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PETROVIETNAM GENERAL SERVICES JOINT STOCK COMPANY

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

PETROVIETNAM GENERAL SERVICES JOINT STOCK COMPANY

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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PETROVIETNAM GENERAL SERVICES JOINT STOCK COMPANY

CORPORATE INFORMATION

Business Registration Certificate	No. 4103005338 dated 29 September 2006 was initially issued by the Department of Planning and Investment of Ho Chi Minh City and the 18th amendment dated 23 May 2016.	
Board of Management	Mr. Phung Tuan Ha	Chairman
	Ms. Le Thi Chien	Member
	Mr. Vu Tien Duong	Member
	Mr Kim Kang Ho	member (appointed on 27 April 2018)
	Ms. Pham Thi Hong Diep	Member
Board of Supervision	Mr. Phan Khac Vinh	Chief Supervisor
	Mr. Le Anh Quoc	Member
	Ms. Nguyen Thi My Dung	Member
Board of Directors	Mr. Vu Tien Duong	General Director
	Mr. Ho Minh Viet	Deputy General Director
	Ms. Pham Thi Hong Diep	Deputy General Director
	Mr. Nguyen Thanh Tu	Deputy General Director
	Mr. Phan Quang Tuan Anh	Deputy General Director
	Mr. Bui Anh Dung	Deputy General Director (resigned on 1 January 2018)
Legal representative	Mr. Phung Tuan Ha	Chairman
Registered office	6th Floor, PetroVietnam Tower, No. 1 - 5 Le Duan Street Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	
Auditor	PwC (Vietnam) Limited	

PETROVIETNAM GENERAL SERVICES JOINT STOCK COMPANY

STATEMENT OF THE RESPONSIBILITY OF THE CHAIRMAN IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Chairman of the Board of Management ("the Chairman") of PetroVietnam General Services Joint Stock Company ("the parent Company") is responsible for preparing the consolidated financial statements of the parent Company and its subsidiaries (collectively referred to as "the Corporation") which give a true and fair view of the consolidated financial position of the Corporation as at 31 December 2018, and the consolidated results of its operations and its consolidated cash flows for the year then ended. In preparing these consolidated financial statements, the Chairman is required to:

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

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

APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

I hereby approve the accompanying consolidated financial statements as set out on pages 5 to 54 which give a true and fair view of the consolidated financial position of the Corporation as at 31 December 2018, and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of consolidated financial statements.

S.Đ.K.K.D: 0301452060 - C.T.C.P
TỔNG CÔNG TY CỔ PHẦN DỊCH VỤ TỔNG HỢP DẦU KHÍ
QUẬN 1 TP. HỒ CHÍ MINH

Phung Tuan Ha
Chairman

Ho Chi Minh City, SR Vietnam
25 March 2019

pwc

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PETROVIETNAM GENERAL SERVICES JOINT STOCK COMPANY

We have audited the accompanying consolidated financial statements of PetroVietnam General Services Joint Stock Company ("the parent Company") and its subsidiaries ("the Corporation") which were prepared on 31 December 2018 and approved by the Chairman on 25 March 2019. These consolidated financial statements comprise the consolidated balance sheet as at 31 December 2018, the consolidated income statement and the consolidated cash flow statement for the year then ended, and explanatory notes to the consolidated financial statements, as set out on pages 5 to 54.

The Chairman's Responsibility to the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

PwC (Vietnam) Limited
8th Floor, Saigon Tower, 29 Le Duan Street, District 1, Ho Chi Minh City, Vietnam
T: +84 (28) 3823 0796, www.pwc.com/vn

Auditor's Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation as at 31 December 2018, its consolidated financial performance and consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of consolidated financial statements.

Other Matter

The independent auditor's report is prepared in Vietnamese and English. Should there be any conflict between the Vietnamese and English copies, the Vietnamese copy shall take precedence.

For and on behalf of PwC (Vietnam) Limited

CÔNG TY TNHH PWC (VIỆT NAM)

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

Cao Thi Ngoc Loan
Audit Practising Licence No. 3030-2019-006-1

Report reference number: HCM7783
Ho Chi Minh City, 25 March 2019

PETROVIETNAM GENERAL SERVICES JOINT STOCK COMPANY

Form B 01 – DN/HN

CONSOLIDATED BALANCE SHEET

Code	ASSETS	Notes	As at 31 December 2018 VND	2017 VND
100	**CURRENT ASSETS**		**4,330,671,814,214**	**4,786,143,044,848**
110	**Cash and cash equivalents**	3	**1,038,281,209,462**	**1,342,345,339,986**
111	Cash		348,751,510,692	338,508,337,541
112	Cash equivalents		689,529,698,770	1,003,837,002,445
120	**Short-term investment**		**28,011,800,000**	**28,244,800,000**
123	Investments held-to-maturity	4(a)	28,011,800,000	28,244,800,000
130	**Short-term receivables**		**1,847,136,673,354**	**2,229,463,525,562**
131	Short-term trade accounts receivable	5	1,602,337,603,339	1,684,907,681,145
132	Short-term prepayments to suppliers	6	193,713,174,336	431,103,266,432
136	Other short-term receivables	7	187,633,232,862	211,045,807,038
137	Provision for doubtful debts – short-term	8	(136,547,337,183)	(98,255,510,692)
139	Shortage of assets awaiting resolution		-	662,281,639
140	**Inventories**	9	**1,005,806,038,013**	**774,605,298,993**
141	Inventories		1,034,126,786,928	790,864,877,778
149	Provision for decline in value of inventories		(28,320,748,915)	(16,259,578,785)
150	**Other current assets**		**411,436,093,385**	**411,484,080,307**
151	Short-term prepaid expenses		8,522,285,940	10,140,752,223
152	Value Added Tax ("VAT") to be reclaimed	10(a)	400,786,975,549	400,131,863,898
153	Tax and other receivables from the State Budget	10(a)	2,126,831,896	1,211,464,186
200	**LONG-TERM ASSETS**		**1,232,389,760,023**	**1,386,636,201,219**
210	**Long-term receivable**		**8,162,504,752**	**8,361,270,031**
216	Other long-term receivables		8,162,504,752	8,361,270,031
220	**Fixed assets**		**190,496,727,093**	**203,600,840,740**
221	Tangible fixed assets	11(a)	87,993,861,420	100,747,708,067
222	Historical cost		327,863,935,080	327,870,252,182
223	Accumulated depreciation		(239,870,073,660)	(227,122,544,115)
227	Intangible fixed assets	11(b)	102,502,865,673	102,853,132,673
228	Historical cost		106,860,184,632	107,082,807,737
229	Accumulated amortisation		(4,357,318,959)	(4,229,675,064)
230	**Investment properties**	12	**758,428,814,929**	**802,740,513,854**
231	Historical cost		858,194,158,578	861,998,984,242
232	Accumulated depreciation		(99,765,343,649)	(59,258,470,388)
240	**Long-term asset in progress**		**38,512,494,154**	**102,728,014,308**
242	Construction in progress	13	38,512,494,154	102,728,014,308
250	**Long-term investments**		**22,705,237,055**	**42,001,621,150**
252	Investments in associates	4(b)	15,474,289,268	16,441,621,150
253	Investments in other entities	4(c)	28,910,000,000	27,560,000,000
254	Provision for long-term investments	4(c)	(22,160,000,000)	(2,000,000,000)
255	**Long-term investments**		480,947,787	-
260	**Other long-term assets**		**214,083,982,040**	**227,203,941,136**
261	Long-term prepaid expenses	14	198,530,067,519	213,430,498,636
262	Deferred income tax assets	15	3,310,854,521	-
269	Goodwill	16	12,243,060,000	13,773,442,500
270	**TOTAL ASSETS**		**5,563,061,574,237**	**6,172,779,246,067**

The notes on pages 9 to 54 are an integral part of these consolidated financial statements.

PETROVIETNAM GENERAL SERVICES JOINT STOCK COMPANY

Form B 01 – DN/HN

CONSOLIDATED BALANCE SHEET
(continued)

Code	RESOURCES	Note	As at 31 December 2018 VND	2017 VND
300	**LIABILITIES**		**3,942,652,024,730**	**4,512,198,485,463**
310	**Short-term liabilities**		**3,557,079,155,532**	**4,099,088,566,592**
311	Short-term trade accounts payable	17	1,428,095,256,213	1,375,987,881,476
312	Short-term advances from customers	18	89,349,766,737	304,168,612,427
313	Taxes and other payables to the State Budget	11	29,801,737,904	31,400,887,211
314	Payable to employees		81,425,763,820	86,684,642,775
315	Short-term accrued expenses	19	28,345,497,684	22,227,978,586
318	Short-term unearned revenue	20(a)	31,870,171,186	35,076,695,490
319	Other short-term payables	21	179,413,912,692	144,946,961,090
320	Short-term borrowings	22(a)	1,614,290,757,720	2,031,170,448,265
322	Bonus and welfare fund	23	74,486,291,576	67,424,459,272
330	**Long-term liabilities**		**385,572,869,198**	**413,109,918,871**
336	Long-term unearned revenue	20(b)	47,727,272,747	75,077,806,678
337	Other long-term payables	21(b)	54,635,171,676	55,850,108,311
338	Long-term borrowings	22(b)	279,910,424,775	278,882,003,882
341	Deferred income tax liabilities	15	3,300,000,000	3,300,000,000
400	**OWNERS' EQUITY**		**1,620,409,549,507**	**1,660,580,760,604**
410	**Capital and reserves**		**1,620,409,549,507**	**1,660,580,760,604**
411	Owners' capital	24, 25	866,001,240,000	866,001,240,000
411a	*- Ordinary shares with voting rights*		*866,001,240,000*	*866,001,240,000*
412	Share premium	25	133,918,052,614	133,918,052,614
414	Owners' other capital	25	90,820,087,775	56,740,087,775
415	Treasury shares	25	(50,118,432,974)	(35,523,322,342)
418	Investment and development fund	25	172,453,174,126	172,453,174,126
421	Undistributed earnings	25	264,287,335,590	303,178,676,162
421a	*- Undistributed post-tax profits of previous years*		*200,269,009,711*	*228,333,891,914*
421b	*- Post-tax profit of the current year*		*64,018,325,880*	*74,844,784,248*
429	Non-controlling interests	25, 26	143,048,092,376	163,812,852,269
440	**TOTAL RESOURCES**		**5,563,061,574,237**	**6,172,779,246,067**

TỔNG CÔNG TY CỔ PHẦN DỊCH VỤ TỔNG HỢP DẦU KHÍ

Pham Thi Ninh Preparer	Nguyen Thi Thanh Chief Accountant	Phung Tuan Ha Chairman 25 March 2019

The notes on pages 9 to 54 are an integral part of these consolidated financial statements.

PETROVIETNAM GENERAL SERVICES JOINT STOCK COMPANY

Form B 02 – DN/HN

CONSOLIDATED INCOME STATEMENT

Code		Note	Year ended 31 December 2018 VND	2017 VND
01	**Revenue from sales of goods and rendering of services**		**11,237,353,478,530**	**10,834,566,185,375**
02	Less deductions		(145,377,143,791)	(131,307,913,285)
10	**Net revenue from sales of goods and rendering of services**	30	**11,091,976,334,739**	**10,703,258,272,090**
11	**Cost of goods sold and services rendered**	31	**(10,429,535,229,187)**	**(9,955,349,766,791)**
20	**Gross profit from sales of goods and rendering of services**		**662,441,105,552**	**747,908,505,299**
21	Financial income	32	80,677,869,112	66,337,307,855
22	Financial expenses	33	(125,261,973,866)	(113,393,202,528)
23	*- Including: Interest expense*		*(93,376,087,267)*	*(105,602,842,553)*
24	Share of (loss)/profit of associates	4(b)	(967,331,882)	391,174,529
25	Selling expenses	34	(240,776,025,051)	(255,769,838,013)
26	General and administration expenses	35	(202,902,993,436)	(246,738,361,502)
30	**Net operating profit**		**173,210,650,429**	**198,735,585,640**
31	Other income		13,562,355,930	12,001,994,383
32	Other expenses		(4,260,519,629)	(8,275,065,574)
40	**Net other income**	36	**9,301,836,301**	**3,726,928,809**
50	**Net accounting profit before tax**		**182,512,486,730**	**202,462,514,449**
51	**Business income tax – current**	37	**(55,880,843,431)**	**(55,154,138,356)**
52	**Business income tax - deferred**	15, 37	**3,310,854,521**	**(3,489,110,129)**
60	**Net profit after tax**		**129,942,497,820**	**143,819,265,964**
	Attributable to:			
61	**Shareholders of the parent Company**		**113,081,223,363**	**131,362,586,804**
62	**Non-controlling interests**		**16,861,274,457**	**12,456,679,160**
71	**Earnings per share**	28(a)	**1.243**	**1.400**
72	**Diluted earnings per share**	28(b)	**1.243**	**1.400**

TỔNG CÔNG TY CỔ PHẦN DỊCH VỤ TỔNG HỢP DẦU KHÍ

Pham Thi Ninh Preparer	Nguyen Thi Thanh Chief Accountant	Phung Tuan Ha Chairman 25 March 2019

The notes on pages 9 to 54 are an integral part of these consolidated financial statements.

PETROVIETNAM GENERAL SERVICES JOINT STOCK COMPANY

Form B 03 – DN/HN

CONSOLIDATED CASH FLOW STATEMENT
(Indirect method)

Code		Note	Year ended 31 December 2018 VND	2017 VND
	CASH FLOWS FROM OPERATING ACTIVITIES			
01	**Net accounting profit before tax**		**182,512,486,730**	**202,462,514,449**
	Adjustments for:			
02	Depreciation, amortisation and goodwill allocation		68,269,641,488	82,646,733,051
03	Provisions		70,512,996,621	55,008,041,353
04	Unrealised foreign exchange (gain)/losses		(3,384,565,760)	585,648,946
05	Profits from investing activities		(61,389,293,024)	(49,830,020,287)
06	Interest expense		93,376,087,267	105,602,842,553
08	**Operating profit before changes in working capital**		**349,897,353,322**	**396,475,760,065**
09	Decrease/(increase) in receivables		348,297,892,285	(627,252,864,667)
10	(Increase)/decrease in inventories		(243,261,909,150)	194,895,512,198
11	(Decrease)/increase in payables		(114,998,660,317)	206,005,326,977
12	(Increase)/decrease in prepaid expenses		16,518,897,400	(2,427,463,087)
14	Interest paid		(92,039,643,102)	(101,358,064,470)
15	Business income tax paid		(56,565,355,516)	(49,225,276,378)
17	Other payments on operating activities		(10,611,476,937)	(12,994,231,753)
20	**Net cash inflows from operating activities**		**197,237,097,985**	**4,118,698,885**
	CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchases and construction of fixed assets and other long-term assets		(11,715,479,711)	(35,467,376,989)
22	Proceeds from disposals of fixed assets and other long-term assets		1,177,688,181	584,629,383
23	Investments in term deposits		(9,247,947,787)	(35,744,800,000)
24	Collection of term deposits		9,000,000,000	21,000,000,000
25	Investments in other entities		(1,350,000,000)	(5,400,000,000)
26	Proceeds from divestment in other entities		-	(1,074,399,778)
27	Dividends and interests received		61,337,305,501	53,862,131,587
30	**Net cash inflows/(outflows) from investing activities**		**49,201,566,184**	**(2,239,815,797)**
	CASH FLOWS FROM FINANCING ACTIVITIES			
31	Proceeds from issue of shares		-	2,352,773,000
32	Payments for share repurchases		(14,595,110,632)	-
33	Proceeds from borrowings		6,662,948,556,690	6,965,782,684,792
34	Repayments of borrowings		(7,078,799,826,342)	(7,209,668,614,101)
36	Dividends paid		(120,145,639,162)	(112,485,661,597)
40	**Net cash outflows from financing activities**		**(550,592,019,446)**	**(354,018,817,906)**
50	**Net decrease in cash and cash equivalents**		**(304,153,355,277)**	**(352,139,934,818)**
60	**Cash and cash equivalents at beginning of year**	3	**1,342,345,339,986**	**1,694,402,253,760**
61	Effect of foreign exchange differences		89,224,753	83,021,044
70	**Cash and cash equivalents at end of year**	3	**1,038,281,209,462**	**1,342,345,339,986**

The non-cash major transactions are preseted in Note 39.

TỔNG CÔNG TY CỔ PHẦN DỊCH VỤ TỔNG HỢP DẦU KHÍ

Pham Thi Ninh	Nguyen Thi Thanh	Phung Tuan Ha
Preparer	Chief Accountant	Chairman
		25 March 2019

The notes on pages 9 to 54 are an integral part of these consolidated financial statements.

1 GENERAL INFORMATION

PetroVietnam General Services Joint Stock Company ("the parent Company") was established in SR Vietnam pursuant to Business Registration Certificate No. 4103005338 dated 29 September 2006 and the 18th amendment dated 23 May 2016 which were issued by the Department of Planning and Investment Department of Ho Chi Minh City. The parent Company was transformed from PetroVietnam Tourism and Services Company, a wholly state-owned subsidiary of Vietnam Oil and Gas Corporation (the "Group" or "PVN").

The parent Company's shares were officially listed on Ho Chi Minh City Stock Exchange ("HOSE") on 12 September 2007 with stock symbol "PET" pursuant to Decision No. 94/QD-SGDHCM issued by the General Director of the HOSE on 13 August 2007.

The principal activities of the parent Company and its subsidiaries ("the Corporation") include:

- Trading plastic resins, textile fibers, and cassava;
- Support and management services and human resources services;
- Lease of warehouse, workshops, premises and office;
- Wholesale of computers and equipment;
- Trading of telecommunication equipment;
- Supply of specialised materials and equipment in oil and gas industry;
- Heavy transportation and lifting services;
- Catering services and commodities for oil and gas industry;
- LPG trading and distributing, gas filling;
- Real estate trading and management; and
- Property management (offices, hotels, residential, projects etc.).

The normal business cycle of the Corporation is within 12 months.

As at 31 December 2018, the Corporation had 2,450 employees (as at 31 December 2017: 2,396 employees).

As at 31 December 2018, the Corporation had 11 direct subsidiaries, 3 indirect subsidiaries, 1 direct associate and 1 indirect associate are presented as follow:

1 GENERAL INFORMATION (continued)

Name	Address (Province/City)	Principal activities	2018 Total % of voting right	2018 Total % of ownership	2017 Total % of voting right	2017 Total % of ownership
I - Direct subsidiaries						
Petroleum General Distribution Services Joint Stock Company ("PSD")	Ho Chi Minh City	Distribution of telecommunication and electronic equipment	80.02	80.02	80.02	80.02
Petroleum Offshore Trading and Services Company Limited ("POTS")	Ho Chi Minh City	Trading and rendering of services	60	60	60	60
Petroleum Vung Tau General Services Joint Stock Company ("PSV")	Vung Tau	Rendering of services	70	70	70	70
Mien Trung Petroleum Services and Trading Joint Stock Company ("PSMT")	Quang Ngai	Trading and rendering of services	99.79	99.79	99.79	99.79
PetroVietnam Assets Management Joint Stock Company ("PSA")	Ha Noi	Operating in property management and services	78.61	78.61	78.61	78.61
Petrosetco SSG Company Limited ("PSSSG") (i)	Ho Chi Minh City	Real estate business	51	21.46	51	20.27
Smart Convergence Joint Stock Company ("Smartcom")	Ho Chi Minh City	Distributing equipment, electronic, components, peripheral devices and software	55	55	55	55
Petrosetco Retail Services Joint Stock Company ("PSR")	Ho Chi Minh City	Retail of mobile phones	75	72.75	75	72.75
Petroleum Logistics Service Joint Stock Company ("PSL") (ii)	Ho Chi Minh City	Marine transportation service	67	44	67	44
Petroleum High Technology Products Distribution Joint Stock Company ("PHTD")	Ho Chi Minh City	Distributing equipment, electronic components and peripheral devices	51	51	51	51
Petrosetco - ALE Heavy Transportation and Lifting Joint-stock Company ("Petrosetco - Ale") (iii)	Ho Chi Minh City	Providing heavy transportation and lifting services	-	-	51	51
Petroleum Trading Services Company Limited ("PST") (iv)	Ho Chi Minh City	Liquidated	100	100	100	100
Petroleum Saigon General Services Company Limited ("PSG") (iv)	Ho Chi Minh City	Stopped operations and on liquidation process	100	100	100	100

1 GENERAL INFORMATION (continued)

Name	Address (Province/City)	Principal activities	2018 Total % of voting right	2018 Total % of ownership	2017 Total % of voting right	2017 Total % of ownership
II – Indirect subsidiaries						
Binh Minh Electronics Refrigeration Joint Stock Company	Ho Chi Minh City	Trading of electronic devices, refrigeration appliances and electronic household appliances	51	40.81	51	40.81
Nha Trang Petroleum Services Trading Company Limited ("Nha Trang PST")	Nha Trang	Wholesale of solid, liquid and gaseous fuels and related products	100	99.79	100	99.79
Petrosetco - ALE Heavy Transportation and Lifting Joint-stock Company ("Petrosetco - Ale") (iii)	Ho Chi Minh City	Providing heavy transportation and lifting services	51	22.44	-	-
III – Direct associates						
Petro Tower Limited Company	Ba Ria - Vung Tau	Office for lease	24	24	24	24
IV – Indirect associates						
Vietecom Digital Trade and Investment Joint Stock Company ("Vietecom") (v)	Ha Noi	Trading of electronic components, information technology, technology transfer services and delivery services	20	16	20	16

(i) As at 31 December 2018 and as at 31 December 2017, although the Corporation's ownership in PSSSG was only 21.46 and 20.27%, respectively, the Corporation still had the authority to exercise its power over the financial and operational policies of PSSSG through its representatives in the Board of Management of PSSSG. Therefore, the Corporation controls PSSSG and PSSSG has been classified and presented as a subsidiary of the Corporation for the consolidation reporting purpose.

(ii) As at 31 December 2018 and as at 31 December 2017, although the Corporation's ownership in PSL was only 44%, the Corporation still had the authority to exercise its power over the financial and operational policies of PSL through its representatives in the Board of Management of PSL. Therefore, the Corporation controls PSL and PSL has been classified and presented as a subsidiary of the Corporation for the consolidation reporting purpose.

1 GENERAL INFORMATION (continued)

(iii) According to Resolution No. 01/NQ-DVTHDK dated 3 January 2018 on the Corporation's restructuring plan and the Share Transfer Agreement No. 01/2018/PETROSETCO-ALE dated 2 February 2018, the parent Company transferred its entire share capital in Petrosetco - Ale amounting to VND5.1 billion to PSL at a transfer price of VND5.1 billion.

(iv) According to Decision No. 313/QD-DVTHDK-HDQT and 314/QD-DVTHDK-HDQT dated 26 December 2011, the Board of Management decided to dissolve PST and PSG from 1 January 2012.

According to Notice No. 975037/18* dated 14 November 2018 of the Department of Planning and Investment of Ho Chi Minh City , the Business Registration Office of Ho Chi Minh City confirmed that PST had completed its liquidation process as required under current regulations.

Currently, PSG is under tax finalisation with the tax authorities for the dissolution purpose. From 2013 until now, PSG has had no business activities incurred.

(***) Vietecom is in liquidation progress.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of consolidated financial statements. The consolidated financial statements have been prepared under the historical cost convention.

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

2.2 Fiscal year

The Corporation's fiscal year is from 1 January to 31 December.

2.3 Currency

The consolidated financial statements are measured and presented using Vietnamese Dong ("VND").

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction dates. Foreign exchange differences arising from these transactions are recognised in the consolidated income statement.

Monetary assets and liabilities denominated in foreign currencies at the consolidated balance sheet date are respectively translated at the buying and selling exchange rates at the consolidated balance sheet date of the commercial banks where the Corporation regularly trades. Foreign currencies deposited in banks at the balance sheet date are translated at the buying exchange rate of the commercial banks where the Corporation opens the foreign currency accounts. Foreign exchange differences arising from these translations are recognised in the consolidated income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Basis of consolidation

Subsidiaries

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

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

Inter-company transactions, balances and unrealised gains and losses on transactions between Corporation companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Corporation.

Non-controlling transactions and interests

The Corporation applies a policy of treating transactions with non-controlling interests ("NCI") as transactions with parties external to the Corporation.

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

Changes in the Corporation's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners. The difference between the change in the Corporation's share of net assets of the subsidiary and any consideration paid or received is recorded directly in the undistributed earnings under equity.

Associates

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Basis of consolidation (continued)

Associates (continued)

Unrealised gains and losses on transactions between the Corporation and its associates are eliminated to the extent of the Corporation's interest in the associates. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Corporation.

2.5 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Corporation's share of the net identifiable assets of the acquired subsidiary/ associate at the date of acquisition as accordance with current accounting requirements. Goodwill on acquisitions of subsidiaries is recognised as an asset and is amortised on the straight-line basis over its estimated period of benefit but not exceed 10 years.

Goodwill on acquisitions of investments in associates is included in the carrying amount of the investments at the date of acquisition. The Corporation does not amortise this goodwill.

On disposal of the investments in subsidiaries or associates, the attributable amount of unamortised goodwill is included in the determination of the profit or loss on the disposal.

Goodwill is tested annually for impairment and carried at cost less accumulated amortisation less accumulated impairment losses. If there is evidence that the impairment during the year is higher than the annual goodwill charge, the Corporation records the impairment immediately in the accounting period.

2.6 Cash and cash equivalents

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

2.7 Trade receivables

Trade receivables are carried at the original invoice amount less an estimate made for doubtful receivables based on a review by the Chairman of all outstanding amounts at the year end. Bad debts are written off when identified.

2.8 Inventories

Inventories include properties for sales being constructed for sale under the ordinary course of business, rather than to be held for rental or capital appreciation; merchandise; and other inventories.

Inventories are stated at the lower of cost and net realisable value. Cost of properties for sales includes land costs and construction costs of infrastructure, other direct and overhead expenses incurred in bringing the inventories to their present location and condition. Cost of other inventories includes all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost of plastic resins is determined by the specific dentification method and cost of other inventories by the weighted average method. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Inventories (continued)

The Corporation applies the perpetual method for inventories.

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

2.9 Investments

(a) Investments held-to-maturity

Investments held-to-maturity are investments which the Chairman has positive intention and ability to hold until maturity.

Investments held-to-maturity include bank term deposits and other held-to-maturity investments. Those investments are accounted for at cost less provision.

Provision for diminution in value of investments held-to-maturity is made when there is evidence that part or the whole of the investments is uncollectible.

(b) Investments in other entities

Investments in other entities are investments in equity instruments of other entities without controlling rights or co-controlling rights, or without significant influence over the investee. The investments are initially recorded at cost.

Regarding long-term investments in listed shares or the long-term investments which its fair value can be determined reliably, the provision is made when the cost is higher than the market value. For other long-term investments, provision for diminution in value of these investments is made when the entities make losses, except when the loss was anticipated in their business plan before the date of investment.

2.10 Fixed assets

Tangible and intangible fixed assets

Fixed assets are stated at historical cost less accumulated depreciation/amortisation. Historical cost includes expenditure that is directly attributable to the acquisition of the fixed assets.

Depreciation and amortisation

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

Plants, buildings and structures	2% - 20%
Machinery and equipment	7% - 33%
Motor vehicles	10% - 33%
Office equipment	10% - 33%
Computer software	12.5% - 33%

Land use rights with indefinite useful life are recorded at historical cost and are not amortised.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Fixed assets (continued)

Disposals

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

Construction in progress

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost. Cost includes professional fees and, for qualifying assets, borrowing costs dealt with in accordance with the Corporation's accounting policy. Depreciation of these assets, on the same basis as other fixed assets, commences when the assets are ready for their intended use.

2.11 Operating leases

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

2.12 Investment properties

Cost of an investment property means the amount of cash or cash equivalents paid or the fair value of other consideration given to acquire the investment property at the time of its acquisition or completion of construction.

Depreciation and amortisation

Investment properties are depreciated and amortised using the straight-line method to write off the cost of the assets over their estimated useful lives. The principal annual rates of each class of assets are as follows:

Land use rights	10%
Buildings	2% - 20%

Disposals

Gains or losses on disposals are determined by comparing net disposal proceeds with the net book value and are recognised as income or expense in the consolidated income statement.

2.13 Prepaid expenses

Prepaid expenses include short-term or long-term prepayments on the consolidated balance sheet and are mainly prepaid office rental; gas cylinders; tools and supplies put into use and prepaid warehouse rental. Prepaid expenses are recorded at historical cost and allocated to expenses using the straight line method over the allocation period.

The long-term prepayments of gas cylinders are allocated into the consolidated income statement on a straight-line method over 10 years in accordance with Circular No. 118/2010/TT-BTC dated 10 August 2010 issued the Ministry of Finance – *Guidance on the financial and taxation regimes to entities trading liquefied petroleum gas.*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Payables

Classifications of payables are based on their nature as follows:

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

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

2.15 Borrowing

Borrowings include borrowings from banks.

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

Borrowing costs that are directly attributable to the construction or production of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are recognised in the consolidated income statement when incurred.

2.16 Accrued expenses

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

2.17 Provisions

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

Provisions are measured at the expenditures expected to be required to settle the obligation. If the time value of money is material, provision will be measured at the present value using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as an interest expense.

2.18 Unearned revenue

Unearned revenue mainly comprises the amounts that customers paid in advance for one or many accounting periods for asset leases. The Corporation records unearned revenue for the future obligations that the Corporation has to conduct.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Capital and reserves

(a) Owners's capital

Owners' capital is recorded according to actual amount contributed and is recorded according to par value of the share.

(b) Share premium

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

(c) Owners' other capital

Owners' other capital reflects other capital of owners at the reporting date.

(d) Treasury shares

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

(e) Undistributed earnings

Undistributed earnings record the Corporation's results after business income tax at the reporting date.

2.20 Appropriation of net profit after business income tax

Net profit after business income tax could be distributed to shareholders after approval at General Meeting, and after appropriation to funds in accordance with the Corporation's charter and Vietnamese regulations.

Dividends are recognised as a liability in the consolidated financial statements in the year in which the dividends are approved by shareholders at the Annual General Meeting of Shareholders.

The Corporation's funds are as below:

(a) Investment and development fund

Investment and development fund is appropriated from net profit after business income tax of the Corporation and approved by shareholders at the Annual General Meeting. This fund is used for expanding and developing the business of the Corporation.

(b) Bonus and welfare fund

Bonus and welfare fund is appropriated from the Corporation's net profit after business income tax and subject to shareholders' approval at the Annual General Meeting. This fund is used for rewarding and encouraging, enhancing the physical and mental well-being of the employees.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.21 Revenue recognition

(a) Revenue from sales of goods

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

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

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods.

Revenue is recognised based on principle of "substance over form" and allocated to each sales obligation. In case that the Corporation gives promotional goods to customers associated with customers' purchase, the Corporation allocates total consideration received for goods sold and promotional goods. Cost of promotional goods is recognised as cost of sales in the consolidated income statement.

(b) Revenue from sale of real estate

Revenue from sale of real estate is recognised in the consolidated income statement when the real estate has been completed and the Corporation has transferred significant risks and rewards of ownership to the buyer. Revenue from sale of real estate is recognised in the consolidated income statement when all five (5) following conditions are satisfied:

- The real estate has been completed, and the Company has transferred to the buyer the significant risks and rewards of ownership of the real estate;
- The Corporation no longer holds the right to manage the real estate as the real estate's owner nor the right to control the real estate;
- The amount of revenue can be measured reliably;
- The Corporation has received or entitled to receive economic benefits from the sale of the real estate; and
- The costs incurred or to be incurred in respect of the real estate can be measured reliably.

(c) Revenue from rendering of services

Revenue from rendering of services is recognised in the consolidated income statement when the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided. Revenue from rendering of services is only recognised when all four (4) following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Corporation;
- The percentage of completion of the transaction at the consolidated balance sheet date can be measured reliably; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.21 Revenue recognition (continued)

(d) Revenue from operating leases

Revenue from operating lease is recognised in the consolidated income statement on a straight-line method over the lease term.

(e) Interest income

Interest income is recognised on an earned basis.

(f) Income from dividend paid/profit shared

Income from dividend paid/profit shared is recognised when the Corporation has established the receiving right from investees.

(g) Allocation of gas cylinders deposits

Gas cylinders deposits received from customers are allocated into the consolidated income statement on a straight-line method over 10 years, which is in line with allocation of the long-term prepayments of gas cylinders (Note 2.13), following Circular No. 118/2010/TT-BTC dated 10 August 2010 issued by the Ministry of Finance – *Guidance on the financial and taxation regimes to entities trading liquefied petroleum gas.*

2.22 Sales deductions

Sales deductions include trade discounts, sales returns and allowances. Sales deductions incurred in the same year of the related sales of products, goods and services are recorded as deduction of revenue of that year.

Sales deductions for the products, goods or services which are sold in the year, but are incurred after the consolidated balance sheet date but before the issuance of the consolidated financial statements are recorded as deduction of revenue of the year.

2.23 Cost of goods sold and services rendered

Cost of goods sold and services rendered are cost of finished goods, merchandises, materials sold or services rendered during the year, and recorded on the basis of matching with revenue and on prudent concept.

2.24 Financial expenses

Financial expenses are expenses incurred in the year for financial activities including expenses or losses relating to financial investment activity, expenses of borrowing, provision for diminution in value of investments in other entities, losses incurred when selling foreign currencies, losses from foreign exchange differences and payment discounts.

2.25 Selling expenses

Selling expenses represent expenses that are incurred in the process of selling products, goods, and providing services, which mainly include publicity, display, promotions, advertising expenses, maintenance charges, packaging, and transportation.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.26 General and administration expenses

General and administration expenses represent expenses for administrative purposes which mainly include salary expenses of administrative staffs (salaries, wages, allowances, etc.); social insurance, medical insurance, labour union fees, unemployment insurance of administrative staffs, expenses of office materials, tools and supplies, depreciation and amortization of fixed assets used for administration, land rental, licence tax, provision for bad debts, outside services and other expenses.

2.27 Current and deferred income tax

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

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

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

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

2.28 Related parties

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

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

2.29 Segment reporting

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.30 Accounting estimates

The preparation of consolidated financial statements in conformity with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of the consolidated financial statements requires the Chairman to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the financial year. Although these accounting estimates are based on the Chairman' best knowledge, actual results may differ from those estimates and assumptions.

3 CASH AND CASH EQUIVALENTS

	2018 VND	2017 VND
Cash on hand	6,239,434,885	7,250,188,703
Cash at banks (*)	342,512,075,807	331,258,148,838
Cash equivalents (**)	689,529,698,770	1,003,837,002,445
	1,038,281,209,462	1,342,345,339,986

(*) As at 31 December 2018, included in cash at bank is a term deposit amounting to VND27,900,000 at a commercial bank which was pledged as a collateral asset for the Corporation's borrowings (Note 22).

(**) Cash equivalents represent bank term deposits with an original maturity of three months or less at commercial banks and earn interest at the average rates from 4.5% to 5.5% per annum (year 2017: 4.2% to 5.5% per annum).

4 INVESTMENTS

(a) Investments held-to-maturity

	2018		2017	
	Cost VND	Book Value VND	Cost VND	Book Value VND
Term deposits	28,011,800,000	28,011,800,000	28,244,800,000	28,244,800,000

Term deposits represent bank deposits in VND with the remaining maturity of less than 12 months and earn interest at the average rates from 5.1% to 8% per annum (year 2017: 5.5% - 8% per annum).

As at 31 December 2018 and 31 December 2017, included in term deposits is a term deposit of VND16 billion which was pledged as a collateral asset for the Corporation's borrowings (Note 22).

4 INVESTMENTS (continued)

(b) Investments in associates

Details of investments in associates are presented as follows:

	2018				2017			
	Cost VND	Cost of sales VND	Fair value VND	Provision VND	Cost VND	Cost of sales VND	Fair value VND	Provision VND
Petro Tower Limited Company	14,359,957,249	15,474,289,268	(*)	-	14,359,957,249	16,441,621,150	(*)	-
Vietecom Digital Trade and Investment Joint Stock Company	853,268,080	-	(*)	-	853,268,080	-	(*)	-
	15,213,225,329	15,474,289,268		-	17,294,889,230	15,213,225,329		-

(*) As at 31 December 2018 and 31 December 2017, the fair value of these investments in other entities was not available as these entities are not listed on the Stock Exchange.

Movements in investment in associates during the year are as follows:

	2018 VND	2017 VND
Beginning of year	16,441,621,150	16,050,446,622
Share of (loss)/profit for the year	(967,331,882)	391,174,528
End of year	15,474,289,268	16,441,621,150

4 INVESTMENTS (continued)

(c) Investments in other entities

Details of investments in other entities are presented as follows:

	2018				2017			
	Ownership and voting right %	Cost VND	Fair value VND	Provision VND	Ownership and voting right %	Cost VND	Fair value VND	Provision VND
PetroVietnam Central Biofuels Joint Stock Company	0.2	2,000,000,000	(*)	(2,000,000,000)	0.2	2,000,000,000	(*)	(2,000,000,000)
Vietnam Coolpad Co., Ltd,		20,160,000,000	(*)	(20,160,000,000)		20,160,000,000	(*)	-
Vietnam - Korea Petroleum Industrial Gas Joint Stock Company	12	6,750,000,000	(*)	-	12	5,400,000,000	(*)	-
		28,910,000,000		(22,160,000,000)		27,560,000,000		(2,000,000,000)

(*) As at 31 December 2018 and 31 December 2017, the fair value of investments in other entities was not available as these entities are not listed on the Stock Exchange.

5 SHORT-TERM TRADE ACCOUNTS RECEIVABLE

	2018 VND	2017 VND
Third parties		
Viettronics Corporation	*30,411,004,591*	*133,225,047,545*
Mobile World Joint Stock Company	*123,121,611,348*	*202,772,207,964*
Icool Technology Limited Company	*72,210,248,974*	*72,210,248,974*
Coolpad Vietnam Company Limited	*42,965,708,261*	*64,773,758,615*
Others	*1,044,051,377,824*	*1,102,962,522,899*
	1,312,759,950,998	1,575,943,785,997
Related parties (Note 40(b))	289,577,652,341	108,963,895,148
	1,602,337,603,339	1,684,907,681,145

As at 31 December 2018 and 31 December 2017, a part of short-term trade accounts receivable are pledged as a collateral asset for borrowings (Note 22).

6 SHORT-TERM PREPAYMENTS TO SUPPLIERS

	2018 VND	2017 VND
Third parties		
Global Consulting and Mechanical Services LLC (*)	*119,000,391,587*	*201,462,439,669*
Rosemount Technology Limited (*)	-	*82,247,625,736*
Tan Lien Phat Investment and Construction Joint Stock Company	*42,662,223,802*	*42,025,456,603*
Itel Mobile Limited	-	*34,109,668,290*
Cuong Thinh Construction and Trading Joint Stock Company	-	*20,059,023,213*
Others	*32,050,558,947*	*51,199,052,921*
	193,713,174,336	431,103,266,432

(*) In 2017, POTS, a subsidiary of the Corporation, signed a service contract and received an advance of VND232 billion from a customer (Note 18). At the same time, POTS also made prepayments to the above suppliers to perform the services required. The service is performed from the contract signing date to the year 2022. As at 31 December 2018, the amount of short-term prepayments to suppliers represent the outstanding amount to be net off in the future.

7 OTHER SHORT-TERM RECEIVABLES

	2018 VND	2017 VND
Trade discounts receivable	58,447,866,826	77,929,081,416
Interest income receivable	2,516,436,679	2,825,578,761
Trade support receivables from suppliers	68,874,097,135	71,950,709,329
Deposits	25,973,800,000	27,359,900,443
Others	31,821,032,222	30,980,537,089
	187,633,232,862	211,045,807,038

8 PROVISION FOR DOUBTFUL DEBTS

	2018				2017			
	Cost VND	Recoverable amount VND	Provision VND	Number of overdue days	Cost VND	Recoverable amount VND	Provision VND	Number of overdue days
Total receivables that are past due	239,186,171,003	102,638,833,820	(136,547,337,183)	Over 6 months and under 5 years	195,074,080,813	96,818,570,121	(98,255,510,692)	Over 6 months and under 5 years

9 INVENTORIES

	2018		2017	
	Cost VND	Provision VND	Cost VND	Provision VND
Real estate for sales (*)	32,450,512,124	-	-	-
Goods in transit	118,592,796,571	-	64,496,621,718	-
Raw materials	1,351,239,429	-	1,637,344,682	-
Tools and supplies	2,018,607,974	-	2,796,581,843	-
Work in progress	439,158,002	-	449,417,522	-
Merchandises	816,546,887,425	(28,320,748,915)	682,996,947,436	(16,259,578,785)
Finished goods	19,074,107	-	37,140,025	
Goods on consignment	62,708,511,296	-	38,450,824,552	-
	1,034,126,786,928	(28,320,748,915)	790,864,877,778	(16,259,578,785)

(*) Real estate for sales represents the costs directly attributable to the residential areas of 41D Vung Tau Project at 41D, 30/4 Street, Ward 9, Vung Tau City (" the 41D Vung Tau Project").

As at 31 December 2018 and 31 December 2017, the Corporation has pledged a part of inventories as collateral assets for the Corporation's borrowings (Note 22).

Movements in the provision for decline in value of inventories during the year are as follows:

	2018 VND	2017 VND
Beginning of year	16,259,578,785	16,100,446,541
Increase	25,783,027,297	4,430,546,901
Reversal	(13,721,857,167)	(4,271,414,657)
End of year	28,320,748,915	16,259,578,785

10 TAXES RECEIVABLE FROM AND PAYABLE TO THE STATE BUDGET

(a) Taxes receivable from the State Budget

	2018 VND	2017 VND
VAT to be reclaimed	400,786,975,549	400,131,863,898
Business income tax overpaid	128,675,472	-
Personal income tax overpaid	617,230,461	432,613,901
Others	1,380,925,963	778,850,285
	402,913,807,445	401,343,328,084

(b) Taxes payable to the State Budget

	2018 VND	2017 VND
VAT	7,814,553,202	8,130,155,785
Business income tax	18,963,055,991	19,518,892,604
Personal income tax	3,024,128,711	3,751,838,822
	29,801,737,904	31,400,887,211

10 TAXES RECEIVABLE FROM AND PAYABLE TO THE STATE BUDGET (continued)

Movements of taxes receivable from and payable to the State Budget during the year are as follows:

	As at 1.1.2018 VND	Receivables/payables during the year VND	Amount refunded and paid during the year VND	Net-off amount during the year VND	Reclassification VND	As at 31.12.2018 VND
(a) Receivables						
VAT to be reclaimed (*)	400,131,863,898	1,155,076,052,550	(6,377,528,421)	(1,148,043,412,478)	-	400,786,975,549
Overpaid business income tax	-	-	-	-	128,675,472	128,675,472
Overpaid personal income tax	432,613,901	-	-	(432,613,901)	617,230,461	617,230,461
Others	778,850,285	-	-	(778,850,285)	1,380,925,963	1,380,925,963
	401,343,328,084	1,155,076,052,550	(6,377,528,421)	(1,149,254,876,664)	2,126,831,896	402,913,807,445
(b) Payables						
VAT	8,130,155,785	1,562,819,112,950	(415,091,303,055)	(1,148,043,412,478)	-	7,814,553,202
Business income tax	19,518,892,604	55,880,843,431	(56,565,355,516)	-	128,675,472	18,963,055,991
Personal income tax	3,751,838,822	36,083,536,119	(36,995,862,790)	(432,613,901)	617,230,461	3,024,128,711
Others	-	6,536,261,918	(7,138,337,596)	(778,850,285)	1,380,925,963	-
	31,400,887,211	1,661,319,754,418	(515,790,858,957)	(1,149,254,876,664)	2,126,831,896	29,801,737,904

(*) As at 31 December 2018, included in VAT to be reclaimed is the amount of VAT that the Corporation has submitted refund documents of VND265.7 billion (as at 31 December 2017: VND272.4 billion) and is awaiting for the results from tax authorities.

11 FIXED ASSETS

(a) Tangible fixed assets

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Total VND
Historical cost					
At as 1 January 2018	98,795,139,489	90,378,570,462	122,936,404,549	15,760,137,682	**327,870,252,182**
New purchases	1,149,436,818	2,561,268,136	8,841,174,660	392,541,269	**12,944,420,883**
Disposals	(245,855,885)	(3,929,199,885)	(6,731,493,665)	(2,044,188,550)	**(12,950,737,985)**
At as 31 December 2018	99,698,720,422	89,010,638,713	125,046,085,544	14,108,490,401	**327,863,935,080**
Accumulated depreciation					
At as 1 January 2018	57,111,942,496	70,163,865,027	86,192,785,060	13,653,951,532	**227,122,544,115**
Charge for the year	4,265,692,290	6,934,857,241	12,163,901,240	1,405,749,322	**24,770,200,093**
Disposals	(162,253,332)	(3,929,199,885)	(6,118,028,284)	(1,813,189,047)	**(12,022,670,548)**
At as 31 December 2018	61,215,381,454	73,169,522,383	92,238,658,016	13,246,511,807	**239,870,073,660**
Net book value					
At as 1 January 2018	41,683,196,993	20,214,705,435	36,743,619,489	2,106,186,150	**100,747,708,067**
At as 31 December 2018	38,483,338,968	15,841,116,330	32,807,427,528	861,978,594	**87,993,861,420**

Historical cost of fully depreciated tangible fixed assets but still be in use as at 31 December 2018 was VND119.7 billion (as at 31 December 2017: VND171.1 billion).

11 FIXED ASSETS (continued)

(b) Intangible fixed assets

	Land use rights VND	Software VND	Total VND
Historical cost			
At as 1 January 2018	101,988,494,434	5,094,313,303	**107,082,807,737**
New purchases	-	98,500,000	**98,500,000**
Disposals	-	(321,123,105)	**(321,123,105)**
At as 31 December 2018	101,988,494,434	4,871,690,198	**106,860,184,632**
Accumulated amortisation			
At as 1 January 2018	-	4,229,675,064	**4,229,675,064**
Charge for the year	-	448,767,000	**448,767,000**
Disposals	-	(321,123,105)	**(321,123,105)**
At as 31 December 2018	-	4,357,318,959	**4,357,318,959**
Net book value			
At as 1 January 2018	101,988,494,434	864,638,239	**102,853,132,673**
At as 31 December 2018	101,988,494,434	514,371,239	**102,502,865,673**

Historial cost of fully amortised intangible fixed assets but still be in use as at 31 December 2018 was VND2.87 billion (as at 31 December 2017: VND2.7 billion).

12 INVESTMENT PROPERTIES

	Land use rights VND	Buildings and structures VND	Total VND
Historical cost			
As at 1 January 2018	6,120,000,000	855,878,984,242	**861,998,984,242**
New purchases	-	699,257,155	**699,257,155**
Disposals	-	(4,504,082,819)	**(4,504,082,819)**
As at 31 December 2018	6,120,000,000	852,074,158,578	**858,194,158,578**
Accumulated depreciation			
As at 1 January 2018	1,586,213,790	57,672,256,598	**59,258,470,388**
Charge for the year	612,000,000	40,908,291,895	**41,520,291,895**
Disposals	-	(1,013,418,634)	**(1,013,418,634)**
As at 31 December 2018	2,198,213,790	97,567,129,859	**99,765,343,649**
Net book value			
As at 1 January 2018	4,533,786,210	798,206,727,644	**802,740,513,854**
As at 31 December 2018	3,921,786,210	754,507,028,719	**758,428,814,929**

12 INVESTMENT PROPERTIES (continued)

Investment properties mainly include:

- The buildings and structures related to the living quarters of Nghi Son Refinery and Petrochemical Complex project ("Nghi Son Project") being constructed and held for lease by the parent Company.
- The land use right being held for lease by PSMT.

As at 31 December 2018 and 31 December 2017, all investment properties have been pledged as collateral assets for borrowings granted to the Corporation (Note 22).

In 2018, revenue incurred from investment properties was VND117,166,729,375 (year 2017: VND130,750,018,449).

The Corporation was unable to collect sufficient information of similar properties as a basis for fair value comparison, therefore fair value of the investment properties as at 31 December 2018 has not been disclosed in the consolidated financial statements. However, given the occupancy rate of these properties, in the view of the Chairman, the market value of these properties is higher than the net book values at the consolidated balance sheet date.

13 CONSTRUCTION IN PROGRESS

Details of construction in progress are presented as follows:

	2018 VND	2017 VND
41D Vung Tau Project	-	64,546,743,156
Cape Pearl Project	37,503,649,278	37,202,219,052
Others	1,008,844,876	979,052,100
	38,512,494,154	102,728,014,308

Movements of construction in progress during the year are as follows:

	2018 VND	2017 VND
Beginning of year	102,728,014,308	77,085,251,139
New purchases	331,223,002	25,642,763,169
Reclassification to inventories	(64,546,743,156)	-
End of year	38,512,494,154	102,728,014,308

14 LONG-TERM PREPAID EXPENSES

Details of long-term prepaid expenses are as follows:

	2018 VND	2017 VND
Office rental (*)	99,171,522,333	101,546,888,137
Gas cylinders	48,402,203,601	56,718,116,343
Tools and supplies	20,572,583,834	26,893,678,447
Others	30,383,757,751	28,271,815,709
	198,530,067,519	213,430,498,636

(*) The amount includes the prepayment to PVN for office leasing. This prepaid office rental expense is allocated to the consolidated income statement on a straight-line basis over a period of 50 years from 2010.

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

	2018 VND	2017 VND
Beginning of year	213,430,498,636	201,267,567,590
Additions	11,940,116,106	17,186,236,698
Allocation during the year	(26,840,547,223)	(18,282,177,036)
Reclassification from investment properties	-	13,258,871,384
End of year	198,530,067,519	213,430,498,636

15 DEFERRED INCOME TAX

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

Details of deferred income tax are as follows:

	2018 VND	2017 VND
Deferred tax assets:		
Deferred tax assets to be recovered within 12 months	3,310,854,521	-
Deferred tax liabilities:		
Deferred tax liabilities to be recovered within 12 months	3,300,000,000	3,300,000,000

15 DEFERRED INCOME TAX (continued)

The gross movements in deferred income tax are as follows:

	2018 VND	2017 VND
Deferred income tax assets	-	189,110,129
Deferred income tax liabilities	(3,300,000,000)	-
Beginning of year	(3,300,000,000)	189,110,129
Consolidated income statement credited/(charged) (Note 37)	3,310,854,521	(3,489,110,129)
End of year	10,854,521	(3,300,000,000)
In which:		
Deferred income tax assets	3,310,854,521	-
Deferred income tax liabilities	(3,300,000,000)	(3,300,000,000)

Deferred income tax assets and deferred income tax liabilities are mainly arisen from the temporary differences relating provisions made by the parent Company and its subsidiaries in consolidation.

The Corporation uses tax rate of 20% to determine deferred income tax assets and deferred income tax liabilities.

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

Tax losses of the Corporation's subsidiaries can be carried forward to offset against future taxable income for a maximum period of no more than five consecutive years from the year right after the year in which the loss was incurred. The actual amount of tax losses that can be carried forward is subject to review and approval of the tax authorities and may be different from the figures presented. However, the Corporation did not recognise deferred income tax asset as the realisation of the related tax benefit through its subsidiaries' future taxable income currently cannot be assessed as probable.

16 GOODWILL

	2018 VND	2017 VND
Beginning of year	13,773,442,500	15,415,319,894
Allocation (Note 35)	(1,530,382,500)	(1,641,877,394)
End of year	12,243,060,000	13,773,442,500

As at 31 December 2018 and 31 December 2017, goodwill arises from the purchase of Binh Minh.

17 SHORT-TERM TRADE ACCOUNTS PAYABLE

	2018 VND	2017 VND
Third parties		
Samsung Electronics Vietnam Thai Nguyen Company Limited	*70,491,782,900*	*250,308,282,400*
Shenzhen Sang Fei Consumer Communication Company Limited	-	*70,813,364,481*
Microsoft Regional Sales Corporation	*57,761,717,651*	*70,779,044,651*
Dell Global B.V. (Singapore Branch)	*199,526,352,550*	*60,427,356,500*
Industry Construction Corporation	-	*42,854,273,564*
Others	*626,900,455,933*	*372,470,921,933*
	954,680,309,034	867,653,243,529
Related parties (Note 40(b))	473,414,947,179	508,334,637,947
	1,428,095,256,213	1,375,987,881,476

As at 31 December 2018 and 31 December 2017, The Chairman believes that the Corporation has no doubt on its ability to fully repay the short-term trade accounts payable as and when they fall due, there was no balance of short-term trade accounts payable which was past due.

18 SHORT-TERM ADVANCES FROM CUSTOMERS

	2018 VND	2017 VND
Third parties		
Advances for 41D Vung Tau Project	-	*51,324,598,300*
Others	*10,809,235,647*	*20,532,978,377*
	10,809,235,647	71,857,576,677
Related parties (Note 40(b))	78,540,531,090	232,311,035,750
	89,349,766,737	304,168,612,427

19 SHORT-TERM ACCRUED EXPENSES

	2018 VNĐ	2017 VNĐ
Warehouse and transportation	10,274,515,709	2,814,459,673
Interest expense	8,490,392,082	7,153,947,917
Allowances for employees	474,089,660	4,238,052,915
Professional services fees	2,859,787,350	-
Others	6,246,712,883	8,021,518,081
	28,345,497,684	22,227,978,586

20 UNEARNED REVENUE

(a) Short-term

	2018 VND	2017 VND
Advanced rental (*)	27,272,727,273	27,272,727,273
Others	4,597,443,913	7,803,968,217
	31,870,171,186	35,076,695,490

(b) Long-term

	2018 VND	2017 VND
Advanced rental (*)	47,727,272,747	75,000,000,011
Others	-	77,806,667
	47,727,272,747	75,077,806,678

(*) The balance represents the advance payment received from Nghi Son Refinery and Petrochemical Company Limited for leasing of living quarters and provision of other services to Nghi Son Project (Note 12).

21 OTHER PAYABLES

(a) Short-term

	2018 VND	2017 VND
Payable for usage funds under business activity requirement	4,729,320,176	4,075,406,016
Trade discounts payable to customers	33,059,818,886	61,169,602,857
Dividends payable (Note 27)	37,683,689,120	22,777,755,034
Payables for trade accounts receivable's insurance	44,590,090,748	20,273,346,173
Payable to a related parties for a lease contract amendment	17,063,173,604	-
Others	42,287,820,158	36,650,851,010
	179,413,912,692	144,946,961,090

21 OTHER PAYABLES (continued)

(b) Long-term

	2018 VND	2017 VND
Gas cylinders deposits (*)	27,872,772,164	34,821,597,036
Deposits	18,791,253,958	13,582,583,990
Payable to Ba Ria - Vung Tau Province State Treasury (**)	7,030,627,285	7,030,627,285
Others	940,518,269	415,300,000
	54,635,171,676	55,850,108,311

(*) Gas cylinders' deposits received from customers are allocated into the consolidated income statement on a straight-line basis over 10 years, which is in line with allocation of the long-term prepayments of gas cylinders (Note 2.13), following Circular No. 118/2010/TT-BTC dated 10 August 2010 issued the Ministry of Finance – *Guidance on the financial and taxation regimes to entities trading liquefied petroleum gas.*

(**) The balance represents rental fee payable to Ba Ria - Vung Tau Province State Treasury relating to a land rental contract.

22 BORROWINGS

(a) Short-term borrowings

	As at 1.1.2018 VND	Drawdowns during the year VND	Repayments during the year VND	Reclassification from long-term borrowings VND	As at 31.12.2018 VND
Joint Stock Commercial Bank for Foreign Trade of Vietnam	404,546,716,363	1,228,114,662,801	(1,423,371,142,214)	-	209,290,236,950
ANZ Bank Vietnam Limited	454,122,231,897	966,653,815,643	(1,012,871,503,579)	-	407,904,543,961
Military Commercial Joint Stock Bank	201,987,644,397	849,562,058,126	(616,814,358,269)	-	434,735,344,254
Joint Stock Commercial Bank for Foreign Trade of Vietnam	215,770,426,436	1,406,633,971,762	(1,573,735,308,230)	-	48,669,089,968
HSBC Bank Vietnam Limited	294,569,087,375	1,305,419,726,690	(1,208,787,054,199)	-	391,201,759,866
Vietnam Technological and Commercial Joint Stock Bank	47,000,000,000	379,500,000,000	(344,500,000,000)	-	82,000,000,000
Tien Phong Commercial Joint Stock Bank	23,204,013,888	7,763,087,120	(30,967,101,008)	-	-
Vietnam Export Import Commercial Joint Stock Bank	54,110,839,284	-	(54,110,839,284)	-	-
An Binh Commercial Joint Stock Bank	19,896,763,719	-	(19,896,763,719)	-	-
Vietnam International Commercial Joint Stock Bank	36,903,011,154	-	(36,903,011,154)	-	-
Asia Commercial Joint Stock Bank (Note 22(b))	21,787,573,927	-	(23,913,225,472)	30,698,379,107	28,572,727,562
Standard Chartered Bank (Vietnam) Limited	226,388,687,785	404,482,989,028	(630,871,676,813)	-	-
Vietnam Public Joint Stock Commercial Bank	6,672,722,500	34,799,097,059	(29,554,764,400)	-	11,917,055,159
Vietnam Prosperity Joint Stock Commercial Bank	24,210,729,540	48,292,348,461	(72,503,078,001)	-	-
	2,031,170,448,265	6,631,221,756,690	(7,078,799,826,342)	30,698,379,107	1,614,290,757,720

These borrowings are from commercial banks made in the forms of credit limit contracts or letters of credit.

As at 31 December 2018, collateral assets of these borrowings are as follows:

- Guarantee commitments of the parent Company for its subsidiaries' borrowings with the value of VND3,812.6 billion and USD30 million (as at 31 December 2017: VND4,309.5 billion and USD10 million (Note 41(c));
- Guarantee commitments of PSD for Binh Minh's borrowings with the amount of VND10 billion (as at 31 December 2017: VND10 billion) (Note 41(c)).
- A part of term deposits, short-term trade accounts receivable and inventories (Note 4(a), 5, 9).

22 BORROWINGS (continued)

(a) Short-term borrowings (continued)

The interest rates are announced by the banks at drawndown dates or adjusted from time to time which are announced by the banks.

(b) Long-term borrowings

	As at 1.1.2018 VND	Drawdowns during the year VND	Repayments during the year VND	Reclassification to short-term borrowings VND	As at 31.12.2018 VND
Asia Commercial Bank	278,882,003,882	31,726,800,000	-	(30,698,379,107)	279,910,424,775

The borrowings with Asia Commercial Bank have credit limit of VND400 billion whose drawdowns will expire on 31 July 2018 and bear interest at the rates adjustable from time to time which are announced by this bank.

The purpose of borrowings are to finance the construction of Nghi Son Project. The term is 9 years from 2016 and the borrowings are secured by assets formed from Nghi Son Project; rights arising from land rental contracts; receivables and other rights arising from the lease agreement at Nghi Son Project and 5,345,200 shares of PSA owned by the Corporation.

Interest expense relating to Nghi Son Project before the completion date of Nghi Son Project had been capitalised in the value of the investment properties. From 10 October 2016, since Nghi Son Project was put into operation, interest expense is reimbursed by Nghi Son Refinery and Petrochemical Company Limited, the lessee of Nghi Son Project.

23 BONUS AND WELFARE FUND

	2018 VND	2017 VND
Beginning of year	67,424,459,272	64,798,796,053
Appropriation from undistributed earnings (Note 25)	17,673,309,242	15,619,894,972
Utilisation	(10,611,476,938)	(12,994,231,753)
End of year	74,486,291,576	67,424,459,272

24 OWNERS' CAPITAL

(a) Number of shares

	2018		2017	
	Ordinary shares	Preference shares	Ordinary shares	Preference shares
Number of shares registered	86,600,124	-	86,600,124	-
Number of shares repurchased (Note 25)	(1,590,310)	-	-	-
Number of existing shares in circulation	85,009,814	-	86,600,124	-

(b) Details of owners' shareholding

	2018		2017	
	Ordinary shares	%	Ordinary shares	%
PVN	20,973,851	24.63	20,973,851	24.22
Other shareholders	64,035,963	75.77	65,626,273	75.78
Number of shares issued	85,009,814	100	86,600,124	100

(c) Movement of share capital

	Number of shares	Ordinary shares VND	Preference shares VND	Total VND
As at 1 January 2017	86,600,124	866,001,240,000	-	**866,001,240,000**
New shares issued	-	-	-	**-**
As at 31 December 2017	86,600,124	866,001,240,000	-	**866,001,240,000**
New shares issued	-	-	-	**-**
As at 31 December 2018	86,600,124	866,001,240,000	-	**866,001,240,000**

Par value per share: VND10,000.

25 MOVEMENTS IN OWNERS' EQUITY

	Owners' capital VND	Share premium VND	Owners' other capital	Treasury shares VND	Investment and development fund VND	Undistributed earnings VND	Total VND	Non-controlling interests VND	Total capital and reserves VND
As at 1 January 2017	866,001,240,000	133,918,052,614	56,740,087,775	(35,523,322,342)	172,453,174,126	270,142,492,969	1,463,731,725,142	180,726,846,470	1,644,458,571,612
Capital increase during the year	-	-	-	-	-	-	-	2,352,773,000	2,352,773,000
Net profit for the year	-	-	-	-	-	131,362,586,804	131,362,586,804	12,456,679,160	143,819,265,964
Dividends paid	-	-	-	-	-	(84,972,262,673)	(84,972,262,673)	(29,457,692,327)	(114,429,955,000)
Appropriation to bonus and welfare fund	-	-	-	-	-	(13,354,140,938)	(13,354,140,938)	(2,265,754,034)	(15,619,894,972)
As at 31 December 2017	866,001,240,000	133,918,052,614	56,740,087,775	(35,523,322,342)	172,453,174,126	303,178,676,162	1,496,767,908,335	163,812,852,269	1,660,580,760,604
Repurchase of issued shares (*)	-	-	-	(14,595,110,632)	-	-	(14,595,110,632)	-	(14,595,110,632)
Net profit for the year	-	-	-	-	-	113,081,223,364	113,081,223,364	16,861,274,457	129,942,497,821
Dividends paid (**)	-	-	34,080,000,000	-	-	(135,936,890,213)	(101,856,890,213)	(35,988,398,831)	(137,845,289,044)
Appropriation to bonus and welfare fund (***)	-	-	-	-	-	(15,267,255,570)	(15,267,255,570)	(2,406,053,671)	(17,673,309,241)
Change in ownership	-	-	-	-	-	(768,418,153)	(768,418,153)	768,418,153	-
As at 31 December 2018	866,001,240,000	133,918,052,614	90,820,087,775	(50,118,432,974)	172,453,174,126	264,287,335,590	1,477,361,457,131	143,048,092,376	1,620,409,549,507

(*) According to the Resolution No.13/NQ-DVTHDK-ĐHĐCĐ dated 27 April 2018, the Corporation's General Shareholders approved to repurchase a maximum number of 10% of the Corporation's existing shares in circulation as treasury shares. As at 31 December 2018, number of treasury shares registered was 3,000,000 shares and number of shares repurchased was 1,590,310 shares (Note 24(a)).

(**) Dividends paid during year 2018 include dividends paid in cash and stock dividends.

(***) Bonus and welfare fund is appropriated from the 2017 net profit after tax and 2018 planned profit after tax upon approval of shareholders at the Annual General Meeting.

26 NON-CONTROLLING INTERESTS

Details of non-controlling interests are as follows:

	2018 VND	2017 VND
Owners' capital	171,665,773,000	171,665,773,000
Owners' other capital	22,686,160,000	14,238,490,000
Treasury shares	(1,170,000,000)	(1,170,000,000)
Investment and development fund	7,080,808,161	7,080,808,161
Undistributed earnings	(57,214,648,785)	(28,002,218,892)
	143,048,092,376	163,812,852,269

(*) As at 31 December 2018, included in owners' other capital is the stock dividend of VND 8,447,670,000 in 2018.

27 DIVIDENDS

	2018 VND	2017 VND
Beginning of year	22,777,755,034	20,833,461,631
Dividends payable during the year (Note 25)	180,372,959,044	114,429,955,000
Stock dividends	(42,527,670,000)	-
Dividends paid in cash	(120,145,639,162)	112,215,661,597)
Other decreases	(2,793,715,797)	(270,000,000)
End of year (Note 21(a))	37,683,689,120	22,777,755,034

28 EARNINGS PER SHARE

(a) Basic earnings per share

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

	2018 VND	2017 VND
Net profit after tax attributable to the shareholders	113,081,223,364	131,362,586,804
Less appropriation to bonus and welfare fund (*)	(6,405,919,489)	(10,113,031,863)
Net profit for the year attributable to the shareholders	106,675,303,875	121,249,554,941
Weighted average number of ordinary shares in issue (shares)	85,851,054	86,600,124
Basic earnings per share	1,243	1,400

28 EARNINGS PER SHARE (continued)

(a) Basic earnings per share (continued)

(*) The net profit attributable to shareholders used to compute basic earnings per share for the year ended 31 December 2017 was adjusted for the appropriation to bonus and welfare fund from the 2017 undistributed earnings according to the approval of shareholders at the Annual General Meeting which is attributable to the parent Company.

For the year 2018, the Corporation has provisionally appropriated the net profit to bonus and welfare fund based on the 2018 plan approved by shareholders at the Annual General Meeting.

Basic earnings per share of the year 2017 were recalculated as follows:

	For the year ended 31.12.2017		
	As previously reported	Adjustments	As restated
Net profit attributable to shareholders (VND)	124,806,900,369	(3,557,345,428)	121,249,554,941
Weighted average number of ordinary shares in issue (shares)	86,600,124	-	86,600,124
Basic earnings per share (VND)	1,441		1,400

(b) Diluted earnings per share

Diluted earnings per share is calculated by dividing the net profit attributable to shareholders, which already subtracted the bonus and welfare fund, by the weighted average number of ordinary shares outstanding during the year and the ordinary shares expected to be issued. The Corporation has no dilutive potential ordinary shares during the year and up to the date of these consolidated financial statements.

29 OFF CONSOLIDATED BALANCE SHEET ITEMS

(a) Foreign currencies

Included in cash and cash equivalents as at 31 December 2018 are balances held in foreign currency of US$2,838,469.58 and EUR262.79 (as at 31 December 2017: USD335,251.46 and EUR 273).

(b) Operating lease assets

The future minimum lease payments under non-cancellable operating leases were presented in (Note 41(a)).

30 REVENUE FROM SALE OF GOODS AND RENDERING OF SERVICES

	2018 VND	2017 VND
Revenue		
Sale of goods	9,671,234,648,111	9,448,840,094,194
Rendering of services	1,566,118,830,419	1,385,726,091,181
	11,237,353,478,530	10,834,566,185,375
Sales deductions		
Trade discounts	(68,351,778,606)	(84,462,928,336)
Sales allowances	(16,367,084,140)	(17,710,663,131)
Sales returns	(60,658,281,045)	(29,134,321,818)
	(145,377,143,791)	(131,307,913,285)
Net revenue		
Net revenue from sale of goods	9,546,185,755,345	9,319,579,703,406
Net revenue from rendering of services	1,545,790,579,394	1,383,678,568,684
	11,091,976,334,739	10,703,258,272,090

31 COST OF GOODS SOLD AND SERVICES RENDERED

	2018 VND	2017 VND
Cost of merchandises sold	9,245,319,099,769	8,748,843,031,307
Cost of services rendered (*)	1,172,154,959,288	1,206,347,603,240
Provision for decline in value of inventories	12,061,170,130	159,132,244
	10,429,535,229,187	9,955,349,766,791

(*) Included in the cost of services rendered is the interest expense relating to Nghi Son Project, amounting to VND29.2 billion (2017: VND30.9 billion), and being refunded by Nghi Son Refinery and Petrochemical Company Limited (Note 22) after the Project was put into operation.

32 FINANCIAL INCOME

	2018 VND	2017 VND
Interest income from deposits at banks	61,028,163,419	49,115,630,410
Realised foreign exchange gains	7,285,458,238	10,300,572,057
Net gain from foreign currency translation at year-end	3,384,565,760	-
Penalties on late payments	8,375,041,559	6,356,718,292
Others	604,640,136	564,387,096
	80,677,869,112	66,337,307,855

33 FINANCIAL EXPENSES

	2018 VND	2017 VND
Interest expense	93,376,087,267	105,602,842,553
Realised foreign exchange losses	8,709,718,138	2,834,099,813
Provision for diminution in value of investments	20,160,000,000	853,268,080
Net loss from foreign currency translation at year-end	-	585,648,946
Payment discounts	3,016,168,461	3,517,343,136
	125,261,973,866	113,393,202,528

34 SELLING EXPENSES

	2018 VND	2017 VND
Staff costs	86,944,839,253	82,645,171,667
Transportation	36,188,309,974	34,445,325,325
Marketing	12,940,920,945	15,099,219,348
Depreciation	2,512,309,275	2,552,461,239
Outside services	22,625,323,369	22,232,972,448
Warehouse rental	12,351,658,022	18,052,300,978
Others	67,212,664,213	80,742,387,008
	240,776,025,051	255,769,838,013

35 GENERAL AND ADMINISTRATION EXPENSES

	2018 VND	2017 VND
Staff costs	72,501,979,217	80,360,649,505
Depreciation and amortisation	8,433,268,675	9,909,822,361
Outside services	31,317,748,851	48,459,465,945
Provision for doubtful debts	38,291,826,491	53,995,641,029
Management fee paid to a related party	6,041,917,929	6,425,062,580
Goodwill allocation	1,530,382,500	1,641,877,394
Others	44,785,869,773	45,945,842,688
	202,902,993,436	246,738,361,502

36 NET OTHER INCOME

	2018 VND	2017 VND
Other income		
Allocation of gas cylinders deposits	5,896,226,162	5,487,805,507
Contractual fines	169,942,249	1,647,080,214
Net gains on disposal of fixed assets	1,328,461,487	568,462,727
Others	6,167,726,032	4,298,645,935
	13,562,355,930	12,001,994,383
Other expenses		
Penalties	(1,787,586,087)	(6,009,772,668)
Others	(2,472,933,542)	(2,265,292,906)
	(4,260,519,629)	(8,275,065,574)
Net other income	9,301,836,301	3,726,928,809

37 BUSINESS INCOME TAX

The business income tax on the Corporation's accounting profit before tax differs from the theoretical amount that would arise using the applicable tax rate of 20% under current tax regulations as follows:

	2018 VND	2017 VND
Net accounting profit before tax	182,512,486,730	202,462,514,449
Tax calculated at a rate of 20%	36,502,497,346	40,492,502,890
Effect of:		
Income not subject to tax	-	(78,234,906)
Expenses not deductible for tax purposes	1,680,454,389	4,073,845,716
Tax losses for which no deferred income tax asset has been recognised	14,630,310,809	14,139,674,746
(Overprovision)/underprovision in previous year	(225,467,767)	69,726,433
Utilisation of tax losses	(17,805,867)	(54,266,394)
Business income tax charge (*)	52,569,988,910	58,643,248,485
Charged/(credited) to consolidated income statement:		
Business income tax – current	55,880,843,431	55,154,138,356
Business income tax – deferred (Note 15)	(3,310,854,521)	3,489,110,129
	52,569,988,910	58,643,248,485

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

38 COST OF OPERATIONS BY FACTOR

	2018 VND	2017 VND
Cost of properties sold	93,000,662,258	-
Raw materials	514,859,563,943	451,415,001,927
Staff costs	521,120,158,226	431,515,197,261
Depreciation and amortisation	66,739,258,988	81,004,855,657
Goodwill allocation	1,530,382,500	1,641,877,394
Provision for decline in value of inventories	12,061,170,130	159,132,244
Provision for doubtful debts	38,291,826,491	53,995,641,029
Outside services	579,675,265,091	568,111,707,235
Interest expense refunded	29,256,661,676	30,898,152,769
Others	111,998,533,986	126,688,229,696
	1,968,533,483,289	1,745,429,795,212

Cost of operations by factors of the Corporation represents the cost of manufacturing and services rendered of the Corporation.

39 ADDITIONAL INFORMATION FOR THE ITEMS OF THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Non-cash transactions affect the consolidated statement of cash flows

	2018 VND	2017 VND
Purchase and construction of fixed assets and long-term assets which have not been paid yet	2,026,698,327	893,146,711

(b) Moneys held by the Corporation but restricted to use

Investment held-to-maturity of the Corporation was pledged as collateral assets for the Corporation's borrowing contracts as disclosed in Note 4(a).

(c) Amount of loans actually withdrawn during the year

	2018 VND	2017 VND
Proceeds from borrowings following normal borrowing contracts	6,662,948,556,690	6,965,782,684,792

(d) Amount of loan principal actually paid during the year

	2018 VND	2017 VND
Repayments for borrowings following normal borrowing contracts	7,078,799,826,342	7,209,668,614,101

40 RELATED PARTY DISCLOSURES

The largest shareholder of the Corporation is PVN, who owns 24.6% of share capital of the Corporation (Note 25(b)).

Accordingly, PVN, fellow PVN group subsidiaries, and associates of the Corporation are considered the Corporation's related parties.

(a) Related party transactions

During the year, the following significant transactions were carried out with related parties:

	2018 VND	2017 VND
i) Sales of goods and services		
PVN	5,512,786,830	118,301,549,773
Fellow PVN group subsidiaries	1,416,226,132,790	229,884,899,134
	1,421,738,919,620	348,186,448,907

40 RELATED PARTY DISCLOSURES (continued)

(a) Related party transactions (continued)

	2018 VND	2017 VND
ii) Purchases of goods and services		
PVN	19,759,753,049	5,789,067,056
Fellow PVN group subsidiaries	744,366,925,882	1,219,307,712,334
	764,126,678,931	1,225,096,779,390
iii) Compensation of key management		
Gross salaries and other benefits	4,775,916,385	5,782,527,597
iv) Management fees		
PVN	6,041,917,929	6,425,062,580
viii) Dividend paid		
PVN	25,169,460,039	20,974,550,033

(b) Year-end balances with related parties

	2018 VND	2017 VND
i) Short-term trade accounts receivable (Note 5)		
PVN	15,192,801,006	13,539,327,316
Fellow PVN group subsidiaries	274,384,851,335	95,424,567,832
	289,577,652,341	108,963,895,148
ii) Other short-term receivables		
PVN	564,093,538	-
Fellow PVN group subsidiaries	1,044,022,765	-
	1,608,116,303	-
ii) Short-term trade accounts payable (Note 17)		
PVN	301,669,366,269	288,362,356,866
Fellow PVN group subsidiaries	171,745,580,910	219,972,281,081
	473,414,947,179	508,334,637,947

40 RELATED PARTY DISCLOSURES (continued)

(b) Year-end balances with related parties (continued)

	2018 VND	2017 VND
iv) Short-term advances from customers (Note 18)		
Fellow PVN group subsidiaries	78,540,531,090	232,311,035,750
v) Short-term unearned revenue		
Fellow PVN group subsidiary	27,272,727,273	27,272,727,273
vi) Long-term unearned revenue		
Fellow PVN group subsidiary	47,727,272,747	75,000,000,011
vii) Other short-term payables (Note 21(a))		
PVN	4,729,320,176	4,075,406,016
Fellow PVN group subsidiaries (*)	17,063,173,604	-
	21,792,493,780	4,075,406,016

(*) Other short-term payables to fellow PVN group subsidiaries represent the adjustments to the revenue from operating leases in 2018.

viii) Other long-term payables		
Fellow PVN group subsidiaries	5,207,861,036	-

41 COMMITMENTS

(a) Commitments under operating leases

(i) The Corporation as the lessee

The Corporation signed the operating land lease agreement over a period of 70 years from the year 2009 with the Management Board of Nghi Son Economic Zone. Accordingly, the Corporation is exempted from land use fee until 2022. Additionally, the Corporation also signed office and warehouse lease contracts with suppliers to conduct its business activities. As at 31 December 2018, the future minimum lease payments under operating lease were as follows:

	Operating leases	
	2018 VND	2017 VND
Under 1 year	12,693,743,792	25,253,948,047
Between one and five years	14,938,377,131	19,149,528,420
Over five years	54,941,664,415	55,984,746,168
Total minimum payments	82,573,785,338	100,388,222,635

(ii) The Corporation as the lessor

The Corporation signed the operating lease contract related to Nghi Son Project and land lease contract. As at 31 December 2018, the future minimum lease receivables under non-cancellable operating leases were as follows

	2018 VND	2017 VND
Below 1 year	137,408,413,985	108,862,814,778
From 1 to 5 years	388,013,783,137	390,315,690,839
Above 5 years	239,914,838,035	359,398,440,173
Total minimum receipts	765,337,035,157	858,576,945,790

(b) Capital contribution commitments

As at 31 December 2018, the progress of charter capital contribution commitments is as follows:

	As per Business Registration Certificate VND	The Corporation's ownership (%)	Capital contributed as at 31.12.2018 VND	Capital to be contributed as at 31.12.2018 VND
PSSSG	229,500,000,000	51	10,733,401,247	218,766,598,753
Saigon Investment Trading Technology Joint Stock Company ("ITS") (*)	20,000,000,000	40	-	20,000,000,000
	249,500,000,000		10,733,401,247	238,766,598,753

41 COMMITMENTS (continued)

(b) Capital contribution commitments (continued)

(*) According to Resolution No. 16/NQ-DVTHDK dated 29 March 2016, the Board of Management decided to invest in ITS in which the Corporation owns 40% of ITS's charter capital, equivalent to VND20 billion. As at 31 December 2018, the shareholders of ITS have not yet contributed their capital obligations.

(c) Commitments of credit guarantees

As at 31 December 2018, the Corporation had non-cancellable guarantee commitments for borrowings from banks granted to the Corporation's subsidiaries with total amount of VND3,812.6 billion and USD30 million; and had non-cancellable guarantee commitments for trade accounts payable of the Corporation's subsidiaries with total amount of USD7 million. Accordingly, the Corporation is liable to repayments of principals, interests, guarantee costs and other underwriting expenses to suppliers and bankers in case the Corporation's subsidiaries are not able to repay or repay on a timely manner.

Additionally, as at 31 December 2018 and 31 December 2017, PSD had non-cancellable guarantee commitments borrowings from banks granted to Binh Minh with the total amount of VND10 billion. Accordingly, PSD is liable to repayments of principals, interests, guarantee costs and other underwriting expenses to the bankers in case Binh Minh is not able to repay or repay on a timely manner.

(d) Other commitments

As at 31 December 2018, the Corporation had a guarantee contract amounting to VND150 billion with a commercial bank to guarantee the advanced amount received from Nghi Son Refinery and Petrochemical Company Limited.

42 SEGMENT REPORTING

Geographical segments

The Corporation does not have any operation outside the territory of Vietnam. Therefore, no geographical business segment has been presented.

Business activity segments

Information of assets and liabilities segment based on the activities of the Corporation is as follows:

	2018				
	Electronic products VND	Petroleum materials and supplies VND	Plastic resins, textile fibers and gas distribution VND	Other goods and services VND	Total VND
Total assets	2,548,208,090,080	490,386,271,526	454,122,238,264	2,070,344,974,367	**5,563,061,574,237**
Total liabilities	2,076,901,583,279	450,053,811,006	348,930,222,350	1,066,766,408,095	**3,942,652,024,730**

	2017				
	Electronic products VND	Petroleum materials and supplies VND	Plastic resins, textile fibers and gas distribution VND	Other goods and services VND	Total VND
Total assets	2,952,698,858,919	611,545,822,134	388,016,630,118	2,220,517,934,896	**6,172,779,246,067**
Total liabilities	2,527,309,058,763	544,845,970,579	307,253,033,157	1,132,790,422,964	**4,512,198,485,463**

42 SEGMENT REPORTING (continued)

Business activity segments (continued)

Information of revenue and cost of sales by business activity segment based on the activities of the Corporation is as follows:

	Year ended 31 December 2018				
	Electronic products VND	Petroleum materials and supplies VND	Plastic resins, textile fibers and gas distribution VND	Other goods and services VND	Total VND
Net revenue from sales of goods and rendering of services	6,476,312,872,744	1,274,770,115,191	1,663,293,105,389	1,677,600,241,415	**11,091,976,334,739**
Cost of goods sold and services rendered	(6,117,230,528,773)	(1,173,769,472,749)	(1,609,696,775,631)	(1,528,838,452,034)	**(10,429,535,229,187)**
Gross profit from sales of goods and rendering of services	359,082,343,971	101,000,642,442	53,596,329,758	148,761,789,381	**662,441,105,552**

	Year ended 31 December 2017				
	Electronic products VND	Petroleum materials and supplies VND	Plastic resins, textile fibers and gas distribution VND	Other goods and services VND	Total VND
Net revenue from sales of goods and rendering of services	7,371,855,447,741	685,611,692,886	1,273,445,926,571	1,372,345,204,892	**10,703,258,272,090**
Cost of goods sold and services rendered	(6,939,968,802,979)	(578,485,321,684)	(1,230,939,219,439)	(1,205,956,422,689)	**(9,955,349,766,791)**
Gross profit from sales of goods and rendering of services	431,886,644,762	107,126,371,202	42,506,707,132	166,388,782,203	**747,908,505,299**

43 CONTINGENT LIABILITIES

The Corporation signed land, warehouse and office lease contracts with its suppliers to conduct the business activties. According to the Civil Law No. 91/2015/QH13 dated 24 Novemeber 2015, the Corporation has to return leased property in the same condition in which it was received, except for normal wear and tear, or in the agreed condition. If the value of the leased property decreases in comparison with its condition at the time it was received, the lessor has the right to ask for compensation for any damage, except for normal wear and tear.

According to Vietnamese Accounting Standard No. 18 – *Provision and Contingent assets and liabilities* and Circular No.200/2014/TT-BTC - *Providing guidance on Corporate Accounting System* issued by the Ministry of Finance on 24 December 2014, the Corporation is required to provide for dismantling and restoration costs of the Corporation's leased premises at the end of rental period. However, as at 31 December 2018, the Board of Directors has not yet come up with a reliable estimate for the dismantling and restoration costs relating to the aforementioned rental contracts. Therefore, the Corporation has not recorded a provision for dismantling costs in the consolidated financial statements.

The consolidated financial statements were approved by the Chairman on 25 March 2019.

Pham Thi Ninh	Nguyen Thi Thanh	Phung Tuan Ha
Preparer	Chief Accountant	Chairman

TỔNG CÔNG TY CỔ PHẦN DỊCH VỤ TỔNG HỢP DẦU KHÍ