at their cost.

(l) Provisions

A provision is recognised if, as a result of a past event, Vietnam Airlines 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.

Aircraft return obligation

Under the terms of aircraft operating lease contracts between Vietnam Airlines and lessors, Vietnam Airlines has an obligation to return the aircraft to the same working order and conditions as at delivery (except for normal wear and tear) upon returning the aircraft to lessors at the end of the lease period. In accordance with Official Letter No. 11876/BTC-CDKT of Ministry of Finance, Vietnam Airlines can recognise costs for operating lease aircraft return when incurred or make provision for aircraft return obligation over the lease period. Vietnam Airlines currently recognises costs for operating lease aircraft return when incurred.

(m) Unearned revenue from frequent flyer program

Vietnam Airlines implements its frequent flyer program, namely the Golden Lotus Program for frequent customers, under which such customers can accumulate points when purchasing goods or services provided by Vietnam Airlines or specific participating vendors. The portion of revenue derived from the accumulated reward points for which customers are expected to redeem shall be determined at fair value and recognized as unearned. Unearned revenue is recognized in the statement of income in the year when customers redeem the points or upon expiry of the points.

(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 recognized as a deduction from share premium.

Vietnam Airlines JSC

Notes to the separate financial statements for the year ended 31 December 2017

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(o) Taxation

Income tax on the unconsolidated 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 an account in equity, in which case it is recognised in the corresponding account 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 for temporary differences between the carrying amounts of assets and liabilities in the balance sheet 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 incomes

(i) Aviation transportation revenue

Sales of transportation documents (which comprise air tickets and vouchers) are presented as trade accounts payable on the balance sheet, which is recognised as revenue in the separate statement of income when the actual carriage service is performed.

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

(ii) Auxiliary services for transportation

Revenue from auxiliary services rendered, which are completed within a short time, is recognised in the separate statement of income upon completion of services. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

(iii) Rental income

Rental income from leased property is recognised in the separate statement of income on a straight-line basis over the term of the lease.

(iv) Interest income

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

Vietnam Airlines JSC**Notes to the separate financial statements for the year ended 31 December 2017**

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

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

(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.

(r) 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 year of construction are capitalized as part of the cost of the assets concerned.

(s) Related parties

Parties are considered to be related to Vietnam Airlines 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 Vietnam Airlines 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. Cash and cash equivalents

	31/12/2017 VND	1/1/2017 VND
Cash on hand	9,035,402,977	11,965,412,532
Cash in banks	655,570,014,389	782,033,828,460
Cash in transit	159,734,567,178	110,707,232,654
Cash equivalents	3,275,894,000,000	-
	<hr/> 4,100,233,984,544	<hr/> 904,706,473,646 <hr/>

Vietnam Airlines JSC**Notes to the separate financial statements for the year ended 31 December 2017**

(continued)

Form B 09 – DN*(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)***5. Accounts receivable from customers****(a) Accounts receivable from customers in details**

	31/12/2017	1/1/2017
	VND	VND
Receivables from agents selling passenger transportation products	1,849,014,101,128	1,608,280,934,139
Receivables from other interline airlines	38,920,234,626	68,518,579,789
Cargo transportation fees receivable	231,432,166,689	204,194,492,415
Receivables from aircraft leasing	74,260,600,711	78,156,868,251
Others	336,701,861,879	368,358,564,730
	<hr/>	<hr/>
	2,530,328,965,033	2,327,509,439,324
	<hr/>	<hr/>

(b) Accounts receivable from customers who are related parties

	31/12/2017	1/1/2017
	VND	VND
<i>Subsidiaries</i>		
Jetstar Pacific Airlines Aviation Joint Stock Company (JPA)	87,055,358,062	95,496,296,487
Vietnam Airport Ground Services Company Limited	7,214,963,334	59,829,349,325
<i>Associates</i>		
Cambodia Angkor Air	48,601,751,638	35,640,125,708
	<hr/>	<hr/>
	142,872,073,034	190,965,771,520
	<hr/>	<hr/>

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

Vietnam Airlines JSC**Notes to the separate financial statements for the year ended 31 December 2017**

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Form B 09 – DN*(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)***6. Prepayments to suppliers**

	31/12/2017 VND	1/1/2017 VND
Prepayments to suppliers – short-term		
Prepayments for aircraft	2,736,507,145,617	6,297,593,700,882
Prepayments for overhaul costs to be offset against maintenance reserve	1,076,120,156,565	1,799,799,981,195
Prepayments for aircraft leasing	524,146,980,576	445,604,170,216
Others	182,201,119,245	162,723,593,630
	<hr/> 4,518,975,402,003	<hr/> 8,705,721,445,923
Prepayments to suppliers – long-term		
Prepayments for aircraft	1,812,099,336,087	2,435,873,162,405
	<hr/> 6,331,074,738,090	<hr/> 11,141,594,608,328

7. Other receivables**(a) Other short-term receivables comprised**

	31/12/2017 VND	1/1/2017 VND
Dividends and share of profits receivable	7,197,032,507	5,065,893,185
Insurance indemnity receivables	7,987,328,151	38,878,381,671
Interests receivable	2,998,028,639	-
Receivables on assets transferred to subsidiary	27,722,632,154	27,722,632,154
Receivables on profit from business cooperation contracts	40,066,068,413	29,930,928,493
Deposits for leasing aircrafts (*)	275,591,139,686	171,997,542,750
Others	95,296,688,056	130,322,848,287
	<hr/> 456,858,917,606	<hr/> 403,918,226,540

(*) This amount represents deposits made by Vietnam Airlines for leasing aircrafts which will be returned within twelve months from the reporting date.

Vietnam Airlines JSC**Notes to the separate financial statements for the year ended 31 December 2017**

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

	31/12/2017	1/1/2017
	VND	VND
Deposits for leasing aircrafts, aircraft engines	1,951,821,943,872	1,947,656,234,008
Other deposits and receivables	136,268,075,290	115,181,230,352
	<u>2,088,090,019,162</u>	<u>2,062,837,464,360</u>

(c) Other receivables from related parties

	31/12/2017	1/1/2017
	VND	VND
<i>Subsidiaries</i>		
Vietnam Airport Ground Services Company Limited	-	16,372,347,395
Vietnam Airlines Engineering Company Limited	30,594,243,924	37,285,109,751
Tan Son Nhat Cargo Services Joint Stock Company (previously known as Tan Son Nhat Cargo Services Company Limited)	40,066,068,413	29,930,928,493
<i>Associates</i>		
Vietnam Aircraft Leasing Joint Stock Company (*)	431,497,039,009	431,876,460,454
	<u>502,157,351,346</u>	<u>515,464,846,093</u>

(*) Other receivables from Vietnam Aircraft Leasing Joint Stock Company represents deposit for operating lease aircraft.

The non-trade amounts due from related parties were unsecured, interest free and are receivable as agreed.

Vietnam Airlines JSC

Notes to the separate financial statements for the year ended 31 December 2017

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8. Bad and doubtful debts

		31/12/2017		
	Overdue period	Cost VND	Allowance VND	Recoverable amount VND
Overdue debts				
Global Flight	Over 3 years	3,039,295,020	(3,039,295,020)	-
Air Fast Ticket Group	Over 3 years 6 months –	5,506,563,686	(5,506,563,686)	-
Others	Over 3 years	17,133,364,933	(15,798,443,167)	1,334,921,766
		<u>25,679,223,639</u>	<u>(24,344,301,873)</u>	<u>1,334,921,766</u>

Of which:

Allowance for doubtful debts – short-term (24,344,301,873)

		1/1/2017		
	Overdue period	Cost VND	Allowance VND	Recoverable amount VND
Overdue debts				
Global Flight	1 - 2 years	3,625,074,029	(3,625,074,029)	-
Air Fast Ticket Group	Over 2 years 6 months –	4,936,788,080	(4,936,788,080)	-
Others	Over 3 years	17,362,939,432	(15,586,287,542)	1,776,651,890
		<u>25,924,801,541</u>	<u>(24,148,149,651)</u>	<u>1,776,651,890</u>

Of which:

Allowance for doubtful debts – short-term (24,148,149,651)

Vietnam Airlines JSC**Notes to the separate financial statements for the year ended 31 December 2017**

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Form B 09 – DN*(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)***9. Inventories**

	31/12/2017		1/1/2017	
	Cost VND	Allowance VND	Cost VND	Allowance VND
Goods in transit	-	-	125,666,800	-
Raw materials	234,972,444,214	(68,414,000,000)	264,788,041,104	-
Tools and supplies	63,835,361,605	-	50,498,219,653	-
Merchandise inventories	290,147,992,981	-	-	-
Goods in bonded warehouse	15,546,402,609	-	12,645,537,475	-
	<hr/>	<hr/>	<hr/>	<hr/>
	604,502,201,409	(68,414,000,000)	328,057,465,032	-

Included in inventories at 31 December 2017 was VND77,744 million of raw materials carried at net realisable value (1/1/2017: Nil).

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separate financial statements for the year ended 31 December 2017 (continued)

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Fixed assets

	Aircrafts, aircraft engines VND	Buildings, structures VND	Machinery, equipment VND	Motor vehicles VND	Office equipment VND	Others VND
Cost	31,422,795,360,939	489,052,685,866	1,258,756,124,368	162,764,192,775	249,295,560,493	101,865,329,778
Accumulated depreciation	-	21,576,012,844	41,952,015,213	16,428,087,268	19,630,568,960	4,621,106,602
Net book value	(30,437,899,357)	-	(131,835,877)	-	-	(513,563,503)
At year-end	(9,065,681,919,508)	(2,170,258,807)	(3,802,428,072)	(8,323,852,432)	(6,852,494,488)	(3,573,659,040)
Cost	22,326,675,542,074	508,458,439,903	1,296,773,875,632	170,868,427,611	262,073,634,965	102,399,213,837
Accumulated depreciation	13,290,786,782,996	130,200,424,128	833,984,300,795	121,436,680,759	155,361,491,375	26,579,298,319
Net book value	(1,507,158,437,811)	21,627,249,227	98,740,748,250	7,262,688,205	38,621,454,965	9,538,025,335
At year-end	(7,469,502,361,861)	(1,920,085,954)	(3,802,428,072)	(8,323,852,432)	(6,852,494,488)	(3,401,452,635)
Cost	7,328,442,858,946	149,907,587,401	928,922,620,973	120,375,516,532	187,130,451,852	32,715,871,019
Accumulated depreciation	18,132,008,577,943	358,852,261,738	424,771,823,573	41,327,512,016	93,934,069,118	75,286,031,459
Net book value	(14,998,232,683,128)	358,550,852,502	367,851,254,659	50,492,911,079	74,943,183,113	69,683,342,818

Tangible fixed assets were assets costing VND865,000 million which were fully depreciated as of 31 December 2017 (1/1/2017: VND1,000 million) and still in active use.

At December 2017 tangible fixed assets with a net book value of VND12,306,696 million (1/1/2017: VND12,964,972 million) were pledged with related to Vietnam Airlines (Note 21(b)(i)).

Vietnam Airlines JSC**Notes to the separate financial statements for the year ended 31 December 2017**

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Form B 09 – DN*(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)***11. Finance lease tangible fixed assets**

	Aircrafts and aircraft engines VND
Cost	
Opening balance	53,403,999,739,544
Adjustments of costs of aircrafts	(11,619,189,883)
	<hr/>
Closing balance	53,392,380,549,661
	<hr/>
Accumulated depreciation	
Opening balance	13,329,312,563,162
Charge for the year	3,088,557,623,585
	<hr/>
Closing balance	16,417,870,186,747
	<hr/>
Net book value	
Opening balance	40,074,687,176,382
Closing balance	36,974,510,362,914
	<hr/>

Vietnam Airlines has 38 aircrafts under finance lease including A321, B787 and ATR72-500. At the end of each lease, Vietnam Airlines has the option to purchase the equipment under contract's terms and conditions. The leased equipment secures the lease obligations (Note 21(b)(ii)).

Vietnam Airlines JSC

Notes to the separate financial statements for the year ended 31 December 2017

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12. Intangible fixed assets

	Land use rights VND	Software VND	Total VND
Cost			
Opening balance	60,970,556,541	373,985,629,920	434,956,186,461
Additions	-	15,247,167,365	15,247,167,365
Disposals	-	(248,147,200)	(248,147,200)
Closing balance	60,970,556,541	388,984,650,085	449,955,206,626
Accumulated amortization			
Opening balance	-	336,165,479,948	336,165,479,948
Charge for the year	-	20,866,028,798	20,866,028,798
Disposals	-	(248,147,200)	(248,147,200)
Closing balance	-	356,783,361,546	356,783,361,546
Net book value			
Opening balance	60,970,556,541	37,820,149,972	98,790,706,513
Closing balance	60,970,556,541	32,201,288,539	93,171,845,080

Included in intangible fixed assets were assets costing VND287 billion which were fully amortised as of 31 December 2017 (1/1/2017: VND279 billion), but which are still in use.

13. Construction in progress

Major constructions in progress were as follows:

	31/12/2017 VND	1/1/2017 VND
10 A350 Project signed in 2007	-	171,315,035,746
Southern Operating center Project	-	868,079,945
8 B787-9 Project signed in 2008	-	19,156,657,493
Unit load device Project	10,351,607,350	-
Other projects	14,694,150,175	9,264,436,503
	25,045,757,525	200,604,209,687

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separate financial statements for the year ended 31 December 2017 (continued)

(Issued under Circular N
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financial investments

	Carrying amount VND	31/12/2017 Allowance VND	Fair value VND	Carrying amount VND	1/1/2017 Allowance VND
subsidiaries					
Airlines Aviation Joint Stock Company (JPA)	632,874,337,037	(632,874,337,037)	-	632,874,337,037	(632,874,337,037)
as Engineering Company Limited	1,060,071,173,442	-	1,161,869,220,673	1,060,071,173,442	-
rol One Member Company Limited (Skypec)	550,000,000,000	-	807,828,362,791	544,871,595,158	-
Terminal Services Joint Stock Company	1,298,754,282,465	-	1,641,610,633,800	1,298,754,282,465	-
g Services Joint Stock Company	112,683,463,874	-	360,020,250,000	76,681,443,874	-
es Caterers Limited	85,448,232,000	-	223,025,666,484	85,448,232,000	-
ning Joint Stock Company	34,291,876,611	-	72,509,245,977	34,291,876,611	-
ation and Telecommunication JSC	31,104,412,000	-	66,417,994,025	31,104,412,000	-
argo Services Joint Stock Company (previously	56,704,230,000	-	502,514,388,169	56,704,230,000	-
on Nhat Cargo Services Company Limited)	28,789,775,380	-	115,157,686,923	28,789,775,380	-
argo Services and Forwarding Company Limited	61,718,971,771	-	133,596,540,000	61,718,971,771	-
Services Joint Stock Company	6,752,746,893	-	26,394,205,356	6,752,746,893	-
arding Company Limited	5,370,011,203	-	14,895,084,086	5,370,011,203	-
Supply and Import-Export Joint Stock Company	3,313,331,066	-	16,895,722,385	2,414,681,066	-
Joint Stock Company	250,000,000,000	-	382,560,798,334	250,000,000,000	-
t Ground Services Company Limited					
	4,217,876,843,742	(632,874,337,037)	5,525,295,799,003	4,175,847,768,900	(632,874,337,037)



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separate financial statements for the year ended 31 December 2017 (continued)

(Issued under Circular N
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	Carrying amount VND	31/12/2017 Allowance VND	Fair value VND	Carrying amount VND	1/1/2017 Allowance VND
associates					
or Air	868,495,011,091	(282,386,370,545)	586,108,640,546	868,495,011,091	(165,287,870,273)
it Leasing Joint Stock Company	439,335,275,853	-	815,743,011,184	456,866,046,661	-
n Import-Export Joint Stock Company (Arimex)	22,812,300,000	-	26,775,000,000	22,812,300,000	-
Services Joint Stock Company	86,652,841,772	-	138,405,597,000	82,094,241,772	-
Grade Plastic Joint Stock Company	6,166,335,863	-	6,166,335,863	6,166,335,863	-
	1,423,461,764,579	(282,386,370,545)	1,573,198,584,593	1,436,433,935,387	(165,287,870,273)
other entities					
vestment Tourism and Shipping	185,050,002,264	-	185,050,002,264	185,050,002,264	-
imited Liability Company	6,161,138,309	-	6,161,138,309	6,161,138,309	-
Corporation (SPT)					
	191,211,140,573	-	191,211,140,573	191,211,140,573	-
	5,832,549,748,894	(915,260,707,582)	7,289,705,524,169	5,803,492,844,860	(798,162,207,310)

ounts of the investments in subsidiaries represent the amounts revaluated at fair values at the date of Vietnam Airlines' conversion in
additional investment made after conversion date.

of investments as at 31 December 2017 is determined based on:

ng price of shares on the stock market as at 31 December 2017 for listed companies.

owners' equity as at 31 December 2017 corresponds to the percentage of interest ownership of Vietnam Airlines for unlisted com
nt cost for those with unavailable financial information.



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separate financial statements for the year ended 31 December 2017 (continued)

(Issued under Circular N
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subsidiaries and associates of Vietnam Airlines at the reporting date are as follows:

	Address	31/12/2017		1/1/2017		Pri
		Quantity	% of equity owned	Quantity	% of equity owned	
Airlines Aviation Joint Stock Company (JPA)	Vietnam	22,044,981	68.85%	22,044,981	68.85%	Aviation tran
ines Engineering Company Limited	Vietnam		100.00%		100.00%	Repair and m
etrol One Member Company Limited (Skypec)	Vietnam	14,425,401	100.00%		100.00%	Jet fuel busin
Terminal Services Joint Stock Company	Vietnam	14,425,401	55.13%	14,425,401	55.13%	Providing cat
ing Services Joint Stock Company	Vietnam	10,800,607	60.17%	7,200,405	60.10%	Providing cat
ines Caterers Limited	Vietnam		100.00%		100.00%	Providing cat
aining Joint Stock Company	Vietnam	3,400,000	51.52%	3,400,000	51.52%	Pilot training
mation and Telecommunication JSC	Vietnam	3,060,000	52.73%	3,060,000	52.73%	Information a
Cargo Services Joint Stock Company (previously Son Nhat Cargo Services Company Limited)	Vietnam	5,154,930	55.00%		55.00%	Cargo servic
Cargo Services and Forwarding Company Limited	Vietnam		51.00%		51.00%	Transportatio
rt Services Joint Stock Company	Vietnam	4,241,160	51.00%	4,241,160	51.00%	warehousing
warding Company Limited	Vietnam		65.05%		65.05%	Aviation tran
or Supply and Import-Export Joint Stock Company	Vietnam	510,000	51.00%	510,000	51.00%	Forwarding c
a Joint Stock Company	Vietnam	268,800	51.69%	178,935	89.47%	transportatio
ort Ground Services Company Limited	Vietnam		100.00%		100.00%	Import-Expor
kor Air	Cambodia		49.00%		49.00%	Automatic bo
raft Leasing Joint Stock Company	Vietnam	42,835,200	32.48%	42,835,200	32.48%	Ground servi
on Import-Export Joint Stock Company (Arimex)	Vietnam	1,071,000	41.31%	1,071,000	41.31%	Airlines trans
t Services Joint Stock Company	Vietnam	1,541,265	36.11%	1,085,405	36.07%	Aircraft leas
-Grade Plastic Joint Stock Company	Vietnam	525,400	30.41%	525,400	30.41%	Trustee serv
						Aviation serv
						Making plast

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Vietnam Airlines JSC**Notes to the separate financial statements for the year ended 31 December 2017**

(continued)

Form B 09 – DN*(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)***15. Prepaid expenses****(a) Short-term prepaid expenses**

	31/12/2017 VND	1/1/2017 VND
Commission from sales of transportation documents (*)	77,376,881,883	78,721,654,334
Other short-term prepaid expenses	8,692,404,647	11,470,117,082
	<hr/>	<hr/>
	86,069,286,530	90,191,771,416

(*) These represents commission fees paid to agents for transportation documents sold but the transportation services has not been rendered. These prepaid expenses are transferred to the separate statement of income when transportation service is carried out or transportation documents expire.

airlines JSC
separate financial statements for the year ended 31 December 2017 (continued)

*(Issued under Circular No. 1/2014/TT-CTD
dated 22 December 2014 of the Ministry of Finance)*

prepaid expenses	Overhaul expenses for aircraft engines and airframe			Export credit guarantee fee	Rotational spare parts, tools and supplies		Others
	VND	VND	VND		VND	VND	
Balance	1,999,125,994,086	2,072,623,021,962	614,747,624,723	150,953,432,940	4,837		
Change for the year	1,934,339,768,302	636,889,338	272,790,414,229	89,515,471,006	2,297		
	(1,534,537,152,665)	(257,183,393,312)	(390,448,988,279)	(95,115,538,240)	(2,277)		
Balance	2,398,928,609,723	1,816,076,517,988	497,089,050,673	145,353,365,706	4,857		

Vietnam Airlines JSC

Notes to the separate financial statements for the year ended 31 December 2017

(continued)

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

16. Accounts payable to suppliers

(a) Accounts payable to suppliers in details

	Cost and amount within payment capacity	
	31/12/2017	1/1/2017
	VND	VND
Payables from sale of passenger, baggage, MCO transportation documents (i)	7,131,935,639,649	6,441,650,596,415
Payables relating to tax included in air ticket prices (ii)	1,110,497,876,995	1,033,239,312,013
Payables to suppliers and Interlines payables	1,351,916,361,377	1,425,459,974,909
Other payables from sale	20,134,426,784	18,067,603,935
Payables from sale of cargo transportation documents	16,271,654,103	18,674,744,501
	<hr/>	<hr/>
	9,630,755,958,908	8,937,092,231,773

- (i) Payables from sale of passenger, baggage, MCO transportation documents represent the service value paid by customers but not yet used as at the end of the annual accounting period.
- (ii) Payables relating to tax included in air ticket prices represent the tax value that Vietnam Airlines has to pay to the tax authorities or the airport administration agencies, including taxes incurred when selling tickets to passengers and taxes that would incur when the transport service is performed.

(b) Accounts payable to suppliers who are related parties

	Cost and amount within payment capacity	
	31/12/2017	1/1/2017
	VND	VND
Subsidiary		
Vietnam Airport Ground Services Company Limited	53,330,428,335	49,672,396,892
	<hr/>	<hr/>

The trade related amounts due to related parties were unsecured, interest free and are payable as agreed.

Airlines JSC
the separate financial statements for the year ended 31 December 2017 (continued)

*(Issued under
dated 22 December*

and others payable to State Treasury

	1/1/2017 VND	Incurred VND	Paid VND	Net-off with taxes receivable VND	Net-off with other receivables VND
Added tax	2,102,483,250	162,004,349,477	(162,030,447,502)	-	-
income tax	56,856,208,440	580,278,527,228	(627,774,544,533)	-	-
Corporate income tax (*)	-	95,277,262,494	-	(59,664,855,743)	(10,417,968,456)
Export tax	-	2,624,522,843	(2,624,522,843)	-	-
Other taxes	-	31,409,183,322	(31,252,285,596)	-	-
Other tax	7,860,668,016	119,429,851,228	(119,739,371,058)	-	-
duties	-	53,297,208	(53,297,208)	-	-
	66,819,359,706	991,076,993,800	(943,474,468,740)	(59,664,855,743)	(10,417,968,456)

Included in corporate income tax incurred is corporate income tax from profit under Business Cooperation Contract with Tan Son Nhat Joint Stock Company (previously known as Tan Son Nhat Cargo Services Company Limited). This corporate income tax has been paid by Tan Son Nhat Cargo Services Joint Stock Company.

Vietnam Airlines JSC**Notes to the separate financial statements for the year ended 31 December 2017**

(continued)

Form B 09 – DN*(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)***18. Accrued expenses – short-term**

	31/12/2017 VND	1/1/2017 VND
Flight services expenses	777,339,178,722	931,004,315,786
Aircraft fuel expenses	497,128,549,098	162,003,519,464
Aircraft lease and repair expenses	2,458,328,156,010	722,898,386,202
Interest expenses	187,481,155,678	214,774,436,829
Others	871,182,981,916	374,474,726,620
	4,791,460,021,424	2,405,155,384,901

Accrual to be paid to suppliers who are related parties

	31/12/2017 VND	1/1/2017 VND
<i>Subsidiaries</i>		
Vietnam Air Petrol One Member Company Limited (Skypec)	164,194,837,478	36,383,836,508
Vietnam Airlines Engineering Company Limited	361,137,948,197	204,579,683,045
Vietnam Airport Ground Services Company Limited	100,049,807,982	48,540,186,223
Aviation Information and Telecommunication JSC	17,207,438,594	17,199,228,010
Noi Bai Catering Services Joint Stock Company	15,807,712,493	15,937,018,434
Vietnam Airlines Caterers Limited	-	28,839,168,064
Sabre Vietnam JSC	5,831,116,741	-
	664,228,861,485	351,479,120,284

Accrual to be paid to suppliers who are related parties were unsecured, interest free and are payable as agreed.

19. Unearned revenue – short-term

	31/12/2017 VND	1/1/2017 VND
Revenue received in advance	6,244,200,000	-
Revenue from customer loyalty program	708,476,808,282	558,827,531,007
	714,721,008,282	558,827,531,007

Vietnam Airlines JSC

Notes to the separate financial statements for the year ended 31 December 2017

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

20. Other payables

(a) Other payables – short-term

	31/12/2017	1/1/2017
	VND	VND
Aircraft maintenance expenses (*)	542,796,815,401	523,939,573,606
Spare parts and tools payable (**)	10,028,829,511	78,981,016,341
Others	89,162,487,886	58,275,199,087
	<hr/>	<hr/>
	641,988,132,798	661,195,789,034
	<hr/>	<hr/>

(*) Aircraft maintenance expenses represent remaining maintenance reserve held by Vietnam Airlines for its leased out aircrafts.

(**) Spare parts and tools payables represent estimated amount payables related to spare parts, tools received in the year but invoices not yet received.

(b) Other payables – long-term

	31/12/2017	1/1/2017
	VND	VND
Receipt in advance of credit granted under Material Solutions Agreement	306,861,245,824	311,861,440,231
Deposits received for maintenance reserve and aircraft leasing	249,570,353,914	411,746,265,177
Long-term deposits and collaterals received	83,369,530,534	83,072,805,034
	<hr/>	<hr/>
	639,801,130,272	806,680,510,442
	<hr/>	<hr/>

(c) Other payables representing amounts due to related parties

	31/12/2017	1/1/2017
	VND	VND
<i>Susidiaries</i>		
Vietnam Airport Ground Services Company Limited	9,287,553,783	14,235,487,984
<i>Associates</i>		
Cambodia Angkor Air	249,570,353,914	411,746,265,177
	<hr/>	<hr/>
	258,857,907,697	425,981,753,161
	<hr/>	<hr/>

Other payables to related companies mainly represent deposits received for aircraft leasing from these companies and are payable by Vietnam Airlines upon expiry of the lease term.

Airlines JSC

separate financial statements for the year ended 31 December 2017 (continued)

(Issued under Circular No. 10/2014/TT-CTD dated 22 December 2014 of the Ministry of Finance)

Borrowings and finance lease liabilities

Long-term borrowings and finance lease liabilities

	1/1/2017		Movement during the year		Carrying amount at the end of the year
	Carrying amount and repayment capacity VND	VND	Addition VND	Decrease VND	
Borrowings	-	8,310,382,504,127	(8,310,382,504,127)	-	-
Portion of long-term borrowings (i))	2,109,746,277,624	7,895,302,832,580	(7,336,275,667,316)	3,789,430,413	2,200,000,000
Portion of finance lease principals (ii))	4,576,282,509,734	4,646,385,901,042	(4,576,282,512,191)	(123,212,090)	4,000,000,000
	6,686,028,787,358	20,852,071,237,749	(20,222,940,683,634)	3,666,218,323	7,000,000,000

Short-term borrowings and finance lease liabilities

	31/12/2017	1/1/2017
	VND	VND
Borrowings (i)	14,074,663,280,241	21,391,349,024,555
Finance lease liabilities (ii)	30,212,376,487,049	34,815,225,168,937
	44,287,039,767,290	56,206,574,193,492
within twelve months	(7,318,825,559,796)	(6,686,028,787,358)
after twelve months	36,968,214,207,494	49,520,545,406,134



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separate financial statements for the year ended 31 December 2017 (continued)

(Issued under Circular No. 10/2014/TT-CT
dated 22 December 2014 of the Ministry of Finance)

borrowings

Conditions of outstanding long-term borrowings were as follows:

	Currency	Year of maturity	31/12/2017 VND
Commercial Bank for Foreign Trade of Vietnam	VND	2021	106,114,632,839
Commercial Bank for Foreign Trade of Vietnam	USD	2028	6,546,909,921,453
Port Import Commercial Joint - Stock Bank Bank (Taiwan)	USD	2028	2,118,177,064,507
Commercial Bank for Investment and Development of Vietnam	USD	2023	748,122,431,773
International Bank	USD	2024	969,152,465,398
International Bank	VND	2024	115,089,563,332
Commercial Joint Stock Bank	USD	2024	725,749,443,591
Technological and Commercial Joint Stock Bank	USD	2025	504,393,120,000
Commercial Joint Stock Bank	USD	2020	43,234,785,258
Commercial Joint Stock Bank	USD	2028	622,858,942,255
Commercial Bank	USD	2018	-
Commercial Bank - Chu Lai Branch	USD	2020	75,922,550,162
Stock Commercial Bank for Industry and Trade	USD	2019	-
Commercial Bank	VND	2023	-
Commercial Bank for Investment and Development of Vietnam	VND	2019	-
	EUR	2020	3,084,359,740
	USD	2028	1,495,853,999,933
			14,074,663,280,241
			(2,672,562,873,301)
			11,402,100,406,940

Bank loans are secured over assets financed by the loans with a net book value of VND12,306,696 million as at 31 December 2017. The other loans are guaranteed by the Ministry of Finance or unsecured.



Vietnam Airlines JSC

Notes to the separate financial statements for the year ended 31 December 2017

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During the year, long-term borrowings of Vietnam Airlines bore annual interest rates as below:

- Long-term borrowings denominated in USD: Ranging from 2.7% to 6.7%;
- Long-term borrowings denominated in EUR: Ranging from 1% to 3.03%; and
- Long-term borrowings denominated in VND: Ranging from 8.6% to 10.5%.

(ii) Finance lease liabilities

	31/12/2017 VND	1/1/2017 VND
Citibank	10,366,357,326,554	11,914,382,411,578
Credit Agricole Bank	2,609,453,891,772	3,724,349,288,555
JP Morgan Chase Bank	2,173,476,703,926	2,465,583,917,081
HSBC Bank	2,143,696,988,852	2,525,551,804,710
ING Group	10,730,185,325,943	11,834,176,637,004
DVB Bank	2,189,206,250,002	2,351,181,110,009
	30,212,376,487,049	34,815,225,168,937

The future minimum lease payments under non-cancellable finance leases are:

31 December 2017

	Total payments VND	Interest VND	Principal VND
Within one year	5,420,513,765,100	774,251,078,605	4,646,262,686,495
Within two to five years	16,943,552,391,806	1,882,165,046,565	15,061,387,345,241
More than five years	11,101,187,326,734	596,460,871,421	10,504,726,455,313
	33,465,253,483,640	3,252,876,996,591	30,212,376,487,049

1 January 2017

	Total payments VND	Interest VND	Principal VND
Within one year	5,223,462,264,034	647,179,754,300	4,576,282,509,734
Within two to five years	17,996,241,601,702	1,627,913,102,574	16,368,328,499,128
More than five years	14,491,744,589,001	621,130,428,926	13,870,614,160,075
	37,711,448,454,737	2,896,223,285,800	34,815,225,168,937

At 31 December 2017, finance lease liabilities denominated in foreign currencies amounted to USD1,328 million (1/1/2017: USD1,529 million).

Vietnam Airlines JSC**Notes to the separate financial statements for the year ended 31 December 2017**

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

This fund is established by appropriating from retained profits as approved by shareholders at shareholders' meeting. This fund is used to pay bonus and welfare to employees in accordance with Vietnam Airlines' bonus and welfare policies. Movements of bonus and welfare fund during the year were as follows:

	2017 VND	2016 VND
Opening balance	62,024,718,797	13,669,737,509
Appropriation	450,576,776,706	74,438,154,888
Utilisation	(177,579,999,155)	(26,083,173,600)
Closing balance	<u>335,021,496,348</u>	<u>62,024,718,797</u>

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F
(Issued under Circular No. 10/2014/TT-CTD dated 22 December 2014 of the Ministry of Finance)

in owners' equity

	Share capital VND	Share premium VND	Enterprise reorganization assistance fund (*) VND	Retained profits VND
1 January 2016	11,198,648,400,000	36,493,938,542	1,068,628,929,237	240,761,346,819
– total issued for the year	1,076,689,380,000	1,184,358,317,999	-	-
– contribution to bonus and welfare funds	-	-	-	1,703,256,922,755
– profit after tax incurred during the reporting period to State Treasury	-	-	-	(74,438,154,888)
– contribution according to State Audit	-	-	-	(174,129,922,303)
– period prior to 1/4/2015	-	-	-	26,823,790,260
– contribution according to State Audit	-	-	-	-
– period from 1/4/2015 to 31/12/2015	-	-	-	14,846,750,035
1 January 2017	12,275,337,780,000	1,220,852,256,541	1,068,628,929,237	1,737,120,732,678
– total issued for the year	-	-	-	1,815,818,593,156
– contribution to bonus and welfare funds	-	-	-	(450,576,776,706)
(Note 25)	-	-	-	(736,520,266,800)
31 December 2017	12,275,337,780,000	1,220,852,256,541	1,068,628,929,237	2,365,842,282,328

In accordance with the audit minutes on finalisation of equitisation expenses, redundant employee expenses and re-determination of the capital at the date of ownership transfer between the Ministry of Transport, the Ministry of Finance and Vietnam Airlines dated 4/12/2017, Vietnam Airlines is permitted to maintain the positive balance of the Enterprise Reorganization Assistance Fund for the State shareholding of purchasing additional shares issued by Vietnam Airlines when Vietnam Airlines increases its share capital.

Vietnam Airlines JSC**Notes to the separate financial statements for the year ended 31 December 2017**

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Form B 09 – DN*(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)***24. Share capital**

Vietnam Airlines' authorised and issued share capital are:

	31/12/2017		1/1/2017	
	Number of shares	VND	Number of shares	VND
Authorised share capital	1,227,533,778	12,275,337,780,000	1,227,533,778	12,275,337,780,000
Issued share capital				
Ordinary shares	1,227,533,778	12,275,337,780,000	1,227,533,778	12,275,337,780,000
Shares in circulation				
Ordinary shares	1,227,533,778	12,275,337,780,000	1,227,533,778	12,275,337,780,000

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

In accordance with the amended Enterprise Registration Certificate dated 8 July 2016, Vietnam Airlines' total share capital is VND12,275,337,780,000.

As at 31 December 2017, the share capital has been fully contributed by shareholders as follows:

	Number of shares	Percentage (%)	Contributed capital as at 31/12/2017 VND
The State as owner	1,057,638,000	86.16	10,576,380,000,000
ANA Holding Inc. (ANA)	107,668,938	8.77	1,076,689,380,000
Other shareholders	62,226,840	5.07	622,268,400,000
	1,227,533,778	100.00	12,275,337,780,000

25. Dividends

The General Meeting of Shareholders of Vietnam Airlines on 20 June 2017 resolved to distribute dividends amounting to VND736,520 million (VND600 per share) (2016: None).

Vietnam Airlines JSC

Notes to the separate financial statements for the year ended 31 December 2017

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

26. Off balance sheet items

(a) Lease

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

	31/12/2017 VND	1/1/2017 VND
Within one year	8,027,814,792,700	7,128,113,927,186
Within two to five years	45,612,217,329,304	25,920,920,502,810
More than five years	82,365,633,427,428	58,157,889,036,967
	136,005,665,549,432	91,206,923,466,963

Operating lease assets include aircrafts and engines namely: Aircraft A321 - 17 units under dry lease and 1 unit wet lease; Aircraft A330 - 5 units under dry lease; Aircraft ATR72 - 4 units under dry lease; Aircraft B787 - 4 units under dry lease; Aircraft A350 - 10 units under dry lease; long-term lease aircraft engines - 6 units including P735095 (A330), ESN-V16989 (A321), ESN-V17037 (A321), ESN-V17365 (A321), 21024 (A350) and 21088 (A350), short-term lease aircraft engines - 7 units including P733319 (A330), P733396 (A330), P733339 (A330), V12178 (A321), V13120 (A321), V15191 (A321) and 956102 (B787).

(b) Foreign currencies

	31/12/2017		1/1/2017	
	Original currency	VND equivalent	Original currency	VND equivalent
Australian Dollar (AUD)	1,772,699	31,523,912,719	390,839	6,448,066,606
Canadian Dollar (CAD)	218,989	3,986,475,938	245,257	4,149,014,022
Hong Kong Dollar (KHD)	6,088,661	17,821,509,342	1,168,285	3,431,252,076
Japanese Yen (JPY)	290,217,690	58,623,973,380	240,251,260	47,089,246,960
South Korean Won (KRW)	3,407,327,067	74,756,755,850	2,871,080,857	54,349,560,623
Malaysian Ringgit (MYR)	553,576	3,118,846,057	2,186,188	11,108,019,246
Russian Ruble (RUB)	11,911,200	5,229,016,919	14,613,561	5,553,153,146
Singapore Dollar (SGD)	978,266	16,703,898,268	2,273,137	35,867,829,039
Thai Baht (THB)	12,356,833	8,773,351,373	44,498,988	28,301,356,234
Taiwan Dollar (TWD)	6,567,762	5,004,634,644	5,415,353	3,834,069,924
US Dollar (USD)	4,339,413	98,699,952,097	9,992,904	227,488,454,096
Chinese Yuan (CNY)	17,599,746	61,106,318,668	28,270,500	92,670,697,787
Laos Kip (LAK)	1,920,116	5,760,348	576,000	1,728,000
British Pound (GBP)	297,349	9,116,704,703	430,422	12,054,407,494
Euro (EUR)	3,226,523	88,013,093,303	3,986,053	95,964,236,087
Indonesian Rupiah (IDR)	2,589,039,404	4,246,024,623	5,193,249,616	8,776,591,851
New Zealand Dollar (NDZ)	9,209	148,664,600	-	-
		486,878,892,832		637,087,683,191

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Notes to the separate financial statements for the year ended 31 December 2017

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(c) **Bad debts written off**

	31/12/2017 VND	1/1/2017 VND
Bad debts written off	98,271,884,445	98,127,455,649

27. Revenue from sales of goods and provision of services

Total revenue represents the gross value of goods sold and services rendered exclusive of value added tax. Net revenue comprised:

	2017 VND	2016 VND
▪ Revenue from transportation of passengers, baggage (*)	52,466,875,401,979	47,271,645,563,609
▪ Revenue from transportation of cargo and postal items	5,938,421,203,982	4,835,304,390,950
▪ Revenue from aircraft charter and charter flights	2,950,254,927,730	2,328,824,357,717
▪ Other revenue from aviation transportation	954,604,637,123	845,344,468,042
Revenue from aviation transportation	62,310,156,170,814	55,281,118,780,318
▪ Revenue from provision of technical and business services	774,548,535,742	668,467,477,248
▪ Revenue from leasing assets	290,891,243,008	539,979,931,986
▪ Revenue from other auxiliary services for transportation	547,370,233,817	458,319,484,655
▪ Revenue from commissions	43,551,273,841	45,219,517,206
Revenue from auxiliary services for transportation	1,656,361,286,408	1,711,986,411,095
	63,966,517,457,222	56,993,105,191,413
Less revenue deductions		
▪ Sales discounts	(591,995,680,668)	(475,057,615,375)
Net revenue	63,374,521,776,554	56,518,047,576,038

(*) Included in revenue from transportation of passengers and baggage were VND786 billion of value of (i) all the tickets (including regular tickets, MCO, baggage and YQ) sold in the year ended 31 December 2016 which expired but had not been used by customers by 31 December 2017; and (ii) expired restricted tickets sold in the year which had not been used (2016: VND646 billion).

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	2017 VND	2016 VND
Foreign exchange gains	478,719,571,418	623,835,381,052
Dividends	566,971,179,762	727,709,351,229
Gain on disposal of investments	-	914,132,000
Interest income from deposits	98,585,191,766	33,924,693,193
Other financial income	5,585,664,339	4,474,253,660
	<hr/>	<hr/>
	1,149,861,607,285	1,390,857,811,134
	<hr/>	<hr/>

29. Financial expenses

	2017 VND	2016 VND
Interest expense	1,473,238,149,382	1,286,793,414,468
Expenses related to long-term loan contracts, finance lease contracts	291,742,779,835	299,970,810,256
Foreign exchange losses	382,139,938,270	1,263,868,335,133
Allowance for diminution in value of long-term financial investments	117,098,500,272	765,996,183,137
Other financial expenses	2,983,752,636	12,268,962,216
	<hr/>	<hr/>
	2,267,203,120,395	3,628,897,705,210
	<hr/>	<hr/>

30. Selling expenses

	2017 VND	2016 VND
Staff costs	548,405,914,084	580,768,739,806
Commission expenses	600,289,528,844	634,079,334,830
Ticket booking and seat reservation	1,524,146,275,503	1,460,945,604,393
Other selling expenses	1,697,840,182,500	1,288,315,449,672
	<hr/>	<hr/>
	4,370,681,900,931	3,964,109,128,701
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31. General and administration expenses

	2017 VND	2016 VND
Staff costs	563,079,711,861	538,788,949,762
Tax and fees	337,270,004,523	396,834,214,457
Other general and administration expenses	534,402,951,228	556,399,326,901
	<hr/>	<hr/>
	1,434,752,667,612	1,492,022,491,120
	<hr/>	<hr/>

32. Other income

	2017 VND	2016 VND
Gain from disposals of fixed assets	14,128,096,405	282,897,203,866
Gain from transfer of the right to purchase aircraft	267,906,130,550	77,444,505,707
Contract penalty received	68,942,329,787	46,267,466,058
Receipt of insurance indemnity	15,467,321,843	34,941,000,000
Others	28,677,877,218	38,149,972,468
	<hr/>	<hr/>
	395,121,755,803	479,700,148,099
	<hr/>	<hr/>

33. Production and business costs by element

	2017 VND	2016 VND
Raw material costs	16,699,384,107,287	13,242,929,157,936
Staff costs	4,963,006,312,686	5,015,996,557,738
Depreciation and amortisation	4,792,372,256,176	4,835,132,761,521
Outside services	33,273,744,650,439	29,305,851,853,190
<i>In which</i>		
- Overhaul of aircraft engines and airframe	4,160,221,207,532	2,970,642,565,645
- Regular repair of aircraft engines and airframe	2,912,846,058,257	2,315,158,152,206
- Aircraft leasing	10,152,613,029,997	8,879,249,176,013
- Other outside services	16,048,064,354,653	15,140,801,959,326
Other expenses	1,007,328,146,902	646,000,299,161
	<hr/>	<hr/>

Vietnam Airlines JSC**Notes to the separate financial statements for the year ended 31 December 2017**

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	2017 VND	2016 VND
Accounting profit before tax	1,911,095,855,650	1,710,973,663,697
Adjustments		
Prior year unrealized foreign exchange difference	215,409,670,125	500,231,855,745
Non-deductible expenses	1,462,011,655	20,634,077,796
Tax exempted income	(566,971,179,762)	(727,709,351,229)
Current year unrealized foreign exchange difference	(236,124,110,162)	(215,409,670,125)
Income from Business Cooperation contracts (BCC)	(52,089,842,280)	(38,541,349,638)
	<hr/>	<hr/>
Taxable profit	1,272,782,405,226	1,250,179,226,246
Tax losses brought forward from prior year	(848,485,935,036)	(2,098,665,161,282)
	<hr/>	<hr/>
	424,296,470,190	(848,485,935,036)
Tax rate	20%	20%
	<hr/>	<hr/>
Current income tax expenses	84,859,294,038	-
Current income tax expenses from BCC	10,417,968,456	7,716,740,942
	<hr/>	<hr/>
	95,277,262,494	7,716,740,942
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(b) Applicable tax rates

Under the terms of Income Tax Law, Vietnam Airlines has an obligation to pay the government income tax at the rate of 20% of taxable profits.

Vietnam Airlines JSC**Notes to the separate financial statements for the year ended 31 December 2017****(continued)****Form B 09 – DN***(Issued under Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)***35. Significant transactions with related parties**

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

	Transaction value	
	2017	2016
	VND	VND
Dividend received during the year		
<i>Subsidiaries</i>		
Vietnam Airlines Caterers Limited	36,002,025,000	96,603,973,525
Vietnam Air Petrol One Member Company Limited (Skypec)	33,413,633,522	207,742,902,898
Tan Son Nhat Cargo Services Joint Stock Company (previously known as Tan Son Nhat Cargo Services Company Limited)	125,894,610,998	112,594,748,364
Noi Bai Cargo Terminal Services Joint Stock Company	144,254,010,000	140,152,044,943
Vietnam Airlines Engineering Company Limited	47,333,374,363	16,681,266,959
Noi Bai Catering Services Joint Stock Company	21,601,215,000	37,438,180,560
Noi Bai Airport Services Joint Stock Company	13,147,596,000	6,335,141,422
Tan Son Nhat Cargo Services and Forwarding Company Limited	16,643,773,599	24,904,534,903
Vietnam Airport Ground Services Company Limited	-	50,000,000,000
<i>Associates</i>		
Vietnam Aircraft Leasing Joint Stock Company	76,706,669,192	-
Danang Airport Services Joint Stock Company	16,055,234,000	13,023,859,450
Sales of goods and services		
<i>Subsidiaries</i>		
Vietnam Airlines Engineering Company Limited	82,049,918,214	14,770,224,914
Jetstar Pacific Airlines Aviation Joint Stock Company (JPA)	14,012,699,029	79,841,335,994
Vietnam Airport Ground Services Company Limited	142,711,885,382	119,281,864,625
<i>Associates</i>		
Cambodia Angkor Air	230,693,165,068	369,706,333,228
Income from Business Cooperation contracts (BCC)		
<i>Subsidiaries</i>		
Tan Son Nhat Cargo Services Joint Stock Company (previously known as Tan Son Nhat Cargo Services Company Limited)	52,089,842,280	38,541,349,638
Revenue distribution of Business Cooperation contracts (BCC)		
<i>Subsidiaries</i>		
Jetstar Pacific Airlines Aviation Joint Stock Company (JPA)	36,490,398,915	-

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	Transaction value	
	2017	2016
	VND	VND
Purchase of goods and services		
<i>Subsidiaries</i>		
Vietnam Air Petrol One Member Company Limited (Skypec)	11,385,561,838,878	9,149,427,690,476
Vietnam Airlines Engineering Company Limited	1,664,949,047,636	1,499,708,284,218
Vietnam Airlines Caterers Limited	288,479,966,751	286,813,449,694
Noi Bai Catering Services Joint Stock Company	331,998,296,897	320,313,534,439
Aviation Information and Telecommunication JSC	169,455,514,442	174,093,686,852
Vietnam Airport Ground Services Company Limited	1,241,538,968,031	1,154,713,535,179
Sabre Vietnam Joint Stock Company	26,811,984,202	1,256,011,441
Members of Board of Directors and Board of Management		
Compensation	16,238,016,000	11,090,820,000

36. Corresponding figures

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

Prepared by:  **26 MAR 2018**

Approved by:   

Ho Xuan Tam
Department of Finance and Accounting

Tran Thanh Hien
Chief Accountant

Duong Tri Thanh
President & CEO