

**VIETJET AVIATION JOINT STOCK COMPANY AND ITS SUBSIDIARIES**

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020**



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## VIETJET AVIATION JOINT STOCK COMPANY AND ITS SUBSIDIARIES

### CORPORATE INFORMATION

#### Business registration certificate

No. 0103018458 dated 23 July 2007 was initially issued by the Ministry of Transport.

#### Enterprise registration certificate

No. 0102325399 dated 23 July 2007 was initially issued by the Department of Planning and Investment of Ha Noi City with the latest 27th amendment dated 1 August 2018.

#### Investment registration certificate

No. 2357762445 dated 30 December 2016 was initially issued by the Board of Management of Saigon Hi-Tech Park for a period of 50 years from the date of the initial Investment registration certificate.

#### Board of Directors

Mrs. Nguyen Thanh Ha	Chairwoman
Mrs. Nguyen Thi Phuong Thao	Vice Chairwoman
Mr. Nguyen Thanh Hung	Vice Chairman
Mr. Chu Viet Cuong	Member
Mr. Luu Duc Khanh	Member
Mr. Dinh Viet Phuong	Member
Mr. Donal Joshep Boylan	Member

#### Board of Management

Mrs. Nguyen Thi Phuong Thao	Chief Executive Officer
Mr. Luu Duc Khanh	Managing Director
Mr. Dinh Viet Phuong	Vice President
Mrs. Ho Ngoc Yen Phuong	Vice President
Mr. To Viet Thang	Vice President
Mr. Luong The Phuc	Vice President
Mr. Nguyen Duc Thinh	Vice President
Mr. Nguyen Thanh Son	Vice President
Mrs. Nguyen Thi Thuy Binh	Vice President
Mr. Tran Hoai Nam	Vice President
Mr. Nguyen Duc Tam	Vice President
Mr. Do Xuan Quang	Vice President

## VIETJET AVIATION JOINT STOCK COMPANY AND ITS SUBSIDIARIES

### CORPORATE INFORMATION (continued)

<b>Board of Supervision</b>	Mrs. Tran Duong Ngoc Thao Mrs. Doan Thu Huong Mr. Pham Van Dau	Head of the Board Member Member
<b>Legal representative</b>	Mrs. Nguyen Thanh Ha Mrs. Nguyen Thi Phuong Thao Mr. Luu Duc Khanh	Chairwoman Chief Executive Officer Managing Director
<b>Registered office</b>	302/3 Kim Ma Street, Ngoc Khanh Ward, Ba Dinh District Hanoi City, Vietnam	
<b>Operating office</b>	VietJet Air Plaza Building, 60A Truong Son Street, Ward 2, Tan Binh District, Ho Chi Minh City, Vietnam	
<b>Auditor</b>	PwC (Vietnam) Limited	

## VIETJET AVIATION JOINT STOCK COMPANY AND ITS SUBSIDIARIES

### STATEMENT OF RESPONSIBILITY OF THE BOARD OF MANAGEMENT OF THE COMPANY IN RESPECT OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The Board of Management of VietJet Aviation Joint Stock Company (“the Company”) is responsible for preparing consolidated interim financial statements of the Company and its subsidiaries (together referred to as “the Group”) which give a true and fair view of the consolidated interim financial position of the Group as at 30 June 2020, and of the consolidated interim results of its operations and its consolidated interim cash flows for the six-month period then ended. In preparing these consolidated interim financial statements, the Board of Management is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- prepare the consolidated interim financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Board of Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the consolidated interim financial position of the Group and enable consolidated interim financial statements to be prepared which comply with the basis of accounting set out in Note 2 to the consolidated interim financial statements. The Board of Management is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud or error.

### APPROVAL OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

We hereby approve the accompanying consolidated interim financial statements as set out on pages 6 to 70 which give a true and fair view of the consolidated interim financial position of the Group as at 30 June 2020, and of the consolidated interim the results of its operations and its consolidated interim cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of consolidated interim financial statements.

On behalf of the Board of Management



Nguyen Thi Phuong Thao  
Chief Executive Officer

Ho Chi Minh City, SR Vietnam  
31 August 2020



## **REPORT ON THE REVIEW OF CONSOLIDATED INTERIM FINANCIAL INFORMATION TO THE SHAREHOLDERS OF VIETJET AVIATION JOINT STOCK COMPANY**

We have reviewed the accompanying consolidated interim financial statements of VietJet Aviation Joint Stock Company (“the Company”) and its subsidiaries (together referred to as “the Group”) which were prepared on 30 June 2020, and approved by the Board of Management of the Company on 31 August 2020. The consolidated interim financial statements comprise the consolidated interim balance sheet as at 30 June 2020, the consolidated interim income statement and the consolidated interim cash flow statement for the six-month period then ended, and explanatory notes to the consolidated interim financial statements including significant accounting policies, as set out on pages 11 to 70.

### **Responsibility of the Board of Management**

The Board of Management of the Company is responsible for the preparation and the true and fair presentation of these consolidated interim financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on the preparation and presentation of consolidated interim financial statements; and for such internal control which the Board of Management determines as necessary to enable the preparation and fair presentation of the consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor’s Responsibility**

Our responsibility is to express a conclusion on this consolidated interim financial information based on our review. We conducted our review in accordance with Vietnamese Standard on Review Engagements 2410 - *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*.

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Vietnamese Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at 30 June 2020, its consolidated interim financial performance and consolidated interim cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on the preparation and presentation of consolidated interim financial statements.

## Emphasis of Matter

We draw attention to Note 2.2 in the consolidated interim financial statements, which indicates the impact of the COVID-19 pandemic on the Group's operations. The Group's ability to continue as a going concern depends on the Group's ability to generate sufficient operating and financing cash flows from aviation activities and financing solutions as presented in Note 2.2. These conditions, along with the impact of country travel restrictions and recovery of air travel demand between countries, indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

## Other Matters

The consolidated financial statements of the Group for the year ended 31 December 2019 were audited by another auditor who expressed an unmodified opinion on those statements on 30 April 2020. In addition, the consolidated interim financial statements of the Group for the six-month period ended 30 June 2019 were also reviewed by this auditor who expressed an unmodified conclusion on those statements on 30 August 2019.

The report on review of consolidated interim financial information is prepared in Vietnamese and English. Should there be any conflict between the Vietnamese and English versions, the Vietnamese version shall take precedence.



**For and on behalf of PwC (Vietnam) Limited**

Mai Viet Hung Tran  
Audit Practising Licence No.  
0048-2018-006-1  
Authorised signatory

Report reference number: HCM9839  
Ho Chi Minh City, 31 August 2020

VIETJET AVIATION JOINT STOCK COMPANY AND ITS SUBSIDIARIES

Form B 01 – DN/HN

CONSOLIDATED INTERIM BALANCE SHEET

Code	ASSETS	Note	As at	
			30.6.2020 VND	31.12.2019 VND
<b>100</b>	<b>CURRENT ASSETS</b>		<b>24,349,082,361,336</b>	<b>23,833,884,667,975</b>
<b>110</b>	<b>Cash and cash equivalents</b>	3	<b>2,413,573,361,917</b>	<b>5,364,049,804,580</b>
111	Cash		1,774,194,724,537	3,823,871,167,200
112	Cash equivalents		639,378,637,380	1,540,178,637,380
<b>120</b>	<b>Short-term investments</b>		<b>404,000,000,000</b>	<b>1,144,756,800,000</b>
121	Trading securities	4(a)	990,000,000,000	990,000,000,000
122	Provision for diminution in value of trading securities	4(a)	(590,000,000,000)	(555,000,000,000)
123	Investments held-to-maturity	4(b)	4,000,000,000	709,756,800,000
<b>130</b>	<b>Short-term receivables</b>		<b>20,522,967,870,254</b>	<b>16,131,149,866,130</b>
131	Short-term trade accounts receivable	5	9,358,850,637,631	7,614,990,981,534
132	Short-term prepayments to suppliers		160,797,188,556	187,271,445,833
136	Other short-term receivables	6(a)	11,003,320,044,067	8,328,887,438,763
<b>140</b>	<b>Inventories</b>		<b>708,315,803,535</b>	<b>747,898,679,837</b>
141	Inventories	7	708,315,803,535	747,898,679,837
<b>150</b>	<b>Other current assets</b>		<b>300,225,325,630</b>	<b>446,029,517,428</b>
151	Short-term prepaid expenses	8(a)	237,218,039,369	382,337,666,788
152	Value Added Tax ("VAT") to be reclaimed		14,635,362,929	533,971,429
153	Tax and other receivables from the State	14(a)	48,371,923,332	63,157,879,211

The notes on pages 11 to 70 are an integral part of these consolidated interim financial statements.



VIETJET AVIATION JOINT STOCK COMPANY AND ITS SUBSIDIARIES

Form B 01 – DN/HN

CONSOLIDATED INTERIM BALANCE SHEET  
(continued)

Code	ASSETS (continued)	Note	As at	
			30.6.2020 VND	31.12.2019 VND
<b>200</b>	<b>LONG-TERM ASSETS</b>		<b>21,968,264,877,554</b>	<b>25,024,869,140,536</b>
<b>210</b>	<b>Long-term receivables</b>		<b>14,786,717,982,932</b>	<b>15,594,389,684,300</b>
215	Long-term lending	11	500,987,280,000	1,200,982,168,000
216	Other long-term receivables	6(b)	14,285,730,702,932	14,393,407,516,300
<b>220</b>	<b>Fixed assets</b>		<b>740,426,680,388</b>	<b>1,304,424,116,769</b>
221	Tangible fixed assets	9(a)	738,851,687,034	1,302,137,079,158
222	Historical cost		967,508,776,529	1,688,544,748,056
223	Accumulated depreciation		(228,657,089,495)	(386,407,668,898)
227	Intangible fixed assets	9(b)	1,574,993,354	2,287,037,611
228	Historical cost		30,818,110,655	30,818,110,655
229	Accumulated amortisation		(29,243,117,301)	(28,531,073,044)
<b>240</b>	<b>Long-term assets in progress</b>		<b>738,283,912,782</b>	<b>1,318,401,443,379</b>
242	Construction in progress	10	738,283,912,782	1,318,401,443,379
<b>250</b>	<b>Long-term investments</b>		<b>215,973,206,218</b>	<b>215,973,206,218</b>
252	Investments in associates	4(c)	60,000,000,000	60,000,000,000
253	Investments in other entities	4(c)	149,417,024,400	149,417,024,400
255	Investments held-to-maturity	4(b)	6,556,181,818	6,556,181,818
<b>260</b>	<b>Other long-term assets</b>		<b>5,486,863,095,234</b>	<b>6,591,680,689,870</b>
261	Long-term prepaid expenses	8(b)	5,486,863,095,234	6,591,680,689,870
<b>270</b>	<b>TOTAL ASSETS</b>		<b>46,317,347,238,890</b>	<b>48,858,753,808,511</b>

The notes on pages 11 to 70 are an integral part of these consolidated interim financial statements.

VIETJET AVIATION JOINT STOCK COMPANY AND ITS SUBSIDIARIES

Form B 01 – DN/HN

CONSOLIDATED INTERIM BALANCE SHEET  
(continued)

Code	RESOURCES	Note	As at	
			30.6.2020 VND	31.12.2019 VND
<b>300</b>	<b>LIABILITIES</b>		<b>31,351,410,449,160</b>	<b>33,955,921,978,450</b>
<b>310</b>	<b>Short-term liabilities</b>		<b>19,879,431,189,241</b>	<b>19,169,599,306,127</b>
311	Short-term trade accounts payable	12	3,995,387,274,149	1,894,934,971,369
312	Short-term advances from customers	13	605,221,689,978	669,963,368,463
313	Tax and other payables to the State	14(b)	332,713,214,548	469,282,981,764
315	Short-term accrued expenses	15	1,870,737,379,299	1,145,215,966,220
318	Short-term unearned revenue	16	1,143,142,751,682	3,184,286,840,374
319	Other short-term payables	17(a)	2,208,169,207,524	1,619,834,618,924
320	Short-term borrowings	18(a)	7,474,875,399,081	8,161,089,248,187
321	Provision for short-term liabilities	19(a)	2,249,184,272,980	2,024,991,310,826
<b>330</b>	<b>Long-term liabilities</b>		<b>11,471,979,259,919</b>	<b>14,786,322,672,323</b>
337	Other long-term payables		72,186,202,744	70,758,354,580
338	Long-term borrowings	18(b)	2,355,883,899,899	3,661,872,522,217
341	Deferred income tax liabilities	20	377,746,992,859	394,444,939,970
342	Provision for long-term liabilities	19(b)	8,666,162,164,417	10,659,246,855,556
<b>400</b>	<b>OWNERS' EQUITY</b>		<b>14,965,936,789,730</b>	<b>14,902,831,830,061</b>
<b>410</b>	<b>Capital and reserves</b>		<b>14,965,936,789,730</b>	<b>14,902,831,830,061</b>
411	Owners' capital	21, 22	5,416,113,340,000	5,416,113,340,000
411a	- Ordinary shares with voting rights		5,416,113,340,000	5,416,113,340,000
412	Share premium	22	245,949,492,805	245,949,492,805
415	Treasury shares	22	(2,347,121,362,620)	(2,347,121,362,620)
417	Foreign exchange differences	22	81,279,095,859	64,819,738,693
421	Undistributed earnings	22	11,566,799,385,521	11,520,659,436,312
421a	- Undistributed post-tax profits of previous years		11,520,659,436,312	7,713,314,309,218
421b	- Post-tax profits of current period/year		46,139,949,209	3,807,345,127,094
429	Non-controlling interests		2,916,838,165	2,411,184,871
<b>440</b>	<b>TOTAL RESOURCES</b>		<b>46,317,347,238,890</b>	<b>48,858,753,808,511</b>

  
Hoang Manh Ha  
Chief Accountant

  
Ho Ngoc Yen Phuong  
Vice President &  
Chief Finance Officer

  
Nguyen Thi Phuong Thao  
President & Chief Executive Officer  
31 August 2020

The notes on pages 11 to 70 are an integral part of these consolidated interim financial statements.

## VIETJET AVIATION JOINT STOCK COMPANY AND ITS SUBSIDIARIES

Form B 02 – DN/HN

## CONSOLIDATED INTERIM INCOME STATEMENT

Code	Note	For the six-month period ended 30 June	
		2020 VND	2019 VND
01	Revenue from sales of goods and rendering of services	10,970,344,802,776	24,556,450,782,769
10	Net revenue from sales of goods and rendering of services	10,970,344,802,776	24,556,450,782,769
11	Cost of goods sold and services rendered	(12,425,508,789,387)	(21,187,023,155,505)
20	Gross (loss)/profit from sales of goods and rendering of services	(1,455,163,986,611)	3,369,427,627,264
21	Financial income	1,027,559,419,796	215,456,829,009
22	Financial expenses	(641,890,779,130)	(589,206,959,495)
23	- Including: Interest expense	(232,229,994,878)	(140,571,532,313)
24	Share of losses of associates	(65,311,575,000)	(46,761,120,311)
25	Selling expenses	(397,215,916,425)	(493,313,423,771)
26	General and administration expenses	(197,812,372,142)	(182,159,328,570)
30	Net operating (loss)/profit	(1,729,835,209,512)	2,273,443,624,126
31	Other income	1,778,172,235,760	19,915,824,861
32	Other expenses	(21,054,531)	(112,857,552)
40	Net other income	1,778,151,181,229	19,802,967,309
50	Net accounting profit before tax	48,315,971,717	2,293,246,591,435
51	Business income tax ("BIT") - current	(18,368,316,325)	(302,062,702,484)
52	BIT - deferred	16,697,947,111	(10,011,605,396)
60	Net profit after tax	46,645,602,503	1,981,172,283,555
	Attributable to:		
61	Owners of the parent company	46,139,949,209	1,981,835,358,020
62	Non-controlling interests	505,653,294	(663,074,465)
70	Basic earnings per share	88	3,659
71	Diluted earnings per share	88	3,659

Hoang Manh Ha  
Chief Accountant

Ho Ngoc Yen Phuong  
Vice President &  
Chief Finance Officer

Nguyen Thi Phuong Thao  
President & Chief Executive Officer  
31 August 2020



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VIETJET AVIATION JOINT STOCK COMPANY AND ITS SUBSIDIARIES

Form B 03 – DN/HN

CONSOLIDATED INTERIM CASH FLOW STATEMENT  
(Indirect method)

Code	Note	For the six-month period ended 30 June	
		2020 VND	2019 VND
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
01		<b>48,315,971,717</b>	<b>2,293,246,591,435</b>
	Net profit before tax		
	Adjustments for:		
02	Depreciation and amortisation	95,189,458,137	78,797,900,658
03	Provisions	5,804,553,003	444,775,098,908
04	Unrealised foreign exchange (gains)/losses	(173,736,133,771)	3,621,059,499
05	Profits from investing activities	(1,846,468,829,112)	(146,572,755,618)
06	Interest expense	232,229,994,878	140,571,532,313
08	<b>Operating (loss)/profit before changes in working capital</b>	<b>(1,638,664,985,148)</b>	<b>2,814,439,427,195</b>
09	Increase in receivables	(1,277,109,988,490)	(3,555,376,342,752)
10	Decrease/(increase) in inventories	39,582,876,302	(164,027,574,467)
11	Increase/(decrease) in payables	1,410,279,134,863	(258,945,297,928)
12	(Increase)/decrease in prepaid expenses	(555,893,142,984)	570,815,877,257
14	Interest paid	(237,212,461,869)	(137,236,545,016)
15	BIT paid	(192,653,118,043)	(191,072,596,651)
20	<b>Net cash outflows from operating activities</b>	<b>(2,451,671,685,369)</b>	<b>(921,403,052,362)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
21	Purchases of fixed assets and other long-term assets	(64,873,352,231)	(2,962,380,873,862)
22	Proceeds from disposals of fixed assets and long-term assets	702,271,831,289	-
23	Loans granted, term deposits at banks	-	(356,000,000,000)
24	Proceeds from divestment in other entities	712,078,115,068	-
27	Dividends and interest received	150,979,215,336	115,688,192,373
30	<b>Net cash inflows/(outflows) from investing activities</b>	<b>1,500,455,809,462</b>	<b>(3,202,692,681,489)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
33	Proceeds from borrowings	9,441,323,678,683	14,480,981,264,502
34	Repayments of borrowings	(11,443,075,162,119)	(12,169,711,810,451)
36	Dividends paid	-	(543,108,881,500)
40	<b>Net cash (outflows)/inflows from financing activities</b>	<b>(2,001,751,483,436)</b>	<b>1,768,160,572,551</b>
50	<b>Net decrease in cash and cash equivalents</b>	<b>(2,952,967,359,343)</b>	<b>(2,355,935,161,300)</b>
60	<b>Cash and cash equivalents at beginning of period</b>	<b>5,364,049,804,580</b>	<b>7,164,923,007,451</b>
61	Effect of foreign exchange differences	2,490,916,680	106,045,638,066
70	<b>Cash and cash equivalents at end of period</b>	<b>2,413,573,361,917</b>	<b>4,915,033,484,217</b>

Additional information relating to the cash flow statement is presented in Note 36.

  
\_\_\_\_\_  
Hoang Manh Ha  
Chief Accountant

  
\_\_\_\_\_  
Ho Ngoc Yen Phuong  
Vice President &  
Chief Finance Officer

  
\_\_\_\_\_  
Nguyen Thi Phuong Thao  
President & Chief Executive Officer  
31 August 2020

The notes on pages 11 to 70 are an integral part of these consolidated interim financial statements.

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020**

**1 GENERAL INFORMATION**

VietJet Aviation Joint Stock Company (“the Company”) is a joint stock company established in SR Vietnam pursuant to Enterprise registration certificate No. 0102325399 dated 23 July 2007 which was issued by the Department of Planning and Investment of Hanoi City and the 27th amended enterprise registration certificate dated 1 August 2018.

The principal activities of the Company and its subsidiaries (“the Group”) are to provide passenger and cargo transportation services on domestic and international air routes, airline-related support services and to trade aircraft and components.

The normal business cycle of the Group is 12 months.

As at 30 Jun 2020, the Group had 6 subsidiaries and 2 associates. Details are as follows:

	Principal activities	Enterprise registration certificate	Place of incorporation and operation	% of Ownership	
				30.6.2020	31.12.2019
<b>Subsidiaries</b>					
VietjetAir Cargo Joint Stock Company	To provide cargo transportation and related support services	No. 0312759089 dated 27 August 2014	Vietnam	90	90
Vietjet Air IVB No. I Limited	To trade and lease aircraft and aircraft components	No. 1825671 dated 27 May 2014	British Virgin Islands	100	100
Vietjet Air IVB No. II Limited	To trade and lease aircraft	No. 1825613 dated 27 May 2014	British Virgin Islands	100	100
Vietjet Air Singapore Pte. Ltd.	To trade aircraft	No. 201408849N dated 27 March 2014	Singapore	100	100
Vietjet Air Ireland No. 1 Limited	To trade and lease aircraft	No. 544879 dated 3 June 2014	Ireland	100	100
Skymate Limited	To trade and lease aircraft	No. 327015 dated 15 September 2017	Cayman Islands	100	100
<b>Associates</b>					
Thai Vietjet Air Joint Stock Co., Ltd. (*)	To provide passenger and cargo transportation and other related support services	No. 0105556100551 dated 25 June 2013	Thailand	9	9
Cam Ranh International Terminal Joint Stock Company (*)	To provide support services for airline transportation	No. 4201676638 dated 5 February 2016	Vietnam	10	10

(\*) The Group has significant influence over these companies because the Group has the right to appoint members of the Board of Directors of these companies.

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020**

**1 GENERAL INFORMATION (continued)**

As at 30 June 2020, the Group had 5,449 employees (as at 31 December 2019: 5,092 employees).

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**2.1 Basis of preparation of consolidated interim financial statements**

The consolidated interim financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of consolidated interim financial statements. The consolidated interim financial statements have been prepared under the historical cost convention, except for investments in associates and business combinations as presented in Note 2.6.

The accompanying consolidated interim financial statements are not intended to present the consolidated interim financial position and consolidated interim results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam. The accounting principles and practices utilised in Vietnam may differ from those generally accepted in countries and jurisdictions other than Vietnam.

The consolidated interim financial statements in the Vietnamese language are the official statutory consolidated interim financial statements of the Group. The consolidated interim financial statements in the English language have been translated from the Vietnamese version.

**2.2 Assessment on going concern assumption**

The wide spread of COVID-19 since the beginning of 2020 is a fluid and challenging situation facing all industries, including the aviation industry. In Vietnam, the resurgence of COVID-19 since the end of July 2020 has caused difficulties and challenges to all corporations, including the Group.

Travel and border restrictions implemented in Vietnam and other countries around the world have led to a significant fall in demand for air travel which impacted on the Group's financial performance and cash flows. As a consequence, the Group reported a gross loss from the main aviation business of VND1,455 billion for the six-month period ended 30 June 2020. The Group has transferred its financial investments to cover the losses generated from the air transportation activities. These conditions indicate the existence of material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern.

To cope with impacts of the COVID-19 pandemic, the Group has implemented several measures to weather this current challenging time. These efforts are ongoing as the Group continues to seek support from their vendors and business partners to address their cash flow requirements. The following measures had been taken, with further additional efforts to be taken:

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.2 Assessment on going concern assumption (continued)****(i) Recovery from COVID-19 Pandemic**

As of May 2020, the Government of Vietnam allowed domestic travel and the Group resumed operations accordingly. The Group has seen positive developments on its business operations as passenger seat booking trends, flight frequencies and load factors are gradually improving to cater for the increasing demand. The Group expects the business operations to gradually return to the normal operation level by November 2020.

In addition to the support of the Government of Vietnam such as Decree No. 41/2020/ND-CP dated 8 April 2020 extending the deadlines for payments of taxes, the Standing Committee of the National Assembly promulgated Resolution No. 979/2020/UBTVQH14 on the reduction of environmental protection tax from VND3,000/litter to VND2,100/litter which is applicable from 1 August 2020 to 31 December 2020, Resolution No. 84/NQ-CP on the reduction of landing and take-off expenses by 50% for the period from March to September 2020, the Group has been actively implementing a number of measures in operations and business activities to cope with and minimize external impacts, including but not limited to the following:

- developing SkyBoss products and services, ancillary services and Power Pass cards;
- expanding and developing cargo transportation services;
- executing the aircraft financing and trading solutions;
- controlling and optimizing the Group's operation costs;
- opening eight new routes, bringing the total number of domestic routes to 53 routes to increase the aircraft utilization and to meet the increase in travelling demands.

In addition, the Group has been licensed by the Department of Aviation and began to serve the ground itself at Noi Bai International Airport in order to reduce costs, increase ancillary revenues at the airport as well as improve the quality of customer services.

Nonetheless, the resurgence of COVID-19 in Da Nang Province has once again affected airlines' operations and the overall timing of recovery of the COVID-19 pandemic will affect the ability of the Group to meet its forecasted revenue in a short time, which in turn affects the Group's ability to generate cash flows from operations.

**(ii) Funding**

A number of the Group's existing lenders have provided financial supports through extending the maturity dates. To shore up liquidity, the Group is in the process of negotiating with other lenders to reduce the interest rates and extending the maturity dates in accordance with the guidance from Circular No. 01/2020/TT-NHNN dated 13 March 2020 issued by the State Bank of Vietnam.

As approved by the Annual General Meeting of Shareholders, the Group will sell its treasury shares to strategic investors in order to strengthen its cash position and liquidity.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.2 Assessment on going concern assumption (continued)**

(iii) Working capital management

The Group managed to seek deferrals for payment of aircraft operating leases with certain lessors and is currently in the process of negotiating further waiver or deferral of lease payments with lessors until the aviation industry recovers.

Furthermore, the Group has performed a comprehensive review of the operation's efficiency and implemented cost-saving measures, including but not limited to, stocking up on fuel reserves when prices were low, negotiating with suppliers for a reduction of the charge for airport handling, technical activities and other services.

The gradual increase in passenger seat booking, flight frequencies and load factor after the upliftment of domestic travel restriction signifies positive development with strong rebound in demand for air travel anticipated. Therefore, the Board of Directors and the Board of Management are of the opinion that the Group will be able to generate sufficient working capital to finance its operations and to meet its obligations as and when they fall due in the following 12 months.

Accordingly, the consolidated interim financial statements for the six-month period ended 30 June 2020 have been prepared on a going concern basis.

**2.3 Fiscal year**

The Group's fiscal year is from 1 January to 31 December. The consolidated interim financial statements were prepared for the six-month period from 1 January to 30 June.

**2.4 Currency**

The consolidated interim financial statements are measured and presented in the Vietnamese Dong ("VND"). The Company and its subsidiaries determine their accounting currencies based on the currencies which are mainly used in sales of goods and rendering of services, which have a significant impact on selling prices of goods and services, which are normally used to list selling prices and receive payments; which are mainly used in purchases of goods or services, which have a significant impact on costs of labour, materials and other production or operating costs and normally used as payments for those costs.

Additionally, the Company and its subsidiaries also use this currency to raise financial resources (such as via issuance of shares or bonds) and regularly collect these currencies from business operations and savings.



**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.4 Currency (continued)**

For consolidation purposes, if the currencies used on financial statements of subsidiaries are different from that of the Company, the Company is required to translate those financial statements into the currency used in the Company's financial statements under the following principles:

- Assets and liabilities of overseas subsidiaries is translated at actual exchange rate at period-end;
- Undistributed earnings retained after acquisition date are translated based on the translation of income and expenses in the consolidated interim income statement;
- Profits already paid are translated at the actual exchange rate at the date of payment;
- Items of the consolidated interim income statement and the consolidated interim cash flow statement are translated at the average exchange rate of the accounting period if it approximates the actual rate at the time of the transaction (with the difference not exceeding 2%); and
- The accumulative amount of Exchange differences is presented in a separate component of equity. Accumulated exchange differences arising from translation and attributable to the Company are presented in "Foreign exchange differences". Those arising from translation and attributable to non-controlling interests are allocated to "Non-controlling interests". Accumulated exchange differences arising from translation of unamortised goodwill are attributable to the Company.

**2.5 Exchange rates**

Transactions arising in foreign currencies are translated at an exchange rate which is the rate approximating the average transfer exchange rate of the buying and selling rates of the commercial banks where the Group regularly trades. The Group ensures that the disparity of the approximate exchange rate does not exceed +/- 1% compared with the average transfer exchange rate and does not materially influence the financial position and the results of operation during the fiscal year. The average transfer exchange rate is determined monthly based on the average between the daily buying transfer rate and selling transfer rate of the commercial banks. Foreign exchange differences arising from these translations are recognised in the consolidated interim income statement.

Monetary assets and liabilities denominated in foreign currencies at the consolidated balance sheet date are translated at the transfer rate at the consolidated balance sheet date of the commercial banks where the Group regularly trades. The transfer rate is average transfer rate of the commercial banks. Foreign exchange differences arising from these translations are recognised in the consolidated interim income statement.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.6 Basis of consolidation**

**Subsidiaries**

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies in order to gain future benefits from their activities generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated income statement.

Inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated.

In a multi-phase acquisition, when determining goodwill or bargain purchase, the consideration is the sum of the total consideration on the date of acquiring control and previous considerations remeasured to fair value on the date of control acquisition.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The financial statements of the Group's subsidiaries are prepared for the same accounting period. If there are differences in end dates, the gap must not exceed 3 months. Adjustments are made to reflect impacts of significant transactions and events occurring between the end dates of the subsidiaries' accounting period and that of the Group's. The length of the reporting period and differences in reporting date must be consistent between periods.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.6 Basis of consolidation (continued)****Non-controlling transactions and interests**

The Group applies a policy for transactions with non-controlling interests (“NCI”) as transactions with external parties to the Group.

NCI are measured at their proportionate share of the acquiree’s identifiable net assets at date of acquisition.

The divestment of the Group’s interest in a subsidiary that does not result in a loss of control is accounted for as a transaction with owners. The difference between the change in the Group’s share of net assets of the subsidiary and any consideration paid or received from divestment of Group’s interest in the subsidiary is recorded directly in the undistributed earnings under equity.

In a divestment of the Group’s interest in a subsidiary that results in a loss of control, the difference between the Group’s share in the net assets of the subsidiary and the net proceeds from divestment is recognised in the consolidated income statement. The retained interest in the entity will be accounted for as either an investment in an other entity or investment to be equity accounted for since the divestment date.

**Associates**

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group’s investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Group’s share of its associates’ post-acquisition profits or losses is recognised in the consolidated income statements. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group’s share of losses in an associate equals or exceeds its interest in the joint venture or associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture or associate.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Unrealised gains and losses on transactions between the Group and its associates are eliminated to the extent of the Group’s interest in the associates.

**2.7 Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, cash at bank, cash in transit, demand deposits and other short-term investments with an original maturity of three months or less.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.8 Receivables**

Receivables represent trade receivables from customers arising from sales of goods and rendering of services or non-trade receivables from others and are stated at cost. Provision for doubtful debts is made for each outstanding amount based on overdue days in payment according to the initial payment commitment (exclusive of the payment rescheduling between parties), or based on the expected loss that may arise. Bad debts are written off when identified.

Receivables are classified into long-term and short-term receivables on the consolidated balance sheet based on the remaining period from the consolidated balance sheet date to the maturity date.

**2.9 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 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.

Maintenance reserves of leased aircraft are classified into long-term and short-term receivables based on the remaining terms from the consolidated balance sheet date to the estimated time that the Company could reimburse the maintenance expenses from lessors.

**2.10 Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method for merchandise, and specific identification method for tools services and includes all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the normal course of business, less the estimated costs of completion and selling expenses.

The Group applies the perpetual system for inventories.

Provision is made, where necessary, for obsolete, slow-moving and defective inventory items. The difference between the provision of this period and the provision of the previous period are recognised as an increase or decrease of cost of goods sold in the period.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.11 Investments****(a) Trading securities**

Trading securities are securities which are held for trading to earn profits.

Trading securities are initially recorded at historical cost including cost of acquisition and any expenditure that is directly attributable to the acquisition. Subsequently, the Board of Management reviews all outstanding investments to determine the amount of provision to recognise at the period end. The provision for diminution in value of trading securities is made when their cost is higher than their fair value. Changes in the provision balance during the accounting period are recorded as an increase or decrease in financial expenses. A reversal, if any, is made only to the extent the investment is restored to its original cost.

The Group recognises trading securities when it has ownership of the assets, specifically as follows:

- Listed securities are recognised at the time of order matching; and
- Unlisted securities are recognised at the time when official ownership is established in accordance with regulations.

Profit or loss from liquidation or disposal of trading securities is recognised in the consolidated income statement. The costs of trading securities disposed of are determined by using the first in first out method.

**(b) Investments held-to-maturity**

Investments held-to-maturity are investments which the Group's Board of Management has a positive intention and ability to hold until maturity.

Investments held-to-maturity include term deposits, bonds and business cooperation contract. Those investments are initially accounted for at cost. Subsequently, the Board of Management reviews all outstanding investments to determine the amount of provision to recognise at the period end.

Provision for diminution in value of investments held-to-maturity is made when there is evidence that the investment is uncollectible in whole or in part. Changes in the provision balance during the accounting period are recorded as an increase or decrease in financial expenses. A reversal, if any, is made only to the extent the investment is restored to its original cost.

**(c) Investments in other entities**

Investments in other entities are investments in equity instruments of other entities without controlling rights or co-controlling rights, or without significant influence over the investee. These investments are accounted for initially at cost. Subsequently, the Board of Management reviews all outstanding investments to determine the amount of provision to recognise at the period end.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.11 Investments (continued)****(c) Investments in other entities (continued)**

Provision for investments in other entities is made when there is a diminution in value of the investments at the period end. Regarding investments in listed shares or the investments whose fair value can be determined reliably, the provision for diminution in value is made when the cost is higher than the market value. For other investments, provision for diminution in value is made when the entities make losses, except when the loss was anticipated by the Board of Management before date of investment.

Changes in the provision balance during the accounting period are recorded as an increase or decrease in financial expenses. A reversal, if any, is made only to the extent the investment is restored to its original cost.

**2.12 Lendings**

Lendings are loans for interest earning granted under agreements among parties but not being traded as securities.

Lendings are initially recognised at cost. Subsequently, the Board of Management reviews all outstanding amounts to determine the amount of provision to recognise at the period end. Provision for doubtful lending is made for each lending based on overdue days in payment of principals according to the initial payment commitment (exclusive of the payment rescheduling between parties), or based on the expected loss that may arise. Changes in the provision balance during the accounting period are recorded as an increase or decrease in financial expenses. A reversal, if any, is made only to the extent the investment is restored to its original cost.

Lending are classified into short-term and long-term lending on the consolidated balance sheet based on the remaining term of the lending as at the consolidated balance sheet date.



**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.13 Fixed assets***Tangible and intangible fixed assets*

Fixed assets are stated at historical cost less accumulated depreciation or amortisation. Historical cost includes any expenditure that is directly attributable to the acquisition of the fixed assets bringing them to a suitable conditions for their intended use. Expenditure incurred subsequently which has resulted in an increase in the future economic benefits expected to be obtained from the use of fixed assets, can be capitalised as an additional historical cost. Otherwise, they are charged to the consolidated income statement when incurred.

*Depreciation and amortisation*

Fixed assets are depreciated and amortised using the straight-line method so as to write off the historical cost of the fixed assets over their estimated useful lives. The estimated useful lives of each asset class are as follows:

Aircraft and components	10 - 20 years
Machinery and equipment	3 - 10 years
Office equipment	3 - 5 years
Motor vehicles	6 years
Software	3 years

*Disposals*

Gains or losses on disposals are determined by comparing net disposal proceeds with the carrying amount of the fixed assets and are recognised as income or expense in the consolidated income statement.

*Construction in progress*

Construction in progress represents the cost of assets in the course of construction for production, rental or administrative purposes, or for purposes not yet determined; and expenses for the purchase of unfinished and undelivered aircraft. Depreciation of these assets, on the same basis as other fixed assets, commences when they are ready for their intended use.

**2.14 Leased assets**

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the consolidated income statement on a straight-line basis over the terms of the lease.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.15 Prepaid expenses**

Prepaid expenses include short-term and long-term prepayments on the consolidated balance sheet. Prepaid expenses are recorded at historical cost and allocated on a straight-line basis over their estimated useful lives.

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

Short-term prepayments mainly comprise rental costs and short-term prepaid aircraft repairs.

**(b) Long-term prepaid expenses****(i) Major inspection and overhaul expenditure**

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

**(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.

**2.16 Payables**

Classifications of payables are based on their nature as follows:

- Trade accounts payable are trade payables arising from purchase of goods and services; and
- Other payables are non-trade payables, and payables not relating to purchases of goods and services.

Payables are classified into long-term and short-term payables on the consolidated balance sheet based on the remaining period from the consolidated balance sheet date to the maturity date.



**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.17 Borrowings**

Borrowings include borrowings from banks, financial institutions, financial companies and other entities.

Borrowings are classified into long-term and short-term borrowings on the consolidated balance sheet based on the remaining period from the consolidated balance sheet date to the maturity date.

Borrowing costs that are directly attributable to the construction or production of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. In respect of general-purpose borrowings, a portion of which used for the purpose of construction or production of any qualifying assets, the Group determines the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the weighted average expenditure on that assets. The capitalisation rate is the weighted average of the interest rates applicable to the Group's borrowings that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. Other borrowing costs are recognised in the consolidated interim income statement when incurred.

**2.18 Bonds issued - Straight bonds**

At initial recognition, straight bonds are measured at cost which comprises proceeds from issuance net of issuance costs. Any discount, premium or issuance costs are amortised on a straight-line basis over the term of the bonds.

**2.19 Accrued expenses**

Accrued expenses include liabilities for goods and services received in the period but not yet paid for due to pending invoices or insufficient records and documents. Accrued expenses are recorded as expenses in the reporting period.

**2.20 Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provision is not recognised for future operating losses.

**(a) Provisions for maintenance costs in the scope of maintenance reserves**

According to the aircraft leasing agreements between the Group and its lessors and the requirements of Vietnam Aviation Authority, the Group has to perform the routine maintenance and periodic maintenance for leased aircraft based on its own Maintenance Planning Development which was developed based on the guidance of airline manufacturers. Routine maintenance will be performed at the Group's cost while the periodic maintenance will be covered by maintenance reserves.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.20 Provisions (continued)****(a) Provisions for maintenance costs in the scope of maintenance reserves (continued)**

The provisions for maintenance expenses in the scope of the maintenance reserves include four (4) main parts:

- Costs of maintenance of the Engine Performance Restoration ("CPR");
- Costs of maintenance of the Auxiliary Power Unit ("APU");
- Costs of maintenance and replacement of the Landing Gear ("LDG"); and
- Costs of maintenance and replacement of the Life-Limited Part ("LLP").

The provisions for LLP and LDG are determined by the expected future cost of maintenance and replacement for the leased aircraft, having regard to the current fleet plan. At the beginning of lease term and during the period of leasing, the estimated costs are recorded in provisions with a corresponding asset is recognised in long-term prepaid expenses balance. The estimated costs in long-term prepaid expenses are amortised to expenses using the basis of actual flight hours or cycles to the next maintenance event. If there is a significant change in the estimated costs, the provision for maintenance cost and the long-term prepaid expenses will be reassessed accordingly.

The provisions for CPR and APU are accrued and charged to the income statement 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.

In accordance with the Group's policy, with respect to Japanese Operating Leases with Call Option Contracts – JOLCO, the cost incurred in the first periodic maintenance for leased aircraft is recognised in long-term prepaid expenses balance and amortised to expenses using the basis of actual flight hours or cycles to the next maintenance event.

**(b) Provisions for cost to make good on leased assets**

With respect to aircraft operating lease agreements where the Group is required to return the aircraft with adherence to certain maintenance conditions, cost to make good on leased assets is estimated at the inception of the lease based on the present value of the future expected costs at the expiration of the lease in order for the Group to meet the 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 a corresponding asset is recognised in debit to long-term prepaid expenses. The estimated costs in long-term prepaid expenses are amortised to expenses on a straight-line basis over the lease term. The increase in the provision due to passage of time is recognised as a financial expense.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.21 Unearned revenue**

Unearned revenue mainly comprises revenue from passenger transportation and ancillary activities. The Group records unearned revenue for the future obligations that the Group has to fulfil. Once recognition criteria have been satisfied, unearned revenue will be recognised as revenue in the income statement to the extent that it has met the recognition criteria.

**2.22 Capital and reserves**

Owners' capital is recorded according to the actual amounts contributed and is recorded according to the par value of the shares.

Share premium is the difference between the par value and the issue price of shares and the difference between the repurchase price and re-issuing price of treasury shares.

Treasury shares are shares issued by the Company and bought back by itself, but these are not cancelled and may be re-issued subsequently in accordance with the Law on securities.

Undistributed earnings record the Group's results after BIT at the reporting date.

**2.22 Appropriation of profit**

The Group's dividends are recognised as a liability in the Group's consolidated interim financial statements in the period in which the dividends are approved by the General Meeting of shareholders.

Profit after BIT could be distributed to shareholders after approval at the General Meeting of shareholders, and after appropriation to other funds in accordance with the Group's charter and Vietnamese regulations.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.23 Revenue recognition****(a) Passenger transportation**

Revenue from passenger transportation is recognised in the consolidated income statement 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.

**(b) 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 consolidated income statement when the services are provided.

Revenue from baggage service is recognised in the consolidated income statement 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 income statement when charged to passengers.

Sales of in-flight and duty-free merchandise are recognised in the consolidated income statement when all five (5) following conditions are satisfied:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.23 Revenue recognition (continued)**

**(c) Charter flights**

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

**(d) Aircraft leasing**

Revenue from aircraft leasing under operating lease arrangements is recognised in the consolidated income statement on a straight-line basis over the term of the lease.

**(e) Sales of aircraft**

Revenue from the sales of aircraft is recognised in the consolidated income statement 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.

**Sales and leaseback transaction**

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

For a transaction that results in an operating lease:

- If the sale price is at fair value, there has in effect been a normal sale transaction and any profit or loss is recognised immediately.
- If the sale price is below fair value, any profit or loss shall be recognised immediately except that, if the loss is compensated for by future lease payments at below market price, it shall be deferred and amortised in proportion to the lease payments over the period for which the aircraft or aircraft engine 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 or aircraft engine 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 or aircraft engine, a loss equal to the amount of the difference between the carrying amount and fair value shall be recognised immediately.

**(f) Other services**

Revenue from services rendered is recognised in the consolidated income statement 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.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.23 Revenue recognition (continued)**

**(g) Interest income**

Interest income is recognised on an earned basis.

**(h) Dividends income**

Income from dividends is recognised when the Group has established the receiving right from investees.

**2.24 Cost of goods sold and services rendered**

Cost of goods sold and services rendered are the cost of merchandise sold or services rendered during the period, and recorded on the basis of matching with revenue and on a prudence basis.

**2.25 Financial expenses**

Financial expenses are expenses incurred in the period for financial activities including provision for diminution in the value of trading securities; expenses of lending and borrowing; losses incurred on selling foreign currencies and losses from foreign exchange differences.

**2.26 Selling expenses**

Selling expenses represent expenses that are incurred in the process of selling goods and providing services, which mainly include advertising and promotion expenses, sale commissions, salary expenses of commercial department staff; social insurance, health insurance, union funding, unemployment insurance for employees of commercial department staff; external services and other expenses.

**2.27 General and administration expenses**

General and administration expenses represent expenses for administrative purposes which mainly include salary expenses of administrative staff; social insurance, medical insurance, labour union fees, unemployment insurance of administrative staff; expenses of office materials; depreciation of fixed assets used for administration; office rental expenses; external services and other expenses.

**2.28 Current and deferred income tax**

Income tax include all income tax which are based on taxable profits including profits generated from production and trading activities in other countries with which the Socialist Republic of Vietnam has not signed any double taxation agreement. Income tax expense comprises current tax expense and deferred tax expense.

Current income tax is the amount of income tax payable or recoverable in respect of the current year taxable profits at the current year tax rates. Current and deferred income tax should be recognised as an income or an expense and included in the profit or loss of the period, except to the extent that the income tax arises from a transaction or event which is recognised, in the same or a different period, directly in equity.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.28 Current and deferred income tax (continued)**

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of occurrence affects neither the accounting nor the taxable profit or loss. Deferred income tax is determined at the tax rates that are expected to apply to the financial year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the consolidated balance sheet date.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

**2.29 Related parties**

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Group, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the Group, key management personnel, including Board of Management of the Group and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering the related party relationship, the Group considers the substance of the relationship not merely the legal form.

**2.30 Segment reporting**

A segment is a component which can be separated by the Group engaged in providing products or services (“business segment”), or providing products or services within a particular economic environment (“geographical segment”). Each segment is subject to risks and returns that are different from those of other segments. A reportable segment is the Group’s business segment and the Group’s geographical segment.

Segment reporting is prepared and presented in accordance with accounting policies applied to the preparation and presentation of the Group’s consolidated financial statements in order to help users of consolidated financial statements understand and evaluate the Group’s operations in a comprehensive way.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.31 Accounting estimates**

The preparation of consolidated financial statements in conformity with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of consolidated financial statements requires the Board of Management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the six-month period ended 30 June 2020.

The areas involving significant estimates and assumptions are as follows:

- Estimated useful life of fixed assets (Note 2.12);
- Provisions for maintenance costs and cost to make good on leased assets (Note 2.20 and Note 19); and
- Provision of diminution in value of trading securities (Note 2.10 and Note 4(a)).

Such estimates and assumptions are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

**3 CASH AND CASH EQUIVALENTS**

	<b>30.6.2020</b>	<b>31.12.2019</b>
	<b>VND</b>	<b>VND</b>
Cash on hand	16,980,592,109	13,463,976,090
Cash at bank	1,757,214,132,428	3,810,407,191,110
Cash equivalents (*)	639,378,637,380	1,540,178,637,380
	<u>2,413,573,361,917</u>	<u>5,364,049,804,580</u>

(\*) Cash equivalents mainly include term deposits in VND at banks with original maturities of 3 months or less and earn interest at rates ranging from 4.7% to 5.5% per annum.

As at 30 June 2020, the Group had current and term deposit accounts with total balance of VND1,931 billion (as at 31 December 2019: VND3,275 billion) at Ho Chi Minh City Development Joint Stock Commercial Bank, a related party, with normal trading terms.



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**4 INVESTMENTS**
**(a) Trading securities**

	<b>30.6.2020</b>			
	<b>Number of shares</b>	<b>Cost VND</b>	<b>Fair value (*) VND</b>	<b>Provision VND</b>
Petro Vietnam Oil Corporation	<u>50,000,000</u>	<u>990,000,000,000</u>	<u>400,000,000,000</u>	<u>590,000,000,000</u>
	<b>31.12.2019</b>			
	<b>Number of shares</b>	<b>Cost VND</b>	<b>Fair value (*) VND</b>	<b>Provision VND</b>
Petro Vietnam Oil Corporation	<u>50,000,000</u>	<u>990,000,000,000</u>	<u>435,000,000,000</u>	<u>555,000,000,000</u>

(\*) The fair value of the investment in unlisted shares traded on Unlisted Public Company Market (“Upcom”) as at 31 December 2019 and 30 June 2020 is determined by referencing to the Upcom closing prices on the same dates.

During the six-month period ended 30 June 2020, the Group sold the purchase right of these entire 50 million shares to a related party with the amount of VND500 billion (Note 28), in which VND300 billion has been received.

**(b) Investments held-to-maturity**

	<b>30.6.2020</b>		<b>31.12.2019</b>	
	<b>Cost VND</b>	<b>Book value VND</b>	<b>Cost VND</b>	<b>Book value VND</b>
i. Short-term				
- Term deposits at bank	4,000,000,000	4,000,000,000	-	-
- Corporate bonds	-	-	709,756,800,000	709,756,800,000
	<u>4,000,000,000</u>	<u>4,000,000,000</u>	<u>709,756,800,000</u>	<u>709,756,800,000</u>
ii. Long-term				
- Term deposits at bank	6,000,000,000	6,000,000,000	6,000,000,000	6,000,000,000
- Business co-operation contract	556,181,818	556,181,818	556,181,818	556,181,818
	<u>6,556,181,818</u>	<u>6,556,181,818</u>	<u>6,556,181,818</u>	<u>6,556,181,818</u>

Corporate bonds earned interest at the rate of 8.9% per annum for the year ended 31 December 2019. In January 2020, the Group transferred its ownership of these bonds to Vietnam Technology and Commercial Joint Stock Bank.

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4 INVESTMENTS (continued)

(c) Investments in other entities

	30.6.2020				31.12.2019			
	Ownership %	Cost VND	Fair value (*) VND	Provision VND	Ownership %	Cost VND	Fair value (*) VND	Provision VND
<b>i. Investments in associates</b>								
Thai Vietjet Air Joint Stock Co., Ltd. (i)	9	-	-	-	9	-	-	-
Cam Ranh International Terminal Joint Stock Company	10	60,000,000,000	60,000,000,000	-	10	60,000,000,000	60,000,000,000	-
		60,000,000,000	60,000,000,000	-		60,000,000,000	60,000,000,000	-
<b>ii. Investments in other entities</b>								
Sai Gon Ground Services Joint Stock Company	9.1	149,417,024,400	149,417,024,400	-	9.1	149,417,024,400	149,417,024,400	-
Angelica Holding Limited (ii)	10	-	-	-	10	-	-	-
		149,417,024,400	149,417,024,400	-		149,417,024,400	149,417,024,400	-

**4 INVESTMENTS (continued)****(c) Investments in other entities (continued)**

- (\*) As at 30 June 2020 and 31 December 2019, the Group has not determined the fair value of these investments to disclose on the consolidated financial statements because they are unlisted.
- (i) On 25 September 2018, the Group signed an agreement with Quince Investment Limited and Asia Aero Services and Infrastructure Co., Ltd. on share purchase rights to increase its ownership in Thai Vietjet Air Joint Stock Co., Ltd. to 38% by 2021. The purchase price of these shares is equal to their par value.
- (ii) As at 30 June 2020, 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.

**5 SHORT-TERM TRADE ACCOUNTS RECEIVABLE**

	<b>30.6.2020</b> <b>VND</b>	<b>31.12.2019</b> <b>VND</b>
<b>Third parties</b>		
Zhejiang Lixi International Travel Co., Ltd.	1,308,129,600,000	1,309,827,000,000
Hangzhou BaoLi Co., Ltd.	465,938,261,680	1,545,177,939,150
Others	1,556,886,802,332	804,347,481,577
	<u>3,330,954,664,012</u>	<u>3,659,352,420,727</u>
<b>Related parties (Note 37(b))</b>	<u>6,027,895,973,619</u>	<u>3,955,638,560,807</u>
	<u><u>9,358,850,637,631</u></u>	<u><u>7,614,990,981,534</u></u>

As at 30 June 2020 and 31 December 2019, there was no balance of short-term trade accounts receivable that was past due or not past due but doubtful.

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6 OTHER RECEIVABLES

(a) Short-term

	30.6.2020		31.12.2019	
	Book value VND	Provision VND	Book value VND	Provision VND
<b>Third parties</b>				
Deposits for aircraft purchases within next 12 months (i)	2,748,313,241,406	-	3,105,297,136,367	-
Maintenance reserves of lease aircraft	2,243,881,774,817	-	2,078,881,774,817	-
Other receivable from aircraft supplier (Note 32)	559,200,000,000	-	-	-
Purchase discounts receivable	157,844,492,479	-	482,424,813,352	-
Claim receivables from maintenance reserves of leased aircraft	149,155,611,749	-	282,879,455,806	-
Interest income	27,639,764,300	-	34,043,550,823	-
Assignment for investments (ii)	19,426,390,810	-	19,426,390,810	-
Others	543,858,486,680	-	355,126,453,316	-
	<u>6,449,319,762,241</u>	<u>-</u>	<u>6,358,079,575,291</u>	<u>-</u>
<b>Related parties (Note 37(b))</b>	<u>4,554,000,281,826</u>	<u>-</u>	<u>1,970,807,863,472</u>	<u>-</u>
	<u><u>11,003,320,044,067</u></u>	<u><u>-</u></u>	<u><u>8,328,887,438,763</u></u>	<u><u>-</u></u>

(i) This balance represents a deposit to Airbus S.A.S for the aircraft expected to be delivered within 12 months.

(ii) This balance represents the assignment to the Group's employees for purchasing equity investments on behalf of the Group. As of 30 June 2020, this transaction has not been completed.

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6 OTHER RECEIVABLES (continued)

(b) Long-term

	30.6.2020		31.12.2019	
	Book value VND	Provision VND	Book value VND	Provision VND
<b>Third parties</b>				
Maintenance reserves of leased aircraft	6,588,691,425,371	-	6,219,507,324,321	-
Deposit for aircraft purchases after more than 12 months (iii)	5,218,158,811,723	-	5,187,416,574,363	-
Deposit for aircraft leases	1,290,578,803,400	-	1,222,663,033,075	-
Deposit for ground handling services	127,317,962,768	-	125,182,456,527	-
Others	59,791,363,888	-	38,935,819,537	-
	<u>13,284,538,367,150</u>	<u>-</u>	<u>12,793,705,207,823</u>	<u>-</u>
<b>Related parties (Note 37(b))</b>				
	<u>1,001,192,335,782</u>	<u>-</u>	<u>1,599,702,308,477</u>	<u>-</u>
	<u><u>14,285,730,702,932</u></u>	<u><u>-</u></u>	<u><u>14,393,407,516,300</u></u>	<u><u>-</u></u>

(iii) The amounts represent deposits for aircraft purchases from 2021 to 2026 to Airbus S.A.S and Boeing Company. As at 30 June 2020, deposits to Airbus S.A.S amounted to VND2,748 billion (as at 31 December 2019: VND2,995 billion).

7 INVENTORIES

	30.6.2020		31.12.2019	
	Cost VND	Provision VND	Cost VND	Provision VND
Tools and supplies	673,339,621,158	-	747,511,353,298	-
Merchandise	34,976,182,377	-	387,326,539	-
	<u>708,315,803,535</u>	<u>-</u>	<u>747,898,679,837</u>	<u>-</u>

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**8 PREPAID EXPENSES**

**(a) Short-term**

	<b>30.6.2020</b> <b>VND</b>	<b>31.12.2019</b> <b>VND</b>
Prepayments for aircraft leases	209,820,858,900	355,790,339,276
Prepayments for maintenance expenses	25,231,574,572	23,297,293,810
Others	2,165,605,897	3,250,033,702
	<u>237,218,039,369</u>	<u>382,337,666,788</u>

**(b) Long-term**

	<b>30.6.2020</b> <b>VND</b>	<b>31.12.2019</b> <b>VND</b>
Maintenance cost	4,748,357,496,414	5,782,829,060,991
Costs to make good on leased assets	503,039,192,943	590,235,202,338
Major inspection and overhaul expenditure	106,791,978,642	103,156,115,556
Rotable parts, tools and instruments	96,557,825,568	114,854,388,316
Rental	32,116,601,667	605,922,669
	<u>5,486,863,095,234</u>	<u>6,591,680,689,870</u>

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8 PREPAID EXPENSES (continued)

Movements in long-term prepaid expenses during the period are as follows:

	Maintenance cost VND	Costs to make good on leased assets VND	Major inspection and overhaul expenditure VND	Rotable parts, tools and instruments VND	Others VND	Total VND
Beginning of period	5,782,829,060,991	590,235,202,338	103,156,115,556	114,854,388,316	605,922,669	6,591,680,689,870
Increase	1,000,705,297,947	56,655,038,270	45,569,163,402	40,414,515,747	41,891,219,565	1,185,235,234,931
Allocation	(289,930,439,137)	(83,267,106,013)	(41,933,300,316)	(59,317,001,164)	(9,774,617,898)	(484,222,464,528)
Decrease	(1,745,246,423,387)	(60,583,941,652)	-	-	-	(1,805,830,365,039)
End of period	4,748,357,496,414	503,039,192,943	106,791,978,642	95,951,902,899	32,722,524,336	5,486,863,095,234

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9	FIXED ASSETS	Aircraft and components VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Total VND
	<b>(a) Tangible fixed assets</b>					
	<b>Historical cost</b>					
	As at 1 January 2020	1,617,393,753,474	24,440,975,624	19,839,021,566	26,870,997,392	1,688,544,748,056
	Transfers from construction in progress (Note 10)	622,689,934,457	-	-	-	622,689,934,457
	Disposals	(1,343,610,388,704)	-	-	(115,517,280)	(1,343,725,905,984)
	As at 30 June 2020	<u>896,473,299,227</u>	<u>24,440,975,624</u>	<u>19,839,021,566</u>	<u>26,755,480,112</u>	<u>967,508,776,529</u>
	<b>Accumulated depreciation</b>					
	As at 1 January 2020	333,494,428,740	20,999,519,620	16,021,746,370	15,891,974,168	386,407,668,898
	Charge for the period	90,429,524,430	2,058,400,145	1,011,311,055	978,178,250	94,477,413,880
	Disposals	(252,112,476,003)	-	-	(115,517,280)	(252,227,993,283)
	As at 30 June 2020	<u>171,811,477,167</u>	<u>23,057,919,765</u>	<u>17,033,057,425</u>	<u>16,754,635,138</u>	<u>228,657,089,495</u>
	<b>Net book value</b>					
	As at 1 January 2020	<u>1,283,899,324,734</u>	<u>3,441,456,004</u>	<u>3,817,275,196</u>	<u>10,979,023,224</u>	<u>1,302,137,079,158</u>
	As at 30 June 2020	<u>724,661,822,060</u>	<u>1,383,055,859</u>	<u>2,805,964,141</u>	<u>10,000,844,974</u>	<u>738,851,687,034</u>



**9 FIXED ASSETS (continued)****(a) Tangible fixed assets (continued)**

As at 30 Jun 2020, tangible fixed assets with a carrying value of VND714,307 million (as at 31 December 2019: VND734,166 million) were pledged to Military Commercial Joint Stock Bank as collateral or mortgaged assets for long-term borrowings granted to the Group (Note 18(b)(i)).

The historical cost of fully depreciated tangible fixed assets but still in use as at 30 June 2020 was VND40,938 million (as at 31 December 2019: VND25,810 million).

**(b) Intangible fixed assets**

	<b>Software VND</b>
<b>Historical cost</b>	
As at 1 January 2020 and 30 June 2020	30,818,110,655
<b>Accumulated amortisation</b>	
As at 1 January 2020	28,531,073,044
Charge for the period	712,044,257
As at 30 June 2020	29,243,117,301
<b>Net book value</b>	
As at 1 January 2020	2,287,037,611
As at 30 June 2020	1,574,993,354

The historical cost of fully amortised intangible fixed assets as at 30 June 2020 was VND25,856 million (as at 31 December 2019: VND23,574 million).

**10 LONG-TERM CONSTRUCTION IN PROGRESS**

Details of construction in progress by projects are as follows:

	<b>30.6.2020 VND</b>	<b>31.12.2019 VND</b>
Aircraft and components	151,411,567,405	777,003,540,630
Aviation Technology Research and Training Centre	561,039,990,655	524,205,333,744
Others	25,832,354,722	17,192,569,005
	<u>738,283,912,782</u>	<u>1,318,401,443,379</u>

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10 LONG-TERM CONSTRUCTION IN PROGRESS (continued)

Movements in construction in progress during the period/year are as follows:

	For the six-month period ended 30.6.2020 VND	For the year ended 31.12.2019 VND
Beginning of period/year	1,318,401,443,379	1,233,005,676,006
Purchases	64,873,352,231	957,293,209,486
Transfers to tangible fixed assets (Note 9(a))	(622,689,934,457)	(553,403,497,996)
Transfers to other short-term receivables	(22,300,948,371)	(118,470,333,327)
Disposals	-	(200,023,610,790)
End of period/year	<u>738,283,912,782</u>	<u>1,318,401,443,379</u>

11 LONG-TERM LENDING

Borrower	Currency	Annual interest rate	Year of maturity	30.6.2020 VND	31.12.2019 VND
AAA Aircraft Asset Company Limited (*)	USD	2.50%	2025	500,987,280,000	499,482,168,000
Thuy Duong - Duc Binh Commercial Joint Stock Company (**)	VND	9%	2022	-	701,500,000,000
				<u>500,987,280,000</u>	<u>1,200,982,168,000</u>

(\*) Loans granted to AAA Aircraft Asset Company Limited, a related party, amounting to USD21,501,600 to finance its purchase of aircraft and related acquisition expenditure. The loans were unsecured. The repayment term of the loans has been extended for another 5 years in 2020, and will mature in 2025.

(\*\*) During the period, the Board of Directors of the Company decided to transfer its rights and obligations in the Republic Plaza project to Thuy Duong - Duc Binh Trading Joint Stock Company to support cash flows for the Group's core business activities. Total principal and interest receivables are VND954 billion (Note 37(b)).

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12 SHORT-TERM TRADE ACCOUNTS PAYABLE

	30.6.2020		31.12.2019	
	Value VND	Able-to-pay amount VND	Value VND	Able-to-pay amount VND
<b>Third parties</b>				
Petrolimex Aviation Fuel Joint Stock Company	1,013,208,634,993	1,013,208,634,993	972,624,163,512	972,624,163,512
Lufthansa Technik Aktiengesellschaft	6,988,384,378	6,988,384,378	183,196,167,170	183,196,167,170
SR Technics Switzerland Ltd.	378,957,258	378,957,258	173,559,836,354	173,559,836,354
Others	2,879,157,213,388	2,879,157,213,388	562,941,339,642	562,941,339,642
	<u>3,899,733,190,017</u>	<u>3,899,733,190,017</u>	<u>1,892,321,506,678</u>	<u>1,892,321,506,678</u>
<b>Related parties (Note 37(b))</b>				
	95,654,084,132	95,654,084,132	2,613,464,691	2,613,464,691
	<u>3,995,387,274,149</u>	<u>3,995,387,274,149</u>	<u>1,894,934,971,369</u>	<u>1,894,934,971,369</u>

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13 SHORT-TERM ADVANCES FROM CUSTOMERS

	30.6.2020 VND	31.12.2019 VND
<b>Third parties</b>		
Beijing China International Travel Service Co., Ltd.	166,008,808,341	206,552,686,391
DAEJOO Air Co., Ltd.	92,617,350,260	16,071,373,256
Sichuan Comfort International Travel Service Co., Ltd.	73,798,894,950	81,971,727,350
Others	262,863,909,077	359,094,113,314
	<u>595,288,962,628</u>	<u>663,689,900,311</u>
<b>Related parties (Note 37(b))</b>	9,932,727,350	6,273,468,152
	<u>605,221,689,978</u>	<u>669,963,368,463</u>

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14 TAX AND RECEIVABLES FROM/PAYABLES TO THE STATE

Movements in tax and receivables from/payables to the State during the period are as follows:

	As at 1.1.2020 VND	(Receivable)/ payable during the period VND	Payment during the period VND	Net-off during the period VND	Reclassification VND	As at 30.6.2020 VND
<b>a) Tax receivables</b>						
Foreign contractor tax	63,157,879,211	-	-	-	(14,785,955,879)	48,371,923,332
<b>b) Tax payables</b>						
VAT	30,573,052,465	426,347,668,742	(201,448,598)	(441,624,610,659)	(14,635,362,929)	459,299,021
Personal income tax	53,851,956,775	169,853,449,395	(102,147,298,533)	-	-	121,558,107,637
BIT	376,762,704,761	19,161,894,624	(192,653,118,043)	-	-	203,271,481,342
Foreign contractor tax	8,095,267,763	22,189,407,972	(8,074,393,308)	-	(14,785,955,879)	7,424,326,548
Other tax	-	5,000,000	(5,000,000)	-	-	-
	469,282,981,764	637,557,420,733	(303,081,258,482)	(441,624,610,659)	(29,421,318,808)	332,713,214,548

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15 SHORT-TERM ACCRUED EXPENSES

	30.6.2020 VND	31.12.2019 VND
Aircraft related expenses	1,483,600,147,454	1,002,323,973,201
Bonus expenses	94,647,684,768	52,869,889,371
Interest expense	32,971,452,045	37,953,919,036
Maintenance expenses	119,255,354,702	16,817,771,642
Others	140,262,740,330	35,250,412,970
	<u>1,870,737,379,299</u>	<u>1,145,215,966,220</u>

16 SHORT-TERM UNEARNED REVENUE

	30.6.2020 VND	31.12.2019 VND
Passenger transportation and ancillary services revenue received in advance, to be realised within next 12 months	1,143,142,751,682	3,184,286,840,374
	<u>1,143,142,751,682</u>	<u>3,184,286,840,374</u>

17 OTHER SHORT-TERM PAYABLES

	30.6.2020 VND	31.12.2019 VND
<b>Third parties</b>		
Airport fees and charges payables	806,050,052,717	1,054,454,791,926
Short-term deposits received	182,646,187,464	163,669,310,988
Others	68,562,962,524	21,019,571,139
	<u>1,057,259,202,705</u>	<u>1,239,143,674,053</u>
<b>Related parties (Note 37(b))</b>	1,150,910,004,819	380,690,944,871
	<u>2,208,169,207,524</u>	<u>1,619,834,618,924</u>

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18 BORROWINGS	As at 1.1.2020 VND	Increase VND	Decrease VND	Revaluation VND	As at 30.6.2020 VND
(a) Short-term					
Borrowings from banks (i)	8,093,861,628,187	9,441,323,678,683	(11,410,763,822,119)	1,523,714,330	6,125,945,199,081
Current portion of long-term borrowings (Note 18(b))	67,227,620,000	1,313,355,203,894	(32,311,340,000)	658,716,106	1,348,930,200,000
	<u>8,161,089,248,187</u>	<u>10,754,678,882,577</u>	<u>(11,443,075,162,119)</u>	<u>2,182,430,436</u>	<u>7,474,875,399,081</u>

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18 BORROWINGS (continued)

(a) Short-term (continued)

(i) Details of short-term borrowings from banks are as follows:

Lenders	Currency	30.6.2020 VND	31.12.2019 VND
<b>Secured loans</b>			
Ho Chi Minh City Development Joint Stock Commercial Bank, a related party (*)	USD	1,723,497,522,119	1,366,643,484,671
<b>Unsecured loans</b>			
Vietnam Joint Stock Commercial Bank of Industry and Trade	VND	1,340,019,259,202	2,398,451,410,411
HSBC Bank (Vietnam) Ltd.	VND	624,343,626,257	950,427,034,104
Joint Stock Commercial Bank for Investment and Development of Vietnam	VND	179,965,593,342	899,694,699,335
Woori Bank Vietnam Limited, Ho Chi Minh City Branch	VND	649,005,888,071	617,544,457,880
Joint Stock Commercial Bank for Foreign Trade of Vietnam	VND	321,213,653,192	498,769,230,200
Citibank, N.A., Ho Chi Minh City Branch	VND	-	483,399,422,787
Military Commercial Joint Stock Bank	VND	765,604,021,123	291,680,216,686
Vietnam Maritime Commercial Joint Stock Bank	USD	284,679,443,497	268,808,055,678
JPMorgan Chase Bank, N.A., Ho Chi Minh City Branch	USD	28,363,212,466	134,342,641,635
Vietnam Technological and Commercial Joint Stock Bank	USD	-	77,771,609,445
BNP Paribas, Ho Chi Minh City Branch	VND	209,252,979,812	54,799,909,203
United Overseas Bank (Vietnam) Limited, Ho Chi Minh City Branch	VND	-	51,529,456,152
		<u>6,125,945,199,081</u>	<u>8,093,861,628,187</u>

(\*) As at 30 June 2020, this loan was secured by the estimated receivables arising from the Group's sales of flight tickets in the future of VND3,973 billion (as at 31 December 2019: VND5,751 billion).

In period, the loans bear interest at rates ranging from 3.0% to 6.2% per annum (year ended 31 December 2019: from 3.1% to 5.5% per annum) for loans in VND and from 1.89% to 3.70% per annum (year ended 31 December 2019: from 2.7% to 3.4% per annum) for loans in USD.



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18 BORROWINGS (continued)

(b) Long-term

	As at 1.1.2020 VND	Increase VND	Decrease VND	Revaluation VND	As at 30.6.2020 VND
Borrowings from banks (i)	3,129,100,142,217	-	(32,311,340,000)	8,025,297,682	3,104,814,099,899
Straight bonds (ii)	600,000,000,000	-	-	-	600,000,000,000
Current portion	(67,227,620,000)	(1,313,355,203,894)	32,311,340,000	(658,716,106)	(1,348,930,200,000)
	<u>3,661,872,522,217</u>	<u>(1,313,355,203,894)</u>	<u>-</u>	<u>7,366,581,576</u>	<u>2,355,883,899,899</u>

(i) Borrowings from banks

Details of long-term borrowings from banks are as follows:

Lenders	Currency	Maturity	30.6.2020 VND	31.12.2019 VND
Woori Bank - Singapore Branch (*)	USD	November 2021	1,048,500,000,000	1,045,350,000,000
Industrial and Commercial Bank of China Limited - Hong Kong Branch (*)	USD	November 2021	1,048,500,000,000	1,045,350,000,000
KEB Hana Bank - Hong Kong Branch (*)	USD	November 2021	466,000,000,000	464,600,000,000
Military Commercial Joint Stock Bank (**)	USD	June 2028	541,814,099,899	573,800,142,217
			<u>3,104,814,099,899</u>	<u>3,129,100,142,217</u>

**18 BORROWINGS (continued)****(b) Long-term (continued)****(i) Borrowings from banks (continued)**

(\*) This syndicated loan was provided by three banks with total commitments of USD110 million. The grace period of the loan is two years from the drawdown date. The loan's principal is repayable in 4 instalments in 2021. The syndicated loan is unsecured and bears interest at a rate of 3.40% per annum (year ended 31 December 2019: 3.29% per annum).

(\*\*) The principal of this loan is repayable in 17 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. The loan bears interest rate at a rate of 3.29% per annum (year ended 31 December 2019: from 5.02% to 5.59% per annum) and is secured by the Group's tangible fixed assets with the carrying amount as follows:

	<b>30.6.2020</b>	<b>31.12.2019</b>
	<b>VND</b>	<b>VND</b>
Aircraft No. A320 MSN7167, VNA675 (Note 9(a))	<u>714,307,214,969</u>	<u>734,165,754,457</u>

**(ii) Straight bonds**

Terms and conditions of long-term bonds are as follows:

	<b>Currency</b>	<b>Annual interest</b>	<b>Year of maturity</b>	<b>30.6.2020</b>	<b>31.12.2019</b>
				<b>VND</b>	<b>VND</b>
Bonds issued at par, maturing after 12 months	VND	9%	2022	<u>600.000.000.000</u>	<u>600.000.000.000</u>

This bond is underwritten by Ho Chi Minh City Securities Corporation; is unsecured; interest is payable in each semi-annual period with a fixed interest rate of 9% per annum for the first 2 semi-annual periods from the date of issuance, and a floating interest rate equal to 3% per annum plus the average interest rates of 12-month corporate deposits in VND in the following semi-annual periods to the maturity date.

**19 PROVISIONS FOR LIABILITIES**

Movements of provisions for liabilities during the period are as follows:

	<b>Provision for maintenance expenses VND</b>	<b>Provision to make good on leased assets VND</b>	<b>Total VND</b>
Beginning of period	11,735,385,118,489	948,853,047,893	<b>12,684,238,166,382</b>
Increase	1,349,422,546,083	56,655,038,270	<b>1,406,077,584,353</b>
Decrease (*)	(3,063,576,778,996)	(177,526,617,393)	<b>(3,241,103,396,389)</b>
Revaluation	27,416,412,213	38,717,670,838	<b>66,134,083,051</b>
End of period	<u>10,048,647,297,789</u>	<u>866,699,139,608</u>	<u><b>10,915,346,437,397</b></u>
Short-term	2,174,991,310,826	74,192,962,154	<b>2,249,184,272,980</b>
Long-term	7,873,655,986,963	792,506,177,454	<b>8,666,162,164,417</b>
	<u>10,048,647,297,789</u>	<u>866,699,139,608</u>	<u><b>10,915,346,437,397</b></u>

(\*) Include the decrease due to a number of aircraft have been sub-leased to Thai Vietjet Air Joint Stock Co., Ltd.

**20 DEFERRED INCOME TAX**

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority. Details are as follows:

	<b>30.6.2020</b> <b>VND</b>	<b>31.12.2019</b> <b>VND</b>
Deferred tax assets:		
Deferred tax assets to be recovered after more than 12 months	1,949,875,034,087	2,135,549,753,403
Deferred tax assets to be recovered within 12 months	449,836,854,596	439,362,925,020
	<u>2,399,711,888,683</u>	<u>2,574,912,678,423</u>
Deferred tax liabilities:		
Deferred tax liabilities to be recovered after more than 12 months	2,329,159,908,114	2,553,581,263,428
Deferred tax liabilities to be recovered within 12 months	448,298,973,428	415,776,354,965
	<u>2,777,458,881,542</u>	<u>2,969,357,618,393</u>
Net-off	<u>(2,399,711,888,683)</u>	<u>(2,574,912,678,423)</u>
	<u>377,746,992,859</u>	<u>394,444,939,970</u>

**20 DEFERRED INCOME TAX (continued)**

Movements in the deferred income tax, taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

	<b>For the six-month period ended 30.6.2020 VND</b>	<b>For the year ended 31.12.2019 VND</b>
Beginning of period/year	394,444,939,970	374,787,926,130
Income statement (credit)/charge (Note 33)	(16,697,947,111)	19,657,013,840
End of period/year	<u>377,746,992,859</u>	<u>394,444,939,970</u>

The Group uses tax rate of 20% in six-month period ended 30 June 2020 (2019: 20%) to determine deferred income tax assets and deferred income tax liabilities.

Deferred income tax assets and deferred income tax liabilities mainly include temporary differences related to aircraft maintenances, unrealized exchange rate differences and accrued expenses.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

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21 OWNERS' CAPITAL

(a) Number of shares

	30.6.2020		31.12.2019	
	Ordinary shares	Preference shares	Ordinary shares	Preference shares
Number of shares registered	541,611,334	-	541,611,334	-
Number of shares issued	541,611,334	-	541,611,334	-
Number of shares repurchased	(17,772,740)	-	(17,772,740)	-
Number of existing shares in circulation	523,838,594	-	523,838,594	-

(b) Movement of share capital

	Number of shares	Ordinary shares VND
As at 1 January 2019	541,611,334	5,416,113,340,000
Treasury shares purchased during the year (*)	(17,772,740)	(177,727,400,000)
As at 31 December 2019	523,838,594	5,238,385,940,000
As at 30 June 2020	523,838,594	5,238,385,940,000

(\*) According to the Resolution No. 28-19/VJC-HDQT-NQ dated 9 July 2019 of the Board of Directors. The purchase of treasury shares was completed on 23 August 2019.

Par value per share: VND10,000

Each share is entitled to one vote at the Shareholders' 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. In respect of shares bought back by the Company, all rights are suspended until those shares are reissued.

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22 MOVEMENTS IN OWNERS' EQUITY

	Owners' capital VND	Share premium VND	Treasury shares VND	Foreign exchange difference VND	Undistributed earnings VND	Non- controlling interests VND	Total VND
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
Net profit for the year	-	-	-	-	3,806,761,193,483	583,933,611	3,807,345,127,094
Dividends paid in cash (Note 23)	-	-	-	-	(541,611,334,000)	-	(541,611,334,000)
Repurchase of treasury shares (Note 21(b))	-	-	(2,347,121,362,620)	-	-	-	(2,347,121,362,620)
Foreign currency conversion differences for overseas activities	-	-	-	(54,283,836,995)	-	-	(54,283,836,995)
As at 31 December 2019	5,416,113,340,000	245,949,492,805	(2,347,121,362,620)	64,819,738,693	11,520,659,436,312	2,411,184,871	14,902,831,830,061
Net profit for the period	-	-	-	-	46,139,949,209	505,653,294	46,645,602,503
Foreign currency conversion differences for overseas activities	-	-	-	16,459,357,166	-	-	16,459,357,166
As at 30 June 2020	5,416,113,340,000	245,949,492,805	(2,347,121,362,620)	81,279,095,859	11,566,799,385,521	2,916,838,165	14,965,936,789,730

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23 DIVIDENDS

	For the six-month period ended 30.6.2020 VND	For the year ended 31.12.2019 VND
Beginning of period/year	57,789,721,550	59,290,521,050
Dividends payable during the period/year	-	541,611,334,000
Dividends paid in cash	-	(543,108,881,500)
Others	-	(3,252,000)
End of period/year	<u>57,789,721,550</u>	<u>57,789,721,550</u>

Pursuant to the Resolution No. 01-20/VJ-DHCD-DD dated 27 June 2020, the General Meeting of Shareholders of the Company approved the share dividends to its existing shareholders at the rate of 50% on the total par value of existing shares in circulation.

24 EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to shareholders after deducting the bonus and welfare fund by the weighted average number of ordinary shares outstanding during the year, excluding ordinary shares repurchased by the Company and held as treasury shares. Details are as follows:

	For the six-month period ended 30 June	
	2020	2019
Net profit attributable to shareholders (VND)	46,139,949,209	1,981,835,358,020
Less amount allocated to bonus and welfare fund (VND) (*)	-	-
	<u>46,139,949,209</u>	<u>1,981,835,358,020</u>
Weighted average number of ordinary shares in issue (shares)	523,838,594	541,611,334
Basic earnings per share (VND)	<u>88</u>	<u>3,659</u>

(b) Diluted earnings per share

The Company did not have any ordinary shares potentially diluted during the period and up to the date of this consolidated interim financial statements.



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**25 OFF CONSOLIDATED BALANCE SHEET ITEMS**

**(a) Foreign currencies**

	<b>30.6.2020</b>	<b>31.12.2019</b>
USD	3,767,731	100,147,841
KRW	847,118,073	3,567,799,189
JPY	170,575,636	323,634,514
	<u>                    </u>	<u>                    </u>

**(b) Operating lease assets**

The future minimum lease receipts under non-cancellable operating leases were presented in Note 38(a).

**26 NET REVENUE FROM SALES OF GOODS AND RENDERING OF SERVICES**

	<b>For the six-month period ended 30 June</b>	
	<b>2020</b>	<b>2019</b>
	<b>VND</b>	<b>VND</b>
Revenue from passenger transportation:		
- Domestic routes	2,600,712,319,642	6,416,656,627,990
- International routes including regular charter flights	2,359,973,390,058	6,865,247,693,368
- Ancillary revenue	3,375,002,034,594	5,436,713,184,654
- Non-regular charter flights and aircraft wet leases	94,917,680,791	273,128,656,971
	<u>8,430,605,425,085</u>	<u>18,991,746,162,983</u>
Revenue from aircraft dry leases	507,787,998,086	342,550,906,065
Revenue from sales of aircraft and purchase right option	1,904,845,000,000	5,052,315,510,519
Other revenue	127,106,379,605	169,838,203,202
	<u>10,970,344,802,776</u>	<u>24,556,450,782,769</u>

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**27 COST OF GOODS SOLD AND SERVICES RENDERED**

	<b>For the six-month period ended 30 June</b>	
	<b>2020 VND</b>	<b>2019 VND</b>
Flight operation expenses	10,237,569,236,123	14,505,039,641,585
Cost of aircraft sold	1,163,305,660,842	3,488,449,786,082
Technical expenses	1,080,552,332,629	1,601,334,430,433
Decrease in provisions (*)	(1,186,285,976,434)	-
Ground operation expenses	804,140,661,334	1,271,451,694,986
Safety, security, quality and assurance expenses	17,304,801,727	20,587,781,564
Cargo expenses	86,826,987,344	102,338,427,022
Others	222,095,085,822	197,821,393,833
	<u>12,425,508,789,387</u>	<u>21,187,023,155,505</u>

(\*) This relates to decrease in provision for maintenance expense and cost to make good on leased assets for the aircraft which were sub-leased to Thai Vietjet Air Joint Stock Co., Ltd. during the period.

**28 FINANCIAL INCOME**

	<b>For the six-month period ended 30 June</b>	
	<b>2020 VND</b>	<b>2019 VND</b>
Income from sales of purchase right of shares (Note 4(a))	500,000,000,000	-
Realised foreign exchange gains	205,281,705,215	22,095,863,118
Net gain from foreign currency translation at period-end	173,736,133,771	-
Interest income from deposits and lending	144,575,428,813	190,501,239,929
Dividend income	-	2,832,636,000
Others	3,966,151,997	27,089,962
	<u>1,027,559,419,796</u>	<u>215,456,829,009</u>

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29 FINANCIAL EXPENSES

	For the six-month period ended 30 June	
	2020 VND	2019 VND
Interest expense	232,229,994,878	140,571,532,313
Realised foreign exchange losses	335,943,113,414	239,268,775
Unwinding discount of provisions	38,717,670,838	207,275,098,908
Provision for diminution in value of trading securities	35,000,000,000	237,500,000,000
Net loss from foreign currency translation at period-end	-	3,621,059,499
	<u>641,890,779,130</u>	<u>589,206,959,495</u>

30 SELLING EXPENSES

	For the six-month period ended 30 June	
	2020 VND	2019 VND
Sale commissions	170,966,327,578	244,707,812,439
Advertising and marketing expenses	161,159,337,688	187,440,690,825
Staff costs	58,423,286,115	53,788,127,339
Depreciation	173,641,991	199,327,169
Others	6,493,323,053	7,177,465,999
	<u>397,215,916,425</u>	<u>493,313,423,771</u>

31 GENERAL AND ADMINISTRATION EXPENSES

	For the six-month period ended 30 June	
	2020 VND	2019 VND
Staff costs	96,865,253,865	86,447,821,988
External service expenses	65,486,571,082	59,105,869,504
Rental expenses	13,935,225,573	16,622,727,112
Depreciation and amortisation	1,197,956,980	1,192,781,843
Others	20,327,364,642	18,790,128,123
	<u>197,812,372,142</u>	<u>182,159,328,570</u>

## 32 OTHER INCOME AND OTHER EXPENSES

	For the six-month period ended 30 June	
	2020 VND	2019 VND
<b>Other income</b>		
Income from transfer of project (*)	793,160,000,000	-
Income from compensation (**)	559,200,000,000	-
Gains on disposal of fixed assets	408,733,400,299	-
Others	17,078,835,461	19,915,824,861
	<u>1,778,172,235,760</u>	<u>19,915,824,861</u>
<b>Other expenses</b>		
Others	(21,054,531)	(112,857,552)
<b>Net other income</b>	<u><u>1,778,151,181,229</u></u>	<u><u>19,802,967,309</u></u>

(\*) This relates to the transfer of the Group's rights to lease and to operate Vietjet Plaza Building to related parties, in which VND400 billion has been received. Accordingly, the Group has approved the liquidation of the lease contract of Vietjet Plaza Building previously signed with Vietjet Plaza Joint Stock Company.

(\*\*) This relates to compensation entitled from an aircraft supplier for the delay in aircraft delivery in accordance with the confirmed delivery schedule.

**33 Business income tax (“BIT”)**

**VietJet Aviation Joint Stock Company**

For public passengers and cargo air transportation services, under the terms of current income tax laws, the Company has an obligation to pay the BIT at the rate of 20% of taxable profits.

**VietjetAir Cargo Joint Stock Company**

The company has an obligation to pay the BIT at the applicable tax rate of 20% of taxable profits.

**Companies incorporated in British Virgin Islands**

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

Income or profits generated in the British Virgin Islands are non-taxable.

**Company incorporated in Singapore**

*Vietjet Air Singapore Pte. Ltd.*

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

**Company incorporated in Ireland**

*Vietjet Air Ireland No. 1 Limited*

Vietjet Air Ireland No. 1 Limited has an obligation to pay BIT at the rate of 25% of taxable profits.

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**33 Business income tax (“BIT”) (continued)**

The BIT on the Group’s accounting profit before tax differs from the theoretical amount that would arise using the applicable tax rate of 20% as follows:

	<b>For the six-month period ended 30 June</b>	
	<b>2020 VND</b>	<b>2019 VND</b>
Net accounting profit before tax	48,315,971,717	2,293,246,591,435
Tax calculated at a rate of 20%	9,663,194,343	458,649,318,287
Effect of:		
Expenses not deductible for tax purposes	20,029,875,159	2,766,383,391
Effect of different tax rates applied for subsidiaries	(409,393,570,052)	(176,866,200,101)
Tax losses for which no deferred income tax asset was recognised	381,370,869,764	27,524,806,303
BIT charge (*)	<u>1,670,369,214</u>	<u>312,074,307,880</u>
Charged/(credited) to income statement:		
BIT – current	18,368,316,325	302,062,702,484
BIT – deferred (Note 20)	(16,697,947,111)	10,011,605,396
	<u>1,670,369,214</u>	<u>312,074,307,880</u>

(\*) The BIT charge for the period is based on estimated taxable income and is subject to review and possible adjustments by the tax authorities.

**34 COSTS OF OPERATION BY FACTOR**

Costs of operation by factor represent all costs incurred during the period, excluding cost of merchandises for trading activities. Details are as follows:

	<b>For the six-month period ended 30 June</b>	
	<b>2020 VND</b>	<b>2019 VND</b>
Fuel costs	3,612,442,835,418	7,486,429,339,620
Costs of aircraft sold	1,163,305,660,842	3,488,449,386,082
Staff costs	1,783,814,480,533	2,260,839,074,808
Depreciation and amortisation	95,189,458,137	78,797,900,658
External service and other expenses	5,662,035,201,885	8,547,979,806,678
	<u>12,316,787,636,815</u>	<u>21,862,495,507,846</u>

**35 SEGMENT REPORTING**

The Board of Management of the Company determines that the Management's decisions of the Group are based primarily on both the types of products and services provided by the Group and the geographic areas in which the Group supplies product and service. As a result, the segment reporting of the Group is presented in respect of the Group's business segments and geographical segments.

**(a) Business segment**

For management purposes, the Group has 2 business segments as follows:

- Providing passenger and cargo transportation services, ancillary services, aircraft leasing and in-flight advertising (collectively "aviation services").
- Buying and selling aircraft and related assets.

Except as indicated above, the Group has no other business segments being aggregated to form a reportable business segment. Segmental information for total revenue and cost of sales is shown in Note 26 and Note 27 to the consolidated interim financial statements. All the Group's assets, liabilities, financial income and financial expenses, selling expenses, general and administration expenses, other income and other expenses are unallocated.

**(b) Geographical segment**

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

	<b>For the six-month period ended 30 June</b>	
	<b>2019</b>	<b>2019</b>
	<b>VND</b>	<b>VND</b>
In Vietnam	4,742,073,812,123	9,237,429,973,459
Outside Vietnam	6,228,270,990,653	15,319,020,809,310
	<u>10,970,344,802,776</u>	<u>24,556,450,782,769</u>

**36 ADDITIONAL INFORMATION ON CERTAIN ITEMS OF THE CONSOLIDATED INTERIM CASH FLOW STATEMENT**

**Non-cash transactions affect the consolidated interim cash flow statement:**

	<b>For the six-month period ended 30 June</b>	
	<b>2020</b>	<b>2019</b>
	<b>VND</b>	<b>VND</b>
Proceeds from disposal of fixed assets and construction in progress not yet received	106,461,569,010	296,447,864,777
Reclassify to current portion of long-term borrowings	32,311,340,000	67,227,620,000
	<u>138,772,909,010</u>	<u>363,675,484,777</u>

**37 RELATED PARTY DISCLOSURES**

During the period/year, the Group had transactions and balances with following related parties:

<b>Related party</b>	<b>Relationship</b>
Sovico Holdings Joint Stock Company	Major shareholder
Ho Chi Minh City Development Joint Stock Commercial Bank	Major shareholder
Thai Vietjet Air Joint Stock Co., Ltd.	Associate
Cam Ranh International Terminal Joint Stock Company	Associate
Indochina Architecture Consulting Management Corporation	Other related party
Vietjet Plaza Joint Stock Company	Other related party
Thuy Duong - Duc Binh Commercial Joint Stock Company	Other related party
HD Saigon Finance Co., Ltd	Other related party
Sovico Group Joint Stock Company	Other related party
Phu Long Real Estate Joint Stock Company	Other related party
Angelica Holding Limited	Other related party
Angelica Aircraft Assets Limited	Other related party
Apricot Aircraft Company (Ireland) 8577 Limited	Other related party
Apricot Aircraft Company (Ireland) 8592 Limited	Other related party
Apricot Aircraft Company (Ireland) 8605 Limited	Other related party
Apricot Aircraft Company (Ireland) 8670 Limited	Other related party
Apricot Aircraft Company (Ireland) 8676 Limited	Other related party
AAA Golden Aircraft Star No.1 Limited	Other related party
World Go International Limited	Other related party



## 37 RELATED PARTY DISCLOSURES (continued)

## (a) Related party transactions

During the period, the following major transactions were carried out with related parties:

	For the six-month period ended 30 June	
	2020 VND	2019 VND
<b>i) Revenue from aircraft dry lease</b>		
Thai Vietjet Air Joint Stock Co., Ltd.	507,787,998,086	308,605,734,702
<b>ii) Revenue from other services</b>		
World Go International Limited	69,947,253,740	193,089,139,300
Thai Vietjet Air Joint Stock Co., Ltd.	16,730,952,543	77,673,564,186
	<u>86,678,206,283</u>	<u>270,762,703,486</u>
<b>iii) Financing activities</b>		
<b>Interest income</b>		
Thai Vietjet Air Joint Stock Co., Ltd.	81,305,286,846	65,758,175,116
Thuy Duong - Duc Binh Commercial Joint Stock Company	31,460,986,301	-
Ho Chi Minh City Development Joint Stock Commercial Bank	15,410,285,326	35,632,361,111
HD Saigon Finance Co., Ltd.	-	18,342,032,669
	<u>128,176,558,473</u>	<u>119,732,568,896</u>
<b>Interest expense</b>		
Ho Chi Minh City Development Joint Stock Commercial Bank	51,426,715,665	17,945,518,447
<b>Proceeds from borrowings</b>		
Ho Chi Minh City Development Joint Stock Commercial Bank	2,950,244,256,998	3,068,597,229,028

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37 RELATED PARTY DISCLOSURES (continued)

(a) Related party transactions (continued)

	For the six-month period ended 30 June	
	2020 VND	2019 VND
<b>iii) Financing activities (continued)</b>		
<b><i>Term deposits and certificate of deposits</i></b>		
Ho Chi Minh City Development Joint Stock Commercial Bank	1,910,000,000,000	4,780,000,000,000
HD Saigon Finance Co., Ltd.	-	204,650,000,000
	<u>1,910,000,000,000</u>	<u>4,984,650,000,000</u>
<b>iv) Investing activities</b>		
<b><i>Sales of right to purchase trading securities in Petro Vietnam Oil Corporation</i></b>		
Income	500,000,000,000	-
Cash received	300,000,000,000	-
	<u>800,000,000,000</u>	<u>-</u>
<b><i>Purchase of corporate bonds issued by Sovico Group Joint Stock Company</i></b>		
Deposit made	800,000,000,000	-
	<u>800,000,000,000</u>	<u>-</u>
<b><i>Transfer of rights to operate Vietjet Plaza building to related parties (Note 32)</i></b>		
Income	793,160,000,000	-
Cash received	400,000,000,000	-
	<u>1,193,160,000,000</u>	<u>-</u>
<b><i>Liquidate the rights and obligations in Republic Plaza project of Thuy Duong - Duc Binh Commercial Joint Stock Company (Note 11)</i></b>		
Reclassify from lending to other receivables	954,254,849,315	-
	<u>954,254,849,315</u>	<u>-</u>

## 37 RELATED PARTY DISCLOSURES (continued)

## (a) Related party transactions (continued)

	For the six-month period ended 30 June	
	2020 VND	2019 VND
<b>iv) Investing activities (continued)</b>		
<b><i>Investment in another project with a related party</i></b>		
Deposit received	800,000,000,000	-
<b><i>Income from disposal of fixed assets</i></b>		
Angelica Holding Limited	1,686,920,000,000	-
<b>v) Other transactions</b>		
<b><i>Prepayment for office rental</i></b>		
Sovico Holdings Joint Stock Company	21,504,159,376	-
<b><i>Office rental</i></b>		
Vietjet Plaza Joint Stock Company	24,725,392,472	22,176,853,495
<b><i>Construction services</i></b>		
Indochina Architecture Consulting Management Corporation	15,755,052,115	297,130,704,402
<b><i>Payments and receipts on behalf, net cash inflows</i></b>		
Thai Vietjet Air Joint Stock Co., Ltd.	557,675,589,773	445,775,979,991
<b>vi) Compensation of key management</b>		
Gross salaries and other benefits	9,451,851,618	13,786,315,602

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**37 RELATED PARTY DISCLOSURES (continued)**
**(b) Period-end/year-end balances with related parties**

	<b>30.6.2020</b>	<b>31.12.2019</b>
	<b>VND</b>	<b>VND</b>
<b>Cash equivalents</b>		
Ho Chi Minh City Development Joint Stock Commercial Bank	342,400,000,000	610,000,000,000
<b>Short-term trade accounts receivable (Note 5)</b>		
Angelica Holding Limited	4,396,684,006,304	2,820,220,496,340
Thai Vietjet Air Joint Stock Co., Ltd.	1,601,071,111,500	1,092,199,590,330
World Go International Co., Ltd	30,140,855,815	42,361,233,011
Apricot Aircraft Company (Ireland) 8605 Limited	-	857,241,126
	<u>6,027,895,973,619</u>	<u>3,955,638,560,807</u>
<b>Other short-term receivables (Note 6(a))</b>		
Thai Vietjet Air Joint Stock Co., Ltd. (i)	1,323,618,712,749	1,497,295,868,392
Sovico Group Joint Stock Company	800,000,000,000	-
Thuy Duong - Duc Binh Commercial Joint Stock Company (Note 11(b))	954,254,849,315	221,293,863,014
Vietjet Plaza Joint Stock Company (iv)	623,500,000,000	-
Angelica Holding Limited	147,875,000,000	147,875,000,000
Angelica Aircraft Assets Limited	15,892,603,012	16,271,500,000
Apricot Aircraft Company (Ireland) 8577 Limited	16,470,941,180	15,933,828,183
Apricot Aircraft Company (Ireland) 8592 Limited	14,283,119,252	14,159,505,296
Apricot Aircraft Company (Ireland) 8605 Limited	19,674,087,694	18,852,469,619
Apricot Aircraft Company (Ireland) 8670 Limited	12,730,983,649	12,730,983,649
Apricot Aircraft Company (Ireland) 8676 Limited	12,730,983,649	12,730,983,649
AAA Golden Aircraft Star No.1 Limited	19,809,001,326	13,663,861,670
Other related parties (ii)	593,160,000,000	-
	<u>4,554,000,281,826</u>	<u>1,970,807,863,472</u>

(i) The amounts due from associate were unsecured, earned interest at the rate of 5.5% per annum (2019: 5.5% per annum) and are receivable on demand.

(ii) Included in this amount was the receivable of VND393 billion relating to the transfer of the right to operate Vietjet Plaza Building and the receivable of VND200 billion relating to the sale of purchase right of Petro Vietnam Oil Corporation's shares.

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37 RELATED PARTY DISCLOSURES (continued)

(b) Period-end/year-end balances with related parties (continued)

	30.6.2020 VND	31.12.2019 VND
<b>Other long-term receivables (Note 6(b))</b>		
Thai Vietjet Air Joint Stock Co., Ltd. (iii)	468,344,946,987	468,344,946,987
Angelica Holding Limited	295,750,000,000	295,750,000,000
Apricot Aircraft Assets Limited	237,097,388,795	212,107,361,490
Vietjet Plaza Joint Stock Company (iv)	-	623,500,000,000
	<u>1,001,192,335,782</u>	<u>1,599,702,308,477</u>

(iii) The amounts due from associate were unsecured and interest free.

(iv) This is the deposit made in relation to the Vietjet Plaza Building's rental agreement between the Group and Vietjet Plaza Joint Stock Company signed in 2019. During the six-month period ended 30 June 2020, the Group entered into an agreement to liquidate the rental agreement, and at the same time transferred all of the Group's rights to lease, use and operate the building to related parties (Note 32). Accordingly, the deposit has been reclassified to other short-term receivables in the consolidated interim balance sheet of the Group.

	30.6.2020 VND	31.12.2019 VND
<b>Long-term lending (Note 11)</b>		
Thuy Duong - Duc Binh Commercial Joint Stock Company	-	701,500,000,000
	<u>-</u>	<u>701,500,000,000</u>
<b>Short-term trade accounts payable (Note 12)</b>		
Cam Ranh International Terminal Joint Stock Company	61,406,751,534	-
Sovico Holdings Joint Stock Company	24,576,182,144	-
Apricot Aircraft Assets Limited	8,460,673,166	233
Guangzhou Representative Office of Vietjet Aviation Joint Stock Company	1,210,477,288	2,613,464,458
	<u>95,654,084,132</u>	<u>2,613,464,691</u>
<b>Short-term advances from customers (Note 13)</b>		
VJ Skyclub Limited	6,036,274,995	4,624,954,221
Thai Vietjet Air Joint Stock Company Limited	3,689,696,984	1,189,434,860
Ho Chi Minh City Development Joint Stock Commercial Bank	202,028,161	458,737,661
Sovico Phu Quoc Joint Stock Company	4,727,210	341,410
	<u>9,932,727,350</u>	<u>6,273,468,152</u>

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37 RELATED PARTY DISCLOSURES (continued)

(b) Period-end/year-end balances with related parties (continued)

	30.6.2020 VND	31.12.2019 VND
<b>Other short-term payables (Note 17)</b>		
Sovico Group Joint Stock Company	800,000,000,000	-
Vietjet Plaza Joint Stock Company	281,740,000,000	
Dividends payable to shareholders	57,789,721,550	57,789,721,550
Sovico Holdings Joint Stock Company	10,495,843,622	8,853,598,721
Ho Chi Minh City Development Joint Stock Commercial Bank	884,439,647	-
Thai Vietjet Air Joint Stock Co., Ltd.	-	314,047,624,600
	<u>1,150,910,004,819</u>	<u>380,690,944,871</u>
<b>Short-term borrowing (Note 18(a))</b>		
Ho Chi Minh City Development Joint Stock Commercial Bank	<u>1,723,497,522,119</u>	<u>1,366,643,484,671</u>

38 COMMITMENTS

(a) Commitments under operating leases

(i) *The Group as a lessee*

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

	30.6.2020 VND	31.12.2019 VND
Within one year	8,622,393,865,453	7,176,796,331,855
Between one and five years	33,258,114,825,585	26,635,211,517,786
Over five years	29,997,651,642,217	28,804,407,584,591
Total minimum payments	<u>71,878,160,333,255</u>	<u>62,616,415,434,232</u>

**38 COMMITMENTS (continued)****(a) Commitments under operating leases (continued)***(ii) The Group as a lessor*

The Group signed operating lease contracts. Accordingly, the future minimum lease receipts under non-cancellable operating leases are as follows:

	<b>30.6.2020</b> <b>VND</b>	<b>31.12.2019</b> <b>VND</b>
Within one year	992,539,079,896	853,514,225,496
Between one and five years	3,442,364,203,532	2,989,932,273,234
Over five years	1,932,984,592,274	2,180,139,781,986
Total minimum receipts	<u>6,367,887,875,702</u>	<u>6,023,586,280,716</u>

**(b) Capital commitments**

The Group has the following approved and contracted commitments:

The Group signed a principle purchase agreements and related amendments with Airbus S.A.S to purchase 186 aircraft and with Boeing Company to purchase aircraft. As at 30 June 2020, the Group has received 63 aircraft, the remaining aircraft are scheduled to be delivered to the Company until 2026. To power these aircraft, the Group also ordered 106 aircraft engines from CFM International S.A and 90 aircraft engines from United Technologies Corporation (Pratt & Whitney Division), including maintenance services agreements.

Pursuant to the aircraft purchase agreements, the Company's commitments as at 30 June 2020 in relation to pre-delivery payments for remaining aircraft to be delivered (including aircraft engines) were USD2,837 million (as at 31 December 2019: USD2,837 million).

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

39 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with this period's presentation.

The consolidated interim financial statements were approved by the Board of Management on 31 August 2020.



Hoang Manh Ha  
Chief Accountant



Ho Ngoc Yen Phuong  
Vice President &  
Chief Finance Officer



Nguyễn Thi Phuong Thao  
President & Chief Executive Officer

