

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

Consolidated Financial Statements

Quarter IV 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.

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

Board of Directors	Nguyen Thi Phuong Thao	Chief Executive Officer
	Luu Duc Khanh	Managing Director
	Nguyen Duc Tam	Vice President
	Luong The Phuc	Vice President
	Dinh Viet Phuong	Vice President
	Nguyen Thi Thuy Binh	Vice President
	To Viet Thang	Vice President
	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)**

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

VietJet Aviation Joint Stock Company Statement of the Board of Directors

The Board of Directors of VietJet Aviation Joint Stock Company (“the Company”) presents this statement and the accompanying consolidated interim financial statements of the Company and its subsidiaries (together referred to as “the Group”) for the twelve-month period ended 31 December 2019.

The Board of Directors is responsible for the preparation and fair presentation of the consolidated 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 consolidated interim financial statements set out on pages 4 to 49 give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of the consolidated results of operations and the consolidated cash flows of the Group for the twelve-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 Group will not be able to pay its debts as and when they fall due.

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

On behalf of the Board of Directors

Nguyen Thi Phuong Thao
Chief Executive Officer

Ho Chi Minh City, 30 January 2020

VietJet Aviation Joint Stock Company and its subsidiaries
Consolidated balance sheet as at 31 December 2019

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

	Code	Note	31/12/2019 VND	1/1/2019 VND
ASSETS				
Current assets (100 = 110 + 120 + 130 + 140 + 150)	100		26,626,471,445,906	19,079,292,916,555
Cash and cash equivalents	110	5	6,076,130,859,648	7,164,923,007,451
Cash	111		3,823,874,107,200	3,648,963,007,451
Cash equivalents	112		2,252,256,752,448	3,515,960,000,000
Short-term financial investments	120		435,000,000,000	816,900,000,000
Trading securities	121	6(a)	990,000,000,000	990,000,000,000
Allowance for diminution in the value of trading securities	122	6(b)	(555,000,000,000)	(174,500,000,000)
Held-to-maturity investments	123	6(c)		1,400,000,000
Accounts receivable – short-term	130		18,985,742,138,634	10,272,635,073,584
Accounts receivable from customers	131		7,605,143,637,488	2,910,376,745,299
Prepayments to suppliers	132	7(a)	148,867,979,888	129,927,091,931
Loans receivable	135		499,482,168,000	499,804,692,000
Other short-term receivables	136	8(a)	10,732,248,353,258	6,732,526,544,354
Inventories	140	9	683,568,930,196	468,729,305,585
Other current assets	150		446,029,517,428	356,105,529,935
Short-term prepaid expenses	151	13(a)	382,337,666,788	299,977,931,264
Deductible value added tax	152		533,971,429	976,845,974
Taxes receivable from State Treasury	153	15(b)	63,157,879,211	55,150,752,697

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

VietJet Aviation Joint Stock Company and its subsidiaries
Consolidated balance sheet as at 31 December 2019 (continued)

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

	Code	Note	31/12/2019 VND	1/1/2019 VND
Long-term assets (200 = 210 + 220 + 240 + 250 + 260)	200		20,981,887,293,169	20,006,886,184,114
Accounts receivable – long-term	210		12,939,507,707,180	10,577,336,637,830
Prepayments to suppliers	212	7(b)	701,500,000,000	701,500,000,000
Other long-term receivables	216	8(b)	12,238,007,707,180	9,875,836,637,830
Fixed assets	220		1,294,921,085,383	1,646,373,479,969
Tangible fixed assets	221	10	1,292,634,047,772	1,643,191,617,368
<i>Cost</i>	222		<i>1,557,377,057,016</i>	<i>1,935,603,226,243</i>
<i>Accumulated depreciation</i>	223		<i>(264,743,009,244)</i>	<i>(292,411,608,875)</i>
Intangible fixed assets	227	11	2,287,037,611	3,181,862,601
<i>Cost</i>	228		<i>30,818,110,655</i>	<i>29,952,011,655</i>
<i>Accumulated amortisation</i>	229		<i>(28,531,073,044)</i>	<i>(26,770,149,054)</i>
Long-term work in progress	240		1,318,591,797,825	1,233,005,676,006
Construction in progress	242	12	1,318,591,797,825	1,233,005,676,006
Long-term financial investments	250		215,973,206,218	68,424,629,818
Investments in associates	252	6(b)	60,000,000,000	60,000,000,000
Equity investments in other entities	253	6(b)	149,417,024,400	7,868,448,000
Held-to-maturity investments	255	6(c)	6,556,181,818	556,181,818
Other long-term assets	260		5,212,893,496,563	6,481,745,760,491
Long-term prepaid expenses	261	13(b)	5,212,893,496,563	6,481,745,760,491
TOTAL ASSETS (270 = 100 + 200)	270		47,608,358,739,075	39,086,179,100,669

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

VietJet Aviation Joint Stock Company and its subsidiaries
Consolidated statement of income for the fourth quarter of 2019 (continued)

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

	Code	Note	31/12/2019 VND	1/1/2019 VND
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		32,293,501,323,640	25,047,675,864,087
Current liabilities	310		18,906,185,640,906	14,940,720,495,496
Accounts payable to suppliers	311	14	1,411,255,044,172	923,662,972,703
Advances from customers	312		669,963,368,463	688,665,229,378
Taxes payable to State Treasury	313	15(a)	410,610,942,683	204,549,133,354
Accrued expenses	315	16	1,304,238,118,619	1,937,678,519,133
Unearned revenue	318	17	3,142,617,836,248	2,732,382,333,601
Other short-term payables	319	18	1,801,817,253,165	1,585,059,989,261
Short-term borrowings	320	19(a)	8,159,193,678,187	4,957,780,032,953
Provisions – short-term	321	20	2,006,489,399,369	1,910,942,285,113
Long-term liabilities	330		13,387,315,682,734	10,106,955,368,591
Other long-term payables	337		70,758,354,580	16,177,476,792
Long-term borrowings	338	19(b)	3,663,768,092,217	572,231,674,577
Deferred tax liabilities	341	21	483,356,264,172	374,787,926,130
Provisions – long-term	342	20	9,169,432,971,765	9,143,758,291,092
EQUITY (400 = 410)	400		15,314,857,415,435	14,038,503,236,582
Owners' equity	410	22	15,314,857,415,435	14,038,503,236,582
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 stock	415		(2,347,121,362,620)	-
Foreign exchange differences	417		64,631,488,731	119,103,575,688
Retained profits	421		11,932,873,271,648	8,255,509,576,829
Non-controlling interests	429		2,411,184,871	1,827,251,260
TOTAL RESOURCES (440 = 300 + 400)	440		47,608,358,739,075	39,086,179,100,669

30 January 2020

Prepared by:

Approved by:

Hoang Manh Ha
Chief Accountant

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

Luu Duc Khanh
Managing Director

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

VietJet Aviation Joint Stock Company and its subsidiaries
Consolidated statement of income for the fourth quarter of 2019 (continued)

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

	Code	Note	Quarter IV		Twelve-month period ended	
			Current year VND	Previous year VND	31/12/2019 VND	31/12/2018 VND
Revenue from sales of goods and provision of services	01	25	13,925,759,710,091	18,453,063,267,284	52,059,786,567,110	53,577,241,462,140
Cost of sales	11	26	12,600,977,917,699	16,072,233,263,491	45,305,112,611,182	46,085,422,009,499
Gross profit (20 = 01 - 11)	20		1,324,781,792,392	2,380,830,003,793	6,754,673,955,928	7,491,819,452,641
Financial income	21	27	117,629,145,773	217,743,915,993	736,569,749,846	331,576,806,364
Financial expenses	22	28	187,129,808,126	236,655,869,190	980,741,382,354	918,059,279,654
<i>In which: Interest expense</i>	23		<i>110,283,896,254</i>	<i>67,547,194,766</i>	<i>351,417,652,590</i>	<i>257,505,446,656</i>
Share of losses in associates	24		(41,936,521,191)	(40,700,173,876)	(91,807,064,610)	(88,730,587,954)
Selling expenses	25	29	278,175,611,670	227,904,202,396	1,003,521,966,058	712,929,844,155
General and administration expenses	26	30	137,213,949,417	134,526,891,599	435,654,189,800	294,777,399,221
Net operating profit {30 = 20 + (21 - 22) - (25 + 26)}	30		797,955,047,761	1,958,786,782,725	4,979,519,102,952	5,808,899,148,021
Other income	31		7,125,002,511	2,616,209,318	31,768,609,101	7,856,232,457
Other expenses	32		253,149,148	719,429,668	371,826,584	826,270,723
Results of other activities (40 = 31 - 32)	40		6,871,853,363	1,896,779,650	31,396,782,517	7,029,961,734
Accounting profit before tax (50 = 30 + 40)	50		804,826,901,124	1,960,683,562,375	5,010,915,885,469	5,815,929,109,755
Income tax expense – current	51	31	161,264,917,473	39,733,525,251	682,976,834,959	253,597,027,514
Income tax expense – deferred	52	31	104,737,324,896	385,034,150,325	108,568,338,042	227,241,605,086
Net profit after tax (60 = 50 - 51 - 52)	60		538,824,658,755	1,535,915,886,799	4,219,370,712,468	5,335,090,477,155

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

VietJet Aviation Joint Stock Company and its subsidiaries
Consolidated statement of income for the fourth quarter of 2019 (continued)

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

	Code	Note	Quarter IV		Twelve-month period ended	
			Current year VND	Previous year VND	31/12/2019 VND	31/12/2018 VND
Net profit after tax	60		538,824,658,755	1,535,915,886,799	4,219,370,712,468	5,335,090,477,155
Attributable to:						
Shareholders of the Company	61		537,249,145,680	1,535,446,530,004	4,218,786,778,857	5,335,036,357,250
Non-controlling interests	62		1,575,513,075	469,356,795	583,933,611	54,119,905
Earnings per share						
Basic earnings per share	70	32	1,005	3,139	7,889	9,850

30 January 2020

Prepared by:

Approved by:

Hoang Manh Ha
Chief Accountant

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

Luu Duc Khanh
Managing Director

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

VietJet Aviation Joint Stock Company and its subsidiaries
Consolidated statement of cash flows for the three-month period ended
31 December 2019 (Indirect method)

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

Code	Quarter IV		Twelve-month period ended		
	Current year VND	Previous year VND	31/12/2019 VND	31/12/2018 VND	
CASH FLOWS FROM OPERATING ACTIVITIES					
Accounting profit before tax	01	804,826,901,124	1,960,683,562,375	5,010,915,885,469	5,815,929,109,755
Adjustments for					
Depreciation and amortisation	02	(43,319,580,353)	34,192,438,636	77,082,196,516	146,514,029,742
Allowances and provisions	03	110,000,000,000	31,350,000,000	380,500,000,000	174,500,000,000
Unwinding discount of provisions	03	-	266,427,888,597	-	434,733,395,693
Exchange losses arising from revaluation of monetary items denominated in foreign currencies	04	(21,690,882,408)	(321,896,985,949)	187,765,714,834	51,320,437,305
Gain from investment activities	05	(69,369,140,828)	(45,278,213,057)	(461,232,717,943)	(221,386,370,627)
Share of loss in associates	05	41,936,521,191	40,700,173,876	91,807,064,610	88,730,587,954
Dividend income	05	(7,500,000,000)	-	(10,332,636,000)	(2,832,636,000)
Interest expense	06	110,283,896,254	67,547,194,766	351,417,652,590	257,505,446,656
Income from disposal subsidiaries	06	-	-	-	(16,271,500,000)
Write-off fixed asset	06	-	-	-	10,506,525,264
Operating profit before changes in working capital	08	925,167,714,980	2,033,726,059,244	5,627,923,160,076	6,739,249,025,742
Change in receivables	09	(1,016,437,337,069)	(1,696,649,823,306)	(7,269,239,673,881)	(5,284,489,946,127)
Change in inventories	10	(93,993,334,491)	(103,973,774,951)	(214,839,624,611)	(201,547,786,085)
Change in payables and other liabilities	11	1,183,624,550,627	2,565,445,249,489	383,038,345,191	1,460,880,367,204
Change in prepaid expenses	12	646,507,672,746	254,776,987,989	1,186,492,528,404	2,077,117,427,703
		1,644,869,266,793	3,053,324,698,465	(286,625,264,821)	4,791,209,088,437
Interest paid	14	(105,787,771,591)	(75,849,227,696)	(319,072,743,454)	(254,235,595,773)
Income tax paid	15	(280,000,000,000)	(90,000,000,000)	(471,072,596,651)	(108,000,000,000)
Net cash flows from operating activities	20	1,259,081,495,202	2,887,475,470,769	(1,076,770,604,926)	4,428,973,492,664
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for additions to fixed assets and other long-term assets	21	(248,368,068,153)	(1,578,074,099,718)	(1,189,142,950,802)	(799,749,729,193)
Deposits to purchase aircraft, net cash flows	21	(830,666,442,935)	2,167,787,017,024	(2,410,035,573,876)	1,545,988,562,283
Payments for term deposits at banks, loans receivable and corporate bonds	23	-	1,000,000,000	(6,000,000,000)	-
Receipts from term deposits at bank, loans receivable, collection of corporate bonds	24	1,400,000,000	-	1,400,000,000	-
Payments for investments in other entities	25	-	-	(141,548,576,400)	(1,132,840,350,000)
Receipts of dividends	27	7,500,000,000	-	10,332,636,000	2,832,636,000
Receipts of interests	27	43,069,588,713	49,559,673,353	238,787,804,847	206,166,200,537
Net cash flows from investing activities	30	(1,027,064,922,375)	640,272,590,659	(3,496,206,660,231)	(177,602,680,373)

The accompanying notes are an integral part of these consolidated interim financial statements 9

VietJet Aviation Joint Stock Company and its subsidiaries
Consolidated statement of cash flows for the three-month period ended
31 December 2019 (Indirect method – continued)

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

	Code	Quarter IV		Twelve-month period ended	
		This year VND	Previous year VND	31/12/2019 VND	31/12/2018 VND
CASH FLOWS FROM FINANCING ACTIVITIES					
Purchase Treasury Stock	32	-	-	(2,347,121,362,620)	-
Proceeds from borrowings	33	9,607,499,294,181	8,359,706,891,404	34,561,431,031,877	33,529,973,247,843
Proceeds from bond	33	2,555,300,000,000	-	3,155,300,000,000	-
Payments to settle loan principals	34	(9,593,361,586,761)	(9,554,794,940,931)	(31,428,713,342,944)	(35,527,608,459,899)
Payments of dividends	36	-	(14,112,916,000)	(541,611,334,000)	(2,016,955,829,400)
Net cash flows from financing activities	40	2,569,437,707,420	(1,209,200,965,527)	3,399,284,992,313	(4,014,591,041,456)
Net cash flows during the period (50 = 20 + 30 + 40)	50	2,801,454,280,247	2,318,547,095,901	(1,173,692,272,844)	236,779,770,835
Cash and cash equivalents at the beginning of the period	60	3,168,319,367,301	4,890,383,659,238	7,164,923,007,451	6,861,601,955,584
Effect of exchange rate fluctuations on cash and cash equivalents	61	176,997,076,548	15,187,537,162	139,049,687,998	(16,175,268,283)
Currency translation differences	61	(70,639,864,448)	(59,195,284,850)	(54,149,562,957)	82,716,549,315
Cash and cash equivalents at the end of the period (70 = 50 + 60 + 61)	70	6,076,130,859,648	7,164,923,007,451	6,076,130,859,648	7,164,923,007,451

30 January 2020

Prepared by:

Approved by:

Hoang Manh Ha
Chief Accountant

Ho Ngoc Yen Phuong
Vice President cum
Chief Financial Officer

Luu Duc Khanh
Managing Director

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

VietJet Aviation Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the financial period ended
31 December 2019

Form B 09a – DN/HN
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1. Reporting entity

(a) Ownership structure

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

The consolidated interim financial statements of the Company for the twelve-month period ended 31 December 2019 comprises the Company and its subsidiaries (together referred to as “the Group”) and the Group’s interest in associates.

(b) Principal activities

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

(c) Normal operating cycle

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

(d) Group’s structure

As at 31 December 2019, the Group has 6 subsidiaries and 2 associates (1/1/2019: 6 subsidiaries and 2 associates) as follows:

Name	Country of incorporation	Principal activities	Business registration certificate	% ownership interest/ voting right	
				31/12/2019	1/1/2019
<i>Subsidiaries</i>					
VietjetAir Cargo Joint Stock Company	Vietnam	To provide cargo transportation and related support services.	No. 0312759089 dated 27 August 2014	90%	90%
Vietjet Air IVB No. I Limited (i)	British Virgin Islands	To trade and lease aircraft.	No. 1825671 dated 27 May 2014	100%	100%
Vietjet Air IVB No. II Limited (i)	British Virgin Islands	To trade and lease aircraft.	No. 1825613 dated 27 May 2014	100%	100%

VietJet Aviation Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the financial period ended
31 December 2019 (continued)

Form B 09a – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
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Name	Country of incorporation	Principal activities	Business registration certificate	% ownership interest/ voting right	
				31/12/2019	1/1/2019
Vietjet Air Singapore Pte. Ltd. (i)	Singapore	To trade aircraft.	No. 201408849N dated 27 March 2014	100%	100%
Vietjet Air Ireland No. 1 Limited (i)	Ireland	To trade and lease aircraft.	No. 544879 dated 3 June 2014	100%	100%
Skymate Limited (i)	Cayman Islands	To trade aircraft.	No.327015 dated 15 September 2017	100%	100%
<i>Associates</i>					
Thai Vietjet Air Joint Stock Company Limited (i) (ii) (iii)	Thailand	To provide transportation and transfer of goods and passengers and other related services.	No. 0105556100551 dated 25 June 2013	9%	9%
Cam Ranh International Terminal Joint Stock Company (ii)	Vietnam	To provide support services for airline transportation.	No. 4201676638 dated 5 February 2016	10%	10%

- (i) As at 31 December 2019, the Group has not yet contributed capital in these subsidiaries and the associates. These companies' operations are mainly financed by the Company.
- (ii) The Company has significant influence over these companies because the Company has right to appoint members of the Board of Management of these companies.
- (iii) On 25 September 2018, the Company signed an agreement with Quince Investment Limited. and Asia Aero Services and Infrastructure Co., Ltd. for a purchase option to increase the ownership in Thai Vietjet Air Joint Stock Company Limited to 38% by 2021. The price of transferred share is equal with par value.

As at 31 December 2019, the Group has 4,827 employees (1/1/2019: 3,938 employees).

VietJet Aviation Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the financial period ended
31 December 2019 (continued)

Form B 09a – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
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2. Basis of preparation

(a) Statement of compliance

The consolidated 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.

(b) Basis of measurement

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

(c) Annual accounting period

The annual accounting period of the Group is from 1 January to 31 December. These consolidated interim financial statements are prepared for the twelve-month period ended 31 December 2019.

(d) Accounting and presentation currency

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

3. Summary of significant accounting policies

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

VietJet Aviation Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the financial period ended
31 December 2019 (continued)

Form B 09a – DN/HN
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(a) Basis of consolidation

(i) Subsidiaries

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

(ii) Non-controlling interests

Non-controlling interests (“NCI”) are measured at their proportionate share of the acquiree’s identifiable net assets at date of acquisition. Changes in the Group’s interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners. The difference between the change in the Group’s share of net assets of the subsidiary and any consideration paid or received is recorded directly in retained profits under equity.

(iii) Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Associates are accounted for using the equity method. The consolidated interim financial statements include the Group’s share of the income and expenses of the associates, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When the Group’s share of losses exceeds its interest in an associate, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

(iv) Transactions eliminated on consolidation

Intra-group balances and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated interim financial statements. Unrealised gains and losses arising from transactions with associates are eliminated against the investment to the extent of the Group’s interest in the associates.

(b) Foreign currency

(i) 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 Group’s entities most frequently conducts transactions.

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

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(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to VND at exchange rates at the end of the accounting period. The income and expenses of foreign operations are translated to VND at exchange rates at the dates of transactions.

Foreign currency differences arising from the translation of foreign operations are recognised in the consolidated balance sheet under the account “Foreign exchange differences” in equity.

(c) Cash and cash equivalents

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

(d) Investments

(i) Trading securities

Trading securities are those held by the Group for trading purpose i.e. purchased for resale with the aim of making profits over a short period of time. 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 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.

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(iii) Investments in equity instruments of other entities

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

(e) Accounts receivable

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

(f) Maintenance reserves of leased aircraft

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

(g) Inventories

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

The Group applies the perpetual method of accounting for inventories.

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(h) Tangible fixed assets

(i) Cost

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

(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

(i) Intangible fixed assets

Software

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

(j) Construction in progress

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

(k) Long-term prepaid expenses

(i) Major inspection and overhaul expenditure

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

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(ii) Rotable parts

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

(iii) Tools and instruments

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

(l) Trade and other payables

Trade and other payables are stated at their costs.

(m) Provisions

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

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

Policy applicable in the consolidated 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 aircraft based on its own Maintenance Planning Development (“MPD”) which was constructed based on the guidance of airline manufacturers. Routine maintenance will be performed at the Company’s cost while the periodic maintenance will be covered by maintenance reserves. The provisions for all maintenance expenses in the scope of maintenance reserves is determined by discounting the expected future costs of maintenance for the leased aircraft, 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.

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Policy applicable in the consolidated interim financial statements for the twelve-month period
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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 aircraft 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 aircraft, 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 amortized 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 consolidated 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 consolidated balance sheet as at 1 January 2019 and consolidated statements of income and cash flows for the twelve-month period ended 31 December 2019.

(ii) Provisions for cost to redelivery on leased assets

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

(n) 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.

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(ii) Shares premium

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

(o) Taxation

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

Current tax is the expected tax payable on the taxable income for the 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 amounts of assets and liabilities using the 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 utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(p) Revenue and other income

(i) Passenger transportation

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

(ii) 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

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transportation, sale of in-flight and duty-free merchandise, advertising and commission. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods or services.

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

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

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

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

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

(iv) Aircraft leasing

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

(v) Sale of aircraft

Revenue from the sales of aircraft is recognised in consolidated statement of income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of aircraft.

Aircraft sale and leaseback transaction

The Group's aircraft sale and leaseback transaction is a transaction where an aircraft is sold and then leased back by the Group. The accounting treatment of a sale and leaseback transaction depends upon the type of lease involved.

For a transaction that results in an operating lease:

- If the sale price are at fair value, there has in effect been a normal sale transaction and any profit or loss is recognised immediately.
- If the sale price is below fair value, any profit or loss shall be recognised immediately except

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that, if the loss is compensated for by future lease payments at below market price, it shall be deferred and amortised in proportion to the lease payments over the period for which the aircraft is expected to be used.

- If the sale price is above fair value, the excess over fair value shall be deferred and amortised over the period for which the aircraft is expected to be used.
- If the fair value at the time of a sale and leaseback transaction is less than the carrying amount of the aircraft, a loss equal to the amount of the difference between the carrying amount and fair value shall be recognised immediately.

(vi) Sales of purchase right option

Revenue from the sales of non-refundable purchase right option is recognised in consolidated statement of income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of purchase right option.

(vii) Other services

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

(viii) Interest income

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

(ix) Dividend income

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

(q) Borrowing costs

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

(r) Operating lease payments

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

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(s) Earnings per share

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

(t) Segment reporting

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

(u) Related parties

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

4. Segment reporting

(a) Business segment

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

- Providing passenger and cargo transportation, ancillary services, aircraft rental and advertising on aircraft (referred to as "aviation services"); and
- Sale of aircraft and related assets.

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

The Board of Directors determined the operating segments based on reports that are reviewed and used to make strategic decision

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(b) Geographical segment

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

	YTD 2019	YTD 2018
	VND	VND
In Vietnam	16,518,212,380,727	17,774,736,256,720
Outside Vietnam	35,541,574,186,383	35,802,505,205,420
	52,059,786,567,110	53,577,241,462,140

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

5. Cash and cash equivalents

	31/12/2019	1/1/2019
	VND	VND
Cash on hand	13,466,916,090	8,101,759,707
Cash in banks	3,810,407,191,110	3,640,861,247,744
Cash equivalents	2,252,256,752,448	3,515,960,000,000
	6,076,130,859,648	7,164,923,007,451

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6. Investments

(a) Trading securities

	31/12/2019		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		(555,000,000,000)		(174,500,000,000)
Held-to-maturity investment				1,400,000,000
		435,000,000,000		816,900,000,000

(b) Equity investments in other entities

	31/12/2019		1/1/2019	
	% of equity owned/voting rights	VND	% of equity owned/voting rights	VND
Equity investments in associates				
▪ Thai Vietjet Air Joint Stock Company Limited	9%	-	9%	-
▪ Cam Ranh International Terminal Joint Stock Company	10%	60,000,000,000	10%	60,000,000,000
		<u>60,000,000,000</u>		<u>60,000,000,000</u>
Equity investments in other entities				
▪ Sai Gon Ground Services Joint Stock Company	9.1%	149,417,024,400	4%	7,868,448,000
▪ Angelica Holding Limited (*)	10%	-	10%	-
		<u>149,417,024,400</u>		<u>7,868,448,000</u>

(*) As at 31 December 2019, the Group has not yet contributed capital in this company, which is incorporated in Cayman Islands. The principal activities of this company and its subsidiaries are to provide consultancy services and lease aircraft.

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(c) Held-to-maturity investments

	31/12/2019	1/1/2019
	VND	VND
Short-term		
▪ Term deposits at banks	6,000,000,000	-
Long-term		
▪ Business co-operation contract	556,181,818	556,181,818

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7. Prepayments to suppliers

(a) Prepayments to suppliers – short-term

	31/12/2019	1/1/2019
	VND	VND
Prepayments for engine repair services	2,536,677,309	86,093,582,599
Others	146,331,302,579	43,833,509,332
	148,867,979,888	129,927,091,931

(b) Prepayments to suppliers – long-term

	31/12/2019	1/1/2019
	VND	VND
Business co-operation contract	701,500,000,000	701,500,000,000

Long-term prepayments to suppliers represented the Group's contribution to develop an office and residential complex building in 18E Cong Hoa, Ward 4, Tan Binh District, Ho Chi Minh City in accordance with Contract No. 01/2016/VJA-TDĐB dated 2 June 2016 with Thuy Duong – Duc Binh Commercial Joint Stock Company. The Group will receive 15,547 m² office area and 13,409 m² residential area and use these areas as the Group's office and dormitory upon completion of the project. As at 31 December 2019, 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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8. Other receivables

(a) Other short-term receivables

	Note	31/12/2019 VND	1/1/2019 VND
Expenses paid on behalf of Thai Vietjet Air Joint Stock Company Limited	(i)	1,497,295,868,392	682,477,343,933
Deposits for aircraft purchases within next 12 months		4,967,653,816,840	3,475,240,954,627
Maintenance reserves of leased aircraft		2,078,881,774,817	1,184,688,761,520
Purchase discount receivables		484,143,833,352	523,752,417,852
Claim receivables from maintenance reserves of leased aircraft		282,879,455,806	237,582,261,399
Cabin Modification Receivables		-	5,959,839,053
Other deposits		146,666,382,966	218,304,289,580
Interest income		46,915,235,755	23,249,522,451
Other related parties receivables		703,671,580,674	199,919,493,080
Others		524,140,404,656	181,351,660,859
		10,732,248,353,258	6,732,526,544,354

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

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(b) Other long-term receivables

	Note	31/12/2019 VND	1/1/2019 VND
Expenses paid on behalf of Thai Vietjet Air Joint Stock Company Limited	(i)	468,344,946,987	468,344,946,987
Maintenance reserves of leased aircraft		6,636,966,256,692	5,569,947,708,015
Deposits for aircraft purchases after next 12 months		3,325,059,893,890	2,407,437,182,227
Deposits for aircraft leases		1,259,435,665,075	1,083,546,542,276
Other related parties receivables		295,750,000,000	295,750,000,000
Others		252,450,944,536	50,810,258,325
		12,238,007,707,180	9,875,836,637,830

- (i) The amounts due from the associate were unsecured, interest free and are receivable in full on 31 December 2021

9. Inventories

	32/12/2019		1/1/2019	
	Cost VND	Allowance VND	Cost VND	Allowance VND
Tools and supplies	681,463,967,327	-	461,585,964,571	-
Merchandise inventories	2,104,962,869	-	7,143,341,014	-
	683,568,930,196	-	468,729,305,585	-

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10. Tangible fixed assets

	Aircraft and components VND	Machinery and equipment VND	Office equipment VND	Motor vehicles VND	Total VND
Cost					
Opening balance	1,869,439,499,382	22,488,636,024	25,135,924,361	18,539,166,476	1,935,603,226,243
Additions during the period	-	1,952,339,600	1,735,073,031	-	3,687,412,631
Asset Liquidation	(936,426,580,498)	-	-	-	(936,426,580,498)
Transfer from construction in progress	554,512,998,640	-	-	-	554,512,998,640
Closing balance	1,487,525,917,524	24,440,975,624	26,870,997,392	18,539,166,476	1,557,377,057,016
Accumulated depreciation					
Opening balance	248,308,137,207	16,562,626,105	13,565,763,515	13,975,082,048	292,411,608,875
Charge for the period	59,575,155,473	10,897,253,061	2,792,211,003	2,046,664,322	75,311,283,859
Asset Liquidation	(90,361,190,217)	-	-	-	(90,361,190,217)
Reclassification	-	(12,618,693,273)	-	-	(12,618,693,273)
Closing balance	217,522,102,463	14,841,185,893	16,357,974,518	16,021,746,370	264,743,009,244
Net book value					
Opening balance	1,621,131,362,175	5,926,009,919	11,570,160,846	4,564,084,428	1,643,191,617,368
Closing balance	1,270,003,815,061	9,599,789,731	10,513,022,874	2,517,420,106	1,292,634,047,772

Included in the cost of tangible fixed assets were assets costing VND 24,367 million which were fully depreciated as at 31 December 2019 (1/1/2019: VND24,363 million), but which are still in active use.

As at 31 December 2019, tangible fixed assets with carrying value of VND 736,746 million (1/1/2019: VND781,624 million) were pledged as security for borrowings granted by Military Commercial Joint Stock Bank to the Group.

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11. Intangible fixed assets

	Software VND
Cost	
Opening balance	29,952,011,655
Additions during the period	1,165,759,000
Disposal	(299,660,000)
	30,818,110,655
Closing balance	
	30,818,110,655
Accumulated amortisation	
Opening balance	26,770,149,054
Charge for the period	1,770,912,657
Disposal	(9,988,667)
	28,531,073,044
Closing balance	
	28,531,073,044
Net book value	
Opening balance	3,181,862,601
Closing balance	2,287,037,611
	2,287,037,611

Included in the cost of intangible fixed assets was assets costing VND23,574 million which were fully amortised as at 31 December 2019 (1/1/2019: VND20,637 million), but which are still in active use.

12. Construction in progress

	31/12/2019 VND	1/1/2019 VND
Opening balance	1,233,005,676,006	222,031,597,270
Additions during the period	657,652,884,322	1,566,189,996,094
Transfer to tangible fixed assets	(554,512,998,640)	(287,788,451,901)
Transfer to other account receivables	(65,275,476,876)	(267,427,465,457)
Reclassification	280,657,652,363	-
Disposal	(232,935,939,350)	-
	1,318,591,797,825	1,233,005,676,006
Closing balance	1,318,591,797,825	1,233,005,676,006

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13. Prepaid expenses

(a) Short-term prepaid expenses

	31/12/2019	1/1/2019
	VND	VND
Prepayments for aircraft leases	355,790,339,276	280,592,905,521
Prepayments for maintenance expenses	23,297,293,809	19,375,890,925
Others	3,250,033,703	9,134,818
	<hr/>	<hr/>
	382,337,666,788	299,977,931,264
	<hr/>	<hr/>

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(b) Long-term prepaid expenses

	Maintenance costs VND	Costs to redelivery on leased assets VND	Major inspection and overhaul expenditure VND	Rotable parts, tools and instruments VND	Others VND	Total VND
Opening balance	5,720,653,521,463	565,982,665,674	108,437,500,275	85,964,515,548	707,557,531	6,481,745,760,491
Additions during the period	1,846,527,194,536	106,033,114,881	112,170,829,985	95,797,209,900	1,957,456,284	2,162,485,805,586
Charge for the period	(1,456,951,950,406)	(72,688,618,984)	(117,452,214,704)	(66,907,337,132)	(2,059,091,146)	(1,716,059,212,372)
Written off	(1,706,186,897,909)	(9,091,959,233)	-	-	-	- (1,715,278,857,142)
Closing balance	4,404,041,867,684	590,235,202,338	103,156,115,556	114,854,388,316	605,922,669	5,212,893,496,563

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14. Accounts payable to suppliers – short-term

Accounts payable to suppliers detailed by significant supplier

	31/12/2019	1/1/2019
	Cost/Amount	Cost/Amount
	within repayment	within repayment
	capacity	capacity
	VND	VND
Petrolimex Aviation Fuel Joint Stock Company	320,692,413,580	358,790,499,261
Other suppliers	1,090,562,630,592	564,872,473,442
	1,411,255,044,172	923,662,972,703

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15. Taxes

(a) Taxes payable to State Treasury

	1/1/2019 VND	Incurred VND	Paid VND	Netted-off VND	Reclassified VND	31/12/2019 VND
Value added tax	67,172,238,551	1,721,860,466,762	(333,920,254,368)	(1,424,539,398,480)	-	30,573,052,465
Personal income tax	30,423,288,123	1,106,394,820,912	(1,082,966,152,260)	-	-	53,851,956,775
Foreign contractor tax	21,220,061	91,081,089,844	(91,210,384,313)	-	8,203,342,171	8,095,267,763
Corporate income tax	106,932,386,619	682,976,834,959	(471,000,000,000)	(818,555,898)	-	318,090,665,680
	204,549,133,354	3,602,313,212,477	(1,979,096,790,941)	(1,425,357,954,378)	8,203,342,171	410,610,942,683

(b) Taxes receivable from State Treasury

	1/1/2019 VND	Incurred VND	Paid VND	Netted-off VND	Reclassified VND	32/12/2019 VND
Value added tax	976,845,974	1,424,096,523,935	-	(1,424,539,398,480)	-	533,971,429
Foreign contractor tax	54,954,537,040	-	-	-	8,203,342,171	63,157,879,211
Corporate income tax	196,215,657	622,340,241	-	(818,555,898)	-	-
	56,127,598,671	1,425,695,710,150	-	(1,425,357,954,378)	8,203,342,171	63,691,850,640

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16. Accrued expenses

	31/12/2019	1/1/2019
	VND	VND
Aircraft related expenses	1,088,833,970,215	1,609,617,893,751
Maintenance expenses	110,238,456,182	137,923,043,709
13 th month salary	65,039,304,422	45,268,451,601
Interest expense	37,953,919,036	8,878,860,783
Others	2,172,468,764	135,990,269,289
	1,304,238,118,619	1,937,678,519,133

17. Unearned revenue

	31/12/2019	1/1/2019
	VND	VND
Passenger transportation and ancillary services revenue received in advance, to be realised within next 12 months	3,142,617,836,248	2,732,382,333,601

18. Other short-term payables

	31/12/2019	1/1/2019
	VND	VND
Related parties		
Dividends payable to shareholders	57,789,721,550	59,290,521,050
Consulting fees payable to Sovico Holding	9,737,655,825	7,306,110,821
Amounts due to Thai Vietjet Air Joint Stock Company Limited	-	12,717,070,372
Amounts due to Ho Chi Minh City Development Joint Stock Commercial Bank	-	889,221,668
Third parties		
Airport tax payables	1,054,454,791,926	959,306,960,036
Short-term deposits received	360,170,148,813	487,358,535,248
Others	319,664,935,051	58,191,570,066
	1,801,817,253,165	1,585,059,989,261

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

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19. Borrowings

(a) Short-term borrowings	1/1/2019	Movements during the period			31/12/2019
	Carrying amount/ Amount within repayment capacity VND	Additions VND	Repayments VND	Revaluation VND	Carrying amount/ Amount within repayment capacity VND
Short-term borrowings	4,892,447,982,953	34,561,431,031,877	(31,364,278,912,906)	4,261,526,263	8,093,861,628,187
Current portion of long-term borrowings	65,332,050,000	-	-	-	65,332,050,000
	4,957,780,032,953	34,561,431,031,877	(31,364,278,912,906)	4,261,526,263	8,159,193,678,187

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

Lenders	Currency	31/12/2019 VND	1/1/2019 VND
Secured loans			
Ho Chi Minh City Development Joint Stock Commercial Bank, a related party (“HD Bank”)			
Loan 1	USD	1,366,643,484,671	1,224,380,942,780
Vietnam Joint Stock Commercial Bank for Industry and Trade (“Vietinbank”)			
Loan 2	VND	2,398,451,410,411	-
Unsecured loans			
Joint Stock Commercial Bank for Foreign Trade of Vietnam (“Vietcombank”)			
Loan 3	VND	498,769,230,200	-
Joint Stock Commercial Bank for Investment and Development of Vietnam (“BIDV”)			
Loan 4	VND	899,694,699,335	1,378,354,608,081
Military Commercial Joint Stock Bank (“MBBank”)			
Loan 5	VND	111,839,508,677	1,364,639,205,779
Loan 6	VND	179,840,708,009	-
HSBC Bank (Vietnam) Ltd			
Loan 7	VND	950,427,034,104	22,484,736,412
Citibank, N.A., Ho Chi Minh City Branch			
Loan 8	VND	483,399,422,787	317,121,228,150
BNP Parisbas Ho Chi Minh City Branch			
Loan 9	VND	54,799,909,203	-
Maritime Bank			
Loan 10	USD	268,808,055,678	-
JP Morgan Chase Bank			
Loan 11	USD	134,342,641,635	-
Techcombank Vietnam			
Loan 12	VND	77,771,609,445	-
United Overseas Bank, Ho Chi Minh City Branch			
Loan 13	VND	51,529,456,152	135,467,261,751
Woori Bank Vietnam Ltd, Ho Chi Minh City Branch			
Loan 14	VND	617,544,457,880	-
Santona Financial Investment Joint Stock			

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Company, a related party			
Loan 15	VND	-	150,000,000,000
Sunflower Sunny Investment Company Limited, a related party			
Loan 16	VND	-	300,000,000,000
			8,093,861,628,187
			4,892,447,982,953

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(b) Long-term borrowings

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

Lender	Currency	Annual interest rate	Year of maturity	31/12/2019 VND	1/1/2019 VND
Millitary Commercial Joint Stock Bank	USD	LIBOR 6 months + 2.7%	2028	3,729,100,142,217	637,563,724,577
Repayable within 12 months				(65,332,050,000)	(65,332,050,000)
Repayable after 12 months				3,663,768,092,217	572,231,674,577

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:

	31/12/2019 VND	1/1/2019 VND
Aircraft No, A320 MSN7167, VNA675	736,746,185,075	781,624,125,287

Lender	Currency	Year of Maturity	31/12/2019 VND	1/1/2019 VND
Wooribank Vietnam Ltd	USD	2021	110,000,000	-
			1/1/2019 Carrying amount VND	31/12/2019 Carrying amount VND
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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20. Provisions

Movements of provisions during the period were as follows:

	Provision for maintenance expenses VND	Provision to redelivery on leased assets VND	Total VND
Opening balance	10,251,477,067,489	803,223,508,716	11,054,700,576,205
Provision made during the period	3,092,965,134,283	106,033,114,881	3,198,998,249,164
Financial Expense	(25,495,858,676)	51,564,354,669	26,068,495,993
Utilisation during the period	(864,324,172,767)	-	(864,324,172,767)
Written off	(2,222,552,847,088)	(11,967,930,373)	(2,239,520,777,461)
Closing balance	10,227,069,323,241	948,853,047,893	11,175,922,371,134
Short-term	2,006,489,399,369	-	2,006,489,399,369
Long-term	8,220,579,923,872	948,853,047,893	9,169,432,971,765
	10,227,069,323,241	948,853,047,893	11,175,922,371,134

21. Deferred tax liabilities

	31/12/2019 VND	1/1/2019 VND
Deferred tax assets:		
Provisions	2,235,184,474,227	2,210,940,115,241
Accrued expenses	38,065,045,146	43,733,453,444
Total deferred tax assets	2,273,249,519,373	2,254,673,568,685
Deferred tax liabilities:		
Long-term prepaid expenses	(998,855,414,004)	(1,257,327,237,428)
Maintenance reserves of leased aircraft	(1,743,169,606,301)	(1,350,927,293,907)
Unrealised foreign exchange gains	(14,580,763,240)	(21,206,963,480)
Total deferred tax liabilities	(2,756,605,783,545)	(2,629,461,494,815)
Net deferred tax liabilities	(483,356,264,172)	(374,787,926,130)

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22. Changes in owners' equity

	Share capital VND	Share premium VND	Treasury Stock	Foreign exchange differences VND	Retained profits VND	Non-controlling interests VND	Total VND
Balance as at 1 January 2018	4,513,432,840,000	245,949,492,805	-	23,916,098,372	5,809,062,955,579	1,773,131,355	10,594,134,518,111
Share Dividends from retained earnings	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	-	-	-	-	5,335,036,357,250	54,119,905	5,335,090,477,155
Translation of foreign operations	-	-	-	95,187,477,316	-	-	95,187,477,319
Balance as at 31 December 2018	5,416,113,340,000	245,949,492,805	-	119,103,575,688	8,255,509,576,829	1,827,251,260	14,038,503,236,582
Balance as at 1 January 2019	5,416,113,340,000	245,949,492,805	-	119,103,575,688	8,255,509,576,829	1,827,251,260	14,038,503,236,582
Issuing Share	-	-	-	-	-	-	-
Net profit for the period					4,218,786,778,857	583,933,611	4,219,370,712,468
Cash dividend					(541,423,084,038)	-	(541,423,084,038)
Treasury Share	-	-	(2,347,121,362,620)	-			(2,347,121,362,620)
Translation of foreign operations	-	-	-	(54,472,086,957)	-	-	(54,472,086,957)
Balance as at 31 December 2019	5,416,113,340,000	245,949,492,805	(2,347,121,362,620)	64,631,488,731	11,932,873,271,648	2,411,184,871	15,314,857,415,435

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23. Share capital

The Company's authorized and issued share capital is:

	31/12/2019	1/1/2019
	Number of shares	Number of shares
Authorised share capital		
Ordinary shares	541,611,334	541,611,334
<hr/>		
Issued share capital		
Ordinary shares	541,611,334	541,611,334
<hr/>		
Treasury Share		
Ordinary shares	(17,772,740)	-
<hr/>		
Shares in circulation		
Ordinary shares	523,838,594	541,611,334
<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,

24. Dividends

On 8 April 2019, the Company's Board of Management resolved to distribute cash dividends amounting to VND 542 billion.

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25. Revenue from sales of goods and provision of services

	Quarter IV 2019	Quarter IV 2018
	VND	VND
Passenger transportation revenue	5,268,840,416,755	5,749,801,394,742
Ancillary revenue	3,081,382,385,200	2,382,239,964,304
Revenue from sale of aircraft and purchase right option	5,169,583,204,866	10,035,693,032,625
Other Revenue	405,953,703,270	285,328,875,613
	13,925,759,710,091	18,453,063,267,284

26. Cost of sales

	Quarter IV 2019	Quarter IV 2018
	VND	VND
Flight operation expenses	8,689,332,352,080	7,195,597,410,373
Depreciation and Amortization	774,680,228,713	313,630,650,347
Costs of aircraft sold	3,125,176,804,338	8,560,931,938,145
Others	11,788,532,568	2,073,264,626
	12,600,977,917,699	16,072,233,263,491

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27. Financial income

	Quarter IV 2019 VND	Quarter IV 2018 VND
Interest income	69,369,140,828	45,278,213,057
Realised foreign exchange gains	32,888,734,368	172,465,702,936
Unrealised foreign exchange gain	-	-
Dividend income	7,500,000,000	-
Others	7,871,270,577	-
	117,629,145,773	217,743,915,993

28. Financial expenses

	Quarter IV 2019 VND	Quarter IV 2018 VND
Unwinding discount of provisions	-	266,427,888,597
Interest expense	110,283,896,254	67,547,194,766
Allowance for diminution in the value of trading securities	110,000,000,000	31,350,000,000
Realised foreign exchange losses	17,353,139,925	14,641,024,461
Unrealised foreign exchange losses	(50,507,228,053)	(143,310,238,634)
	187,129,808,126	236,655,869,190

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29. Selling expenses

	Quarter IV 2019	Quarter IV 2018
	VND	VND
Sales expenses	129,254,723,692	108,913,071,401
Advertising and marketing expenses	90,801,176,207	87,716,501,159
Staff costs	19,942,810,505	24,300,164,871
Depreciation and amortisation	588,155,854	353,035,547
Others	37,588,745,412	6,621,429,418
	278,175,611,670	227,904,202,396

30. General and administration expenses

	Quarter IV 2019	Quarter IV 2018
	VND	VND
Staff costs	43,384,663,062	36,232,776,559
Rental expenses	6,014,556,410	6,570,231,889
Depreciation and amortisation	7,732,227,810	629,646,537
Insurance expenses	-	27,404,455
Others	80,082,502,135	91,066,832,159
	137,213,949,417	134,526,891,599

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31. Income tax

(a) Recognised in the consolidated statement of income

	Quarter IV 2019 VND	Quarter IV 2018 VND
Current tax expense		
Current period	161,264,917,473	39,733,525,251
Deferred tax expense		
Origination and reversal temporary differences	104,737,324,896	385,034,150,325
Effect of change in tax rate	-	-
	104,737,324,896	385,034,150,325
Income tax expense	266,002,242,369	424,767,675,576

(b) Applicable tax rates

(i) Companies incorporated in Vietnam

VietJet Aviation Joint Stock Company

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

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

Vietjet Air Cargo Joint Stock Company

Vietjet Air Cargo Joint Stock Company has an obligation to pay the income tax at the rate of 20% of taxable profits.

(ii) Companies incorporated in British Virgin Islands

Vietjet Air IVB No. I Limited and Vietjet Air IVB No. II Limited

There are no taxes on income or gains in the British Virgin Islands

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(iii) *Company incorporated in Singapore*

Vietjet Air Singapore Pte. Ltd.

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

(iv) *Companies incorporated in Ireland*

Vietjet Air Ireland No. 1 Limited

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

VietJet Aviation Joint Stock Company and its subsidiaries
Notes to the consolidated interim financial statements for the financial period ended
31 December 2019 (continued)

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

32. Basic earnings per share

The calculation of basic earnings per share for the nine-month period ended 31 December 2019 was based on the profit attributable to ordinary shareholders of the Company and a weighted average number of ordinary shares, as follows:

(a) Net profit attributable to ordinary shareholders

	Quarter IV 2019 VND	Quarter IV 2018 VND
Net profit attributable to ordinary shareholders	537,249,145,680	1,535,446,530,004

(b) Weighted average number of ordinary shares

	Number of shares	
	Quarter IV 2019	Quarter IV 2018
Issued ordinary shares at the beginning of the period	541,611,334	451,343,284
Effect of shares dividends issued in July 2018	-	90,268,050
Effect of purchase treasury share	(17,772,057)	-
Weighted average number of ordinary shares:	534,773,057	541,611,334

30 January 2020

Prepared by:

Approved by:

Hoang Manh Ha
Chief Accountant

Ho Ngoc Yen Phuong
Vice President cum
Chief Financial Officer

Luu Duc Khanh
Managing Director