PETROVIETNAM GENERAL SERVICES JOINT STOCK COMPANY

INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

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PETROVIETNAM GENERAL SERVICES JOINT STOCK COMPANY

CORPORATE INFORMATION

Enterprise registration certificate	No. 4103005338 dated 29 September 2006 was initially issued by the Department of Planning and Investment of Ho Chi Minh City with the latest 18th amendment dated 23 May 2016	
Board of Management	Mr. Phung Tuan Ha	Chairman
	Ms. Le Thi Chien	Member
	Mr. Vu Tien Duong	Member
	Ms. Pham Thi Hong Diep	Member
	Ms. Vu Viet Anh	Member (appointed from 26 June 2020)
	Mr. Kim Kang Ho	Member (resigned from 3 January 2020)
Board of Internal Audit	Ms. Nguyen Quynh Nhu	Chief Supervisor (appointed from 1 January 2020)
	Mr. Le Minh Kha	Member (appointed from 9 May 2020)
	Mr. Tran Cong Luan	Member (appointed from 20 June 2020)
	Mr. Hoang Dang Anh	Member (resigned from 5 January 2020)
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. Huynh Van Ngan	Deputy General Director (appointed from 1 January 2020)
	Mr. Dao Van Dai	Deputy General Director (appointed from 1 January 2020)
Legal representative	Mr. Phung Tuan Ha	Chairman
Registered office	6th Floor, Petro Vietnam 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 RESPONSIBILITY OF THE CHAIRMAN IN RESPECT OF THE INTERIM 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 interim consolidated financial statements of the parent Company and its subsidiaries (together, "the Corporation") which give a true and fair view of the interim consolidated financial position of the Corporation as at 30 June 2020, the interim consolidated results of its operations and its interim consolidated cash flows for the six-month period then ended. In preparing these interim 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 interim 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 interim consolidated financial position of the Corporation and which enable the interim consolidated financial statements to be prepared which comply with the basis of accounting set out in Note 2 to the interim 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 or errors.

APPROVAL OF THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

I hereby approve the accompanying interim consolidated financial statements as set out on pages 5 to 65 which give a true and fair view of the interim consolidated financial position of the Corporation as at 30 June 2019 and of the interim consolidated results of its operations and its interim consolidated cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of interim consolidated financial statements.

S.Đ.K.K.D: 0300452060 - 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
28 August 2020

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REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL INFORMATION TO THE SHAREHOLDERS OF PETROVIETNAM GENERAL SERVICES JOINT STOCK COMPANY

We have reviewed the accompanying interim consolidated financial statements of PetroVietnam General Services Joint Stock Company ("the parent Company") and its subsidiaries (together, "the Corporation") which were prepared on 29 July 2020 and approved by the Chairman on 28 August 2020. The interim consolidated financial statements comprise the interim consolidated balance sheet as at 30 June 2019, the interim consolidated income statement and the interim consolidated cash flow statement for the six-month period then ended, and explanatory notes to the interim consolidated financial statements including significant accounting policies, as set out on pages 5 to 65.

The Chairman's Responsibility

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the interim consolidated financial statements based on our review. We conducted our review in accordance with Vietnamese Standard on Review Engagements 2410, *"Review of Interim Financial Information Performed by the Independent Auditor of the Entity."*

A review of interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Vietnamese Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements do not present fairly, in all material respects, the interim consolidated financial position of the Corporation as at 30 June 2020, its interim consolidated financial performance and interim consolidated cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of interim consolidated financial statements.

Other Matter

The report on review of interim consolidated financial information is prepared in Vietnamese and English. Should there be any conflict between the Vietnamese and English versions, the Vietnamese version shall take precedence.

For and on behalf of PwC (Vietnam) Limited

M.S.D.N: 0100157406 - C.T.T.N.H.H
CÔNG TY TNHH PWC (VIỆT NAM)
QUẬN 1 - T.P HỒ CHÍ MINH

Tran Thi Thanh Truc
Audit Practising Licence No. 3047-2019-006-1

Report reference number: HCM9834
Ho Chi Minh City, 28 August 2020

PETROVIETNAM GENERAL SERVICES JOINT STOCK COMPANY

Form B 01a – DN/HN

INTERIM CONSOLIDATED BALANCE SHEET

Code	ASSETS	Notes	As at 30.06.2020 VND	As at 31.12.2019 VND
100	**CURRENT ASSETS**		**4,768,074,775,297**	**3,715,299,217,677**
110	**Cash and cash equivalents**	3	**489,265,820,226**	**816,407,457,540**
111	Cash		322,306,738,100	435,089,509,540
112	Cash equivalents		166,959,082,126	381,317,948,000
120	**Short-term investments**		**113,332,910,377**	**99,200,576,454**
121	Trading securities		66,800,000,000	186,138
122	Provision for diminution in value of trading securities		-	(152,538)
123	Investments held-to-maturity	4(b)	46,532,910,377	99,200,542,854
130	**Short-term receivables**		**1,937,342,119,638**	**1,451,095,996,327**
131	Short-term trade accounts receivable	5	1,718,254,898,592	1,335,173,232,707
132	Short-term prepayments to suppliers	6	176,834,604,438	164,176,048,240
135	Short-term lending		-	941,130,000
136	Other short-term receivables	7(a)	277,006,965,447	162,552,004,257
137	Provision for doubtful debts – short-term	8	(234,754,348,839)	(211,746,418,877)
140	**Inventories**	9	**1,930,845,652,119**	**1,121,577,450,141**
141	Inventories		1,950,589,358,066	1,144,702,735,496
149	Provision for decline in value of inventories		(19,743,705,947)	(23,125,285,355)
150	**Other current assets**		**297,288,272,937**	**227,017,737,215**
151	Short-term prepaid expenses		8,490,672,273	8,580,003,423
152	Value Added Tax ("VAT") to be reclaimed	10(a)	285,050,878,671	215,797,255,034
153	Tax and other receivables from the State	10(a)	3,746,721,993	2,640,478,758

The notes on pages 10 to 65 are an integral part of these interim consolidated financial statements.

INTERIM CONSOLIDATED BALANCE SHEET
(continued)

Code	ASSETS	Notes	As at 30.06.2020 VND	As at 31.12.2019 VND
200	**LONG-TERM ASSETS**		**1,262,928,826,396**	**1,251,035,283,681**
210	**Long-term receivable**		**29,944,328,007**	**31,380,277,552**
216	Other long-term receivables	7(b)	29,944,328,007	31,380,277,552
220	**Fixed assets**		**196,064,492,065**	**202,067,818,570**
221	Tangible fixed assets	11(a)	86,428,495,729	91,889,465,194
222	Historical cost		340,663,791,734	345,040,412,003
223	Accumulated depreciation		(254,235,296,005)	(253,150,946,809)
227	Intangible fixed assets	11(b)	**109,635,996,336**	**110,178,353,376**
228	Historical cost		117,811,692,179	117,766,092,179
229	Accumulated amortisation		(8,175,695,843)	(7,587,738,803)
230	**Investment properties**	12	**693,626,831,156**	**713,804,121,841**
231	Historical cost		852,074,158,578	852,074,158,578
232	Accumulated depreciation		(158,447,327,422)	(138,270,036,737)
240	**Long-term asset in progress**		**38,316,282,184**	**39,476,191,275**
242	Construction in progress	13	38,316,282,184	39,476,191,275
250	**Long-term investments**		**49,223,314,078**	**42,427,175,256**
252	Investments in associates	4(c)	39,667,323,010	31,039,870,918
253	Investments in other entities	4(d)	30,006,800,000	30,006,800,000
254	Provision for long-term investments	4(d)	(23,520,883,932)	(22,640,229,299)
255	Investments held-to-maturity	4(b)	3,070,075,000	4,020,733,637
260	**Other long-term assets**		**255,753,578,906**	**221,879,699,187**
261	Long-term prepaid expenses	14	245,806,092,656	211,167,021,687
269	Goodwill	16	9,947,486,250	10,712,677,500
270	**TOTAL ASSETS**		**6,031,003,601,693**	**4,966,334,501,358**

The notes on pages 10 to 65 are an integral part of these interim consolidated financial statements.

INTERIM CONSOLIDATED BALANCE SHEET
(continued)

Code	ASSETS	Notes	As at 30.06.2020 VND	As at 31.12.2019 VND
300	**LIABILITIES**		**4,418,943,164,804**	**3,326,016,900,969**
310	**Short-term liabilities**		**4,129,924,632,950**	**3,005,641,724,631**
311	Short-term trade accounts payable	17	1,893,493,456,819	1,305,855,552,459
312	Short-term advances from customers	18	135,526,784,543	85,920,901,592
313	Taxes and other payables to the State	10(b)	40,884,777,875	30,365,478,424
314	Payable to employees		91,144,624,065	109,761,766,691
315	Short-term accrued expenses	19	30,803,973,587	19,324,122,334
318	Short-term unearned revenue	20(a)	28,493,619,868	27,992,142,804
319	Other short-term payables	21(a)	227,037,941,897	121,096,238,181
320	Short-term borrowings	22(a)	1,648,959,711,652	1,270,668,669,493
321	Provision for short-term liabilities		600,000,000	600,000,000
322	Bonus and welfare fund	23	32,979,742,644	34,056,852,653
330	**Long-term liabilities**		**289,018,531,854**	**320,375,176,338**
336	Long-term unearned revenue	20(b)	6,818,181,851	20,454,545,483
337	Other long-term payables	21(b)	46,156,666,382	41,855,134,218
338	Long-term borrowings	22(b)	232,743,683,621	254,765,496,637
341	Deferred income tax liabilities	15	3,300,000,000	3,300,000,000
400	**OWNERS' EQUITY**		**1,612,060,436,889**	**1,640,317,600,389**
410	**Capital and reserves**		**1,612,060,436,889**	**1,640,317,600,389**
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	120,857,484,467	133,918,052,614
414	Owners' other capital	25	131,776,000,000	131,776,000,000
415	Treasury shares	25	(28,787,065,087)	(50,118,432,974)
417	Foreign exchange differences	25	-	-
418	Investment and development fund	25	272,167,291,300	272,167,291,300
421	Undistributed earnings	25	119,231,043,598	157,945,411,873
421a	*- Undistributed post-tax profits of previous years*		*68,536,753,333*	*43,234,500,487*
421b	*- Post-tax profit of this current period/year*		*50,694,290,265*	*114,710,911,386*
429	Non-controlling interests	25, 26	130,814,442,611	128,628,037,576
440	**TOTAL RESOURCES**		**6,031,003,601,693**	**4,966,334,501,358**

TỔNG CÔNG TY CỔ PHẦN DỊCH VỤ TỔNG HỢP DẦU KHÍ

Pham Thi Ninh Preparer	Nguyen Thi Thanh Chief Accountant	Phung Tuan Ha Chairman 28 August 2020

The notes on pages 10 to 65 are an integral part of these interim consolidated financial statements.

INTERIM CONSOLIDATED INCOME STATEMENT

Code		Note	For six-month period ended 30 June 2020 VND	2019 VND
01	**Revenue from sales of goods and rendering of services**		**5,429,879,925,836**	**4,923,809,940,494**
02	Less deductions		(71,634,986,847)	(58,614,505,416)
10	**Net revenue from sales of goods and rendering of services**	30	**5,358,244,938,989**	**4,865,195,435,078**
11	**Cost of goods sold and services rendered**	31	**(5,049,008,407,253)**	**(4,571,436,318,230)**
20	**Gross profit from sales of goods and rendering of services**		**309,236,531,736**	**293,759,116,848**
21	Financial income	32	20,695,750,382	18,210,791,386
22	Financial expenses	33	(42,585,750,273)	(36,333,795,537)
23	*- Including: Interest expense*		*(34,328,325,284)*	*(34,108,684,682)*
24	Losses sharing from investments in associates	4(c)	(372,547,908)	(348,282,547)
25	Selling expenses	34	(110,137,549,672)	(112,718,851,202)
26	General and administration expenses	35	(96,518,488,412)	(65,634,488,881)
30	**Net operating profit**		**80,317,945,853**	**96,934,490,067**
31	Other income		7,220,808,158	5,335,974,942
32	Other expenses		(4,822,868,032)	(1,685,352,899)
40	**Net other income**	36	**2,397,940,126**	**3,650,622,043**
50	**Net accounting profit before tax**		**82,715,885,979**	**100,585,112,110**
51	**Business income tax ("BIT") - current**	37	**(22,772,382,709)**	**(20,157,709,039)**
52	**BIT - deferred**	15, 37	**-**	**(3,310,854,521)**
60	**Net profit after tax**		**59,943,503,270**	**77,116,548,550**
	Attributable to:			
61	**Shareholders of the parent Company**		**51,931,437,783**	**61,779,461,026**
62	**Non-controlling interests**		**8,012,065,487**	**15,337,087,524**
71	**Basic earnings per share**	28(a)	**554**	**669**
72	**Diluted earnings per share**	28(b)	**554**	**669**

Pham Thi Ninh Preparer	Nguyen Thi Thanh Chief Accountant	Phung Tuan Ha Chairman 28 August 2020

The notes on pages 10 to 65 are an integral part of these interim consolidated financial statements.

INTERIM CONSOLIDATED CASH FLOW STATEMENT
(Indirect method)

Code		Note	For six-month period ended 30 June 2020 VND	2019 VND
	CASH FLOWS FROM OPERATING ACTIVITIES			
01	**Net accounting profit before tax**		**82,715,885,979**	**100,585,112,110**
	Adjustments for:			
02	Depreciation, amortisation and allocation of goodwill		32,947,020,044	32,246,111,750
03	Provisions		20,506,852,649	1,410,575,785
04	Unrealised foreign exchange losses/(gain)		358,973,288	720,561,114
05	Profits from investing activities		(12,936,170,098)	(13,596,231,915)
06	Interest expense		34,328,325,284	34,108,684,682
08	**Operating profit before changes in working capital**		**157,920,887,146**	**155,474,813,526**
09	(Increase)/decrease in receivables		(523,317,509,938)	317,974,303,773
10	Increase in inventories		(805,886,622,570)	(56,494,943,249)
11	Increase/(decrease) in payables		667,075,856,747	(314,564,633,091)
12	(Increase)/decrease in prepaid expenses		(34,549,739,819)	(1,426,476,043)
13	Increase in trading securities		(66,799,813,862)	-
14	Interest paid		(34,885,652,879)	(37,123,861,206)
15	BIT paid		(28,535,503,386)	(28,295,622,922)
17	Other payments on operating activities		(5,664,735,970)	(5,498,884,150)
20	**Net cash (outflows)/inflows from operating activities**		**(674,642,834,531)**	**30,044,696,638**
	CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchases and construction of fixed assets and other long-term assets		(4,129,387,182)	(2,184,236,364)
22	Proceeds from disposals of fixed assets and other long-term assets		2,242,727,273	474,090,909
23	Term deposits placed at banks		(2,889,000,000)	(1,493,785,850)
24	Term deposits collected		-	-
25	Investments in other entities		(9,000,000,000)	(14,711,921,243)
27	Dividends and interests received		11,869,446,988	15,586,721,254
30	**Net cash outflows from investing activities**		**(1,906,212,921)**	**(2,329,131,294)**
	CASH FLOWS FROM FINANCING ACTIVITIES			
31	Proceeds from reissuance of treasury shares		17,260,387,300	3,400,000,000
32	Payments for share repurchases		(12,243,936,808)	-
33	Proceeds from borrowings		3,078,656,411,152	2,651,508,337,052
34	Repayments of borrowings		(2,722,387,182,009)	(3,077,679,255,132)
36	Dividends paid		(11,878,269,497)	(111,810,580,686)
40	**Net cash inflows/(outflows) from financing activities**		**349,407,410,138**	**(534,581,498,766)**
50	**Net decrease in cash and cash equivalents**		**(327,141,637,314)**	**(506,865,933,422)**
60	**Cash and cash equivalents at beginning of period**	3	**816,407,457,540**	**1,038,281,209,462**
61	Effect of foreign exchange differences		-	38,554,934
70	**Cash and cash equivalents at end of period**	3	**489,265,820,226**	**531,453,830,974**

Additional information relating to the interim consolidated cash flow statement is presented in Note 39.

Pham Thi Ninh	Nguyen Thi Thanh	Phung Tuan Ha
Preparer	Chief Accountant	Chairman
		28 August 2020

The notes on pages 10 to 65 are an integral part of these interim consolidated financial statements.

1 GENERAL INFORMATION

PetroVietnam General Services Joint Stock Company ("the parent Company") is a joint stock company established in SR of Vietnam pursuant to Enterprise 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 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 Group (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/QĐ-SGDHCM issued by the General Director of the HOSE on 13 August 2007.

The shareholders of the parent Company are companies and individuals doing business and working in Vietnam. Details of the percentage of capital contribution are presented in Note 24.

The parent Company's business activities are providing services and trading of commodity.

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

- Trading plastic resins, textile fibers, and cassava;
- Sale of supplies, office equipment, audio-visual equipment;
- Support and management services and human resources services;
- Lease of warehouse, workshops, premises and office;
- Real estate development trading and management;
- Trading fertilizers, pesticides and chemicals used in agricultural industry;
- 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 30 June 2020, the Corporation had 2,686 employees (as at 31 December 2019: 2,520 employees).

As at 30 June 2020, the parent Company had 11 direct subsidiaries, 4 indirect subsidiaries, 2 direct associates, and 2 indirect associates. The parent company also has 1 dependent accounting unit that does not have legal status. Details are presented on the following page.

1 GENERAL INFORMATION (continued)

Name	Place of incorporation	Principal activities	30.06.2020 Voting right %	30.06.2020 Ownership %	31.12.2019 Voting right %	31.12.2019 Ownership %
I - Direct subsidiaries						
Petroleum General Distribution Services Joint Stock Company ("PSD")	Ho Chi Minh City	Distribution of telecommunication and electronic equipment	80.04	80.04	80.04	80.04
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	71.46	71.46	71.46	71.46
Petrosetco SSG Company Limited ("PSSSG") (i)	Ho Chi Minh City	Real estate business	51	21.46	51	21.46
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
Petroleum Saigon General Services Company Limited ("PSG") (iii)	Ho Chi Minh City	Stopped operations and on liquidation process	100	100	100	100

1 GENERAL INFORMATION (continued)

Name	Place of incorporation	Principal activities	30.06.2020 Voting right %	30.06.2020 Ownership %	31.12.2019 Voting right %	31.12.2019 Ownership %
II – Indirect subsidiaries						
Binh Minh Electronics Refrigeration Joint Stock Company ("Binh Minh")	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	51	22.44
Green Technology Import Export Joint Stock Company ("Green Technology") (iv)	Ho Chi Minh City	Trading of medical equipment and supplies	50	40.02	50	40.02
III – Direct associates						
Petro Tower Limited Company	Ba Ria - Vung Tau	Office for lease	24	24	24	24
Vinh Hoa Emerald Bay International Hospitality Company Limited (v)	Phu Yen	Hospitality service	20	20	20	20
IV – Indirect associates						
Vietecom Digital Trade and Investment Joint Stock Company ("Vietecom") (vi)	Ha Noi	Trading of electronic components, information technology, technology transfer services and delivery services	20	16	20	16
Petro Environmental and Energy Services Joint Stock Company (vii)	Ho Chi Minh	Manufacturing electricity	45	27	-	-
V – The dependent accounting unit that does not have legal status						
Petroleum Industrial Material Distribution Company ("PIMD")	Ho Chi Minh	Trading solid, liquid, gas fuels and related products	100	100	100	100

1 GENERAL INFORMATION (continued)

(i) As at 30 June 2020 and as at 31 December 2019, although the Corporation's ownership in PSSSG was only 21.46%, 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 30 June 2020 and as at 31 December 2019, 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.

(iii) 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.

(iv) According to Resolution No. 09/NQ-PSD-HDQT dated 8 May 2019, PSD, a subsidiary, agreed to buy the new shares issued by Green Technology, with the share capital of VND10 billion, accounting for 50% of the voting right and ownership, equivalent to 40.02% of the voting right of the parent Company. As at 30 June 2020, although the Corporation's ownership in Green Technology was only 40.02%, the Corporation still had the authority to exercise its power over the financial and operational policies of Green Technology through its representatives in the Board of Management of Green Technology. Therefore, the Corporation controls Green Technology and Green Technology has been classified and presented as a subsidiary of the Corporation for consolidation reporting purpose.

(v) According to Resolution No. 22/DVTHDK-QD dated 9 July 2018, the Corporation agreed to contribute its capital obligation into Vinh Hoa Emerald Bay International Hospitality Company Limited with the charter capital of VND111.2 billion, accounting for 20% of the voting right and ownership. As at 30 June 2020, the Corporation contributed VND16 billion.

(vi) Vietecom is in liquidation progress.

(vii) According to the Decision No. 125A/DVTHDK-KHĐT dated 12 June 2020, POTS, a subsidiary, agreed to contribute its capital to establish Petro Environmental and Energy Services Joint Stock Company ("Petro") with the share capital of VND9 billion, accounting for 45% of the voting right and ownership of Petro, equivalent to 27% of the ownership of the parent Company.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of interim consolidated financial statements

The interim 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 interim consolidated financial statements. The interim consolidated financial statements have been prepared under the historical cost convention, except for investments in associates and business combinations as presented in Note 2.5.

The accompanying interim 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation of interim consolidated financial statements (continued)

The interim consolidated financial statements in the Vietnamese language are the official statutory interim consolidated financial statements of the Corporation. The interim consolidated financial statements in the English language have been translated from the Vietnamese version.

2.2 Fiscal year

The Corporation's fiscal year is from 1 January to 31 December. The interim consolidated financial statements are prepared for the six-month period from 1 January to 30 June.

2.3 Currency

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

The Corporation determine their accounting currencies based on the currencies which are mainly used in sales of goods and rendering of services, which have a significant impact on selling prices of goods and services, which are normally used to list selling prices and receive payments; which are mainly used in purchases of goods or services, which have a significant impact on costs of labor, materials, goods, and other production or operating costs and normally used as payments for those costs.

Additionally, the Corporation also use these currencies to raise financial resources and/or regularly collect these currencies from business operations and savings.

2.4 Exchange rates

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 interim consolidated income statement.

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

2.5 Basis of consolidation

Subsidiaries

Subsidiaries are all entities over which the Corporation has the power to govern the financial and operating policies in order to gain future benefits from their activities 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Basis of consolidation (continued)

Subsidiaries (continued)

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 interim consolidated income statement.

Inter-company transactions, balances and unrealised gains and losses on transactions among fellow group subsidiaries are eliminated.

In a multi-phase acquisition, when determining goodwill or bargain purchase, the consideration is the sum of the total consideration on the date of acquiring control and previous considerations remeasured to fair value on the date of control acquisition.

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.

In a divestment of the Corporation's interest in a subsidiary that results in a loss of control, the difference between the Corporation's share in the net assets of the subsidiary and the net proceeds from divestment is recognised in the interim consolidated income statement. The retained interest in such entity will be accounted for as either an investment in other entity or investment to be equity accounted for since the divestment date.

Changes in the Corporation's interest in a subsidiary that does not result in a loss of control is accounted for as a transaction 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Basis of consolidation (continued)

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 interim consolidated income statement. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Corporation's share of losses in 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.

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.

2.6 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/or associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is recognised as an asset and is amortised on a 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 period/year is higher than the annual goodwill charge, the Corporation records the impairment immediately in the accounting period/year.

2.7 Cash and cash equivalents

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Receivables

Receivables represent trade receivables from customers arising from sales of goods and rendering of services or non-trade receivables from others and are stated at cost. Provision for doubtful debts is made for each outstanding amount based on overdue days in payment according to the initial payment commitment (exclusive of the payment rescheduling between parties); or based on the expected loss that may arise. Bad debts are written off when identified.

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

2.9 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. Cost of other inventories includes all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

Cost is determined by the specific dentification method for plastic resins and by the weighted average method for other inventories. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

The 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 period/year and the provision of the previous year are recognised as an increase or decrease of cost of goods sold in the period/year.

2.10 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 term deposits and other investments held-to-maturity. Those investments are initially accounted for at cost. Subsequently, the Chairman reviews all outstanding investments to determine the amount of provision to recognise at the period/year end.

Provision for diminution in value of investments held-to-maturity is made when there is evidence that the investment is uncollectible in whole or in part. Changes in the provision balance during the accounting period/fiscal year are recorded as an increase or decrease in financial expenses. A reversal, if any, is made only to the extent the investment is restored to its original cost.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Investments (continued)

(a) Investments held-to-maturity (continued)

Investments held-to-maturity are classified short-term and long-term investments held-to-maturity on the interim consolidated balance sheet based on remaining period from the interim consolidated balance sheet date to the maturity date.

(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. These investments are accounted for initially at cost. Subsequently, the Chairman reviews all outstanding investments to determine the amount of provision to recognise at the period/year end.

Provision for investments in other entities is made when there is a diminution in value of the investments at the period/year end. Regarding investments in listed shares or the investments whose fair value can be determined reliably, the provision for diminution in value is made when the cost is higher than the market value. For other investments, provision for diminution in value is made when the entities make losses, except when the loss was anticipated by the Chairman before date of investment. Changes in the provision balance during the accounting period/fiscal year are recorded as an increase or decrease in financial expenses. A reversal, if any, is made only to the extent the investment is restored to its original cost.

2.11 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 bringing them to suitable conditions for their intended use. Expenditure incurred subsequently which has resulted in an increase in the future economic benefits expected to be obtained from the use of fixed assets, can be capitalised as an additional historical cost. Otherwise, they are charged to the interim consolidated income statement when incurred.

Depreciation and amortisation

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

Buildings and structures	2% - 20%
Machinery and equipment	5% - 33%
Motor vehicles	10% - 33%
Office equipment	10% - 33%
Software	33% - 50%

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Fixed assets (continued)

Depreciation and amortisation (continued)

Land use rights are comprised of land use rights with an indefinite useful life, land use rights with a definite useful life, and prepayments for land rental contracts which are in effective before or in 2003 and are granted land use right certificates, in which:

- Land use rights with an indefinite useful life are recorded at historical cost and are not armortised;
- Land use rights with a definite useful life are recorded in accordance with the terms indicated in the land use right certificates issued by Department of Natural Resources and Environment of Ba Ria – Vung Tau Province on 1 August 2019 and amortised using the straight-line method over 24 years in accordance with such land use right certificates; and
- Prepayments for land rental contracts, which became effective before or in 2003 and are granted lands use rights certificates, are recorded in accordance with the guidance of Circular No. 45/2013/TT-BTC dated 25 April 2013 issued by Ministry of Finance and allocated using the straight-line method over 10 years in accordance with such land use right certificates.

Disposals

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

Construction in progress

Construction in progress represents the cost of assets in the course of construction for production, rental or administrative purposes, or for purposes not yet determined including reparation, expansion or technologies upgradation; costs of tools and equipment; compensation and resettlement costs; project management expenditure; construction consulting expenditure; and capitalised borrowing costs for qualifying assets 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.

2.12 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 interim consolidated income statement on a straight-line basis over the term of the lease.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Investment properties

The historical cost of an investment property represents 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. Expenditure incurred subsequently which has resulted in an increase in the expected future economic benefits from the use of investment properties can be capitalised as an additional historical cost. Otherwise, they are charged to the interim consolidated income statement when incurred.

Depreciation

Investment properties are depreciated 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:

Buildings	2% - 33%

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 interim consolidated income statement.

2.14 Prepaid expenses

Prepaid expenses include short-term or long-term prepayments on the interim consolidated balance sheet. Prepaid expenses are recorded at historical cost and allocated on the straight-line basis over the allocation period. In which, long-term prepaid expenses mainly comprise prepaid gas cylinders, office rental, tools and supplies already put into use.

The long-term prepayments of gas cylinders are allocated into the interim consolidated income statement on a straight-line basis 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.*

2.15 Payables

Classifications of payables are based on their nature as follows:

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued

2.16 Borrowing

Borrowings represent borrowings from banks and others.

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

Borrowing costs are recognised in the interim consolidated income statement when incurred.

2.17 Accrued expenses

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

2.18 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 a financial expense. Changes in the provision balance during the accounting period/fiscal year are recorded as an increase or decrease in operating expenses.

2.19 Unearned revenue

Unearned revenue mainly comprises the amounts that customers have 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 fulfill. Once recognition criteria have been satisified, unearned revenue will be recognised as revenue in the interim consolidated income statement to the extent that it has met the recognition criteria.

2.20 Capital and reserves

(a) Owners' capital

Owners' capital is recorded according to the actual amounts contributed by shareholders 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.20 Capital and reserves (continued)

(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 may be re-issued subsequently in accordance with the Law on securities.

(e) Undistributed earnings

Undistributed earnings record the Corporation's results after BIT at the reporting date.

2.21 Appropriation of profit after BIT

Profit after BIT 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.

The Corporation's dividends are recognised as a liability in the interim consolidated financial statements in the period/year in which the dividends are approved by the General Meeting of Shareholders.

The Corporation's funds are as below:

(a) Investment and development fund

Investment and development fund is appropriated from profit after BIT 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 BIT and subject to shareholders' approval at the General Meeting. This fund is presented as a liability on the interim consolidated balance sheet. 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)

2.22 Revenue recognition

(a) Revenue from sales of goods

Revenue from sale of goods is recognised in the interim 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 in accordance with the "substance over form" principle and allocated to each sale obligation. In cases where the Corporation gives promotional goods to customers associated with their purchases, the Corporation allocates the total considerations received between goods sold and promotional goods. The cost of promotional goods is recognised as cost of goods sold in the interim consolidated income statement.

(b) Revenue from real estate sale

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.22 Revenue recognition (continued)

(c) Revenue from rendering of services

Revenue from rendering of services is recognised in the interim 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 interim 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.

(d) Revenue from rendering of operating lease services

Revenue from rendering of operating lease services is recognised in the interim consolidated income statement on a straight-line basis 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 interim 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 2.14), following the guidance of 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.*

2.23 Sales deductions

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.24 Cost of goods sold and services rendered

Cost of goods sold and services rendered are the cost of finished goods, merchandise, materials sold or services rendered during the period, and recorded on the basis of matching with revenue and on a prudence basis.

2.25 Financial expenses

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

2.26 Selling expenses

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

2.27 General and administration expenses

General and administration expenses represent expenses for administrative purposes which mainly include salary expenses of administrative staff; social insurance, medical insurance, labour union fees, unemployment insurance of administrative staff; 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.

2.28 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 interim 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 interim consolidated 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.29 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.

2.30 Segment reporting

A segment is a component which can be separated by the Corporation engaged in sales of goods or rendering of services ("business segment"), or sales of goods or rendering of 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 interim consolidated financial statements in order to help users of interim consolidated financial statements to understand and evaluate the situation the operations of the Corporation in a comprehensive way.

2.31 Accounting estimates

The preparation of interim consolidated financial statements in conformity with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of interim 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 interim consolidated financial statements and the reported amounts of revenues and expenses during the accounting period.

Such estimates and assumptions are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Corporation and that are believed to be reasonable under the circumstances by the Chairman.

3 CASH AND CASH EQUIVALENTS

	30.06.2020 VND	31.12.2019 VND
Cash on hand	14,886,862,394	9,700,810,391
Cash at banks (*)	307,419,875,706	425,388,699,149
Cash equivalents (**)	166,959,082,126	381,317,948,000
	489,265,820,226	816,407,457,540

(*) As at 30 June 2020 and as at 31 December 2019, included in cash at bank is VND1 billion which was transferred by PetroVietnam Assets Management Joint Stock Company ("PSA") to the bank account of the parent Company from the assets recovered from Ha Noi Oil and Gas Trading Services One Member Company Limited upon the liquidation of this company. Currently, the Corporation is working with the relevant parties to determine the right and obligations of this amount.

(**) 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 4.25% to 4.95% per annum (year 2019: 4.3% to 5.5% per annum).

4 INVESTMENTS

(a) Trading securities

	30.06.2020			
	Cost VND	Book value VND	Fair value VND	Provision VND
Capital contribution in An Lac Nhon Trach Joint Stock Company ("An Lac Nhon Trach") (*)	66,800,000,000	66,800,0000,000	(**)	-

	31.12.2019			
	Cost VND	Book value VND	Fair value VND	Provision VND
Listed shares	186,138	186,138	(**)	-

(*) An Lac Nhon Trach Joint Stock Company ("An Lac Nhon Trach") was established on 8 April 2020 in Dong Nai. Its principal activities are to provide packaging services for paper products. As at 30 June 2020, the Corporation acquired 100% ownership in An Lac Nhon Trach with the value of VND66,800,000,000. According to the Minutes of Board of Management's Meeting No. 07/BB-PSD-HĐQT dated 20 May 2020 and decisions of the Chairman at the date of this interim consolidated financial statements, the purpose of this acquistion is helding for sales within 12 months from the date of its capital contribution. Therefore, the Corporation does not classify An Lac Nhon Trach as a subsidiary and does not consolidate this company as at 30 June 2020.

(**) As at 30 June 2020, the Corporation has not determined the fair value of this investment to disclose on the interim consolidated financial statements because it does not have listed price.

4 INVESTMENTS (continued)

(b) Investments held-to-maturity

	30.06.2020		31.12.2019	
	Cost VND	Book Value VND	Cost VND	Book Value VND
Short-term				
Term deposits (*)	46,532,910,377	46,532,910,377	99,200,542,854	99,200,542,854
Long-term				
Term deposits (**)	3,070,075,000	3,070,075,000	4,020,733,637	4,020,733,637

(*) Term deposits represent bank deposits in VND with the remaining maturity of less than 12 months and earn interest at the average rates from 4.3% to 7.5% per annum (year 2019: 5.3% to 8.4% per annum).

As at 30 June 2020 and 31 December 2019, included in term deposits is a term deposit of VND10 billion which was pledged as collateral assets for the Corporation's borrowings (Note 22).

(**) Term deposits represent bank deposits in VND with the remaining maturity of more than 12 months and earn interest at the average rates from 6.3% to 7.3% per annum (year 2019: 6.7% to 7.0% per annum).

4 INVESTMENTS (continued)

(c) Investments in associates

Details of investments in associates are presented as follows:

	30.06.2020				31.12.2019			
	Cost VND	Book value VND	Fair value VND	Provision VND	Cost VND	Book value VND	Fair value VND	Provision VND
Petro Tower Limited Company	14,359,957,249	14,667,323,010	(*)	-	14,359,957,249	15,039,870,918	(*)	-
Vietecom Digital Trade and Investment Joint Stock Company	853,268,080	-	(*)	-	853,268,080	-	(*)	-
Vinh Hoa Emerald Bay International Hospitality Company Limited	16,000,000,000	16,000,000,000	(*)	-	16,000,000,000	16,000,000,000	(*)	-
Petro Environmental and Energy Services Joint Stock Company	9,000,000,000	9,000,000,000	(*)	-	-	-	(*)	-
	40,213,225,329	39,667,323,010		-	31,213,225,329	31,039,870,918		-

(*) As at 30 June 2020 and 31 December 2019, the Corporation has not determined the fair value of these investments to disclose on the interim consolidated financial statements because they do not have listed prices.

Movements in investments in associates during the period/year are as follows:

	For the six-month period ended 30.06.2020 VND	For the year ended 31.12.2019 VND
Beginning of period/year	31,039,870,918	15,474,289,268
New investment	9,000,000,000	16,000,000,000
Losses sharing	(372,547,908)	(434,418,350)
End of period/year	39,667,323,010	31,039,870,918

4 INVESTMENTS (continued)

(d) Investments in other entities

Details of investments in other entities are presented as follows:

	30.06.2020			31.12.2019		
	Cost VND	Fair value VND	Provision (*) VND	Cost VND	Fair value VND	Provision (*) VND
PetroVietnam Central Biofuels Joint Stock Company	2,000,000,000	(**)	(2,000,000,000)	2,000,000,000	(**)	(2,000,000,000)
Vietnam Coolpad Co., Ltd	20,160,000,000	(**)	(20,160,000,000)	20,160,000,000	(**)	(20,160,000,000)
Vietnam - Korea Petroleum Industrial Gas Joint Stock Company	7,846,800,000	(**)	(1,360,883,932)	7,846,800,000	(**)	(480,229,299)
	30,006,800,000		(23,520,883,932)	30,006,800,000		(22,640,229,299)

(*) Movements in provision for long-term investments are as follows:

	For the six-month period ended 30.06.2020 VND	For the year ended 31.12.2019 VND
Beginning of period/year	22,640,229,299	22,160,000,000
Increase	880,654,633	480,229,299
End of period/year	23,520,883,932	22,640,229,299

(**) As at 30 June 2020 and 31 December 2019, the Corporation has not determined the fair value of these investments to disclose on the interim consolidated financial statements because they do not have listed prices.

5 SHORT-TERM TRADE ACCOUNTS RECEIVABLE

	30.06.2020 VND	31.12.2019 VND
Third parties		
Southern Western One Member Limited Liability Company	*132,196,865,000*	*39,569,702,000*
Icool Technology Company Limited (*)	*73,657,133,467*	*73,657,133,467*
Coolpad Viet Nam Company Limited (*)	*42,965,708,261*	*42,965,708,261*
Mobile World Joint Stock Company	*86,049,179,836*	*141,155,766,676*
Others	*1,168,751,425,168*	*895,794,087,535*
	1,503,620,311,732	1,193,142,397,939
Related parties (Note 40(b))	214,634,586,860	142,030,834,768
	1,718,254,898,592	1,335,173,232,707

(*) In 2019, a subsidiary of the Corporation carried out legal proceedings against the business partners relating to short-term trade accounts receivable from Icool Technology Company Limited and Coolpad Viet Nam Company Limited. At the date of these interim consolidated financial statements, this subsidiary is collecting required legal documents of this lawsuit.

As at 30 June 2020 and 31 December 2019, the balances of short-term trade accounts receivable which were past due and made provision for doubtful debts.

6 SHORT-TERM PREPAYMENTS TO SUPPLIERS

	30.06.2020 VND	31.12.2019 VND
Third parties		
Global Consulting and Mechanical Services LLC (*)	*122,953,210,533*	*127,977,681,191*
Others	*53,881,393,905*	*36,198,367,049*
	176,834,604,438	164,176,048,240

(*) In 2017, POTS, a subsidiary of the Corporation, signed a service contract and received an advance of VND232 billion from a customer. At the same time, POTS also made a prepayment of VND201 billion to the supplier to perform the services required. As at 30 June 2020, the amount of short-term prepayment to supplier represents the outstanding amount to be net off in the next 12 months.

7 OTHER SHORT-TERM RECEIVABLES

(a) Short-term

	30.06.2020 VND	31.12.2019 VND
Supporting receivable from suppliers	65,244,882,023	47,176,226,191
Interest income receivable	668,910,958	1,062,888,302
Other receivables from suppliers	18,759,779,965	58,507,945,214
Other receivables from payment guarantee	80,000,000,000	-
Deposits (*)	44,703,667,672	262,098,949
Others (**)	67,629,724,829	55,542,845,601
	277,006,965,447	162,552,004,257

(*) Other receivables from payment guarantee represent the payment guarantee placed at a commercial bank according to the terms and conditions indicated in the irrevocable letter of credit with one strategic business partner for the distribution of products and accessories under the brand of this partner.

(**) Included in other short-term receivables are VND11,689,195,735 relating to the receivables of land use right at 274 Xo Viet Nghe Tinh Street, Ward 25, Binh Thanh District. This land use right is pledged for the borrowing of the Corporation (Note 22).

(b) Long-term

	30.06.2020 VND	31.12.2019 VND
Deposits	29,367,191,691	29,647,597,006
Others	577,136,316	1,732,680,546
	29,944,328,007	31,380,277,552

(*) Deposits represent deposits for the project invested in Phu Yen Province whose the expected investment period was assessed by the Chairman to be more than 12 months from the interim consolidated balance sheet date.

As at 30 June 2020 and 31 December 2019, the balances of other receivables which were past due and made provision for doubtful debts.

8 PROVISION FOR DOUBTFUL DEBTS – SHORT-TERM

	30.06.2020			
	Cost VND	Recoverable amount VND	Provision VND	Number of overdue days
Total accounts receivable that are past due	333,508,436,215	98,754,087,376	(234,754,348,839)	Over 6 months

	31.12.2019			
	Cost VND	Recoverable amount VND	Provision VND	Number of overdue days
Total accounts receivable that are past due	260,510,116,941	51,762,030,633	(211,746,418,877)	Over 6 months

9 INVENTORIES

	30.06.2020		31.12.2019	
	Cost VND	Provision VND	Cost VND	Provision VND
Real estate for sales	3,111,210,072	-	3,111,210,072	-
Goods in transit	48,937,989,052	-	47,250,746,363	-
Raw materials	1,068,107,693	-	4,960,325,176	-
Tools and supplies	2,004,761,188	-	2,922,569,926	-
Merchandise	1,839,962,518,071	(19,743,705,947)	1,006,017,927,506	(23,125,285,355)
Goods on consignment	55,504,771,990	-	80,439,956,453	-
	1,950,589,358,066	(19,743,705,947)	1,144,702,735,496	(23,125,285,355)

Provision for decline in value of inventories is to represent the net realisable value of merchandise. Movements in the provision for decline in value of inventories during the period/year are as follows:

	For the six-month period ended 30.06.2020 VND	For the year ended 31.12.2019 VND
Beginning of period/year	23,125,285,355	28,320,748,915
Increase (Note 31)	-	913,771,402
Reversal of provision (Note 31)	(3,381,579,408)	(6,109,234,962)
End of period/year	19,743,705,947	23,125,285,355

10 TAX AND OTHER RECEIVABLES FROM/PAYABLES TO THE STATE

(a) Taxes and other receivables from the State

	30.06.2020 VND	31.12.2019 VND
VAT to be reclaimed	285,050,878,671	215,797,255,034
Overpaid BIT	1,030,355,689	827,221,764
Overpaid personal income tax	453,824,853	661,654,700
Others	2,262,541,451	1,151,602,294
	288,797,600,664	218,437,733,792

(b) Taxes and other payables to the State

	30.06.2020 VND	31.12.2019 VND
VAT	26,932,600,641	7,788,853,223
BIT	10,798,668,083	14,166,165,851
Personal income tax	2,742,539,589	7,967,486,758
Others	410,969,562	442,972,592
	40,884,777,875	30,365,478,424

10 TAXES AND OTHER RECEIVABLES FROM/PAYABLES TO THE STATE (continued)

Movements of taxes and other receivables from/ payables to the State are as follows:

	As at 1.1.2020 VND	Receivables/ payables during the period VND	Amount refunded/ paid during the period VND	Net off amount during the period VND	Reclassification VND	As at 30.06.2020 VND
(a) Receivables						
VAT to be reclaimed (*)	215,797,255,034	698,196,328,436	(1,767,401,955)	(627,102,840,010)	(72,462,834)	285,050,878,671
Overpaid BIT	827,221,764	-	-	(400,966,552)	604,100,477	1,030,355,689
Overpaid personal income tax	661,654,700	-	-	(661,654,700)	453,824,853	453,824,853
Others	1,151,602,294	-	-	(1,151,602,294)	2,262,541,451	2,262,541,451
	218,437,733,792	698,196,328,436	(1,767,401,955)	(629,317,063,556)	3,248,003,947	288,797,600,664
(b) Payables						
BIT	14,166,165,851	22,772,382,709	(28,535,503,386)	(400,966,552)	604,100,477	10,798,668,083
Personal income tax	7,967,486,758	19,107,861,889	(24,124,979,211)	(661,654,700)	453,824,853	2,742,539,589
VAT	7,788,853,223	680,115,270,847	(33,796,220,585)	(627,102,840,010)	(72,462,834)	26,932,600,641
Others	442,972,592	91,009,174,600	(92,152,676,787)	(1,151,042,294)	2,262,541,451	410,969,562
	30,365,478,424	813,004,690,045	(178,609,379,969)	(629,316,503,556)	3,248,003,947	40,884,777,875

(*) As at 30 June 2020, included in VAT to be reclaimed is the amount of VAT that the Corporation has submitted the refund applications amounting to VND76 billion (as at 31 December 2019: VND76 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 2020	90,848,863,873	95,678,602,772	145,116,884,820	13,396,060,538	**345,040,412,003**
New purchases	-	776,809,300	4,291,820,908	268,945,000	**5,337,575,208**
Transfer from construction in progress (Note 13)	-	-	1,049,000,000	-	**1,049,000,000**
Disposals	-	(1,702,754,000)	(9,060,441,477)	-	**(10,763,195,477)**
As at 30 June 2020	90,848,863,873	94,752,658,072	141,397,264,251	13,665,005,538	**340,663,791,734**
Accumulated depreciation					
At as 1 January 2020	62,717,568,317	76,486,966,395	101,448,367,240	12,498,044,857	**253,150,946,809**
Charge for the period	1,658,189,720	2,636,570,446	6,841,540,419	280,280,484	**11,416,581,069**
Disposals	-	(1,702,754,000)	(8,629,477,873)	-	**(10,332,231,873)**
As at 30 June 2020	64,375,758,037	77,420,782,841	99,660,429,786	12,778,325,341	**254,235,296,005**
Net book value					
At as 1 January 2020	28,131,295,556	19,191,636,377	43,668,517,580	898,015,681	**91,889,465,194**
As at 30 June 2020	26,473,105,836	17,331,875,231	41,736,834,465	886,680,197	**86,428,495,729**

The historical cost of fully depreciated tangible fixed assets but still in use as at 30 June 2020 was VND160.7 billion (as at 31 December 2019: VND118.9 billion).

As at 30 June 2020, tangible fixed assets with net book value of VND9,174,167,897 (as at 31 December 2019: VND10,035,392,141) were pledged with banks as collateral assets for borrowings granted to the Corporation (Note 22).

11 FIXED ASSETS (continued)

(b) Intangible fixed assets

	Land use rights VND	Software VND	Total VND
Historical cost			
At as 1 January 2020	112,658,109,381	5,107,982,798	**117,766,092,179**
New purchases	-	45,600,000	**45,600,000**
As at 30 June 2020	112,658,109,381	5,153,582,798	**117,811,692,179**
Accumulated amortisation			
At as 1 January 2020	2,952,588,790	4,635,150,013	**7,587,738,803**
Charge for the period	476,850,000	111,107,040	**587,957,040**
As at 30 June 2020	3,429,438,790	4,746,257,053	**8,175,695,843**
Net book value			
At as 1 January 2020	109,705,520,591	472,832,785	**110,178,353,376**
As at 30 June 2020	109,228,670,591	407,325,745	**109,635,996,336**

The historial cost of fully amortised intangible fixed assets but still in use as at 30 June 2020 was VND4.28 billion (as at 31 December 2019: VND2.96 billion).

12 INVESTMENT PROPERTIES

	Buildings and structures VND
Historical cost	
At as 1 January 2020 and 30 June 2020	852,074,158,578
Accumulated depreciation	
At as 1 January 2020	138,270,036,737
Charge for the period	20,177,290,685
As at 30 June 2020	158,447,327,422
Net book value	
At as 1 January 2020	713,804,121,841
As at 30 June 2020	693,626,831,156

12 INVESTMENT PROPERTIES (continued)

Investment properties are 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.

As at 30 June 2020 and 31 December 2019, all investment properties have been pledged as collateral assets for the Corporation's borrowings (Note 22(b)).

In the first 6 months of 2020, revenue from investment properties is VND56,691,412,529 (in the first 6 months of 2019: VND59,465,838,792). Direct expenses (including tools and supplies, utilities and management fee) incurred from the revenue from rendering leasing services of investment properties in the first 6 months of 2020 are VND9,755,461,892 (in the first 6 months of 2019: VND18,962,815,610).

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 30 June 2020 has not been disclosed in the interim 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 period/year end interim consolidated balance sheet date.

13 CONSTRUCTION IN PROGRESS

Details of construction in progress are presented as follows:

	30.06.2020 VND	31.12.2019 VND
Cape Pearl Project (formerly known as Petrosetco SSG Tower)	37,509,649,278	37,509,649,278
Others	806,632,906	1,966,541,997
	38,316,282,184	39,476,191,275

Movements in construction in progress during the period/year are as follows:

	For the six-month period ended 30.06.2020 VND	For the year ended 31.12.2019 VND
Beginning of period/year	39,476,191,275	38,512,494,154
Additions	-	1,165,909,091
Transfer to construction in progress (Note 11)	(1,049,000,000)	-
Others	(110,909,091)	(202,211,970)
End of period/year	38,316,282,184	39,476,191,275

14 LONG-TERM PREPAID EXPENSES

Details of long-term prepaid expenses are as follows:

	30.06.2020 VND	31.12.2019 VND
Prepaid operating lease (*)	139,226,247,282	96,796,156,531
Prepaid gas cylinders	94,455,130,822	79,965,942,521
Tools and supplies	2,087,832,692	313,170,657
Others	10,036,881,860	34,091,751,978
	245,806,092,656	211,167,021,687

(*) Included in prepaid operating lease mainly are:

- The prepayment to PVN for office leasing with the remaining amount of VND95,608,473,631 being allocated to the interim consolidated income statement on a straight-line basis over a period of 50 years from 2010; and
- The prepayment for land rental with the remaining amount of VND16,144,470,530 being allocated to the interim consolidated income statement on a straight-line basis over a period of 36 years from 2020.

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

	For the six-month period ended 30.06.2020 VND	For the year ended 31.12.2019 VND
Beginning of the period/year	211,167,021,687	198,530,067,519
Addition	46,374,178,232	39,838,606,914
Allocation	(14,973,909,437)	(27,201,652,746)
Reclassification	3,238,802,174	-
End of period/year	245,806,092,656	211,167,021,687

15 DEFERRED INCOME TAX

Deferred income tax assets and deferred income tax 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 were as follows:

	30.6.2020 VND	31.12.2019 VND
Deferred income tax liabilities to be repaid over 12 months	3,300,000,000	3,300,000,000

15 DEFERRED INCOME TAX (continued)

Movements in the deferred income tax, taking into consideration the offsetting of balances within the same tax jurisdiction, during the period were as follows:

	For the six-month period ended 30.06.2020 VND	For the year ended 31.12.2019 VND
Deferred income tax assets	-	3,310,854,521
Deferred income tax liabilities	(3,300,000,000)	(3,300,000,000)
Beginning of period/year	(3,300,000,000)	10,854,521
Interim consolidated income statement charged (Note 37)	-	(3,310,854,521)
End of period/year	(3,300,000,000)	(3,300,000,000)
In which:		
Deferred income tax liabilities	(3,300,000,000)	(3,300,000,000)

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 liabilities.

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.

The Corporation has not recognised deferred income tax assets relating to the above tax losses carried forward as the realisation of the related tax benefit through future taxable income profit of its subsidiaries currently cannot be assessed as probable.

16 GOODWILL

	For the six-month period ended 30.06.2020 VND	For the year ended 31.12.2019 VND
Beginning of period/year	12,243,060,000	12,243,060,000
Allocation (Note 35)	(765,191,250)	(1,530,382,500)
End of period/year	9,947,486,250	10,712,677,500

As at 30 June 2020 and 31 December 2019, goodwill arises from the acquisition of Binh Minh Electronics Refrigeration Joint Stock Company.

17 SHORT-TERM TRADE ACCOUNTS PAYABLE

	30.06.2020 VND	31.12.2019 VND
Third parties		
Samsung Electronics Vietnam Thai Nguyen Company Limited	*833,329,560,800*	*323,507,897,900*
Apple Vietnam Limited Liability Company	*75,475,700,000*	*-*
Dell Global B.V. (Singapore Branch)	*83,409,475,300*	*16,038,541,620*
Microsoft Regional Sales Corporation	*55,912,121,256*	*52,951,579,956*
Lenovo (Singapore) Pte Ltd.,	*36,876,833,600*	*109,861,227,180*
Others	*297,988,885,887*	*360,622,683,490*
	1,382,992,576,843	862,981,930,146
Related parties (Note 40(b))	510,500,879,976	442,873,622,313
	1,893,493,456,819	1,305,855,552,459

As at 30 June 2020 and 31 December 2019, 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

	30.06.2020 VND	31.12.2019 VND
Third parties	12,584,656,627	11,855,255,385
Related parties (Note 40(b))	122,942,127,916	74,065,646,207
	135,526,784,543	85,920,901,592

19 SHORT-TERM ACCRUED EXPENSES

	30.06.2020 VND	31.12.2019 VND
Allowances for employees	5,319,439,450	4,813,930,494
Materials expense	5,901,544,636	58,553,537
Warehouse rental and transportation	3,349,485,397	781,073,390
Interest expense	4,786,676,626	5,344,004,221
Others	11,446,827,478	8,326,560,692
	30,803,973,587	19,324,122,334

20 UNEARNED REVENUE

(a) Short-term

	30.06.2020 VND	31.12.2019 VND
Rental advance received (*)	27,272,727,273	27,272,727,273
Others	1,220,892,595	719,415,531
	28,493,619,868	27,992,142,804

(b) Long-term

	30.06.2020 VND	31.12.2019 VND
Rental advance received (*)	6,818,181,851	20,454,545,483

(*) 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 (Notes 12 and 40(b)).

21 OTHER PAYABLES

(a) Short-term

	30.06.2020 VND	31.12.2019 VND
Payable for usage funds under the requirements of the business sector	3,411,071,804	3,411,071,804
Trade discount payable to customers	87,299,197,383	39,394,453,530
Dividends payable (Note 27)	107,695,393,487	32,282,864,484
Others	28,632,279,223	46,007,848,363
	227,037,941,897	121,096,238,181

(b) Long-term

	30.06.2020 VND	31.12.2019 VND
Gas cylinders deposits (*)	32,633,391,795	29,001,185,411
Other deposits	7,512,744,498	7,490,188,553
Payable to the Ba Ria - Vung Tau Province State Treasury (**)	4,031,804,720	4,481,270,945
Others	1,978,725,369	882,489,309
	46,156,666,382	41,855,134,218

21 OTHER PAYABLES (continued)

(b) Long-term (continued)

(*) Gas cylinders deposits received from customers are allocated into the interim 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 2.22), following the guidance of 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 land rental payable to the State Budget of Ba Ria - Vung Tau Province relating to the Land Rental Contract No. 14/HDTD dated 25 January 1996 for lots No. 8 and No. 9 at Hoang Dieu Street, Vung Tau City. The annual rental payable is based on the notification of the State Budget of Ba Ria - Vung Tau Province.

22 BORROWINGS

(a) Short-term

Short-term borrowings represent outstanding borrowings from banks and from individuals. Details are as follows:

	As at 1.1.2020 VND	Drawdowns VND	Repayments VND	Reclassification VND	As at 30.06.2020 VND
Joint Stock Commercial Bank for Foreign Trade of Vietnam	310,536,859,590	777,447,626,749	(619,378,694,690)	-	468,605,791,649
Military Commercial Joint Stock Bank	61,977,174,409	513,099,693,581	(276,303,264,214)	-	298,773,603,776
Joint Stock Commercial Bank for Foreign Trade of Vietnam	555,423,793,026	938,111,280,247	(1,005,259,751,590)	-	488,275,321,683
HSBC Bank Vietnam Limited	289,550,368,658	734,006,535,261	(679,407,558,289)	-	344,149,345,630
Vietnam Technological and Commercial Joint Stock Bank	-	94,000,000,000	(94,000,000,000)	-	-
Asia Commercial Joint Stock Bank	29,494,928,134	-	(14,510,454,794)	20,821,813,016	35,806,286,356
Vietnam Public Joint Stock Commercial Bank	19,347,095,676	21,991,275,314	(27,989,008,432)	-	13,349,362,558
Individual	4,338,450,000	-	(4,338,450,000)	-	-
	1,270,668,669,493	3,078,656,411,152	(2,721,187,182,009)	20,821,813,016	1,648,959,711,652

Borrowings from banks were made in the forms of credit limit contracts or letters of credit.

As at 30 June 2020, collateral assets of these borrowings are as follows:

- Guarantee commitments of the parent Company for its subsidiaries' borrowings with the value of VND3,370 billion (as at 31 December 2019: VND3,430.2 billion);
- Land use right at 274 Xo Viet Nghe Tinh Street, Ward 25, Binh Thanh District (Note 7); and
- A part of term deposits (Note 4(b)).

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

Short-term borrowings are to finance for the working capital of the Corporation's business operations.

22 BORROWINGS (continued)

(b) Long-term

	As at 1.1.2020 VND	Repayments VND	Reclassification VND	As at 30.06.2020 VND
Asia Commercial Joint Stock Bank (*)	250,415,496,637	-	(20,821,813,016)	229,593,683,621
Southeast Asia Commercial Joint Stock Bank (**)	4,350,000,000	(1,200,000,000)	-	3,150,000,000
	254,765,496,637	(1,200,000,000)	(20,821,813,016)	232,743,683,621

(*) The borrowings with Asia Joint Stock Commercial Bank have credit limit of VND400 billion and bear interest at the rates adjustable from time to time which are announced by this bank.

The purpose of borrowings is 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 (Note 12); 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.

(**) The borrowing with Southeast Asia Commercial Joint Stock Bank is comprised of 2 credit agreements in VND with the maturity of 2 years since October 2019 and December 2019, respectively, is secured by the assets formed by these borrowings, and bear interest at the rates adjustable from time to time which are announced by this bank (Note 11(a)).

23 BONUS AND WELFARE FUND

	For the six-month period ended 30.06.2020 VND	For the year ended 31.12.2019 VND
Beginning of period/year	34,056,852,653	74,486,291,576
Appropriation from undistributed earnings of previous years	4,624,816,244	4,511,149,927
Appropriation from undistributed earnings of current period/year	1,237,147,518	7,218,580,968
Increase from acquisition of a subsidiary	-	236,340,501
Utilisation	(5,664,735,970)	(10,235,849,476)
Transferred to its subsidiaries	(1,274,337,801)	(2,084,700,000)
Other decreases	-	(40,074,960,843)
End of period/year	32,979,742,644	34,056,852,653

24 OWNERS' CAPITAL

(a) Number of shares

	30.06.2020		31.12.2019	
	Ordinary shares	Preference shares	Ordinary shares	Preference shares
Number of shares registered	86,600,124	-	86,600,124	-
Number of shares issued	86,600,124	-	86,600,124	-
Number of shares repurchased	(3,029,600)	-	(1,590,310)	-
Number of existing shares in circulation	83,570,524	-	85,009,814	-

(b) Details of owners' shareholding

	30.06.2020		31.12.2019	
	VND	%	VND	%
PVN	209,738,510,000	25.1	209,738,510,000	24.7
Other shareholders	625,966,730,000	74.9	640,359,630,000	75.3
	835,705,240,000	100	850,098,140,000	100

24 OWNERS' CAPITAL (continued)

(c) Movement of share capital

	Ordinary shares VND	Preference shares VND	Total VND
As at 1 January 2019	866,001,240,000	-	**866,001,240,000**
New shared issued	-	-	**-**
As at 31 December 2019	866,001,240,000	-	**866,001,240,000**
New shared issued	-	-	**-**
As at 30 June 2020	866,001,240,000	-	**866,001,240,000**

Par value per share: VND10,000.

25 MOVEMENTS IN OWNERS' EQUITY

	Share capital VND	Share premium VND	Owners' other capital VND	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 2019	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
Net profit for the year	-	-	-	-	-	122,071,092,323	122,071,092,323	5,245,629,954	127,316,722,277
Appropriation to bonus and walfare fund	-	-	-	-	-	(9,620,490,808)	(9,620,490,808)	(2,109,240,087)	(11,729,730,895)
Appropriation to investment and development funds	-	-	-	-	100,000,000,000	(100,000,000,000)	-	-	-
Dividends paid	-	-	40,896,000,000	-	-	(113,340,103,168)	(72,444,103,168)	(38,630,837,332)	(111,074,940,500)
Change in ownership	-	-	59,912,225	-	(285,882,826)	(5,452,422,064)	(5,678,392,665)	5,678,392,665	-
As at 1 January 2020	866,001,240,000	133,918,052,614	131,776,000,000	(50,118,432,974)	272,167,291,300	157,945,411,873	1,511,689,562,813	128,628,037,576	1,640,317,600,389
Net profit for the period		-	-	-	-	51,931,437,783	51,931,437,783	8,012,065,487	59,943,503,270
Appropriation to bonus and welfare fund (*)	-	-	-	-	-	(5,635,992,058)	(5,635,992,058)	(225,971,704)	(5,861,963,762)
Dividends paid	-	-	-	-	-	(85,009,814,000)	(85,009,814,000)	(2,345,339,500)	(87,355,153,500)
(Repurchase)/reissuance treasury shares	-	(13,060,568,147)	-	21,331,367,887	-	-	8,270,799,740	(3,254,349,248)	5,016,450,492
As at 30 June 2020	866,001,240,000	120,857,484,467	131,776,000,000	(28,787,065,087)	272,167,291,300	119,231,043,598	1,481,245,994,278	130,814,442,611	1,612,060,436,889

(*) Bonus and welfare fund is appropriated from the 2019 net profit after tax and the 2020 planned profit after tax upon approval of shareholders at the Annual General Meeting according to the Resolution No.23/NQ-DVTHDK-ĐHĐCĐ dated 26 June 2020.

(**) According to the Resolution No.23/NQ-DVTHDK-ĐHĐCĐ dated 26 June 2020, the Corporation's General Shareholders approved the appropriation of the 2019 bonus and welfare fund of VND4,624,816,244.

26 NON-CONTROLLING INTERESTS

Details of non-controlling interests are as follows:

	30.06.2020 VND	31.12.2019 VND
Owners' capital	181,244,598,000	181,244,598,000
Owners' other capital	36,223,230,000	36,223,230,000
Share premium	(3,254,349,248)	-
Treasury shares	(1,170,000,000)	(1,170,000,000)
Investment and development fund	7,366,690,987	7,366,690,987
Undistributed earnings	(89,595,727,128)	(95,036,481,411)
	130,814,442,611	128,628,037,576

Movements of non-controlling interests during the period/year are as follows:

	For the six-month period ended 30.06.2020 VND	For the year ended 31.12.2019 VND
Beginning of period/year	128,628,037,576	143,048,092,376
Increase of owners' capital	-	3,400,000,000
Increase of owners' other capital from dividends paid by share	-	10,137,070,000
Net profit	8,012,065,487	5,245,629,954
Reissuance treasury shares	(3,254,349,248)	-
Appropriation to bonus and welfare fund	(225,971,704)	(2,109,240,087)
Dividends paid	(2,345,339,500)	(48,767,907,332)
Increase from acquisition of a subsidiary	-	11,996,000,000
Change in ownership	-	5,678,392,665
End of period/year	130,814,442,611	128,628,037,576

27 DIVIDENDS

	For the six-month period ended 30.06.2020 VND	For the year ended 31.12.2019 VND
Beginning of period/year	32,282,864,484	37,683,689,120
Dividends payable during the period/year (Note 25)	87,355,153,500	162,108,010,500
Stock dividends	-	(51,033,070,000)
Dividends paid by cash during the period/year	(11,878,269,497)	(113,304,830,166)
Others	(64,355,000)	(3,170,934,970)
End of period/year (Note 21(a))	107,695,393,487	32,282,864,484

28 BASIC EARNINGS PER SHARE AND DILUTED 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 fund by the weighted average number of ordinary shares outstanding during the period, excluding ordinary shares repurchased by the parent Company and held as treasury shares. Details are as follows:

	For the six-month period ended 30 June	
	2020 VND	2019 VND
Net profit after tax attributable to the shareholders (VND)	51,931,437,783	61,779,461,026
Less appropriation to bonus and walfare fund (VND) (*)	(5,635,992,058)	(4,867,078,563)
Net profit for the year attributable to the shareholders (VND)	46,295,445,725	56,912,382,463
Weighted average number of ordinary share in issue (shares)	83,570,524	85,009,814
Basic earning per share (VND)	554	669

(*) The appropriation to bonus and welfare fund for the six-month period ended 30 June 2019 was adjusted by the 2019 actual appropriation from undistributed earnings approved by shareholders at the Annual General Meeting which is attributable to the parent Company.

For the six-month period ended 30 June 2020, the Corporation has provisionally appropriated the net profit to bonus and welfare fund based on the 2020 plan approved by shareholders at the Annual General Meeting.

Basic earnings per share of the six-month period ended 30 June 2019 were recalculated as follows:

	For the six-month period ended 30.06.2019		
	As previously reported	Adjustments	As restated
Net profit attributable to shareholders (VND)	61,779,461,026	-	61,779,461,026
Actual appropriation to bonus and welfare fund (VND)	(3,365,694,352)	(1,501,384,211)	(4,867,078,563)
Net profit attributable to shareholders (VND)	58,413,766,674	(1,501,384,211)	56,912,382,463
Weighted average number of ordinary shares in issue (shares)	85,009,814	-	85,009,814
Basic earnings per share (VND)	687	-	669

28 BASIC EARNINGS PER SHARE AND DILUTED EARNINGS PER SHARE (continued)

(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 period/year and the ordinary shares expected to be issued. The parent Companny has no dilutive potential ordinary shares during the period/year and up to the date of these interim consolidated financial statements.

29 OFF INTERIM CONSOLIDATED BALANCE SHEET ITEMS

(a) Foreign currencies

As at 30 June 2020, included in cash and cash equivalents as at 30 June 2020 are balances held in foreign currency of USD2,646,073.36 and EUR245.5 (as at 31 December 2019: of USD1,893,098.52 and EUR250.96).

(b) Operating lease assets

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

31 REVENUE FROM SALE OF GOODS AND RENDERING OF SERVICES

	For the six-month period ended 30 June	
	2020 VND	2019 VND
Revenue		
Sales of goods	4,685,512,512,122	4,156,142,542,322
Rendering of services	744,367,413,714	767,667,398,172
	5,429,879,925,836	4,923,809,940,494
Sales deductions		
Trade discounts	(43,497,584,422)	(26,946,295,535)
Sales allowances	(4,389,954,898)	(7,117,783,143)
Sales returns	(23,747,447,527)	(24,550,426,738)
	(71,634,986,847)	(58,614,505,416)
Net revenue		
Net sales from sales of goods	4,613,891,767,875	4,097,528,036,906
Net sales from rendering of services	744,353,171,114	767,667,398,172
	5,358,244,938,989	4,865,195,435,078

31 COST OF GOODS SOLD AND SERVICES RENDERED

	For the six-month period ended 30 June	
	2020 VND	2019 VND
Cost of merchandises sold	4,554,214,856,798	4,047,646,185,476
Cost of services rendered (*)	498,175,129,863	530,029,598,907
(Reversal of provision)/provision for decline in value of inventories	(3,381,579,408)	(6,239,466,153)
	5,049,008,407,253	4,571,436,318,230

(*) Included in the cost of services rendered is the interest expense relating to Nghi Son Project, amounting to VND13,529,151,413 (6 tháng đầu năm 2019: VND14,295,734,681) being refunded by Nghi Son Refinery and Petrochemical Company Limited (Note 22), the leasor of Nghi Son Project, after this project was put into operation.

32 FINANCIAL INCOME

	For the six-month period ended 30 June	
	2020 VND	2019 VND
Interest income from deposits	11,475,469,644	13,879,059,917
Realised foreign exchange gains	4,844,114,906	3,156,309,208
Late payment charge and payment discount	972,583,799	228,826,295
Others	3,403,582,033	946,595,966
	20,695,750,382	18,210,791,386

33 FINANCIAL EXPENSES

	For the six-month period ended 30 June	
	2020 VND	2019 VND
Interest expense	34,328,325,284	34,108,684,682
Realised foreign exchange losses	2,871,691,279	781,948,242
Provision for diminution in value of investments	880,502,095	-
Net loss from foreign currency translation at period end	358,973,288	720,561,114
Payment discounts	134,061,533	207,782,990
Others	2,137,918,893	514,818,509
	40,711,472,372	36,333,795,537

34 SELLING EXPENSES

	For the six-month period ended 30 June	
	2020	2019
	VND	VND
Staff costs	45,947,444,254	40,501,010,533
Transportation	15,454,073,932	15,314,284,006
Advertising and marketing	1,254,904,548	7,516,945,568
Depreciation	878,453,751	599,076,914
Warehouse rentals	7,692,670,246	8,209,293,281
Outside servies	28,032,845,928	28,237,304,715
Others	10,877,157,013	12,340,936,185
	110,137,549,672	112,718,851,202

35 GENERAL AND ADMINISTRATION EXPENSES

	For the six-month period ended 30 June	
	2020	2019
	VND	VND
Staff costs	38,723,193,415	34,664,913,615
Depreciation and amortisation	1,982,776,764	2,921,001,515
Provision for doubtful debts	23,007,929,962	7,650,041,938
Outside services	13,697,112,707	17,033,809,597
Tax, fee and legal fee	3,600,704,427	1,154,400,004
Management fees	-	1,032,300,460
Goodwill allocation (Note 16)	765,191,250	765,191,250
Others	14,741,579,887	412,830,502
	96,518,488,412	65,634,488,881

36 OTHER INCOME AND OTHER EXPENSES

	For the six-month period ended 30 June	
	2020	2019
	VND	VND
Other income		
Allocation of gas cylinders deposits	3,547,354,616	2,968,369,956
Contractual fines received	310,044,439	1,119,470,556
Net gains on disposal of fixed assets	1,833,248,362	65,454,545
Others	1,530,160,741	1,182,679,885
	7,220,808,158	5,335,974,942
Other expenses		
Contractual fines	(2,889,227,362)	(878,930,041)
Tax penalties	-	(23,418,688)
Others	(1,933,640,670)	(783,004,170)
	(4,822,868,032)	(1,685,352,899)
Net other income	2,397,940,126	3,650,622,043

37 BIT

The BIT 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:

	For the six-month period ended 30 June	
	2020 VND	2019 VND
Net accounting profit before tax	82,715,885,979	100,585,112,110
Tax calculated at a rate of 20%	16,543,177,196	20,117,022,422
Effect of:		
Expenses not deductible for tax purposes	26,775,799	550,557,235
Tax losses for which no deferred income tax asset was recognised	5,288,470,729	2,205,246,920
(Over-provision)/under-provision in previous years	913,958,985	595,736,983
BIT charge (*)	22,772,382,709	23,468,563,560
Charged to interim consolidated income statement:		
BIT – current	22,772,382,709	20,157,709,039
BIT – deferred (Note 15)	-	3,310,854,521
	22,772,382,709	23,468,563,560

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

38 COST OF OPERATION BY FACTOR

Costs of operation by factor represents all costs incurred during the period, excluding cost of merchandises for trading activities. The details are as follows:

	For the six-month period ended 30 June	
	2020 VND	2019 VND
Cost of real estate properties sold	-	9,434,847,679
Raw materials	280,342,029,666	201,796,145,762
Staff costs	271,264,980,232	243,066,159,742
Depreciation and amortisation	32,181,828,794	31,480,920,500
Goodwill allocation	765,191,250	765,191,250
Reversal for provision for decline in value of inventories	(3,381,579,408)	(6,239,466,153)
Provision for doubtful debts	23,007,929,962	7,650,041,938
Outside services	161,689,852,911	244,873,200,212
Interest expense (Note 31)	13,529,151,413	14,295,734,681
Transportation	21,676,024,683	18,584,615,479
Repair and maintenance	13,446,494,447	11,879,794,199
Management fee payable to related parties (Note 40(a))	-	3,195,988,167
Tool and supplies	13,821,333,245	15,452,753,200
Rental	14,693,779,087	13,614,600,653
Cleaning	18,852,836,868	15,605,882,401
Others	25,618,736,900	12,753,766,687
	887,508,590,050	838,210,176,397

39 ADDITIONAL INFORMATION ON CERTAIN THE ITEMS OF THE INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

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

	For the six-month period ended 30 June	
	2020 VND	2019 VND
Purchase and construction of fixed assets and other long-term assets which have not been paid yet	1,253,788,026	82,943,600
Investment in other entity by offsetting with other receivables	-	16,000,000,000

39 ADDITIONAL INFORMATION ON CERTAIN THE ITEMS OF THE INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(b) Cash hold by Corporation but restricted to use

Investments held-to-maturity of the Corporation were pledged as collateral assets for Corporation's borrowing contracts as disclosed in Note 4(b).

(c) Amount of borrowings actually drawdown during the period

	For the six-month period ended 30 June	
	2020	2019
	VND	VND
Proceeds from borrowings following normal borrowing contracts	3,078,656,411,152	2,651,508,337,052

(d) Amount of borrowings principal actually repaid during the period

	For the six-month period ended 30 June	
	2020	2019
	VND	VND
Repayments of borrowings following normal borrowing contracts	2,722,387,182,009	3,077,679,255,132

40 RELATED PARTY DISCLOSURES

The largest shareholder of the Corporation is PVN, who owns 25.1% of share capital of the Corporation in 2020 (Note 24).

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

(a) Related party transactions

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

	For the six-month period ended 30 June	
	2020	2019
	VND	VND
i) Revenue from sale of goods and rendering of services		
PVN	65,201,453,672	63,834,289,248
Fellow PVN group subsidiaries	494,239,347,655	427,967,178,023
	559,440,801,327	491,801,467,271
ii) Purchases of goods and services		
PVN	11,301,431,007	12,334,126,552
Fellow PVN group subsidiaries	535,165,746,178	707,779,619,473
	546,467,177,185	720,113,746,025
iii) Compensation of key management		
Gross salaries and other benefits	2,315,638,136	2,539,394,368
iv) Other transactions		
Dividend paid	-	20,973,851,000
Management fee	-	3,195,988,167

40 RELATED PARTY DISCLOSURES (continued)

(b) Period/Year-end balances with related parties

	30.06.2020 VND	31.12.2019 VND
i) Short-term trade accounts receivable (Note 5)		
PVN	28,832,523,190	15,588,778,033
Fellow PVN group subsidiaries	185,802,063,670	126,442,056,735
	214,634,586,860	142,030,834,768
ii) Other short-term receivables		
PVN	4,882,973,475	-
Key managements	2,829,397,774	2,824,646,687
	7,712,371,249	2,824,646,687
iii) Short-term trade accounts payable (Note 17)		
PVN	275,430,504,240	267,091,684,091
Fellow PVN group subsidiaries	235,070,375,736	157,108,604,353
	510,500,879,976	424,200,288,444
iv) Short-term advances from customers (Note 18)		
Fellow PVN group subsidiaries	122,942,127,916	74,065,646,207
v) Short-term unearned revenue (Note 20(a))		
Fellow PVN group subsidiary	27,272,727,273	27,272,727,273
vi) Long-term unearned revenue (Note 20(b))		
Fellow PVN group subsidiary	6,818,181,851	20,454,545,483

40 RELATED PARTY DISCLOSURES (continued)

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

	30.06.2020 VND	31.12.2019 VND
vii) Other short-term payables		
PVN	6,378,889,434	6,378,889,434
Fellow PVN group subsidiaries	6,085,904,269	6,162,107,710
	12,464,793,703	12,540,997,144
viii) Other long-term payables		
PVN	-	1,108,248,372
Fellow PVN group subsidiaries	4,746,998,243	4,893,561,671
	4,746,998,243	6,001,810,043

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 30 June 2020, the future minimum lease payments under these operating lease contracts were as follows:

	Land rental and other rentals	
	30.06.2020 VND	31.12.2019 VND
Below 1 year	28,041,625,002	54,676,289,807
From 1 to 5 years	9,785,942,132	43,597,970,137
Above 5 years	53,642,672,913	63,963,103,508
Total minimum payments	91,470,240,047	162,237,363,452

41 COMMITMENTS (continued)

(a) Commitments under operating leases (continued)

(ii) The Corporation as the lessor

The Corporation signed the operating lease contract related to Nghi Son Project and land lease contract. Accordingly, the future minimum lease receipts under non-cancellable operating leases are as follows:

	Operating lease	
	30.06.2020	**31.12.2019**
	VND	**VND**
Below 1 year	119,611,085,342	144,559,684,006
From 1 to 5 years	357,542,339,326	375,620,829,970
Above 5 years	140,715,084,008	194,358,846,690
Total minimum receipts	617,868,508,676	714,539,360,666

41 COMMITMENTS (continued)

(b) Capital contribution commitments

As at 30 June 2020, the progress of charter capital contribution commitments is as follows:

	As per business registration certificates VND	The Corporation's ownership (%)	Capital contributed as at 30.6.2020 VND	Capital to be contributed as at 30.6.2020 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
Vinh Hoa Emerald Bay International Hospitality Company Limited (***)	111,200,000,000	20	16,000,000,000	95,200,000,000
	360,700,000,000		26,733,401,247	333,966,598,753

(*) In December 2010, the Corporation agreed to contribute its capital obligation into PSSSG with the charter capital of VND229.5 billion, accounting for 51% of the ownership. As at 30 June 2020, the Corporation contributed VND10.7 billion.

(**) According to Resolution No. 16/NQ-DVTHDK dated 29 March 2016, the Board of Management decided to invest in ITS in which the Corporation contributes 40% of ITS's charter capital, equivalent to VND20 billion. As at 30 June 2020, the shareholders of ITS have not yet contributed their capital obligations.

(***) According to Resolution No. 22/DVTHDK-QD dated 9 July 2018, the Corporation agreed to contribute its capital obligation into Vinh Hoa Emerald Bay International Hospitality Company Limited with the charter capital of VND111.2 billion, accounting for 20% of the voting right and ownership. As at 30 June 2020, the Corporation contributed VND16 billion.

(c) Other commitments

As at 30 June 2020, 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:

	30.6.2020				
	Electronic products VND	**Petroleum materials and supplies VND**	**Plastic resins, textile fibers and gas distribution VND**	**Others VND**	**Total VND**
Total assets	3,236,086,333,227	303,092,257,388	399,479,593,606	2,092,345,417,472	**6,031,003,601,693**
Total liabilities	2,693,459,985,049	286,639,781,468	284,547,413,968	1,154,295,984,319	**4,418,943,164,804**

	31.12.2019				
	Electronic products VND	**Petroleum materials and supplies VND**	**Plastic resins, textile fibers and gas distribution VND**	**Others VND**	**Total VND**
Total assets	2,100,447,197,988	357,961,770,717	365,211,627,837	2,142,713,904,816	**4,966,334,501,358**
Total liabilities	1,790,547,586,331	279,626,944,050	255,496,828,796	1,000,345,541,792	**3,326,016,900,969**

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:

	For the six-month period ended 30 June 2020				
	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 sale of goods and rendering of services	3,622,505,945,597	176,578,535,393	710,262,546,966	848,897,911,033	**5,358,244,938,989**
Cost of goods sold and service rendered	(3,395,675,611,276)	(130,470,119,006)	(676,774,864,165)	(846,087,812,806)	**(5,049,008,407,253)**
Gross profit from sale of goods and rendering of services	226,830,334,321	46,108,416,387	33,487,682,801	2,810,098,227	**309,236,531,736**

	For the six-month period ended 30 June 2019				
	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 sale of goods and rendering of services	3,100,728,010,664	208,817,796,376	792,868,559,788	762,781,068,250	**4,865,195,435,078**
Cost of goods sold and service rendered	(2,960,602,351,371)	(166,123,895,080)	(757,640,537,151)	(687,069,534,628)	**(4,571,436,318,230)**
Gross profit from sale of goods and rendering of services	140,125,659,293	42,693,901,296	35,228,022,637	75,711,533,622	**293,759,116,848**

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 lease term. However, as at 30 June 2020, the Chairman 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 interim consolidated financial statements.

The interim consolidated financial statements were approved by the Chairman on 28 August 2020.

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