



**VietJet Aviation Joint Stock Company**

Separate Financial Statements  
for the year ended 31 December 2019



**VietJet Aviation Joint Stock Company**

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for the year ended 31 December 2019



**VietJet Aviation Joint Stock Company  
Corporate Information**

**Business Registration Certificate No.** 0103018458 23 July 2007

**Enterprise Registration Certificate No.** 0102325399 19 April 2011

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

**Investment Registration Certificate No.** 2357762445 30 December 2016

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

<b>Board of Management</b>	Nguyen Thanh Ha	Chairwoman
	Nguyen Thi Phuong Thao	Vice Chairwoman
	Nguyen Thanh Hung	Vice Chairman
	Chu Viet Cuong	Member
	Luu Duc Khanh	Member
	Dinh Viet Phuong	Member
	Donal Joshep Boylan	Member (from 19 April 2019)

<b>Board of Directors</b>	Nguyen Thi Phuong Thao	Chief Executive Officer
	Luu Duc Khanh	Managing Director
	Dinh Viet Phuong	Vice President
	Ho Ngoc Yen Phuong	Vice President
	To Viet Thang	Vice President
	Luong The Phuc	Vice President
	Nguyen Duc Thinh	Vice President
	Nguyen Thanh Son	Vice President
	Nguyen Thi Thuy Binh	Vice President
	Tran Hoai Nam	Vice President
Nguyen Duc Tam	Vice President	
Do Xuan Quang	Vice President	

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

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

The Board of Directors of VietJet Aviation Joint Stock Company (“the Company”) presents this statement and the accompanying separate financial statements of the Company for the year ended 31 December 2019.

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

In the opinion of the Board of Directors, the separate financial statements set out on pages 6 to 48 give a true and fair view of the unconsolidated financial position of the Company as at 31 December 2019, and of the unconsolidated results of operations and the unconsolidated cash flows of the Company for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

As at the date of this report, the Company’s management has actively imposed numerous drastic measures in running the Company’s business activities to respond to and to mitigate the impact from COVID-19. We had received support from banks, counter parties and suppliers and had implemented numerous business measures which included, but are not limited to improving Skyboss program quality, expanding and developing cargo business, executing the scheme of financing and trading of aircrafts and controlling and optimising the Company’s operation costs. We are confident that the Company will overcome this difficult period and will be well prepared for the recovery period after the COVID-19 pandemic.

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

On behalf of the Board of Directors



Nguyen Thi Phuong Thao  
*Chief Executive Officer*

Ho Chi Minh City, 30 April 2020



KPMG Limited Branch  
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## INDEPENDENCE AUDITOR'S REPORT

### To the Shareholders VietJet Aviation Joint Stock Company

We have audited the accompanying separate financial statements of VietJet Aviation Joint Stock Company ("the Company"), which comprise the separate balance sheet as at 31 December 2019, the separate statements of income and cash flows for the year then ended and the explanatory notes thereto, which were authorised for issue by the Company's Board of Directors on 30 April 2020, as set out on pages 6 to 48.

### Management's Responsibility

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

### Auditor's Responsibility

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

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

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





### Auditor's Opinion

In our opinion, the separate financial statements give a true and fair view, in all material respects, of the unconsolidated financial position of VietJet Aviation Joint Stock Company as at 31 December 2019 and of its unconsolidated results of operations and its unconsolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

### Emphasis of Matter

We draw attention to Note 38 of the separate financial statements, which discloses the impact of the development of COVID-19 pandemic on the Company's operation subsequent to the year end. The validity of the going concern assumption fundamentally depends on the Company's ability to generate sufficient operating cash flows to finance its operation as stated in Note 38. These conditions, along with the impact of country travel restrictions and recovery of air travel demand between countries, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

Our audit opinion is not modified in respect of this matter.

### KPMG Limited's Branch in Ho Chi Minh City Vietnam

Audit Report No: 19-01-00297-20-1



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



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

Ho Chi Minh City, 30 April 2020

**VietJet Aviation Joint Stock Company**  
**Separate balance sheet as at 31 December 2019**

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

	Code	Note	31/12/2019 VND	1/1/2019 VND
<b>ASSETS</b>				
<b>Current assets</b> (100 = 110 + 120 + 130 + 140 + 150)	<b>100</b>		<b>19,600,590,305,525</b>	<b>16,727,030,230,311</b>
<b>Cash and cash equivalents</b>	<b>110</b>	<b>5</b>	<b>5,355,816,155,352</b>	<b>7,156,359,241,738</b>
Cash	111		3,815,637,517,972	3,640,399,241,738
Cash equivalents	112		1,540,178,637,380	3,515,960,000,000
<b>Short-term financial investments</b>	<b>120</b>		<b>1,144,756,800,000</b>	<b>815,500,000,000</b>
Trading securities	121	6(a)	990,000,000,000	990,000,000,000
Allowance for diminution in the value of trading securities	122	6(a)	(555,000,000,000)	(174,500,000,000)
Held-to-maturity investments	123	6(c)	709,756,800,000	-
<b>Accounts receivable – short-term</b>	<b>130</b>		<b>11,906,623,124,337</b>	<b>7,931,509,214,723</b>
Accounts receivable from customers	131	7	3,334,187,094,292	1,220,013,565,836
Prepayments to suppliers	132		186,825,273,966	129,927,091,931
Other short-term receivables	136	9(a)	8,385,610,756,079	6,581,568,556,956
<b>Inventories</b>	<b>140</b>	<b>10</b>	<b>747,898,679,837</b>	<b>468,729,305,585</b>
<b>Other current assets</b>	<b>150</b>		<b>445,495,545,999</b>	<b>354,932,468,265</b>
Short-term prepaid expenses	151	14(a)	382,337,666,788	299,977,931,225
Taxes receivable from State Treasury	153	16(b)	63,157,879,211	54,954,537,040
<b>Long-term assets</b> (200 = 210 + 220 + 240 + 250 + 260)	<b>200</b>		<b>24,341,596,232,410</b>	<b>19,955,201,908,719</b>
<b>Accounts receivable – long-term</b>	<b>210</b>		<b>14,964,049,145,778</b>	<b>10,575,666,223,835</b>
Prepayments to suppliers	212		-	701,500,000,000
Loans receivable	215	8	701,500,000,000	-
Other long-term receivables	216	9(b)	14,262,549,145,778	9,874,166,223,835
<b>Fixed assets</b>	<b>220</b>		<b>1,303,160,396,122</b>	<b>1,645,095,006,520</b>
Tangible fixed assets	221	11	1,301,038,091,839	1,642,189,535,533
Cost	222		1,687,120,867,140	1,934,434,945,327
Accumulated depreciation	223		(386,082,775,301)	(292,245,409,794)
Intangible fixed assets	227	12	2,122,304,283	2,905,470,987
Cost	228		29,907,717,155	29,077,618,155
Accumulated amortisation	229		(27,785,412,872)	(26,172,147,168)
<b>Long-term work in progress</b>	<b>240</b>		<b>1,258,338,717,091</b>	<b>1,175,977,845,586</b>
Construction in progress	242	13	1,258,338,717,091	1,175,977,845,586
<b>Long-term financial investments</b>	<b>250</b>		<b>224,973,206,218</b>	<b>77,424,629,818</b>
Investments in subsidiaries	251	6(b)	9,000,000,000	9,000,000,000
Investments in associates	252	6(b)	60,000,000,000	60,000,000,000
Equity investments in other entities	253	6(b)	149,417,024,400	7,868,448,000
Held-to-maturity investments	255	6(c)	6,556,181,818	556,181,818
<b>Other long-term assets</b>	<b>260</b>		<b>6,591,074,767,201</b>	<b>6,481,038,202,960</b>
Long-term prepaid expenses	261	14(b)	6,591,074,767,201	6,481,038,202,960
<b>TOTAL ASSETS (270 = 100 + 200)</b>	<b>270</b>		<b>43,942,186,537,935</b>	<b>36,682,232,139,030</b>

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



**VietJet Aviation Joint Stock Company**  
**Separate balance sheet as at 31 December 2019 (continued)**

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

	Code	Note	31/12/2019 VND	1/1/2019 VND
<b>RESOURCES</b>				
<b>LIABILITIES (300 = 310 + 330)</b>	<b>300</b>		<b>37,462,639,184,568</b>	<b>30,422,594,983,854</b>
<b>Current liabilities</b>	<b>310</b>		<b>22,741,438,510,945</b>	<b>20,326,158,485,235</b>
Accounts payable to suppliers	311	15	1,888,419,058,403	913,707,485,181
Advances from customers	312		725,581,455,476	731,957,225,384
Taxes payable to State Treasury	313	16(a)	468,548,742,197	204,303,773,014
Accrued expenses	315	17	1,128,067,820,011	1,911,683,033,277
Unearned revenue	318	18	3,184,286,840,374	2,732,382,333,601
Other short-term payables	319	19	5,160,454,035,471	6,963,402,316,712
Short-term borrowings	320	20(a)	8,161,089,248,187	4,957,780,032,953
Provisions – short-term	321	21	2,024,991,310,826	1,910,942,285,113
<b>Long-term liabilities</b>	<b>330</b>		<b>14,721,200,673,623</b>	<b>10,096,436,498,619</b>
Other long-term payables	337		5,636,355,880	5,658,606,820
Long-term borrowings and bonds	338	20(b)	3,661,872,522,217	572,231,674,577
Deferred tax liabilities	341	22	394,444,939,970	374,787,926,130
Provisions – long-term	342	21	10,659,246,855,556	9,143,758,291,092
<b>EQUITY (400 = 410)</b>	<b>400</b>		<b>6,479,547,353,367</b>	<b>6,259,637,155,176</b>
<b>Owners' equity</b>	<b>410</b>	<b>23</b>	<b>6,479,547,353,367</b>	<b>6,259,637,155,176</b>
Share capital	411	24	5,416,113,340,000	5,416,113,340,000
Share premium	412		245,949,492,805	245,949,492,805
Treasury shares	415	24	(2,347,121,362,620)	-
Retained profits	421		3,164,605,883,182	597,574,322,371
<b>TOTAL RESOURCES (440 = 300 + 400)</b>	<b>440</b>		<b>43,942,186,537,935</b>	<b>36,682,232,139,030</b>

30 April 2020

Prepared by:



Hoang Manh Ha  
*Chief Accountant*

Approved by:



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



Luu Duc Khanh  
*Managing Director*

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





**VietJet Aviation Joint Stock Company**  
**Separate statement of cash flows for the year ended 31 December 2019**  
**(Indirect method)**

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

	Code	2019 VND	2018 VND
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Accounting profit before tax</b>	<b>01</b>	<b>3,868,503,073,470</b>	<b>3,045,280,003,467</b>
<b>Adjustments for</b>			
Depreciation and amortisation	02	174,849,307,557	146,219,233,505
Allowances and provisions	03	1,059,651,891,643	174,500,000,000
Unwinding discount of provisions	03	229,491,749,908	434,733,395,693
Unrealised exchange (gains)/losses arising from revaluation	04	(43,926,035,073)	50,614,755,161
Interest income	05	(538,876,600,525)	(208,253,201,298)
Dividend income	05	(867,681,380,532)	(2,832,636,000)
(Gains)/losses from disposals and written off of fixed assets and construction in progress	05	(265,522,141,962)	10,506,525,264
Gains from disposals of subsidiaries	05	-	(16,271,500,000)
Interest expense	06	351,417,652,590	257,505,446,656
<b>Operating profit before changes in working capital</b>	<b>08</b>	<b>3,967,907,517,076</b>	<b>3,892,002,022,448</b>
Change in receivables	09	(6,606,943,013,649)	(4,120,317,632,175)
Change in inventories	10	(279,169,374,252)	(201,547,786,085)
Change in payables and other liabilities	11	2,480,561,799,101	3,641,557,158,774
Change in prepaid expenses	12	(970,160,905,361)	2,077,145,525,269
		<b>(1,407,803,977,085)</b>	<b>5,288,839,288,231</b>
Interest paid	14	(322,342,594,337)	(254,235,592,773)
Income tax paid	15	(471,000,000,000)	(108,000,000,000)
<b>Net cash flows from operating activities</b>	<b>20</b>	<b>(2,201,146,571,422)</b>	<b>4,926,603,695,458</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for additions to fixed assets and other long-term assets	21	(62,205,236,161)	(798,424,965,557)
Deposits to purchase aircrafts, net cash flows	21	(2,410,035,573,876)	1,545,988,562,283
Placements of corporate bonds and term deposits at banks	23	(715,756,800,000)	-
Payments for investments in other entities	25	-	(1,132,840,350,000)
Receipts of interests and dividends	27	207,648,691,277	208,888,284,390
<b>Net cash flows from investing activities</b>	<b>30</b>	<b>(2,980,348,918,760)</b>	<b>(176,388,468,884)</b>

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

**VietJet Aviation Joint Stock Company**  
**Separate statement of cash flows for the year ended 31 December 2019**  
**(Indirect method – continued)**

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

	Code	2019 VND	2018 VND
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payments to repurchase treasury shares	32	(2,347,121,362,620)	-
Proceeds from bonds issued	33	600,000,000,000	-
Proceeds from borrowings	33	37,007,640,045,521	33,529,973,247,843
Payments to settle loan principals	34	(31,317,610,606,550)	(35,527,608,459,899)
Payments of dividends	36	(543,112,133,500)	(2,016,955,829,400)
<b>Net cash flows from financing activities</b>	<b>40</b>	<b>3,399,795,942,851</b>	<b>(4,014,591,041,456)</b>
<b>Net cash flows during the year</b> (50 = 20 + 30 + 40)	<b>50</b>	<b>(1,781,699,547,331)</b>	<b>735,624,185,118</b>
<b>Cash and cash equivalents at the beginning</b> <b>of the year</b>	<b>60</b>	<b>7,156,359,241,738</b>	<b>6,436,910,324,903</b>
<b>Effect of exchange rate fluctuations</b> <b>on cash and cash equivalents</b>	<b>61</b>	<b>(18,843,539,055)</b>	<b>(16,175,268,283)</b>
<b>Cash and cash equivalents at the end</b> <b>of the year (70 = 50 + 60 + 61) (Note 5)</b>	<b>70</b>	<b>5,355,816,155,352</b>	<b>7,156,359,241,738</b>

30 April 2020

Prepared by:



Hoang Manh Ha  
*Chief Accountant*

Approved by



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




Luu Duc Khanh  
*Managing Director*

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



**VietJet Aviation Joint Stock Company**

**Notes to the separate financial statements for the year ended 31 December 2019**

**Form B 09 – DN**

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

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

**1. Reporting entity**

**(a) Ownership structure**

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

**(b) Principal activities**

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

**(c) Normal operating cycle**

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

**(d) Company’s structure**

As at 31 December 2019, the Company had 5,064 employees (1/1/2019: 3,853 employees).

**2. Basis of preparation**

**(a) Statement of compliance**

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

**(b) Basis of measurement**

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

**(c) Annual accounting period**

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

**(d) Accounting and presentation currency**

The Company’s accounting currency is Vietnam Dong (“VND”), which is also the currency used for the separate financial statements presentation purpose.

**VietJet Aviation Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2019**  
**(continued)**

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

**3. Summary of significant accounting policies**

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

**(a) Foreign currency transactions**

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

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

**(b) Cash and cash equivalents**

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

**(c) Investments**

**(i) Trading securities**

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

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

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



**VietJet Aviation Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2019**  
**(continued)**

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

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

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

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

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

**(d) Accounts receivable**

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

**(e) Maintenance reserves of leased aircrafts**

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

**(f) Inventories**

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

The Company applies the perpetual method of accounting for inventories.

**VietJet Aviation Joint Stock Company**  
**Notes to the separate financial statements for the year ended 31 December 2019**  
**(continued)**

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

**(g) Tangible fixed assets**

**(i) Cost**

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

**(ii) Depreciation**

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

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

**(h) Intangible fixed assets**

***Software***

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

**(i) Construction in progress**

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

**(j) Long-term prepaid expenses**

**(i) Major inspection and overhaul expenditure**

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



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**(ii) Rotable parts**

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

**(iii) Tools and instruments**

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

**(k) Trade and other payables**

Trade and other payables are stated at their costs.

**(l) Provisions**

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

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

During the year, the Company has changed its accounting policy for maintenance costs for engine performance restoration and auxiliary power unit in the scope of maintenance reserves retrospectively to provide more relevant information about the effects of transaction in the separate financial statements.

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

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

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**Policy applied in the separate financial statements for the year ended 31 December 2019**

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

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

The change in accounting policy did not have significant impact to separate balance sheet as at 1 January 2019 and separate statements of income and cash flows for the year ended 31 December 2018.

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

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

**(m) 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 bond.



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**(n) Share capital**

**(i) Ordinary shares**

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

**(ii) Shares premium**

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

**(iii) Repurchase of ordinary shares (treasury shares)**

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, net of tax effects, is recognised as a reduction from equity. Repurchased shares are classified as treasury shares under equity.

**(o) Taxation**

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

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

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

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

**(p) Revenue and other income**

**(i) Passenger transportation**

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

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**(ii) Ancillary revenue**

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

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

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

Other revenue related to passenger transportation such as fees charged in association with changes or extensions to non-refundable tickets 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 separate statement of income when charged to passengers.

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

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

**(iii) Charter flights**

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

**(iv) Aircrafts leasing**

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

**(v) Income from sales of aircraft engines**

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



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***Sales and leaseback transaction***

The Company's aircraft engines sales and leaseback transaction is a transaction where component is sold then leased back by the Company. 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 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 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 engine, a loss equal to the amount of the difference between the carrying amount and fair value shall be recognised immediately.

**(vi) *Other services***

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

**(vii) *Interest income***

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

**(viii) *Dividend income***

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

**(q) *Borrowing costs***

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

**(r) *Operating lease payments***

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

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**(s) Segment reporting**

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

**(t) Related parties**

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

**4. Segment reporting**

**(a) Business segment**

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

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

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

**(b) Geographical segment**

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

	<b>2019</b>	<b>2018</b>
	<b>VND</b>	<b>VND</b>
In Vietnam	16,629,434,191,425	17,680,771,405,478
Outside Vietnam	24,622,921,980,634	16,185,892,220,580
	<hr/>	<hr/>
	41,252,356,172,059	33,866,663,626,058

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



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**5. Cash and cash equivalents**

	<b>31/12/2019</b>	<b>1/1/2019</b>
	<b>VND</b>	<b>VND</b>
Cash on hand	13,359,045,071	7,979,150,266
Cash in banks	3,802,278,472,901	3,632,420,091,472
Cash equivalents	1,540,178,637,380	3,515,960,000,000
	5,355,816,155,352	7,156,359,241,738

Cash equivalents mainly included term deposits in VND at banks with maturities of less than 3 months from their replacement dates and earned interest at rate from 4.7% to 5.5% per annum during the year.

As at 31 December 2019, the Company has current and term deposit accounts of VND3,275 billion (1/1/2019: VND1,749 billion) and no certificate of deposits (1/1/2019: VND700 billion) at Ho Chi Minh City Development Joint Stock Commercial Bank, a related party at normal trading terms.

**6. Investments**

**(a) Trading securities**

Trading securities included the investments in securities as follow:

	<b>Quantity</b>	<b>Cost</b>	<b>31/12/2019</b>	<b>Fair value</b>
			<b>Allowance for diminution in value VND</b>	
Petro Vietnam Oil Corporation	50,000,000	990,000,000,000	555,000,000,000	435,000,000,000
			<b>1/1/2019</b>	
			<b>Allowance for diminution in value VND</b>	<b>Fair value VND</b>
Petro Vietnam Oil Corporation	50,000,000	990,000,000,000	174,500,000,000	815,500,000,000

Fair value of listed shares was determined by reference to the closing price on Ho Chi Minh City Stock Exchange.

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**(b) Equity investments**

	31/12/2019		1/1/2019	
	% of equity owned/ voting right	VND	% of equity owned/ voting right	VND
<b>Equity investments in subsidiaries</b>				
▪ VietjetAir Cargo Joint Stock Company	90%	9,000,000,000	90%	9,000,000,000
▪ Vietjet Air IVB No. I Limited	100%	-	100%	-
▪ Vietjet Air IVB No. II Limited	100%	-	100%	-
▪ Vietjet Air Singapore Pte. Ltd.	100%	-	100%	-
▪ Vietjet Air Ireland No. 1 Limited	100%	-	100%	-
		9,000,000,000		9,000,000,000
<b>Equity investments in associates</b>				
▪ Thai Vietjet Air Joint Stock Co., Ltd.	9%	-	9%	-
▪ Cam Ranh International Terminal Joint Stock Company	10%	60,000,000,000	10%	60,000,000,000
		60,000,000,000		60,000,000,000
<b>Equity investments in other entity</b>				
▪ Sai Gon Ground Services Joint Stock Company	9.1%	149,417,024,400	4%	7,868,448,000
		149,417,024,400		7,868,448,000

Principal activities of subsidiaries and associates are described as follows:

Name	Country of incorporation	Business Registration Certificate	Principal activities
<b>Subsidiaries</b>			
VietjetAir Cargo Joint Stock Company	Vietnam	No. 0312759089 dated 27 August 2014	To provide cargo transportation and related support services.
Vietjet Air IVB No. I Limited (i)	British Virgin Islands	No. 1825671 dated 27 May 2014	To trade and lease aircrafts and aircraft components.
Vietjet Air IVB No. II Limited (i)	British Virgin Islands	No. 1825613 dated 27 May 2014	To trade and lease aircrafts.
Vietjet Air Singapore Pte. Ltd. (i)	Singapore	No. 201408849N dated 27 March 2014	To trade aircrafts.
Vietjet Air Ireland No. 1 Limited (i)	Ireland	No. 544879 dated 3 June 2014	To trade and lease aircrafts.

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Name	Country of incorporation	Business Registration Certificate	Principal activities
<i>Associates</i>			
Thai Vietjet Air Joint Stock Co., Ltd. (i)/(ii)/(iii)	Thailand	No. 0105556100551 dated 25 June 2013	To provide transportation and transfer of goods and passengers and other related services.
Cam Ranh International Terminal Joint Stock Company (ii)	Vietnam	No. 4201676638 dated 5 February 2016	To provide support services for airline transportation.

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

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

	31/12/2019 VND	1/1/2019 VND
<b>Short-term</b>		
▪ Corporate bonds	709,756,800,000	-
<b>Long-term</b>		
▪ Term deposits at banks	6,000,000,000	-
▪ Business co-operation contract	556,181,818	556,181,818
	<b>6,556,181,818</b>	<b>556,181,818</b>

Corporate bonds had coupon interest rate at 8.9% per annum. Subsequent to the year end, the Company had liquidated these bonds in January 2020.



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**7. Accounts receivable from customers – short-term**

**(a) Accounts receivable from customers detailed by significant customers**

	<b>31/12/2019</b>	<b>1/1/2019</b>
	<b>VND</b>	<b>VND</b>
Zhejiang Lixi International Travel Co., Ltd	1,309,827,000,000	-
Vietjet Air Ireland No. 1 Limited	1,034,925,646,349	380,546,402,153
Hangzhou BaoLi Co., Ltd	186,519,377,180	183,193,236,698
World Go International Co., Ltd	42,361,233,011	38,456,118,847
Other customers	760,553,837,752	617,817,808,138
	<hr/>	
	3,334,187,094,292	1,220,013,565,836
	<hr/>	

**(b) Accounts receivable from customers who are related parties**

	<b>31/12/2019</b>	<b>1/1/2019</b>
	<b>VND</b>	<b>VND</b>
<b>Subsidiaries and associates</b>		
Vietjet Air Ireland No. 1 Limited	1,034,925,646,349	380,546,402,153
Thai Vietjet Air Joint Stock Co., Ltd.	-	9,946,260,000
<b>Other related parties</b>		
World Go International Co., Ltd	42,361,233,011	38,456,118,847
Ho Chi Minh City Development Joint Stock Commercial Bank	-	8,186,200
Indochina Beach Hotel Joint Stock Company	-	25,738,288
	<hr/>	

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

**8. Loans receivable – long-term**

<b>Borrower</b>	<b>Annual interest rate</b>	<b>Year of maturity</b>	<b>31/12/2019</b>	<b>1/1/2019</b>
			<b>VND</b>	<b>VND</b>
Thuy Duong – Duc Binh Commercial Joint Stock Company	9%	2022	701,500,000,000	-
			<hr/>	

In 2016, the Company agreed to cooperate with Thuy Duong – Duc Binh Commercial Joint Stock Company, a related party, for 3 years to receive the product in Republic Plaza project.

In accordance with Appendix No. 02/PL/01/2016/VJA-TDDB dated 15 September 2019, the contract term has been extended for another 3 years and instead of transferring products of the project, the Company has an option to exercise lease right in the project and the counter party will pay capital utilisation cost of 9% per annum until the lease option is exercised. If the lease option is not exercised, the counter party will refund the contribution to the Company.

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**9. Other receivables**

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

	Note	31/12/2019 VND	1/1/2019 VND
<b>Related parties</b>			
Expenses paid on behalf of Thai Vietjet Air Joint Stock Co., Ltd. and related income	(i)	1,742,602,532,409	836,386,005,056
Other receivables from Angelica Holding Limited (Note 9(b))		147,875,000,000	147,875,000,000
Receivables from disposals of subsidiaries from Angelica Aircraft Assets Limited	(ii)	16,271,500,000	16,271,500,000
Expenses paid on behalf of Apricot Aircraft Company (Ireland) 8577 Limited	(ii)	15,933,828,183	13,457,758,507
Expenses paid on behalf of Apricot Aircraft Company (Ireland) 8605 Limited	(ii)	18,852,469,619	10,822,745,608
Expenses paid on behalf of Apricot Aircraft Company (Ireland) 8592 Limited	(ii)	14,159,505,296	11,492,488,965
Expenses paid on behalf of Apricot Aircraft Company (Ireland) 8937 Limited	(ii)	13,663,861,670	-
Expenses paid on behalf of Apricot Aircraft Company (Ireland) 8670 Limited	(ii)	12,730,983,649	-
Expenses paid on behalf of Apricot Aircraft Company (Ireland) 8676 Limited	(ii)	12,730,983,649	-
Expenses paid on behalf of Vietjet Air Ireland No. 1 Limited	(ii)	3,588,950,300	1,242,754,552
Expenses paid on behalf of Vietjet Air Singapore Pte. Ltd.	(ii)	1,530,968,780	1,311,400,251
Interest income from loans receivable from Thuy Duong – Duc Binh Commercial Joint Stock Company	(ii)	221,293,863,014	-
<b>Third parties</b>			
Deposits for aircraft purchases within next 12 months	(iii)	3,105,297,136,367	3,475,240,954,627
Maintenance reserves of leased aircrafts		2,078,881,774,817	1,184,688,761,520
Purchase discounts receivable		187,968,684,950	229,106,136,065
Claim receivables from maintenance reserves of leased aircrafts		282,879,455,806	237,582,261,399
Deposits for ground handling services		125,182,456,527	57,512,041,265
Interest income		8,556,268,493	9,651,580,686
Assignment for investments on behalf of the Company	(iv)	19,426,390,810	-
Deposits for securities purchases		-	142,840,350,000
Others		356,184,141,740	206,086,818,455
		8,385,610,756,079	6,581,568,556,956

- (i) The amounts due from the associate were unsecured, earned interest at rate of 5.5% per annum during the year (2018: Nil) and are receivable on demand.
- (ii) The amounts due from the related parties were unsecured, interest free and are receivable on demand.
- (iii) The amounts represented deposits for aircraft purchases in 2020 to Airbus S.A.S.



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- (iii) The amounts represented the assignment to employees for purchasing of equity investments on behalf of the Company. As at 31 December 2019, the acquisition has not been completed.

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

	Note	31/12/2019 VND	1/1/2019 VND
<b>Related parties</b>			
Expenses paid on behalf of Thai Vietjet Air Joint Stock Co., Ltd.	(i)	468,344,946,987	468,344,946,987
Other receivables from Angelica Holding Limited	(ii)	295,750,000,000	295,750,000,000
Maintenance reserves of leased aircrafts to Apricot Aircraft Assets Limited	(iii)	175,334,729,490	109,056,626,997
Deposits for aircraft leases to Apricot Aircraft Assets Limited	(iii)	36,772,632,000	36,844,236,000
Deposits for office and retail space leases	(iv)	623,500,000,000	-
<b>Third parties</b>			
Maintenance reserves of leased aircrafts		6,219,507,324,321	5,460,891,081,018
Deposits for aircraft purchases after next 12 months	(v)	5,187,416,574,363	2,407,437,182,227
Deposits for aircraft leases		1,222,663,033,075	1,046,702,306,276
Others		33,259,905,542	49,139,844,330
		14,262,549,145,778	9,874,166,223,835

- (i) The amounts due from the associate were unsecured, interest free and are receivable in full on 31 December 2021.
- (ii) The amounts due from the related party were unsecured, interest free and are receivable within 3 years from 2019 to 2021. The current portion amounting to VND148 billion is receivable in full by 15 December 2020. During the year, the repayment term of these amounts has been extended.
- (iii) In accordance with leasing contracts, the deposits to a related party were unsecured, interest free and will be reimbursed to the Company at the end of leasing contracts for deposits for aircraft leases and upon completion of required maintenance activities for deposits for maintenance reserves.
- (iv) In accordance with leasing contracts, the deposits to the related party were unsecured, interest free and will be netted off with rentals from the effective date of the leasing contracts from June 2020.
- (v) The amounts represented deposits for aircraft purchases from 2021 to 2026 to Airbus S.A.S and Boeing Company. As at 31 December 2019, deposits to Airbus S.A.S amounted to VND2,995 billion.

**10. Inventories**

	31/12/2019 VND	1/1/2019 VND
Tools and supplies	747,511,353,298	461,585,964,571
Merchandise inventories	387,326,539	7,143,341,014
	747,898,679,837	468,729,305,585



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**11. Tangible fixed assets**

	<b>Aircraft and components VND</b>	<b>Machinery and equipment VND</b>	<b>Office equipment VND</b>	<b>Motor vehicles VND</b>	<b>Total VND</b>
<b>Cost</b>					
Opening balance	1,869,439,499,382	22,488,636,024	23,967,643,445	18,539,166,476	1,934,434,945,327
Additions	-	1,952,339,600	1,479,473,031	1,299,855,090	4,731,667,721
Transfers from construction in progress	553,403,497,996	-	-	-	553,403,497,996
Disposals	(805,449,243,904)	-	-	-	(805,449,243,904)
Closing balance	1,617,393,753,474	24,440,975,624	25,447,116,476	19,839,021,566	1,687,120,867,140
<b>Accumulated depreciation</b>					
Opening balance	248,308,137,207	16,562,626,105	13,399,564,434	13,975,082,048	292,245,409,794
Charge for the year	164,584,967,879	4,436,893,515	2,167,516,137	2,046,664,322	173,236,041,853
Disposal	(79,398,676,346)	-	-	-	(79,398,676,346)
Closing balance	333,494,428,740	20,999,519,620	15,567,080,571	16,021,746,370	386,082,775,301
<b>Net book value</b>					
Opening balance	1,621,131,362,175	5,926,009,919	10,568,079,011	4,564,084,428	1,642,189,535,533
Closing balance	1,283,899,324,734	3,441,456,004	9,880,035,905	3,817,275,196	1,301,038,091,839

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Included in the cost of tangible fixed assets were assets costing VND25,810 million which were fully depreciated as at 31 December 2019 (1/1/2019: VND19,860 million), but which are still in active use.

As at 31 December 2019, tangible fixed assets with carrying value of VND734,166 million (1/1/2019: VND781,624 million) were pledged as security for borrowings granted by Military Commercial Joint Stock Bank to the Company.

**12. Intangible fixed assets**

	<b>Software VND</b>
<b>Cost</b>	
Opening balance	29,077,618,155
Additions	830,099,000
	29,907,717,155
<b>Closing balance</b>	
	29,907,717,155
<b>Accumulated amortisation</b>	
Opening balance	26,172,147,168
Charge for the year	1,613,265,704
	27,785,412,872
<b>Closing balance</b>	
	27,785,412,872
<b>Net book value</b>	
Opening balance	2,905,470,987
Closing balance	2,122,304,283
	2,122,304,283

Included in the cost of intangible fixed assets was assets costing VND23,574 million which were fully amortised as at 31 December 2019 (1/1/2019: VND20,627 million), but which are still in active use.

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**13. Construction in progress**

	<b>2019</b> <b>VND</b>	<b>2018</b> <b>VND</b>
Opening balance	1,175,977,845,586	193,431,223,060
Additions	954,258,313,618	1,566,189,996,094
Transfers to tangible fixed assets	(553,403,497,996)	(267,427,465,457)
Transfers to other short-term receivables	(118,470,333,327)	(316,215,908,111)
Disposals	(200,023,610,790)	-
	<hr/>	<hr/>
Closing balance	1,258,338,717,091	1,175,977,845,586
	<hr/>	<hr/>

During the year, borrowing costs capitalised into construction in progress amounting to VND26,185 million (2018: VND31,729 million).

Major constructions in progress were as follows:

	<b>31/12/2019</b> <b>VND</b>	<b>1/1/2019</b> <b>VND</b>
Aircrafts and components	716,940,814,342	675,478,775,495
Aviation Technology Research and Training Centre	524,205,333,744	500,499,070,091
Others	17,192,569,005	-
	<hr/>	<hr/>
	1,258,338,717,091	1,175,977,845,586
	<hr/>	<hr/>

**14. Prepaid expenses**

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

	<b>31/12/2019</b> <b>VND</b>	<b>1/1/2019</b> <b>VND</b>
Prepayments for aircraft leases	355,790,339,276	280,592,905,482
Prepayments for maintenance expenses	23,297,293,810	19,375,890,925
Others	3,250,033,702	9,134,818
	<hr/>	<hr/>
	382,337,666,788	299,977,931,225
	<hr/>	<hr/>

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(b) Long-term prepaid expenses

	Maintenance costs VND	Costs to make good on leased assets VND	Major inspection and overhaul expenditure VND	Rotable parts, tools and instruments VND	Total VND
Opening balance	5,720,653,521,463	565,982,665,674	108,437,500,275	85,964,515,548	6,481,038,202,960
Additions	1,553,054,020,496	97,899,464,620	109,243,411,064	94,770,289,065	1,854,967,185,245
Charge for the year	(1,133,066,562,856)	(64,554,968,724)	(114,524,795,783)	(65,880,416,297)	(1,378,026,743,660)
Written off	(357,811,918,112)	(9,091,959,232)	-	-	(366,903,877,344)
Closing balance	5,782,829,060,991	590,235,202,338	103,156,115,556	114,854,388,316	6,591,074,767,201



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

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

	<b>31/12/2019</b>	<b>1/1/2019</b>
	<b>Cost/Amount</b>	<b>Cost/Amount</b>
	<b>within payment</b>	<b>within payment</b>
	<b>capacity</b>	<b>capacity</b>
	<b>VND</b>	<b>VND</b>
Petrolimex Aviation Fuel Joint Stock Company	972,624,163,512	358,790,499,261
Lufthansa Technik Aktiengesellschaft	183,196,167,170	85,225,886,410
SR Technics Switzerland Ltd	173,559,836,354	67,645,408,624
Hong Kong Investment Consulting Limited	128,803,361,492	-
United Technologies Corporation (Pratt & Whitney Division)	83,357,211,093	-
MTU Maintenance Zhuhai Co., Ltd	83,282,185,042	-
CFM International SA	61,703,327,124	-
The Civil Aviation Administration of China's Settlement Center	53,573,571,905	52,386,483,371
Hamilton Sundstrand	26,324,258,765	106,774,686,440
Other suppliers	121,994,975,946	242,884,521,075
	1,888,419,058,403	913,707,485,181

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**16. Taxes**

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

	1/1/2019 VND	Incurred VND	Paid VND	Netted-off VND	Reclassified VND	31/12/2019 VND
Value added tax	67,172,238,551	1,618,113,542,263	(338,662,962,632)	(1,316,049,765,717)	-	30,573,052,465
Personal income tax	30,199,147,844	655,194,156,839	(631,639,404,410)	-	-	53,753,900,273
Corporate income tax	106,932,386,619	740,203,164,819	(471,000,000,000)	-	-	376,135,551,438
Foreign contractor tax	-	90,573,946,384	(90,691,050,534)	-	8,203,342,171	8,086,238,021
Other tax	-	5,000,000	(5,000,000)	-	-	-
	204,303,773,014	3,104,089,810,305	(1,531,998,417,576)	(1,316,049,765,717)	8,203,342,171	468,548,742,197

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

	1/1/2019 VND	Reclassified VND	31/12/2019 VND
Foreign contractor tax	54,954,537,040	8,203,342,171	63,157,879,211

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**17. Accrued expenses**

	<b>31/12/2019</b>	<b>1/1/2019</b>
	<b>VND</b>	<b>VND</b>
Aircrafts related expenses	986,211,166,192	1,585,492,948,464
13 <sup>th</sup> month salary	51,909,567,372	44,139,020,226
Interest expense	37,953,919,036	8,878,860,783
Maintenance expenses	16,817,771,642	137,923,043,709
Others	35,175,395,769	135,249,160,095
	<hr/>	<hr/>
	1,128,067,820,011	1,911,683,033,277
	<hr/>	<hr/>

**18. Unearned revenue**

	<b>31/12/2019</b>	<b>1/1/2019</b>
	<b>VND</b>	<b>VND</b>
Passenger transportation and ancillary services revenue received in advance, to be realised within next 12 months	3,184,286,840,374	2,732,382,333,601
	<hr/>	<hr/>

**19. Other short-term payables**

	<b>31/12/2019</b>	<b>1/1/2019</b>
	<b>VND</b>	<b>VND</b>
<b>Related parties</b>		
Proceeds from sales of aircrafts and purchase right options collected on behalf of Vietjet Air IVB No. I Limited, a subsidiary	2,887,339,770,736	4,741,429,139,113
Utilisation of purchase discounts received on behalf of Vietjet Air IVB No. I Limited, a subsidiary	576,360,686,622	560,427,025,373
Amounts due to Thai Vietjet Air Joint Stock Co., Ltd., an associate	314,047,624,600	12,717,070,372
Proceeds from sales of aircrafts collected on behalf of Vietjet Air IVB No. II Limited, a subsidiary	78,222,273,071	78,359,824,800
Dividends payable to shareholders	57,789,721,550	59,290,521,050
Consulting fees payable to Sovico Holdings, a related party	8,853,598,721	7,306,110,821
<b>Third parties</b>		
Airport fees and charges payables	1,054,454,791,926	959,306,960,036
Short-term deposits received	163,669,310,988	487,358,535,248
Others	19,716,257,257	57,207,129,899
	<hr/>	<hr/>
	5,160,454,035,471	6,963,402,316,712
	<hr/>	<hr/>

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

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**20. Borrowings and bonds**

**(a) Short-term borrowings**

	<b>1/1/2019</b>	<b>Movements during the year</b>		<b>31/12/2019</b>
	<b>Carrying amount</b>	<b>Additions</b>	<b>Repayments</b>	<b>Carrying amount</b>
	<b>VND</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>
Short-term borrowings	4,892,447,982,953	34,450,140,045,521	(31,252,987,926,550)	8,093,861,628,187
Current portion of long-term borrowings (Note 20(b))	65,332,050,000	66,561,660,000	(64,622,680,000)	67,227,620,000
	4,957,780,032,953	34,516,701,705,521	(31,317,610,606,550)	8,161,089,248,187
Amount within repayment capacity	4,957,780,032,953			8,161,089,248,187



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

<b>Lenders</b>	<b>Currency</b>	<b>31/12/2019 VND</b>	<b>1/1/2019 VND</b>
<b>Secured loans</b>			
Ho Chi Minh City Development Joint Stock Commercial Bank, a related party	USD	1,366,643,484,671	1,224,380,942,780
<b>Unsecured loans</b>			
Vietnam Joint Stock Commercial Bank of Industry and Trade	VND	2,398,451,410,411	-
HSBC Bank (Vietnam) Ltd.	VND	950,427,034,104	22,484,736,412
Joint Stock Commercial Bank for Investment and Development of Vietnam	VND	899,694,699,335	1,378,354,608,081
Woori Bank Vietnam Limited, Ho Chi Minh City Branch	VND	617,544,457,880	-
Joint Stock Commercial Bank for Foreign Trade of Vietnam	VND	498,769,230,200	-
Citibank, N.A., Ho Chi Minh City Branch	VND	483,399,422,787	317,121,228,150
Military Commercial Joint Stock Bank	VND	291,680,216,686	1,364,639,205,779
Vietnam Maritime Commercial Joint Stock Bank	USD	268,808,055,678	-
JPMorgan Chase Bank, N.A., Ho Chi Minh City Branch	USD	134,342,641,635	-
Vietnam Technological and Commercial Joint Stock Bank	USD	77,771,609,445	-
BNP Paribas, Ho Chi Minh City Branch	VND	54,799,909,203	-
United Overseas Bank (Vietnam) Limited, Ho Chi Minh City Branch	VND	51,529,456,152	135,467,261,751
Satona Financial Investment Joint Stock Company, a related party	VND	-	150,000,000,000
Sunflower Sunny Investment Company Limited, a related party	VND	-	300,000,000,000
		8,093,861,628,187	4,892,447,982,953

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During the year, the above loans bore annual interest at rates ranging from 3.1% to 5.5 % for loans in VND (2018: 4.6% to 5.0%) and from 2.7% to 3.4% for loans in USD (2018: 2.7%).

As at 31 December 2019, loans from the related party was secured by the estimated receivables from the Company's sale of flight tickets in the future of VND5,751 billion (1/1/2019: VND4,997 billion).

**(b) Long-term borrowings and bonds**

	<b>31/12/2019</b> <b>VND</b>	<b>1/1/2019</b> <b>VND</b>
Long-term borrowings (i)	3,129,100,142,217	637,563,724,577
Straight bonds (ii)	600,000,000,000	-
	<hr/>	<hr/>
	3,729,100,142,217	637,563,724,577
Amount repayable within 12 months	(67,227,620,000)	(65,332,050,000)
	<hr/>	<hr/>
Amount repayable after 12 months	3,661,872,522,217	572,231,674,577
	<hr/>	<hr/>

**(i) Long-term borrowings**

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

<b>Lenders</b>	<b>Currency</b>	<b>Year of maturity</b>	<b>31/12/2019</b> <b>VND</b>	<b>1/1/2019</b> <b>VND</b>
Woori Bank – Singapore Branch (*)	USD	2021	1,045,350,000,000	-
Industrial and Commercial Bank of China Limited – Hong Kong Branch (*)	USD	2021	1,045,350,000,000	-
KEB Hana Bank – Hong Kong Branch (*)	USD	2021	464,600,000,000	-
Millitary Commercial Joint Stock Bank (**)	USD	2028	573,800,142,217	637,563,724,577
			<hr/>	<hr/>
			3,129,100,142,217	637,563,724,577
			<hr/>	<hr/>

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- (\*) This syndicated loan provided by the three banks has total commitments of USD110 million. The grace period of this loan is two years from drawdown date. The principal of this loan is repayable in 4 instalments in 2021. The syndicated loan was unsecured and bore annual interest rate of 3.29% during the year.
- (\*\*) 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 bore annual interest rates ranging from 5.02% to 5.59% during the year.

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

	<b>31/12/2019</b> <b>VND</b>	<b>1/1/2019</b> <b>VND</b>
Aircraft No. A320 MSN7167, VNA675 (Note 11)	734,165,754,457	781,624,125,287

**(ii) Straight bonds**

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

<b>Underwriter</b>	<b>Currency</b>	<b>Annual interest rate</b>	<b>Year of maturity</b>	<b>31/12/2019</b> <b>VND</b>	<b>1/1/2019</b> <b>VND</b>
<i>Ho Chi Minh Securities Corporation</i>					
Bonds issued at par, maturing after 12 months	VND	9%	2022	600,000,000,000	-

These bonds were unsecured and bears fixed interest rate of 9% per annum in the first year since issuing date and floating interest rate for subsequent years until maturity.



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**21. Provisions**

Movements of provisions during the year were as follows:

	<b>Provision for maintenance expenses VND</b>	<b>Provision to make good on leased assets VND</b>	<b>Total VND</b>
Opening balance	10,251,477,067,489	803,223,508,716	11,054,700,576,205
Provision made during the year	2,330,818,626,053	97,899,464,620	2,428,718,090,673
Unwinding discount	177,927,395,238	51,564,354,670	229,491,749,908
Utilisation during the year	(901,164,746,229)	-	(901,164,746,229)
Written off	(98,612,713,914)	-	(98,612,713,914)
Foreign exchange differences	(25,060,510,148)	(3,834,280,113)	(28,894,790,261)
<b>Closing balance</b>	<b>11,735,385,118,489</b>	<b>948,853,047,893</b>	<b>12,684,238,166,382</b>
Short-term	2,006,489,399,369	18,501,911,457	2,024,991,310,826
Long-term	9,728,895,719,120	930,351,136,436	10,659,246,855,556
	<b>11,735,385,118,489</b>	<b>948,853,047,893</b>	<b>12,684,238,166,382</b>

**22. Deferred tax liabilities**

	<b>31/12/2019 VND</b>	<b>1/1/2019 VND</b>
Deferred tax assets:		
Provisions	2,536,847,633,276	2,210,940,115,241
Accrued expenses	38,065,045,146	43,733,453,444
<b>Total deferred tax assets</b>	<b>2,574,912,678,422</b>	<b>2,254,673,568,685</b>
Deferred tax liabilities:		
Long-term prepaid expenses	(1,274,612,852,666)	(1,257,327,237,428)
Maintenance reserves of leased aircrafts	(1,694,744,765,726)	(1,350,927,293,907)
Unrealised foreign exchange gains	-	(21,206,963,480)
<b>Total deferred tax liabilities</b>	<b>(2,969,357,618,392)</b>	<b>(2,629,461,494,815)</b>
<b>Net deferred tax liabilities</b>	<b>(394,444,939,970)</b>	<b>(374,787,926,130)</b>

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**23. Changes in owners' equity**

	Share capital VND	Share premium VND	Treasury shares VND	Retained profits VND	Total VND
<b>Balance as at 1 January 2018</b>	4,513,432,840,000	245,949,492,805	-	921,587,387,741	5,680,969,720,546
Shares dividend issued from retained profits	902,680,500,000	-	-	(902,680,500,000)	-
Cash dividends	-	-	-	(1,985,909,236,000)	(1,985,909,236,000)
Net profit for the year	-	-	-	2,564,576,670,630	2,564,576,670,630
<b>Balance as at 1 January 2019</b>	<b>5,416,113,340,000</b>	<b>245,949,492,805</b>	<b>-</b>	<b>597,574,322,371</b>	<b>6,259,637,155,176</b>
Repurchase of treasury shares	-	-	(2,347,121,362,620)	-	(2,347,121,362,620)
Cash dividends (Note 25)	-	-	-	(541,611,334,000)	(541,611,334,000)
Net profit for the year	-	-	-	3,108,642,894,811	3,108,642,894,811
<b>Balance as at 31 December 2019</b>	<b>5,416,113,340,000</b>	<b>245,949,492,805</b>	<b>(2,347,121,362,620)</b>	<b>3,164,605,883,182</b>	<b>6,479,547,353,367</b>



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## 24. Share capital

The Company's authorised and issued share capital are:

	31/12/2019		1/1/2019	
	Number of shares	VND	Number of shares	VND
<b>Authorised share capital</b>				
Ordinary shares	541,611,334	5,416,113,340,000	541,611,334	5,416,113,340,000
<b>Issued share capital</b>				
Ordinary shares	541,611,334	5,416,113,340,000	541,611,334	5,416,113,340,000
<b>Treasury shares</b>				
Ordinary shares	17,772,740	2,347,121,362,620	-	-
<b>Shares in circulation</b>				
Ordinary shares	523,838,594	5,238,385,940,000	541,611,334	5,416,113,340,000

All ordinary shares have a par value of VND10,000. Each share is entitled to one vote at meetings of the Company. Shareholders are entitled to receive dividend as declared from time to time. All ordinary shares are ranked equally with regard to the Company's residual assets. In respect of shares bought back by the Company, all rights are suspended until those shares are reissued.

Movements in share capital during the year were as follows:

	2019		2018	
	Number of shares	VND	Number of shares	VND
Opening balance	541,611,334	5,416,113,340,000	451,343,284	4,513,432,840,000
Treasury shares purchased during the year	(17,772,740)	(177,727,400,000)	-	-
Shares dividend issued	-	-	90,268,050	902,680,500,000
Closing balance	523,838,594	5,238,385,940,000	541,611,334	5,416,113,340,000

## 25. Dividends

On 8 April 2019, the Company's Board of Management resolved to distribute cash dividends of VND542 billion (2018: cash dividends of VND1,986 billion and share dividends of VND903 billion).

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**26. Off balance sheet items**

**(a) Lease receivables**

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

	<b>31/12/2019</b>	<b>1/1/2019</b>
	<b>VND</b>	<b>VND</b>
Within 1 year	785,114,095,405	1,934,811,915,412
Within 2 to 5 years	2,794,759,136,621	2,213,550,039,149
More than 5 years	1,837,502,373,770	1,601,202,861,168
	<hr/>	<hr/>
	5,417,375,605,796	5,749,564,815,729
	<hr/>	<hr/>

**(b) Lease commitments**

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

	<b>31/12/2019</b>	<b>1/1/2019</b>
	<b>VND</b>	<b>VND</b>
Within 1 year	7,175,642,702,279	6,622,313,720,342
Within 2 to 5 years	26,632,618,755,628	24,306,450,035,438
More than 5 years	28,804,407,584,591	29,217,736,273,881
	<hr/>	<hr/>
	62,612,669,042,498	60,146,500,029,661
	<hr/>	<hr/>

**(c) Foreign currencies**

	<b>31/12/2019</b>		<b>1/1/2019</b>	
	<b>Original currency</b>	<b>VND equivalent</b>	<b>Original currency</b>	<b>VND equivalent</b>
USD	100,147,841	2,314,430,710,266	116,101,560	2,698,780,761,594
KRW	3,567,799,189	68,751,490,372	7,489,459,430	152,710,077,777
JPY	323,634,514	67,791,721,648	126,213,566	26,961,222,300
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**(d) Capital commitments**

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

	<b>31/12/2019</b>	<b>1/1/2019</b>
	<b>VND</b>	<b>VND</b>
Approved and contracted (i)	-	462,500,000,000
Approved but not contracted (ii)	3,300,794,666,256	3,324,500,929,909
	3,300,794,666,256	3,787,000,929,909

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

The Company signed principle purchase agreements and related amendments with Airbus S.A.S to purchase 186 aircrafts and with Boeing Company to purchase aircrafts. As at 31 December 2019, the Company has received 62 aircrafts, the remaining aircrafts are scheduled to deliver to the Company until 2026. To power these aircrafts, the Company 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 31 December 2019 in relation to pre-delivery payments for remaining aircrafts to be delivered (including aircraft engines) were USD2,837 million.

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

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



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

	<b>2019</b>	<b>2018</b>
	<b>VND</b>	<b>VND</b>
Passenger transportation		
▪ Domestic routes	10,752,979,798,311	12,827,108,085,916
▪ International routes including regular charter flights	14,691,916,365,734	11,121,067,438,510
▪ Ancillary revenue	11,339,551,722,106	8,339,522,506,065
▪ Non-regular charter flights and aircrafts wet leases	460,526,968,412	733,134,419,753
	<hr/>	<hr/>
	37,244,974,854,563	33,020,832,450,244
Aircraft dry leases	725,928,406,615	417,694,356,063
Assignment fees for purchase right option	2,406,825,000,000	-
Financing arrangement services	257,087,354,694	51,687,569,215
Other revenue	617,540,556,187	376,449,250,536
	<hr/>	<hr/>
	41,252,356,172,059	33,866,663,626,058
	<hr/>	<hr/>

**28. Cost of sales**

	<b>2019</b>	<b>2018</b>
	<b>VND</b>	<b>VND</b>
Flight operation expenses	29,969,793,868,192	24,125,562,020,117
Technical expenses	3,752,982,327,377	2,158,428,776,085
Ground operation expenses	2,850,656,915,692	2,698,352,086,705
Cargo expenses	51,149,552,376	50,051,662,866
Safety, security, quality and assurance expenses	39,936,425,775	35,102,906,117
Others	26,003,442,864	13,733,484,118
	<hr/>	<hr/>
	36,690,522,532,276	29,081,230,936,008
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**29. Financial income**

	<b>2019</b> <b>VND</b>	<b>2018</b> <b>VND</b>
Interest income	538,876,600,525	208,253,201,298
Realised foreign exchange gains	174,918,575,869	85,422,296,361
Unrealised foreign exchange gains	43,926,035,073	-
Dividend income from a subsidiary	857,348,744,532	-
Dividend income from other equity investments	10,332,636,000	2,832,636,000
Gains from disposals of subsidiaries	-	16,271,500,000
Others	48,856,982	5,195,227,454
	<hr/> 1,625,451,448,981	<hr/> 317,974,861,113 <hr/>

**30. Financial expenses**

	<b>2019</b> <b>VND</b>	<b>2018</b> <b>VND</b>
Unwinding discount of provisions	229,491,749,908	434,733,395,693
Interest expense	351,417,652,590	257,505,446,656
Allowance for diminution in the value of trading securities	380,500,000,000	174,500,000,000
Realised foreign exchange losses	62,601,215,302	-
Unrealised foreign exchange losses	-	50,614,755,161
	<hr/> 1,024,010,617,800	<hr/> 917,353,597,510 <hr/>

**31. Selling expenses**

	<b>2019</b> <b>VND</b>	<b>2018</b> <b>VND</b>
Sales expenses	654,460,911,614	524,329,305,237
Advertising and marketing expenses	373,894,513,879	241,699,843,363
Staff costs	124,839,787,424	82,765,929,701
Depreciation and amortisation	274,249,597	223,452,183
Others	11,206,804,425	19,257,095,212
	<hr/> 1,164,676,266,939	<hr/> 868,275,625,696 <hr/>

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**Notes to the separate financial statements for the year ended 31 December 2019**  
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**32. General and administration expenses**

	<b>2019</b>	<b>2018</b>
	<b>VND</b>	<b>VND</b>
Staff costs	198,732,435,690	103,569,844,658
Rental expenses	43,074,450,943	26,900,048,305
Depreciation and amortisation	2,598,285,960	2,266,390,386
Others	177,651,952,990	145,527,656,912
	<hr/>	<hr/>
	422,057,125,583	278,263,940,261
	<hr/>	<hr/>

**33. Other income**

	<b>2019</b>	<b>2018</b>
	<b>VND</b>	<b>VND</b>
Gains from disposals of fixed assets and construction in progress	265,522,141,962	-
Others	26,782,676,145	5,872,706,313
	<hr/>	<hr/>
	292,304,818,107	5,872,706,313
	<hr/>	<hr/>

**34. Business costs by elements**

	<b>2019</b>	<b>2018</b>
	<b>VND</b>	<b>VND</b>
Fuel costs	15,038,709,387,975	13,258,963,486,074
Labour costs and staff costs	4,762,450,309,981	3,221,437,392,036
Depreciation and amortisation	174,849,307,557	146,219,233,505
Outside services	15,611,031,608,501	11,353,160,734,384
Other expenses	2,690,215,310,784	2,247,989,655,966
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**35. Income tax**

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

	<b>2019</b>	<b>2018</b>
	<b>VND</b>	<b>VND</b>
<b>Current income tax expense</b>		
Current year	740,203,164,819	253,461,727,751
<b>Deferred income tax expense</b>		
Origination and reversal of temporary differences	19,657,013,840	227,241,605,086
Income tax expense	759,860,178,659	480,703,332,837

**(b) Reconciliation of effective tax rate**

	<b>2019</b>	<b>2018</b>
	<b>VND</b>	<b>VND</b>
Accounting profit before tax	3,868,503,073,470	3,045,280,003,467
Tax at the Company's tax rate	773,700,614,694	609,056,000,693
Non-deductible expenses	2,806,854,404	613,938,670
Deferred tax liabilities not recognised	(14,580,763,239)	-
Tax exemption income	(2,066,527,200)	-
Tax incentives	-	(128,966,606,526)
	759,860,178,659	480,703,332,837

**(c) Applicable tax rates**

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

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**36. Significant transactions with related parties**

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

	Transaction value	
	2019 VND	2018 VND
<b>Major shareholders</b>		
Placements of term deposits and certificate of deposits	8,306,000,000,000	17,535,922,500,000
Borrowings receipts	8,999,104,198,241	13,475,114,570,820
Payments and receipts on behalf, net cash inflows	1,300,000,000,000	-
Interest income	59,359,990,462	156,014,812,926
Interest expense	36,963,732,200	27,021,197,486
Services rendered	10,465,030,490	15,198,053,711
Purchases of consultancy services	1,755,600,000	1,755,600,000
<b>Subsidiaries and associates</b>		
Assignment fees for purchase right option	2,406,825,000,000	-
Payments and receipts on behalf, net cash inflows	1,302,129,779,315	3,224,377,088,946
Sales of aircraft engines	959,296,320,310	-
Cargo revenue	929,826,666,157	643,986,543,672
Aircrafts rental income	725,928,406,615	417,694,356,063
Dividend income	864,848,744,532	7,500,000,000
Financing arrangement services	257,087,354,694	51,687,569,215
Sales commission expenses	177,165,352,514	175,716,292,503
Interest income	121,361,994,427	-
Business service fees and brand licence fees	82,089,969,401	60,105,956,003
Booking service rendered	79,599,211,000	79,281,523,500
Purchases of charter flights	12,776,400,000	-
Charter revenue	-	394,026,612,500
Consultancy service rendered	-	119,763,569,215
<b>Other related parties</b>		
Aircraft rental expenses	844,925,138,187	247,119,461,282
Deposits for office and retail space leases	623,500,000,000	-
Services rendered	400,217,008,891	525,273,972,960
Deposits for maintenance reserves	66,278,102,493	108,477,847,747
Payments and receipts on behalf, net cash outflows	52,619,917,986	35,570,220,230
Office rental expenses	22,176,853,495	-
Borrowings receipts	-	150,000,000,000
Advances	-	443,625,000,000
Purchases of construction services	-	400,295,994,854
Disposals of subsidiaries	-	16,271,500,000
<b>Members of Board of Management, Board of Directors and Supervisory Board</b>		
Salary and compensations	42,721,583,529	30,932,611,019



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**37. Non-cash investing and financing activities**

	<b>2019</b>	<b>2018</b>
	<b>VND</b>	<b>VND</b>
Net-off proceeds from disposal of fixed assets and construction in progress with other payables	959,296,320,310	-
Net-off payables from purchases of fixed assets with other short-term receivables	779,144,510,850	773,685,995,810
Net-off dividend income with other payables	857,348,744,532	-
Shares dividends issued from retained profits	-	902,680,500,000

**38. Post balance sheet event**

The coronavirus (“COVID-19”) pandemic has unfavourably affected the global economy, including the aviation industry, since its outbreak. The validity of the going concern assumption fundamentally depends on the Company’s ability to generate sufficient operating cash flows from aviation transportation and scheme of financing and trading of aircrafts to finance its operation. The Company’s management has actively imposed numerous drastic measures in running the Company’s business activities to respond to and to mitigate the impact from COVID-19. The Company had received support from banks, counter parties and suppliers and had implemented numerous business measures which included, but are not limited to improving Skyboss program quality, expanding and developing cargo business, executing the scheme of financing and trading of aircrafts and controlling and optimising the Company’s operation costs. Management is of the opinion that the Company will be able to generate sufficient working capital to finance its operations and to meet its obligations as and when they fall due during the COVID-19 pandemic and in the foreseeable future.

Accordingly, the separate financial statements for the year ended 31 December 2019 continue to be prepared on a going concern basis.

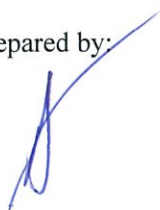
These conditions, along with the impact of country travel restrictions and recovery of air travel demand between countries, indicate that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern.

**39. Corresponding figures**

The corresponding figures as at 1 January 2019 were derived from the balances and amounts reported in the Company’s separate financial statements as at and for the year ended 31 December 2018.

30 April 2020

Prepared by:



Hoang Manh Ha  
*Chief Accountant*

Approved by:



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




Luu Duc Khanh  
*Managing Director*