PETROVIETNAM TRANSPORTATION CORPORATION

(Incorporated in the Socialist Republic of Vietnam)

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

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STATEMENT OF THE BOARD OF DIRECTORS

The Board of Directors of Petrovietnam Transportation Corporation (the "Parent company") and its subsidiaries (the Parent company and its subsidiaries hereinafter referred to as the "Corporation") presents this report together with the Corporation's consolidated financial statements for the year ended 31 December 2017.

THE BOARDS OF MANAGEMENT AND DIRECTORS

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

Board of Management

Mr. Nguyen Xuan Son	Chairman
Mr. Pham Viet Anh	Member
Mr. Mai The Toan	Member
Mr. Pham Anh Tuan	Member (appointed on 5 April 2017)
Mr. Le Manh Tuan	Member
Mr. Nguyen Quoc Phuong	Member

Board of Directors

Mr. Pham Viet Anh	General Director
Ms. Nguyen Linh Giang	Deputy General Director (appointed on 15 December 2017)
Mr. Dao Manh Tien	Deputy General Director
Mr. Mai The Toan	Deputy General Director
Mr. Dang Khac Do	Deputy General Director (resigned on 22 November 2017)
Mr. Nguyen Dinh Thanh	Deputy General Director

THE BOARD OF DIRECTORS' STATEMENT OF RESPONSIBILITY

The Board of Directors of the Corporation is responsible for preparing the consolidated financial statements, which give a true and fair view of the consolidated financial position of the Corporation as at 31 December 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting. In preparing these consolidated financial statements, the Board of Directors is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the consolidated financial statements;
- prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Corporation will continue in business; and
- design and implement an effective internal control system for the purpose of properly preparing and presenting the consolidated financial statements so as to minimize errors and frauds.

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

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

For and on behalf of the Board of Directors,

M.S.D.N:0302743198 C.T.C.P
TỔNG CÔNG TY CỔ PHẦN VẬN TẢI DẦU KHÍ
QUẬN 1 TP HỒ CHÍ MINH

Pham Viet Anh
General Director
23 March 2018

Deloitte.

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No.: 476 /VN1A-HC-BC

INDEPENDENT AUDITORS' REPORT

To: The Shareholders
The Boards of Management and Directors
Petrovietnam Transportation Corporation

We have audited the accompanying consolidated financial statements of Petrovietnam Transportation Corporation (the "Parent company") and its subsidiaries (the Parent company and its subsidiaries hereinafter referred to as the "Corporation"), prepared on 23 March 2018 as set out from page 4 to page 39, which comprise the consolidated balance sheet as at 31 December 2017, and the consolidated statement of income and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors' Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Auditors' Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation as at 31 December 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting.

Deloitte.

INDEPENDENT AUDITORS' REPORT (Continued)

Emphasis of Matter

We draw attention to Note 10 and Note 20 of the Notes to the consolidated financial statements about the impact of accounting policies related to fixed asset overhaul expenses, changes in estimated useful lives of fixed assets and reversal of provision for overhaul expenses. Our audit opinion is not modified in respect of this matter.

M.S.C.N:0100112500-002-C.T.TNHH
CHI NHÁNH
CÔNG TY
TRÁCH NHIỆM HỮU HẠN
DELOITTE
VIỆT NAM
QUẬN 1 - TP.HỒ CHÍ MINH

Nguyen Quang Trung	**Tran Thi Kim Khanh**
Audit Partner	**Auditor**
Audit Practising Registration Certificate	Audit Practising Registration Certificate
No. 0733-2018-001-1	No. 0395-2018-001-1
BRANCH OF DELOITTE VIETNAM	
COMPANY LIMITED	
23 March 2018	
Ho Chi Minh City, S.R.Vietnam	

CONSOLIDATED BALANCE SHEET
As at 31 December 2017

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
A. CURRENT ASSETS	**100**		**3,895,123,694,813**	**3,723,063,047,259**
I. Cash and cash equivalents	**110**	**4**	**1,959,453,323,823**	**1,338,548,595,430**
1. Cash	111		274,926,625,155	254,355,727,462
2. Cash equivalents	112		1,684,526,698,668	1,084,192,867,968
II. Short-term financial investments	**120**		**961,028,495,000**	**1,559,919,013,699**
1. Held-to-maturity investments	123	5	961,028,495,000	1,559,919,013,699
III. Short-term receivables	**130**		**816,269,281,450**	**703,352,215,662**
1. Short-term trade receivables	131	6	717,144,060,550	646,587,637,939
2. Short-term advances to suppliers	132		10,368,032,759	9,433,461,013
3. Other short-term receivables	136	7	197,763,309,154	152,120,457,694
4. Provision for short-term doubtful debts	137	8	(109,753,752,563)	(104,789,340,984)
5. Deficits in assets awaiting solution	139		747,631,550	-
IV. Inventories	**140**	**9**	**95,340,021,221**	**86,071,502,887**
1. Inventories	141		96,147,700,387	86,879,182,053
2. Provision for devaluation of inventories	149		(807,679,166)	(807,679,166)
V. Other short-term assets	**150**		**63,032,573,319**	**35,171,719,581**
1. Short-term prepayments	151		23,825,943,572	17,187,202,459
2. Value added tax deductibles	152		38,490,770,684	13,555,520,024
3. Taxes and other receivables from State budget	153	17	715,859,063	4,428,997,098

CONSOLIDATED BALANCE SHEET (Continued)

As at 31 December 2017

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
B. NON-CURRENT ASSETS	**200**		**5,308,418,371,695**	**5,347,289,277,735**
I. Long-term receivables	**210**		**8,775,317,837**	**7,635,948,737**
1. Other long-term receivables	216	7	8,775,317,837	7,635,948,737
II. Fixed assets	**220**		**4,966,523,206,049**	**5,062,367,642,438**
1. Tangible fixed assets	221	10	4,960,979,913,379	5,057,352,696,079
- Cost	*222*		*8,348,360,004,948*	*7,910,606,581,497*
- Accumulated depreciation	*223*		*(3,387,380,091,569)*	*(2,853,253,885,418)*
2. Intangible assets	227	11	5,543,292,670	5,014,946,359
- Cost	*228*		*8,905,161,127*	*7,177,239,557*
- Accumulated amortisation	*229*		*(3,361,868,457)*	*(2,162,293,198)*
III. Long-term assets in progress	**240**		**1,064,149,855**	**265,166,725**
1. Construction in progress	242		1,064,149,855	265,166,725
IV. Long-term financial investments	**250**		**239,624,291,753**	**234,885,893,050**
1. Investments in joint-ventures, associates	252	12	193,686,524,453	188,948,125,750
2. Equity investments in other entities	253	13	45,937,767,300	45,937,767,300
V. Other long-term assets	**260**		**92,431,406,201**	**42,134,626,785**
1. Long-term prepayments	261	14	62,187,503,265	28,296,152,255
2. Deferred tax assets	262	15	30,243,902,936	13,838,474,530
TOTAL ASSETS (270 = 100+200)	**270**		**9,203,542,066,508**	**9,070,352,324,994**

CONSOLIDATED BALANCE SHEET (Continued)

As at 31 December 2017

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance
C. LIABILITIES	**300**		**4,541,840,355,753**	**4,736,890,074,755**
I. Current liabilities	**310**		**1,972,889,886,852**	**1,874,446,172,573**
1. Short-term trade payables	311	16	682,333,972,033	656,073,062,522
2. Short-term advances from customers	312		9,123,912,809	11,185,090,293
3. Taxes and amounts payable to State budget	313	17	101,446,892,053	54,774,724,835
4. Payables to employees	314		128,404,599,583	116,612,429,384
5. Short-term accrued expenses	315	18	47,607,259,457	42,974,684,307
6. Short-term unearned revenue	318		836,500,000	1,432,660,000
7. Other current payables	319	19	217,824,831,679	179,730,155,365
8. Short-term loans	320	22	536,916,427,894	529,716,898,818
9. Short-term provisions	321	20	153,383,069,852	216,133,723,286
10. Bonus and welfare funds	322		95,012,421,492	65,812,743,763
II. Long-term liabilities	**330**		**2,568,950,468,901**	**2,862,443,902,182**
1. Long-term trade payables	331	21	288,613,920,000	317,475,312,000
2. Long-term accrued expenses	333	18	4,727,694,597	6,791,607,884
3. Other long-term payables	337	19	32,352,083,653	34,268,483,653
4. Long-term loans	338	22	2,153,037,640,742	2,432,407,705,350
5. Long-term provisions	342	20	90,219,129,909	71,500,793,295
D. EQUITY	**400**	**23**	**4,661,701,710,755**	**4,333,462,250,239**
I. Owner's equity	**410**		**4,661,701,710,755**	**4,333,462,250,239**
1. Owner's contributed capital	411		2,814,401,620,000	2,814,401,620,000
- Ordinary shares carrying voting rights	*411a*		*2,814,401,620,000*	*2,814,401,620,000*
2. Investment and development fund	418		205,586,711,295	130,912,914,538
3. Other reserves	420		47,218,399,245	47,218,399,245
4. Retained earnings	421		620,279,985,279	580,536,736,829
- Retained earnings accumulated to the prior year end	*421a*		*170,169,331,375*	*164,972,234,529*
- Retained earnings of the current year	*421b*		*450,110,653,904*	*415,564,502,300*
5. Non-controlling interests	429		974,214,994,936	760,392,579,627
TOTAL RESOURCES (440 = 300+400)	**440**		**9,203,542,066,508**	**9,070,352,324,994**

TỔNG CÔNG TY CỔ PHẦN VẬN TẢI DẦU KHÍ
M.S.D.N: 0302743192-C.T.C.P
QUẬN 1, TP. HỒ CHÍ MINH

Nguyen Hoang Long	Le Anh Nam	Pham Viet Anh
Preparer	**Chief Accountant**	**General Director**
		23 March 2018

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2017

Unit: VND

ITEMS	Codes	Notes	Current year	Prior year
1. Gross revenue from goods sold and services rendered	01		6,147,640,210,071	6,734,322,492,591
2. Deductions	02		-	747,676,768
3. Net revenue from goods sold and services rendered (10=01-02)	10	26	6,147,640,210,071	6,733,574,815,823
4. Cost of sales	11	27	5,301,653,916,473	5,971,112,130,559
5. Gross profit from goods sold and services rendered (20=10-11)	20		845,986,293,598	762,462,685,264
6. Financial income	21	29	187,905,527,851	159,327,484,591
7. Financial expenses	22	30	160,954,653,291	150,405,149,992
- In which: Interest expense	*23*		*151,581,427,633*	*122,947,562,199*
8. Income from investment in associates and joint vetures	24	12	27,116,030,203	26,785,452,437
9. Selling expenses	25	31	9,504,715,284	8,950,535,194
10. General and administration expenses	26	31	232,988,068,823	226,976,152,559
11. Operating profit (30=20+(21-22)+24-(25+26))	30		657,560,414,254	562,243,784,547
12. Other income	31		21,405,197,251	42,981,024,216
13. Other expenses	32		8,057,573,188	3,269,377,445
14. Profit from other activities (40=31-32)	40	32	13,347,624,063	39,711,646,771
15. Accounting profit before tax (50=30+40)	50		670,908,038,317	601,955,431,318
16. Current corporate income tax expense	51	33	153,627,347,892	126,175,814,457
17. Deferred corporate tax income	52	33	(16,405,428,406)	(7,686,183,556)
18. Net profit after corporate income tax (60=50-51-52)	60		533,686,118,831	483,465,800,417
Attributable to:				
- The Parent company's shareholders	61		450,110,653,904	415,564,502,300
- Non-controlling interests	62		83,575,464,927	67,901,298,117
19. Basic earnings per share	**70**	**34**	**1,436**	**1,326**

M.S.D.N:0302743192-C.T.C.P
TỔNG CÔNG TY CỔ PHẦN VẬN TẢI DẦU KHÍ
QUẬN 1 - TP HỒ CHÍ MINH

Nguyen Hoang Long	Le Anh Nam	Pham Viet Anh
Preparer	Chief Accountant	General Director
		23 March 2018

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 December 2017

Unit: VND

ITEMS	Codes	Current year	Prior year
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	***01***	***670,908,038,317***	***601,955,431,318***
2. Adjustments for:			
Depreciation and amortisation of fixed assets	02	577,821,892,223	465,616,372,740
Provisions	03	50,948,114,719	249,893,485,708
Foreign exchange gain arising from translating foreign currency items	04	(11,814,937,283)	(15,122,192,100)
Gain from investing activities	05	(186,299,464,673)	(182,393,683,451)
Interest expense	06	151,581,427,633	122,947,562,199
3. Operating profit before movements in working capital	***08***	***1,253,145,070,936***	***1,242,896,976,414***
Changes in receivables	09	(157,285,725,106)	42,126,926,894
Changes in inventories	10	(9,268,518,334)	17,893,806,037
Changes in payables	11	60,997,880,674	170,705,054,838
Changes in prepaid expenses	12	(40,530,092,123)	74,938,556,024
Changes in trading securities	13	-	266,108,066
Interest paid	14	(150,505,437,158)	(123,170,728,492)
Corporate income tax paid	15	(115,802,951,786)	(121,759,545,302)
Other cash inflows	16	2,185,808,333	-
Other cash outflows	17	(97,802,665,654)	(73,168,823,428)
Net cash generated by operating activities	***20***	***745,133,369,782***	***1,230,728,331,051***
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition and construction of fixed assets and other long-term assets	21	(425,955,055,340)	(365,120,418,195)
2. Proceeds from sale, disposal of fixed assets and other long-term assets	22	15,830,993,833	58,080,913,148
3. Cash outflow for lending, buying debt instruments of other entities	23	(926,028,495,000)	(2,047,519,013,699)
4. Cash recovered from lending, selling debt instruments of other entities	24	1,535,968,634,149	1,024,841,695,000
5. Other investment	25	-	(51,381,375,305)
6. Cash recovered from investments in other entities	26	-	1,025,000,000
7. Interest earned, dividends and profits received	27	180,709,444,980	171,598,154,620
Net cash generated by/(used in) investing activities	***30***	***380,525,522,622***	***(1,208,475,044,431)***

CONSOLIDATED CASH FLOW STATEMENT (Continued)

For the year ended 31 December 2017

Unit: VND

ITEMS	Codes	Current year	Prior year
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Proceeds from share issue and owners' contributed capital	31	49,000,000,000	7,200,000,000
2. Proceeds from borrowings	33	298,087,698,150	454,919,041,704
3. Repayments of borrowings	34	(547,403,444,757)	(1,150,787,337,915)
4. Dividends and profits paid	36	(304,140,321,650)	(231,839,629,612)
Net cash used in financing activities	***40***	***(504,456,068,257)***	***(920,507,925,823)***
Net increase/(decrease) in cash (50=20+30+40)	***50***	***621,202,824,147***	***(898,254,639,203)***
Cash and cash equivalents at the beginning of the year	**60**	**1,338,548,595,430**	**2,236,855,073,354**
Effects of changes in foreign exchange rates	61	(298,095,754)	(51,838,721)
Cash and cash equivalents at the end of the year (70=50+60+61)	**70**	**1,959,453,323,823**	**1,338,548,595,430**

TỔNG CÔNG TY CỔ PHẦN VẬN TẢI DẦU KHÍ
M.S.D.N:0302743192-C.T.C.P. QUẬN 1 TP. HỒ CHÍ MINH

Nguyen Hoang Long	Le Anh Nam	Pham Viet Anh
Preparer	Chief Accountant	General Director
		23 March 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements

1. GENERAL INFORMATION

Structure of ownership

The Parent Company

Petrovietnam Transportation Corporation (the "Parent company") was established in Vietnam in accordance with the thirteenth amended Business Registration Certificate No. 0302743192 dated 11 January 2017 issued by the Department of Planning and Investment of Ho Chi Minh City. This Certificate replaced the Business Registration Certificates No. 4103006624 dated 07 May 2007 issued by the Department of Planning and Investment of Ho Chi Minh City. The Parent company is listed on Ho Chi Minh Stock Exchange on 10 December 2007, with stock code as PVT.

The number of employees of the Parent company as at 31 December 2017 is 716 (as at 31 December 2016: 727).

The principal activities of the Parent company are to transport crude oil and gas products, provide marine services, repair vessels and floating vehicles, rent and provide vessels and other vehicles for lease.

The Subsidiaries

Company name	Registered address	Capital contributed proportion	Voting rights	Principle activities
Petrovietnam Transportation Vung Tau Joint Stock Company (hereinafter referred to as "PVTrans Vung Tau")	186 Truong Cong Dinh Street, Ward 3, Vung Tau City, Ba Ria-Vung Tau Province	99.85%	99.85%	Transport crude oil and gas products, provide marine services, repair vessels and floating vehicles, lease vessels and other vehicles, provide vessels and other vehicles for lease, provide recruiting, training and seafarers to oil and gas vessels, and export industrial, agricultural, fishery products and other groceries.
Petrovietnam Transportation Ha Noi Joint Stock Company (hereinafter referred to as "PVTrans Hanoi")	14th Floor, 319 Building - Ministry of National Defense Tower, 63 Le Van Luong Street, Trung Hoa Ward, Cau Giay District, Ha Noi City	50.5%	50.5%	Transport crude oil and gas products, provide marine services, vessels repair service and floating vehicles, lease vessels and other vehicles, provide vessels and other vehicles for lease, export industrial, agricultural, fishery products, household and personal products, provide recruiting and seafarers to domestic customers, real estate management and consulting services, provide domestic tourism services, create software, provide IT solutions and equipment.
Southern Petroleum Transportation Joint Stock Company (hereinafter referred to as "PVTrans Southern")	M. Floor, PVFCCo Tower, 43 Mac Dinh Chi Street, Da kao Ward, District 1, Ho Chi Minh City	69.63%	69.63%	Provide maritime transportation to petroleum products, provide petroleum agent services, provide maritime agent and broker services, repair vessels, rent and provide vessels and other vehicles for lease.
Pacific Petroleum Transportation Joint Stock Company (hereinafter referred to as "PVTrans Pacific")	3rd Floor, PVFCCo Tower, 43 Mac Dinh Chi Street, Da kao Ward, District 1, Ho Chi Minh City	64.92%	64.92%	Transport crude oil products, provide vessels and other vehicles for lease, provide maritime agent and vessel broker services, provide marine services and repair vessel services.

International Gas Product Shipping Joint Stock Company (hereinafter referred to as "PVTrans Gas Shipping")	9th Floor, Green Power Tower, 35 Ton Duc Thang Street, District 1, Ho Chi Minh City	67.74%	67.74%	Trade vehicles, provide vessels for lease, provide transportation services by car, domestic waterway and ocean; services: provide shipping agent and broker services, trade vessels, provide tallying service and vessel cleaning services, repair vessels at port, provide forwarding and training services.
Indochina Petroleum Transportation Joint Stock Company (hereinafter referred to as "PVTrans Indochina")	14th Floor, Viet A Tower, Duy Tan Street, Dich Vong Hau Ward, Cau Giay District, Ha Noi City	48.67%	48.67%	Provide transportation services by car under contract, in fixed routes, transport merchandises, petroleum and gasoline, trading liquefied petroleum gas and gasoline; trading gas: manufacturing, repair gas tanks, convert vehicles to use LPG fuel; and repair, maintenance, install spare parts for vehicles.
Phuong Dong Viet Transportation Oil Joint Stock Company (hereinafter referred to as "PVTrans Phuong Dong Viet")	Room 806, 8th Floor, Citilight Tower, 45 Vo Thi Sau Street, Dakao Ward, District 1, Ho Chi Minh City	67.99%	67.99%	Provide marine transportation services, transportation services by car and domestic waterway, provide marine broker services, provide vessels, provide shipping agent services, repair vessels at port (not at head office), provide vessels, car and other vehicles for lease, exploit rock, sand, gravel, and clay, provide training services and surface preparation services.
Quang Ngai Petro Transportation Joint Stock Company (hereinafter referred to as "PVTrans Quang Ngai")	E1, Ton Duc Thang Street, Tran Phu Ward, Quang Ngai City, Quang Ngai Province	50.67%	50.67%	Provide transportation services on road, provide services on shipping agent, maritime carrier's agent and other supporting services related transportation; provide direct supporting services on transportation by waterway, road and airway; provide warehouse services, cargo maintenance; provide road passenger transportation services (excluding transportation by bus); trade and supply materials, equipment in oil & gas industry, and maritime industry; act as air ticket selling agent; provide oil & gas technical services; provide coastal and sea transportation services, provide shipping broker services and vessels.
Nhat Viet Transportation Corporation (hereinafter referred to as "PVTrans Nhat Viet")	Room No. 04-06-R2, Everrich Building, 968, 3/2 Street, Ward 15, District 11, Ho Chi Minh City	51%	51%	Provide vessels management service; provided fuels in the form of domestic consumption and temporary import for re-export marine vessels; provide transportation service for LPG in domestic and overseas; provide shipping agency service.

As at 31 December 2017 and 31 December 2016, contributed capital of the Parent company in PVTrans Indochina is 48.67% of total charter capital in accordance with Business Registration Certificate. However, most of the members of Board of Management and Board of Directors (including the General Director) are the Parent company's representatives, the Parent company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities. Consequently, the Parent company has presented its invesment in this company as an invesment in subsidiary.

Normal production and business cycle

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

Disclosure of information comparability in the consolidated financial statement

Comparative figures are the figures of the audited consolidated financial statements for the year ended 31 December 2016.

2. ACCOUNTING CONVENTION AND FINANCIAL YEAR

Accounting convention

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

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

Financial year

The Corporation's financial year begins on 1 January and ends on 31 December.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Estimates

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

Basis of consolidation

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

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

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

Intragroup transactions and balances are eliminated in full on consolidation.

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

Business combinations

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired is credited to profit and loss in the period of acquisition.

The non-controlling interests are initially measured at the non-controlling shareholders' proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Investments in associates

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

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

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

Financial instruments

Initial recognition

Financial assets: At the date of initial recognition, financial assets are recognised at cost plus transaction costs that are directly attributable to the acquisition of the financial assets. Financial assets of the Corporation comprise cash and cash equivalents, trade and other receivables, financial investments.

Financial liabilities: At the date of initial recognition financial liabilities are recognised at cost plus transaction costs that are directly attributable to the issue of the financial liabilities. Financial liabilities of the Corporation comprise trade and other payables, accrued expenses and borrowings.

Subsequent measurement

Currently, there are no requirements for the subsequent measurement of the financial instruments after initial recognition.

Cash and cash equivalents

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

Financial investments

Held-to-maturity investments

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

Interest income from held-to-maturity investments is recognised in the income statement on accrual basis.

Equity investments in other entities

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

Financial investments are carried at cost less provision for impairment. Provision for equity investments is made in accordance with prevailing accounting regulation.

Receivables

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

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

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs comprise direct materials and where applicable those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the First in first out ("FIFO") method. Net realizable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

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

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation.

The costs of purchased tangible fixed assets comprise their purchase prices and any directly attributable costs of bringing the assets to their working conditions and locations for their intended use. The costs of tangible fixed assets formed from construction investment by contractual mode or self-construction or self-generating process are the settled costs of the invested construction projects in accordance with the prevailing State's regulations on investment and construction management, directly-related expenses and registration fee (if any). In the event the construction project has been completed and put into use but the settled costs thereof have not been approved, the cost of tangible fixed assets is recognised at the estimated cost based on the actual cost incurred. The estimated cost will be adjusted according to the settled costs approved by competent authorities.

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

	Years
Buildings and structures	10
Machinery and equipment	03 - 08
Transport vehicles	05 - 25
Office equipment	02 - 08

Fixed assets' overhaul expenses

Vessels are required to be dry-docked periodically, it comprises costs of repair and maintenance of the vessel in accordance with technical requirements to restore operating condition and capability of the vessel. According to prevailing accounting regulations, the Corporation may recognize overhaul expenses as actually incurred or make a provision annually based on the budget. The Corporation and its subsidiaries currently apply overhaul expenses recognition for transport vessels as follows:

a) For oil tankers and bulk carriers: major repair and maintenance costs will be recognized when incurred and allocated to the consolidated income statement using the straight-line method over the period through the next dry-docking;
b) For crude oil tankers and LPG carriers: major repair and periodical maintenance are recorded in the annual consolidated income statement on an accrual basis based on the budget until the expected dry-docking time. If the actual dry-docking expenses is larger than the provision amount according to the budget or vice versa, the difference is recognized in the consolidated income statement for that fiscal year.

In presenting consolidated financial statements, the Corporation did not use accounting policy for recognizing dry-docking expenses consistently due to the technical characteristics and business characteristics of each of the groups mentioned above at the Corporation and its subsidiaries. If the Corporation applied consistently accounting policies for dry-docking expenses as accrual basis, the cost of the year would increase an estimated amount of VND 107 billion.

Operating lease

Leases are classified as operating leases when the lessor still enjoys the majority of the rewards and is subject to the risks of ownership.

The Corporation as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

The Corporation as lessee

Rentals payable under operating leases are charged to the consolidated income statement on a straight-line basis over the term of the relevant lease.

Intangible assets and amortization

Intangible assets represent land use rights, computer software which state at cost less accumulated amortization.

Land use rights comprise total actual expenses directly related to using land. Land use rights with definite term are amortized using the straight-line method over the duration of the right to use the land. Land use rights with indefinite term are not amortized.

Computer software is stated at cost less accumulated amortization. Computer software is amortized using the straight-line method over the period from 3 to 6 years.

Prepayments

Prepayments are expenses which have already been paid but relate to results of operations of multiple accounting years. These expenses include overhauling expenses, office rentals, ship insurance fee and other types of prepayments which are expected to provide future economic benefits to the Corporation in future. These expenditures have been capitalised as prepayments, and are allocated to the income statement using the straight-line method in accordance with the current prevailing accounting regulations.

Payable provisions

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

Revenue recognition

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

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

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

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

Interest income is accrued on a time basis, by reference to the principal outstanding and at the applicable interest rate.

Dividend income from investments is recognised when the Corporation's right to receive payment has been established.

Foreign currencies

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

Borrowing costs

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

Taxation

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

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

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

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

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

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

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

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4. CASH AND CASH EQUIVALENTS

	Closing balance VND	Opening balance VND
Cash on hand	1,667,095,547	4,089,188,717
Demand deposits	273,259,529,608	250,209,738,745
Cash in transit	-	56,800,000
Cash equivalents	1,684,526,698,668	1,084,192,867,968
	1,959,453,323,823	**1,338,548,595,430**

Cash equivalents represent time deposits in Vietnam Dong and United States Dollar with maturity term from 1 to 3 months at commercial banks.

In addition, the balance included time deposits at commercial banks with the amount of VND 108,998,400,406 in the co-owner account with Dung Quat Shipbuilding Industry Company Limited ("DQS"). This account was used for the management of the disbursement amount of building project of the 105,000 DWT oil vessels. PVTrans Pacific (the Corporation's subsidiary) transferred the disbursement amount into this account to joint-manage and joint-control with DQS only when obtaining the documentation signed by all of the legal representative or all of the authorized persons and stamped by both account owners together with the disbursement papers. PVTrans Pacific is entitled to all the rights and the use of all the interest amounts earned during the period of opening the co-owner account.

5. FINANCIAL INVESTMENTS

	Closing balance		Opening balance	
	Cost VND	Carrying amount VND	Cost VND	Carrying amount VND
Term deposits (*)	961,028,495,000	961,028,495,000	1,559,919,013,699	1,559,919,013,699
	961,028,495,000	**961,028,495,000**	**1,559,919,013,699**	**1,559,919,013,699**

(*) Term depositsrepresent term deposits in Vietnam Dong with remaining maturity term from 3 months to less than 12 months at commercial banks and interest rate ranging from 5.2% to 9% per annum (as at 31 December 2016: from 4.3% to 6.1% per annum).

The Corporation has used a number of deposit contracts at commercial banks with a total amount of VND 60 billion as collateral for the guarantee letter of credit guaranteeing the implementation of economic contracts.

6. SHORT-TERM TRADE RECEIVABLES

	Closing balance VND	Opening balance VND
a) Trade receivables from third parties		
Sellan Gas Company Limited	9,276,705,184	88,266,053,114
Thanh Hoa Petroleum Company Limited	94,153,406,560	-
Premier Oil Vietnam Offshore B.V	48,290,061,926	47,402,573,908
Others	148,954,056,348	190,264,557,996
b) Trade receivables from related parties (Note 37)	**416,469,830,532**	**320,654,452,921**
	717,144,060,550	**646,587,637,939**

7. OTHER RECEIVABLES

	Closing balance VND	Opening balance VND
a) Short-term		
Deposits and mortgages	43,675,318,500	542,898,000
Advance to employees	5,789,722,700	5,250,009,959
Accrued interest income from time deposit account	26,376,684,287	19,809,751,002
Remuneration of the Board of Directors and the Supervisory Board	252,000,000	174,000,000
Other receivables from related parties (Note 37)	9,168,948,302	7,698,147,018
Other receivables		
- Vietnam Joint Stock Commercial Bank for Industry and Trade - Nha Be Branch (*)	80,000,000,000	80,000,000,000
- Quoc Viet Marine Transport Joint Stock Company	13,321,603,903	13,353,185,767
- Others	19,179,031,462	25,292,465,948
	197,763,309,154	**152,120,457,694**
b) Long-term		
Deposits and mortgages	**8,775,317,837**	**7,635,948,737**

(*) Compensation represents receivables of PVTrans Pacific (subsidiary) regarding to deposit contract at Vietnam Joint Stock Commercial Bank for Industry and Trade - Nha Be Branch. According to judgement court No. 02/2015/HSPT dated 7 January 2015 (People's Supreme Court of Ho Chi Minh City), Huynh Thi Huyen Nhu and Vo Tuan Anh (accused members) have joint responsibility for reimbursement to PVTrans Pacific. However, the Board of Directors had assessed the recoverability of the amount and made full provision in 2012.

8. BAD DEBTS

	Closing balance		Opening balance	
	Cost VND	Recoverable amount VND	Cost VND	Recoverable amount VND
Customer				
Quoc Viet Marine Transport Joint Stock Company	14,019,963,009	-	14,037,189,480	-
Vitol Asia Pte Ltd.	1,987,493,850	-	1,992,316,800	-
Navig8 Pool Inc.	615,354,750	-	619,506,240	-
Vietnam Joint Stock Commercial Bank for Industry and Trade - Nha Be Branch	80,000,000,000	-	80,000,000,000	-
Others	13,130,940,954	-	8,140,328,464	-
	109,753,752,563	**-**	**104,789,340,984**	**-**

9. INVENTORIES

	Closing balance		Opening balance	
	Cost VND	Provision VND	Cost VND	Provision VND
Goods in transit	689,888,391	-	95,424,000	-
Raw materials	90,821,863,520	(807,679,166)	83,324,050,023	(807,679,166)
Tools and supplies	20,614,790	-	17,814,790	-
Work in progress	4,521,274,090	-	221,977,089	-
Merchandise	94,059,596	-	3,219,916,151	-
	96,147,700,387	**(807,679,166)**	**86,879,182,053**	**(807,679,166)**

10. TANGIBLE FIXED ASSETS

	Buildings and structures VND	Machinery and equipment VND	Transport vehicles VND	Office equipment VND	Total VND
COST					
Opening balance	545,454,545	9,721,614,390	7,889,378,681,060	10,960,831,502	7,910,606,581,497
Additions	-	-	386,787,836,788	1,502,897,567	388,290,734,355
Disposals	(15,728,271)	-	(56,569,917,133)	(43,684,000)	(56,629,329,404)
Addition by capital contribution	-	-	106,092,018,500	-	106,092,018,500
Closing balance	529,726,274	9,721,614,390	8,325,688,619,215	12,420,045,069	8,348,360,004,948
ACCUMULATED DEPRECIATION					
Opening balance	(327,272,710)	(8,441,029,353)	(2,837,786,737,493)	(6,698,845,862)	(2,853,253,885,418)
Charge for the year	(54,545,448)	(793,189,962)	(573,214,213,045)	(2,543,913,015)	(576,605,861,470)
Disposals	11,009,790	-	42,424,961,529	43,684,000	42,479,655,319
Closing balance	(370,808,368)	(9,234,219,315)	(3,368,575,989,009)	(9,199,074,877)	(3,387,380,091,569)
NET BOOK VALUE					
Closing balance	**158,917,906**	**487,395,075**	**4,957,112,630,206**	**3,220,970,192**	**4,960,979,913,379**
Opening balance	**218,181,835**	**1,280,585,037**	**5,051,591,943,567**	**4,261,985,640**	**5,057,352,696,079**

As presented in Note 22, the Corporation has pledged some of its transport vehicles with the total cost and net book value as at 31 December 2017 of VND 5,699,231,188,027 and VND 4,062,889,439,571, respectively (as at 31 December 2016: VND 5,754,188,688,864 and VND 4,159,277,968,464 respectively), to secure loans granted to the Corporation and issue guarantee letter for the payment.

The cost of the Corporation's fixed assets as at 31 December 2017 includes the amounts of VND 178,970,717,324 (as at 31 December 2016: VND 86,511,496,120) of assets which have been fully depreciated but are still in use.

During the year, the Board of Directors has changed the estimated useful life of Hercules vessel from 15 years to 12.5 years. The Board of Directors believes that the change in useful life is in line with the technical situation and the plan to exploit this vessel. This change has led to an increase in depreciation expense and a decrease in profit before tax an amount of VND 93,907,338,170 if the depreciation expense is recognized over the useful life as in the previous year. In addition, due to change in exploitation plan of this vessel, the Board of Directors made a reversal provision for overhaul expenses of Hercules vessel with an amount of VND 43,593,614,860, the profit before tax has been increased by the same amount (see Note 20).

11. INCREASES, DECREASES IN INTANGIBLE ASSETS

	Land use rights VND	Software VND	Certificate VND	Total VND
COST				
Opening balance	2,300,000,000	4,750,899,007	126,340,550	7,177,239,557
Additions	-	1,764,884,506	50,000,000	1,814,884,506
Decreases	(86,962,936)	-	-	(86,962,936)
Closing balance	2,213,037,064	6,515,783,513	176,340,550	8,905,161,127
ACCUMULATED AMORTISATION				
Opening balance	(226,351,546)	(1,809,601,102)	(126,340,550)	(2,162,293,198)
Charge for the year	(34,352,676)	(1,176,469,742)	(5,208,335)	(1,216,030,753)
Decreases	16,455,494	-	-	16,455,494
Closing balance	(244,248,728)	(2,986,070,844)	(131,548,885)	(3,361,868,457)
NET BOOK VALUE				
Closing balance	**1,968,788,336**	**3,529,712,669**	**44,791,665**	**5,543,292,670**
Opening balance	**2,073,648,454**	**2,941,297,905**	**-**	**5,014,946,359**

12. INVESTMENTS IN ASSOCIATES, JOINT VENTURES

Investments in associates:

	Closing balance VND	Opening balance VND
Cost of investments in associates	150,037,720,000	150,037,720,000
Share of post-acquisition profits, net of dividends received	43,648,804,453	38,910,405,750
	193,686,524,453	**188,948,125,750**

Detailed information about investment in associates as at 31 December 2017 as follows:

	Closing balance VND	Opening balance VND
PTSC Production Services Joint Stock Company	98,000,000,000	98,000,000,000
Cuu Long Petro Gas Service Transportation Joint Stock Company	52,037,720,000	52,037,720,000
	150,037,720,000	**98,000,000,000**

PTSC Production Services Joint Stock Company was established in accordance with Business Registration Certificate No. 3501811660 issued by the Department of Planning and Investment of Ba Ria-Vung Tau Province on 01 April 2011. As at 31 December 2016 and 31 December 2015, the Corporation contributed VND 98 billion, equivalent to 49% total charter capital in accordance with Business Registration Certificate. The principal activities of this company are to provide operation and maintenance services of oil & gas exploitation plants; to provide supporting services for crude oil and natural gas exploitation activities; to supply human resourses in gas and oil industry.

Cuu Long Petro Gas Service Transportation Joint Stock Company was established in accordance with Business Registration Certificate No. 4103006914 issued by the Department of Planning and Investment of Ho Chi Minh City on 4 June 2007. The Corporation contributed VND 52,037,720,000, equivalent to 22.63% total charter capital in accordance with Business Registration Certificate. The principal activities of this company are to provide taxi services under contract, in fixed routes, provide transportation services by car, by domestic waterway; trade vehicles, machinery, transportation spare parts, gas product such as LPG, CNG, LNG; provide petroleum agent services; vehicles docking services; real estate trade, office leasing; hotel and restaurant business; provide domestic and international tourism services; provide stop and parking areas; invest, manufacture and trade hydropower plants; provide transportation services by bus; provide marine transportation services and trade fertilizers.

Summarised financial information of associates is set out below:

	Closing balance VND	Opening balance VND
Total assets	865,081,792,417	810,453,003,285
Total liabilities	(333,005,912,823)	(287,292,588,494)
Net assets	532,075,879,594	523,160,414,791
Net assets of investments in associates	**193,686,524,453**	**188,948,125,750**

	Current year VND	Prior year VND
Net profit	55,938,261,902	55,944,341,581
Net profit of investments in associates	**27,116,030,203**	**26,785,452,437**

13. EQUITY INVESTMENT IN OTHER ENTITIES

	Closing balance		Opening balance	
	Cost VND	Provision VND	Cost VND	Provision VND
PV KEEZ Pte., Ltd.	45,937,767,300	-	45,937,767,300	-
	45,937,767,300	**-**	**45,937,767,300**	**-**

According to Certificate of investment in overseas issued by the Ministry of Planning and Investment dated 16 July 2010, the Corporation is allowed to make joint-venture with three foreign companies to establish PV KEEZ PTE., LTD. in Singapore with the purpose of providing tankers and producing crude oil for Chim Sao and Dua oil fields. The total investment capital of this project is USD 405 million, in which the investment capital of Vietnamese investor in overseas is USD 9 million. As at 31 December 2017 and 31 December 2016, the Corporation has contributed of USD 2,389,343.

As at 31 December 2017, there is no indicator of impairment of investments in other entities, therefore, no provision was made.

14. LONG-TERM PREPAYMENTS

	Closing balance VND	Opening balance VND
Overhaul expenses for oil tankers and bulk carriers	54,655,827,038	27,646,712,101
Prepaid expenses for tools, supplies	123,193,702	-
Others long-term prepayments	7,408,482,525	649,440,154
	62,187,503,265	**28,296,152,255**

15. DEFERRED TAX ASSETS

	Closing balance VND	Opening balance VND
Corporate income tax rates used for determination of value of deferred tax assets	20%	20%
Corporate income tax rates used for determination of value of deferred tax assets	30,243,902,936	13,838,474,530
Deferred tax assets	**30,243,902,936**	**13,838,474,530**

16. SHORT-TERM TRADE PAYABLE

	Closing balance VND	Opening balance VND
a) Short-term trade payables to third parties		
Venus Gas One Member Company Limited	94,117,356,740	8,609,965,699
Fgas Petrol Joint Stock Company	55,295,685,768	41,477,113,042
Wallem Ship Management Ltd	11,926,699,609	11,955,552,412
Quoc Viet Marine Transport Joint Stock Company	10,009,543,285	10,009,543,285
Monjasa Pte Ltd	-	3,298,569,756
Teekay Chartering Ltd	-	2,444,456,540
Others	205,926,206,286	228,111,145,815
b) Short-term trade payables to related parties (Note 37)	**305,058,480,345**	**350,166,715,973**
	682,333,972,033	**656,073,062,522**

The Corporation has the ability to repay all amount of short-term trade payables to suppliers as at 31 December 2017 and 31 December 2016.

17. TAXES AND OTHER RECEIVABLES FROM/PAYABLES TO THE STATE BUDGET

	Opening balance VND	Receivable during the year VND	Received during the year VND	Closing balance VND
a) Receivables				
Value added tax	1,517,480,333	20,740,766	1,517,480,333	20,740,766
Import, export tax	859,071,910	-	859,071,910	-
Corporate income tax	9,169,275	695,118,297	9,169,275	695,118,297
Other taxes	2,043,275,580	-	2,043,275,580	-
	4,428,997,098	**715,859,063**	**4,428,997,098**	**715,859,063**

	Opening balance VND	Payable during the year VND	Paid during the year VND	Closing balance VND
b) Payables				
Value added tax	9,395,366,650	148,694,863,758	146,873,345,442	11,216,884,966
Import, export tax	(46,369,611)	6,894,235,860	2,058,185,247	4,789,681,002
Corporate income tax	41,889,780,956	153,627,347,892	115,117,002,764	80,400,126,084
Personal income tax	3,351,385,387	27,002,894,020	26,266,543,644	4,087,735,763
Foreign contractor tax	184,561,453	9,150,955,734	9,168,676,331	166,840,856
Business license tax	-	34,000,000	34,000,000	-
Other taxes	-	2,197,243,352	1,411,619,970	785,623,382
	54,774,724,835	**347,601,540,616**	**300,929,373,398**	**101,446,892,053**

18. ACCRUED EXPENSES

	Closing balance VND	Opening balance VND
a) Short-term		
Interest expenses	26,105,000,956	20,462,789,808
Vessel rental fee	-	8,685,128,571
Overhaul for vessel	855,962,747	2,345,414,914
Guarantee and management fee	2,056,711,488	1,763,930,508
Commission expenses	846,177,964	714,625,751
Others	17,743,406,302	9,002,794,755
	47,607,259,457	**42,974,684,307**
b) Long-term		
Commission expenses	4,727,694,597	4,739,131,730
Others	-	2,052,476,154
	4,727,694,597	**6,791,607,884**

19. OTHER PAYABLES

	Closing balance VND	Opening balance VND
a) Short-term		
Surpluses in assets awaiting solution	212,983,106	217,312,504
Trade union fee	1,226,825,029	1,737,081,897
Social insurance	793,934,787	740,097,305
Health insurance	63,172,681	62,615,509
Unemployment insurance	45,314,027	52,571,975
Short-term deposits received	9,256,948,892	9,267,766,271
Dividends payable	2,201,536,212	1,087,509,650
Other payables to related parties (Note 37)	182,809,212,225	119,510,726,763
Others	21,214,904,720	47,054,473,491
	217,824,831,679	**179,730,155,365**
b) Long-term		
Long-term deposits received	32,352,083,653	34,268,483,653
	32,352,083,653	**34,268,483,653**

20. PROVISIONS

	Provisions for overhaul of fixed assets VND	Other provisions VND	Total VND
Opening balance	283,981,402,314	3,653,114,267	287,634,516,581
Additional provisions for the year	137,338,301,521	3,727,698,439	141,065,999,960
Reversal of provisions (*)	(95,082,296,820)	-	(95,082,296,820)
Utilisation of provisions	(89,061,594,625)	(954,425,335)	(90,016,019,960)
Closing balance	**237,175,812,390**	**6,426,387,371**	**243,602,199,761**

(*) Reversal of provisions mainly reflects the reversal of provision for overhaul of Hercules vessel with an amount of VND 43,593,614,860 due to change in exploitation plan of this vessel.

Details of provisions:

	Closing balance VND	Opening balance VND
Current liabilities	153,383,069,852	216,133,723,286
Non-current liabilities	90,219,129,909	71,500,793,295
	243,602,199,761	**287,634,516,581**

21. LONG-TERM TRADE PAYABLES

	Closing balance VND	Opening balance VND
Long-term trade payables to related parties		
Vietnam National Oil and Gas Group	288,613,920,000	317,475,312,000
	288,613,920,000	**317,475,312,000**

Long-term trade payables represent the cost of 104,000 DWT oil vessel purchased from PetroVietnam amounting to VND 618,458,400,000. According to Resolution No.6658/NQ-DKVN dated 26 July 2011 issued by PetroVietnam, this amount would be repaid in instalment within 15 years starting from the date on which 104,000 DWT oil vessel was putted in use (November 2013). The payable bears interest at the rate of 5% per annum.

The outstanding payables are repayable as follows:

	Closing balance VND	Opening balance VND
On demand or within one year	28,861,392,000	28,861,392,000
In the second year	28,861,392,000	28,861,392,000
In the third to fifth year inclusive	86,584,176,000	86,584,176,000
After five years	173,168,352,000	202,029,744,000
	317,475,312,000	**346,336,704,000**
Less: Amount due for settlement within 12 months (shown under short-term trade payables)	(28,861,392,000)	(28,861,392,000)
Amount due for settlement after 12 months	**288,613,920,000**	**317,475,312,000**

22. LOANS

	Opening balance	In the year		Closing balance
	Amount VND	Increases VND	Decreases VND	Amount VND
Loans	2,962,124,604,168	298,087,698,150	570,258,233,682	2,689,954,068,636

The Corporation has the ability to repay all outstanding loans as at 31 December 2017 and 31 December 2016.

The details of loans and guarantees as at the balance sheet date are as follows:

	Closing balance VND	Opening balance VND
Citibank Vietnam	865,707,465,519	1,086,342,693,380
Vietnam Public Joint Stock Commercial Bank	555,000,727,024	658,463,808,629
Vietnam National Oil and Gas Group	507,463,596,443	569,089,742,924
Joint Stock Commercial Bank for Foreign Trade of Vietnam	78,435,752,046	131,057,817,843
Tien Phong Commercial Joint Stock Bank	628,099,628,624	401,005,146,052
Indovina bank - Cho Lon Branch	17,934,777,570	30,025,961,740
Vietnam Joint Stock Commercial Bank for Industry and Trade - Hanoi Branch and Vietnam Public Joint Stock Commercial Bank	-	5,025,195,000
Vietnam Bank for Agriculture and Rural Development - Hoan Kiem Branch	14,000,000,000	44,718,550,000
Military Commercial Joint Stock Bank - Thang Long Branch	23,312,121,410	36,395,688,600
	2,689,954,068,636	**2,962,124,604,168**

The Corporation has entered into several long-term loan agreements with commercial banks, credit institutions and guarantee contracts with Vietnam National Oil and Gas Group. The total credit limits of all these contracts are VND 2,018 billion, USD 61,645,000, JPY 9,936,854,077 (equivalent to USD 109,477,009) and EUR 1,428,000. These loans are secured by some of the Corporation's transport vehicles (Note 10) and transportation revenue of PVTrans Pacific (the Corporation's subsidiary) and the Corporation's contributed capital in this company. The loans in USD bear interest rates ranging from 2.5% to 5.1% per annum, and the loans in VND bear interest rates ranging from 4.2% to 8% per annum.

Long-term loans and guarantees are repayable as follows:

	Closing balance VND	Opening balance VND
On demand or within one year	536,916,427,894	529,716,898,818
In the second year	524,908,689,736	522,460,358,898
In the third to fifth year inclusive	990,191,836,379	1,234,099,745,051
After five years	637,937,114,627	675,847,601,401
	2,689,954,068,636	**2,962,124,604,168**
Less: Amount due for settlement within 12 months (shown under short-term loans)	(536,916,427,894)	(529,716,898,818)
Amount due for settlement after 12 months	**2,153,037,640,742**	**2,432,407,705,350**

23. OWNERS' EQUITY

	Closing balance		Opening balance	
	Shares number	VND	Shares number	VND
Authorized shares	281,440,162	2,814,401,620,000	281,440,162	2,814,401,620,000
Issued and fully contributed share	281,440,162	2,814,401,620,000	281,440,162	2,814,401,620,000

	Closing balance	Opening balance
Number of shares issued to the public		
+ Ordinary shares	281,440,162	281,440,162
Number of outstanding shares in circulation		
+ Ordinary shares	281,440,162	281,440,162

The Corporation has only issued ordinary share of which shareholders enjoys no right to fixed income with par value of VND 10,000 per share. The shareholders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the Corporation's shareholders meetings. Each share ranks equally to the net asset of the Corporation.

Details of shareholders who owned 5% total shares and above as at the balance sheet date are as follows:

	Closing balance		Opening balance	
	VND	%	VND	%
Vietnam National Oil and Gas Group	1,435,360,800,000	51.00	1,435,360,800,000	51.00
Vietnam Public Joint Stock Commercial Bank	182,503,010,000	6.48	182,503,010,000	6.48
Vietnam Holding Ltd.	141,163,330,000	5.02	138,431,830,000	4.92

Movement in shareholders' equity during the year was as follows:

	Share capital VND	Investment and development fund VND	Other reserves VND	Retained earnings VND	Non-controlling interests VND	Total VND
Prior year's opening balance as previously reported	**2,558,575,420,000**	**128,203,379,690**	**31,731,319,770**	**678,408,729,899**	**928,519,923,542**	**4,325,438,772,901**
Capital contribution	255,826,200,000	-	-	(255,826,200,000)	7,200,000,000	7,200,000,000
Profit for the year	-	-	-	415,564,502,300	67,901,298,117	483,465,800,417
Dividends declared	-	-	-	(204,686,033,600)	(27,678,959,462)	(232,364,993,062)
Funds distribution	-	1,779,495,894	15,921,141,719	(17,700,637,613)	-	-
Distributed to bonus and welfare fund	-	-	-	(38,670,085,996)	(4,579,391,329)	(43,249,477,325)
Remuneration of the Boards of Management and Directors	-	-	-	(1,008,908,667)	(383,091,333)	(1,392,000,000)
Adjustment for non-controlling interests	-	-	-	10,238,612,832	(10,238,612,832)	-
Other adjustments	-	930,038,954	(434,062,244)	(5,783,242,326)	(200,348,587,076)	(205,635,852,692)
Current year's opening balance	**2,814,401,620,000**	**130,912,914,538**	**47,218,399,245**	**580,536,736,829**	**760,392,579,627**	**4,333,462,250,239**
Capital contribution	-	-	-	-	155,106,018,500	155,106,018,500
Profit for the year	-	-	-	450,110,653,904	83,575,464,927	533,686,118,831
Dividends declared	-	-	-	(281,440,162,000)	(23,814,186,212)	(305,254,348,212)
Funds distribution	-	74,673,796,757	-	(74,673,796,757)	-	-
Distributed to bonus and welfare fund	-	-	-	(42,430,804,009)	(3,375,954,756)	(45,806,758,765)
Remuneration of the Boards of Management and Directors	-	-	-	(4,236,072,247)	(290,978,333)	(4,527,050,580)
Adjustment for non-controlling interests	-	-	-	(2,552,695,585)	2,552,695,585	-
Other adjustments	-	-	-	(5,033,874,856)	69,355,598	(4,964,519,258)
Current year's closing balance	**2,814,401,620,000**	**205,586,711,295**	**47,218,399,245**	**620,279,985,279**	**974,214,994,936**	**4,661,701,710,755**

The increase of capital in the year represents the contribution of non-controlling shareholders by cash in PVTrans Nhat Viet and by fixed assets as transport vessel in PVTrans Hanoi.

Appropriation to funds and dividends declared in the year in accordance with Resolution No. 01/NQ-VTDK-ĐHĐCĐ dated 5 April 2017 by the Annual General Meeting of Shareholders of the Parent company and Resolution by the Annual General Meeting of Shareholders of the subsidiaries.

24. OFF BALANCE SHEET ITEMS

Foreign currencies

	Closing balance	Opening balance
- United States Dollar (USD)	5,141,697	5,772,383
- Euro (EUR)	90,031	858,691
- Japanese Yen (JPY)	-	100
- Singapore Dollar (SGD)	673	-

25. BUSINESS SEGMENTS

Business segments

For management purposes, the Corporation is currently organised into four operating divisions: Transportation services, Oilfields services, Trading and Other services. These divisions are the basis on which the Corporation reports its primary segment information. Principal activities are as follows:

Transportation services Division supplying transportation by motor vessels and taxi;
Oilfields services - supplying and managing floating storage for oil field;
Trading Division - trading LPG, petrol and other goods;
Other services Division.

Segment information about the Corporation's operations is presented below:

Consolidated Balance sheet

Closing balance	Transportation services VND	Oilfields services VND	Trading VND	Other services VND	Total VND
Segment assets	7,179,572,159,755	1,362,042,768,927	242,645,519,749	-	8,784,260,448,431
Interest in associates and joint ventures	-	-	-	-	43,648,804,453
Unallocated assets	-	-	-	-	375,632,813,624
Consolidated assets	-	-	-	-	**9,203,542,066,508**
Segment liabilities	2,145,711,996,942	537,884,367,634	127,031,667,288	8,241,149,973	2,818,869,181,837
Unallocated liabilities	-	-	-	-	1,722,971,173,916
Consolidated liabilities	-	-	-	-	**4,541,840,355,753**

Opening balance	Transportation services VND	Oilfields services VND	Trading VND	Other services VND	Total VND
Segment assets	7,196,974,277,518	1,552,617,883,575	98,864,150,727	1,048,841,757	8,849,505,153,577
Interest in associates and joint ventures	-	-	-	-	38,910,405,750
Unallocated assets	-	-	-	-	181,936,765,667
Consolidated assets	-	-	-	-	**9,070,352,324,994**
Segment liabilities	2,668,066,029,291	701,607,825,718	61,298,509,234	11,582,292,476	3,442,554,656,719
Unallocated liabilities	-	-	-	-	1,294,335,418,036
Consolidated liabilities	-	-	-	-	**4,736,890,074,755**

Consolidated Income statement

Current year

	Transportation services VND	Oilfields services VND	Trading VND	Other services VND	Total VND
Revenue					
External sales	3,333,502,613,454	729,442,059,507	2,029,753,467,971	54,942,069,139	6,147,640,210,071
Inter-segment sales	-	-	-	-	-
Total revenue	3,333,502,613,454	729,442,059,507	2,029,753,467,971	54,942,069,139	6,147,640,210,071
Cost of sales					
External sales	2,775,871,422,205	507,118,282,200	1,980,752,278,530	37,911,933,538	5,301,653,916,473
Total cost of sales	2,775,871,422,205	507,118,282,200	1,980,752,278,530	37,911,933,538	5,301,653,916,473
Operating result					
Segment result	557,631,191,249	222,323,777,307	49,001,189,441	17,030,135,601	845,986,293,598
Unallocated expenses					(242,492,784,107)
Operating profit					603,493,509,491
Financial income					187,905,527,851
Income from investment in associates and joint vetures					27,116,030,203
Other income					13,347,624,063
Financial expenses					(160,954,653,291)
Profit before tax					670,908,038,317
Corporate income tax expenses					(153,627,347,892)
Deferred corporate tax income					16,405,428,406
Profit for the year					533,686,118,831
Other information					
Depreciation and amortisation					577,821,892,223

Prior year

	Transportation service VND	Oilfields service VND	Trading VND	Other services VND	Total VND
Revenue					
External sales	3,185,014,757,914	707,654,482,233	2,794,094,974,647	46,810,601,029	6,733,574,815,823
Inter-segment sales	-	-	-	-	-
Total revenue	3,185,014,757,914	707,654,482,233	2,794,094,974,647	46,810,601,029	6,733,574,815,823
Cost of sales					
External sales	2,682,346,930,018	505,046,563,682	2,738,849,130,293	44,869,506,566	5,971,112,130,559
Total cost of sales	2,682,346,930,018	505,046,563,682	2,738,849,130,293	44,869,506,566	5,971,112,130,559
Operating result					
Segment result	502,667,827,896	202,607,918,551	55,245,844,354	1,941,094,463	762,462,685,264
Unallocated expenses					(235,926,687,753)
Operating profit					526,535,997,511
Financial income					159,327,484,59[illegible]
Income from investment in associates and joint vetures					26,785,452,437
Other income					39,711,646,771
Financial expenses					(150,405,149,992)
Profit before tax					601,955,431,318
Corporate income tax expenses					(126,175,814,457)
Deferred corporate tax income					7,686,183,556
Profit for the year					483,465,800,417
Other information					
Depreciation and amortisation					465,616,372,740

Geographical segment

The principal activities of the Corporation are to transport crude oil and gas products, provide floating storage offloading services. Transportation services are carried out mainly from Dung Quat Oil Refinery area to neighbouring provinces. Floating storage offloading service is primarily conducted in Vung Tau province. The Board of Directors assesses that there is no significant difference in economic risks and benefits among these activities in domestic areas. Accordingly, the Board of Directors evaluates and believes that geographical segments are not presented in the consolidated financial statements for the year ended 31 December 2017 is in accordance with Vietnamese Accounting Standard No. 28 "Segment reporting" as well as the Corporation's current business operation.

26. NET REVENUE FROM GOODS SOLD AND SERVICES RENDERED

	Current year VND	Prior year VND
Total sales of merchandise and services		
Transportation service	3,333,502,613,454	3,185,762,434,682
Oilfields service	729,442,059,507	707,654,482,233
Trading service	2,029,753,467,971	2,794,094,974,647
Other services	54,942,069,139	46,810,601,029
	6,147,640,210,071	**6,734,322,492,591**
Deductions		
Sales discount	-	(747,676,768)
Net sales of merchandise and services	**6,147,640,210,071**	**6,733,574,815,823**

27. COST OF SALES

	Current year VND	Prior year VND
Transportation service	2,775,871,422,205	2,682,346,930,018
Marine services	507,118,282,200	505,046,563,682
Trading service	1,980,752,278,530	2,738,849,130,293
Other services	37,911,933,538	44,869,506,566
	5,301,653,916,473	**5,971,112,130,559**

28. OPERATION COST BY NATURE

	Current year VND	Prior year VND
Raw materials and consumables	562,207,808,719	641,872,876,194
Labour	520,699,694,566	590,947,391,291
Depreciation and amortization	577,821,892,223	465,616,372,740
Out-sourced services	1,564,429,067,426	1,210,281,112,079
Other monetary expenses	338,235,959,116	559,471,935,715
	3,563,394,422,050	**3,468,189,688,019**

29. FINANCIAL INCOME

	Current year VND	Prior year VND
Bank, loan and entrusted capital interest	143,748,835,030	138,779,260,125
Foreign exchange gain	13,964,066,032	16,437,315,323
Dividends and profits received	29,053,111,310	2,608,420,500
Other financial income	1,139,515,479	1,502,488,643
	187,905,527,851	**159,327,484,591**

30. FINANCIAL EXPENSES

	Current year VND	Prior year VND
Interest expense	151,581,427,633	122,947,562,199
Foreign exchange loss	8,296,274,455	27,348,700,100
Provision for impairment of investments	-	6,502,320
Other financial expense	1,076,951,203	102,385,373
	160,954,653,291	**150,405,149,992**

31. GENERAL AND ADMINISTRATION EXPENSES

	Current year VND	Prior year VND
General and administration expenses		
Labour	104,222,740,302	109,963,772,196
Other expenses	128,915,020,708	118,160,448,484
Reversal of provision for doubtful debt	(149,692,187)	(1,148,068,121)
	232,988,068,823	**226,976,152,559**
Selling expenses		
Outsouced expense	6,059,089,754	1,565,775,746
Other expenses	3,445,625,530	7,384,759,448
	9,504,715,284	**8,950,535,194**

32. PROFIT FROM OTHER ACTIVITIES

	Current year VND	Prior year VND
Gain on disposals of fixed assets	1,470,533,408	14,220,550,389
Proceeds from contract penalty	-	6,630,207,874
Other income	19,934,663,843	22,130,265,953
Other income	**21,405,197,251**	**42,981,024,216**
Penalty	129,706,330	-
Other expenses	7,927,866,858	3,269,377,445
Other expenses	**8,057,573,188**	**3,269,377,445**
Net profit from other activities	**13,347,624,063**	**39,711,646,771**

33. CURRENT CORPORATE INCOME TAX EXPENSE

	Current year VND	Prior year VND
Profit before tax	670,908,038,317	601,955,431,318
Less: Non-taxable income	(13,133,331,478)	(35,822,256,514)
Less: Profit from investments in associates	(27,116,030,203)	(26,785,452,437)
Add back: Non-deductible expenses	174,851,968,417	118,460,789,138
Assessable income	**805,510,645,053**	**657,808,511,505**
Loss carried forward from the prior year	(73,143,974,547)	(64,334,556,899)
Taxable income	**732,366,670,506**	**593,473,954,606**
Current tax rate	20%	20%
Current corporate income tax expense	**146,473,334,101**	**118,694,790,922**
Adjustment to corporate income tax in prior years	7,154,013,791	7,481,023,535
Total current corporate income tax expense	**153,627,347,892**	**126,175,814,457**

	Current year VND	Prior year VND
Deferred corporate income tax income		
- Deductible temporary differences	(16,405,428,406)	(7,686,183,556)
Total deferred corporate income tax income	**(16,405,428,406)**	**(7,686,183,556)**

The Corporation is obliged to pay corporate income tax at the rate of 20% (2016: 20%) of its taxable income.

34. BASIC EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the ordinary equity holders of the Corporation is based on the following data:

	Current year	Prior year (restated)
Profit for the year (VND)	533,686,118,831	483,465,800,417
Attributable to :		
- Non-controlling interests (VND)	83,575,464,927	67,901,298,117
- The Parent company's shareholders (VND)	450,110,653,904	415,564,502,300
Less: distributed to bonus and welfare fund (VND)	(45,958,104,777)	(42,430,804,009)
Earnings for the purposes of calculating basic earnings per share (VND)	**404,152,549,127**	**373,133,698,291**
Weighted average number of ordinary shares for the purposes of calculating basic earnings per share	281,440,162	281,440,162
Basic earnings per share	**1,436**	**1,326**

Basic earnings per share for the year ended 31 December 2017 is calculated basing on profit for the year then ended and estimated amount of Bonus and welfare funds of 10% of profit before tax-rate as 2016 of the Parent company. The calculation of basic earnings per share by this method is only for comparability of figures in two financial years because the Corporation has not had any plan for appropriation of Bonus and welfare funds for 2017 yet.

The Corporation has restated basic earnings per share for the year ended 31 December 2016 due to the impact of actual amount of Bonus and welfare fund as approved by Shareholders.

35. OPERATING LEASE COMMITMENTS

The Corporation as lessee

	Current year VND	Prior year VND
Minimum lease payments under operating leases recognised in the consolidated income statement for the year	45,673,965,060	22,124,855,464

As at the balance sheet date, the Corporation has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	Closing balance VND	Opening balance VND
Within one year	60,897,565,689	16,373,394,750
In the second to fifth year inclusive	31,556,345,942	27,733,890,119
After five years	1,204,753,500	2,103,184,178
	93,658,665,131	**46,210,469,047**

Operating lease payments represent total rental payable for leasing cars, vessel, office and facilities of the Corporation and its subsidiaries. The cars lease contract were signed with the term from 1 to 6 years. The office lease contract was signed with the term from 1 to 6 years. And facilities lease contracts were signed with the term of 5 years.

The Corporation as lessor

	Current year VND	Prior year VND
Minimum lease income under operating leases recognised in the consolidated income statement for the year	569,282,272,465	367,489,151,652

As at the balance sheet date, the Corporation has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	Closing balance VND	Opening balance VND
Within one year	457,754,201,250	343,555,350,000
In the second to fifth year inclusive	974,300,535,000	576,111,510,000
	1,432,054,736,250	**919,666,860,000**

Operating lease income represent total rental receivables for lending vessel with the term of 5 years.

36. FINANCIAL INSTRUMENTS

Capital risk management

The Corporation manages its capital to ensure that the Corporation will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Corporation consists of net debt (borrowings as disclosed in Note 22, offset by cash and cash equivalents) and Shareholders' equity (comprising owners' contributed capital, reserves and retained earnings).

Gearing ratio

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

	Closing balance VND	Opening balance VND
Borrowings	2,689,954,068,636	2,962,124,604,168
Less: Cash and cash equivalent	1,959,453,323,823	1,338,548,595,430
Net debt	730,500,744,813	1,623,576,008,738
Equity	4,661,701,710,755	4,333,462,250,239
Net debt to equity ratio	**0.16**	**0.37**

Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity are disclosed in Note 3.

Categories of financial instruments

	Carrying amounts	
	Closing balance	Opening balance
	VND	VND
Financial assets		
Cash and cash equivalent	1,959,453,323,823	1,338,548,595,430
Financial investments	1,006,966,262,300	1,605,856,780,999
Trade and other receivables	807,887,212,278	696,130,693,427
Total	**3,774,306,798,401**	**3,640,536,069,856**
Financial liabilities		
Borrowings	2,689,954,068,636	2,962,124,604,168
Trade and other payables	1,221,124,807,365	1,187,547,013,540
Accrued expenses	52,334,954,054	49,766,292,191
Total	**3,963,413,830,055**	**4,199,437,909,899**

The Corporation has not assessed fair value of its financial assets and liabilities as at the balance sheet date since there are no comprehensive guidance under Circular No. 210/2009/TT-BTC issued by the Ministry of Finance on 06 November 2009 ("Circular 210") and other relevant prevailing regulations to determine fair value of these financial assets and liabilities. While Circular 210 refers to the application of International Financial Reporting Standards ("IFRS") on presentation and disclosures of financial instruments, it did not adopt the equivalent guidance for the recognition and measurement of financial instruments, including application of fair value, in accordance with IFRS.

Financial risk management objectives

The Corporation has set up risk management system to identify and assess the risks exposed by the Corporation and designed control policies and procedures to manage those risks at an acceptable level. Risk management system is reviewed on a regular basis to reflect changes in market conditions and the Corporation's operations.

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

Market risk

The Corporation's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and prices. The Corporation does not hedge these risk exposures due to the lack of active market for trading activities of financial instruments.

Foreign currency risk management

The Corporation undertakes certain transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The carrying amounts of the Corporation's foreign currency denominated monetary assets and monetary liabilities at the balance sheet date are as follows:

	Assets		Liabilities	
	Closing balance	Opening balance	Closing balance	Opening balance
	VND	VND	VND	VND
United States Dollar (USD)	144,937,849,982	42,212,596,680	1,412,032,453,462	1,519,584,467,691
Euro (EUR)	1,803,606,776	8,914,908	-	-
Japanese Yen (JPY)	-	19,241	253,660,471	80,347,568
Great British Pound (GBP)	-	-	-	-
Singapore Dollar (SGD)	11,286,988	20,368,712,437	163,594,297	83,855,299
Norwegian Krone (NOK)	-	-	39,605,720	-

Foreign currency sensitivity analysis

The Corporation is mainly exposed to United States Dollar.

The Corporation analysed its sensitivity to a 3% increase and decrease in Vietnam Dong against the relevant foreign currencies. 3% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents the Board of Directors' assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 3% change in foreign currency rates. For a 3% increase/decrease in United States Dollar against Vietnam Dong, the profit before tax in the year would have decreased/increased by VND 38,012,838,104 (2016: VND 44,321,156,130). The change in exchange rate of Euro, Singapore Dollar, Norwegian and Japanese Yen did not have material effect to accounting profit before tax of the Corporation.

Interest rate risk management

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

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Corporation. The Corporation has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The Corporation does not have any significant credit risk exposure to any counterparty because receivables consist of a large number of customers, spread across diverse industries and geographical areas. As at balance sheet date, the Corporation has some over-due receivables, however the Corporation has made provision appropriately.

Liquidity risk management

The purpose of liquidity risk management is to ensure the availability of funds to meet present and future financial obligations. Liquidity is also managed by ensuring that the excess of maturing liabilities over maturing assets in any year is kept to manageable levels relative to the amount of funds that the Corporation believes can generate within that year. The Corporation's policy is to regularly monitor current and expected liquidity requirements to ensure that the Corporation maintains sufficient reserves of cash, borrowings and adequate committed funding from its shareholders to meet its liquidity requirements in the short and longer term.

The following table details the Corporation's remaining contractual maturity for its non-derivative financial assets and financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial assets and undiscounted cash flows of financial liabilities based on the earliest date on which the Corporation can be required to pay. The inclusion of information on non-derivative financial assets is necessary in order to understand the Corporation's liquidity risk management as the liquidity is managed on a net asset and liability basis.

	Less than 1 year VND	From 1 to 5 years VND	Above 5 years VND	Total VND
Closing balance				
Cash and cash equivalents	1,959,453,323,823	-	-	1,959,453,323,823
Financial investments	961,028,495,000	-	45,937,767,300	1,006,966,262,300
Trade and other receivables	799,111,894,441	8,775,317,837	-	807,887,212,278
	3,719,593,713,264	**8,775,317,837**	**45,937,767,300**	**3,774,306,798,401**
Borrowings	536,916,427,894	1,515,100,526,115	637,937,114,627	2,689,954,068,636
Trade and other payables	900,158,803,712	90,074,867,653	230,891,136,000	1,221,124,807,365
Accrued expenses	47,607,259,457	4,727,694,597	-	52,334,954,054
	1,484,682,491,063	**1,609,903,088,365**	**868,828,250,627**	**3,963,413,830,055**
Net liquidity gap	**2,234,911,222,201**	**(1,601,127,770,528)**	**(822,890,483,327)**	**(189,107,031,654)**

	Less than 1 year VND	From 1 to 5 years VND	Above 5 years VND	Total VND
Opening balance				
Cash and cash equivalents	1,338,548,595,430	-	-	1,338,548,595,430
Financial investments	1,559,919,013,699	-	45,937,767,300	1,605,856,780,999
Trade and other receivables	688,494,744,690	7,635,948,737	-	696,130,693,427
	3,586,962,353,819	**7,635,948,737**	**45,937,767,300**	**3,640,536,069,856**
Borrowings	529,716,898,818	1,756,560,103,949	675,847,601,401	2,962,124,604,168
Trade and other payables	835,803,217,887	120,852,659,653	230,891,136,000	1,187,547,013,540
Accrued expenses	42,974,684,307	6,791,607,884	-	49,766,292,191
	1,408,494,801,012	**1,884,204,371,486**	**906,738,737,401**	**4,199,437,909,899**
Net liquidity gap	**2,178,467,552,807**	**(1,876,568,422,749)**	**(860,800,970,101)**	**(558,901,840,043)**

The Board of Directors assesses the liquidity risk at a moderate level and believes that the Corporation will be able to generate sufficient funds to meet its financial obligations as and when they fall due.

37. RELATED PARTY TRANSACTIONS AND BALANCES

List of related parties

Related parties	**Relationship**
Vietnam National Oil and Gas Group ("PetroVietnam")	Holding company
Cuu Long Petro Gas Services - Transportation Joint Stock Company	Associate
PetroVietnam Oil Corporation	Subsidiary of Vietnam National Oil and Gas Group
Binh Son Refining and Petrochemical Company Limited	Subsidiary of Vietnam National Oil and Gas Group
Dai Hung Petroleum Operating Company Limited	Subsidiary of Vietnam National Oil and Gas Group
Dung Quat Shipbuilding Industry Company Limited	Subsidiary of Vietnam National Oil and Gas Group
PTSC Supply Base	Subsidiary of Vietnam National Oil and Gas Group
Vietnam Public Joint Stock Commercial Bank (Formerly known as: PetroVietnam Finance Corporation)	Members of Vietnam National Oil and Gas Group
PetroVietnam Southern Building Development and Management JSC	Company under PetroVietnam Fertilizer and Chemicals Corporation (Subsidiary of Vietnam National Oil and Gas Group)
PetroVietnam Domestic Exploration Production Operating Company Limited	Member of Vietnam National Oil and Gas Group
PetroVietnam Steel Pipe Joint Stock Company	Subsidiary of Vietnam National Oil and Gas Group
Petrovietnam Drilling and Well Services Corporation-Joint Stock Corporation	Subsidiary of Vietnam National Oil and Gas Group
PetroVietnam Gas Eastern Company Limited	Company of Petrovietnam Southern Gas Joint Stock Company (Subsidiary of PetroVietnam Gas Joint Stock Corporation - Subsidiary of Vietnam National Oil and Gas Group)
Branch of PetroVietnam Gas Joint Stock Corporation - PV Gas Trading Company Limited	Company of PetroVietnam Gas Joint Stock Corporation (Subsidiary of Vietnam National Oil and Gas Group)
Vietnam-Russia Joint Venture-Vietsovpetro	Joint Venture of Vietnam National Oil and Gas Group
PetroVietnam Gas Joint Stock Corporation	Subsidiary of Vietnam National Oil and Gas Group
PetroVietnam Fertilizer and Chemicals Corporation	Subsidiary of Vietnam National Oil and Gas Group

Related parties	**Relationship**
Branch of PetroVietnam Gas Joint Stock Corporation - PV Gas Vung Tau	Company of PetroVietnam Gas Joint Stock Corporation (Subsidiary of Vietnam National Oil and Gas Group)
Branch of PetroVietnam Gas Joint Stock Corporation - PV Gas Ca Mau	Company of PetroVietnam Gas Joint Stock Corporation (Subsidiary of Vietnam National Oil and Gas Group)
Branch of PetroVietnam Gas Joint Stock Corporation - South East Gas Transmission Company	Company of PetroVietnam Gas Joint Stock Corporation (Subsidiary of Vietnam National Oil and Gas Group)
PV KEEZ Pte. Ltd	Joint venture

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

	Current year VND	Prior year VND
Services rendered		
Binh Son Refining and Petrochemical Company Limited	1,435,866,864,338	1,541,417,401,931
PetroVietnam Exploration Production Corporation (PVEP)	385,009,649,860	379,793,964,178
PetroVietnam Gas Joint Stock Corporation	376,167,629,938	337,806,510,554
PetroVietnam Oil Corporation	246,358,175,836	321,718,580,593
CNG Vietnam Joint Stock Company	40,885,379,053	-
PetroVietnam Northern Gas Joint Stock Company	38,743,465,261	42,589,221,051
PetroVietnam Southern Gas Joint Stock Company	32,044,537,524	150,642,996,916
PetroVietnam Gas City Joint Stock Company	14,291,620,728	-
PetroVietnam Ca Mau Fertilizer Joint Stock Company	10,808,321,961	2,900,856,370
Vietnam Petroleum Transport Joint Stock Company	9,984,497,072	16,684,113,777
PetroVietnam Fertilizer and Chemicals Corporation	7,326,295,000	13,974,623,812
Vietnam-Russia Joint Venture Vietsovpetro	5,900,713,303	[illegible]
Petrovietnam Gas East Company Limited	-	238,285,086,616
Vung Tau Gas Contribution Division	-	2,630,053,947

	Current year VND	Prior year VND
Purchases		
PetroVietnam Southern Gas Joint Stock Company	409,781,999,125	740,762,278,101
Saigon Oil and Gas Petroleum Joint Stock Company	149,705,794,317	105,241,700,211
Branch of PetroVietnam Gas - PV Gas Trading Joint Stock Company	142,367,853,455	168,255,978,586
Binh Son Refining and Petrochemical Company Limited	80,270,614,325	93,038,544,595
Vung Tau Oil and Gas Petroleum Joint Stock Company	61,539,351,354	63,109,378,327
Cuu Long Petro Gas Services - Transportation Joint Stock Company	51,194,071,653	-
Vietnam-Russia Joint Venture-Vietsovpetro	50,318,448,372	14,396,700,775
Hai Phong Oil and Gas Petroleum Joint Stock Company	29,437,783,563	64,101,012,210
PetroVietnam Insurance South Company	26,269,475,176	25,130,252,985
PetroVietnam Northern Gas Joint Stock Company	24,131,688,670	40,504,226,406
Cuu Long Joint Operating Company	21,670,000,000	20,849,727,614
Petrosetco Vung Tau General Services Joint Stock Company	18,747,140,554	12,987,700,191
PetroVietnam Insurance Joint Stock Corporation	18,146,031,213	30,149,927,473
Hoang Long Joint Operating Company	14,893,090,907	20,849,727,614
Vietnam Oil and Gas Group	7,894,220,364	25,172,098,412
Thai Binh Oil and Gas Petroleum Joint Stock Company	7,783,350,390	-
PetroVietnam Domestic Exploration Production Operating Company Limited	4,300,888,802	2,674,871,223
PetroVietnam Gas City Investment and Development Joint Stock Company	263,798,073	7,025,327,691
PetroVietnam Gas East Company Limited	-	478,469,937,062
Dung Quat Shipbuilding Industry Company Limited	-	18,564,421,330
Interest expense		
PetroVietnam and companies within PetroVietnam	51,636,651,618	13,885,053,487
Dividends declared and paid		
PetroVietnam	143,536,080,000	104,389,877,136
Interest income		
PV KEEZ Pte. Ltd	25,958,374,210	-

The remuneration paid to the Boards of Management and Directors during the year were as follows:

	Current year VND	Prior year VND
Salary, bonus and benefits in kind	6,459,780,565	6,544,563,442

Significant related party balances as at the balance sheet date were as follows:

	Closing balance VND	Opening balance VND
Short-term trade receivables		
Binh Son Refining and Petrochemical Company Limited	235,960,336,315	161,442,245,667
PetroVietnam Exploration Production Corporation	70,387,696,624	70,191,312,783
PetroVietnam Oil Corporation	47,520,606,857	40,362,700,388
Branch of PetroVietnam Gas - PV Gas Trading Joint Stock Company	36,052,111,993	18,867,579,918
PetroVietnam Gas Joint Stock Company	8,583,862,165	1,198,872,183
Branch of PetroVietnam Gas - PV Gas Services Company Limited	-	1,367,926,286
Branch of PetroVietnam Gas Joint Stock Corporation - PV Gas Vung Tau	-	1,265,784,420
CNG Vietnam Joint Stock Company	5,074,322,364	3,357,845,400
Vietnam Petroleum Transport Joint Stock Company	4,820,832,797	-
PetroVietnam Northern Gas Joint Stock Company	3,871,637,492	7,820,289,233
Branch of PetroVietnam Gas City Joint Stock Company	2,738,905,560	-
Vietnam-Russia Joint Venture-Vietsovpetro	128,530,414	-
Others	1,330,987,951	14,779,896,643
	416,469,830,532	**320,654,452,921**
Other short-term receivables		
PetroVietnam Oil Corporation	52,241,692	52,368,464
Dung Quat Shipbuilding Industry Company Limited	7,644,465,154	7,644,465,154
Others	1,472,241,456	1,313,400
	9,168,948,302	**7,698,147,018**
Short-term trade payales		
Vietnam National Oil and Gas Group	30,005,866,617	30,791,470,706
Dung Quat Shipbuilding Industry Company Limited	145,193,469,612	139,103,575,105
Branch of PetroVietnam Gas - PV Gas Trading Joint Stock Company	13,367,029,332	13,561,808,799
PetroVietnam Southern Gas Joint Stock Company	5,429,750,818	4,420,359,291
PetroVietnam Northern Gas Joint Stock Company	3,507,447,546	9,936,649,081
PetroVietnam Gas East Company Limited	-	52,198,665,599
Saigon Oil and Gas Petroleum Joint Stock Company	40,225,528,970	16,417,024,980
Vung Tau Oil and Gas Petroleum Joint Stock Company	18,409,268,960	15,993,090,220
Thai Binh Oil and Gas Petroleum Joint Stock Company	720,354,070	838,464,010
Hai Phong Oil and Gas Petroleum Joint Stock Company	-	749,045,400
Thang Long Oil and Gas General Service Corporation	-	16,250,216,742
Binh Son Refining and Petrochemical Company Limited	18,427,057,786	17,998,750,227
Vietnam-Russia Joint Venture-Vietsovpetro	9,384,774,502	18,141,152,851
Hanoi Investment and Import-Export Gas Joint Stock Company	3,794,200,846	5,520,686,262
Petrosetco Vung Tau General Services Joint Stock Company	2,501,751,272	1,329,457,468
Cuu Long Petro Gas Services - Transportation Joint Stock Company	79,200,000	-
Southern Gas Joint Stock Company	-	811,316,119
Others	14,012,780,014	6,104,983,113
	305,058,480,345	**350,166,715,973**

	Closing balance VND	Opening balance VND
Long-term trade payales		
Vietnam National Oil and Gas Group	288,613,920,000	317,475,312,000
Other short-term payables		
Vietnam National Oil and Gas Group	179,382,917,264	119,000,000,000
PetroVietnam Oil Corporation	-	497,726,763
Binh Son Refining and Petrochemical Company Limited	815,869,961	-
Bien Dong POC	1,020,375,000	-
PetroVietnam Exploration Production Corporation	1,590,050,000	-
Cuu Long Petro Gas Services - Transportation Joint Stock Company	-	13,000,000
	182,809,212,225	**119,510,726,763**
Long-term loans		
Tập đoàn Dầu khí Quốc gia Việt Nam	507,463,596,443	569,089,742,924
Vietnam Public Joint Stock Commercial Bank	555,000,727,024	658,463,808,629
	1,062,464,323,467	**1,227,553,551,553**

38. SUPPLEMENTAL DISCLOSURES OF CONSOLIDATED CASH FLOW STATEMENT INFORMATION

Supplemental non-cash disclosures

Cash outflows for purchases, construction of fixed assets in the year include an amount of VND 29,377,392,000 (2016: VND 189,699,526,000), representing the purchasing and construction of fixed assets incurred in the previous year and paid in this year. Consequently, change in accounts payable have been adjusted by the same amount.

Cash outflows for purchases, construction of fixed assets in the year exclude an amount of VND 106,092,018,500 (2016: nil), representing cost of fixed assets that FGas Petroleum Joint Stock Company has contributed capital to PVTrans Hanoi according to the minutes of capital contribution dated 18 June 2017. Consequently, proceeds from owners' contributed capital have been adjusted by the same amount.

Cash outflows for interest expenses in the year exclude an amount of VND 26,105,000,9[illegible] (2016: VND 20,462,789,808), representing the interest incurred during the year that has not yet been paid. Consequently, change in accounts payable have been adjusted by the same amount.

Interest earned, dividends and profits received exclude an amount of VND 26,376,684,287 (2016: VND 19,809,751,002), representing the interest income earned during the year that has not been received yet. Consequently, change in accounts receivable have been adjusted by the same amount.

Nguyen Hoang Long	**Le Anh Nam**	**Pham Viet Anh**
Preparer	**Chief Accountant**	**General Director**
		23 March 2018