

SEPARATE FINANCIAL STATEMENTS

PETROVIETNAM ENGINEERING CONSULTANCY JOINT STOCK COMPANY

For the fiscal year ended as at 31/12/2019
(audited)



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REPORT OF THE BOARD OF GENERAL DIRECTORS

The Board of General Directors of Petrovietnam Engineering Consultancy Joint Stock Company ("the Corporation") presents its report and the Corporation's Separate Financial Statements for the fiscal year ended as at 31 December 2019.

THE CORPORATION

Petrovietnam Engineering Consultancy Joint Stock Company ("The Corporation") was established in the Socialist Republic of Vietnam under Certificate of Business registration No. 0301479273, replacing the Certificate of Business registration No. 4103003829 issued by Ho Chi Minh City Department of Investment and Planning on 14 September 2005.

The Corporation was transformed from Petrovietnam Investment Construction Consultancy Company, a state-owned company and a member of the Vietnam Oil and Gas Group ("Petrovietnam"). In accordance with Resolution No. 1894/NQ-DKVN dated 9 August 2010 issued by the Members Council of Petrovietnam, the Corporation operates under holding - subsidiary and changed its name to Petrovietnam Engineering Consultancy Joint Stock Company under Certificate of Business registration for the 10th re-registered on 13 May 2011.

The Corporation's head office is located at: 10th Floor, PV Gas Tower, No. 673 Nguyen Huu Tho, Nha Be District, Ho Chi Minh City.

BOARD OF MANAGEMENT, BOARD OF GENERAL DIRECTORS AND BOARD OF SUPERVISION

The members of The Board of Management during the fiscal year and to the reporting date are:

Mr. Le Huu Bon	Chairman
Mr. Do Van Thanh	Member
Mr. Dinh Van Dinh	Member
Mr. Fong Nyuk Loon	Member
Mr. Le Thai Thanh	Independent Member

The members of The Board of General Directors during the fiscal year and to the reporting date are:

Mr. Ngô Ngọc Thuong	General Director	(Appointed on 20/07/2021)
Mr. Do Van Thanh	General Director	(Resigned on 20/07/2021)
Mr. Pham Thanh Minh	Vice General Director	(Resigned on 23/09/2019)
Mr. Ngô Ngọc Thuong	Vice General Director	(Resigned on 20/07/2021)
Mr. Le Viet Hoai	Vice General Director	

The members of the Board of Supervision are:

Mr. Nguyen Ngoc Hai	Head of Control Department
Mrs. Tran Thi Hanh Thuc	Member
Mr. Do Manh Hao	Member

AUDITORS

The auditors of the AASC Auditing Firm Company Limited take the audit of Separate Financial Statements for the Corporation.

STATEMENT OF THE BOARD OF GENERAL DIRECTORS' RESPONSIBILITY IN RESPECT OF THE SEPARATE FINANCIAL STATEMENTS

The Board of General Directors is responsible for the Separate Financial Statements which give a true and fair view of the financial position of the Corporation, its operating results and its cash flows for the year. In preparing those Separate Financial Statements, the Board of General Directors is required to:

- Establish and maintain of an internal control system which is determined necessary by The Board of General Directors and Those charged with governance to ensure the preparation and presentation of Separate Financial Statements do not contain any material misstatement caused by errors or frauds;
- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Separate Financial Statements;
- Prepare the Separate Financial Statements on the basis of compliance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of Financial Statements;
- Prepare the Separate Financial Statements on going concern basis unless it is inappropriate to presume that the Corporation will continue in business.

The Board of General Directors is responsible for ensuring that accounting records are kept to reflect the financial position of the Corporation, with reasonable accuracy at anytime and to ensure that the Separate Financial Statements comply with the registered accounting system. It is responsible for safeguarding the assets of the Corporation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of General Directors, confirm that the Separate Financial Statements give a true and fair view of the financial position at 31 December 2019, its operation results and cash flows in the year 2019 of the Corporation in accordance with the Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of Financial statements.

Other commitments

The Board of General Directors pledges that the Corporation complies with Decree 71/2017/ND-CP on 06 June 2017 guiding on corporate governance applicable to public companies.

On behalf of The Board of General Directors



Ngo Ngoc Thuong

General Director

Ho Chi Minh City, 01 December 2021

INDEPENDENT AUDITORS' REPORT

**To: Shareholders, The Board of Management and The Board of General Directors
Petrovietnam Engineering Consultancy Joint Stock Company**

We have audited the Separate Financial Statements of Petrovietnam Engineering Consultancy Joint Stock Company prepared on 01 December 2021, as set out on pages 07 to 46, including: Separate Statement of Financial position as at 31 December 2019, Separate Statement of Income, Separate Statement of Cash flows and Notes to the Separate Financial Statements for the fiscal year ended as at 31 December 2019.

The Board of General Directors' responsibility

The Board of General Directors is responsible for the preparation and presentation of Separate Financial Statements that give a true and fair view in accordance with Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and the statutory requirements relevant to the preparation and presentation of Financial Statements and for such internal control as management determines is necessary to enable the preparation and presentation of Separate Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Separate Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Separate Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and presentation of Separate Financial Statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of General Directors, as well as evaluating the overall presentation of the Separate Financial Statements.

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

Basis for qualified opinion

We have fully conducted necessary audit procedures but we were unable to obtain sufficient appropriate audit evidences to evaluate the impacts of following matters onto the Separate Financial Statements for the fiscal year ended 31 December 2019:

- Because the time of appointment as an auditor is far from the end of the fiscal year, we were not able to conduct observation procedure the counting of cash, inventories, fixed assets with the value as at 31/12/2019 was VND 6,395,813,183, VND 179,055,003,252 and VND 18,267,970,959 respectively. Therefore, we were unable to evaluate the impacts of such matter onto the Separate Financial Statements.

- As in Note No. 06 of Separate Financial Statements, the Corporation has recorded the outstanding balance of receivables according to the progress of construction contracts of Con Dao Wind Power, Bio Ethanol Binh Phuoc Plant, Block B O Mon projects for a long time with the value of VND 52,922,257,611 as at 01/01/2019 and 31/12/2019. We have not been provided with relevant documents of these projects, therefore we cannot assess the conformity of recognizing accumulated revenue, accumulated cost and recover ability of this receivable, consequently, we were unable to determine whether any adjustments to relevant items on Separate Financial Statements for the fiscal year ended 31/12/2019 were necessary.
- The Corporation has recorded the outstanding balance of other short-term receivables for a long time with the value of VND 34,006,275,949 and VND 37,717,627,956 as at 01/01/2019 and 31/12/2019, respectively. We cannot assess the recoverability of these receivables, consequently, we were unable to determine whether any provisions to these amounts were necessary.
- We were unable to assess the existence and net realizable value, the provision for devaluation of inventories need to be appropriated for the Nghi Son – Thanh Hoa project, Block B O Mon project and Feed Ca Mau project. The value of work in progress of these 03 works is being recoded in the item "Inventories" on the Separate Statement of Financial Position with a total value of VND 143,233,286,012 and VND 143,243,630,739 as at 01/01/2019 and 31/12/2019 respectively (Detailed as in Note No.11)
- As in Note No. 9(b) of Separate Financial Statements, the Corporation has presented contributed capital under Business cooperation contract ("BCC") between the Corporation, Petrovietnam Gas Joint Stock Corporation, Phu Long Real estate Joint Stock Company with the value of VND 145,955,758,140 as at 01/01/2019 and 31/12/2019. At the reporting date, the Corporation has not recognized income summary from BCC for the period from 01/01/2016 to 31/12/2019 as the parties of BCC have not agreed with the adjustment of method to share and finalize income statement for the period from 2016 up to date. We were unable to obtain sufficient appropriate evidence about income summary from BCC up to 31/12/2019, therefore, we were unable to determine whether any adjustments to these amounts were necessary.
- As in Note No. 39 of Separate Financial Statements, the Corporation and subsidiary, Petrovietnam Engineering (Malaysia) Sdn. Bhd, are in dispute with the general contractor of the RAPID refinery and petrochemical complex in Malaysia, related to extra charges that are in the process of being negotiated with the general contractor. At the reporting date of this Separate Financial Statements, the Economic Arbitration in Malaysia has verdicts, however, the parties have not yet accepted these verdicts and have submitted the case to International Chamber of Commerce Arbitration for further dispute settlement. By the audit procedures performed, we were unable to obtain sufficient appropriate audit evidences to evaluate whether the Corporation's ability to win in the above case or not, therefore, we were unable to evaluate the impacts of such matters onto relevant items on Separate Financial Statements, including: Investment in subsidiaries, short-term trade receivables, short-term loan receivables and other short-term receivables as presented in Note No. 4(b), 5, 8, and 9(a) on Separate Financial Statements with the amount of VND 5,348,772,150, VND 51,208,360,259, VND 232,558,131,254 and VND 126,802,997,845 respectively.

In addition, the Corporation has reflected the outstanding balance of receivables from construction contracts that have been confirmed by customers but have not yet issued invoices on the item "Receivables according to the progress of construction contracts" which is not in accordance with the current accounting regulations. The Corporation's records indicate that if the current accounting regulations had been complied, on the Separate Statement of Financial Position as at 01/01/2019 and 31/12/2019, the item "Receivables according to the progress of construction contracts" (code 134) would have been decreased and the item "Short-term trade receivables" (code 131) would have been increased by VND 95,273,482,070 and VND 63,433,244.730, respectively.

Qualified opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the Separate Financial Statements give a true and fair view, in all material respects, of the financial position of Petrovietnam Engineering Consultancy Joint Stock Company as at 31 December 2019, its operating results and its cash flows for the year then ended in accordance with the Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and the statutory requirements relevant to the preparation and presentation of Financial Statements.

Other matter

The Separate Financial Statements of Petrovietnam Engineering Consultancy Joint Stock Company for the fiscal year ended 31 December 2018 were audited by auditors and PwC (Vietnam) Limited. Auditors expressed a qualified opinion to those statements on 06 August 2019, due to the matters related to outstanding balances of receivables according to the progress of construction contracts, the value of work in progress of projects which backloged for a long time, the value of work in progress of Rapid-Malaysia projects and the matter that the Corporation had not recorded income summary from Business cooperation contract for the period from 01/01/2016 to 31/12/2018.

AASC Auditing Firm Company Limited
Deputy General Director



Ngo Minh Quy

Certificate of registration to audit practice
No.: 2434-2018-002-1

Ho Chi Minh City, 10 December 2021

Auditor

Le Kim Yen

Certificate of registration to audit practice
No.: 0550-2018-002-1

SEPARATE STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

Code	ASSETS	Note	31/12/2019 VND	01/01/2019 (Reclassified) VND
100	A. CURRENT ASSETS		804,332,686,011	801,779,841,264
110	I. Cash and cash equivalents	03	17,035,461,447	24,898,594,876
111	1. Cash		17,035,461,447	24,898,594,876
120	II. Short-term financial investments	04	4,158,248,946	118,579,961
123	1. Held to maturity investments		4,158,248,946	118,579,961
130	III. Short-term receivables		583,958,609,800	619,227,953,143
131	1. Short-term trade receivables	05	92,905,067,302	79,270,757,251
132	2. Short-term prepayments to suppliers	07	16,157,088,610	15,385,586,712
134	3. Receivables according to the progress of construction contracts	06	63,433,244,730	95,273,482,070
135	4. Short-term loan receivables	08	232,558,131,254	262,644,104,422
136	5. Other short-term receivables	09	186,781,683,670	173,890,602,853
137	6. Short-term provision for doubtful debts		(7,876,605,766)	(7,236,580,165)
140	IV. Inventories	11	179,055,003,252	148,187,082,209
141	1. Inventories		179,055,003,252	148,187,082,209
150	V. Other current assets		20,125,362,566	9,347,631,075
151	1. Short-term prepaid expenses	15	977,275	264,667,522
152	2. Deductible VAT		20,124,385,291	8,014,876,979
153	3. Taxes and other receivables from State budget	18	-	1,068,086,574
200	B. NON-CURRENT ASSETS		208,432,285,221	219,663,083,126
210	I. Long-term receivables		146,093,758,140	146,093,758,140
216	1. Other long-term receivables	09	146,093,758,140	146,093,758,140
220	II. Fixed assets		18,267,970,959	28,299,102,809
221	1. Tangible fixed assets	12	856,598,431	1,821,034,589
222	- Historical costs		21,417,918,294	21,379,736,476
223	- Accumulated depreciation		(20,561,319,863)	(19,558,701,887)
224	2. Finance lease assets	13	15,569,068,192	23,436,893,416
225	- Historical costs		47,169,216,000	47,169,216,000
226	- Accumulated depreciation		(31,600,147,808)	(23,732,322,584)
227	3. Intangible fixed assets	14	1,842,304,336	3,041,174,804
228	- Historical costs		19,272,050,389	18,973,050,389
229	- Accumulated depreciation		(17,429,746,053)	(15,931,875,585)
250	V. Long-term financial investments	04	42,148,645,884	42,148,645,884
251	1. Investment in subsidiaries		42,148,645,884	42,148,645,884
260	VI. Other long-term assets		1,921,910,238	3,121,576,293
261	1. Long-term prepaid expenses	15	1,921,910,238	3,121,576,293
270	TOTAL ASSETS		1,012,764,971,232	1,021,442,924,390

SEPARATE STATEMENT OF FINANCIAL POSITION

As at 31 December 2019
(continued)

Code CAPITAL	Note	31/12/2019	01/01/2019 (Reclassified)
		VND	VND
300 C. LIABILITIES		710,449,043,890	719,462,473,884
310 I. Current liabilities		710,334,148,890	719,347,578,884
311 1. Short-term trade payables	16	110,920,030,805	90,924,606,917
312 2. Short-term advances from customers	17	11,866,262,730	12,555,817,192
313 3. Taxes and other payables to State budget	18	25,914,364,018	4,920,229,087
314 4. Payables to employees		12,295,897,160	11,867,348,922
315 5. Short-term accrued expenses	19	75,938,518,777	67,885,689,117
319 6. Other short-term payables	20	92,078,429,850	55,935,203,739
320 7. Short-term loans and finance lease liabilities	21	373,319,535,233	466,884,761,393
321 8. Short-term provisions for payables	22	2,800,771,675	2,800,771,675
322 9. Bonus and welfare fund		5,200,338,642	5,573,150,842
330 II. Non-current liabilities		114,895,000	114,895,000
337 1. Other long-term payables	20	114,895,000	114,895,000
400 D. OWNER'S EQUITY		302,315,927,342	301,980,450,506
410 I. Owner's equity	23	302,315,927,342	301,980,450,506
411 1. Contributed capital		250,000,000,000	250,000,000,000
411a Ordinary shares with voting rights		250,000,000,000	250,000,000,000
412 2. Share Premium		11,421,558,415	11,421,558,415
414 3. Other capital		1,600,295,812	1,600,295,812
417 4. Exchange rate differences		-	(42,930,199)
418 5. Development investment funds		22,680,022,171	22,680,022,171
421 6. Retained earnings		16,614,050,944	16,321,504,307
421a RE accumulated by the end of the previous year		16,321,504,307	(2,119,390,265)
421b RE for the current year		292,546,637	18,440,894,572
440 TOTAL CAPITAL		1,012,764,971,232	1,021,442,924,390

Le Quang Thang
Preparer

Nguyen Khac Chuong
Chief Accountant

Ngô Ngọc Thuong
General Director
Ho Chi Minh City, 01 December 2021



SEPARATE STATEMENT OF INCOME

Year 2019

Code	ITEMS	Note	Year 2019	Year 2018
			VND	(Reclassified) VND
01	1. Revenue from sales of goods and rendering of services	25	191,805,792,543	507,740,185,476
02	2. Revenue deductions		-	-
10	3. Net revenue from sales of goods and rendering of services		191,805,792,543	507,740,185,476
11	4. Cost of goods sold	26	119,306,240,385	451,217,224,157
20	5. Gross profit from sales of goods and rendering of services		72,499,552,158	56,522,961,319
21	6. Financial income	27	22,743,658,059	48,961,402,965
22	7. Financial expenses	28	43,770,703,399	33,367,279,287
23	<i>In which: Interest expense</i>		43,469,390,686	33,351,376,759
25	8. Selling expenses		-	-
26	9. General administrative expenses	29	43,658,907,460	52,760,274,222
30	10. Net profit from operating activities		7,813,599,358	19,356,810,775
31	11. Other income		167,846,909	417,779,352
32	12. Other expenses	30	3,771,885,269	1,080,731,085
40	13. Other profit		(3,604,038,360)	(662,951,733)
50	14. Total profit before tax		4,209,560,998	18,693,859,042
51	15. Current corporate income tax expense	31	3,917,014,361	252,964,470
60	17. Profit after corporate income tax		292,546,637	18,440,894,572

Le Quang Thang
Preparer

Nguyen Khac Chuong
Chief Accountant

Ngô Ngọc Thuong
General Director

Ho Chi Minh City, 01 December 2021


SEPARATE STATEMENT OF CASH FLOWS*Year 2019**(Indirect method)*


Code	ITEMS	Note	Year 2019	Year 2018
			VND	(Reclassified) VND
	I. CASH FLOWS FROM OPERATING ACTIVITIES			
01	1. Profit before tax		4,209,560,998	18,693,859,042
	2. Adjustments for			
02	- Depreciation of fixed assets and investment properties		10,368,313,668	10,539,742,679
03	- Provisions		640,025,601	549,464,113
04	- Exchange gains / losses from retranslation of monetary items denominated in foreign currency		156,014,856	(6,265,982,171)
05	- Gains / losses from investment		(22,584,519,955)	(42,416,752,293)
06	- Interest expense		43,469,390,686	33,351,376,759
08	3. Profit from operating activities before changes in working capital		36,258,785,854	14,451,708,129
09	- Increase/Decrease in receivables		14,580,095,906	28,192,335,100
10	- Increase/Decrease in inventory		(30,867,921,043)	86,680,489,305
11	- Increase/Decrease in payables (excluding interest payables, enterprise income tax payables)		53,729,666,118	(21,335,785,033)
12	- Increase/Decrease in prepaid expenses		1,463,356,302	2,395,842,916
14	- Interest expenses paid		(16,191,462,799)	(33,366,869,071)
15	- Corporate income tax paid		-	(3,143,497,524)
17	- Other payments on operating activities		(372,812,200)	(1,988,290,000)
20	Net cash flows from operating activities		58,599,708,138	71,885,933,822
	II. CASH FLOWS FROM INVESTING ACTIVITIES			
21	1. Purchase or construction of fixed assets and other long-term assets		(337,181,818)	(54,000,000)
22	2. Proceeds from disposals of fixed assets and other long-term assets		-	104,300,000
23	3. Loans and purchase of debt instruments from other entities		(30,121,026,681)	(378,758,632,929)
24	4. Collection of loans and resale of debt instrument of other entities		56,167,330,864	299,728,575,511
27	5. Interest and dividend received		1,350,332,029	2,066,638,532
30	Net cash flows from investing activities		27,059,454,394	(76,913,118,886)

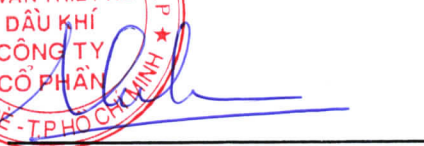
SEPARATE STATEMENT OF CASH FLOWS

Year 2019
(Indirect method)

Code	ITEMS	Note	Year 2019	Year 2018
			VND	(Reclassified) VND
	III CASH FLOWS FROM FINANCING ACTIVITIES			
33	1. Proceeds from borrowings		179,922,014,244	530,022,968,319
34	2. Repayment of principal		(263,758,695,104)	(523,810,845,536)
35	3. Repayment of financial principal		(9,728,545,300)	(13,362,783,200)
40	Net cash flows from financing activities		(93,565,226,160)	(7,150,660,417)
50	Net cash flows within the year		(7,906,063,628)	(12,177,845,481)
60	Cash and cash equivalents at the beginning of the year		24,898,594,876	37,082,028,951
61	Effect of foreign exchange fluctuation		42,930,199	(5,588,594)
70	Cash and cash equivalents at the end of the year	03	17,035,461,447	24,898,594,876


Le Quang Thang
Preparer


Nguyen Khac Chuong
Chief Accountant


Ngo Ngoc Thuong
General Director
Ho Chi Minh City, 01 December 2021



NOTES TO THE SEPARATE FINANCIAL STATEMENTS

Year 2019

1. GENERAL INFORMATION

Forms of Ownership

Petrovietnam Engineering Consultancy Joint Stock Company ("The Corporation") was established in the Socialist Republic of Vietnam under Certificate of Business registration No. 0301479273, replacing the Certificate of Business registration No. 4103003829 issued by Ho Chi Minh City Department of Investment and Planning on 14 September 2005.

The Corporation was restructured from Petrovietnam Investment Construction Consultancy Company, a state-owned company and a member of the Vietnam Oil and Gas Group ("Petrovietnam"). In accordance with Resolution No. 1894/NQ-DKVN dated 9 August 2010 issued by the Member Council of Petrovietnam, the Corporation operates under holding - subsidiary model and changed its name to Petrovietnam Engineering Consultancy Joint Stock Company under Certificate of Business registration for the 10th re-registered on 13 May 2011.

The Corporation's shares are listed on the Hanoi Stock Exchange ("HNX") with the share code as PVE. However, the Corporation received Document No. 520/SGDHN-QLNY on 14 April 2020 issued by the Hanoi Stock Exchange about the delisting of PVE shares. After that, the Corporation's shares were registered for trading on the Hanoi Stock Exchange ("UPCoM") according to Decision No. 233/QĐ-SGDHN on 28 May 2020.

The Corporation's head office is located at: 10th Floor, PV Gas Tower, No. 673 Nguyen Huu Tho, Nha Be District, Ho Chi Minh City.

The Corporation's contributed charter capital as at 31 December 2021: VND 250,000,000,000; equivalent to 250,000,000 shares with the price of VND 10,000 per share.

As at 31 December 2019, the Corporation had 199 employees (as at 01 January 2019: 267 employees).

Business field

Engineering consultancy and construction.

Business activities

Main business activities of the Corporation are:

- Consulting and managing;
- Architecture and consulting techniques; investment consulting (except for finance and accounting consulting);
- Exploring petrol projects and other construction projects;
- Surveying construction;
- Designing for civil and industrial infrastructure construction;
- Trading machinery, tools and supplies.

The Corporation's operation in the year that affects the Separate Financial Statements

During the year, the Corporation's revenue from operating activities decreased by VND 315.93 billion, equivalent to a decline of 62.22% compared to the previous year because major contracts were mainly settled in 2018, the cost of goods sold and rendering of services decreased by VND 331.9 billion, equivalent to a decrease of 73.56% compared to the previous year. Because the decrease in cost of goods sold is greater than revenue, gross profit from sales of goods and rendering of services this year rose by VND 15.98 billion, equivalent to a rise of 28.27% compared to the previous year. At the same time, net profit from financial activities decreased by VND 36.62 billion, equivalent to a fall of 234.84% compared to the previous year, due to a decrease in dividends and profits distributed from member units and an increase in interest expenses. Because of all the reasons mentioned above, the profit after corporate income tax reduced by VND 18.15 billion, equivalent to a dip of 98.41% compared to the previous year.

Structure of enterprises

The Corporation's member entities are as follows:	Address	Main business activities
Design engineering and consulting center	Ho Chi Minh City	Design consultancy
Malaysian Branch	Malaysia	Design consultancy and construction

Information of subsidiaries of the Corporation is provided in Note No 4.

2 . ACCOUNTING SYSTEM AND ACCOUNTING POLICY

2.1 . Accounting period and accounting currency

Annual accounting period commences from 1st January and ends as at 31st December.

The Corporation maintains its accounting records in VND.

2.2 . Standards and Applicable Accounting Policies

Applicable Accounting Policies

The Corporation applies Corporate Accounting System issued under the Circular No. 200/2014/TT-BTC dated 22 December 2014 by the Ministry of Finance and the Circular No. 53/2016/TT-BTC dated 21 March 2016 issued by Ministry of Finance amending and supplementing some articles of the Circular No. 200/2014/TT-BTC.

Declaration of compliance with Accounting Standards and Accounting System

The Corporation applies Vietnamese Accounting Standards and supplementary documents issued by the State. Financial Statements are prepared and presented in accordance with regulations of each standard and supplementary document as well as with current Accounting Standards and Accounting System.

2.3 . Basis for preparation of Separate Financial Statements

Separate Financial Statements are presented based on historical cost principle.

Separate Financial Statements of the Corporation are prepared based on summarization of transactions incurred, then recorded into accounting books of dependent accounting entities and at the offices of the Corporation.

In the Separate Financial Statements of the Corporation, the intra-group balances and transactions related to assets, equity, receivables and payable are eliminated in full.

The users of this Separate Financial Statements should study the Separate Financial Statements combined with the Consolidated Financial Statements of the Corporation and its Subsidiaries for the fiscal year ended as at 31 December 2019 in order to gain enough information regarding the financial position, results of operations and cash flows of the Corporation and its Subsidiaries.

2.4 . Financial Instruments

Initial recognition

Financial assets

Financial assets of the Corporation include cash, other receivables, lending loans. At initial recognition, financial assets are identified by purchasing price/issuing cost plus other expenses directly related to the purchase and issuance of those assets.

Financial liabilities

Financial liabilities of the Corporation include borrowings, trade payables, other payables and accrued expenses. At initial recognition, financial liabilities are determined by issuing price plus other expenses directly related to the issuance of those liabilities.

Subsequent measurement after initial recognition

There are currently no regulations on revaluation of financial instruments after initial recognition.

2.5 . Foreign currency transactions

The foreign currency transactions during the year are converted into Vietnam dong with the real exchange rate at the transaction date. Real exchange rates are determined as the following principles:

- When buying or selling foreign currency, applying the exchange rates specified in the contracts of foreign exchange sale between the Corporation and commercial banks;
- When recording receivables, applying the bid rate of the commercial bank stipulated by the Corporation for customers to make payment at the transaction time;
- When recording payables, applying the offer rate of the commercial bank where the Corporation expects to conduct transactions at the transaction time.

Real exchange rate when revaluating monetary items denominated in foreign currencies at the reporting date of Financial Statements is determined under the following principles:

- For asset accounts, applying the bid rate of the commercial bank where the Corporation regularly conducts transaction;
- For foreign currency deposited in bank, applying the bid rate of the bank where the Corporation opens its foreign currency accounts;
- For liability accounts, applying the offer rate of the commercial bank where the Corporation regularly conducts transaction.

All exchange differences arising from foreign currency transactions in the year and from revaluation of remaining foreign currency monetary items at the end of the year are recorded immediately to operating results of the accounting year. In which, exchange gains from retranslation of monetary items denominated in foreign currencies are not used to distribute profit or pay dividends.

2.6 . Cash and cash equivalents

Cash include demand deposits.

Cash equivalents are short-term investments with the maturity of not over than 3 months from the date of investment, that are highly liquid and readily convertible into known amount of cash and that are subject to an insignificant risk of conversion into cash.

2.7 . Financial investments

Investments held to maturity comprise term deposits, loans, etc. held to maturity to earn profits periodically and other held to maturity investments.

Investments in subsidiaries are initially recognized at original cost. After initial recognition, the value of these investments is measured at original cost less provision for devaluation of investments.

Allowances for devaluation of investments are made at the end of the year as followings:

- With regard to investments in subsidiaries: the provision for devaluation of investments is made when the entities make losses, the provision shall be made based on the Financial Statements of subsidiaries at the provision date.
- With regard to investments held to maturity: the provision for doubtful debts shall be made based on the recovery capacity in accordance with statutory regulations.

2.8 . Receivables

The receivables shall be recorded in details in terms of due date, entities receivable, types of currency and other factors according to requirements for management of the Corporation. Receivables are classified as short-term and long-term in the Separate Financial Statements based on the remaining maturity of the receivables at the reporting date.

The provision for doubtful debts is made for receivables that are overdue under an economic contract, a loan agreement, a contractual commitment or a promissory note and for receivables that are not due but difficult to be recovered. Accordingly, the provisions for overdue debts shall be based on the due date stipulated in the initial sale contract, exclusive of the debt rescheduling between contracting parties and the case where the debts are not due but the debtor is in bankruptcy, in dissolution, or missing and making fleeing.

2.9 . Inventories

Work in progress at reporting date comprises all costs of raw materials, direct materials, direct labors, depreciation of construction machine, general manufacturing costs incurred during the year related to the cost of construction, survey and construction design, as well as the costs of subcontractors which have been completed and handed over during the year but have not been determined the exact consumption. Net realizable value is selling price of inventory estimated in an ordinary course of business minus (-) estimated cost of product improvement or cost of consumption.

Inventory is recorded by periodic method.

Method for valuation of work in process at the end of the year: the value of work in progress is recorded for each construction project that is incomplete or of which revenue is unrecognised, corresponding to the amount of work in progress at the end of the year.

Allowances for devaluation of inventories made at the end of the year are the excess of original cost of inventory over their net realizable value.

2.10 . Fixed assets, Finance lease assets

Fixed assets (tangible and intangible) are initially stated at the historical cost. During the using time, fixed assets (tangible and intangible) are recorded at cost, accumulated depreciation and carrying amount.

The cost of finance lease fixed assets is recognised at fair value or present value of the minimum lease payments (in case the fair value is greater than present value of minimum lease payments amounts) plus initial direct costs incurred in connection with financial leasing activities (excluding value added tax). During the using time, finance lease fixed assets are recorded at historical cost, accumulated depreciation and net book value. Depreciation of financial lease fixed assets is depreciated over the lease term and charge to operating costs in order to recover all capital.

Fixed assets are depreciated (amortised) using the straight-line method over their estimated useful lives as follows:

- Buildings, structures	05 - 25 years
- Machinery, equipment	03 - 10 years
- Vehicles, transportation equipment	03 - 10 years
- Office equipment and furniture	03 - 10 years
- Software	05 - 08 years

2.11 . Operating lease

Operating leases is fixed asset leasing in which a significant portion of the risks and rewards of ownership are retained by the lessor. Payments made under operating leases are charged to income statement on a straight-line basis over the period of the lease.

2.12 . Business Cooperation Contract (BCC)

Business Cooperation Contract (BCC) is a contractual agreement between two or more venturers with the objectives of cooperating to carry out specific business activities without constitution of a new legal entity. This operation may be jointly controlled by venturers under BCC or controlled by one of them.

In case of receiving money or assets from other entities in the BCC, they should be recorded as payables. In case of contributing money or assets to BCC, they should be recorded as receivables. According to the terms of BCC, profit and loss shall be shared among venturers according to the operating results of BCC. The Corporation shall record its share profits in accordance with BCC's agreement on the Separate Statement of Income.

2.13 . Prepaid expenses

The expenses incurred but related to operating results of several accounting periods are recorded as prepaid expenses and are allocated to the operating results in the following accounting periods.

The calculation and allocation of long-term prepaid expenses to operating expenses in each accounting period should be based on the nature of those expenses to select a reasonable allocation method and criteria.

Types of prepaid expenses of the Corporation include:

- Tools and supplies include assets held by the Corporation for use in the normal operating activities, the historical cost of each asset less than VND 30 million, so it is not eligible to be recognized as a fixed asset in accordance with current regulations. The cost of tools and supplies is allocated on a straight-line basis over their useful lives.
- Other prepaid expenses are stated at historical cost and allocated on a straight-line basis over their useful lives.

2.14 . Payables

The payables shall be kept records in details according to period payables, entities payables, types of currency payable and other factors according to requirements for management of the Corporation. The amounts payable are classified into long-term payables or short-term payables in the Separate Financial Statements according to their remaining terms at the reporting date.

2.15 . Borrowings and finance lease liabilities

The value of finance lease liabilities is the total payable amount calculated on the present value of minimum lease payments or the fair value of leased assets.

Borrowings shall be recorded in details in terms of lending entities, loan agreement and terms of borrowings. In case of borrowings denominated in foreign currency, they shall be recorded in details in terms of types of currency.

2.16 . Borrowing costs

Borrowing costs are recognized as operating expenses in the period, in which it is incurred excepting those which are directly attributable to the construction or production of a qualifying asset are capitalized as part of the cost of that asset in accordance with VAS No. 16 "Borrowing costs". Besides, regarding borrowings serving the construction of fixed assets and investment properties, the interests shall be capitalized even when the construction duration is under 12 months.

2.17 . Accrued expenses

Accrued expenses include payables to goods or services received from the suppliers or provided for the customers during the reporting period, but the payments for such goods or services have not been made and other payables such as interest expenses, other accrued expenses, etc. which are recorded as operating expenses of the reporting period.

The recording of accrued expenses as operating expenses during the year shall be carried out under the matching principle between revenues and expenses during the year. Accrued expenses are settled with actual expenses incurred. The difference between accrued and actual expenses is reverted.

2.18 . Provision for payables

Provisions for construction projects is made at 1% for design consultancy project, survey and construction with the warranty period from 1 year to 2 years from hand-over date. The balance of provisions stated on the balance sheet is the estimated expenses that the Corporation has to pay to repair or replace items during the warranty period due to the contract not yet being finalised.

2.19 . Owner's equity

Owner's equity is stated at actually contributed capital of owners.

Share premium is recorded at the difference between the par value with costs directly attributable to the issuance of shares and issue price of shares (including the case of re-issuing treasury shares) and can be a positive premium (if the issue price is higher than par value and costs directly attributable to the issuance of shares) or negative premium (if the issue price is lower than par value and costs directly attributable to the issuance of shares).

Other capital is the operating capital formed from the operating results or from gifts, presents, financing, assets revaluation (if these items are allowed to be recorded as a decrease or increase in the owner's equity).

Retained earnings are used to present the Corporation's operating results (profit, loss) after corporate income tax and profit appropriation or loss handling of the Corporation. The distribution of net profits is made when the net profit of the company does not exceed the net profit presented on Consolidated Financial Statements after eliminating the profits from cheap purchase. Net profit can be distributed to investors based on capital contribution rate after being approved by General Meeting of Shareholders and after being appropriated to funds in accordance with the Corporation's Articles of Incorporation and Vietnamese statutory requirements.

The Corporation's retained earnings is distributed to other funds according to recommendation of the Board of Management and approval of shareholders at annual General Meeting of Shareholders:

- Development and investment funds: The fund is reserved for the purpose of business expansion or in depth investment.
- Bonus and welfare fund and bonus for the Board of General Directors: The fund is reserved for the purpose of bonus, material incentives, common benefit and increasing welfare for employees and presented as a liability on the Separate Statement of Financial position.

Dividends to be paid to shareholders are recognised as a payable in the Separate Statement of Financial position after the announcement of dividend payment from the Board of Management and announcement of cut-off date for dividend payment of Vietnam Securities Depository Center.

2.20 . Revenues*Sales of goods*

Revenue from sales of goods shall be recognized when all the following conditions have been satisfied:

- Significant risks and rewards associated with the ownership of the goods have been transferred to the buyer;
- 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;
- The cost incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from rendering of services shall be recognised when all the following conditions have been satisfied:

- The amount of the revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Corporation;
- The stage of the completion of the transaction at the end of the reporting period can be measured reliably;
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

The stage of the completion of the transaction may be determined by evaluating the volume of work performed.

Revenue from construction contract

A construction contract is a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and functions or their ultimate purpose of use.

When the outcome of a contract can be reliably estimated and certified by customers, contract revenue and contract costs are recognised over the period of the contract as revenue and expenses respectively. The Corporation uses the planned rate of return method to determine the appropriate amount of costs to be recognised in the fiscal year. The planned rate of return is measured by reference to the proportion of costs to the total estimated costs of each construction contract. Where it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense.

When the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred where it is probable those costs will be recoverable. Contract costs are only recognised when incurred during the year.

When the outcome of a construction contract certified by customer but not yet billed is recognised as contraction contracts in - progress receivables.

Financial income

Revenue arising from interests, dividends and profits received and other financial incomes shall be recognized if they simultaneously satisfy the two (2) conditions below:

- It is probable that the economic benefits associated with the transaction will flow to the Corporation;
- The amount of the revenue can be measured reliably.

Dividend income shall be recognised when the Corporation's right to receive dividend is established.

2.21 . Cost of goods sold

The recognition of cost of goods sold is matched against revenue in the period and complies with the prudence principle. Cases of loss of materials and goods exceeded the norm, abnormal expenses and losses of inventories after deducting the responsibility of collective and individuals concerned, etc. is recognized fully and promptly into cost of goods sold in the year.

2.22 . Financial expenses

Items recorded into financial expenses consist of:

- Expenses or losses relating to financial investment activities;
- Borrowing costs.

The above items are recorded by the total amount arising in the year without offsetting against financial income.

2.23 . Corporate income tax

a) Current corporate income tax expenses

Current corporate income tax expenses are determined based on taxable income during year, and current corporate income tax rate.

b) Current corporate income tax rate

The Corporation is subject to corporate income tax of 20% for operation activities that have taxable income to corporate income tax for the fiscal year ended from 1 January 2019 to 31 December 2019.

2.24 . Related Parties

The parties are regarded as related parties if that party has the ability to control or significantly influence the other party in making decisions about the financial policies and activities. The Corporation's related parties include:

- Companies, directly or indirectly through one or more intermediaries, having control over the Corporation or being under the control of the Corporation, or being under common control with the Corporation, including the Parent Company and Subsidiary;
- Individuals, directly or indirectly, holding voting power of the Corporation that have a significant influence on the Corporation, key management personnel including directors and employees of the Corporation, the close family members of these individuals;
- Enterprises that the above-mentioned individuals directly or indirectly hold an important part of the voting power or have significant influence on these enterprises.

In considering the relationship of related parties to serve for the preparation and presentation of Separate Financial Statements, the Corporation should consider the nature of the relationship rather than the legal form of the relationship.

2.25 . Segment information

A segment is a distinguishable component of the Corporation that is engaged in providing an individual or group of related products or services (business segment), or providing products or services within a particular economic environment (geographical segment). Each segment is subject to risks and returns that are different from other components.

Segment information should be prepared in conformity with the accounting policies adopted for preparing and presenting the Financial Statements of the Corporation in order to help users of financial statements better understand and make more informed judgements about the Corporation as a whole.

3 . CASH

	31/12/2019	01/01/2019
	VND	VND
Cash on hand	6,395,813,183	5,857,487,631
Demand deposit	10,639,648,264	19,041,107,245
	<u>17,035,461,447</u>	<u>24,898,594,876</u>

4 . FINANCIAL INVESTMENTS

a) Held to maturity investments

	31/12/2019		01/01/2019	
	History cost	Provision	History cost	Provision
Short - term	4,158,248,946	-	118,579,961	-
- Term deposits	4,158,248,946	-	118,579,961	-
	4,158,248,946	-	118,579,961	-

b) Investments in equity of other entities

	31/12/2019		01/01/2019	
	Historical cost	Provision	Historical cost	Provision
	VND	VND	VND	VND
Investment in subsidiaries	42,148,645,884	-	42,148,645,884	-
- PVE Oil Gas Project Management Consultancy Joint Stock Company ("PMC")	24,799,873,734	-	24,799,873,734	-
- PVE Oil Gas Survey Consultancy Joint Stock Company ("SC")	12,000,000,000	-	12,000,000,000	-
- Petrovietnam Engineering (Malaysia) Sdn. Bhd. ("PVE Malaysia") (*)	5,348,772,150	-	5,348,772,150	-
	42,148,645,884	-	42,148,645,884	-

The Corporation has not determined the fair value of financial investments because Viet Nam Accounting Standards, Viet Nam Enterprise Accounting System has not guided in detail on the determination of the fair value.

(*) At the reporting date of Separate Financial Statements, PVE Malaysia is in dispute with the main contractor, Tecnicas Reunidas Malaysia Sdn Bhd, regarding the contract performance of the RAPID refinery and petrochemical complex (Malaysia). The investor of the project is Pengerang Refining Company Sdn Bhd (Detailed as in Note No. 39)

Petrovietnam Engineering Consultancy Joint Stock Company

10th floor, PV Gas Building, No. 673 Nguyen Huu Tho Street, Phuoc Kien Commune, Nha Be District, Ho Chi Minh City

Separate Financial Statements

For the fiscal year ended as at 31/12/2019

Investment in subsidiaries

Detail information on the Corporation's subsidiaries as at 31/12/2019 as follows:

Name of subsidiaries	Place of establishment	Rate of interest	Rate of voting rights	Principle activities
- PVE Oil Gas Project Management Consultancy Joint Stock	Viet Nam	71.61%	71.61%	Project management consultancy
- PVE Oil Gas Survey Consultancy Joint Stock Company	Viet Nam	86.75%	86.75%	Inspection Service
- Petrovietnam Engineering (Malaysia) Sdn. Bhd.	Malaysia	100.00%	100.00%	Project management consultancy and construction



5 . SHORT-TERM TRADE RECEIVABLES

	31/12/2019		01/01/2019 (Reclassified)	
	Value	Provision	Value	Provision
	VND	VND	VND	VND
a) Trade receivables detailed by customers with large account balances				
SAIPEM S.P.A	8,144,837,327	-	-	-
Tecnicas Reunidas	19,629,846,719	-	42,770,444,532	-
Malaysia Sdn Bhd				
Viet Nam	574,328,265	-	5,490,240,733	-
Machinery				
Installation				
Corporation - JSC				
Petrovietnam	51,208,360,259	-	-	-
Engineering				
(Malaysia) Sdn.				
Bhd.				
Others	13,347,694,732	(6,663,642,654)	31,010,071,986	(6,023,617,053)
	<u>92,905,067,302</u>	<u>(6,663,642,654)</u>	<u>79,270,757,251</u>	<u>(6,023,617,053)</u>
b) Trade receivables from related parties	61,486,787,940	-	24,964,992,329	-
<i>(Detailed as in Note No. 37)</i>				

6 . RECEIVABLES ACCORDING TO THE PROGRESS OF CONSTRUCTION CONTRACTS

	31/12/2019		01/01/2019 (Reclassified)	
	Value	Provision	Value	Provision
	VND	VND	VND	VND
Receivables according to the progress of main projects				
Con Dao Wind	17,922,250,000	-	17,922,250,000	-
Power Project ⁽¹⁾				
Binh Phuoc Bio	21,323,374,635	-	21,323,374,635	-
Ethanol Plant				
Project ⁽²⁾				
Block B O Mon	13,676,632,976	-	13,676,632,976	-
Project ⁽³⁾				
Others	10,510,987,119	-	42,351,224,459	-
	<u>63,433,244,730</u>	<u>-</u>	<u>95,273,482,070</u>	<u>-</u>

Receivables according to the progress mainly include receivables related to engineering consultancy services and construction that the Corporation has performed according to request of customers, but has not yet issued an invoice. Detail information of receivables according to the progress of large backlog projects are as follows:

- ⁽¹⁾ In 2013, the Corporation was assigned by the owner, Green Resources Technology Development Joint Stock Company, to be the general contractor to build a wind power plant in Con Dao District with a total investment of VND 345 billion. In 2014, the Corporation completed the technical design and was implementing detailed design. The project is currently in the process of connection agreement between the owner and the Southern Power Corporation as well as submitting the power purchase agreement to the Ministry of Trade and Industry and Vietnam Electricity Corporation.

- ⁽²⁾ This is the retention of 5% of the consulting contract for the Binh Phuoc Bio Ethanol Plant Project, in which, the Owner was Orient Bio-Fuels Company Limited, the general contractor was Public Toyo Thai Co., Ltd and the Corporation is the subcontractor.
- ⁽³⁾ This is the remainder of the Consulting contract No. 9/11/VSP05-PVE/SPMB dated on 15 October 2011 for the offshore pipeline, the onshore pipeline and stations of Block B O Mon Gas pipeline project between Vietsovpetro Joint Venture (General contractor) and the Corporation (Subcontractor of the project). At the reporting date of these Separate Financial Statements, the Board of General Directors is in the process of negotiating with the general contractor for payment of the remainder.

At the reporting date of these Separate Financial Statements, the Board of General Directors believes that the recovery of receivables according to the progress of these projects is certain, therefore, provision has not been created.

7 . SHORT-TERM PREPAYMENTS TO SUPPLIERS

	31/12/2019		01/01/2019	
	Value VND	Provision VND	Value VND	Provision VND
CN Industrial Co., Ltd.	6,218,705,543	-	7,335,125,352	-
Basic Interior Co., Ltd.	5,257,842,570	-	5,257,842,570	-
Others	4,680,540,497	-	2,792,618,790	-
	16,157,088,610	-	15,385,586,712	-
Prepayments to suppliers from related parties	370,423,600	-	407,529,553	-

(Detailed as in Note No. 37)

8 . SHORT-TERM LOAN RECEIVABLES

This is loan receivables to PVE (Malaysia) (a subsidiary of the Corporation) under the Loan agreement No. 22602511 dated 01 December 2015. The credit line of the Contract is USD 10,000,000, disbursed base on borrower's requirement of funding. The purpose of the loan is to carry out the RAPID refinery and petrochemical complex project in Malaysia. The estimated loan term is 4 years, to the end of the project. Fixed loan interest rate of 7.5% for the first 6 months from date of signing the contract. After that, the interest rate will be changed under the agreement of both parties. The outstanding balance as at 31 December 2019 is USD 10,063,094.83, equivalent to VND 232,558,131,254.

9 . OTHER RECEIVABLES

	31/12/2019		01/01/2019	
	Value VND	Provision VND	Value VND	Provision VND
a) Short-term				
Advances ⁽¹⁾	42,694,545,472	-	45,429,059,839	-
Receivables from interest of loan ⁽²⁾	51,947,973,640	-	29,393,785,714	-
Dividends and profits receivable ⁽²⁾	59,904,162,980	-	61,224,162,980	-
Collection and payment on behalf of related parties ⁽²⁾	26,055,634,143	-	33,254,708,570	-
Others	6,179,367,435	(1,212,963,112)	4,588,885,750	(1,212,963,112)
	186,781,683,670	(1,212,963,112)	173,890,602,853	(1,212,963,112)

OTHER RECEIVABLES (Continued)				
	31/12/2019		01/01/2019	
	Value	Provision	Value	Provision
	VND	VND	VND	VND
b) Long-term				
Deposits	138,000,000	-	138,000,000	-
Contributed capital under BCC ⁽³⁾	145,955,758,140	-	145,955,758,140	-
	146,093,758,140	-	146,093,758,140	-
c) Other receivables from related parties	283,863,528,903	-	269,828,415,404	-

(Detailed as in Note No. 37)

⁽¹⁾ Receivables from employees are advances to employees of the Corporation for the purpose of performing contracts for providing design consulting services and construction at domestic and abroad.

⁽²⁾ In which, receivables from subsidiary - Petrovietnam Engineering (Malaysia) Sdn. Bhd include: loan interest receivable is VND 51,947,973,640, profits receivable is VND 51.6 billion, collection and payment on behalf of is VND 23,255,024,205. The total value of receivables as at 31 December 2019 is VND 126,802,997,845. The recoverability of these receivables depend on the results of dispute settlement between Petrovietnam Engineering (Malaysia) Sdn. Bhd. with the investor of the Rapid project in Malaysia, detail information of the lawsuit is presented as in Note No.39.

⁽³⁾ Details of the Business Cooperation Contract ("BCC") of the Corporation are as follows:

BCC was signed in 2009 between the Corporation and other parties including PetroVietnam Gas Joint Stock Corporation, a member of Petrovietnam ("PV Gas") and Phu Long Real Estate Corporation, to contribute capital to construct and operate Dragon Tower office building project ("the Project") with a total estimated investment of VND 827 billion, in which, the Corporation's capital contribution ratio is 20%. The term of investment cooperation is 50 years from the effective date of the contract. According to the BCC, PV Gas is the Administrator of BCC, depreciation and profit are distributed to each party according to the capital portion after tax settlement and appropriation of funds.

Upon the completion of the Project, the Corporation signed lease contracts with PV Gas to rent a part of the building to use as offices for the Corporation and subsidiaries at agreed rental price. In 2014, the Corporation and PV Gas adjusted the partnership's rental price applied for the BCC's partners.

Thereafter, according to the Announcement No. 1651/KVN-VP dated 8 August 2016 ("Announcement No.1651"), the Corporation and PV Gas adjusted the partnership rental unit price for the period from year 2011 to year 2013 and reallocation of asset depreciation and business results for the period from year 2011 to year 2015. In accordance with to Announcement No. 1651/KVN-VP, the Corporation adjusted and recorded the profit divided for the period from year 2011 to year 2015 with the amount of VND 7,467,882,980. However, Announcement No. 1651 has not yet been approved by a party in BCC, Phu Long Real Estate Corporation. At the reporting date of these Separate Financial Statements, PV Gas, as the Administrator of BCC and other parties have not yet confirmed business results from the BCC for the period from year 2016 to year 2019. Therefore, the Corporation has not yet recorded profit or loss from BCC from year 2016 to year 2019.

The Corporation has used the rights and benefits arising from BCC to mortgage for bank borrowings (Note No. 21).

10 . DOUBTFUL DEBTS

	31/12/2019		01/01/2019	
	Original cost	Recoverable value	Original cost	Recoverable value
	VND	VND	VND	VND
Total value of receivables and debts that are overdue or not due but difficult to be recovered				
Petroleum	2,303,469,581	-	2,303,469,581	1,203,814,578
Equipment				
Assembly And				
Metal Structure				
Co.,Ltd.				
C.T Group Vietnam	1,212,963,112	-	1,212,963,112	-
DungQuat	-	-	1,197,900,000	598,950,000
Shipbuilding				
Industry Co.,Ltd.				
Others	11,412,743,566	7,052,570,493	8,110,672,140	3,785,660,090
	14,929,176,259	7,052,570,493	12,825,004,833	5,588,424,668

11 . INVENTORIES

	31/12/2019		01/01/2019 (Reclassified)	
	Original cost	Provision	Original cost	Provision
	VND	VND	VND	VND
Work in process	179,055,003,252	-	148,187,082,209	-
	179,055,003,252	-	148,187,082,209	-

Some projects with backlog balance as at 31 December 2019 are as follows:

	31/12/2019	01/01/2019
	VND	VND
- Nghi Son - Thanh Hoa Project ⁽¹⁾	99,394,464,701	99,384,119,974
- Block B O Mon Project ⁽²⁾	39,271,574,696	39,271,574,696
- Feed - Ca Mau Project ⁽³⁾	4,577,591,342	4,577,591,342
	143,243,630,739	143,233,286,012

⁽¹⁾ This is the cost incurred due to the changes in the initial design of the service contract of steel structure implementation, equipment and pipeline installation for Nghi Son refinery and petrochemical plant under Contract No. CNT-6495-SMP5A5B-001 dated 10 July 2014 between the General contractor - JGCS Consortium and the Contractor - the Corporation, the Investor - Nghi Son Refinery and Petrochemical Limited Liability Company. This project has been completed the testing phase and put into operation since August 2018, currently, the project is in the process of settlement between the General contractor and the Investor about the contract performance value and including this incurred cost. The Board of General Directors assesses that the possibility to settlement with the General contractor is strong because of the certain evidences.

⁽²⁾ This is the cost incurred due to the change in the input parameters of the Consulting Contract No. 9/11/VSP05-PVE/SPMB dated 15 October 2011 for the offshore pipeline, the onshore pipeline and stations, Block B O Mon Gas pipeline Project between Vietsovpetro Joint Venture - general contractor and the Corporation - contractor of the project. The Board of General Directors assesses that the possibility to settlement with the General contractor is strong because of the certain evidences.

⁽³⁾ This is cost of project of survey, engineering design (FEED) and estimating the work of Ca Mau Gas Processing Plant under Contract No. 06/2012/PVGAS/BCM-PVE/D4 dated 24 July 2012 with the implementation value of VND 33,439,700,372. Thereafter, the value of implementation was increased to VND 46,028,892,832 according to Contract Appendix 2 dated 31 December 2014. However, according to Inspection Conclusion No. 441/KL-TTr dated 22 August 2017 of the Ministry of Construction for this project, there are a number of errors such as: overcharging the cost of project management consultants and cost of supervision and assessment of construction investment projects, miscalculation of survey and technical design costs, etc., resulting in the remainder of this receivable still not being recovered. The Board of General Directors of the Corporation has responded to the investor to present the reasonableness of the additional costs and believes that the possibility of recovery is certain.

At the reporting date of these Separate Financial Statements, the Board of General Directors has not created any provision for these projects because they consider net realizable value to be reasonable.

12 . TANGIBLE FIXED ASSETS

	Buildings, structures	Machinery, equipment	Vehicles, transportation equipment	Management equipment	Total
	VND	VND	VND	VND	VND
Historical cost					
Beginning balance	4,428,220,997	5,318,587,531	5,272,599,908	6,360,328,040	21,379,736,476
- Purchase in the year	-	-	-	38,181,818	38,181,818
Ending balance	4,428,220,997	5,318,587,531	5,272,599,908	6,398,509,858	21,417,918,294
Accumulated depreciation					
Beginning balance	4,210,507,425	4,922,469,091	4,765,834,887	5,659,890,484	19,558,701,887
- Depreciation for the year	58,108,404	213,277,190	358,711,608	372,520,774	1,002,617,976
Ending balance	4,268,615,829	5,135,746,281	5,124,546,495	6,032,411,258	20,561,319,863
Net carrying amount					
Beginning balance	217,713,572	396,118,440	506,765,021	700,437,556	1,821,034,589
Ending balance	159,605,168	182,841,250	148,053,413	366,098,600	856,598,431

In which:

- Cost of fully depreciated tangible fixed assets but still in use: VND 18,100,000,000.

13 . FINANCIAL LEASE FIXED ASSETS

Finance lease fixed assets are machinery and equipment with historical cost and accumulated depreciation as at 31 December 2019 are VND 47,169,216,000 and VND 31,600,147,808 respectively (as at 01 January 2019 are VND 47,169,216,000 and VND 23,732,322,584 respectively). Depreciation for the year 2019 is VND 7,867,825,224.

14 . INTANGIBLE FIXED ASSETS

Intangible fixed assets are computer software with historical cost and accumulated depreciation as at 31 December 2019 are VND 19,272,050,389 and VND 17,429,746,053 respectively (as at 01 January 2019 are VND 18,973,050,389 and VND 15,931,875,585 respectively). Depreciation for the year 2019 is VND 1,497,870,468.

15 . PREPAID EXPENSES

	31/12/2019	01/01/2019
	VND	VND
a) Short-term		
Software license	-	257,679,479
Insurance premiums	977,275	6,988,043
	977,275	264,667,522
b) Long-term		
Repair expenses	1,468,127,990	2,948,755,982
Tools and supplies	7,955,557	70,205,353
Others	445,826,691	102,614,958
	1,921,910,238	3,121,576,293

16 . SHORT-TERM TRADE PAYABLES

	31/12/2019		01/01/2019	
	Outstanding balance	Amount can be paid	Outstanding balance	Amount can be paid
	VND	VND	VND	VND
a) Trade payables detailed by suppliers with large account balances				
PetroVietnam Gas	73,234,434,739	73,234,434,739	58,234,767,351	58,234,767,351
Joint Stock Corporation				
Others	37,685,596,066	37,685,596,066	32,689,839,566	32,689,839,566
	110,920,030,805	110,920,030,805	90,924,606,917	90,924,606,917
b) Trade payables to related parties	78,981,138,560	78,981,138,560	63,098,109,365	63,098,109,365
<i>(Detailed as in Note No.37)</i>				

17 . SHORT-TERM ADVANCES FROM CUSTOMERS

	31/12/2019	01/01/2019
	VND	VND
PVE Oil Gas Survey Consultancy Joint Stock Company	5,017,385,134	-
PVE Oil Gas Project Management Consultancy Joint Stock Company	3,289,924,422	187,025,140
PetroVietnam South East Gas Project Management Board	-	8,715,127,144
Others	3,558,953,174	3,653,664,908
	<u>11,866,262,730</u>	<u>12,555,817,192</u>
Short-term advances from customers from related parties <i>(Detailed as in Note No.37)</i>	<u><u>8,865,183,023</u></u>	<u><u>3,459,767,280</u></u>

18 . TAXES AND OTHER PAYABLES TO STATE BUDGET

	Tax receivable at the beginning of the year	Tax payable at the beginning of the year	Tax payable in the year	Tax paid in the year	Tax receivable at the end of the year	Tax payable at the end of the year
	VND	VND	VND	VND	VND	VND
Value added tax	-	5,778,629	18,396,935,643	5,549,476,415	-	12,853,237,857
Corporate income tax	-	1,755,044,630	3,917,014,361	-	-	5,672,058,991
Personal income tax	1,068,086,574	-	3,060,712,887	497,049,727	-	1,495,576,586
Property tax and land rental	-	3,158,426,628	1,472,273,929	-	-	4,630,700,557
Other taxes	-	979,200	1,264,810,827	3,000,000	-	1,262,790,027
	<u>1,068,086,574</u>	<u>4,920,229,087</u>	<u>28,111,747,647</u>	<u>6,049,526,142</u>	<u>-</u>	<u>25,914,364,018</u>

At the reporting date of Separate Financial Statements, overdue taxes is VND 12,861,126,161.

The Corporation's tax settlements are subject to examination by the tax authorities. Because the application of tax laws and regulations on many types of transactions is susceptible to varying interpretations, amounts reported in the Separate Financial Statements could be changed at a later date upon final determination by the tax authorities.

19 . SHORT-TERM ACCRUED EXPENSES

	31/12/2019	01/01/2019
	VND	VND
- Accrued cost of consulting and construction contracts	74,687,233,114	66,088,950,139
- Interest expenses	718,285,663	641,033,407
- Others	533,000,000	1,155,705,571
	75,938,518,777	67,885,689,117

20 . OTHER PAYABLES

	31/12/2019	01/01/2019
	VND	VND
a) Short-term		
- Trade union fund	998,521,031	835,526,277
- Social insurance	4,333,608,989	3,511,309,308
- Mutual support fund	3,430,121,570	3,386,895,834
- Expenses source for non-business	2,513,000,000	2,513,000,000
- Short-term deposits received	1,957,200,000	-
- Interest expenses	27,200,675,631	-
- Dividend	41,706,593,678	41,706,593,678
- Others	9,938,708,951	3,981,878,642
	92,078,429,850	55,935,203,739
b) Long-term		
- Others	114,895,000	114,895,000
	114,895,000	114,895,000
c) Unpaid overdue payables		
- Interest expenses	23,458,491,007	-
- Dividend	41,706,593,678	41,706,593,678
	65,165,084,685	41,706,593,678
d) Other payables from related parties (Detailed as in Note No.37)	6,563,000,000	2,513,000,000

Petrovietnam Engineering Consultancy Joint Stock Company

10th floor, PV Gas Building, No. 673 Nguyen Huu Tho Street, Phuoc Kien Commune, Nha Be District, Ho Chi Minh City

Separate Financial Statements

For the fiscal year ended as at 31/12/2019

21 . BORROWINGS AND FINANCE LEASE LIABILITIES

	01/01/2019		During the year		31/12/2019	
	Outstanding balance	Amount can be paid	Increase	Decrease	Outstanding balance	Amount can be paid
	VND	VND	VND	VND	VND	VND
a) Short-term borrowings						
- Joint Stock Commercial Bank for Foreign Trade of Vietnam ⁽¹⁾	299,281,297,379	299,281,297,379	41,871,089,291	67,519,761,437	273,632,625,233	273,632,625,233
- Joint Stock Commercial Bank for Investment and Development of Vietnam	36,784,417,398	36,784,417,398	-	36,784,417,398	-	-
- Vietnam Joint stock Commercial Bank for Industry and Trade ⁽²⁾	118,840,501,316	118,840,501,316	32,339,014,953	137,279,516,269	13,900,000,000	13,900,000,000
- Nam Song Hau Trading Investing Petroleum Joint Stock Company ⁽³⁾	-	-	20,000,000,000	15,000,000,000	5,000,000,000	5,000,000,000
- Individual ⁽⁴⁾	-	-	85,711,910,000	4,925,000,000	80,786,910,000	80,786,910,000
Long-term borrowings due within 1 year						
- Joint Stock Commercial Bank for Foreign Trade of Vietnam	2,250,000,000	2,250,000,000	-	2,250,000,000	-	-
Finance lease due within 1 year						
- Kexin Viet Nam Leasing Company Limited	9,728,545,300	9,728,545,300	-	9,728,545,300	-	-
	466,884,761,393	466,884,761,393	179,922,014,244	273,487,240,404	373,319,535,233	373,319,535,233

b) Borrowings from related parties are as follows:

	Relation	31/12/2019		01/01/2019	
		Principal	Interest	Principal	Interest
		VND	VND	VND	VND
Borrowings					
- Mr. Do Van Thanh	Member of the Board of Management	66,715,150,000	2,770,186,170	-	-
- Mr. Ngo Ngoc Thuong	General Director	6,633,000,000	547,146,630	-	-
		73,348,150,000	3,317,332,800	-	-

Detail information on short-term borrowings is as follows

(1) Credit Contract No. 0033/1838/C-CTD dated 28/03/2018, with the following terms:

- + Credit line: VND 354,500,000,000;
- + Loan purpose: Supplementing working capital;
- + Term of contract: According to each indebtedness receipts;
- + Interest rate: According to each indebtedness receipts;
- + Outstanding principal balance: VND 273,632,625,233;
- + Type of security: The rights and benefits arising from BCC between the Corporation, PetroVietnam Gas Joint Stock Corporation and Phu Long Real Estate Corporation (detailed as in Note No.9b).

(2) Credit Contract No. 0402/2019 - HDCVTN/NHCT924 - PVE dated 05/04/2019, with the following terms:

- + Credit line: VND 40,000,000,000;
- + Loan purpose: Supplementing working capital;
- + Term of contract: 09 months from the next day of the first disbursement date;
- + Interest rate: 9%/year;
- + Outstanding principal balance: VND 13,900,000,000;
- + Type of security: Mortgage of third party's land use rights and debt collection rights arising from Economic contract No. 1265078 dated 5 March 2019 and related Contract Appendixes (if any) between the Corporation and Saipem S.P.A. under the mortgage contract No. 0504/2019/HDDB/NHCT924-PVE dated 05/04/2019.

(3) Credit Contract dated 09/04/2019, with the following terms:

- + Credit line: VND 20,000,000,000;
- + Loan purpose: Supplementing working capital;
- + Term of contract: 12 months;
- + Interest rate: 9.5%/year;
- + Outstanding principal balance: VND 5,000,000,000;
- + Type of security: Unsecured.

(4) Short-term borrowing contracts with individuals with an interest rate of 11%/year, type of security is unsecured.

22 . PROVISION FOR PAYABLES

The balances represent warranty provisions for construction projects, the Corporation made provisions at 1% for design consultancy project, survey and construction with the warranty period from 1 year to 2 years from hand-over date. The balance of provisions stated on the balance sheet is the estimated expenses that the Corporation has to pay to repair or replace items during the warranty period due to the contract not yet being finalised.

23 . OWNER'S EQUITY**a) Changes in owner's equity**

	Contributed capital	Share premium	Other capital	Exchange rate differences	Investment and development	Retained earnings (Reclassified)	Total
	VND	VND	VND	VND	VND	VND	VND
Beginning balance of the previous year	250,000,000,000	11,421,558,415	1,600,295,812	-	22,680,022,171	16,816,064,605	302,517,941,003
Profit of the previous year	-	-	-	-	-	18,440,894,572	18,440,894,572
Appropriate to Bonus and welfare fund	-	-	-	-	-	(1,685,454,870)	(1,685,454,870)
Appropriate to Executive Board reward	-	-	-	-	-	(1,000,000,000)	(1,000,000,000)
Exchange rate differences	-	-	-	(42,930,199)	-	-	(42,930,199)
Profit distribution	-	-	-	-	-	(16,250,000,000)	(16,250,000,000)
Ending balance of the previous year	<u>250,000,000,000</u>	<u>11,421,558,415</u>	<u>1,600,295,812</u>	<u>(42,930,199)</u>	<u>22,680,022,171</u>	<u>16,321,504,307</u>	<u>301,980,450,506</u>
Beginning balance of the current year	250,000,000,000	11,421,558,415	1,600,295,812	(42,930,199)	22,680,022,171	16,321,504,307	301,980,450,506
Profit for this year	-	-	-	-	-	292,546,637	292,546,637
Exchange rate differences	-	-	-	42,930,199	-	-	42,930,199
Ending balance of the current year	<u>250,000,000,000</u>	<u>11,421,558,415</u>	<u>1,600,295,812</u>	<u>-</u>	<u>22,680,022,171</u>	<u>16,614,050,944</u>	<u>302,315,927,342</u>

b) Details of owner's invested capital

	Rate	31/12/2019	Rate	01/01/2019
	(%)	VND	(%)	VND
Vietnam Oil and Gas Group	29.00%	72,500,000,000	29.00%	72,500,000,000
Technip Geoproduction Sdh Bhd	10.00%	25,000,000,000	10.00%	25,000,000,000
Others	61.00%	152,500,000,000	61.00%	152,500,000,000
	100%	250,000,000,000	100%	250,000,000,000

c) Capital transactions with owners and distribution of dividends and profits

	Year 2019	Year 2018
	VND	VND
Owner's invested capital	250,000,000,000	250,000,000,000
- At the beginning of the year	250,000,000,000	250,000,000,000
- At the end of the year	250,000,000,000	250,000,000,000
Distributed dividends and profit		
- Dividend payable at the beginning of the year	41,706,593,678	41,706,593,678
- Dividend payable at the end of the year	41,706,593,678	41,706,593,678

d) Share

	31/12/2019	01/01/2019
Quantity of Authorized issuing shares	250,000,000	250,000,000
Quantity of issued shares	250,000,000	250,000,000
- Common shares	250,000,000	250,000,000
Quantity of circulation shares	250,000,000	250,000,000
- Common shares	250,000,000	250,000,000
Par value per share (VND)	10,000	10,000

e) Company's funds

	31/12/2019	01/01/2019
	VND	VND
Investment and development funds	22,680,022,171	22,680,022,171
	22,680,022,171	22,680,022,171

24 . OFF-STATEMENT OF FINANCIAL POSITION ACCOUNTS

a) Lease asset

The Corporation leases the office under the operating lease. As at 31/12/2019, future lease payments under operating lease contracts are presented as follows:

	31/12/2019	01/01/2019
	VND	VND
- Not later than 1 year	11,906,292,585	13,000,818,960

b) Foreign currencies

	31/12/2019	01/01/2019
- USD	243,263.53	19,451.42
- Malaysian Ringgit	98,166.71	98,166.71

25 . TOTAL REVENUE FROM SALES OF GOODS AND RENDERING OF SERVICES

	Year 2019	Year 2018 (Reclassified)
	VND	VND
Revenue from rendering of services	149,780,701,989	275,878,323,967
Revenue from sales of merchandise	-	15,684,386,341
Revenue from construction contracts	42,025,090,554	216,177,475,168
	191,805,792,543	507,740,185,476
Revenue from related parties (Detailed as in Note No.37)	96,003,129,304	272,874,811,691

26 . COST OF GOODS SOLD

	Year 2019	Year 2018 (Reclassified)
	VND	VND
Cost of services rendered	84,031,652,364	242,875,086,862
Cost of merchandises sold	-	16,049,146,599
Cost of construction contracts	35,274,588,021	192,292,990,696
	119,306,240,385	451,217,224,157
Cost of goods sold from related parties Total value of procurement: (Detailed as in Note No.37)	37,320,441,412	218,886,801,090

27 . FINANCIAL INCOME

	Year 2019	Year 2018
	VND	VND
Interest income, interest from loans	22,584,519,955	16,838,815,929
Dividends or profits received	-	25,320,000,000
Realised exchange gain	158,995,400	536,604,865
Unrealised exchange gain	142,704	6,265,982,171
	22,743,658,059	48,961,402,965
Financial income from related parties (Detailed as in Note No.37)	22,554,187,926	16,812,177,397

28 . FINANCIAL EXPENSES

	Year 2019	Year 2018
	VND	VND
Interest expenses	43,469,390,686	33,351,376,759
Realised exchange loss	45,290,882	5,544,069
Unrealised exchange loss	156,014,856	-
Others	100,006,975	10,358,459
	43,770,703,399	33,367,279,287
Financial expenses from related parties (Detailed as in Note No.37)	5,488,674,126	-

29 . GENERAL ADMINISTRATIVE EXPENSES

	Year 2019	Year 2018
	VND	VND
Raw materials	2,152,696,111	2,044,744,827
Labour expenses	13,259,797,347	13,779,227,607
Depreciation expenses	8,812,334,796	702,672,336
Provision expenses	640,025,601	549,464,113
Expenses of outsourcing services	415,803,096	289,277,264
Other expenses in cash	18,378,250,509	35,394,888,075
	43,658,907,460	52,760,274,222
General administrative expenses from related parties (Detailed as in Note No.37)	13,467,295,506	11,441,271,650

30 . OTHER EXPENSE

	Year 2019	Year 2018
	VND	VND
Fines	2,655,465,460	177,370,832
Others	1,116,419,809	903,360,253
	3,771,885,269	1,080,731,085

31 . CURRENT CORPORATE INCOME TAX EXPENSES

	Year 2019	Year 2018 (Reclassified)
	VND	VND
Total profit before tax	4,209,560,998	18,693,859,042
Increase	11,907,074,714	7,890,963,310
- Unreasonable expenses	2,742,239,110	5,301,136,765
- Unreasonable interest expenses	9,164,835,604	2,589,826,545
Decrease	-	(25,320,000,000)
- Dividend payment	-	(25,320,000,000)
Taxable income	16,116,635,712	1,264,822,352
Current corporate income tax expense	3,223,327,142	252,964,470
Additional CIT expenses of previous years	693,687,219	-
Current corporate income tax expense	3,917,014,361	252,964,470
Tax payable at the beginning of year	1,755,044,630	4,645,577,684
Tax paid in the year	-	(3,143,497,524)
Corporate income tax payable at the end of the year	5,672,058,991	1,755,044,630

32 . BUSINESS AND PRODUCTIONS COST BY ITEMS

	Year 2019	Year 2018
	VND	VND
Raw materials	14,482,311,716	14,492,459,999
Labour expenses	60,918,029,044	71,109,604,892
Depreciation expenses	10,368,313,668	10,539,742,679
Expenses of outsourcing services	71,735,390,156	266,086,843,598
Other expenses in cash	36,876,297,031	87,341,655,273
	194,380,341,615	449,570,306,441

33 . FINANCIAL INSTRUMENTS

The types of financial instruments of the Corporation include:

Carrying amount				
31/12/2019		01/01/2019		
Original Cost	Provision	Original Cost	Provision	
VND	VND	VND	VND	
Financial Assets				
Cash and cash equivalents	17,035,461,447	-	24,898,594,876	-
Trade and other receivables	425,780,509,112	(7,876,605,766)	399,255,118,244	(7,236,580,165)
Loans	236,716,380,200	-	262,762,684,383	-
	679,532,350,759	(7,876,605,766)	686,916,397,503	(7,236,580,165)

Carrying amount		
31/12/2019		01/01/2019
VND		VND
Financial Liabilities		
Borrowings and debts	373,319,535,233	466,884,761,393
Trade and other payables	203,113,355,655	146,974,705,656
Accrued expenses	75,938,518,777	67,885,689,117
	652,371,409,665	681,745,156,166

Financial assets and financial liabilities are not revalued according to fair value at the end of the year because the Circular No. 210/2009/TT-BTC and prevailing statutory regulations require to present Financial Statements and Notes to financial instruments but do not provide any relevant instruction for assessment and recognition of fair value of financial assets and liabilities, excluding provision for doubtful debts and provision for diminution in value of trading securities which are presented in relevant notes.

Financial risk management

The Corporation's financial risks include market risk, credit risk and liquidity risk. The Corporation has developed its control system to ensure the reasonable balance between cost of incurred risks and cost of risk management. The Board of General Directors of the Corporation is responsible for monitoring the risk management process to ensure the appropriate balance between risk and risk control.

Market risk

The Corporation's business operations will bear the risks of changes in exchange rates and interest rates.

Exchange rate risk

The Corporation bears the risk of exchange rate due to the fluctuation in fair value of future cash flows of a financial instrument in line with changes in exchange rates if loans, revenues and expenses of the Corporation are denominated in foreign currencies other than VND.

Interest rate risk

The Corporation bears the risk of interest rates due to the fluctuation in fair value of future cash flow of a financial instrument in line with changes in market interest rates if the Corporation has time or demand deposits, borrowings and debts subject to floating interest rates. The Corporation manages interest rate risk by analyzing the market competition situation to obtain interest beneficial for its operation purpose.

Credit Risk

Credit risk is the risk of financial loss to the Corporation if a counterparty fails to perform its contractual obligations. The Corporation has credit risk from operating activities (mainly to other receivables) and financial activities (including demand deposits, loans receivables and other financial instruments).

	Under 1 year	From 1 to 5 years	From more than 5 years	Total
	VND	VND	VND	VND
As at 31/12/2019				
Cash and cash equivalents	17,035,461,447	-	-	17,035,461,447
Trade and other receivables	271,810,145,206	146,093,758,140	-	417,903,903,346
Loans	236,716,380,200	-	-	236,716,380,200
	525,561,986,853	146,093,758,140	-	671,655,744,993
As at 01/01/2019				
Cash and cash equivalents	24,898,594,876	-	-	24,898,594,876
Trade and other receivables	245,924,779,939	146,093,758,140	-	392,018,538,079
Loans	262,762,684,383	-	-	262,762,684,383
	533,586,059,198	146,093,758,140	-	679,679,817,338

Liquidity Risk

Liquidity risk is the risk that the Corporation has trouble in settlement of its financial obligations due to the lack of funds. Liquidity risk of the Corporation is mainly from different maturity of its financial assets and liabilities.

Due date for payment of financial liabilities based on expected payment under the contracts (based on cash flow of the original debts) as follows:

	Under 1 year	From 1 to 5 years	From more than 5 years	Total
	VND	VND	VND	VND
As at 31/12/2019				
Borrowings and debts	373,319,535,233	-	-	373,319,535,233
Trade and other payables	202,998,460,655	114,895,000	-	203,113,355,655
Accrued expenses	75,938,518,777	-	-	75,938,518,777
	652,256,514,665	114,895,000	-	652,371,409,665
As at 01/01/2019				
Borrowings and debts	466,884,761,393	-	-	466,884,761,393
Trade and other payables	146,859,810,656	114,895,000	-	146,974,705,656
Accrued expenses	67,885,689,117	-	-	67,885,689,117
	681,630,261,166	114,895,000	-	681,745,156,166

The Corporation believes that risk level of loan repayment is low. The Corporation has the ability to pay due debts from cash flows from its operating activities and cash received from matured financial assets.

34 . ADDITIONAL INFORMATION FOR THE ITEMS OF THE STATEMENT OF CASH FLOWS

	Year 2019	Year 2018
	VND	VND
a) Proceeds from borrowings during the year		
Proceeds from ordinary contracts	179,922,014,244	530,022,968,319
b) Actual repayments on principal during the year		
Repayment on principal from ordinary contracts	263,758,695,104	523,810,845,536

35 . SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

In 2020, the Corporation mortgaged inventories which are work in process of projects and receivables until 30 September 2019 with total value of VND 183.6 billion and VND 74.1 billion respectively to guarantee for bank borrowings of the Corporation and 2 subsidiaries, which are PMC and SC.

Except for the above-mentioned event, there have been no significant events occurring after the reporting year, which would require adjustments or disclosures to be made in the Separate Financial Statements.

36 . SEGMENT REPORTING

Under business fields

	Consultation and engineering services	Construction	Grant total
	VND	VND	VND
Net revenue from sales to external customers	149,780,701,989	42,025,090,554	191,805,792,543
Profit from business activities	65,749,049,625	6,750,502,533	72,499,552,158
The total cost of acquisition of fixed assets	337,181,818	-	337,181,818
Segment assets	790,865,835,332	221,899,135,900	1,012,764,971,232
Total assets	790,865,835,332	221,899,135,900	1,012,764,971,232
Segment liabilities	554,788,023,398	155,661,020,492	710,449,043,890
Total liabilities	554,788,023,398	155,661,020,492	710,449,043,890

Under geographical areas

	Domestic	Overseas	Grant total
	VND	VND	VND
Net revenue from sales to external customers	140,597,432,284	51,208,360,259	191,805,792,543
Segment assets	1,012,764,971,232	-	1,012,764,971,232
The total cost of acquisition of fixed assets	337,181,818	-	337,181,818

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37 . TRANSACTION AND BALANCES WITH RELATED PARTIES

List and relation between related parties and the Corporation detail as follows:

Related parties	Relation
Vietnam Oil and Gas Group (Petro Viet Nam)	Major shareholder
Technip VietNam Company Limited	Related party of Major shareholder
PVE Oil Gas Project Management Consultancy Joint Stock Company	Subsidiary company
PVE Oil Gas Survey Consultancy Joint Stock Company	Subsidiary company
Petrovietnam Engineering (Malaysia) Sdn. Bhd.	Subsidiary company

During the fiscal year, the Corporation has the transactions and balances with related parties as follows:

Transactions during the year:

	Year 2019	Year 2018
	VND	VND
Revenue from sales of goods and rendering of services	96,003,129,304	272,874,811,691
Fellow group subsidiaries of Petrovietnam	42,207,262,558	95,045,680,026
Subsidiaries	51,208,360,259	177,829,131,665
Technip VietNam Company Limited	2,587,506,487	-
Purchases of goods or services	50,787,736,918	230,328,072,740
Subsidiaries	37,320,441,412	218,817,333,574
Fellow group subsidiaries of Petrovietnam	13,467,295,506	11,441,271,650
Technip VietNam Company Limited	-	69,467,516
Lendings	25,563,985,154	378,758,632,929
Subsidiaries	25,563,985,154	378,758,632,929
Collection of loans	54,504,994,000	299,728,575,511
Subsidiaries	54,504,994,000	299,728,575,511
Short-term borrowing	75,973,150,000	-
Related parties	75,973,150,000	-
Dividends or profits received	-	25,320,000,000
Subsidiaries	-	25,320,000,000
Interest income	22,554,187,926	16,812,177,397
Subsidiaries	22,554,187,926	16,812,177,397
Interest expenses	5,488,674,126	-
Other related parties	5,488,674,126	-

Outstanding balances up to the reporting date are as follows:

	31/12/2019	01/01/2019
	VND	VND
Short-term trade receivables	61,486,787,940	24,964,992,329
Subsidiaries	51,208,360,259	2,849,415,409
Fellow group subsidiaries of Petrovietnam	10,278,427,681	22,115,576,920
Short-term prepayments to suppliers	370,423,600	407,529,553
Subsidiaries	-	37,105,953
Fellow group subsidiaries of Petrovietnam	370,423,600	370,423,600
Short-term loan receivables	232,558,131,254	262,644,104,422
Subsidiaries	232,558,131,254	262,644,104,422
Other short-term receivables	137,907,770,763	123,872,657,264
Subsidiaries	130,439,887,783	116,404,774,284
Fellow group subsidiaries of Petrovietnam	7,467,882,980	7,467,882,980
Other long-term receivables	145,955,758,140	145,955,758,140
Fellow group subsidiaries of Petrovietnam	145,955,758,140	145,955,758,140
Short-term trade payables	78,981,138,560	63,098,109,365
Fellow group subsidiaries of Petrovietnam	78,904,724,292	62,608,836,632
Technip VietNam Company Limited	76,414,268	76,414,268
Subsidiaries	-	412,858,465

Outstanding balances up to the reporting date are as follows (continued):

	31/12/2019	01/01/2019
	VND	VND
Short-term advances from customers	8,865,183,023	3,459,767,280
Fellow group subsidiaries of Petrovietnam	557,873,467	3,272,742,140
Subsidiaries	8,307,309,556	187,025,140
Other short-term payables	6,563,000,000	2,513,000,000
Subsidiaries	4,050,000,000	-
Vietnam National Petroleum Group	2,513,000,000	2,513,000,000
Short-term borrowings	73,348,150,000	-
Other related parties	73,348,150,000	-

Transactions with other related parties:

	Relation	Year 2019	Year 2018
		VND	VND
Salaries and Remuneration			
Mr. Le Huu Bon	Chairman	747,305,205	779,548,705
Mr. Do Van Thanh	Member of BOM	752,267,955	784,697,955
Mr. Dinh Van Dinh	Member of BOM	472,272,864	492,485,500
Mr. Fong Nyuk Loon	Member of BOM	-	24,000,000
Mr. Ngo Ngoc Thuong	General Director	849,926,341	867,569,136
Mr. Pham Thanh Minh	Vice General Director	404,682,614	566,394,591
Mr. Le Viet Hoai	Vice General Director	216,160,000	-

38 . GUARANTEE COMMITMENT

As at 31 December 2019 and 01 January 2019, the Corporation involved in non-cancelable guarantee commitment for borrowings at a commercial bank ("the Lender") to its subsidiaries ("the Borrowers") . Upon that, the Corporation has obligations to repay the principals, interests charged, guarantee expenses and other related expenses to the Lender in case the Borrowers can not fulfill its liabilities or make late payments. Details of guaranteed borrowings are as follows :

	Guarantee limit VND
PVE Oil Gas Project Management Consultancy Joint Stock Company	80,000,000,000
PVE Oil Gas Survey Consultancy Joint Stock Company	30,000,000,000

39 . OTHER INFORMATION

In 2017, the Corporation and its subsidiaries, including Petrovietnam Engineering (Malaysia) Sdn. Bhd., and PVE Oil Gas Project Management Consultancy Joint Stock Company, were subcontractors for the general contractor, Tecnicas Reunidas Malaysia Sdn Bhd, to execute the Rapid Petronas package 3 contract (ELME) dated 19 January 2016 for the Rapid refinery and petrochemical complex (Malaysia). The investor of the project is Pengerang Refining Company Sdn Bhd.

By 2019, the Corporation and its subsidiaries have completed their scope of work. However, during the contract execution, there were many work items arising out of the main contract, as well as the unit price and quantity of work changed from the original estimate, but the general contractor - Tecnicas Reunidas Malaysia Sdn Bhd ("Tecnicas") did not accept to settlement. Therefore, the Corporation and its subsidiaries have been processing procedures to get involvement of the Economic Arbitration in Malaysia according to Documents No. AIAC/D/ADJ-2665-2019 dated 17/07/2019 and No. AIAC/D/ADJ -2680-2019 on 17/07/2019.

The Economic Arbitration in Malaysia issued a verdict dated 19 December 2019 rejecting the claim of the Corporation for the case No. AIAC/D/ADJ-2665-2019 and verdict dated 09 December 2019 approving the claim of the Corporation for the case No. AIAC/D/ADJ-2680-2019.

However, Tecnicas disagreed with the verdict of the Arbitrator dated 9 December 2019 and lodged to Construction Court of the High Court in Malaysia, as well as lodged the case to International Chamber of Commerce Arbitration (ICC) in Switzerland for dispute settlement. The total value of disputes that the Corporation required Tecnicas to pay according to the case submitted to the International Commercial Arbitration is USD 63,184,678.55.

At the reporting date of these Separate Financial Statements, the outcome of the lawsuit has not been resolved. The Board of General Directors assesses that the Corporation's ability to win the lawsuit is high, based on the advice of lawyers and the evidences for the works performed are certainly substantiated. The Board of General Directors will handle the relevant issues, record the loss, if any, according to the final verdict of International Chamber of Commerce Arbitration.

40 . COMPARATIVE FIGURES

The comparative figures are the figures of the Separate Financial Statements for the fiscal year ended as at 31 December 2018, which was audited by PwC (Vietnam) Co., Ltd. During the preparation of the Separate Financial Statements for the fiscal year ended as at 31 December 2019, the Corporation discovered some material misstatements, mainly related to the recognition of revenue and expenses on account period in the Separate Financial Statements for the fiscal year ended as at 31 December 2018. Accordingly, the Corporation make a retrospective restatement to correct misstatements in previous year, as follows:

	Notes	Code	Figures on the previous year's Separate Financial Statements	Figures reclassified	Differences
Separate Statement of Financial Position					
Short-term trade receivables	1	131	45,269,751,487	79,270,757,251	34,001,005,764
Receivables according to the progress of construction contracts		134	110,154,065,981	95,273,482,070	(14,880,583,911)
Inventories	1	141	162,134,523,992	148,187,082,209	(13,947,441,783)
Taxes and other receivables from State budget		153	1,684,701,838	1,068,086,574	(616,615,264)
Taxes and other payables to State budget	2, 3	313	6,757,829	4,920,229,087	4,913,471,258
Retained earnings	1, 2, 3	421	16,678,610,759	16,321,504,307	(357,106,452)
- RE accumulated till the end of the previous year		421a	1,685,454,869	(2,119,390,265)	(3,804,845,134)
- RE of the current year		421b	14,993,155,890	18,440,894,572	3,447,738,682
Separate Statement of Income					
Revenue from sales of goods and rendering of services	1	01	488,619,763,623	507,740,185,476	19,120,421,853
Net revenue from sales of goods and rendering of services		10	488,619,763,623	507,740,185,476	19,120,421,853
Cost of goods sold	1, 2	11	435,797,505,456	451,217,224,157	15,419,718,701
Gross profit from sales of goods and rendering of services		20	52,822,258,167	56,522,961,319	3,700,703,152

	Notes	Code	Figures on the previous year's Separate Financial Statements	Figures reclassified	Differences
Separate Statement of Income (Continued)					
Net profit from operating activities		30	15,656,107,623	19,356,810,775	3,700,703,152
Total net profit before tax		50	14,993,155,890	18,693,859,042	3,700,703,152
Current corporate income tax expense	3	51	-	252,964,470	252,964,470
Profit after corporate income tax		60	14,993,155,890	18,440,894,572	3,447,738,682
Separate Statement of Cash Flows					
Profit before tax		01	14,993,155,890	18,693,859,042	3,700,703,152
Operating profit before changes in working capital		08	10,751,004,977	14,451,708,129	3,700,703,152
Increase or decrease in receivables		09	47,312,756,953	28,192,335,100	(19,120,421,853)
Increase or decrease in inventories		10	72,733,047,522	86,680,489,305	13,947,441,783
Increase or decrease in payables		11	(22,808,061,951)	(21,335,785,033)	1,472,276,918

Detail of adjustments to comparative figures are as follows:

- (1) Additional recognition of revenue and cost for the volume of work that has been accepted and invoiced in 2018 is VND 19,120,421,853 and VND 14,503,313,896 respectively;
- (2) Additional recognition land rental expense for year 2016 to year 2018 according to Official Letter No. 4927/TB-CCT dated 24/06/2020 of Ba Ria Vung Tau Tax Department with the amount of VND 3,158,426,628;
- (3) Adjustment of corporate income tax expenses of year 2017 and year 2018 as re-determination of corporate income tax expenses due to the addition of non-deductible loan interest expenses in accordance with the Decree 132/2020/ND-CP applying to enterprises having related-party transactions with the amount of VND 2,287,827,571.



Le Quang Thang
Preparer



Nguyen Khac Chuong
Chief Accountant



Ngô Ngọc Thương
General Director

Ho Chi Minh City, 01 December 2021