



**PETROVIETNAM TECHNICAL SERVICES CORPORATION  
(THE COMPANY)**

*(Incorporated in the Socialist Republic of Vietnam)*

**AUDITED SEPARATE FINANCIAL  
STATEMENTS**

**For the year ended 31 December 2019**

**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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**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 "Company") presents this report together with the Company's separate 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 Company 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. Tran Ho Bac	Vice President
Mr. Tran Viet Dung	Vice President (resigned on 15 June 2019)
Mr. Nguyen Tran Toan	Vice President
Mr. Nguyen Huu Hai	Vice President
Mr. Ta Duc Tien	Vice President
Mr. Nguyen Xuan Cuong	Vice President

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

The Board of Management of the Company is responsible for preparing the separate financial statements, which give a true and fair view of the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting. In preparing these separate 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 separate financial statements;
- Prepare the separate financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- Design and implement an effective internal control system for the purpose of properly preparing and presenting the separate financial statements so as to minimize errors and frauds.



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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

**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 financial position of the Company and that the separate financial statements comply with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting. The Board of Management is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

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

For and on behalf of the Board of Management,



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

23 March 2020

Ho Chi Minh City, S.R. Vietnam

No.: 0449 /VN1A-HC-BC

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying separate financial statements of PetroVietnam Technical Services Corporation (the "Company"), prepared on 23 March 2020 as set out from page 4 to page 41, which comprise the separate balance sheet as at 31 December 2019, and the separate statement of income and separate 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 Separate Financial Statement**

The Board of Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting and for such internal control as the Board of Management determines is necessary to enable the preparation of separate 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 separate financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free from material misstatement.

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

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

### **Opinion**

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



**Lê Đình Tú**  
**Audit Partner**

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

**BRANCH OF DELOITTE VIETNAM  
COMPANY LIMITED**

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

**Tran Hong Quan**  
**Auditor**

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

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**SEPARATE 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>8,801,614,425,874</b>	<b>7,011,543,617,474</b>
<b>I. Cash and cash equivalents</b>	<b>110</b>	<b>4</b>	<b>4,164,951,212,389</b>	<b>3,685,429,939,658</b>
1. Cash	111		2,162,951,212,389	2,193,429,939,658
2. Cash equivalents	112		2,002,000,000,000	1,492,000,000,000
<b>II. Short-term financial investment</b>	<b>120</b>	<b>5</b>	<b>763,000,000,000</b>	<b>115,000,000,000</b>
1. Held-to-maturity investments	123		763,000,000,000	115,000,000,000
<b>III. Short-term receivables</b>	<b>130</b>		<b>3,458,676,033,175</b>	<b>2,973,225,726,994</b>
1. Short-term trade receivables	131	6	2,008,031,664,142	1,768,584,800,626
2. Short-term advances to suppliers	132		312,653,134,672	450,488,410,306
3. Receivables from construction contracts under percentage of completion method	134	19	181,447,480,986	258,412,474,685
4. Other short-term receivables	136	7	1,157,672,138,509	607,762,840,813
5. Provision for short-term doubtful debts	137	6, 7	(201,128,385,134)	(112,022,799,436)
<b>IV. Inventories</b>	<b>140</b>	<b>8</b>	<b>292,755,631,373</b>	<b>127,041,792,569</b>
1. Inventories	141		293,359,937,527	128,664,175,974
2. Provision for devaluation of inventories	149		(604,306,154)	(1,622,383,405)
<b>V. Other short-term assets</b>	<b>150</b>		<b>122,231,548,937</b>	<b>110,846,158,253</b>
1. Short-term prepayments	151	9	8,102,945,871	5,387,459,044
2. Value added tax deductibles	152		114,128,603,066	105,458,699,209
<b>B. NON-CURRENT ASSETS</b>	<b>200</b>		<b>6,149,581,990,944</b>	<b>5,520,225,355,596</b>
<b>I. Long-term receivables</b>	<b>210</b>		<b>440,442,485,607</b>	<b>375,895,379,043</b>
1. Long-term advances to suppliers	212		75,409,365,095	6,761,250,000
2. Other long-term receivables	216		365,033,120,512	369,134,129,043
<b>II. Fixed assets</b>	<b>220</b>		<b>1,368,656,285,592</b>	<b>801,035,077,216</b>
1. Tangible fixed assets	221	10	1,360,688,328,021	785,812,027,621
- Cost	222		5,202,068,411,705	4,539,348,220,252
- Accumulated depreciation	223		(3,841,380,083,684)	(3,753,536,192,631)
2. Intangible assets	227	11	7,967,957,571	15,223,049,595
- Cost	228		47,573,826,597	47,855,838,965
- Accumulated amortization	229		(39,605,869,026)	(32,632,789,370)
<b>III. Long-term assets in progress</b>	<b>240</b>		<b>1,743,970,405</b>	<b>18,678,733,717</b>
1. Construction in progress	242		1,743,970,405	18,678,733,717
<b>IV. Long-term financial investments</b>	<b>250</b>		<b>3,780,338,089,525</b>	<b>3,765,392,522,798</b>
1. Investments in subsidiaries	251	12	3,186,935,509,600	3,186,935,509,600
2. Investments in associates, joint-ventures	252	13	1,603,077,039,235	1,603,077,039,235
3. Equity investments in other entities	253		3,000,000,000	3,000,000,000
4. Provision for impairment of long-term financial investments	254	14	(1,012,674,459,310)	(1,027,620,026,037)
<b>V. Other long-term assets</b>	<b>260</b>		<b>558,401,159,815</b>	<b>559,223,642,822</b>
1. Long-term prepayments	261	9	391,292,086,816	399,521,720,599
2. Deferred tax assets	262	15	143,599,034,440	130,787,867,705
3. Long-term reserved spare parts	263		23,510,038,559	28,914,054,518
<b>TOTAL ASSETS (270=100+200)</b>	<b>270</b>		<b>14,951,196,416,818</b>	<b>12,531,768,973,070</b>

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




**SEPARATE 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>6,918,639,813,464</b>	<b>4,667,470,034,551</b>
<b>I. Current liabilities</b>	<b>310</b>		<b>5,337,597,487,372</b>	<b>3,600,395,739,576</b>
1. Short-term trade payables	311	16	2,314,925,564,860	1,713,437,919,061
2. Short-term advances from customers	312		263,309,920,970	26,215,172,509
3. Taxes and amounts payable to the State budget	313	17	15,818,004,404	57,832,865,621
4. Payables to employees	314		181,115,377,584	159,182,470,769
5. Short-term accrued expenses	315	18	1,259,880,307,087	364,769,304,115
6. Payables relating to construction contracts under percentage of completion method	317	19	44,733,508,613	-
7. Short-term unearned revenue	318		34,545,454,548	36,204,569,927
8. Other current payables	319	20	515,797,360,408	551,119,599,823
9. Short-term loans and obligations under finance leases	320	22	115,936,488,465	65,906,245,000
10. Short-term provisions	321	21	391,763,447,260	435,393,267,162
11. Bonus and welfare funds	322		199,772,053,173	190,334,325,589
<b>II. Long-term liabilities</b>	<b>330</b>		<b>1,581,042,326,092</b>	<b>1,067,074,294,975</b>
1. Long-term advances from customers	332	23	976,563,803,527	842,272,559,787
2. Long-term unearned revenue	336	24	51,818,181,809	86,363,636,357
3. Long-term loans and obligations under finance leases	338	25	536,936,290,869	111,948,512,500
4. Long-term provisions	342	27	15,724,049,887	-
5. Scientific and technological development fund	343	26	-	26,489,586,331
<b>D. EQUITY</b>	<b>400</b>		<b>8,032,556,603,354</b>	<b>7,864,298,938,519</b>
<b>I. Owners' equity</b>	<b>410</b>	<b>28</b>	<b>8,032,556,603,354</b>	<b>7,864,298,938,519</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. Investment and development fund	418		2,636,503,189,630	2,428,857,429,441
4. Retained earnings	421		576,773,453,724	616,161,549,078
- Retained earnings accumulated to the prior year end	421a		-	55,390,502,647
- Retained earnings of the current year	421b		576,773,453,724	560,771,046,431
<b>TOTAL RESOURCES (440=300+400)</b>	<b>440</b>		<b>14,951,196,416,818</b>	<b>12,531,768,973,070</b>

  
 Duong Thi Ngoc Quy  
 Preparer

  
 Nguyen Van Bao  
 Chief Accountant

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



**SEPARATE INCOME STATEMENT**  
 For the year ended 31 December 2019

Unit: VND

ITEMS	Codes	Notes	2019	2018
1. Net revenue from goods sold and services rendered	10	30	5,623,411,023,112	5,754,084,862,150
2. Deductions	02		81,584,891,618	-
3. Net revenue from goods sold and services rendered (10=01-02)	10		5,541,826,131,494	5,754,084,862,150
4. Cost of goods sold and services rendered	11	31	5,623,464,288,625	5,475,754,393,476
5. (Loss)/gross profit (20=10-11)	20		(81,638,157,131)	278,330,468,674
6. Financial income	21	33	1,114,935,405,785	1,134,382,111,691
7. Financial expenses	22	34	35,693,111,422	269,527,718,122
- In which: Interest expense	23		27,783,473,446	14,538,483,134
8. Selling expenses	25	35	42,252,902,383	40,910,345,723
9. General and administration expenses	26	35	371,056,703,979	554,951,671,801
10. Operating profit (30=20+(21-22)-(25+26))	30		584,294,530,870	547,322,844,719
11. Other income	31		36,982,929,864	39,580,669,456
12. Other expenses	32		7,049,244,752	5,828,381,926
13. Profit from other activities (40=31-32)	40	36	29,933,685,112	33,752,287,530
14. Profit before tax (50=30+40)	50		614,228,215,982	581,075,132,249
15. Current corporate income tax expense	51	37	50,265,928,993	72,184,244,356
16. Deferred corporate tax income	52	15	(12,811,166,735)	(51,880,158,538)
17. Profit after tax (60=50-51-52)	60		576,773,453,724	560,771,046,431

  
 Duong Thi Ngoc Quy  
 Preparer

  
 Nguyen Van Bao  
 Chief Accountant

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




**SEPARATE 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>614,228,215,982</b>	<b>581,075,132,249</b>
<b>2. Adjustments for:</b>			
Depreciation and amortization of fixed assets	02	172,439,343,787	151,642,051,124
Provisions	03	45,236,171,705	574,339,330,840
Foreign exchange loss arising from translating foreign currency items	04	17,395,814,040	3,684,943,536
Gain from investing activities	05	(1,096,159,233,475)	(941,427,892,471)
Interest expense	06	27,783,473,446	14,538,483,134
Other adjustments	07	(26,489,586,331)	-
<b>3. Operating (loss)/profit before movements in working capital</b>	<b>08</b>	<b>(245,565,800,846)</b>	<b>383,852,048,412</b>
Changes in receivables	09	(813,332,197,531)	1,150,261,465,702
Changes in inventories	10	(159,291,745,594)	(63,093,956,894)
Changes in payables	11	1,800,759,298,222	(1,457,728,653,752)
Changes in prepaid expenses	12	5,514,146,956	24,640,074,840
Interest paid	14	(27,033,538,353)	(16,354,657,243)
Corporate income tax paid	15	(88,323,984,540)	(50,661,252,138)
Other cash outflows	17	(51,216,323,424)	(67,259,120,507)
<b>Net cash generated by/(used in) operating activities</b>	<b>20</b>	<b>421,509,854,890</b>	<b>(96,344,051,580)</b>
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
1. Acquisition and constructions of fixed assets	21	(491,355,166,422)	(113,972,988,185)
2. Proceeds from sale, disposal of fixed assets	22	4,703,351,426	50,264,545
3. Cash outflow for lending, buying debt instruments of other entities	23	(933,000,000,000)	(115,000,000,000)
4. Cash recovered from lending, selling debt instruments of other entities	24	285,000,000,000	-
5. Cash recovered from investments in other entities	26	-	855,132,701,552
6. Interest earned, dividends and profits received	27	1,070,926,851,946	1,089,240,460,773
<b>Net cash (used in)/generated by investing activities</b>	<b>30</b>	<b>(63,724,963,050)</b>	<b>1,715,450,438,685</b>
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
1. Proceeds from borrowings	33	540,988,204,334	-
2. Repayment of borrowings	34	(64,076,520,200)	(210,472,767,557)
3. Dividends paid	36	(334,429,620,800)	(446,406,261,599)
<b>Net cash generated by/(used in) financing activities</b>	<b>40</b>	<b>142,482,063,334</b>	<b>(656,879,029,156)</b>
<b>Net increase in cash (50=20+30+40)</b>	<b>50</b>	<b>500,266,955,174</b>	<b>962,227,357,949</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>60</b>	<b>3,685,429,939,658</b>	<b>2,718,246,741,529</b>
Effects of changes in foreign exchange rates	61	(20,745,682,443)	4,955,840,180
<b>Cash and cash equivalents at the end of the year (70=50+60+61)</b>	<b>70</b>	<b>4,164,951,212,389</b>	<b>3,685,429,939,658</b>

 Duong Thi Ngoc Quy  
 Preparer

 Nguyen Van Bao  
 Chief Accountant

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

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**

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

**1. GENERAL INFORMATION**

**Structure of ownership**

PetroVietnam Technical Services Corporation (the "Company") 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 No. 0100150577 issued by the Department of Planning and Investment of Ho Chi Minh City. The stocks of the 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.

The number of the Company's employees as at 31 December 2019 was 1,835 (as at 31 December 2018: 1,962).

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

**The Company's structure**

Details of the Company'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 (terminated 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 SEPARATE FINANCIAL STATEMENTS (Continued)**

**FORM B 09-DN**

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 CGGV 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

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

**FORM B 09-DN**

Name	Place of incorporation and operation	Proportion of ownership interest (%)	Proportion of voting power held (%)	Principal activities
<b>Associates and 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

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

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

**2. ACCOUNTING CONVENTION AND FINANCIAL YEAR**

**Accounting convention**

The accompanying separate 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 financial reporting.

The accompanying separate financial statements are prepared solely to present the financial position of the Company as at 31 December 2019 and the results of its operations and its cash flows for the year then ended; hence, the Company has not consolidated investments in subsidiaries and associates, joint ventures in the separate financial statements. Accounting policies for the Company's investments are prepared in detail in Note 3 below.

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

**Financial year**

The Company'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 Company in the preparation of these separate financial statements, are as follows:

**Estimates**

The preparation of separate financial statements in conformity with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting requires the 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 separate 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.

**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 Company comprise cash, cash equivalents, trade and other receivables and 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 Company comprise trade and other payables, accrued expenses, provisions and 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, bank demand deposits 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 Company has the positive intent or ability to hold to maturity, including term deposits (commercial bills), bonds, preference shares which the issuer shall redeem at a certain date in the future, 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.

***Investments in subsidiaries, joint ventures, associates***

***Investments in subsidiaries***

A subsidiary is an entity over which the Company has control. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

***Investments in joint ventures***

A joint venture is a contractual arrangement whereby the 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.

***Investments in associates***

An associate is an entity over which the Company 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.

***Equity investments in other entities***

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

***Investment recognition and provision for impairment of long-term 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 separate 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 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 Company'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 realizable value. Cost comprises direct materials and where applicable, direct labor 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 realizable 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 recognized 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 their 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 separate the income statement.

**Intangible assets and amortization**

Intangible assets represent indefinite land use rights and other types of administrative software that are stated at cost less accumulated amortization. Land use rights with indefinite duration are not amortized according to current regulations. Administrative software is amortized within 3 years.

**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 and other directly attributable costs in accordance with the Company'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 level of competent authorities. The final costs of these completed construction projects may vary depending on the final approval by competent authorities.

**Prepayments**

Long-term prepayments represent office rental charges at No. 1-5 Le Duan Street, District 1, Ho Chi Minh City, site clearance costs at Son Tra Harbour and other types of long-term prepayments.

The office rental at No. 1-5 Le Duan Street, District 1, Ho Chi Minh City is from October 2010 with lease term of 50 years. The Company allocates this amount to the separate income statement over the lease term.

Site clearance cost at Son Tra Harbour is allocated to the separate income statement over the remaining Harbour lease term 42 years since December 2015.

Other types of long-term prepayments comprise costs of tools and supplies, which are expected to provide future economic benefits to the Company for one year or more. These expenditures are allocated to the separate income statement using the straight-line method over the period of three years.

**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 Company as lessor: Rental income from operating leases is recognized 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 recognized on a straight-line basis over the lease term.

The Company as lessee: Rentals payable under operating leases are charged to the separate income statement on a straight-line basis over the term of the relevant lease.

#### **Revenue recognition**

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

- (a) the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (b) the Company 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 Company; and
- (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 recognized 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 recognized 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 Company;
- (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 recognized when the Company's right to receive the dividend has been established.

#### **Construction contracts**

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognized 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 recognized 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 arising are recognized in the separate income statement.

**Borrowing costs**

Borrowing costs are recognized in the separate income statement in the year when incurred unless they are capitalized 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 capitalized even when the construction period is under 12 months.

Other borrowing interest expenses are recognized in the separate income statement in the year when incurred.

**Payables provisions**

Payable provisions are recognized when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation as at the balance sheet date.

The provision for periodic vessel repair is recognized as the expenses incurred within the year based on the estimation until the asset is repaired. At the year of repairing, if the actual repair cost is larger than the estimated amount or vice versa, the difference will be recorded into the separate income statement of the current fiscal year.

**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 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 recognized on significant differences between carrying amounts of assets and liabilities in the separate 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 recognized for all temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilized.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized. 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 Company 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 Company if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or when the Company 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.

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**Profit distribution**

The Company distributes its retaining earning in prior year in accordance with the Resolution of General Meeting of Shareholders. The procedures and time for payment of dividends 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	2,843,351,353	2,068,733,972
Bank demand deposits	2,160,107,861,036	2,191,361,205,686
Cash equivalents	2,002,000,000,000	1,492,000,000,000
	<u><b>4,164,951,212,389</b></u>	<u><b>3,685,429,939,658</b></u>

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 5.1% per annum (as at 31 December 2018: interest rates from 4.1% to 5.3% per annum).

**5. SHORT-TERM FINANCIAL INVESTMENT**

Short-term financial investments represent term deposits in Vietnam Dong at commercial banks with maturity of more than 3 months but no more than 12 months and earn interest at rates ranging from 4.2% to 7.5% per annum (as at 31 December 2018: from 4.7% to 5.5% per annum).

**6. SHORT-TERM TRADE RECEIVABLES**

	<u>31/12/2019</u>	<u>31/12/2018</u>
	VND	VND
PetroVietnam Exploration Production Corporation	764,229,059,724	541,260,311,906
Receivables from subsidiaries	191,708,323,994	158,474,365,808
PetroVietnam Gas Joint Stock Corporation	188,356,913,942	95,736,075,210
Long Phu 1 Power Plant Project Management Board	126,037,622,810	111,331,999,583
Bien Dong Petroleum Operating Company	94,790,909,641	140,916,438,677
PetroVietnam Domestic Exploration Production Operating Company Limited	69,773,748,927	103,994,190,536
Idemitsu Gas Production Office (Vietnam) Co., Ltd. in Ho Chi Minh City	67,728,380,317	319,218,360
Nghi Son Refinery and Petrochemical LLC	60,071,146,899	67,237,004,612
Nghi Son Refinery and Petrochemical Complex Project Management Board	37,203,110,659	37,203,110,659
PetroVietnam Fertilizer and Chemicals Corporation	35,360,917,711	65,693,816,125
Hoang Long Joint Operating Company	23,699,681,652	13,275,243,196
Cuu Long Joint Operating Company	22,488,878,545	27,173,323,784
Premier Oil Vietnam Offshore B.V	20,043,535,424	22,368,250,984
PVD Baker Hughes Co., Ltd.	19,620,676,111	10,546,249,928
Vopak Vietnam Co., Ltd.	14,600,340,112	-
Vietsovetro	11,285,944,229	45,122,693,542
PetroVietnam Drilling and Well Services Corporation	6,811,026,715	28,811,900,729
Thien Nam Offshore Services Joint Stock Company	1,590,235,886	40,327,761,754
Top Solvent Company Limited	-	45,256,623,576
Other short-term trade receivable	252,631,210,844	213,536,221,657
	<u><b>2,008,031,664,142</b></u>	<u><b>1,768,584,800,626</b></u>



Details of provision for doubtful debts by aging as below:

	<b>31/12/2019</b>		<b>31/12/2018</b>	
	Cost	Provision	Cost	Provision
	VND	VND	VND	VND
<b>Short-term trade receivables</b>				
Under 6 months	1,774,416,134,838	-	1,618,229,633,204	-
From 6 months to under 1 year	19,803,411,740	5,941,023,522	23,158,778,020	6,947,633,406
From 1 year to under 2 years	37,346,207,235	18,673,103,618	17,734,763,379	8,867,381,690
From 2 years to under 3 years	2,059,031,040	1,441,321,728	46,328,851,992	32,430,196,395
3 years and above	174,406,879,289	174,406,879,289	63,132,774,030	63,132,774,030
	<b>2,008,031,664,142</b>	<b>200,462,328,156</b>	<b>1,768,584,800,626</b>	<b>111,377,985,521</b>

**7. OTHER SHORT-TERM RECEIVABLES**

	<b>31/12/2019</b>	<b>31/12/2018</b>
	VND	VND
PetroVietnam Exploration Production Corporation (i)	718,475,815,796	20,553,500,102
Receivables from subsidiaries (ii)	175,242,106,821	254,230,397,186
Long Phu 1 Power Plant Project Management Board (iii)	63,307,769,655	210,752,827,234
Vietnam Oil and Gas Group (iv)	57,744,327,344	47,256,963,954
Vietsovpetro	24,319,301,409	3,412,254,546
Repsol Oil & Gas Malaysia Limited	16,682,601,075	-
Toisa Ltd.	7,524,404,976	7,524,404,976
Nghi Son Refinery and Petrochemical LLC	7,438,886,734	-
PetroVietnam Domestic Exploration Production Operating Company Limited	6,536,713,347	675,414,152
Rosneft Vietnam B.V	6,222,055,725	-
Saigon Shipyard Co., Ltd.	6,219,161,494	-
Talisman Vietnam 07/03 B.V	4,926,576,995	11,714,313,422
Lilama Corporation	2,675,607,236	2,675,607,236
Bourbon Offshore Asia Pte Ltd	1,308,179,973	1,308,179,973
Bien Dong Petroleum Operating Company	73,555,800	4,922,599,447
Nghi Son Refinery and Petrochemical Complex Project Management Board	-	7,398,944,930
Other receivables	58,975,074,129	35,337,433,655
	<b>1,157,672,138,509</b>	<b>607,762,840,813</b>

- (i) Receivables from PetroVietnam Exploration and Production Corporation represent accrued charter revenue and operation & maintenance services for FPSO Lam Son vessel.
- (ii) Receivables from the subsidiaries represent internal liabilities and receivables arising from other internal transactions between the Company and its subsidiaries.
- (iii) 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.
- (iv) Receivable from Vietnam Oil and Gas Group represents the accrued revenue relating to the services provided that belong to PVN15 projects and other receivables.

Details of provision for doubtful debts by ageing as below:

	<b>31/12/2019</b>		<b>31/12/2018</b>	
	Cost	Provision	Cost	Provision
	VND	VND	VND	VND
<b>Other short-term trade receivables</b>				
Under 6 months	1,156,816,296,428	-	606,775,547,050	-
From 6 months to under 1 year	10,511,600	3,153,480	282,151,487	84,645,446
From 1 year to under 2 years	256,349,589	128,174,795	211,567,700	105,783,850
From 2 years to under 3 years	180,840,630	126,588,441	130,633,190	91,443,233
3 years and above	408,140,262	408,140,262	362,941,386	362,941,386
	<b>1,157,672,138,509</b>	<b>666,056,978</b>	<b>607,762,840,813</b>	<b>644,813,915</b>

**8. INVENTORIES**

	<b>31/12/2019</b>		<b>31/12/2018</b>	
	Cost	Provision	Cost	Provision
	VND	VND	VND	VND
Goods in transit	145,001,412,833	-	-	-
Raw materials	17,607,747,866	(604,306,154)	19,617,910,016	(1,622,383,405)
Tools and supplies	3,700,589,679	-	2,716,576,685	-
Work in progress	124,068,198,490	-	105,277,153,373	-
Merchandise	2,981,988,659	-	1,052,535,900	-
	<b>293,359,937,527</b>	<b>(604,306,154)</b>	<b>128,664,175,974</b>	<b>(1,622,383,405)</b>

In 2019, the Company reversed provision for devaluation of inventories with the amount of VND 1,018,077,251 (in 2018: VND 144,779,216).

**9. PREPAYMENTS**

	<b>31/12/2019</b>	<b>31/12/2018</b>
	VND	VND
<b>a. Short-term</b>		
Other prepayment expenses for operating activities	8,102,945,871	5,387,459,044
	<b>8,102,945,871</b>	<b>5,387,459,044</b>
<b>b. Long-term</b>		
Office rental at No. 1-5 Le Duan Street	284,102,452,874	291,074,610,275
Site clearance cost at Son Tra Harbour	95,090,338,879	97,578,459,163
Other long-term prepayments	12,099,295,063	10,868,651,161
	<b>391,292,086,816</b>	<b>399,521,720,599</b>

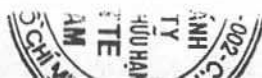


10. TANGIBLE FIXED ASSETS

	Buildings and structures VND	Machinery and equipment VND	Office equipment VND	Transportation vehicles VND	Others VND	Total VND
<b>COST</b>						
As at 1/1/2019	1,274,763,135,325	137,778,838,053	94,863,366,042	3,029,787,979,940	2,154,900,892	4,539,348,220,252
Additions	-	2,115,217,675	1,478,860,000	720,248,189,595	79,818,182	723,922,085,452
Transfer from construction in progress	3,105,506,112	-	-	13,133,554,587	-	16,239,060,699
Disposal	-	(3,295,034,574)	(837,294,000)	(73,169,756,256)	-	(77,302,084,830)
Other decreases	(6,589,868)	-	(132,280,000)	-	-	(138,869,868)
<b>As at 31/12/2019</b>	<b>1,277,862,051,569</b>	<b>136,599,021,154</b>	<b>95,372,652,042</b>	<b>3,689,999,967,866</b>	<b>2,234,719,074</b>	<b>5,202,068,411,705</b>
<b>ACCUMULATED DEPRECIATION</b>						
As at 1/1/2019	773,028,348,033	109,165,822,215	76,964,742,995	2,793,415,530,398	961,748,990	3,753,536,192,631
Charge for the year	55,342,587,536	14,099,152,413	9,500,554,183	85,979,122,515	356,839,236	165,278,255,883
Disposals	-	(3,295,034,574)	(837,294,000)	(73,169,756,256)	-	(77,302,084,830)
Other decreases	-	-	(132,280,000)	-	-	(132,280,000)
<b>As at 31/12/2019</b>	<b>828,370,935,569</b>	<b>119,969,940,054</b>	<b>85,495,723,178</b>	<b>2,806,224,896,657</b>	<b>1,318,588,226</b>	<b>3,841,380,083,684</b>
<b>NET BOOK VALUE</b>						
<b>As at 1/1/2019</b>	<b>501,734,787,292</b>	<b>28,613,015,838</b>	<b>17,898,623,047</b>	<b>236,372,449,542</b>	<b>1,193,151,902</b>	<b>785,812,027,621</b>
<b>As at 31/12/2019</b>	<b>449,491,116,000</b>	<b>16,629,081,100</b>	<b>9,876,928,864</b>	<b>883,775,071,207</b>	<b>916,130,850</b>	<b>1,360,688,328,021</b>

As at 31 December 2019, the cost of tangible fixed assets includes an amount of VND 3,134 billion (as at 31 December 2018: VND 3,026 billion) of assets which have been fully depreciated but are still in use.

As at 31 December 2019, the Company pledged the fixed assets formed from loans to secure banking facilities (as stated in Note 25) which have a carrying value of approximately VND 1,083 billion (as at 31 December 2018: VND 461 billion).



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

FORM B 09-DN

11. INTANGIBLE FIXED ASSETS

	Land use right VND	Computer software VND	Other intangible assets VND	Total VND
<b>COST</b>				
As at 1/1/2019	1,310,220,000	46,413,618,965	132,000,000	47,855,838,965
Disposals	-	(282,012,368)	-	(282,012,368)
<b>As at 31/12/2019</b>	<b>1,310,220,000</b>	<b>46,131,606,597</b>	<b>132,000,000</b>	<b>47,573,826,597</b>
<b>ACCUMULATED AMORTISATION</b>				
As at 1/1/2019	-	32,500,789,370	132,000,000	32,632,789,370
Charge for the year	-	7,161,087,904	-	7,161,087,904
Disposals	-	(188,008,248)	-	(188,008,248)
<b>As at 31/12/2019</b>	<b>-</b>	<b>39,473,869,026</b>	<b>132,000,000</b>	<b>39,605,869,026</b>
<b>NET BOOK VALUE</b>				
As at 1/1/2019	1,310,220,000	13,912,829,595	-	15,223,049,595
As at 31/12/2019	1,310,220,000	6,657,737,571	-	7,967,957,571

Details of the Company's subsidiaries as at 31 December 2019 were as follows:

(\*) As at reporting date, PTSC CGGV Geophysical Survey Company Limited, a subsidiary of the Company, has stopped the operation and has been carrying out necessary procedures to dissolve in accordance with official approved documents from authorities and the Resolution of the Company's Board of Directors.

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

FORM B 09-DN

**13. INVESTMENTS IN ASSOCIATES, JOINT VENTURES**

Name of associates, joint ventures	31/12/2019		31/12/2018	
	Proportion of ownership interest (%)	VND	Proportion of ownership interest (%)	VND
Rong Doi MV12 Private Limited (i)	33.00%	106,022,400	33.00%	106,022,400
Malaysia Vietnam Offshore Terminal (Labuan) Limited (ii)	49.00%	292,324,455,887	49.00%	292,324,455,887
Vietnam Offshore Floating Terminal (Ruby) Limited (iii)	60.00%	156,473,118,448	60.00%	156,473,118,448
PTSC South East Asia Private Limited (iv)	51.00%	340,800,232,500	51.00%	340,800,232,500
PTSC Asia Pacific Private Limited (v)	51.00%	641,415,780,000	51.00%	641,415,780,000
PetroVietnam Marine Shipyard Joint Stock Company (vi)	28.75%	171,957,430,000	28.75%	171,957,430,000
		<b><u>1,603,077,039,235</u></b>		<b><u>1,603,077,039,235</u></b>

(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) to rent from 2007. As at 31 December 2019, the Company'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 Berhad in 2009 to invest in FSO "Orkid" with the capacity of 650,000 barrels of oil for Talsman 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 Company'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 Company'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 offshore at blocks 05.2 and 05.3. 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 Company'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.

**14. PROVISION FOR IMPAIRMENT OF LONG-TERM FINANCIAL INVESTMENTS**

As at 31 December 2019, the Company assessed and made provision for impairment of long-term financial investments in accordance with current accounting regulation and the Company's accounting policy.

Details are as follows:

	<b>31/12/2019</b>	<b>31/12/2018</b>
	VND	VND
<b>Provision for investments in subsidiaries</b>		
PTSC CCGV Geophysical Survey Company Limited	597,817,104,000	597,817,104,000
Petro Hotel Company Limited	17,459,744,595	17,933,250,906
PTSC Quang Ngai Joint Stock Company	224,663,277,753	239,157,744,268
	<b>839,940,126,348</b>	<b>854,908,099,174</b>
<b>Provision for investments in associates, joint ventures</b>		
PetroVietnam Marine Shipyard Joint Stock Company	171,957,430,000	171,957,430,000
	<b>171,957,430,000</b>	<b>171,957,430,000</b>
<b>Provision for other long-term investments</b>		
Nhon Trach Shipyard Joint Stock Company	776,902,962	754,496,863
	<b>776,902,962</b>	<b>754,496,863</b>
<b>Provision for impairment of long-term financial investments</b>	<b>1,012,674,459,310</b>	<b>1,027,620,026,037</b>

Movement of provision for impairment of long-term financial investments during the year was as follows:

	<b>Investments in subsidiaries</b>	<b>Investments in associates and joint ventures</b>	<b>Other long-term investments</b>	<b>Total</b>
	VND	VND	VND	VND
As at 1/1/2019	854,908,099,174	171,957,430,000	754,496,863	1,027,620,026,037
Additional provision for the year	-	-	22,406,099	22,406,099
Reversal of provisions	(14,967,972,826)	-	-	(14,967,972,826)
<b>As at 31/12/2019</b>	<b>839,940,126,348</b>	<b>171,957,430,000</b>	<b>776,902,962</b>	<b>1,012,674,459,310</b>



**15. DEFERRED TAX ASSETS**

The followings are the deferred tax liabilities and assets recognized by the Company, and the movements thereon, during the current and prior financial years:

	Accruals, depreciation and other provisions	Unrealized foreign exchange difference	Total
	VND	VND	VND
As at 1/1/2018	78,956,567,429	(48,858,262)	78,907,709,167
Recognized to the separate income statement for the year	52,372,395,038	(492,236,500)	51,880,158,538
As at 31/12/2018	131,328,962,467	(541,094,762)	130,787,867,705
Recognized to the separate income statement for the year	8,120,935,484	4,690,231,251	12,811,166,735
<b>As at 31/12/2019</b>	<b>139,449,897,951</b>	<b>4,149,136,489</b>	<b>143,599,034,440</b>

Deferred tax assets and liabilities have been offset for the presentation purpose of the separate financial statements.

**16. SHORT-TERM TRADE PAYABLES**

	31/12/2019		31/12/2018	
	Amount	Amount able to be paid off	Amount	Amount able to be paid off
	VND	VND	VND	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	12,372,566,638	12,372,566,638
Hai Duong Company Limited	120,519,421,990	120,519,421,990	78,159,363,947	78,159,363,947
PTSC Production Services Joint Stock Company	107,630,425,395	107,630,425,395	107,975,126,920	107,975,126,920
PTSC South East Asia Pte. Limited	84,855,361,093	84,855,361,093	116,413,902,270	116,413,902,270
PTSC Thanh Hoa Port Joint Stock Company	83,477,914,234	83,477,914,234	123,650,270,818	123,650,270,818
Asia Investment and Asset Management Corporation	78,527,645,647	78,527,645,647	54,513,571,549	54,513,571,549
PTSC Offshore Services Joint Stock Company	63,709,272,438	63,709,272,438	38,471,758,296	38,471,758,296
Lilama Corporation	59,992,827,686	59,992,827,686	26,416,257,390	26,416,257,390
SCI E&C Joint Stock Company	47,952,239,724	47,952,239,724	69,428,183,807	69,428,183,807
Saigon Shipyard Ltd.	42,062,400,000	42,062,400,000	-	-
PetroVietnam Urban Development Joint Stock Company	35,166,431,703	35,166,431,703	35,166,431,703	35,166,431,703
Southern Petroleum Construction Joint stock Company	34,795,094,179	34,795,094,179	25,529,282,297	25,529,282,297
Fecon Joint Stock Company	33,255,327,113	33,255,327,113	24,002,285,520	24,002,285,520
PTSC Mechanical and Construction Services Company Limited	12,146,092,656	12,146,092,656	22,296,569,271	22,296,569,271
Other short-term trade payables	571,729,732,376	571,729,732,376	610,620,370,909	610,620,370,909
	<b>2,314,925,564,860</b>	<b>2,314,925,564,860</b>	<b>1,713,437,919,061</b>	<b>1,713,437,919,061</b>

**17. TAXES AND AMOUNTS PAYABLE TO THE STATE BUDGET**

	31/12/2019	31/12/2018
	VND	VND
Value added tax	234,929,636	-
Corporate income tax	5,827,708,963	43,885,764,510
Personal income tax	6,662,516,784	4,868,236,505
Others	3,092,849,021	9,078,864,606
	<b>15,818,004,404</b>	<b>57,832,865,621</b>



Details of the State obligations by each type of tax are as follows:

	<b>31/12/2018</b>	<b>Payable/adjustment</b>	<b>Paid</b>	<b>31/12/2019</b>
	VND	during the year	during the year	VND
		VND	VND	
Value added tax on domestic goods	-	39,928,608,155	39,693,678,519	234,929,636
Value added tax on imported goods	-	1,768,973,694	1,768,973,694	-
Import/export duties	-	513,006,839	513,006,839	-
Corporate income tax	43,885,764,510	50,265,928,993	88,323,984,540	5,827,708,963
Personal income tax	4,868,236,505	35,506,893,948	33,712,613,669	6,662,516,784
Land tax	-	723,898,491	723,898,491	-
Exercise tax	-	13,000,000	13,000,000	-
Foreign withholding tax - CIT	4,808,332,900	28,622,950,657	31,547,586,087	1,883,697,470
Foreign withholding tax - VAT	4,270,531,706	30,489,916,095	33,551,296,250	1,209,151,551
Subcontractor exercise tax	-	555,621,000	555,621,000	-
Resources tax	-	528,098,665	528,098,665	-
Other taxes	-	15,735,824,785	15,735,824,785	-
	<b>57,832,865,621</b>	<b>204,652,721,322</b>	<b>246,667,582,539</b>	<b>15,818,004,404</b>

18. SHORT-TERM ACCRUED EXPENSES

	31/12/2019	31/12/2018
	VND	VND
Cost of FPSO Lam Son vessel	715,054,307,205	-
Cost of the Sao Vang Dai Nguyet Pipeline project	261,709,162,253	-
Cost for Long Phu 1 Thermal Power Plant project	69,584,012,427	107,641,272,127
Cost for PVN15 project	45,709,917,243	46,836,572,243
Cost of EPC Warehouse of LNG Thi Vai project	45,194,235,519	-
Cost for NPK project	30,842,662,148	54,707,158,178
Cost for Ca Mau GPP project	27,048,803,958	36,772,161,247
Cost of Vopak project	17,492,633,524	-
Cost for NH3 project	10,054,763,937	33,462,321,611
Cost of vessels for Nghi Son Refinery and Petrochemical Complex project	5,553,726,275	9,999,944,930
Cost for FPSO Ca Rong Do project	4,238,228,028	-
Cost for GPP Dinh Co project	375,772,896	11,046,374,878
Cost for Water solution section of Bio Ethanol project	-	25,630,297,224
Cost for Go Dau Warehouse Expansion project	-	11,415,024,764
Cost for dredging Nghi Son Port project	-	7,703,477,086
Others	27,022,081,674	19,554,699,827
	<b>1,259,880,307,087</b>	<b>364,769,304,115</b>

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

	31/12/2019	31/12/2018
	VND	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 recognized profits less recognized losses	4,144,127,835,343	3,765,771,611,912
Progress billings	(4,007,413,862,970)	(3,507,359,137,227)
	<b>136,713,972,373</b>	<b>258,412,474,685</b>

As at 31 December 2019, the Company has been recording revenue, expenses according to accounting method for construction contract for projects: NPK, NH3, Go Dau Warehouse expansion project, EPC Warehouse of LNG Thi Vai project and Sao Vang Dai Nguyet pipeline project.

**20. 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
Tan Cang Offshore services JSC	14,903,942,732	4,055,662,616
Salaries payables to employees	14,782,808,402	29,356,071,647
Dividend payables to shareholders (ii)	8,087,555,019	7,940,072,574
PetroVietnam Domestic Exploration Production Operating Co., Ltd.	5,941,713,644	3,765,922,690
PTSC Production Services Joint Stock Company	5,835,702,240	5,994,625,440
HD Marine Corporation	4,102,380,952	119,266,817
Social insurance, health insurance, unemployment insurance and union fee	4,088,587,273	8,291,192,276
Binh An Shipping Company Limited	2,758,273,994	-
CH Offshore Ltd.	2,511,401,508	-
Vietnam Waterway Construction Corporation (iii)	1,939,960,618	6,040,262,746
Malaysia Vietnam Offshore Terminal (Labuan) Ltd	1,799,738,945	-
PetroVietnam Construction Joint Stock Corporation (iii)	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	-	10,417,090,062
Cuu Long Joint Operating Company	-	5,324,271,182
Other current payables	25,792,021,845	20,215,956,034
	<u><b>515,797,360,408</b></u>	<u><b>551,119,599,823</b></u>

- (i) Payable to Vietnam Shipbuilding Industry Corporation is the last payment for the project of building FSO5 vessel, in which, the Company is the project's investor and Vietnam Shipbuilding Industry Corporation is the constructor.
- (ii) Dividend payables to shareholders represent the dividend of 2018 in accordance with Resolution No. 374/NQ-DVKT-HDQT dated 28 June 2019 of General Shareholders Meeting and dividend of the previous years which custody shareholders have not yet received.
- (iii) Payables for Vietnam Waterway Construction Corporation and PetroVietnam Construction Joint Stock Corporation are payables related to Nghi Son Port Dredging Project, which are retained under the signed joint venture agreement.

**21. SHORT TERM PROVISIONS**

	<u>31/12/2019</u>	<u>31/12/2018</u>
	VND	VND
<b>a. Warranty provision</b>		
Warranty for NPK project	-	5,473,410,946
Warranty for NH3 project	-	10,250,638,941
Warranty for Ca Mau Gas Processing Plant Project	16,327,452,687	16,327,452,687
<b>b. Other payable provision</b>		
Provision for guarantee obligation	319,008,298,272	319,214,337,304
Provision for overhauling of PTSC vessels	17,385,800,000	39,008,963,973
Provision for O&M of FPSO Lam Son	39,041,896,301	36,118,463,310
Others	-	9,000,000,001
	<u><b>391,763,447,260</b></u>	<u><b>435,393,267,162</b></u>

## 31/12/2019

Amount	Amount able to be paid off	Increase	Decrease	Amount	Amount able to be paid off
VND	VND	VND	VND	VND	VND

115,936,488,465 115,936,488,465

Board for Long Phu Power Plant Project  
and others.

LLC in accordance with Contract No.

## 31/12/2019

	Amount	Amount able to be paid off	Increase	Decrease	Amount	Amount able to be paid off
	VND	VND	VND	VND	VND	VND

477,525,565,869 477,525,565,869

tes ranging from 4.94% to 9.37% per Vietnam Oil and Gas Group or secured November 2019 is USD 4,262,500 (as at 31

Long-term loans are repayable as follows:

	<u>31/12/2019</u>	<u>31/12/2018</u>
	VND	VND
On demand or within one year	115,936,488,465	65,906,245,000
In the second year	101,699,956,772	44,779,405,000
In the third to fifth year inclusive	193,215,295,316	67,169,107,500
After five years	242,021,038,781	-
	<b>652,872,779,334</b>	<b>177,854,757,500</b>
Less: Amount due for settlement within 12 months (presented in Note 22)	(115,936,488,465)	(65,906,245,000)
<b>Amount due for settlement after 12 months</b>	<b>536,936,290,869</b>	<b>111,948,512,500</b>

26. SCIENTIFIC AND TECHNOLOGICAL DEVELOPMENT FUND

	<u>Scientific and Technological Development Fund</u>
	VND
<b>As at 1/1/2019</b>	<b>26,489,586,331</b>
Reversal of unused fund (*)	(26,489,586,331)
<b>As at 31/12/2019</b>	<b>-</b>

(\*) During the year, the Company has reversed the Science and Technology Development Fund appropriation from 2014 as this fund has not been fully used as at 31/12/2019 with the amount of VND 26,489,586,331 based on current regulation.

27. LONG TERM PROVISIONS

	<u>31/12/2019</u>	<u>31/12/2018</u>
	VND	VND
<b>Warranty provision</b>		
Warranty for NPK project	5,473,410,946	-
Warranty for NH3 project	10,250,638,941	-
	<b>15,724,049,887</b>	<b>-</b>

28. OWNERS' EQUITY

<b>Share</b>	<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	477,966,290	477,966,290

The Company has one class 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 dividend as declared from time to time and are entitled to one vote per share at the Company's shareholders' meetings. All shares rank equally with regard to the Company's net assets.

**Details of equity capital as at 31 December 2019 and 31 December 2018 are as follows:**

As at 31 December 2019, the Company's charter capital is VND 4,779,662,900,000 (As at 31 December 2018: VND 4,779,662,900,000). As at the balance sheet dates, the capital was fully contributed by shareholders as follows:

	<u>Contributed capital</u>			
	<u>31/12/2019</u>	<u>31/12/2018</u>		
	%	VND	%	VND
Vietnam Oil and Gas Group	51.38	2,455,650,000,000	51.38	2,455,650,000,000
Other shareholders	48.62	2,324,012,900,000	48.62	2,324,012,900,000
	<b>100.00</b>	<b>4,779,662,900,000</b>	<b>100.00</b>	<b>4,779,662,900,000</b>

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

FORM B 09-DN

**The movement in owners' equity**

	Owners' contributed capital	Share premium	Investment and development fund	Retained earnings	Total
	VND	VND	VND	VND	VND
<b>Balance as at 1/1/2018</b>	<b>4,467,004,210,000</b>	<b>39,617,060,000</b>	<b>2,398,292,674,980</b>	<b>910,395,982,979</b>	<b>7,815,309,927,959</b>
Increase	312,658,690,000	-	-	-	312,658,690,000
Profit for the year	-	-	-	560,771,046,431	560,771,046,431
Profit appropriation	-	-	30,564,754,461	(95,646,369,332)	(65,081,614,871)
Dividends paid	-	-	-	(759,359,111,000)	(759,359,111,000)
<b>Balance as at 31/12/2018</b>	<b>4,779,662,900,000</b>	<b>39,617,060,000</b>	<b>2,428,857,429,441</b>	<b>616,161,549,078</b>	<b>7,864,298,938,519</b>
Profit for the year	-	-	-	576,773,453,724	576,773,453,724
Profit appropriation	-	-	207,645,760,189	(281,585,146,078)	(73,939,385,889)
Dividends paid	-	-	-	(334,576,403,000)	(334,576,403,000)
<b>Balance as at 31/12/2019</b>	<b>4,779,662,900,000</b>	<b>39,617,060,000</b>	<b>2,636,503,189,630</b>	<b>576,773,453,724</b>	<b>8,032,556,603,354</b>

According to the Resolution No. 374/NQ-DVKT-DHDCD dated 28 June 2019 of the 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 Company 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 Company in 2020.



**29. OFF BALANCE SHEET ITEMS**

	<u>31/12/2019</u>	<u>31/12/2018</u>
United States Dollar (USD)	71,616,957	77,007,660
British Pound (GBP)	245,211	245,218
Russian Ruble (RUB)	<u>597,690</u>	<u>-</u>

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

	<u>2019</u>	<u>2018</u>
	VND	VND
<b>Sales of goods and services rendered</b>		
Sales of merchandise	6,309,565,514	4,854,703,988
Sales of construction contract	556,132,929,486	1,799,091,890,576
Sales of services	<u>5,060,968,528,112</u>	<u>3,950,138,267,586</u>
	<b><u>5,623,411,023,112</u></b>	<b><u>5,754,084,862,150</u></b>

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

	<u>2019</u>	<u>2018</u>
	VND	VND
Cost of merchandise sold	4,969,416,840	2,863,586,866
Cost of construction contract	600,889,159,912	1,666,072,132,382
Cost of services rendered	<u>5,017,605,711,873</u>	<u>3,806,818,674,228</u>
	<b><u>5,623,464,288,625</u></b>	<b><u>5,475,754,393,476</u></b>

**32. PRODUCTION COST BY NATURE**

	<u>2019</u>	<u>2018</u>
	VND	VND
Raw materials and consumables	771,866,503,156	399,586,021,709
Labor	603,439,951,773	571,543,747,354
Depreciation and amortization	172,439,343,787	151,642,051,124
Out-sourced services	4,221,083,209,261	4,426,950,216,457
Other expenses	<u>268,669,739,048</u>	<u>521,975,667,942</u>
	<b><u>6,037,498,747,025</u></b>	<b><u>6,071,697,704,586</u></b>

**33. FINANCIAL INCOME**

	<u>2019</u>	<u>2018</u>
	VND	VND
Interest income	94,736,091,567	74,901,075,411
Dividends and profits received	996,234,873,094	844,478,615,708
Foreign exchange gain	23,475,690,786	192,999,343,765
Other financial income	<u>488,750,338</u>	<u>22,003,076,807</u>
	<b><u>1,114,935,405,785</u></b>	<b><u>1,134,382,111,691</u></b>

34. FINANCIAL EXPENSES

	2019	2018
	VND	VND
Interest expense	27,783,473,446	14,538,483,134
Foreign exchange loss	22,855,204,703	22,330,879,203
(Reversal)/Provision for impairment of investments	(14,945,566,727)	232,658,355,785
	<b>35,693,111,422</b>	<b>269,527,718,122</b>

35. SELLING EXPENSES AND GENERAL AND ADMINISTRATION EXPENSES

	2019	2018
	VND	VND
<b>Selling expenses</b>		
Advertising expenses	18,372,551,026	21,290,331,520
Others	23,880,351,357	19,620,014,203
	<b>42,252,902,383</b>	<b>40,910,345,723</b>
<b>General and administration expenses</b>		
Salary expense	60,806,566,532	74,145,293,394
Out-sourced expenses	150,320,186,890	90,943,231,770
Provisions	88,899,546,665	290,203,676,132
Others	71,030,403,892	99,659,470,505
	<b>371,056,703,979</b>	<b>554,951,671,801</b>

36. PROFIT FROM OTHER ACTIVITIES

	2019	2018
	VND	VND
<b>Other income</b>		
Disposals of fixed assets	4,845,811,819	56,860,000
Penalty, compensation	47,546,783	346,066,442
Reversal of the provision of operation and maintenance FPSO Lam Son	-	30,575,719,806
Reversal of Science and Technology development fund (Note 26)	26,489,586,331	-
Others	5,599,984,931	8,602,023,208
	<b>36,982,929,864</b>	<b>39,580,669,456</b>
<b>Other expenses</b>		
Penalty, compensation cost	484,194,536	1,219,255,518
Disposal of fixed assets	142,460,393	11,735,455
Additional tax, late payment	507,567,562	1,244,025,595
Others	5,915,022,261	3,353,365,358
	<b>7,049,244,752</b>	<b>5,828,381,926</b>
<b>Profit from other activities</b>	<b>29,933,685,112</b>	<b>33,752,287,530</b>



37. CURRENT CORPORATE INCOME TAX EXPENSE

	Current year VND	Prior year VND
<b>Current corporate income tax expense</b>		
Corporate income tax expense based on taxable profit in the current year	50,265,928,993	72,184,244,356
Adjustments for corporate income tax expense in previous years to the current year	-	-
<b>Total current corporate income tax expense</b>	<b>50,265,928,993</b>	<b>72,184,244,356</b>

The corporate income tax expense based on taxable income in the current year was computed as follows:

	2019 VND	2018 VND
<b>Profit before tax</b>	<b>614,228,215,982</b>	<b>581,075,132,249</b>
<b>Adjustments for assessable income</b>		
Less: Deduction adjustments	(1,001,978,776,982)	(898,225,407,620)
Add: Addition adjustments	58,368,822,666	327,118,447,144
<b>(Loss)/Taxable income from operating activities</b>	<b>(329,381,738,334)</b>	<b>9,968,171,773</b>
Tax rate	20%	20%
<b>Taxable income from overseas profits</b>	<b>222,191,100,000</b>	<b>350,953,050,000</b>
Tax rate	20%	20%
<b>Taxable income from reversal of science and technology development fund</b>	<b>26,489,586,331</b>	<b>-</b>
Tax rate	22%	22%
<b>Corporate income tax expense based on taxable income in the current year from operating activities [1]</b>	<b>-</b>	<b>1,993,634,356</b>
<b>Corporate income tax expense based on taxable income in the current year from overseas profits [2]</b>	<b>44,438,220,000</b>	<b>70,190,610,000</b>
<b>Corporate income tax expense based on taxable income in the current year from reversal of science and technology development fund [3]</b>	<b>5,827,708,993</b>	<b>-</b>
<b>Corporate income tax expense is calculated on taxable income this year [4]=[1]+[2]+[3]</b>	<b>50,265,928,993</b>	<b>72,184,244,356</b>

The Company is obliged to pay corporate income tax at the rate of 20% (2018: 20%) of its taxable income.

As at 31 December 2019, the Company had unused tax losses of VND 329,381,738,334 (As at 31 December 2018: Nil) available for offset against future profits. No deferred tax asset has been recognized in respect of these losses due to the uncertainty of future taxable income from main operating activities. These tax losses will expire after five years from the year they were incurred.

**38. OPERATING LEASE COMMITMENTS**

	<b>2019</b>	<b>2018</b>
	VND	VND
Minimum lease payments under operating leases recognized in the separate income statement for the year	495,592,193,358	732,007,655,221

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

	<b>31/12/2019</b>	<b>31/12/2018</b>
	VND	VND
Within one year	349,399,257,234	64,150,040,550
In the second to fifth year inclusive	516,113,227,726	237,474,895,185
After five years	1,022,561,571,701	886,955,793,084
	<b>1,888,074,056,661</b>	<b>1,188,580,728,819</b>

As at 31 December 2019, the Company has entered into an operating lease commitment contract of ship rental, office rental and land rental in Vung Tau City for the PTSC branches' office in Vung Tau City and land rental at Son Tra port with total rental amount of VND 1,888 billion (as at 31 December 2018: VND 1,188 billion). The lease contracts were signed with duration from 1 year to 5 years. Land lease in Vung Tau City was signed with the term of 50 years since 2008. PTSC Hotel lease contract was signed with the term of 10 years since 2012.

**39. FINANCIAL INSTRUMENTS**

**Capital risk management**

The Company manages its capital to ensure that the Company 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 Company consists of net debt (borrowings as disclosed in Note 22 and 25, offset by cash and cash equivalents) and equity attributable to shareholders of the Company (comprising owners' contributed capital, share premium, investment and development fund and retained earnings).

*Gearing ratio*

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

	<b>31/12/2019</b>	<b>31/12/2018</b>
	VND	VND
Borrowings	652,872,779,334	177,854,757,500
Less: Cash and cash equivalents	4,164,951,212,389	3,685,429,939,658
Net debt	-	-
Equity	8,032,450,580,954	7,864,298,938,519
<b>Net debt to equity ratio</b>	<b>-</b>	<b>-</b>

**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 amounts	
	31/12/2019	31/12/2018
	VND	VND
<b>Financial assets</b>		
Cash and cash equivalents	4,164,951,212,389	3,685,429,939,658
Trade and other receivables	3,511,056,019,015	2,891,871,445,731
Held-to-maturity investments	763,000,000,000	115,000,000,000
Long-term financial investments	2,223,097,038	2,245,503,137
	<b>8,441,230,328,442</b>	<b>6,694,546,888,526</b>
<b>Financial liabilities</b>		
Borrowings	652,872,779,334	177,854,757,500
Trade and other payables	2,807,852,561,847	2,227,261,374,663
Accrued expenses	1,259,880,307,087	364,769,304,115
Provisions	407,487,497,147	435,393,267,162
	<b>5,128,093,145,415</b>	<b>3,205,278,703,440</b>

The Company 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 Company has set up risk management system to identify and assess the risks exposed by the Company 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 Company's operations.

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

**Market risk**

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

*Foreign currency risk management*

The Company undertakes certain transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company manages this risk through balance foreign inflow and foreign outflow policies in order to make sure to reduce foreign currency risk through signing contracts with customers under foreign payables to suppliers and adjust the selling price or services price flexible when having significant changes in foreign currency.

The carrying amounts of the Company'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)	3,765,926,343,809	3,644,102,694,302	1,235,729,170,906	1,227,821,387,241
British Pound (GBP)	7,412,298,134	-	-	-
Russian Ruble (RUB)	222,872,523	-	-	-

*Foreign currency sensitivity analysis*

The Company is mainly exposed to United States Dollar.



The following table details the Company's sensitivity to a 2% increase/decrease in Vietnam Dong against United States Dollar. 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 United States Dollar against Vietnam Dong, the profit before tax in the year would have increased/decreased by the same amount as follows:

	<b>2019</b>	<b>2018</b>
	VND	VND
United States Dollar (USD)	50,603,943,458	48,325,626,141

Based on the similar analysis for GBP and RUB, there is no significant impact on the results of operations of the Company.

*Interest rate risk management*

The Company has significant interest rate risks arising from interest bearing loans which are arranged. The Company is exposed to interest rate risk as the Company borrows funds at floating and fixed interest rates. The risk is managed by the Company by maintaining an appropriate floating rate and fixed rate borrowing.

*Interest rate sensitivity*

The loan's sensitivity to interest rate changes which may arise at an appropriate level. Assuming all other variables were held constant, if interest rates applicable to floating interest bearing loans had been 200 basis points higher/lower, the Company's profit before tax for the year ended 31 December 2019 would have decreased/increased by VND 13,057,455,587 (for the financial year ended 31 December 2018: VND 3,557,095,150).

*Price risk management*

The Company is exposed to equity price risks. Investments to equity instruments are hold for long-term strategic investments rather than trading purposes. The Company does not have intention to sell these investments in the foreseeable future.

**Credit risk**

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The Company does not have any significant credit risk exposure to any counterparty because receivables consist of a large number of customers, spread across diverse industries and geographical areas and related parties.

The Board of Management perceived that there is no material credit risk relating to the Company'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 possible that these banks are bankruptcy and may cause losses to the Company.

**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 period is kept to manageable levels relative to the amount of funds that the Company believes can generate within that period. The Company policy is to regularly monitor current and expected liquidity requirements to ensure that the Company 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 Company'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 Company can be required to pay. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

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

**FORM B 09-DN**

	<i>Less than 1 year</i>	<i>From 1 - 5 years</i>	<i>After 5 years</i>	<i>Total</i>
	VND	VND	VND	VND
<b>As at 31/12/2019</b>				
Cash and cash equivalents	4,164,951,212,389	-	-	4,164,951,212,389
Trade and other receivables	3,146,022,898,503	365,033,120,512	-	3,511,056,019,015
Financial investments	763,000,000,000	-	2,223,097,038	765,223,097,038
	<b>8,073,974,110,892</b>	<b>365,033,120,512</b>	<b>2,223,097,038</b>	<b>8,441,230,328,442</b>
<b>As at 31/12/2019</b>				
Borrowings	115,936,488,465	294,915,252,088	242,021,038,781	652,872,779,334
Trade and other payables	2,807,852,561,847	-	-	2,807,852,561,847
Accrued expenses	1,259,880,307,087	-	-	1,259,880,307,087
Provisions	391,763,447,260	15,724,049,887	-	407,487,497,147
	<b>4,575,432,804,659</b>	<b>310,639,301,975</b>	<b>242,021,038,781</b>	<b>5,128,093,145,415</b>
<b>Net liquidity gap</b>	<b>3,498,541,306,233</b>	<b>54,393,818,537</b>	<b>(239,797,941,743)</b>	<b>3,313,137,183,027</b>
	<i>Less than 1 year</i>	<i>From 1 - 5 years</i>	<i>After 5 years</i>	<i>Total</i>
	VND	VND	VND	VND
<b>As at 31/12/2018</b>				
Cash and cash equivalents	3,685,429,939,658	-	-	3,685,429,939,658
Trade and other receivables	2,522,737,316,688	369,134,129,043	-	2,891,871,445,731
Financial investments	115,000,000,000	-	2,245,503,137	117,245,503,137
	<b>6,323,167,256,346</b>	<b>369,134,129,043</b>	<b>2,245,503,137</b>	<b>6,694,546,888,526</b>
<b>As at 31/12/2018</b>				
Borrowings	65,906,245,000	111,948,512,500	-	177,854,757,500
Trade and other payables	2,227,261,374,663	-	-	2,227,261,374,663
Accrued expenses	364,769,304,115	-	-	364,769,304,115
Provisions	435,393,267,162	-	-	435,393,267,162
	<b>3,093,330,190,940</b>	<b>111,948,512,500</b>	-	<b>3,205,278,703,440</b>
<b>Net liquidity gap</b>	<b>3,229,837,065,406</b>	<b>257,185,616,543</b>	<b>2,245,503,137</b>	<b>3,489,268,185,086</b>

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



**40. RELATED PARTY TRANSACTIONS AND BALANCES**

**Related party:**

Vietnam Oil and Gas Group  
 Subsidiaries of PetroVietnam Technical Services Corporation  
 Joint-venture/affiliated companies in PetroVietnam Technical Services Corporation  
 Nghi Son Refinery and Petrochemical Complex Project Management Board  
 Long Phu 1 Power Plant Project Management Board  
 Binh Son Refining and Petrochemical Joint Stock Company  
 Bien Dong Petroleum Operating Company  
 Dung Quat Shipbuilding Industry Company Limited  
 PetroVietnam Domestic Exploration Production Operating Company Limited  
 PetroVietnam Chemical and Services Joint Stock Corporation  
 PetroVietnam Drilling and Well Services Corporation  
 PetroVietnam Transportation Corporation  
 PetroVietnam Construction Joint Stock Company  
 PetroVietnam Oil Corporation  
 PetroVietnam Gas Joint Stock Corporation  
 PetroVietnam Fertilizer and Chemicals Corporation  
 PetroVietnam Exploration Production Corporation  
 Vietnam Petroleum Institute

**Relationship**

Main shareholder, parent company  
 Subsidiaries  
 Joint-venture/affiliated companies  
 Company in PVN Group  
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***During the year, the Company entered into the following significant transactions with its related parties:***

	<b>2019</b>	<b>2018</b>
	VND	VND
<b>Revenues from goods sold and services rendered</b>		
PetroVietnam Exploration Production Corporation	1,512,343,394,670	780,519,223,587
PetroVietnam Domestic Exploration Production Operating Company Limited	196,363,225,540	171,307,851,332
Bien Dong Petroleum Operating Company	591,256,762,208	486,921,350,017
Other subsidiaries in PetroVietnam Technical Services Corporation	405,602,424,817	171,273,950,700
PetroVietnam Gas Joint Stock Corporation	264,498,236,644	322,222,252,607
Long Phu 1 Power Plant Project Management Board	166,637,985,662	851,519,754,376
PetroVietnam Drilling & Well Services Corporation	45,600,971,094	48,837,824,447
PetroVietnam Fertilizer and Chemicals Corporation	10,807,170,038	260,178,630,855
PetroVietnam Transportation Corporation	6,468,497,746	6,870,258,259
Vietnam Oil and Gas Group	4,192,506,663	23,289,562,714
PetroVietnam Drilling Mud Corporation	3,316,449,091	2,788,216,041
PetroVietnam Oil Corporation	368,046,422	187,255,000
PetroVietnam Construction Joint Stock Corporation	247,088,824	882,920,850
Binh Son Refining and Petrochemical JSC	3,458,160,050	1,370,839,553
Vietnam Petroleum Institute	-	13,245,455
Dung Quat Shipbuilding Industry Company Limited	-	37,700,001

	<u>2019</u>	<u>2018</u>
	VND	VND
<b>Cost of goods sold and services rendered</b>		
Joint-venture/affiliated companies in PetroVietnam Technical Services Corporation	1,401,422,391,670	756,210,950,197
Other subsidiaries in PetroVietnam Technical Services Corporation	975,392,300,366	1,248,642,963,605
PetroVietnam Oil Corporation	40,781,613,287	7,556,897,834
Bien Dong Petroleum Operating Company	3,073,784,139	18,184,333,987
PetroVietnam Transportation Corporation	1,077,608,598	-
Vietnam Oil and Gas Group	-	13,394,528,800
PetroVietnam Fertilizer and Chemicals Corporation	-	9,987,972,930

	<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
<b>Dividends and profit shared</b>		
Subsidiaries in PetroVietnam Technical Services Corporation	774,043,773,094	493,525,565,708
Joint-venture/affiliated companies in PetroVietnam Technical Services Corporation	222,191,100,000	350,953,050,000

Remuneration paid to the Company's Boards of Directors, Management and Supervisors during the year was as follows:

	<u>2019</u>	<u>2018</u>
	VND	VND
Salary and benefit in kind	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>Short-term receivables</b>		
PetroVietnam Exploration Production Corporation	764,229,059,724	541,260,311,906
PetroVietnam Gas Joint Stock Corporation	188,356,913,942	95,736,075,210
Long Phu 1 Power Plant Project Management Board	126,037,622,810	111,331,999,583
Bien Dong Petroleum Operating Company	94,790,909,641	140,916,438,677
PetroVietnam Domestic Exploration Production Operating Company Limited	69,773,748,927	103,994,190,536
Nghi Son Refinery and Petrochemical Complex Project Management Board	37,203,110,659	37,203,110,659
PetroVietnam Fertilizer and Chemicals Corporation	35,360,917,711	65,693,816,125
PetroVietnam Drilling and Well Services Corporation	6,811,026,715	28,811,900,729
PetroVietnam Transportation Corporation	888,994,725	1,077,041,355
Vietnam Oil and Gas Group	192,684,500	470,317,400
Subsidiaries of PetroVietnam Technical Services Corporation	191,708,323,994	158,474,365,808
<b>Other short-term receivables</b>		
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
Bien Dong Petroleum Operating Company	73,555,800	4,922,599,447
Subsidiaries of PetroVietnam Technical Services Corporation	175,242,106,821	254,230,397,186



	<b>31/12/2019</b>	<b>31/12/2018</b>
	VND	VND
<b>Short-term advances to suppliers</b>		
Subsidiaries of PetroVietnam Technical Services Corporation	17,115,928,599	13,310,399,729
<b>Short-term payables</b>		
Subsidiaries of PetroVietnam Technical Services Corporation	294,844,851,573	303,063,803,144
Bien Dong Petroleum Operating Company	4,689,592,491	1,559,968,360
PetroVietnam Oil Corporation	1,360,734,465	-
PetroVietnam Exploration Production Corporation	286,608,310	-
PetroVietnam Transportation Corporation	247,038,953	-
<b>Other payables</b>		
PetroVietnam Domestic Exploration Production Operating Company Limited	5,941,713,644	3,765,922,690
PetroVietnam Construction Joint Stock Company	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	-	900,721,411
Subsidiaries of PetroVietnam Technical Services Corporation	5,882,702,240	6,011,625,440
<b>Advances from customers</b>		
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

**41. 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 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. The Board of Management of the Company assesses and believes that the case would not have effect on the Company. Therefore, no provision to be provided.

**42. 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 has been carrying out in 2020, may be effected. The Company's Board of Management 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.



43. SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

**Supplemental non-cash disclosures**

Interest income from deposits during the year does not include the amount of VND 25,014,424,138 (2018: VND 4,970,311,423), 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.

Dividends paid to shareholders in the year do not include the amount of VND 8,086,854,774 which is the dividends that shareholders have not received until 31 December 2019 (2018: VND 7,940,072,574). Therefore, a corresponding amount has been adjusted to change in payables.

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 42,062,400,000 which is payable to the supplier at the end of the year. Therefore, corresponding amounts have been adjusted to changes in receivables and payables.



**Duong Thi Ngoc Quy**  
Preparer



**Nguyen Van Bao**  
Chief Accountant



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