

**VietJet Aviation Joint Stock Company**

Separate Financial Statements

Quarter III 2019

**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.

<b>Board of Management</b>	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
	Donal Boylan	Member

<b>Board of Directors</b>	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
	Ho Ngoc Yen Phuong	Vice President
	Nguyen Duc Thinh	Vice President
	Tran Hoai Nam	Vice President
Do Xuan Quang	Vice President	
Nguyen Thanh Son	Vice President	

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

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

The Board of Directors of VietJet Aviation Joint Stock Company (“the Company”) presents this statement and the accompanying separate interim financial statements of the Company for the nine-month period ended 30 September 2019.

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

- (a) the separate interim financial statements set out on pages 4 to 40 give a true and fair view of the unconsolidated financial position of the Company as at 30 September 2019, and of the unconsolidated results of operations and the unconsolidated cash flows of the Company for the nine-month period then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to interim financial reporting; and
- (b) at the date of this statement, there are no reasons to believe that the Company will not be able to pay its debts as and when they fall due.

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

On behalf of the Board of Directors

Nguyen Thi Phuong Thao  
*Chief Executive Officer*  
(Signed)

Ho Chi Minh City, 30 October 2019

**VietJet Aviation Joint Stock Company**  
**Separate balance sheet as at 30 September 2019**

**Form B 01a – DN**

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

	Code	Note	30/9/2019 VND	1/1/2019 VND
<b>ASSETS</b>				
<b>Current assets</b> <b>(100 = 110 + 120 + 130 + 140 + 150)</b>	<b>100</b>		<b>17,171,245,191,514</b>	<b>16,727,030,230,311</b>
<b>Cash and cash equivalents</b>	<b>110</b>	<b>4</b>	<b>3,158,567,685,835</b>	<b>7,156,359,241,738</b>
Cash	111		1,437,794,253,934	3,640,399,241,738
Cash equivalents	112		1,720,773,431,901	3,515,960,000,000
<b>Short-term financial investments</b>	<b>120</b>		<b>545,000,000,000</b>	<b>815,500,000,000</b>
Trading securities	121	<b>5(a)</b>	990,000,000,000	990,000,000,000
Allowance for diminution in the value of trading securities	122		(445,000,000,000)	(174,500,000,000)
Held-to-maturity investments	123		-	-
<b>Accounts receivable – short-term</b>	<b>130</b>		<b>12,405,940,967,128</b>	<b>7,931,509,214,723</b>
Accounts receivable from customers	131		1,657,959,151,904	1,220,013,565,836
Prepayments to suppliers	132	<b>6(a)</b>	81,186,856,050	129,927,091,931
Loans receivable	135		-	-
Other short-term receivables	136	<b>7(a)</b>	10,666,794,959,174	6,581,568,556,956
<b>Inventories</b>	<b>140</b>	<b>8</b>	<b>589,575,595,705</b>	<b>468,729,305,585</b>
<b>Other current assets</b>	<b>150</b>		<b>472,160,942,846</b>	<b>354,932,468,265</b>
Short-term prepaid expenses	151	<b>12(a)</b>	409,003,063,635	299,977,931,225
Taxes receivable from State Treasury	153	<b>14(b)</b>	63,157,879,211	54,954,537,040

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

**VietJet Aviation Joint Stock Company**  
**Separate balance sheet as at 30 September 2019 (continued)**

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

	Code	Note	30/9/2019 VND	1/1/2019 VND
<b>Long-term assets</b> <b>(200 = 210 + 220 + 240 + 250 + 260)</b>	<b>200</b>		<b>22,236,718,283,726</b>	<b>19,955,201,908,719</b>
<b>Accounts receivable – long-term</b>	<b>210</b>		<b>12,908,262,207,412</b>	<b>10,575,666,223,835</b>
Prepayments to suppliers	212	<b>6(b)</b>	701,500,000,000	701,500,000,000
Other long-term receivables	216	<b>7(b)</b>	12,206,762,207,412	9,874,166,223,835
<b>Fixed assets</b>	<b>220</b>		<b>1,558,029,257,249</b>	<b>1,645,095,006,520</b>
Tangible fixed assets	221	<b>9</b>	1,556,030,699,430	1,642,189,535,533
<i>Cost</i>	222		<i>1,856,979,585,143</i>	<i>1,934,434,945,327</i>
<i>Accumulated depreciation</i>	223		<i>(300,948,885,713)</i>	<i>(292,245,409,794)</i>
Intangible fixed assets	227	<b>10</b>	1,998,557,819	2,905,470,987
<i>Cost</i>	228		<i>29,377,278,155</i>	<i>29,077,618,155</i>
<i>Accumulated amortisation</i>	229		<i>(27,378,720,336)</i>	<i>(26,172,147,168)</i>
<b>Long-term work in progress</b>	<b>240</b>		<b>1,713,336,637,587</b>	<b>1,175,977,845,586</b>
Construction in progress	242	<b>11</b>	1,713,336,637,587	1,175,977,845,586
<b>Long-term financial investments</b>	<b>250</b>		<b>224,973,206,218</b>	<b>77,424,629,818</b>
Investments in subsidiaries	251		9,000,000,000	9,000,000,000
Investments in associates	252		60,000,000,000	60,000,000,000
Equity investments in other entities	253	<b>5(b)</b>	149,417,024,400	7,868,448,000
Held-to-maturity investments	255		6,556,181,818	556,181,818
<b>Other long-term assets</b>	<b>260</b>		<b>5,832,116,975,260</b>	<b>6,481,038,202,960</b>
Long-term prepaid expenses	261	<b>12(b)</b>	5,832,116,975,260	6,481,038,202,960
<b>TOTAL ASSETS</b> <b>(270 = 100 + 200)</b>	<b>270</b>		<b>39,407,963,475,240</b>	<b>36,682,232,139,030</b>

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

**VietJet Aviation Joint Stock Company**  
**Separate balance sheet as at 30 September 2019 (continued)**

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

	Code	Note	30/9/2019 VND	1/1/2019 VND
<b>RESOURCES</b>				
<b>LIABILITIES (300 = 310 + 330)</b>	<b>300</b>		<b>33,698,490,960,915</b>	<b>30,422,594,983,854</b>
<b>Current liabilities</b>	<b>310</b>		<b>22,460,718,017,812</b>	<b>20,326,158,485,235</b>
Accounts payable to suppliers	311	13	558,997,152,650	913,707,485,181
Advances from customers	312		988,471,571,942	731,957,225,384
Taxes payable to State Treasury	313	14(a)	533,431,630,786	204,303,773,014
Accrued expenses	315	15	1,608,578,043,120	1,911,683,033,277
Unearned revenue	318	16	860,485,313,407	2,732,382,333,601
Other short-term payables	319	17	7,791,953,958,736	6,963,402,316,712
Short-term borrowings	320	18(a)	8,112,310,947,802	4,957,780,032,953
Provisions – short-term	321	19	2,006,489,399,369	1,910,942,285,113
<b>Long-term liabilities</b>	<b>330</b>		<b>11,237,772,943,103</b>	<b>10,096,436,498,619</b>
Other long-term payables	337		6,636,355,880	5,658,606,820
Long-term borrowings	338	18(b)	1,140,752,114,338	572,231,674,577
Deferred tax liabilities	341	20	378,618,939,276	374,787,926,130
Provisions – long-term	342	19	9,711,765,533,609	9,143,758,291,092
<b>EQUITY (400 = 410)</b>	<b>400</b>		<b>5,709,472,514,325</b>	<b>6,259,637,155,176</b>
<b>Owners' equity</b>	<b>410</b>	<b>21</b>	<b>5,709,472,514,325</b>	<b>6,259,637,155,176</b>
Share capital	411		5,416,113,340,000	5,416,113,340,000
Share premium	412		245,949,492,805	245,949,492,805
Treasury bonds			(2,347,121,362,620)	-
Retained profits	421		2,394,531,044,140	597,574,322,371
<b>TOTAL RESOURCES</b> <b>(440 = 300 + 400)</b>	<b>440</b>		<b>39,407,963,475,240</b>	<b>36,682,232,139,030</b>

30 October 2019

Prepared by:

Approved by:

Hoang Manh Ha  
*Chief Accountant*

Ho Ngoc Yen Phuong  
*Vice President cum*  
*Chief Financial Officer*

Luu Duc Khanh  
*Managing Director*

(Signed)

(Signed)

(Signed)

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

**VietJet Aviation Joint Stock Company**  
**Separate statement of income for the third quarter 2019**

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

	Code	Note	Quarter III		Nine-month period ended	
			Current year VND	Previous year VND	30/9/2019 VND	30/9/2018 VND
Revenue from sales of goods and provision of services	01	24	10.415.547.251.469	8.901.231.203.378	30.597.309.364.937	25.413.547.340.984
Cost of sales	11	25	8.986.091.878.804	7.304.139.597.736	26.604.137.517.167	21.605.185.113.831
<b>Gross profit (20 = 01 - 11)</b>	<b>20</b>		<b>1.429.455.372.665</b>	<b>1.597.091.605.642</b>	<b>3.993.171.847.770</b>	<b>3.808.362.227.153</b>
Financial income	21	26	461.239.259.242	110.533.750.727	760.751.926.602	247.412.584.325
Financial expenses	22	27	204.264.043.965	326.356.278.858	792.727.085.717	820.566.008.227
<i>In which: Interest expense</i>	23		<i>100.562.224.023</i>	<i>78.209.171.264</i>	<i>241.133.756.336</i>	<i>189.958.251.890</i>
Selling expenses	25	28	267.128.540.504	197.611.898.688	832.440.872.198	588.967.376.529
General and administration expenses	26	29	113.083.324.434	64.879.127.706	289.295.235.758	183.341.367.398
<b>Net operating profit {30 = 20 + (21 - 22) - (25 + 26)}</b>	<b>30</b>		<b>1.306.218.723.004</b>	<b>1.118.778.051.117</b>	<b>2.839.460.580.699</b>	<b>2.462.900.059.324</b>
Other income	31		296.362.999.783	2.739.447.154	316.276.152.061	5.213.939.706
Other expenses	32		291.641.103.488	25.749.884	291.725.468.799	84.647.721
<b>Results of other activities (40 = 31 - 32)</b>	<b>40</b>		<b>4.721.896.295</b>	<b>2.713.697.270</b>	<b>24.550.683.262</b>	<b>5.129.291.985</b>
<b>Accounting profit before tax (50 = 30 + 40)</b>	<b>50</b>		<b>1.310.940.619.299</b>	<b>1.121.491.748.387</b>	<b>2.864.011.263.961</b>	<b>2.468.029.351.309</b>
Income tax expense – current	51	30	219.649.215.002	111.149.174.839	521.612.195.046	226.566.949.092
Income tax expense – deferred	52	30	(6.180.592.250)	(83.881.307.707)	3.831.013.146	(39.038.401.567)
<b>Net profit after tax (60 = 50 - 51 - 52)</b>	<b>60</b>		<b>1.097.471.996.547</b>	<b>1.094.223.881.255</b>	<b>2.338.568.055.769</b>	<b>2.280.500.803.784</b>

30 October 2019

Prepared by:

Approved by:

Hoang Manh Ha  
*Chief Accountant*

(Signed)

Ho Ngoc Yen Phuong  
*Vice President cum  
Chief Financial Officer*

(Signed)

Luu Duc Khanh  
*Managing Director*

(Signed)

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



**VietJet Aviation Joint Stock Company**  
**Separate statement of cash flows for the financial period ended 30 September 2019**  
**(Indirect method)**

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

Code	Quarter III		Nine-month period ended		
	Current year VND	Previous year VND	30/9/2019 VND	30/9/2018 VND	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
<b>Accounting profit before tax</b>	<b>01</b>	<b>1,310,940,619,299</b>	<b>1,121,491,748,387</b>	<b>2,864,011,263,961</b>	<b>2,468,029,351,309</b>
<b>Adjustments for</b>					
Depreciation and amortisation	02	41,526,746,344	40,019,555,055	120,173,199,094	109,785,842,728
Allowances and provisions	03	33,000,000,000	23,650,000,000	270,500,000,000	143,150,000,000
Unwinding discount of provisions	03	-	114,250,670,326	-	312,865,986,925
Exchange losses arising from revaluation of monetary items denominated in foreign currencies	04	(934,912,196)	81,461,113,780	209,456,597,243	145,806,445,924
Interest income	05	(201,332,411,201)	(70,892,356,047)	(385,266,643,656)	(163,007,125,580)
Dividend income	05	(57,970,833,333)	-	(151,666,380,532)	(2,832,636,000)
Interest expense	06	100,562,224,023	78,209,171,264	241,133,756,336	189,958,251,890
<b>Operating profit before changes in working capital</b>	<b>08</b>	<b>1,225,791,432,936</b>	<b>1,388,189,902,765</b>	<b>3,168,341,792,446</b>	<b>3,203,756,117,196</b>
Change in receivables	09	(2,179,103,528,713)	(436,407,321,582)	(4,725,206,153,194)	(1,989,407,183,064)
Change in inventories	10	43,181,284,347	10,524,031,223	(120,846,290,120)	(50,761,202,610)
Change in payables and other liabilities	11	(470,670,072,744)	(263,547,030,263)	(775,935,886,541)	984,532,315,199
Change in prepaid expenses	12	(30,818,573,323)	196,956,637,941	539,896,095,290	999,904,191,073
		<b>(1,411,619,457,497)</b>	<b>895,716,220,084</b>	<b>(1,913,750,442,119)</b>	<b>3,148,024,237,794</b>
Interest paid	14	(76,048,423,847)	(67,678,928,810)	(213,284,968,863)	(178,386,365,077)
Income tax paid	15	-	-	(191,000,000,000)	(18,000,000,000)
<b>Net cash flows from operating activities</b>	<b>20</b>	<b>(1,487,667,881,344)</b>	<b>828,037,291,274</b>	<b>(2,318,035,410,982)</b>	<b>2,951,637,872,717</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Payments for additions to fixed assets and other long-term assets	21	(613,955,917,804)	(507,759,902,593)	(927,132,312,591)	(1,067,734,045,185)
Deposits to purchase aircrafts, net cash flows	21	1,115,588,243,024	32,169,538,090	(1,579,369,130,941)	(621,798,454,741)
Payments for term deposits at banks, loans receivable and corporate bonds	23	-	559,055,555,556	(356,000,000,000)	-
Receipts from collection of corporate bonds	24	350,000,000,000	(103,555,555,556)	350,000,000,000	-
Payments for investments in other entities	25	(141,548,576,400)	-	(141,548,576,400)	(1,132,840,350,000)
Receipts of interests	27	66,765,820,532	72,066,364,126	179,561,342,668	160,776,242,816
Receipt of dividends		-	-	2,832,636,000	-
<b>Net cash flows from investing activities</b>	<b>30</b>	<b>776,849,569,352</b>	<b>51,975,999,623</b>	<b>(2,471,656,041,264)</b>	<b>(2,661,596,607,110)</b>

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

**VietJet Aviation Joint Stock Company**  
**Separate statement of cash flows for the financial period ended 30 September 2019**  
**(Indirect method)**

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

Code	Quarter III		Nine-month period ended		
	This year VND	Previous year VND	30/9/2019 VND	30/9/2018 VND	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from borrowings	33	10.472.950.473.194	9.580.808.571.589	24.953.931.737.696	26.249.984.658.310
Payments of Treasury Stock		(2.347.121.362.620)	-	(2.347.121.362.620)	-
Proceeds from Bonds		600.000.000.000	-	600.000.000.000	-
Payments to settle loan principals	34	(9.665.639.945.732)	(9.505.370.994.196)	(21.835.351.756.183)	(26.157.460.575.839)
Payments of dividends	36	1.497.547.500	(979.332.494.050)	(541.611.334.000)	(1.912.505.798.950)
<b>Net cash flows from financing activities</b>	<b>40</b>	<b>(938.313.287.658)</b>	<b>(903.894.916.657)</b>	<b>829.847.284.893</b>	<b>(1.819.981.716.479)</b>
<b>Net cash flows during the period (50 = 20 + 30 + 40)</b>	<b>50</b>	<b>(1.649.131.599.650)</b>	<b>(23.881.625.760)</b>	<b>(3.959.844.167.353)</b>	<b>(1.529.940.450.872)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>60</b>	<b>4.900.761.633.020</b>	<b>4.932.430.251.705</b>	<b>7.156.359.241.738</b>	<b>6.436.910.324.903</b>
<b>Effect of exchange rate fluctuations on cash and cash equivalents</b>	<b>61</b>	<b>(93.062.347.535)</b>	<b>(26.257.792.362)</b>	<b>(37.947.388.550)</b>	<b>(24.679.040.448)</b>
<b>Cash and cash equivalents at the end of the period (70 = 50 + 60 + 61)</b>	<b>70</b>	<b>3.158.567.685.835</b>	<b>4.882.290.833.583</b>	<b>3.158.567.685.835</b>	<b>4.882.290.833.583</b>

30 October 2019

Prepared by:

Approved by:

Hoang Manh Ha  
*Chief Accountant*

(Signed)

Ho Ngoc Yen Phuong  
*Vice President cum*  
*Chief Financial Officer*

(Signed)

Luu Duc Khanh  
*Managing Director*

(Signed)

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

**VietJet Aviation Joint Stock Company**  
**Notes to the separate interim financial statements for the financial period ended**  
**30 September 2019**

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

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

**1. Reporting entity**

**(a) Ownership structure**

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

**(b) Principal activities**

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

**(c) Normal operating cycle**

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

**(d) Company’s structure**

As at 30 September 2019, the Company had 4,827 employees (1/1/2019: 3,853 employees).

**2. Basis of preparation**

**(a) Statement of compliance**

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

**(b) Basis of measurement**

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

**VietJet Aviation Joint Stock Company**  
**Notes to the separate interim financial statements for the financial period ended**  
**30 September 2019 (continued)**

**Form B 09a – DN**

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

**(c) Annual accounting period**

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

**(d) Accounting and presentation currency**

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

**(a) Foreign currency transactions**

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

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

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

**(b) Cash and cash equivalents**

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

**VietJet Aviation Joint Stock Company**  
**Notes to the separate interim financial statements for the financial period ended**  
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**(c) Investments**

**(i) Trading securities**

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

**(ii) Held-to-maturity investments**

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

**(iii) Investments in subsidiaries and associates**

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

**(iv) Investments in equity instruments of other entities**

Investments in equity instruments of other entities are initially recognised at cost which include purchase price plus any directly attributable transaction costs. Subsequent to initial recognition, these investments are stated at cost less allowance for diminution in value. An allowance is made for diminution in investment 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 recognized.

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**(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.

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

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**(ii) Depreciation**

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

▪ aircraft and components	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.

**(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.

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**(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**

**Policy applicable in the separate financial statements for the year ended 31 December 2018**

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 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 all 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. If effect of time value of money is material, unwinding discount of the provisions is recorded as financial expenses.

**Policy applicable in the separate interim financial statements for the nine-month period ended 30 September 2019**

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 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 the maintenance reserves, except for engine performance restoration and auxiliary power unit heavy repair, 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. If effect of time value of money is material, unwinding discount of the provisions is recorded as financial expenses.

The estimated costs of engine performance restoration and auxiliary power unit heavy repair are accrued and charged to the separate statement of income over the estimated period between maintenance events using the ratios of actual flying hours or cycles and estimated flying hours or cycles between maintenance events.

The change in accounting policy did not have significant impact to separate balance sheet as at 1 January 2019 and separate statements of income and cash flows for the nine-month period ended 30 September 2018.



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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. If effect of time value of money is material, 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 period comprises current and deferred tax. Income tax is recognised in the separate statement of income except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

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

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

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

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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) *Regular – Block seat and Charter flights***

Revenue from block seat and 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.

**(iii) *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.

**(iv) *Aircrafts leasing***

Revenue from aircrafts 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.

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**(v) Other services**

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

**(vi) Interest income**

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

**(vii) Dividend income**

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

**(p) Borrowing costs**

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

**(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.

**(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.

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**4. Cash and cash equivalents**

	<b>30/9/2019</b>	<b>1/1/2019</b>
	<b>VND</b>	<b>VND</b>
Cash on hand	8,762,055,585	7,979,150,266
Cash in banks	1,429,032,198,349	3,632,420,091,472
Cash equivalents	1,720,773,431,901	3,515,960,000,000
	<hr/>	<hr/>
	<b>3,158,567,685,835</b>	<b>7,156,359,241,738</b>

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**5. Investments**

**(a) Trading securities**

	30/09/2019		1/1/2019	
	% of equity owned voting right	VND	% of equity owned voting right	VND
The investment in securities as follow:				
PetroVietnam Oil Corporation	4.59%	990,000,000,000	4.59%	990,000,000,000
Allowance for diminution in value		(445,000,000,000)		(174,500,000,000)
		<b>545,000,000,000</b>		<b>815,500,000,000</b>

**(b) Equity investments in other entities**

	30/9/2019		1/1/2019	
	% of equity owned/ voting right	VND	% of equity owned/ voting right	VND
<b>Equity investments in subsidiaries</b>				
▪ 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%	-
		<b>9,000,000,000</b>		<b>9,000,000,000</b>
<b>Equity investments in associates</b>				
▪ 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
		<b>60,000,000,000</b>		<b>60,000,000,000</b>
<b>Equity investments in other entity</b>				
▪ Sai Gon Ground Services Joint Stock Company	9.1%	149,417,024,400	4%	7,868,448,000

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Principal activities of subsidiaries and associates are described as follows:

Name	Note	Country of incorporation	Business Registration Certificate	Principal activities
<i>Subsidiaries</i>				
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.
<i>Associates</i>				
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 30 September 2019, the Company has not yet contributed capital in these subsidiaries and associates. These companies' operations are mainly financed by the Company.
- (b) The Company has significant influence over these companies because the Company has right to appoint members of the Board of Management of these companies.

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**(c) Held-to-maturity investments**

	<b>30/9/2019</b>	<b>1/1/2019</b>
	<b>VND</b>	<b>VND</b>
Short-term		
▪ Term deposits at banks	6,000,000,000	-
▪ Business co-operation contract	556,181,818	556,181,818

**6. Prepayments to suppliers**

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

	<b>30/9/2019</b>	<b>1/1/2019</b>
	<b>VND</b>	<b>VND</b>
Prepayments for engine repair services	2.536.677.309	86,093,582,599
Prepayments for office rentals	-	-
Prepayments for airports services	-	-
Others	78.650.178.741	43,833,509,332
	<b>81.186.856.050</b>	<b>129,927,091,931</b>

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

	<b>30/9/2019</b>	<b>1/1/2019</b>
	<b>VND</b>	<b>VND</b>
Business co-operation contract	701,500,000,000	701,500,000,000

Prepayments to suppliers – long-term represented the Company’s contribution to develop an office and residential complex building in 18E Cong Hoa, Ward 4, Tan Binh District, Ho Chi Minh City in accordance with Contract No. 01/2016/VJA-TDĐB with Thuy Duong – Duc Binh Commercial Joint Stock Company. The Company will receive 15,547 m<sup>2</sup> office area and 13,409 m<sup>2</sup> residential area and use these areas as the Company’s office and dormitory upon completion of the project. The amounts due from Thuy Duong – Duc Binh Commercial Jsc were earned interest at rate of 9% per annum during the construction in progress.

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**7. Other receivables**

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

	Note	30/9/2019 VND	1/1/2019 VND
Deposits for aircraft purchases within next 12 months		4,967,653,816,840	3,475,240,954,627
Maintenance reserves of leased aircrafts		2,078,881,774,817	1,184,688,761,520
Expenses paid on behalf of Thai Vietjet Air Joint Stock Company Limited		1,498,782,590,194	836,386,005,056
Purchase discounts receivable		401,476,518,461	229,106,136,065
Claim receivables from maintenance reserves of leased aircrafts		351,069,419,770	237,582,261,399
Cabin Modification		777,542,582	5,959,839,053
Interest income		213,159,328,766	9,651,580,686
Deposits for other services		134,227,957,478	218,304,289,580
Related parties		332,048,575,822	202,473,647,883
Others		688,717,434,444	182,175,081,087
		<b>10,666,794,959,174</b>	<b>6,581,568,556,956</b>

- (i) The amounts due from the associate were unsecured, earned interest at rate of 5.5% per annum during the period (nine-month period ended 30 Sep 2018: nil) and are receivable on demand.

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

	Note	30/9/2019 VND	1/1/2019 VND
Maintenance reserves of leased aircrafts		6,212,066,913,088	5,569,947,708,015
Deposits for aircraft purchases after next 12 months		3,986,806,313,168	2,407,437,182,227
Deposits for aircraft leases		1,198,300,312,375	1,083,546,542,276
Related parties		764,094,946,987	764,094,946,987
Other long-term receivables		45,493,721,794	49,139,844,330
		<b>12,206,762,207,412</b>	<b>9,874,166,223,835</b>

**8. Inventories**

	30/9/2019		1/1/2019	
	Cost VND	Allowance VND	Cost VND	Allowance VND
Tools and supplies	586,512,471,162	-	461,585,964,571	-
Merchandise inventories	3,063,124,543	-	7,143,341,014	-
	<b>589,575,595,705</b>	<b>-</b>	<b>468,729,305,585</b>	<b>-</b>



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**Notes to the separate interim financial statements for the financial period ended 30 September 2019**

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**9. Tangible fixed assets**

	<b>Aircraft and components VND</b>	<b>Machinery and equipment VND</b>	<b>Office equipment VND</b>	<b>Motor vehicles VND</b>	<b>Total VND</b>
<b>Cost</b>					
Opening balance	1,869,439,499,382	22,488,636,024	23,967,643,445	18,539,166,476	1,934,434,945,327
Additions during the period	-	1,707,449,600	165,636,364	-	-
Transfer from construction in progress	322,325,297,750	-	-	-	322,325,297,750
Write off	(401,653,743,898)	-	-	-	(401,653,743,898)
Closing balance	1,790,111,053,234	24,196,085,624	24,133,279,809	18,539,166,476	1,856,979,585,143
<b>Accumulated depreciation</b>					
Opening balance	248,308,137,207	16,562,626,105	13,399,564,434	13,975,082,048	292,245,409,794
Charge for the period	108,792,336,915	6,955,204,484	1,625,004,064	1,594,080,463	118,966,625,926
Write off	(110,018,260,007)	-	-	-	(110,018,260,007)
Reclassify	(244,890,000)	-	-	-	(244,890,000)
Closing balance	246,837,324,115	23,517,830,589	15,024,568,498	15,569,162,511	300,948,885,713
Opening balance	<b>1,621,131,362,175</b>	<b>5,926,009,919</b>	<b>10,568,079,011</b>	<b>4,564,084,428</b>	<b>1,642,189,535,533</b>
Closing balance	<b>1,543,273,729,119</b>	<b>678,255,035</b>	<b>9,108,711,311</b>	<b>2,970,003,965</b>	<b>1,556,030,699,430</b>

Included in the cost of tangible fixed assets were assets costing VND24,363 million which were fully depreciated as at 30 September 2019 (1/1/2019: VND24,363 million), but which are still in active use,

As at 30 September 2019, tangible fixed assets with carrying value of VND747,965 million (1/1/2019: VND781,624 million) were pledged as security for borrowings granted by Military Commercial Joint Stock Bank to the Company (note 24(b)),

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**10. Intangible fixed assets**

	<b>Software VND</b>
<b>Cost</b>	
Opening balance and closing balance	29,077,618,155
Additions during the period	299,660,000
	29,377,278,155
<b>Accumulated amortisation</b>	
Opening balance	26,172,147,168
Charge for the period	1,206,573,168
	27,378,720,336
<b>Net book value</b>	
Opening balance	<b>2,905,470,987</b>
Closing balance	<b>1,998,557,819</b>

Included in the cost of intangible fixed assets was assets costing VND23,574 million which were fully amortised as at 30 September 2019 (1/1/2019: VND20,627 million), but which are still in active use.

**11. Construction in progress**

	<b>30/9/2019 VND</b>	<b>1/1/2018 VND</b>
Opening balance	1,175,977,845,586	193,431,223,060
Additions during the period	644,301,914,264	1,566,189,996,094
Transfer to tangible fixed assets	(322,325,297,750)	(267,427,465,457)
Transfer to other short-term receivables	(65,275,476,876)	(316,215,908,111)
Reclassify	280,657,652,363	-
	<b>1,713,336,637,587</b>	<b>1,175,997,845,586</b>

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**12. Prepaid expenses**

**(a) Short-term prepaid expenses**

	<b>30/9/2019</b>	<b>1/1/2019</b>
	<b>VND</b>	<b>VND</b>
Prepayments for aircraft leases	344,209,249,404	280,592,905,482
Prepayments for maintenance expenses	22,141,234,284	19,375,890,925
Others	42,652,579,947	9,134,818
	<hr/>	<hr/>
	<b>409,003,063,635</b>	<b>299,977,931,225</b>
	<hr/>	<hr/>

**VietJet Aviation Joint Stock Company****Notes to the separate interim financial statements for the financial period ended 30 September 2019 (continued)**

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	<b>Maintenance costs VND</b>	<b>Costs to make good on leased assets VND</b>	<b>Major inspection and overhaul expenditure VND</b>	<b>Rotable parts, tools and instruments VND</b>	<b>Total VND</b>
Opening balance	5,720,653,521,463	565,982,665,674	108,437,500,275	85,964,515,548	6,481,038,202,960
Additions during the period	919,337,342,032	41,939,989,202	40,330,891,683	32,454,160,568	1,034,062,383,485
Charge for the period	(1,499,085,276,213)	(53,401,463,980)	(79,335,044,190)	(46,806,085,174)	(1,678,627,869,557)
Written off	(4.355.741.628)	-	-	-	(4.355.741.628)
Closing balance	<b>5,136,549,845,654</b>	<b>554,521,190,896</b>	<b>69,433,347,768</b>	<b>71,612,590,942</b>	<b>5,832,116,975,260</b>

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

**Accounts payable to suppliers detailed by significant suppliers**

	<b>30/9/2019</b>	<b>1/1/2019</b>
	<b>Cost/Amount</b>	<b>Cost/Amount</b>
	<b>within repayment</b>	<b>within repayment</b>
	<b>capacity</b>	<b>capacity</b>
	<b>VND</b>	<b>VND</b>
Petrolimex Aviation Fuel Joint Stock Company	66,071,414,618	358,790,499,261
Other suppliers	492,925,738,032	554,916,985,920
	<b>558,997,152,650</b>	<b>913,707,485,181</b>

**VietJet Aviation Joint Stock Company**

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**14. Taxes**

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

	<b>1/1/2019 VND</b>	<b>Incurred VND</b>	<b>Paid VND</b>	<b>Netted-off VND</b>	<b>Reclassified VND</b>	<b>30/9/2019 VND</b>
Value added tax	67,172,238,551	1,272,143,088,842	(333,920,254,368)	(985,954,839,431)	-	19,440,233,594
Personal income tax	30,199,147,844	493,214,168,971	(455,314,524,229)	-	-	68,098,792,586
Foreign contractor tax	-	71,015,394,879	(70,870,714,109)	-	8,203,342,171	8,348,022,941
Corporate income tax	106,932,386,619	521,612,195,046	(191,000,000,000)	-	-	437,544,581,665
	<b>204,303,773,014</b>	<b>2,357,984,847,738</b>	<b>(1,051,105,492,706)</b>	<b>(985,954,839,431)</b>	<b>8,203,342,171</b>	<b>533,431,630,786</b>

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

	<b>1/1/2019 VND</b>	<b>Incurred VND</b>	<b>Paid VND</b>	<b>Netted-off VND</b>	<b>Reclassified VND</b>	<b>30/9/2019 VND</b>
Value added tax	-	985,954,839,431	-	(985,954,839,431)	-	-
Foreign contractor tax	54,954,537,040	-	-	-	8,203,342,171	63,157,879,211
Corporate income tax	-	-	-	-	-	-
	<b>54,954,537,040</b>	<b>985,954,839,431</b>	<b>-</b>	<b>(985,954,839,431)</b>	<b>8,203,342,171</b>	<b>63,157,879,211</b>

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**15. Accrued expenses**

	<b>30/9/2019</b>	<b>1/1/2019</b>
	<b>VND</b>	<b>VND</b>
Aircraft related expenses	1,137,894,728,310	1,585,492,948,464
Maintenance expenses	296,330,761,877	137,923,043,709
13 <sup>th</sup> month salary	12,051,736,996	44,139,020,226
Interest expense	33,457,794,373	8,878,860,783
Others	128,843,021,564	135,249,160,095
	<b>1,608,578,043,120</b>	<b>1,911,683,033,277</b>

**16. Unearned revenue**

	<b>30/9/2019</b>	<b>1/1/2019</b>
	<b>VND</b>	<b>VND</b>
Passenger and ancillary services revenue received in advance, to be realised within next 12 months	860,485,313,407	2,732,382,333,601

**17. Other short-term payables**

	<b>30/9/2019</b>	<b>1/1/2019</b>
	<b>VND</b>	<b>VND</b>
Airport tax payables	700,434,169,212	959,306,960,036
Short-term deposits received	222,436,035,567	487,358,535,248
Related parties	5,417,684,893,254	5,392,933,059,658
Consulting fees payable to Sovico Holding	7,151,746,521	7,306,110,821
Dividends payable to shareholders	148,516,170,480	59,290,521,050
Others	1,295,730,943,702	57,207,129,899
	<b>7,791,953,958,736</b>	<b>6,963,402,316,712</b>

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

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**18. Borrowings**

**(a) Short-term borrowings**

	<b>1/1/2019</b>	<b>Movements during the period</b>			<b>30/9/2019</b>
	<b>Carrying amount/ Amount within repayment capacity VND</b>	<b>Additions VND</b>	<b>Repayments VND</b>	<b>Revaluation VND</b>	<b>Carrying amount/ Amount within repayment capacity VND</b>
Short-term borrowings	4,892,447,982,953	24,953,931,737,696	(21,803,040,416,183)	3,639,593,336	8,046,978,897,802
Current portion of long-term borrowings (Note 24(b))	65,332,050,000	32,311,340,000	(32,311,340,000)	-	65,332,050,000
	<b>4,957,780,032,953</b>	<b>24,986,243,077,696</b>	<b>(21,835,351,756,183)</b>	<b>3,639,593,336</b>	<b>8,112,310,947,802</b>



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

<b>Lenders</b>	<b>Currency</b>	<b>30/9/2019 VND</b>	<b>1/1/2019 VND</b>
<b>Secured loans</b>			
Ho Chi Minh City Development Joint Stock Commercial Bank, a related party			
Loan 1	USD	1,118,415,880,505	1,224,380,942,780
Vietnam Joint Stock Commercial Bank for Industry and Trade (“Vietinbank”)			
Loan 2	USD	2,403,024,547,875	-
<b>Unsecured loans</b>			
Joint Stock Commercial Bank for Investment and Development of Vietnam			
Loan 3	VND	1,369,569,596,264	1,378,354,608,081
Military Commercial Joint Stock Bank			
Loan 4	VND	468,970,749,392	1,364,639,205,779
HSBC Bank (Vietnam) Ltd			
Loan 5	VND	363,967,160,285	22,484,736,412
Citibank, N.A., Ho Chi Minh City Branch			
Loan 6	VND	575,080,278,263	317,121,228,150
Joint Stock Commercial Bank for Foreign Trade of Vietnam			
Loan 7	VND	1.360.123.528.145	-
Woori Bank Vietnam Ltd, Ho Chi Minh City Branch			
Loan 8	VND	387,827,157,073	-
Satona Financial Investment Joint Stock Company, a related party			
Loan 9	VND	-	150,000,000,000
Sunflower Sunny Investment Company Limited, a related party			
Loan 10	VND	-	300,000,000,000
United Overseas Bank, Ho Chi Minh City Branch			
Loan 11	VND	-	135,467,261,751
		<b>8,046,978,897,802</b>	<b>4,892,447,982,953</b>

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**(b) Long-term borrowings**

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

	<b>Currency</b>	<b>Annual interest rate</b>	<b>Year of maturity</b>	<b>30/9/2019 VND</b>	<b>1/1/2019 VND</b>
Millitary					
Commercial		LIBOR 6			
Joint Stock Bank	USD	months + 2,7%	2017-2028	1,206,084,164,338	637,563,724,577
Repayable within 12 months				(65,332,050,000)	(65,332,050,000)
Repayable after 12 months				<b>1,140,752,114,338</b>	<b>572,231,674,577</b>

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,

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

	<b>30/9/2019 VND</b>	<b>1/1/2019 VND</b>
Aircraft No, A320 MSN7167, VNA675	747,965,670,128	781,624,125,287

	<b>1/1/2019 Carrying amount VND</b>	<b>Additions VND</b>	<b>Repayments VND</b>	<b>30/9/2019 Carrying amount VND</b>
Non-convertible Bond	-	600,000,000,000	-	600,000,000,000
	-	600,000,000,000	-	600,000,000,000

Bond issued in Vietnam Dong are non-convertible, not accompanied by warrants, without collateral, and issued separately under the Government's Decree No. 163/18 / ND-CP of December 4, 2018. Bond interest will be paid later; in which the payment interest will be paid every 6 months.

- Bond name: BONDVJC / 2019.01
- Number of issues: 6,000,000
- Par value: VND 100,000 / bond
- Issuing price: 100% of par value
- Total issuance value: VND 600,000,000,000
- Term: 3 years from the date of issue
- Issuance date: July 26, 2019

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**19. Provisions**

Movements of provisions during the period were as follows:

	<b>Provision for maintenance expenses VND</b>	<b>Provision to make good on leased assets VND</b>	<b>Total VND</b>
Opening balance	10,251,477,067,489	803,223,508,716	11,054,700,576,205
Provision made during the period	1,605,942,810,309	41,939,989,202	1,647,882,799,511
Financial Expense	166,865,550,583	39,628,841,689	206,494,392,272
Utilization during the period	(546,680,636,569)	-	(546,680,636,569)
Written off	(644,142,198,441)	-	(644,142,198,441)
<b>Closing balance</b>	<b>10,833,462,593,371</b>	<b>884,792,339,607</b>	<b>11,718,254,932,978</b>
Short-term	2,006,489,399,369	-	2,006,489,399,369
Long-term	8,826,973,194,002	884,792,339,607	9,711,765,533,609
	<b>10,833,462,593,371</b>	<b>884,792,339,607</b>	<b>11,718,254,932,978</b>

**20. Deferred tax liabilities**

	<b>30/9/2019 VND</b>	<b>1/1/2019 VND</b>
Deferred tax assets:		
Provisions	2,343,650,986,595	2,210,940,115,241
Accrued expenses	114,127,492,958	43,733,453,444
<b>Total deferred tax assets</b>	<b>2,457,778,479,553</b>	<b>2,254,673,568,685</b>
Deferred tax liabilities:		
Long-term prepaid expenses	(1,138,214,207,310)	(1,257,327,237,428)
Maintenance reserves of leased aircrafts	(1,658,189,737,581)	(1,350,927,293,907)
Unrealised foreign exchange gains	(39,993,473,938)	(21,206,963,480)
<b>Total deferred tax liabilities</b>	<b>(2,836,397,418,829)</b>	<b>(2,629,461,494,815)</b>
<b>Net deferred tax liabilities</b>	<b>(378,618,939,276)</b>	<b>(374,787,926,130)</b>

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**21. Changes in owners' equity**

	Share capital VND	Share premium VND	Treasury Bonds	Retained profits VND	Total VND
<b>Balance as at 1 January 2018</b>	<b>4,513,432,840,000</b>	<b>245,949,492,805</b>	-	<b>921,587,387,741</b>	<b>5,680,969,720,546</b>
Shares dividends issued	902,686,568,000			(902,686,568,000)	-
Cash Dividends	-	-	-	(1,985,909,236,000)	(1,985,909,236,000)
Net profit for the period	-	-	-	2,564,576,670,630	2,564,576,670,630
<b>Balance as at 1 January 2019</b>	<b>5,416,113,340,000</b>	<b>245,949,492,805</b>	-	<b>597,574,322,371</b>	<b>6,259,637,155,176</b>
Cash Dividends	-	-		(541,611,334,000)	(541,611,334,000)
Net profit for the period	-	-		2,338,568,055,769	2,338,568,055,769
Treasury Bonds	-	-	(2,347,121,362,620)	-	(2,347,121,362,620)
<b>Balance as at 30 September 2019</b>	<b>5,416,113,340,000</b>	<b>245,949,492,805</b>	<b>(2,347,121,362,620)</b>	<b>2,394,531,044,140</b>	<b>5,709,472,514,325</b>

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**22. Share capital**

The Company's authorized and issued share capital is:

	<b>30/9/2019</b>	<b>1/1/2019</b>
	<b>Number of shares</b>	<b>Number of shares</b>
<b>Authorised share capital</b>		
Ordinary shares	541,611,334	541,611,334
<hr/>		
<b>Issued share capital</b>		
Ordinary shares	541,611,334	541,611,334
<hr/>		
<b>Treasury Share</b>		
Ordinary shares	(17,772,740)	-
<hr/>		
<b>Shares in circulation</b>		
Ordinary shares	<b>523.838.594</b>	<b>541,611,334</b>
<hr/>		

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,

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**23. Dividends**

On 8 April 2019, the Company's Board of Management resolved to distribute cash dividends amounting to VND542 billion (six-month period ended 30 June 2018: VND903 billion),

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

	<b>Quarter III 2019</b> <b>VND</b>	<b>Quarter III 2018</b> <b>VND</b>
Passenger transportation revenue	7,157,530,746,499	6,702,014,508,778
Ancillary revenue	2,835,401,826,768	2,176,701,525,164
Other revenue	422,614,678,202	22,515,169,436
	<b>10,415,547,251,469</b>	<b>8,901,231,203,378</b>

**25. Cost of sales**

	<b>Quarter III 2019</b> <b>VND</b>	<b>Quarter III 2018</b> <b>VND</b>
Flight operation expenses	8,099,859,684,113	6,892,569,502,319
Depreciation and Amortization	597,179,973,447	388,559,159,149
Others	289,052,221,244	23,010,936,268
	<b>8,986,091,878,804</b>	<b>7,304,139,597,736</b>

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**26. Financial income**

	<b>Quarter III 2019 VND</b>	<b>Quarter III 2018 VND</b>
Interest income	201,332,411,201	68,059,720,047
Realised foreign exchange gains	120,221,417,189	39,641,394,680
Dividend income	57,970,833,333	2,832,636,000
Others	81,714,597,519	-
	<b>461,239,259,242</b>	<b>110,533,750,727</b>

**27. Financial expenses**

	<b>Quarter III 2019 VND</b>	<b>Quarter III 2018 VND</b>
Unwinding discount of provisions	-	114,250,670,326
Interest expense	100,562,224,023	78,209,171,264
Allowance for diminution in the value of trading securities	33,000,000,000	23,650,000,000
Unrealised foreign exchange losses	25,373,070,976	81,461,113,780
Realised foreign exchange losses	45,328,748,966	28,785,323,488
	<b>204,264,043,965</b>	<b>326,356,278,858</b>

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**28. Selling expenses**

	<b>Quarter III 2019</b>	<b>Quarter III 2018</b>
	<b>VND</b>	<b>VND</b>
Sales expenses	120,543,940,568	111,457,495,571
Advertising and marketing expenses	91,982,379,168	59,921,605,135
Staff costs	27,628,355,036	20,958,240,690
Depreciation and amortisation	65,693,104	52,892,425
Others	26,908,172,628	5,221,664,867
	<b>267,128,540,504</b>	<b>197,611,898,688</b>

**29. General and administration expenses**

	<b>Quarter III 2019</b>	<b>Quarter III 2018</b>
	<b>VND</b>	<b>VND</b>
Staff costs	40,336,303,377	24,684,975,016
Rental expenses	4,990,982,493	6,839,276,832
Depreciation and amortisation	1,586,475,509	588,458,123
Insurance expenses	44,961,920	70,235,000
Others	66,124,601,135	32,696,182,735
	<b>113,083,324,434</b>	<b>64,879,127,706</b>



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**30. Income tax**

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

	<b>Quarter III 2019</b>	<b>Quarter III 2018</b>
	<b>VND</b>	<b>VND</b>
<b>Current tax expense</b>	<b>219,649,215,002</b>	<b>111,149,174,839</b>
Current period	219,649,215,002	111,149,174,839
<b>Deferred tax expense</b>	<b>(6,180,592,250)</b>	<b>(83,881,307,707)</b>
Origination and reversal of temporary differences	(6,180,592,250)	(83,881,307,707)
<b>Income tax expense</b>	<b>213,468,622,752</b>	<b>27,267,867,132</b>

**(b) 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,

30 October 2019

Prepared by:

Approved by:

Hoang Manh Ha  
*Chief Accountant*

Ho Ngoc Yen Phuong  
*Vice President cum  
Chief Financial Officer*

Luu Duc Khanh  
*Managing Director*

(Signed)

(Signed)

(Signed)