

# Deloitte.

**PETROVIETNAM TECHNICAL SERVICES CORPORATIO**

*(Incorporated in the Socialist Republic of Vietnam)*

**AUDITED CONSOLIDATED FINANCIAL  
STATEMENTS**

**For the year ended 31 December 2019**

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**PETROVIETNAM TECHNICAL SERVICES CORPORATION**

5<sup>th</sup> Floor, PetroVietnam Tower, No. 1-5 Le Duan Street  
District 1, Ho Chi Minh City, Vietnam

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**STATEMENT OF THE BOARD OF MANAGEMENT**

The Board of Management of PetroVietnam Technical Services Corporation (the "Parent Company") and its subsidiaries (the Parent Company and the subsidiaries are referred to as the "Corporation") presents this report together with the Corporation's consolidated financial statements for the year ended 31 December 2019.

**THE BOARDS OF DIRECTORS AND MANAGEMENT**

The members of the Boards of Directors and Management of the Corporation who held office during the year and to the date of this report are as follows:

**Board of Directors**

Mr. Phan Thanh Tung	Chairman
Mr. Le Manh Cuong	Member
Mr. Do Quoc Hoan	Member
Mr. Luu Duc Hoang	Member
Mr. Nguyen Xuan Ngoc	Member
Mr. Pham Van Dung	Member (resigned on 1 February 2019)

**Board of Management**

Mr. Le Manh Cuong	President and Chief Executive Officer - ("CEO")
Mr. Nguyen Tran Toan	Vice President
Mr. Nguyen Huu Hai	Vice President
Mr. Ta Duc Tien	Vice President
Mr. Nguyen Xuan Cuong	Vice President
Mr. Tran Ho Bac	Vice President
Mr. Tran Viet Dung	Vice President (resigned on 15 June 2019)

**THE BOARD OF MANAGEMENT'S STATEMENT OF RESPONSIBILITY**

The Board of Management of the Corporation is responsible for preparing the consolidated financial statements, which give a true and fair view of the consolidated financial position of the Corporation as at 31 December 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to consolidated financial reporting. In preparing these consolidated financial statements, the Board of Management is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the consolidated financial statements;
- Prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Corporation will continue in business; and
- Design and implement an effective internal control system for the purpose of properly preparing and presenting the consolidated financial statements so as to minimise errors and frauds.

*Handwritten signature*



**PETROVIETNAM TECHNICAL SERVICES CORPORATION**

5<sup>th</sup> Floor, PetroVietnam Tower, No. 1-5 Le Duan Street  
District 1, Ho Chi Minh City, Vietnam

**STATEMENT OF THE BOARD OF MANAGEMENT (Continued)**

The Board of Management is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the consolidated financial position of the Corporation and that the consolidated financial statements comply with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to consolidated financial reporting. The Board of Management is also responsible for safeguarding the assets of the Corporation and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

The Board of Management confirms that the Corporation has complied with the above requirements in preparing these consolidated financial statements.

For and on behalf of the Board of Management,



**Le Manh Cuong**  
**President and CEO**

27 March 2020

Ho Chi Minh City, S.R. Vietnam



No.: 0561/VN1A-HC-BC

## INDEPENDENT AUDITORS' REPORT

**To: The Shareholders  
The Boards of Directors and Management  
PetroVietnam Technical Services Corporation**

We have audited the accompanying consolidated financial statements of PetroVietnam Technical Services Corporation (the "Parent Company") and its subsidiaries (the Parent Company and its subsidiaries are referred to as the "Corporation") prepared on 27 March 2020 as set out from page 4 to page 46, which comprise the consolidated balance sheet as at 31 December 2019, and the consolidated statement of income, and consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

### **Board of Management's Responsibility for the Consolidated Financial Statements**

The Board of Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to consolidated financial reporting and for such internal control as the Board of Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Corporation's preparation and fair presentation of the consolidated 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 Corporation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Management, as well as evaluating the overall presentation of the consolidated financial statements.

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

### **Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation as at 31 December 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to consolidated financial reporting.



**Le Dinh Tu**  
Audit Partner

Audit Practising Registration Certificate  
No. 0488-2018-001-1

**BRANCH OF DELOITTE VIETNAM  
COMPANY LIMITED**

27 March 2020  
Ho Chi Minh City, S.R. Vietnam

**Tran Hong Quan**  
Auditor

Audit Practising Registration Certificate  
No. 2758-2020-001-1

**CONSOLIDATED BALANCE SHEET**

As at 31 December 2019

Unit: VND

ASSETS	Codes	Notes	31/12/2019	31/12/2018
<b>A. CURRENT ASSETS</b>	<b>100</b>		<b>15,984,102,208,255</b>	<b>14,128,722,304,726</b>
<b>I. Cash and cash equivalents</b>	<b>110</b>	<b>4</b>	<b>6,949,116,096,040</b>	<b>6,310,817,196,759</b>
1. Cash	111		4,041,410,427,943	3,830,100,621,016
2. Cash equivalents	112		2,907,705,668,097	2,480,716,575,743
<b>II. Short-term financial investments</b>	<b>120</b>		<b>2,742,571,586,619</b>	<b>1,726,317,234,379</b>
1. Held-to-maturity investments	123	5	2,742,571,586,619	1,726,317,234,379
<b>III. Short-term receivables</b>	<b>130</b>		<b>4,627,034,139,321</b>	<b>5,006,452,431,908</b>
1. Short-term trade receivables	131	6	2,884,571,159,669	3,012,163,207,374
2. Short-term advances to suppliers	132		420,262,173,629	533,039,405,263
3. Receivables from construction contracts under percentage of completion method	134	7	181,447,480,986	258,412,474,685
4. Other short-term receivables	136	8	1,346,922,552,014	1,407,605,186,912
5. Provision for short-term doubtful debts	137	6,8	(206,169,226,977)	(204,767,842,326)
<b>IV. Inventories</b>	<b>140</b>	<b>9</b>	<b>1,269,256,728,673</b>	<b>493,935,853,853</b>
1. Inventories	141		1,272,164,712,524	498,130,207,014
2. Provision for devaluation of inventories	149		(2,907,983,851)	(4,194,353,161)
<b>V. Other short-term assets</b>	<b>150</b>		<b>396,123,657,602</b>	<b>591,199,587,827</b>
1. Short-term prepayments	151	10	35,357,728,480	48,922,358,543
2. Value added tax deductibles	152		318,218,883,243	271,875,818,178
3. Taxes and other receivables from the State budget	153	19	16,933,529,516	41,124,594,445
4. Other short-term assets	155	11	25,613,516,363	229,276,816,661
<b>B. NON-CURRENT ASSETS</b>	<b>200</b>		<b>10,019,865,324,289</b>	<b>8,960,746,293,518</b>
<b>I. Long-term receivables</b>	<b>210</b>		<b>164,206,818,984</b>	<b>31,753,609,257</b>
1. Long-term advances to suppliers	212		75,409,365,095	6,761,250,000
2. Other long-term receivables	216		88,797,453,889	24,992,359,257
<b>II. Fixed assets</b>	<b>220</b>		<b>3,176,899,751,007</b>	<b>2,633,626,166,672</b>
1. Tangible fixed assets	221	12	3,154,315,554,172	2,605,792,972,735
- Cost	222		11,482,964,370,282	10,564,933,603,474
- Accumulated depreciation	223		(8,328,648,816,110)	(7,959,140,630,739)
2. Intangible assets	227	13	22,584,196,835	27,833,193,937
- Cost	228		124,069,521,919	115,762,232,458
- Accumulated amortisation	229		(101,485,325,084)	(87,929,038,521)
<b>III. Investment property</b>	<b>230</b>	<b>14</b>	<b>183,336,048,339</b>	<b>188,071,320,195</b>
- Cost	231		229,280,786,454	229,280,786,454
- Accumulated depreciation	232		(45,944,738,115)	(41,209,466,259)
<b>IV. Long-term assets in progress</b>	<b>240</b>		<b>200,444,049,775</b>	<b>188,223,132,101</b>
1. Long-term work in progress	241		70,647,487,403	70,791,590,909
2. Construction in progress	242	15	129,796,562,372	117,431,541,192
<b>V. Long-term financial investments</b>	<b>250</b>		<b>5,207,640,104,309</b>	<b>4,905,469,815,692</b>
1. Investments in joint ventures, associates	252	16	5,180,369,727,790	4,880,579,699,433
2. Equity investments in other entities	253	17	51,030,000,000	51,030,000,000
3. Provision for impairment of long-term financial investments	254	17	(23,759,623,481)	(26,139,883,741)
<b>VI. Other long-term assets</b>	<b>260</b>		<b>1,087,338,551,875</b>	<b>1,013,602,249,601</b>
1. Long-term prepayments	261	10	569,879,030,649	552,355,528,679
2. Deferred tax assets	262	26	488,389,594,773	426,358,081,591
3. Long-term reserved spare parts	263		29,069,926,453	34,888,639,331
<b>TOTAL ASSETS (270=100+200)</b>	<b>270</b>		<b>26,003,967,532,544</b>	<b>23,089,468,598,244</b>


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

**CONSOLIDATED BALANCE SHEET (Continued)**

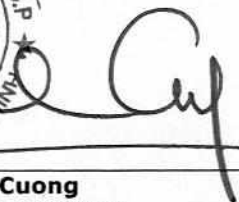
As at 31 December 2019

Unit: VND

RESOURCES	Codes	Notes	31/12/2019	31/12/2018
<b>C. LIABILITIES</b>	<b>300</b>		<b>13,219,703,953,202</b>	<b>10,384,221,970,582</b>
<b>I. Current liabilities</b>	<b>310</b>		<b>8,994,685,972,883</b>	<b>6,825,236,319,053</b>
1. Short-term trade payables	311	18	4,036,407,225,912	3,178,593,055,345
2. Short-term advances from customers	312		319,770,239,979	98,206,540,041
3. Taxes and amounts payable to the State budget	313	19	89,223,868,867	121,423,053,902
4. Payables to employees	314		576,062,919,264	614,075,376,435
5. Short-term accrued expenses	315	20	2,025,081,085,720	1,062,270,517,013
6. Payables relating to construction contracts under percentage of completion method	317	7	44,733,508,613	-
7. Short-term unearned revenue	318	25	58,983,517,052	64,105,515,483
8. Other current payables	319	21	603,475,946,267	625,757,198,324
9. Short-term loans and obligation under finance lease	320	22	771,273,458,439	721,241,129,887
10. Short-term provisions	321		153,180,406,643	155,487,912,290
11. Bonus and welfare funds	322		316,493,796,127	184,076,020,333
<b>II. Long-term liabilities</b>	<b>330</b>		<b>4,225,017,980,319</b>	<b>3,558,985,651,529</b>
1. Long-term advances from customers	332	24	976,563,803,527	842,272,559,787
2. Long-term accrued expenses	333		199,903,984	-
3. Long-term unearned revenue	336	25	266,714,395,089	303,875,199,421
4. Other long-term payables	337		193,469,385	193,485,885
5. Long-term loans and obligation under finance lease	338	23	584,273,712,046	192,809,024,510
6. Deferred tax liabilities	341	26	787,421,949,479	739,373,880,617
7. Long-term provisions	342	27	1,578,454,986,813	1,419,488,384,982
8. Scientific and technological development fund	343	28	31,195,759,996	60,973,116,327
<b>D. EQUITY</b>	<b>400</b>		<b>12,784,263,579,342</b>	<b>12,705,246,627,662</b>
<b>I. Owners' equity</b>	<b>410</b>	<b>29</b>	<b>12,784,263,579,342</b>	<b>12,705,246,627,662</b>
1. Owners' contributed capital	411		4,779,662,900,000	4,779,662,900,000
- Ordinary shares carrying voting rights	411a		4,779,662,900,000	4,779,662,900,000
2. Share premium	412		39,617,060,000	39,617,060,000
3. Foreign exchange reserve	417		409,506,565,762	459,726,593,502
4. Investment and development fund	418		2,984,495,208,487	2,767,344,942,049
5. Retained earnings	421		3,856,690,802,067	3,825,924,836,393
- Retained earnings accumulated to the prior year end	421a		3,021,694,016,160	2,789,081,026,847
- Retained earnings of the current year	421b		834,996,785,907	1,036,843,809,546
6. Non-controlling interests	429	31	714,291,043,026	832,970,295,718
<b>TOTAL RESOURCES (440=300+400)</b>	<b>440</b>		<b>26,003,967,532,544</b>	<b>23,089,468,598,244</b>

  
**Duong Thi Ngoc Quy**  
Preparer

  
**Nguyen Van Bao**  
Chief Accountant

  
**Le Manh Cuong**  
President and CEO  
27 March 2020  
Ho Chi Minh City, S.R. Vietnam



**CONSOLIDATED INCOME STATEMENT**



For the year ended 31 December 2019

Unit: VND

ITEMS	Codes	Notes	2019	2018
<b>1. Gross revenue from goods sold and services rendered</b>	01	33	17,050,071,971,020	14,638,123,531,381
2. Deductions	02		81,584,891,618	-
<b>3. Net revenue from goods sold and services rendered (10=01-02)</b>	<b>10</b>		<b>16,968,487,079,402</b>	<b>14,638,123,531,381</b>
4. Cost of goods sold and services rendered	11	34	16,070,972,203,124	13,519,381,857,358
<b>5. Gross profit (20=10-11)</b>	<b>20</b>		<b>897,514,876,278</b>	<b>1,118,741,674,023</b>
6. Financial income	21	36	320,202,914,604	505,847,889,475
7. Financial expenses	22	37	67,258,397,945	66,170,543,127
- In which: Interest expense	23		33,778,304,743	26,802,119,146
8. Income from joint ventures, associates	24	38	580,816,727,174	722,591,930,775
9. Selling expenses	25	39	107,848,793,598	101,505,997,558
10. General and administration expenses	26	39	649,409,286,872	644,550,741,070
<b>11. Operating profit (30=20+(21-22)+24-(25+26))</b>	<b>30</b>		<b>974,018,039,641</b>	<b>1,534,954,212,518</b>
12. Other income	31	40	425,202,760,701	88,610,319,675
13. Other expenses	32	40	295,963,496,670	647,230,542,856
<b>14. Profit/(loss) from other activities (40=31-32)</b>	<b>40</b>	<b>40</b>	<b>129,239,264,031</b>	<b>(58,620,223,181)</b>
<b>15. Profit before tax (50=30+40)</b>	<b>50</b>		<b>1,103,257,303,672</b>	<b>976,333,989,337</b>
16. Current corporate income tax expense	51	41	308,885,806,504	208,978,470,197
17. Deferred corporate income tax (income)/expense	52	26	(13,983,444,290)	194,238,889,815
<b>18. Profit after tax (60=50-51-52)</b>	<b>60</b>		<b>808,354,941,458</b>	<b>573,116,629,325</b>
19. Profit after tax of the Parent Company's shareholders	61		849,373,614,613	1,047,286,209,708
20. Loss after tax of non-controlling interests	62	31	(41,018,673,155)	(474,169,580,383)
<b>21. Basic earnings per share</b>	<b>70</b>	<b>42</b>	<b>1,602</b>	<b>2,010</b>

  
Duong Thi Ngoc Quy  
Preparer

  
Nguyen Van Bao  
Chief Accountant

  
  
Le Manh Cuong  
President and CEO  
27 March 2020  
Ho Chi Minh City, S.R. Vietnam




**CONSOLIDATED CASH FLOW STATEMENT**

For the year ended 31 December 2019


Unit: VND

ITEMS	Codes	2019	2018
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>1. Profit before tax</b>	<b>01</b>	<b>1,103,257,303,672</b>	<b>976,333,989,337</b>
<b>2. Adjustments for:</b>			
Depreciation and amortisation of fixed assets	02	478,318,947,150	567,235,843,332
Provisions	03	154,393,851,265	90,265,345,899
Foreign exchange loss/(gain) arising from translating foreign currency items	04	13,088,059,260	(1,638,788,962)
Gain from investing activities	05	(855,180,071,904)	(996,798,757,336)
Interest expense	06	33,778,304,743	26,802,119,146
Other adjustments (*)	07	173,885,943,967	620,052,642,845
<b>3. Operating profit before movements in working capital</b>	<b>08</b>	<b>1,101,542,338,153</b>	<b>1,282,252,394,261</b>
Changes in receivables	09	248,546,121,908	(951,710,857,642)
Changes in inventories	10	(768,071,689,126)	(30,055,167,091)
Changes in payables	11	1,890,756,252,653	227,953,310,171
Changes in prepaid expenses	12	(3,958,871,907)	43,383,539,725
Interest paid	14	(39,160,239,713)	(35,700,523,451)
Corporate income tax paid	15	(319,737,629,669)	(186,770,962,532)
Other cash outflows	17	(204,164,280,872)	(157,766,413,138)
<b>Net cash generated by operating activities</b>	<b>20</b>	<b>1,905,752,001,427</b>	<b>191,585,320,303</b>
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
1. Acquisition and construction of fixed assets	21	(766,054,883,764)	(354,533,533,639)
2. Proceeds from sale, disposal of fixed assets	22	5,008,105,062	2,234,501,151
3. Cash outflow for lending, buying debt instruments of other entities	23	(1,952,180,120,626)	(690,837,859,379)
4. Cash recovered from lending, selling debt instruments of other entities	24	935,514,070,946	1,348,310,201,552
5. Interest earned, dividends and profits received	27	471,892,806,151	770,079,420,871
<b>Net cash (used in)/generated by investing activities</b>	<b>30</b>	<b>(1,305,820,022,231)</b>	<b>1,075,252,730,556</b>
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
1. Proceeds from borrowings	33	553,762,009,368	33,818,367,606
2. Repayment of borrowings	34	(105,609,356,320)	(289,858,670,781)
3. Dividends paid	36	(396,628,604,964)	(508,774,941,875)
<b>Net cash generated by/(used in) financing activities</b>	<b>40</b>	<b>51,524,048,084</b>	<b>(764,815,245,050)</b>
<b>Net increase in cash (50=20+30+40)</b>	<b>50</b>	<b>651,456,027,280</b>	<b>502,022,805,809</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>60</b>	<b>6,310,817,196,759</b>	<b>5,761,373,378,462</b>
Effects of changes in foreign exchange rates	61	(13,157,127,999)	47,421,012,488
<b>Cash and cash equivalents at the end of the year (70=50+60+61)</b>	<b>70</b>	<b>6,949,116,096,040</b>	<b>6,310,817,196,759</b>

(\*) Include the loss from revaluation of assets as presented in Note 40

  
**Duong Thi Ngoc Quy**  
Preparer

  
**Nguyen Van Bao**  
Chief Accountant

  
  
**Le Manh Cuong**  
President and CEO  
27 March 2020  
Ho Chi Minh City, S.R. Vietnam

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

*These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements*

**1. GENERAL INFORMATION**

**Structure of ownership**

PetroVietnam Technical Services Corporation (the "Parent Company", the Parent Company and the subsidiaries are referred to as the "Corporation") was established under Enterprise Registration Certificate No. 0103015198 dated 29 December 2006 issued by the Department of Planning and Investment of Hanoi City and the amended Certificates issued by the Department of Planning and Investment of Ho Chi Minh City. The stocks of the Parent company have been listed in the Hanoi Stock Exchange on 20 September 2007 with the stock code of PVS. Vietnam Oil and Gas Group (the "Corporation") is the main shareholder and the holding company.

The number of the Corporation's employees as at 31 December 2019 was 7,549 (as at 31 December 2018: 7,538).

**Principal activities**

Supplying oil and gas services; Management, business and operation of the technology service vessels; Supplying port based services; Supplying ship services, tallying services and freight forwarding; Management, business and operation of the floating storage and offloading (FSO), floating production storage and offloading (FPSO); Management and implementation of marine engineering activities; Machining, assembly, fabrication of components, oil and gas equipment; Fabrication and installation of all types of petroleum storage tanks, liquefied gas pipelines and other types of oil and gas; Repair shipping vessels and the offshore oil and gas projects; Seismic survey services, geophysical and geological survey services, diving, and subsea services by using Remote operated vehicle (ROV) for oil and gas exploration, exploitation, production and industrial buildings, civil; Maintenance, repair, building and conversion of floating facilities; Export and import of equipment for oil and gas supplies; Production and supply of petroleum materials and equipment; Supply of petroleum specialized labour; Operation and maintenance of oil and gas exploitation projects; Supply hotels, housing, office services; Sales of petroleum products; Shipping agency services and maritime brokerage; Chartering, shipping brokerage, towage and salvage services; Manufacturing, trading of petroleum products, fertilizer and chemicals for agriculture (except chemicals banned by the Government).

**Normal production and business cycle**

The Corporation's normal production and business cycle is carried out for a time period of 12 months or less.

**The Corporation's structure**

Details of the Corporation's branches, subsidiaries, associates and joint ventures as at 31 December 2019 are as follows:

**Branches:**

- Branch of PetroVietnam Technical Services Corporation - PTSC Marine;
- Branch of PetroVietnam Technical Services Corporation - PTSC Supply Base;
- Branch of PetroVietnam Technical Services Corporation - PTSC Da Nang;
- Branch of PetroVietnam Technical Services Corporation - Engineering and Construction Division;
- Branch of PetroVietnam Technical Services Corporation - Long Phu Power Project Management Board;
- Branch of PetroVietnam Technical Services Corporation - Quang Binh General Petroleum Services Port;
- Branch of PetroVietnam Technical Services Corporation - PTSC Hanoi (deactivated on 30 October 2019).

**Representative Office:**

- Representative Office of PetroVietnam Technical Services Corporation at Hanoi (opened on 30 October 2019).



**PETROVIETNAM TECHNICAL SERVICES CORPORATION  
NOTES TO THE CONSOLIDATE FINANCIAL STATEMENTS (Continued)**

**FORM B 09-DN/HN**

Name	Place of incorporation and operation	Proportion of ownership interest (%)	Proportion of voting power held (%)	Principal activities
<b>Subsidiaries</b>				
PTSC Geos and Subsea Services Company Limited	Vietnam	100.00	100.00	Seismic survey, Geo survey and Subsea services
PTSC Mechanical and Construction Services Company Limited	Vietnam	100.00	100.00	Construction in oil and gas field
PTSC CCGV Geophysical Survey Company Limited (*)	Vietnam	51.00	51.00	2D and 3D seismic data acquisition service
Petro Hotel Company Limited	Vietnam	100.00	100.00	Hotel services
PTSC Offshore Services Joint Stock Company	Vietnam	84.95	84.95	Operation and maintenance of oil and gas projects
PTSC Quang Ngai Joint Stock Company	Vietnam	95.19	95.19	Oil and gas services
PTSC Thanh Hoa Port Joint Stock Company	Vietnam	54.69	54.69	Supply base services
Dinh Vu Petroleum Services Port Joint Stock Company	Vietnam	51.00	51.00	Supply base services
PTSC Production Services Joint Stock Company	Vietnam	51.00	51.00	FPSO/FSO services
PTSC Phu My Port Joint Stock Company	Vietnam	59.61	59.61	Supply base services
PetroVietnam Security Joint Stock Company	Vietnam	51.00	51.00	Security services
Sao Mai - Ben Dinh Petroleum Investment Joint Stock Company	Vietnam	51.00	51.00	Supply base service
PTSC Labuan Company Limited	Malaysia	100.00	100.00	Marine services

(\*) As at the reporting date, PTSC CCGV Geophysical Survey Company Limited, a subsidiary of the Corporation has stopped its operation and has been carrying out necessary procedures to dissolve in accordance with official approved documents from authorities and the Resolution of the Corporation's Board of Directors. As a result, the management of PTSC CCGV has made assessment and decided to prepare the financial statements for the year ended 31 December 2019 in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting applicable for enterprises does not satisfy the requirement of a going concern.

**PETROVIETNAM TECHNICAL SERVICES CORPORATION  
NOTES TO THE CONSOLIDATE FINANCIAL STATEMENTS (Continued)**

**FORM B 09-DN/HN**

Name	Place of incorporation and operation	Proportion of ownership interest (%)	Proportion of voting power held (%)	Principal activities
<b>Associates, Joint Ventures</b>				
Rong Doi MV12 Private Limited	Singapore	33.00	33.00	FSO services
Malaysia Vietnam Offshore Terminal (Labuan) Limited	Malaysia	49.00	50.00	FSO services
Vietnam Offshore Floating Terminal (Ruby) Limited	Malaysia	60.00	50.00	FPSO services
PTSC South East Asia Private Limited	Singapore	51.00	50.00	FSO services
PTSC Asia Pacific Private Limited	Singapore	51.00	50.00	FPSO services
PetroVietnam Marine Shipyard Joint Stock Company	Vietnam	28.75	28.75	Building, installation of oil construction
Thi Vai General Port Joint Stock Company	Vietnam	21.46	36.00	Supply base services

**Disclosure of information comparability in the consolidated financial statements**

Comparative figures are the figures of the audited consolidated financial statements for the year ended 31 December 2018.



**2. ACCOUNTING CONVENTION AND FINANCIAL YEAR**

**Accounting convention**

The accompanying consolidated financial statements, expressed in Vietnam Dong ("VND"), are prepared under the historical cost convention and in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to consolidated financial reporting.

The consolidated financial statements of the Corporation and the financial statements of its subsidiaries for the year ended 31 December 2019 are prepared on a going concern basis except for PTSC CGGV Geophysical Survey Company Limited, a subsidiary of the Corporation, whose financial statements are prepared on a non - going concern basis as mentioned in Note 1.

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

**Financial year**

The Corporation's financial year begins on 1 January and ends on 31 December.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies, which have been adopted by the Corporation in the preparation of these consolidated financial statements, are as follows:

**Estimates**

The preparation of consolidated financial statements in conformity with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to consolidated financial reporting requires the Board of Management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the financial year. Although these accounting estimates are based on the management's best knowledge, actual results may differ from those estimates.

**Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Parent Company and enterprises controlled by the Parent Company (its subsidiaries) up to 31 December each year. Control is achieved where the Parent Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Parent Company. Intragroup transactions and balances are eliminated in full on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Parent Company's ownership interests in them. Non-controlling interests consist of the amount of those non-controlling interests at the date of the original business combination and the non-controlling interests' share of changes in equity since the date of the combination. Losses in subsidiaries are respectively attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

**Business combinations**

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired is credited to profit and loss in the period of acquisition.

The non-controlling interests are initially measured at the non-controlling shareholders' proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.



### **Investments in associates**

An associate is an entity over which the Corporation has significant influence and that is neither a subsidiary nor an interest in joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Interests in associates are carried in the consolidated balance sheet at cost as adjusted by post-acquisition changes in the Corporation's share of the net assets of the associate. Losses of an associate in excess of the Corporation's interest in that associate (which includes any long-term interests that, in substance, form part of the Corporation's net investment in the associate) are not recognised.

Where the associate applies different accounting policies to the Corporation for similar transactions and events arising in similar cases, when using the financial statements of the associate, the Corporation does make appropriate adjustments to equity method of accounting.

Where a group entity transacts with an associate of the Corporation, unrealised profits and losses are eliminated to the extent of the Corporation's interest in the relevant associate.

### **Investments in joint ventures**

A joint venture is a contractual arrangement whereby the Parent Company and other parties undertake an economic activity that is subject to joint control, i.e., the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control.

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities. The Parent Company reports its interests in jointly controlled entities using the equity method of accounting. Accordingly, the joint venture is presented in consolidated balance sheet at cost and adjusted for changes in share capital of the Parent Company in the net assets of the joint venture after the date of capital contribution in the joint venture company.

Where the joint venture applies different accounting policies to the Corporation for similar transactions and events arising in similar cases, when using the financial statements of the joint venture, the Corporation does make appropriate adjustments to equity method of accounting.

Losses of an joint venture in excess of the Corporation's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Corporation's net investment in the joint venture) are not recognised.

### **Financial instruments**

#### ***Initial recognition***

*Financial assets:* At the date of initial recognition, financial assets are recognized at cost plus transaction costs that are directly attributable to the acquisition of the financial assets. Financial assets of the Corporation comprise cash, cash equivalents, trade and other receivables, financial investments.

*Financial liabilities:* At the date of initial recognition financial liabilities are recognized at cost plus transaction costs that are directly attributable to the issue of the financial liabilities. Financial liabilities of the Corporation comprise trade and other payables, accrued expenses, provisions, borrowings.

#### ***Subsequent measurement after initial recognition***

Currently, there are no requirements for the subsequent measurement of the financial instruments after initial recognition.

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, cash in bank and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.



**Financial investments**

*Held-to-maturity investments*

Held-to-maturity investments comprise investments that the Corporation has the positive intent or ability to hold to maturity, including term deposits, loans held to maturity to earn periodic interest and other held-to-maturity investments.

Held-to-maturity investments are recognised on a trade date basis and are initially measured at acquisition price plus directly attributable transaction costs. Post-acquisition interest income from held-to-maturity investments is recognised in the income statement on accrual basis. Pre-acquisition interest is deducted from the cost of such investments at the acquisition date.

Held-to-maturity investments are measured at cost less provision for doubtful debts. Provision for doubtful debts relating to held-to-maturity investments is made in accordance with prevailing accounting regulations.

*Equity investments in other entities*

Equity investments in other entities represent the Corporation's investments in ordinary shares of the entities over which the Corporation has no control, joint control, or significant influence.

Equity investments in other entities are carried at cost less provision for impairment.

*Provision for impairment of investments*

Long-term investments are initially recognized at cost. The Company's share of the net profit of the investee after acquisition is recognized in the income statement. Other distributions received other than such profit share are deducted from the cost of the investments as recoverable amounts.

Long-term investments are carried in the consolidated balance sheet at cost less provision for impairment of such investments (if any). Provisions for impairment of long-term investments are made in accordance with current accounting regulation and the Corporation's accounting policy.

**Receivables**

Receivables represent the amounts recoverable from customers or other debtors and are stated at book value less provision for doubtful debts.

Provision for doubtful debts is made for receivables that are overdue for six months or more or when the debtor is in dissolution, in bankruptcy, or is experiencing similar difficulties and so may be unable to repay the debt.

**Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and where applicable, direct labour costs and those overhead expenses that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

The provision for devaluation of inventories is made in accordance with current prevailing accounting regulations. Accordingly, provisions are made for obsolete, damaged, or sub-standard inventories and for those which have costs higher than net realisable values as at the balance sheet date.

**Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less accumulated depreciation. The costs of purchased tangible fixed assets comprise their purchase prices and any directly attributable costs of bringing the assets to their working conditions and locations for their intended use. The costs of tangible fixed assets formed from construction investment by contractual mode or self-construction or self-generating process are the settled costs of the invested construction projects in accordance with the prevailing State's regulations on investment and construction management, directly-related expenses and registration fee (if any). In the event the construction project has been completed and put into use but the settled costs thereof have not been approved, the cost of tangible fixed assets is recognised at the estimated cost based on the actual cost incurred.



The estimated cost will be adjusted according to the settled costs approved by competent authorities. Tangible fixed assets are depreciated using the straight-line method over the estimated useful lives as follows:

	<u>Years</u>
Buildings and structures	03 - 45
Machinery and equipment	03 - 07
Transportation vehicles	06 - 12
Office equipment and others	03 - 05

Loss or gain resulting from sales and disposals of tangible fixed assets is the difference between profit from sales or disposals of assets and their residual values and is recognised in the consolidated income statement.

#### **Intangible assets and amortisation**

Intangible assets represent land use rights and computer software that are stated at cost less accumulated amortisation. Land use rights with indefinite duration are not amortised according to current regulations. Computer software is amortised within 3 years.

#### **Investment properties**

Investment properties, which are composed of infrastructures held by the Corporation to earn rentals or for capital appreciation, are stated at cost less accumulated depreciation. The cost of purchased investment properties comprises its purchase price and any directly attributable expenditures, such as professional fees for legal services, property transfer taxes and other related transaction costs. The costs of self-constructed investment properties are the finally accounted construction or directly attributable costs of the properties.

Investment properties are depreciated using the straight-line method over the lease term.

#### **Construction in progress**

Properties in the course of construction for production, rental or administrative purposes or for other purposes are carried at cost. The cost includes any costs that are necessary to form the asset including construction cost, equipment cost, interest expenses and other directly attributable costs in accordance with the Corporation's accounting policy. In the event of the construction project has been completed and put into use, these expenses will be capitalized to the cost of tangible fixed assets at the estimated cost based on the actual cost incurred (in case the settled costs have not been approved).

According to the State's regulations on investment and construction management, the settled costs of completed construction projects are subject to approval by appropriate levels of competent authorities. The final costs of these completed construction projects may vary depending on the final approval by competent authorities.

#### **Prepayments**

Prepayments are expenses which have already been paid but relate to results of operations of multiple accounting periods. Long-term prepayments consist of land use rights, prepaid land rentals, office rentals and other long-term prepayments.

Land rentals are allocated over their useful lives. Land use rights are amortized to the consolidated income statement using straight-line method over the right to use the lands.

The office rental at PetroVietnam Tower No. 1-5 Le Duan Street, District 1, Ho Chi Minh City is from October 2010, over 50 years. The Corporation allocates this rental to the consolidated income statement pursuant to the lease term.

The cost of site clearance at Son Tra Port is allocated to the consolidated income statement over the remaining lease term within the duration of 42 years since December 2015.

Other long-term prepayments comprise tools and supplies which are expected to provide future economic benefits to the Corporation for one year or more. Other long-term prepayments are charged to the consolidated income statement using straight-line method over from 2 to 6 years.

#### **Payable provisions**

Payable provisions are recognised when the Corporation has a present obligation as a result of a past event, and it is probable that the Corporation will be required to settle that obligation.

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Provisions are measured at the management's best estimate of the expenditure required to settle the obligation as at the balance sheet date.

Provisions for periodic vessel overhaul are recognized annually based on the approved budget cost until the year when the overhaul is expected to occur. In the year when the overhaul occurs, if the actual overhaul cost is greater than the approved budget cost or vice versa, the difference is recorded in the consolidated income statement of respective financial year.

### **Leasing**

Leases where substantially all the rewards and risks of ownership of assets remain with the leasing company are accounted for as operating leases.

#### The Corporation as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

#### The Corporation as lessee

Rentals payable under operating leases are charged to the consolidated income statement on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also recognized on a straight-line basis over the lease term.

### **Revenue recognition**

Revenue from the sale of goods is recognised when all five (5) following conditions are satisfied:

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

Revenue of a transaction involving the rendering of services is recognised when the outcome of such transactions can be measured reliably. Where a transaction involving the rendering of services is attributable to several years, revenue is recognised in each year by reference to the percentage of completion of the transaction at the balance sheet date of that year. The outcome of a transaction can be measured reliably when all four (4) following conditions are satisfied:

- (a) the amount of revenue can be measured reliably;
- (b) it is probable that the economic benefits associated with the transaction will flow to the Corporation;
- (c) the percentage of completion of the transaction at the balance sheet date can be measured reliably; and
- (d) the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the applicable interest rate. Dividend income from investments is recognised when the Corporation's right to receive payment has been established (excluding investments in subsidiaries, associates, joint ventures).

### **Construction contracts**

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date as measured by the proportion that contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.



Where a construction contract stipulates that the contractor is allowed to make payments according to the value of performed work volume, and when the contract performance result is reliably determined and certified by customers, the revenues and costs related to such contract shall be recognized by reference to the completed work volume certified by the customers in the year and reflected in the billed invoices.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable of recovery.

#### **Foreign currencies**

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction date. The balances of monetary items denominated in foreign currencies as at the balance sheet date are retranslated at the exchange rates on the same date. Exchange differences are recognised in the consolidated income statement.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Corporation's foreign operations (including comparatives) are translated to reporting currency using exchange rates prevailing on the balance sheet date. Income and expense items (including comparatives) are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during that year, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Corporation's foreign exchange difference. Such translation differences are recognised in profit or loss in the year in which the foreign operation is disposed of.

#### **Borrowing costs**

Borrowing costs are recognised in the consolidated income statement in the year when incurred unless they are capitalised in accordance with Vietnamese Accounting Standard No. 16 "Borrowing costs". Accordingly, borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the cost of those assets. For specific borrowings for the purpose of construction of fixed assets and investment properties, borrowing costs are capitalised even when the construction period is under 12 months.

#### **Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable income for the year. Taxable income differs from profit before tax as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years (including loss carried forward, if any) and it further excludes items that are never taxable or deductible.

Deferred tax is recognised on significant differences between carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using balance sheet liability method. Deferred tax liabilities are generally recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Corporation intends to settle its current tax assets and liabilities on a net basis.

The determination of the tax currently payable is based on the current interpretation of tax regulations. However, these regulations are subject to periodic variation and their ultimate determination depends on the results of the tax authorities' examinations.

Other taxes are paid in accordance with the prevailing tax laws in Vietnam.

**Related parties**

Parties are considered to be related parties of the Corporation 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 when the Corporation and the other party are subject to common control or common significant influence. Related parties may be companies or individuals, including close family members of individuals considered to be related.

**Profit distribution**

The Corporation distributes its retaining earning in prior year in accordance with the Resolution of General Meeting of Shareholders. The procedures and schedules for dividend payment to its shareholders are carried out in accordance with the Law on Enterprises and legal prevailing regulations.

**4. CASH AND CASH EQUIVALENTS**

	<u>31/12/2019</u>	<u>31/12/2018</u>
	VND	VND
Cash on hand	8,910,843,705	32,131,265,932
Cash in bank	4,032,121,909,874	3,797,580,063,393
Cash in transit	377,674,364	389,291,691
Cash equivalents	<u>2,907,705,668,097</u>	<u>2,480,716,575,743</u>
	<b><u>6,949,116,096,040</u></b>	<b><u>6,310,817,196,759</u></b>

Cash equivalents as at 31 December 2019 represent time deposits in local commercial banks with the term no more than 3 months and interest rates from 4.3% to 5.5% per annum (as at 31 December 2018: interest rates from 4.1% to 5.4% per annum).

**5. HELD-TO-MATURITY INVESTMENTS**

Held-to-maturity investments represent deposits with the terms more than 3 months but no more than 12 months in commercial banks with interest rates ranging from 5.1% to 7.5% per annum (as at 31 December 2018: interest rates from 4.1% to 6.7% per annum).

**6. SHORT-TERM TRADE RECEIVABLES**

	<u>31/12/2019</u>	<u>31/12/2018</u>
	VND	VND
PetroVietnam Exploration Production Corporation	824,573,552,189	611,036,865,916
PetroVietnam Gas Joint Stock Corporation	188,356,913,942	108,607,467,566
Idemitsu Gas Production Office (Vietnam) Co., Ltd. in Ho Chi Minh City	183,292,955,010	147,572,958,264
Nghi Son Refinery And Petrochemical LLC	128,066,964,583	91,356,899,583
Vietnam Offshore Floating Terminal (Ruby) Limited	127,037,356,446	152,911,936,704
PetroVietnam Long Phu 1 Power Project Management Board	126,037,622,810	111,331,999,583
Bien Dong Petroleum Operating Company	111,249,988,558	183,126,994,082
PetroVietnam Domestic Exploration Production Operating Company Limited	73,144,224,118	127,779,145,187
GE Power Systems Co., Ltd	46,501,600,098	154,234,993
Malaysia Vietnam Offshore Terminal (Labuan) Limited	43,653,842,715	17,727,280,205
Nghi Son Refining and Petrochemical Project Management Board	37,203,110,659	37,203,110,659
PetroVietnam Fertilizer and Chemicals Corporation	36,294,484,493	71,678,401,440
Binh Son Refining and Petrochemical JSC	33,461,128,184	58,530,739,993
Cuu Long Joint Operating Company	30,775,906,230	122,181,834,198
Others	894,921,509,634	1,170,963,339,001
	<b><u>2,884,571,159,669</u></b>	<b><u>3,012,163,207,374</u></b>

The significant balances of trade receivables from the related parties are presented in Note 45.



Details of provision for doubtful debts by ageing as below:

	31/12/2019		31/12/2018	
	Amount	Provision	Amount	Provision
	VND	VND	VND	VND
<b>Short-term trade receivables</b>				
Under 6 months	2,595,331,896,852	-	2,722,639,093,563	-
From 6 months to under 1 year	36,969,380,434	11,090,814,130	67,115,896,914	20,134,769,074
From 1 year to under 2 years	108,726,980,002	54,363,490,001	41,376,014,673	20,688,007,337
From 2 years to under 3 years	19,421,895,913	13,595,327,139	64,816,027,199	45,371,219,039
3 years and above	124,121,006,468	124,121,006,468	116,216,175,025	116,216,175,025
	<b>2,884,571,159,669</b>	<b>203,170,637,738</b>	<b>3,012,163,207,374</b>	<b>202,410,170,475</b>

**7. RECEIVABLES FROM AND PAYABLES RELATING TO CONSTRUCTION CONTRACTS UNDER PERCENTAGE OF COMPLETION METHOD**

	31/12/2019 VND	31/12/2018 VND
<b>Contracts in progress as at the balance sheet date:</b>		
Receivables from construction contracts under percentage of completion method	181,447,480,986	258,412,474,685
Payables relating to construction contracts under percentage of completion method	(44,733,508,613)	-
	<b>136,713,972,373</b>	<b>258,412,474,685</b>
<b>Details are as follows:</b>		
Contract costs incurred plus recognised profits less recognised losses	4,144,127,835,343	3,765,771,611,912
Less: progress billings	(4,007,413,862,970)	(3,507,359,137,227)
	<b>136,713,972,373</b>	<b>258,412,474,685</b>

**8. OTHER SHORT-TERM RECEIVABLES**

	31/12/2019 VND	31/12/2018 VND
PetroVietnam Exploration Production Corporation (i)	718,475,815,796	20,553,500,102
Long Phu 1 Power Plant Project Management Board (ii)	63,307,769,655	210,752,827,234
Nghi Son Refinery And Petrochemical LLC (iii)	81,892,748,963	89,241,471,816
Time deposit interest	70,847,675,886	42,554,142,369
Vietnam Oil and Gas Group (iv)	57,744,327,344	47,256,963,954
Malaysia Vietnam Offshore Terminal (Labuan) Limited	41,515,071,906	914,622,500
Value added tax not yet deductible	40,404,655,266	29,118,842,032
Mitra Energy (Vietnam Nam Du) Pte., Ltd.	34,725,000,000	-
Vietsovetro Joint Venture	24,555,901,409	3,412,254,546
Pledges, deposits	20,704,967,500	57,325,138,784
PTSC Asia Pacific Private Limited	20,683,587,643	-
Guarantee deposit at BNP Paribas	-	740,320,000,000
Others	172,065,030,646	166,155,423,575
	<b>1,346,922,552,014</b>	<b>1,407,605,186,912</b>

- (i) Receivables from PetroVietnam Exploration and Production Corporation represent accrued charter revenue and operation & maintenance services for FPSO Lam Son vessel.
- (ii) Receivable from Long Phu 1 Power Plant Project Management Board includes the accrued revenue based on the certification of completed work volume relating to Long Phu 1 Power Plant project.
- (iii) Receivables from Nghi Son Refinery And Petrochemical LLC represents the accrued revenue of repairing electricity generator number 1 at Nghi Son Refinery And Petrochemicals and other receivables.
- (iv) Receivables from Vietnam Oil and Gas Group represent the accrued revenue relating to services provided that belong to PVN15 project and others receivables.



Details of provision for doubtful debts by ageing are as below:

	31/12/2019		31/12/2018	
	Amount	Provision	Amount	Provision
	VND	VND	VND	VND
<b>Other short-term receivables</b>				
Under 6 months	1,342,540,444,672	-	1,403,716,343,113	-
From 6 months to under 1 year	540,363,600	162,109,080	807,338,487	242,201,546
From 1 year to under 2 years	1,281,396,589	640,698,295	1,245,944,700	622,972,350
From 2 years to under 3 years	1,215,217,630	850,652,341	1,143,542,190	800,479,533
3 years and above	1,345,129,523	1,345,129,523	692,018,422	692,018,422
	<b>1,346,922,552,014</b>	<b>2,998,589,239</b>	<b>1,407,605,186,912</b>	<b>2,357,671,851</b>

**9. INVENTORIES**

	31/12/2019		31/12/2018	
	Cost	Provision	Cost	Provision
	VND	VND	VND	VND
Goods in transit	145,001,412,833	-	-	-
Raw materials	645,233,525,295	(2,907,983,851)	193,266,473,279	(4,194,353,161)
Tools and supplies	44,802,122,661	-	38,928,921,784	-
Work in progress	433,421,270,511	-	264,405,104,977	-
Merchandise	3,706,381,224	-	1,529,706,974	-
	<b>1,272,164,712,524</b>	<b>(2,907,983,851)</b>	<b>498,130,207,014</b>	<b>(4,194,353,161)</b>

In 2019, the Corporation reversed provision for devaluation of inventories with the amount of VND 1,286,369,310 (in 2018: VND 261,272,778).

**10. PREPAYMENTS**

	31/12/2019	31/12/2018
	VND	VND
<b>a. Short-term</b>		
Spare parts expense of Binh Minh 02 vessel and CGG Amadeus vessel	-	23,765,915,747
Other short-term prepayments	35,357,728,480	25,156,442,796
	<b>35,357,728,480</b>	<b>48,922,358,543</b>
<b>b. Long-term</b>		
Office rental at No. 1-5 Le Duan Street	284,102,452,875	291,074,610,274
Land rental in Dinh Vu Economic Zone	105,345,818,711	109,199,934,035
Site clearance cost at Son Tra Harbour	95,090,338,879	97,578,459,163
Other long-term prepayments	85,340,420,184	54,502,525,207
	<b>569,879,030,649</b>	<b>552,355,528,679</b>

**11. OTHER SHORT-TERM ASSETS**

As disclosed in Note 2 above, the financial statements of PTSC CGGV for the year ended 31 December 2019 and 2018 are prepared on a non-going concern basis, therefore, the assets of PTSC CGGV are revaluated and recognized at the net realizable value. As at 31 December 2019, the net realizable value of PTSC CGGV's assets is VND 25,613,516,364 (as at 31 December 2018: VND 229,276,816,661) classified as other short-term assets in the Consolidated Balance Sheet.

12. TANGIBLE FIXED ASSETS

	Buildings and structures VND	Machinery and equipment VND	Transportation vehicles VND	Office equipments VND	Others VND	Total VND
<b>COST</b>						
As at 01/01/2019	3,398,362,905,862	2,057,604,092,952	4,815,243,646,936	185,181,642,409	108,541,315,315	10,564,933,603,474
Additions	8,753,718,307	189,270,842,431	777,190,808,595	8,190,372,818	4,797,529,303	988,203,271,454
Transfer from construction in progress	6,206,872,407	-	13,133,554,587	-	653,250,008	19,993,677,002
Other increases	202,499,745	-	20,438,182,000	-	-	20,640,681,745
Disposal	-	(11,817,787,755)	(73,619,162,087)	(4,160,389,931)	-	(89,597,339,773)
Other decreases	-	(21,021,243,620)	-	(188,280,000)	-	(21,209,523,620)
<b>As at 31/12/2019</b>	<b>3,413,525,996,321</b>	<b>2,214,035,904,008</b>	<b>5,552,387,030,031</b>	<b>189,023,345,296</b>	<b>113,992,094,626</b>	<b>11,482,964,370,282</b>
<b>ACCUMULATED DEPRECIATION</b>						
As at 01/01/2019	2,106,606,093,493	1,416,989,985,832	4,255,265,845,513	154,738,269,322	25,540,436,579	7,959,140,630,739
Charge for the year	127,723,227,053	144,471,063,049	163,400,380,268	17,594,073,701	6,650,636,415	459,839,380,486
Other increases	-	-	567,727,281	-	-	567,727,281
Disposal	-	(11,780,301,474)	(73,619,162,087)	(4,160,389,931)	-	(89,559,853,492)
Others decreases	-	(1,150,788,901)	-	(188,280,003)	-	(1,339,068,904)
<b>As at 31/12/2019</b>	<b>2,234,329,320,546</b>	<b>1,548,529,958,506</b>	<b>4,345,614,790,975</b>	<b>167,983,673,089</b>	<b>32,191,072,994</b>	<b>8,328,648,816,110</b>
<b>NET BOOK VALUE</b>						
<b>As at 01/01/2019</b>	<b>1,291,756,812,369</b>	<b>640,614,107,120</b>	<b>559,977,801,423</b>	<b>30,443,373,087</b>	<b>83,000,878,736</b>	<b>2,605,792,972,735</b>
<b>As at 31/12/2019</b>	<b>1,179,196,675,775</b>	<b>665,505,945,502</b>	<b>1,206,772,239,056</b>	<b>21,039,672,207</b>	<b>81,801,021,632</b>	<b>3,154,315,554,172</b>

As stated in Note 23, the Corporation pledged its tangible fixed assets which were formed from the loans with the cost of VND 1,442 billion as at 31 December 2019 (as at 31 December 2018: VND 1,179 billion) to secure banking facilities granted to the Corporation. The cost of the Corporation's tangible fixed assets includes VND 5,716 billion of fixed assets as at 31 December 2019 (as at 31 December 2018: VND 5,467 billion) which have been fully depreciated but are still in use.



13. INTANGIBLE ASSETS

	Land use rights VND	Computer software VND	Others VND	Total VND
<b>COST</b>				
As at 01/01/2019	1,310,220,000	112,612,750,744	1,839,261,714	115,762,232,458
Purchase in the year	-	8,439,301,829	-	8,439,301,829
Construction in progress	-	150,000,000	-	150,000,000
Disposal	-	(282,012,368)	-	(282,012,368)
<b>As at 31/12/2019</b>	<b><u>1,310,220,000</u></b>	<b><u>120,920,040,205</u></b>	<b><u>1,839,261,714</u></b>	<b><u>124,069,521,919</u></b>
<b>ACCUMULATED AMORTISATION</b>				
As at 01/01/2019	-	86,577,443,477	1,351,595,044	87,929,038,521
Charge for the year	-	13,465,628,147	278,666,664	13,744,294,811
Disposal	-	(188,008,248)	-	(188,008,248)
<b>As at 31/12/2019</b>	<b>-</b>	<b><u>99,855,063,376</u></b>	<b><u>1,630,261,708</u></b>	<b><u>101,485,325,084</u></b>
<b>NET BOOK VALUE</b>				
<b>As at 01/01/2019</b>	<b><u>1,310,220,000</u></b>	<b><u>26,035,307,267</u></b>	<b><u>487,666,670</u></b>	<b><u>27,833,193,937</u></b>
<b>As at 31/12/2019</b>	<b><u>1,310,220,000</u></b>	<b><u>21,064,976,829</u></b>	<b><u>209,000,006</u></b>	<b><u>22,584,196,835</u></b>

The cost of the Corporation's intangible fixed assets includes VND 73,831,836,194 of fixed assets as at 31 December 2019 (as at 31 December 2018: VND 71,927,060,726 billion) which have been fully depreciated but are still in use.

14. INVESTMENT PROPERTY

	Infrastructure VND
<b>COST</b>	
As at 31/12/2018 and 31/12/2019	<u>229,280,786,454</u>
<b>ACCUMULATED DEPRECIATION</b>	
As at 1/1/2019	41,209,466,259
Charge for the year	4,735,271,856
<b>As at 31/12/2019</b>	<b><u>45,944,738,115</u></b>
<b>NET BOOK VALUE</b>	
<b>As at 01/01/2019</b>	<b><u>188,071,320,195</u></b>
<b>As at 31/12/2019</b>	<b><u>183,336,048,339</u></b>

Details of investment property cost are as follows:

	31/12/2019 VND
39.8 hectare - infrastructure project (i)	131,881,668,267
23 hectare - infrastructure project (ii)	97,399,118,187
	<b><u>229,280,786,454</u></b>

- (i) This investment property is depreciated using the straight-line method over the lease term of 48 years.
- (ii) This investment property is depreciated using the straight-line method over 49 years. According to VAS No. 05 - Investment Properties, fair value of investment property as at balance sheet date is required to be disclosed. However, the Corporation did not disclose the fair value as the investment properties have been kept and leased for long term and the Corporation has no intention of transferring them in the near future.

15. CONSTRUCTION IN PROGRESS

	31/12/2019	31/12/2018
	VND	VND
Expansion of Dinh Vu Wharf project	70,100,127,026	65,678,868,793
Construction of marine service base at Quang Ngai	23,961,373,784	3,885,675,791
Construction of marine service base at Sao Mai - Ben Dinh	16,168,416,172	16,450,644,162
Ship building project for Nghi Son Petrochemical Refinery Plant	-	14,823,092,735
Others	19,566,645,390	16,593,259,711
	<b><u>129,796,562,372</u></b>	<b><u>117,431,541,192</u></b>

16. INVESTMENTS IN JOINT VENTURES, ASSOCIATES

	31/12/2019	31/12/2018
	VND	VND
Cost of investments in joint ventures, associates	1,624,677,039,235	2,479,809,740,787
<b>Net income from associates, joint ventures:</b>		
Accumulated in prior years	3,255,902,660,198	3,204,448,651,370
Income from associates, joint ventures during the year	580,816,727,174	722,591,930,775
Less: Reduction of charter capital	-	(855,132,701,552)
Less: Dividend received	(230,831,100,000)	(350,953,050,000)
Exchange rate differences adjustment from translating the financial statements	(50,195,598,817)	(320,184,871,947)
	<b><u>5,180,369,727,790</u></b>	<b><u>4,880,579,699,433</u></b>

Details of these associates, joint ventures as at 31 December 2019 are as follows:

Name of entity	Location	Proportion of ownership interest %		Principal activity
		Per Investment Certificate	Per actual contribution	
Rong Doi MV12 Private Limited (i)	Singapore	33.00	33.00	FSO services
Malaysia Vietnam Offshore Terminal (Labuan) Limited (ii)	Malaysia	49.00	49.00	FSO services
Vietnam Offshore Floating Terminal (Ruby) Limited (iii)	Malaysia	60.00	60.00	FPSO services
PTSC South East Asia Private Limited (iv)	Singapore	51.00	51.00	FSO services
PTSC Asia Pacific Private Limited (v)	Singapore	51.00	51.00	FPSO services
PetroVietnam Marine Shipyard Joint Stock Company (vi)	Vietnam	28.75	28.75	Building, installation of oil construction
Thi Vai General Port Joint Stock Company (vii)	Vietnam	21.46	21.46	Supply base services

(i) Rong Doi MV12 Private Limited is a jointly controlled venture company established between the Company and its partners (Modec, Inc., and Mitsui Co., Ltd. Both Modec, Inc. and Mitsui Co., Ltd are incorporated in Japan) in 2006 to invest in FSO "MV 12" with the capacity of 300,000 barrels of oil, is operating at Rong Doi field for Korea National Oil Corporation ("KNOC") from 2007. As at 31 December 2019, the Corporation's capital contribution in Rong Doi MV12 Private Limited is USD 6,600, equivalent to VND 106,022,400.

(ii) Malaysia Vietnam Offshore Terminal (Labuan) Limited ("MVOT") is a jointly controlled venture company established between the Company and its partner, Malaysia International Shipping Corporation Berhard in 2009 to invest in FSO "Orkid" with the capacity of 650,000 barrels of oil for Talisman Malaysia Limited to rent within 10 years. In 2018, MVOT signed a contract appendix with leaser about extension of lease period from 01 January 2018 to 31 December 2027. As at 31 December 2019, the Corporation's capital contribution in MVOT is USD 17,258,911, equivalent to VND 292,324,455,887.



- (iii) Vietnam Offshore Floating Terminal (Ruby) Limited ("VOFT") is a jointly controlled venture company established by the Company and its partner, Malaysia International Shipping Corporation Berhad from 2009, in which, the Company owns 60% of the charter capital to own, manage and operate the FPSO "Ruby II" for oil exploration and production of Petronas Carigali Vietnam Limited. From 10 September 2017, Vietnam Oil and Gas Group replaced, received rights and obligations of Petronas Carigali Vietnam Limited for the contract with VOFT base on the agreement between Vietnam Oil and Gas Group and Petronas Carigali Vietnam Limited. As at 31 December 2019, the Corporation's capital contribution in VOFT is USD 8,784,000, equivalent to VND 156,473,118,448.
- (iv) PTSC South East Asia Private Limited ("PTSC SEA") is a jointly controlled venture company established in September 2011 by the Company with Yinson Holdings Berhad under Foreign Investment Certificate No. 474/BKHDT-DTRNN issued by the Ministry of Planning and Investment dated 31 October 2011 to invest and provide FSO services for Branch of Vietnam Oil and Gas Group - Bien Dong POC about crude oil exploitation. The total investment capital of the project is USD 149,318,329, equivalent to VND 3,071,478,027,530, in which the capital contributions of joint venture parties are USD 37,329,582, taking up 25% of its investment capital, the remaining is borrowed capital. As at 31 December 2019, the Corporation's capital contribution in PTSC SEA is USD 16,320,000, equivalent to VND 340,800,232,500.
- (v) PTSC Asia Pacific Private Limited ("PTSC AP") is a jointly controlled venture company established in 2012 by the Company and Yinson Holdings Berhad under the Foreign Investment Certificate No. 561/BKHDT-DTRNN dated 19 October 2012 issued by the Ministry of Planning and Investment to contribute to investment capital in floating storage, production and processing of oil (FPSO) for PetroVietnam Exploration Production Corporation to rent for development blocks 01/97 and 02/09 belong to Cuu Long basin in the sea Vietnam. The total investment capital of the project is USD 429,977,481, equivalent to VND 9,113,372,709,795 in which the capital contributions of joint venture parties are USD 119,996,426, taking up 27.90% its investment capital, the remaining is borrowed capital. The Company's capital contribution is USD 61,198,177, equivalent to VND 1,272,922,081,600, taking up 51% of charter capital. As at 31 December 2019, the Company's capital contribution in PTSC AP is USD 30,600,000 equivalent to VND 641,415,780,000.
- (vi) PetroVietnam Marine Shipyard Joint Stock Company is a joint stock company established under the Enterprise Registration Certificate No. 3500806844 dated 9 July 2007 by the Department of Planning and Investment of Ba Ria - Vung Tau Province with the registered charter capital of VND 594,897,870,000. In which, the Company's capital contribution in PetroVietnam Marine Shipyard Joint Stock Company is VND 171,957,430,000, accounting for 28.75% of charter capital.
- (vii) Thi Vai General Port Joint Stock Company is a joint stock company which was established in accordance with Business Registration Certificate No. 3502259121 dated 21 July 2014 issued by Department of Planning and Investment of Ba Ria - Vung Tau Province with the registered charter capital of VND 60,000,000,000. In accordance with Business Registration Certificate, PTSC Phu My Port Joint Stock Company, the subsidiary, holds 36% of charter capital of Thi Vai General Port Joint Stock Company. In accordance with the prevailing regulations on calculation of ownership percentage to the investments in subsidiaries, the Corporation has an indirect ownership of 21.46% of charter capital of Thi Vai General Port Joint Stock Company. Therefore, Thi Vai General Port Joint Stock Company became an associate of the Corporation in accordance with the prevailing regulations.

**17. EQUITY INVESTMENTS IN OTHER ENTITIES**

	31/12/2019			31/12/2018		
	Cost	Provision	Fair value	Cost	Provision	Fair value
	VND	VND	VND	VND	VND	VND
Nhon Trach Shipyard Joint Stock Company Duyen Hai PetroVietnam Investment and Construction Joint Stock Company Hightech Concrete Investment Joint Stock Company	3,000,000,000	776,902,962	2,223,097,038	3,000,000,000	754,496,863	2,245,503,137
	37,500,000,000	12,452,720,519	25,047,279,481	37,500,000,000	14,855,386,878	22,644,613,122
	10,530,000,000	10,530,000,000	-	10,530,000,000	10,530,000,000	-
	<b>51,030,000,000</b>	<b>23,759,623,481</b>	<b>27,270,376,519</b>	<b>51,030,000,000</b>	<b>26,139,883,741</b>	<b>24,890,116,259</b>

**18. SHORT-TERM TRADE PAYABLES**

	31/12/2019		31/12/2018	
	Amount VND	Amount able to be paid off VND	Amount VND	Amount able to be paid off VND
PTSC Asia Pacific Pte. Ltd	607,367,871,795	607,367,871,795	368,421,977,726	368,421,977,726
PTSC Ca Rong Do Ltd	331,737,506,831	331,737,506,831	12,367,243,959	12,367,243,959
Hai Duong Co., Ltd	140,865,116,017	140,865,116,017	78,159,363,947	78,159,363,947
CGG Services SAS	115,269,522,834	115,269,522,834	119,626,355,076	119,626,355,076
CGG Services (Singapore) Pte Ltd	112,176,718,499	112,176,718,499	105,284,869,760	105,284,869,760
Asia Investment and Asset Management Joint stock Company	97,563,137,480	97,563,137,480	103,527,903,969	103,527,903,969
CGG Marine B.V.	87,234,142,501	87,234,142,501	88,217,166,446	88,217,166,446
PTSC South East Asia Private Limited	84,855,361,093	84,855,361,093	116,413,902,270	116,413,902,270
Velocity Energy Pte Ltd	83,410,445,707	83,410,445,707	77,060,484,321	77,060,484,321
PetroVietnam Drilling and Well Service Corporation	68,586,968,940	68,586,968,940	63,015,541,017	63,015,541,017
Viet Nam Machinery Installation Corporation - JSC	60,545,865,887	60,545,865,887	26,416,257,390	26,416,257,390
Vietsoyptero	55,586,420,025	55,586,420,025	127,566,952,052	127,566,952,052
Western Energy Pte Ltd	54,055,596,031	54,055,596,031	1,798,919,392	1,798,919,392
SCI E&C Joint stock company	47,952,239,724	47,952,239,724	69,428,183,807	69,428,183,807
Others	2,089,200,312,548	2,089,200,312,548	1,821,287,934,213	1,821,287,934,213
	<b>4,036,407,225,912</b>	<b>4,036,407,225,912</b>	<b>3,178,593,055,345</b>	<b>3,178,593,055,345</b>

The significant balances of trade payables to the related parties are presented in Note 45.

**19. TAXES AND OTHER RECEIVABLES FROM/PAYABLES TO THE STATE BUDGET**

Details of taxes and amounts payable to the state budget are as follows:

	31/12/2019 VND	31/12/2018 VND
Value added tax	5,935,450,368	5,377,419,163
Corporate income tax	21,125,960,972	61,695,301,427
Personal income tax	27,928,761,710	18,447,416,621
Other tax	34,233,695,817	35,902,916,691
	<b>89,223,868,867</b>	<b>121,423,053,902</b>

Details of the implementation of the State obligations according to each type of tax are as follows:

	<u>31/12/2018</u>	<u>Payable/ adjustment during the year</u>	<u>Paid during the year</u>	<u>31/12/2019</u>
	VND	VND	VND	VND
VAT on domestic goods	5,377,419,161	442,635,872,384	448,274,783,563	(261,492,018)
VAT on imported goods	-	39,015,843,289	39,015,843,289	-
Import-export duties	-	17,983,472,941	17,983,472,941	-
Corporate income tax	21,474,303,823	308,866,579,047	319,737,629,669	10,603,253,201
Personal income tax	17,618,366,161	189,173,977,050	179,012,632,268	27,779,710,943
Resource tax	-	528,098,665	528,098,665	-
Land tax	-	3,363,093,189	3,363,093,189	-
Exercise tax	-	53,000,000	53,000,000	-
Other taxes	35,828,370,312	220,348,711,705	222,008,214,792	34,168,867,225
Others	-	15,710,055,965	15,710,055,965	-
	<b><u>80,298,459,457</u></b>	<b><u>1,237,678,704,235</u></b>	<b><u>1,245,686,824,341</u></b>	<b><u>72,290,339,351</u></b>
<b>In which</b>				
<i>Tax and other receivables from the State Budget</i>	41,124,594,445			16,933,529,516
<i>Taxes and amounts payable to the State Budget</i>	121,423,053,902			89,223,868,867

**20. SHORT-TERM ACCRUED EXPENSES**

	<u>31/12/2019</u>	<u>31/12/2018</u>
	VND	VND
Cost for supply of FPSO Lam Son vessel	715,054,307,205	-
Cost for Sao Vang Dai Nguyet Project	318,368,096,192	16,122,604,862
Cost for Sao Vang Dai Nguyet Pipeline Project	261,709,162,253	-
Cost for Ca Rong Do Project	161,801,783,012	187,773,398,105
Cost for Daman Project	71,715,775,040	72,424,015,761
Cost for Long Phu 1 Thermal Power Plant Project	69,584,012,427	107,641,272,127
Cost for Maharaja Lela South Project	54,262,689,400	66,443,470,140
Cost for EPC LNG Thi Vai Project	30,977,209,711	-
Cost for NPK Project	30,842,662,148	53,946,593,800
Outsourcing costs for implementing the NSRP port management and operation package	-	98,869,272,052
Other accruals	310,765,348,332	459,049,890,166
	<b><u>2,025,081,045,720</u></b>	<b><u>1,062,270,517,013</u></b>

**21. OTHER CURRENT PAYABLES**

	<u>31/12/2019</u>	<u>31/12/2018</u>
	VND	VND
Vietnam Shipbuilding Industry Corporation (i)	420,386,262,402	420,710,724,474
Salary and bonus payables	59,745,177,788	56,534,950,117
Dividend payable (ii)	16,576,982,829	17,570,581,159
Tan Cang Offshore Services	14,903,942,732	4,055,662,616
Bien Dong Petroleum Operating Company	1,197,798,600	23,648,264,841
Others	90,665,781,916	103,237,015,117
	<b><u>603,475,946,267</u></b>	<b><u>625,757,198,324</u></b>

- (i) Payable to Vietnam Shipbuilding Industry Corporation is the last payment for the project of building FSO5 vessel; in which, the Corporation is the project's investor and Vietnam Shipbuilding Industry Corporation is the constructor.
- (ii) Dividend payables to shareholders represent the dividend of 2018 and the dividend of the previous years which custody shareholders have not yet received.

22. SHORT-TERM LOANS AND OBLIGATIONS UNDER FINANCE LEASES

	31/12/2018		In the year		31/12/2019	
	Amount VND	Amount able to be paid off VND	Increases VND	Decreases VND	Amount VND	Amount able to be paid off VND
Current portion of long-term loans (Note 23)	721,241,129,887	721,241,129,887	160,590,356,360	(110,558,027,808)	771,273,458,439	771,273,458,439
	<b>721,241,129,887</b>	<b>721,241,129,887</b>	<b>160,590,356,360</b>	<b>(110,558,027,808)</b>	<b>771,273,458,439</b>	<b>771,273,458,439</b>

23. LONG-TERM LOANS AND OBLIGATIONS UNDER FINANCE LEASES

	31/12/2018		In the year		31/12/2019	
	Amount VND	Amount able to be paid off VND	Increases VND	Decreases VND	Amount VND	Amount able to be paid off VND
Vietnam Dong	83,048,254,454	83,048,254,454	553,762,009,368	(117,283,319,280)	519,526,944,542	519,526,944,542
United States Dollar	109,760,770,056	109,760,770,056	-	(45,014,002,552)	64,746,767,504	64,746,767,504
	<b>192,809,024,510</b>	<b>192,809,024,510</b>	<b>553,762,009,368</b>	<b>(162,297,321,832)</b>	<b>584,273,712,046</b>	<b>584,273,712,046</b>

Long-term loans represent loans in VND which were obtained from the domestic commercial joint stock banks. These loans bear interest rates ranging from 4.76% to 9.5% per annum.

Long-term loans represent loans in USD which were obtained from the domestic commercial joint stock banks and the branches of foreign banks in Vietnam. These loans bear interest rates ranging from 1.45% to 5.707% per annum.

The purpose of the long-term loans is to invest in fixed assets including port, oil and gas service vessel, specialized equipment for petroleum technical services and contribute the capital in joint ventures of FSO/FPST projects with foreign partners. These loans are guaranteed by Vietnam Oil and Gas Group or are secured by fixed assets and construction in progress formed from the loans as noted in Note 12 or unsecured.



Long-term loans are repayable as follows:

	<u>31/12/2019</u>	<u>31/12/2018</u>
	VND	VND
Within one year	771,273,458,439	721,241,129,887
In the second year	113,250,020,692	86,373,838,334
In the third to fifth year inclusive	211,857,433,900	88,551,732,537
After five years	259,166,257,454	17,883,453,639
	<b>1,355,547,170,485</b>	<b>914,050,154,397</b>
Less: Amount due for settlement within 12 months is presented in Note 22	(771,273,458,439)	(721,241,129,887)
<b>Amount due for settlement after 12 months</b>	<b><u>584,273,712,046</u></b>	<b><u>192,809,024,510</u></b>

**24. LONG-TERM ADVANCES FROM CUSTOMERS**

Long-term advances from customers as at 31 December 2019 mainly represent advance from Long Phu 1 Power Plant Management Board with the amount of VND 795,524,628,327 (as at 31 December 2018: VND 838,350,507,176) for the construction of Long Phu 1 Power Plant Project and others.

**25. UNEARNED REVENUE**

Unearned revenue mostly includes:

- a. The prepayment from Nghi Son Refinery and Petrochemicals LLC in according with Contract No. 037/2016/NSRP.OPE-PTSC dated 7 October 2016 on shipbuilding, using ship and maritime services; and
- b. The prepayment for the rental of infrastructure and land with the area of 39.8 hectares; and another land area of 23 hectares at Sao Mai - Ben Dinh Petroleum Investment Joint Stock Company, Vung Tau City with the amounts of VND 143 billion and VND 107 billion, respectively. These unearned revenues will be allocated into the income statement over the leased period of 48 years and 49 years, respectively.



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**26. DEFERRED TAX**

The following are the deferred tax assets and liabilities recognised by the Corporation, and the movements thereon, during the current and prior years:

	Accruals and other provisions	Unrealised foreign exchange difference	Unearned revenue	Accrued cost of sales	Depreciation of fixed assets	Profit from joint venture and associates	Eliminate Internal Provision	Total
	VND	VND	VND	VND	VND	VND	VND	VND
<b>As at 1/1/2018</b>	<b>486,861,275,017</b>	<b>(106,465,491)</b>	<b>12,115,432,070</b>	<b>(8,586,056,140)</b>	<b>3,434,488,035</b>	<b>(453,642,939,477)</b>	<b>(158,852,643,226)</b>	<b>(118,776,909,212)</b>
Charged to the consolidated income statement	(68,268,529,866)	(5,353,215,435)	1,111,476,300	-	(2,717,086,382)	(72,491,071,823)	(46,520,462,609)	(194,238,889,815)
<b>As at 31/12/2018</b>	<b>418,592,745,151</b>	<b>(5,459,680,926)</b>	<b>13,226,908,370</b>	<b>(8,586,056,140)</b>	<b>717,401,653</b>	<b>(526,134,011,300)</b>	<b>(205,373,105,835)</b>	<b>(313,015,799,027)</b>
Charged to the consolidated income statement	54,317,794,963	8,966,088,662	(9,546,895,826)	8,586,056,140	(1,135,343,165)	(39,500,911,356)	(7,703,345,128)	13,983,444,290
<b>As at 31/12/2019</b>	<b>472,910,540,114</b>	<b>3,506,407,736</b>	<b>3,680,012,544</b>	<b>-</b>	<b>(417,941,512)</b>	<b>(565,634,922,656)</b>	<b>(213,076,450,963)</b>	<b>(299,032,354,737)</b>

**In which:**

Deferred tax assets

Deferred tax liabilities

	31/12/2019	31/12/2018
Deferred tax assets	488,389,594,773	426,358,081,591
Deferred tax liabilities	(787,421,949,479)	(739,373,889,617)

As at 31 December 2019, Parent Company and PTSC CGGV Geophysical Survey Company Limited (a subsidiary) has an unused tax losses of VND 329,381,738,334 and 2,407,826,756,206 respectively (as at 31 December 2018: Nil and VND 2,129,049,737,225 respectively), which is available for offset against future profits. Parent Company and PTSC CGGV Geophysical Survey Company Limited has not recognised deferred tax assets of these tax losses due to the uncertainty of future profits to utilise.



27. LONG-TERM PROVISIONS

	<u>31/12/2019</u>	<u>31/12/2018</u>
	VND	VND
Warranty provision for the construction works		
Sao Vang Dai Nguyet project	482,125,443,421	-
Gallaf project	305,716,586,415	305,716,586,414
Su Tu Nau project	274,903,401,336	274,903,401,336
Su Tu Trang project	116,547,125,610	116,547,125,610
Maharaja Lela South project	96,130,757,059	96,130,757,059
H05 Topside project	84,525,593,656	84,525,593,656
Su Tu Vang 6X project	60,934,754,396	-
Ghana Yinson project	55,087,141,058	55,087,141,058
Daman project	54,625,975,610	54,625,975,610
Ghana Kanfa project	19,702,996,906	19,702,996,906
Other project	28,155,211,346	26,378,706,580
Bien Dong project	-	360,577,100,000
Provisions for overhaul expenses of FPSO Lam Son vessel	-	25,293,000,753
	<u><b>1,578,454,986,813</b></u>	<u><b>1,419,488,384,982</b></u>

28. SCIENTIFIC AND TECHNOLOGICAL DEVELOPMENT FUND

	<u>Scientific and Technological Development Fund</u>
	VND
<b>As at 1/1/2019</b>	<b>60,973,116,327</b>
Reversal of unused fund (*)	(28,735,056,331)
Used during the year	(1,042,300,000)
<b>As at 31/12/2019</b>	<u><b>31,195,759,996</b></u>

(\*) During the year, the Parent Company and PTSC POS (a subsidiary) has reversed the unused Science and Technology Development Fund with the amount of VND 28,735,056,331 based on current regulation.

29. OWNERS' EQUITY

Shares:	<u>31/12/2019</u>	<u>31/12/2018</u>
Number of shares registered	477,966,290	477,966,290
Number of shares issued to public	477,966,290	477,966,290
Number of shares in circulation	<u>477,966,290</u>	<u>477,966,290</u>

The Corporation has only one type of ordinary share which carries no right to fixed income with par value of VND 10,000/share. The shareholders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the Corporation's shareholders' meetings. All shares rank equally with regard to the Corporation's net assets.

**Detail of charter capital as follows:**

Per Business Registration Certificate, the Company's charter capital is VND 4,779,662,900,000. As at the balance sheet dates, the charter capital was fully contributed by shareholders as follows:

	Contributed capital			
	<u>31/12/2019</u>		<u>31/12/2018</u>	
	%	VND	%	VND
Vietnam Oil and Gas Group	51.38	2,445,650,000,000	51.38	2,445,650,000,000
Other shareholders	48.62	2,324,012,900,000	48.62	2,324,012,900,000
	<u><b>100.00</b></u>	<u><b>4,779,662,900,000</b></u>	<u><b>100.00</b></u>	<u><b>4,779,662,900,000</b></u>

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**Movement in owners' equity**

	Owners' contributed capital		Share premium	Investment and development fund		Non-controlling interests		Retained earnings		Foreign exchange reserve		Total
	VND			VND	VND	VND	VND	VND	VND	VND	VND	
<b>As at 01 January 2018</b>	<b>4,467,004,210,000</b>		<b>39,617,060,000</b>	<b>2,728,613,621,181</b>	<b>1,381,468,781,244</b>	<b>3,715,434,635,613</b>	<b>779,711,839,583</b>	<b>13,111,850,147,621</b>				
Capital contribution	312,658,690,000		-	-	-	-	-	312,658,690,000				
Profit for the year	-		-	-	(474,169,580,383)	1,047,286,209,708	-	573,116,629,325				
Fund appropriation	-		-	38,731,320,868	(11,069,554,450)	(177,962,753,908)	-	(150,300,987,490)				
Dividends paid	-		-	-	(63,652,843,919)	(759,359,111,000)	-	(823,011,954,919)				
Foreign exchange difference due to translation of financial statements	-		-	-	-	-	-	(319,985,246,081)				
Others	-		-	-	393,493,226	525,855,980	-	919,349,206				
<b>As at 01 January 2019</b>	<b>4,779,662,900,000</b>		<b>39,617,060,000</b>	<b>2,767,344,942,049</b>	<b>832,970,295,718</b>	<b>3,825,924,836,393</b>	<b>459,726,593,502</b>	<b>12,705,246,627,662</b>				
Profit for the year	-		-	-	(41,018,673,155)	849,373,614,613	-	808,354,941,458				
Fund appropriation (*)	-		-	217,150,266,438	(15,898,518,948)	(483,905,456,528)	-	(282,653,709,038)				
Dividends paid (**)	-		-	-	(61,887,850,000)	(334,576,403,000)	-	(396,464,253,000)				
Foreign exchange difference due to translation of financial statements	-		-	-	-	-	-	(50,220,027,740)				
Others	-		-	-	125,789,411	(125,789,411)	-	-				
<b>As at 31 December 2019</b>	<b>4,779,662,900,000</b>		<b>39,617,060,000</b>	<b>2,984,495,208,487</b>	<b>714,291,043,026</b>	<b>3,856,690,802,067</b>	<b>409,506,565,762</b>	<b>12,784,263,579,342</b>				

(\*) Fund appropriation of Parent Company and Subsidiaries according to the Resolution No. 374/NQ-DVKT-DHDCD dated 28 June 2019 of the Annual General Meeting of Shareholders of PetroVietnam Technical Services Corporation and Resolutions of Annual General Meeting of Shareholders of the subsidiaries.

(\*\*) Represent the dividends declaration of the Parent Company's shareholders and non-controlling interest of subsidiaries. According to the Resolution No. 374/NQ-DVKT-DHDCD dated 28 June 2019 of the Parent Company's Shareholders Annual General Meeting, the shareholders approved the plan for distribution of profit after tax of 2018 with the rate of dividend is 7% in cash equivalent to VND 334,576,403,000; appropriation of the welfare and bonus funds; appropriation of reward funds of management board and appropriation of investment development fund with the amounts of VND 71,967,668,931; VND 1,971,716,957 and VND 207,645,760,189 respectively. During the year, the Corporation has made payment of dividends to shareholders by cash and appropriation of funds in accordance with the Resolution No. 374/NQ-DVKT-DHDCD dated 28 June 2019 above.

The official figures of the rate of dividends and appropriation of funds 2019 will be approved by the shareholders at Shareholders Annual General Meeting of the Corporation in 2020.

**30. OFF BALANCE SHEET ITEMS  
Foreign currencies:**

	31/12/2019	31/12/2018
United States Dollar (USD)	140,179,910	136,351,260
Euro (EUR)	1,936	1,954
British Pound (GBP)	245,211	245,218
Russian Ruble (RUB)	597,690	-



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**31. NON-CONTROLLING INTERESTS**

Non-controlling interests represent other shareholders' share to the subsidiaries' net assets and the result from operation of subsidiaries. The non-controlling interests are as follows:

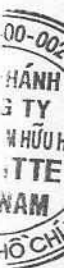
	Unit: VND									
	PTSC Offshore Services Joint Stock Company	PTSC Production Services Joint Stock Company	PTSC Quang Ngai Joint Stock Company	PTSC Phu My Port Joint Stock Company	PTSC Thanh Hoa Port Joint Stock Company	Dinh Vu Petroleum Services Port Joint Stock Company	Geophysical Survey Company Limited	PTSC CGGV Security Joint Stock Company	PetroVietnam Investment Joint Stock Company	Sao Mai - Ben Dinh Petroleum Investment Joint Stock Company
Contributed capital of subsidiaries	400,000,000,000	200,000,000,000	300,000,000,000	350,000,000,000	400,000,000,000	400,000,000,000	1,171,498,641,420	28,786,320,000	500,000,000,000	3,750,284,961,420
<i>In which:</i>										
Attributable to the Corporation	339,807,000,000	102,000,000,000	285,581,000,000	208,645,000,000	218,773,000,000	204,000,000,000	597,817,104,000	15,300,000,000	255,000,000,000	2,226,923,104,000
Attributable to Non-controlling interests	60,193,000,000	98,000,000,000	14,419,000,000	141,355,000,000	181,227,000,000	196,000,000,000	573,681,537,420	13,486,320,000	245,000,000,000	1,523,361,857,420
<b>Percentage of non-controlling interests</b>	<b>15.05%</b>	<b>49.00%</b>	<b>4.81%</b>	<b>40.39%</b>	<b>45.31%</b>	<b>49.00%</b>	<b>48.97%</b>	<b>46.85%</b>	<b>49.00%</b>	<b>49.00%</b>

Non-controlling interests in subsidiaries' profit and loss during the year are as follows:

	Unit: VND										
	PTSC Offshore Services Joint Stock Company	PTSC Production Services Joint Stock Company	PTSC Quang Ngai Joint Stock Company	PTSC Phu My Port Joint Stock Company	PTSC Thanh Hoa Port Joint Stock Company	Dinh Vu Petroleum Services Port Joint Stock Company	PTSC CGGV Security Joint Stock Company Limited	PetroVietnam Security Joint Stock Company	Sao Mai - Ben Dinh Petroleum Investment Joint Stock Company	Adjust profit from Joint venture of Thi Vai Joint Stock Company due to Direct Consolidation	Total
Profit/(loss) for the year	34,078,884,080	69,459,337,538	15,226,292,906	30,663,171,010	38,108,066,131	28,476,942,357	(279,260,964,308)	5,871,000,609	413,347,315	22,985,594,568	(33,978,327,794)
The Corporation's profit/(loss)	28,950,608,406	35,424,262,144	14,494,466,515	18,279,192,330	20,842,539,879	14,523,240,602	(142,507,191,251)	3,120,451,288	210,807,131	13,701,712,922	7,040,089,966
Non-controlling interests' profit/(loss)	5,128,275,674	34,035,075,394	731,826,391	12,383,978,680	17,265,526,252	13,953,701,755	(136,753,773,057)	2,750,549,321	202,540,184	9,283,881,646	(41,018,673,155)

Non-controlling interests in subsidiaries' profit and loss for prior year are as follows:

	Unit: VND										
	PTSC Offshore Services Joint Stock Company	PTSC Production Services Joint Stock Company	PTSC Quang Ngai Joint Stock Company	PTSC Phu My Port Joint Stock Company	PTSC Thanh Hoa Port Joint Stock Company	Dinh Vu Petroleum Services Port Joint Stock Company	Geophysical Survey Company Limited	PTSC CGGV Security Joint Stock Company	PetroVietnam Security Joint Stock Company	Sao Mai - Ben Dinh Petroleum Investment Joint Stock Company	Total
Profit/(loss) for the year	14,535,916,821	63,143,713,080	16,199,366,385	37,610,114,196	42,657,222,161	24,561,959,819	(1,139,960,950,465)	6,888,183,029	781,349,689	781,349,689	(933,583,125,285)
The Corporation's profit/(loss)	12,348,515,718	32,203,293,671	15,420,770,839	22,420,463,647	23,330,621,160	12,526,599,508	(581,723,384,036)	3,661,086,250	398,488,341	398,488,341	(459,413,544,902)
Non-controlling interests' profit/(loss)	2,187,401,103	30,940,419,409	778,595,546	15,189,650,549	19,326,601,001	12,035,360,311	(558,237,566,429)	3,227,096,779	382,861,348	382,861,348	(474,169,580,383)





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Non-controlling interests in subsidiaries' net assets as at 31 December 2019 are as follows:

Unit: VND

	PTSC Offshore Services Joint Stock Company	PTSC Production Services Joint Stock Company	PTSC Quang Ngai Joint Stock Company	PTSC Phu My Port Joint Stock Company	PTSC Thanh Hoa Port Joint Stock Company	Dinh Vu Petroleum Services Port Joint Stock Company	PTSC CGGV Geophysical Survey Company Limited	PetroVietnam Security Joint Stock Company	Sao Mai - Ben Dinh Petroleum Investment Joint Stock Company	Adjust profit from Joint venture of Thi Vai Joint Stock Company due to Direct Consolidation	Total
Total assets	1,115,262,180,004	581,549,073,354	764,543,741,511	469,640,492,975	849,744,504,875	589,565,715,313	155,953,100,219	88,424,491,338	779,660,618,406	-	5,394,343,917,995
Total liabilities	368,182,273,736	280,466,634,841	700,550,280,202	70,663,132,123	326,463,662,603	144,320,548,134	1,105,764,460,234	46,864,200,814	218,469,480,109	-	3,261,744,672,796
<b>Net assets</b>	<b>747,079,906,268</b>	<b>301,082,438,513</b>	<b>63,993,461,309</b>	<b>398,977,360,852</b>	<b>523,280,842,272</b>	<b>445,245,167,179</b>	<b>(949,811,360,015)</b>	<b>41,560,290,524</b>	<b>561,191,138,297</b>	<b>-</b>	<b>2,132,599,245,199</b>
<i>Detail as follows:</i>											
Investment capital	400,000,000,000	200,000,000,000	300,000,000,000	350,000,000,000	400,000,000,000	400,000,000,000	1,171,498,641,420	28,786,320,000	500,000,000,000	-	3,750,284,961,420
Investment and development fund	308,742,964,235	6,211,978,409	4,707,250,551	23,333,560,624	47,391,881,381	20,536,259,607	-	7,783,620,006	44,351,392,969	-	463,058,907,782
Retained earnings/(Accumulated loss)	38,336,942,033	94,870,460,104	(240,713,789,242)	25,643,800,228	75,888,960,891	24,708,907,572	(2,121,310,001,435)	4,990,350,518	16,839,745,328	-	(2,080,744,624,003)
<b>Non-controlling interests</b>	<b>112,422,451,994</b>	<b>147,530,394,871</b>	<b>3,075,739,062</b>	<b>161,135,556,695</b>	<b>237,081,543,007</b>	<b>218,170,131,918</b>	<b>(465,121,530,668)</b>	<b>15,729,472,131</b>	<b>274,983,657,767</b>	<b>9,283,626,249</b>	<b>714,291,043,026</b>
<i>Detail as follows:</i>											
Investment capital	60,193,000,000	98,000,000,000	14,419,000,000	141,355,000,000	181,227,000,000	196,000,000,000	573,681,537,420	13,486,320,000	245,000,000,000	-	1,523,361,857,420
Investment and development fund	46,460,413,115	3,043,869,420	226,246,152	9,423,758,463	21,471,721,218	10,062,767,207	-	2,645,930,795	21,732,182,555	-	115,066,888,925
Retained earnings/(Accumulated loss)	5,769,038,879	46,486,525,451	(11,569,507,090)	10,356,798,232	34,382,821,789	12,107,364,711	(1,038,803,068,088)	(402,778,664)	8,251,475,212	9,283,626,249	(924,137,703,319)

Non-controlling interests in subsidiaries' net assets as at 31 December 2018 are as follows:

Unit: VND

	PTSC Offshore Services Joint Stock Company	PTSC Production Services Joint Stock Company	PTSC Quang Ngai Joint Stock Company	PTSC Phu My Port Joint Stock Company	PTSC Thanh Hoa Port Joint Stock Company	Dinh Vu Petroleum Services Port Joint Stock Company	PTSC CGGV Geophysical Survey Company Limited	PetroVietnam Security Joint Stock Company	Sao Mai - Ben Dinh Petroleum Investment Joint Stock Company	Total
Total assets	1,082,295,943,727	598,175,456,826	773,146,650,990	510,016,462,478	942,563,437,554	598,854,497,344	451,048,679,811	102,501,713,989	798,631,399,353	5,857,234,242,072
Total liabilities	333,894,921,539	315,933,012,182	724,379,482,587	99,072,787,658	423,674,451,493	157,923,535,186	1,121,599,075,518	60,076,818,408	237,767,659,905	3,474,321,744,477
<b>Net assets</b>	<b>748,401,022,188</b>	<b>282,242,444,644</b>	<b>48,767,168,403</b>	<b>410,943,674,820</b>	<b>518,888,986,061</b>	<b>440,930,962,158</b>	<b>(670,550,395,707)</b>	<b>42,424,895,581</b>	<b>560,863,739,448</b>	<b>2,382,912,497,596</b>
<i>Detail as follows:</i>										
Investment capital	400,000,000,000	200,000,000,000	300,000,000,000	350,000,000,000	400,000,000,000	400,000,000,000	1,171,498,641,420	28,786,320,000	500,000,000,000	3,750,284,961,420
Investment and development fund	308,742,964,235	6,211,978,409	4,707,250,551	23,333,560,624	34,594,714,733	15,623,867,643	-	7,783,620,006	44,351,392,969	445,349,349,170
Retained earnings/(Accumulated loss)	39,658,057,953	76,030,466,235	(255,940,082,148)	37,610,114,196	84,294,271,328	25,307,094,515	(1,842,049,037,127)	5,854,955,575	16,512,346,479	(1,812,721,812,995)
<b>Non-controlling interests</b>	<b>112,621,256,821</b>	<b>138,298,797,875</b>	<b>2,343,912,670</b>	<b>165,968,409,012</b>	<b>235,091,735,692</b>	<b>216,056,171,457</b>	<b>(328,367,757,610)</b>	<b>16,134,537,470</b>	<b>274,823,232,331</b>	<b>832,970,295,718</b>
<i>Detail as follows:</i>										
Investment capital	60,193,000,000	98,000,000,000	14,419,000,000	141,355,000,000	181,227,000,000	196,000,000,000	573,681,537,420	13,486,320,000	245,000,000,000	1,523,361,857,420
Investment and development fund	46,460,413,115	3,043,869,420	226,246,152	9,423,758,463	15,673,740,917	7,655,695,145	-	2,645,930,795	21,732,182,555	106,861,836,562
Retained earnings/(Accumulated loss)	5,967,843,706	37,254,928,455	(12,301,333,482)	15,189,650,549	38,190,994,775	12,400,476,312	(902,049,295,030)	2,286,675	8,091,049,776	(797,253,398,265)



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**32. BUSINESS AND GEOGRAPHICAL SEGMENTS**

For management purposes, the Corporation is currently organised into seven operating divisions as follows:

<b>Business segment</b>	<b>Operation</b>
Marine services	Management, business and operation the technology service vessels
Floating storage and offloading (FSO) and Floating production storage and offloading (FPSO) services	Supply of Floating storage and offloading (FSO) and Floating production storage and offloading (FPSO)
Seismic survey, geophysical and geological survey and subsea services	Supply, operation, management of 2D, 3D seismic survey vessels; Geophysical and geological survey services, diving, and subsea services by using Remote operated vehicle (ROV)
Supply base services	Supply base services, offices rental, logistic and supply chain management
Mechanical & construction	Fabrication, engineering, construction, transportation and installation, hook-up and commissioning
Repair, maintenance and installment oil and gas project	Repair, maintenance, install oil and gas projects
Other services	Providing other services for oil and gas industry

The Corporation has prepared the segment report for seven segments as follows:

As at 31 December 2019:

	Marine services	FPSO/FSO services	Seismic survey, Geo survey and Subsea services	Supply base services	Mechanical & construction	Repair, maintenance and installment oil and gas project	Other services	Elimination	Total
<b>Assets</b>									
Segment assets	2,426,412,410,787	5,146,069,847,459	205,378,391,969	3,972,656,552,159	6,867,308,654,738	1,223,322,601,262	981,519,086,965	(1,261,485,945,707)	19,561,181,599,632
Interest in associates									3,555,692,688,555
Unallocated assets									2,887,093,244,357
<b>Consolidated assets</b>									<b>26,003,967,532,544</b>
<b>Liabilities</b>									
Segment liabilities	1,691,477,972,173	2,132,220,734,593	1,477,512,411,899	1,592,521,030,291	5,951,539,143,703	385,292,047,628	518,391,334,452	(1,850,609,545,774)	11,898,345,128,965
Unallocated liabilities									1,321,358,824,237
<b>Consolidated liabilities</b>									<b>13,219,703,953,202</b>

As at 31 December 2018:

	Marine services	FPSO/FSO services	Seismic survey, Geo survey and Subsea services	Supply base services	Mechanical & construction	Repair, maintenance and installment oil and gas project	Other services	Elimination	Total
<b>Assets</b>									
Segment assets	1,932,020,771,772	3,656,966,795,386	516,451,839,860	4,132,095,650,056	7,160,786,476,545	1,221,693,174,613	549,281,518,752	(1,575,905,333,326)	17,593,390,893,658
Interest in associates									3,255,902,660,198
Unallocated assets									2,240,175,044,388
<b>Consolidated assets</b>									<b>23,089,468,598,244</b>
<b>Liabilities</b>									
Segment liabilities	1,456,264,248,653	925,820,044,854	1,420,747,223,821	1,745,593,838,906	5,514,771,325,928	356,153,853,588	305,838,652,520	(2,204,998,818,585)	9,520,190,369,685
Unallocated liabilities									864,031,600,897
<b>Consolidated liabilities</b>									<b>10,384,221,970,582</b>



**PETROVIETNAM TECHNICAL SERVICES CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**FORM B 09-DN/HN**

For the year ended 31 December 2019 as follows:

Items	Marine services	FPSO/FSO services	Seismic survey, Geo survey and Subsea services	Supply base services	Mechanical & construction	Repair, maintenance and installment oil and gas project	Other services	Elimination	Total	Unit: VND
<b>Revenue</b>										
External sales	1,764,597,617,506	2,626,731,257,169	761,696,921,243	1,505,149,684,752	8,619,267,675,531	789,588,550,022	901,455,373,179	-	16,968,487,079,402	
Inter-segment sales	483,673,115,685	385,893,865,272	37,555,122,230	238,058,782,184	286,037,481,607	731,090,330,098	103,727,040,039	(2,266,035,737,115)	-	
<b>Total revenue</b>	<b>2,248,270,733,191</b>	<b>3,012,625,122,441</b>	<b>799,252,043,473</b>	<b>1,743,208,466,936</b>	<b>8,905,305,157,138</b>	<b>1,520,678,880,120</b>	<b>1,005,182,413,218</b>	<b>(2,266,035,737,115)</b>	<b>16,968,487,079,402</b>	
<b>Cost of goods sold</b>										
External cost of goods sold	1,644,373,466,354	2,473,943,740,165	695,737,165,376	1,253,395,598,620	8,441,512,956,530	689,721,991,269	872,287,284,810	-	16,070,972,203,124	
Inter-segment cost of goods sold	483,673,115,685	385,893,865,272	37,521,769,751	232,058,782,184	260,748,081,748	730,857,152,075	70,918,899,824	(2,201,671,666,539)	-	
<b>Total cost of goods sold</b>	<b>2,128,046,582,039</b>	<b>2,859,837,605,437</b>	<b>733,258,935,127</b>	<b>1,485,454,380,804</b>	<b>8,702,261,038,278</b>	<b>1,420,579,143,344</b>	<b>943,206,184,634</b>	<b>(2,201,671,666,539)</b>	<b>16,070,972,203,124</b>	
<b>Gross profit</b>	<b>120,224,151,152</b>	<b>152,787,517,004</b>	<b>65,959,755,867</b>	<b>251,754,086,132</b>	<b>177,754,719,001</b>	<b>99,866,558,753</b>	<b>29,168,088,369</b>	<b>-</b>	<b>897,514,876,278</b>	
Selling and administrative expenses	-	-	-	-	-	-	-	-	757,258,080,470	
Net profit from financing activities	-	-	-	-	-	-	-	-	252,944,516,659	
Operating profit	-	-	-	-	-	-	-	-	393,201,312,467	
Profit from other activities	-	-	-	-	-	-	-	-	129,239,264,031	
Share of profit of associates	-	-	-	-	-	-	-	-	580,816,727,174	
Profit before tax	-	-	-	-	-	-	-	-	1,103,257,303,672	
Corporate income tax expense	-	-	-	-	-	-	-	-	308,885,806,504	
Deferred tax expense	-	-	-	-	-	-	-	-	(13,983,444,290)	
<b>Profit for the year</b>									<b>808,354,941,458</b>	



**PETROVIETNAM TECHNICAL SERVICES CORPORATION  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**FORM B 09-DN/HN**

For the year ended 31 December 2018 as follows:

Items	Marine services	FPSO/FSO services	Seismic survey, Geo survey and Subsea services	Supply base services	Mechanical & construction	Repair, maintenance and installment oil and gas project	Other services	Elimination	Total
<b>Revenue</b>									
External sales	1,875,652,039,340	1,671,309,673,958	817,929,652,373	1,591,551,088,475	7,342,661,603,434	977,304,037,660	361,715,436,141	-	14,638,123,531,381
Inter-segment sales	433,433,452,912	391,570,175,739	98,065,753,776	183,824,221,866	423,598,240,983	354,737,233,500	104,522,478,117	(1,989,751,556,893)	-
<b>Total revenue</b>	<b>2,309,085,492,252</b>	<b>2,062,879,849,697</b>	<b>915,995,406,149</b>	<b>1,775,375,310,341</b>	<b>7,766,259,844,417</b>	<b>1,332,041,271,160</b>	<b>466,237,914,258</b>	<b>(1,989,751,556,893)</b>	<b>14,638,123,531,381</b>
<b>Cost of goods sold</b>									
External cost of goods sold	1,666,896,109,215	1,550,763,967,056	1,215,364,607,522	1,243,961,149,435	6,605,459,037,636	893,686,234,766	343,250,751,728	-	13,519,381,857,358
Inter-segment cost of goods sold	433,433,452,912	391,570,175,739	98,065,753,776	183,824,221,866	423,598,240,983	354,737,233,500	30,464,563,242	(1,915,693,642,018)	-
<b>Total cost of goods sold</b>	<b>2,100,329,562,127</b>	<b>1,942,334,142,795</b>	<b>1,313,430,361,298</b>	<b>1,427,785,371,301</b>	<b>7,029,057,278,619</b>	<b>1,248,423,468,266</b>	<b>373,715,314,970</b>	<b>(1,915,693,642,018)</b>	<b>13,519,381,857,358</b>
<b>Gross profit</b>	<b>208,755,930,125</b>	<b>120,545,706,902</b>	<b>(397,434,955,149)</b>	<b>347,589,939,040</b>	<b>737,202,565,798</b>	<b>83,617,802,894</b>	<b>18,464,684,413</b>	<b>-</b>	<b>1,118,741,674,023</b>
Selling and administrative expenses	-	-	-	-	-	-	-	-	746,056,738,628
Net loss from financing activities	-	-	-	-	-	-	-	-	439,677,346,348
Operating profit	-	-	-	-	-	-	-	-	812,362,281,743
Profit from other activities	-	-	-	-	-	-	-	-	(558,620,223,181)
Share of profit of associates	-	-	-	-	-	-	-	-	722,591,930,775
Profit before tax	-	-	-	-	-	-	-	-	976,333,989,337
Corporate income tax expense	-	-	-	-	-	-	-	-	208,978,470,197
Deferred tax expense	-	-	-	-	-	-	-	-	194,238,889,815
<b>Profit for the year</b>									<b>573,116,629,325</b>

Unit: VND

The Corporation mostly operates in Vietnam. Consequently, the Corporation does not present the geographical segment report.

**33. GROSS REVENUE FROM GOODS SOLD AND SERVICES RENDERED**

	<u>2019</u>	<u>2018</u>
	<u>VND</u>	<u>VND</u>
Sales of merchandise sold	1,019,467,278,779	1,507,864,967,490
Sales of services rendered	8,206,219,571,449	9,319,608,957,696
Sales of construction contracts	7,824,385,120,792	3,810,649,606,195
	<u><b>17,050,071,971,020</b></u>	<u><b>14,638,123,531,381</b></u>

**34. COST OF GOODS SOLD AND SERVICES RENDERED**

	<u>2019</u>	<u>2018</u>
	<u>VND</u>	<u>VND</u>
Cost of merchandise sold	955,164,684,680	1,283,136,269,084
Cost of services rendered	7,585,311,582,020	8,605,758,395,389
Cost of construction contracts	7,530,495,936,424	3,630,487,192,885
	<u><b>16,070,972,203,124</b></u>	<u><b>13,519,381,857,358</b></u>

**35. PRODUCTION COST BY NATURE**

	<u>2019</u>	<u>2018</u>
	<u>VND</u>	<u>VND</u>
Raw materials and consumables	5,047,683,222,933	3,036,163,278,131
Labour	2,561,184,741,264	2,421,706,561,745
Depreciation and amortisation	478,318,947,150	567,235,843,332
Outsource services	7,568,591,973,188	6,747,968,598,523
Other expenses	1,101,331,531,507	1,367,008,377,795
	<u><b>16,757,110,416,042</b></u>	<u><b>14,140,082,659,526</b></u>

**36. FINANCIAL INCOME**

	<u>2019</u>	<u>2018</u>
	<u>VND</u>	<u>VND</u>
Bank and loan interest	269,355,239,668	243,091,802,748
Dividends and profits received	-	8,640,000,000
Foreign exchange gain	50,843,841,986	233,815,502,366
Others	3,832,950	20,300,584,361
	<u><b>320,202,914,604</b></u>	<u><b>505,847,889,475</b></u>

**37. FINANCIAL EXPENSES**

	<u>2019</u>	<u>2018</u>
	<u>VND</u>	<u>VND</u>
Interest expenses	33,778,304,743	26,802,119,146
Foreign exchange loss	35,840,045,231	38,906,453,244
(Reversal)/Provision for impairment of long-term investments	(2,380,260,260)	461,042,740
Others	20,308,231	927,997
	<u><b>67,258,397,945</b></u>	<u><b>66,170,543,127</b></u>



38. INCOME FROM JOINT VENTURES, ASSOCIATES

	2019	2018
	VND	VND
Vietnam Offshore Floating Terminal (Ruby) Limited	455,256,747,055	257,112,737,549
Malaysia Vietnam Offshore Terminal (Labuan) Limited	138,620,031,096	342,409,809,934
Others	(13,060,050,977)	123,069,383,292
	<b>580,816,727,174</b>	<b>722,591,930,775</b>

39. SELLING EXPENSES AND GENERAL AND ADMINISTRATION EXPENSES

	2019	2018
	VND	VND
<b>Selling expenses</b>		
Salary expenses	19,454,956,782	17,061,090,196
Advertising expenses	56,497,980,765	50,023,920,995
Others	31,895,856,051	34,420,986,367
	<b>107,848,793,598</b>	<b>101,505,997,558</b>
<b>General and administration expenses</b>		
Salary expenses	229,657,168,468	239,070,575,044
Out-sourced service	296,898,013,122	199,368,947,449
Depreciation expenses	37,985,312,465	38,741,063,721
Provision expenses	1,217,656,374	2,188,475,790
Others	83,651,136,443	165,181,679,066
	<b>649,409,286,872</b>	<b>644,550,741,070</b>

40. PROFIT/(LOSS) FROM OTHER ACTIVITIES

	2019	2018
	VND	VND
Reversal of the provision for projects' warranty	369,317,807,626	-
Reversal of Scientific and Technology development fund (Note 28)	28,735,056,331	-
Penalty, compensation	6,895,090,797	9,265,872,900
Disposal of fixed assets	5,008,105,062	2,234,501,151
Income from early termination fee of FPSO Lam Son vessel rental contract	-	30,575,719,806
Reversal of the provision for devaluation of O&M service in FPSO Lam Son, FPSO Bien Dong 01	-	24,601,469,091
Others	15,246,700,885	21,932,756,727
<b>Other income</b>	<b>425,202,760,701</b>	<b>88,610,319,675</b>
Revaluation of assets at PTSC CGGV (*)	235,950,361,658	622,221,509,512
Penalty, compensation cost	13,571,903,548	5,093,597,287
Additional tax and late payment	5,122,737,739	1,452,925,791
Others	41,318,493,725	18,462,510,266
<b>Other expenses</b>	<b>295,963,496,670</b>	<b>647,230,542,856</b>
<b>Profit/(loss) from other activities</b>	<b>129,239,264,031</b>	<b>(558,620,223,181)</b>

(\*) As disclosed in Note 1, the financial statements of PTSC CGGV for the year ended 31 December 2019 are prepared on a non-going concern basis, therefore, the assets of PTSC CGGV are revaluated and presented at the net realizable value as at the balance sheet date. The loss from revaluation of assets is recognized in other expense, details as follows:

	2019 VND	2018 VND
Loss from revaluation of fixed assets	203,663,300,297	544,819,956,545
Loss from revaluation of prepaid expenses	23,491,259,433	77,401,552,967
Loss from revaluation of inventory	8,795,801,928	-
	<b>235,950,361,658</b>	<b>622,221,509,512</b>

**41. CURRENT CORPORATE INCOME TAX EXPENSE**

	2019 VND	2018 VND
<b>Profit before tax</b>	<b>1,103,257,303,672</b>	<b>976,333,989,337</b>
Adjustments for taxable profit		
<i>Addition adjustments</i>	<i>(1,593,698,327,102)</i>	<i>(1,175,309,471,736)</i>
<i>Deduction adjustments</i>	<i>2,089,439,250,208</i>	<i>1,277,049,756,920</i>
<b>Assessable income</b>	<b>1,598,998,226,778</b>	<b>1,078,074,274,521</b>
Tax loss carried forward	(701,159,813)	-
<b>Taxable income</b>	<b>1,598,297,066,965</b>	<b>1,078,074,274,521</b>
Taxable income for tax rate 22% due to reversal of Scientific and Technological Development Fund	26,489,586,331	-
Taxable income for normal tax rate 20%	1,571,807,480,634	1,078,074,274,521
<b>Corporate income tax</b>	<b>320,189,205,120</b>	<b>204,239,150,709</b>
Tax deductions (i)	(11,344,850,175)	(1,153,955,375)
Additional corporate income tax	41,451,559	5,893,274,863
<b>Net current corporate income tax expense</b>	<b>308,885,806,504</b>	<b>208,978,470,197</b>

The Parent Company and its subsidiaries are obliged to pay corporate income tax at the rate of 20% (last year: 20%) of its taxable income.

(i) Tax deductions primarily represent the exempted amount for 4 years from the first year of having taxable income and 50% reduction of the tax payable in the next 9 years of Dinh Vu Petroleum Services Port Joint Stock Company and PTSC Thanh Hoa Port Joint Stock Company.

**42. BASIC EARNINGS PER SHARE ("EPS")**

The calculation of the basic earnings per share attributable to the ordinary equity holders of the Parent Company is based on the following data:

	2019 VND	2018 VND
Profit for the year attributable to ordinary shareholders of the Corporation	849,373,614,613	1,047,286,209,708
Less: Appropriation of bonus and welfare fund as budget	83,576,920,465	86,725,264,300
Profit for calculating basis earnings per share	765,796,694,148	960,560,945,408
Weighted average number of ordinary shares	477,966,290	477,966,290
<b>Basic earnings per share</b>	<b>1,602</b>	<b>2,010</b>

**Adjustment of the Bonus and welfare fund**

According to Official Document No 12568/BTC-CDKT dated 9 September 2015 of Ministry of Finance which explained Circular 200/2014/TT-BTC, profit used for calculation of EPS must exclude the appropriation of bonus and welfare fund of the year. An adjustment of VND 8,990,338,567 has been adjusted from the temporary amount of prior year to the actual amount of current year to adjust the EPS of 2018.



**43. OPERATING LEASE COMMITMENTS**

	<u>2019</u>	<u>2018</u>
	VND	VND
Minimum lease payments under operating leases recognised in the consolidated income statement for the year	539,849,789,469	770,212,512,465

At the balance sheet date, the Corporation had outstanding commitments under non-cancellable operating leases, which fall due as follows:

	<u>31/12/2019</u>	<u>31/12/2018</u>
	VND	VND
Within one year	391,169,161,619	224,204,784,448
In the second to fifth year inclusive	602,681,218,702	356,054,337,527
After five years	1,131,201,927,479	917,290,156,854
	<u><b>2,125,052,307,800</b></u>	<u><b>1,497,549,278,829</b></u>

As at 31 December 2019, the Corporation had commitments under non-cancellable operating leases of ship; lease of land in Vung Tau City for the purpose of building an office for PTSC Supply Base and PTSC Mechanical and Construction Services Company Limited; lease of land for the purpose of providing Port services of Phu My Port Joint Stock Company, Sao Mai - Ben Dinh Petroleum Investment Joint Stock Company; lease of property for the purpose of hotel services of Petro Hotel Company Limited.

The ship leases are signed for a period from 1 year to 5 years since 2016. The land lease in Vung Tau City was signed for 50 years since 2002.

**44. FINANCIAL INSTRUMENTS**

**Capital risk management**

The Corporation manages its capital to ensure that the Corporation will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Corporation consists of net debt (borrowings disclosed in Note 22 and Note 23, offset by cash and cash equivalents) and equity attributable to shareholders of the Corporation (comprising owners' contributed capital, share premium, investment and development fund, retained earnings, exchange rate differences and non-controlling interests).

*Gearing ratio*

The gearing ratio of the Corporation as at the balance sheet date was as follows:

	<u>31/12/2019</u>	<u>31/12/2018</u>
	VND	VND
Borrowings	1,355,547,170,485	914,050,154,397
Less: Cash and cash equivalents	6,949,116,096,040	6,310,817,196,759
Net debt	-	-
Equity	<u>12,784,263,579,342</u>	<u>12,705,246,627,662</u>
<b>Net debt to equity ratio</b>	<u>-</u>	<u>-</u>

**Significant accounting policies**

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses) for each class of financial assets and financial liabilities are disclosed in Note 3.



**Categories of financial instruments**

	Carrying amount	
	31/12/2019	31/12/2018
	VND	VND
<b>Financial assets</b>		
Cash and cash equivalents	6,949,116,096,040	6,310,817,196,759
Trade and other receivables	4,011,553,669,815	4,197,832,140,537
Financial investments	2,769,841,963,138	1,751,207,350,638
	<b>13,730,511,728,993</b>	<b>12,259,856,687,934</b>
<b>Financial liabilities</b>		
Borrowings	1,355,547,170,485	914,050,154,397
Trade and other payables	4,543,175,890,882	3,700,680,172,303
Accrued expenses	2,025,280,989,704	1,062,270,517,013
Provisions	1,731,635,393,456	1,574,976,297,272
	<b>9,655,639,444,527</b>	<b>7,251,977,140,985</b>

The Corporation has not determined fair value of its financial assets and liabilities as at the balance sheet date since there is no comprehensive guidance under Circular No. 210/2009/TT-BTC issued by the Ministry of Finance on 6 November 2009 ("Circular 210") and other relevant prevailing regulations to determine fair value of these financial assets and liabilities. While Circular 210 refers to the application of International Financial Reporting Standards ("IFRS") on presentation and disclosures of financial instruments, it did not adopt the equivalent guidance for the recognition and measurement of financial instruments, including application of fair value, in accordance with IFRS.

**Financial risk management objectives**

The Corporation has set up risk management system to identify and assess the risks exposed by the Corporation and designed control policies and procedures to manage those risks at an acceptable level. Risk management system is reviewed on a regular basis to reflect changes in market conditions and the Corporation's operations.

Financial risks include market risk (including foreign currency risk, interest rate risk, equity price risk and commodity price risk), credit risk and liquidity risk.

**Market risk**

The Corporation's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and prices of equity and commodity.

*Foreign currency risk management*

The Corporation undertakes certain transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Corporation has managed these risks by signing contract with customers with the respective currency with suppliers and adjust the selling price when there is significant fluctuation of exchange rate.

The carrying amounts of the Corporation's foreign currency denominated monetary assets and monetary liabilities at the end of the year were as follows:

	Assets		Liabilities	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
	VND	VND	VND	VND
United States Dollar ("USD")	5,723,455,977,502	5,691,328,668,691	2,793,636,017,202	2,711,727,387,606
British Pound ("GBP")	7,412,298,134	424,457,389	-	-
Euro (EUR)	51,636,346	59,041,960	43,292,845,926	439,376,889
Singapore Dollar ("SGD")	-	8,582,000	9,910,571	594,411,684
Russian Ruble (RUB)	222,872,523	-	274,656,915	254,997,729

*Foreign currency sensitivity analysis*

The Corporation is mainly exposed to United States Dollar.

The following table details the Corporation's sensitivity to a 2% increase and decrease in Vietnam Dong against USD. 2% is the sensitivity rate used when reporting foreign currency risk internally to the Board of Management and represents the Board of Management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 2% change in foreign currency rates. For a 2% increase/decrease in USD against Vietnam Dong, the Corporation's profit before tax in the year would have increased/decreased by the same amount as follows:

	<u>2019</u>	<u>2018</u>
	VND equivalent	VND equivalent
United States Dollar ("USD")	<u>58,596,399,206</u>	<u>59,592,025,622</u>

Based on the similar analysis for other currencies, there is no significant impact on the results of operations of the Corporation.

*Interest rate risk management*

The Corporation has significant interest rate risks arising from interest bearing loans which are arranged. The Corporation is exposed to interest rate risk as the Corporation and its subsidiaries borrows at both fixed and floating interest rates. The risk is managed by the Corporation by maintaining an appropriate mix between fixed and floating rate borrowings.

*Interest rate sensitivity*

The loan's sensitivity to interest rate changes which may arise at an appropriate level is presented as below. Assuming all other variables were held constant, if interest rates applicable to floating interest bearing loans had been 200 basis points higher/lower, the Corporation's profit before tax for the year ended 31 December 2019 would have decreased/increased by VND 3,495,431,522 (for the year ended 31 December 2018 would have decreased/increased by VND 5,442,425,241).

*Equity price risk management*

The Corporation is exposed to equity price risks. The Corporation's Board of Management assesses and approves decisions on investments such as operating industry, investees, etc. Investments in equity instruments are held for long-term strategic investments rather than trading purposes. The Corporation does not have intention to trade these investments in the foreseeable future.

*Commodity price risk management*

The Corporation purchases materials, commodities from local and foreign suppliers for business purpose. Therefore, the Corporation is exposed to the risk of changes in selling prices of materials, commodities.

**Credit risk**

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Corporation. The Corporation has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The Corporation does not have any significant credit risk exposure to any counterparty because receivables consist of a large number of customers operating mainly in the oil and gas industry who have a good credit history to meet their financial obligations as and when they fall due, spread across diverse industries and geographical areas.

The Board of Management perceived that there is no material credit risk relating to the Corporation's term deposits with original terms of less than 12 months at domestic bank as at 31 December 2019 and assess that these banks are operating stably, closely monitored by the State Bank, so there is no possibility that these banks are bankrupt and may cause losses to the Corporation.

**Liquidity risk management**

The purpose of liquidity risk management is to ensure the availability of funds to meet present and future financial obligations. Liquidity is also managed by ensuring that the excess of maturing liabilities over maturing assets in any year is kept to manageable levels relative to the amount of funds that the Corporation believes can generate within that year. The Corporation policy is to regularly monitor current and expected liquidity requirements to ensure that the Corporation maintains sufficient reserves of cash, borrowings and adequate committed funding from its shareholders to meet its liquidity requirements in the short and longer term.

The following table details the Corporation's remaining contractual maturity for its non-derivative financial assets and financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial assets and undiscounted cash flows of financial liabilities based on the earliest date on which the Corporation can be required to pay. The inclusion of information on non-derivative financial assets is necessary in order to understand the Corporation's liquidity risk management as the liquidity is managed on a net asset and liability basis.

	Less than 1 year	From 1- 5 years	After 5 years	Total
	VND	VND	VND	VND
<b>31/12/2019</b>				
Cash and cash equivalents	6,949,116,096,040	-	-	6,949,116,096,040
Trade and other receivables	3,845,923,509,751	165,630,160,065	-	4,011,553,669,816
Financial investments	2,742,571,586,619	-	27,270,376,519	2,769,841,963,138
	<b><u>13,537,611,192,410</u></b>	<b><u>165,630,160,065</u></b>	<b><u>27,270,376,519</u></b>	<b><u>13,730,511,728,994</u></b>
<b>31/12/2019</b>				
Borrowings	771,273,458,439	325,107,454,592	259,166,257,454	1,355,547,170,485
Trade and other payables	4,542,982,421,497	193,469,385	-	4,543,175,890,882
Accrued expenses	2,025,280,989,704	-	-	2,025,280,989,704
Provisions	153,180,406,643	1,578,454,986,813	-	1,731,635,393,456
	<b><u>7,492,717,276,283</u></b>	<b><u>1,903,755,910,790</u></b>	<b><u>259,166,257,454</u></b>	<b><u>9,655,639,444,527</u></b>
<b>Net liquidity gap</b>	<b><u>6,044,893,916,127</u></b>	<b><u>(1,738,125,750,725)</u></b>	<b><u>(231,895,880,935)</u></b>	<b><u>4,074,872,284,467</u></b>
	Less than 1 year	From 1- 5 years	After 5 years	Total
	VND	VND	VND	VND
<b>31/12/2018</b>				
Cash and cash equivalents	6,310,817,196,759	-	-	6,310,817,196,759
Trade and other receivables	4,172,839,781,280	24,992,359,257	-	4,197,832,140,537
Financial investments	1,751,207,350,638	-	-	1,751,207,350,638
	<b><u>12,234,864,328,677</u></b>	<b><u>24,992,359,257</u></b>	<b><u>-</u></b>	<b><u>12,259,856,687,934</u></b>
<b>31/12/2018</b>				
Borrowings	721,241,129,887	174,925,570,871	17,883,453,639	914,050,154,397
Trade and other payables	3,700,486,686,418	193,485,885	-	3,700,680,172,303
Accrued expenses	1,062,270,517,013	-	-	1,062,270,517,013
Provisions	155,487,912,290	1,419,488,384,982	-	1,574,976,297,272
	<b><u>5,639,486,245,608</u></b>	<b><u>1,594,607,441,738</u></b>	<b><u>17,883,453,639</u></b>	<b><u>7,251,977,140,985</u></b>
<b>Net liquidity gap</b>	<b><u>6,595,378,083,069</u></b>	<b><u>(1,569,615,082,481)</u></b>	<b><u>(17,883,453,639)</u></b>	<b><u>5,007,879,546,949</u></b>

The Board of Management assessed the liquidity risk at low level. The Board of Management believes that the Corporation will be able to generate sufficient funds to meet its financial obligations as and when they fall due.

45. RELATED PARTY TRANSACTIONS AND BALANCES

List of related parties

Relationship

Vietnam Oil and Gas Group	Parent Company
Nghi Son Refinery and Petrochemical Complex Project Management Board	Company in PVN
Long Phu 1 Power Plant Project Management Board	Company in PVN
Binh Son Refining and Petrochemical Joint Stock Company	Company in PVN
Vietnam Public Joint Stock Commercial Bank	Company in PVN
PetroVietnam Drilling and Well Services Corporation	Company in PVN
PetroVietnam Construction Joint Stock Company	Company in PVN
PetroVietnam Gas Joint Stock Corporation	Company in PVN
PetroVietnam Fertilizer and Chemicals Corporation	Company in PVN
PetroVietnam Exploration Production Corporation	Company in PVN
PetroVietnam Domestic Exploration Production Operating Company Limited	Company in PVN
PetroVietnam Manpower Training College	Company in PVN
PetroVietnam Ca Mau Fertilizer Joint Stock Company	Company in PVN
PetroVietnam Power Corporation	Company in PVN
Bien Dong Petroleum Operating Company	Company in PVN
PetroVietnam Transportation	Company in PVN
Dung Quat Shipyard	Company in PVN
PetroVietnam Oil Corporation	Company in PVN
PetroVietnam Urban Development Joint Stock Company	Company in PVN
Malaysia Vietnam Offshore Terminal (Labuan) Limited	Joint Venture of PTSC
Vietnam Offshore Floating Terminal Limited	Joint Venture of PTSC
PTSC South East Asia Pte. Ltd	Joint Venture of PTSC
PTSC Asia Pacific Pte. Ltd	Joint Venture of PTSC

During the year, the Corporation entered into the following significant transactions with related parties:

	2019	2018
	VND	VND
<b>Goods sold and services rendered</b>		
PetroVietnam Exploration Production Corporation	1,647,217,364,079	821,953,798,336
Bien Dong Petroleum Operating Company	626,464,424,824	486,921,350,017
PetroVietnam Gas Joint Stock Corporation	493,969,830,144	439,119,052,357
Binh Son Refining and Petrochemical Joint Stock Company	281,537,443,843	308,120,464,299
Vietnam Offshore Floating Terminal Limited	282,782,346,744	249,685,708,410
PetroVietnam Domestic Exploration Production Operating Company Limited	196,363,225,540	171,307,851,332
Malaysia Vietnam Offshore Terminal (Labuan) Limited	130,065,210,893	117,265,787,756
Long Phu 1 Power Plant Project Management Board	166,641,125,162	851,519,754,376
PetroVietnam Transportation	78,940,701,898	58,531,217,661
PetroVietnam Drilling and Well Services Corporation	45,821,438,946	49,059,407,475
PetroVietnam Fertilizer and Chemicals Corporation	43,096,922,269	310,918,106,108

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	2019	2018
	VND	VND
<b>Purchasing goods and services</b>		
Associates and Joint ventures of the Company	1,401,422,391,670	756,210,950,197
Long Phu 1 Power Plant Project Management Board	221,482,847,953	219,784,247,934
PetroVietnam Gas Joint Stock Corporation	112,266,174,035	41,817,876,307
PetroVietnam Oil Corporation	108,758,378,184	120,620,841,734
Binh Son Refining and Petrochemical Joint Stock Company	28,220,963,576	29,316,563,558
PetroVietnam Ca Mau Fertilizer Joint Stock Company	11,035,632,851	9,514,457,472
PetroVietnam Power Corporation	10,454,837,144	10,328,164,850
PetroVietnam Fertilizer and Chemicals Corporation	8,791,331,644	17,990,082,765
PetroVietnam Drilling and Well Services Corporation	8,266,937,000	192,901,769,193
Vietnam Oil and Gas Group	4,812,052,738	16,264,495,253
PetroVietnam Construction Joint Stock Company	4,325,949,865	44,516,959,778
Drilling Mud Joint Stock Corporation	3,971,829,919	930,863,752
Bien Dong Petroleum Operating Company	3,177,206,341	18,184,333,987
PetroVietnam Transportation	1,702,215,141	80,282,006
PetroVietnam Exploration Production Corporation	1,365,059,611	7,421,651,671
	<u>2019</u>	<u>2018</u>
	VND	VND
<b>Loan interest</b>		
Vietnam Public Joint Stock Commercial Bank	2,789,687,477	7,869,075,838
	<u>2019</u>	<u>2018</u>
	VND	VND
<b>Dividend payment in cash</b>		
Vietnam Oil and Gas Group	171,829,939,167	229,363,537,210
<b>Dividend payment in shares</b>		
Vietnam Oil and Gas Group	-	160,795,174,022
Remuneration of the Board of Directors, Board of Management and Board of Supervisors during the year as follows:		
	<u>2019</u>	<u>2018</u>
	VND	VND
Salary and benefits in kinds	19,947,172,000	21,672,178,000
Significant related party balances as at the balance sheet date were as follows:		
	<u>31/12/2019</u>	<u>31/12/2018</u>
	VND	VND
<b>Trade receivables</b>		
PetroVietnam Exploration Production Corporation	824,573,552,189	611,036,865,916
PetroVietnam Gas Joint Stock Corporation	188,356,913,942	108,607,467,566
Vietnam Offshore Floating Terminal (Ruby) Limited	127,037,356,446	152,911,936,704
Long Phu 1 Power Plant Project Management Board	126,037,622,810	111,331,999,583
Bien Dong Petroleum Operating Company	111,249,988,558	183,126,994,082
PetroVietnam Domestic Exploration Production Operating Company Limited	73,144,224,118	127,779,145,187
Malaysia Vietnam Offshore Terminal (Labuan) Limited	43,653,842,715	17,727,280,205
Nghi Son Refinery and Petrochemical Complex Project Management Board	37,203,110,659	37,203,110,659
PetroVietnam Fertilizer and Chemicals Corporation	36,294,484,493	71,678,401,440
Binh Son Refining and Petrochemical Joint Stock Company	33,461,128,184	58,530,739,993
PetroVietnam Drilling and Well Services Corporation	9,089,863,715	28,847,817,305



**Other receivables**

PetroVietnam Exploration Production Corporation	718,475,815,796	20,553,500,102
Long Phu 1 Power Plant Project Management Board	63,307,769,655	210,752,827,234
Vietnam Oil and Gas Group	57,744,327,344	47,256,963,954
Malaysia Vietnam Offshore Terminal (Labuan) Limited	41,515,071,906	914,622,500
PTSC Asia Pacific Private Limited	20,683,587,643	-
PetroVietnam Construction Joint Stock Company	5,199,262,207	-
PetroVietnam Fertilizer and Chemicals Corporation	820,358,222	884,791,730
Bien Dong Petroleum Operating Company	73,555,800	4,922,599,447

**Trade payables**

PTSC Asia Pacific Private Limited	607,367,871,795	368,421,977,726
PTSC South East Asia Private Limited	84,855,361,093	116,413,902,270
PetroVietnam Drilling and Well Services Corporation	70,459,191,806	63,015,541,017
PVD Tech	68,586,968,940	63,015,541,017
PetroVietnam Urban Development Joint Stock Company	35,166,431,703	35,166,431,703
PetroVietnam Construction Joint Stock Company	17,991,816,573	17,991,816,573
Dung Quat Shipyard	14,064,779,509	-
PetroVietnam Oil Corporation	4,864,398,357	146,600
PetroVietnam Manpower Training College	3,137,737,770	89,542,500
Vietnam Oil and Gas Group	2,200,000,000	-
PetroVietnam Engineering Corporation	461,934,822	3,604,086,376
PetroVietnam Maintenance and Repair Corporation	368,847,841	1,398,309,894
PetroVietnam Transportation	148,133,700	229,903,740
PetroVietnam Gas Joint Stock Corporation	106,238,155	366,338,500
PetroVietnam Fertilizer and Chemicals Corporation	18,600,000	18,600,000

**Advances from customers**

Long Phu 1 Power Plant Project Management Board	795,524,628,327	838,350,507,176
PetroVietnam Gas Joint Stock Corporation	410,180,765,506	13,310,399,729

**Other payables**

PetroVietnam Construction Joint Stock Corporation	1,669,212,234	5,240,216,424
Bien Dong Petroleum Operating Company	1,197,798,600	23,648,264,841
Vietnam Oil and Gas Group	381,753,040	10,798,843,102

**Long-term loans**

Vietnam Public Joint Stock Commercial Bank	18,280,340,815	52,610,850,919
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**46. CONTINGENT LIABILITIES**

On 23 August 2019, Power Machines Company ("PM") - the first member of the consortium (Consortium leader) of contractor of Long Phu 1 Thermal Power Project, sent a notice of complaint to Singapore International Arbitration Center about the unresolved dispute with the Vietnam Oil and Gas Group regarding the EPC Contract No. 9488/HD-DKVN dated on 27 December 2013 between the consortium of contractor Power Machines- Petroleum Technical Services Corporation and Vietnam Oil and Gas Group. At the date of this report, the lawsuit is still being reviewed by the Singapore International Arbitration Center. Board of Management of the Corporation assesses and believes that the case would not have effect as the Corporation. Therefore, no provision to be provided.

In December 2019, the vessel FSO MV12, owned by Rong Doi MV12 Private Limited ("Rong Doi"), a jointly controlled venture company, is chartered by Korea National Oil Corporation (KNOC), and is operating at Rong Doi field, has a problem related to the mooring system. At the date of this report, the vessel is operating and in use by KNOC still, and has not been scheduled for repair. At the date of report, the board of management of Rong Doi and its joint venture shareholders have not concluded on the repair plan and the budgeted cost for repair of the mooring system. The Board of Management of the Corporation has assessed and believed that this issue has no impact on the its consolidated financial statements for the year ended 31 December 2019.



**47. SUBSEQUENT EVENTS**

Due to COVID-19 outbreak in Vietnam and other countries as well as the falling down of crude oil... in the world recently, the progress of performance and implementation of oil and gas projects that that has been carrying out in year 2020, may be effected. The Board of Management of the Corporation is assessing the impact of these matters on its financial and operational aspects in 2020 for implementing short-term and long-term plans to ensure an effective operation in the future.

**48. SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION**


**Supplemental non-cash disclosures**

Cash outflow for acquisition and construction of fixed assets during the year do not include the amount of VND 186,485,068,478 (2018: VND 0) is the value of assets purchased during the year that have been offset with the advance paid to suppliers in the previous year. Besides, the cash outflows for acquisition and construction of fixed assets do not include the amount of VND 79,163,325,722 which is payable to the supplier at the end of the year. Therefore, corresponding amounts have been adjusted to changes in receivables and payables.

Interest income from deposits during the year does not include the amount of VND 70,847,675,886 (2018: VND 42,554,142,369), which is the amount of accrued interest incurred in the year that has not been received. Therefore, a corresponding amount has been adjusted to change in receivables.

Dividend paid to shareholders excluded an amount of VND 16,576,982,829 which has not yet been paid as at 31 December 2019 (as at 31 December 2018: VND 17,570,581,159). Therefore, a corresponding amount has been adjusted to change in payables.

  
**Duong Thi Ngoc Quy**  
Preparer

  
**Nguyen Van Bao**  
Chief Accountant

  
  
**Le Manh Cuong**  
President and CEO  
27 March 2020  
Ho Chi Minh City, S.R. Vietnam

  
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CÔNG TY  
THẨM HỮU HẠN  
PWC  
VIỆT NAM  
TP. HỒ CHÍ MINH