



VietJet Aviation Joint Stock Company

Separate Interim Financial Statements
for the six-month period ended 30 June 2019

**VietJet Aviation Joint Stock Company
Corporate Information**

Business Registration Certificate No. 0103018458 23 July 2007

Corporate Registration Certificate No. 0102325399 19 April 2011

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

Investment Registration Certificate No. 2357762445 30 December 2016

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

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

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

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

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

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

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

- (a) the separate interim financial statements set out on pages 6 to 49 give a true and fair view of the unconsolidated financial position of the Company as at 30 June 2019, and of the unconsolidated results of operations and the unconsolidated cash flows of the Company for the six-month period then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to interim financial reporting; and
- (b) at the date of this statement, there are no reasons to believe that the Company will not be able to pay its debts as and when they fall due.

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

On behalf of the Board of Directors



Nguyen Thi Phuong Thao
Chief Executive Officer

Hochi Minh City, 30 August 2019



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District 1, Ho Chi Minh City, Vietnam
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SEPARATE INTERIM FINANCIAL STATEMENTS REVIEW REPORT

To the Shareholders VietJet Aviation Joint Stock Company

We have reviewed the accompanying separate interim financial statements of VietJet Aviation Joint Stock Company ("the Company"), which comprise the separate balance sheet as at 30 June 2019, the separate statements of income and cash flows for the six-month period then ended and the explanatory notes thereto, which were authorised for issue by the Company's Board of Directors on 30 August 2019, as set out on pages 6 to 49.

Management's Responsibility

The Company's Board of Directors is responsible for the preparation and fair presentation of these separate interim financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to interim financial reporting, and for such internal control as the Board of Directors determines is necessary to enable the preparation of separate 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 these separate interim financial statements 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.



Auditor's Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying separate interim financial statements do not give a true and fair view, in all material respects, of the unconsolidated financial position of VietJet Aviation Joint Stock Company as at 30 June 2019 and of its unconsolidated results of operations and its unconsolidated cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to interim financial reporting.

KPMG Limited's Branch in Ho Chi Minh City

Vietnam
Review Report No: 19-01-00297-19-1



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

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

Ho Chi Minh City, 30 August 2019

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

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

	Code	Note	30/6/2019 VND	1/1/2019 VND
ASSETS				
Current assets (100 = 110 + 120 + 130 + 140 + 150)	100		18,635,766,636,176	16,727,030,230,311
Cash and cash equivalents	110	8	4,900,761,633,020	7,156,359,241,738
Cash	111		1,517,465,742,609	3,640,399,241,738
Cash equivalents	112		3,383,295,890,411	3,515,960,000,000
Short-term financial investments	120		784,000,000,000	815,500,000,000
Trading securities	121	9(a)	990,000,000,000	990,000,000,000
Allowance for diminution in the value of trading securities	122	9(a)	(412,000,000,000)	(174,500,000,000)
Held-to-maturity investments	123	9(c)	206,000,000,000	-
Accounts receivable – short-term	130		11,918,876,129,857	7,931,509,214,723
Accounts receivable from customers	131	10	1,661,126,912,430	1,220,013,565,836
Prepayments to suppliers	132	11(a)	237,295,323,207	129,927,091,931
Loans receivable	135	12	150,000,000,000	-
Other short-term receivables	136	13(a)	9,870,453,894,220	6,581,568,556,956
Inventories	140	14	632,756,880,052	468,729,305,585
Other current assets	150		399,371,993,247	354,932,468,265
Short-term prepaid expenses	151	18(a)	336,214,114,036	299,977,931,225
Taxes receivable from State Treasury	153	20(b)	63,157,879,211	54,954,537,040

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

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

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

	Code	Note	30/6/2019 VND	1/1/2019 VND
Long-term assets (200 = 210 + 220 + 240 + 250 + 260)	200		21,359,010,612,621	19,955,201,908,719
Accounts receivable – long-term	210		12,116,015,921,436	10,575,666,223,835
Prepayments to suppliers	212	11(b)	701,500,000,000	701,500,000,000
Other long-term receivables	216	13(b)	11,414,515,921,436	9,874,166,223,835
Fixed assets	220		1,870,966,237,453	1,645,095,006,520
Tangible fixed assets	221	15	1,868,896,113,501	1,642,189,535,533
<i>Cost</i>	222		<i>2,238,952,629,010</i>	<i>1,934,434,945,327</i>
<i>Accumulated depreciation</i>	223		<i>(370,056,515,509)</i>	<i>(292,245,409,794)</i>
Intangible fixed assets	227	16	2,070,123,952	2,905,470,987
<i>Cost</i>	228		<i>29,077,618,155</i>	<i>29,077,618,155</i>
<i>Accumulated amortisation</i>	229		<i>(27,007,494,203)</i>	<i>(26,172,147,168)</i>
Long-term work in progress	240		1,420,516,472,378	1,175,977,845,586
Construction in progress	242	17	1,420,516,472,378	1,175,977,845,586
Long-term financial investments	250		77,424,629,818	77,424,629,818
Investments in subsidiaries	251	9(b)	9,000,000,000	9,000,000,000
Investments in associates	252	9(b)	60,000,000,000	60,000,000,000
Equity investments in other entities	253	9(b)	7,868,448,000	7,868,448,000
Held-to-maturity investments	255	9(c)	556,181,818	556,181,818
Other long-term assets	260		5,874,087,351,536	6,481,038,202,960
Long-term prepaid expenses	261	18(b)	5,874,087,351,536	6,481,038,202,960
TOTAL ASSETS (270 = 100 + 200)	270		39,994,777,248,797	36,682,232,139,030

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

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

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

	Code	Note	30/6/2019 VND	1/1/2019 VND
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		33,035,655,368,399	30,422,594,983,854
Current liabilities	310		22,928,880,371,898	20,326,158,485,235
Accounts payable to suppliers	311	19	1,107,865,683,629	913,707,485,181
Advances from customers	312		646,356,471,977	731,957,225,384
Taxes payable to State Treasury	313	20(a)	369,844,735,185	204,303,773,014
Accrued expenses	315	21	2,104,102,624,506	1,911,683,033,277
Unearned revenue	318	22	2,053,273,956,666	2,732,382,333,601
Other short-term payables	319	23	7,280,592,802,223	6,963,402,316,712
Short-term borrowings	320	24(a)	7,308,038,889,993	4,957,780,032,953
Provisions – short-term	321	25	2,058,805,207,719	1,910,942,285,113
Long-term liabilities	330		10,106,774,996,501	10,096,436,498,619
Other long-term payables	337		10,136,355,880	5,658,606,820
Long-term borrowings	338	24(b)	545,219,641,100	572,231,674,577
Deferred tax liabilities	341	26	384,799,531,526	374,787,926,130
Provisions – long-term	342	25	9,166,619,467,995	9,143,758,291,092
EQUITY (400 = 410)	400		6,959,121,880,398	6,259,637,155,176
Owners' equity	410	27	6,959,121,880,398	6,259,637,155,176
Share capital	411	28	5,416,113,340,000	5,416,113,340,000
Share premium	412		245,949,492,805	245,949,492,805
Retained profits	421		1,297,059,047,593	597,574,322,371
TOTAL RESOURCES (440 = 300 + 400)	440		39,994,777,248,797	36,682,232,139,030

30 August 2019

√ 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 interim financial statements

VietJet Aviation Joint Stock Company
Separate statement of income for the six-month period ended 30 June 2019

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

	Code	Note	Six-month period ended	
			30/6/2019 VND	30/6/2018 VND
Revenue from sales of goods and provision of services	01	31	20,181,762,113,468	16,512,316,137,606
Cost of sales	11	32	17,618,045,638,363	14,301,045,516,095
Gross profit (20 = 01 - 11)	20		2,563,716,475,105	2,211,270,621,511
Financial income	21	33	299,512,667,360	136,878,833,598
Financial expenses	22	34	588,463,041,752	494,209,729,369
<i>In which: Interest expense</i>	23		140,571,532,313	111,749,080,626
Selling expenses	25	35	565,312,331,694	391,355,477,841
General and administration expenses	26	36	176,211,911,324	118,462,239,692
Net operating profit {30 = 20 + (21 - 22) - (25 + 26)}	30		1,533,241,857,695	1,344,122,008,207
Other income	31		19,913,152,278	2,474,492,552
Other expenses	32		84,365,311	58,897,837
Results of other activities (40 = 31 - 32)	40		19,828,786,967	2,415,594,715
Accounting profit before tax (50 = 30 + 40)	50		1,553,070,644,662	1,346,537,602,922
Income tax expense – current	51	38	301,962,980,044	115,417,774,253
Income tax expense – deferred	52	38	10,011,605,396	44,842,906,140
Net profit after tax (60 = 50 - 51 - 52)	60		1,241,096,059,222	1,186,276,922,529

30 August 2019

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 interim financial statements

VietJet Aviation Joint Stock Company
Separate statement of cash flows for the six-month period ended 30 June 2019
(Indirect method)

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

	Code	Six-month period ended	
		30/6/2019 VND	30/6/2018 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
Accounting profit before tax	01	1,553,070,644,662	1,346,537,602,922
Adjustments for			
Depreciation and amortisation	02	78,646,452,750	69,766,287,673
Allowances and provisions	03	237,500,000,000	119,500,000,000
Unwinding discount of provisions	03	207,275,098,908	198,615,316,599
Exchange losses arising from revaluation of monetary items denominated in foreign currencies	04	3,116,410,531	64,345,332,144
Interest income	05	(183,934,232,455)	(92,114,769,533)
Dividend income	05	(93,695,547,199)	(2,832,636,000)
Interest expense	06	140,571,532,313	111,749,080,626
Operating profit before changes in working capital	08	1,942,550,359,510	1,815,566,214,431
Change in receivables	09	(2,546,102,624,481)	(1,552,999,861,482)
Change in inventories	10	(164,027,574,467)	(61,285,233,833)
Change in payables and other liabilities	11	(305,265,813,797)	1,248,079,345,462
Change in prepaid expenses	12	570,714,668,613	802,947,553,132
		(502,130,984,622)	2,252,308,017,710
Interest paid	14	(137,236,545,016)	(110,707,436,267)
Income tax paid	15	(191,000,000,000)	(18,000,000,000)
Net cash flows from operating activities	20	(830,367,529,638)	2,123,600,581,443
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for additions to fixed assets and other long-term assets	21	(313,176,394,787)	(559,974,142,592)
Deposits to purchase aircrafts, net cash flows	21	(2,694,957,373,965)	(653,967,992,831)
Payments for term deposits at banks, loans receivable and corporate bonds	23	(356,000,000,000)	(559,055,555,556)
Receipts from collection of corporate bonds	24	-	103,555,555,556
Payments for investments in other entities	25	-	(1,132,840,350,000)
Receipts of interests and dividends	27	115,628,158,136	88,709,878,690
Net cash flows from investing activities	30	(3,248,505,610,616)	(2,713,572,606,733)

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

VietJet Aviation Joint Stock Company
Separate statement of cash flows for the six-month period ended 30 June 2019
(Indirect method – continued)

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

	Code	Six-month period ended	
		30/6/2019 VND	30/6/2018 VND
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	33	14,480,981,264,502	16,669,176,086,721
Payments to settle loan principals	34	(12,169,711,810,451)	(16,652,089,581,643)
Payments of dividends	36	(543,108,881,500)	(933,173,304,900)
Net cash flows from financing activities	40	1,768,160,572,551	(916,086,799,822)
Net cash flows during the period (50 = 20 + 30 + 40)	50	(2,310,712,567,703)	(1,506,058,825,112)
Cash and cash equivalents at the beginning of the period	60	7,156,359,241,738	6,436,910,324,903
Effect of exchange rate fluctuations on cash and cash equivalents	61	55,114,958,985	1,578,751,914
Cash and cash equivalents at the end of the period (70 = 50 + 60 + 61)	70	4,900,761,633,020	4,932,430,251,705

30 August 2019

Prepared by:

Hoang Manh Ha
Chief Accountant

Approved by:

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



Luu Duc Khanh
Managing Director

VietJet Aviation Joint Stock Company
Notes to the separate interim financial statements for the six-month period ended
30 June 2019

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

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

1. Reporting entity

(a) Ownership structure

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

(b) Principal activities

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

(c) Normal operating cycle

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

(d) Company’s structure

As at 30 June 2019, the Company had 4,316 employees (1/1/2019: 3,853 employees).

2. Basis of preparation

(a) Statement of compliance

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

(b) Basis of measurement

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

VietJet Aviation Joint Stock Company
Notes to the separate interim financial statements for the six-month period ended
30 June 2019 (continued)

Form B 09a – DN

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

(c) Annual accounting period

The annual accounting period of the Company is from 1 January to 31 December. These separate interim financial statements are prepared for the six-month period ended 30 June 2019.

(d) Accounting and presentation currency

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

3. Change in accounting policy

During the period, 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 interim financial statements. See Note 4(1) for more information.

4. Summary of significant accounting policies

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

The accounting policies that have been adopted by the Company in the preparation of these separate interim financial statements are consistent with those adopted in the preparation of the latest separate annual financial statements, except as described in Note 4(1).

(a) Foreign currency transactions

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

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

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

(b) Cash and cash equivalents

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

VietJet Aviation Joint Stock Company
Notes to the separate interim financial statements for the six-month period ended
30 June 2019 (continued)

Form B 09a – DN

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

(c) Investments

(i) Trading securities

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

(ii) Held-to-maturity investments

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

(iii) Investments in subsidiaries and associates

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

(iv) Investments in equity instruments of other entities

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

VietJet Aviation Joint Stock Company
Notes to the separate interim financial statements for the six-month period ended
30 June 2019 (continued)

Form B 09a – DN

*(Issued under Circular No. 200/2014/TT-BTC
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(d) Accounts receivable

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

(e) Maintenance reserves of leased aircrafts

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

(f) Inventories

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

The Company applies the perpetual method of accounting for inventories.

(g) Tangible fixed assets

(i) Cost

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

VietJet Aviation Joint Stock Company
Notes to the separate interim financial statements for the six-month period ended
30 June 2019 (continued)

Form B 09a – DN

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

(ii) Depreciation

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

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

(h) Intangible fixed assets

Software

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

(i) Construction in progress

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

(j) Long-term prepaid expenses

(i) Major inspection and overhaul expenditure

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

(ii) Rotable parts

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

(iii) Tools and instruments

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

(k) Trade and other payables

Trade and other payables are stated at their costs.

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(l) Provisions

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

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

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

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

Policy applicable in the separate interim financial statements for the six-month period ended 30 June 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 six-month period ended 30 June 2018.

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

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

(m) Share capital

(i) Ordinary shares

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

(ii) Shares premium

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

(n) Taxation

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

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

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

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

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(o) Revenue and other income

(i) Passenger transportation

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

(ii) Ancillary revenue

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

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

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

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

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

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

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

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(v) Other services

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

(vi) Interest income

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

(vii) Dividend income

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

(p) Borrowing costs

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

(q) Operating lease payments

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

(r) Segment reporting

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

(s) Related parties

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

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5. 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 31 and Note 32 to the separate interim financial statements. There is no intersegment revenue between operating segments. 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:

	Six-month period ended	
	30/6/2019	30/6/2018
	VND	VND
In Vietnam	9,237,387,169,733	9,069,847,742,053
Outside Vietnam	10,944,374,943,735	7,442,468,395,553
	<hr/>	<hr/>
	20,181,762,113,468	16,512,316,137,606

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

6. Seasonality of operations

The Company primarily involved in the provision of air transportation services and thus, is subject to the seasonal demand for air travel. With the assumptions of unchanged number of operating routes and aircrafts, the first half of the year typically tends to result in higher revenue than the second half of the year. This seasonal pattern is in line with the expectation of the Company’s Board of Directors.

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7. Changes in accounting estimates

In preparing these separate interim financial statements, the Board of Directors has made several accounting estimates. Actual results may differ from these estimates. During the period, the Board of Directors made some changes in accounting estimates related to limited life parts upon return compare to those made in the most recent annual separate financial statements or those made in the same interim period of the prior year. Refer to Note 25 for movements of provisions during the six-month period ended 30 June 2019 which was already reflected the above changes in estimates.

8. Cash and cash equivalents

	30/6/2019	1/1/2019
	VND	VND
Cash on hand	8,147,072,171	7,979,150,266
Cash in banks	1,509,318,670,438	3,632,420,091,472
Cash equivalents	3,383,295,890,411	3,515,960,000,000
	<hr/>	<hr/>
	4,900,761,633,020	7,156,359,241,738
	<hr/>	<hr/>

Cash equivalents comprised term deposits, certificate of deposits and valuable papers at banks with original terms to maturity of three months or less from their transaction dates and earned interest at rate from 5.5% to 8.0% per annum during the period (six-month period ended 30 June 2018: 5.5%).

As at 30 June 2019, the Company has current and term deposit accounts of VND940 billion (1/1/2019: VND1,749 billion), certificate of deposits of VND205 billion (1/1/2019: VND700 billion) and valuable papers of VND300 billion at Ho Chi Minh City Development Joint Stock Commercial Bank (“HDBank”), a related party at normal trading terms.

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9. Investments

(a) Trading securities

Trading securities included the investments in securities of Petrovietnam Oil Corporation as follow:

	30/6/2019		1/1/2019	
	Quantity	Cost VND	Allowance for diminution in value VND	Fair value VND
PetroVietnam Oil Corporation	50,000,000	990,000,000,000	412,000,000,000	578,000,000,000
			50,000,000	990,000,000,000
				174,500,000,000
				815,500,000,000

Fair value of the investments in securities at reporting dates was determined by reference to the closing price on Ilo Chi Minh Stock Exchange on 28 June 2019 and 28 December 2018.

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(b) Equity investments in other entities

	30/6/2019		1/1/2019	
	% of equity owned/ voting right	VND	% of equity owned/ voting right	VND
Equity investments in subsidiaries				
▪ 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
Equity investments in associates				
▪ Thai Vietjet Air Joint Stock Company Limited	9%	-	9%	-
▪ Cam Ranh International Terminal Joint Stock Company	10%	60,000,000,000	10%	60,000,000,000
		60,000,000,000		60,000,000,000
Equity investments in other entity				
▪ Sai Gon Ground Services Joint Stock Company	4%	7,868,448,000	4%	7,868,448,000
		7,868,448,000		7,868,448,000

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Principal activities of subsidiaries and associates are described as follows:

Name	Note	Country of incorporation	Business Registration Certificate	Principal activities
<i>Subsidiaries</i>				
VietjetAir Cargo Joint Stock Company	(a)	Vietnam	No. 0312759089 dated 27 August 2014	To provide cargo transportation and related support services.
Vietjet Air IVB No. I Limited	(a)	British Virgin Islands	No. 1825671 dated 27 May 2014	To trade and lease aircrafts.
Vietjet Air IVB No. II Limited	(a)	British Virgin Islands	No. 1825613 dated 27 May 2014	To trade and lease aircrafts.
Vietjet Air Singapore Pte. Ltd.	(a)	Singapore	No. 201408849N dated 27 March 2014	To trade aircrafts.
Vietjet Air Ireland No. I Limited	(a)	Ireland	No. 544879 dated 3 June 2014	To trade and lease aircrafts.
<i>Associates</i>				
Thai Vietjet Air Joint Stock Company Limited	(a)/(b)/(c)	Thailand	No. 0105556100551 dated 25 June 2013	To provide transportation and transfer of goods and passengers and other related services.
Cam Ranh International Terminal Joint Stock Company	(b)	Vietnam	No. 4201676638 dated 5 February 2016	To provide support services for aviation transportation.

-
- (a) As at 30 June 2019, the Company has not yet contributed capital in these subsidiaries and associates. These companies' operations are mainly financed by the Company.
- (b) The Company has significant influence over these companies because the Company has right to appoint members of the Board of Management of these companies.
- (c) On 25 September 2018, the Company signed an agreement with Quince Investment Limited, and Asia Aero Services and Infrastructure Co., Ltd. for a purchase option to increase the ownership in Thai Vietjet Air Joint Stock Company Limited to 38% by 2021. The price of transferred share is equal with par value.

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(c) Held-to-maturity investments

	30/6/2019	1/1/2019
	VND	VND
Short-term		
▪ Term deposits at banks	206,000,000,000	-
<hr/>		
Long-term		
▪ Business co-operation contract	556,181,818	556,181,818
<hr/>		

Term deposits at banks earned interest rate at from 5.5% to 8.0% per annum during the period (six-month period ended 30 June 2018: 5.5%).

10. Accounts receivable from customers – short-term

(a) Accounts receivable from customers detailed by significant customers

	30/6/2019	1/1/2019
	VND	VND
Hangzhou BaoLi Co., Ltd	164,673,388,258	183,193,236,698
Vietjet Air Ireland No. 1 Limited	683,624,510,666	380,546,402,153
World Go International Co., Ltd	82,360,476,802	38,456,118,847
Other customers	730,468,536,704	617,817,808,138
<hr/>		
	1,661,126,912,430	1,220,013,565,836
<hr/>		

(b) Accounts receivable from customers who are related parties

		30/6/2019	1/1/2019
	Note	VND	VND
Subsidiaries and associates			
Vietjet Air Ireland No. 1 Limited	(ii)	683,624,510,666	380,546,402,153
Thai Vietjet Air Joint Stock Company Limited	(i)	5,535,128,597	9,946,260,000
Other related parties			
World Go International Co., Ltd	(ii)	82,360,476,802	38,456,118,847
Ho Chi Minh City Development Joint Stock Commercial Bank	(ii)	1,194,271,342	8,186,200
Indochina Beach Hotel Joint Stock Company	(ii)	-	25,738,288
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- (i) The amounts due from the associate were unsecured, earned interest at rate of 5.5% per annum during the period (six-month period ended 30 June 2018: nil) and are receivable on demand.
- (ii) The amounts due from the related parties were unsecured, interest free and are receivables on demand.

11. Prepayments to suppliers

(a) Prepayments to suppliers – short-term

	30/6/2019	1/1/2019
	VND	VND
Prepayments for engine repair services	104,725,112,010	86,093,582,599
Prepayments for office rentals	69,720,143,074	-
Prepayments for airports services	32,028,647,441	10,784,181,148
Others	30,821,420,682	33,049,328,184
	237,295,323,207	129,927,091,931

(b) Prepayments to suppliers – long-term

	30/6/2019	1/1/2019
	VND	VND
Business co-operation contract	701,500,000,000	701,500,000,000

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

12. Loans receivable – short-term

	Currency	Interest rate	Year of maturity	30/6/2019	1/1/2019
				VND	VND
Loans receivable from Song Viet Investment Corporation	VND	6.5%	2019	150,000,000,000	-

Loans receivable from the related party are unsecured.

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13. Other receivables

(a) Other short-term receivables

	Note	30/6/2019 VND	1/1/2019 VND
Related parties			
Expenses paid on behalf of Thai Vietjet Air Joint Stock Company Limited	(i)	1,226,350,069,931	836,386,005,056
Other receivables from Angelica Holding Limited (Note 13(b))		147,875,000,000	147,875,000,000
Receivables from disposals of subsidiaries from Angelica Aircraft Assets Limited	(ii)	8,718,889,185	16,271,500,000
Expenses paid on behalf of Vietjet Air Ireland No. 1 Limited	(ii)	-	1,242,754,552
Expenses paid on behalf of Vietjet Air Singapore Pte. Ltd.	(ii)	1,519,845,980	1,311,400,251
Expenses paid on behalf of Apricot Aircraft Company (Ireland) 8577 Limited	(ii)	40,931,937,133	13,457,758,507
Expenses paid on behalf of Apricot Aircraft Company (Ireland) 8605 Limited	(ii)	24,175,106,815	10,822,745,608
Expenses paid on behalf of Apricot Aircraft Company (Ireland) 8592 Limited	(ii)	16,890,123,489	11,492,488,965
Third parties			
Deposits for aircraft purchases within next 12 months		5,153,704,936,131	3,475,240,954,627
Maintenance reserves of leased aircrafts		2,078,881,774,817	1,184,688,761,520
Purchase discounts receivable		182,502,324,283	229,106,136,065
Claim receivables from maintenance reserves of leased aircrafts		254,321,478,322	237,582,261,399
Advances to employees		192,851,294,292	144,766,041,739
Deposits for ground handling services		117,399,264,921	57,512,041,265
Deposits for securities purchases		142,840,350,000	142,840,350,000
Interest income		80,790,291,005	9,651,580,686
Assignment for investments on behalf of the Company	(iii)	19,426,390,810	-
Others		181,274,817,106	61,320,776,716
		<u>9,870,453,894,220</u>	<u>6,581,568,556,956</u>

- (i) The amounts due from the associate were unsecured, earned interest at rate of 5.5% per annum during the period (six-month period ended 30 June 2018: nil) and are receivable on demand.
- (ii) The amounts due from the related parties were unsecured, interest free and are receivable on demand.
- (iii) The amounts represented the assignment to employees for purchasing of equity investments on behalf of the Company. As at 30 June 2019, the acquisition has not been completed.

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(b) Other long-term receivables

	Note	30/6/2019 VND	1/1/2019 VND
Related parties			
Expenses paid on behalf of Thai Vietjet Air Joint Stock Company Limited	(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)	167,106,574,419	109,056,626,997
Deposits for aircraft leases to Apricot Aircraft Assets Limited	(iii)	36,963,576,000	36,844,236,000
Third parties			
Maintenance reserves of leased aircrafts		5,324,682,767,444	5,460,891,081,018
Deposits for aircraft purchases after next 12 months		3,423,930,574,688	2,407,437,182,227
Deposits for aircraft leases		1,130,452,902,975	1,046,702,306,276
Deposits for office and retail space leases		506,300,000,000	-
Others		60,984,578,923	49,139,844,330
		<u>11,414,515,921,436</u>	<u>9,874,166,223,835</u>

- (i) The amounts due from the associate were unsecured, interest free and are receivable in full on 31 December 2021.
- (ii) Other receivables from the related party were unsecured, interest free and are receivable within 3 years.
- (iii) In accordance with leasing contracts, the deposits to the 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.

14. Inventories

	30/6/2019		1/1/2019	
	Cost VND	Allowance VND	Cost VND	Allowance VND
Tools and supplies	629,455,049,014	-	461,585,964,571	-
Merchandise inventories	3,301,831,038	-	7,143,341,014	-
	<u>632,756,880,052</u>	<u>-</u>	<u>468,729,305,585</u>	<u>-</u>

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15. Tangible fixed assets

Cost	Aircraft and components VND	Machinery and equipment VND	Office equipment VND	Motor vehicles VND	Total VND
Opening balance	1,869,439,499,382	22,488,636,024	23,967,643,445	18,539,166,476	1,934,434,945,327
Additions during the period	-	1,323,405,000	165,636,364	-	1,489,041,364
Transfer from construction in progress	303,028,642,319	-	-	-	303,028,642,319
Closing balance	2,172,468,141,701	23,812,041,024	24,133,279,809	18,539,166,476	2,238,952,629,010
Accumulated depreciation					
Opening balance	248,308,137,207	16,562,626,105	13,399,564,434	13,975,082,048	292,245,409,794
Charge for the period	69,798,827,274	5,792,112,650	1,085,485,171	1,134,680,620	77,811,105,715
Closing balance	318,106,964,481	22,354,738,755	14,485,049,605	15,109,762,668	370,056,515,509
Net book value					
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	1,854,361,177,220	1,457,302,269	9,648,230,204	3,429,403,808	1,868,896,113,501

Included in the cost of tangible fixed assets were assets costing VND23,700 million which were fully depreciated as at 30 June 2019 (1/1/2019: VND19,860 million), but which are still in active use.

As at 30 June 2019, tangible fixed assets with carrying value of VND756,980 million (1/1/2019: VND781,624 million) were pledged as security for borrowings granted by Military Commercial Joint Stock Bank to the Company (note 2.4(b)).

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16. Intangible fixed assets

	Software VND
Cost	
Opening balance and closing balance	29,077,618,155
Accumulated amortisation	
Opening balance	26,172,147,168
Charge for the period	835,347,035
Closing balance	27,007,494,203
Net book value	
Opening balance	2,905,470,987
Closing balance	2,070,123,952

Included in the cost of intangible fixed assets was assets costing VND20,637 million which were fully amortised as at 30 June 2019 (1/1/2019: VND20,627 million), but which are still in active use.

17. Construction in progress

	Six-month period ended	
	30/6/2019	30/6/2018
	VND	VND
Opening balance	1,175,977,845,586	193,431,223,060
Additions during the period	608,135,218,200	831,282,030,119
Transfer to tangible fixed assets	(303,028,642,319)	(311,014,198,525)
Transfer to other short-term receivables	(60,567,949,089)	(125,038,599,269)
Closing balance	1,420,516,472,378	588,660,455,385

During the period, borrowing costs capitalised into construction in progress amounted to VND11,594 million (six-month period ended 30 June 2018: VND22,483 million).

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Major constructions in progress were as follows:

	30/6/2019	1/1/2019
	VND	VND
Aircrafts and components	864,587,900,656	675,478,775,495
Aviation Technology Research and Training Centre	516,411,811,120	500,499,070,091
Others	39,516,760,602	-
	<hr/>	<hr/>
	1,420,516,472,378	1,175,977,845,586
	<hr/>	<hr/>

18. Prepaid expenses

(a) Short-term prepaid expenses

	30/6/2019	1/1/2019
	VND	VND
Prepayments for aircraft leases	307,134,059,050	280,592,905,482
Prepayments for maintenance expenses	26,553,605,738	19,375,890,925
Others	2,526,449,248	9,134,818
	<hr/>	<hr/>
	336,214,114,036	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 during the period	451,655,014,172	41,939,989,202	10,459,895,947	14,389,851,594	518,444,750,915
Charge for the period	(852,667,448,475)	(35,153,173,961)	(41,832,366,401)	(30,513,973,353)	(960,166,962,190)
Written off	(165,228,640,149)	-	-	-	(165,228,640,149)
Closing balance	5,154,412,447,011	572,769,480,915	77,065,029,821	69,840,393,789	5,874,087,351,536

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19. Accounts payable to suppliers – short-term

Accounts payable to suppliers detailed by significant suppliers

	30/6/2019 Cost/Amount within repayment capacity VND	1/1/2019 Cost/Amount within repayment capacity VND
Petrolimex Aviation Fuel Joint Stock Company	559,418,231,082	358,790,499,261
CFM International SA	82,613,198,509	846,652,635
MTU Maintenance Zhuhai Co., Ltd	82,835,968,901	-
SR Technics Switzerland Ltd	78,019,129,605	67,645,408,624
Lufthansa Technik Aktiengesellschaft	77,602,993,952	85,225,886,410
The Civil Aviation Administration of China's Settlement Center	56,411,547,301	52,386,483,371
Hamilton Sundstrand	25,357,396,698	106,774,686,440
Pratt & Whitney Canada	23,228,148,959	-
Other suppliers	122,379,068,622	242,037,868,440
	<hr/> 1,107,865,683,629 <hr/>	<hr/> 913,707,485,181 <hr/>

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20. Taxes

(a) Taxes payable to State Treasury

	1/1/2019 VND	Incurred VND	Paid VND	Netted-off VND	Reclassified VND	30/6/2019 VND
Value added tax	67,172,238,551	979,082,684,166	(318,549,349,931)	(651,067,379,641)	-	76,638,193,145
Personal income tax	30,199,147,844	305,272,743,545	(266,443,508,523)	-	-	69,028,382,866
Foreign contractor tax	-	47,854,430,996	(49,774,980,656)	-	8,203,342,171	6,282,792,511
Corporate income tax	106,932,386,619	301,962,980,044	(191,000,000,000)	-	-	217,895,366,663
	204,303,773,014	1,634,172,838,751	(825,767,839,110)	(651,067,379,641)	8,203,342,171	369,844,735,185

(b) Taxes receivable from State Treasury

	1/1/2019 VND	Reclassified VND	30/6/2019 VND
Foreign contractor tax	54,954,537,040	8,203,342,171	63,157,879,211

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21. Accrued expenses

	30/6/2019	1/1/2019
	VND	VND
Aircraft related expenses	1,830,780,253,745	1,585,492,948,464
Maintenance expenses	172,243,605,506	137,923,043,709
13 th month salary	35,493,412,509	44,139,020,226
Interest expense	12,213,848,080	8,878,860,783
Others	53,371,504,666	135,249,160,095
	<u>2,104,102,624,506</u>	<u>1,911,683,033,277</u>

22. Unearned revenue

	30/6/2019	1/1/2019
	VND	VND
Passenger and ancillary services revenue received in advance, to be realised within next 12 months	2,053,273,956,666	2,732,382,333,601
	<u>2,053,273,956,666</u>	<u>2,732,382,333,601</u>

23. Other short-term payables

	30/6/2019	1/1/2019
	VND	VND
Related parties		
Aircraft sales proceeds collected on behalf of Vietjet Air IVB No. I Limited	5,509,063,595,342	4,741,429,139,113
Utilisation of purchase discounts received on behalf of Vietjet Air IVB No. I Limited	-	560,427,025,373
Aircraft sale proceeds collected on behalf of Vietjet Air IVB No. II Limited	78,548,255,850	78,359,824,800
Dividends payable to shareholders	57,792,973,550	59,290,521,050
Consulting fees payable to Sovico Holding	7,226,272,021	7,306,110,821
Amounts due to Thai Vietjet Air Joint Stock Company Limited	761,552,086	12,717,070,372
Third parties		
Airport tax payables	1,145,959,733,914	959,306,960,036
Short-term deposits received	429,485,979,101	487,358,535,248
Others	51,754,440,359	57,207,129,899
	<u>7,280,592,802,223</u>	<u>6,963,402,316,712</u>

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

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24. Borrowings

(a) Short-term borrowings

	1/1/2019	Movements during the period		30/6/2019
	Carrying amount/ Amount within repayment capacity VND	Additions VND	Repayments VND	Carrying amount/ Amount within repayment capacity VND
Short-term borrowings	4,892,447,982,953	14,480,981,264,502	(12,137,400,470,451)	7,242,706,839,993
Current portion of long-term borrowings (Note 24(b))	65,332,050,000	32,311,340,000	(32,311,340,000)	65,332,050,000
	4,957,780,032,953	14,513,292,604,502	(12,169,711,810,451)	7,308,038,889,993

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

Lenders	Currency	30/6/2019 VND	1/1/2019 VND
Secured loans			
Ho Chi Minh City Development Joint Stock Commercial Bank, a related party			
Loan 1	USD	1,338,926,923,902	1,224,380,942,780
Joint Stock Commercial Bank for Foreign Trade of Vietnam			
Loan 2	USD	990,366,106,333	-
Unsecured loans			
Vietnam Joint Stock Commercial Bank for Industry and Trade			
Loan 3	VND	1,236,755,797,009	-
Loan 4	USD	235,423,495,478	-
Joint Stock Commercial Bank for Investment and Development of Vietnam			
Loan 5	VND	1,748,367,067,541	1,378,354,608,081
Military Commercial Joint Stock Bank			
Loan 6	VND	668,058,652,266	1,364,639,205,771 ⁹
HSBC Bank (Vietnam) Ltd			
Loan 7	VND	463,623,058,911	22,484,736,412
Citibank, N.A., Ho Chi Minh City Branch			
Loan 8	VND	343,031,153,057	317,121,228,150
BNP Paris Ho Chi Minh City Branch			
Loan 9	VND	215,958,611,826	-
Woori Bank Vietnam Ltd, Ho Chi Minh City Branch			
Loan 10	VND	2,195,973,670	-
Satona Financial Investment Joint Stock Company, a related party			
Loan 11	VND	-	150,000,000,000
Sunflower Sunny Investment Company Limited, a related party			
Loan 12	VND	-	300,000,000,000
United Overseas Bank, Ho Chi Minh City Branch			
Loan 13	VND	-	135,467,261,751
		7,242,706,839,993	4,892,447,982,953

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During the period, the above loans bore annual interest at rates ranging from 5.0% to 5.5% for loans in VND (six-month period ended 30 June 2018: 3.5% to 5.3%) and from 2.9% to 3.1% for loans in USD (six-month period ended 30 June 2018: 2.0% to 2.6%).

As at 30 June 2019, loan 1 was secured by the estimated receivables from the Company's sale of flight tickets in the future of VND5,070 billion (1/1/2019: VND4,997 billion).

As at 30 June 2019, loan 2 was secured by receivables and deposits from sales and lease back of 3 aircrafts with Angelica Aircraft Assets Limited, a related party of USD42,693,318 (equivalent to VND993 billion).

(b) Long-term borrowings

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

Lender	Currency	Annual interest rate	Year of maturity	30/6/2019 VND	1/1/2019 VND
Millitary Commercial		LIBOR 6			
Joint Stock Bank	USD	months + 2.7%	2017 – 2028	610,551,691,100	637,563,724,577
Repayable within 12 months (Note 24(a))				(65,332,050,000)	(65,332,050,000)
Repayable after 12 months				545,219,641,100	572,231,674,577

Original principal of this loan is repayable in 24 equal semi-annual instalments of USD1.4 million (equivalent to VND33 billion) each and a final instalment of USD1.5 million (equivalent to VND35 billion) on 13 June 2028.

In accordance with Principle Agreement No. 24012017/HDNT/MB-VJ dated 24 January 2017 between the Company and the lender, the Company also entered into currency and interest rate swap transactions with the lender to a portion of its borrowings to manage the impact of changes in currency exchange rate and interest rate on these borrowings. Under the Agreement, the Company will receive USD amounts from the lender to settle the due principal and related interest expense; and pay VND equivalent amounts to the lender using fixed VND/USD exchange rate of 22,575 and fixed interest rate of 7.5% per annum for the period from 24 January 2017 to 13 December 2019. Payments are made at the end of each six-month period and the first payment date was on 13 June 2017.

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

	30/6/2019 VND	1/1/2019 VND
Aircraft No. A320 MSN7167, VNA675 (Note 15)	756,980,565,945	781,624,125,287

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25. Provisions

Movements of provisions during the period were as follows:

	Provision for maintenance expenses VND	Provision to make good on leased assets VND	Total VND
Opening balance	10,251,477,067,489	803,223,508,716	11,054,700,576,205
Provision made during the period	783,697,126,136	41,939,989,202	825,637,115,338
Unwinding discount	177,927,395,239	29,347,703,669	207,275,098,908
Utilisation during the period	(405,169,224,913)	-	(405,169,224,913)
Written off	(474,125,902,848)	-	(474,125,902,848)
Foreign exchange differences	17,107,013,024	-	17,107,013,024
Closing balance	10,350,913,474,127	874,511,201,587	11,225,424,675,714
Short-term	2,006,489,399,369	52,315,808,350	2,058,805,207,719
Long-term	8,344,424,074,758	822,195,393,237	9,166,619,467,995
	10,350,913,474,127	874,511,201,587	11,225,424,675,714

26. Deferred tax liabilities

	30/6/2019 VND	1/1/2019 VND
Deferred tax assets:		
Provisions	2,245,084,935,142	2,210,940,115,241
Accrued expenses	40,871,415,314	43,733,453,444
Total deferred tax assets	2,285,956,350,456	2,254,673,568,685
Deferred tax liabilities:		
Long-term prepaid expenses	(1,145,436,385,585)	(1,257,327,237,428)
Maintenance reserves of leased aircrafts	(1,514,134,223,336)	(1,350,927,293,907)
Unrealised foreign exchange gains	(11,185,273,061)	(21,206,963,480)
Total deferred tax liabilities	(2,670,755,881,982)	(2,629,461,494,815)
Net deferred tax liabilities	(384,799,531,526)	(374,787,926,130)

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27. Changes in owners' equity

	Share capital VND	Share premium VND	Retained profits VND	Total VND
Balance as at 1 January 2018	4,513,432,840,000	245,949,492,805	921,587,387,741	5,680,969,720,546
Dividends	-	-	(902,686,568,000)	(902,686,568,000)
Net profit for the period	-	-	1,186,276,922,529	1,186,276,922,529
Balance as at 30 June 2018	4,513,432,840,000	245,949,492,805	1,205,177,742,270	5,964,560,075,075
Balance as at 1 January 2019	5,416,113,340,000	245,949,492,805	597,574,322,371	6,259,637,155,176
Dividends (Note 29)	-	-	(541,611,334,000)	(541,611,334,000)
Net profit for the period	-	-	1,241,096,059,222	1,241,096,059,222
Balance as at 30 June 2019	5,416,113,340,000	245,949,492,805	1,297,059,047,593	6,959,121,880,398

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28. Share capital

The Company's authorised and issued share capital are:

	30/6/2019		1/1/2019	
	Number of shares	VND	Number of shares	VND
Authorised share capital				
Ordinary shares	541,611,334	5,416,113,340,000	541,611,334	5,416,113,340,000
Issued share capital				
Ordinary shares	541,611,334	5,416,113,340,000	541,611,334	5,416,113,340,000
Shares in circulation				
Ordinary shares	541,611,334	5,416,113,340,000	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.

There was no movement in share capital during the period.

29. Dividends

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

30. Off balance sheet items

(a) Lease receivables

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

	30/6/2019 VND	1/1/2019 VND
Within 1 year	706,597,647,954	1,934,811,915,412
Within 2 to 5 years	2,407,246,416,816	2,213,550,039,149
More than 5 years	1,660,743,628,669	1,601,202,861,168
	4,774,587,693,439	5,749,564,815,729

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(b) Lease commitments

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

	30/6/2019	1/1/2019
	VND	VND
Within 1 year	6,982,106,087,577	6,622,313,720,342
Within 2 to 5 years	24,988,587,550,094	24,306,450,035,438
More than 5 years	31,057,270,055,497	29,217,736,273,881
	63,027,963,693,168	60,146,500,029,661

(c) Foreign currency

	30/6/2019		1/1/2019	
	Original currency	VND equivalent	Original currency	VND equivalent
USD	42,105,458	978,109,790,502	115,982,056	2,685,565,056,772

(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:

	30/6/2019	1/1/2019
	VND	VND
Approved and contracted (i)	462,500,000,000	462,500,000,000
Approved but not contracted (ii)	3,287,778,492,217	3,324,500,929,909
	3,750,278,492,217	3,787,000,929,909

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

The Company signed a principle purchase agreements and related amendments with Airbus S.A.S to purchase 121 aircrafts and with Boeing Company to purchase aircrafts. As at 30 June 2019, the Company has received 58 aircrafts, the remaining aircrafts are scheduled to be delivered to the Company until 2025. To power these aircrafts, the Company also ordered 106 engines from CFM International S.A and 90 engines from United Technologies Corporation (Pratt & Whitney Division), including maintenance services.

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Pursuant to the aircraft purchase agreements, the Company's commitments as at 30 June 2019 in relation to pre-delivery payments for remaining aircrafts to be delivered (including engines) were USD2,936 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 the 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.

31. Revenue from sales of goods and provision of services

	Six-month period ended	
	30/6/2019	30/6/2018
	VND	VND
Passenger transportation		
▪ Domestic routes	6,416,656,627,990	6,892,812,429,457
▪ Internationals routes including regular charter flights	6,865,247,693,368	4,553,008,992,658
▪ Ancilliary revenue	5,429,476,608,556	3,805,986,501,165
▪ Non-regular charter flights and aircraft wet leases	273,128,656,971	1,006,281,969,397
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	18,984,509,586,885	16,258,089,892,677
Aircraft dry leases	333,799,708,087	160,712,655,210
Financing arrangement services	133,997,306,724	-
Others	729,455,511,772	93,513,589,719
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	20,181,762,113,468	16,512,316,137,606
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32. Cost of sales

	Six-month period ended	
	30/6/2019	30/6/2018
	VND	VND
Ground operation expenses	1,271,451,694,986	1,295,978,932,836
Flight operation expenses	14,505,001,757,948	11,127,434,679,274
Technical expenses	1,602,492,714,952	1,640,718,878,968
Safety, security, quality and assurance expenses	20,587,781,564	16,653,223,069
Cargo expenses	21,848,579,599	21,727,840,634
Others	196,663,109,314	198,531,961,314
	<hr/>	<hr/>
	17,618,045,638,363	14,301,045,516,095

33. Financial income

	Six-month period ended	
	30/6/2019	30/6/2018
	VND	VND
Interest income	183,934,232,455	92,114,769,533
Realised foreign exchange gains	21,855,797,744	40,955,244,780
Dividend income	93,695,547,199	2,832,636,000
Others	27,089,962	976,183,285
	<hr/>	<hr/>
	299,512,667,360	136,878,833,598

34. Financial expenses

	Six-month period ended	
	30/6/2019	30/6/2018
	VND	VND
Unwinding discount of provisions	207,275,098,908	198,615,316,599
Interest expense	140,571,532,313	111,749,080,626
Allowance for diminution in the value of trading securities	237,500,000,000	119,500,000,000
Unrealised foreign exchange losses	3,116,410,531	64,345,332,144
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	588,463,041,752	494,209,729,369

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35. Selling expenses

	Six-month period ended	
	30/6/2019	30/6/2018
	VND	VND
Sales expenses	321,003,538,624	246,406,917,944
Advertising and marketing expenses	186,276,457,768	94,739,606,871
Staff costs	51,380,393,802	39,453,305,057
Depreciation and amortisation	144,393,185	110,826,175
Others	6,507,548,315	10,644,821,794
	<hr/>	<hr/>
	565,312,331,694	391,355,477,841
	<hr/>	<hr/>

36. General and administration expenses

	Six-month period ended	
	30/6/2019	30/6/2018
	VND	VND
Staff costs	82,371,774,073	45,491,051,142
Rental expenses	16,068,912,040	13,490,539,584
Depreciation and amortisation	1,182,887,903	1,081,052,615
Insurance expenses	240,704,727	-
Others	76,347,632,581	58,399,596,351
	<hr/>	<hr/>
	176,211,911,324	118,462,239,692
	<hr/>	<hr/>

37. Business costs by elements

	Six-month period ended	
	30/6/2019	30/6/2018
	VND	VND
Fuel costs	7,486,429,339,620	6,300,407,792,239
Labour costs and staff costs	2,249,918,691,241	1,525,749,103,617
Depreciation and amortisation	78,646,452,750	69,766,287,673
Outside services	8,354,253,006,786	5,904,258,989,359
Other expenses	190,322,390,984	1,010,681,060,740
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38. Income tax

(a) Recognised in the separate statement of income

	Six-month period ended	
	30/6/2019	30/6/2018
	VND	VND
Current tax expense		
Current period	301,962,980,044	115,417,774,253
Deferred tax expense		
Origination and reversal of temporary differences	10,011,605,396	38,709,022,985
Effect of change in tax rate	-	6,133,883,155
	10,011,605,396	44,842,906,140
Income tax expense	311,974,585,440	160,260,680,393

(b) Reconciliation of effective tax rate

	Six-month period ended	
	30/6/2019	30/6/2018
	VND	VND
Accounting profit before tax	1,553,070,644,662	1,346,537,602,922
Tax at the Company's tax rate	310,614,128,932	269,307,520,584
Non-deductible expenses	1,360,456,508	118,525,453
Effect of change in tax rate	-	6,133,883,155
Tax incentives	-	(115,299,248,799)
	311,974,585,440	160,260,680,393

(c) Applicable tax rates

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

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

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39. Significant transactions with related parties

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

	Transaction value	
	Six-month period ended	Six-month period ended
	30/6/2019	30/6/2018
	VND	VND
Companies that shareholders have significant influence		
Term deposits and certificate of deposits	4,780,000,000,000	7,945,269,500,000
Purchases of corporate bonds and valuable papers	704,650,000,000	103,555,555,556
Interest income	35,632,361,111	69,412,136,906
Borrowings	3,068,597,229,028	5,397,424,591,381
Interest expense	17,945,518,447	13,566,149,015
Purchase of consultancy services	7,959,162,636	-
Services rendered	-	3,458,344,779
Subsidiaries and associates		
Cargo revenue	407,948,836,632	403,970,558,221
Charter revenue	-	395,813,377,000
Purchase of charter flights	12,776,400,000	-
Aircrafts rental income	299,854,536,724	127,275,039,792
Sales commission expense	81,589,767,326	80,794,111,633
Assignment fees	559,632,000,000	-
Financing arrangement services	133,997,306,724	-
Business service fees and brand licence fees	38,381,003,386	13,934,786,975
Booking service rendered	39,292,560,800	-
Dividend income	90,862,911,199	-
Interest income	65,758,175,116	-
Payments and receipts on behalf, net cash inflows	990,556,223,080	3,230,732,083,242
Other related parties		
Advances	-	443,625,000,000
Purchases of construction services	297,130,704,402	403,408,819,827
Aircraft rental expenses	110,875,816,954	108,180,734,785
Deposits for maintenance reserves	58,049,947,422	51,520,081,385
Deposits for aircrafts leases	-	36,499,704,432
Services rendered	193,089,139,300	167,071,961,960
Loans granted	150,000,000,000	-
Members of Board of Management, Board of Directors and Supervisory Board		
Salary and compensations	13,786,315,602	9,526,865,297

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40. Non-cash investing activities

	Six-month period ended	
	30/6/2019	30/6/2018
	VND	VND
Purchases of fixed assets not yet paid	296,447,864,777	275,829,198,525

41. Corresponding figures

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 August 2019

Prepared by:

Hoang Manh Ha
Chief Accountant

Approved by:

Ho Ngoc Yen Phuong
Vice President cum
Chief Financial Officer



Luu Duc Khanh
Managing Director





