



PTSC OFFSHORE SERVICES JOINT-STOCK COMPANY

(Incorporated in the Socialist Republic of Vietnam)

AUDITED FINANCIAL STATEMENTS

For the year ended 31 December 2020

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STATEMENT OF THE BOARD OF DIRECTORS

The Board of Directors of PTSC Offshore Services Joint-stock Company (the "Company") presents this report together with the Company's financial statements for the year ended 31 December 2020.

THE BOARDS OF MANAGEMENT AND DIRECTORS

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

Board of Management

Mr. Nguyen Tien Phong	Chairman
Mr. Duong Hung Van	Member
Mr. Vu Chi Vien	Member
Mr. Nguyen Tuan	Member
Mr. Nguyen The Hoang	Member

Board of Directors

Mr. Duong Hung Van	Director
Mr. Le Toan Thang	Deputy Director
Mr. Nguyen Van Duong	Deputy Director (Appointed on 14 April 2020)
Mr. Nguyen Van Diep	Deputy Director (Resigned on 16 March 2021)
Mr. Vu Chi Vien	Deputy Director (Resigned on 16 March 2021)

BOARD OF DIRECTORS' STATEMENT OF RESPONSIBILITY

The Board of Directors of the Company is responsible for preparing the financial statements, which give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its 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 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 financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- Design and implement an effective internal control system for the purpose of properly preparing and presenting the 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 financial position of the Company and that the 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 Company and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

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

For and on behalf of the Board of Directors,



Duong Hung Van
Director *[Signature]*
25 March 2021

INDEPENDENT AUDITORS' REPORT

**To: The Shareholders, The Boards of Management and Directors
PTSC Offshore Services Joint-stock Company**

We have audited the accompanying financial statements of PTSC Offshore Services Joint-stock Company (the "Company"), prepared on 25 March 2021, as set out from page 3 to page 32, which comprise the balance sheet as at 31 December 2020, and the statement of income and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' Responsibility for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of these 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 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the 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 Company'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 financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020 and its financial performance and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting.



Võ Thái Hòa
Audit Partner
Audit Practising Registration Certificate
No. 0138-2018-001-1
BRANCH OF DELOITTE VIETNAM COMPANY LIMITED
25 March 2021
Ho Chi Minh City, S.R. Vietnam

Le Thanh Vinh
Auditor
Audit Practising Registration Certificate
No. 4329-2018-001-1

BALANCE SHEET
As at 31 December 2020

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance (Restated)
A. CURRENT ASSETS	100		2,178,315,984,634	1,075,293,087,108
I. Cash and cash equivalents	110	5	166,861,947,825	117,005,468,356
1. Cash	111		166,861,947,825	77,005,468,356
2. Cash equivalents	112		-	40,000,000,000
II. Short-term financial investments	120	6	343,670,000,000	522,070,000,000
1. Held-to-maturity investments	123		343,670,000,000	522,070,000,000
III. Short-term receivables	130		1,412,215,586,420	347,275,522,615
1. Short-term trade receivables	131	7	1,342,616,457,493	277,148,838,018
2. Short-term advances to suppliers	132	8	50,595,075,192	16,122,884,110
3. Other short-term receivables	136	9	26,098,908,123	56,379,605,665
4. Provision for short-term doubtful debts	137	7	(7,094,854,388)	(2,375,805,178)
IV. Inventories	140	10	254,641,950,170	54,914,730,913
1. Inventories	141		293,861,743,976	54,914,730,913
2. Provision for devaluation of inventories	149		(39,219,793,806)	-
V. Other short-term assets	150		926,500,219	34,027,365,224
1. Short-term prepayments	151	11	926,500,219	4,002,854,037
2. Value added tax deductibles	152		-	30,024,511,187
B. NON-CURRENT ASSETS	200		147,694,382,333	42,100,231,565
I. Long-term receivables	210		2,095,000,000	2,095,000,000
1. Other long-term receivables	216	9	2,095,000,000	2,095,000,000
II. Fixed assets	220		72,877,692,122	26,890,404,161
1. Tangible fixed assets	221	12	69,009,904,889	23,198,994,832
- Cost	222		881,419,724,109	823,775,472,320
- Accumulated depreciation	223		(812,409,819,220)	(800,576,477,488)
2. Intangible assets	227	13	3,867,787,233	3,691,409,329
- Cost	228		18,230,685,000	16,311,377,800
- Accumulated amortisation	229		(14,362,897,767)	(12,619,968,471)
III. Other long-term assets	260		72,721,690,211	13,114,827,404
1. Long-term prepayments	261	11	55,872,883,186	6,057,893,592
2. Deferred tax assets	262	14	16,848,807,025	7,056,933,812
TOTAL ASSETS (270=100+200)	270		2,326,010,366,967	1,117,393,318,673

The accompanying notes are an integral part of these financial statements

BALANCE SHEET (Continued)
As at 31 December 2020

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance (Restated)
C. LIABILITIES	300		1,506,893,632,152	361,487,122,583
I. Current liabilities	310		1,485,501,286,962	355,612,615,366
1. Short-term trade payables	311	15	1,111,289,381,965	175,121,654,472
2. Short-term advances from customers	312	16	106,444,576,871	24,406,829,391
3. Taxes and amounts payable to the State budget	313	17	39,499,814,795	27,708,449,147
4. Payables to employees	314		41,086,866,697	14,092,324,097
5. Short-term accrued expenses	315	18	121,233,319,962	51,211,428,288
6. Short-term unearned revenue	318		2,091,875,000	18,400,062,720
7. Other current payables	319	19	43,702,484,239	30,716,218,298
8. Short-term provisions	321	20	16,978,235,930	11,417,985,483
9. Bonus and welfare funds	322		3,174,731,503	2,537,663,470
II. Long-term liabilities	330		21,392,345,190	5,874,507,217
1. Long-term provisions	342	20	21,069,345,190	5,078,507,217
2. Scientific and technological development fund	343		323,000,000	796,000,000
D. EQUITY	400		819,116,734,815	755,906,196,090
I. Owner's equity	410	21	819,116,734,815	755,906,196,090
1. Owner's contributed capital	411		400,000,000,000	400,000,000,000
2. Investment and development fund	418		308,742,964,235	308,742,964,235
3. Retained earnings	421		110,373,770,580	47,163,231,855
- Retained earnings accumulated to the prior year end	421a		8,826,289,822	4,258,057,953
- Retained earnings of the current year	421b		101,547,480,758	42,905,173,902
TOTAL RESOURCES (440=300+400)	440		2,326,010,366,967	1,117,393,318,673



Nguyen Van Sam
Preparer



Nguyen Minh Ngoc
Chief Accountant



Duong Hung Van
Director
25 March 2021



INCOME STATEMENT
For the year ended 31 December 2020

Unit: VND

ITEMS	Codes	Notes	Current year	Prior year (Restated)
1. Gross revenue from services rendered	01	24	3,402,136,982,031	1,430,716,777,968
2. Net revenue from services rendered (10=01)	10		3,402,136,982,031	1,430,716,777,968
3. Cost of sales	11	25	3,160,025,720,704	1,329,507,671,476
4. Gross profit from services rendered (20=10-11)	20		242,111,261,327	101,209,106,492
5. Financial income	21	27	33,666,043,252	38,065,842,613
6. Financial expenses	22	28	952,169,496	2,039,269,305
- In which: Interest expense	23		332,901,046	-
7. Selling expenses	25	29	26,280,716,546	17,063,182,884
8. General and administration expenses	26	30	115,190,218,178	65,510,421,414
9. Operating profit (30=20+(21-22)-(25+26))	30		133,354,200,359	54,662,075,502
10. Other income	31		268,219,693	9,049,224,111
11. Other expenses	32		1,408,756,221	6,088,128,833
12. (Loss)/profit from other activities (40=31-32)	40		(1,140,536,528)	2,961,095,278
13. Accounting profit before tax (50=30+40)	50		132,213,663,831	57,623,170,780
14. Current corporate income tax expense	51	31	40,458,056,286	13,067,497,832
15. Deferred corporate tax (income)/expense	52	14	(9,791,873,213)	1,650,499,046
16. Net profit after corporate income tax (60=50-51-52)	60		101,547,480,758	42,905,173,902
17. Basic earnings per share	70	32	2,132	814



Nguyen Van Sam
Preparer



Nguyen Minh Ngoc
Chief Accountant



Duong Hung Van
Director
25 March 2021

CASH FLOW STATEMENT
For the year ended 31 December 2020

Unit: VND

ITEMS	Codes	Current year	Prior year (Restated)
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	01	132,213,663,831	57,623,170,780
2. Adjustments for:			
Depreciation and amortisation of fixed assets	02	16,209,290,509	9,272,199,909
Provisions	03	65,489,931,436	(1,181,172,507)
Foreign exchange gain arising from translating foreign currency items	04	(427,805,670)	(1,300,107,963)
Gain from investing activities	05	(29,254,390,981)	(33,352,354,097)
Interest expense	06	332,901,046	-
Other adjustments	07	-	(2,789,970,000)
3. Operating profit before movements in working capital	08	184,563,590,171	28,271,766,122
Changes in receivables	09	(1,046,385,626,625)	85,376,682,843
Changes in inventories	10	(238,947,013,063)	(32,896,365,018)
Changes in payables	11	1,106,654,171,931	30,479,399,630
Changes in prepaid expenses	12	(46,738,635,776)	(6,436,831,833)
Interest paid	14	(332,901,046)	-
Corporate income tax paid	15	(25,139,008,614)	(8,010,513,295)
Other cash outflows	17	(10,172,874,000)	(8,089,455,000)
Net cash (used in)/generated by operating activities	20	(76,498,297,022)	88,694,683,449
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition of fixed assets	21	(59,838,388,566)	(11,794,134,196)
2. Proceeds from sale, disposal of fixed assets	22	222,303,500	-
3. Cash outflow for term deposit accounts	23	-	(12,600,000,000)
4. Cash recovered from term deposit accounts	24	178,400,000,000	-
5. Interest earned	27	35,660,415,289	27,599,490,060
Net cash generated by investing activities	30	154,444,330,223	3,205,355,864
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Dividends paid	36	(28,087,180,000)	(27,922,438,000)
Net cash used in financing activities	40	(28,087,180,000)	(27,922,438,000)
Net increases in cash (50=20+30+40)	50	49,858,853,201	63,977,601,313
Cash and cash equivalents at the beginning of the year	60	117,005,468,356	52,899,331,847
Effects of changes in foreign exchange rates	61	(2,373,732)	128,535,196
Cash and cash equivalents at the end of the year (70=50+60+61)	70	166,861,947,825	117,005,468,356

Nguyen Van Sam
Preparer

Nguyen Minh Ngoc
Chief Accountant

Duong Hung Van
Director
25 March 2021

The accompanying notes are an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

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

1. GENERAL INFORMATION**Structure of ownership**

PTSC Offshore Services Joint-stock Company (the "Company") was established in Vietnam in accordance with Company Registration Certificate No. 3500818790 on 27 December 2010 issued by the Department of Planning and Investment of Ba Ria – Vung Tau Province and amendments. The major shareholder and parent company of the Company is PetroVietnam Technical Services Corporation ("PTSC").

Shares of the Company have traded on the Unlisted Public Company Market (UPCoM) since 25 November 2016, under the code of "POS".

The total number of employees of the Company as at 31 December 2020 was 581 (as at 31 December 2019: 591).

Principal activities

Main activities of the Company are to provide the below services:

- (i) Transportation, installation, hooking up, testing service of petroleum constructions;
- (ii) Removing and demobilization of wells after ending period of mining;
- (iii) Operating and maintenance service for petroleum constructions;
- (iv) Labour services for transportation, installation, hooking up, testing of petroleum constructions;
- (v) Bonded warehouse service for transportation, installation, hooking up, testing; machinery repair and maintenance service;
- (vi) Measurement, controlling service of petroleum, other industrial and residential constructions; trading of tools and equipment;
- (vii) Trading, installation, repair and maintenance services of anti-fire equipment, fire-alarm for petroleum, other industry and residence; and
- (viii) Managing operation, exploitation and services trading of housing barge and other floating means.

Normal production and business cycle

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

Significant event in the year

The spread of the disease caused by the new Corona virus strain ("Covid-19") has affected the world and domestic economy. The business activities of the Company are also directly and indirectly influenced by the uncertain developments of the Covid-19 epidemic belt in Vietnam. The Board of Directors assessed the impact of Covid-19 on the financial situation and production and business activities, and monitored the Government's support policies to take all appropriate measures to reduce the negative impact of the epidemic on the Company's operations throughout the fiscal year. The Board of Directors also believes that Covid-19 does not affect the Company's ability to continue to operate.

Disclosure of information comparability in the financial statements

Comparative figures are the figures of the audited financial statements for the year ended 31 December 2019, which were restated as presented in Note 3.

2. ACCOUNTING CONVENTION AND FINANCIAL YEAR

Accounting convention

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

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

Financial year

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

3. RESTATEMENT OF PRIOR YEAR'S FINANCIAL STATEMENTS

The Company's financial statements for the financial year ended 31 December 2019 have been restated to perform adjustments as required by the State Auditors according to the State Audit Minute dated 6 October 2020. Changes in some items of the financial statements for the year ended 31 December 2019 were presented in below tables:

Balance sheet as at 31 December 2019

	Codes	Previously reported VND	Restated VND	Difference increase/(decrease) VND
Short-term trade receivables	131	270,706,155,410	277,148,838,018	6,442,682,608
Provision for short-term doubtful debts	137	-	(2,375,805,178)	(2,375,805,178)
Inventories	141	57,570,409,809	54,914,730,913	(2,655,678,896)
Value added tax deductibles	152	30,243,039,248	30,024,511,187	(218,528,061)
Long-term prepayments	261	4,892,897,242	6,057,893,592	1,164,996,350
Deferred tax assets	262	7,283,461,966	7,056,933,812	(226,528,154)
Short-term trade payables	311	176,115,457,676	175,121,654,472	(993,803,204)
Taxes and amounts payable to the State budget	313	25,715,261,919	27,708,449,147	1,993,187,228
Short-term accrued expenses	315	57,773,322,693	51,211,428,288	(6,561,894,405)
Long-term provisions	342	6,211,147,989	5,078,507,217	(1,132,640,772)
Retained earnings	421	38,336,942,033	47,163,231,855	8,826,289,822
- Retained earnings of the current year	421b	<u>34,078,884,080</u>	<u>42,905,173,902</u>	<u>8,826,289,822</u>

Income Statement for the year ended 31 December 2019

ITEMS	Codes	Previously reported VND	Restated VND	Difference increase/(decrease) VND
Net revenue from services rendered	10	1,424,402,277,675	1,430,716,777,968	6,314,500,293
Cost of sales	11	1,336,614,981,565	1,329,507,671,476	(7,107,310,089)
General and administration expenses	26	63,134,616,236	65,510,421,414	2,375,805,178
Current corporate income tax expense	51	11,074,310,604	13,067,497,832	1,993,187,228
Deferred corporate tax expense	52	1,423,970,892	1,650,499,046	226,528,154
Net profit after corporate income tax	60	34,078,884,080	42,905,173,902	8,826,289,822
Basic earnings per share	70	667	814	147

Cashflow Statement for the year ended 31 December 2019

ITEMS	Codes	Previously reported VND	Restated VND	Difference increase/(decrease) VND
1. Profit before tax	01	46,577,165,576	57,623,170,780	11,046,005,204
2. Adjustments for:				
Provisions	03	(2,424,336,913)	(1,181,172,507)	1,243,164,406
Changes in receivables	09	91,600,837,390	85,376,682,843	(6,224,154,547)
Changes in inventories	10	(35,552,043,914)	(32,896,365,018)	2,655,678,896
Changes in payables	11	38,035,097,239	30,479,399,630	(7,555,697,609)
Changes in prepaid expenses	12	(5,271,835,483)	(6,436,831,833)	(1,164,996,350)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Estimates

The preparation of 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 balance sheet date 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.

Financial instruments

Initial recognition

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

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

Subsequent measurement after initial recognition

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.

Held-to-maturity investments

Held-to-maturity investments represent time deposits which held to maturity to earn periodic interest.

Interest income from time deposits is recognized in the income statement on accrual basis.

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 from economic contracts, contractual commitments, or debt commitments that the Company has repeatedly spent time to collect but not collected yet, 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. Cost comprises direct materials and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average 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 realizable 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 condition and location for their intended use.

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

	Years
Buildings and structures	6 - 25
Machinery and equipment	3 - 7
Motor vehicles	6 - 7
Office equipment	3

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

Leasing

Leases where substantially all the rewards and risks of ownership of assets remain with the leasing company are accounted for as operating leases. Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Intangible assets and amortisation

Intangible assets represent computer software which is stated at cost less accumulated amortization. The computer software is amortised using the straight-line method in three years.

Prepayments

Prepayments are expenses which have already been paid but relate to results of operations of multiple financial years. Long-term prepayments represent software license fee.

Short-term prepayments comprise insurance fee and other short-term prepayments. These expenditures are allocated to the income statement using the straight-line method over a periods less than 12 months.

Long-term prepayments comprise human insurance fee, costs of tools issued for consumption, rental fee and other long-term prepayments. These expenditures are allocated to the income statement using the straight-line method over a periods more than 12 months.

Payable provisions

Payable provisions are recognized when the Company has a present obligation as a result of a past event, and it is probable that the Company 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.

In case the Company has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision. Expected losses from onerous contracts are recognized when the best estimate of total contract costs exceeds the economic benefits expected to be received under it.

Provision for periodic repair of fixed assets is gradually allocated to operation cost based on the estimate until the year when the asset repair is expected. At the year of the repair, if the actual repair cost is larger than the estimated amount or vice versa, the difference is recorded in the income statement of that financial year.

Scientific and technological development fund

Scientific and technological development fund shall be appropriated with the rate of maximum up to 10% of annual taxable income before corporate income tax. The appropriation and use of this fund is carried out in accordance with the Company's policy.

Revenue recognition

Revenue from service provided

Revenue of a transaction involving the rendering of services is recognized when the outcome of such transactions can be measured reliably. Where a transaction involving the rendering of services is attributable to several periods, revenue is recognized in each period by reference to the percentage of completion of the transaction as at the balance sheet date of that period. 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 Company;
- (c) the percentage of completion of the transaction at the balance sheet date can be measured reliably; and
- (d) the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Revenue from construction contracts

Where a construction contract stipulates that the contractor is allowed to make payments according to the value of performed work volume, and when the contract performance result is reliably determined and certified by customers, the revenues and costs related to such contract shall be recognized by reference to the completed work volume certified by the customers in the period and reflected in the billed invoices.

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognized by reference to the stage of completion of the contract activity at the balance sheet date as measured by the proportion that actual costs incurred for work performed to date relating to the estimated total costs. Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized to the extent of contract costs incurred that it is probable of recovery.

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 are recognized in the income statement.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the 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 recognized on significant differences between carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using balance sheet liability method. Deferred tax liabilities are generally recognized for all temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilized.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized. 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 Company 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.

Distribution of profits, appropriation of funds

The Company distributes its profits and appropriates funds in accordance with the charter of the joint stock company and the Resolution of the Annual Shareholders' Committee.

5. CASH AND CASH EQUIVALENTS

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Cash on hand	592,307,901	328,981,194
Bank demand deposits	166,269,639,924	76,676,487,162
Cash equivalents	-	40,000,000,000
	<u>166,861,947,825</u>	<u>117,005,468,356</u>

6. HELD-TO-MATURITY INVESTMENTS

Held-to-maturity investments comprise the time deposits at the commercial banks with the maturity term no more than 12 months with the interest rate of from 4.6% to 6.5% per annum (as at 31 December 2019: 5.1% to 6.8% per annum).

The Company used the term deposits and demand deposits at the commercial banks with an amount of VND 129,429,857,666 as a guarantee for issuing advanced payment bond, tender guarantee and contract performance guarantee for projects the Company is implementing or for projects the Company is participating in bidding.

7. SHORT-TERM TRADE RECEIVABLES

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	(Restated) VND
a. Receivables from third parties		
Technip Geoproduction (M) SDN BHD	471,868,864,531	-
Japan Vietnam Petroleum Company Limited	18,671,434,703	25,082,096,600
Others	276,586,836,853	150,917,817,725
b. Receivables from related parties (Note 35)	575,489,321,406	101,148,923,693
	<u>1,342,616,457,493</u>	<u>277,148,838,018</u>
Provision for short-term doubtful debts	<u>(7,094,854,388)</u>	<u>(2,375,805,178)</u>
	<u>1,335,521,603,105</u>	<u>274,773,032,840</u>

8. SHORT-TERM ADVANCES TO SUPPLIERS

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
a. Advances to third parties		
Gulf Agency CO. Qatar W.L.L	22,869,818,022	-
BGI Group Joint Stock Company	19,972,677,529	477,365,229
Others	7,752,579,641	3,573,046,400
b. Advances to related parties (Note 35)	-	12,072,472,481
	<u>50,595,075,192</u>	<u>16,122,884,110</u>

9. OTHER SHORT-TERM RECEIVABLES

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
a. Other short-term receivables		
Accrued interest income	16,769,930,904	23,398,258,712
Short-term deposits, mortgages	6,406,196,949	8,020,412,256
Value added tax not yet declared	819,066,637	14,529,496,853
Internal receivables from PetroVietnam Technical Services Corporation	148,885,456	8,763,690,382
Other short-term receivables	1,954,828,177	1,667,747,462
	<u>26,098,908,123</u>	<u>56,379,605,665</u>
b. Other long-term receivables		
Long-term deposits, mortgages	<u>2,095,000,000</u>	<u>2,095,000,000</u>

10. INVENTORIES

	Closing balance		Opening balance (Restated)	
	Cost	USD Provision	Cost	USD Provision
Raw materials	6,805,084,832	-	6,564,787,459	-
Tools and supplies	21,190,356,564	-	16,598,990,891	-
Work in progress (*)	265,866,302,580	(39,219,793,806)	31,750,952,563	-
	<u>293,861,743,976</u>	<u>(39,219,793,806)</u>	<u>54,914,730,913</u>	<u>-</u>

(*) Work in progress comprises the expense related to materials, equipment and the out-sourced services of uncompleted projects as follows:

	Closing balance		Opening balance (Restated)	
	Cost	USD Provision	Cost	USD Provision
Gallaf for Qatar Project	251,848,395,717	(39,219,793,806)	24,099,251,476	-
NCS 2 Project	9,512,028,099	-	1,686,169,920	-
HUC Sao vang Dai Nguyen (PMC) Project	2,700,880,593	-	-	-
Long Phu Project	1,804,998,171	-	1,223,888,705	-
Long Son Project	-	-	1,000,435,370	-
Sao vang Dai Nguyet PL Project	-	-	1,511,716,455	-
Sao vang Dai Nguyet FPSO Project	-	-	1,140,618,115	-
E1 for JPVC - GLS Manufacturing Project	-	-	79,890,000	-
PP4 Etech Project	-	-	1,008,982,522	-
	<u>265,866,302,580</u>	<u>(39,219,793,806)</u>	<u>31,750,952,563</u>	<u>-</u>

11. PREPAYMENTS

	Closing balance	Opening balance (Restated)
	VND	VND
a. Current		
Insurance fee	926,500,219	1,895,261,156
Others	-	2,107,592,881
	<u>926,500,219</u>	<u>4,002,854,037</u>
b. Non-current		
Land rental fee	8,302,556,700	-
Expense related to Long Son project	13,431,991,051	-
Tools issued for consumption	33,812,065,500	5,863,136,526
Others	326,269,935	194,757,066
	<u>55,872,883,186</u>	<u>6,057,893,592</u>

PTSC OFFSHORE SERVICES JOINT-STOCK COMPANY
NOTES TO THE FINANCIAL STATEMENTS (Continued)

FORM B

12. TANGIBLE FIXED ASSETS

	Buildings and structures	Machinery and equipment	Motor vehicles	Office equipment	Total
	VND	VND	VND	VND	VND
COST					
Opening balance	49,559,832,756	106,169,596,297	651,931,711,732	16,114,331,535	823,775,472,320
Additions	-	46,724,083,015	4,086,985,455	9,386,710,000	60,197,778,470
Disposals	-	(390,780,000)	(800,000,000)	(1,362,746,681)	(2,553,526,681)
Closing balance	49,559,832,756	152,502,899,312	655,218,697,187	24,138,294,854	881,419,724,109
ACCUMULATED DEPRECIATION					
Opening balance	40,001,283,226	94,379,602,966	651,004,639,522	15,190,951,774	800,576,477,488
Charge for the year	765,794,497	9,324,523,223	1,107,422,081	3,189,128,612	14,386,868,413
Disposals	-	(390,780,000)	(800,000,000)	(1,362,746,681)	(2,553,526,681)
Closing balance	40,767,077,723	103,313,346,189	651,312,061,603	17,017,333,705	812,409,819,220
NET BOOK VALUE					
Opening balance	9,558,549,530	11,789,993,331	927,072,210	923,379,761	23,198,994,832
Closing balance	8,792,755,033	49,189,553,123	3,906,635,584	7,120,961,149	69,009,904,889

As at 31 December 2020, the cost of the Company's tangible fixed assets includes VND 788,032,696,471 (as at 31 December 2019: VND 778,089,008,789) of assets which have been fully depreciated but are still in use.

13. INTANGIBLE ASSETS

	<u>Computer software</u>
	<u>VND</u>
COST	
Opening balance	16,311,377,800
Additions	1,998,800,000
Disposals	(79,492,800)
Closing balance	<u>18,230,685,000</u>
ACCUMULATED AMORTISATION	
Opening balance	12,619,968,471
Charge for the year	1,822,422,096
Disposals	(79,492,800)
Closing balance	<u>14,362,897,767</u>
NET BOOK VALUE	
Opening balance	<u>3,691,409,329</u>
Closing balance	<u>3,867,787,233</u>

As at 31 December 2020, the cost of the Company's intangible assets includes VND 10,847,875,000 (as at 31 December 2019: VND 10,927,367,800) of assets which have been fully depreciated but are still in use.

14. DEFERRED TAX ASSETS

The following are the major deferred tax assets recognized by the Company, and the movements thereon, during the current and prior year, as follows:

	<u>Accruals and</u>
	<u>other provisions</u>
	<u>VND</u>
Prior year's opening balance	8,707,432,858
Recognized to the income statement during the year	(1,650,499,046)
Current year's opening balance (Restated)	<u>7,056,933,812</u>
Recognized to the income statement during the year	9,791,873,213
Current year's closing balance	<u>16,848,807,025</u>

15. SHORT-TERM TRADE PAYABLES

	<u>Closing balance</u>	<u>Opening balance</u>
	<u>VND</u>	<u>(Restated)</u>
		<u>VND</u>
a. Payables to third parties		
Thien Nam Offshore Services Joint Stock Company	275,069,040,213	-
Ocean Works Asia Pte. Ltd.	113,759,693,066	-
McDermott Asia Pacific SDN BHD	5,720,075,805	7,407,961,049
M.T Technical Commercial Company	-	7,805,304,123
Others	613,772,919,472	118,494,338,733
b. Payables to related parties (Note 35)	102,967,653,409	41,414,050,567
	<u>1,111,289,381,965</u>	<u>175,121,654,472</u>

16. SHORT-TERM ADVANCES FROM CUSTOMERS

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
a. Advances from third parties		
Technip Geoproduction (M) SDN BHD	7,718,544,210	-
b. Advances from related parties (Note 35)	98,726,032,661	24,406,829,391
	<u>106,444,576,871</u>	<u>24,406,829,391</u>

17. TAXES AND AMOUNTS PAYABLE TO THE STATE BUDGET

	<u>Opening balance</u>	<u>Payables during</u>	<u>Paid during the year</u>	<u>Closing balance</u>
	(Restated)	the year		
	VND	VND	VND	VND
Value added tax	-	17,679,214,322	6,493,459,416	11,185,754,906
Corporate income tax	7,673,376,095	40,458,056,286	25,139,008,614	22,992,423,767
Personal income tax	2,714,990,728	33,994,206,726	32,611,594,214	4,097,603,240
Export, import tax	-	954,197,049	954,197,049	-
Foreign withholding tax	17,320,082,324	60,423,231,807	76,519,281,249	1,224,032,882
Others taxes	-	837,000,000	837,000,000	-
	<u>27,708,449,147</u>	<u>154,345,906,190</u>	<u>142,554,540,542</u>	<u>39,499,814,795</u>

18. SHORT-TERM ACCRUED EXPENSES

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	(Restated)
		VND
Accrued cost for projects	115,575,803,618	35,815,304,693
Accrued cost for repair	-	14,646,973,107
Other accrued expenses	5,657,516,344	749,150,488
	<u>121,233,319,962</u>	<u>51,211,428,288</u>

19. OTHER CURRENT PAYABLES

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Personal income tax payables	4,605,937,019	2,864,587,520
Dividends payable	1,204,992,500	1,292,172,500
Trade union fee	578,718,094	1,049,742,410
Other current payables	37,312,836,626	25,509,715,868
	<u>43,702,484,239</u>	<u>30,716,218,298</u>

20. PROVISIONS

	Closing balance VND	Opening balance (Restated) VND
a. Short-term		
HUC Gallaf Project	12,341,405,713	-
PLD SS7 Project	2,436,342,943	2,436,342,943
PP4 Project	1,243,014,553	-
Subsea 7 Project	957,472,721	-
GPP Dinh Co Project	-	6,829,445,503
PLD Rosneft Project	-	2,152,197,037
	16,978,235,930	11,417,985,483
b. Long-term		
HUC Sao Vang Dai Nguyet Project	10,146,140,249	-
HUC Gallaf Project	3,221,053,620	-
Long Son Project	3,083,669,290	-
E1 JVPC (2020) Project	3,009,110,760	-
FSO Sao Vang Dai Nguyet Project	1,609,371,271	-
E1 JVPC Project	-	2,878,019,943
Subsea 7 Project	-	957,472,721
PP4 Project	-	1,243,014,553
	21,069,345,190	5,078,507,217

21. OWNERS' EQUITY

Movement in owners' equity

	Owner's contributed capital VND	Investment and development fund VND	Retained earnings VND	Total VND
Prior year's opening balance	400,000,000,000	308,742,964,235	39,658,057,953	748,401,022,188
Profit for the year	-	-	42,905,173,902	42,905,173,902
Fund appropriation	-	-	(7,400,000,000)	(7,400,000,000)
Dividends declared	-	-	(28,000,000,000)	(28,000,000,000)
Current year's opening balance (Restated)	400,000,000,000	308,742,964,235	47,163,231,855	755,906,196,090
Profit for the year	-	-	101,547,480,758	101,547,480,758
Fund appropriation	-	-	(10,336,942,033)	(10,336,942,033)
Dividends declared	-	-	(28,000,000,000)	(28,000,000,000)
Current year's closing balance	400,000,000,000	308,742,964,235	110,373,770,580	819,116,734,815

According to Resolution No. 07/NQ-LDBD-DHDCD on 12 June 2020 of the Shareholders' Annual General Meeting, the Board of Management of the Company approved to pay dividends of 2019 and bonus and welfare funds appropriation out of its retained earnings of 2019 with total amounts of VND 28,000,000,000 and VND 10,336,942,033, respectively. During the year, the Company paid dividends to the shareholders and appropriated fund.

Charter capital

According to the Company's amended Registration Certificate, the Company's charter capital is VND 400,000,000,000, equivalent to 40,000,000 common shares with par value of VND 10,000 per share. As at balance sheet date, the charter capital was fully contributed as follows:

Shareholders	Per Business Registration Certificate			Capital contributed
	No. of shares	Rate	Amount (VND)	Closing and opening balance
				VND
PTSC	33,980,700	85%	339,807,000,000	339,807,000,000
Ocean Bank	4,000,000	10%	40,000,000,000	40,000,000,000
Others	2,019,300	5%	20,193,000,000	20,193,000,000
	40,000,000	100%	400,000,000,000	400,000,000,000

The Company only has one class of common shares which carries no right to fixed income with the par value of VND 10,000 per share. The shareholders of common shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the Company's shareholders' meetings. All shares rank equally with regard to the Company's residual assets.

22. OFF BALANCE SHEET ITEMS

Foreign currency

As at the balance sheet date, cash and cash equivalents include following foreign currency amount:

	<u>Closing balance</u>	<u>Opening balance</u>
Foreign currency		
- United State Dollar (USD)	<u>12,738</u>	<u>1,023,426</u>

23. BUSINESS AND GEOGRAPHICAL SEGMENTS

The Company currently provides services in managing, operating the building, installation, reparation, operation, maintenance of offshore petroleum construction, provides goods, labour and services. Consequently, the Board of Directors evaluated and prepared business segment report by revenue and cost of services rendered as presented in Note 24 and 25 below. The Company does not prepare the business segment report by assets and liabilities as the Company's assets are generally used for many types of services and each supplier may provide many services to the Company.

The Company does not prepare geographical segment report because most of operations only carried out in Vietnam, so there is no difference in the level of risks and economic benefits.



24. NET REVENUE FROM SERVICES RENDERED

	Current year	Prior year
	VND	(Restated) VND
Labour supplying service	4,143,556,622	27,164,781,761
Mechanic repairing, maintenance service	92,257,410,575	40,806,338,122
Transportation, installation, connection, dismantling services	2,851,265,491,972	1,076,582,149,114
Labour management services	206,465,691,799	221,102,278,233
Operation and maintenance service	248,004,831,063	65,061,230,738
	<u>3,402,136,982,031</u>	<u>1,430,716,777,968</u>
<i>In which:</i>		
Revenue from related parties (Note 35)	2,227,714,617,354	729,068,485,434
Revenue from third parties	1,174,422,364,677	701,648,292,534
	<u>3,402,136,982,031</u>	<u>1,430,716,777,968</u>

25. COST OF SERVICES RENDERED

	Current year	Prior year
	VND	(Restated) VND
Labour supplying service	3,164,965,977	26,440,638,201
Mechanic repairing, maintenance service	68,785,264,684	38,118,896,923
Transportation, installation, connection, dismantling services	2,661,952,840,810	994,216,877,903
Labour management services	191,044,019,935	207,110,344,076
Operation and maintenance service	235,078,629,298	63,620,914,373
	<u>3,160,025,720,704</u>	<u>1,329,507,671,476</u>

26. PRODUCTION COST BY NATURE

	Current year	Prior year
	VND	(Restated) VND
Raw materials and consumables	143,581,309,488	62,596,574,894
Labour	438,368,812,950	304,086,500,411
Depreciation and amortisation	16,209,290,509	9,272,199,909
Out-sourced services	2,623,873,158,433	1,033,546,937,513
Provisions	53,148,525,723	(1,181,172,507)
Provisions for onerous contracts	12,341,405,713	-
Other monetary expenses	13,974,152,612	3,722,749,273
	<u>3,301,496,655,428</u>	<u>1,412,043,789,493</u>

27. FINANCIAL INCOME

	Current year	Prior year
	VND	VND
Interest income	29,032,087,481	33,389,840,378
Foreign exchange gain	4,633,955,771	4,676,002,235
	<u>33,666,043,252</u>	<u>38,065,842,613</u>

28. FINANCIAL EXPENSES

	Current year VND	Prior year VND
Interest expense	332,901,046	-
Foreign exchange loss	619,268,450	2,039,269,305
	<u>952,169,496</u>	<u>2,039,269,305</u>

29. SELLING EXPENSES

	Current year VND	Prior year VND
Labour	23,056,513,141	13,280,975,421
Depreciation and amortisation	17,728,756	513,000
Out-sourced services	2,852,413,927	3,507,583,101
Other expenses	354,060,722	274,111,362
	<u>26,280,716,546</u>	<u>17,063,182,884</u>

30. GENERAL AND ADMINISTRATION EXPENSES

	Current year VND	Prior year (Restated) VND
Materials and consumables	1,758,959,130	822,159,080
Labour	68,740,122,217	39,983,163,266
Depreciation and amortisation	1,488,708,312	2,170,508,743
Out-sourced services	23,533,587,690	18,864,242,958
Provisions for doubtful debt	4,719,049,210	2,375,805,178
Provisions for onerous contracts	12,341,405,713	-
Other expenses	2,608,385,906	1,294,542,189
	<u>115,190,218,178</u>	<u>65,510,421,414</u>

31. CURRENT CORPORATE INCOME TAX EXPENSE

The current corporate income tax expense for the year was computed as follows:

	Current year VND	Prior year (Restated) VND
Profit before tax	132,213,663,831	57,623,170,780
Adjustments for taxable income		
Less:		
- Unearned revenue of the prior year	18,400,062,720	23,204,261,151
- Reversion of payable provision	11,859,662,483	8,635,484,902
- Others	388,113,637	279,432,760
Add back		
- Non-deductible expenses	22,249,892,301	15,966,813,620
- Unearned revenue of the current year	2,091,875,000	18,400,062,720
- Accrued payable provision	72,436,704,418	5,078,507,217
- Others	3,945,984,721	388,113,637
Taxable income	<u>202,290,281,431</u>	<u>65,337,489,161</u>
Normal tax rate of 20%	20%	20%
Corporate income tax expense	<u>40,458,056,286</u>	<u>13,067,497,832</u>

The Company is obliged to pay corporate income tax at the rate of 20% of its taxable income.

32. BASIC EARNINGS PER SHARE

	Current year	Prior year (Restated)
	VND	VND
Accounting profit after corporate income tax	101,547,480,758	42,905,173,902
Less: Appropriation of bonus & welfare funds	16,270,000,000	10,336,942,033
Profit for the purposes of calculating basic earnings per share	85,277,480,758	32,568,231,869
Average ordinary shares in circulation for the year	40,000,000	40,000,000
Basic earnings per share	<u>2,132</u>	<u>814</u>

33. COMMITMENTS

Operating lease commitment

	Current year	Prior year
	VND	VND
Minimum lease payments under operating leases recognized in income statement for the year	<u>1,709,006,300</u>	<u>-</u>

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

	Closing balance	Opening balance
	VND	VND
Within one year	922,506,300	-
In the second to fifth year inclusive	3,690,025,200	-
After five years	<u>4,612,531,500</u>	<u>-</u>

Operating leases payments represent total rentals payable by the Company for renting the land with the term of 10 years from 01 January 2020.

Other Commitments

As at 31 December 2020, the Company had signed the guaranty contracts with the Commercial bank to issue advanced payment bond, tender guarantee and contract performance guarantee for projects the Company is implementing or for projects the Company is participating in bidding, with an amount of USD 5,049,677 and VND 138,432,305,172.

34. FINANCIAL INSTRUMENTS

Capital risk management

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

The capital structure of the Company consists of equity of shareholders' equity (including owners' contributed capital, investment and development fund, and retained earnings).

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 and financial liability are disclosed in Note 4.

Categories of financial instruments

	Carrying amounts	
	Closing balance	Opening balance (Restated)
	VND	VND
Financial assets		
Cash and cash equivalents	165,432,090,159	117,005,468,356
Held-to-maturity investments	215,670,000,000	522,070,000,000
Trade and other receivables	1,368,199,332,522	319,447,315,722
	1,749,301,422,681	958,522,784,078
Financial liabilities		
Trade payables	1,111,289,381,965	175,121,654,472
Accruals	121,233,319,962	51,211,428,288
Provisions	38,047,581,120	16,496,492,700
	1,270,570,283,047	242,829,575,460

The Company has not assessed fair value of its financial assets and liabilities as at the balance sheet date since there is no comprehensive guidance under Circular No. 210/2009/TT-BTC issued by the Ministry of Finance on 6 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 Company has set up risk management system to identify and assess the risks exposed by the Company 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 Company's operations.

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

Market risk

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

Foreign currency risk management

The Company undertakes certain transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the year are as follows:

	Assets		Liabilities	
	Closing balance	Opening balance	Closing balance	Opening balance
	VND	VND	VND	VND
United States Dollar (USD)	68,338,590,142	47,764,689,126	208,261,586,708	9,128,282,626

Foreign currency sensitivity analysis

The Company is mainly exposed to United States Dollar.

The following table details the Company's sensitivity to a 2% increase and decrease in Vietnam Dong against United States Dollar. 2% is the sensitivity rate used when reporting foreign currency risk internally to the Board of Directors 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 period end for a 2% change in foreign currency rates. For a 2% increase/decrease in United States Dollar against Vietnam Dong, the Company's profit before tax in the year would have increased/decreased as follows:

	Current year	Prior year
	VND	VND
United States Dollar (USD)	2,936,147,941	(772,728,130)

Commodity price risk

The Company purchases, commodities from local and foreign suppliers for business purpose. Therefore, the Company is exposed to the risk of changes in selling prices of commodities.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The Company does not have any significant credit risk exposure to any counterparty because almost receivables are due from its related parties.

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 period is kept to manageable levels relative to the amount of funds that the Company believes can generate within that period. The Company policy is to regularly monitor current and expected liquidity requirements to ensure that the Company maintains sufficient reserves of cash, borrowings and adequate committed funding from its owners to meet its liquidity requirements in the short and longer term.



The following table details the Company'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 Company can be required to pay. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

	Less than 1 year	From 1 - 5 years	Total
	VND	VND	VND
31/12/2020			
Cash and cash equivalents	165,432,090,159	-	165,432,090,159
Held-to-maturity investments	215,670,000,000	-	215,670,000,000
Trade and other receivables	1,366,104,332,522	2,095,000,000	1,368,199,332,522
	1,747,206,422,681	2,095,000,000	1,749,301,422,681
Trade payables	1,111,289,381,965	-	1,111,289,381,965
Accruals	121,233,319,962	-	121,233,319,962
Provisions	16,978,235,930	21,069,345,190	38,047,581,120
	1,249,500,937,857	21,069,345,190	1,270,570,283,047
Net liquidity gap	497,705,484,824	(18,974,345,190)	478,731,139,634
	Less than 1 year	From 1 - 5 years	More than 5 years
	VND	VND	VND
31/12/2019			
Cash and cash equivalents	117,005,468,356	-	117,005,468,356
Held-to-maturity investments	522,070,000,000	-	522,070,000,000
Trade and other receivables	317,352,315,722	2,095,000,000	319,447,315,722
	956,427,784,078	2,095,000,000	958,522,784,078
Trade payables	175,121,654,472	-	175,121,654,472
Accruals	51,211,428,288	-	51,211,428,288
Provisions	11,417,985,483	5,078,507,217	16,496,492,700
	237,751,068,243	5,078,507,217	242,829,575,460
Net liquidity gap	718,676,715,835	(2,983,507,217)	715,693,208,618

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

35. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties

Members of PetroVietnam Technical Services Corporation (PTSC)

<u>Full name</u>	<u>Short name</u>	<u>Relationship</u>
PetroVietnam Technical Services Corporation	PTSC	Parent company
Branch of Petrovietnam Technical Services Corporation - Production Services	PTSC - Production Services	Member of PTSC
Branch of Petrovietnam Technical Services Corporation - PTSC Supply Base	PTSC - Supply Base	Member of PTSC
Branch of Petrovietnam Technical Services Corporation - PTSC Da Nang	PTSC - Da Nang	Member of PTSC
Branch of Petrovietnam Technical Services Corporation - PTSC Marine	PTSC - Marine	Member of PTSC
PTSC Thanh Hoa Port JSC	PTSC Thanh Hoa	Member of PTSC
PTSC Quang Ngai JSC	PTSC Quang Ngai	Member of PTSC
Petrovietnam Marine Shipyard Company	PV Shipyard	Member of PTSC
Sao Mai-Ben Dinh Petro Investment JSC	PVSB	Member of PTSC
PTSC Production Services JSC	PTSC PPS	Member of PTSC
PTSC Mechanical & Construction Services Company Limited	PTSC M&C	Member of PTSC
PTSC Geos and Subsea Services Company Limited	PTSC G&S	Member of PTSC
Petro Hotel Company Limited	PTSC Hotel	Member of PTSC
Petrovietnam Technical Services Corporation – Long Phu Project Management Board	PTSC - Long Phu Project Management Board	Member of PTSC

Members of PetroVietnam Oil and Gas Group (PVN)

<u>Full name</u>	<u>Short name</u>	<u>Relationship</u>
PetroVietnam Oil and Gas Group	PVN	Parent company
PetroVietnam Insurance Corporation (Southern)	PVI Southern	Members of PVN
PetroVietnam Insurance Corporation (Vung Tau)	PVI Vung Tau	Members of PVN
Petrovietnam Securities Incorporated	PSI	Members of PVN
PVD Technical Training and Certification JSC	PVD Training	Members of PVN
PVD Trading and Technical Services JSC	PVD Tech	Members of PVN
Petroleum Equipment Assembly & Metal Structure JSC	PVC-MS	Members of PVN
Bien Dong Petroleum Operating Company	BIENDONGPOC	Members of PVN
Nam Con Son Pipeline Company	NCSP	Members of PVN
Petrovietnam Energy Technological Corporation	PVMR Corp	Members of PVN
PetroVietnam General Service JSC	Petrosetco	Members of PVN
PetroVietnam Transportation Corporation	PV Trans	Members of PVN
PetroVietnam Exploration Production Corporation	PVEP	Members of PVN
Petrovietnam Manpower Training College	PVMTC	Members of PVN
Vietnam Energy Inspection Corporation	EIC	Members of PVN
Dung Quat Shipyard	DQS	Members of PVN
Binh Son Refining and Petrochemical JSC	BSR	Members of PVN

During the year, the Company entered into the material transactions with the following related parties:

	<u>Current year</u>	<u>Prior year</u>
	VND	VND
Revenue		
<i>Members of PTSC</i>		
PTSC M&C	996,428,641,434	671,829,911,447
PTSC Quang Ngai	3,300,412,186	-
PTSC Thanh Hoa	2,744,481,112	4,179,330,953
PTSC - Marine	171,614,306	77,306,510
PTSC - PPS	13,215,400	15,500,000
<i>Members of PVN</i>		
PTSC	713,926,650,088	3,002,326,250
PVEP	416,971,174,246	40,407,292,238
BSR	72,579,504,292	-
BIENDONGPOC	21,389,004,290	9,113,147,336
PVD Training	189,920,000	-
NCSP	-	443,670,700
	2,227,714,617,354	729,068,485,434

	Current year VND	Prior year VND
Purchases		
<i>Members of PTSC</i>		
PTSC - Marine	70,436,730,569	41,419,490,108
PV Shipyard	32,712,672,113	2,287,904,123
PTSC - Supply Base	28,334,821,800	28,340,331,288
PTSC G&S	21,701,636,951	5,927,250,000
PTSC Quang Ngai	11,273,555,998	-
PTSC Hotel	6,214,489,945	3,046,934,909
PVSB	2,883,166,630	5,227,928,000
PTSC PPS	2,686,785,750	-
PTSC - Da Nang	1,354,525,909	11,617,273
PTSC - Production Services	1,148,855,000	249,338,000
PTSC - Long Phu Project Management Board	332,868,039	752,792,118
PTSC M&C	269,660,000	12,827,234,442
PTSC Thanh Hoa	187,110,000	247,100,000
<i>Members of PVN</i>		
PVD Training	28,538,809,127	803,886,250
PVMTC	11,458,331,000	-
Petrosetco	8,293,873,000	2,991,119,000
PVI Vung Tau	6,720,141,122	5,768,600,774
PVD Tech	3,834,298,000	-
PVI Southern	2,840,384,691	3,105,069,683
PVC - MS	2,702,728,660	1,384,651,476
EIC	95,000,000	-
PTSC	63,099,145	31,769,275
PVEP	35,604,442	88,650,602,040
PV Trans	-	12,786,163,190
PSI	-	291,002,300
PVN	-	268,113,050
	244,119,147,891	216,418,897,299
Dividend paid		
PTSC	23,786,490,000	23,786,490,000

Remuneration of the Company's Boards of Management and Directors during the year was as follows:

	Current year VND	Prior year VND
<u>Board of Management</u>		
Nguyen Tien Phong	152,000,000	103,000,000
Nguyen Tuan	76,000,000	24,000,000
Nguyen The Hoang	40,000,000	-
	268,000,000	127,000,000
<u>Board of Directors</u>		
Duong Hung Van	1,597,881,600	1,147,930,600
Le Toan Thang	1,284,318,000	855,636,000
Nguyen Van Diep	1,379,372,000	903,176,000
Vu Chi Vien	1,315,087,600	896,366,800
Nguyen Van Duong	1,100,845,000	-
Nguyen Minh Ngoc	1,091,752,600	687,617,000
	7,769,256,800	4,490,726,400

Related party balances at the balance sheet date were as follows:

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Receivables		
<i>Members of PTSC</i>		
PTSC M&C	136,249,615,498	20,970,644,212
PTSC Quang Ngai	3,300,412,187	-
PTSC Thanh Hoa	1,424,202,371	1,987,709,172
PTSC - Long Phu Project Management Board	467,197,119	467,197,119
PTSC - Marine	151,293,446	9,133,938
PTSC - Supply Base	-	206,250,000
<i>Members of PVN</i>		
PTSC	281,410,135,310	63,026,691,381
PVEP	138,981,695,337	13,390,708,371
BIENDONGPOC	13,210,354,575	1,090,589,500
PVD Training	189,920,000	-
PVI Vung Tau	104,495,563	-
	<u>575,489,321,406</u>	<u>101,148,923,693</u>

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
Payables		
<i>Members of PTSC</i>		
PTSC - Marine	33,489,640,686	3,938,486,692
PTSC - Supply Base	16,496,797,055	10,589,675,532
PTSC Quang Ngai	6,856,880,939	-
PV Shipyard	5,720,314,979	415,500,914
PTSC Hotel	3,639,719,975	1,087,513,286
PTSC - Da Nang	1,526,465,800	44,615,000
PTSC - Long Phu Project Management Board	1,187,017,757	821,352,118
PTSC G&S	617,506,579	-
PTSC PPS	498,960,000	253,968,964
PVSB	470,633,493	-
PTSC M&C	61,182,000	4,116,102,305
PTSC Thanh Hoa	-	123,200,000
PTSC - Production Services	-	274,271,800
<i>Members of PVN</i>		
PVD Training	18,265,740,396	-
PVMTC	6,401,842,845	-
PVI Vung Tau	4,713,114,877	410,165,420
PVC - MS	2,931,839,726	553,038,200
PTSC PPS	35,604,442	-
PTSC	33,491,860	4,331,526,209
EIC	20,900,000	50,965,420
DQS	-	14,064,779,509
PVEP	-	315,009,198
PVMR Corp	-	23,880,000
	102,967,653,409	41,414,050,567
Advances to suppliers		
PV Shipyard	-	7,384,212,645
DQS	-	4,688,259,836
	-	12,072,472,481
Advances from customers		
PTSC	56,521,466,544	13,310,399,729
PTSC - Long Phu Project Management Board	11,096,429,662	11,096,429,662
PTSC Thanh Hoa	1,663,929,928	-
PTSC Quang Ngai	285,829,639	-
PTSC M&C	6,927,000,000	-
BSR	22,231,376,888	-
	98,726,032,661	24,406,829,391
Other receivables		
PTSC	148,885,456	8,763,690,382

36. SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Supplemental non-cash disclosures

Cash outflows for acquisition of fixed assets during the year excluded an amount of VND 6,942,861,540 (2019: VND 4,584,671,636), representing the amount used for the acquisition of fixed assets during the year which has not yet been paid. Therefore, changes in payables have been adjusted by the same amount.

Interest income received during the year excluded an amount of VND 16,769,930,904 (2019: VND 23,398,258,712), representing interest income to be received as at 31 December 2020. Therefore, changes in account receivables have been adjusted by the same amount.

Dividend paid during the year excluded an amount of VND 1,204,992,500 (2019: VND 1,292,172,500), representing dividend to be paid as at 31 December 2020. Consequently, changes in accounts payable have been adjusted by the same amount.



Nguyen Van Sam
Preparer



Nguyen Minh Ngoc
Chief Accountant



Duong Hung Van
Director
25 March 2021