



PETROVIETNAM TRANSPORTATION  
WE SHIP IN YOUR SUCCESS

An aerial, high-angle photograph of the deck of an oil tanker. The deck is filled with a complex network of pipes, railings, and structural elements, all leading towards the center of the ship. The ship is on the open sea, and the background is dominated by a very bright sun, creating a large, multi-colored lens flare that fills the upper half of the image. The overall color palette is a mix of blues, greys, and the warm tones of the sun flare.

REACH FURTHER

ANNUAL REPORT 2019

# CONTENTS

CEO's message

Vision - Mission - Core values

Performance highlights of 2018

Highlights of financial figures from 2014 to 2018

Financial Indicators of 2018

PVTrans' Fleet





**SOLIDARITY**

**OVERVIEW**

I. General information	18
II. Milestones	18
III. Business lines and locations	21
IV. Corporate structure, business operations and management structure	24
V. Board of Directors, Board of Management and Board of Supervisors	26



**ACCELERATION**

**REPORT ON BUSINESS PERFORMANCE IN 2018 AND PLAN IN 2019**

I. Overview of shipping industry in 2018	38
II. Board of Management report	40
III. Board of Directors report	54
IV. SWOT	58
V. Long – term strategy up to 2025	60



**SUSTAINABILITY**

**SUSTAINABLE DEVELOPMENT**

I. Sustainable business activities	64
II. Sustainable human resources	66
III. Health safety, environment and quality (HSEQ)	68
IV. Responsibility to the community	71



**REACHING  
THE GOAL**

**CORPORATE GOVERNANCE**

I. Shareholder structure, changes in capital	74
II. Board of Directors activities	77
III. Board of Supervisors activities	78
IV. Transactions, remuneration and other benefits of the Board of Directors, Board of Management and Board of Supervisors	80
V. Risk management report	82
VI. Evaluation of the performance of Corporation governance based on ASEAN regional corporate governance scorecard	84



**TRANSPORTING  
BEYOND**

**CONSOLIDATED FINANCIAL STATEMENTS**

I. Board of Management report	94
II. Audited financial statements	95



## List of abbreviations

AGM	: Annual General Shareholders' Meeting
BOD	: Board of Directors
BOM	: Board of Management
BOS	: Board of Supervisors
BSR	: Binh Son Refinery and Petrochemical Joint Stock Company
Ca Mau GPP	: Ca Mau Gas Processing Plant
Capesize	: Bulk carrier with a tonnage of over 100,000 DWT
CEO	: Chief Executive Officer
CNG	: Compressed Natural Gas
DWT	: Deadweight tonnage
FS	: Financial statements
FSO	: Floating, Storage and Offloading
FPSO	: Floating, Production, Storage and Offloading
Handy size	: Bulk carrier with capacity between 10,000 and 30,000 DWT
HOSE	: Ho Chi Minh City Stock Exchange
HSEQ	: Health Safety, Environment and Quality
LNG	: Liquefied Natural Gas



- LPG : Liquefied Petroleum Gas
- MR : Medium range, including size from 40,000 - 50,000 DWT
- NSRP : Nghi Son Refinery Co., Ltd.
- O&M : Operation & Maintenance
- Panamax : Vessels with capacity between 65,000 and 80,000 DWT
- PVEP : PetroVietnam Exploration Production Corporation
- PV Gas : PetroVietnam Gas Joint Stock Corporation.
- PVN : Vietnam Oil and Gas Group
- PV Oil : PetroVietnam Oil Corporation
- PVTrans: Petrovietnam Transportation Corporation
- ROA : Returns on Assets
- ROE : Returns on Equity
- Supramax : Vessels with capacity between 30,000 and 65,000 DWT
- UpcoM : Unlisted Public Company Market
- VLCC : Very large crude carrier



**" I think that 2019 is an important year for PVTrans to prepare resources for the new markets and new projects. In 2019, PVTrans' BOD is going to intensively restructure and invest in the fleets, improve the ability of competitiveness, ensure the sustainable development in the following years. "**

**Mr.PHAM VIET ANH**

CEO

# ▶ CEO'S MESSAGE

Dear valued Shareholders, Investors and Partners,

First of all, on behalf of PetroVietnam Transportation Corporation (PVTrans), I would like to express sincere thanks for trust, partnership and support from valued Shareholders, Investors and Partners.

The year of 2018 was very challenging for the world's economy including Vietnam's. Political instability, conflicts in some areas, US-China trade war, ... caused changes to the world economy, therefore, oil and gas industries in general and shipping transportation in particular faced many obstacles. However, there are always opportunities in challenges and PVTrans has taken advantages of these rare opportunities for investment, market share growth and business expansion.

Besides stable traditional markets, in 2018, PVTrans has started to transport imported crude oil for Nghi Son Refinery and Petrochemical Plant (NSRP) by VLCC – the very large crude carriers - and transport refined oil from this plant domestically.

For coal transportation, in addition to coal transportation and transshipment in the domestic market, PVTrans has invested in Supramax bulk cargo carrier with capacity of 56,000 DWT to transport imported coal, which creates a door to door transportation service from foreign countries to the power plant. PVTrans is the unique enterprise in Vietnam which has ability and means to undertake this transportation chain professionally.

In 2018, taking advantages of favourable ship price, PVTrans has focused on investing and rejuvenating the fleet in order to replace the old, high costed ships by the young, modern ones with lower costs. This will ensure the PVTrans' ability of competitiveness and sustainable development in the future.

I believe that, in addition to BOD's with drastic actions, justice and dynamics, spirit of team work and good management system are the core factors to turn difficulties into opportunities, to turn challenges into movement of development. The BOD's efforts and all employees' unity have created impressive and overexpected performance figures in 2018. I am very proud to announce to Shareholders and Investors that the revenue in 2018 has reached VND 7,835 billions, exceeding 149% of the plan and increasing by 23% against last year; Profit before tax has reached VND 975 billions, exceeding 222% of the plan and increasing by 45% compared with last year. PVTrans is one of the few enterprises in the oil and gas industries and the shipping industry has maintained a continuous growth rate in the past 6 years with the average annual rate of 20%.

Besides, 2018 is also the year that PVTrans' brand and reputation has been strengthened and highly valued by some awards such as: the best Vietnamese 50 listed companies voted by Forbes (United States); top 500 largest enterprises in Vietnam (VNR500) (ranked 193/500) and top 500 most profitable companies in Vietnam (Profit500) (ranked 107/500) by Vietnam Report; the Asia Pacific Entrepreneurship Awards (APEA) in Vietnam voted by Enterprise Asia in the category of "Excellent Asian - Vietnamese Entrepreneurs". Foreign investors have interested and invested in PVTrans shares in the long-term period.

Behind the impressive performance figures and awards, I think that human resource is the most important factor in the development strategy that makes PVTrans move further and faster in the future. At PVTrans, employees are able to work in a professional, friendly and open environment. New ideas for business development are always highly appreciated and respected. Employees always have many opportunities to promote and contribute to the development of PVTrans. In 2018, the

average number of employees are 1,797 people, the average income has reached VND18.9 millions/person/month and the productivity has reached VND365 millions/person/month. These figures have expressed the importance of human resource toward the success of PVTrans. In addition to salary and bonus benefits, PVTrans are also interested in other benefits for employees such as training, vacation, health insurance, life insurance programs to facilitate employees' effective work and dedication.

Apart from business activities, PVTrans have actively participated in charity activities and contributed to the community such as giving presents and supporting employees and seafarers with difficulty in Tet holiday; giving gifts for children and patients in Hanoi National Institute of Hematology and Blood Transfusion; donating to pupils in Ma Le commune, Dong Van district; donating fò people in flood areas. PVTrans have also been interested in Safety - Health - Environment and Fire-fighting, maintaining and improving quality management system to meet DNV's strict requirements (Norway).

In 2019, oil and gas industries and shipping industry are facing many difficulties and challenges. The State policies are toward encouraging the development of different economic components, which create a fiercer competition environment. The advantages of the State-owned enterprises will be replaced by disadvantages of the mechanism of State ownership. Therefore, PVTrans are going to re-evaluate the reality, trends in order to capture different ideas of mindset, different methods; restructure to create an appropriate mechanism to adapt to the new conditions, to compete, survive and develop. I think that 2019 is an important year for PVTrans to prepare resources for the new markets and new projects. In 2019, PVTrans' BOD is going to intensively restructure and invest in the fleets, improve the ability of competitiveness, ensure the sustainable development in the following years.

Being the leading shipping company in Vietnam with the impressive performance figures in 2018, PVTrans have faced with both opportunities and challenges in business development and fleet increased capacity. The main tasks of PVTrans in this year are keeping 100% market shares of crude oil transportation, 100% market shares of domestic LPG transportation, controlling from 30% to 50% market shares of domestic petroleum/chemical transportation and 50% market shares of coal transportation for Vietnam Oil and Gas Group's (PVN) thermal power plant projects. Up to 2021, PVTrans' targets are double total assets and equity against current ones. PVTrans are focusing on investment, development and rejuvenation the fleet with fair price, keep improving service quality and attracting capital from shareholder and foreign investors. PVTrans are also concentrating on improving management, reducing costs and increasing ability of competition. The divestment plan of PVN in PVTrans from 51% down to 36% CP is also increasing flexibility and dynamism in business management and attracting transference of capital, technologies, human resource from various investors. In 2019, PVTrans are keeping strengthen the culture of "Responsibility – Discipline - Determination - Efficiency" in all aspects of work. With the restless efforts and pride of nearly 1,800 employees, I believe that PVTrans will gain success in all the tasks, objectives, plans that approved by Shareholders.

We would like to express our sincere thanks to the concern, belief and partnerships of Vietnam Oil and Gas Group, customers, partners and valued shareholders. We believe that PVTrans will move further and further in the future.

**Chief Executive Officer**



**PHAM VIET ANH**

# VISION, MISSION AND CORE VALUES

Maintain and improve quality of fleets, skills of crew, ensure utmost safety in operation.

Strictly complying with international and domestic regulations on national maritime safety transportation regulations.

Commitment to increase wealth for shareholders.  
Commitment for safety at work, and welfare for employees.



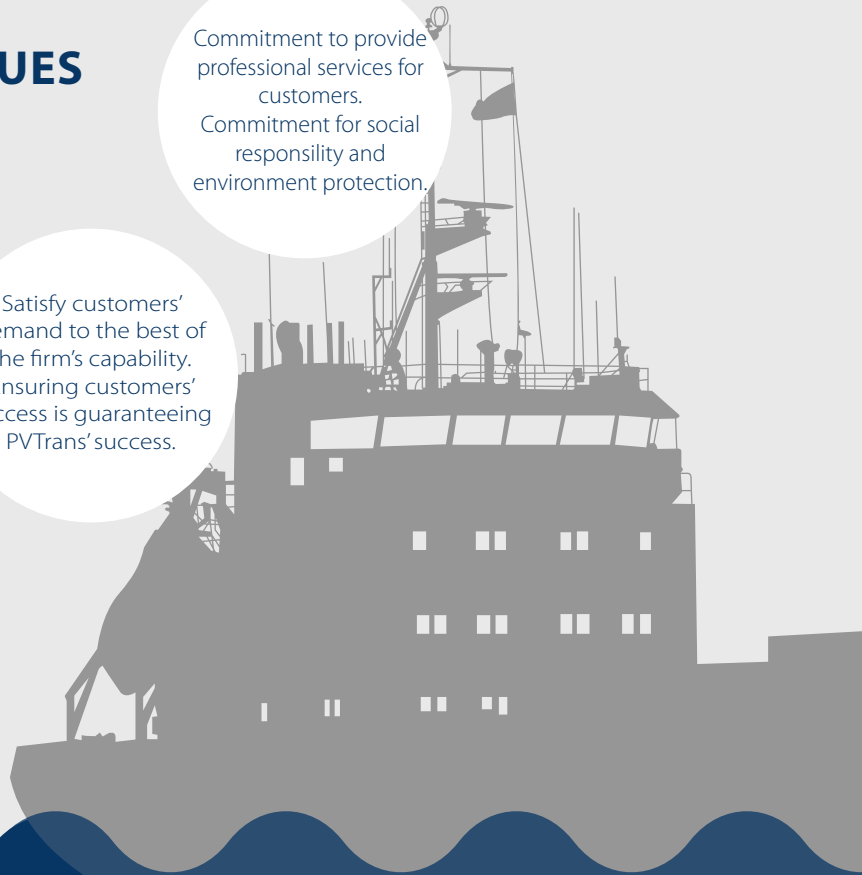
## CORE VALUES

Be open to accept changes.  
Be constantly creative and innovative at work.  
Unity, support, cooperation.

Commitment to provide professional services for customers.  
Commitment for social responsibility and environment protection.

Link personal accountability with work efficiency.  
Comply with internal regulations and rules.

Satisfy customers' demand to the best of the firm's capability.  
Ensuring customers' success is guaranteeing PVTrans' success.





## VISION

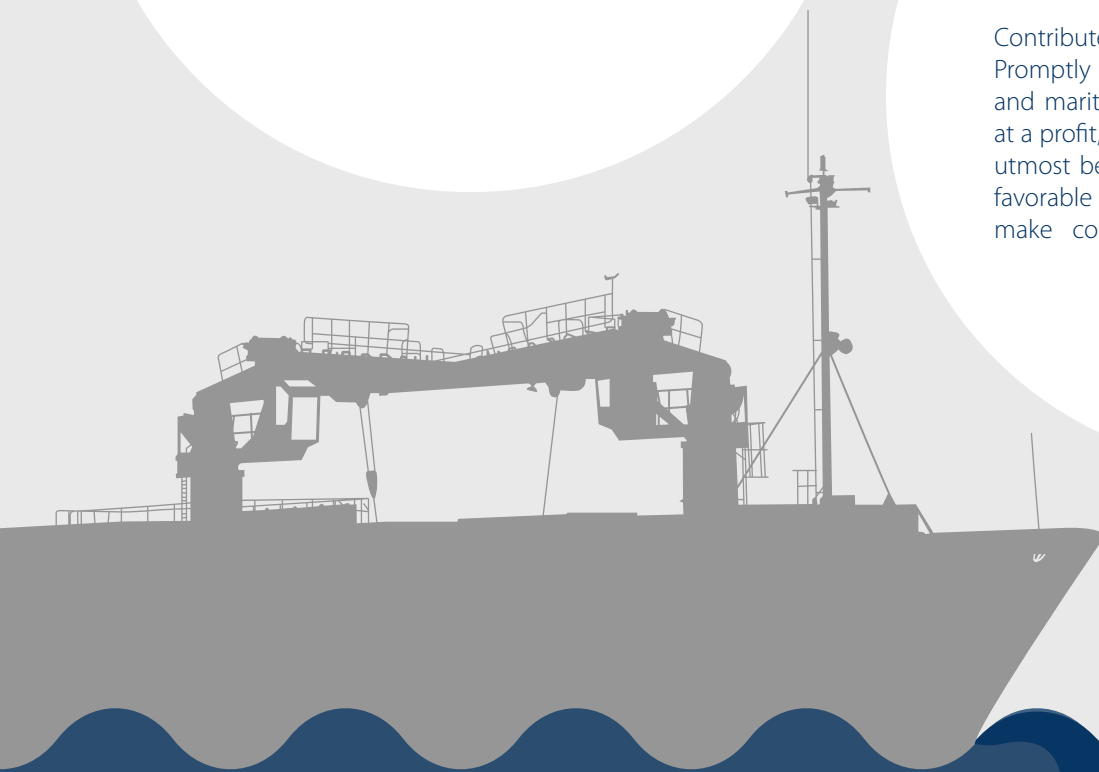


Maintain the position as Vietnam's largest transporter and maritime service provider, ensure sustainable, stable development and high competitiveness. Build and develop PVTrans to become a recognizable transportation brand in regional and global markets.

## MISSION



Contribute to the national energy security. Promptly respond to oil and gas transportation and maritime related service demand. Operate at a profit, maintain and enhance capital. Ensure utmost benefits for shareholders, welfare and a favorable working environment for employees, make contribution to the community and society.



# OUTSTANDING ACHIEVEMENTS IN 2018

Transportation of crude oil accounted

**100%** MARKET SHARE IN THE DOMESTIC MARKET

Transportation of products oil and chemicals accounted

**30%**

Transportation of LPG accounted

**100%**



- The PVTrans's prestige, position and brand name have been improved, recognized as the leading shipping company in Vietnam and highly valued by shareholders, partners and investors.



Consolidated revenue in 2018

- Exceeded 149% of the plan and increased 23% compared to the previous year.

Consolidated profit in 2018

- Exceeded 222% of the plan and increased 45% compared to the previous year



Prizes:

- Top 50 listed companies in Vietnam securities market raised by Forbes
- Top 500 Vietnam's largest enterprises in 2018 (VNR500) and Top 500 Vietnam's most profitable enterprises (PROFIT500) in 2018 raised by Vietnam Report.
- The Asia Pacific Entrepreneurship Award



Growth

- PVTrans has reached the target of profit for the period of 2016-2020 according to the long-term strategy approved by General Meeting of Shareholders before 2 years of plan. The profit growth rate is 20% in average in 6 years.



Investment ship

- Investing in 07 vessels with reasonable cost and high quality; supplying the VLCC tanker - the world's largest oil tanker in the first time and investeing in Supramax bulk carrier.



- The subsidiaries have become stronger and made own decisions in daily business activities.



- The management has been controlled strictly, not caused any mistakes and losses.



PVTrans Hanoi and PVTrans Quang Ngai have gotten some achievements after restructuring and successfully ensured recovered capital in Cuu Long Company after withdrawal of capital.



Income of employees

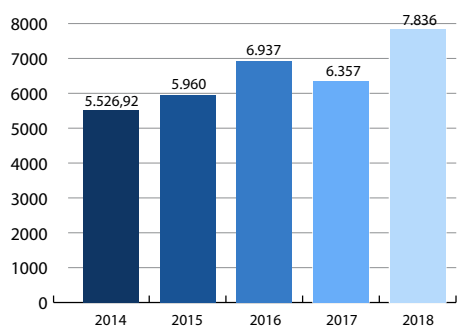
- The employees' average income increased by 10% against to the previous year.

# FINANCIAL FIGURES HIGHLIGHTS FOR THE PERIOD OF 2014-2018

Unit: VND billion

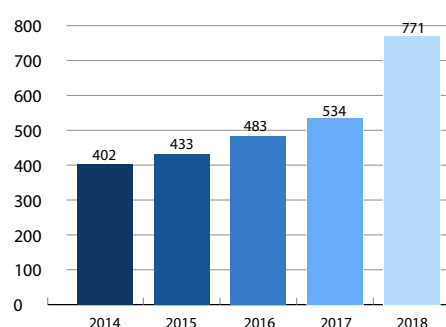
No.	CONTENT	YEAR				
		2014	2015	2016	2017	2018
<b>I Profit and Loss</b>						
1	Total revenue	5.527	5.960	6.937	6.357	7.836
2	Profit before taxation	486	546	602	671	968
3	Profit after taxation	402	433	483	534	771
4	Basic Earnings per share (VND/share)	1.572	1.691	1.718	1.896	2.739
<b>II Balance sheet</b>						
1	Total assets	9.350	9.656	9.070	9.204	10.234
2	Current assets	3.258	3.628	3.723	3.895	4.274
3	Non-current assets	6.092	6.028	5.347	5.308	5.960
4	Equity sources	3.972	4.325	4.333	4.662	5.136
5	Total liabilities	5.377	5.331	4.737	4.542	5.099
6	Chartered capital	2.559	2.559	2.814	2.814	2.814
<b>III Financial ratio</b>						
1	Current ratio	2,14	1,67	1,99	1,97	1,91
2	Quick ratio	2,07	1,62	1,94	1,93	1,84
3	ROE	11,84%	10,43%	11,17%	11,87%	15,73%

VND billion



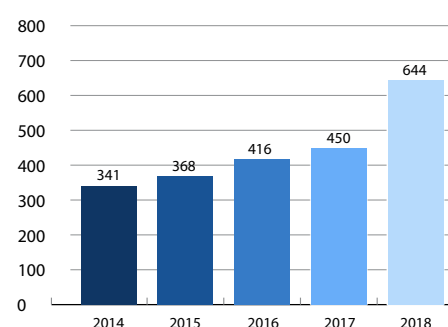
Revenue

VND billion



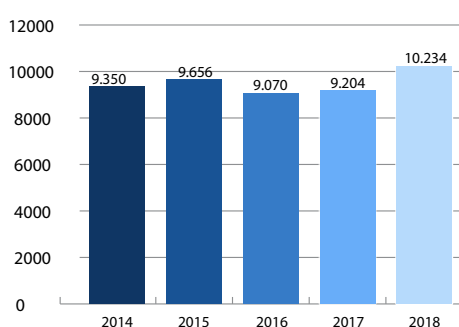
Profit

VND billion



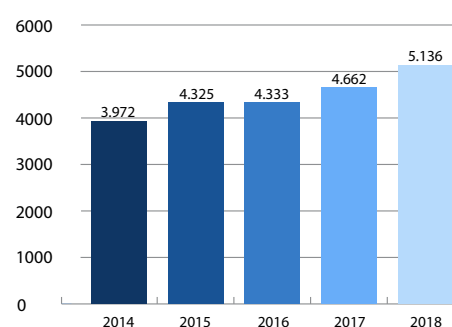
Holding company's profit

VND billion



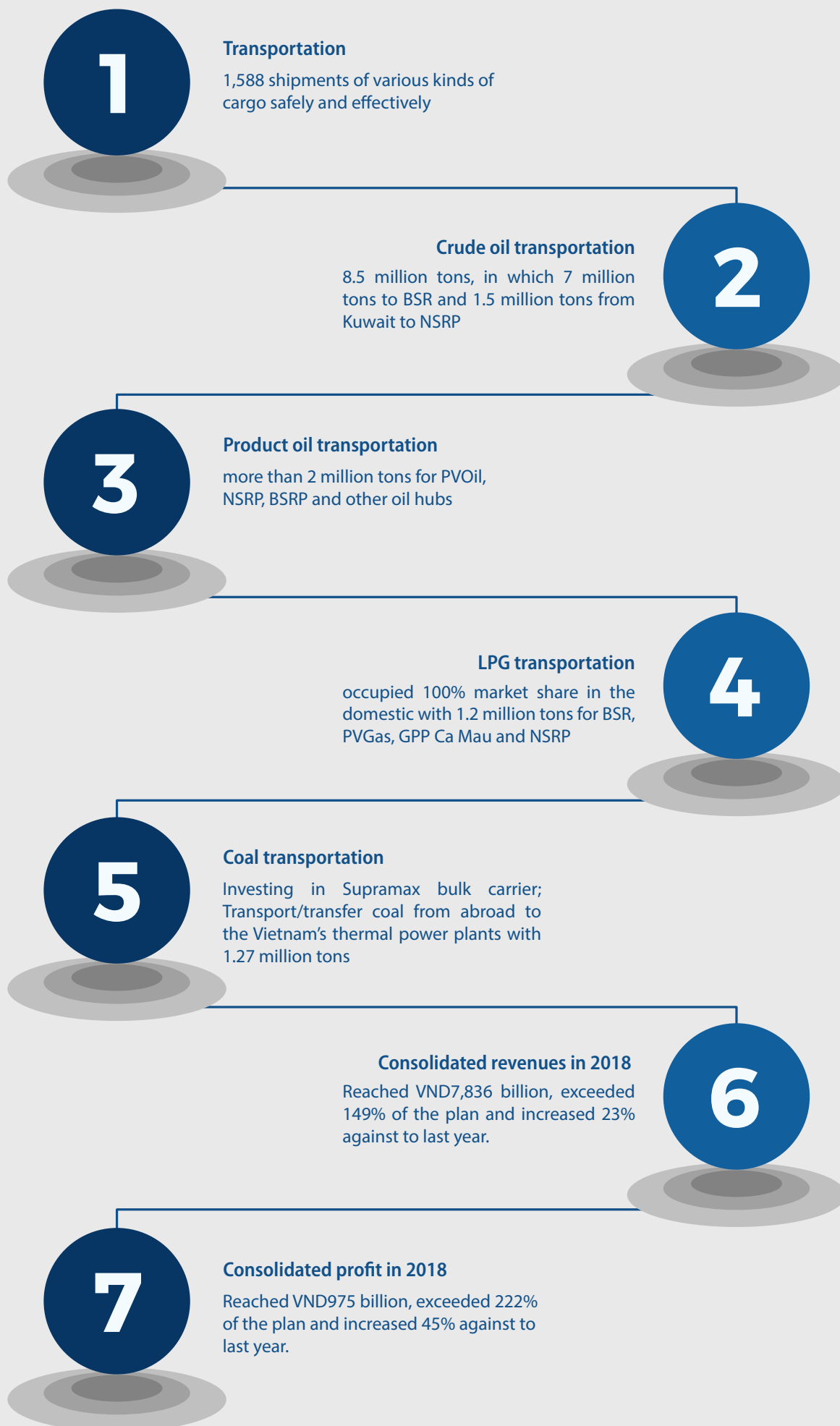
Total assets

VND billion



Equity

# FINANCIAL INDICATORS IN 2018





LEWEK EMAS

# ▶ PVTRANS'S FLEET



**10**  
LPG VESSELS

**8**  
REFINED OIL/CHEMICAL SHIPS



**3**  
CRUDE OIL TANKERS

**2**  
FSO/FPSO

**2**  
BULK CARRIER (COAL)

# PART I. OVERVIEW





# SOLIDARITY

I. General information	18
II. Milestones	18
III. Business lines and locations	21
IV. Corporate structure, business operations and management structure	24
V. Board of Directors, Board of Management and Board of Supervisors	26



## I. GENERAL INFORMATION

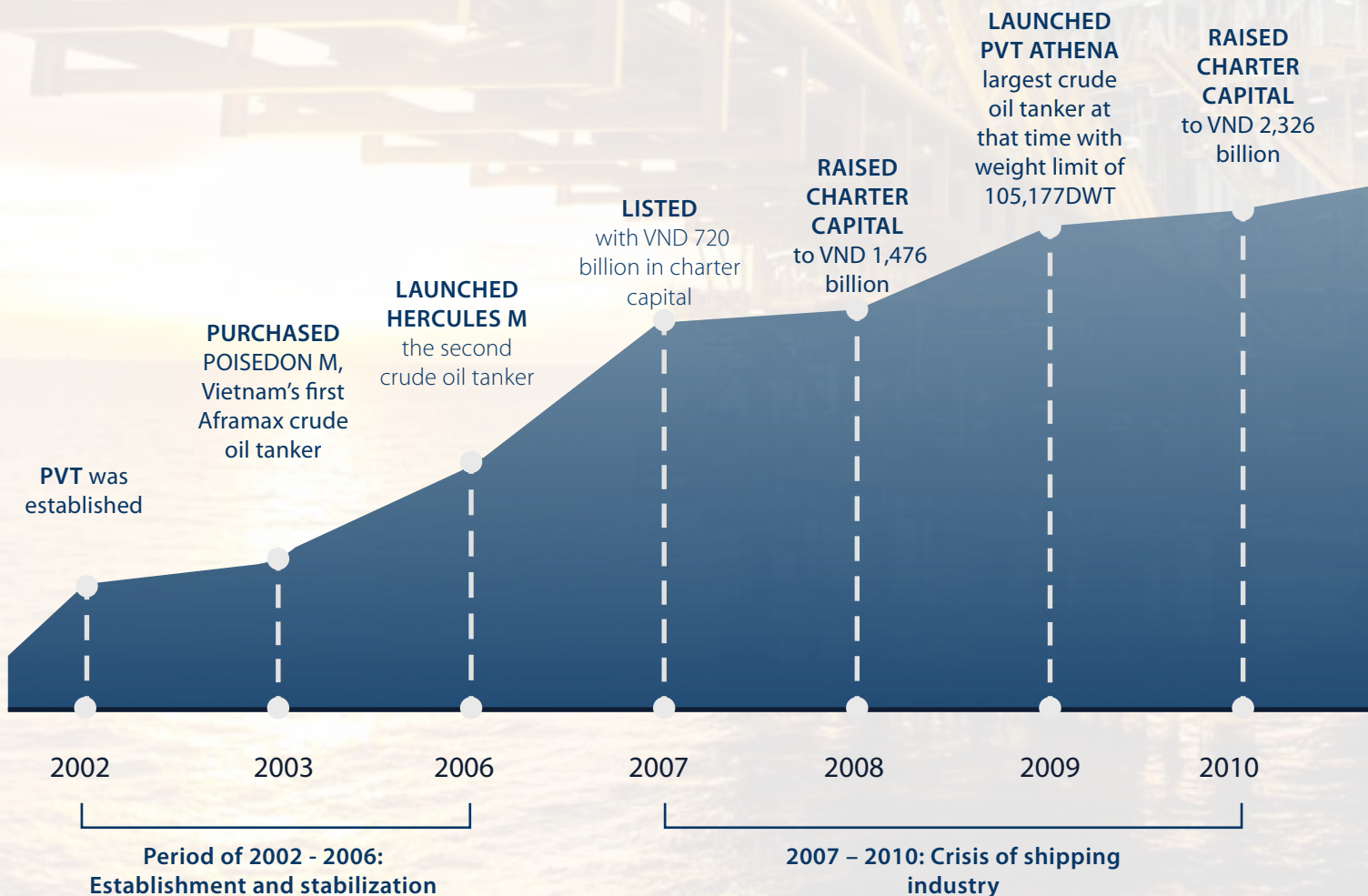
Over 16 years of establishment and development, with the unremitting efforts of our employees and the generous support from Vietnam Oil and Gas Group, our partners and customers, Petrovietnam Transportation Corporation (PVTrans) has become one of the leaders in Vietnam's maritime transportation which is well-known in both local and international market.

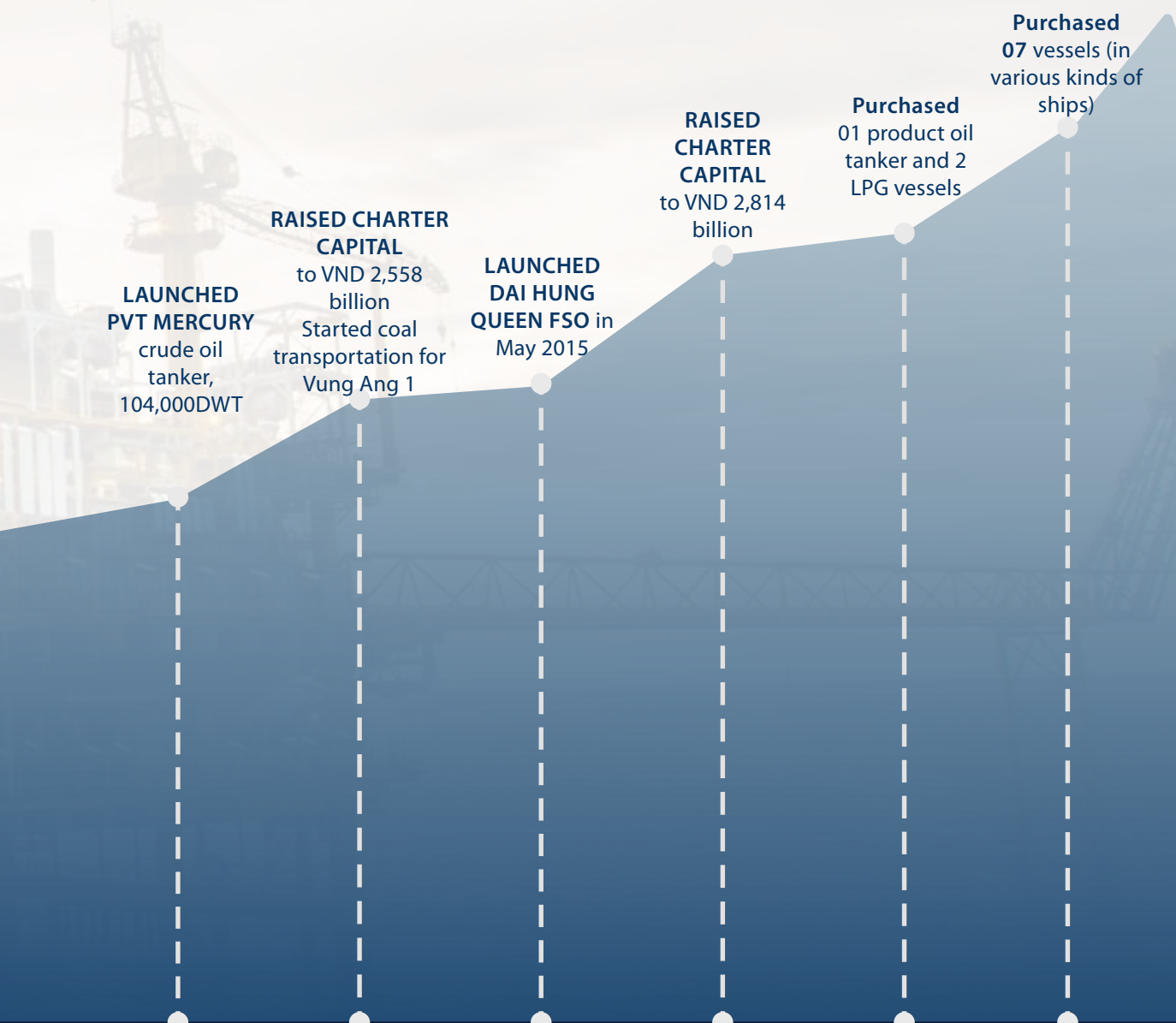
PVTrans has transformed itself from a transporter with 01 crude oil tanker and roughly 100 employees into a recognizable company with 2 branches, 9 subsidiaries, 2 associates and over 1,650 employees. PVTrans has successfully established a modern fleet for liquid transportation of 25 ships with total weight capacity over 750,000 DWT; has become the currently national largest transporter of liquefied petroleum and gas.

"We ship in your success" is a promise that PVTrans makes all efforts to satisfy the needs of customers and increase shareholders' wealth.

- Transaction name: PetroVietnam Transportation Corporation
- Abbreviated name: PVTrans Corp.
- Head office: 2nd Floor, PVFCCo Building, 43 Mac Dinh Chi Street, Da Kao Ward, District 1, Ho Chi Minh City
- Tel: (84.28) 3911 1301 Fax: (84.28) 3911 1300
- Email: [info@pvtrans.com](mailto:info@pvtrans.com) Website: [www.pvtrans.com](http://www.pvtrans.com)
- Stock code: PVT, listed on Ho Chi Minh Stock Exchange.
- Charter capital: VND 2,814,401,620,000
- Owner's Equity (at 31 December 2018): VND 5,139,557,907,690
- Business registration and tax registration certificate No. 0302743192

## II. MILESTONES





2013

2014

2015

2016

2017

2018

2011 – 2016: Restructuring

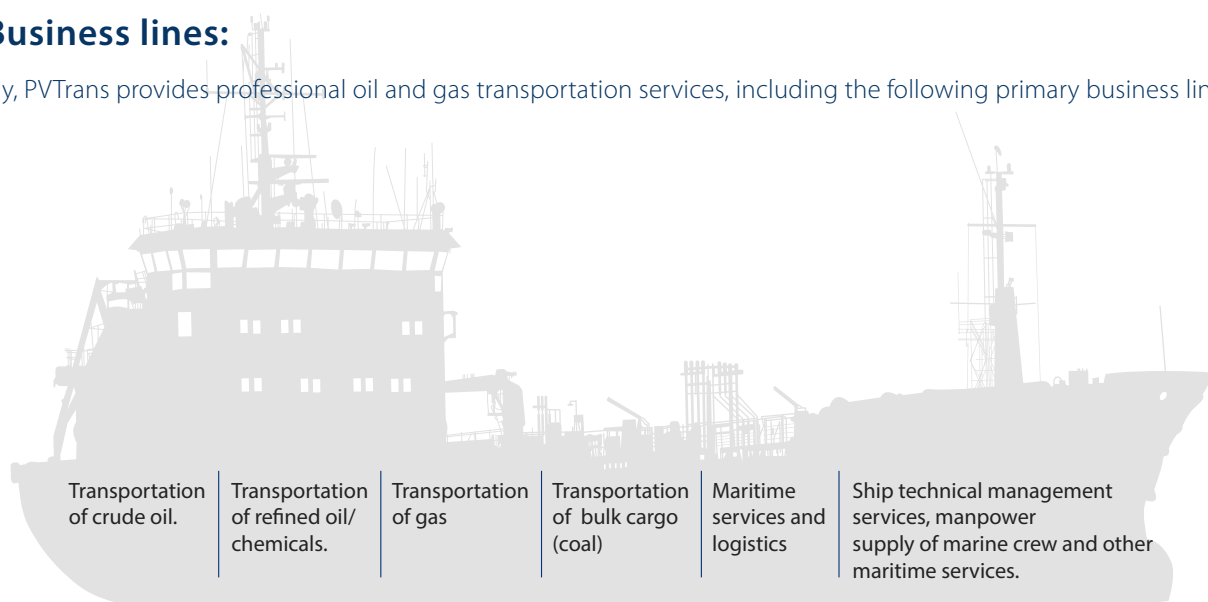
2016 – 2018: Sustainable development



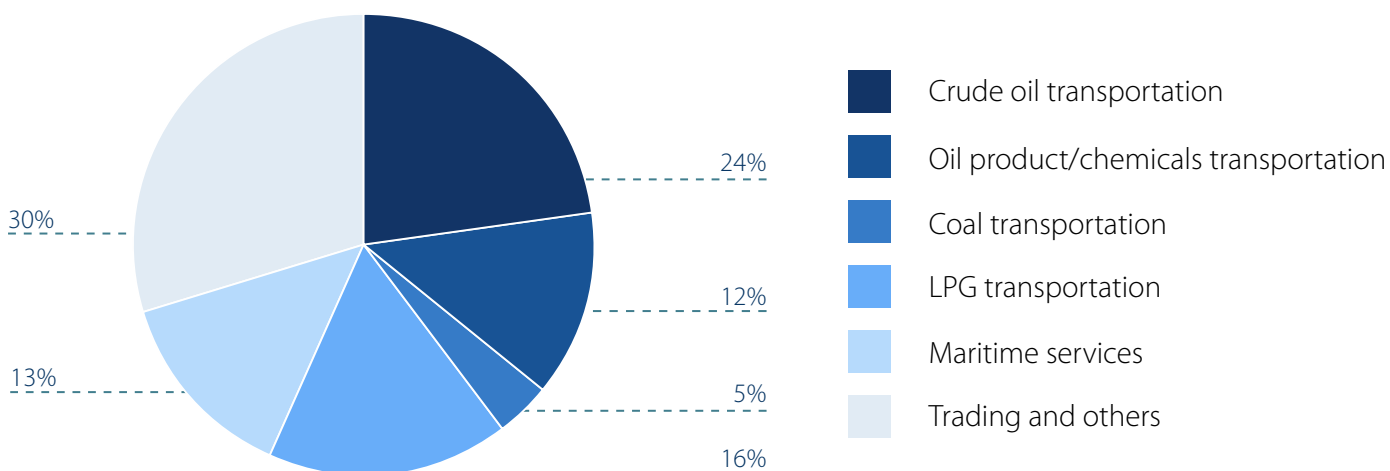
### III. BUSINESS LINES AND BUSINESS LOCATIONS

#### 3.1. Business lines:

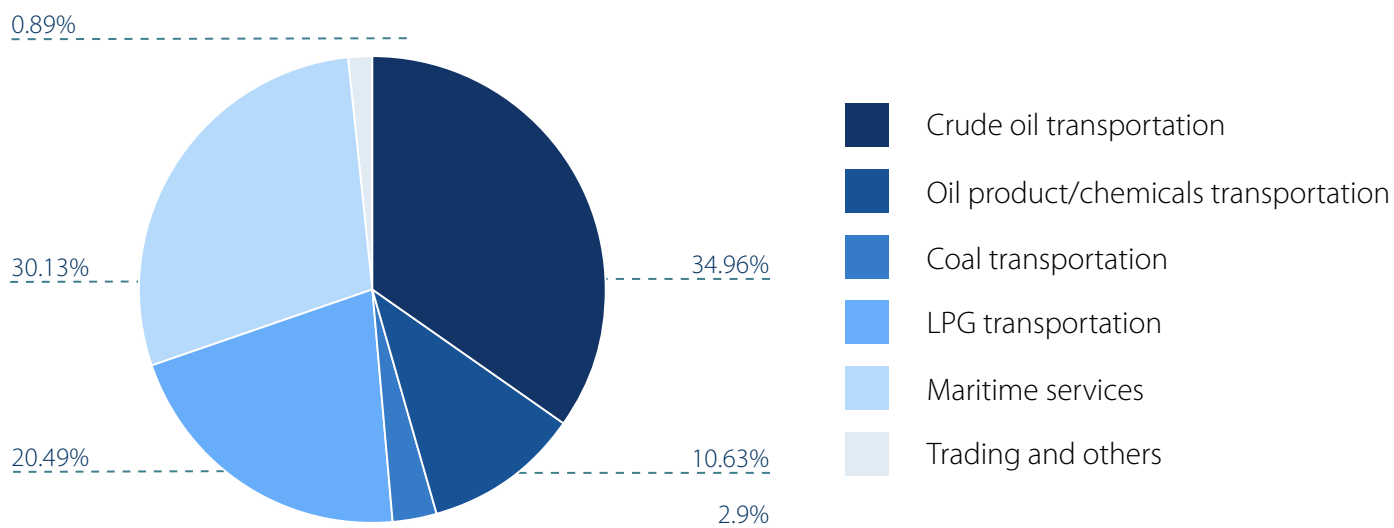
Currently, PVTrans provides professional oil and gas transportation services, including the following primary business lines:



#### 3.2. Structure of revenue

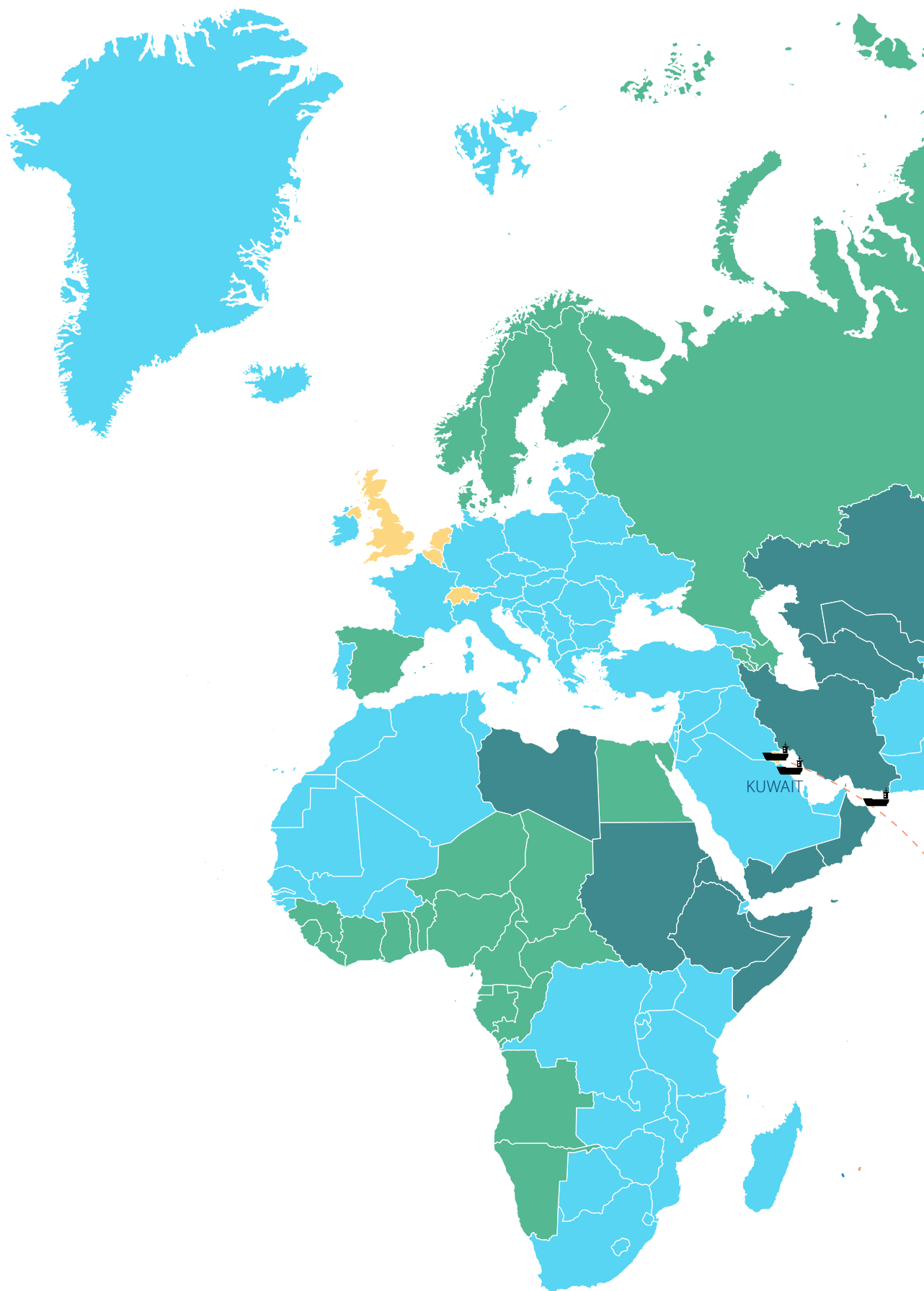


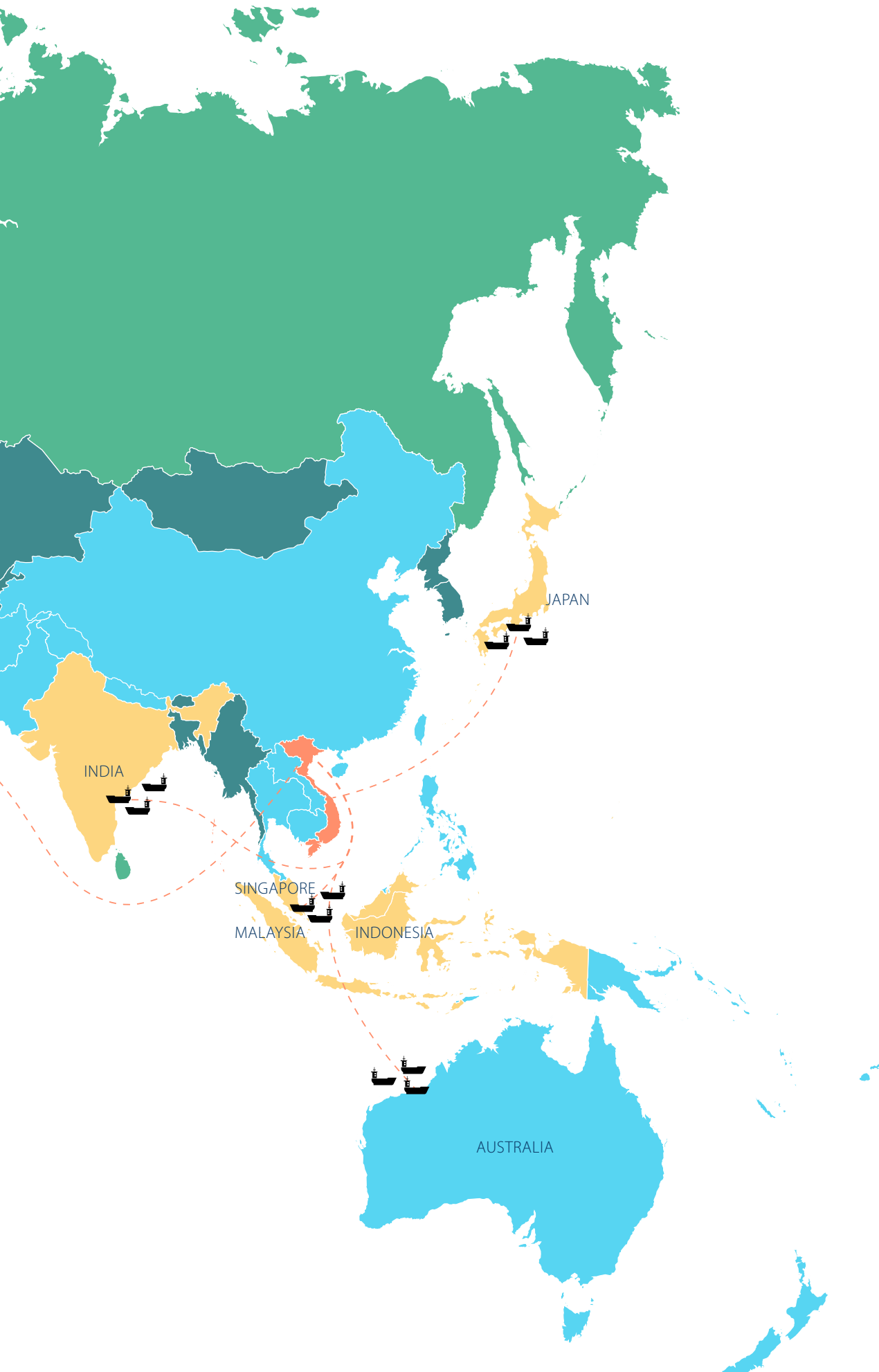
#### 3.3. Structure of profit:



### 3.4. Locations

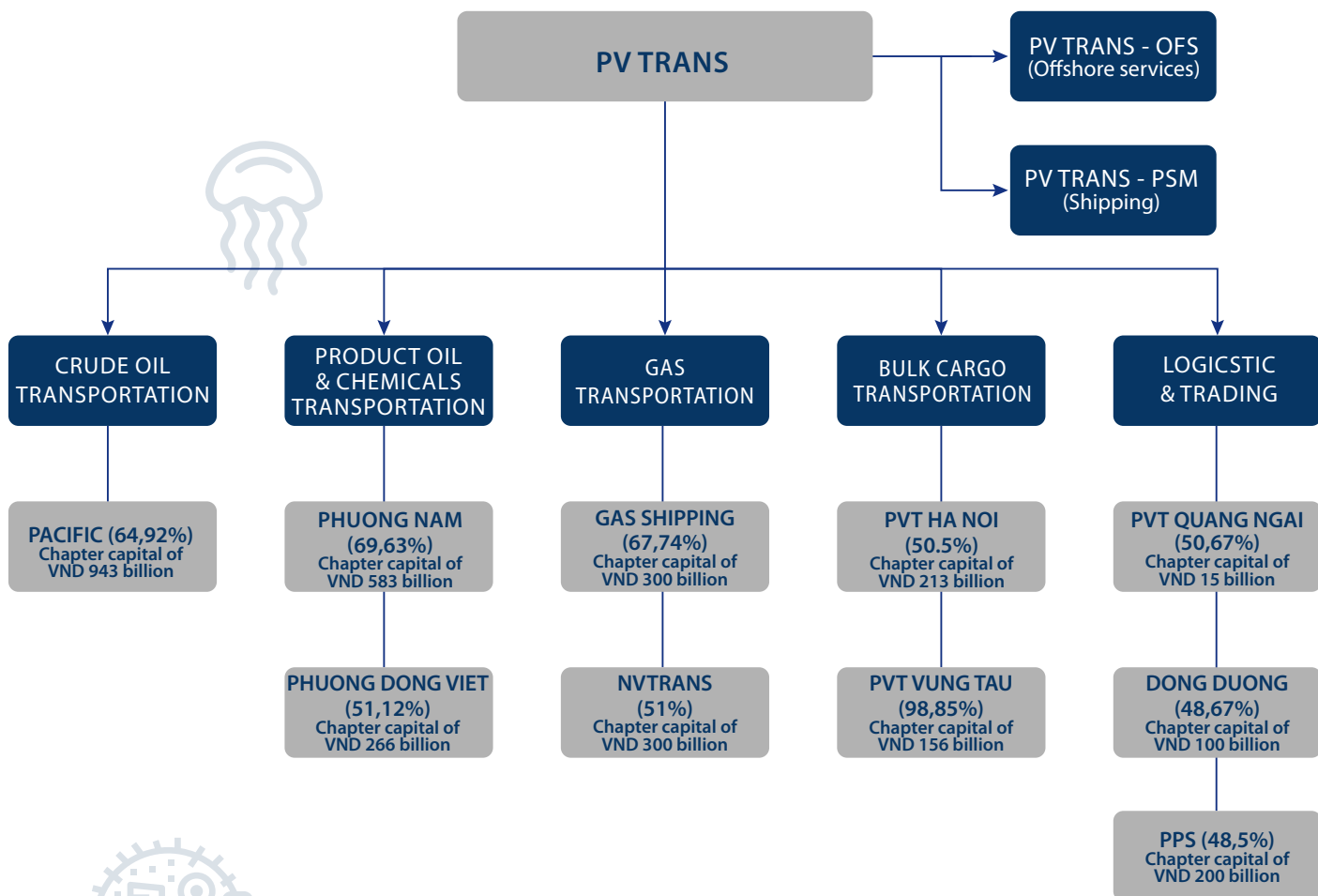
PVTrans is located in the North, Central and the South of Vietnam and increasingly move to the international regions.





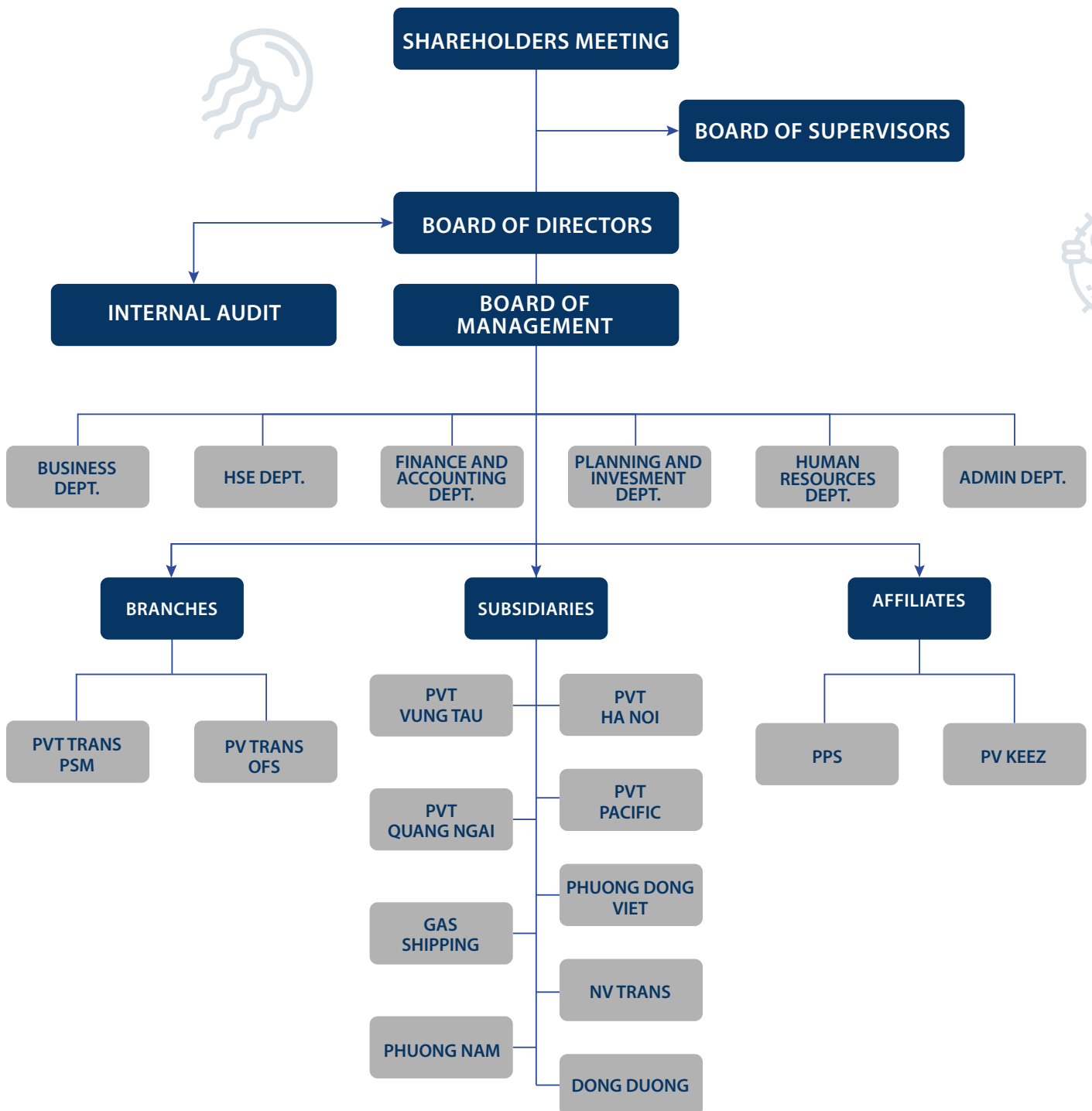
# IV. CORPORATE STRUCTURE AND ORGANIZATION CHART

## 4.1. Corporate Structure





## 4.2. Organization chart



### 4.3. Subsidiaries and affiliates

As at 31 December 2018, PVTrans has 09 subsidiaries (including PVTrans Pacific, Phuong Dong Viet, Phuong Nam, PVTrans Vung Tau, PVTrang Quang Ngai, PVTrans Ha Noi, Dong Duong, Gas Shipping, NVTrans) and one affiliates – PTSC Production Services Company (PPS).

#### Subsidiaries

Pacific Petroleum Transportation J.S.C	Southern Petroleum Transportation J.S.C	Phuong Dong Viet Transportatin Oil J.S.C
<ul style="list-style-type: none"> <li>- Operation date: 28 January 2008</li> <li>- Head office: Floor 3, PVFCCo Tower, 43 Mac Dinh Chi, Da Kao Ward, District 1, HCM</li> <li>- Charter capital: VND942,750,280,000</li> <li>- Business lines: Crude oil transportation, leasing transportation means, shipping brokeage services, maritime agents, ship supplier, ship repair</li> <li>- PVTrans's ownership ratio: 64.92%</li> </ul>	<ul style="list-style-type: none"> <li>- Operation date: 11 April 2008</li> <li>- Head office: Floor 3, PVFCCo Tower, 43 Mac Dinh Chi, Da Kao Ward, District 1, HCM</li> <li>- Charter capital: VND582,565,080,000</li> <li>- Business lines: Product oil transportation, petroleum agent services, maritime agent and broker services, repair vessels, rent and provide vessels and other vehicles for lease</li> <li>- PVTrans's ownership ratio: 69.63%</li> </ul>	<ul style="list-style-type: none"> <li>- Operation date: 20/04/2007</li> <li>- Head office: P806, lầu 8 Citilight Tower, 45 Võ Thị Sáu, P. Đa Kao, Quận 1, HCM</li> <li>- Charter capital: VND266,000,000,000</li> <li>- Business lines: Marine transportation services, transportation services by car and domestic waterway, marine broker services, repair vessels, shipping agent services, repair vessels at port (bot at head office), vessels, car and other vehicles for lease, exploit rock, sand, gravel and clay, training services and surface preparation services.</li> <li>- PVTrans's ownership ratio: 51.12%</li> </ul>
International Gas Product Shipping J.S.C	Nhat Viet Transportation	Indochina Petroleum Transportation J.S.C (*)
<ul style="list-style-type: none"> <li>- Operation date: 24 December 2007</li> <li>- Head office: Floor 9, Green Power Building, 35 Ton Duc Thang, District 1, HCM</li> <li>- Charter capital: VND300,000,000,000</li> <li>- Business lines: Trade vehicles, vessels for lease, transportation services by car, domestic waterway and ocean, services: shipping agent and broker services, trade vessels, provide tallying service and vessel cleaning services, repair vessels at port, provide forwarding and training services.</li> <li>- PVTrans's ownership ratio: 67.74%</li> </ul>	<ul style="list-style-type: none"> <li>- Operation date: 08 May 2009</li> <li>- Head office: 151 Nguyen Van Thu, Da Kao Ward, District 1, HCM</li> <li>- Charter capital: 300,000,000,000</li> <li>- Business lines: Vessels management service, provided fuels in the form of domestic consumption and temporary import for re-export marine vessels, transportation service for LPG in domestic and overseas, shipping agency service</li> <li>- PVTrans's ownership ratio: 51%</li> </ul>	<ul style="list-style-type: none"> <li>- Operation date: 25 July 2007</li> <li>- Head office: Floor 14, Viet A Building, Duy Tan Town, Dich Vong Ward, Cau Giay District, Ha Noi</li> <li>- Charter capital: VND100,000,000,000</li> <li>- Business lines: Transportation services by car under contract, in fixed routes, transport merchandises, petroleum and gasoline, trading liquefied petroleum gas and gasoline, trading gas: manufacturing, repair gas tanks, convert vehicles to use LPG fuel, and repair, maintenance, install spare parts for vehicles.</li> <li>- PVTrans's ownership ratio: 48.67%</li> </ul>

### **PetroVietnam Transportation Vung Tau J.S.C**

- Operation date: 26 November 2010
- Head office: 186 Truong Cong Dinh, Ward 3, Vung Tau City, Ba Ria Vung Tau Province
- Charter capital: VND156,232,000,000
- Business lines: Transport crude oil and gas products, provide marine services, repair vessels and floating vehicles, lease vessels and other vehicles, provide vessels and other vehicles for lease, provide recruiting, training and seafares to oil and gas vessels, and export industrial, agricultural, fishery products and other groceries.
- PVTrans's ownership ratio: 99.85%

### **Quang Ngai Petro Transportation J.S.C**

- Operation date: 07 December 2010
- Head office: E1 Ton Duc Thang, Tran Phu Ward, Quang Ngai City, Quang Ngai Province
- Charter capital: VND15,000,000,000
- Business lines: Provide transportation services on road, provide services on shipping agent, maritime carrier's agent and other supporting services related transportation, provide direct supporting services on transportation by waterway, road and airway, provide warehouse services, cargo maintenance, provide road passenger transportation services (excluding transportation by bus), trade and supply materials, equipment in oil & gas industry, and maritime industry, act as air ticket selling agent, provide oil & gas technical services, provide coastal and sea transportation services, provide shipping broker services and vessels.
- PVTrans's ownership ratio: 50.67%

### **PetroVietnam Transportation Ha Noi J.S.C**

- Operation date: 26 November 2010
- Head office: Floor 14, 319 Defense Department Building, 63 Le Van Luong, Trung Hoa Ward, Cau Giay District, Ha Noi
- Charter capital: VND213,465,000,000
- Business lines: Transport crude oil and gas products, provide marine services, vessels repair service and floating vehicles, lease vessels and other vehicles, provide vessels and other vehicles for lease, export industrial, agricultural, fishery products, household and personal products, provide recruiting and seafarers to domestic customers, real estate management and consulting services, provide domestic tourism services, create software, provide IT solutions and equipment
- PVTrans's ownership ratio: 50.5%

(\*): As at 31 December 2018, the actual company's ownership ratio in Indochina Petroleum Transportation J.S.C is 48.67% of total charter capital. However, most BOD and BOM members are representatives of the Parent Company and the Parent Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain economic benefits from its activities. Consequently, the Parent company has presented its investment in this company as an investment in subsidiary.

## **Affiliate**

### **PTSC Production Services Company**

- Operation date: 01 April 2011
- Head office: Floor 6, PetroVietnam Tower, 08 Hoang Dieu, Ward 1, Vung Tau City, Ba Ria – Vung Tau Province
- Charter capital: VND200,000,000,000
- Business lines: Operate and maintain oil and gas exploitation projects, provide crude oil and natural gas exploitation supporting services, supply labor in petroleum industry
- PVTrans's ownership ratio: 48.5%

# V. BOARD OF DIRECTORS, BOARD OF MANAGEMENT AND BOARD OF SUPERVISORS

## 5.1. Board of Directors



### Mr. NGUYEN XUAN SON

*Chairman*

Year of birth: 1959

Mr. Nguyen Xuan Son has more than 33 years of experience in oil and gas, trade and finance industries

Qualification: Oil Industry Engineer

Position in other companies: No

Working experiences:

- 07/1985 – 02/1986: Specialist of the department of education - Training School for professionals and workers for Vietsopetro Joint Venture
- 07/1986 – 06/1987: Lawyer of Commerce Department - Vietsopetro Joint Venture
- 06/1987 – 03/1989: Lead consulting Lawyer of Department - Vietsopetro Joint Venture
- 04/1989 – 02/1991: Lead Economist of Commerce Department - Vietsopetro Joint Venture
- 02/1991 – 01/1993: Lead Engineer of Commerce Department - Vietsopetro Joint Venture
- 01/1994 – 09/2001: Chief Specialist of Commerce Department - Vietsopetro Joint Venture
- 10/2001 – 02/2009: Working at Petrovietnam Finance Joint Stock Corporation (PVFC): holding the following titles respectively: Deputy Head of Human resource & Administration Department, Director of HCMC branch, Deputy CEO, Deputy Chairman.
- 02/2009 – 09/2009: Head of South East Gas Project Management Unit.
- 09/2009 – 09/2014: CEO of PetroVietnam Oil Corporation (PVOil).
- 10/2014 – Current: Chairman of BOD of PetroVietnam Transportation Corporation (PVTrans)



### Mr. PHAM VIET ANH

*BOD Member*

Year of birth: 1971

Mr. Pham Viet Anh has more than 26 years of experience in maritime, oil and gas and trading industries

Qualification: MBA, Mechanical Engineer, Bachelor of Economics

Position in other companies:

- Listed companies: No
- Non – listed companies: BOD member of PVKeez Company - Singapore

Working experiences:

- 10/1992 – 02/1994: GPTS/PTSC specialist, seconded to BP (UK) office in Vung Tau
- 02/1994 – 02/1995: PTSC specialist, seconded to be logistics and supplies supervisor of MJC Petroleum Company (Mobil Japan Consortium) working in Thanh Long oilfield
- 02/1995 – 12/1999: Specialist, Deputy Head of Production & Planning Department, Head of Trading Department, PTSC
- 12/1999 – 08/2002: Deputy CEO – Petroleum Service Enterprise - PTSC
- 08/2002 – 12/2005: CEO - Petroleum Service Enterprise - PTSC
- 12/2005 – 07/2007: Deputy CEO - PetroVietnam Technical Services Corporation (PTSC)
- 08/2007 – 03/2009: Deputy CEO - PV Trans
- 04/2009 – 12/2009: CEO – Petro Vietnam Gas Joint Stock Corporation
- 01/2010 – 11/2010: Deputy Chairman, PetroVietnam Technical Services Corporation
- 12/2010 – Current: BOD Member, CEO - PV Trans



### Mr. MAI THE TOAN

*BOD Member*

Year of birth: 1968

Mr. Mai The Toan has more than 27 years of experience in marine and petroleum engineering

Qualification: Master of Mechanical Engineering, Shipbuilding Engineers, Bachelor of English

Position in other companies:

- Listed companies: Chairman of PVTrans Pacific (listed on UPCOM – stock code: PVP);
- Non – listed companies: Director – Ship management branch - PSM

Working experiences:

- 06/1991 – 08/1997: Mechanic, ship engineer officer - Thanh Hoa river and maritime transportation company
- 09/1997 – 06/2002: ship engineer officer - Vietnam Ocean Shipping Joint Stock Company (VOSCO)
- 07/2002 – 02/2003: ship engineer officer - PTSC Marine
- 06/2003: Supervisor, Technical Department - PTSC Production services enterprise
- 07/2003 – 11/2003: Technical management team lead, Technical Department - PTSC Production services enterprise
- 12/2003 – 04/2006: Deputy Head of Technical Department - PTSC Production services enterprise
- 05/2006 – 07/2007: Deputy CEO – PTSC Production services enterprise
- 08/2007 – 05/2011: Deputy CEO - Technical Department - PTSC Production services company
- 05/2011 – Current: Deputy CEO - PV Trans
- 05/2012 – Current: BOD member - PV Trans
- 06/2016 – Current: Chairman of PVTrans Pacific



### Mr. LE MANH TUAN

*BOD Member*

Year of birth: 1968

Mr. Le Manh Tuan has more than 26 years of experience in finance and oil industries

Qualification: Chemical Engineer, Bachelor of Finance and Accounting, Bachelor of English

Position in other companies:

- Listed companies: BOD member, Director - PVTrans Pacific (Listed on UPCOM – stock code: PVP)
- Non-listed companies: No

Working experiences:

- 09/1992 – 05/1995: Planning Assistant at 25/3 Construction Company - Ministry of Defense
- 06/1995 – 03/1996: Accountant - Post Office - Ba Ria Vung Tau Province
- 04/1996 – 07/1998: Marketing Team Leader of DSL Worldwide Express
- 08/1998 – 12/2007: Telegraph Company - Ba Ria Vung Tau Province Post Office, holding the following titles respectively Chief Accountant, Deputy Head of Planning and Economic Department, Head of Business Planning and Investment Department
- 01/2008 – 06/2008: Deputy Director – Customer service centre – Ba Ria Vung Tau Telecom
- 07/2008 – 12/2008: Deputy Head of Planning - Investment Department - PetroVietnam Transportation Corporation (PVTrans)
- 01/2009 – 07/2010: Head of Investment Planning Department - PetroVietnam Transportation Corporation (PVTrans)
- 08/2010 – 11/2011: Chairman of Phuong Dong Viet Oil Transportation JSC
- 11/2011 – Current: BOD Member and Director of PVTrans Pacific
- 05/2012 – Current: BOD Member of PetroVietnam Transportation Corporation (PVTrans)



### Mr. DAO MANH TIEN

*BOD Member*

Year of birth: 1961

Mr. Dao Manh Tien has more than 24 years of experience in trading and maritime industries

Qualification: Foreign Affair

Position in other companies:

- Listed companies: No
- Non-listed companies: Chairman of PVTrans Ha Noi

Working experiences:

- 1979 – 1984: Student of Vietnam People's Security University
- 1984 – 1988: Officer of PA12 Department – Public securities agent of Son La province
- 1989 – 1993: Deputy Manager of PA12 Department – Public securities agent of Son La province
- 1993 – 1995: Deputy Head of Department of Foreign Affairs of Son La province
- 1996 – 2002: Branch deputy manager of Hoang Viet Company – General Department of Police I A37
- 2003 – 09/2007: Branch Manager of PetroVietnam Transportation JSC
- 09/2007 – 09/2009: Chairman of Board of members – PVTrans Ha Noi
- 10/2009 – 11/2018: Deputy General Director of PetroVietnam Transportation Corporation (PVTrans)
- 11/2018 – Current: BOD Member of PVTrans



### Mr. NGUYEN QUOC PHUONG

*Independent BOD Member*

Year of birth: 1962

Mr. Nguyen Quoc Phuong has more than 32 years of experience in transportation and petroleum industries

Qualification: Geo-physics Engineer

Position in other companies:

- Listed companies: No
- Non-listed companies: BOD Member, Director of PVTrans Ha Noi

Working experiences:

- 1986 – 1988: Engineer of Survey Team - Ministry of Industry and Trade
- 1988 – 1991: Trainees - Team Leader - Working in Czechoslovakia
- 1991 – 1993: Deputy Head of Import and Export Department - Tracimexco – Hanoi Branch - Ministry of Transportation
- 1994 – 1995: Head of Sales Department - Tracimexco Corporation - Ministry of Transportation
- 1995 – 1997: Director - Equipment Trading Centre - Tracimexco Corporation - Ministry of Transportation
- 1997 – 2000: Director - Tracimexco Corporation, Hai Phong branch - Ministry of Transportation
- 2000 – 2002: Assistant General Director - Tracimexco Corporation, Ministry of Transport
- 2002 – 2005: Director - automobile assembly factory - EMC Ha Giang – Tracimexco Corporation
- 2005 – 2007: Director - Tralas Bac Can Automobile Assembly and Construction Factory - Tracimexco Corporation - Ministry of Transportation
- 2006 – 2007: BOD member - Tracimexco
- 2007 – 12/2010: Director, BOD member – Petro Vietnam Transportation Dong Duong JSC (PV Trans PTT)
- 05/2013 – 09/2017: Chairman of PVTrans PTT
- 01/2011 – 08/2018: Chairman of Phuung Dong Viet Transportation Oil Joint Stock Company
- 08/2018 – Current: BOD Member, Director – PVTrans Ha Noi
- 05/2014 – Current: BOD Member of PetroVietnam Transportation Corporation (PVTrans)



### Mr. PHAM ANH TUAN

*Independent BOD Member*

Year of birth: 1962

Mr. Pham Anh Tuan has more than 20 years of experience in petroleum, trade and finance. Qualification: Master of Public Administration, Bachelor of Foreign Trade

Position in other companies:

- Listed companies: Chairman of PVTrans PTT (Listed on UPCOM – stock code: PTT)
- Non-listed companies: Chairman of PTSC Petroleum Exploiting Services Joint Stock Company

Working experiences:

- 1985 – 1992: Official of Hai Phong Import-Export Corporation (Unimex HAIPHONG)
- 1993 – 1994: Foreign Economic Specialist - People's Committee of Hai Phong City
- 1997 – 1998: Researcher of the Asian Program of the International Development Institute, Havard University, Massachusetts, USA (HIID - Harvard Institute for International Development)
- 1999 – 2006: Rural Development Center, consulting in design and management of Official Development Assistance projects from international organizations such as the World Bank and the Asian Development Bank (ADB), Department of International Development (DFID), Danish International Development Agency (DANIDA), Germany (GTZ), Sweden (SIDA) and Japan (JICA)
- 02/2007 – 09/2008: Deputy CEO of PetroVietnam General Services Joint Stock Corporation (Petrosetco); Member of Party Executive Committee of PetroVietnam General Services Corporation; cum Director of PVTelecom, now Petrosetco Distribution JSC (PSD); cum Head of Deployment Department of Central Biofuels Project (now PetroVietnam Central Biofuels Company - BSR-BF)
- 09/2008 – 05/2009: Head of Deployment Department of Bio-fuel Projects of PetroVietnam Oil Corporation (PVOil), developing bio-fuel projects Binh Phuoc – ITOCHU joint venture, Japan - LICOGI16 joint venture
- 05/2009 – 06/2012: Member of Board of members, Director, Party Cell's Secretary - Orient Bio Fuels Co., Ltd (OBF)
- 06/2012 – 02/2014: Chairman of Orient Bio Fuels Co., Ltd
- 06/2012 – 02/2014: Director of PetroVietnam Central Biofuels Joint Stock Company (BSR-BF)
- 01/2013 – 02/2014: Deputy General Director of PetroVietnam Oil Corporation
- 02/2014 – 01/2015: CEO, BOD Member - Petrochemical and Fiber Petroleum Joint Stock Company (PVTex)
- 01/2015 – 10/2016: Chairman of Petrochemical and Fiber Petroleum Joint Stock Company, officer of Vietnam Oil and Gas Group
- 11/2016 – 03/2017: Senior official of PetroVietnam Transportation Corporation
- 04/2017 – Current: BOD Member of PetroVietnam Transportation Corporation



## 5.2. Board of Management



**Mr. PHAM VIET ANH**

*CEO*

(Information in 5.1)



**Mr. MAI THE TOAN**

*Deputy CEO*

(information in 5.1)



**Mr. NGUYEN DINH THANH**

*Deputy CEO*

Year of birth: 1974

Mr. Nguyen Dinh Thanh has more than 22 years of experience in maritime and shipping industries  
Qualification: Doctorate in Engineering, Ship control engineer

Positions in other companies:

- Listed companies: No
- Non-listed companies: Chairman of Southern Petroleum Transportation JSC; Chairman of PVTrans Quang Ngai

Working experiences:

- 06/1996 – 05/2000: Officer - Ship agency department - Petrovietnam Transportation Company
- 05/2000 – 12/2001: Working at Hanoi Branch - Petrovietnam Transportation Company, holding the following titles respectively: Ship renting transportation team leader - Deputy Branch Director
- 12/2001 – 10/2006: Working at Hanoi Office - Petrovietnam Transportation Company, holding the following titles respectively: Deputy Branch Director; Branch Director
- 10/2006 – 07/2009: Branch Director – HCMC Branch - Vinalines
- 07/2009 – 04/2015: Deputy CEO – Vinalines
- 04/2015 – Current: Deputy CEO - PVTrans
- 01/2016 – Current: Chairman of Southern Petroleum Transportation Joint Stock Company
- 11/2015 – Current: Chairman of PVTrans Quang Ngai



**Ms. NGUYEN LINH GIANG**

*Deputy CEO*

Year of birth: 1978

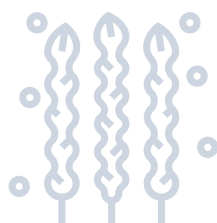
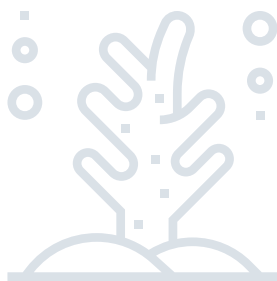
Ms. Nguyen Linh Giang has more than 18 years of experience in finance, accounting and auditing  
Qualification: Master of Business Administration, Bachelor of Economics

Positions in other companies:

- Listed companies: No
- Non-listed companies: Chairman of Nhat Viet Transportation Corporation; BOD Member of Southern Petroleum Transportation Joint Stock Company

Working experiences:

- 12/2000 – 09/2007: Official of Cabin crew - Finance and Accounting Department - Vietnam Aviation Corporation; Member of Grassroots Executive Committee of the Ho Chi Minh Communist Youth Union
- 09/2007 – 03/2010: Held positions of Official, Deputy Head of Finance and Accounting Department - PetroVietnam Transportation Corporation; Member of Grassroots Executive Committee of the Ho Chi Minh Communist Youth Union
- 07/2010 – 07/2012: Relationship Manager - Standard Chartered Bank Vietnam
- 11/2012: Head of Internal Audit Department - PetroVietnam Transportation Corporation
- 12/2013: Cum Chief of Party Committee - PetroVietnam Transportation Corporation
- 07/2016 – Current: Chairman of Nhat Viet Transportation Corporation; BOD Member of Southern Petroleum Transportation Joint Stock Company
- 12/2017 – Current: Deputy CEO of PetroVietnam Transportation Corporation





### Mr. NGUYEN QUOC THINH

*Deputy CEO*

Year of birth: 1976

Mr. Nguyen Quoc Thinh has more than 20 years of experience in trade, insurance and oil and gas industries

Qualification: Bachelor of Economics, Bachelor of Finance and Accounting

Positions in other companies: No

Working experiences:

- 1997 – 04/1999: Sales Manager - Duc Viet Company Limited
- 04/1999 – 07/2005: Associate, Team leader of Cargo Insurance - PetroVietnam Insurance Company; Member of the Trade Union Executive Committee, Secretary of Ho Chi Minh Communist Youth Union
- 08/2005 – 09/2007: Associate of Planning Department - Vietnam Oil and Gas Group
- 10/2007 – 12/2007: Deputy Head of Planning Department - Vietnam Oil and Gas Group
- 10/2007 – 08/2008: Vice Chairman and General Secretary of the Petroleum Young Businesspeople Association.
- 10/2007 – 04/2015: Member of PVN Party Executive Committee, Secretary of PVN Ho Chi Minh Communist Youth Union, Member of Central Executive Committee of Ho Chi Minh Communist Youth Union, Term IX;
- 01/2008 – 08/2008: Deputy Head of PVN Investment and Development Department
- 09/2008 – 07/2009: Chief of PVN Party Committee Office
- 01/2008 – 04/2015: Standing Member of the Union of Central Enterprises
- 05/2015 – 05/2018: Member of PVN Party Executive Committee, Member of Vietnam Oil and Gas Trade Union, Term V, Deputy Secretary of the Party Cell; Deputy Head of Investment and Development Department
- 06/2018 – 07/2018: Member of PVN Party Executive Committee for the period of 2015 - 2020, the Economic - Investment Department
- 07/2018 – Current: Deputy CEO of PetroVietnam Transportation Corporation (PVTrans)



### Mr. NGUYEN VIET LONG

*Deputy CEO*

Year of birth: 1969

Mr. Nguyen Viet Long has more than 26 years of experience in shipping, marine and oil and gas

Qualification: Maritime Engineer, Business Administration Engineer

Positions in other companies:

- Listed companies: No
- Non-listed companies: Chairman of PVTrans Vung Tau

Working experiences:

- 12/1992 – 10/1999: Crewman, deck officer, Second Officer on PTSC Marine oil service vessels
- 10/1999 – 05/2001: Production schedule supervision officer - PTSC Marine
- 05/2001 – 09/2001: Team leader of Scheduling Department of Production Scheduling - PTSC Marine
- 10/2001 – 09/2002: Deputy Manager of Survey and construction Department - PTSC Marine
- 09/2002 – 03/2005: Head of Production Planning Department - PTSC Petroleum Exploiting Services Enterprise
- 03/2005 – 06/2007: Deputy Manager of PTSC Exploiting Services Enterprise
- 07/2007 – 09/2007: Deputy Manager - PTSC Exploiting Services Company Limited
- 10/2007 – 12/2010: Manager - PTSC Offshore Services Co., Ltd
- 01/2011 – 12/2011: Manager - PTSC Offshore Services Joint Stock Company
- 12/2011 – 05/2012: Deputy CEO - PTSC
- 05/2012 – 08/2015: CEO, BOD Member, Deputy Secretary - PV EIC (now PVMR)
- 08/2015 – 10/2018: Chairman of Petrovietnam Maintenance and Repair Corporation (PVMR)
- 07/2018 – 10/2018: Chairman - Petroleum Maintenance Service Joint Stock Company; (PMS)
- 10/2018 – Current: Deputy CEO - PetroVietnam Transportation Corporation
- 12/2018 – Current: Chairman of PVTrans Vung Tau



### Mr. NGUYEN DUYEN HIEU

*Deputy CEO*

Year of birth: 1975

Mr. Nguyen Duyen Hieu has more than 21 years of experience in petroleum, maritime and transport industries

Qualification: Master of Marine Management, Petroleum Geological Engineer, Bachelor of Business Administration

Positions in other companies:

- Listed companies: BOD member, Manager – Gas Shipping
- Non-listed companies: No

Working experiences:

- 09/1997 – 07/2001: Officer - Petroleum Technical Services Company (PTSC)
- 08/2001 – 01/2003: Team leader – the Investment in facilities and equipment - PTSC Investment Department
- 02/2003 – 07/2003: Deputy Manager of Administration Department - PTSC
- 08/2003 – 06/2004: In charge of manager - General Administration Department - PTSC
- 07/2004 – 10/2004: Deputy Manager - Administrative Department - PTSC
- 11/2004 – 03/2007: Manager - Thai Binh Service Enterprise - PTSC
- 04/2007 – 10/2007: Chairman cum Manager of Thai Binh Petroleum Services Company - PetroVietnam Technical Services Corporation (PTSC)
- 11/2007 – 09/2009: Manager - Petrovietnam Transportation Ha Noi Company Limited - PTSC; Chairman of Indochina Petroleum Transportation Joint Stock Company (Petrotrans) - PVTrans
- 10/2009 – 10/2010: Deputy CEO - Gas Trading Company (PVGas Trading) - PVGas
- 11/2010 – 02/2011: Deputy CEO - PetroVietnam Southern Gas Joint Stock Company (PVGas South) - PVGas
- 03/2011 – 04/2012: Director, Deputy Secretary of the Party Cell/Party Committee of Cuu Long Company
- 05/2012 – 03/2015: BOD Member, Director, Party Committee Secretary of Cuu Long Petro Gas Service - Transportation Joint Stock Company
- 04/2015 – Current: BOD Member, Manager - International Gas Product Shipping Joint Stock Company (Gas Shipping)
- 09/2018 – Current: Deputy CEO - PVTrans

## 5.3. Board of Supervisors



### **Ms. NGUYEN THI KIM ANH**

*Head of Board of Supervisors*

Year of birth: 1974

Ms. Nguyen Thi Kim Anh has more than 20 years of experience in finance and accounting

Qualification: Master of Business Administration, Bachelor of Economics

Positions in other companies: No

Working experiences:

- 08/1998 – 01/1999: Project Assistant - Department of Science, Technology and Environment
- 02/1999 – 11/1999: Accountant - Parker Drilling Company (USA)
- 11/1999 – 12/2006: Team leader/Head of General Ledger and Tax Department - PetroVietnam Technical Services Corporation (PTSC)
- 01/2007 – 04/2008: Chief Accountant - Global Petroleum Bank (GPBank)
- 05/2008 – 01/2018: Chief Accountant - PetroVietnam Transportation Corporation (PVTrans)
- 01/2018 – 04/2018: Senior associate - Finance and Accounting Department - PVTrans
- 04/2018 – Current: Head of Board of Supervisors - PVTrans



### **Mr. KIM KWANG HYUK**

*BOS member*

Mr. Kim Kwang Hyuk has more than 28 years of experience in finance, accounting and investment

Qualification: Bachelor of Economics

Positions in other companies:

- Listed companies: No
- Non-listed companies: Director - Representative office of Fides Investment Management Company in Ho Chi Minh City

Working experiences:

- 01/1990 – 06/1997: Nhóm lập kế hoạch tài chính – 01/1990 – 06/1997: Financial planning group - Kyobo Life Insurance Company
- 07/1997 - 04/1998: Financial management group - Mirae Fund Joint Venture Company
- 05/1998 – 12/2012: Financial management group - Fides Company
- 01/2013 – 02/2014: Head of Foreign Investment Department - Fides Company
- 02/2014 – Current: Chief of Representative office of Fides Investment Management Company in Ho Chi Minh City
- 04/2018 – Current: BOS Member - PVTrans



### **Mr. PHAM VAN HUNG**

*BOS member*

Year of birth: 1981

Mr. Pham Van Hung has more than 13 years of experience in finance and accounting

Qualification: Bachelor of Accounting

Positions in other companies:

- Listed companies: Head of BOS of Phuong Dong Viet Transportation Oil Joint Stock Company
- Non-listed companies: No

Working experiences:

- 09/2005 – 06/2007: Accountant - Hydrometeorological trading and service Joint Stock Company
- 07/2007 – 09/2009: General accountant - Viet Hai Dang Service – Investment and Entertainment Co., Ltd.
- 09/2009 – 11/2010: Chief Accountant - Southwest Dat Xanh Real Estate Service and Construction Joint Stock Company
- 11/2010 – 11/2011: Assistant to Chief Accountant - Song Da Investment - Development Joint Stock Company
- 03/2012 – 03/2013: Officer – Planning and Investment Department - PetroVietnam Transportation Corporation
- 04/2012 – 04/2016: BOS member - Phuong Dong Viet Transportation Oil Joint Stock Company
- 04/2013 – 05/2016: Head of BOS – PVTrans Ha Noi
- 04/2013 – Current: Manager of Business Innovation and Management Department - PVTrans
- 04/2017 – Current: BOS member -PVTrans; Head of BOS, Phuong Dong Viet Transportation Oil Joint Stock Company





# PVTrans



## 5.4. Alternatives of the Board of Directors, Board of Management and Board of Supervisors

Name	Position	Date of appointment	Note
<b>BOARD OF DIRECTORS</b>			
<b><i>BOD member in the period of 2018 – 2022 on January 01st, 2018</i></b>			
Mr. Nguyen Xuan Son	Chairman of BOD	01/10/ October 2014	
Mr. Pham Viet Anh	Member of BOD member	10/12/ December 2010	
Mr. Mai The Toan	BOD memberMember of BOD	14 May /05/2012	
Mr. Le Manh Tuan	BOD memberMember of BOD	14/05/ May 2012	
Mr. Nguyen Quoc Phuong	BOD memberMember of BOD	13 May /05/2014	
<b><i>BOD member in the period of 2018 – 2022 on December 31st, 2018</i></b>			
Mr. Nguyen Xuan Son	Chairman of BOD	01 October 201401/10/2014	
Mr. Pham Viet Anh	BOD memberMember of BOD	10 December 201010/12/2010	
Mr. Mai The Toan	BOD memberMember of BOD	14 May 201214/05/2012	
Mr. Le Manh Tuan	BOD memberMember of BOD	14 May 201214/05/2012	
Mr. Nguyen Quoc Phuong	BOD memberMember of BOD	13 May 201413/05/2014	
Mr. Pham Anh Tuan	BOD memberMember of BOD	05/04/ April 2018	
Mr. Dao Manh Tien	BOD memberMember of BOD	01 October /10/2018	
<b><i>Changes in BOD members</i></b>			
Mr. Pham Anh Tuan	BOD memberMember of BOD	05 April 201805/04/2018	Appointed from on 05 April /04/2018
Mr. Dao Manh Tien	BOD memberMember of BOD	01 October 201801/10/2018	Appointed fromon 01 October/10/2018
<b>BOARD OF MANAGEMENT</b>			
<b><i>BOM member in the period of 2018 – 2022 on January 01st, 2018</i></b>			
Mr. Pham Viet Anh	General DirectorCEO	10/12/ December 2010	
Mr. Mai The Toan	Deputy General DirectorCEO	10 May /05/2011	
Mr. Nguyen Dinh Thanh	Deputy CEODEputy General Director	20/04/ April 2015	
Ms. Nguyen Linh Giang	Deputy CEODEputy General Director	15 December /12/2017	
Mr. Dao Manh Tien	Deputy CEODEputy General Director	28 September /09/2009	
<b><i>BOM member in the period of 2018 – 2022 on December 31st, 2018</i></b>			
Mr. Pham Viet Anh	General DirectorCEO	10 December 201010/12/2010	
Mr. Mai The Toan	Deputy CEODEputy General Director	10 May 201110/05/2011	
Mr. Nguyen Dinh Thanh	Deputy CEODEputy General Director	20 April 201520/04/2015	
Ms. Nguyen Linh Giang	Deputy CEODEputy General Director	15 December 201715/12/2017	
Mr. Nguyen Quoc Thinh	Deputy CEODEputy General Director	04/07/ July 2018	
Mr. Nguyen Duyen Hieu	Deputy CEODEputy General Director	11/09/ September 2018	
Mr. Nguyen Viet Long	Deputy CEODEputy General Director	01 October /10/2018	

## Changes in BOM members

Mr. Dao Manh Tien	Deputy CEO Deputy General Director	28 September 2009 28/09/2009	Resigned from on 19 November /11/2018
Mr. Nguyen Quoc Thinh	Deputy CEO Deputy General Director	04 July 2018 04/07/2018	Appointed from on 04 July /07/2018
Mr. Nguyen Viet Long	Deputy CEO Deputy General Director	01 October 2018 01/10/2018	Appointed from on 01/10/ October 2018
Mr. Nguyen Duyen Hieu	Deputy CEO Deputy General Director	11 September 2018 11/09/2018	Appointed from on 11 September /09/2018

## BOARD OF SUPERVISORS

### BOS member in the period of 2018 – 2022 on January 01st, 2018

Mr. Thai Ngoc Lan	Head of BOS	14/05/ May 2012	
Mr. Nguyen Van Hoa	BOS Mmember of BOS	14 May /05/2012	
Mr. Pham Van Hung	BOS member Member of BOS	24 April /04/2013	

### BOS member in the period of 2018 – 2022 on December 31st, 2018

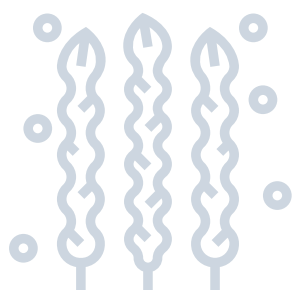
Ms. Nguyen Thi Kim Anh	Head of BOS	11/04/ April 2018	
Mr. Kim Kwang Hyuk	BOS member Member of BOS	11/04/ April 2018	
Mr. Pham Van Hung	BOS member Member of BOS	24 April /04/2013	

## Changes in BOS

Mr. Thai Ngoc Lan	Head of BOS	14/05/ May 2012	Resigned from on 11/04/ April 2018
Mr. Nguyen Van Hoa	BOS member Member of BOS	14/05/ May 2012	Resigned from on 11/04/ April 2018
Ms. Nguyen Thi Kim Anh	Head of BOS	11/04/ April 2018	Appointed from on 11 April /04/2018
Mr. Kim Kwang Hyut	BOS member Member of BOS	11 April 2018 11/04/2018	Appointed on 11 April 2018 Appointed from on 11/04/2018

## CHIEF ACCOUNTANT

Mr. Le Anh Nam	Chief Accountant	08/01/ January 2018	Appointed from on 08/01/ January 2018
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# **PART II.**

## **REPORT ON BUSINESS ACTIVITIES IN 2018 AND BUSINESS PLAN IN 2019**

### **ACCELERATION**

I. Overview of shipping industry in 2018	38
II. Board of Management report	40
III. Board of Directors report	54
IV. SWOT	58
V. Long – term strategy up to 2025	60





# I. OVERVIEW OF SHIPPING INDUSTRY IN 2018

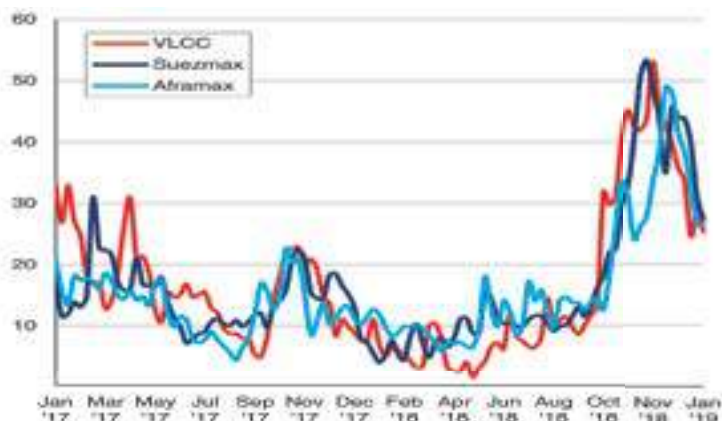
## 1.1. Overview of shipping industry

In 2018, the world economy's GDP growth rate is by 3.7%. The growth rate of maritime transporting demand is 2.7% (11.901 billion tons), decreases from 4.2% in 2017. The main reasons are the slow growth of China's economy (6.6 % compared with 6.9% of the plan) and the escalated US-China trade war. Meanwhile, the international fleet in 2018 only grows 2.6% (the lowest level in the past 18 years; the growth rate in 2017 was 3.4%). The supply-demand balance differences in 2018 make a signal of positive growth for the world maritime transportation market.

**The market of liquid transportation** in the first months of 2018 decreased by 4% compared to 2017. The market of very large crude carriers (VLCC) decreased by 3% while that of medium range product carriers (MR) decreased by 14%. In the first 8 months of 2018, the market of liquid cargo ships dropped dramatically to 72% of the average level of 2017. After that, in the last 4 months of 2018, the market jumps suddenly because of the impact of the supply-demand imbalance. It means that the liquid transportation demand grows 3% while the the supply of world liquid fleet only grows by 1% at that time. Another reason for that is a sharp increase in the activities of old oil tanker demolition in 2018.

**The market of dry cargo ships** in 2018 increases 11% in average against to 2017. Capesize vessels increases by 4% while Panamax vessels increases by 22%. Demand for dry cargo transportation grows by 3.0%. The world dry cargo fleet grows 2.9%.

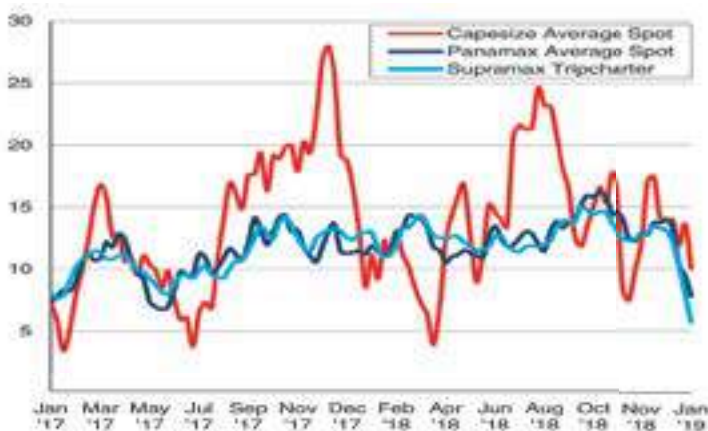
**The market of chemical carriers** in 2018 remained at the growth rate of 2017.



LPG transportation industry increases by 6%. The market of chemical vessels also grows stably toward the global shipping market. The LPG carriers market in 2018 increases by 6% in average against to 2017.

**In Vietnam**, transportation demand tends to increase when requirements of crude oil importation for NSRP and coal for Vietnam's coal-fired thermal power plants. In 2018, the demand for product oil transportation also increases as NSRP sells its first products to the market. Besides, Vietnam's economy growth was high and stable. Vietnam's total export value in 2018 is estimated at USD 244 billion, increases 13.8% while the total import value is estimated at USD 238 billion, increases 11.5% compared to 2017, partly contributing to the demand of cargo transportation between Vietnam and other countries in the world.

**In the domestic market**, coal and construction materials are the main products, accounting for a high proportion of total. For coal transportation for thermal power plants, domestic coal supplies over 30 million tons to thermal power plants of TKV Group and North-East Corporation in 2018. Vessels of 20,000 DWT to 30,000 DWT are often used for domestic coal transportation and mainly transported to some thermal power plants such as Vung Ang 1 Plant, Nghi Son Plant, Vinh Tan 1 Plant, Vinh Tan 2 Plant, Duyen Hai 1 Plant. The market share of this kind of vessel is carried out by domestic private transporter such as HTK, Viet Thuan, Hai Nam, ITC CORP, etc. with relatively stable and unchangeable price of transportation compared to the market. Moreover, to ensure fuel for Vietnam's coal-fired thermal power plants, Vietnam has to import a large amount of coal from Australia, Indonesia, Russia and China every year. In 2018, Vietnam imports over 20 million tons of coal.



## 1.2. Comparison with other companies in the same sector/industries

ITEMS	PVT	VTO	VIP	PVX	PVS
Name	Petrovietnam Transportation Corporation	Vietnam Tanker Joint Stock Company	Vietnam Petroleum Transport Joint Stock Company	Petro Vietnam Construction Joint Stock Corporation	PetroVietnam Technical Services Corporation
Charter capital (VND billion)	2.814	799	684,71	4.000	4.780
Owner's equity as at December 31, 2018	5.140	1.132	1.121,22	2.126,68	12.155
Revenue in 2018	7.523	821	777,69	3.362,07	14.667
Profit after tax in 2018	780	85	80,73	(309,88)	549
ROE	15,18%	7,51%	7,20%	-14,57%	4,52%
Price (March 04, 2019)	VND 17,600 per share	VND 8,630 per share	VND 7,450 per share	VND 1,600 per share	VND 21,800 per share

For the enterprises in the same industry, the market prices of other shares are lower than or equal to ½ of the par value of PVT share. The returns on equity of other ones are lower than 10% and equal to ½ of PVTrans's one. For the enterprises of same oil and gas industry, the PVS shares' price is higher than PVTrans shares' price but the PVS's ROE is still much lower than PVTrans's one.



## II. Board of Management's report

### 2.1. Business performance in 2018

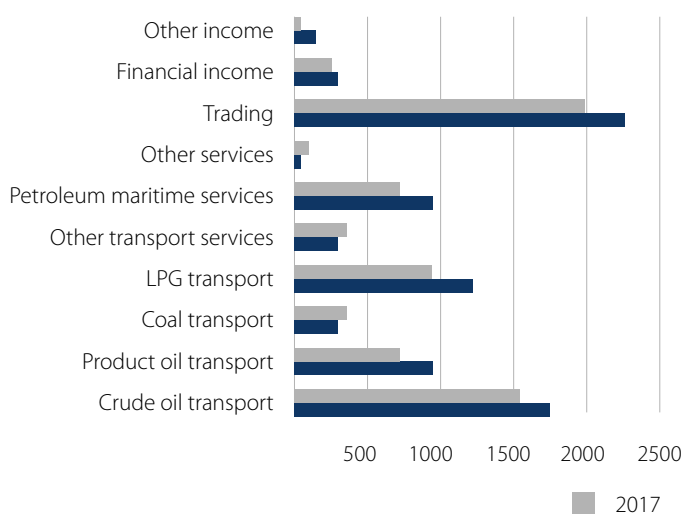
In 2018, PVTrans's governing body drastically directs to implement the business activities, deal with difficulties to ensure the stable operation for not only the parent companies but also all subsidiaries of PVTrans. Despite the impact of decrease in transportation demand and increase in fuel price, PVTrans and its subsidiaries are profitable



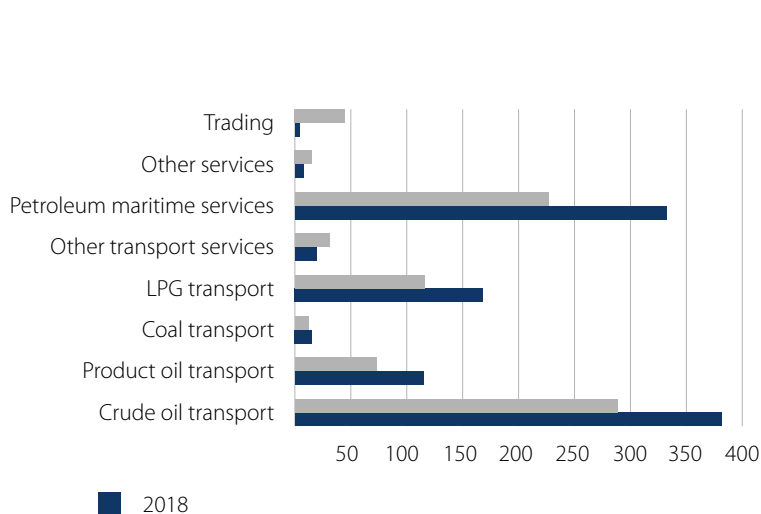
Unit: VND billion

Items	Annual Plan 2018	Actual 2018	Completion ratio to plan 2018 (%)	Growth rate 2018 against to 2017
Revenue	5,250	7,836	149%	123%
Profit before tax	440	975	222%	145%
Profit after tax	357	780	219%	146%
Payables to the State Budget	209	534	255%	154%
Profit before tax/Charter capital	16%	35%		

Structure of revenue



Structure of gross profit



**Crude oil transportation:** In 2018, PVTrans carried out 91 shipments of crude oil (equivalent to about 7.3 million tons) to Dung Quat Oil Refinery Plant (DQS) to ensure the input for BSR's operation, and 06 shipments of crude oil by VLCC (equivalent to about 1.5 million tons) from Kuwait to Nghi Son. Therefore, in 2018, PVTrans transported more than 13 crude oil shipments, equivalent to 2.74 million tons. Because of the increase in output, revenue from crude oil transportation in 2018 grew 44% compared to 2017 (equivalent to VND 545 billion) and gross profit grew 31% against to 2017 (equivalent to VND 90 billion). Currently, PVTrans accounts for 100% market share of the crude oil transportation in the domestic.

**Product oil/chemical transportation:** With a stable output from DQS and trial output from NSRP, PVTrans has transported oil products to PVOil and other petroleum hubs. In 2018, PVTrans implemented 427 shipments (equivalent to about 2 million m<sup>3</sup> of petroleum), which are higher than 156 shipments (equivalent to about 0.85 million m<sup>3</sup>) of 2017. In

addition, PVTrans has operated 07 vessels safely, efficiently and continuously in the international market. Due to the increase in output, revenue from refined oil/chemicals grew 22% compared to 2017 (equivalent to VND 166 billion) and gross profit grew 56% against to 2017 (equivalent to VND 41 billion). PVTrans occupied 30% market share of product oil transportation.

**LPG transportation:** PVTrans occupied 100% market share of LPG transportation in the domestic through contracts with BSR, PVGas, GPP Ca Mau and Nghi Son Oil Refinery and Petrochemical Plant. In 2018, PVTrans transported 1,064 shipments (equivalent to 1.08 million tons of LPG) by vessels and barges and about 110,000 tons of LPG by tankers to southern provinces and Cambodia. Therefore, the output in 2018 has increased by 14% compared to 2017. In addition, due to increase in the number of ships to the international market, this revenue in 2018 grew 42% compared to 2017, equivalent to 360 billion VND and gross profit in 2018 increased 39% compared to 2017, equivalent to 63 billion VND.



**Bulk cargo (coal) transportation:** PVTrans has invested in Supramax bulk cargo carrier – named PVT Sapphire - together with some carriers of PVTrans Hanoi, NVTrans and rent ones to implement transportation/transshipment of coal from abroad to the power plants in Vietnam, with capacity of 1.27 million tons of coal. Besides the domestic market, PVTrans also developed services in the international market, in order to utilize maximum capacity of transportation and improve it in the international market. Revenue from this activity in 2018 reduced by VND 30 billion, equivalent to 13% compared to 2017; however, gross profit increased by VND 4 billion, equivalent to 40%, due to the coal transshipment to Vung Ang with high cost but lower profit margin in 2018.

**FSO/FPSO:** PVTrans OFS continued to operate FSO PVN Dai Hung Queen at Dai Hung oilfield, FPSO Lewek Emas at Chim Sao oilfield, FPSO Song Doc (MV 19) stably and safely. PVTrans OFS has maintained a high uptime rate and ensured no accidents or interruption of business activities due to technical errors for oilfields' safe and stable operation and customers' respect. In 2018, PVTrans started to provide services and manpower to prepare for the CPP project of Sao Vang and Dai Nguyet oilfield for Idemitsu.

**Commercial and logistics services:** Apart from effective crude oil, product oil and LPG transportation, PVTrans also conducts other services such as: marine agency, maritime trading, office car rental, LPG/CNG tanker, etc. These services supported to the core business, ensured preservation of capital, increase in revenue and efficiency.

**Management and administration:** The PVTrans' management executives has made drastic solutions to regulate and improve the efficiency of management and administration in the business activities. Improvement of financial management has ensured PVTrans's financial balance and cash flow; arrangement of credit and foreign currencies has ensured business activities as well as developed the fleet; finance and balance the financial situation in the parent company and subsidiaries have ensured to maintain stable financial indicators and fulfill all obligations to the State. PVTrans team has always kept the high solidarity in business activities, developing the fleet to improve ability of competitiveness in the domestic and international markets.

PVTrans has continued to manage fuel consumption standards, cargo wastage, ship budget, regular operation and repair costs, and dock cost strictly; to fulfill and develop technical and economic norms; to review procedures/regulations; to save more cost and rationalize operation; to implement the campaign of saving and against-waste in whole PVTrans.

PVTrans has continued to improve the ability of auditing department, monitoring and supervision in subsidiaries to prevent, detect and resolve some mistakes, improve business efficiency, overcome the subsidiaries' shortcomings of management timely as well as suggest efficient solutions.

**Human resources and training:** The average number of employees in 2018 is 1,797 people, equal to 97% of the plan. The average income has reached VND 18.9 million/person/month, equal to 109% of the plan. The productivity has reached VND 365 million/person/month, equivalent to 171% of the plan. PVTrans has trained 2,504 turns of people, reaching 119% of the plan, especially, PVTrans has organized in-house training courses which are low costs and definitely

effective. The training content aligned with reality of PVTrans and subsidiaries' business activities.

In 2018, PVTrans has continued to maintain the export of crew members and labor to foreign fleets that highly respected by customers.

**Scientific and technological research:** As a company in shipping services, the research topics has been still limited. However, PVTrans has launched and maintained the development of innovations, overcome disadvantages and shortcomings in business activities and management system. PVTrans has completely managed the fleet of crude oil, product oil/chemicals, LPG and supplied shipping management services for outside ship owners (including dry cargo vessels) and met their strict requirements such as Shell, Exxonmobil, Total, Enoc, etc in the international market. The improvement of technical management according to international standards has contributed to save about tens of billion Vietnamese dong per year for fleet in comparison with services from foreign companies.

**Saving and anti-waste campaign:** From the beginning of the year, PVTrans and the subsidiaries has planned and registered savings plan. The saving cost has included saving management and investment costs, reviewing fuel consumption standards, rationalizing the operation process which has led to reduce 3-4% of fuel costs, reduce costs of supplies and spare parts, reduce repairing and upgrading unnecessary items, shorten the time of repairing, actively train and maintain Vietnamese crew in all positions, and arrange the suitable shifts for the crew. PVTrans has strictly complied with the Bidding Law with projects of investment, renovation, purchasing of equipment and materials and ensuring savings and efficiency in investment. In 2018, PVTrans and the subsidiaries have saved VND 43.71 billion, reaching 144% of the plan.

**Restructuring and enterprise innovation:**

PVTrans has completely divested 5,203,772 shares, equivalent to 22.63% of the charter capital in Cuu Long Company (PCT) in accordance with the regulations and the Charter. The divestment ensures the preservation of PVTrans's capital in PCT.

**Restructuring PVTrans Oil:** PVTrans has completely reduced ownership ratio from 67.99% down to 51% of charter capital. To improve the management quality, corporate governance, transparency and to facilitate the mobilization of capital for investment and development of subsidiaries, nowadays, PVTrans has required 4 subsidiaries listing (01 listed one on Hochiminh Stock Exchange and 03 listed ones on Upcom). PVTrans will continue to accelerate listing for the other subsidiaries and transfer the qualified listed subsidiaries from the UPCoM into the official stock exchanges.

## 2.2. Investment and implementation of projects

### 2.2.1 Implementation of large projects in 2018

All PVTrans's projects meet their schedules.

#### a) Parents company:



#### Investment in Aframax crude oil vessel

Time: May 2018

Capacity: 105,387 DWT

Objectives: Rejuvenate the current fleet

The vessel has been operated as voyage which transports crude oil to Dung Quat Oil Refinery.



#### Investment in Supramax bulk carrier

Time: November 2018

Capacity: 56,024 DWT

Objectives: Transport coal for international market and the thermal power plants

The carrier has transported coal from Indonesia, Australia to Vinh Tan thermal power plant of EVN efficiently..

#### b) Subsidiaries:



#### Investment in LPG vessel in International Gas Product Shipping Joint Stock Company (Gas Shipping)

Time: September 2018

Capacity: 3,586 CBM

Objectives: Improve competitiveness, rejuvenate the fleet

The LPG vessel has been operated effectively.



#### Investment in three LPG vessels at Nhat Viet Transportation Corporation (NVTrans)

Vessel 1

Time: February 2018

Capacity: 3,753 MT

Objective: Improve competitiveness

The LPG vessel has been operated efficiently.



#### Investment in three LPG vessels at Nhat Viet Transportation Corporation (NVTrans)

Vessel 2

Time: January 2019

Capacity: 3,856.39 MT

Objective: Improve competitiveness

The LPG vessel has been operated efficiently.



#### Investment in three LPG vessels at Nhat Viet Transportation Corporation (NVTrans)

Vessel 3

Time: December 2018

Capacity: 4,302 MT

Objective: Improve competitiveness

The LPG vessel has been operated efficiently.



### Investment in product oil tanker in Phuong Dong Viet Transportation Oil Joint Stock Company

Time: Quarter 1 of 2019

Capacity: 13,000 DWT

objective: Improving competitiveness

#### 2.2.2 Long-term financial investment:

Company	December 31, 2018		December 31, 2017	
	Investment (VND thousand)	Ownership rate (%)	Investment (VND thousand)	Ownership rate (%)
<b>Investment in subsidiaries</b>				
Petrovietnam Transportation Vung Tau Joint Stock Company	156.000.000	99,85%	156.000.000	99,85%
Petrovietnam Transportation Hanoi Joint Stock Company	107.800.000	50,5%	107.800.000	50,5%
Petrovietnam Transportation Quang Ngai Joint Stock Company	7.600.000	50,67%	7.600.000	50,67%
Southern Petroleum Transportation Joint Stock Company	405.632.000	69,63%	405.632.000	69,63%
Pacific Petroleum Transportation Joint Stock Company	612.000.000	64,92%	612.000.000	64,92%
International Gas Product Shipping Joint Stock Company	203.209.000	67,74%	203.209.000	67,74%
Indochina Petroleum Transportation Joint Stock Company	43.677.500	48,67%	43.677.500	48,67%
Phuong Dong Viet Transportation Oil Joint Stock Company	137.869.870	67,99%	137.869.870	67,99%
Nhat Viet Transportation Corporation	156.886.200	51%	105.886.200	51%
<b>Investment in affiliates</b>				
PTSC Production Services	97.000.000	48,5%	97.000.000	48,5%
Cuu Long Transportation services Joint Stock Company(*)	-	0%	52.037.720	22,63%
<b>Investment in other entities</b>				
PV KEEZ Pte. Ltd.	45.937.767,3		45.937.767,3	

(\*) Total capital has been divested (5,203,772 shares).

## 2.3. Financial situation in 2018

### 2.3.1 Auditors' opinions

In the auditors' opinion, the consolidated financial statements for the year ended 31 December 2018 present fairly, in all material respects, the consolidated financial position for the Corporation as at 31 December 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting. They draw attention to Note 11 of the Notes to the consolidated financial statements about the impact of changes in estimated useful lives of fixed assets (presented in Part V – The consolidated financial statements of this Report). Their opinion is not modified in respect of this matter.

### 2.3.2 Assets and Equity

Unit: VND billion

No.	Item	December 31, 2018	% Total assets in 2018	December 31, 2017	% Total assets in 2017	Growth rate 2018/2017
<b>I</b>	<b>Current assets</b>	<b>4.249</b>	<b>41,65%</b>	<b>3.895</b>	<b>42,32%</b>	<b>9,09%</b>
1.	Cash and cash equivalents	1.278	12,53%	1.959	21,29%	-34,76%
2.	Short-term financial investments	1.572	15,41%	961	10,44%	63,61%
3.	Receivables	1.088	10,66%	816	8,87%	33,29%
4.	Inventories	151	1,48%	95	1,04%	58,63%
5.	Other short-term assets	159	1,56%	63	0,68%	152,83%
<b>II</b>	<b>Non-currents assets</b>	<b>5.953</b>	<b>58,35%</b>	<b>5.308</b>	<b>57,68%</b>	<b>12,14%</b>
1.	Long-term receivables	9	0,09%	9	0,10%	2,49%
2.	Fixed assets	5.627	55,16%	4.967	53,96%	13,30%
3.	Long-term assets in progress	1	0,01%	1	0,01%	-29,22%
4.	Long-term financial investment	191	1,87%	240	2,60%	-20,32%
5.	Other long-term assets	125	1,23%	92	1,00%	35,32%
	<b>Total assets</b>	<b>10.202</b>	<b>100%</b>	<b>9.204</b>	<b>100%</b>	<b>10,85%</b>
<b>III</b>	<b>Liabilities</b>	<b>5.063</b>	<b>49,62%</b>	<b>4.542</b>	<b>49,35%</b>	<b>11,47%</b>
1.	Current liabilities	2.405	23,57%	1.973	21,44%	21,89%
2.	Long-term liabilities	2.658	26,05%	2.569	27,91%	3,46%
<b>IV</b>	<b>Equity</b>	<b>5.140</b>	<b>50,38%</b>	<b>4.662</b>	<b>50,65%</b>	<b>10,25%</b>
	<b>Total liabilities</b>	<b>10.202</b>	<b>100%</b>	<b>9.204</b>	<b>100%</b>	<b>10,85%</b>

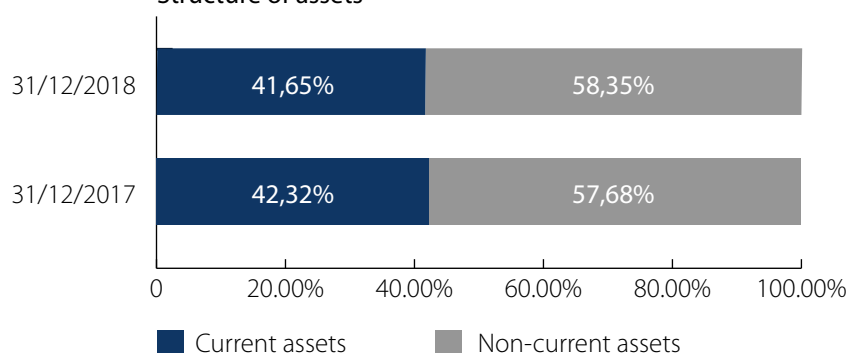
#### Structure of assets:

**The structure of asset** is relatively stable over the years. As at 31 December 2018, short-term assets has accounted for 41.65% and long-term assets has accounted for 58.35% of total assets. Total assets as at 31 December 2018 has increased by 10.85% compared to 2017 because short-term assets has increased by 9.09% and long-term assets has increased by 12.14% compared to 2017.

**Structure of current assets:** In order to utilize funds effectively, PVTrans has transferred from non-term deposits into deposits with maturity term from 03 to 12 months at commercial banks with annual banking interest rates from 5.1%/year to 7.4%/year. This has made the proportion of "short-term financial investments" in 2018 to increase by 63.61% and "cash and cash equivalents" to decrease by 34.76%.

**Receivables at the end:** of 2018 has increased by 33.29% compared to 2017 because there has been some subsidiaries' prepayments for vessels for their partners under the signed Contracts. In addition, there was reversal of compensation representing receivable of PVTrans Pacific (subsidiary) regarding to deposit contract at Vietnam Joint Stock Commercial Bank for Industry and Trade - Nha Be Branch. Although PVTrans has had bad debts, the BOM has made full provision according to regulations. Total collections from bad

Structure of assets

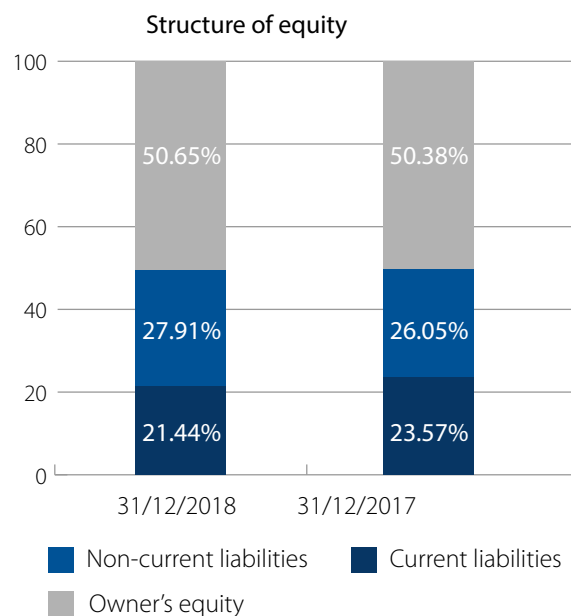


debts in 2018 are 2,418,631,051 VND. PVTrans has maintained policy of receivables and applied collection time from 40 to 45 days. In 2018, PVTrans and the subsidiaries' investment of 7 vessels has caused balance of inventories and value added tax in comparison to 2017. Therefore, the balance of "Inventories" by the end of 2018 has increased by 58.63% "Other short-term assets" has increased by 152% compared to 2017.

**Structure of non-current assets:** Non-current assets as at 31 December 2018 has increased by 12.14% compared to 2017 because PVTrans has accelerated the investment of 7 vessels.

#### Structure of equity:

In the structure of equity in 2017 and 2018, owners' equity has always accounted for more than 50% of total resources and stable, ensuring development of PVTrans' business activities. Liabilities at the end of 2018 increased by 11.47% compared to the end of 2017 due to the prepayments of charter expenses and an increase in interest expense. Moreover, the investment in 2018 made an increase in long-term loans at banks to ensure the total investment in 2018. PVTrans has maintained policy of payables reasonably and strictly, consistent with PVTrans' reality and customers' policies. PVTrans has always fulfilled obligation of payables to the State bodies, partners/suppliers according to regulations.



### 2.3.2 Profit and loss statements

Unit: VND billion

Items	2017	%/net revenue 2017	2018	%/net revenue 2018	Growth rate 2018/2017
<b>Net revenue</b>	<b>6.148</b>	<b>100%</b>	<b>7.523</b>	<b>100%</b>	<b>22,37%</b>
Cost of goods sold	5.302	86,24%	6.440	85,60%	21,47%
Gross profit	846	13,76%	1.083	14,40%	28,06%
Financial income	188	3,06%	208	2,76%	10,57%
Financial expenses	161	2,62%	158	2,11%	-1,54%
In which: interest expenses	152	2,47%	122	1,62%	-19,79%
<b>Income from investment in join ventures and associates</b>	<b>27</b>	<b>0,44%</b>	<b>26</b>	<b>0,35%</b>	<b>-2,69%</b>
Selling expenses	10	0,15%	10	0,13%	6,10%
General and administration expenses	233	3,79%	271	3,60%	16,39%
Operating profit	658	10,70%	878	11,67%	33,50%
Other income	21	0,35%	105	1,39%	389,91%
Other expenses	8	0,13%	8	0,10%	-6,07%
<b>Other profit</b>	<b>13</b>	<b>0,22%</b>	<b>97</b>	<b>1,29%</b>	<b>628,96%</b>
<b>Total profit before tax</b>	<b>671</b>	<b>10,91%</b>	<b>975</b>	<b>12,96%</b>	<b>45,34%</b>
Current corporate income tax expense	154	2,50%	206	2,74%	34,40%
Deferred corporate income tax	(16)	-0,27%	(11)	-0,15%	-30,31%
<b>Net profit after corporate income tax</b>	<b>534</b>	<b>8,68%</b>	<b>780</b>	<b>10,37%</b>	<b>46,17%</b>
<b>Basic earnings per share (VND/share)</b>	<b>1.507</b>		<b>2.183</b>		<b>44,86%</b>

The profit after tax in 2018 increased by 46.17% compared to 2017 as a result of the following reasons:

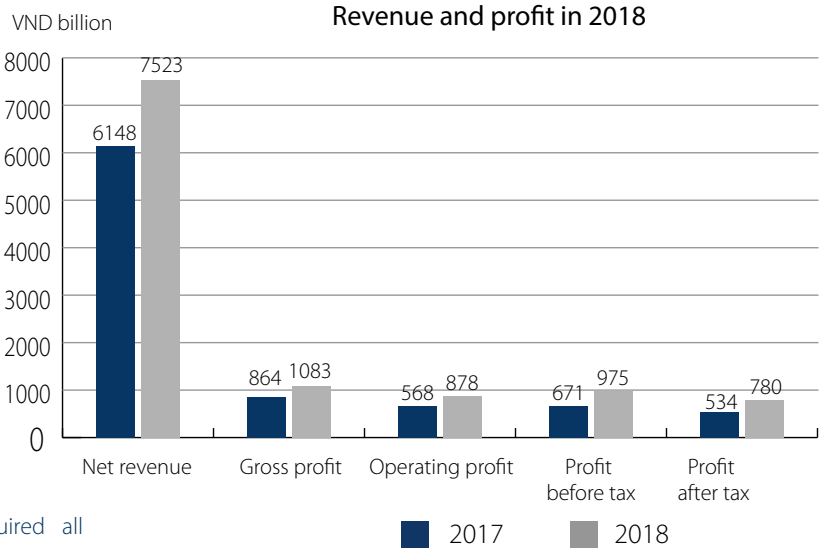
» Net revenue grew by 22.37% from core business activities: Revenue from crude oil transportation increased by 43.80%, equivalent to VND 546 billion; Revenue from oil product transportation increased by 21.71%, equivalent to VND 166 billion; and revenue from LPG transportation increased by 42.37%, equivalent to VND 360 billion. Oil and gas maritime services also increased by 31% and trading also increased by 11% compared to 2017. The growth of revenue from core business activities has expressed the proper strategy of development in core business activities.

» Financial income increased by 10.57% due to interest from exchange rate differences and time deposits.

» General and administration expenses increased by 16.39%, only from an increase in salary costs to meet business development. Outsourced and other expenses increased insignificantly, because the executive board always required all departments and subsidiaries to cut costs.

» Other income in 2018 increased by 389% compared to 2017 due to interest from vessels liquidation to rejuvenate the fleet and enhance the competitiveness according to PVTrans's long-term strategies.

» Impact of foreign exchange rate differences to business performance: PVTrans has foreign-currency loans and revenue, however, revenue from foreign exchange rate accounted for insignificant proportion of total revenue (0.62% of total revenue).



» Impact of interest rate differences to business performance: PVTrans has interest by foreign currency. The bank interest in 2018 is VND 122 billion which accounted for 1.55% of total revenue and 1.77% total expenses. In other hands, for these loans, because PVTrans planned to prepare the cash flow, there were no volatilities or effects on PVTrans's business activities.

### 2.3.3 Analysis of financial indicators

ITEMS	Unit	2016	2017	2018
<b>1. Liquidity ratios</b>				
- Current ratio	time	1,99	1,97	1,77
- Quick ratio	time	1,94	1,93	1.70
<b>2. Solvency ratios</b>				
- Debt to assets ratio	%	52,22%	49,35%	49,62%
- Debt to equity ratio	%	109,31%	97,43%	98,50%
<b>3. Operational capacity ratios</b>				
- Total assets turnover	time	0,72	0,67	<b>0,78</b>
- Inventory turnover	time	63,22	58,45	<b>52,23</b>
<b>4. Profitability ratios</b>				
- Net profit after tax/Net revenue	%	7,18%	8,68%	10,37%
- Return on equity (ROE)	%	11,17%	11,87%	15,92%
- Return on assets (ROA)	%	5,16%	5,84%	8,04%
- Operation Net profit /Net revenue	%	8,35%	10,70%	11,67%



**Solvency:** The current ratio and the quick ratio are nearly 2, indicating that PVTrans has good ability to pay short-term debts.

**Capital structure:** The debt to assets ratio is relatively stable (about 50% of total assets). This is safe in capital structure.

**Operational capacity:** For shipping industry, inventory is mainly fuel on board. PVTrans and the subsidiaries have controlled inventory on board very well so that the storage days are only 5 - 6 days. For efficiency of asset utilization, PVTrans has utilized assets effectively and ultimately to gain high revenue and profit through asset turnover around from 0.7 to 0.8 times. PVTrans has also maintained policy of asset management efficiently, not caused asset loss or waste of asset utilization.

**Profitability:** Overall, the profitability of PVTrans is good and grows year by year. Profit after tax accounted for 7 to 11% of net revenue and grew up to 10.37% in 2018. Return on equity is high and stable, ROE is nearly 12% in the period of 2016 - 2017 but increased nearly 16% in 2018.

## 2.4. Report on subsidiaries' business performance

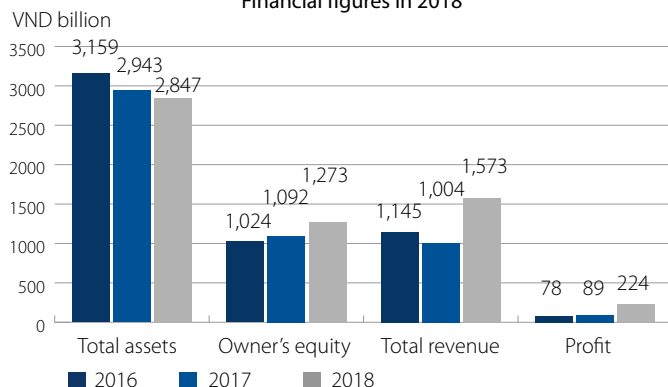


**PVTrans Pacific** is responsible for crude oil transportation in the domestic and international. This is the unique subsidiary in PVTrans as well as in Vietnam to operate three (03) Aframax crude oil tankers (over 100,000 DWT). In 2018, despite a decline from the market, PVTrans Pacific operated the fleet actively, minimized operating costs, minimized off-hire time, and improved business efficiency to ensure the approved plan. In 2018, because Dung

Quat Oil Refinery Plant operated stably, PVTrans Pacific carried out 7-8 shipments of crude oil from domestic oilfields to the plant. The company has arranged 02 specialized ships and 01 voyage to carry out 91 shipments of crude oil for BSR with an estimated capacity of 7.3 million tons, ensure the alternative inputs for BSR's activities and oilfields absolutely. For the crude oil transportation by VLCC to NSRP's trial operation, Pacific has actively cooperated with major VLCC owners such as SK Shipping, Maran Shipping and several brokers such as SSY, How Robinson, MC Quilling to implement 06 VLCC shipments of crude oil from Kuwait to Nghi Son, with an estimated capacity of about 1.5 million tons, as a premise for investing in VLCCs in 2019.

In 2018, PVTrans Pacific was one of the two subsidiaries which was honored as top 500 best profitable enterprises in Vietnam (Profit 500) and top 500 biggest enterprises in Vietnam (VNR500).

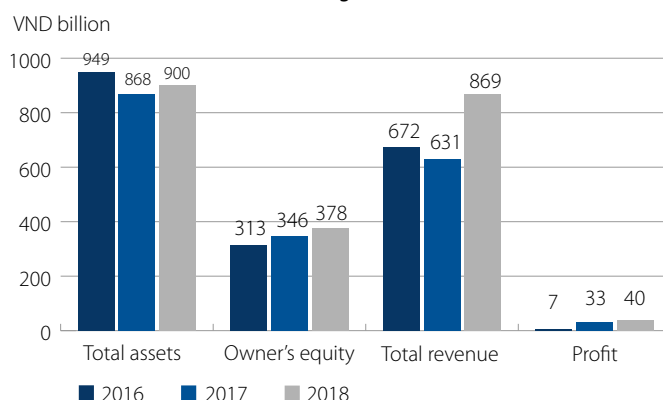
Financial figures in 2018



**Phuong Nam** managed and operated medium and large size oil tankers (about 20,000 DWT or more) in the international and domestic markets. In 2018, the company continued to be transport for PVOil in the domestic market, and the oil product distribution branch of PetroVietnam to NSRP. In the international market, the Company continued to operate Dolphin, Eagle and Sea Lion vessels effectively. With all

efforts, in 2018, the company partly reduced costs and ensured the cash flow for business activities, and fulfilled the business targets. In 2018, the Company carried out 426 shipments with capacity of nearly 2.1 million liters of gasoline. Phuong Nam Company has operated safely, continuously and effectively 08 vessels in the international market.

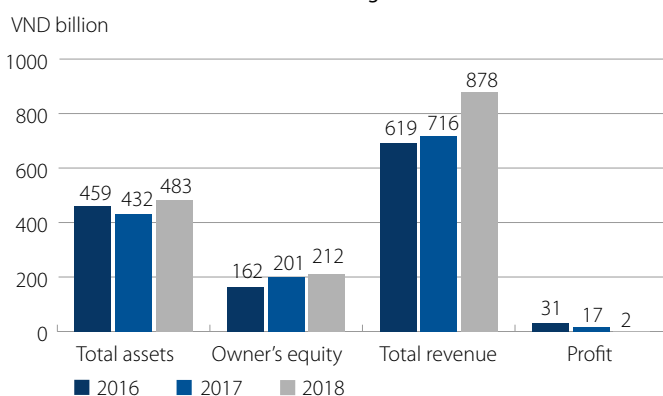
Financial figures in 2018



**Phuong Dong Viet (PV Trans Oil)** manages and operates small-sized oil tankers (20,000 DWT or less), mainly focuses on international market and partly domestic one. As other transportation companies, PV Trans Oil has also suffered large influence of the plunge in price of charter from the international market. In 2018, in order to support PV Trans Oil in management,

investment and development, PVTrans rearranged the PVTrans Oil's management team. In the end of 2018, PVTrans Oil also completed the plan of attracting capital from VND 200 billion to VND 266 billion and invested in 01 Synergy product oil tanker. In 2019, PVTrans Oil will continue to improve capacity of fleet as well as investment, management and administration to ensure the approved plan of business performance.

Financial figures in 2018



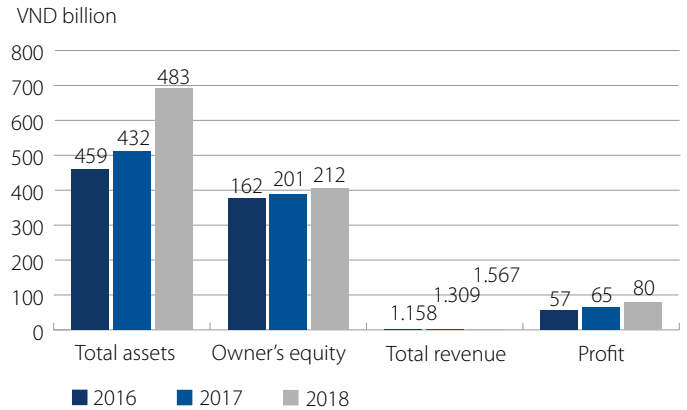


**Gas Shipping** continues to transport domestic LPG to PVN's members. Besides, Gas Shipping has actively participated in LPG transport in the international market. In 2018, the Company invested LPG Thang Long Gas carrier. Gas Shipping implemented annual LPG transport contracts for BSR, PetroVietnam Gas Joint Stock Corporation, GPP Ca Mau, and NSRP, etc. Currently, Gas Shipping and NVTrans have accounted for 100% of the LPG market

share in the domestic market. In 2018, Gas Shipping carried out 1,064 shipments and barges with capacity of 1.08 million tons of LPG. Besides, Gas Shipping also transported LPG by vehicles with capacity of about 110,000 tons to the southern provinces and export to Cambodia. In order to optimize profits, Gas Shipping and NVTrans also operated in the international market, including 6-7 LPG carriers in the international market to meet international demand of the size of 3,500 CBM with reasonable rental price. With the accurate objectives and understanding of advantages and disadvantages, Gas Shipping will invest in fleet and VLGC to participate in the global market.

In 2018, Gas Shipping was also one of the two PVTrans's subsidiaries which was honored as top 500 best profitable enterprises in Vietnam (Profit 500) and top 500 biggest enterprises in Vietnam (VNR500).

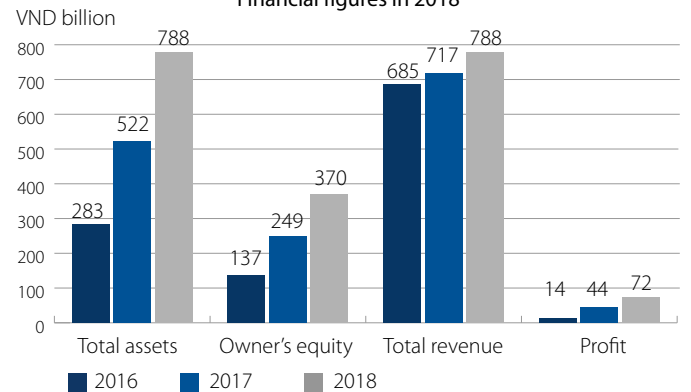
Financial figures in 2018



**Nhat Viet Transportation Corporation (NV Trans)** Together with Gas Shipping, NV Trans also transports LPG. In 2018, due to settlement of difficulties, the investment and development of the fleet was strongly implemented. As a result of cost control and increase in investment, NVTrans' business activities in 2018 continue to be efficient and evaluated the most efficient subsidiary in PVTrans. NV Trans's trademark will become

stronger and well-known in the domestic and international markets for LPG and bulk cargo transportation.

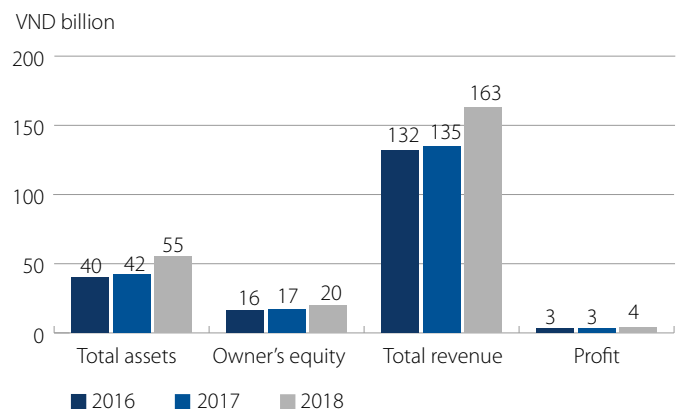
Financial figures in 2018



**PV Trans Quang Ngai** PV Trans Quang Ngai is the leading company in maritime service in the central region, concentrating on maritime agency services, fuel and material supplying services, high-quality terminal repair services to PV Trans' fleet and other entities in Quang Ngai. In 2018, PV Trans Quang Ngai made significant progress in investment in gas filling stations to increase corporate income. Within clear

strategy, the Company has gradually occupied gas supply and retail market share in the central region, through a series of retail stores that create a premise for sustainable development in the future.

Financial figures in 2018



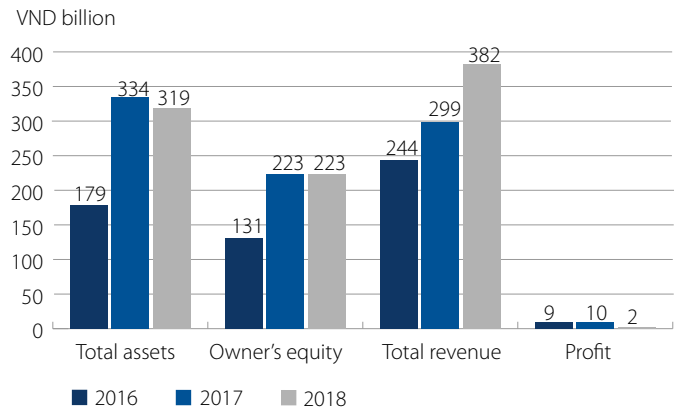




**PV Trans Hanoi** has operated in shipping transportation, maritime agency, trading and vehicles, etc in the northern region. In 2017, after completing restructuring with the orientation of a bulk cargo shipping company (investing in PVT Aroma bulk cargo carrier), the owners' equity and assets increased from strategic investors' capital. In 2018, after restructuring the management staffs, PV Trans Hanoi continued to conduct business activities

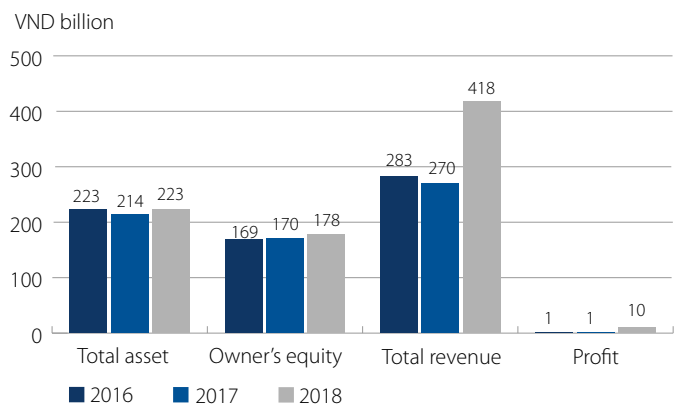
well, develop bulk cargo transportation, maritime agency services for inside and outside PVTrans. PV Trans Hanoi has also developed some new services such as dry cargo ship management, agent for more than 10 VLCC shipments in Nghi Son, and other maritime services.

Financial figures in 2018



**PV Trans Vung Tau** has operated in maritime agency, trading, vehicles transport, etc. in the southern region. In 2018, PV Trans Vung Tau made a great effort in managing and operating Dragon vessel, developing business activities as well as changing in the management. It made the total revenue in 2018 achieved VND 418 billion, profit was VND 8 billion, grew 700% compared to 2017.

Financial figures in 2018

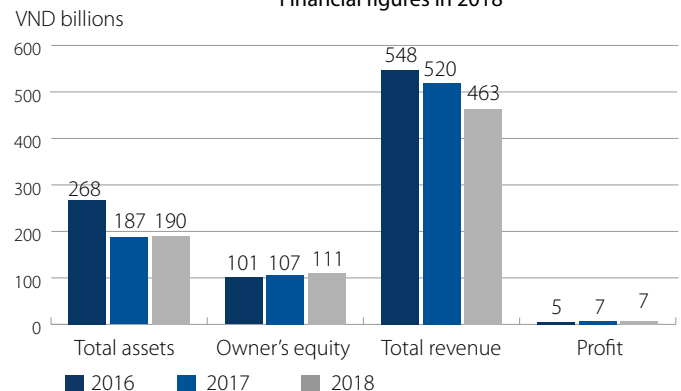


**Dong Duong (PV Trans PTT)**

PV Trans PTT specializes in office car for rental, CNG transportation, trading, etc. After restructuring from loss subsidiary, PV Trans PTT has made a great change in the past two years. In 2018, with great efforts, PV Trans PTT invested 64 office cars for lease in the South region, creating a premise for the development of office car rental services. Currently, with more than 240 office cars, PV Trans

PTT has become the largest company in terms of scale to serve the entire petroleum market in the South region.

Financial figures in 2018



## 2.5. Improvements in organizational structure, policy and management

### 2.5.1 Corporate restructuring

Successfully divesting the entire capital from Cuu Long Petroleum Transport and Service Joint Stock Company (PCT).

PVTrans cooperated with PVN in developing a plan to decrease PVN's ownership ratio in PVTrans from 51% to 36% of charter capital, sought and contacted partners to transfer/attract capital, thereby improve financial resources and ability of competitiveness for PVTrans.

PVTrans has plunged the ownership ratio in Phuong Dong Viet Transportation Oil Joint Stock Company to at least 51%.

PVTrans has always focused on core business development, gradually eliminating inefficient business lines.

### 2.5.2 Improvement of Policy and management

PVTrans has always focused on reviewing, adjusting and improving the management, evaluating KPIs to each individual, each department, each subsidiary. Besides, PVTrans also regularly reviews and updates regulations/policies towards simplifying to make business activities more effectively.



#### Financial management

Reviews and rectifies the synthesis, reports and plans towards simplifying unnecessary reporting forms;

Develops and implements the management of finance and cash flows.

Reviews and implements investment and management of trading.



#### Management of business activities

Issues and updates regulations/rules on fuel consumption, fuel loss, ship management budget norms, operating budget for each unit/department. Focuses on savings and anti-waste in business activities and considers them as important duties;

Assigns business plans to departments, branches and subsidiaries. PVTrans always follows the reality to make the program of implementing business activities, and campaign of thrift and anti-waste throughout PVTrans;

Implementing the inspection in PVTrans and always monitors the plans of each subsidiary in each quarter;

The saving and anti-waste have achieved many remarkable results: In 2018, PVTrans saved nearly VND 44 billion, decreasing down to 17% compared to 2017, mainly from costs for business.



#### Personnel organization

Organizes, arranges and consolidates the organizational structure in PVTrans as well as the subsidiaries.

Reviews, amends and supplements regulations on training, remuneration, salary management and policies for employees in accordance with the PVTrans's reality.



#### Market development

Actively selects safe markets with good prices.

Improves the marketing activities to strengthen the name of PVTrans to the domestic and international markets.

Sets up the flexible market policies, actively copes with activities of market and oil price fluctuations.



#### Control and supervision

Improves inspection, supervision, arrangement of internal auditing to prevent, detect and handle violations to improve the efficiency of operations.

Reviews and finalizes the Regulation on coordination of activities between the BOD, the BOM and the BOS as well as the Regulation on disclosure of information.



#### Administrative management

Reviews and amends the Regulation on administration.

Also regularly organizes the inspection of management activities at subsidiaries, promptly adjusts the shortcomings in the management and operation, and supports the subsidiaries to solve problems/difficulties. Accordingly, PVTrans's management has changed positively, and contributed to improve the efficiency of business activities.

## 2.6. Business plan in 2019

### 2.6.1. Main tasks:

Under prediction of difficulties of shipping transportation in 2019, PVTrans has expressed the following main tasks:



#### a. Restructuring:

Continuing to restructure and innovate the company according to the plan of restructuring for the period of 2016-2020 as approved by Shareholders to ensure progress, quality and efficiency.

Actively implementing investment in the fleet, increasing the supply of diversified transportation services based on the current capacity of PVTrans and subsidiaries.

#### b. Business activities:

Carrying out the safe and timely transportation of crude oil input as well as refined oil and gas output from Dung Quat Oil Refinery Plant, distributed by PVN's members; Catching all opportunity to transport at least 25% of crude oil and 40% of product oil to NSRP; Participating in transporting crude oil as well as oil and gas products in the domestic and foreign markets as well as supplying the vessel lease services in the international market to utilize the capacity of existing fleet and increase income from foreign currency.

and ensure investment efficiency; developing plans to supply, transport and transship coal to the factory.

Improving safe and efficient transportation of LPG/CNG by vehicles.

Developing related services to increase revenue and improve efficiency of capital utilization; participating in the transportation of materials, equipment and goods for customers efficiently.

Improving corporate governance; strictly controlling the financial indicators of the parent company and the whole Corporation; focusing on directing the subsidiaries to balance the cash flow; improving the efficiency of capital utilization and optimizing costs to ensure savings and against-waste in service chain to improve business efficiency of subsidiaries and the whole Corporation gradually.

Strengthening research and development of capital mobilization plans; proceeding to mobilize capital directly from the stock market and reduce dependence on banks.

Operating well and ensures safe and efficient to FSO PVN Dai Hung Queen at Dai Hung oilfield, FPSO Lewek Emas at Chim Sao oilfield, FPSO Song Doc (MV 19); continuing to perform well the pre O&M contract for the development project of Sao Vang and Dai Nguyet for Indemitsu.

Improving marketing, conducting and participating in coal transportation for coal-fired thermal power plants of EVN, TKV and PVN; actively attracting investment in appropriate means of transport to meet customers' demands

#### c. Investment:

Actively investing in projects according to the approved plan of 2019 by the Shareholders based on the careful research of transportation needs, financial capacity and management experience of the parent company and each subsidiary.

Investing in accordance with the law; ensuring efficient use of capital; completing procedures for making and submitting ship investment projects for approval; simultaneously implementing solutions to control the project progress to ensure investment and disbursement on schedule.



Kinds of vessels	The number of vessels	Deadweight (DWT)
Product oil/chemicals	1	10.000 - 20.000
Bulk cargo carrier	1	50.000 - 80.000

Contributing VND107 billion into Phuong Dong Viet (subsidiary) to maintain the ownership ratio of 51% of charter capital

Contributing VND102 billion into Nhat Viet (subsidiary) to maintain the ownership ratio of 51% of charter capital

#### Plan of investment in subsidiaries:

Company	Types of vessels
PVTrans Pacific	01 VLCC crude oil tanker 01 Aframax crude oil tanker
Nhat Viet	01 LPG carrier with capacity of 3,000 CBM 01 bulk cargo carrier/barge with capacity of 10,000 – 15,000 DWT
Gas Shipping	01 VLGC with capacity of 85,000 CBM 01 LPG carrier with capacity of 5,000 CBM
Phuong Dong Viet	03 product oil/chemicals vessels with capacity of 10,000 – 20,000 DWT
PVTrans Vung Tau	01 Handysize bulk cargo carrier



**d. Finance:**

Preserving and developing the shareholders' capital; maintaining and improving the indicators to ensure the financial safety.

Diversifying forms of capital mobilization for investment (bank loans, corporate bond issuance, etc.), ensuring compliance with the law and the regulations of PVTrans.



**e. Other tasks:**

Establishing and standardizing a professional working environment; continuing to build PVTrans culture and brand.

Actively participating in social activities; securing enough jobs; improving the material and spiritual lives of employees in PVTrans.

**2.6.2. Main business performance figures in 2019**

Unit: VND billion

No.	Item	Plan for the parent company	Consolidated plan
1	Total revenue	2.250,0	5.500,0
2	Profit before tax	310,0	500,0
3	Profit after tax	260,0	400,0
4	Obligations to the State Budget	115,8	228,2

**2.6.3. Solutions for the plan**

**a. Solutions on business and operation:**

Organizing proper transportation safely and timely of all crude oil input (including imported crude oil) and product output of Dung Quat Oil Refinery to PVN's members.

Working with KPC/PKI partners to be entitled to participate in long-term transportation of crude oil input and product output for NSRP.

Continuing to participate in transporting crude oil and product oil in the international market; strictly managing and supervising the operation of product oil vessels in high risk areas; preparing backup business plans.

Transporting coal safely and effectively to Vung Ang 1 Thermal Power Plant; providing related services for the PVN's projects such as NSRP Complex, Long Phu 1 Thermal Power Plant, Song Hau 1 Thermal Power Plant; LPG to Ca Mau GPP Plant and CNG to CNG Vietnam Joint Stock Company.

Managing and operating safely and effectively FPSO Lewek Emas for Premier Oil at Chim Sao oilfield and FSO PVN Dai Hung Queen at Dai Hung oilfield and FPSO Song Doc ship (MV 19); continuing to performing well the pre-O&M contract for CPP Sao Vang and Dai Nguyet gas-fields.

Improving ship management capacity; technical supervision; planning proper repair and maintenance to reduce off-hire time due to technical reasons; improving efficiency of business; ensuring the periodic repair of dry-dock following to approved schedule and budget; ensuring quality, efficiency and meeting the business's requirements.

**b. Solutions on management and organization:**

Improving the effectiveness of the execution and management in the business activities; improving management and administration in the subsidiaries.

Improving the technical and safety management capacity of the fleet to meet the requirements of international customers; strengthening the approval from oil majors.

Strictly managing fuel consumption norms, cargo loss, ship budget, regular operation and repair costs, dock expense, management expenses; completing and developing economic and technical norms, procedures, regulations; enhancing cost savings and rationalizing operation; implementing the program of thrift and against-waste in whole PVTrans.

Recruiting and training high quality human resources to supply crew members to foreign shipping companies; thoroughly saving operating costs and improving the position of PVTrans; improving the quality of employees, especially Vietnamese staffs on fleet and floating storage.

Improving financial management to ensure financial balance and the cash flow; actively seeking and arranging adequate capital and foreign currency for business activities and investment; handling and balance the finance in the parent company and the subsidiaries to maintain the stable financial indicators and fulfill all obligations to the State Budget.

Establishing and completing PVTrans's organizational structure and model to develop PVTrans into an international transportation company with a professional working environment; updating and applying management systems effectively; enhancing the application of information technology to improve management efficiency.

Applying the quality management system ISO 9001:2015 effectively and practically, in line with the actual management in the company; ensuring that the ISM Code international safety management system to be applied effectively on the fleet.

Improving risk control in business activities (operation, market, debt, etc.) of PVTrans and the subsidiaries.

## 2.7. Investor relations

Following the success of last years, PV Trans continued to develop investor relations in 2018, provision of information to shareholders and investors was updated continuously, adequately, promptly and comprehensively. Communication channels to investors are expanded. PV Trans is always ready meet and interact with interested investors to learn about investment opportunities of PVT shares.

### 2.7.1. Expanding and strengthening channels for information and communication

» Meeting investors directly through securities companies and investment funds:

In 2018, PVTrans contacted with investors, investment funds, directly provided information, and answered investors' questions about PVTrans.

» Welcoming interested individual investors:

PV Trans has always arranged managers to meet individuals to provide more information about PVTrans. In 2018, PV Trans welcomed and answered all the concerns of domestic and foreign investors and securities companies.

### 2.7.2. Upgrading the Corporation's Website

In 2018, PVTrans upgraded PVTrans's website modernly and friendly, specially upgraded the English version for the website to update adequate information for the shareholders and investors day by day.

### 2.7.3. Actively and proactively answering questions and recognizing opinions of shareholders and investors

Investors, shareholders and relatives can send their questions or comments to [info@pvtrans.com](mailto:info@pvtrans.com) provided on the website or the phone number (84.28) 39111301 or fill out the "Contact" form on the website.

PV Trans is always willing to listen and respond quickly.

### 2.7.4. Improving investor relations in 2019

In 2019, the PVTrans's executive board will develop the investor relations, update information about the business activities timely, update and upgrade the website to facilitate shareholders and investors in understanding business performance and investment opportunities.

### 2.7.5. Dividend policy

PVTrans determines that dividend policy must ensure a balance between short-term and long-term objectives. PV Trans must ensure the payment of annual dividends in cash or shares to attract investors and create real value for shareholders, while ensuring balance of financial resources to promptly get the business and investment opportunities for long-term growth. With this orientation, PVTrans will pay the dividends in cash at the rate of 10% of charter capital in 2019.






Profit **2018**  
**968,4** billion vnd

### III. The Board of Directors’ report

#### 3.1. Evaluation of the Board of Directors on the operation

At the beginning of 2018, to aware of the advantages and disadvantages of the international and domestic shipping as well as the oil and gas industry, the Board of Directors has actively implemented the actual and synchronized solutions on strategies and main objectives in 2018 with the orientation to 2025.

With a high responsibility, solidarity and cooperation to complete tasks honestly and carefully for the benefits of Shareholders and PVTrans, the BOD has implemented drastic solutions in the management and administration, instructed the BOM to implement resolutions of the Shareholders, Resolutions of the BOD. As a result, in 2018, PVTrans has exceeded all the targets approved by the Shareholders.

According to the consolidated report of 2018, PVTrans achieved a pre-tax profit of VND 968.4 billion - highest number since its establishment date, exceeding 220% of the AGM’s approval, increasing 44% compared to 2017. PVTrans is one of 03 units reaching the highest rate of return on charter capital in PVN and in Top 50 Best Listed companies in Vietnam 2018s voted by Forbes (USA).

Business activities: In the domestic market, PVTrans has affirmed to be a leading company in the shipping transportation industry and petroleum services in Vietnam, occupying 100% of the market share of crude oil and LPG/LNG transportation. Besides, PVTrans has also focused on expanding and developing bulk cargo transportation (coal) to meet the demand for thermal power plants of EVN such as Duyen Hai 3, Vinh Tan 4, etc. In the international market, PVTrans fleet has gradually improved its competitiveness. PVTrans also has a plan to invest and expand business activities to utilize capacity of transportation and meet the needs of international customers.

Restructuring: PVTrans has successfully restructured in 2018, through the divestment of all capital from Cuu Long Petroleum Services and Transport Joint Stock Company (PCT) to preserve its capital in PCT Company and reduce the ownership ratio in Phuong Dong Viet Company.

Corporate governance: PVTrans always ensures the principles of publicity and transparency in business, investment, finance, employees, etc. in accordance with regulations for public companies. PVTrans concentrates on revising, updating and

completing management through updating and adjusting internal regulations/rules and attach responsibility to each individual and organization. PVTrans combines restructuring with improving management to subsidiaries. In addition, PVTrans also improves the internal control, supervision, auditing and risk control mechanisms by enhancing the capacity of the auditing team, organizing regular and unexpected inspections. The BOD also focuses on assessing risks in business activities, compliance of representatives, and management and administration in PVTrans.

Social activities: In addition to completing the business plan, PVTrans has also concentrated on responsibility for society and the community as well as lives for employees, ensuring stability in the jobs and income for employees. PVTrans has also conducted the political and ideological education very well, motivated the spirit and strengthened the solidarity of employees to for further development of PVTrans.

#### 3.2. Evaluation of the Board of Directors on the Board of Management’s activities

The BOD has fully implemented functions of representatives in supervising the BOM’s activities, suggest appropriate orientation and timely directed to ensure efficient use of resources and achieve targets assigned by the Shareholders in compliance with the law and the Charter. Besides, the BOD has closely coordinated with the BOM to suggest solutions in business in 2018.

#### The BOD’s method of evaluation and supervision

Participating in meetings of the BOM; actively monitoring reports and commenting promptly: In 2018, the BOD organized 04 quarterly meetings as prescribed, extraordinary ones and paper-opinion ones. The BOD attended and raised opinions in all important meetings of the BOM on proposals and projects as well as implemented resolutions/decisions of the BOD, briefings, professional meetings, seminars, conferences on plans, salary and compensation policies. In addition, the BOD monitored and captured the process of the BOM’s management through documents and reports of the BOM and reports of the Internal Audit Department.

Closely coordinating with the BOS: The close coordination between the BOD and the BOS in the inspection and supervision of business management activities has brought efficiency in the management. The members of the BOS attended, discussed and raised their ideas on issues in the meetings of the BOD as supervisors and representatives of shareholders. As a results, the BOD has more ideas on business activities and gives timely comments to the BOM.

Approving the Internal Audit Department’s activities: The Internal Audit Department has the function as advising the BOD in assessing and managing PVTrans. The Internal Audit Department has an independent reporting system with the reports from PVTrans’s departments, focusing on assessing risks in business activities, representatives’ compliance, corporate governance.

Through the Internal Audit Department's reports, the BOD has made appropriate decisions for the operations of PVTrans and subsidiaries.

### The BOD's results in supervision and evaluation

In 2018, the BOD commanded the departments to comply with the provision of information about business activities fully and promptly, including detailed monthly/quarterly reports on business activities, annual and quarterly financial statements, other reports and information disclosure as prescribed.

In 2018, the BOM made efforts and drastically operated PVTrans, in compliance with the law, the Charter, Resolutions/Decisions approved by the Shareholders and the BOD. With the achievements, the BOD assessed that the BOM has successfully completed the tasks in the fiscal year 2018, as follow:

#### Business operation

- » Implementing stable business activities, economical and efficient use of resources.
- » Implementing safe and timely transportation of input for customers; operating fleet capacity and increasing income from foreign currency.
- » Implementing the operation, ensuring the safe and efficient operation of floating storage system.
- » Restructuring PVTrans and subsidiaries.
- » Developing related services to increase revenue and improve the efficiency of capital use such as petroleum maritime services, maritime agency services, trading and logistics; strengthening

the transportation of materials, equipment and goods for customers.

- » Providing coal transportation services for thermal power plants inside and outside PVN.

#### Corporate governance

» Improving corporate governance, strictly controlling financial indicators of the parent company and whole PVTrans; directing subsidiaries to develop, reduce costs, especially review and adjust economic and technical norms in order to lower costs, balance operating cash flows, and improve efficiency of capital use and business activities.

» Thoroughly practicing thrift and against-waste in business activities and investment; fully implementing obligations to the State budget and ensuring the shareholders' interests.

» Standardizing a professional working environment; continuing to develop the culture and brand of PVTrans.

#### Value to shareholders

One of the general objectives of PV Trans for the 2016-2020 period is "Annual average dividend rate reaches 10%/year". In 2018, PVTrans completed the dividend payment in cash at the rate of 10% of charter capital with a total payment of VND 281 billion in accordance with the Resolution of the 2018 AGM. In addition, the dividend payment in cash at the rate of 10% of charter capital has been approved by the 2019 AGM as follows:

Unit: VND

No.	Item	Amount	Remarks
I	Undistributed after-tax profits:	496.336.382.519	
1	Amount from the previous years	13.105.233.231	
2	2018 (Audited financial statements)	483.231.149.288	
II	Distributed after-tax profit:	455.405.375.743	
1	Dividend in cash (10% of chartered capital)	281.442.162.000	10% x chartered capital
2	Development and Investment Fund	144.969.344.786	= 1.2 x 30%
3	Bonus and Welfare Fund (Including fund for the executive board)	28.993.868.957	= 1.2 x 6%
III	Remaining undistributed Profit after tax	40.931.006.776	= I - II

#### Social security

Actively participating in social security; ensuring enough jobs; improving lives for employees in PVTrans.

#### Investment

In 2018, PVTrans focused on investment to timely grasp investment opportunities in case of ship buyers' advantages to improve transportation capacity and rejuvenate the fleet.

» Investment in subsidiaries is also implemented positively to ensure efficiency of capital use. PVTrans has successfully divested and preserve capital in Cuu Long Company, completed the plan to attract capital for Nhat Viet Transportation Corporation and Phuong Dong Viet Company.

» In 2018, the BOD approved projects so that the BOM carried out investment in the Parent Company as well as the subsidiaries, as follows:

» Approving the investment in Aframax crude oil tankers, Supramax bulk cargo carriers;

» Approving the increase of capital in NVTrans as well as in Phuong Dong Viet Transportation Oil Joint Stock Company; the divestment at Cuu Long Company;

» Approving and directing the Representatives of PVTrans in subsidiaries for subsidiaries' projects under their authority.

» In 2018, the fleet of 07 ships made the total number of PVTrans vessels to 25. The vessels are invested with reasonable cost, good quality and effective operation, improving the competitiveness of the fleet in the future.

### 3.3. Plan and orientation of the Board of Directors

Targets for 2019 to submit to the General Meeting of Shareholders:

Unit: VND

No.	Item	Consolidated value	Parent company
1	Total revenue	5.500,0	2.250,0
2	Profit before tax	500,0	310,0
3	Profit after tax	400,0	260,0
4	Payables to the State Budget	228,2	115,8
5	Profit after tax/Charter capital in average	14,3%	9,2%

#### Main tasks of the BOD in 2019:

**The BOD directs the BOM** to submit the 2019 business plan to the AGM for approval as well as drastically commands implementation of the plan as Decisions, focusing on implementation of specific business tasks, as follows:

**Crude oil, product oil, and chemicals transportation:** Striving to transport the maximum oil volume to refinery plants in PVN; continuing to transport crude oil and oil and gas products in the domestic and foreign markets and lease vessels in the international market to use the existing fleet capacity and increase income from foreign currency.

**LPG transport:** Focusing on transport LPG to petrochemical refineries/factories in PVN and other customers; improving safe and efficient transportation of LPG/CNG by vehicles.

**Coal transport:** Striving to transport the maximum coal input volume for PVN's thermal power plants; and coal to EVN's power plants.

**Marine oil and gas services (FSO/FPSO):** Consolidating, maintaining and improving the quality of operation and maintenance (O&M); actively working with PVN to provide an additional FSO/FPSO for the PVN's oilfield development projects.

**Ship technique management and crew supply:** Training crew members; especially in-depth training in international expertise, knowledge of international law, foreign languages to meet all domestic and international requirements.

**The BOD conducts the management and supervision of the BOM** in implementing resolutions of the AGM and BOD's resolutions, moreover, directs and coordinates with the BOM to suggest solutions of investment in fleet to improve transportation capacity, and create sustainable and stable development of PVTrans in the future.

**The BOD boosts the restructuring to resolve the problems and difficulties** of PVTrans and subsidiaries to improve the capacity of transportation, re-structure the fleet, increase the competitiveness of PVTrans to meet the development opportunities in the coming period. The BOD directs the BOM to increase corporate governance, the financial indicators control in the parent company and the whole Corporation. The BOD directs the subsidiaries to balance the operation cash flow, improves the efficiency of capital use, optimizes costs to ensure

savings, and against-waste to improve business efficiency of subsidiaries and the whole Corporation gradually. The BOD develops research and capital mobilization plans to mobilize capital from the stock market.

The BOD continues to review and improve the regulations on management and corporate governance in accordance with the Company Charter and the law. In addition, The BOD improves internal auditing and control, as an important management tool of PVTrans.

The BOD recruits, trains and develops high-qualified labor in the human resource management and corporate governance. The human resources have to meet PVTrans's requirements.

The BOD pays attention to maximize shareholders' benefits as well as the employees' rights and working conditions in PVTrans. The BOD suggests solutions to encourage enthusiastic employees to contribute their intellectual and whole-heartedness for PVTrans's strong development.

The BOD continues to direct the implementation of the 5-year plan from 2016 to 2020 and the strategy of development from 2025 to 2035 for PVTrans and the subsidiaries. The BOD balances between financial and non-financial goals to ensure sustainable development.

#### **The BOD continues to improve corporate governance through:**

Requesting PVTrans's representatives in subsidiaries and affiliates to suggest a specific operational plan to improve business efficiency; improving supervision of the BOM's daily business activities.

The BOD commits to continue providing sufficient documents and information for the BOS's auditing and supervising.

The BOD members pledge to complete the assigned tasks with the solidarity, creativity and determination. The BOD believes in completing the tasks approved by the Shareholders and gearing PVTrans to greater achievements, ensuring PVTrans's long-term stable development and constantly increasing benefits for shareholders.





## IV. SWOT analysis

### STRENGTHS

PVTrans is a strong brand in the shipping industry in Vietnam. It has a reputation for domestic and foreign customers.

PVTrans is the leading liquid transportation enterprise in Vietnam, occupying 100% market share of crude oil and LPG/LNG transport.

PVTrans's employees master shipping industry, are enthusiastic and always strive for the common goal.

Strong finance and good cash flows help PVTrans to fulfill long-term goals of attracting talents, mobilizing capital and investment.

All subsidiaries operate stably and profitably.

The restructuring and management has been implemented strongly and drastically make PVTrans many positive changes in business activities.

### WEAKNESSES

Although the subsidiaries are profitable, some subsidiaries' profits are still low with out-of-date assets, high investment costs, and weak financial potential.

Revenue from bulk cargo (coal) transportation has not meet expectation due to the delay of PVN's thermal power plants.



## OPPORTUNITIES

Dung Quat Oil Refinery has operated stably with over 100% of capacity since the beginning of the year, creates the demand for crude oil transportation from domestic oilfields to Dung Quat Oil Refinery.

NSRP has made a trial production since the beginning of the second quarter of 2018. For trading, NSRP has imported 19 crude oil shipments from Kuwait by VLCC which facilitates PVTrans to transport by VLCC in the future.

The demand for coal transportation for EVN's power plants (Duyen Hai 3, Vinh Tan 4, etc.) in Vietnam tends to increase in 2018 when the plants operate stably.

The prices of vessels are low and suitable. It is an opportunity for PVTrans and subsidiaries to actively invest and rejuvenate the fleet such as crude oil and refined oil vessels, LPG carriers, dry cargo carriers and coal transit barges.

PVTrans shares have good growth potential and are followed by domestic and foreign investors.

## CHALLENGES

The international transportation market in 2018 continues to face with difficult period for ship owners when the market remains low.

In the domestic market, PVN's projects of thermal power plants such as Thai Binh 2, Long Phu 1, and Song Hau 1 Plant have been delayed and greatly affected to the investment progress of coal carriers and barges for plants.

Long-term agreements on crude oil and product oil transportation to NSRP have not been signed yet. The transportation and transshipment of coal to PVN's thermal power plants are also behind schedule and have not been signed/agreed, which partly affects PVTrans's investment and subsidiaries' fleets.

The unpredictable volatility of crude oil prices (below 60 USD/barrel) will affect the PVTrans's business activities.

PVTrans fleet is getting older and older, with high investment costs and high fuel consumption, which make PVTrans less competitive than other competitors with younger fleets, lower fuel consumption.



## V. Strategy of development up to 2025



### 6.1. Macroeconomics overview

The world economy maintained a good growth momentum in the first half of 2018, but after that, it is more complicated than before with unstable relations among big countries, especially the US-China trade war, affecting global economic growth. Major international organizations such as IMF, WB and UN agree that the global economy starts to slow down. IMF forecasts that the world economic growth will increase by 3.5% in 2019. Despite the political instability and Brexit impacts, EU's economy tends to grow. Japan's economy tends to decrease and its trade deficit tends to be more serious due to increase in crude oil imports. China's economy is showing signs of "cooling down" amid the US imposing new trade taxes on Chinese goods. China's stock market declines and the Yuan has not recovered yet. According to IMF's predictions, China's economic growth will continue to plunge to 6.4% in 2019.

World commodity prices are complicated due to trade wars and political instability in the Middle East. After prices decline in the first 2 months of the year, world crude oil prices increased sharply from March 2018, slightly decreased in August, and fluctuated at USD 73 per barrel, increased to USD 81.20 per barrel on September 25th - the highest price since 2014 after OPEC countries' meeting with constant output. However, the current price of crude oil is only about USD 50 per barrel.

The industrial revolution 4.0 has developed strongly and changed the production structure about services, administration, finance, e-commerce, etc industries, especially created rapid development of "shared economy" like Grab, Airbnb.

Vietnam economy is assessed to continue to grow in the coming year. Macroeconomic economy is stable, exchange rate is planned and operated flexibly, Vietnam's shipping industry changes positively due to reasonable restructuring, the output increases alternatively. Currently, Vietnam flag fleet has taken 100% of domestic cargo volume. The seaport system basically meets the demand of cargo circulation, is positive for socio-economic development and creates motivation for economic development. Vietnam's economic outlook is going to maintain the growth but contain many potential risks. The exchange rate is expected to fluctuate and increase due to the strength of the dollar and the weakness of the Yuan. The loans will also be more difficult with higher interest rates due to the government's policy of credit crunch and the lack of medium and long-term capital sources.

For the domestic market, Nghi Son Oil Refinery and Petrochemical Plant is in operation in 2019. However, the operation is not stable with a 50-days maintenance. In addition, the operation of both NSRP and BSR will impact on the oil distribution market and the transportation market indirectly. Coal-fired power projects behind schedule will affect the investment plans and efficiency of PVTrans's fleet.

The ship/vessel prices tends to increase slightly but still low and suitable. This is still an opportunity to invest with a good finance.

Operation and management of FSO PVN Dai Hung Queen in Dai Hung oilfield is going to interrupt temporarily to maintain Dai Hung rig within the first 3 months of 2019.

PVTrans's fleet gets older and older with high costs. It is necessary to restructure the fleet by rejuvenating and diversifying the size of vessels to improve the competition in the both international and domestic markets.

The volume of cargo is estimated at 69.9 million tons, grows 9% compared to the same period of 2017. Cargo volume through the seaport system achieves a positive growth index of 254.8 million tons, increases 17% against to the same period. For domestic transportation activities, Vietnam flag fleet has accounted for 100% of domestic cargo volume. The inland sea transportation basically meets the demand of large volume such as coal, clinker, cement, construction materials, steel, machinery and equipment, containers, petroleum, other goods (rice, fertilizer, wood, goods, etc.)

### 6.2. PVTrans prospects of growth

The shipping industry has been changed in recent years. Periodically, the shipping industry has recovered every 10 years. However, in 2019, raw material prices are still high, the volume of cargo is low, the gap between supply and demand is too large leading to a decrease in charges and difficulties for shipping enterprises in Vietnam and around the world.

In the future, some of the main risks to the global economic environment are trade tensions (especially the US and China), and the trend of trade protectionism still tends to increase. The growth in some key economies slows down. Risks increase in the global financial market under adjustments in financial and monetary policies, tax reforms in major economies, credit risks, debts, ... unpredicted oil prices fluctuation in the instable Middle East.



The operation of the world shipping industry will become more and more difficult when the Marine Environmental Protection Committee (MEPC) of IMO has decided to limit sulfur content in fuel down to 0.5%, which will take effect from January 1, 2020. That change not only gives increase in costs but also affects the quality of the ship's machinery because the lower the sulfur content is, the stronger the level of mechanical wear is. Therefore, shipping companies operating in the international routes need to select types of vessels, sizes of vessels and models of operation to ensure revenue, profit and limit risks under IMO regulations.

Despite facing many challenges and risks, the world can't deny the importance of the shipping industry in supporting and maintaining the current development, meaning promoting safe, secure, efficient maritime transportation on a clean ocean towards global sustainable development.

In 2018, PetroVietnam Transportation Corporation also obtained impressive business results, with revenue reaching nearly VND 8,000 billion and profit before tax of nearly VND 1,000 billion. In Vietnam, PVTrans and subsidiaries have occupied 100% of the market share of crude oil and LPG transport and 30% of the market share of product oil transportation, moreover, have expanded into the bulk cargo shipping industry, initially undertaking a chain of logistics and coal transportation from abroad to Vietnam for thermal power plants with capacity of over 1.7 million tons.

With achievements over 16 years of establishment and development, together with the continuous efforts of PVTrans's employees, we believe PVTrans continues to be the leading enterprise in the shipping industry in Vietnam and marks its name on the international transport map with a large fleet of diverse types, from coaster LPG ships to large-sized crude oil and LPG ships (VLCC/MLGC), which ensures flexibility in operation and ability to transport various types of goods.

### **6.3. Strategy of development until 2025**

In 2019 and the following years, the shipping industry continues to grow and be competitive among major shipping companies in the world. Besides, shipping companies will have to build ships and invest in large-sized ships to carry more goods, lower costs, and increase competitiveness. In the future, shipping companies will coordinate to others to test solutions on a digital platform, based on the actual needs and operations of

the market, not based on feasible solutions on paper. Besides, shipping companies will focus on management team and automate many existing positions.

Therefore, up to 2025, the shipping industry will basically change compared to the current situation. Many large and small shipping lines' difficulties have led to tendency of acquisitions and mergers. The alliance of shipping companies cope with uncertainties in the near future. In the coming time, the M&A wave still continues but in the final stage and there will not be many big deals. The form of alliance will continue to be applied for shipping companies. They will also increase the use of technology to reduce operating and human resources costs, according to the general cost-cutting trend in recent times.

Recognizing the development trend of the maritime industry in the future, PVTrans has been seeking, making goals, promoting joint ventures with international finance and maritime companies for mutual benefits, experience sharing, and professionalism improvement. We always consider it as a coordinating relationship, not a dependent one. In a highly specialized shipping environment with strong foreign corporations, cooperation with foreign countries to maximize the potential needs to be strengthened. In parallel, to increase competitiveness and maintain market share, the most important thing is to attract good executives. In addition, PVTrans and subsidiaries should continue to access the markets, diversify services, ready to reach new markets to innovate services and become the leading shipping company of various services and types of cargo from coaster LPG size to crude oil VLCCs and gas VLGCs which ensure flexibility in operation in the global.

# **PART III.**

# **SUSTAINABLE DEVELOPMENT**

I. Sustainable business activities	64
II. Sustainable human resources	66
III. Health safety, environment and quality (HSEQ)	68
IV. Responsibility to the community	71







## I. Sustainably oriented business operation:

Sustainable business growth is frequently considered as one of strategic goals in company operation and production by highest levels of management of PVTrans

“Sustainable growth with orientation of maximising commercial value to shareholders in parallel with maintaining other company targets including: securing national energy sources, meeting at best quality of general transportation and particular petroleum transportation demands, improving living standard of company employees, and contributing benefit to society.”

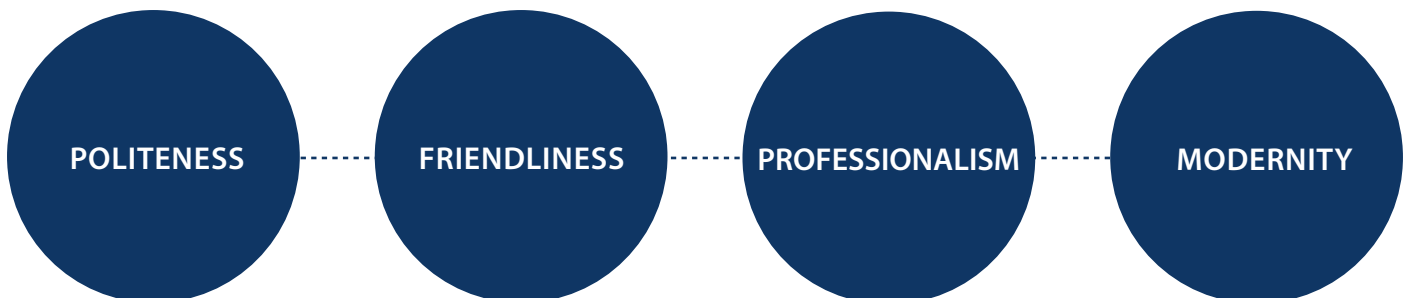
Business growing perspectives of long term strategy of PVTrans to 2025 with a vision up to 2035 showed a strong commitment to all three mainly sustainable growing targets including: business performance targets, environmental protection targets, social development targets in long run, and created a strongly positive impacts on PVTrans’s internal working environment.

Internal company	External company	Responsibilities to the society and the State
<ul style="list-style-type: none"> <li>• Motivating and optimising all internal resources for company sustainable growth.</li> <li>• Enhancing competitiveness and business efficiency of company</li> <li>• Focusing on core business lines</li> <li>• Improving and developing human resources; bringing more values and remuneration for employees</li> <li>• Maintaining and improving the quality of fleets, crew qualifications to ensure absolute safety on operation and exploitation</li> <li>• Maintaining risk management, inspection and supervision systems</li> </ul>	<ul style="list-style-type: none"> <li>• Maintaining and growing company owned equity, maximising value to company shareholders and investors.</li> <li>• Improving service quality, bringing more and more benefits to customers-</li> <li>• Implementing the publicity and transparency of company information</li> <li>• Contributing to the development of the sea shipping industry and regional economic development</li> <li>• Ensuring a mutual balance between shareholders interest and environmental protection and social contribution.</li> </ul>	<ul style="list-style-type: none"> <li>• Fulfilling obligation of tax payments to National Treasury</li> <li>• Conducting business and contributing on the benefit of community and society.</li> <li>• Searching for fuel consumption reduction and environmental protecting solutions.</li> <li>• Promoting safely operating activities.</li> </ul>

### Code of conducts:

PVTrans has developed a set of code of conducts and code of professional ethics as working guidelines for the personnel of PVTrans and its member companies.

The Code of Conducts is carried out according to the following motto:



The Code of Conducts includes specific instructions for internal activities such as communication, clothing, collective activities, charitable activities, communication with colleagues. PVTrans also makes a code of conduct for customers and partners. The Code of Professional Ethics includes PVTrans’s principles and regulations for internal and external relationships, and code of professional ethics for oil and gas personnel.





## Implementation of sustainable economic objectives

Economic development	Indirect economic impact	Continuously training to improve professional knowledge skills for the personnel of PVTrans and its member companies, thereby contributing to strengthening employee's skills and knowledge in domestically shipping industry . 90% of input services of PVTrans are provided by domestic enterprises.
Social Development	Ensuring and securing income for employees  Diversity and equality in work  Respect for human rights	<p>Ensuring income and life standard for employees. The average income of PVTrans employees is VND 18.9 million/person/month, attaining 109% of the 2018 plan. Initial salary of PVTrans employees is much higher than the local minimum wage in specific working areas. The minimum starting income is also over double higher than the state minimum wage set for Region I.</p> <p>The leaders of PVTrans committes to creating equal working conditions for all employees, regardless of ethnicity, gender, age or religion.</p> <p>The leaders of PVTrans committes to respecting human rights in labor use. Specific regulations are as follows:</p> <p><b>Child labor:</b> Do not use child labor. Do not use goods and services from the suppliers who use child labor.</p> <p><b>Forced labor:</b> Do not use and employ forced labor. Do not use goods and services from the suppliers who use forced labor.</p> <p><b>Rights of indigenous people:</b> Do not violate the rights of indigenous people when conducting production and business activities outside the territory of Vietnam. In 2018, PVTrans and its member companies did not face to any complaints related to human rights.</p>
Environmental Protection	Responsible fuel consumption Labor safety	<p>PVTrans always has a plan on saving fuel costs.</p> <p>Safety in operating transport services: complying with labor regulations, ISO, safety training courses in labor</p>

## Outstanding figures and events

Economic development	Total revenue: VND 7,836 billion	Profit after tax: VND 780 billion	Payment to the State Budget: VND 534 billion	Dividend of 2018: 10% of chartered capital	ROE: 15%
Improvement the quality of human resources	Number of training sessions: 2,504	Average income: VND 18.9 million/person/month	Training fund: VND 6.3 billion		
Community contribution	Spending in 2018: VND 1.87 billion	Supplying jobs regularly and generating income for 1,797 people			

## II. Sustainable development of human resources

- Human resource structure for the 2017-2018 period

Content	2017		2018	
	Quantity	Rate	Quantity	Rate
Classification by level	1.542	100%	1.797	100%
Post-university	47	3,0%	50	2,8%
University	772	50,1%	809	45,0%
College, intermediate school	447	29,0%	541	30,1%
Technical workers	276	17,9%	397	22,1%
Classification by type of labor contract	1.542	100%	1.797	100%
Indefinite term	655	42,5%	641	35,7%
Term of 1-3 years	885	57,4%	1.149	63,9%
Term of less than 1 year	2	0,1%	7	0,4%
Classification by gender	1.542	100%	1.797	100%
Male	1.383	89,7%	1.634	90,9%
Female	159	10,3%	163	9,1%
Total	1.542	100%	1.797	100%



### **Sustainable development of human resources**

- » Securing jobs for employees with reasonable welfare policies.
- » Minimizing management apparatus of PVTrans with managerial hierarchy of appropriately 10% of labor forces and directly working level at 70% labor forces.
- » Concentrating on training human resources to achieve high working level and adequate experience to meet job requirements and business conditions. Employees with inadequate qualifications are also entitled to participate in training and re-training courses to improve their qualifications and skills, thereby meeting job requirements at better qualities and effects.
- » The average number of employees in 2018 are 1,797 employees, reaching 97% of the human resource plan. This reflects the efficiency in labor usage and cost savings for the Corporation.

### **Welfare policy for employees: Ensuring both physical and spiritual lives for employees, building a higher qualified workforce, contributing to the overall success of the Corporation in production and business activities**

- » PVTrans regularly reviews and adjusts the Regulation on salary, allowance and bonus payment in accordance with the Laws and with the actual business activities in order to limit brain drain of qualified employees and to attract well- educated employees.
- » PVTrans issues remuneration policies (remuneration, training, studying, rest, staying, etc.) for employees with high management skill and well professional qualifications.
- » PVTrans organizes activities for employees in the Lunar New Year, fun activities for children of its employees in the Lunar New Year, Mid-Autumn Festival, etc. Cultural and sports movements of PVTrans in 2018 are conducted strongly. The physical and spiritual lives of employees of both the parents company and the subsidiaries have been improved and created the emotional cohesion of employees within PVTrans house for a dynamic working environment and development.

### **Rate of return to work after maternity leave**

PVTrans always creates favorable conditions for female employees that allow them to receive adequate benefits of maternity including: a six-month leave with fully paid salary and 07- hour working days in the first year after childbirth. As a result, PVTrans facilitates all female employees to work after maternity leave. The rate of return to work is fully 100% in 2018.

### **Promoting training activities, diversifying training forms, practically focal point of training content**

- » PVTrans gradually improves, promotes and diversifies training activities in the following forms: internal training, seminars, etc. In consistence with learning culture, each employee of PVTrans is required to have a sense of self-study to improve his/her skills. PVTrans often holds the in-house training courses by the extensive and excellent employees or high- level management people who share their professional experiences to others. PVTrans also organizes other training courses by professional training organization with most suitable training contents and in line with core business.
- » Internal and on-the-job training are main forms in combination with management-level training, and intensive training courses, that brought a remarkable effectiveness to save cost while maintaining training content close to PVTrans's actual business activities.
- » The personnel evaluation system is a basis for training and developing the employees. PVTrans carries out working performance assessment on quarterly and annually basis. The company has thereto an evidence to classify and evaluate the

employees periodically and implement the policies on bonus, salary increase, training, promotion, appointment and staff arrangement, etc.

- » Annually, 100% of employees have been assessed their performance, discussed evaluation results and orientation for development/improvement in working performance in the following years. In PVTrans, professional career orientation for employees conducted based on job position, qualifications, employees' capacity and development needs of the Corporation, regardless of genders, and ages.

» As a result, in 2018, PVTrans implements 2,504 training turns of employees, achieves 119% of the 2018 plan. PVTrans continues organizing internal training courses to save costs and bring the obvious effectiveness while maintaining training contents close to the actual business activities of the Corporation/the subsidiaries.

### **Ongoing skill development and educated programs to support employees and their career:**

PVTrans has developed the personnel development plan until 2020 and for the 2020-2025 period. From there, PVTrans are able to develop comprehensive training program to improve qualifications, management capacity and specific development for the employees so that they are able to meet their new job requirements

- » For onshore staffs:
  - + Focusing on professional and technical education by organizing internal training courses, seminars. Company selects extensive and excellent employees or high-level management staffs to share their professional experiences and practical knowledge such as vessel operation, ship technical management, logistics, bidding, etc.
  - + Organizing training courses on Maritime Labor Convention.
- » For offshore staffs:
  - + Implementing the capacity assurance system (CASYS - for Floating Production Storage and Offloading (FPSO) vessels); capacity training and evaluation system (TCAS - for Floating Storage and Offloading (FSO) vessels).
  - + Organizing courses to improve foreign language skills for crew- members in order to meet the Regulation on Maritime English competency for crew- members under the revised STCW 7895 Convention in 2010
  - + Building dedicatedly trained rooms in Ho Chi Minh City and Hai Phong for crew- members where they are able being directly trained by the captains
  - + Regularly organizing internal training courses on safety management system, on-board security, firefighting and rescuing working, fire protection for crew- members, etc.



### III. Health, safety and environment (HSE)

Health, safety and environmental protection are three factors in the company development strategy to 2025 oriented to 2035, and always considered as a priority of the business activities of parents company and each subsidiary.

Operating in oil and gas transportation and maritime industry face to high risk exposure of unsafety and strict requirements on safety from international customers, PVTrans is always aware of and interested in the matters of health, occupational safety and environmental protection (HSE) for the business operations.

#### **HSE policy and standards:**

» The HSE policy of PVTrans ensures business operations having:

- + No injury to people.
- + No damage to assets.
- + No harm to the environment.

» Implementation of international standards and legal provisions:

The leaders, managers and crew- members of PVTrans commit to complying with safety policies and procedures at most. PVTrans recently has built and completed the safety management system in compliance with the International Safety Management Code (ISM Code) and the quality management system according to ISO-9001:2008 Standard. The environmental management system under ISO 14001:2004 and the occupational health and safety management system under OHSAS 18001:2004 have been accredited by the international register organizations and issued satisfactory certificates.

Labor Protection Council have been set up by most of the subsidiaries. This councils is responsible for supervising, participating, consulting with leaders and coordinating activities in developing management regulations, action programs, occupational safety and hygiene plans, labor safety and hygiene measures, as well as responsible for improving working conditions, preventing occupational accidents and diseases, and checking the periodical implementation of occupational safety and hygiene. In addition, the Labor Protection Council will periodically or extraordinarily carry out the inspection of occupational safety, hygiene and environmental protection of all subsidiaries of PVTrans.

The equipment with strict labor safety requirements has been registered by company subsidiaries of PVTrans and verified according to the provisions of Circular No. 32 dated 14th November 2011 and issued by the Ministry of Labor, Invalids and Social Affairs, which guiding the implementation of technical tests on labor safety for all types of machines, equipments and materials that having strict requirements on labor safety.

» Concentration on emergency responses, search and rescue missions

Operating in typical maritime industry, PVTrans has issued an emergency response plan from the mother company to the subsidiaries, stipulating prevention measures and respond to natural disasters and floods or other emergency cases. PVTrans assigned officers in charge of preventing, fighting and reducing the consequence of natural disasters. Pro-actively making prevention and responsible plan for subsidiaries, they are able thereto to implement, to do responsible assignment, to be ready for emergency response and to report on time, all for no damage during storms.

A Steering Committee for "flood and storm prevention, search and emergency rescue" have been established to lead disaster prevention and responsible missions, search and rescue, and stipulate prevention and responsible action plan when storms or natural disasters occur; and deployed emergency response teams both onshore and offshore. The Steering Committee makes plans and periodically rehearses emergency rescue exercises. The

Steering Committee regularly reminds, inspects and supervises the preparation of emergency response situations, ensuring that equipment for emergency response are always under well maintained.

Dedicated personnel of PVTrans have been in rotation to attend safety training and rescue courses to update knowledge for their job assignment. PVTrans contacts well-known and professional training organizations and sends its personnel to participate in their training courses which are constantly innovated to improve the quality of training.

Assigned personnel on duty provide updates the weather's information and ensure smooth and continuous communication among emergency response teams, crew- members, PVTrans leaders, and departmental staff in emergent situations and closely look at the weather changes.

PVTrans periodically organizes emergency rehearsals according to previously set plan. PVTrans also organizes rehearsals with the participation of its employees on shore, on board and functional sectors in supporting emergency situations. Those employees are trained with situations including: people falling into the sea (every 3 months), collisions at sea (twice a year), and oil spill incidents (every 3 months). Annually, PVTrans organizes security and safety rehearsals with the participation of its employees on shore and on ships. All relevant employees are equipped with the necessary skills to be ready for well practical rehearsals as well as handling real rescue situations.

All equipment are inspected periodically and emergency response measures are carried out to ensure safety for its people, its assets such as: operating fleets, stations, yards, offices, etc.

PVTrans offers commendation to crew- members who are aware of the importance of search and rescue work, especially those who have worked on ships for a long time and fully abided by the provisions of law on search and rescue activities, as well as regulations of PVTrans.

PVTrans leaders and all employees are aware of their roles, responsibilities and ready for respond to emergency situations. PVTrans always actively coordinates with localities and authorities of the Ministry of Public Security, Ministry of Defense and other parties in the industry to be ready to respond to emergency situations.

#### **Trade Union with labor safety**

In recent years, Trade Union of PVTrans always plays an important role in ensuring the health safety for its employees.

» PVTrans has Annual Collective Labor Agreement signed by the President of the Trade Union (who represents for all official employees) and the employer, which clearly stipulates the safety regulations.

» The Trade Union of company launches and presides over the operation of the sanitary safety network. This is pioneer network to deploy safety hygiene regulations in each department. This network includes direct employees who have enough professional, knowledgeable skills related to occupational safety and hygiene. This network is responsible for urging, inspecting and supervising their departments for strictly abide the regulations on occupational safety and hygiene in business, developing occupational safety and health plans, and giving guidance on safety regulations to new employees.

#### **Care about the health of employees**

PVTrans shall deduct and pay full social insurance, health insurance and unemployment insurance in accordance with law. In addition, PVTrans also participates in buying voluntary health insurance and voluntary pension insurance for employees.

Every year, 100% of employees are given regular health checks. The workplace of employees is measured and checked to ensure



safety and good working conditions under the regulations. PVTrans fully implements the provisions of the law on compensation in kind for employees working in dangerous and toxic conditions or working on the projects/fleet of PVTrans under the regulations on compensation and allowance for labor accidents and occupational diseases.

**Environmental friendliness**

» *Using materials efficiently and economically*

With the characteristics of the marine transport industry, main

input materials of PVTrans are fuel. PVTrans has always focused on thrift practice and waste prevention through regular review and adjustment of fuel consumption norms, strict monitoring of fuel consumption norms, and dissemination of thrift practice and waste prevention to each employee. In 2018, PVTrans team has implemented savings and anti-waste strongly with 527 tons of fuel for saving (including DO and FO lubricant) for operations in comparison to 2017. Details as follow:

Consumption in 2018	Consumption 2017	Saving 2018 against to 2017
19.689,24 tons	20.216,79 tons	527,55 tons

» *Saving energy and preventing waste*

PVTrans regularly encourages the application of energy saving initiatives and technical improvements throughout the Corporation and subsidiaries to reduce fuel and energy costs, thereby helping to improve business performance of the Corporation. PVTrans has issued and regularly reviewed, adjusted the Regulation on fuel and lubricant consumption management for PVTrans fleets. PVTrans has maintained and developed energy saving innovations year by year, including:

- Improving technical management, crew members and applying technical and economic solutions.
- Reviewing, supplementing and finalizing economic and technical norms.
- Reducing fuel consumption in voyages.
- Reducing fuel consumption during off-hire time and cargo return.
- Improving the energy transferring efficiency of equipment.
- Utilizing the equipment reasonably, meaning only using as necessary and saving operation time.
- Enhancing maintenance, repair; Reducing abrasion and increasing lives of engine and lubricating oil.
- Supervising quality of oil stringently, inspecting periodically (03 months or 6 months based on equipment) to evaluate oil quality.
- Using technology equipment to filter used oil to remove water and, impurities and reuse it.
- Innovating technical improvement to reform the oil tanker of 105,000 DWT to FSO PVN Dai Hung Queen exploiting Dai Hung oilfield.

- Repairing, replacing deck surface tole while maintaining alternative operation of absolutely safety FSO Kamari in Dai Hung oilfield by applying Habitats technology.

At the beginning of the year, the Corporation and the subsidiaries have built and registered savings plans on each specific area. In addition, the Corporation carries out the following: saving management, investment and fuel costs; strengthening the review and cutting of costs of supplies and spare parts; reducing budget for repairing and upgrading unnecessary items; shortening the repair time; actively training and maintaining the use of Vietnamese crew- members at all titles on board; organizing reasonable working shift arrangements of crew- members to save costs; reviewing fuel consumption norms; and rationalizing the operation process, thereby reducing fuel costs by 3% -4%. PVTrans strictly complies with the provisions of the Bidding Law in the implementation of projects on investment, repair, procurement of equipment and materials, ensuring savings and efficiency in investment. In 2018, PVTrans and subsidiaries have achieved savings of VND 43.71 billion, reaching 144% of the plan.

» *Complying with the law and regulations on environmental protection*

PVTrans always complies with the Law as well as regulations on environmental protection. Since the date of establishment, PVTrans has not made any environmental incident or sanction related to breaking the law and environmental regulations. Therefore, in 2018, PVTrans has no condemnation fees because of breaking the law or regulations on environment.

Content	Solutions	Detailed methods	Resolved amount
Normal solid waste	- Outsourced services bring them back to mainland Dump Dry Dock - Outsourced services in the port of receipt and port of discharge - Outsourced Handling Ltd. Environmental clean VietNam	- Leftovers are resolved in compliance with regulations - Waste is brought back to mainland according to regulations	291,6 tons
Toxic waste	- Outsourced services in the port of receipt and port of discharge - Outsourced services bring them back to mainland Dump Dry Dock		117,58 tons

In the other hands, PVTrans has not produced any handled wastewater.

» **Implementing environmental protection activities**

As the largest shipping company in Vietnam with a fleet of 25 ships (capacity of up to 750,000 DWT), PVTrans is well aware of the potential risks to the environment arising from business activities. Therefore, not only strictly complying with the requirements and regulations on environmental protection of management agencies, PVTrans is also active in disseminating the knowledge and raising awareness of environmental protection internally. PVTrans effectively implements plans to respond to climate change, strengthens resource management and environmental protection. PVTrans hangs banners, slogans in working offices and at the whole fleet of the Corporation with the topics of the world environment day and other related content to call people in protecting and preserving the environment. PVTrans propagates and mobilizes all employees and families to raise awareness in preserving and protecting the environment. PVTrans encourages people to pay more attention to the environmental impacts from each person's specific jobs in everyday life, from choosing food daily to ensure rationality and

avoid waste, harm to the environment. PVTrans saves energy by raising employees' awareness and adopting action plans. PVTrans utilizes and continues to encourage the development of environmentally friendly technologies and products with less discharge to the environment. Trade Union and Youth Union at each subsidiary are responsible for organizing the activities for all employees so that they can participate in practical actions, such as cleaning and improving environmental sanitation around working offices and a number of public locations, gathering and bringing waste to regulated places to contribute to making the environment clean and beautiful. PVTrans mobilizes all crew- members throughout the fleet to join the program with the following contents and criteria: Keeping kitchen and dining areas clean and tidy; processing sufficient food reasonably to avoid excess and waste of food; maintaining cleanliness of food maintenance warehouses.



## IV. Responsibilities for society and community

In the past years, PVTrans has always focused on implementing many things for the community. These society and community programs have been participated by many employees of PVTrans. This clearly expresses the spirit of mutual support for the community in corporate culture.



In 2018, PVTrans and mass organizations well implement social security and gratitude for society and community. PVTrans spends nearly VND 1.87 billion on social security activities, including giving gifts, supporting employees, crew- members and their families in difficult circumstances in Lunar New Year holiday, International Women's Day (March 8), War Invalids and Martyrs' Day (July 27), December 22; offering gifts to children, patients at Hanoi Hematology Institute as well as gifts to pupils of primary and secondary schools in Ma Le commune, Dong Van district; supporting people in storms and floods areas.



The cultural, artistic and sporting movements of PVTrans continue to take place strongly. The PVTrans employees' material and spiritual lives from the parent company to subsidiaries have been improved day by day, creating the dynamic and decisive working environment for the emotional cohesion of employees under PVTrans.





## **PART IV: CORPORATE GOVERNANCE**





## REACHING THE GOAL

I. Shareholder structure, changes in capital	74
II. Board of Directors activities	77
III. Board of Supervisors activities	78
IV. Transactions, remuneration and other benefits of the Board of Directors, Board of Management and Board of Supervisors	80
V. Risk management report	82
VI. Evaluation of the performance of corporate governance based on ASEAN regional corporate governance scorecard	84

# I. Shareholder structure, changes in owner's equity:

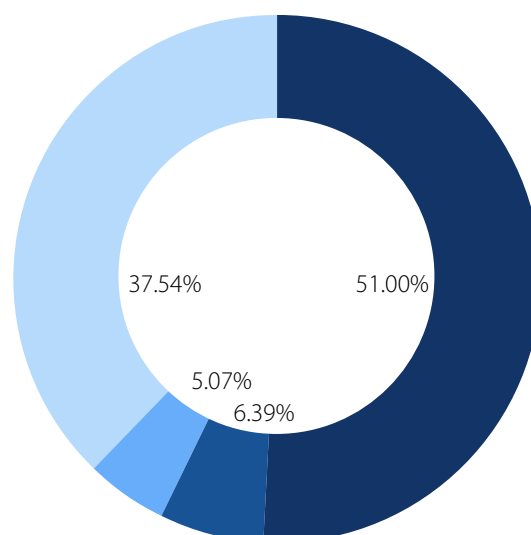
## 1. Information on shares

PVTrans shares (code: PVT) are currently listing on Ho Chi Minh Stock Exchange (HOSE) with detailed information as follows:

Par value of share	: VND 10,000/share
Number of listed shares	: 281,440,162 shares
Number of outstanding shares	: 281,440,162 shares
Treasury shares	: 0 share
Number of shares under limited transaction	: 0 share

## 2. Shareholder structure (according to the list of shareholders on February 12, 2019)

Shareholders	Number of Shares	Ownership ratio
PVN	143.536.080	51,00%
Yurie shareholders group	17.981.946	6,39%
PVCombank	14.268.831	5,07%
Others	105.653.305	37,54%
Total	281.440.162	100,00%



■ PVN    ■ Group of Yurie shareholders  
■ Other    ■ PVcombank

Shareholder structure by type of shares

Objects	Restricted shares	Shares of free transfer	Total	Ownership ratio (%)
I. Internal	-	191.191	191.191	0,07%
II. Treasury shares	-	-	-	0,00%
III. Company's Union	-	-	-	0,00%
IV. Other shareholders	-	281.248.971	281.248.971	99,93%
1. Domestic	-	187.756.602	187.756.602	66,71%
1.1 Individuals	-	20.601.375	20.601.375	7,32%
1.2 Organizations	-	167.155.227	167.155.227	59,39%
2. Foreign	-	93.492.369	93.492.369	33,22%
2.1 Individuals	-	483.714	483.714	0,17%
2.2 Organizations	-	93.008.655	93.008.655	33,05%
<b>Total</b>	-	<b>281.440.162</b>	<b>281.440.162</b>	<b>100,00%</b>

Shareholder structure by type of shareholder

No.	Types of shareholders	Number of shares	Ownership ratio (%)	Number of shareholders	Shareholder structure	
					Organization	Individual
1	State shareholders (PVN)	143.536.080	51,00%	1	1	0
2	Founding shareholders/FDI shareholders	0	0%	0	0	0
	- Domestic	0	0%	0	0	0
	- Foreign	0	0%	0	0	0
3	Major shareholders	31.557.477	11,21%	2	2	0
	- Domestic	14.268.831	5,07%	1	1	0
	- Foreign	17.288.646	6,14%	1	1	0
4	Company's Union	0	0%	0	0	0
5	Treasury shares	0	0%	0	0	0
6	Shareholders' preferred shares (if any)	0	0%	0	0	0
7	Other shareholders	106.346.605	37,79%	295	121	174
	- Domestic	30.142.882	10,71%	146	58	88
	- Foreign	76.203.723	27,08%	149	63	86
	<b>TOTAL</b>	<b>281.440.162</b>	<b>100,00%</b>	<b>298</b>	<b>124</b>	<b>174</b>
	In which: - Domestic	187.947.793	66,78%	148	60	88
	- Foreign	93.492.369	33,22%	150	64	86

List of State shareholders, major shareholders

No.	Name of organization/individual	Address	Number of shares held	Ownership rate (%)
<b>I</b>	<b>State shareholders</b>			
1	Vietnam Oil and Gas Group (Petro Vietnam) In which, representatives include:	18 Lang Ha Street, Thanh Cong Ward, Ba Dinh, Hanoi	143.536.080	51%
1.1	Mr. Nguyen Xuan Son – BOD Chairman		45.032.024	16%
1.2	Mr. Pham Viet Anh – BOD Member, CEO		42.216.024	15%
1.3	Mr. Mai The Toan - BOD Member		28.144.016	10%
1.4	Mr. Le Manh Tuan - BOD Member		28.144.016	10%
<b>II</b>	<b>Major shareholders</b>			
2.1	Vietnam Public Joint Stock Commercial Bank (PVcomBank)	22 Ngo Quyen, Hoan Kiem, Hanoi	14.268.831	5,07%
2.2	YURIE VIETNAM SECURITIES INVESTMENT TRUST	(Namdaemunno2(i)-ga), 84, Namdaemun-ro, Jung-gu, Seoul, Korea	17.288.646	6,14%

## List of the 15 biggest shareholders

No.	Organizations/Individuals	Number of shares	Ownership ratio (%)	Tỷ lệ sở hữu (%)
1	Vietnam Oil and Gas Group (Petrovietnam)	143.536.080	51,00%	
2	Yurie Vietnam Securities Investment Trust	17.288.646	6,14%	51%
3	Vietnam Public Joint Stock Commercial Bank (PVcomBank)	14.268.831	5,07%	16%
4	Vietnam Holding Limited	7.670.513	2,73%	15%
5	Kim Vietnam Growth Equity Fund	7.482.635	2,66%	10%
6	Societe Generale	7.383.698	2,62%	10%
7	Asia Commercial Joint Stock Bank	7.328.788	2,60%	
8	Mirae Asset Vietnam Equity Master Investment Trust	4.885.741	1,74%	5,07%
9	Lumen Vietnam Fund	4.358.050	1,55%	6,14%
10	Korea Investment & Securities Co., Ltd.	3.458.147	1,23%	6,14%
11	Tundra Vietnam Fund	3.449.690	1,23%	
12	Vietnam Stock Mother Fund	3.355.000	1,19%	
13	Mirae Asset Daewoo Co., Ltd.	3.335.370	1,19%	
14	Barclays Capital Securities Limited	2.913.760	1,04%	
15	KITMC Worldwide Vietnam RSP Balance Fund	2.898.000	1,03%	
	<b>Total</b>	<b>233.612.949</b>	<b>83,01%</b>	

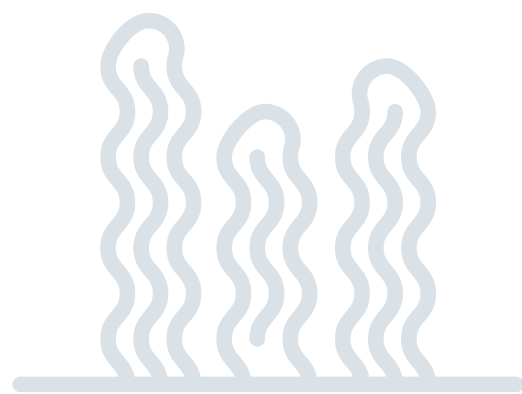
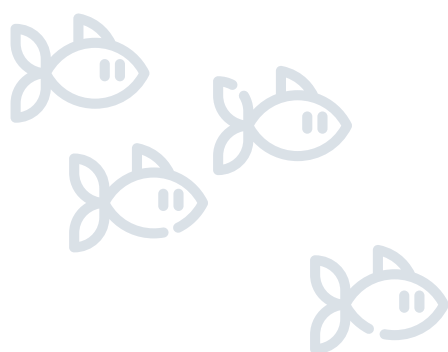
PVTrans's shares have high liquidity and attract many foreign investors. Currently, foreign shareholders account for 33.22%, domestic shareholders account for 66.78%, in which major shareholder PVN accounts for 51%. PVN has a plan to divest capital in PVTrans from 51% to 36% in 2019 and 2020.

### 3.3. Changes in owners' equity

In 2018, PVTrans has not issued any shares to increase the chartered capital. Therefore, chartered capital as at December 31, 2018 is still VND 2,814 billion.

### 4.4. Transaction of treasury shares

In 2018, PVTrans has not made any treasury share transactions. Therefore, the number of treasury shares is holding: 0 shares.



## II. Performance of the Board of Directors

### 2.1. Performance of the Board of Directors

According to the Law on Enterprise and the corporate Charter, the BOD must organize at least 04 (four) meetings every year. In 2018, BOD has organized 55 meetings both regularly and direct irregularly to have a review and inspection on management performances of current quarters, then update and regulates the whole corporation plan for next quarters in order to meet annual plan. Besides, the representative of the BOD regularly participates in meetings of the BOM, various departments and subsidiaries as

well to grasp the business activities in time.

BOD Chairman usually discusses with CEO, leads and co-leads many important meetings and conferences on business activities, restructuring, investment, human resource activities and other issues, and reviews the evaluation reports of the professional departments on the business activities of the Corporation and subsidiaries.

No.	BOD members	Number of meetings attended	Attendance ratio	Owned shares	Ownership ratio (%)
1	Mr. Nguyen Xuan Son	55/55	100%	-	0%
2	Mr. Pham Viet Anh	55/55	100%	157.300	0,06%
3	Mr. Mai The Toan	55/55	100%	-	0%
4	Mr. Le Manh Tuan	55/55	100%	660	0,0002%
5	Mr. Nguyen Quoc Phuong	55/55	100%	-	0%
6	Mr. Pham Anh Tuan	55/55	100%	-	0%
7	Mr. Dao Manh Tien	23/55 (*)	100%	33.880	0,01%

(\*):Mr. Dao Manh Tien - appointed on October 1, 2018

In addition to the above periodical and direct meetings, in 2018, the BOD also has carried out meeting to collect comments and decisions of BOD members in writing.

Base on the results of the above meetings, the BOD has issued 104 resolutions and 31 decisions on important issues below:

- Approving for the 2018 business plan of the Corporation, approving for the projects of an Aframax crude oil tanker and Supramax bulk carrier.
- Approving for liquidation of Hercules M crude oil tanker; approving for implementing chartered capital increase/divestment in some subsidiaries.
- Approving for amending and supplementing salary and bonus payment regulations, Regulations Trade, Regulation on fuel consumption management of fleets.
- Approving for the breakthrough solutions on personnel management model.

These resolutions and decisions are basis for CEO to manage daily business activities. The BOD has agreed on the meeting schedule of the BOD in 2019 as follows:

- Meeting in the 1st quarter: the first week of April 2019
- Meeting in the 2nd quarter: the 2nd week or 3rd week of June 2019
- Meeting in the 3rd quarter: the 2nd week or 3rd week of September 2019
- Meeting in the 4th quarter: the 2nd week or 3rd week of December

### 2.2. List of BOD members owning certificates of corporate governance training:

All members of the Board of Directors have completed corporate governance training and management training during last two years including:

- Sharing views and opinions, corporate governance and management skills (2017)
- Improving the company capacity of business management and administration (2016)

No.	Full name	Owned shares	Certificate of corporate governance	Participate in corporate governance training programs	
				2016	2017
1	Mr. Nguyen Xuan Son	17,288,646	√	√	√
	Mr. Pham Viet Anh	14.268.831	√	√	√
3	Mr. Mai The Toan	7.670.513	√	√	√
4	Mr. Le Manh Tuan	7.482.635	√	√	√
5	Mr. Pham Anh Tuan	7.383.698	√	√	√
6	Mr. Nguyen Quoc Phuong	7.328.788	√	√	√

## III. Report of the Board of Supervisors (BOS):

### 3.1. Activities of the Board of Supervisors

The PVTrans's BOS has 03 members: 01 executive member and 02 non-executive members. According to the rights and responsibilities of the BOS and the provisions of the Law on Enterprise and the Corporate Charter as well as the inspection and supervision plan of the BOS which approved by the 2018 AGM, the BOS has implemented the following main contents:

Ms. Nguyen Thi Kim Anh Head of BOS	Mr. Pham Van Hung BOS member	Mr. Kim Kwang Hyuk BOS member
<p>Taking over all responsibility for the BOS On behalf of the BOS, issuing decisions and documents of the BOS</p> <p>Approving the quarterly/annual operation plans of the BOS</p> <p>Supervising the implementation of the Corporation's development strategy, business strategy, annual planning activities</p> <p>Supervising and evaluating the implementation of rights and obligations of the BOD, CEO</p> <p>Monitoring business activities of the parent company and the subsidiaries;</p> <p>Preparing reports on appraisal of Financial Statements</p> <p>Reporting the regulations on managing the capital invested in other enterprises quarterly and annually as PVN's requirements.</p>	<p>Supervising the restructuring and renovation scheme in PVTrans;</p> <p>Supervising the construction investment, capital contribution, investment and development of business cooperating projects, joint venture projects of the Corporation;</p> <p>Coordinating with inspection teams to conduct inspections the Corporation and subsidiaries when assigned.</p>	<p>Supervising the implementation of annual business plans approved by the AGM;</p> <p>Appraising financial indicators to assess the performance, utilizing and preserving the capital in the company;</p> <p>Supporting the BOS to update information on domestic and international finance market.</p>

In 2018, the BOS has complied with the AGM's resolutions, the operational plan and the actual activities to conduct rights and responsibilities according to the Law on Enterprise; has organized 04 meetings in 2018 to acquire members' opinions in approval of the contents before issuance.

Proportion of BOS's meeting attendance

No.	BOS member	Position	Number of meetings	Attendance ratio	Owned shares	Ownership ratio (%)
1	Ms. Nguyen Thi Kim Anh	Head of BOS	4/4	100%	-	0%
2	Mr. Pham Van Hung	BOS member	4/4	100%	-	0%
3	Mr. Kim Kwang Hyuk	BOS member	4/4	100%	-	0%

#### First meeting

Electing the Head of the Board of Supervisors (2018-2022)

#### Second meeting

Assigning tasks to each member as well as approving the operation plan of the BOS in 2018.

#### Third meeting

Evaluating the Corporation's financial statements of the 1st quarter; Selecting an auditing company to audit the interim financial statements, and the annual financial statements of 2018

#### Fourth meeting

Adopting and appraising the 2018 Financial Statements; Reporting the 2018 activities and the 2019 operation plan of the BOS; Selecting an auditing company to audit the 2019 Financial Statements

### 3.2. Inspection results of management and operation activities

Business operation management of the BOD, BOM in 2018 has fully complied with the Law on Enterprise, the Corporate Charter, and the AGM/ BOD's resolutions, and related regulations.

In 2018, the BOD has held 04 direct meetings and 100 written solicitations, and issued 104 resolutions and 31 decisions to manage the Corporation's activities. The BOD regularly monitored business activities and implementation of decisions, supervised the operations of the Corporation through periodical reports of the Representatives. The BOD had directed, supported and facilitated CEO and the BOS to fulfill their responsibilities according to regulations.

The BOM has always fulfilled assignments proactively and responsibly. The BOM has fully evaluated the advantages and disadvantages, regularly implemented risk assessment and managements to prevent business losses, and to seize the potential opportunities. Meanwhile, the BOM has focused on operating activities drastically, flexibly and intensively; implemented solutions and policies to solve difficulties timely; actively expanded and maintained current markets; promoted investment, restructuring and divestment in the subsidiaries; implemented breakthrough solutions on the human resources management, salaries, bonuses and management model to create flexibility for the subsidiaries; mobilized and improved the efficiency of utilizing all company resources on capital, assets and labor, and improved the capacity of the management apparatus to reduce costs.

### 3.3. Management the business and financial activities

In 2018, the Corporation continues to confronting with difficulties, especially low crude oil prices. Meanwhile, global transportation demand has not increased, leading the shipping industry's alternative difficulties. As a leading transporting company in Vietnam, PVTrans and its subsidiaries suffer many affects from the domestic and international transportation markets. Even though, the BOM has made all efforts with drastic solutions to level out the targets.

Achievements (According to audited financial statements in 2018):

#### Consolidated number:

Revenue and other incomes: VND 7,835.7 billion (reaching 149% of the plan);

Profit before tax: VND 975.1 billion (reaching 222% of the plan);

Profit after tax: VND 780.1 billion (reaching 219% of the plan);

Obligations to the State Budget: VND 534.0 billion (reaching 255% of the plan).

#### Mother company's numbers

Revenue and other incomes: VND 3,209.9 billion (reaching 153% of the plan);

Profit before tax: VND 578.7 billion (reaching 214% of the plan);

Profit after tax: VND 483.2 billion (reaching 215% of the plan);

Obligations to the State Budget: VND 229.6 billion (reaching 213% of the plan).

Total consolidated assets as at December 31, 2018 are VND 10,202 billion, increase VND 999 billion in comparison to December 31, 2017.

Total consolidated assets as at December 31, 2018 are VND 10,202 billion, increase VND 999 billion in comparison to December 31, 2017.

Ratio of consolidated profit after tax/equity (ROE) in 2018 reached 15.2%.

Ratio of consolidated profit after tax/assets (ROA) in 2018 reached 7.7%.

Debt ratio as at December 31, 2018 is 0.50 times, ensuring safety for business and investment activities.

Capital preservation ratio as at December 31, 2018 is 1.1 times (Consolidated equity as at December 31, 2018 is VND5,139.6 billion/owner's equity as at December 31, 2017 is VND4,661.7 billion). PVTrans has preserved and developed its owner capital.

### 3.4. Coordination between the BOS, the BOD and the BOM

In 2018, the BOS has closely coordinated with the BOD and the BOM to fulfill their assigned tasks. The BOD and the BOM have facilitated the BOS to complete the duties and provided information and documents of operation of the Corporation. The BOS is invited to participate in all the meetings of BOD's and the company's briefing.

The BOS has closely coordinated with the BOD, the BOM in inspection and supervision of subsidiaries and the mother company to suggest timely solutions and improve management efficiency, ensure compliance with the current regulations.

### 3.5. Results in inspection of the 2018 financial statements

The BOS has appraised the 2018 Financial Statements and agreed to confirm specific results as follows:

The financial statements fully reflect adequate business and financial activities of the Corporation according to forms prescribed in Circular 200/2014/TT-BTC of the Ministry of Finance dated December 22, 2014.

The financial statements present fairly, in all material respects, the consolidated financial position of the Corporation as at December 31, 2018.

The recording, opening of accounting books, classification of economic contents have conformed to Vietnamese Accounting Standards issued by the Ministry of Finance.

The 2018 financial statements have been audited in conformity with the Charter of the Corporation and Resolution of the 2018 AGM. Deloitte Vietnam is selected as the auditing firm for the 2018 financial statements of the Corporation.

In 2018, PVTrans has preserved and developed its owner equity, fully implemented solutions to preserve owner capital for business activities; has implemented policies on capital and asset management, profit distribution, financial management and accounting as prescribed; has made sufficient provisions according to regulations (reducing prices of inventory, provision of bad debts, and provision for devaluation of financial investments).

The Corporation has reported and announced the information as listed companies on Ho Chi Minh Stock Exchange in accordance to regulations on information disclosure in the stock market.

## IV. Transactions, remuneration and benefits of the Board of Directors, the Board of Management and the Board of Supervisors

### 4.1. Salary, remuneration and other benefits

For the BOD, the BOM, and the BOS

Position	Remuneration (VND/person/month)
Concurrent BOD member	3.000.000
Concurrent BOS member	2.000.000

Full name	Salary/ remuneration	Bonus	Total income
Board of Directors	2.269.807.966	262,502,379	2.532.310.345
Board of Supervisors	713.132.225	103,930,156	817.062.381
Board of Management	4,962,675,446	602,794,904	5,565,470,350

#### Remuneration structure of the BOD and the BOS members

No.	Name	Title	Salary/ remuneration	Bonus	Total income
<b>Board of Directors</b>					
1	Nguyen Xuan Son	BOD Chairman	89%	11%	100%
2	Pham Viet Anh	BOD member	100%	0%	100%
3	Pham Anh Tuan	BOD member	89%	11%	100%
4	Dao Manh Tien	BOD member	89%	11%	100%
5	Le Manh Tuan	BOD member	100%	0%	100%
6	Nguyen Quoc Phuong	BOD member	100%	0%	100%
7	Mai The Toan	BOD member	100%	0%	100%
<b>Board of Supervisors</b>					
1	Nguyen Kim Anh	Head of the BOS	86%	14%	100%
2	Pham Van Hung	BOS member	100%	0%	100%
3	Kim Kwang Kiuk	BOS member	100%	0%	100%
<b>Board of Management</b>					
1	Pham Viet Anh	CEO	89%	11%	100%
2	Mai The Toan	Deputy CEO	89%	11%	100%
3	Dao Manh Tien	Deputy CEO	89%	11%	100%
4	Nguyen Dinh Thanh	Deputy CEO	89%	11%	100%
5	Nguyen Linh Giang	Deputy CEO	89%	11%	100%
6	Nguyen Quoc Thinh	Deputy CEO	88%	12%	100%
7	Nguyen Duyen Hieu	Deputy CEO	100%	0%	100%
8	Nguyen Viet Long	Deputy CEO	88%	12%	100%



#### 4.2. Transactions of internal shareholders and related persons

In 2018, there are no transactions between the Corporation and related persons of the Corporation or between the Corporation and a major shareholder/internal persons/related people.

#### 4.3. Contracts/transactions of internal shareholders and related persons

In 2018, there are no contracts/transactions between PVTrans and one or more BOD members, BOS members, and the BOM members, other managers or their related people.

In addition, contracts or transactions between PVTrans and companies, subsidiaries, or affiliates are conducted according to the law, internal regulations/rules of PVTrans and the real situation. On the other hand, these transactions have been noted in the financial statements of PVTrans.

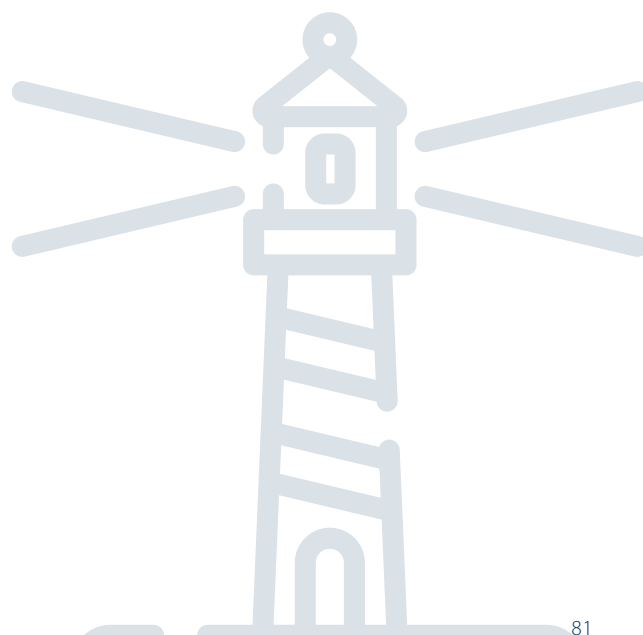
#### 4.4. Implementation of regulations in corporate governance

In order to achieve efficiency in governance, PVTrans has completed the system of internal regulations/processes/rules to create the unique, professional, transparent and effective governance system. In 2018, the AGM has approved the amendment and supplement of the Corporate Charter in compliance with the new provisions in the 2014 Law on Enterprise, the Decree 71/2017/ND-CP valued from August

1, 2017, the Circular 95/2017/TT-BTC dated November 6, 2017 guiding Decree 71/2017/ND-CP. Moreover, the 2018 AGM has also approved the amendment and supplement of the Internal Management Regulation of the Corporation to improve the governance of PVTrans.

In order to ensure operational efficiency of the BOD and the BOS: In the Corporate Charter and Internal Management Regulations, the rights and responsibilities of the BOD and the BOS have been determined clearly. PVTrans has also separated the rights and responsibilities of the BOD Chairman and CEO to avoid conflicts of interests and power concentration, and ensured the independence in the decision of the Corporation. Compliance with regulations will contribute to improve the transparency of governance in the Corporation.

To ensure rights for shareholders and related people: Based on the Charter of the Corporation, the rights and responsibilities of shareholders have concretized. PVTrans has organized the 2018 AGM and extraordinary General Meetings of Shareholders in accordance with the procedures and the law to ensure the highest interests for shareholders. All documents have been posted publicly on the website at the same time as sending invitations to shareholders. At the 2018 AGM, PVTrans has also invited representatives of an independent auditing company to attend the meeting. After the AGM, Meeting Minutes and Resolutions/Voting counting report have been posted on PVTrans website and disclosed according to regulations.



## V. Risk management report

In 2018, PVTrans has encountered challenges due to unpredictable changes of oil prices, low freight charges. Therefore, risk management has become an important goal of PVTrans. The leaders of the company have identified, prevented and minimized the main risks in PVTrans as follows:



### 1. Risks of safety, health and environment:

The Corporation's liquid transportation and oil tankers operation always have potential risks of safety such as occupational accidents for crew- members, fire incidents, cargo accidents, marine crashes, shipwrecks, oil spills, etc. In recent years, due to global climate changes, the weather becomes complicated leading unpredictable storms and tropical depressions, which impacts PVTrans's business activities.

PVTrans always strives to minimize these risks through the following measures::

- Maintaining and continuously improving the Quality Environmental Safety Management System according to international standards (ISO 9001: 2015; ISO 14001: 2015; OHSAS 18001: 2007); promoting the implementation of these systems in all subsidiaries.
- Training the employees at all levels to meet working requirements, especially training on safety; organizing the in-house training courses or through other training institutions.
- Continuously propagating and building a safe labor culture, preventing accidents.
- Inspecting and monitoring the safety operation, evaluating and continuously improving the Health, Safety, Environment and Quality Management System.
- Using management software tools to control vehicles, equipment and machinery to ensure technical safety and optimize productivity.
- Complying with the policy of insurance for people, assets, and business activities adequately to cover risks in business and tankers operation.

These above solutions help PVTrans achieve remarkable results, meaning PVTrans has not encountered any risks related to safety, health and environment in 2018.

### 2. Risks of legal affairs and compliance:

Laws and sub-law documents, specialized regulations, tax and accounting guidelines such as Law on Enterprise, Law on Maritime, Law of Bidding, Law on Investment, Law on Securities, etc. are regularly adjusted and supplemented, thus affecting the business activities and strategy of development of PVTrans.

To minimize this risk and feature compliance, PVTrans has implemented the following measures:

- Always reviewing, improving, and updating the rules, regulations and processes within the Corporation as well as the subsidiaries to ensure compliance with the provisions of law and the actual situation of the Corporation and create steady legal basis in management and operation of PVTrans.
- Reviewing signed contracts and agreements, especially contracts with foreign customers/partners.
- Updating and notifying changes in laws and policies to the departments of the Corporation as well as the subsidiaries; advising to the BOM of PVTrans.

### 3. Market risks:

In the recent years, the shipping transportation industry has recovered after the crisis but still has maintained at low charges and fierce competition in both international and domestic markets due to the oversupply of large ships. Moreover, unpredictable changes in oil prices and old fleets are dual factors affecting the capacity of competitiveness of PVTrans.

In order to minimize this risk, PVTrans alternatively restructures, especially investing, innovating and rejuvenating the fleets. In parallel, PVTrans drastically reviews and looks for appropriate business solutions to minimize service costs, fixed cost in order to improve capacity of competitiveness for fleets. In addition, PVTrans promotes to search and cooperate with domestic and foreign partners to expand markets, maximize productivity and market share.



#### 4. Risk of fuel price/oil price

Fuel prices account for about 40% of PVTrans's transportation costs. When fuel prices fluctuate, transporting enterprises have direct impact. To minimize this risk, PVTrans always has forecasts about fuel prices and freight charges as well as proposes timely strategies and plans.

PVTrans's customers are mostly enterprises in oil and gas industries. Therefore, that oil price increases/decreases affects PVTrans significantly. To prevent this risk, PVTrans always evaluates and monitors cargo owners who has signal of loss or loss of liquidity from the fluctuation of oil prices and proposes timely measures on debt such as financial commitment between cargo owners and PVTrans.

#### 5. Human resources risk:

The shipping industry requires employees to meet professional qualifications and certain experience related to the business. When the labor market is on fierce competition and the maritime industry faces many difficulties and less attractiveness, the attractiveness and maintainance of the talents are great concerns of PVTrans.

PVTrans always considers people as a core factor in the development strategy. PVTrans has always focused on training and improving skills for employees. In addition, PVTrans also pays attention to a transparent, fair and consistent wage policy, social security and welfare policies. PVTrans has development strategy of human resources in the long term to prepare for the next generations and motivate them to work with the company faithfully.

Besides the competitive income policies compared to the market, PVTrans also gives employees many opportunities of promotion, features more in qualifications than working time and maintains transparency in assessing employees and remuneration. In addition, PVTrans maintains the cohesion, solidarity through voluntary activities, teambuilding activities, cultural, arts and sports activities.

#### 6. Risks of changes in exchange rate, interest rates, credit and payment

- Exchange rates and interest rates: Market interest rate fluctuations affect business operations of PVTrans while PVTrans has outstanding loans for fleet investment. Annually, PVTrans has also evaluated some banks to maximize profits from deposits, found out and negotiated with different banks to get the lowest interest rate with the best loan terms in case of disbursement. In addition, PVTrans also has solutions to minimize the risk of exchange rate fluctuations by derivative contracts, such as: Swap, Spot and Forward which replace the loans in foreign currency in case of Circular 42/2018/TT-NHNN dated 28th December, 2018 has been effective since 01 January 2019. (Circular 42/2018/TT-NHNN dated 28 December 2018 with amendment and supplement to Circular 24/2015/TT-NHNN issued by the State Bank of Vietnam on foreign currency loans granted to residents by credit institutions and branches of foreign banks).
- Payments and liabilities: This risk occurs when a customer or partner fails to meet the payment obligations in the contract, resulting in financial losses to the company. Operating in the shipping industry with many difficulties and challenges, PVTrans also cannot avoid this risk.

PVTrans has been implementing appropriate payment/debt policies for each customer, regularly following and evaluating the customers/partners' ability of finance and this risk's impact on the company's ability of finance/subsidiaries. PVTrans also requests the subsidiaries to report monthly and quarterly on the situation of payment and debt in order to take appropriate solutions and minimize this risk on business activities of PVTrans.

## VI. Assessing the performance of corporate governance based on ASEAN corporate governance scorecard

Question	Content of question	Assessment	Evaluation basis	
			Performances in 2018	Performances in 2017
<b>A.1</b>	<b>Basic rights of shareholders</b>			
A.1.1	Does the company pay (interim and final/annual) dividends in an equal and timely manner; i.e, all shareholders are treated equally and paid within 30 days after being (i) announced for interim dividends and (ii) approved by shareholders at the general meeting of shareholders for final dividends? In case the company has offered script dividend, did the company pay dividends within 60 days.	Good	Dividends in 2018: - The AGM 2018 held on 11 April 2018 approved the dividend rate of 2017 of 10%/par value Payment of dividends in 2018: - Paid 2017 dividends at rate of 10%/par value, disclosed information on 10 August 2018, last registration date on 23 August 2018, payment date on 17 September 2018	Dividends in 2017: - The AGM 2017 held on 05 April 2017 approved the dividend rate of 2016 of 10%/par value Payment of dividends in 2016: - Paid 2016 dividends at rate of 10%/par value, disclosed information on 22/05/2017, last registration date on 31/05/2017, payment date on 26/06/2017
A.1.1 (a)	Does the company allow secure electronic voting in absentia at the general meetings of shareholders?	Good	The charter and internal regulations on corporate governance include the form of absentee voting, however PVTrans has not implemented at the previous General Meetings because of not satisfying necessary criteria. The company will consider to implement this form in the future.	
<b>A.2</b>	<b>The right to participate in decisions concerning fundamental corporate changes</b>			
A.2.1	Amendments to company' regulations?	Good	At the AGM 2018, shareholders participated in revising the Charter and the Internal Governance Regulations.	No amendments
A.2.2	The authorisation of issued additional shares	Good	Regulated in Article 13 of the Company Charter This content did not arise in the AGM 2018	Regulated in Article 14 of the Company Charter This content did not arise in the AGM 2017
A.2.3	The transfer of all or substantially all assets, which in effect results in the sale of the company?	Good	Regulated in Article 13 of the Company Charter	Regulated in Article 14 of the Company Charter
<b>A.3</b>	<b>The right to participate effectively in and vote in General Meeting of Shareholders, and should be informed of the rules, including voting procedures, which govern general shareholder meetings</b>			
A.3.1	Do shareholders have the opportunity, expressed by the agenda content, to approve remuneration (fees, remuneration, forms of in-kind benefits or other perks) or any increases in remuneration for members/non-executive member of the Board of Directors?	Good	This content is approved in the annual AGM	
A.3.2	Does the company allow non-controlling shareholders the right to nominate candidates for the Board of Directors/commissioners?	Good	Regulated in Article 23 of the Company Charter	Regulated in Article 24 of the Company Charter
A.3.3	Does the company allow shareholders to elect directors/commissioners individually?	Good	Regulated in Article 23 of the Company Charter - The general meeting by solicitation of written consent approved additionally elected Mr. Dao Manh Tien as BOD member for replacements. - The 2018 AGM elected a replacement of BOS member	Regulated in Article 24 of the Company Charter - The 2017 AGM elected a replacement of BOD/BOS members
A.3.4	Did the company announce the voting procedure before the general meeting conducted?	Good	This content is included in the document of the AGM 2018	This content is included in the document of the AGM 2017
A.3.5	Do the minutes of the most recent AGM record that the shareholders were given the opportunity to ask questions and the questions raised by shareholders and the answers given recorded?	Good	The minutes of the AGM always record all questions from shareholders and answers from Presidium through PVTrans's representatives	

Question	Content of question	Assessment	Evaluation basis	
			Performances in 2018	Performances in 2017
A.3.6	Does the company announce the voting results including approving, dissenting and abstaining votes for all resolutions/each agenda item for the most recent AGM?	Good	The minutes of AGM disclosed approving/dissenting and abstaining votes percentage for each voting opinion in accordance with each voting agenda of the Meeting	
A.3.7	Does the company announce the list of BOD members attended the latest AGM?	Good	The minutes of AGM disclosed the list of BOD members attending the Meeting	
A.3.8	Does the company announce that all BOD members and CEO (if the CEO was not a BOD member) attended the latest AGM?	Good	PVTrans has done well this content	
A.3.9	Does the company allow voting in absentia?	Good	The charter and internal regulations of corporate governance regulated the form of absentee voting through electronic means	
A.3.10	Did the company vote by poll (as opposed to by raising hands) for all resolutions at the latest AGM?	Good	The minutes of AGMs clearly showed the voting form of shareholders by "Voting ballots" in accordance with issues addressed at the Meeting and each item of reports/statements (approve/disapprove/abstain).	
A.3.11	Does the company announce the appointment of an independent party (inspectors/scrutineers) to count and/or validate the votes at the AGM?	Good	At the 2018 AGM, the company invited 01 shareholder to be a representative to supervise the vote counting committee	At the 2017 AGM, the company invited 01 shareholder to be a representative to supervise the vote counting committee
A.3.12	Does the company announce publicly available by the next working day the voting results for all resolutions in the latest AGM?	Good	The minutes and resolutions of the AGM were disclosed within 24 hours on PVTrans website	
A.3.13	Does the company provide at least 21 days notice regarding the issues to be decided at the AGM and extraordinary general meetings?	Good	Notice of meetings and content were announced to shareholders 21 days prior to the date of AGMs.	
A.3.14	Does the company provide the rationale and explanation for each item which require shareholders' approval in the notice of AGM/documentation/Draft and/or the accompanying statement?	Good	Meeting documents provided shareholders with sufficient information and explanation for each item which require shareholders' approval	
A.3.15	Does the company give the opportunity to shareholders to place items on the agenda of AGM?	Good	Before the Meetings, shareholders can submit their proposals to the AGM's agenda (must be in writing and be sent at least 03 working days before the opening date of the AGMs. At the Meetings, PVTrans always spent time for shareholders to ask questions to the BOD about issues, and the discussion was recorded in the Meeting minutes	
<b>A.4</b>	<b>Markets for corporate control should be allowed to function efficiently and transparently</b>			
A.4.1	In the cases of mergers, acquisitions and/or takeovers requiring shareholders' approval, does the BOD/commissioners of the company appoint an independent party to assess the reasonableness of the transaction price?	Good	There are no cases in PVTrans	There are no cases in PVTrans
<b>A.5</b>	<b>The exercise of ownership rights by all shareholders, including institutional investors, should be facilitated</b>			
A.5.1	Does the company disclose its policies/practices to encourage shareholders to engage with the company beyond AGM?	Good	PVTrans always updated the business results (Analyst meeting) as well as answer questions and record feedbacks from shareholders, investors, funds/securities companies.	
<b>B.</b>	<b>Equitable treatment of shareholders</b>			
<b>B.1</b>	<b>Shares and voting rights</b>			
B.1.1	Does each company's ordinary or common share have one vote for one share?	Good	The charter, agenda and voting rules at the Meetings clearly represented this content	
B.1.1 (a)	Does the company issue notice of the AGM (detailed agenda and explanation notice), as notices sent to HOSE at least 28 days before the meeting date?	Good	The company disclosed the notice of AGM 28 days prior to the meeting date	
B.1.2	In case the company has more than one class of shares, does the company announce the voting rights attached to each class of shares (eg: via website/report/stock exchange/website of State bodies)?	Good	PVTrans has only 01 class of shares which is common stock	

Question	Content of question	Assessment	Evaluation basis	
			Performances in 2018	Performances in 2017
<b>B.2</b>	<b>Notice of the AGM</b>			
B.2.1	Does each resolution in the latest AGM involve in only one item of the draft resolution, i.e, there is no bundling or several items into the same resolution?	Good	PVTrans implemented this standard	
B.2.2	Thông báo và tài liệu ĐHĐCĐ gần nhất có được dịch đầy đủ sang tiếng Anh và công bố vào cùng ngày với tài liệu theo ngôn ngữ địa phương	Inadequate	PVTrans will complete the notice of the AGM documents in English	
	<b>Notice of AGM contains the following details:</b>			
B.2.3	Are the profiles of directors/commissioners in seeking election/reelection included (at least the age, qualification, specialty, first appointment date, experience, and the BOD member's title in other listed companies)?	Good	PVTrans disclosed the profiles of the candidates in the AGM's documents	
B.2.4	Kiểm toán viên/công ty kiểm toán chuẩn bị được bầu chọn/bầu chọn lại có được xác định rõ ràng?	Good	The list of auditing companies appointed was included in the report attached to the AGM's Resolution	
B.2.5	Were the proxy documents made available easily?	Good	Proxy documents were sent to shareholders and uploaded on the website	
<b>B.3</b>	<b>Insider trading and abusive self-dealing should be prohibited</b>			
B.3.1	Does the company have policies and/or regulations prohibiting BOD members/commissioners and employees to benefit from knowledge which is not generally available to the market?	Good	Regulated in Article 38 of the company Charter (Responsibility for honesty and avoidance of conflicts of interests)	Regulated in Article 38 of the company Charter (Responsibility for honesty and avoidance of conflicts of interests)
B.3.2	Are the directors/commissioners required to report their dealings in company shares within 3 working days?	Good	PVTrans well implemented this regulation in accordance with Circular 155/2015/TT-BTC and the company Charter	
<b>B.4</b>	<b>Related party transactions by BOD members and key executives</b>			
B.4.1	Does the company have a policy requiring BOD members/commissioners to announce their interest in transactions and any other conflicts of interest?	Good	Regulated in the company Charter and internal regulations on corporate governance	
B.4.2	Does the company have a policy requiring a subcommittee including independent BOD members to review material related party transactions to determine whether they are in the best interests of the company and shareholders.	Good	PVTrans included the specialized divisions to review related party transactions within their functions and tasks.	
B.4.3	Does the company have a policy requiring BOD members to abstain from participating in the board discussion on a particular agenda when they are conflicted?	Good	Regulated in the company Charter, in which BOD members participated in the meetings but were not allowed to vote on the contents related to activities and transactions in which such members have conflicts of interests	
B.4.4	Does the company have policies on loan to BOD members either forbidding this practice or ensuring that they are being conducted at arm's length basis and at market rates?	Good	There is no case in PVTrans	
<b>B.5</b>	<b>Protecting minority shareholders from abusive actions</b>			
B.5.1	Does the company announce that the related party transactions are implemented in such a way to ensure that they are fair and at arm's length?	Good	PVTrans followed the legislation on securities and securities market	
B.5.2	In case of related party transactions requiring shareholders' approval, is the decision made by disinterested shareholders.	Good	Regulated in the company Charter, in which shareholders can participate in the meetings but can not vote on the contents that the shareholder has related interests.	
<b>C</b>	<b>Role of stakeholders</b>			
<b>C.1</b>	<b>The rights of stakeholders that are established by law or through mutual agreements are to be respected</b>			
	<b>Does the company publicize policies and practices about:</b>			

Question	Content of question	Assessment	Evaluation basis	
			Performances in 2018	Performances in 2017
C.1.1	Announcing policies and practices to protect customers' rights?	Good	PVTrans always committed and implemented for customers' rights	
C.1.1 (a)	Does the company implement an internationally recognized reporting framework for sustainable development (ie GRI, Integrated Report, SASB)?	Good	PVTrans's sustainable development reports were prepared under integrated reports in the Annual Report according to the listed companies' form.	
C.1.2	Does the company disclose supplier/contractor selection procedures?	Good	Regulated in the internal regulations of PVTrans	
C.1.3	Does the company disclose the company's efforts to ensure that its value chain is environmentally friendly or is consistent with promoting sustainable development?	Good	Publicized on PVTrans website at HSE section <a href="https://pvtrans.com/hseq/policy">https://pvtrans.com/hseq/policy</a>	
C.1.4	Does the company disclose the company's efforts to interact with the communities in which they operate?	Good	Stated in the Annual Report	
C.1.5	Does the company disclose the company's anti-corruption programs and procedures?	Good	PVTrans has regulations/directives about anti-corruption	
C.1.6	Does the company disclose on how creditors' rights are safeguarded?	Good	PVTrans always committed and implemented for creditors' rights adequately	
C.1.7	Does the company have a separate report/section that discusses its efforts on environment/economy and social issues?	Good	Stated in the Annual Report	
<b>C.2</b>	<b>When the stakeholder interests are protected by law, stakeholders should have the opportunity to obtain effective redress for violation of their rights</b>			
C.2.1	Does the company provide contact information via the company's website or Annual Report which stakeholders (e.g: customers, suppliers, general public, etc.) can use to voice their concerns and/or complaints for possible violations of their rights?	Good	PVTrans provides contact information on the website, Annual Report, Corporate Governance Report and some other documents	
<b>C.3</b>	<b>Mechanisms for employee participation should be allowed to develop</b>			
C.3.1	Does the company clearly announce policies and practices on health, safety and welfare for employees?	Good	Stated in the Annual Report. In addition, PVTrans also has details in the Labor Agreements	
C.3.2	Does the company clearly announce policies and practices, efforts on training and development programs for employees?	Good	Stated in the Annual Report, in addition, it is specified in the annual plan of PVTrans	
C.3.3	Does the company have a reward/compensation policy that account for the company's performance in the long term rather than in the short term?	Good	Regulated on reward/compensation policies	
<b>C.4</b>	<b>Stakeholders including individual employee and their representative bodies, should be able to freely communicate their concerns about illegal or unethical practices to the board and their rights should not be compromised for doing this</b>			
C.4.1	Does the company have a whistle blowing policy that includes procedures for complaints by employees and other stakeholders concerning alleged illegal (including corruption) and unethical behavior and provide contact details via the company's website or annual report?	Good	This content was defined in regulations/directives/deadline procedures, always willing to listen, solve and ensure the interests of employees and related parties	
C.4.2	Does the company have a policy or procedure to protect employees/individuals who reveals alleged illegal/unethical behavior from retaliation?	Good	This content was defined in regulations/directives/deadline procedures, always willing to listen, solve and ensure the interests of employees and related parties	
<b>D.</b>	<b>Disclosure and Transparency</b>			
<b>D.1</b>	<b>Transparent ownership structure</b>			
D.1.1	Does the information on shareholdings reveal the identity of beneficial owners, holding 5% shareholding or more?	Good	Complied with the Company Charter, stated in Annual Report and Management Report in accordance with the law.	
D.1.1 (a)	Are the audited annual financial statement/report released within 60 days from the end of the fiscal year?	Good	Disclosed according to regulations for listed companies	

Question	Content of question	Assessment	Evaluation basis	
			Performances in 2018	Performances in 2017
D.1.2	Does the company announce the direct and indirect (deemed) shareholdings of major and/or substantial shareholders?	Good	Complied with the Company Charter, stated in Annual Report and Management Report in accordance with the law.	
D.1.2 (a)	Does the company disclose details of remuneration of the CEO?	Good	Stated in the Annual Report	
D.1.3	Does the company announce the direct and indirect (deemed) shareholdings of BOD members?	Good	Stated in Annual Report, Management Report and other documents in accordance with the law.	
D.1.4	Does the company disclose direct and indirect (deemed) shareholdings of the BOM?	Good	Stated in Annual Report, Management Report and other documents in accordance with the law.	
D.1.5	Does the company disclose details about the parent/holding company, subsidiaries, affiliates, joint-ventures and special purpose enterprises/vehicles (SPEs)/(SPVs)?	Good	Stated in Annual Report and Financial Statements	
<b>D.2</b>	<b>Quality of Annual report</b>			
D.2.1	Corporate objectives	Good	Stated in Annual Report and the website	
D.2.2	Financial performance indicators	Good	Stated in Annual Report and Financial Statements	
D.2.3	Non-financial performance indicators	Good	Stated in Annual Report	
D.2.4	Dividend policy	Good	Stated following to regulations	
D.2.5	Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and any other directorships or listed companies) of BOD members	Good	Stated in Annual report, the website and other forms in accordance with the law in case of election, suggestion and nomination	
D.2.6	Attendance details of each BOD member in the BOD meetings held during the year	Good	Stated in the AGM's documents, Annual Report, Management Report	
D.2.7	Total remuneration of each BOD member	Good	Stated in the AGM's documents, Annual Report	
	<b>Statement of corporate governance confirmation</b>			
D.2.8	Does the Annual report contain a statement confirming the company's full compliance with the code of corporate governance and where there is non-compliance, identify and explain reasons for each such issue?	Good	Stated in the Annual Report, in the item "Corporation Governance Report"	
<b>D.3</b>	<b>Disclosure of related party transactions (RPTs)</b>			
D.3.1	Does the company disclose its policy covering the review and approval of material RPTs?	Good	PVTrans annually reviewed and disclosed information in compliance with RPTs.	
D.3.2	Does the company disclose the name, relationship, nature and value for each critical/important RPT?	Good	PVTrans disclosed according to regulations on securities and securities market	
<b>D.4</b>	<b>Directors dealings in shares of the company</b>			
D.4.1	Does the company announce the trading in the company's shares by insiders?	Good	According to the Circular 155/2015/TT-BTC, insiders announced information 03 days before the date of trading shares.	
<b>D.5</b>	<b>Independent auditing and audit report</b>			
D.5.1	Are the audit and non-audit fees disclosed?	Good	PVTrans disclosed information according to regulations	
D.5.2	Does the non-audit fees exceed the audit fees?	Good	There is no non-audit fee	
<b>D.6</b>	<b>Medium of communications</b>			
	<b>Does the company use the following modes of communication?</b>			



Question	Content of question	Assessment	Evaluation basis	
			Performances in 2018	Performances in 2017
D.6.1	Quarterly report	Good	Quarterly financial statements were disclosed on the website and mass media in accordance with Circular 155/2015/TT-BTC.	
D.6.2	Website of the company	Good	PVTrans had website in both Vietnamese and English	
D.6.3	Analysts' briefing	Good	PVTrans often had analytical articles, and regularly organized shareholder/investor meetings to update the business results	
D.6.4	Media briefings/press conferences	Good	PVTrans often had articles to update the business activities, outstanding events and awards to strengthen images	
<b>D.7</b>	<b>Timely filing/release of annual/financial reports</b>			
D.7.1	Are the audited annual financial statements released within 120 days from the end of the fiscal year?	Good	Audited annual financial statements were disclosed in accordance with regulations for listed companies	
D.7.2	Is the annual report disclosed within 120 days from the end of the fiscal year?	Good	Annual report was disclosed within 20 days from the publication of the audited financial statements	
D.7.3	Is the true and fairness/fair representation of the annual financial statement/reports affirmed by the BOD and/or the relevant officers of the company?	Good	The audited financial statements contained reports of the BOM stating this content	
<b>D.8</b>	<b>Website of the company</b>			
	<b>Does the company have a website disclosing up-to-date information on the following</b>			
D.8.1	Financial statements (latest quarterly)	Good	It is fully regularly updated and disclosed according to Circular 155/2015/TT-BTC	
D.8.2	Materials provided in briefings to analysts and media	Good	The website regularly updated relevant information	
D.8.3	Downloadable annual reports	Good	Downloaded in "Corporate Documents" section on the website	
D.8.4	Notice of AGM and/or Extraordinary general meetings (EGMs)	Good	Fully disclosed in accordance with regulations and can be downloaded from PVTrans website	
D.8.5	Minutes of AGM and/or EGM	Good	Disclosed in "Investor Relations" in "Corporate Documents" section on the website	
D.8.6	Downloadable company charter	Good	Stated on the website	
<b>D.9</b>	<b>Investor relations</b>			
D.9.1	Does the company disclose the contact details (e.g. phone numbers, fax and email) of officer/office responsible for investor relations?	Good	Stated on the website at the Contact of Investor Relations section on the website	
<b>E.</b>	<b>Responsibilities of the BOD</b>			
<b>E.1</b>	<b>Roles and responsibilities of BOD members</b>			
	<b>Clearly defined responsibilities of BOD and corporate governance policy</b>			
E.1.1	Does the company disclose its corporate governance policy/BOD charter?	Good	The company's website discloses internal regulations on corporate governance	
E.1.1 (a)	Does the company have at least one female independent BOD member?	Have not implemented		
E.1.2	Are the types of decisions requiring BOD's approval disclosed?	Good	BOD's Decisions were disclosed within 24 hours according to Circular 155/2015/TT-BTC and stated in the Annual Report, Corporate Governance Report	
E.1.2 (a)	Does the company have a policy and disclose measurable objectives for implementing its board diversity and report on progress in achieving its objectives?	Good	Implemented in accordance with PVTrans's internal regulations	
E.1.3	Are the roles and responsibilities of BOD members clearly stated?	Good	Regulated in the Charter, Internal Management Regulations and other regulations on assignments	

Question	Content of question	Assessment	Evaluation basis	
			Performances in 2018	Performances in 2017
<b>Vision/mission of the company</b>				
E.1.4	Does the company have an updated vision and mission statement?	Good	Website, profile, annual report stated this content	
E.1.5	Does the BOD member play a leading role in the process of developing and reviewing the company's strategy at least annually?	Good	Annually, the BOD reviewed, developed strategies and stated them in the Annual Report	
E.1.6	Does the BOD members have a process to review, monitor and oversee the implementation of the company's strategy?	Good	PVTrans implemented this content well	
<b>E.2</b>	<b>BOD structure</b>			
<b>Code of Ethics or Conduct</b>				
E.2.1	Are the details of the Code of Ethics or Conduct disclosed?	Good	Regulated in internal regulations	
E.2.1 (a)	Does the Human Resource Subcommittee include all independent the BOD members?	Good	There is BOD member responsible for human resources	
E.2.2	Does the company disclose that are all BOD members, senior management and employees required to comply with the code?	Good	Regulated in PVTrans's internal regulations	
E.2.2 (a)	Does the Human Resources Subcommittee undertake the process of identifying the quality of the BOD members aligned with the corporate strategic directions?	Good	PVTrans has regulation/procedure assessing BOD members' activities	
E.2.3	Does the company have a process to implement and monitor compliance with the Code of Ethics or Conduct?	Good	Regulated in PVTrans's internal regulations	
E.2.4	Do independent BOD members/commissioners make up at least 50% of the BOD members?	Good	BOD members accounted for the proportion of 3/7	BOD members accounted for the proportion of 2/6
E.2.5	Does the Company limit a term of maximum 9 years or less or 2 terms of 5 years each for its independent BOD member (the 5-years term must be required by the existing laws before ASEAN corporate governance Scorecard was issued in 2011)	Good	The company charter stipulated the term of no more than 5 years for BOD members.	
E.2.6	Has the company set a limit of 05 board seats that an individual independent/non-executive BOD member may hold simultaneously?	Good	PVTrans strictly complied with regulations for listed companies, but a BOD member must not be a BOD member of more than 5 other companies	
E.2.7	Does the company have any executive BOD members serving on more than 02 Boards of listed companies outside the group?	Good	PVTrans strictly adhered to regulations	
<b>Human Resource Subcommittee</b>				
E.2.8	Does the company have a Human Resource Subcommittee?	N/A	PVTrans has not set up this subcommittee yet because it will incur more costs unnecessarily	
<b>Remuneration / Compensation Subcommittee</b>				
E.2.13	Does the company have a Remuneration Subcommittee?	N/A	PVTrans has not set up this subcommittee yet because it will incur more costs unnecessarily	
<b>Audit Subcommittee</b>				
E.2.18	Does the company have an Audit Subcommittee?	Good	The corporate governance model has the BOS. In the other hand, PVTrans has an Auditing Department under the BOD with its responsibilities and functions similar to Audit Subcommittee's requirements	
<b>E.3</b>	<b>BOD procedures</b>			
<b>BOD meeting and attendance</b>				

Question	Content of question	Assessment	Evaluation basis	
			Performances in 2018	Performances in 2017
E.3.1	Are the BOD meeting planned before the start of the financial year?	Good	Annually, PVTrans makes plans for 4 periodic BOD meetings per year before beginning a financial year	
E.3.1 (a)	Does the company use professional search companies other independent external sources of candidate (such as the BOD member databases set up by BOD members or shareholders associations) when looking for candidates to BOD members?	Good	Well implemented according to regulations	
E.3.2	Does the BOD members meet at least 06 times during the year?	Good	During the year, BOD members certainly met more than 6 times	
E.3.3	Has each of BOD member attended at least 75% of all the BOD meetings held during the year?	Good	Annual report specifically stated the attendance rate of each BOD member, almost the attendance rate reached 100%.	
E.3.4	Does the company require the minimum quorum of at least 2/3 for board decisions?	Good	BOD minimum attendance rate follows the company Charter and Law on Enterprises. In fact, the BOD's decisions were absolutely approved by 7/7 BOD members	
E.3.5	Did the non-executive BOD members of the company meet separately at least once during the year without any executives present?	Good	The non-executive BOD members met and discussed in necessary cases	
<b>Access to information</b>				
E.3.6	Are the documents for BOD meetings provided to the BOD at least 05 working days before the BOD meetings?	Good	Complied with the company Charter	
E.3.7	Does the company secretary play an important role in supporting the BOD in discharging its responsibilities?	Good	The responsibilities of Secretary were clearly stated in the company Charter, the BOD Secretary plays an important role in supporting the BOD to fulfill their duties.	
E.3.8	Is the company secretary trained in legal, accounting or corporate secretarial practices and updated with relevant developments?	Good	Well implemented this regulation	
<b>Appointment and re-election of BOD members</b>				
E.3.9	Does the company disclose the criteria used to select new BOD members?	Good	Complied with the company Charter and Law on Enterprises	
E.3.10	Did the company describe the process followed in appointing new BOD members?	Good	Complied with regulations, Election Regulations attached to the AGM documents when the company needs to appoint new BOD members	
E.3.11	Are all BOD members re-elected at least 3 years, or 5 years for listed companies in countries whose legislation stipulates a term of five-year? (The 5-year term must be required by existing laws before the ASEAN Corporate Governance Scorecard issued in 2011)	Good	The term of office of the BOD members is stipulated in the company Charter is maximum of 5 years and re-elected in accordance with the law	
<b>Remuneration issues</b>				
E.3.12	Does the company disclose policies/practices of remuneration for executive BOD members and CEO (fees, remuneration, forms of artifacts or others) (i.e the use of incentive policies and short and long term efficiency indicators)?	Good	Stated at the Annual Report and documents of the AGM	
E.3.13	Is there disclosure of the fee structure for non-executive BOD members?	Good	Disclosed according to regulations for listed companies	
E.3.14	Do the shareholders or BOD approve the remuneration of executive BOD members and/or senior executives?	Good	The BOD approved the Regulation on salary scale of the Executive Board	
E.3.15	Does the company have measurable standards to align the performance-based remuneration of the executive BOD members and senior executives with long-term benefits of the company, such as clawback provision and deferred bonuses?	Good	PVTrans had regulations on executive BOD members or BOM' evaluation of performance, based on the annual policies and measurement standards.	
E.3.16	Does the company have a separate internal audit department?	Good	PVTrans has an Internal Audit Department	

Question	Content of question	Assessment	Evaluation basis	
			Performances in 2018	Performances in 2017
E.3.17	Is the head of the internal audit department identified, or if outsourced, is the name of the external company publicized?	Good	The Internal Audit Department is responsible for advising and supporting the BOD and disclosing the information aligned with regulations	
E.3.18	Does the appointment and removal of internal auditor require the approval of the Audit Subcommittee?	Good	PVTrans has appointed the internal auditor in accordance with the company internal regulations	
<b>Risk oversight</b>				
E.3.19	Does the company disclose internal control procedures/ risk management framework and periodically review the effectiveness of that framework?	Good	PVTrans established and implemented internal control/ risk management procedures and regularly evaluated and corrected	
E.3.20	Does the Annual Report/Corporate Governance Report announce that BOD members has conducted a review of the company's material controls and risk management systems?	Good	Announced in the Annual Report/Governance Report and BOD's other reports	
E.3.21	Does the company disclose how to manage important risks (such as finance, operations including information technology, environment, society and economy)?	Good	Stated at the Annual Report	
E.3.22	Does the Annual report/Corporate governance report contain the statement from the BOD or Audit Subcommittee on the adequacy of the company's internal control /risk management systems?	Good	Stated at the Annual Report	
<b>E.4</b>	<b>Personnel in the BOD</b>			
<b>BOD Chairman</b>				
E.4.1	Do different people assume the roles of chairman and CEO?	Good	Having applied at PVTrans	
E.4.1 (a)	Do independent non-executive BOD members account for more than 50% of the BOD members for a company with independent chairman?	Good	Non-executive BOD members were 5/7	
E.4.2	Is the chairman an independent BOD member?	N/A	The Chairman is not independent BOD member	
E.4.3	Is any of BOD members a former CEO of the company in the last 2 years?	Good	Well performed	Well performed
E.4.4	Are the roles and responsibilities of the chairman disclosed?	Good	Specified in the Charter and Corporate Governance Regulation	
<b>Lead independent director</b>				
E.4.5	If the chairman is not an independent BOD member, has the BOD appointed a Lead/Senior independent director and has his/her role been defined?	N/A	PVTrans has not yet applied	
<b>Skills and competencies</b>				
E.4.6	Does at least one non-executive BOD member have prior working experience in the main field that the company is operating in?	Good	02 non-executive BOD members have experiences in PVTrans' main business lines	
<b>E.5</b>	<b>BOD performance</b>			
<b>Development of BOD members</b>				
E.5.1	Does the company have orientation programs for new BOD members?	Good	PVTrans developed regulations, assigning tasks/functions to each member of the BOD	
E.5.1 (a)	Does the BOD describe the governance procedures for information technology related issues such as disruption, network security, disaster recovery, to ensure that all major risks are identified, managed and reported to BOD?	Good	The BOD assigned functional departments (IT Department, HSE Department, ...) to manage risks of information technology.	
E.5.2	Does the company have policies to encourage BOD members to attend on-going or continuous professional education programs?	Good	PVTrans encouraged all employees to attend in training programs	

Question	Content of question	Assessment	Evaluation basis	
			Performances in 2018	Performances in 2017
<b>CEO/Executive Management Appointment and Performance</b>				
E.5.3	Does the company announce the process on how BOD plans for the succession of the CEO/Managing Director/President and key management?	Good	Annually, PVTrans established and calibrated the plan of the successor officers for key positions	
E.5.4	Does the BOD members conduct an annual performance assessment of the CEO/Board Chairman?	Good	PVTrans conducted annual assessment on assigned tasks	
<b>BOD Appraisal</b>				
E.5.5	Did the company conduct an annual performance assessment of the individual directors and disclose the criteria and process followed for the assessment?	Good	An assessment was conducted annually	
<b>Subcommittee evaluation</b>				
E.5.6	Did the company conduct annual capacity assessment for BOD's subcommittees and announce the evaluation process as well as the criteria for assessment?	N/A	PVTrans has not established the model of subcommittees	



## **PART V:**

# **CONSOLIDATED FINANCIAL STATEMENTS**



## STATEMENT OF THE BOARD OF MANAGEMENT

The Board of Management of Petrovietnam Transportation Corporation (the "Parent company") and its subsidiaries (the Parent company and its subsidiaries hereinafter referred to as the "Corporation") presents this report together with the Corporation's consolidated financial statements for the year ended 31 December 2018.

### THE BOARDS OF DIRECTORS AND MANAGEMENT

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

#### Board of Directors

Mr. Nguyen Xuan Son	Chairman
Mr. Pham Viet Anh	Member
Mr. Mai The Toan	Member
Mr. Pham Anh Tuan	Member
Mr. Le Manh Tuan	Member
Mr. Nguyen Quoc Phuong	Member
Mr. Dao Manh Tien	Member (appointed on 19 November 2018)

#### Board of Management

Mr. Pham Viet Anh	Chief Executive Officer
Ms. Nguyen Linh Giang	Deputy General Director
Mr. Dao Manh Tien	Deputy General Director (resigned on 19 November 2018)
Mr. Mai The Toan	Deputy General Director
Mr. Nguyen Dinh Thanh	Deputy General Director
Mr. Nguyen Quoc Thinh	Deputy General Director (appointed on 4 July 2018)
Mr. Nguyen Duyen Hieu	Deputy General Director (appointed on 19 November 2018)
Mr. Nguyen Viet Long	Deputy General Director (appointed on 1 October 2018)

### THE BOARD OF MANAGEMENT'S STATEMENT OF RESPONSIBILITY

The Board of Management of the Corporation is responsible for preparing the consolidated financial statements, which give a true and fair view of the consolidated financial position of the Corporation as at 31 December 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting. In preparing these consolidated financial statements, the Board of Management is required to:

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

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

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

For and on behalf of the Board of Management,



**Pham Viet Anh**  
Chief Executive Officer  
27 February 2019



## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of Petrovietnam Transportation Corporation (the "Parent company") and its subsidiaries (the Parent company and its subsidiaries hereinafter referred to as the "Corporation"), prepared on 27 February 2019 as set out from page 5 to page 46, which comprise the consolidated balance sheet as at 31 December 2018, and the consolidated statement of income and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *The Board of Management's Responsibility for the Consolidated Financial Statements*

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

### *Auditors' Responsibility*

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

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

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

### *Auditors' Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation as at 31 December 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting.

### *Emphasis of Matter*

We draw attention to Note 11 of the Notes to the consolidated financial statements about the impact of changes in estimated useful lives of fixed assets. Our audit opinion is not modified in respect of this matter.



**Nguyen Quang Trung**  
Audit Partner  
Audit Practising Registration Certificate  
No. 0733-2019-001-1  
**BRANCH OF DELOITTE VIETNAM  
COMPANY LIMITED**  
27 February 2019  
Ho Chi Minh City, S.R. Vietnam

A handwritten signature in blue ink, appearing to read "TCK", written over a horizontal line.

**Tran Thi Kim Khanh**  
Auditor  
Audit Practising Registration Certificate  
No. 0395-2018-001-1

**CONSOLIDATED BALANCE SHEET**  
As at 31 December 2018

ASSETS	CODES	NOTES	CLOSING BALANCE	OPENING BALANCE
<b>A. CURRENT ASSETS</b>	<b>100</b>		<b>4.249.170.191.157</b>	<b>3.895.123.694.813</b>
<b>I. CASH AND CASH EQUIVALENTS</b>	<b>110</b>	<b>4</b>	<b>1.278.293.115.224</b>	<b>1.959.453.323.823</b>
1. Cash	111		280.487.895.634	274.926.625.155
2. Cash equivalents	112		997.805.219.590	1.684.526.698.668
<b>II. SHORT-TERM FINANCIAL INVESTMENTS</b>	<b>120</b>	<b>5</b>	<b>1.572.305.707.500</b>	<b>961.028.495.000</b>
1. Held-to-maturity investments	123		1.572.305.707.500-	961.028.495.000
<b>III. SHORT-TERM RECEIVABLES</b>	<b>130</b>		<b>1.087.971.847.442</b>	<b>816.269.281.450</b>
1. Short-term trade receivables	131	6	887.512.834.952	717.144.060.550
2. Short-term advances to suppliers	132	7	113.525.413.749	10.368.032.759
3. Other short-term receivables	136	8	118.281.484.455	197.763.309.154
4. Provision for short-term doubtful debts	137	9	(31.347.885.714)	(109.753.752.563)
5. Deficits in assets awaiting solution	139		-	747.631.550
<b>IV. INVENTORIES</b>	<b>140</b>	<b>10</b>	<b>151.234.089.972</b>	<b>95.340.021.221</b>
1. Inventories	141		151.674.511.469	96.147.700.387
2. Provision for devaluation of inventories	149		(440.421.497)	(807.679.166)
<b>V. OTHER SHORT-TERM ASSETS</b>	<b>150</b>		<b>159.365.431.019</b>	<b>63.032.573.319</b>
1. Short-term prepayments	151		25.664.731.917	23.825.943.572
2. Value added tax deductibles	152		105.396.696.587	38.490.770.684
3. Taxes and other receivables from the State budget	153	18	28.304.002.515	715.859.063

ASSETS	CODES	NOTES	CLOSING BALANCE	OPENING BALANCE
<b>B. NON-CURRENT ASSETS</b>	<b>200</b>		<b>5.953.061.421.855</b>	<b>5.308.418.371.695</b>
<b>I. LONG-TERM RECEIVABLES</b>	<b>210</b>		<b>8.993.725.952</b>	<b>8.775.317.837</b>
1. Other long-term receivables	216	8	8.993.725.952	8.775.317.837
<b>II. Fixed assets</b>	<b>220</b>		<b>5.627.317.753.548</b>	<b>4.966.523.206.049</b>
1. Tangible fixed assets	221	11	5.622.630.573.352	4.960.979.913.379
- Cost	222		8.831.105.049.023	8.348.360.004.948
- Accumulated depreciation	223		(3.208.474.475.671)	(3.387.380.091.569)
2. Intangible assets	227	12	4.687.180.196	5.543.292.670
- Cost	228		9.527.304.897	8.905.161.127
- Accumulated amortisation	229		(4.840.124.701)	(3.361.868.457)
<b>III. LONG-TERM ASSETS IN PROGRESS</b>	<b>240</b>		<b>753.197.720</b>	<b>1.064.149.855</b>
1. Long-term construction in progress	242		753.197.720	1.064.149.855
<b>IV. LONG-TERM FINANCIAL INVESTMENTS</b>	<b>250</b>		<b>190.922.628.087</b>	<b>239.624.291.753</b>
1. Investments in joint-ventures, associates	252	13	143.184.860.787	193.686.524.453
2. Equity investments in other entities	253	14	45.937.767.300	45.937.767.300
3. Held-to-maturity investments	255	5	1.800.000.000	-
<b>V. OTHER LONG-TERM ASSETS</b>	<b>260</b>		<b>125.074.116.548</b>	<b>92.431.406.201</b>
1. Long-term prepayments	261	15	83.397.439.388	62.187.503.265
2. Deferred tax assets	262	16	41.676.677.160	30.243.902.936
<b>TOTAL ASSETS (270=100+200)</b>	<b>270</b>		<b>10.202.231.613.012</b>	<b>9.203.542.066.508</b>

RESOURCES	CODES	NOTES	CLOSING BALANCE	OPENING BALANCE
<b>C. LIABILITIES</b>	<b>300</b>		<b>5.062.673.705.322</b>	<b>4.541.840.355.753</b>
<b>I. CURRENT LIABILITIES</b>	<b>310</b>		<b>2.404.775.728.039</b>	<b>1.972.889.886.852</b>
1. Short-term trade payables	311	17	775.279.144.410	682.333.972.033
2. Short-term advances from customers	312		17.700.629.761	9.123.912.809
3. Taxes and amounts payable to the State budget	313	18	93.004.853.342	101.446.892.053
4. Payables to employees	314		153.869.819.731	128.404.599.583
5. Short-term accrued expenses	315	19	151.819.821.495	47.607.259.457
6. Short-term unearned revenue	318		7.709.255.117	836.500.000
7. Other current payables	319	20	263.965.627.716	217.824.831.679
8. Short-term loans and obligations under finance leases	320	21	663.352.997.672	536.916.427.894
9. Short-term provisions	321	22	179.994.713.283	153.383.069.852
10. Bonus and welfare funds	322		98.078.865.512	95.012.421.492
<b>II. LONG-TERM LIABILITIES</b>	<b>330</b>		<b>2.657.897.977.283</b>	<b>2.568.950.468.901</b>
1. Long-term trade payables	331	17	259.752.528.000	288.613.920.000
2. Long-term accrued expenses	333	19	4.833.748.007	4.727.694.597
3. Other long-term payables	337	20	32.943.583.653	32.352.083.653
4. Long-term loans and obligations under finance leases	338	23	2.324.741.161.668	2.153.037.640.742
5. Long-term provisions	342	22	35.626.955.955	90.219.129.909
<b>D. EQUITY</b>	<b>400</b>		<b>5.139.557.907.690</b>	<b>4.661.701.710.755</b>
<b>I. OWNER'S EQUITY</b>	<b>410</b>	<b>24</b>	<b>5.139.557.907.690</b>	<b>92.431.406.201</b>
1. Owner's contributed capital	411		2.814.401.620.000	62.187.503.265
- Ordinary shares carrying voting rights	411a		2.814.401.620.000	2.814.401.620.000
2. Investment and development fund	418		314.558.047.216	205.586.711.295
3. Other reserves	420		47.218.399.245	47.218.399.245
4. Retained earnings	421		846.506.898.174	620.279.985.279
• Retained earnings accumulated to the prior year end	421a		194.414.050.537	170.169.331.375
• Retained earnings of the current year	421b		652.092.847.637	450.110.653.904
5. Non-controlling interests	429		1.116.872.943.055	974.214.994.936
<b>TOTAL RESOURCES (440=300+400)</b>	<b>440</b>		<b>10.202.231.613.012</b>	<b>9.203.542.066.508</b>

Nguyen Thi Kim Oanh  
Preparer

Le Anh Nam  
Chief Accountant



Pham Viet Anh  
General Director  
27 February 2019

CONSOLIDATED INCOME STATEMENT  
For the year ended 31 December 2018

ITEMS	CODES	NOTES	CURRENT YEAR	PRIOR YEAR
1. Gross revenue from goods sold and services rendered	01		7.523.105.382.873	6.147.640.210.071
2. Deductions	02		(9.440.700)	-
3. Net revenue from goods sold and services rendered (10=01-02)	10		7.523.095.942.173	6.147.640.210.071
4. Cost of sales	11	28	6.439.693.231.624	5.301.653.916.473
5. Gross profit from goods sold and services rendered (20=10-11)	20		1.083.402.710.549	845.986.293.598
6. Financial income	21	30	207.761.699.963	187.905.527.851
7. Financial expenses	22	31	158.471.729.580	160.954.653.291
- In which: Interest expense	23		121.588.919.933	151.581.427.633
8. Income from investment in associates and joint ventures	24	13	26.387.724.294	27.116.030.203
9. Selling expenses	25	32	10.084.458.444	9.504.715.284
10. General and administration expenses	26	32	271.174.115.166	232.988.068.823
11. Operating profit (30=20+24+(21-22)-(25+26))	30		877.821.831.616	657.560.414.254
12. Other income	31		104.866.271.120	21.405.197.251
13. Other expenses	32		7.568.091.394	8.057.573.188
14. Profit from other activities (40=31-32)	40		97.298.179.726	13.347.624.063
15. Accounting profit before tax (50=30+40)	50		975.120.011.342	670.908.038.317
16. Current corporate income tax expense	51	34	206.482.055.036	153.627.347.892
17. Deferred corporate tax income	52	34	(11.432.774.224)	(16.405.428.406)
18. Net profit after corporate income tax (60=50-51-52)	60		780.070.730.530	533.686.118.831
Attributable to:				
• The Parent company's shareholders			652.092.847.637	450.110.653.904
• Non-controlling interests			127.977.882.893	83.575.464.927
19. Basic earnings per share	70	35	2.183	1.507

  
Nguyen Thi Kim Oanh  
Preparer

  
Le Anh Nam  
Chief Accountant

  
Pham Viet Anh  
General Director  
27 February 2019

CONSOLIDATED CASH FLOW STATEMENT  
For the year ended 31 December 2018

ITEMS	CODE	CURRENT YEAR	PRIOR YEAR
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<i>1. Profit before tax</i>	<i>01</i>	<i>975.120.011.342</i>	<i>670.908.038.317</i>
<i>2. Adjustments for:</i>			
depreciation and amortisation of fixed assets and investment properties	02	599.526.688.590	577.821.892.223
Provisions	03	87.688.096.794	50.948.114.719
Foreign exchange loss/(gain) arising from translating foreign currency items	04	17.693.983.357	(11.814.937.283)
Gain from investing activities	05	(271.422.166.210)	(186.299.464.673)
Interest expense	06	121.588.919.933	151.581.427.633
<i>3. Operating profit before movements in working capital</i>	<i>08</i>	<i>1.530.195.533.806</i>	<i>1.253.145.070.936</i>
Increases in receivables	09	(268.881.533.600)	(157.285.725.106)
Increases in inventories	10	(55.526.811.082)	(9.268.518.334)
Increases in payables	11	377.365.198.245	60.997.880.674
Increases in prepaid expenses	12	(23.048.724.468)	(40.530.092.123)
Interest paid	14	(98.635.970.702)	(150.505.437.158)
Corporate income tax paid	15	(231.841.745.462)	(115.802.951.786)
Other cash inflows	16	1.349.682.982	2.185.808.333
Other cash outflows	17	(300.079.235.888)	(97.802.665.654)
<i>Net cash generated by operating activities</i>	<i>20</i>	<i>930.896.393.831</i>	<i>745.133.369.782</i>

## II. CASH FLOWS FROM INVESTING ACTIVITIES


1. Acquisition and construction of fixed assets and other long-term assets	21	(1.398.670.850.765)	(425.955.055.340)
2. Proceeds from sale, disposal of fixed assets and other long-term assets	22	127.575.389.714	15.830.993.833
3. Cash outflow for lending, buying debt instruments of other entities	23	(2.705.095.530.000)	(926.028.495.000)
4. Cash recovered from lending, selling debt instruments of other entities	24	2.092.018.317.500	1.535.968.634.149
5. Cash recovered from investments in other entities	26	51.896.122.347	-
6. Interest earned, dividends and profits received	27	168.955.121.962	180.709.444.980
<b>Net cash (used in)/generated by investing activities</b>	<b>30</b>	<b>(1.663.321.429.242)</b>	<b>380.525.522.622</b>

## III. CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from share issue and owners' contributed capital	31	599.526.688.590	577.821.892.223
Proceeds from borrowings	33	87.688.096.794	50.948.114.719
Repayment of borrowings	34	17.693.983.357	(11.814.937.283)
Dividends and profits paid	36	(271.422.166.210)	(186.299.464.673)
<b>Net cash generated by/(used in) financing activities</b>	<b>40</b>	<b>49.485.456.610</b>	<b>(504.456.068.257)</b>
<b>Net (decrease)/increase in cash (50=20+30+40)</b>	<b>50</b>	<b>(682.939.578.801)</b>	<b>621.202.824.147</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>60</b>	<b>1.959.453.323.823</b>	<b>1.338.548.595.430</b>
Effects of changes in foreign exchange rates	61	1.779.370.202	(298.095.754)
<b>Cash and cash equivalents at the end of the year (70=50+60+61)</b>	<b>70</b>	<b>1.278.293.115.224</b>	<b>1.959.453.323.823</b>

  
**Nguyen Thi Kim Oanh**  
 Preparer

  
**Le Anh Nam**  
 Chief Accountant

  
**Pham Viet Anh**  
 General Director  
 27 February 2019

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

### 1. GENERAL INFORMATION

#### Structure of ownership

##### *The Parent Company*

Petrovietnam Transportation Corporation (the "Parent company") was established in Vietnam in accordance with the thirteenth amended Business Registration Certificate No. 0302743192 dated 11 January 2018 issued by the Department of Planning and Investment of Ho Chi Minh City. This Certificate replaced the Business Registration Certificates No. 4103006624 dated 07 May 2007 issued by the Department of Planning and Investment of Ho Chi Minh City. The Parent company is listed on Ho Chi Minh Stock Exchange on 10 December 2007, with stock code as PVT.

The number of employees of the Parent company as at 31 December 2018 is 727 (as at 31 December 2017: 716).

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

Company name	Registered address	Capital contributed proportion
Petrovietnam Transportation Vung Tau Joint Stock Company (hereinafter referred to as "PVTrans Vung Tau")	186 Truong Cong Dinh Street, Ward 3, Vung Tau City, Ba Ria-Vung Tau Province	99,85%
Petrovietnam Transportation Ha Noi Joint Stock Company (hereinafter referred to as "PVTrans Ha-noi")	14th Floor, Viet A Building, Duy Tan Street, Dich Vong Hau Ward, Cau Giay District, Ha Noi	50,5%
Southern Petro-leum Transportation Joint Stock Company (hereinafter referred to as "PVTrans South-ern")	3rd Floor, PVFCCo Tower, 43 Mac Dinh Chi Street, Da Kao Ward, District 1, Ho Chi Minh City	69,63%
Pacific Petro-leum Transportation Joint Stock Company (hereinafter referred to as "PVTrans Pacific")	3rd Floor, PVFCCo Tower, 43 Mac Dinh Chi Street, Da Kao Ward, District 1, Ho Chi Minh City	64,92%
International Gas Product Shipping Joint Stock Company (hereinafter referred to as "PVTrans Gas Shipping")	9th Floor, Green Power Tower, 35 Ton Duc Thang Street, District 1, Ho Chi Minh City	67,74%
Indochina Petroleum Transportation Joint Stock Company (hereinafter referred to as "PVTrans Indochina")	Unit 1902, 19th Floor, Building No. 27, Huynh Thuc Khang street, Dong Da District, Ha Noi City	48,67%
Phuong Dong Viet Transportation Oil Joint Stock Company (hereinafter referred to as "PVTrans Phuong Dong Viet")	Unit 806, 8th Floor, Citilight Tower, 45 Vo Thi Sau Street, Dakao Ward, District 1, Ho Chi Minh City	67,99%
Quang Ngai Petro Transportation Joint Stock Company (hereinafter referred to as "PVTrans Quang Ngai")	Lot CN08, Street No. 6, Tinh Phong Industrial Zone, Tinh Phong Commune, Son Tinh District, Quang Ngai Province	50,67%
Nhat Viet Transportation Corporation (hereinafter referred to as "PVTrans Nhat Viet")	151 Nguyen Van Thu Street, Da Kao Ward, District 1, Ho Chi Minh City	51%



## The Subsidiaries

As at 31 December 2018 and 31 December 2017, contributed capital of the Parent company in PVTrans Indochina is 48.67% of total charter capital in accordance with Business Registration Certificate. However, most of the members of Board of Directors and Board of Management (including the Chief Executive Officer) are the Parent company's representatives, the Parent company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities. Consequently, the Parent company has presented its investment in this company as an investment in subsidiary.

### Normal production and business cycle

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

### Disclosure of information comparability in the consolidated financial statement

Comparative figures are the figures of the audited consolidated financial statements for the year ended 31 December 2017.

Voting rights	Principle activities
99,85%	Transport crude oil and gas products, provide marine services, repair vessels and floating vehicles, lease vessels and other vehicles, provide vessels and other vehicles for lease, provide recruiting, training and seafarers to oil and gas vessels, and export industrial, agri-cultural, fishery products and other groceries.
50,5%	Transport crude oil and gas products, provide marine services, vessels repair service and floating vehicles, lease vessels and other vehicles, provide vessels and other vehicles for lease, export industrial, agricultural, fish-ery products, household and personal prod-ucts, provide recruiting and seafarers to do-mestic customers, real estate management and consulting services, provide domestic tourism services, create software, provide IT solutions and equipment.
53,75%	Provide maritime transportation to petroleum products, provide petroleum agent services, provide maritime agent and broker services, repair vessels, rent and provide vessels and other vehicles for lease.
64,92%	Transport crude oil products, provide vessels and other vehicles for lease, provide maritime agent and vessel broker services, provide marine services and repair vessel services.
67,74%	Trade vehicles, provide vessels for lease, provide transportation services by car, domestic waterway and ocean; services: provide shipping agent and broker services, trade vessels, provide tallying service and vessel cleaning services, repair vessels at port, provide forwarding and training services.
48.67%	Provide transportation services by car under con-tract, in fixed routes, transport merchandises, pe-troleum and gasoline, trading liquefied petroleum gas and gasoline; trading gas: manufacturing, repair gas tanks, convert vehicles to use LPG fuel; and repair, maintenance, install spare parts for vehicles.
67.99%	67.99% Provide marine transportation services, transporta-tion services by car and domestic waterway, pro-vide marine broker services, provide vessels, pro-vide shipping agent services, repair vessels at port (not at head office), provide vessels, car and other vehicles for lease, exploit rock, sand, gravel, and clay, provide training services and surface prepara-tion services.
50,67%	Provide transportation services on road, provide services on shipping agent, maritime carrier's agent and other supporting services related transportation; provide direct supporting services on transportation by waterway, road and airway; provide warehouse services, cargo maintenance; provide road passenger transportation services (excluding transportation by bus); trade and supply materials, equipment in oil & gas industry, and maritime industry; act as air ticket selling agent; provide oil & gas technical services; provide coastal and sea transportation services, provide shipping broker services and vessels.
51%	Provide vessels management service; provided fuels in the form of domestic consumption and temporary import for re-export marine vessels; provide transportation service for LPG in domestic and overseas; provide shipping agency service.

## 2. ACCOUNTING CONVENTION AND FINANCIAL YEAR

### Accounting convention

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

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

### Financial year

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

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### Estimates

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

### Basis of consolidation

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

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

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

Intragroup transactions and balances are eliminated in full on consolidation.

Non-controlling interests in net assets of subsidiaries are determined separately out of interest of parent company’s shareholders. Non-controlling interests consist of the amount of those non-controlling interests at the date of the original business combination (see below) and the non-controlling interests’ share of changes in equity since the date of the combination. Losses in subsidiaries are respectively attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

### Business combinations

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

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

### Investments in associates

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

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

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

## **Financial instruments**

### ***Initial recognition***

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

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

### ***Subsequent measurement***

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

## **Cash and cash equivalents**

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

## **Financial investments**

### ***Held-to-maturity investments***

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

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

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

### ***Equity investments in other entities***

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

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

## **Receivables**

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

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

## **Inventories**

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

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

## Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation.

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

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

	YEAR
Buildings and structures	10
Machinery and equipment	03 - 08
Transport vehicles	05 - 20
Office equipment	02 - 08

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

### Fixed assets' overhaul expenses

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

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

### Operating lease

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

#### *The Corporation as lessor*

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

#### *The Corporation as lessee*

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

## **Intangible assets and amortization**

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

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

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

## **Prepayments**

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

## **Payable provisions**

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

## **Revenue recognition**

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

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

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

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

Interest income is accrued on a time basis, by reference to the principal outstanding and at the applicable interest rate. Dividend income from investments is recognised when the Corporation's right to receive payment has been established

## **Foreign currencies**

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

## **Borrowing costs**

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

## **Taxation**

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

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

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

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

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

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

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

#### 4. CASH AND CASH EQUIVALENTS

	CLOSING BALANCE (VND)	OPENING BALANCE (VND)
Cash on hand	3.241.167.661	1.667.095.547
Demand deposits	277.246.727.973	273.259.529.608
Cash equivalents	997.805.219.590	1.684.526.698.668
	<b>1.278.293.115.224</b>	<b>1.959.453.323.823</b>

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

The Corporation has used cash equivalents with an amount of VND 7,000,000,000 to secure a short-term loan (Note 21), and VND 15,300,000,000 as collateral for letters of guarantee regarding contract implementation.

In addition, the balance included time deposits at commercial banks with the amount of VND 82,468,183,829 in the co-owner account with Dung Quat Shipbuilding Industry Company Limited ("DQS"). This account was used for the management of the disbursement amount of building project of the 105,000 DWT oil vessels. PVTrans Pacific (the Corporation's subsidiary) transferred the disbursement amount into this account to joint-manage and joint-control with DQS only when obtaining the documentation signed by all of the legal representative or all of the authorized persons and stamped by both account owners together with the disbursement papers. PVTrans Pacific is entitled to all the rights and the use of all the interest amounts earned during the period of opening the co-owner account.

## 5. HELD-TO-MATURITY INVESTMENTS

	CLOSING BALANCE		OPENING BALANCE	
	COST (VND)	CARRYING AMOUNT (VND)	COST (VND)	CARRYING AMOUNT (VND)
<b>a) Current investments</b>	1.572.305.707.500	1.572.305.707.500	961.028.495.000	961.028.495.000
Term deposits (*)	<b>1.572.305.707.500</b>	<b>1.572.305.707.500</b>	<b>961.028.495.000</b>	<b>961.028.495.000</b>
<b>b) Non-current investments</b>	1.800.000.000	1.800.000.000	-	-
Term deposits	<b>1.800.000.000</b>	<b>1.800.000.000</b>	-	-

(\*) Term deposits represent term deposits in Vietnam Dong with remaining maturity term from 3 months to less than 12 months at commercial banks and interest rate ranging from 5.1% to 7.4% per annum (as at 31 December 2017: from 5.2% to 9% per annum).

The Corporation has used a number of deposit contracts at commercial banks with a total amount of VND 84 billion as collateral for the guarantee letter of credit guaranteeing the implementation of economic contracts..

## 6. SHORT-TERM TRADE RECEIVABLES

	CLOSING BALANCE (VND)	OPENING BALANCE (VND)
<b>a) Trade receivables from third parties</b>		
Thanh Hoa Petroleum Company Limited	88.998.019.521	94.153.406.560
Premier Oil Vietnam Offshore B.V	68.481.099.726	48.290.061.926
Sellan Gas Company Limited	4.505.602.362	9.276.705.184
Venus Gas One Member Company Limited	1.408.964.636	-
Others	244.473.136.621	148.954.056.348
<b>b) Trade receivables from related parties (Note 39)</b>	<b>479.646.012.086</b>	<b>416.469.830.532</b>
	<b>887.512.834.952</b>	<b>717.144.060.550</b>

## 7. SHORT-TERM ADVANCES TO SUPPLIERS

	CLOSING BALANCE (VND)	OPENING BALANCE (VND)
Tan Long Company Limited	42.451.500.000	-
Sellan Gas Company Limited	59.666.626.250	-
Others	11.407.287.499	10.368.032.759
	<b>113.525.413.749</b>	<b>10.368.032.759</b>

## 8. OTHER RECEIVABLES

	CLOSING BALANCE (VND)	OPENING BALANCE (VND)
<b>a) Short-term</b>		
Deposits and mortgages	519.552.000	43.675.318.500
Advance to employees	10.006.846.944	5.789.722.700
Accrued interest income from time deposit account	35.236.058.650	26.492.638.075
Remuneration of the Board of Directors and the Supervisory Board	174.000.000	252.000.000
Other receivables from related parties (Note 39)	12.266.914.831	9.168.948.302
Other receivables		
- Compensation receivable (*)		80.000.000.000
- Quoc Viet Marine Transport Joint Stock Company	13.602.969.606	13.321.603.903
- Others	46.475.142.424	19.063.077.674
	<b>118.281.484.455</b>	<b>197.763.309.154</b>
<b>b) Long-term</b>		
Deposits and mortgages	8.993.725.95	8.775.317.837

(\*) Compensation represents receivable of PVTrans Pacific (subsidiary) regarding to deposit contract at Vietnam Joint Stock Commercial Bank for Industry and Trade - Nha Be Branch. According to judgement court No. 02/2015/HSPT dated 7 January 2015 (People's Supreme Court of Ho Chi Minh City), Huynh Thi Huyen Nhu and Vo Tuan Anh (accused members) have joint responsibility for reimbursement to PVTrans Pacific. However, the Board of Management had assessed the recoverability of the amount and made full provision in 2012. In 2018, the Corporation decided to write this receivable off as it is uncollectible.



## 9. BAD DEBTS

	CLOSING BALANCE		OPENING BALANCE	
	COST (VND)	RECOVERABLE AMOUNT (VND)	COST (VND)	RECOVERABLE AMOUNT (VND)
<b>Customer</b>				
Quoc Viet Marine Transport Joint Stock Company	14.152.032.624	-	14.019.963.009	-
United Arab Emirates - Ministry of Justice - Fujairah, UAE	7.641.150.000	2.292.345.000	7.372.200.000	3.686.100.000
Anh Vu Shipping Joint Stock Company	3.107.173.553	932.152.066	-	-
Vitol Asia Pte Ltd.	2.030.461.950	-	1.987.493.850	-
Navig8 Pool Inc.	-	-	615.354.750	-
Compensation receivable	-	-	80.000.000.000	-
Others	7.641.564.653	-	9.444.840.954	-
	<b>34.572.382.780</b>	<b>3.224.497.066</b>	<b>113.439.852.563</b>	<b>3.686.100.000</b>

## 10. INVENTORIES

	CLOSING BALANCE		OPENING BALANCE	
	COST (VND)	PROVISION (VND)	COST (VND)	PROVISION (VND)
Goods in transit	14.152.032.624	-	14.019.963.009	-
Raw materials	7.641.150.000	2.292.345.000	7.372.200.000	3.686.100.000
Tools and supplies	3.107.173.553	932.152.066	-	-
Work in progress	2.030.461.950	-	1.987.493.850	-
Finished goods	-	-	615.354.750	-
Merchandise	-	-	80.000.000.000	-
	<b>151.674.511.469</b>	<b>(440.421.497)</b>	<b>96.147.700.387</b>	<b>(807.679.166)</b>

## 11. TANGIBLE FIXED ASSETS

As presented in Note 23, the Corporation has pledged some of its transport vehicles with the total cost and net book value as at 31 December 2018 of VND 8,115,561,236,027 and VND 5,440,236,021,255, respectively (as at 31 December 2017: VND 6,927,297,959,312 and VND 4,674,641,385,809 respectively), to secure loans granted to the Corporation and issue guarantee letter for the payment.

The cost of the Corporation's fixed assets as at 31 December 2018 includes the amounts of VND 248,095,976,385 (as at 31 December 2017: VND 178,970,717,324) of assets which have been fully depreciated but are still in use.

During the year, the Board of Management has changed the estimated useful life of Athena vessel from 15 years to 11.5 years. The Board of Management believes that the change in useful life is in line with the technical situation and the plan to exploit this vessel. This change has led to an increase in depreciation expense and a decrease in profit before tax an amount of VND 81,917,863,577 if the depreciation expense is recognized over the useful life as in the previous year.

	BUILDINGS AND STRUCTURES (VND)	MACHINERY AND EQUIPMENT (VND)
<b>COST</b>		
Opening balance	529.726.274	9.721.614.390
Additions	-	3.931.790.969
Transfer from construction in progress	6.833.645.056	-
Disposals	-	-
Other decreases	-	-
Closing balance	7.363.371.330	13.653.405.359
<b>ACCUMULATED DEPRECIATION</b>		
Opening balance	(370.808.368)	(9.234.219.315)
Charge for the year	(150.023.112)	(542.725.498)
Disposals	-	-
Closing balance	(520.831.480)	(9.776.944.813)
<b>NET BOOK VALUE</b>		
Closing balance	6.842.539.850	3.876.460.546
Opening balance	158.917.906	487.395.075

TRANSPORT VEHICLES (VND)	OFFICE EQUIPMEN (VND)	TOTAL (VND)
8.325.546.169.215	12.562.495.069	8.348.360.004.948
1.287.800.002.861	2.338.769.773	1.294.070.563.603
-	-	6.833.645.056
(817.146.505.432)	(34.000.000)	(817.180.505.432)
(978.659.152)	-	(978.659.152)
8.795.221.007.492	14.867.264.842	8.831.105.049.023
(3.367.910.296.369)	(9.864.767.517)	(3.387.380.091.569)
(595.361.943.558)	(1.993.740.178)	(598.048.432.346)
776.954.048.244	-	776.954.048.244
(3.186.318.191.683)	(11.858.507.695)	(3.208.474.475.671)
5.608.902.815.809	3.008.757.147	5.622.630.573.352
4.957.635.872.846	2.697.727.552	4.960.979.913.379

## 12. INCREASES, DECREASES IN INTANGIBLE ASSETS

	LAND USE RIGHTS VND	SOFTWARE VND	CERTIFICATE VND	TOTAL VND
<b>COST</b>				
Opening balance	2.213.037.064	6.515.783.513	176.340.550	8.905.161.127
Additions	-	753.800.000	-	753.800.000
Decreases	-	(131.656.230)	-	(131.656.230)
Closing balance	2.213.037.064	7.137.927.283	176.340.550	9.527.304.897
<b>ACCUMULATED AMORTISATION</b>				
Opening balance	(244.248.728)	(2.986.070.844)	(131.548.885)	(3.361.868.457)
Charge for the year	-	(1.465.756.240)	(12.500.004)	(1.478.256.244)
Closing balance	(244.248.728)	(4.451.827.084)	(144.048.889)	(4.840.124.701)
<b>NET BOOK VALUE</b>				
Closing balance	1.968.788.336	2.686.100.199	32.291.661	4.687.180.196
Opening balance	1.968.788.336	3.529.712.669	44.791.665	5.543.292.670

## 13. INVESTMENTS IN ASSOCIATES, JOINT VENTURES

Investments in associates:

	CLOSING BALANCE (VND)	OPENING BALANCE (VND)
Cost of investments in associates	98.000.000.000	150.037.720.000
Share of post-acquisition profits, net of dividends received	45.184.860.787	43.648.804.453
	143.184.860.787	193.686.524.453

Detailed information about investment in associates as at 31 December 2018 as follows:

	CLOSING BALANCE (VND)	OPENING BALANCE (VND)
PTSC Production Services Joint Stock Company	98.000.000.000	98.000.000.000
Cuu Long Petro Gas Service Transportation Joint Stock Company	-	52.037.720.000
	98.000.000.000	150.037.720.000

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

Cuu Long Petro Gas Service Transportation Joint Stock Company was established in accordance with Business Registration Certificate No. 4103006914 issued by the Department of Planning and Investment of Ho Chi Minh City on 4 June 2007. The Corporation has divested all investment in this company in 2018.

Summarised financial information of associates is set out below:

	CLOSING BALANCE (VND)	OPENING BALANCE (VND)
Total assets	603.299.456.826	865.081.792.417
Total liabilities	(311.085.455.220)	(333.005.912.823)
Net assets	292.214.001.606	532.075.879.594
<b>Net assets of investments in associates</b>	<b>143.184.860.787</b>	<b>193.686.524.453</b>

	CLOSING BALANCE (VND)	OPENING BALANCE (VND)
Net profit	43.021.388.802	55.938.261.902
<b>Net profit of investments in associates</b>	<b>26.387.724.294</b>	<b>27.116.030.203</b>

#### 14. EQUITY INVESTMENT IN OTHER ENTITIES

	CLOSING BALANCE		OPENING BALANCE	
	COST VND	PROVISION VND	COST VND	PROVISION VND
PV KEEZ Pte., Ltd.	45.937.767.300	-	45.937.767.300	-
	<b>45.937.767.300</b>	<b>-</b>	<b>45.937.767.300</b>	<b>-</b>

According to Certificate of investment in overseas issued by the Ministry of Planning and Investment dated 16 July 2010, the Corporation is allowed to make joint-venture with three foreign companies to establish PV KEEZ PTE., LTD. in Singapore with the purpose of providing tankers and producing crude oil for Chim Sao and Dua oil fields. The total investment capital of this project is USD 405 million, in which the investment capital of Vietnamese investor in overseas is USD 9 million. As at 31 December 2018 and 31 December 2017, the Corporation has contributed of USD 2,389,343.

As at 31 December 2018, there is no indicator of impairment of investments in other entities, therefore, no provision was made.

#### 15. LONG-TERM PREPAYMENTS

	CLOSING BALANCE (VND)	OPENING BALANCE (VND)
Overhaul expenses for oil tankers and bulk carriers	62.100.451.912	54.655.827.038
Prepaid expenses for tools, supplies	15.939.846.829	-
Others long-term prepayments	5.357.140.647	7.531.676.227
	<b>83.397.439.388</b>	<b>62.187.503.265</b>

#### 16. DEFERRED TAX ASSETS

	CLOSING BALANCE (VND)	OPENING BALANCE (VND)
Corporate income tax rates used for determination of value of deferred tax assets	20%	20%
Corporate income tax rates used for determination of value of deferred tax assets	41.676.677.160	30.243.902.936
Deferred tax assets	41.676.677.160	30.243.902.936

## 17. TRADE PAYABLES

	CLOSING BALANCE (VND)	OPENING BALANCE (VND)
<b>a. Short-term trade payables</b>		
Venus Gas One Member Company Limited	90.600.848.421	94.117.356.740
OPEC Petroleum Transport Company Limited	17.368.586.718	-
Fgas Petrol Joint Stock Company	29.552.775.352	55.295.685.768
Wallem Ship Management Ltd	12.194.243.783	11.926.699.609
Quoc Viet Marine Transport Joint Stock Company	10.009.543.285	10.009.543.285
Zhoushan Xinya Shipyard Co., Ltd.	28.115.989.750	-
Cockett Marine Oil (Asia) Pte Ltd.	15.910.909.149	-
Short-term trade payables to related parties (Note 39)	300.663.891.397	305.058.480.345
Others	270.862.356.555	205.926.206.286
	<b>775.279.144.410</b>	<b>682.333.972.033</b>
<b>b. Long-term trade payables</b>		
Vietnam National Oil and Gas Group	259.752.528.000	288.613.920.000
	<b>259.752.528.000</b>	<b>288.613.920.000</b>

The Corporation has the ability to repay all amount of short-term trade payables to suppliers as at 31 December 2018 and 31 December 2017.

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

The outstanding payables are repayable as follows:

	CLOSING BALANCE (VND)	OPENING BALANCE (VND)
On demand or within one year	57.722.784.000	28.861.392.000
In the second year	28.861.392.000	28.861.392.000
In the third to fifth year inclusive	86.584.176.000	86.584.176.000
After five years	144.306.960.000	173.168.352.000
	317.475.312.000	317.475.312.000
Less: Amount due for settlement within 12 months (shown under short-term trade payables)	(57.722.784.000)	(28.861.392.000)
<b>Amount due for settlement after 12 months</b>	<b>259.752.528.000</b>	<b>288.613.920.000</b>

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

	OPENING BALANCE VND	RECEIVABLE DURING THE YEAR VND	RECEIVED DURING THE YEAR VND	CLOSING BALANCE VND
<b>a) Receivables</b>				
Value added tax	20.740.766	9.766.155	-	30.506.921
Corporate income tax	695.118.297	19.109.824.699	695.118.297	19.109.824.699
Personal income tax	-	2.870.895	-	2.870.895
	715.859.063	28.283.261.749	695.118.297	28.304.002.515

	OPENING BALANCE VND	PAYABLE DURING THE YEAR VND	PAID DURING THE YEAR VND	CLOSING BALANCE VND
<b>b) Payables</b>				
Value added tax	11.216.884.966	257.276.988.704	254.472.958.410	14.020.915.260
Import, export tax	4.789.681.002	26.228.726.790	31.018.407.792	-
Corporate income tax	80.537.213.841	206.482.055.036	213.427.039.060	73.592.229.817
Personal income tax	4.087.735.762	33.993.733.343	32.831.957.274	5.249.511.831
Foreign contractor tax	12.299.361	2.525.856.502	2.536.727.755	1.428.108
Business license tax	-	32.000.000	32.000.000	-
Other taxes	803.077.121	7.452.471.129	8.114.779.924	140.768.326
	101.446.892.053	533.991.831.504	542.433.870.215	93.004.853.342

## 19. ACCRUED EXPENSES

	CLOSING BALANCE (VND)	OPENING BALANCE (VND)
<b>a) Short-term</b>		
Vessel rental fee	71.528.533.759	-
Interest expenses	49.265.807.734	26.105.000.956
Fuel, materials and spare parts	10.652.854.759	-
Management fee	1.504.972.447	2.056.711.488
Commission expenses	592.308.494	846.177.964
Overhaul for vessel	-	855.962.747
Others	18.275.344.302	17.743.406.302
<b>b) Long-term</b>		
Commission expenses	4.833.748.007	4.727.694.597
	<b>4.833.748.007</b>	<b>4.727.694.597</b>

## 20. OTHER PAYABLES

	CLOSING BALANCE (VND)	OPENING BALANCE (VND)
<b>a) Short-term</b>		
Surpluses in assets awaiting solution	1.197.107	212.983.106
Trade union fee	2.395.174.608	1.226.825.029
Social insurance	2.296.896.811	793.934.787
Health insurance	393.025.357	63.172.681
Unemployment insurance	382.297.090	45.314.027
Short-term deposits received	10.017.885.116	9.256.948.892
Dividends payable	2.424.410.550	2.201.536.212
Other payables to related parties (Note 39)	169.428.715.292	182.809.212.225
Others	76.626.025.785	21.214.904.720
	263.965.627.716	217.824.831.679
<b>b) Long-term</b>		
Long-term deposits received	<b>32.943.583.653</b>	<b>32.352.083.653</b>
	32.943.583.653	32.352.083.653

## 21. SHORT-TERM LOANS

	CLOSING BALANCE (VND)	OPENING BALANCE (VND)
Short-term loans	7.000.000.000	-
Current portion of long-term loans (Note 23)	656.352.997.672	536.916.427.894
	<b>663.352.997.672</b>	<b>536.916.427.894</b>

Short-term loan represents the loan value of VND 7,000,000,000 taken by Phuong Dong Viet Transportation Oil Joint Stock Company (the Corporation's subsidiary) from Maritime Bank. This loan, taken to finance working capital, bears the interest rate of 6.2% per annum and is secured by the short-term deposit contract worth VND 7,000,000,000 as stated in Note 4.

## 22. PROVISIONS

	PROVISIONS FOR OVERHAUL OF FIXED ASSETS VND	OTHER PROVISIONS VND	TOTAL VND
Opening balance	237.175.812.390	6.426.387.371	243.602.199.761
Additional provisions for the year	76.239.251.108	13.410.236.506	89.649.487.614
Used	(114.208.731.697)	(3.421.286.440)	(117.630.018.137)
Closing balance	199.206.331.801	16.415.337.437	215.621.669.238

Details of provisions:

	CLOSING BALANCE (VND)	OPENING BALANCE (VND)
Current liabilities	179.994.713.283	153.383.069.852
Non-current liabilities	35.626.955.955	90.219.129.909
	215.621.669.238	243.602.199.761



## 23. LONG-TERM LOANS

	OPENING BALANCE		IN THE YEAR		CLOSING BALANCE
	Amount VND	Increases VND	Decreases VND	Exchange difference VND	Amount VND
Long-term loans	2.689.954.068.636	862.834.025.000	(598.068.920.575)	26.374.986.279	2.981.094.159.340

The Corporation has the ability to repay all outstanding loans as at 31 December 2018 and 31 December 2017.

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

	CLOSING BALANCE (VND)	OPENING BALANCE (VND)
Vietnam Public Joint Stock Commercial Bank	731.454.854.344	555.000.727.024
Citibank Vietnam	657.288.829.069	865.707.465.519
Tien Phong Commercial Joint Stock Bank	441.288.225.508	507.463.596.443
Vietnam National Oil and Gas Group	518.720.520.867	628.099.628.624
Shinhan Bank Vietnam Limited	355.710.075.000	-
Vietnam Prosperity Joint Stock Commercial Bank	157.400.000.000	-
Joint Stock Commercial Bank for Foreign Trade of Vietnam	56.950.252.092	78.435.752.046
Military Commercial Joint Stock Bank - Thang Long Branch	42.232.635.050	23.312.121.410
Vietnam Bank for Agriculture and Rural Development - Hoan Kiem Branch	14.000.000.000	14.000.000.000
Indovina bank - Cho Lon Branch	6.048.767.410	17.934.777.570
	<b>2.981.094.159.340</b>	<b>2.689.954.068.636</b>

The Corporation has entered into several long-term loan agreements with commercial banks, credit institutions and guarantee contracts with Vietnam National Oil and Gas Group. The total credit limits of these contracts are VND 2,064 billion, USD 98,267,500, JPY 9,936,854,077 (equivalent to USD 109,477,009). These loans are secured by some of the Corporation's transport vehicles (Note 11) and transportation revenue of PVTrans Pacific (the Corporation's subsidiary) and the Corporation's contributed capital in this company. The loans in USD bear interest rates ranging from 3% to 4.9% per annum, the loans in JPY bear interest rate at 1.2% per annum, and the loans in VND bear interest rates ranging from 2.47% to 9.5% per annum.

Long-term loans and guarantees are repayable as follows:

	CLOSING BALANCE (VND)	OPENING BALANCE (VND)
On demand or within one year	656.352.997.672	536.916.427.894
In the second year	859.462.410.516	524.908.689.736
In the third to fifth year inclusive	992.256.801.227	990.191.836.379
After five years	473.021.949.925	637.937.114.627
	<b>2.981.094.159.340</b>	<b>2.689.954.068.636</b>
Less: Amount due for settlement within 12 months (shown under short-term loans)	(656.352.997.672)	(536.916.427.894)
<b>Amount due for settlement after 12 months</b>	<b>2.324.741.161.668</b>	<b>2.153.037.640.742</b>

## 24. OWNERS' EQUITY

	CLOSING BALANCE		OPENING BALANCE	
	SHARES NUMBER	VND	SHARES NUMBER	VND
Authorized shares	281.440.162	2.814.401.620.000	281.440.162	2.814.401.620.000
Issued and fully contributed share	281.440.162	2.814.401.620.000	281.440.162	2.814.401.620.000

## CLOSING BALANCE

## OPENING BALANCE

Number of shares issued to the public

+ Ordinary shares	281.440.162	281.440.162
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Number of outstanding shares in circulation

+ Ordinary shares	281.440.162	281.440.162
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The Corporation has only issued ordinary share of which shareholders enjoys no right to fixed income with par value of VND 10,000 per share. The shareholders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the Corporation's shareholders meetings. Each share ranks equally to the net asset of the Corporation.

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

## CLOSING BALANCE

## OPENING BALANCE

VND

%

VND

%

Vietnam National Oil and Gas Group	1.435.360.800.000	51,00	1.435.360.800.000	51,00
Yurie Vietnam Securities Investment Trust	172.886.460.000	6,14	140.460.460.000	4,99
Vietnam Public Joint Stock Commercial Bank	142.688.310.000	5,07	182.503.010.000	6,48

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

The increase of capital in the year represents the contribution of non-controlling shareholders by cash in PVTrans Nhat Viet.

Appropriation to funds and dividends declared in the year in accordance with Resolution No. 01/NQ-VTDK-ĐHĐCĐ dated 11 April 2018 by the Annual General Meeting of Shareholders of the Parent company and Resolution by the Annual General Meeting of Shareholders of the subsidiaries.

	SHARE CAPITAL VND	INVESTMENT AND DEVELOPMENT FUND VND
<b>Prior year's opening balance as previously reported</b>	<b>2.814.401.620.000</b>	<b>130.912.914.538</b>
Capital contribution	-	-
Profit for the year	-	-
Dividends declared	-	-
Funds distribution	-	74.673.796.757
Distributed to bonus and welfare fund	-	-
Remuneration of the Boards of Directors and Management	-	-
Adjustment for non-controlling interests	-	-
Other adjustments	-	-
<b>Current year's opening balance</b>	<b>2.814.401.620.000</b>	<b>205.586.711.295</b>
Capital contribution	-	-
Profit for the year	-	-
<b>Dividends declared</b>	<b>-</b>	<b>-</b>
Funds distribution	-	108.971.335.921
Distributed to bonus and welfare fund	-	-
Remuneration of the Boards of Directors and Management	-	-
Other adjustments	-	-
<b>Current year's closing balance</b>	<b>2.814.401.620.000</b>	<b>314.558.047.216</b>

OTHER RESERVES VND	RETAINED EARNINGS VND	NON-CONTROLLING INTERESTS VND	TOTAL VND
47.218.399.245	580.536.736.829	760.392.579.627	4.333.462.250.239
-	-	155.106.018.500	155.106.018.500
-	450.110.653.904	83.575.464.927	533.686.118.831
-	(281.440.162.000)	(23.814.186.212)	(305.254.348.212)
-	(74.673.796.757)	-	-
-	(42.430.804.009)	(3.375.954.756)	(45.806.758.765)
-	(4.236.072.247)	(290.978.333)	(4.527.050.580)
-	(2.552.695.585)	2.552.695.585	-
-	(5.033.874.856)	69.355.598	(4.964.519.258)
47.218.399.245	620.279.985.279	974.214.994.936	4.661.701.710.755
-	-	49.000.000.000	49.000.000.000
-	652.092.847.637	127.977.882.893	780.070.730.530
-	(281.442.162.000)	(29.218.650.000)	(310.660.812.000)
-	(108.971.335.921)	-	-
-	(26.106.493.980)	(4.397.508.101)	(30.504.002.081)
-	(4.936.775.533)	(666.996.091)	(5.603.771.624)
-	(4.409.167.308)	(36.780.582)	(4.445.947.890)
47.218.399.245	846.506.898.174	1.116.872.943.055	5.139.557.907.690

## 25. OFF BALANCE SHEET ITEMS

### Foreign currencies

	CLOSING BALANCE	OPENING BALANCE
- United States Dollar ("USD")	1.512.441	5.141.697
- Euro ("EUR")	1.074.167	90.031
- Singapore Dollar ("SGD")	651	

### Bad debt written-off

	CLOSING BALANCE VND	WRITE-OFF YEAR
Compensation receivable	80.000.000.000	2018

In 2018, The Board of Management and PVTrans Pacific's Directors decided to write this receivable off as it is uncollectible.

## 26. BUSINESS SEGMENTS

CLOSING BALANCE	TRANSPORTATION SERVICES VND	OILFIELDS SERVICES VND
Segment assets	8.144.425.767.615	1.596.759.792.088
Interest in associates and joint ventures		
Unallocated assets		
Consolidated assets		
Segment liabilities	3.170.886.061.321	450.149.572.387
Unallocated liabilities		
Consolidated liabilities		

OPENING BALANCE	TRANSPORTATION SERVICES VND	OILFIELDS SERVICES VND
Segment assets	7.179.572.159.755	1.362.042.768.927
Interest in associates and joint ventures		
Unallocated assets		
Consolidated assets		
Segment liabilities	2.145.711.996.942	537.884.367.634
Unallocated liabilities		
Consolidated liabilities		

## Business segments

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

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

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

### Consolidated Balance sheet

TRADING VND	OTHER SERVICES VND	TOTAL VND
162.016.353.662	175.820.000	9.903.377.733.365
		45.184.860.787
		253.669.018.860
		10.202.231.613.012
197.522.753.222	29.078.679.393	3.847.637.066.323
		1.215.036.638.999
		<b>5.062.673.705.322</b>

TRADING VND	OTHER SERVICES VND	TOTAL VND
242.645.519.749	-	8.784.260.448.431
		43.648.804.453
		375.632.813.624
		9.203.542.066.508
127.031.667.288	8.241.149.973	2.818.869.181.837
		1.722.971.173.916
		<b>4.541.840.355.753</b>

Consolidated Income statement  
Current year

	TRANSPORTATION SERVICES VND	OILFIELDS SERVICES VND
<b>Revenue</b>		
External sales	4.284.473.387.710	956.059.400.713
Total revenue	4.284.473.387.710	956.059.400.713
<b>Cost of sales</b>		
External sales	3.537.187.554.073	629.586.727.476
Total cost of sales	3.537.187.554.073	629.586.727.476
<b>Operating result</b>		
Segment result	747.285.833.637	326.472.673.237
Unallocated expenses		
Operating profit		
Financial income		
Income from investment in associates and joint ventures		
Other income		
Financial expenses		
Profit before tax		
Corporate income tax expenses		
Deferred corporate tax		
Profit for the year		
Other information		
Depreciation and amortisation		

Prior year

	TRANSPORTATION SERVICES VND	OILFIELDS SERVICES VND
<b>Revenue</b>		
External sales	3.333.502.613.454	729.442.059.507
Total revenue	3.333.502.613.454	729.442.059.507
<b>Cost of sales</b>		
External sales	2.775.871.422.205	507.118.282.200
Total cost of sales	2.775.871.422.205	507.118.282.200
<b>Operating result</b>		
Segment result	557.631.191.249	222.323.777.307
Unallocated expenses		
Operating profit		
Financial income		
Income from investment in associates and joint ventures		
Other income		
Financial expenses		
Profit before tax		
Corporate income tax expenses		
Deferred corporate tax		
Profit for the year		
<b>Other information</b>		
Depreciation and amortisation		



	TRADING VND	OTHER SERVICES VND	TOTAL VND
	2.255.416.692.956	27.146.460.794	7.523.095.942.173
	2.255.416.692.956	27.146.460.794	7.523.095.942.173
	2.251.273.452.775	21.645.497.300	6.439.693.231.624
	2.251.273.452.775	21.645.497.300	6.439.693.231.624
	<b>4.143.240.181</b>	<b>5.500.963.494</b>	<b>1.083.402.710.549</b>
			(281.258.573.610)
			802.144.136.939
			207.761.699.963
			26.387.724.294
			<b>97.298.179.726</b>
			(158.471.729.580)
			975.120.011.342
			(206.482.055.036)
			11.432.774.224
			780.070.730.530
			599.526.688.590

	TRADING VND	OTHER SERVICES VND	TOTAL VND
	2.029.753.467.971	54.942.069.139	6.147.640.210.071
	2.029.753.467.971	54.942.069.139	6.147.640.210.071
	1.980.752.278.530	37.911.933.538	5.301.653.916.473
	1.980.752.278.530	37.911.933.538	5.301.653.916.473
	49.001.189.441	17.030.135.601	845.986.293.598
			(242.492.784.107)
			603.493.509.491
			187.905.527.851
			27.116.030.203
			13.347.624.063
			<b>(160.954.653.291)</b>
			670.908.038.317
			(153.627.347.892)
			16.405.428.406
			533.686.118.831
			577.821.892.223

## Geographical segment

The principal activities of the Corporation are to transport crude oil and gas products, provide floating storage offloading services. Transportation services are carried out mainly from Dung Quat Oil Refinery area to neighbouring provinces. Floating storage offloading service is primarily conducted in Vung Tau province. The Board of Management assesses that there is no significant difference in economic risks and benefits among these activities in domestic areas. Accordingly, the Board of Management evaluates and believes that geographical segments are not presented in the consolidated financial statements for the year ended 31 December 2018 is in accordance with Vietnamese Accounting Standard No. 28 "Segment reporting" as well as the Corporation's current business operation.

## 27. NET REVENUE FROM GOODS SOLD AND SERVICES RENDERED

	CURRENT YEAR VND	PRIOR YEAR VND
<b>Total sales of merchandise and services</b>		
Transportation service	4.284.473.387.710	3.333.502.613.454
Oilfields service	956.059.400.713	729.442.059.507
Trading service	2.255.416.692.956	2.029.753.467.971
Other services	27.155.901.494	54.942.069.139
	7.523.105.382.873	6.147.640.210.071
<b>Deductions</b>		
Sales discount	(9.440.700)	-
<b>Net sales of merchandise and services</b>	<b>7.523.095.942.173</b>	<b>6.147.640.210.071</b>

## 28. COST OF SALES

	CURRENT YEAR VND	PRIOR YEAR VND
<b>Transportation service</b>	<b>3.537.187.554.073</b>	<b>2.775.871.422.205</b>
Oilfields service	629.586.727.476	507.118.282.200
Trading service	2.251.273.452.775	1.980.752.278.530
Other services	21.645.497.300	37.911.933.538
	6.439.693.231.624	5.301.653.916.473

## 29. OPERATION COST BY NATURE

	CURRENT YEAR VND	PRIOR YEAR VND
<b>Raw materials and consumables</b>	<b>846.335.694.706</b>	<b>562.207.808.719</b>
Labour	566.205.866.587	520.699.694.566
Depreciation and amortization	599.526.688.590	577.821.892.223
Out-sourced services	2.177.657.104.553	1.564.429.067.426
Other monetary expenses	279.952.998.023	338.235.959.116
	4.469.678.352.459	3.563.394.422.050

### 30. FINANCIAL INCOME

	CURRENT YEAR VND	PRIOR YEAR VND
<b>Bank, loan and entrusted capital interest</b>	<b>154.430.289.908</b>	<b>143.748.835.030</b>
Foreign exchange gain	48.899.554.665	13.964.066.032
Dividends and profits received	4.431.855.390	29.053.111.310
Other financial income	-	1.139.515.479
	207.761.699.963	187.905.527.851

### 31. FINANCIAL EXPENSES

	CURRENT YEAR VND	PRIOR YEAR VND
<b>Interest expense</b>	<b>121.588.919.933</b>	<b>151.581.427.633</b>
Foreign exchange loss	21.095.009.848	8.296.274.455
Loss on disposal of investments	1.061.317.723	-
Other financial expense	14.726.482.076	1.076.951.203
	158.471.729.580	160.954.653.291

### 32. GENERAL AND ADMINISTRATION EXPENSES

	CURRENT YEAR VND	PRIOR YEAR VND
<b>General and administration expenses</b>		
Labour	138.594.181.634	104.222.740.302
Other expenses	133.204.559.554	128.915.020.708
Reversal of provision for doubtful debt	(624.626.022)	(149.692.187)
	271.174.115.166	232.988.068.823
<b>Selling expenses</b>		
Outsourced expense	3.750.406.545	6.059.089.754
Other expenses	6.334.051.899	3.445.625.530
	10.084.458.444	9.504.715.284

### 33. PROFIT FROM OTHER ACTIVITIES

	CURRENT YEAR VND	PRIOR YEAR VND
<b>Gain on disposals of fixed assets</b>	<b>87.233.614.341</b>	<b>1.470.533.408</b>
Other income	17.632.656.779	19.934.663.843
<b>Other income</b>	<b>104.866.271.120</b>	<b>21.405.197.251</b>
Penalty	1.427.371.552	129.706.330
Other expenses	6.140.719.842	7.927.866.858
<b>Other expenses</b>	<b>7.568.091.394</b>	<b>8.057.573.188</b>
<b>Net profit from other activities</b>	<b>97.298.179.726</b>	<b>13.347.624.063</b>

### 34. CURRENT CORPORATE INCOME TAX EXPENSE

	CURRENT YEAR VND	PRIOR YEAR VND
<b>Profit before tax</b>	<b>975.120.011.342</b>	<b>670.908.038.317</b>
Less: Non-taxable income	(39.515.345.637)	(13.133.331.478)
Less: Profit from investments in associates	(26.387.724.294)	(27.116.030.203)
Add back: Non-deductible expenses	8.880.866.562	12.109.422.410
Other adjustments:		
Less: Deductible temporary difference	(82.709.751.105)	(43.528.573.018)
Add back: Non-deductible temporary difference	93.694.348.762	206.271.119.025
Assessable income	929.082.405.630	805.510.645.053
Loss carried forward from the prior year	-	(73.143.974.547)
Taxable income	929.082.405.630	732.366.670.506
Current tax rate	20%	20%
Current corporate income tax expense	185.816.481.126	146.473.334.101
Adjustment to corporate income tax in prior years	20.665.573.910	7.154.013.791
<b>Total current corporate income tax expense</b>	<b>206.482.055.036</b>	<b>153.627.347.892</b>

	CURRENT YEAR VND	PRIOR YEAR VND
<b>Deferred corporate income tax income</b>		
- Deductible temporary differences	(11.432.774.224)	(16.405.428.406)
<b>Total deferred corporate income tax income</b>	<b>(11.432.774.224)</b>	<b>(16.405.428.406)</b>

The Corporation is obliged to pay corporate income tax at the rate of 20% (2017: 20%) of its taxable income.

### 35. BASIC EARNINGS PER SHARE

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

	CURRENT YEAR VND	PRIOR YEAR VND
<b>Profit for the year (VND)</b>	<b>780.070.730.530</b>	<b>533.686.118.831</b>
Attributable to :		
- Non-controlling interests (VND)	127.977.882.893	83.575.464.927
- The Parent company's shareholders (VND)	652.092.847.637	450.110.653.904
Less: distributed to bonus and welfare fund (VND)	(37.821.495.345)	(26.106.493.980)
Earnings for the purposes of calculating basic earnings per share (VND)	614.271.352.292	424.004.159.924
Weighted average number of ordinary shares for the purposes of calculating basic earnings per share	281.440.162	281.440.162
<b>Basic earnings per share</b>	<b>2.183</b>	<b>1.507</b>

Basic earnings per share for the year ended 31 December 2018 is calculated basing on profit for the year then ended and estimated amount of Bonus and welfare funds of 6% of profit before tax-rate as 2017 of the Parent company. The calculation of basic earnings per share by this method is only for comparability of figures in two financial years because the Corporation has not had any plan for appropriation of Bonus and welfare funds for 2018 yet.

The Corporation has restated basic earnings per share for the year ended 31 December 2017 due to the impact of actual amount of Bonus and welfare fund as approved by Shareholders.

### 36. OPERATING LEASE COMMITMENTS

#### The Corporation as lessee

	CURRENT YEAR VND	PRIOR YEAR VND
Minimum lease payments under operating leases recognised in the consolidated income statement for the year	69.422.799.810	45.673.965.06

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

	CURRENT YEAR VND	PRIOR YEAR VND
Within one year	69.098.359.453	60.897.565.689
In the second year to the fifth year inclusive	22.258.154.753	31.556.345.942
After five year	-	1.204.753.500
	91.356.514.206	93.658.665.131

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

#### The Corporation as lessor:

	CURRENT YEAR VND	PRIOR YEAR VND
Minimum lease income under operating leases recognised in the consolidated income statement for the year	856.268.137.216	582.202.605.745

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

	CURRENT YEAR VND	PRIOR YEAR VND
Within one year	752.830.170.415	540.736.951.250
In the second year to the fifth year inclusive	179.657.110.000	785.790.895.000
	932.487.280.415	1.326.527.846.250

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

### 37. CAPITAL COMMITMENTS

Pursuant to Resolution No. 01/NQ-VTDK-ĐHĐCĐ of General Meeting of Shareholders dated 11 April 2018 issued by the Parent Company and those issued by subsidiaries, the shareholders approved fixed asset investment plan worth VND 4,009.7 billion in the year 2018. As at 31 December 2018, the Parent Company and its subsidiaries have completed investment in crude oil tankers, bulk carriers, oil product carriers and trucks with an amount of VND 1,237.4 billion.

### 38. FINANCIAL INSTRUMENTS

#### Capital risk management

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

The capital structure of the Corporation consists of net debt (borrowings as disclosed in Note 21 and Note 23, offset by cash and cash equivalents) and Shareholders' equity (comprising owners' contributed capital, reserves and retained earnings).

#### Gearing ratio

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

	CURRENT YEAR VND	PRIOR YEAR VND
Borrowings	2.988.094.159.340	2.689.954.068.636
Less: Cash and cash equivalent	1.278.293.115.224	1.959.453.323.823
Net debt	1.709.801.044.116	730.500.744.813
Equity	5.139.557.907.690	4.661.701.710.755
Net debt to equity ratio	0,33	0,16

### Significant accounting policies

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

### Categories of financial instruments

	CARRYING AMOUNTS	
	CLOSING BALANCE VND	OPENING BALANCE VND
<b>Financial assets</b>		
Cash and cash equivalent	1.278.293.115.224	1.959.453.323.823
Financial investments	1.620.043.474.800	1.006.966.262.300
Trade and other receivables	973.259.312.701	807.887.212.278
<b>Total</b>	<b>3.871.595.902.725</b>	<b>3.774.306.798.401</b>
<b>Financial liabilities</b>		
Borrowings	2.988.094.159.340	2.689.954.068.636
Trade and other payables	1.326.472.292.806	1.221.124.807.365
Accrued expenses	156.653.569.502	52.334.954.054
<b>Total</b>	<b>4.471.220.021.648</b>	<b>3.963.413.830.055</b>

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

### Financial risk management objectives

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

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

### Market risk

The Corporation's business activities are mainly exposed to risk of changes in Oil refineries (Transportation service) and mine operation (Oilfields service). To control this risk, the Corporation ensures that crude oil is always provided sufficiently in quantity and quality as requested by Oil refineries. Floating Storage Offloading/Floating Production Storage and Offloading (FSO/FPSO) can always convert their function to meet mining technical requirements. This has been the Corporation's business advantage for years.

### Foreign currency risk management

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

	ASSETS		LIABILITIES	
	CLOSING BALANCE VND	OPENING BALANCE VND	CLOSING BALANCE VND	OPENING BALANCE VND
United States Dollar (USD)	91.866.390.400	144.937.849.982	1.633.488.721.913	1.412.032.453.462
Euro (EUR)	27.823.965	1.803.606.776	675.598.602	-
Japanese Yen (JPY)	-	-	5.540.005.184	253.660.471
Singapore Dollar (SGD)	-	11.286.988	1.424.132.225	163.594.297
Norwegian Krone (NOK)	-	-	-	39.605.720

### Foreign currency sensitivity analysis

The Corporation is mainly exposed to United States Dollar.

The Corporation analysed its sensitivity to a 3% increase and decrease in Vietnam Dong against the relevant foreign currencies. 3% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents the Board of Management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 3% change in foreign currency rates. For a 3% increase/decrease in United States Dollar against Vietnam Dong, the profit before tax in the year would have decreased/increased by VND 46,248,669,945 (2017: VND 38,012,838,104). The change in exchange rate of Euro, Singapore Dollar, Norwegian and Japanese Yen did not have material effect to accounting profit before tax of the Corporation.

### Interest rate risk management

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

### Credit risk

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

### Liquidity risk management

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

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

	LESS THAN 1 YEAR VND	FROM 1 TO 5 YEARS VND	ABOVE 5 YEARS VND	TOTAL VND
<b>Closing balance</b>				
Cash and cash equivalents	1.278.293.115.224	-	-	1.278.293.115.224
Financial investments	1.572.305.707.500	-	47.737.767.300	1.620.043.474.800
Trade and other receivables	964.265.586.749	8.993.725.952	-	973.259.312.701
	3.814.864.409.473	8.993.725.952	47.737.767.300	3.871.595.902.725
Borrowings	663.352.997.672	1.851.719.211.743	473.021.949.925	2.988.094.159.340
Trade and other payables	1.033.776.181.153	118.389.151.653	174.306.960.000	1.326.472.292.806
Accrued expenses	<b>151.819.821.495</b>	<b>4.833.748.007</b>	-	<b>156.653.569.502</b>
	1.848.949.000.320	1.974.942.111.403	647.328.909.925	4.471.220.021.648
<b>Net liquidity gap</b>	<b>1.965.915.409.153</b>	<b>(1.965.948.385.451)</b>	<b>(599.591.142.625)</b>	<b>(599.624.118.923)</b>

	LESS THAN 1 YEAR VND	FROM 1 TO 5 YEARS VND	ABOVE 5 YEARS VND	TOTAL VND
<b>Opening balance</b>				
Cash and cash equivalents	1.959.453.323.823	-	-	1.959.453.323.823
Financial investments	961.028.495.000	-	45.937.767.300	1.006.966.262.300
Trade and other receivables	799.111.894.441	8.775.317.837	-	807.887.212.278
	<b>3.719.593.713.264</b>	<b>8.775.317.837</b>	<b>45.937.767.300</b>	<b>3.774.306.798.401</b>
Borrowings	536.916.427.894	1.515.100.526.115	637.937.114.627	2.689.954.068.636
Trade and other payables	900.158.803.712	117.797.651.653	203.168.352.000	1.221.124.807.365
Accrued expenses	47.607.259.457	4.727.694.597	-	52.334.954.054
	<b>1.484.682.491.063</b>	<b>1.637.625.872.365</b>	<b>841.105.466.627</b>	<b>3.963.413.830.055</b>
<b>Net liquidity gap</b>	<b>2.234.911.222.201</b>	<b>(1.628.850.554.528)</b>	<b>(795.167.699.327)</b>	<b>(189.107.031.654)</b>

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



### 39. RELATED PARTY TRANSACTIONS AND BALANCES

List of related parties

RELATED PARTIES	RELATIONSHIP
Vietnam National Oil and Gas Group (“PetroVietnam”)	Holding company
Cuu Long Petro Gas Services - Transportation Joint Stock Company	Associate (divested on 20 September 2018)
PV KEEZ Pte. Ltd	Joint venture
PetroVietnam Oil Corporation	Subsidiary of Vietnam National Oil and Gas Group
Binh Son Refining and Petrochemical Company Limited	Subsidiary of Vietnam National Oil and Gas Group
Dai Hung Petroleum Operating Company Limited	Subsidiary of Vietnam National Oil and Gas Group
Dung Quat Shipbuilding Industry Company Limited	Subsidiary of Vietnam National Oil and Gas Group
PTSC Supply Base	Subsidiary of Vietnam National Oil and Gas Group
PetroVietnam Steel Pipe Joint Stock Company	Subsidiary of Vietnam National Oil and Gas Group
Petrovietnam Drilling and Well Services Corporation- Joint Stock Corporation	Subsidiary of Vietnam National Oil and Gas Group
Vietnam Public Joint Stock Commercial Bank (Formerly known as: PetroVietnam Finance Corporation)	Members of Vietnam National Oil and Gas Group
PetroVietnam Domestic Exploration Production Operating Company Limited	Member of Vietnam National Oil and Gas Group
PetroVietnam Southern Building Development and Management JSC	Company under PetroVietnam Fertilizer and Chemicals Corporation (Subsidiary of Vietnam National Oil and Gas Group)
PetroVietnam Southern Gas Joint Stock Company	Company of PetroVietnam Gas Joint Stock Corporation (Subsidiary of Vietnam National Oil and Gas Group)
PetroVietnam Gas Eastern Company Limited	Company of Petrovietnam Southern Gas Joint Stock Company (Subsidiary of PetroVietnam Gas Joint Stock Corporation - Subsidiary of Vietnam National Oil and Gas Group)
Branch of PetroVietnam Gas Joint Stock Corporation - PV Gas Trading Company Limited	Company of PetroVietnam Gas Joint Stock Corporation (Subsidiary of Vietnam National Oil and Gas Group)
PetroVietnam Gas Joint Stock Corporation	Subsidiary of Vietnam National Oil and Gas Group
PetroVietnam Fertilizer and Chemicals Corporation	Subsidiary of Vietnam National Oil and Gas Group
Branch of PetroVietnam Gas Joint Stock Corporation - PV Gas Vung Tau	Company of PetroVietnam Gas Joint Stock Corporation (Subsidiary of Vietnam National Oil and Gas Group)
Branch of PetroVietnam Gas Joint Stock Corporation - PV Gas Ca Mau	Company of PetroVietnam Gas Joint Stock Corporation (Subsidiary of Vietnam National Oil and Gas Group)
Branch of PetroVietnam Gas Joint Stock Corporation - South East Gas Transmission Company	Company of PetroVietnam Gas Joint Stock Corporation (Subsidiary of Vietnam National Oil and Gas Group)
PV Oil Lubricant Joint Stock Company	Company of PetroVietnam Oil Corporation (Subsidiary of Vietnam National Oil and Gas Group)
Vietnam-Russia Joint Venture-Vietsovetro	Joint Venture of Vietnam National Oil and Gas Group

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

	CURRENT YEAR VND	PRIOR YEAR VND
<b>Services rendered</b>		
Binh Son Refining and Petrochemical Company Limited	1.850.855.558.348	1.435.866.864.338
PetroVietnam Gas Joint Stock Corporation	581.981.568.502	376.167.629.938
PetroVietnam Exploration Production Corporation (PVEP)	503.464.827.500	385.009.649.860
PetroVietnam Oil Corporation	329.080.915.973	246.358.175.836
PetroVietnam Gas City Joint Stock Company	39.603.519.926	14.291.620.728
Nghi Son Oil Refinery Distribution Branch - Vietnam National Oil and Gas Group	29.243.822.468	-
Vietnam LPG Company Limited	16.905.010.609	-
CNG Vietnam Joint Stock Company	15.388.767.708	40.885.379.053
PetroVietnam Southern Gas Joint Stock Company	11.382.953.323	32.044.537.524
PetroVietnam Fertilizer and Chemicals Corporation	9.176.294.771	7.326.295.000
PetroVietnam Low Pressure Gas Distribution Joint Stock Company	7.888.835.000	38.743.465.261
PetroVietnam Northern Gas Joint Stock Company	4.290.323.594	38.743.465.261
Vung Tau Gas Contribution Division	3.867.654.000	-
PetroVietnam Ca Mau Fertilizer Joint Stock Company	2.706.946.960	10.808.321.961
Vietnam Petroleum Transport Joint Stock Company	1.123.271.110	9.984.497.072
Vietnam-Russia Joint Venture Vietsovpetro	-	5.900.713.303

	CURRENT YEAR VND	PRIOR YEAR VND
<b>Services rendered</b>		
Binh Son Refining and Petrochemical Company Limited	165.066.862.675	409.781.999.125
PetroVietnam Gas Joint Stock Corporation	145.919.703.219	149.705.794.317
PetroVietnam Exploration Production Corporation (PVEP)	125.929.235.682	61.539.351.354
PetroVietnam Oil Corporation	94.347.849.698	80.270.614.325
PetroVietnam Gas City Joint Stock Company	66.057.849.599	29.437.783.563
Nghi Son Oil Refinery Distribution Branch - Vietnam National Oil and Gas Group	53.633.910.477	3.756.242.877
Vietnam LPG Company Limited	53.418.075.249	50.318.448.372
CNG Vietnam Joint Stock Company	52.250.773.860	142.367.853.455
PetroVietnam Southern Gas Joint Stock Company	30.667.363.657	18.146.031.213
PetroVietnam Fertilizer and Chemicals Corporation	24.436.884.344	26.269.475.176
PetroVietnam Low Pressure Gas Distribution Joint Stock Company	23.928.978.031	18.747.140.554
PetroVietnam Northern Gas Joint Stock Company	8.540.763.997	-
Vung Tau Gas Contribution Division	8.363.671.881	7.783.350.390
PetroVietnam Ca Mau Fertilizer Joint Stock Company	7.703.980.836	-
Vietnam Petroleum Transport Joint Stock Company	7.077.111.278	7.894.220.364
Vietnam-Russia Joint Venture Vietsoyepetro	6.789.580.460	26.269.475.176
Công ty TNHH MTV Điều Hành Thăm Dò Khai thác Dầu khí trong nước	4.760.300.786	4.300.888.802
Công ty Cổ phần Kinh doanh Khí hóa lỏng Miền Bắc	4.240.200.879	24.131.688.670
Chi nhánh Tổng Công ty Cổ phần Dịch vụ Kỹ thuật Dầu khí Việt Nam – Công ty Dịch vụ Dầu khí Đà Nẵng	3.996.312.485	-
Công ty Bảo hiểm Dầu khí Bến Thành	3.073.589.988	26.269.475.176
Công ty Cổ phần Dịch vụ Vận tải Dầu khí Cửu Long	1.946.187.419	51.194.071.653
Công ty CP Đầu tư phát triển Gas Đô Thị	1.181.798	263.798.073
Công ty Liên doanh Điều hành Cửu Long	-	21.670.000.000
Công ty Liên doanh Điều hành Hoàng Long	-	14.893.090.907
<b>Interest expense</b>		
PetroVietnam and companies within PetroVietnam	65.687.389.668	51.636.651.618
<b>Dividends declared and paid</b>		
PetroVietnam	143.537.100.011	143.536.080.000
<b>Interest income</b>		
PV KEEZ Pte. Ltd	4.431.855.390	25.958.374.210

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

	CURRENT YEAR VND	PRIOR YEAR VND
<b>Salary, bonus and benefits in kind</b>	<b>6.723.795.661</b>	<b>6.459.780.565</b>

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

	CURRENT YEAR VND	PRIOR YEAR VND
<b>Short-term trade receivables</b>		
Binh Son Refining and Petrochemical Company Limited	254.321.832.626	235.960.336.315
PetroVietnam Exploration Production Corporation	87.885.272.698	70.387.696.624
PetroVietnam Oil Corporation	55.671.451.447	47.520.606.857
Branch of PetroVietnam Gas - PV Gas Trading Joint Stock Company	33.868.786.006	36.052.111.993
Vietnam National Oil and Gas Group	15.660.116.483	-
PetroVietnam Gas Joint Stock Company	3.638.653.282	8.583.862.165
CNG Vietnam Joint Stock Company	2.527.642.509	5.074.322.364
Branch of PetroVietnam Gas - PV Gas Services Company Limited	1.768.195.392	-
PetroVietnam Northern Gas Joint Stock Company	1.500.659.323	3.871.637.492
Branch of PetroVietnam Gas Joint Stock Corporation - PV Gas Vung Tau	1.193.437.709	-
Vietnam Petroleum Transport Joint Stock	-	4.820.832.797
Branch of PetroVietnam Gas City Joint Stock Company	-	2.738.905.560
Vietnam-Russia Joint Venture-Vietsovpetro	-	128.530.414
Others	21.609.964.611	1.330.987.951
	<b>479.646.012.086</b>	<b>416.469.830.532</b>
<b>Other short-term receivables</b>		
PetroVietnam Oil Corporation	53.371.117	52.241.692
Dung Quat Shipbuilding Industry Company Limited	7.644.465.154	7.644.465.154
Others	4.569.078.560	1.472.241.456
	<b>12.266.914.831</b>	<b>9.168.948.302</b>
<b>Short-term trade payables</b>		
Vietnam National Oil and Gas Group	58.766.896.684	30.005.866.617
Dung Quat Shipbuilding Industry Company Limited	122.373.522.335	145.193.469.612
Branch of PetroVietnam Gas - PV Gas Trading Joint Stock Company	4.625.111.059	13.367.029.332
PetroVietnam Southern Gas Joint Stock Company	12.623.361.888	5.429.750.818
PetroVietnam Northern Gas Joint Stock Company	-	3.507.447.546
Saigon Oil and Gas Petroleum Joint Stock Company	34.195.447.230	40.225.528.970
Vung Tau Oil and Gas Petroleum Joint Stock Company	16.542.440.150	18.409.268.960
Thai Binh Oil and Gas Petroleum Joint Stock Company	430.148.010	720.354.070
Hai Phong Oil and Gas Petroleum Joint Stock Company	17.589.865.320	-
Binh Son Refining and Petrochemical Company Limited	12.474.036.984	18.427.057.786
Vietnam-Russia Joint Venture-Vietsovpetro	10.667.550.330	9.384.774.502
Hanoi Investment and Import-Export Gas Joint Stock Company	-	3.794.200.846
Petrosetco Vung Tau General Services Joint Stock Company	2.640.360.216	2.501.751.272
Cuu Long Petro Gas Services - Transportation Joint Stock Company	-	79.200.000
Others	7.735.151.191	14.012.780.014
	<b>300.663.891.397</b>	<b>305.058.480.345</b>

	CURRENT YEAR VND	PRIOR YEAR VND
<b>Long-term trade payables</b>		
Vietnam National Oil and Gas Group	259.752.528.000	288.613.920.000
<b>Other short-term payables</b>		
Vietnam National Oil and Gas Group	165.049.954.347	179.382.917.264
Binh Son Refining and Petrochemical Company Limited	606.043.937	815.869.961
Bien Dong POC	1.045.350.000	1.020.375.000
PetroVietnam Exploration Production Corporation	2.702.825.000	1.590.050.000
Others	24.542.008	-
	<b>169.428.715.292</b>	<b>182.809.212.225</b>
<b>Long-term loans</b>		
Tập đoàn Dầu khí Quốc gia Việt Nam	441.288.225.508	507.463.596.443
Vietnam Public Joint Stock Commercial Bank	731.454.854.344	555.000.727.024
	<b>1.172.743.079.852</b>	<b>1.062.464.323.467</b>

#### 40. SUPPLEMENTAL DISCLOSURES OF CONSOLIDATED CASH FLOW STATEMENT INFORMATION

##### Supplemental non-cash disclosures

Cash outflows for interest expenses in the year exclude an amount of VND 49,265,807,734 (2017: VND 26,105,000,956), representing the interest incurred during the year that has not yet been paid. Consequently, change in accounts payable have been adjusted by the same amount.

Interest earned, dividends and profits received exclude an amount of VND 35,187,232,623 (2017: VND 26,492,638,075), representing the interest income earned during the year that has not been received yet. Consequently, change in accounts receivable have been adjusted by the same amount.

#### 41. SUBSEQUENT EVENTS

On 14 January 2019, PVTrans Phuong Dong Viet completed the issuance of 6,600,000 shares with par value of VND 10,000 per share to investors. Accordingly, the total amount PVTrans Phuong Dong Viet collected is VND 65,860,000,000. PVTrans Phuong Dong Viet is fulfilling the procedures for additional listing of these shares.

In January 2019, PVTrans Phuong Dong Viet and PVTrans Nhat Viet completed investment in oil tankers and Liquefied Petroleum Gas (LPG) carriers with a total amount of VND 368 billion.



**Nguyen Thi Kim Oanh**  
Preparer



**Le Anh Nam**  
Chief Accountant



**Pham Viet Anh**  
General Director  
27 February 2019



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