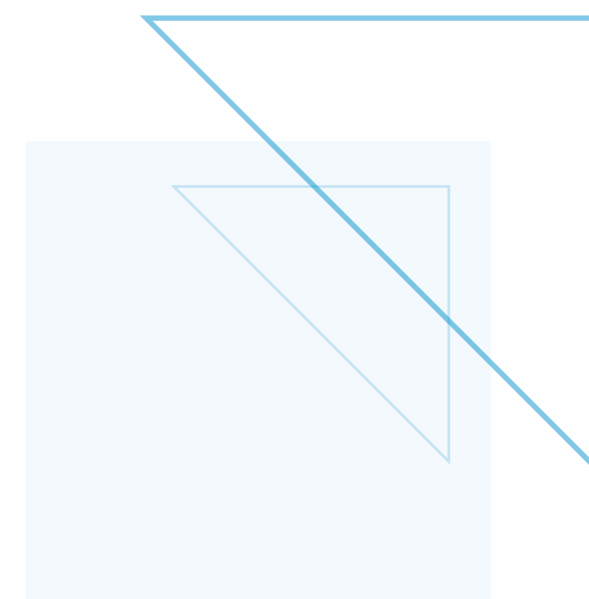


CHAPTER 6

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PETROVIETNAM FERTILIZER AND CHEMICALS CORPORATION - JSC
(Incorporated in the Socialist Republic of Vietnam)

AUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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STATEMENT OF THE EXECUTIVE BOARD

The Executive Board of PetroVietnam Fertilizer and Chemicals Corporation - JSC (the "Corporation") presents this report together with the Corporation's consolidated financial statements for the year ended 31 December 2019.

THE BOARD OF DIRECTORS AND EXECUTIVE BOARD

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

BOARD OF DIRECTORS

Mr. Nguyen Tien Vinh	Chairperson (appointed on 10 January 2019)
Mr. Le Cu Tan	Chairperson (resigned on 10 January 2019) Member (appointed on 10 January 2019)
Ms. Nguyen Thi Hien	Vice Chairperson (resigned on 10 January 2019)
Mr. Doan Van Nhuom	Member (resigned on 10 January 2019)
Mr. Nguyen Hong Vinh	Member
Mr. Le Minh Hong	Member (appointed on 10 January 2019)
Mr. Louis T. Nguyen	Member
Mr. Duong Tri Hoi	Member (appointed on 17 April 2019)

EXECUTIVE BOARD

Mr. Le Cu Tan	Chief Executive Officer (appointed on 11 January 2019)
Mr. Doan Van Nhuom	Chief Executive Officer (resigned on 11 January 2019)
Ms. Tran Thi Phuong Thao	Executive Officer
Mr. Tu Cuong	Executive Officer
Mr. Cao Trung Kien	Executive Officer (appointed on 19 September 2019)
Mr. Hoang Viet Dung	Executive Officer (resigned on 25 June 2019)
Mr. Le Van Quoc Viet	Executive Officer
Mr. Duong Tri Hoi	Executive Officer (resigned on 01 May 2019)
Ms. Le Thi Thu Huong	Executive Officer

THE EXECUTIVE BOARD'S STATEMENT OF RESPONSIBILITY

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

- » select suitable accounting policies and then apply them consistently;
- » make judgments and estimates that are reasonable and prudent;
- » state whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the consolidated financial statements;

STATEMENT OF THE EXECUTIVE BOARD (CONTINUED)

- » prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Corporation will continue in business; and
- » design and implement an effective internal control system for the purpose of properly preparing the consolidated financial statements so as to minimize errors and frauds.

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

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

For and on behalf of the Executive Board,



Le Cu Tan
Chief Executive Officer

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

INDEPENDENT AUDITORS' REPORT

No.: 0720/VN1A-HN-BC

**TO: THE SHAREHOLDERS
THE BOARD OF DIRECTORS AND THE EXECUTIVE BOARD
PETROVIETNAM FERTILIZER AND CHEMICALS CORPORATION - JSC**

We have audited the accompanying consolidated financial statements of PetroVietnam Fertilizer and Chemicals Corporation - JSC (the "Corporation") prepared on 20 March 2020, as set out from page 113 to page 150, which comprise the consolidated balance sheet as at 31 December 2019, the consolidated statement of income, the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

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

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

OPINION

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

No.: 0720/VN1A-HN-BC

EMPHASIS OF MATTER

As presented in Note 35 of the notes to the consolidated financial statements, as at 31 December 2019, the Corporation had a contingent liability relating to reciprocal guarantee commitments with medium and long-term borrowings of PetroVietnam Petrochemical and Textile Fiber Joint Stock Company ("PVTEX") - the Corporation's associate.

Our opinion is not modified in respect of this matter.



Dang Chi Dung

Audit Partner

Audit Practising Registration Certificate
No. 0030-2018-001-1

DELOITTE VIETNAM COMPANY LIMITED

20 March 2020
Hanoi, S.R. Vietnam

Pham Quynh Hoa

Auditor

Audit Practising Registration Certificate
No. 0910-2018-001-1

CONSOLIDATED BALANCE SHEET

As at 31 December 2019

Form B01- DN/HN

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
A. CURRENT ASSETS	100		5,943,854,074,804	5,172,046,948,960
I. Cash and cash equivalents	110	4	2,976,952,450,033	1,716,919,348,616
1. Cash	111		349,278,804,046	293,934,821,687
2. Cash equivalents	112		2,627,673,645,987	1,422,984,526,929
II. Short-term financial investments	120	5	1,035,000,000,000	955,000,000,000
1. Held-to-maturity investments	123		1,035,000,000,000	955,000,000,000
III. Short-term receivables	130		289,371,734,319	520,579,213,356
1. Short-term trade receivables	131	6	239,163,840,466	422,514,452,443
2. Short-term advances to suppliers	132	7	37,348,595,546	78,790,739,261
3. Other short-term receivables	136	8	250,709,558,469	252,514,839,051
4. Provision for short-term doubtful debts	137	9	(238,285,341,239)	(233,576,422,659)
5. Deficits in assets awaiting solution	139		435,081,077	335,605,260
IV. Inventories	140	10	1,350,638,678,171	1,662,663,084,855
1. Inventories	141		1,370,295,612,901	1,665,129,426,404
2. Provision for devaluation of inventories	149		(19,656,934,730)	(2,466,341,549)
V. Other short-term assets	150		291,891,212,281	316,885,302,133
1. Short-term prepayments	151	11	29,727,375,587	53,472,993,772
2. Value added tax deductibles	152		257,326,042,539	258,031,179,931
3. Taxes and other receivables from the State budget	153	19	4,837,794,155	5,381,128,430

CONSOLIDATED BALANCE SHEET (CONTINUED)

As at 31 December 2019

Form B01- DN/HN

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
B. NON-CURRENT ASSETS	200		5,496,454,188,790	5,962,209,859,178
I. Long-term receivables	210		658,396,000	858,374,000
1. Other long-term receivables	216	8	658,396,000	858,374,000
II. Fixed assets	220		4,790,657,948,234	5,313,224,552,963
1. Tangible fixed assets	221	12	3,932,312,724,389	4,453,310,092,927
- Cost	222		11,629,420,833,126	11,653,882,170,846
- Accumulated depreciation	223		(7,697,108,108,737)	(7,200,572,077,919)
2. Intangible assets	227	13	858,345,223,845	859,914,460,036
- Cost	228		1,152,277,537,593	1,139,091,383,947
- Accumulated amortisation	229		(293,932,313,748)	(279,176,923,911)
III. Investment properties	230	14	239,820,697,731	250,383,262,298
- Cost	231		334,556,867,544	334,556,867,544
- Accumulated depreciation	232		(94,736,169,813)	(84,173,605,246)
IV. Long-term assets in progress	240		145,846,801,849	136,578,490,420
1. Construction in progress	242	15	145,846,801,849	136,578,490,420
V. Long-term financial investments	250	5	45,369,527,464	46,652,969,218
1. Investments in joint-ventures, associates	252		26,973,857,965	28,388,260,482
2. Equity investments in other entities	253		20,502,000,000	20,502,000,000
3. Provision for impairment of long-term financial investments	254		(2,106,330,501)	(2,237,291,264)
VI. Other long-term assets	260		274,100,817,512	214,512,210,279
1. Long-term prepayments	261	11	30,935,743,889	23,270,193,135
2. Deferred tax assets	262	16	81,381,867,070	69,142,811,382
3. Long-term reserved spare parts	263	10	148,991,115,516	109,307,114,725
4. Other long-term assets	268		12,792,091,037	12,792,091,037
TOTAL ASSETS (270=100 + 200)	270		11,440,308,263,594	11,134,256,808,138

CONSOLIDATED BALANCE SHEET (CONTINUED)

As at 31 December 2019

Form B01- DN/HN

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance
C. LIABILITIES	300		3,278,872,819,011	2,879,246,949,841
I. Current liabilities	310		2,060,713,280,767	1,513,850,189,531
1. Short-term trade payables	311	17	478,565,168,169	415,701,704,589
2. Short-term advances from customers	312	18	80,837,106,240	68,643,918,032
3. Taxes and amounts payable to the State budget	313	19	66,288,625,026	23,253,103,532
4. Payables to employees	314		137,134,034,081	113,798,450,304
5. Short-term accrued expenses	315	20	678,292,053,057	580,230,502,931
6. Short-term unearned revenue	318		18,181,819	118,761,819
7. Other current payables	319	21	80,115,659,533	54,325,536,302
8. Short-term loans and obligations under finance leases	320	23	177,270,899,255	201,978,485,702
9. Short-term provisions	321	22	312,648,007,246	-
10. Bonus and welfare funds	322		49,543,546,341	55,799,726,320
II. Long-term liabilities	330		1,218,159,538,244	1,365,396,760,310
1. Long-term unearned revenue	336		-	167,880,274
2. Other long-term payables	337	21	960,870,000	960,870,000
3. Long-term loans and obligations under finance leases	338	23	1,063,625,393,987	1,031,870,914,209
4. Deferred tax liabilities	341	16	132,540,000,000	132,540,000,000
5. Long-term provisions	342	22	-	167,190,364,916
6. Scientific and technological development fund	343		21,033,274,257	32,666,730,911
D. EQUITY	400		8,161,435,444,583	8,255,009,858,297
I. Owner's equity	410	24	8,161,435,444,583	8,255,009,858,297
1. Owner's contributed capital	411		3,914,000,000,000	3,914,000,000,000
- Ordinary shares carrying voting rights	411a		3,914,000,000,000	3,914,000,000,000
2. Share premium	412		21,179,913,858	21,179,913,858
3. Treasury shares	415		(2,296,824,120)	(2,296,824,120)
4. Investment and development fund	418		3,497,039,984,859	3,497,039,984,859
5. Retained earnings	421		566,144,654,027	657,268,539,966
- Retained earnings accumulated to the prior year end	421a		228,248,570,458	50,282,517,164
- Retained earnings of the current year	421b		337,896,083,569	606,986,022,802
6. Non-controlling interests	429		165,367,715,959	167,818,243,734
TOTAL RESOURCES (440=300+400)	440		11,440,308,263,594	11,134,256,808,138

The image shows three handwritten signatures in blue ink. To the right is a red circular stamp with the following text: 'M.S.D.N: 0303165480 - C.T.C.P', 'TỔNG CÔNG TY', 'PHÂN BÓN VÀ', 'HÓA CHẤT DẦU KHÍ', 'CÔNG TY', 'CÓ PHẦN', 'QUẬN 1 - TP. HỒ CHÍ MINH'.

Tran Xuan Thao
Preparer

Vo Ngoc Phuong
Chief Accountant

Le Cu Tan
Chief Executive Officer

20 March 2020

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2019

Form B02- DN/HN

Unit: VND

ITEMS	Codes	Notes	Current year	Prior year
1. Gross revenue from goods sold and services rendered	01		7,757,075,543,739	9,395,359,665,641
2. Deductions	02		73,534,335,681	98,248,115,232
3. Net revenue from goods sold and services rendered (10=01-02)	10	27	7,683,541,208,058	9,297,111,550,409
4. Cost of sales	11	27	6,281,448,254,606	7,397,640,258,893
5. Gross profit from goods sold and services rendered (20=10-11)	20		1,402,092,953,452	1,899,471,291,516
6. Financial income	21	29	140,013,425,496	123,658,446,036
7. Financial expenses	22	30	107,636,556,757	73,797,994,363
- In which: Interest expense	23		106,897,449,564	62,586,468,519
8. Share of profits of associates	24	5	1,680,107,483	2,916,621,493
9. Selling expenses	25	31	554,758,002,570	612,322,153,525
10. General and administration expenses	26	31	415,339,815,960	485,710,294,387
11. Operating profit (30=20+(21-22)+24-(25+26))	30		466,052,111,144	854,215,916,770
12. Other income	31		7,480,346,769	17,876,027,364
13. Other expenses	32		6,456,808,962	1,476,414,908
14. Profit from other activities (40=31-32)	40		1,023,537,807	16,399,612,456
15. Accounting profit before tax (50=30+40)	50		467,075,648,951	870,615,529,226
16. Current corporate income tax expense	51	32	90,454,832,980	147,299,819,968
17. Deferred corporate tax income	52	16	(12,239,055,688)	10,841,508,544
18. Net profit after corporate income tax (60=50-51-52)	60		388,859,871,659	712,474,200,714
18.1. Profit after tax attributable to the Holding Company	61		377,703,325,589	699,593,467,601
18.2. Profit after tax attributable to non-controlling interests	62		11,156,546,070	12,880,733,113
19. Basic earnings per share	70	33	863	1,455

Tran Xuan Thao
Preparer

Vo Ngoc Phuong
Chief Accountant

Le Cu Tan
Chief Executive Officer

20 March 2020

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2019

Form B03- DN/HN

Unit: VND

ITEMS	Codes	Current year	Prior year
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	01	467,075,648,951	870,615,529,226
2. Adjustments for:			
Depreciation and amortisation of fixed assets and investment properties	02	561,879,123,157	519,256,652,582
Provisions	03	167,226,193,328	36,967,616,014
Foreign exchange loss/(gain) arising from translating foreign currency items	04	(764,976,791)	8,093,479,053
Gain from investing activities	05	(137,907,172,131)	(129,190,927,841)
Interest expense	06	106,897,449,564	62,586,468,519
3. Operating profit before movements in working capital	08	1,164,406,266,078	1,368,328,817,553
Increase, decrease in receivables	09	227,366,396,790	(284,540,032,573)
Increase, decrease in inventories	10	255,149,812,712	(433,702,859,916)
Increase, decrease in payables (excluding accrued loan interest and corporate income tax payable)	11	283,021,492,395	(6,824,219,476)
Increase, decrease in prepaid expenses	12	16,080,067,431	(28,881,238,829)
Interest paid	14	(54,866,114,339)	(95,538,767)
Corporate income tax paid	15	(45,844,375,272)	(144,064,079,451)
Other cash outflows	17	(86,306,205,352)	(89,165,406,558)
Net cash generated by operating activities	20	1,759,007,340,443	381,055,441,983
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition and construction of fixed assets and other long-term assets	21	(117,832,821,638)	(890,564,913,641)
2. Proceeds from sale, disposal of fixed assets and other long-term assets	22	2,828,702,473	5,320,554,728
3. Cash outflow for lending, buying debt instruments of other entities	23	(1,720,000,000,000)	(1,695,000,000,000)
4. Cash recovered from lending, selling debt instruments of other entities	24	1,640,000,000,000	1,635,000,000,000
5. Interest earned, dividends and profits received	27	140,662,774,725	123,554,802,970
Net cash used in investing activities	30	(54,341,344,440)	(821,689,555,943)

CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

Form B03- DN/HN

For the year ended 31 December 2019

Unit: VND

ITEMS	Codes	Current period	Prior period
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Proceeds from borrowings	33	124,208,464,716	611,619,415,388
2. Repayment of borrowings	34	(166,966,798,373)	(33,370,000,000)
3. Dividends and profits paid	36	(401,886,060,700)	(782,524,593,100)
Net cash generated by/(used in) financing activities	40	(444,644,394,357)	(204,275,177,712)
Net (decrease) in cash (50=20+30+40)	50	1,260,021,601,646	(644,909,291,672)
Cash and cash equivalents at the beginning of the year	60	1,716,919,348,616	2,361,887,855,663
Effects of changes in foreign exchange rates	61	11,499,771	(59,215,375)
Cash and cash equivalents at the end of the year (70=50+60+61)	70	2,976,952,450,033	1,716,919,348,616

Tran Xuan Thao
Preparer

Vo Ngoc Phuong
Chief Accountant

Le Cu Tan
Chief Executive Officer

20 March 2020

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Form B 09- DN/HN

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

1. GENERAL INFORMATION

Structure of ownership

PetroVietnam Fertilizer and Chemicals Corporation - JSC (hereinafter referred to as the "Corporation"), formerly known as PetroVietnam Fertilizer and Chemicals Joint Stock Company, was established under Business Registration Certificate No. 4103007696 dated 31 August 2007 and the 14th amendment on 16 January 2019, issued by the Department of Planning and Investment of Ho Chi Minh City. On 01 September 2008, the Corporation officially transformed its operation into parent-subsidary model in accordance with Resolution No. 01/ND-DHDCD passed at the Shareholders' General Meeting. Accordingly, the Holding Company - PetroVietnam Fertilizer and Chemicals Corporation - JSC was established from functional departments of PetroVietnam Fertilizer and Chemicals Joint Stock Company, project management units and Phu My Fertilizer Plant. The Corporation's shares are listed on Ho Chi Minh City Stock Exchange from 05 November 2007 with the stock symbol "DPM".

The parent company of the Corporation is Vietnam Oil and Gas Group who holds 59.58% of its charter capital as at 31 December 2019.

Operating industries and principal activities

The business activities of the Corporation include:

- » Production and trade of fertilizer, liquid ammonia, industrial gas, other chemicals;
- » Provision of technical services relating to production and trade of fertilizer and other related chemicals (excluding heavily toxic chemicals);
- » Architectural activities and related technical consultancy;
- » Production, transmission and distribution of electricity;
- » Trade of real estates, land use rights held as owner, user or lessor;
- » Wholesale of agricultural and forestry products (excluding wood, bamboo) and living animals;
- » Goods transport services by road and by inbound waterway, processing of oil and gas-related products and minerals;
- » Vocational training;
- » Supporting services for waterway transportation; loading and unloading goods at seaports and in land terminals;
- » Acting as vessel agent and shipping agency and providing warehousing services.

The principal activities of the Corporation are production and trade of fertilizers used in agriculture.

Normal production and business cycle

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

The Corporation's structure

As at 31 December 2019, the Corporation had 04 subsidiaries, 03 associates, 01 branch, 01 plant and 01 Project Management Unit as follows:

- Phu My Fertilizer Plant
- Ho Chi Minh City Branch
- Fertilizer and Chemical Projects Management Unit

The general information about subsidiaries and associates of the Corporation are as follows:

	Place of incorporation and operation	Proportion of ownership interest (%)	Proportion of voting power held (%)	Principal activity	Relationship
Central PetroVietnam Fertilizer and Chemicals JSC	Binh Dinh Province	75	75	Trading of fertilizer and chemicals	Subsidiary
SouthWest PetroVietnam Fertilizer and Chemicals JSC	Can Tho City	75	75	Trading of fertilizer and chemicals	Subsidiary
SouthEast PetroVietnam Fertilizer and Chemicals JSC	Ho Chi Minh City	75	75	Trading of fertilizer and chemicals	Subsidiary
Northern PetroVietnam Fertilizer and Chemicals JSC	Hanoi City	75	75	Trading of fertilizer and chemicals	Subsidiary
Dam Phu My Packaging JSC	Ba Ria - Vung Tau Province	43.34	43.34	Production of packages	Associate
PetroVietnam Urban Development JSC	Can Tho City	35.63	35.63	Construction and installation of civil and industrial works and services provision	Associate
PetroVietnam Petrochemical and Textile Fiber JSC	Hai Phong City	25.99	25.99	Production and sale of polyester fibers	Associate

Disclosure of information comparability in the consolidated financial statements

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

2. ACCOUNTING CONVENTION AND FINANCIAL YEAR

Accounting convention

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

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

Financial year

The Corporation's financial year begins on 01 January and ends on 31 December.

The consolidated financial statements are prepared for the year ended 31 December 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Accounting estimates

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

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Corporation and enterprises controlled by the Corporation (its subsidiaries) up to 31 December 2019. This control is achieved where the Corporation has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

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

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Corporation.

All significant inter-company transactions and balances between the Corporation and its subsidiaries and among subsidiaries are eliminated on consolidation.

Non-controlling interests consist of the amount of those non-controlling interests at the date of the original business combination and the non-controlling interests' share of changes in equity since the date of the combination. Losses in subsidiaries are respectively attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Investments in associates

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

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

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

Cash and cash equivalents

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

Financial investments

Held-to-maturity investments

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

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

Held-to-maturity investments are measured at cost less provision for doubtful debts (if any).

Provision for doubtful debts relating to held-to-maturity investments is made in accordance with prevailing accounting regulations.

Equity investments in other entities

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

Equity investments in other entities are carried at cost less provision for impairment of such investments. Provisions for impairment of investments in other entities are made in accordance with Circular No. 48/2019/TT-BTC dated 08 August 2019 issued by the Ministry of Finance on “Providing guidance on making and settlement of provisions for devaluation of inventory, impairment of financial investments, bad debts and warranty obligations of enterprises” and prevailing accounting regulations.

Receivables

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

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

Inventories

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

The evaluation of necessary provision for inventory obsolescence follows current prevailing accounting regulations which allow provisions to be made for obsolete, damaged, or sub-standard inventories and for those which have costs higher than net realisable values as at the balance sheet date.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation.

The costs of purchased tangible fixed assets comprise their purchase prices and any directly attributable costs of bringing the assets to their working conditions and location for their intended use. The costs of tangible fixed assets formed from construction investment by contractual mode or self-construction or self-generating process are the settled costs of the invested construction projects in accordance with the prevailing State’s regulations on investment and construction management, directly-related expenses and registration fee (if any).

In the event the construction project has been completed and put into use but the settled costs thereof have not been approved, the cost of tangible fixed assets is recognized at the estimated cost based on the actual cost incurred. The estimated cost will be adjusted according to the settled costs approved by competent authorities.

Tangible fixed assets are depreciated using the straight-line method over their estimated useful lives, as follows:

	Current Year	Period Year
	Years	Years
Buildings, structures	5 - 25	5 - 25
Machinery, equipment	3 - 15	3 - 6
Motor vehicles	6 - 10	6 - 10
Office equipment	3 - 8	3 - 8
Others	3 - 15	3

Repair and maintenance expenses of fixed assets at Phu My Fertilizer Plant which are incurred on a cyclical basis are permitted to be charged to operating expenses based on the estimated amount stated in the annual budget. If the actual expenses of repair and maintenance are higher than estimated, the amount over budget shall be charged to operating expenses. If the actual expenses of repair and maintenance are lower than estimated, the amount under budget shall be accounted for as a reduction of operating expenses of the year. Accrued repair and maintenance expenses are reported as long-term payable provisions.

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

Intangible assets and amortization

Intangible assets represent land use rights, patents, copyrights, computer software and other intangible assets which are stated at cost less accumulated amortization. Land use rights having a finite useful life are amortized using the straight-line method over the duration of the right to use the land, indefinite-term land use rights are not amortized. The patents, copyrights and other intangible assets are amortized using the straight-line method over 6 years. The computer software is amortized using the straight-line method over 3 years.

Operating leases

Operating leases include office and land rentals. Payments under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Construction in progress

Properties in the course of construction for production, rental and administrative purposes or for other purposes are carried at cost. The cost includes any costs that are necessary to form the asset including construction cost, equipment cost, other costs and related borrowing costs in accordance with the Corporation's accounting policy. Such costs will be included in the estimated costs of the fixed assets (if settled costs have not been approved) when they are put into use.

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

Investment properties

Investment properties are composed of land use rights, buildings and structures held by the Corporation to earn rentals. Investment properties held to earn rentals are stated at cost less accumulated depreciation. The costs of purchased investment properties comprise their purchase prices and any directly attributable expenditures, such as professional fees for legal services, property transfer taxes and other related transaction costs.

Investment properties, which are composed of land use rights and buildings and structures of Dong Tay Building at 27 Dinh Bo Linh Street, Ho Chi Minh City; Cuu Long Supermarket-Office Building in Ca Mau Province and PVFCCo Building at 43 Mac Dinh Chi Street, Ho Chi Minh City held by the Corporation to earn rentals, are stated at cost less accumulated depreciation. Investment properties held to earn rentals are depreciated using the straight-line method over their estimated useful lives as follows:

	Years
Land use rights	44 - 50
Buildings and structures	25

The Corporation does not depreciate investment properties which are indefinite-term land use rights.

Prepayments

Prepayments are expenses which have already been paid but relate to results of operations of multiple accounting periods, including asset insurance premium, land rentals, office rentals, tools and supplies issued for consumption, cost of catalytic conversion of CO and other types of prepayments.

Asset insurance premium and cost of catalytic conversion of CO are charged to the consolidated income statement on the straight-line basis over the contractual term.

Prepaid land and office rentals are charged to the consolidated income statement on the straight-line basis over the rental term.

Tools and supplies issued for consumption are charged to the income statement on the straight-line basis in accordance with the current prevailing accounting regulations.

Other types of prepayments comprise of support service, warehouse and office repair are expected to provide future economic benefits to the Corporation. These prepayments are charged to the income statement on the straight-line basis in accordance with the current prevailing accounting regulations.

Payable provisions

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

Scientific and technological development fund

Scientific and technological development fund are made in order to finance science and technology activities of the Corporation. This fund was formed on the basis of the Corporation's development demand for research and development and technology innovation and is recognized in the operation results of the year.

Revenue recognition

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

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

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

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

Revenue from leasing investment properties is recognized in profit or loss on the straight-line basis over the lease term.

Financial income mainly comprises interest on demand and term deposits, and foreign exchange gains. Interest income is accrued on a time basis, by reference to the principal outstanding and at the applicable interest rate. Dividend income from investments is recognised when the Corporation's right to receive payment has been established.

Foreign currencies

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

Under the guidance of Official Letter No. 4360/DKVN-TCKT dated 31 December 2015 and Official Letter No. 3124/DKVN-TCKT dated 13 May 2015 issued by Vietnam Oil and Gas Group, the Corporation applied the buying rate announced by the Joint Stock Commercial Bank for Foreign Trade of Vietnam to translate monetary items denominated in foreign currencies as at 31 December 2019. The above mentioned rate differs from that stated in Circular No. 200/2014/TT-BTC issued on 22 December 2014 by the Ministry of Finance guiding the accounting regime for enterprises ("Circular 200"). However, such difference has no material influence on the Corporation's consolidated financial statements for the year ended 31 December 2019.

Borrowing costs

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

Taxation

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

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

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

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

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

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

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

4. CASH AND CASH EQUIVALENTS

	Closing balance VND	Opening balance VND
Cash on hand	1,204,191,307	1,546,353,008
Bank demand deposits	343,718,395,389	292,388,468,679
Cash in transfer	4,356,217,350	-
Cash equivalents (*)	2,627,673,645,987	1,422,984,526,929
	2,976,952,450,033	1,716,919,348,616

(*) Cash equivalents represent the time deposits with original terms from 01 to 03 months at commercial banks with the interest rates ranging from 4.3% to 5.5% per annum (31 December 2018: interest rates ranging from 4.3% to 5.5% per annum).

As at 31 December 2019, the Corporation's deposits with term under three months at Ocean Commercial One Member Limited Liability Bank (previously known as Ocean Commercial Joint Stock Bank) amounted to VND 284 billion. According to Official Letter No. 5351/2016/CV-OCEANBANK dated 04 October 2016 and Official Letter No. 60/2018/CV-OCEANBANK dated 28 December 2018, Ocean Commercial One Member Limited Liability Bank ensured the return of deposits held by its clients following the restructuring plan which has been submitted to the State Bank of Vietnam and the Government for approval. Interest earned on deposits at Ocean Commercial One Member Limited Liability Bank from 01 October 2015 to present has been received.

5. FINANCIAL INVESTMENTS

	Closing balance		Opening balance	
	VND Cost	VND Carrying amount	VND Cost	VND Carrying amount
Short-term held-to-maturity investments				
Term deposits	1,035,000,000,000	1,035,000,000,000	955,000,000,000	955,000,000,000

Short-term held-to-maturity investments as at 31 December 2019 represent time deposits with original terms of more than 3 months and remaining terms of less than 12 months from the reporting date at commercial banks with interest rates ranging from 5.7% to 7.0% per annum (31 December 2018: interest rates ranging from 5.1% to 7.1% per annum).

	Closing balance		Opening balance	
	VND	VND	VND	VND
	Cost	Cost under equity method	Fair value	Cost under equity method
Investments in associates	680,903,000,000	26,973,857,965	24,574,050,000	28,388,260,482
PetroVietnam Urban Development JSC	100,000,000,000	-	(*)	-
PetroVietnam Petrochemical and Textile Fiber JSC	562,700,000,000	-	(*)	-
Dam Phu My Packaging JSC	18,203,000,000	26,973,857,965	24,574,050,000	28,388,260,482
				26,758,116,000

	Closing balance		Opening balance	
	VND	VND	VND	VND
	Cost	Provision	Fair value	Provision
Investments in other entities (**)	20,502,000,000	(2,106,330,501)	(*)	(2,237,291,264)
Petroleum Information Technology Telecom and Automation JSC	3,600,000,000	-	(*)	-
Ut Xi Aquatic Products Processing JSC	16,902,000,000	(2,106,330,501)	(*)	(2,237,291,264)

As stipulated in Circular No. 200/2014/TT-BTC dated 22 December 2014, the fair value of the investments in associates and other entities as at 31 December 2019 should be presented. The Corporation has determined the fair value of investments in Dam Phu My Packaging JSC based on listed price of its shares on the stock exchange and the number of shares currently held by the Corporation.

(*) For the remaining investments, these companies have not had their shares listed on a stock exchange yet and the Corporation was unable to collect reliable information in order to determine their fair value. Accordingly, the fair value of such investments as at 31 December 2019 has not been determined and presented in the Notes to the consolidated financial statements as per Circular No. 200/2014/TT-BTC.

(**) Provisions for impairment of investments in other entities are being estimated according to the unaudited financial statements for the year ended 31 December 2019 of these entities.

A summary of financial information of the Corporation's associates is as follows:

	Closing balance		Opening balance	
	VND	VND	VND	VND
	Total assets	Total liabilities	Net assets	Total assets
	5,114,155,930,490	8,331,957,562,272	(3,217,801,631,782)	5,712,792,445,837
PetroVietnam Urban Development JSC	85,954,614,293	270,212,925,918	(184,258,311,625)	238,385,113,545
PetroVietnam Petrochemical and Textile Fiber JSC	4,808,281,168,340	7,904,061,594,170	(3,095,780,425,830)	5,236,687,876,941
Dam Phu My Packaging JSC	219,920,147,857	157,683,042,184	62,237,105,673	237,719,455,351
				172,182,870,040
				65,536,585,311

	Current year		Prior year	
	VND	VND	VND	VND
	Net revenue	Net profit/(loss) after tax	Share of Profits from associates	Net profit/(loss) after tax
	411,004,911,391	(614,595,427,232)	1,680,107,483	458,867,462,087
PetroVietnam Urban Development JSC	-	(12,554,010,232)	-	9,651,711,220
PetroVietnam Petrochemical and Textile Fiber JSC	54,749,516,416	(605,954,031,846)	-	1,283,566,638
Dam Phu My Packaging JSC	356,255,394,975	3,912,614,846	1,680,107,483	447,932,184,229
				8,680,629,893
				2,916,621,493

6. SHORT-TERM TRADE RECEIVABLES

	Closing balance VND	Opening balance VND
Hung Thanh Company Limited	42,925,490,000	46,198,059,813
Tran Thi Ngoan Private Enterprise	20,608,721,250	14,124,179,800
Thuy Minh Khoa Company Limited	15,534,342,000	24,639,307,527
Minh Tan Fertilizer Export - Import Joint Stock Company	10,577,850,000	51,703,740,760
Da Nang Chemical Industries Joint Stock Company	-	42,708,929,000
Related parties (as presented in Note 36)	32,081,132,932	16,683,137,795
Others	117,436,304,284	226,457,097,748
	239,163,840,466	422,514,452,443

7. SHORT-TERM ADVANCES TO SUPPLIERS

	Closing balance VND	Opening balance VND
Ngoc Lan Commercial and Production Company Limited	9,153,800,000	9,153,800,000
Mitsubishi Corporation	4,695,047,820	-
Minh Tan Fertilizer Export - Import Joint Stock Company	-	29,220,000,000
Related parties (as presented in Note 36)	7,651,003,417	22,760,917,417
Others	15,848,744,309	17,656,021,844
	37,348,595,546	78,790,739,261

8. OTHER RECEIVABLES

	Closing balance VND	Opening balance VND
Other short-term receivables		
PetroVietnam Trade Union Finance Investment Corporation (PVFI)	110,143,267,289	110,143,267,289
PetroVietnam Petrochemical and Textile Fiber JSC (i)	114,509,081,543	114,509,081,543
Advances to employees	551,929,757	348,238,860
Accrued interest income from term deposits	18,859,561,377	20,673,800,115
Short-term deposits	90,134,000	330,134,000
Others	6,555,584,503	6,510,317,244
	250,709,558,469	252,514,839,051
Other long-term receivables		
Long-term deposits	658,396,000	858,374,000
	658,396,000	858,374,000

- (i) The balance of the receivable from PetroVietnam Petrochemical and Textile Fiber Joint Stock Company ("PVTEX") as at 31 December 2019 represents a payment under the reciprocal guarantee commitment for medium- and long-term borrowings of PVTEX. Payment obligations arose from the fact that Corporation signed two reciprocal guarantee commitments with PVN relating to the guarantee obligations of PVN for medium- and long-term loans of PVTEX.

According to the Memorandum between PVN, PVTEX and the Corporation, PVN shall be responsible for collecting money from PVTEX to settle principal and interest amounts having paid by other parties on behalf of PVTEX. Within 07 days from the day PVN receives payments from PVTEX (for both principal and interest), PVN will return an amount which is calculated based on the Corporation's capital proportion in PVTEX to the Corporation. The interest rate is determined at the rate equal to demand deposit interest rate announced by Joint Stock Commercial Bank for Foreign Trade of Vietnam. The interest calculation period starts from the day the Corporation pays the reciprocal guarantee amount to PVN.

As at 31 December 2019, the Executive Board assessed the recoverability of this receivable at low level as the accumulated losses of PVTEX had exceeded its equity, and PVTEX is unable to meet its financial obligations as and when they fall due. Therefore, on a prudent basis, the Executive Board decided to make almost full provision for the receivable from PVTEX arising in 2017 and earlier with the total amount of more than VND 114 billion. As at 31 December 2019, other receivables from PVTEX amounting to about VND 400 million had not come due yet, for which the Corporation has not made provision.

9. BAD DEBTS

	Closing balance			Opening balance		
	VND	VND		VND	VND	
	Cost	Recoverable amount	Overdue time	Cost	Recoverable amount	Overdue time
Doubtful debts	243,419,239,097	5,133,897,858		234,001,401,937	424,979,278	
PetroVietnam Trade Union Finance Investment Corporation (i)	110,143,267,289	-	Over 3 years	110,143,267,289	-	Over 3 years
Ngoc Lan Private Enterprise (ii)	9,153,800,000	-	Over 3 years	9,153,800,000	-	Over 3 years
PetroVietnam Petrochemical and Textile Fiber JSC	114,704,334,648	424,979,278	From 6 months to 3 years and longer	114,704,334,648	424,979,278	From 6 months to 3 years and longer
- Receivables relating to reciprocal guarantee commitments (iii)	107,786,937,303	-		107,786,937,303	-	
- Other receivables	6,917,397,345	424,979,278		6,917,397,345	424,979,278	
Others	9,417,837,160	4,708,918,580	Over 6 months	-	-	

- (i) The Corporation has made full provision for the receivable amount from PetroVietnam Trade Union Finance Investment Corporation since 2012.
- (ii) The Corporation has made full provision for the receivable amount from Ngoc Lan Commercial and Production Company Limited since 2011.
- (iii) The Corporation made almost full provision for the receivables from PetroVietnam Petrochemical and Textile Fiber Joint Stock Company ("PVTEX") arising in 2017 and earlier with regard to reciprocal guarantee commitments for medium-term and long-term loans of PVTEX and other receivables from PVTEX as stated in Note 8.

10. INVENTORIES

	Closing balance		Opening balance	
	VND	VND	VND	VND
	Cost	Provision	Cost	Provision
Goods in transit	275,176,176,470	-	496,409,760,065	-
Raw materials	394,867,677,394	-	354,525,480,392	-
Tools and supplies	6,516,834,174	-	9,557,319,466	-
Work in progress	31,776,106,907	-	52,590,022,079	-
Finished goods	393,775,228,075	(15,100,784,057)	283,338,090,388	-
Merchandise	268,183,589,881	(4,556,150,673)	468,708,754,014	(2,466,341,549)
Total of Inventories	1,370,295,612,901	(19,656,934,730)	1,665,129,426,404	(2,466,341,549)
Long-term reserved spare parts	148,991,115,516	-	109,307,114,725	-
Total	1,519,286,728,417	(19,656,934,730)	1,774,436,541,129	(2,466,341,549)

As at 31 December 2019, the Corporation made provision for devaluation of inventories which are merchandise having costs higher than their net realisable values with an amount of VND 19,656,934,730 (31 December 2018: VND 2,466,341,549).

11. PREPAYMENTS

	Closing balance	Opening balance
	VND	VND
Short-term		
Asset insurance premium prepayment	16,777,878,607	41,116,019,448
Tools and supplies	10,608,736,879	3,702,043,038
Others	2,340,760,101	8,654,931,286
	29,727,375,587	53,472,993,772
Long-term		
Cost of catalytic conversion of CO	10,776,145,929	-
Land and office rentals	5,999,981,657	10,572,929,492
Tools and supplies	9,859,651,102	7,941,007,680
Others	4,299,965,201	4,756,255,963
	30,935,743,889	23,270,193,135

12. INCREASES, DECREASES IN TANGIBLE FIXED ASSETS

	Buildings, structures	Machinery, equipment	Motor vehicles	Office equipment	Others	Total
	VND	VND	VND	VND	VND	VND
COST						
Opening balance	2,402,428,207,103	8,235,685,637,851	86,156,122,930	291,627,713,458	637,984,489,504	11,653,882,170,846
New purchases	-	3,685,527,152	4,183,361,000	13,357,643,205	-	21,226,531,357
Disposals	(41,887,579,808)	(1,115,309,709)	(2,372,789,709)	(312,189,851)	-	(45,687,869,077)
Reclassification	(75,086,000)	116,442,089	-	(41,356,089)	-	-
Closing balance	2,360,465,541,295	8,238,372,297,383	87,966,694,221	304,631,810,723	637,984,489,504	11,629,420,833,126
ACCUMULATED DEPRECIATION						
Opening balance	1,188,789,881,974	5,647,928,814,694	71,376,202,669	191,201,248,689	101,275,929,893	7,200,572,077,919
Charge for the year	136,580,105,740	266,326,962,194	3,860,745,657	34,546,769,113	95,246,586,049	536,561,168,753
Disposals	(36,427,835,768)	(1,115,309,709)	(2,169,802,607)	(312,189,851)	-	(40,025,137,935)
Reclassification	(9,668,608)	(2,845,999)	-	12,561,182	(46,575)	-
Closing balance	1,288,932,483,338	5,913,137,621,180	73,067,145,719	225,448,389,133	196,522,469,367	7,697,108,108,737
NET BOOK VALUE						
Opening balance	1,213,638,325,129	2,587,756,823,157	14,779,920,261	100,426,464,769	536,708,559,611	4,453,310,092,927
Closing balance	1,071,533,057,957	2,325,234,676,203	14,899,548,502	79,183,421,590	441,462,020,137	3,932,312,724,389

As stated in Note 23, the Corporation has pledged all the factories and equipment under the project on productivity enhancement of NH₃ workshop of Phu My Fertilizer Plant and construction of NPK Fertilizer Production Plant by applying chemical technology, which has the carrying value as at 31 December 2019 of VND 2,655,632,070,882 (31 December 2018: VND 2,913,426,547,573) to secure bank loans.

In 2019, the Corporation adjusted the depreciation period of tangible fixed assets of NPK workshop of Phu My Fertilizer plant from 01 January 2019 according to Resolution No. 153/NQ-PBHC dated 28 May 2019 of the Board of Directors approving adjustment of the depreciation period of fixed assets of NPK plant not exceeding 15 years. This change in depreciation rates of tangible fixed assets makes the depreciation expense in 2019 decrease by about VND 72 billion compared to the previous year's applications.

The cost of the Corporation's tangible fixed assets as at 31 December 2019 includes VND 6,217,712,574,240 (31 December 2018: VND 6,133,246,091,014) of tangible fixed assets which have been fully depreciated but are still in use.

13. INCREASES, DECREASES IN INTANGIBLE ASSETS

	Land use rights	Patent copyright	Computer software	Others	Total
	VND	VND	VND	VND	VND
COST					
Opening balance	863,853,207,162	175,819,275,927	83,599,267,704	15,819,633,154	1,139,091,383,947
Addition in the year	-	-	13,186,153,646	-	13,186,153,646
Closing balance	863,853,207,162	175,819,275,927	96,785,421,350	15,819,633,154	1,152,277,537,593
ACCUMULATED AMORTISATION					
Opening balance	36,401,779,513	173,163,781,437	59,128,014,436	10,483,348,525	279,176,923,911
Charge for the year	5,005,600,203	711,684,703	8,535,727,400	502,377,531	14,755,389,837
Closing balance	41,407,379,716	173,875,466,140	67,663,741,836	10,985,726,056	293,932,313,748
NET BOOK VALUE					
Opening balance	827,451,427,649	2,655,494,490	24,471,253,268	5,336,284,629	859,914,460,036
Closing balance	822,445,827,446	1,943,809,787	29,121,679,514	4,833,907,098	858,345,223,845

The cost of the Corporation's intangible assets as at 31 December 2019 includes VND 230,932,740,348 (31 December 2018: VND 229,805,800,348) of intangible assets which have been fully amortized but are still in use.

14. INCREASES, DECREASES IN INVESTMENT PROPERTIES

Investment properties held to earn rentals

	Land use rights	Buildings and structures	Total
	VND	VND	VND
COST			
Opening balance	99,499,152,000	235,057,715,544	334,556,867,544
Closing balance	99,499,152,000	235,057,715,544	334,556,867,544
ACCUMULATED DEPRECIATION			
Opening balance	8,652,660,333	75,520,944,913	84,173,605,246
Charge for the year	1,005,683,040	9,556,881,527	10,562,564,567
Closing balance	9,658,343,373	85,077,826,440	94,736,169,813
NET BOOK VALUE			
Opening balance	90,846,491,667	159,536,770,631	250,383,262,298
Closing balance	89,840,808,627	149,979,889,104	239,820,697,731

Investment properties represent land use rights and buildings, structures of Dong Tay Building at 27 Dinh Bo Linh Street, Ho Chi Minh City; Cuu Long Supermarket and Office Building in Ca Mau Province and PVFCCo Building at 43 Mac Dinh Chi Street, Ho Chi Minh City held by the Corporation to earn rentals.

List of Investment properties:

	Closing balance			Opening balance		
	VND	VND	VND	VND	VND	VND
	Accumulated Cost	Depreciation	Net Book Value	Accumulated Cost	Depreciation	Net Book Value
Dong Tay Building at 27 Dinh Bo Linh Street, Ho Chi Minh City	90,358,442,144	17,304,915,088	73,053,527,056	90,358,442,144	15,504,604,496	74,853,837,648
Cuu Long Supermarket-Office Building in Ca Mau Province	174,063,459,462	57,555,848,535	116,507,610,927	174,063,459,462	51,598,993,197	122,464,466,265
PVFCCo Building at 43 Mac Dinh Chi Street, Ho Chi Minh City	70,134,965,938	19,875,406,190	50,259,559,748	70,134,965,938	17,070,007,553	53,064,958,385
Total	334,556,867,544	94,736,169,813	239,820,697,731	334,556,867,544	84,173,605,246	250,383,262,298

According to VAS No. 05 - Investment Properties, fair value of investment properties at the balance sheet date is required to be disclosed. However, the Corporation has not determined the fair value as at 31 December 2019; therefore, no information about the fair value of investment properties as at 31 December 2019 is stated at the Notes to the consolidated financial statements.

15. CONSTRUCTION IN PROGRESS

	Closing balance VND	Opening balance VND
Construction in progress	145,846,801,849	136,578,490,420
In which:		
<i>NH₃ and NPK project (*)</i>	48,510,895,106	40,264,945,181
<i>Tay Ninh warehouse</i>	29,120,068,273	29,120,068,273
<i>Apartment buildings for employees</i>	36,342,070,618	36,342,070,618
<i>Other projects</i>	31,873,767,852	30,851,406,348

(*) The total value of the project on productivity enhancement of NH₃ workshop of Phu My Fertilizer Plant and construction of NPK Fertilizer Production Plant by applying chemical technology is pledged to secure the long-term loans from Vietnam Public Joint Stock Commercial Bank - Ho Chi Minh City Branch (see details in Note 23). In 2018, the Corporation recorded a temporary increase in fixed assets which have been transferred from the project on productivity enhancement of NH₃ workshop of Phu My Fertilizer Plant under Decision No. 94/QD-PBHC dated 07 March 2018 and from the project on construction of NPK Fertilizer Production Plant by applying chemical technology under Decision No. 398/QD-PBHC on 24 August 2018.

16. DEFERRED TAX ASSETS AND LIABILITIES

The following are the major deferred tax assets recognized by the Corporation, and the movements thereof, in the year and the prior financial year:

Deferred tax assets

	Provision for short-term doubtful debts	Accrued expenses not yet billed	Unearned revenue	Others	Total
	VND	VND	VND	VND	VND
As at 01/01/2018	12,344,776,946	55,915,670,339	3,923,230,924	7,800,641,717	79,984,319,926
Charge for the year	(5,630,910,495)	(7,916,090,465)	2,971,850,136	(266,357,720)	(10,841,508,544)
As at 01/01/2019	6,713,866,451	47,999,579,874	6,895,081,060	7,534,283,997	69,142,811,382
Charge for the year	(6,343,891,155)	19,973,284,735	(1,701,219,687)	310,881,795	12,239,055,688
As at 31/12/2019	369,975,296	67,972,864,609	5,193,861,373	7,845,165,792	81,381,867,070

Deferred tax liabilities

	Current year
	VND
Opening balance	132,540,000,000
Closing balance	132,540,000,000

17. SHORT-TERM TRADE PAYABLES

	Closing balance		Opening balance	
	VND Amount	VND Amount able to be paid off	VND Amount	VND Amount able to be paid off
Baker Hughes Asia Pacific Ltd Co.	9,180,250,506	9,180,250,506	24,111,432,613	24,111,432,613
Uralkali Trading SIA	83,767,975,000	83,767,975,000	-	-
Related parties (see in Note 36)	282,147,171,291	282,147,171,291	289,651,178,463	289,651,178,463
Others	103,469,771,372	103,469,771,372	101,939,093,513	101,939,093,513
	478,565,168,169	478,565,168,169	415,701,704,589	415,701,704,589

18. SHORT-TERM ADVANCES FROM CUSTOMERS

	Closing balance VND	Opening balance VND
Hung Thanh Company Limited	12,935,543,000	1,500,000
Minh Dung Commercial and Services one-member Limited Company	10,273,250,000	15,204,420,000
Related parties (as presented in Note 36)	18,923,588	169,381,671
Others	57,609,389,652	53,268,616,361
	80,837,106,240	68,643,918,032

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

Items	Movement during the year			Closing balance VND
	Opening balance VND	Increase VND	Decrease VND	
Tax receivables				
Corporate income tax	3,948,417,432	-	795,598,658	3,152,818,774
Personal income tax	1,432,710,998	1,684,975,381	1,432,710,998	1,684,975,381
Total	5,381,128,430	1,684,975,381	2,228,309,656	4,837,794,155

Items	Movement during the year			Closing balance VND
	Opening balance VND	Amount payable VND	Amount paid VND	
Tax payables				
VAT on domestic goods	4,998,652,880	27,280,352,897	29,209,295,786	3,069,709,991
VAT on imports	-	7,068,529,971	7,068,529,971	-
Import-export duties	-	8,827,272,072	8,827,272,072	-
Corporate income tax	16,827,079,267	89,659,234,322	45,844,375,272	60,641,938,317
Personal income tax	1,150,780,585	31,969,519,804	31,262,992,831	1,857,307,558
Natural resource tax	262,162,560	2,592,925,440	2,612,864,640	242,223,360
Environmental protection tax	14,428,240	1,315,343,900	852,326,340	477,445,800
License tax	-	18,000,000	18,000,000	-
Foreign contractor tax	-	755,139,615	755,139,615	-
Other taxes	-	1,439,426,479	1,439,426,479	-
Total	23,253,103,532	170,925,744,500	127,890,223,006	66,288,625,026

20. SHORT-TERM ACCRUED EXPENSES

	Closing balance VND	Opening balance VND
Accruals for construction in progress	361,100,158,347	430,795,403,163
Gas transportation expenses	189,037,570,686	-
Accrued interest	43,021,018,440	41,691,165,925
Accruals for freight and loading expenses	15,433,413,873	22,809,833,054
Social security expense	11,243,414,498	13,997,804,495
Accruals for repairing and maintenance costs for Phu My Fertilizer Factory	8,291,623,939	11,838,368,461
Accruals for discount for agencies	-	7,808,091,826
Others	50,164,853,274	51,289,836,007
	678,292,053,057	580,230,502,931

(*) Gas transportation expenses are estimated for 2019 is USD 1.4315/MMBTU based on Resolution No. 427/NQ-DKVN dated 21 January 2020 of Vietnam Oil and Gas Group on the "Gas supply plan between PetroVietnam Gas Corporation - JSC (PVGas) and PetroVietnam Fertilizer and Chemicals Corporation (PVFCCo) in the 2019-2020 period ". Accordingly, the percentage of additional gas supply (when the gas sources of Bach Ho, Rong - Doi Moi Block are not sufficient) for the Corporation in 2019 is 50% of Cuu Long gas and 50% of Nam Con Son gas, leading to the increase of gas transportation expense of about VND 189 billion in 2019.

21. OTHER PAYABLES

	Closing balance VND	Opening balance VND
Short-term payables		
Dividends payable	26,449,417,989	25,951,218,689
Advance from insurance refund	19,000,000,000	-
Short-term deposits received	8,875,414,575	6,972,577,801
Other short-term payables	25,790,826,969	21,401,739,812
	80,115,659,533	54,325,536,302
Other long-term payables		
Long-term deposits received	960,870,000	960,870,000
	960,870,000	960,870,000

22. PROVISION PAYABLES

	Closing balance VND	Opening balance VND
Short-term		
Accrued repair and maintenance costs for Phu My Fertilizer Plant in 2020	301,977,907,105	-
Accrued maintenance costs for Gas Turbine in 2020	10,670,100,141	-
	312,648,007,246	-
Long-term		
Accrued repair and maintenance costs for Phu My Fertilizer Plant in 2020	-	160,865,000,003
Accrued maintenance costs for Gas Turbine in 2020	-	6,325,364,913
	-	167,190,364,916

23. LOANS AND OBLIGATIONS UNDER FINANCE LEASES

Item	Opening balance		Movement in the year		Closing balance	
	Amount	VND	Increase	Decrease	Amount	VND
Long-term						
Vietnam Public Joint Stock Commercial Bank - Ho Chi Minh Branch (i)	1,203,849,399,911	1,203,849,399,911	128,235,454,522	91,188,561,191	1,240,896,293,242	1,240,896,293,242
Short-term						
Joint Stock Commercial Bank for Investment and Development of Vietnam - Binh Dinh Branch	30,000,000,000	30,000,000,000	46,580,225,000	-	-	-
Total	1,233,849,399,911	1,233,849,399,911	174,815,679,522	167,768,786,191	1,240,896,293,242	1,240,896,293,242
In which:						
Amount due for settlement within 12 months	201,978,485,702	201,978,485,702	-	-	177,270,899,255	177,270,899,255
Amount due for settlement after 12 months	1,031,870,914,209	1,031,870,914,209	-	-	1,063,625,393,987	1,063,625,393,987

(i) The balance of loan and obligations under finance leases balance represents the loan under the Loan Agreement No. 639/2016/PVFCCo-PVB/HDTG dated 25 October 2016 between Vietnam Public Joint Stock Commercial Bank - Ho Chi Minh City Branch and the Corporation with the credit limit of VND 2,628,000,000,000 in order to finance the projects on productivity enhancement of NH₃ workshop of Phu My Fertilizer Plant and construction of NPK Fertilizer Production Plant by applying chemical technology. The maximum loan term is 108 months, the grace period is up to 24 months from the date of the first disbursement (i.e. 09 February 2017) or an earlier date as determined by the lender when the projects are completed and start generating revenue. The interest rate is determined by the reference interest rate plus the margin interest rate (2.5% per annum). The interest is calculated based on the actual outstanding balance and payable every 6 months.

As at 31 December 2019, the total loan amounts that have been disbursed were VND 884,907,603,943 and USD 15,324,524. The Corporation has pledged the entire value of the projects on productivity enhancement of NH₃ workshop of Phu My Fertilizer Plant and construction of NPK Fertilizer Production Plant applying chemical technology to secure the loans.

Long-term loans are repayable as follows:

	Closing balance VND	Opening balance VND
Within one year	177,270,899,255	171,978,485,702
In the second year	177,270,899,255	171,978,485,702
In the third to fifth year inclusive	531,812,697,104	515,935,457,104
After five year	354,541,797,628	343,956,971,403
	1,240,896,293,242	1,203,849,399,911
Less: Amount due for settlement within 12 months (shown under current liabilities)	177,270,899,255	171,978,485,702
Amount due for settlement after 12 months	1,063,625,393,987	1,031,870,914,209

24. OWNERS' EQUITY

Movement in owners' equity

	Owners' contributed capital		Share premium		Treasury shares		Investment and development fund		Retained earnings		Non-controlling interests		Total	
	VND	VND	VND	VND	VND	VND	VND	VND	VND	VND	VND	VND	VND	VND
Prior period's opening balance	3,914,000,000,000	21,179,913,858	(2,296,824,120)	3,497,039,984,859	442,169,277,324	171,132,492,276	8,043,224,844,197							
Profit for the year	-	-	-	-	699,593,467,601	12,880,733,113	712,474,200,714							
Distribution to bonus and welfare funds	-	-	-	-	(92,710,063,683)	(2,820,021,228)	(95,530,084,911)							
Dividends declared	-	-	-	-	(391,334,260,000)	(13,225,000,000)	(404,559,260,000)							
Other adjustments	-	-	-	-	(449,881,276)	(149,960,427)	(599,841,703)							
Prior period's closing balance	3,914,000,000,000	21,179,913,858	(2,296,824,120)	3,497,039,984,859	657,268,539,966	167,818,243,734	8,255,009,858,297							
Current period's opening balance	3,914,000,000,000	21,179,913,858	(2,296,824,120)	3,497,039,984,859	657,268,539,966	167,818,243,734	8,255,009,858,297							
Profit for the year	-	-	-	-	377,703,325,589	11,156,546,070	388,859,871,659							
Distribution to bonus and welfare funds (1)	-	-	-	-	(77,492,951,528)	(2,557,073,845)	(80,050,025,373)							
Dividends declared (2)	-	-	-	-	(391,334,260,000)	(11,050,000,000)	(402,384,260,000)							
Current period's closing balance	3,914,000,000,000	21,179,913,858	(2,296,824,120)	3,497,039,984,859	566,144,654,027	165,367,715,959	8,161,435,444,583							

(1) Distributions to bonus and welfare funds in the year are made as per the relevant Resolutions passed at the General Shareholders' Meeting of the Corporation and its subsidiaries.

(2) In 2019, the Corporation and its subsidiaries declared to pay the remaining dividends from the 2018 retained earnings amounting to VND 391,334,260,000 and VND 44,200,000,000 under Resolutions passed at their General Shareholders' Meetings. The Corporation and its subsidiaries paid almost of these dividend in 2019, the remaining amount of VND 26,449,417,989 will be paid in the future.

Shares	Closing balance	Opening balance
Number of shares issued to public		
+ Common shares	391,400,000	391,400,000
+ Preferred shares	-	-
Number of treasury shares		
+ Common shares	65,740	65,740
+ Preferred shares	-	-
Number of outstanding shares in circulation		
+ Common shares	391,334,260	391,334,260
+ Preferred shares	-	-

A common share has par value of VND 10,000.

Charter capital

According to Business Registration Certificate No. 4103007696 dated 31 August 2007 and its latest amendment dated 16 January 2019 issued by the Department of Planning and Investment of Ho Chi Minh City, the Corporation's charter capital is VND 3,914,000,000,000. The charter capital was fully contributed by the shareholders as at 31 December 2019 as follows:

Shareholders	According to the latest Business Registration Certificate		Contributed capital	
	VND	%	Closing balance VND	Opening balance VND
Vietnam Oil and Gas Group	2,332,042,530,000	59.58	2,332,042,530,000	2,332,042,530,000
Others	1,581,957,470,000	40.42	1,581,957,470,000	1,581,957,470,000
	3,914,000,000,000	100%	3,914,000,000,000	3,914,000,000,000

Dividends

In accordance with Resolution No. 41/NQ-DHDCD dated 17 April 2019 of General Meeting of Shareholders of the Corporation, shareholders approved the plan for distributing profit to funds and declaring dividends from 2019 retained earnings, accordingly, the total dividends for 2019 are estimated at VND 391,334,260,000, equivalent to 10% of the par value.

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

	Owners' contributed capital	Investment and development fund	Retained earnings	Total
	VND	VND	VND	VND
Opening balance	128,750,000,000	17,408,375,673	21,659,868,061	167,818,243,734
Profit for the year	-	-	11,156,546,070	11,156,546,070
Distributions to bonus and welfare funds	-	-	(2,557,073,845)	(2,557,073,845)
Dividends declared	-	-	(11,050,000,000)	(11,050,000,000)
Closing balance	128,750,000,000	17,408,375,673	19,209,340,286	165,367,715,959

25. OFF BALANCE SHEET ITEMS

	Unit	Closing balance	Opening balance
Foreign currencies			
- United States Dollar	USD	107,256	115,741
- Euro	EUR	32,527	32,538

26. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments:

The Corporation and its subsidiaries operate in the same industry with relatively interrelated business activities. The Corporation and its subsidiaries' principal activities are production and trade of fertilizers and other chemical products used in agriculture.

Accordingly, the information as presented in the consolidated balance sheet as at 31 December 2019 and the revenue, expenses as presented in the consolidated income statement for the year ended 31 December 2019 relate to the trade of fertilizers and chemicals only. Revenue and cost of sales by product line and business are presented in Note 27.

Geographical segments:

The Corporation distributes fertilizer, chemicals, packages, and provides related services nationwide via its subsidiaries in each region, including the North, Central Region - Central Highlands, Southeast, Southwest and Ho Chi Minh City. During the year, the Corporation exported its products with the revenue of approximately VND 9.7 billion, accounting for negligible proportion of gross revenue from goods sold and services rendered of the Corporation. Thus, most of the production and business activities of the Corporation during the year were carried out inside the territory of Vietnam.

27. NET REVENUE AND COST OF SALES

	Locally-produced products	Imported goods	Total
	VND	VND	VND
Current year			
Net revenue	6,031,489,758,779	1,652,051,449,279	7,683,541,208,058
Cost of sales	(4,693,121,813,856)	(1,588,326,440,750)	(6,281,448,254,606)
Gross profit	1,338,367,944,923	63,725,008,529	1,402,092,953,452
Prior year			
Net revenue	6,610,506,937,573	2,686,604,612,836	9,297,111,550,409
Cost of sales	(4,852,910,819,135)	(2,544,729,439,758)	(7,397,640,258,893)
Gross profit	1,757,596,118,438	141,875,173,078	1,899,471,291,516

Details of revenue from trading locally-produced products are as follows:

	Current year VND	Prior year VND
Sales of fertilizers	5,559,476,508,658	6,089,913,086,689
Sales of chemicals	496,042,944,352	534,459,992,590
Others	54,811,753,201	50,677,528,144
	6,110,331,206,211	6,675,050,607,423
Sales discounts	78,841,447,432	64,543,669,850
	6,031,489,758,779	6,610,506,937,573
Sales in the period with related parties (as presented in Note 36)	144,177,412,348	105,204,372,247

Details of cost of sales with regard to trade of locally-produced products are as follows:

	Current year VND	Prior year VND
Cost of fertilizers sold	4,250,700,169,194	4,438,283,341,993
Cost of chemicals sold	398,655,592,016	371,588,587,206
Others	43,766,052,646	43,038,889,936
	4,693,121,813,856	4,852,910,819,135

28. PRODUCTION COST BY NATURE

	Current year VND	Prior year VND
Raw materials and consumables	3,347,003,286,578	3,659,146,392,565
Labour cost	518,289,603,894	492,459,098,269
Depreciation and amortisation	561,879,123,157	519,256,652,582
Out-sourced services	757,312,810,779	887,682,296,362
Other monetary expenses and provision	459,726,088,814	546,254,382,715
	5,644,210,913,222	6,104,798,822,493

29. FINANCIAL INCOME

	Current year VND	Prior year VND
Interest income	136,143,869,942	122,849,576,673
Dividends and profits received	2,704,666,045	181,891,900
Foreign exchange gain	1,164,889,509	626,977,463
	140,013,425,496	123,658,446,036

30. FINANCIAL EXPENSES

	Current year VND	Prior year VND
Interest expenses	106,897,449,564	62,586,468,519
Provision for impairment of long-term investments	(130,960,763)	(146,244,087)
Foreign exchange loss	870,067,956	11,355,986,774
Others	-	1,783,157
	107,636,556,757	73,797,994,363

31. SELLING EXPENSES AND GENERAL AND ADMINISTRATION EXPENSES

	Current year VND	Prior year VND
Selling expenses in the year		
Transportation, loading/uploading and storages expenses	220,958,605,457	250,787,019,731
Salesperson costs	84,633,315,554	87,515,125,740
Social security, advertisement, communication	125,934,742,184	131,248,631,173
Others	123,231,339,375	142,771,376,881
	554,758,002,570	612,322,153,525
General and administration expenses in the year		
Administration staff costs	158,895,319,255	147,339,970,519
Administration fee paid to the Group	-	31,270,942,893
Depreciation and amortisation	76,460,401,639	85,123,242,211
Others	179,984,095,066	221,976,138,764
	415,339,815,960	485,710,294,387

32. CURRENT CORPORATE INCOME TAX EXPENSE

	Current year VND	Prior year VND
Corporate income tax expense based on taxable income in the current year	90,454,832,980	130,996,067,924
Adjustments for corporate income tax expenses in previous years to the current year	-	16,303,752,044
Total current corporate income tax expense	90,454,832,980	147,299,819,968

33. BASIC EARNINGS PER SHARE

The calculation of basic earnings per share allocated to shareholders with ordinary shares of the Corporation is as follows:

	Curent year		Prior year (Restated)
	VND	VND	VND
Profit after corporate income tax attributable to the Holding Company	377,703,325,589	699,593,467,601	
- Distribution to Bonus and Welfare funds	(39,807,242,016)	(130,395,773,196)	
Earnings for the purpose of calculating basic earnings per share	337,896,083,573	569,197,694,405	
Weighted average number of ordinary shares in circulation during the period	391,334,260	391,334,260	
Basic earnings per share	863	1,455	

(*) At the preparing date of these consolidated financial statements, the Corporation has estimated the distribution of profit after tax for the year ended 31 December 2019 that can be made to the bonus and welfare fund in accordance with the 2019 business plan, which was approved by the Annual General Meeting of Shareholders in 2019. This amount might be subject to change upon the final decision of the 2020 Annual General Meeting of Shareholders.

The basic earnings per share for the year ended at 31 December 2018 were restated due to the effect from distribution of profit after tax of 2018 under the Resolutions approved by the General Shareholders' Meetings of the Corporation and its subsidiaries.

	Prior year	
	Reported amount VND	Restated amount VND
Profit after corporate income tax	699,593,467,601	699,593,467,601
- Distribution to Bonus and Welfare funds	(92,710,063,683)	(130,395,773,196)
Earnings for the purpose of calculating basic earnings per share	606,883,403,918	569,197,694,405
Weighted average number of ordinary shares in circulation during the year	391,334,260	391,334,260
Basic earnings per share	1,551	1,455

34. COMMITMENTS

Operating lease commitments

At the balance sheet date, the Corporation has non-cancellable operating lease commitments with the following payment schedule :

	Closing balance VND	Opening balance VND
Within one year	18,787,639,051	17,837,635,440
In the second to fifth years inclusive	63,844,300,203	61,964,285,761
After five years	371,545,801,219	387,276,786,005
	454,177,740,473	467,078,707,206

Operating lease payments represent the total amounts that are payable by the Corporation and its subsidiaries for land lease for construction of workshops and warehouses, and for office lease.

35. CONTINGENT LIABILITIES

As at 31 December 2019, the Corporation had reciprocal guarantee commitments with Vietnam Oil and Gas Group ("PVN") relating to the guarantee obligations of PVN for medium and long-term borrowings of PetroVietnam Petrochemical and Textile Fiber Joint Stock Company ("PVTEX") - the Corporation's associate. Accordingly, the Corporation was committed to pay to PVN the amount equal to principals, interest, other relating expenses and incurring financial losses which PVN had paid to the banks corresponding to the Corporation's capital contribution in PVTEX. The repayment will be implemented within 45 days starting from the date when PVN sends the official letter requiring the Corporation to make payment. The Corporation has issued Official Letter No. 2668/PBHC-HĐQT dated 22 December 2017 to inform PVN of legal problems in fulfilling its obligations relating to the reciprocal guarantee commitment.

Up to 31 December 2019, the Corporation has paid PVN an amount of more than VND 107.8 billion relating to the guarantee commitment obligation, this amount was recorded as other receivables from PVTEX.

As at 31 December 2019, the loans and interest which are secured by all the assets of project "Dinh Vu Polyester Fiber Plant" and the guarantee obligations of PVN and the Corporation (as presented above) had the total amount of collaterals of about VND 5,400 billion.

According to Official Letter No. 9792/CV-KHDN dated 31 December 2014 issued by Joint Stock Commercial Bank for Investment and Development of Vietnam on restructuring the loans for the construction of Dinh Vu Polyester Fiber Plant, the period to repay the remaining principal balance is from 21 June 2017 to 21 June 2029. As of 31 December 2019, the Corporation has a contingent liability of about VND 422 billion corresponding to the Corporation's capital proportion in PVTEX. The relevant contingent liability in the upcoming years is uncertain and dependent on the plan on handling of PVTEX's outstanding problems and PVTEX's sources of funds to cover its debts as approved by competent authorities.

36. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties are:

Parent Company - Vietnam Oil and Gas Group (PetroVietnam)

Associates

Fellow subsidiaries

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

	Current year VND	Prior year VND
Vietnam Oil and Gas Group (PetroVietnam)		
Dividends	233,204,253,000	233,204,253,000
Management fee	-	31,270,942,893
	233,204,253,000	295,746,138,786
Sales		
PetroVietnam Ca Mau Fertilizer Joint Stock Company (PVCFC)	95,299,921,626	4,812,719,792
Vietsovpetro Joint Venture	18,458,003,972	6,661,240,817
PetroVietnam Gas Joint Stock Corporation (PV Gas)	13,937,592,000	16,460,101,818
PetroVietnam Exploration Production Corporation (PVEP)	16,450,713,600	52,104,052,400
PetroVietnam Northern Gas Joint Stock Company	31,181,150	15,253,204,800
Drilling Mud Joint Stock Corporation (DMC)	-	9,913,052,620
	144,177,412,348	105,204,372,247
Purchases		
PetroVietnam Gas Joint Stock Corporation (PV Gas)	2,218,029,708,065	2,848,063,774,202
Dam Phu My Packaging JSC	166,968,446,250	220,695,316,310
PVI Holdings	34,135,997,346	102,549,394,743
PTSC Phu My Port JSC	22,696,772,612	29,060,222,731
PetroVietnam Transportation Corporation (PVTrans)	12,198,838,061	14,503,775,983
PetroVietnam Security Service JSC	11,457,350,503	8,454,255,212
PetroVietnam Oil Corporation (PV Oil)	7,669,212,714	32,307,506
Petrovietnam Maintenance and Repair Corporation (PVMR)	3,201,325,000	8,091,328,665
PetroVietnam Technical Safety Registration Company Limited	1,634,326,649	5,665,142,625
Vietnam Petroleum Institute (VPI)	643,529,170	1,247,374,610
PetroVietnam Technical Services Corporation (PTSC)	-	537,002,414,894
PetroVietnam General Services Joint Stock Corporation (Petrosetco)	42,012,960	13,039,616,559
PetroVietnam Ca Mau Fertilizer Joint Stock Company (PVCFC)	-	1,217,000,318
PVD Offshore Co., Ltd	-	8,215,312,094
	2,478,677,519,330	3,797,837,236,452

Related party balances as at 31 December 2019 were as follows:

	Closing balance VND	Opening balance VND
Trade receivables		
PetroVietnam Ca Mau Fertilizer Joint Stock Company (PVCFC)	23,158,780,831	2,357,563,767
PetroVietnam Gas Joint Stock Corporation (PV Gas)	2,101,105,600	2,331,912,000
Vietsovpetro Joint Venture	4,565,624,000	-
PetroVietnam Technical Services Corporation (PTSC)	1,150,847,875	1,860,734,745
PTSC Phu My Port JSC	909,521,521	463,550,178
PetroVietnam Petrochemical and Textile Fiber JSC (PVTEX)	195,253,105	195,253,105
PetroVietnam Exploration Production Corporation	-	9,474,124,000
	32,081,132,932	16,683,137,795
Advances to suppliers		
Dam Phu My Packaging JSC	2,790,396,000	17,900,310,000
PetroVietnam Urban Development Joint Stock Company (PVC Mekong)	4,860,607,417	4,860,607,417
	7,651,003,417	22,760,917,417
Other short-term receivables		
PetroVietnam Petrochemical and Textile Fiber JSC (PVTEX)	114,509,081,543	114,509,081,543
PetroVietnam Trade Union Finance Investment Corporation (PVFI)	110,143,267,289	110,143,267,289
	224,652,348,832	224,652,348,832
Trade payables		
PetroVietnam Gas Joint Stock Corporation (PV Gas)	210,276,167,229	234,392,662,645
PVI Insurance Hochiminh City	26,194,525,862	1,616,943,611
Dam Phu My Packaging JSC	17,479,010,350	16,651,835,200
PetroVietnam Technical Services Corporation (PTSC)	16,366,736,381	29,566,736,449
PTSC Phu My Port JSC	7,232,372,204	-
PetroVietnam Urban Development Joint Stock Company (PVC Mekong)	3,221,660,677	3,221,660,677
PetroVietnam Transportation Corporation (PVTrans)	1,350,183,600	1,320,968,908
PetroVietnam General Services Joint Stock Corporation (Petrosetco)	-	634,728,901
Vietnam Oil and Gas Group (PetroVietnam)	-	1,506,945,892
Vietnam Petroleum Institute (VPI)	26,514,988	738,696,180
	282,147,171,291	289,651,178,463

	Closing balance VND	Opening balance VND
Advances from customers		
PVI Insurance Hochiminh City	18,923,588	-
PetroVietnam Gas Joint Stock Corporation (PV Gas)	-	139,075,313
Drilling Mud Joint Stock Corporation (DMC)	-	30,306,358
	18,923,588	169,381,671
Accruals		
PetroVietnam Gas Joint Stock Corporation (PV Gas)	189,037,570,686	-
	189,037,570,686	-
Loans and obligations under finance leases		
Vietnam Public Joint Stock Commercial Bank - Ho Chi Minh Branch	1,240,896,293,242	1,203,849,399,911
	1,240,896,293,242	1,203,849,399,911

37. SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Supplemental non-cash disclosures

Cash outflows for purchases of fixed assets and construction in progress during the year exclude an amount of VND 28,265,414,752 (In 2018: VND 465,590,840,231), representing an addition in fixed assets and construction in progress during the year that has not yet been paid for. Consequently, changes in payables have been adjusted by the same amount.

Interest paid during the year excludes VND 8,941,939,292 (In 2018: VND 1,625,552,397), representing the interest amount of the long-term loan for the year which has been added to the principal amount. Consequently, interest paid and proceeds from borrowings have been adjusted by the same amount.

Interest paid during the year excludes VND 43,021,018,440 (In 2018: VND 41,665,275,514), representing the unpaid interest amount of the long-term loan for the year. Consequently, changes in payables have been adjusted by the same amount.

Proceeds from borrowings in the year exclude VND 41,665,275,514, representing the interest amount of the long-term loan for the year which has been added to the principal amount. Consequently, proceeds from borrowings and payables have been adjusted by the same amount.

Dividends and profits paid to shareholders during the year exclude VND 26,449,417,989 (In 2018: VND 25,951,218,689), representing the amount of dividends declared but not yet paid to shareholders. Consequently, changes in payables have been adjusted by the same amount.

Unused cash and cash equivalents held by enterprises

At 31 December 2019, cash and cash equivalents include a 3-month term deposit of the Corporation at Ocean Commercial One Member Limited Liability Bank (formerly known as Ocean Commercial Joint Stock Bank) with the amount of more than VND 284 billion. According to Official Letter No. 5351/2016/CV-OCEANBANK dated 4 October 2016 and Official Letter No. 60/2018/CV-OCEANBANK dated 28 December 2018, Ocean Commercial One Member Limited Liability Bank commits to pay customers' deposits according to the payment schedule in the bank restructuring scheme, which is submitted to the State Bank of Vietnam and the Government for approval.

Tran Xuan Thao
Preparer

Vo Ngoc Phuong
Chief Accountant

Le Cu Tan
Chief Executive Officer

20 March 2020



Financial report by the Corporation and online version of Annual Reports to be found at the website: www.dpm.vn www.dpm.vn