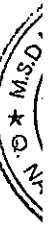




Vietnam National Petroleum Group
Consolidated Financial Statements
for the year ended 31 December 2018



Vietnam National Petroleum Group Corporate Information

Establishment Documents Decision No. 224/QD-TTg dated 14 April 1995 of the Prime Minister on establishment of Vietnam National Petroleum Corporation.

Decision No. 828/QD-TTg dated 31 May 2011 of the Prime Minister on the approval of the equitisation and restructuring plan of Vietnam National Petroleum Corporation.

Business Registration Certificate No. 0100107370 initially issued by the Hanoi Department of Planning and Investment on 5 May 1995. The Business Registration Certificate has been amended several times, the most recent of which is by Business Registration Certificate dated 1 November 2017.

Board of Management	Mr. Pham Van Thanh	Chairman (<i>from 1/5/2018</i>)
	Mr. Bui Ngoc Bao	Chairman (<i>until 30/4/2018</i>)
	Mr. Pham Van Thanh	Member
	Mr. Nguyen Thanh Son	Member
	Mr. Pham Duc Thang	Member
	Mr. Tran Ngoc Nam	Member
	Mr. Le Van Huong	Member
	Mr. Nguyen Anh Dung	Member
	Mr. Yoshihiro Sato	Member (<i>from 27/4/2018</i>)
	Mr. Hitoshi Kato	Member (<i>until 26/4/2018</i>)

Board of General Directors	Mr. Pham Duc Thang	General Director
	Mr. Tran Ngoc Nam	Deputy General Director
	Mr. Nguyen Quang Dung	Deputy General Director
	Mr. Nguyen Van Su	Deputy General Director
	Mr. Dao Nam Hai	Deputy General Director
	Mr. Nguyen Thanh Son	Deputy General Director (<i>from 15/5/2018</i>)
	Mr. Nguyen Xuan Hung	Deputy General Director (<i>from 15/5/2018</i>)
	Mr. Luu Van Tuyen	Deputy General Director (<i>from 1/1/2019</i>)
	Mr. Vuong Thai Dung	Deputy General Director (<i>until 1/6/2018</i>)

Registered Office No. 1, Kham Thien Street, Dong Da District
Hanoi, Vietnam

Auditor KPMG Limited
Vietnam

**Vietnam National Petroleum Group
Statement of the Board of General Directors**

The Board of General Directors of Vietnam National Petroleum Group (“the Group”) presents this statement and the accompanying consolidated financial statements of the Group for the year ended 31 December 2018.

The Group’s Board of General Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting. In the opinion of the Group’s Board of General Directors:

- (a) the consolidated financial statements set out on pages 5 to 62 give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and of the consolidated results of operations and the consolidated cash flows of the Group for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting; and
- (b) at the date of this statement, there are no reasons to believe that the Group will not be able to pay its debts as and when they fall due.

On the date of this statement, the Group’s Board of General Directors has authorised the accompanying consolidated financial statements for issue.



On behalf of the Board of General Directors

Rhaph Duc Thang
General Director

Hanoi, 31 March 2019



KPMG Limited
46th Floor, Keangnam Landmark 72
E6 Pham Hung Road, Me Tri Ward
South Tu Liem District, Hanoi, Vietnam
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INDEPENDENT AUDITOR'S REPORT

**To: The Shareholders
 The Board of Management and the Board of General Directors
 Vietnam National Petroleum Group**

We have audited the accompanying consolidated financial statements of Vietnam National Petroleum Group ("the Group"), which comprise the consolidated balance sheet as at 31 December 2018, the consolidated statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Group's Board of General Directors on 31 March 2019, as set out on pages 5 to 62.

Board of General Directors' Responsibility

The Group's Board of General Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting, and for such internal control as the Board of General Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 of material misstatement.

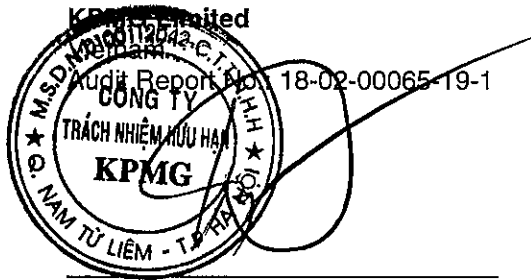
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group'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 Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Group's Board of General 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.



Auditor's Opinion

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of Vietnam National Petroleum Group as at 31 December 2018, and of its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.



Wang Toon Kim
Practicing Auditor Registration
Certificate No.: 0557-2018-007-1
Deputy General Director
Hanoi, 31 March 2019

Phan My Linh
Practicing Auditor Registration
Certificate No.: 3064-2019-007-1

Vietnam National Petroleum Group
Consolidated balance sheet as at 31 December 2018

Form B 01 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

	Code	Note	31/12/2018 VND	1/1/2018 VND
ASSETS				
Current assets (100 = 110 + 120 + 130 + 140 + 150)	100		34,578,075,982,910	40,526,370,730,962
Cash and cash equivalents	110	6	10,220,835,547,036	14,223,421,508,261
Cash	111		4,153,214,642,077	5,705,904,913,235
Cash equivalents	112		6,067,620,904,959	8,517,516,595,026
Short-term financial investments	120		4,714,407,291,361	2,505,007,709,502
Trading securities	121		5,256,246,000	6,021,246,000
Allowance for diminution in the value of trading securities	122		(2,858,302,864)	(2,053,067,986)
Held-to-maturity investments	123	7(a)	4,712,009,348,225	2,501,039,531,488
Accounts receivable – short-term	130		7,458,601,071,959	7,462,114,111,441
Accounts receivable from customers	131	8	7,005,872,124,081	6,811,902,244,793
Prepayments to suppliers	132		345,207,153,297	374,679,687,768
Other receivables	136	9	517,264,599,588	590,517,831,399
Allowance for doubtful debts	137		(411,260,131,686)	(315,787,838,951)
Shortage of assets awaiting resolution	139		1,517,326,679	802,186,432
Inventories	140	10	10,294,894,147,123	12,867,551,209,134
Inventories	141		10,885,554,215,474	12,890,760,772,088
Allowance for inventories	149		(590,660,068,351)	(23,209,562,954)
Other current assets	150		1,889,337,925,431	3,468,276,192,624
Short-term prepaid expenses	151		214,190,706,717	217,282,436,389
Deductible value added tax	152		328,040,723,919	305,744,694,520
Taxes and other receivable from State Treasury	153	17	1,324,555,775,906	2,910,198,024,758
Other current assets	155		22,550,718,889	35,051,036,957

The accompanying notes are an integral part of these consolidated financial statements

Vietnam National Petroleum Group
Consolidated balance sheet as at 31 December 2018 (continued)

Form B 01 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

	Code	Note	31/12/2018 VND	1/1/2018 VND
Long-term assets (200 = 210 + 220 + 230 + 240 + 250 + 260)	200		21,593,107,132,773	21,242,690,361,597
Accounts receivable – long-term	210		20,644,627,553	88,684,537,328
Accounts receivable from customers – long-term	211		764,038,491	75,342,051,954
Other long-term receivables	216		38,879,930,623	40,103,033,030
Allowance for doubtful long-term debts	219		(18,999,341,561)	(26,760,547,656)
Fixed assets	220		15,121,166,611,332	15,270,763,892,934
Tangible fixed assets	221	11	13,088,046,588,593	13,325,714,869,802
<i>Cost</i>	222		30,549,814,979,282	29,308,854,603,054
<i>Accumulated depreciation</i>	223		(17,461,768,390,689)	(15,983,139,733,252)
Intangible fixed assets	227	12	2,033,120,022,739	1,945,049,023,132
<i>Cost</i>	228		2,653,048,915,542	2,488,000,589,322
<i>Accumulated amortisation</i>	229		(619,928,892,803)	(542,951,566,190)
Investment property	230	13	199,379,225,971	165,266,207,789
<i>Cost</i>	231		269,571,985,795	221,292,437,042
<i>Accumulated depreciation</i>	232		(70,192,759,824)	(56,026,229,253)
Long-term work in progress	240		875,013,410,257	780,123,324,785
Long-term work in progress	241		-	2,393,855,199
Construction in progress	242	14	875,013,410,257	777,729,469,586
Long-term financial investments	250		3,115,721,080,960	2,883,912,021,826
Investments in associates, joint-ventures	252	7(c)	2,937,427,661,822	2,677,987,826,627
Equity investments in other entities	253	7(d)	301,127,119,507	315,196,457,265
Allowance for diminution in the value of long-term financial investments	254		(125,833,700,369)	(110,772,262,066)
Held-to-maturity investments	255	7(a)	3,000,000,000	1,500,000,000
Other long-term assets	260		2,261,182,176,700	2,053,940,376,935
Long-term prepaid expenses	261	15	2,233,354,898,790	2,018,235,656,410
Deferred tax assets	262		24,569,042,779	32,964,618,879
Long-term tools, supplies and spare parts	263		22,118,300	22,118,300
Other long-term assets	268		3,236,116,831	2,717,983,346
TOTAL ASSETS (270 = 100 + 200)	270		56,171,183,115,683	61,769,061,092,559

The accompanying notes are an integral part of these consolidated financial statements

Vietnam National Petroleum Group
Consolidated balance sheet as at 31 December 2018 (continued)

Form B 01 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

	Code	Note	31/12/2018 VND	1/1/2018 VND
RESOURCES				
LIABILITIES (300 = 310 + 330)	300		33,186,900,072,934	38,385,075,927,607
Current liabilities	310		31,575,525,373,909	35,757,792,050,085
Accounts payable to suppliers	311	16	12,489,789,725,099	15,270,928,443,422
Advances from customers	312		120,644,200,273	200,891,527,721
Taxes and others payable to State Treasury	313	17	1,886,187,361,415	1,730,337,723,799
Payables to employees	314		847,409,526,049	922,143,296,413
Accrued expenses	315		319,384,394,810	268,697,389,078
Unearned revenue – short-term	318		7,066,875,730	13,064,987,675
Other payables – short-term	319	18	235,593,345,411	243,367,242,706
Short-term borrowings	320	19(a)	13,357,481,938,226	13,745,080,780,307
Provisions – short-term	321		64,578,033,000	44,890,213,714
Bonus and welfare fund	322		316,868,629,672	278,309,850,371
Petroleum price stabilisation fund	323	20	1,930,521,344,224	3,040,080,594,879
Long-term liabilities	330		1,611,374,699,025	2,627,283,877,522
Long-term advances from customers	332		11,397,060,920	10,897,063,530
Long-term accrued expenses	333		-	908,435,872
Long-term unearned revenue	336		931,818,164	14,478,816,904
Other payables – long-term	337		159,757,079,402	167,086,416,528
Long-term borrowings	338	19(b)	1,350,371,049,841	2,406,437,211,735
Deferred tax liabilities	341		7,797,690,698	5,342,959,580
Provisions – long-term	342		81,120,000,000	19,067,212,373
Science and technology development fund	343		-	3,065,761,000

The accompanying notes are an integral part of these consolidated financial statements

Vietnam National Petroleum Group
Consolidated balance sheet as at 31 December 2018 (continued)

Form B 01 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

	Code	Note	31/12/2018 VND	1/1/2018 VND
EQUITY (400 = 410)	400		22,984,283,042,749	23,383,985,164,952
Owners' equity	410	21	22,984,283,042,749	23,383,985,164,952
Share capital	411	22	12,938,780,810,000	12,938,780,810,000
- Ordinary shares with voting rights	411a		12,938,780,810,000	12,938,780,810,000
Share premium	412		2,246,997,553,623	2,246,997,553,623
Other capital	414		1,093,793,763,574	1,132,410,233,797
Treasury shares	415	22	(1,350,648,460,000)	(1,350,648,460,000)
Differences upon asset revaluation	416	21	(1,294,725,514,734)	(1,317,118,937,352)
Foreign exchange differences	417		12,242,160,703	5,425,927,848
Investment and development fund	418		971,137,171,719	951,687,189,578
Other equity funds	420	23	1,337,042,365,416	1,333,225,579,172
Retained profits	421		4,290,620,538,148	4,578,569,554,201
- Retained profits brought forward	421a		640,861,350,470	4,578,569,554,201
- Retained profit for the current year	421b		3,649,759,187,678	-
Non-controlling interest	429		2,739,042,654,300	2,864,655,714,085
TOTAL RESOURCES (440 = 300 + 400)	440		56,171,183,115,683	61,769,061,092,559

31 March 2019

Prepared by:



Tran Xuan Duc
Accountant

Approved by:



Nguyen Ba Tung
Chief Accountant



Pham Duc Thang
General Director

The accompanying notes are an integral part of these consolidated financial statements

Vietnam National Petroleum Group
Consolidated statement of income for the year ended 31 December 2018

Form B 02 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

	Code	Note	2018 VND	2017 VND
Revenue from sales of goods and provision of services	01		191,979,275,263,458	153,736,210,568,322
Revenue deductions	02		47,197,358,198	39,153,702,504
Net revenue (10 = 01 - 02)	10	4	191,932,077,905,260	153,697,056,865,818
Cost of sales	11	4	178,041,353,481,913	141,400,532,111,654
Gross profit (20 = 10 - 11)	20		13,890,724,423,347	12,296,524,754,164
Financial income	21	26	994,256,425,636	791,143,396,401
Financial expenses	22	27	1,508,034,550,907	790,644,542,111
<i>In which: Interest expense</i>	23		864,678,771,880	570,685,109,732
Share of profit in associates and joint ventures	24	28	635,383,483,159	456,054,595,116
Selling expenses	25	29	8,559,770,481,125	7,320,736,564,998
General and administration expenses	26		575,093,420,463	817,994,151,452
Net operating profit {30 = 20 + (21 - 22) + 24 - (25 + 26)}	30		4,877,465,879,647	4,614,347,487,120
Other income	31		249,963,422,715	324,762,583,078
Other expenses	32		84,869,525,199	154,142,930,181
Results of other activities (40 = 31 - 32)	40		165,093,897,516	170,619,652,897
Accounting profit before tax (50 = 30 + 40)	50		5,042,559,777,163	4,784,967,140,017
Income tax expense – current	51	31	983,535,549,148	894,833,667,465
Income tax expense/(benefit) – deferred	52	31	10,939,924,429	(21,529,227,908)
Net profit after tax (60 = 50 - 51 - 52) (to be repeated in next page)	60		4,048,084,303,586	3,911,662,700,460

The accompanying notes are an integral part of these consolidated financial statements

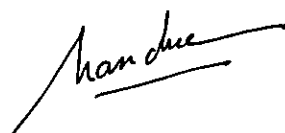
Vietnam National Petroleum Group
Consolidated statement of income for the year ended 31 December 2018 (continued)

Form B 02 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)



	Code	Note	2018 VND	2017 VND
Net profit after tax (60 = 50 - 51 - 52) (repeated from previous page)	60		4,048,084,303,586	3,911,662,700,460
Attributable to:				
Equity holders of the Parent Company	61		3,649,759,187,678	3,468,269,610,133
Non-controlling interest	62		398,325,115,908	443,393,090,327
Earnings per share				
Basic earnings per share	70	32	2,766	3,013

31 March 2019

Prepared by:



Tran Xuan Duc
Accountant

Approved by: 




Nguyen Ba Tung
Chief Accountant

Pham Duc Thang
General Director

The accompanying notes are an integral part of these consolidated financial statements

Vietnam National Petroleum Group
Consolidated statement of cash flows for the year ended 31 December 2018
(Indirect method)

Form B 03 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

	Code	Note	2018 VND	2017 VND
CASH FLOWS FROM OPERATING ACTIVITIES				
Accounting profit before tax	01		5,042,559,777,163	4,784,967,140,017
Adjustments for				
Depreciation and amortisation	02		2,072,134,909,956	2,270,612,080,495
Allowances and provisions	03		753,635,479,105	159,296,827,871
Exchange losses/(gains) arising from revaluation of monetary items denominated in foreign currencies	04		5,332,029,314	(6,469,072,880)
Profits from investing activities	05		(1,273,660,290,645)	(1,004,973,777,952)
Interest expense	06		864,678,771,880	598,685,461,893
Other adjustments	07	20	(1,121,563,656,502)	1,196,555,262,908
Operating profit before changes in working capital	08		6,343,117,020,271	7,998,673,922,352
Change in receivables	09		(440,573,782,443)	1,320,871,822,290
Change in inventories	10		1,592,558,581,222	(4,246,984,415,304)
Change in payables and other liabilities	11		(867,709,740,677)	(1,415,655,866,905)
Change in prepaid expenses	12		(36,933,925,094)	115,316,915,176
Change in trading securities	13		(2,906,257,914)	73,094,392,400
			6,587,551,895,365	3,845,316,770,009
Interest paid	14		(865,515,827,354)	(573,420,957,022)
Income tax paid	15		(967,768,822,649)	(1,118,582,308,573)
Other receipts from operating activities	16		12,004,405,847	-
Other payments for operating activities	17		(394,984,364,794)	(376,357,477,508)
Net cash flows from operating activities	20		4,371,287,286,415	1,776,956,026,906

The accompanying notes are an integral part of these consolidated financial statements

Vietnam National Petroleum Group
Consolidated statement of cash flows for the year ended 31 December 2018
(Indirect method - continued)

Form B 03 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

	Code	Note	2018 VND	2017 VND
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for additions to fixed assets and other long-term assets	21		(2,332,161,095,285)	(2,982,894,528,958)
Proceeds from disposals of fixed assets and other long-term assets	22		23,225,069,296	51,452,367,096
Payments for granting loans, purchase of debt instruments of other entities	23		(9,332,011,396,096)	(1,293,169,981,996)
Receipts from collecting loans, sales of debt instruments of other entities	24		7,119,541,579,359	990,328,871,530
Payments for investments in other entities	25		-	(157,898,398,040)
Collections on investments in other entities	26		95,156,012,443	-
Receipts of interests, dividends and profits distributed	27		1,061,687,817,639	1,110,351,521,356
Net cash flows from investing activities	30		(3,364,562,012,644)	(2,281,830,149,012)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from transfer of treasury shares	31		-	1,009,403,435,910
Proceeds from borrowings	33		99,067,573,679,267	68,116,310,955,538
Payments to settle loan principals	34		(100,388,168,061,012)	(61,722,389,111,374)
Payments of dividends	36		(3,688,530,405,684)	(3,978,082,311,460)
Net cash flows from financing activities	40		(5,009,124,787,429)	3,425,242,968,614

The accompanying notes are an integral part of these consolidated financial statements

Vietnam National Petroleum Group
Consolidated statement of cash flows for the year ended 31 December 2018
(Indirect method - continued)

Form B 03 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance)

	Code	Note	2018 VND	2017 VND
Net cash flows during the year (50 = 20 + 30 + 40)	50		(4,002,399,513,658)	2,920,368,846,508
Cash and cash equivalents at the beginning of the year	60		14,223,421,508,261	11,353,600,192,147
Effect of exchange rate fluctuations on cash and cash equivalents	61		(186,447,567)	(50,547,530,394)
Cash and cash equivalents at the end of the year (70 = 50 + 60 + 61)	70	6	10,220,835,547,036	14,223,421,508,261

31 March 2019

Prepared by:



Tran Xuan Duc
Accountant

Approved by:



Nguyen Ba Tung
Chief Accountant



Pham Duc Thang
General Director

The accompanying notes are an integral part of these consolidated financial statements

Vietnam National Petroleum Group
Notes to the consolidated financial statements for the year ended 31 December 2018

Form B 09 – DN/HN
*(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)*

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

1. Reporting entity

(a) Ownership structure

Vietnam National Petroleum Group (the “Group”), previously known as Vietnam National Petroleum Corporation, a state-owned company operating in the petroleum business, was established under Decision No. 224/QD-TTg dated 14 April 1995 by the Prime Minister. The Group was granted a special rank by the Prime Minister under Decision No. 186/TTg dated 28 March 1996, aiming at enhancement of concentration, specialisation and cooperation in production and business to execute the functions assigned by the State, improving the competence and efficiency of member companies and the Group and meeting the requirements for development of the economy.

In accordance with Decision No. 828/QD-TTg dated 31 May 2011 by the Prime Minister on the approval of the equitisation and restructuring plan of Vietnam National Petroleum Corporation and Business Registration Certificate No. 0100107370 dated 1 December 2011, Vietnam National Petroleum Corporation officially changed to a joint stock company on 1 December 2011 and become Vietnam National Petroleum Group. The Group inherited all rights and obligations from Vietnam National Petroleum Corporation in accordance with legal regulations.

(b) Principal activities

The Group undertakes the function of investment and development of petroleum trading activities according to the State's scheme on commercial industry development. The Group's principal activities include operating petroleum warehouses, petroleum ports; surveying, designing and constructing petroleum and civil works; importing/exporting and trading petroleum, petrochemical products and materials and equipment for petroleum industry and other industries, hospitality services and travel services. In addition, the Group has the rights to operate in multi-industry business according to the State's regulations, as well as to perform other functions assigned by the State.

(c) Normal operating cycle

The normal operating cycle of the Group is generally within 12 months.

(d) Group structure

The Group structure comprises of the Parent Company - Vietnam National Petroleum Group (“the Parent Company”) and member companies.

As at 31 December 2018, the Group had 55 subsidiaries including 43 petroleum companies fully owned by the Group within its Petroleum Division and 12 other subsidiaries (1/1/2018: 62 subsidiaries) as listed in Note 7(b), 13 joint ventures and associates (1/1/2018: 16 joint ventures and associates) as listed in Note 7(c).

As at 31 December 2018, the Group had 24,726 employees (1/1/2018: 20,259 employees).

Vietnam National Petroleum Group
Notes to the consolidated financial statements for the year ended 31 December 2018
(continued)

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

2. Basis of preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting.

(b) Basis of measurement

The consolidated financial statements, except for the consolidated statement of cash flows, are prepared on the accrual basis using the historical cost concept. The consolidated statement of cash flows is prepared using the indirect method.

(c) Annual accounting period

The annual accounting period of the Group is from 1 January to 31 December.

(d) Accounting and presentation currency

The Group's accounting currency is Vietnam Dong ("VND"), which is also the currency used for consolidated financial statement presentation purpose.

3. Summary of significant accounting policies

The following significant accounting policies have been adopted by the Group in the preparation of these consolidated financial statements.

(a) Basis of consolidation

(i) *Subsidiaries*

Subsidiaries are entities controlled by the Group. The financial statements of the subsidiaries are consolidated in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) *Non-controlling interests*

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners. The difference between the change in the Group's share of net assets of the subsidiary and any consideration paid or received is recorded directly in retained profits under equity.

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(iii) *Loss of control*

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in the consolidated income statement. Any interest retained in the former subsidiary when control is lost is stated at the carrying amount of the retained investment in the separate financial statements adjusted for appropriate shares of changes in equity of the investee since the acquisition date, if significant influence in the investee is maintained, or otherwise stated at cost.

(iv) *Associates and jointly controlled entities (equity accounted investees)*

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Jointly controlled entities (“joint ventures”) are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Associates and jointly controlled entities are accounted for using the equity method (equity accounted investees). The consolidated financial statements include the Group’s share of the income and expenses of the equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group’s share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

One of the Group’s associates is Petrolimex Joint Stock Insurance Company (“PJICO”) which operates in the insurance sector and one is Petrolimex Group Commercial Joint Stock Bank (“PG Bank”) which operates in the banking sector. The Board of General Directors of the Parent Company assessed the effect of prevailing regulations on capital contribution in insurance and banking activities under Decree No. 91/2015/ND-CP dated 13 October 2015 of the Government on investment of state capital in enterprises and management and use of capital and assets in enterprises. Accordingly, the Group had a plan for divestment from these associates.

(v) *Transactions eliminated on consolidation*

Intra-group transactions and balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains and losses arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group’s interest in the investee.

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(vi) Business combination

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in currencies other than VND during the year have been translated into VND at rates approximating actual rates of exchange ruling at the transaction dates.

Monetary assets and liabilities denominated in currencies other than VND are translated into VND at the exchange rates quoted at the end of the annual accounting period. The actual rates of exchange applied to retranslate monetary items denominated in foreign currency at the end of the annual accounting period are determined as follows:

- For monetary assets (cash on hand, cash in banks and receivables): the foreign currency buying rate at the end of the annual accounting period quoted by the commercial banks where the Parent Company and its subsidiaries most frequently conducts transactions.
- For monetary liabilities (payables and borrowings): the foreign currency selling rate at the end of the annual accounting period quoted by the commercial banks where the Parent Company and its subsidiaries most frequently conducts transactions.

All foreign exchange differences are recorded in the consolidated statement of income.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to VND at exchange rates at the end of the annual accounting period. The income and expenses of foreign operations are translated to VND at the exchange rates which approximate those ruling on the dates of transactions.

Foreign currency differences arising from the translation of foreign operations are recognised in the consolidated balance sheet under the caption “Foreign exchange differences” in equity.

(c) Cash and cash equivalents

Cash comprises cash balances and call deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

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(d) Investments

(i) *Trading securities*

Trading securities are those held by the Group for trading purpose i.e. purchased for resale with the aim of making profits over a short period of time. Trading securities are initially recognised at cost which include purchase price plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at cost less allowance for diminution in value. An allowance is made for diminution in value of trading securities if market price of the securities item falls below its carrying amount. The allowance is reversed if the market price subsequently increases after the allowance was recognised. An allowance is reversed only to the extent that the securities' carrying amount does not exceed the carrying amount that has been determined if no allowance had been recognised.

(ii) *Held-to-maturity investments*

Held-to-maturity investments are those that the Board of General Directors has the intention and ability to hold until maturity. Held-to-maturity investments include term deposits at bank. These investments are stated at costs less allowance for diminution in value of investments.

(iii) *Investments in equity instruments of other entities*

Investments in equity instruments of other entities are initially recognised at cost which include purchase price plus any directly attributable transaction costs. Subsequent to initial recognition, these investment are stated at cost less allowance for diminution in value.

An allowance is made for diminution in investment values if the investee has suffered a loss, except where such a loss was anticipated by the Group before making the investment. The allowance is reversed if the investee subsequently made a profit that offsets the previous loss for which the allowance had been made. An allowance is reversed only to the extent that the investment's carrying amount does not exceed the carrying amount that would have been determined if no allowance had been recognised. Allowance for diminution in the value of long-term financial investments is made in accordance with guidance in Circular No. 89/2013/TT-BTC dated 28 June 2013 on amendments and supplements to Circular No. 228/2009/TT-BTC dated 7 December 2009 of the Ministry of Finance guiding the appropriation and use of allowance for devaluation of inventories, impairment of financial instruments, doubtful debts and warranty for products, goods and construction works at enterprises.

(e) Accounts receivable

Trade and other receivables are stated at cost less allowance for doubtful debts.

Allowance 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.

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(f) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in-first-out basis and includes all costs incurred in bringing the inventories to their present location and condition. Cost in the case of finished goods and work in progress includes raw materials, direct labour and attributable manufacturing overheads. Net realisable value is the estimated selling price of inventory items, less the estimated costs of completion and direct selling expenses.

The Group applies the perpetual method of accounting for inventories.

The Group provides allowance for inventories for obsolete, damaged and sub-standard inventories and for those which have costs higher than net realisable values at the end of the annual accounting period.

(g) Tangible fixed assets

(i) Cost

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises its purchase price, including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition for its intended use.

Expenditure incurred after tangible fixed assets have been put into operation, such as repair, maintenance and overhaul cost, is charged to the consolidated statement of income in the year in which the cost is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of tangible fixed assets beyond their originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets.

(ii) Depreciation

Depreciation of tangible fixed assets is computed on a straight-line basis over the estimated useful lives in accordance with Decision 491/PLX-QD-HDQT dated 7 December 2011 of the Vietnam National Petroleum Group providing guidance on management, use and depreciation of fixed assets, applied to member companies and Circular No. 45/2013/TT-BTC dated 25 April 2013 of the Ministry of Finance providing guidance on management, use and depreciation of fixed assets (“Circular 45”). The estimated useful lives are as follows:

▪ Buildings and structures	5 – 50 years
▪ Machinery and equipment	2 – 20 years
▪ Motor vehicles	6 – 30 years
▪ Equipment, management tools	3 – 10 years
▪ Others	5 – 10 years

During the year 2018, subsidiaries of the Group, namely Petrolimex Petrochemical Corporation – JSC and Petrolimex Tanker Corporation, revised the estimated useful lives of certain tangible fixed assets to more appropriately reflect the useful lives of these assets. The effect on the consolidated depreciation charge for the year was to decrease the consolidated depreciation charge by VND56,288 million.

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(h) Intangible fixed assets

Intangible fixed assets comprise land use rights, software, software licence and other intangible fixed assets.

(i) Land use rights

Land use rights are any costs actually incurred in conjunction with securing the land use rights including costs for land clearance and levelling.

Land use rights comprise:

- those granted by the State for which land use payments are collected;
- those acquired in a legitimate transfer; and
- rights to use leased land obtained before the effective date of the 2003 Land Law for which payments have been made in advance for more than 5 years and supported by land use right certificate issued by competent authority.

Land use rights are stated at cost less accumulated amortisation. Definite land use rights are amortised on a straight-line basis over the term of the land use. No amortisation is computed for indefinite land use rights by the Group.

(ii) Software and software licence

Software and software licence include any costs incurred until the date that software and software licence are put into use. Software and software licence are amortised on a straight line basis over the estimated useful lives from 3 to 10 years.

(i) Investment property

(i) Investment property held to earn rental

Cost

Investment property held to earn rental is stated at cost less accumulated depreciation. The initial cost of an investment property held to earn rental comprises its purchase price, cost of land use rights and any directly attributable expenditures of bringing the property to the condition necessary for it to be capable of operating in the manner intended. Expenditure incurred after the investment property held to earn rental has been put into operation, such as repairs and maintenance, is charged to the consolidated statement of income in the year in which the expenditure is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in future economic benefits in excess of the originally assessed standard of performance of the existing investment property held to earn rental, the expenditure is capitalised as an additional cost of the investment property.

Depreciation

Depreciation is computed on a straight-line basis over the estimated useful lives of investment property for 35 to 50 years.

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(ii) Investment property held for capital appreciation

Investment property held for capital appreciation is stated at cost less any devaluation in market price. The carrying amount of an investment property item held for capital appreciation is reduced when there is evidence that its market price falls below its carrying amount and the loss can be measured reliably. Any reduction in value of investment property held for capital appreciation is charged to cost of sales.

(j) Construction in progress

Construction in progress represents the costs of construction, machinery and costs of several software of the Group which have not been fully completed or installed. No depreciation is provided for construction in progress during the period of construction and installation.

(k) Long-term prepaid expenses

(i) Cylinders

The Group adopted the guidance in Official Letter No. 7640/CV-BTC dated 21 June 2005, Official Letter No. 7776/BTC-TCT dated 2 June 2009 of the Ministry of Finance and Circular No. 118/2010/TT-BTC dated 10 August 2010 of the Ministry of Finance guiding financial and tax regimes applicable to traders of bottled liquefied petroleum gas in recognition and Amortisation of cylinder values and deposits for cylinders. Accordingly, cylinder values are presented in long-term prepayments and amortised in the consolidated statement of income over a period of 10 years.

(ii) Business advantages related to equitisation

Business advantages related to equitisation of Vietnam National Petroleum Corporation are determined and recognised in accordance with Decree No. 59/2011/ND-CP dated 18 July 2011 of the Government on conversion of 100% state-owned enterprises into joint stock companies (“Decree 59”) and Circular No. 202/2011/TT-BTC dated 30 December 2011 of the Ministry of Finance guiding the implementation of Decree 59. Accordingly, the value of business advantages to be included in the valuation of an equitised enterprise comprises the value of its trade name and potential for development. The value of trade name is determined based on actual costs incurred for formulation and protection of brand names and trade names during the normal course of business prior to the date of valuation of the enterprise. The potential for development is determined based on the book value of the state-owned capital at the date of valuation multiplied by the difference between the average ratio of profit after tax to owners’ equity of three years prior to the date of valuation and the interest rate of 5-year term government bonds announced by the Ministry of Finance at the date closest to the date of valuation.

The business advantages determined during evaluation for equitisation of Vietnam National Petroleum Corporation amounted to VND542,140,339,196 and are amortised in the consolidated statement of income over 10 years from 1 January 2012.

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(iii) Prepaid land costs

Prepaid land costs comprise prepaid land lease rentals, including those for which the Group obtained land use rights certificate but are not qualified as intangible fixed assets under Circular 45 and other costs incurred in conjunction with securing the use of leased land. These costs are recognised in the consolidated statement of income on a straight-line basis over the term of the lease.

(iv) Asset overhaul costs

Asset overhaul costs comprised periodically incurred repair costs during the useful life of tangible fixed assets. These costs are initially recognised at cost and subsequently amortised in the consolidated statement of income on a straight line basis over a maximum period of no more than 3 years.

(v) Tools and instruments

Tools and instruments include assets held for use by the Group in the normal course of business whose costs of individual items are less than VND30 million and therefore not qualified for recognition as fixed assets under prevailing regulations. Cost of tools and instruments are amortised on a straight-line basis over a period ranging over 3 years.

(l) Trade and other payables

Trade and other payables are stated at their cost.

(m) Provisions

A provision, is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by estimates made by the Board of General Directors on necessary expenses to pay for this payable obligation at the end of the annual accounting period.

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(n) Petroleum price stabilisation fund

The appropriation and utilisation of petroleum price stabilisation fund are made in accordance with Joint Circular No. 39/2014/TTLT-BCT-BTC dated 29 October 2014 of the Ministry of Industry and Trade and the Ministry of Finance on “Method of determination of basic prices and the mechanism for creation, management and use of Price stabilisation fund and regulation of petrol and oil prices as prescribed in Decree No. 83/2014/ND-CP dated 3 September 2014 of the Government on petrol and oil trading” (“Circular 39”) and Joint Circular No. 90/2016/ TTLT-BCT-BTC amending and supplementing a number of articles of Circular 39. Whereby:

- Petroleum price stabilisation fund is appropriated with a specific amount, which is fixed within the basic price of the actually sold petroleum volume and is determined as an expense item in the basic price structure (the rate of appropriation is stipulated by the Ministry of Finance from time to time) and is recognised in cost of sales in the year corresponding to the long-term liability;
- The utilisation of petroleum price stabilisation fund is made in accordance with written guidelines issued by the Ministry of Finance from time to time. The utilisation depends on the actually sold petroleum volume multiplied by the utilisation level per liter as regulated by the Ministry of Finance. Upon utilisation for the price stabilisation purpose, the utilised amount is recognised as an decrease in Cost of sales during the year; and
- Gain or loss arising (upon obtaining additional borrowings for the utilised amount exceeding the petroleum price stabilisation fund) on the petroleum price stabilisation fund account are recognised as an increase or decrease, respectively in the petroleum price stabilisation fund account.

(o) Share capital

(i) Ordinary shares

Ordinary shares are stated at issue price less any costs directly attributable to the issue of shares. Incremental costs directly attributable to the issue of shares, net of tax effects, are recognised as a deduction from share premium.

(ii) Repurchase and reissue of ordinary shares (treasury shares)

The issued ordinary shares repurchased by the Group are classified as treasury shares under owners' equity. The cost of treasury shares, which is recognised as a reduction from owners' equity, includes purchase prices and any directly attributable costs.

When treasury shares are sold (reissue of treasury shares), the cost of the reissued shares is determined on a weighted average basis. The difference between the treasury selling price and cost is recognised in share premium.

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(p) Differences upon assets revaluation

For the purpose of enterprises valuation upon equitisation, the Group has revaluated the value of investments in subsidiaries and associates as per the Valuation Minutes of Vietnam Valuation and Finance Consultancy Joint Stock Company and based on the Equitisation Finalisation Documents approved by the competent authorities, the Group has recognised an increase in the cost of these investments in the consolidated balance sheet with an amount of VND1,317,118,937,352, meanwhile the equity capital of those investees were not revaluated.

For the purpose of consolidated financial statements preparation, the difference between value of the revaluated investments in subsidiaries and associates and value of equity in the investees was recognised as a decrease in “Differences upon asset revaluation” in the consolidated financial statements.

(q) Income tax

Income tax on the consolidated profit or loss for the year comprises current and deferred tax. Income tax is recognised in the consolidated statement of income except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the end of the annual accounting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities using the tax rates enacted or substantively enacted at the end of the annual accounting period.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Group determines income tax obligations based on current tax regulations. However, these regulations may change from time to time and the ultimate determination of income tax obligations is subject to review by competent tax authorities.

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(r) Revenue and other incomes

(i) Goods sold

Revenue from the sale of goods is recognised in the consolidated statement of income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods. Revenue on sales of goods is recognised at the net amount after deducting sales discounts and rebates.

(ii) Services rendered

Revenue from services rendered is recognised in the consolidated statement of income in proportion to the stage of completion of the transaction. The stage of completion is assessed by reference to surveys of work performed. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

(iii) Rental income

Rental income from leased property is recognised in the consolidated statement of income on a straight-line basis over the term of the lease.

(iv) Interest income

Interest income is recognised on a time proportion basis with reference to the principal outstanding and the applicable interest rate.

(v) Dividend income

Dividend income is recognised when the right to receive dividend is established.

(s) Operating lease payments

Payments made under operating leases are recognised in the consolidated statement of income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the consolidated statement of income as an integral part of the total lease expense.

(t) Borrowing costs

Borrowing costs are recognised as an expense in the year in which they are incurred, except where the borrowing costs relate to borrowings in respect of the construction of qualifying assets, in which case the borrowing costs incurred during the period of construction are capitalised as part of the cost of the assets concerned.

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(u) Earnings per share

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during the year. As at 31 December 2018 and for the year then ended, the Parent Company did not have any dilutive potential ordinary shares. Therefore, requirement for disclosure of diluted earnings per share is not applicable.

(v) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Group's primary format for segment reporting is based on business segments and the Group's secondary format for segment reporting is based on geographical segment.

(w) Related parties

Parties are considered to be related to the Group if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or where the Group and the other party are subject to common control or significant influence. Related parties may be individuals or corporate entities and include close family members of any individual considered to be a related party.

Related companies refer to the joint-venture and associates of the Group.

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4. Segment reporting

(a) Business segments

Consolidated balance sheet as at 31 December 2018

	Petroleum segment						Internal elimination and consolidation adjustment	Total
	Petroleum member companies		Non-petroleum member companies		Petrochemical products			
	VND	VND	VND	VND	VND	VND		
Assets								
Cash and cash equivalents	7,036,775,509,207	1,944,447,605,473	583,654,569,745	54,075,074,424	580,516,913,339	21,365,874,848	10,220,835,547,036	
Short-term financial investments	3,749,172,656,836	-	110,809,348,225	690,310,000,000	164,115,286,300	-	4,714,407,291,361	
Accounts receivable – short-term	3,275,843,546,979	3,465,904,507,371	1,878,626,068,186	313,632,584,059	466,253,833,973	-	7,458,601,071,959	
Inventories	7,652,137,847,757	951,270,895,030	1,139,019,474,211	157,461,009,254	466,435,932,916	(1,988,768,639,441)	10,294,894,147,123	
Other current assets	1,598,570,876,235	41,194,102,393	83,615,899,195	42,809,262,073	120,313,516,854	2,798,175,183	1,889,337,925,431	
Accounts receivable – long-term	229,220,951,219	433,150,000	4,258,194,500	447,246,338	3,429,747,336	52,152,000	20,644,627,553	
Fixed assets	7,575,685,928,126	632,661,263,785	677,907,867,529	408,691,183,069	4,331,664,611,024	1,664,409,111,657	15,121,166,611,332	
Investment property	50,130,973,897	-	3,234,686,485	7,191,291,155	135,921,201,155	2,901,073,225	199,379,225,971	
Long-term work in progress	337,205,406,862	103,472,438,164	162,641,748,723	1,899,285,450	246,780,465,314	23,014,065,744	875,013,410,257	
Long-term financial investments	6,664,642,763,371	10,000,000,000	43,534,152,089	-	65,883,521,112	13,746,247,789	3,115,721,080,960	
Other long-term assets	1,592,648,832,406	115,972,186,511	166,941,510,806	322,042,079,409	59,788,120,311	3,789,447,257	2,261,182,176,700	
Total assets	39,762,035,292,895	7,265,356,148,727	4,854,243,519,694	1,998,559,015,285	6,641,103,149,634	1,788,273,088,823	56,171,183,115,683	
Liabilities								
Current liabilities	21,034,730,475,122	5,686,749,369,595	3,441,161,911,141	1,012,164,485,688	1,263,253,241,590	1,046,851,252,848	31,575,525,373,909	
Long-term liabilities	155,728,854,346	26,068,014,480	88,354,158,642	133,897,280,285	1,416,474,168,748	8,049,036,364	1,611,374,699,025	
Total liabilities	21,190,459,329,468	5,712,817,384,075	3,529,516,069,783	1,146,061,765,973	2,679,727,410,338	1,054,900,289,212	33,186,900,072,934	
Capital expenditure	1,593,386,422,757	137,784,705,197	239,959,590,245	24,436,840,754	636,424,878,075	46,478,617,734	2,513,853,577,829	
Depreciation of tangible fixed assets	833,112,462,185	90,205,023,944	61,329,800,874	59,845,341,794	740,841,750,758	138,800,932,594	1,907,279,917,138	
Amortisation of intangible fixed assets	82,822,262,559	2,618,185,542	577,714,950	136,044,503	1,519,550,714	687,251,946	88,361,010,214	
Depreciation of investment property	856,397,729	-	-	182,593,332	6,406,286,756	613,034,052	8,058,311,869	

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Consolidated statement of income for the year ended 31 December 2018

	Petroleum segment		Gas products	Insurance services	Transportation services	Other goods and services	Internal elimination and consolidation adjustment	Total
	Petroleum member companies	Non-petroleum member companies						
Total net revenue	144,370,241,278,283	60,595,804,340,889	3,261,119,630,508	-	8,918,147,225,689	2,496,779,272,041	(34,143,992,107,957)	191,932,077,905,260
In which: Internal revenue	8,729,974,752,758	19,116,139,694,680	922,735,814,432	-	3,613,043,533,267	457,128,908,774	(34,143,992,107,957)	-
Net revenue from external sales	135,640,266,525,525	41,479,664,646,209	2,338,383,816,076	-	5,305,103,692,422	2,039,650,363,267	-	191,932,077,905,260
Operating expenses	(141,540,348,109,038)	(59,938,284,201,145)	(3,080,371,811,231)	-	(8,553,260,118,244)	(2,222,884,254,575)	34,307,249,568,603	(187,176,217,383,501)
Cost of goods sold and services rendered	(133,539,541,470,922)	(58,933,147,471,090)	(2,630,462,667,111)	-	(8,094,396,049,145)	(2,054,518,291,897)	32,773,280,307,197	(178,041,353,481,913)
Selling expenses	(8,000,806,638,116)	(991,194,499,925)	(351,064,313,971)	-	(158,808,375,181)	(101,937,032,732)	1,533,969,261,406	(8,559,770,481,125)
General and administration expenses	-	(13,942,230,130)	(98,844,830,149)	-	(300,055,693,918)	(66,428,929,946)	-	(575,093,420,463)
Operating profit	2,829,893,169,245	657,520,139,744	180,747,819,277	-	364,887,107,445	273,895,017,466	163,257,460,646	4,755,860,521,759
Share of profit in associates and joint ventures								635,383,483,159
Financial income								994,256,425,636
Results of other activities								(1,508,034,550,907)
								165,093,897,516
Accounting profit before tax								5,042,559,777,163
Income tax expense – current								(983,535,549,148)
Income tax expense – deferred								(10,939,924,429)
Net profit after tax								4,048,084,303,586

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Consolidated balance sheet as at 31 December 2017

	Petroleum segment						Internal elimination and consolidation adjustment	Total
	Petroleum member companies	Non-petroleum member companies	Petrochemical products	Gas products	Insurance services	Transportation services		
	VND	VND	VND	VND	VND	VND	VND	VND
Assets								
Cash and cash equivalents	11,199,994,305,573	1,758,875,839,278	564,861,713,102	70,740,984,092	-	367,807,438,165	228,666,837,325	14,223,421,508,261
Short-term financial investments	1,244,927,368,000	-	43,851,350,000	953,610,000,000	-	237,259,552,100	25,359,439,402	2,505,007,709,502
Accounts receivable – short-term	3,310,960,891,353	8,970,758,973,682	1,566,184,002,298	324,914,017,091	-	511,804,042,932	446,090,649,537	7,462,114,111,441
Inventories	10,705,506,112,354	543,158,531,686	776,729,529,665	147,138,062,837	-	347,878,515,611	425,817,558,030	12,867,551,209,134
Other current assets	3,159,051,220,047	29,329,988,111	31,552,245,989	29,752,779,659	-	137,779,182,791	65,364,803,191	3,468,276,192,624
Accounts receivable – long-term	219,802,623,420	66,823,462,460	3,864,872,800	632,941,246	-	4,904,125,380	1,258,071,600	88,684,537,328
Fixed assets	7,281,755,962,057	635,375,379,687	508,837,657,656	440,741,618,121	-	4,533,182,719,259	2,018,685,866,932	15,270,763,892,934
Investment property	8,909,946,154	-	3,234,686,485	7,373,884,541	-	142,327,487,911	3,420,202,698	165,266,207,789
Long-term work in progress	273,839,963,197	62,181,771,260	152,870,182,358	6,328,932,989	-	191,179,792,494	93,722,682,487	780,123,324,785
Long-term financial investments	6,749,643,710,021	10,000,000,000	63,232,641,789	-	-	195,268,719,742	56,729,727,001	2,883,912,021,826
Other long-term assets	1,355,285,677,841	103,883,700,320	165,519,008,588	326,953,255,864	-	40,840,509,885	61,458,224,437	2,053,940,376,935
Total assets	45,509,677,780,017	12,180,387,646,484	3,880,737,890,730	2,308,186,476,440	-	6,710,232,086,270	3,426,574,062,640	61,769,061,092,559
Liabilities								
Current liabilities	26,302,718,635,831	10,853,311,898,825	2,462,289,679,528	1,366,706,698,187	-	1,197,017,569,752	1,201,787,352,127	35,757,792,050,085
Long-term liabilities	163,548,917,141	14,739,321,180	74,753,537,156	150,346,628,523	-	1,385,980,467,063	1,047,894,019,336	2,627,283,871,522
Total liabilities	26,466,267,552,972	10,868,051,220,005	2,537,043,216,684	1,517,053,326,710	-	2,582,998,036,815	2,249,681,371,463	38,385,075,927,607
Capital expenditure	1,432,947,330,550	134,705,494,675	180,090,380,607	66,611,955,976	18,715,891,503	678,968,125,508	58,308,218,324	2,525,783,059,208
Depreciation of tangible fixed assets	826,486,537,143	78,361,969,049	90,096,987,432	57,636,323,469	13,603,714,082	740,226,760,688	154,998,916,729	1,933,387,372,635
Amortisation of intangible fixed assets	92,217,460,311	1,936,530,199	732,866,929	347,422,987	4,850,728,654	2,109,679,933	1,040,126,663	103,234,815,676
Depreciation of investment property	855,022,794	-	-	182,593,332	1,051,882,218	6,406,286,756	360,601,608	8,856,386,708

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Consolidated statement of income for the year ended 31 December 2017

	Petroleum segment		Petrochemical products	Gas products	Insurance services	Transportation services	Other goods and services	Internal elimination and consolidation adjustment	Total
	Petroleum member companies	Non-petroleum member companies							
	VND	VND	VND	VND	VND	VND	VND	VND	VND
Total net revenue	116,436,915,915,461	42,424,378,797,652	5,046,458,954,970	2,958,491,362,583	1,831,060,040,027	8,468,991,881,633	4,697,266,950,586	(28,166,507,057,094)	153,697,056,865,818
In which: Internal revenue	7,505,001,431,980	13,882,776,082,352	1,118,004,732,076	802,689,028,421	235,405,703,028	4,052,136,386,016	570,493,673,221	(28,166,507,057,094)	-
Net revenue from external sales	108,931,914,483,481	28,541,602,715,300	3,928,454,222,894	2,155,802,334,162	1,595,654,336,999	4,416,855,495,617	4,126,773,277,365	-	153,697,056,865,818
Operating expenses	(114,168,836,635,232)	(41,904,799,335,879)	(4,801,352,226,351)	(2,788,599,558,528)	(1,769,877,655,967)	(8,042,638,880,199)	(4,438,550,793,808)	28,375,392,257,860	(149,539,262,828,104)
Cost of goods sold and services rendered	(106,797,683,927,984)	(41,182,558,995,573)	(4,263,628,331,642)	(2,326,443,957,469)	(1,264,607,809,611)	(7,615,054,109,329)	(4,129,136,084,101)	26,178,581,104,055	(141,400,532,111,654)
Selling expenses	(7,371,152,707,248)	(709,367,286,935)	(446,045,201,873)	(331,246,358,268)	(303,779,627,854)	(162,842,130,942)	(193,114,405,683)	2,196,811,153,805	(7,320,736,564,998)
General and administration expenses	-	(12,873,053,371)	(91,678,692,836)	(130,909,242,791)	(201,490,218,502)	(264,742,639,928)	(116,300,304,024)	-	(817,994,151,452)
Operating profit	2,268,079,280,229	519,579,461,773	245,106,728,619	169,891,804,055	61,182,384,060	426,353,001,434	258,716,156,778	208,885,220,766	4,157,794,037,714
Share of profit in associates and joint ventures									456,054,595,116
Financial income									791,143,396,401
Financial expenses									(790,644,542,111)
Results of other activities									170,619,652,897
Profit before tax									4,784,967,140,017
Income tax expense – current									(894,833,667,465)
Income tax expense – deferred									21,529,227,908
Net profit after tax									3,911,662,700,460

Vietnam National Petroleum Group
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(b) Geographical segments	Within the territory of Vietnam		Outside the territory of Vietnam		Consolidated	
	2018 VND	2017 VND	2018 VND	2017 VND	2018 VND	2017 VND
External revenue	163,710,692,596,332	136,810,677,900,732	28,268,582,667,126	16,925,532,667,590	191,979,275,263,458	153,736,210,568,322
Segment assets	54,714,699,522,139	56,044,855,473,460	1,456,483,593,544	5,724,205,619,099	56,171,183,115,683	61,769,061,092,559
Capital expenditure	2,623,015,220,186	2,492,470,710,040	17,785,831,491	33,312,349,168	2,640,801,051,677	2,525,783,059,208



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5. Significant transactions during the year

During the year, Petrolimex Group Construction and Trading Corporation – Joint Stock Company (“PGCC”) was established under the Resolution No. 45B/PLX-NQ-HDQT dated 26 March 2018 of the Petrolimex’s Board of Management. Accordingly, the Group is a founding shareholder who owns 99.99% of share capital of PGCC, with contributed assets being the Group’s right to own shares and portions of contributed capital in the following subsidiaries and associates:

- Subsidiaries: Petrolimex International Trading Joint Stock Company, Petroleum Logistic Service and Investment JSC, Petroleum Mechanical Joint Stock Company, PTN Chemicals Company Limited, Petrolimex Equipment Joint Stock Company, Petrolimex Information Technology and Telecommunication JSC and Petrolimex Engineering JSC.
- Associates: Petrolimex Construction Joint Stock Company I and Petrolimex Construction Joint Stock Company III.

Subsequently, the Group reduced its ownership ratio in PGCC to 35% through liquidating 64.99% of shares of PGCC to several strategic investors. This divestment made the assets and liabilities of the Group at the date of divestment from PGCC reduce as follows:

	Carrying value at divestment date VND
Assets	
Cash and cash equivalents	185,321,053,315
Short-term financial investments	3,671,257,914
Accounts receivable – short-term	428,468,754,002
Inventories	415,041,830,591
Other current assets	59,394,690,880
Accounts receivable – long-term	1,080,000,000
Tangible fixed assets	226,625,486,046
<i>Cost</i>	457,473,001,017
<i>Accumulated depreciation</i>	(230,847,514,971)
Intangible fixed assets	28,195,145,403
<i>Cost</i>	36,844,556,516
<i>Accumulated Amortisation</i>	(8,649,411,113)
Investment property	3,239,901,894
<i>Cost</i>	7,331,842,478
<i>Accumulated depreciation</i>	(4,091,940,584)
Construction in progress	72,148,498,979
Long-term financial investments	123,523,524,650
Long-term prepaid expenses	58,971,164,420
Other long-term assets	90,933,696
Liabilities	
Current liabilities	(897,223,517,214)
Long-term liabilities	(37,349,657,494)
Carrying value of net assets	<u>671,199,067,082</u>

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The Group recognised the following profit from liquidation of 64.99% of shares of PGCC in the consolidated financial income for the year:

	VND
The Group's share of carrying value of net assets of the above entities at the date of divestment from PGCC	391,741,106,320
Carrying value of net assets corresponding to the Group's liquidated shares	(254,631,719,108)
Cash acquired from divestment from PGCC	266,407,728,000
	11,776,008,892
Gain from divestment from PGCC (Note 26)	11,776,008,892

6. Cash and cash equivalents

	31/12/2018 VND	1/1/2018 VND
Cash on hand	83,530,536,491	95,186,726,707
Cash in banks	3,786,618,284,917	5,203,028,655,949
In which:		
- Account balance of Price stabilisation fund (i)	1,372,574,859,359	3,215,870,855,058
Cash in transit (ii)	283,065,820,669	407,689,530,579
Cash equivalents	6,067,620,904,959	8,517,516,595,026
	10,220,835,547,036	14,223,421,508,261

- (i) The account balance of Price stabilisation fund is monitored separately in a bank account.
The account balance of Price stabilisation fund should be used solely for the price stabilisation purpose and should not be used for any other purpose.
- (ii) Cash in transit represents the cash balances at petroleum stations of the petroleum member companies. These amounts will be transferred to the petroleum member companies' bank accounts on the next working day.

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7. Financial investments

(a) Held-to-maturity investments

	31/12/2018		1/1/2018	
	Cost VND	Fair value VND	Cost VND	Fair value VND
Held-to-maturity investments - short-term				
▪ Term deposits	4,712,009,348,225	4,712,009,348,225	2,501,039,531,488	2,527,386,712,043
Held-to-maturity investments - long-term				
▪ Term deposits	3,000,000,000	3,000,000,000	1,500,000,000	1,500,000,000

Held-to-maturity investments represent term deposits at local banks.

Vietnam National Petroleum Group
Thuyết minh báo cáo tài chính hợp nhất cho year kết thúc 31 December 2018 (tiếp theo)

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*(Ban hành theo Thông tư số 202/2014/TT-BTC
 ngày 22/12/2014 của Bộ Tài chính)*

(b) Investments in subsidiaries

No.	Name	Address	Principal activities	31/12/2018		1/1/2018	
				% of voting rights	% of equity owned	% of voting rights	% of equity owned
1	Petrolimex Tanker Corporation	Hanoi	Transportation services	100%	100%	100%	100%
2	Van Phong Bonded Petroleum Company Limited	Khanh Hoa	Storing and trading petroleum products at border gate	85.00%	85.00%	85.00%	85.00%
3	Petrolimex Petrochemical Corporation - JSC	Hanoi	Processing petroleum products	79.07%	79.07%	79.07%	79.07%
4	Petrolimex Gas Corporation – JSC	Hanoi	Trading gas products	52.37%	52.37%	52.37%	52.37%
5	Petrolimex Transportation Services Corporation	Hanoi	Transportation services	100%	100%	100%	100%
6	Petrolimex Singapore Pte. Ltd. (“PLS”)	Singapore	Trading petroleum	100%	100%	100%	100%
7	Petrolimex Aviation Fuel JSC	Hanoi	Providing fuel for airlines	59.00%	59.00%	59.00%	59.00%
8	Petrolimex (Lao) Ltd.	Laos	Trading petroleum	100%	100%	100%	100%
9	Petrolimex Kien Giang Co., Ltd.	Kien Giang	Trading petroleum	51.00%	51.00%	51.00%	51.00%
10	VP Petrochemical Transport J.S.C	Hai Phong	Transportation services	88.88%	57.62%	88.88%	57.62%
11	Hai Chau Trading and Services Company Limited	Ho Chi Minh City	Producing, trading ice, frozen seafood	92.04%	92.04%	92.04%	92.04%
12	Cai Be Trading and Services JSC	Tien Giang	Producing, trading ice, frozen seafood	63.04%	63.04%	63.04%	63.04%
13	Petrolimex International Trading Joint Stock Company (i)	Ho Chi Minh City	Import-export services	-	-	52.67%	52.67%
14	Petroleum Logistic Service and Investment JSC (i)	Hanoi	Real-estate trading	-	-	51.00%	51.00%
15	Petroleum Mechanical Joint Stock (i)	Ho Chi Minh City	Providing equipment for petroleum sector	-	-	46.00%	46.00%
16	PTN Chemicals Company Limited (i)	Hai Phong	Producing petroleum-based surface materials	-	-	60.00%	60.00%
17	Petrolimex Equipment Joint Stock Company (i)	Hanoi	Providing equipment for petroleum sector	-	-	50.48%	50.48%
18	Petrolimex Information Technology and Telecommunication JSC (i)	Hanoi	Developing software products	-	-	50.33%	50.33%
19	Petrolimex Engineering JSC (i)	Hanoi	Construction consultancy	-	-	51.00%	51.00%

(i) As described in Note 5, during the year the Group used its investments in these subsidiaries to make capital contribution in PGCC.

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No.	Name	Address	Principal activities	31/12/2018		1/1/2018	
				% of voting rights	% of equity owned	% of voting rights	% of equity owned
Petroleum member companies							
20	Petrolimex Quang Ninh One Member Limited Company	Quang Ninh	Trading petroleum	100%	100%	100%	100%
21	Petrolimex Sai Gon One Member Limited Company	Ho Chi Minh City	Trading petroleum	100%	100%	100%	100%
22	Petrolimex Hanoi One Member Limited Company	Hanoi	Trading petroleum	100%	100%	100%	100%
23	Petrolimex Da Nang One Member Limited Company	Da Nang	Trading petroleum	100%	100%	100%	100%
24	Petrolimex Tay Nam Bo Limited Company	Can Tho	Trading petroleum	100%	100%	100%	100%
25	Petrolimex Ba Ria Vung Tau Limited Company	Ba Ria Vung Tau	Trading petroleum	100%	100%	100%	100%
26	Petrolimex Nghe An Limited Company	Nghe An	Trading petroleum	100%	100%	100%	100%
27	Petrolimex Nam Dinh Limited Company	Nam Dinh	Trading petroleum	100%	100%	100%	100%
28	Petrolimex Phu Khanh Limited Company	Khanh Hoa	Trading petroleum	100%	100%	100%	100%
29	Petrolimex Ha Son Binh Limited Company	Hanoi	Trading petroleum	100%	100%	100%	100%
30	Petrolimex Hai Phong One Member Limited Company	Hai Phong	Trading petroleum	100%	100%	100%	100%
31	Petrolimex Vinh Long One Member Limited Company	Vinh Long	Trading petroleum	100%	100%	100%	100%
32	Petrolimex Gia Lai Limited Company	Gia Lai	Trading petroleum	100%	100%	100%	100%
33	Petrolimex Binh Dinh Limited Company	Binh Dinh	Trading petroleum	100%	100%	100%	100%
34	Petrolimex Thanh Hoa One Member Limited Company	Thanh Hoa	Trading petroleum	100%	100%	100%	100%
35	Petrolimex Daklak One Member Limited Company	Daklak	Trading petroleum	100%	100%	100%	100%
36	Petrolimex Long An Limited Company	Long An	Trading petroleum	100%	100%	100%	100%
37	Petrolimex Ca Mau One Member Limited Company	Ca Mau	Trading petroleum	100%	100%	100%	100%
38	Petrolimex Tien Giang One Member Limited Company	Tien Giang	Trading petroleum	100%	100%	100%	100%
39	Petrolimex Dong Nai Limited Company	Dong Nai	Trading petroleum	100%	100%	100%	100%
40	Petrolimex Bac Thai Limited Company	Thai Nguyen	Trading petroleum	100%	100%	100%	100%
41	Petrolimex Hue Limited Company	Hue	Trading petroleum	100%	100%	100%	100%
42	Petrolimex Tay Ninh Limited Company	Tay Ninh	Trading petroleum	100%	100%	100%	100%
43	Petrolimex Lao Cai Limited Company	Lao Cai	Trading petroleum	100%	100%	100%	100%
44	Petrolimex Phu Tho Limited Company	Phu Tho	Trading petroleum	100%	100%	100%	100%
45	Petrolimex Song Be One Member Limited Company	Binh Duong	Trading petroleum	100%	100%	100%	100%
46	Petrolimex Lam Dong Limited Company	Lam Dong	Trading petroleum	100%	100%	100%	100%

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No.	Name	Address	Principal activities	31/12/2018		1/1/2018	
				% of voting rights owned	% of equity owned	% of voting rights owned	% of equity owned
47	Petrolimex Ha Tinh Limited Company	Ha Tinh	Trading petroleum	100%	100%	100%	100%
48	Petrolimex Ben Tre Limited Company	Ben Tre	Trading petroleum	100%	100%	100%	100%
49	Petrolimex Ha Bac Limited Company	Bac Giang	Trading petroleum	100%	100%	100%	100%
50	Petrolimex An Giang One Member Limited Company	An Giang	Trading petroleum	100%	100%	100%	100%
51	Petrolimex Quang Tri Limited Company	Quang Tri	Trading petroleum	100%	100%	100%	100%
52	Petrolimex Quang Binh Limited Company	Quang Binh	Trading petroleum	100%	100%	100%	100%
53	Petrolimex Dong Thap Limited Company	Dong Thap	Trading petroleum	100%	100%	100%	100%
54	Petrolimex Dien Bien Limited Company	Dien Bien	Trading petroleum	100%	100%	100%	100%
55	Petrolimex Tra Vinh One Member Limited Company	Tra Vinh	Trading petroleum	100%	100%	100%	100%
56	Petrolimex Ha Giang Limited Company	Ha Giang	Trading petroleum	100%	100%	100%	100%
57	Petrolimex Yen Bai Limited Company	Yen Bai	Trading petroleum	100%	100%	100%	100%
58	Petrolimex Cao Bang Limited Company	Cao Bang	Trading petroleum	100%	100%	100%	100%
59	Petrolimex Tuyen Quang Limited Company	Tuyen Quang	Trading petroleum	100%	100%	100%	100%
60	Petrolimex Quang Ngai One Member Limited Company	Quang Ngai	Trading petroleum	100%	100%	100%	100%
61	Petrolimex Thai Binh Limited Company	Thai Binh	Trading petroleum	100%	100%	100%	100%
62	Petrolimex Lai Chau Limited Company	Lai Chau	Trading petroleum	100%	100%	100%	100%

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(c) Equity investments in associates, joint-ventures

No.	Name	Address	Principal activities	31/12/2018				1/1/2018					
				% of voting rights	% of equity owned	Equity accounted investment value VND	Allowance for diminution in value VND	Fair value VND	% of voting rights	% of equity owned	Equity accounted investment value VND	Allowance for diminution in value VND	Fair value VND
Joint ventures													
1	Casrol BP Petco Co. Ltd.	Ho Chi Minh City	Processing lubricant products	35.00%	35.00%	396,364,711,746	-	(*)	35.00%	35.00%	274,448,634,715	-	(*)
Associates													
1	Petrolimex Group Commercial Joint Stock Bank (i)	Hanoi	Banking	40.00%	40.00%	1,475,343,544,182	-	(*)	40.00%	40.00%	1,423,938,546,859	-	(*)
2	Petrolimex Joint Stock Insurance Corporation (i)	Hanoi	Insurance services	40.95%	40.95%	610,045,717,388	-	657,542,592,000	40.95%	40.95%	601,084,773,323	-	965,969,137,532
3	Kien Giang Trade and Tourism Company Limited	Kien Giang	Trading agricultural products, petroleum	38.94%	38.94%	168,575,489,297	-	(*)	38.94%	38.94%	144,544,689,844	-	(*)
4	Petrolimex Group Construction and Trading Corporation – Joint Stock Company	Hanoi	Trading	35.00%	35.00%	145,884,559,733	-	(*)	-	-	-	-	-
5	Nha Petrolimex - Tradoco Development Joint Stock Company	Vung Tau	Real Estate Trading	46.00%	46.00%	93,596,193,484	-	(*)	37.00%	37.00%	92,436,154,529	-	(*)
6	Vietnam Expressway Services JSC	Hanoi	Investment, construction, operation, management and maintenance of national expressway network	22.38%	22.38%	21,313,651,354	-	(*)	22.38%	22.38%	21,646,629,028	-	(*)
7	Mekong Riverside Resort (ii)	Tien Giang	Trading goods	40.00%	40.00%	10,500,000,000	(503,752,212)	(*)	40.00%	40.00%	11,220,000,000	(539,237,357)	(*)
8	Dong Nai Petroleum Material and Fuel Joint Stock Company	Dong Nai	Trading petroleum	21.32%	21.32%	11,979,816,214	-	(*)	21.32%	21.32%	8,014,100,107	-	(*)
9	Tribeca Avenue Real Estate Company Limited	Khanh Hoa	Real Estate Trading	-	-	-	-	-	26.00%	26.00%	5,200,000,000	-	(*)
10	Tuyen Quang Trading Joint Stock Company	Tuyen Quang	Commercial trading	27.73%	27.73%	2,023,978,424	-	(*)	27.73%	27.73%	1,892,671,550	-	(*)
11	V AUTO ., JSC (ii)	Tien Giang	Trading goods	40.00%	40.00%	1,800,000,000	(261,917,003)	(*)	40.00%	40.00%	1,800,000,000	(261,917,003)	(*)
12	Nghe An Land Holdings Joint Stock Company	Nghe An	Real Estate Trading	-	-	-	-	-	47.50%	47.50%	4,212,934,279	-	(*)
13	Petrolimex Construction Joint Stock Company I (iii)	Hanoi	Construction	-	-	-	-	-	30.00%	30.00%	63,897,019,142	-	(*)
14	Petrolimex Construction Joint Stock Company III (iii)	Ho Chi Minh City	Construction	-	-	-	-	-	30.00%	30.00%	23,651,673,251	-	(*)
						2,937,427,661,822	(765,669,215)	(*)					(*)

(i) As described in Note 3(a)(iv), the Group had a plan for divestment from PJICO and PG Bank. On 21 April 2018, the General Meeting of Shareholders of PG Bank passed its Resolution No. 01/2018/NQ-DHDCD-PGB, approving the scheme to merge PG Bank with Ho Chi Minh City Development Joint Stock Commercial Bank (“HDBank”). According to this scheme, the expected ownership ratio of the Parent Company in HDBank after the merger is 5.62%. By the date of these financial statements, the merger had not been completed.

(ii) Investment in this associate was stated at cost in the consolidated financial statements of the Group. According to assessment of the Board of General Directors, failure to apply the equity method in recognition for these associates has not caused material effect on the consolidated financial statements of the Group as the investment value was insignificant.

(iii) As described in Note 5, during the year the Group used its investments in these subsidiaries to make capital contribution in PGCC.

(*) The Group has not determined fair values of these investments for disclosure in the consolidated financial statements because information about their market prices is not available and there is currently no guidance on determination of fair value using valuation techniques under Vietnamese Accounting Standards or the Vietnamese Accounting System for enterprises. The fair values of these financial investments may differ from their carrying amounts.

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(d) Equity investments in other entities

No.	Name	31/12/2018		1/1/2018			
		Cost VND	Allowance for diminution in value VND	Fair value VND	Cost VND	Allowance for diminution in value VND	Fair value VND
1	Military Petrochemical Joint Stock Company - MIPEC	50,000,000,000	-	(*)	50,000,000,000	-	(*)
2	Vietnam Export Import Commercial Joint Stock Bank (Eximbank)	49,913,937,200	(15,244,508,450)	34,669,428,750	49,913,937,200	-	31,258,729,471
3	An Phu Corporation	110,724,000,000	(105,560,000,000)	(*)	110,724,000,000	(104,914,500,000)	(*)
4	Others	90,489,182,307	(4,263,522,704)	(*)	104,558,520,065	(5,056,607,706)	(*)
		301,127,119,507	(125,068,031,154)	(*)	315,196,457,265	(109,971,107,706)	(*)

(*) The Group has not determined fair values of these investments for disclosure in the consolidated financial statements because information about their market prices is not available and there is currently no guidance on determination of fair value using valuation techniques under Vietnamese Accounting Standards or the Vietnamese Accounting System for enterprises. The fair values of these financial investments may differ from their carrying amounts.

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8. Accounts receivable from customers

Accounts receivable from customers detailed by significant customers

	31/12/2018	1/1/2018
	VND	VND
Vietjet Aviation Joint Stock Company	881,910,509,824	414,704,154,829
Xuyen Viet Oil Travel and Transport Trading Company Limited	261,213,783,502	2,551,913,715,308
Thien Minh Duc Company	241,120,552,132	814,838,081,466
Other customers	5,621,627,278,623	3,030,446,293,190
	<hr/>	<hr/>
	7,005,872,124,081	6,811,902,244,793
	<hr/>	<hr/>

9. Other receivables – short-term

	31/12/2018	1/1/2018
	VND	VND
Over payment of value added tax on imported goods (i)	82,534,765,973	284,429,916,127
Deductible value added tax but yet to receive VAT invoices at the reporting date	135,479,264,278	-
Others	299,250,569,337	306,087,915,272
	<hr/>	<hr/>
	517,264,599,588	590,517,831,399
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- (i) This represents the amount due from local customs department which relates to overpayments of value added tax on imported goods arising from the difference between the normal import tax incentive and the special import tax incentive under regional trade agreements for some imported petroleum products. The Group paid value added tax for imported goods at the normal incentive rate. After customs clearance, these imported goods were determined to be entitled to the special incentive tax rate; accordingly, the Group will be refunded the value added tax it has overpaid.

10. Inventories

	31/12/2018		1/1/2018	
	Cost VND	Allowance VND	Cost VND	Allowance VND
Goods in transit	1,129,427,214,836	(28,776,742,365)	4,237,792,771,786	-
Raw materials	774,052,741,600	(9,548,827,972)	838,904,657,193	(13,806,129,002)
Tools and supplies	34,631,765,797	-	35,551,079,298	-
Work in progress	155,219,231,294	-	139,163,140,390	(921,353,588)
Finished goods	201,080,715,819	-	243,338,727,923	-
Merchandise inventories	8,588,987,221,392	(552,334,498,014)	7,390,431,949,506	(8,482,080,364)
Goods on consignment	2,155,324,736	-	5,578,445,992	-
	10,885,554,215,474	(590,660,068,351)	12,890,760,772,088	(23,209,562,954)

Included in inventories at 31 December 2018 was VND243,538 million of goods in transit (1/1/2018: Nil) and VND4,414,853 millions of goods (1/1/2018: VND729,848 million) stated at net realisable value.

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11. Tangible fixed assets

	Buildings, structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Others VND	Total VND
Cost						
Opening balance	12,150,377,534,851	3,721,860,447,841	12,960,740,251,738	451,035,260,506	24,841,108,118	29,308,854,603,054
Additions	206,335,878,176	273,317,409,010	218,755,228,418	83,095,736,361	2,726,094,219	784,230,346,184
Transfer from construction in progress	773,608,150,285	122,528,112,265	269,253,253,800	16,650,964,551	1,241,968,857	1,183,282,449,758
Transfer to investment property	(55,150,313,097)	-	-	-	-	(55,150,313,097)
Transfer from/(to) long-term prepayments	2,827,431,017	(51,090,908)	(90,904,545)	62,462,924	-	2,747,898,488
Disposal and written off	(95,977,753,757)	(45,297,579,812)	(67,117,202,501)	(3,279,524,685)	(954,841,826)	(212,626,902,581)
Decrease due to disposal of subsidiaries	(179,492,163,873)	(232,495,269,419)	(39,789,876,856)	(5,450,997,140)	(244,693,729)	(457,473,001,017)
Reclassification	(18,793,616,637)	20,650,986,903	321,653,930	(414,773,081)	(1,764,251,115)	-
Other movements	(990,365,165)	(2,461,753,204)	(394,706,948)	(208,022,280)	4,746,090	(4,050,101,507)
Closing balance	12,782,744,781,800	3,858,051,262,676	13,341,677,697,036	541,491,107,156	25,850,130,614	30,549,814,979,282
Accumulated depreciation						
Opening balance	5,918,463,656,780	2,453,430,397,465	7,248,499,787,276	348,237,349,433	14,508,542,298	15,983,139,733,252
Charge for the year	624,369,485,859	307,592,563,636	895,298,187,795	77,972,098,548	2,047,581,300	1,907,279,917,138
Transfer to investment property	(10,200,159,286)	-	-	-	-	(10,200,159,286)
Transfer from/(to) long-term prepayments	(2,837,085)	(8,511,363)	(498,107)	25,202,849	-	13,356,294
Disposal and written off	(79,499,113,848)	(43,985,516,827)	(59,550,828,905)	(3,207,598,579)	(954,841,826)	(187,197,899,985)
Decrease due to disposal of subsidiaries	(63,177,415,625)	(133,645,542,729)	(30,114,673,249)	(3,697,712,704)	(212,170,664)	(230,847,514,971)
Reclassification	7,779,066,319	(6,623,227,738)	266,470,759	(525,113,175)	(897,196,165)	-
Other movements	377,966,885	(242,011,725)	(419,706,819)	(132,843,499)	(2,446,595)	(419,041,753)
Closing balance	6,398,110,649,999	2,576,518,150,719	8,053,978,738,750	418,671,382,873	14,489,468,348	17,461,768,390,689
Net book value						
Opening balance	6,231,913,878,071	1,268,430,050,376	5,712,240,464,462	102,797,911,073	10,332,565,820	13,325,714,869,802
Closing balance	6,384,634,131,801	1,281,533,111,957	5,287,698,958,286	122,819,724,283	11,360,662,266	13,088,046,588,593

Included in tangible fixed assets were assets costing VND6,513,334 million which were fully depreciated as of 31 December 2018 but which are still in active use (1/1/2018: VND4,083,093 million).

At 31 December 2018, tangible fixed assets of the Group's subsidiaries with a net book value of VND3,539,074 million (1/1/2018: VND4,835,981 million) were pledged with banks as security for loans granted (Note 19(b)).

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12. Intangible fixed assets

	Land use rights VND	Software license VND	Software VND	Others VND	Total VND
Cost					
Opening balance	1,970,162,332,980	12,318,432,200	477,519,721,876	28,000,102,266	2,488,000,589,322
Additions	63,210,836,001	-	32,339,505,587	299,133,000	95,849,474,588
Transfer from construction in progress	92,162,923,343	-	20,313,436,909	29,133,000	112,505,493,252
Transfer to long-term prepaid expenses	(2,059,969,899)	-	-	-	(2,059,969,899)
Disposal and written off	(2,839,044,000)	-	(910,753,000)	(1,944,232,133)	(5,694,029,133)
Decrease due to disposal of subsidiaries	(27,451,613,327)	-	(3,905,722,100)	(5,487,221,089)	(36,844,556,516)
Reclassification	-	7,703,738,200	(7,856,743,200)	153,005,000	-
Other movements	(352,536,072)	-	(89,550,000)	1,734,000,000	1,291,913,928
Closing balance	2,092,832,929,026	20,022,170,400	517,409,896,072	22,783,920,044	2,653,048,915,542
Accumulated amortisation					
Opening balance	151,954,702,065	6,637,278,814	366,180,188,165	18,179,397,146	542,951,566,190
Charge for the year	21,731,808,219	2,343,942,939	63,060,717,720	1,224,541,336	88,361,010,214
Transfer to long-term prepaid expenses	(309,516,391)	-	-	-	(309,516,391)
Disposal and written off	-	-	(726,729,292)	(1,942,457,361)	(2,669,186,653)
Decrease due to disposal of subsidiaries	(1,882,876,412)	-	(1,644,370,318)	(5,122,164,383)	(8,649,411,113)
Reclassification	-	5,554,844,307	(5,619,530,088)	64,685,781	-
Other movements	-	-	-	244,430,556	244,430,556
Closing balance	171,494,117,481	14,536,066,060	421,250,276,187	12,648,433,075	619,928,892,803
Net book value					
Opening balance	1,818,207,630,915	5,681,153,386	111,339,533,711	9,820,705,120	1,945,049,023,132
Closing balance	1,921,338,811,545	5,486,104,340	96,159,619,885	10,135,486,969	2,033,120,022,739

Included in intangible fixed assets were assets costing VND360,570 million which were fully amortised as of 31 December 2018 (1/1/2018: VND141,260 million), but which are still in active use.

At 31 December 2018, intangible fixed assets of the Group's subsidiaries with a net book value of VND64,654 million (1/1/2018: VND45,922 million) were pledged with banks as security for loans granted (Note 19(b)).

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13. Investment property

	31/12/2018	1/1/2018
	VND	VND
Investment property held to earn rental (a)	196,144,539,486	162,031,521,304
Investment property held for capital appreciation (b)	3,234,686,485	3,234,686,485
	199,379,225,971	165,266,207,789

(a) Investment property held to earn rental

	Land use rights	Buildings	Total
	VND	VND	VND
Cost			
Opening balance	53,555,715,660	164,502,034,897	218,057,750,557
Transfer from construction in progress	-	461,078,134	461,078,134
Transfer from tangible fixed assets	-	55,150,313,097	55,150,313,097
Reclassifications	1,585,969,857	(1,585,969,857)	-
Decrease due to disposal of subsidiaries	-	(7,331,842,478)	(7,331,842,478)
Closing balance	55,141,685,517	211,195,613,793	266,337,299,310
Accumulated depreciation			
Opening balance	30,049,184,726	25,977,044,527	56,026,229,253
Charge for the year	184,275,451	7,874,036,418	8,058,311,869
Transfer from tangible fixed assets	-	10,200,159,286	10,200,159,286
Reclassifications	638,125,379	(638,125,379)	-
Decrease due to disposal of subsidiaries	-	(4,091,940,584)	(4,091,940,584)
Closing balance	30,871,585,556	39,321,174,268	70,192,759,824
Net book value			
Opening balance	23,506,530,934	138,524,990,370	162,031,521,304
Closing balance	24,270,099,961	171,874,439,525	196,144,539,486

The investment property held to earn rental belongs to a subsidiary of the Group. The fair value of the investment property held for earn rental of the Group has not been determined as there was no market transaction for similar property in the same location and there is no active market for such property.

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(b) Investment property held for capital appreciation

	31/12/2018	1/1/2018
	VND	VND
Land use rights	3,234,686,485	3,234,686,485

The Group's investment property held for capital appreciation is the land parcel at 2/9 Street, Hoa Nam Cuong Ward, Hai Chau District, Da Nang City. The fair value of this investment property has not been determined as there was no recent market transaction for similar property in the same location as the investment property.

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14. Construction in progress

	2018 VND	2017 VND
Opening balance	777,729,469,586	604,702,429,151
Additions during the year	1,633,773,757,057	1,261,665,429,760
Transfer to tangible fixed assets	(1,183,282,449,758)	(773,645,542,539)
Transfer to intangible fixed assets	(112,505,493,252)	(60,366,793,335)
Transfer to investment properties	(461,078,134)	(3,234,686,485)
Transfer to long-term prepaid expenses	(128,984,860,739)	(93,784,881,357)
Transfer to short-term prepaid expenses	(517,932,643)	(8,204,227,849)
Disposal and written off	(9,562,307,786)	(20,130,745,714)
Provision for major repairs utilised	(26,877,225,488)	(83,488,000,624)
Decrease due to disposal of subsidiaries	(72,148,498,979)	(49,795,655,185)
Other movements	(2,149,969,607)	4,012,143,763
	<hr/>	<hr/>
Closing balance	875,013,410,257	777,729,469,586

Major items/projects of construction in progress at the reporting date were as follows:

	31/12/2018 VND	1/1/2018 VND
37 Phan Boi Chau Building Project	137,953,176,564	136,881,558,729
Cam Ranh Warehouse Building Project	60,498,582,070	19,053,089,042
Office Building Project at Dien Bien Phu Street	34,473,480,346	3,521,658,866
Dinh Vu Lubricants and Grease Plant Project	29,840,819,026	15,860,607,248
Petroleum station No. 15 of Petrolimex Tay Nam Bo Limited Company	40,024,123,909	-
Petrolimex Petroleum Warehouse in Thanh Hoa (Nghi Son Warehouse)	22,688,340,581	136,363,636
Dinh Vu warehouse construction	-	50,259,691,598
Others	549,534,887,761	552,016,500,467
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	875,013,410,257	777,729,469,586

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15. Long-term prepaid expenses

	Gas cylinders VND	Business advantage related to equitisation VND	Land rentals VND	Asset overhaul costs VND	Tools and instruments VND	Others VND	Total VND
Opening balance	272,695,920,164	216,856,135,677	1,057,920,838,403	130,302,633,398	117,989,071,919	222,471,056,849	2,018,235,656,410
Additions	57,970,528,279	-	179,723,351,936	125,627,458,705	87,045,603,150	240,033,302,105	690,400,244,175
Transfer from/(to) tangible fixed assets	-	-	(190,000,000)	(549,421,697)	143,500,715	(2,138,621,212)	(2,734,542,194)
Transfer from/(to) intangible fixed assets	-	-	3,750,453,508	-	-	(2,000,000,000)	1,750,453,508
Transfer from construction in progress	-	-	93,223,987,878	27,945,026,995	2,002,122,154	5,813,723,712	128,984,860,739
Disposal and written off	(1,610,304,311)	-	(2,683,132,556)	-	(925,946,233)	(522,250,763)	(5,741,633,863)
Amortisation for the year	(59,177,431,717)	(54,214,033,920)	(68,435,670,735)	(130,307,696,778)	(90,982,136,955)	(133,475,650,824)	(536,592,620,929)
Reclassifications	-	-	(107,851,166,916)	15,497,916,622	(21,642,150,794)	113,995,401,088	-
Decrease due to disposal of subsidiaries	-	-	(48,358,108,105)	(4,674,107,721)	(3,765,967,917)	(2,172,980,677)	(58,971,164,420)
Other movements	-	-	(1,134,887,121)	116,118,986	(26,779,398)	(930,807,103)	(1,976,354,636)
Closing balance	269,878,712,415	162,642,101,757	1,105,965,666,292	163,957,928,510	89,837,316,641	441,073,173,175	2,233,354,898,790

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16. Accounts payable to suppliers

(a) Accounts payable to suppliers detailed by significant suppliers

	Cost and amount within payment capacity	
	31/12/2018	1/1/2018
	VND	VND
Binh Son Refinery and Petrochemical Company Limited	3,163,328,126,006	4,076,925,314,975
Nghi Son Petroleum Product Distribution Branch - Petrolimex Viet Nam	3,134,835,927,322	-
Vitol Asia Pte Ltd	1,235,016,059,511	2,067,997,501,274
Petco Trading Lubuan Co Ltd	107,070,368,415	2,240,314,695,604
Other suppliers	4,849,539,243,845	6,885,690,931,569
	12,489,789,725,099	15,270,928,443,422

(b) Accounts payable to suppliers who are related parties

	31/12/2018	1/1/2018
	VND	VND
Associates		
Petrolimex Group Commercial Joint Stock Bank	16,580,481,558	-
Castrol BP PETCO Co. Ltd.	24,497,107,815	1,662,025,979
Petrolimex Construction Joint Stock Company I	22,357,819,209	-
Others	63,767,289,299	21,707,045,785
	127,202,697,881	23,369,071,764

The trade related amounts due to the related parties were unsecured, interest free and are payable upon demand.

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17. Taxes and others receivable from and payable to State Treasury

Details of taxes and others receivable from/(payable) to State Treasury at the reporting date are as follows:

	1/1/2018 VND	Incurred VND	Paid/refunded VND	Movements due to disposal of subsidiaries VND	31/12/2018 VND
Output value added tax (*)	(186,063,686,560)	(3,230,352,966,000)	3,222,891,342,730	3,354,983,011	(190,170,326,819)
Value added tax – imported goods	243,352,164,671	(8,064,599,716,707)	7,856,243,058,715	196,619,110	35,192,125,789
Special consumption tax	268,792,866,301	(2,899,997,349,082)	3,035,297,470,120	(79,973,654)	404,013,013,685
Import-export tax	2,324,416,182,152	(2,572,325,823,965)	972,079,370,369	883,926,121	725,053,654,677
Corporate income tax	(206,404,582,261)	(983,536,798,148)	967,768,822,649	(548,505,598)	(222,721,063,358)
Personal income tax	(15,250,332,664)	(100,991,699,072)	98,344,975,350	733,273,666	(17,163,782,720)
Land and housing taxes	(65,468,428,717)	(278,509,849,983)	317,676,528,062	(1,999,885,416)	(28,301,636,054)
Environmental protection tax	(1,168,020,251,418)	(20,708,973,396,397)	20,609,387,493,612	-	(1,267,606,154,203)
Other taxes	(15,493,630,545)	(262,341,834,815)	277,908,184,845	(135,991)	72,583,494
	1,179,860,300,959	(39,101,629,434,169)	37,357,597,246,452	2,540,301,249	(561,631,585,509)

In which:

Taxes and others receivable from State Treasury	2,910,198,024,758				1,324,555,775,906
Taxes and others payable to State Treasury	(1,730,337,723,799)				(1,886,187,361,415)
	1,179,860,300,959				(561,631,585,509)

(*) The value added tax payable presented as above represents the amount after netting off against with deductible input value added tax during the year.

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	31/12/2018 VND	1/1/2018 VND
Social, health and unemployment insurances, trade union fee	31,629,277,826	30,843,556,623
Dividends payable	12,520,600,340	7,905,382,963
Others	191,443,467,245	204,618,303,120
	<u>235,593,345,411</u>	<u>243,367,242,706</u>

19. Borrowings

(a) Short-term borrowings

	1/1/2018 Carrying amount and amount within repayment capacity VND	Movement during the year			31/12/2018 Carrying amount and amount within repayment capacity VND		
		Reclassification from long-term borrowings VND	Foreign exchange differences VND	Decrease due to disposal of subsidiaries VND			
Short-term borrowings (i)	13,103,774,882,310	98,832,209,442,989	(99,616,575,107,941)	-	342,311,198,786	(477,120,545,563)	12,184,599,870,581
Current portion of long-term borrowings (b)	641,305,897,997	5,910,723,726	(689,747,125,399)	1,205,271,147,186	12,141,424,135	(2,000,000,000)	1,172,882,067,645
	<u>13,745,080,780,307</u>	<u>98,838,120,166,715</u>	<u>(100,306,322,233,340)</u>	<u>1,205,271,147,186</u>	<u>354,452,622,921</u>	<u>(479,120,545,563)</u>	<u>13,357,481,938,226</u>

(i) This mainly represents the bank loans in VND and in USD with terms ranging from 3 months to less than 12 months of the Parent Company, Petrolimex Petrochemical Corporation - JSC, Petrolimex Singapore Pte. Ltd., Petrolimex Gas Corporation – JSC and Petrolimex Tanker Corporation which are unsecured loans for the purposes of supplementing working capital and opening letters of credit (L/C) for petroleum import.

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(b) Long-term borrowings

	31/12/2018 VND	1/1/2018 VND
Long-term borrowings	2,523,253,117,486	3,047,743,109,732
Repayable within twelve months (a)	(1,172,882,067,645)	(641,305,897,997)
	<hr/>	<hr/>
Repayable after twelve months	1,350,371,049,841	2,406,437,211,735
	<hr/>	<hr/>

Long-term borrowings mainly represent bank loans with terms ranging from more than 12 months to 120 months of subsidiaries of the Group. Details are as follows:

	31/12/2018 VND	1/1/2018 VND
Van Phong Bonded Petroleum Terminal		
Joint Venture Company Limited	988,399,647,368	1,239,598,622,845
Vietnam Tanker Joint Stock Company	467,686,987,111	638,611,395,929
Vietnam Petroleum Transport	232,606,875,000	
Joint Stock Company		373,758,250,000
VP Petrochemical Transport JSC	308,340,237,990	302,122,405,900
Other subsidiaries	526,219,370,017	493,652,435,058
	<hr/>	<hr/>
	2,523,253,117,486	3,047,743,109,732
	<hr/>	<hr/>

The purpose of these long-term borrowings are to finance the Group's projects in investment and construction of petroleum terminals, purchase of oil tankers, and other projects.

The long-term borrowings of the Group are mainly in USD. Most of these USD loans bear floating annual interest rates which are equal to 6-month LIBOR, SIBOR or 12-month and 13-month USD saving interest rates of the lending banks plus margin, but not lower than the minimum lending interest rates of the corresponding banks at the time of adjustment or a floor interest rate specified in relevant loan agreements.

The Group's long-term borrowings are secured over tangible fixed assets with a total net book value as of 31 December 2018 of VND3,539,074 million (1/1/2018: VND4,835,981 million) and intangible fixed assets with a total net book value as of 31 December 2018 of VND65,654 million (1/1/2018: VND45,922 million).

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20. Petroleum price stabilisation fund

	2018	2017
	VND	VND
Opening balance	3,040,080,594,879	1,830,978,066,020
Increases	2,502,512,535,103	2,482,212,981,584
Decreases	(3,624,076,191,605)	(1,285,657,718,676)
Interest income from the deposit account	12,004,405,847	12,547,265,951
	<hr/>	<hr/>
Closing balance	1,930,521,344,224	3,040,080,594,879
	<hr/>	<hr/>
In which:		
- <i>Account balance of Petroleum price stabilisation fund at bank (Note 6)</i>	<i>1,372,574,859,359</i>	<i>3,215,870,855,058</i>
- <i>Amount deposited into/(withdrawn from) the account of Petroleum price stabilisation fund</i>	<i>557,946,484,865</i>	<i>(175,790,260,179)</i>
	<hr/>	<hr/>
Closing balance	1,930,521,344,224	3,040,080,594,879
	<hr/>	<hr/>

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21. Changes in owners' equity

	Share capital VND	Share premium VND	Other capital VND	Treasury shares VND	Differences upon asset revaluation (i) VND	Foreign exchange differences VND	Investment and development fund VND	Other equity funds VND	Retained profits VND	Non-controlling interest VND	Total VND
Balance at 1 January 2017	12,938,780,810,000	3,003,630,250,509	990,113,907,720	(1,550,648,460,000)	(1,317,118,937,352)	(73,836,949,005)	743,691,793,605	80,994,720,997	5,162,212,103,107	3,222,785,809,457	23,200,605,049,038
Treasury shares sold during the year	-	811,067,745,500	-	200,000,000,000	-	-	-	-	-	-	1,011,067,745,500
Expenses directly attributable to the reissue of the treasury shares	-	(1,664,309,589)	-	-	-	-	-	-	-	-	(1,664,309,589)
Net profit for the year	-	-	-	-	-	-	-	-	3,468,269,610,133	443,393,090,327	3,911,662,700,460
Use of share premium for restructuring a wholly owned subsidiary	-	(1,566,036,132,797)	-	-	-	-	-	-	1,566,036,132,797	-	-
Foreign exchange differences arising from translation of overseas operations	-	-	-	-	-	79,262,876,853	-	-	(3,736,013,869,640)	(268,565,128,399)	(4,004,578,998,039)
Dividends (Note 24)	-	-	4,283,717,700	-	-	(4,283,717,700)	-	-	(1,458,495,033,697)	(39,524,315,840)	(438,752,409,435)
Bonus shares	-	-	-	-	-	-	206,492,694,929	1,252,002,338,768	(39,524,315,840)	(45,509,258,595)	-
Appropriation to equity funds	-	-	-	-	-	-	(7,500,000,000)	-	(4,712,439,131)	(552,906,900,638)	(436,720,710,590)
Appropriation to bonus and welfare fund	-	-	7,500,000,000	-	-	-	(5,135,745,860)	(4,478,235,338)	(4,712,439,131)	(552,906,900,638)	(436,720,710,590)
Increase of capital from investment and development fund	-	-	130,512,608,377	-	-	-	-	4,706,754,745	(21,200,080,828)	29,895,900,366	27,541,019,187
Movements due to loss of control in subsidiaries	-	-	-	-	-	-	-	-	-	-	-
Capital contribution by non-controlling shareholders during the year	-	-	-	-	-	-	14,138,444,904	4,706,754,745	-	35,562,201,567	35,562,201,567
Other movements	-	-	-	-	-	-	-	-	-	-	-
Balance at 1 January 2018	12,938,780,810,000	2,246,997,553,623	1,132,410,233,797	(1,350,648,460,000)	(1,317,118,937,352)	5,425,927,848	951,687,189,578	1,333,225,579,172	4,578,569,554,201	2,864,655,714,085	23,383,985,164,952
Net profit during the year	-	-	-	-	-	-	-	-	3,649,759,187,678	398,325,115,908	4,048,084,303,586
Dividends (Note 24)	-	-	-	-	-	-	-	-	(3,476,439,705,000)	(216,705,918,061)	(3,693,145,623,061)
Appropriation to equity funds	-	-	-	-	-	-	68,556,333,941	-	(68,556,333,941)	-	-
Appropriation to bonus and welfare fund	-	-	-	-	-	-	-	-	(416,016,691,836)	(35,964,722,479)	(451,981,414,315)
Foreign exchange differences arising from translation of foreign operations	-	-	-	-	-	6,816,232,855	-	-	-	-	6,816,232,855
Subsidiaries' increase capitals from retained profits	-	-	12,883,793,280	-	-	-	-	-	(12,883,793,280)	-	-
Decrease due to disposal of subsidiaries	-	-	(43,496,097,304)	-	22,393,422,618	-	(33,834,374,367)	-	54,937,049,053	(279,457,960,762)	(279,457,960,762)
Other movements	-	-	(8,004,166,199)	-	-	-	(15,271,977,433)	3,816,786,244	(18,748,728,727)	8,190,425,609	(30,017,660,506)
Balance at 31 December 2018	12,938,780,810,000	2,246,997,553,623	1,093,793,763,574	(1,350,648,460,000)	(1,294,725,514,734)	12,242,160,703	971,137,171,719	1,337,042,365,416	4,290,620,538,148	2,739,042,654,300	22,984,283,042,749

(i) As at 31 December 2018, item "Differences upon asset revaluation" in the Group's consolidated balance sheet represents the consolidation adjustments for the differences between the value of investments in subsidiaries and associates revaluated upon equitisation and the value of equity in the investees (Note 3(p)).

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22. Share capital

The Group's authorised and issued share capital are:

	31/12/2018		1/1/2018	
	Number of shares	VND	Number of shares	VND
Authorised share capital	1,293,878,081	12,938,780,810,000	1,293,878,081	12,938,780,810,000
Shares in circulation	1,158,813,235	11,588,132,350,000	1,158,813,235	11,588,132,350,000
The State	981,686,626	9,816,866,260,000	981,686,626	9,816,866,260,000
Other shareholders	177,126,609	1,771,266,090,000	177,126,609	1,771,266,090,000
Treasury shares (*)	135,064,846	1,350,648,460,000	135,064,846	1,350,648,460,000

All ordinary shares have a par value of VND10,000. Each share is entitled to one vote at meetings of the Group. Shareholders are entitled to receive dividend as declared from time to time. All ordinary shares are ranked equally with regard to the Group's residual assets. In respect of shares bought back by the Group, all rights are suspended until those shares are reissued.

Movements in share capital in circulation during the year were as follows:

	2018		2017	
	Number of shares	VND (at par value)	Number of shares	VND (at par value)
Opening balance	1,158,813,235	11,588,132,350,000	1,138,813,235	11,388,132,350,000
Treasury shares sold during the year	-	-	20,000,000	200,000,000,000
Closing balance	1,158,813,235	11,588,132,350,000	1,158,813,235	11,588,132,350,000

(*) Subsequent to the end of the annual accounting period, the Parent Company successfully sold 12,000,000 treasury shares.

23. Equity funds

(a) Investment and development fund

Investment and development fund was established for the purpose of future business expansion. When the funds are utilised for business expansion, the amount utilised is transferred to Share capital.

(b) Other equity funds

These other equity funds shall be used for profit distributions to the shareholders in the following years.

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24. Dividends

The General Meeting of Shareholders on 27 April 2018 passed the Resolution No. 01/2018/PLX-NQ-DHDCCD on the plan for distribution of cash dividend at the ratio of 30% of the par value, equivalent to VND3,476,439,705,000 (2017: VND3,736,013,869,640). These dividends were paid in 2018.

25. Off balance sheet items

(a) Goods held under trust (Petroleum of the national reserve)

		31/12/2018	1/1/2018
Gasoline RON 92	Litter 15	74,585,145	75,486,010
Diesel 0.05S	Litter 15	139,085,788	139,260,340
Mazut	Kg	39,752,150	39,766,466

(b) Foreign currencies

	31/12/2018		1/1/2018	
	Original currency	VND equivalent	Original currency	VND equivalent
USD	11,379,361	254,545,009,881	13,059,206	295,971,126,884
JPY	820,393	164,718,507	1,147,274	233,363,620
EUR	4,162	110,493,843	43,104	1,163,861,019
		254,820,222,231		297,368,351,523

(c) Foreign exchange contracts

As at 31 December 2018, the Group had valid forward exchange contracts as follows:

Contract No.	Term (days)	Foreign currency amount USD	Forward exchange rate USD/VND	Date of transaction	Payment amount VND
1806/HDNT-EIBHN/2018	97	9,200,000	23,485	16/1/2019	216,062,000,000
1865/HDNT-EIBHN/2018	95	7,160,000	23,488	22/1/2019	168,174,080,000
1878/HDNT-EIBHN/2018	92	7,400,000	23,481	22/1/2019	173,759,400,000
Techcombank 241018	92	8,010,483	23,499	24/1/2019	188,238,349,182
41-2018/MBNT-FW	83	9,421,265	23,482	23/1/2019	221,230,140,034
1977/HDNT-EIBHN/2018	92	8,312,708	23,488	1/2/2019	195,248,893,020
1995/HDNT-EIBHN/2018	86	7,284,131	23,461	30/1/2019	170,892,986,364
					1,333,605,848,600

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26. Financial income

	2018 VND	2017 VND
Interest income from deposits and loans	610,190,511,625	515,204,241,477
Gains from investments in bonds, promissory notes and treasury bills	-	5,225,916,191
Dividends or profits received	10,261,686,970	39,536,439,531
Realised foreign exchange gains	326,719,141,804	200,298,636,528
Unrealised foreign exchange gains	24,322,481,135	12,267,795,257
Interest from credit sales	10,914,748,047	10,451,832,382
Gains from disposal of investments (Note 4(b))	11,776,008,892	-
Other financial income	71,847,163	8,158,535,035
	<hr/>	<hr/>
	994,256,425,636	791,143,396,401
	<hr/>	<hr/>

27. Financial expenses

	2018 VND	2017 VND
Interest expense	864,678,771,880	570,685,109,732
Payment discounts	3,442,193,191	6,151,030,222
Realised foreign exchange losses	592,880,097,383	165,133,193,699
Unrealised foreign exchange losses	29,654,510,449	5,798,722,377
Allowance for long-term and short-term financial investments	15,866,673,181	14,352,470,408
Other financial expenses	1,512,304,823	28,524,015,673
	<hr/>	<hr/>
	1,508,034,550,907	790,644,542,111
	<hr/>	<hr/>

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28. Share of profit in associates and joint ventures

	2018 VND	2017 VND
<i>Joint venture:</i>		
Castrol BP PETCO Co. Ltd.	496,070,161,436	394,054,084,407
<i>Associates:</i>		
Petrolimex Group Commercial Joint Stock Bank	50,768,470,028	26,169,695,664
Petrolimex Joint Stock Insurance Corporation	57,985,801,868	15,341,622,449
Kien Giang Trade and Tourism Company Limited	13,384,192,449	2,520,979,844
Petrolimex Group Construction and Trading Corporation – Joint Stock Company	8,775,242,521	-
Petrolimex Construction Joint Stock Company I	-	12,013,659,894
Dong Nai Petroleum Material and Fuel Joint Stock Company	4,394,912,676	4,045,645,916
Other associates	4,004,702,181	1,908,906,942
	635,383,483,159	456,054,595,116

29. Selling expenses

	2018 VND	2017 VND
Labour costs and staff costs	3,056,977,724,789	3,183,684,688,435
Materials and packaging expenses	49,493,084,688	34,436,038,176
Tools and supplies	170,929,216,907	136,483,947,455
Depreciation and amortisation	739,245,082,198	696,467,005,331
Other cash expenses	4,543,125,372,543	3,269,664,885,601
	8,559,770,481,125	7,320,736,564,998

30. Production and business costs by element

	2018 VND	2017 VND
Raw material costs	4,486,716,791,208	3,910,189,173,636
Labour costs and staff costs	4,469,968,485,549	4,433,869,242,185
Depreciation and amortisation	2,072,134,909,956	2,270,612,080,495
Outside services	5,399,950,227,725	4,928,172,960,560
Other expenses	1,352,349,210,742	1,244,249,261,913

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31. Income tax

(a) Income tax expense by consolidated business segment

	2018	2017
	VND	VND
Petroleum trading	824,512,472,105	685,221,035,425
Petrochemical products	41,046,157,751	43,676,177,907
Gas products	39,412,300,505	39,639,022,623
Insurance services	-	20,446,886,389
Transportation services	82,791,832,221	71,361,154,621
Other goods and services	6,712,710,995	12,960,162,592
	<hr/>	<hr/>
	994,475,473,577	873,304,439,557
	<hr/>	<hr/>

(b) Recognised in the consolidated statement of income

	2018	2017
	VND	VND
Current tax expense		
Current year	966,964,751,496	855,873,946,373
Under provision in prior years	16,570,797,652	38,959,721,092
	<hr/>	<hr/>
	983,535,549,148	894,833,667,465
Deferred tax expense/(benefit)		
Origination and reversal of temporary differences	10,939,924,429	(21,529,227,908)
	<hr/>	<hr/>
Income tax expense	994,475,473,577	873,304,439,557
	<hr/>	<hr/>

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(c) Reconciliation of effective tax rate

	2018	2017
	VND	VND
Accounting profit before tax	5,042,559,777,163	4,784,967,140,017
Tax at the Parent Company's tax rate	1,008,511,955,433	956,993,428,003
Effect of different tax rates applicable to PLS and VPT	(10,863,407,724)	(20,381,840,413)
Non-deductible expenses	21,488,851,280	10,729,809,368
Deferred tax assets not recognised	67,524,461,447	6,858,542,044
Tax exempt income	(129,129,034,026)	(99,117,625,861)
Movements in deductible temporary differences	37,837,772,915	-
Under provision in prior years	16,570,797,652	38,959,721,092
Tax losses utilised for which no deferred tax assets were recognised previously	(17,465,923,400)	(20,737,594,676)
	994,475,473,577	873,304,439,557

(d) Applicable tax rates

Under the terms of the current Law on Corporate Income Tax, the tax rate applicable to the Parent Company and its subsidiaries is 20%, except for Petrolimex Singapore Pte. Ltd and Van Phong Bonded Petroleum Terminal Joint Venture Company Limited whose applicable tax rate is 10%.

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32. Earnings per share

The calculation of basic earnings per share for the year ended 31 December 2018 was based on the profit attributable to ordinary shareholders after deducting the estimated amounts to be appropriated to bonus and welfare fund for the year 2018 and a weighted average number of ordinary shares outstanding, calculated as follows:

(i) *Weighted average number of ordinary shares*

	Number of shares	
	2018	2017
Issued ordinary shares at the beginning of the year	1,158,813,235	1,138,813,235
Effect of reissuance of treasury shares during the year	-	12,164,384
Weighted average number of ordinary shares during the year	1,158,813,235	1,150,977,619

(ii) *Basic earnings per share*

	2018	2017 (*)
Consolidated net profit attributable to shareholders (VND)	3,649,759,187,678	3,468,269,610,133
Estimated amount to be appropriated to bonus and welfare fund for 2018 (VND)	(434,793,782,485)	-
	3,214,965,405,193	3,468,269,610,133
Weighted average number of ordinary shares during the year (number of shares)	1,158,813,235	1,150,977,619
Basic earnings per share (VND)	2,774	3,013

(*) As at 31 December 2017, the Group did not estimate the amount to be appropriated to bonus and welfare fund for 2017. Had the Group made adjustment to decrease the consolidated net profit attributable to shareholders by the amount equal to the appropriation to bonus and welfare fund for 2017 made in 2018 amounting to VND416,016,691,836 (Note 23), basic earnings per share for the year ended 31 December 2017 would have decreased by VND361.

Vietnam National Petroleum Group**Notes to the consolidated financial statements for the year ended 31 December 2018**

(continued)

Form B 09 – DN/HN*(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)***33. Significant transactions with related parties**

In addition to related party balances disclosed in other notes to the consolidated financial statements, the Group had the following significant transactions with related parties during the year:

	2018	2017
	VND	VND
Associates, joint ventures		
<i>Castrol BP PETCO Co. Ltd.</i>		
Dividends received	374,154,084,406	532,960,684,657
Purchase of goods	25,484,083,846	24,172,276,507
<i>Petrolimex Group Commercial Joint Stock Bank</i>		
Purchase of foreign currencies	23,538,838,487,934	31,336,938,082,570
Interest income from deposits	86,009,958,088	63,550,177,859
Management and operation fees	13,434,248,823	10,722,567,515
Petrolimex Joint Stock Insurance Corporation		
Purchases of services	249,918,430,040	431,974,444,356
Petrolimex Construction Joint Stock Company I		
Purchase of assets	183,171,000	76,496,008,863
Petrolimex Construction Joint Stock Company III		
Purchase of assets	-	93,919,924,051
Board of Management and Supervisory Board		
Salaries, bonuses and other benefits	14,136,129,718	12,493,249,250
Board of General Directors		
Salaries, bonuses and other benefits	9,822,514,052	9,116,330,750

Vietnam National Petroleum Group
Notes to the consolidated financial statements for the year ended 31 December 2018
(continued)

Form B 09 – DN/HN
(Issued under Circular No. 202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance)

34. Corresponding figures

Corresponding figures as at 1 January 2018 were derived from the balances and amounts reported in the Group's consolidated financial statements as at and for the year ended 31 December 2017.

31 March 2019

Prepared by:



Tran Xuan Duc
Accountant

Approved by:



Nguyen Ba Tung
Chief Accountant



Pham Duc Thang
General Director

Vietnam National Petroleum Group

Appendix 1: Converted consolidated balance sheet as at 31 December 2018

	Code	31/12/2018 USD	1/1/2018 USD
ASSETS			
Current assets (100 = 110 + 120 + 130 + 140 + 150)	100	1,493,330,857	1,750,221,150
Cash and cash equivalents	110	441,409,438	614,269,985
Cash	111	179,365,780	246,422,151
Cash equivalents	112	262,043,658	367,847,834
Short-term financial investments	120	203,602,129	108,184,311
Trading securities	121	227,003	260,041
Allowance for diminution in the value of trading securities	122	(123,442)	(88,666)
Held-to-maturity investments	123	203,498,568	108,012,936
Accounts receivable – short-term	130	322,116,220	322,267,938
Accounts receivable from customers	131	302,564,117	294,187,098
Prepayments to suppliers	132	14,908,536	16,181,373
Other receivables	136	22,339,218	25,502,821
Allowance for doubtful debts	137	(17,761,180)	(13,637,998)
Shortage of assets awaiting resolution	139	65,529	34,644
Inventories	140	444,607,824	555,713,721
Inventories	141	470,116,788	556,716,077
Allowance for inventories	149	(25,508,964)	(1,002,356)
Other current assets	150	81,595,246	149,785,195
Short-term prepaid expenses	151	9,250,300	9,383,824
Deductible value added tax	152	14,167,166	13,204,262
Taxes and other receivable from State Treasury	153	57,203,877	125,683,352
Other current assets	155	973,903	1,513,757

Vietnam National Petroleum Group
Appendix 1: Converted consolidated balance sheet as at 31 December 2018

	Code	31/12/2018 USD	1/1/2018 USD
Long-term assets (200 = 210 + 220 + 230 + 240 + 250 + 260)	200	932,546,194	917,412,670
Accounts receivable – long-term	210	891,584	3,830,038
Accounts receivable from customers – long-term	211	32,997	3,253,814
Other long-term receivables	216	1,679,116	1,731,938
Allowance for doubtful long-term debts	219	(820,529)	(1,155,714)
Fixed assets	220	653,041,098	659,501,788
Tangible fixed assets	221	565,236,303	575,500,535
Cost	222	1,319,361,476	1,265,767,852
Accumulated depreciation	223	(754,125,173)	(690,267,317)
Intangible fixed assets	227	87,804,795	84,001,253
Cost	228	114,577,798	107,449,820
Accumulated amortisation	229	(26,773,003)	(23,448,567)
Investment property	230	8,610,634	7,137,387
Cost	231	11,642,064	9,557,004
Accumulated depreciation	232	(3,031,430)	(2,419,617)
Long-term work in progress	240	37,789,394	33,691,355
Long-term work in progress	241	-	103,384
Construction in progress	242	37,789,394	33,587,971
Long-term financial investments	250	134,559,322	124,548,133
Investments in associates, joint-ventures	252	126,859,325	115,654,840
Equity investments in other entities	253	13,004,842	13,612,458
Allowance for diminution in the value of long-term financial investments	254	(5,434,407)	(4,783,946)
Held-to-maturity investments	255	129,562	64,781
Other long-term assets	260	97,654,162	88,703,969
Long-term prepaid expenses	261	96,452,382	87,161,980
Deferred tax assets	262	1,061,069	1,423,650
Long-term tools, supplies and spare parts	263	955	955
Other long-term assets	268	139,756	117,384
TOTAL ASSETS (270 = 100 + 200)	270	2,425,877,051	2,667,633,820

Vietnam National Petroleum Group
Appendix 1: Converted consolidated balance sheet as at 31 December 2018

	Code	31/12/2018 USD	1/1/2018 USD
RESOURCES			
LIABILITIES (300 = 310 + 330)	300	1,433,249,841	1,657,744,588
Current liabilities	310	1,363,659,053	1,544,279,510
Accounts payable to suppliers	311	539,399,254	659,508,894
Advances from customers	312	5,210,287	8,675,946
Taxes and others payable to State Treasury	313	81,459,182	74,728,470
Payables to employees	314	36,597,259	39,824,802
Accrued expenses	315	13,793,323	11,604,292
Unearned revenue – short-term	318	305,199	564,240
Other payables – short-term	319	10,174,622	10,510,355
Short-term borrowings	320	576,872,465	593,611,781
Provisions – short-term	321	2,788,945	1,938,683
Bonus and welfare fund	322	13,684,674	12,019,428
Petroleum price stabilisation fund	323	83,373,843	131,292,619
Long-term liabilities	330	69,590,788	113,465,078
Long-term advances from customers	332	492,207	470,614
Long-term accrued expenses	333	-	39,233
Long-term unearned revenue	336	40,243	625,300
Other payables – long-term	337	6,899,463	7,215,996
Long-term borrowings	338	58,318,767	103,927,325
Deferred tax liabilities	341	336,761	230,748
Provisions – long-term	342	3,503,347	823,460
Science and technology development fund	343	-	132,402

Vietnam National Petroleum Group
Appendix 1: Converted consolidated balance sheet as at 31 December 2018

	Code	31/12/2018 USD	1/1/2018 USD
EQUITY (400 = 410)	400	992,627,210	1,009,889,232
Owners' equity	410	992,627,210	1,009,889,232
Share capital	411	558,789,929	558,789,929
- Ordinary shares with voting rights	411a	558,789,929	558,789,929
Share premium	412	97,041,570	97,041,570
Other capital	414	47,237,908	48,905,646
Treasury shares	415	(58,330,748)	(58,330,748)
Differences upon asset revaluation	416	(55,915,591)	(56,882,701)
Foreign exchange differences	417	528,705	234,331
Investment and development fund	418	41,940,711	41,100,721
Other equity funds	420	57,743,138	57,578,302
Retained profits	421	185,299,959	197,735,675
- Retained profits brought forward	421a	27,677,018	197,735,675
- Retained profit for the current year	421b	157,622,941	-
Non-controlling interest	429	118,291,629	123,716,507
TOTAL RESOURCES (440 = 300 + 400)	440	2,425,877,051	2,667,633,820

The converted consolidated balance sheet as at 31 December 2018, including amounts presented for the corresponding figures, has been translated from the audited consolidated balance sheet as at 31 December 2018 expressed in VND at the foreign currency transfer rate ruling at the reporting date as quoted by the Joint Stock Commercial Bank for Foreign Trade of Vietnam of VND23,155 for USD1. This method of translation does not comply with Vietnamese Accounting Standard No. 10 – “The Effect of Changes in Foreign Exchange Rates” and accordingly, the converted consolidated balance sheet as at 31 December 2018 is not intended to be a presentation in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting. The converted consolidated balance sheet should be read in conjunction with the audited consolidated balance sheet in VND.

31 March 2019

Prepared by:

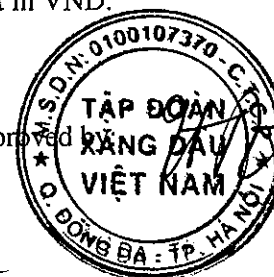


Tran Xuan Duc
Accountant

Approved by:



Nguyen Ba Tung
Chief Accountant



Pham Duc Thang
General Director

Vietnam National Petroleum Group
Appendix 2: Converted consolidated statement of income for the year ended
31 December 2018

	Code	2018 USD	2017 USD
Revenue from sales of goods and provision of services	01	8,291,050,540	6,639,439,023
Revenue deductions	02	2,038,322	1,690,940
Net revenue (10 = 01 - 02)	10	8,289,012,218	6,637,748,083
Cost of sales	11	7,689,110,494	6,106,695,405
Gross profit (20 = 10 - 11)	20	599,901,724	531,052,678
Financial income	21	42,939,168	34,167,281
Financial expenses	22	65,127,815	34,145,737
<i>In which: Interest expense</i>	23	37,343,069	24,646,301
Share of profit in associates and joint ventures	24	27,440,444	19,695,729
Selling expenses	25	369,672,662	316,162,236
General and administration expenses	26	24,836,684	35,326,891
Net operating profit {30 = 20 + (21 - 22) + 24 - (25 + 26)}	30	210,644,175	199,280,824
Other income	31	10,795,224	14,025,592
Other expenses	32	3,665,278	6,657,004
Results of other activities (40 = 31 - 32)	40	7,129,946	7,368,588
Accounting profit before tax (50 = 30 + 40)	50	217,774,121	206,649,412
Income tax expense – current	51	42,476,162	38,645,375
Income tax expense/(benefit) – deferred	52	472,465	(929,787)
Net profit after tax (60 = 50 - 51 - 52) (to be repeated in next page)	60	174,825,494	168,933,824

Vietnam National Petroleum Group
Appendix 2: Converted consolidated statement of income for the year ended
31 December 2018

	Code	2018 USD	2017 USD
Net profit after tax (60 = 50 - 51 - 52) (repeated from previous page)	60	174,825,494	168,933,824
Attributable to:			
Equity holders of the Parent Company	61	157,622,941	149,784,911
Non-controlling interest	62	17,202,553	19,148,913
Earnings per share			
Basic earnings per share	70	0.1195	0.1301

The converted consolidated statement of income for the year ended 31 December 2018, including amounts presented for the corresponding figures, has been translated from the audited consolidated statement of income for the year ended 31 December 2018 expressed in VND at the foreign currency transfer rate ruling at the reporting date as quoted by the Joint Stock Commercial Bank for Foreign Trade of Vietnam of VND23,155 for USD1. This method of translation does not comply with Vietnamese Accounting Standard No. 10 – “The Effect of Changes in Foreign Exchange Rates” and accordingly, the converted consolidated statement of income for the year ended 31 December 2018 is not intended to be a presentation in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting. The converted consolidated statement of income should be read in conjunction with the audited consolidated statement of income in VND.

31 March 2019

Prepared by:



Tran Xuan Duc
Accountant

Approved by:



Nguyen Ba Tung
Chief Accountant



Pham Duc Thang
General Director

Vietnam National Petroleum Group
Appendix 3: Converted consolidated statement of cash flows for the year ended
31 December 2018 (Indirect method)

	Code	2018 USD	2017 USD
CASH FLOWS FROM OPERATING ACTIVITIES			
Accounting profit before tax	01	217,774,121	206,649,412
Adjustments for			
Depreciation and amortisation	02	89,489,739	98,061,416
Allowances and provisions	03	32,547,419	6,879,587
Exchange losses/(gains) arising from revaluation of monetary items denominated in foreign currencies	04	230,276	(279,381)
Profits from investing activities	05	(55,005,843)	(43,402,020)
Interest expense	06	37,343,069	25,855,559
Other adjustments	07	(48,437,212)	51,675,890
Operating profit before changes in working capital	08	273,941,569	345,440,463
Change in receivables	09	(19,027,156)	57,044,778
Change in inventories	10	68,778,172	(183,415,436)
Change in payables and other liabilities	11	(37,473,969)	(61,138,237)
Change in prepaid expenses	12	(1,595,073)	4,980,217
Change in trading securities	13	(125,513)	3,156,743
		284,498,030	166,068,528
Interest paid	14	(37,379,219)	(24,764,455)
Income tax paid	15	(41,795,242)	(48,308,456)
Other receipts from operating activities	16	518,437	-
Other payments for operating activities	17	(17,058,275)	(16,253,832)
Net cash flows from operating activities	20	188,783,731	76,741,785

Vietnam National Petroleum Group
Appendix 3: Converted consolidated statement of cash flows for the year ended
31 December 2018 (Indirect method)

	Code	2018 USD	2017 USD
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for additions to fixed assets and other long-term assets	21	(100,719,546)	(128,822,913)
Proceeds from disposals of fixed assets and other long-term assets	22	1,003,026	2,222,085
Payments for granting loans, purchase of debt instruments of other entities	23	(403,023,597)	(55,848,412)
Receipts from collecting loans, sales of debt instruments of other entities	24	307,473,184	42,769,547
Payments for investments in other entities	25	-	(6,819,192)
Collections on investments in other entities	26	4,109,523	-
Receipts of interests, dividends and profits distributed	27	45,851,342	47,952,992
Net cash flows from investing activities	30	(145,306,068)	(98,545,893)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from transfer of treasury shares	31	-	43,593,325
Proceeds from borrowings	33	4,278,452,761	2,941,753,874
Payments to settle loan principals	34	(4,335,485,557)	(2,665,618,187)
Payments of dividends	36	(159,297,362)	(171,802,302)
Net cash flows from financing activities	40	(216,330,158)	147,926,710

Vietnam National Petroleum Group
**Appendix 3: Converted consolidated statement of cash flows for the year ended
 31 December 2018 (Indirect method)**

	Code	2018 USD	2017 USD
Net cash flows during the year (50 = 20 + 30 + 40)	50	(172,852,495)	126,122,602
Cash and cash equivalents at the beginning of the year	60	614,269,985	490,330,391
Effect of exchange rate fluctuations on cash and cash equivalents	61	(8,052)	(2,183,008)
Cash and cash equivalents at the end of the year (70 = 50 + 60 + 61)	70	441,409,438	614,269,985

The converted consolidated statement of cash flows for the year ended 31 December 2018, including amounts presented for the corresponding figures, has been translated from the audited consolidated statement of cash flows for the year ended 31 December 2018 expressed in VND at the foreign currency transfer rate ruling at the reporting date as quoted by the Joint Stock Commercial Bank for Foreign Trade of Vietnam of VND23,155 for USD1. This method of translation does not comply with Vietnamese Accounting Standard No. 10 – “The Effect of Changes in Foreign Exchange Rates” and accordingly, the converted consolidated statement of cash flows for the year ended 31 December 2018 is not intended to be a presentation in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for enterprises and the relevant statutory requirements applicable to financial reporting. The converted consolidated statement of cash flows should be read in conjunction with the audited consolidated statement of cash flows in VND.

31 March 2019

Prepared by:



Tran Xuan Duc
Accountant

Approved by:



Nguyen Ba Tung
Chief Accountant



Pham Duc Thang
General Director

