

PTSC THANH HOA TECHNICAL SERVICES COMPANY

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

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FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

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03/12/2023

PTSC THANH HOA TECHNICAL SERVICES COMPANY

CORPORATE INFORMATION

Enterprise registration certificate

No. 2801448559 dated 13 November 2009 was initially issued by the Department of Planning and Investment of Thanh Hoa Province and the latest 8th amendment dated 14 June 2022.

Board of Directors

Mr. Le Van Nga	Chairman
Mr. Pham Hung Phuong	Member
Mr. Tran Xuan Tai	Member (appointed on 12 May 2023)
Mr. To Ngoc Thu	Member (resigned on 12 May 2023)
Mr. Vu Thanh Khiem	Member (resigned on 12 May 2023)

Board of Supervision

Mr. Nguyen Minh Tuan	Chief Supervisor (appointed on 12 May 2023)
Mr. Nguyen Thanh Trung	Chief Supervisor (resigned on 12 May 2023)
Ms. Nguyen Thi Duyen	Member
Mr. Nguyen Thanh Thuan	Member

Board of Management

Mr. Pham Hung Phuong	Director
Mr. Nguyen Huu Hoan	Deputy Director
Mr. To Ngoc Thu	Deputy Director (resigned on 1 June 2023)

Legal representative

Mr. Pham Hung Phuong	Director
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Registered office

Nam Son Village, Nghi Son Commune, Nghi Son Town, Thanh Hoa Province, Vietnam

Auditor

PwC (Vietnam) Limited

18/09/2023

PTSC THANH HOA TECHNICAL SERVICES COMPANY

STATEMENT OF THE BOARD OF MANAGEMENT

Statement of Responsibility of the Board of Management of the Company in respect of the Financial Statements

The Board of Management of PTSC Thanh Hoa Technical Services Company ("the Company") is responsible for preparing financial statements of the Company which give a true and fair view of the financial position of the Company as at 31 December 2023, and the results of its operations, and its cash flows for the year then ended. In preparing these 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; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Board of Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Company and which enable financial statements to be prepared which comply with the basis of accounting set out in Note 2 to the financial statements. The Board of Management is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of frauds or errors.

Approval of the Financial Statements

We hereby, approve the accompanying financial statements as set out on pages 5 to 49 which give a true and fair view of the financial position of the Company as at 31 December 2023, of the results of its operations and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of financial statements.

On behalf of the Board of Management



Pham Hung Phuong
Director

Thanh Hoa Province, SR Vietnam
28 February 2024

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**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF PTSC THANH HOA TECHNICAL SERVICES COMPANY**

We have audited the accompanying financial statements of PTSC Thanh Hoa Technical Services Company ("the Company") which were prepared on 31 December 2023 and approved by the Board of Management of the Company on 28 February 2024. The financial statements comprise the balance sheet as at 31 December 2023, the income statement and the cash flow statement for the year then ended, and explanatory notes to the financial statements including significant accounting policies, as set out on pages 5 to 49.

The Board of Management's Responsibility

The Board of Management is responsible for the preparation and the true and fair presentation of these financial statements of the Company in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of financial statements and for such internal control which the Board of Management determines is necessary to enable the preparation and presentation of financial statements that are free from material misstatements, whether due to fraud or errors.

Auditor's Responsibility

Our responsibility is to express an opinion on the 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 standards and requirements and plan and perform the audit in order to obtain reasonable assurance as to whether the financial statements of the Company are free from material misstatement.

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

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

2024/02/28



Auditor's Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023, its financial performance and its cash flows of the Company for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on the preparation and presentation of financial statements.

Other Matter

The independent auditor's report is prepared in Vietnamese and English. Should there be any conflict between the Vietnamese and English versions, the Vietnamese version shall take precedence.

For and on behalf of PwC (Vietnam) Limited



Quach Thanh Chau
Audit Practising Licence No.
0875-2023-006-1
Authorised signatory

Nguyen Vu Anh Tuan
Audit Practising Licence No.
3631-2021-006-1

Report reference number: HCM14496
Ho Chi Minh City, 28 February 2024

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BALANCE SHEET

Code	ASSETS	Note	As at 31 December	
			2023 VND	2022 VND
100	CURRENT ASSETS		640,650,494,602	552,670,054,766
110	Cash and cash equivalents	3	57,691,746,724	91,137,689,126
111	Cash		47,636,383,593	32,566,557,881
112	Cash equivalents		10,055,363,131	58,571,131,244
120	Short-term investments		34,943,583,505	76,090,575,989
123	Investments held to maturity	4	34,943,583,505	76,090,575,989
130	Short-term receivables		411,873,707,260	294,152,297,491
131	Short-term trade accounts receivable	5	355,966,671,128	243,636,490,190
132	Short-term prepayments to suppliers	6	8,869,179,578	9,188,268,366
136	Other short-term receivables	7	57,695,867,298	48,481,537,890
137	Provision for doubtful debts – short-term	8	(10,658,010,744)	(7,153,998,964)
140	Inventories		134,510,579,345	90,144,312,559
141	Inventories	9	134,510,579,345	90,144,312,559
150	Other current assets		1,630,877,768	1,145,179,602
151	Short-term prepaid expenses	10(a)	1,002,636,304	1,032,388,134
152	Value added tax ("VAT") to be reclaimed	16(b)	628,242,464	112,791,468
200	NON-CURRENT ASSETS		463,939,089,279	324,382,530,577
220	Fixed assets		388,820,972,872	283,930,794,730
221	Tangible fixed assets	11(a)	388,501,838,639	283,717,461,405
222	Historical cost		851,969,947,918	701,312,378,138
223	Accumulated depreciation		(463,468,109,279)	(417,594,916,733)
227	Intangible fixed assets	11(b)	319,134,233	213,333,325
228	Historical cost		2,220,281,714	1,069,261,714
229	Accumulated amortisation		(1,901,147,481)	(1,745,928,389)
240	Long-term asset in progress		35,837,650,911	17,960,971,850
242	Construction in progress	12	35,837,650,911	17,960,971,850
260	Other long-term assets		39,280,466,496	22,490,763,997
261	Long-term prepaid expenses	10(b)	36,875,318,087	20,428,375,296
262	Deferred income tax assets	13	2,405,147,409	2,062,388,701
270	TOTAL ASSETS		1,104,589,583,881	877,052,585,343

The notes on pages 9 to 49 are an integral part of these financial statements.

BALANCE SHEET
(continued)

Code	RESOURCES	Note	As at 31 December	
			2023 VND	2022 VND
300	LIABILITIES		569,920,419,666	350,404,028,394
310	Short-term liabilities		530,013,553,789	332,154,476,115
311	Short-term trade accounts payable	14	279,356,651,396	186,850,442,563
312	Short-term advances from customers	15	77,555,201,864	38,477,086,189
313	Tax and other payables to the State	16(a)	1,328,543,345	1,477,805,953
314	Payable to employees		21,134,307,424	14,043,665,398
315	Short-term accrued expenses	17	94,545,393,923	63,704,721,470
317	Construction contract-in-progress payables	18	17,829,959,549	-
319	Other short-term payables	19	25,849,946,233	23,722,799,716
320	Short-term borrowings	21(a)	8,368,124,721	-
322	Bonus and welfare funds	20	4,045,425,334	3,877,954,828
330	Long-term liabilities		39,906,865,877	18,249,552,279
338	Long-term borrowings	21(b)	31,380,467,707	-
342	Provision for long-term liabilities	22	8,526,398,170	18,249,552,279
400	OWNERS' EQUITY		534,669,164,215	526,648,556,949
410	Capital		534,669,164,215	526,648,556,949
411	Owners' capital	23, 24	400,000,000,000	400,000,000,000
411a	- Ordinary shares with voting rights		400,000,000,000	400,000,000,000
418	Investment and development funds	24	88,206,218,692	79,968,321,676
421	Undistributed earnings	24	46,462,945,523	48,680,235,273
421a	- Undistributed profits of previous years		6,323,389,749	19,220,578,552
421b	- Profits of the current year		40,139,555,774	27,459,656,721
440	TOTAL RESOURCES		1,104,589,583,881	877,052,585,343


Le Ba Tung
Preparer

Nguyen Van Manh
Chief AccountantPham Hung Phuong
Director
28 February 2024

INCOME STATEMENT

Code	Note	Year ended 31 December		
		2023 VND	2022 VND	
01	Revenue from sales of goods and rendering of services	1,030,624,815,627	942,102,191,345	
02	Less deductions	-	-	
10	Net revenue from sales of goods and rendering of services	1,030,624,815,627	942,102,191,345	
11	Cost of goods sold and services rendered	(950,872,225,681)	(891,772,145,931)	
20	Gross profit from sales of goods and rendering of services	79,752,589,946	50,330,045,414	
21	Financial income	7,531,242,306	10,513,930,695	
22	Financial expenses	(1,262,926,562)	(82,095,731)	
23	- Including: Interest expenses	(1,142,471,379)	-	
26	General and administration expenses	(43,251,243,004)	(32,181,005,014)	
30	Net operating profit	42,769,662,686	20,570,875,364	
31	Other income	8,196,848	980,734,561	
32	Other expenses	(307,255,310)	(518,098,914)	
40	Net other (expenses)/income	(299,058,462)	462,635,647	
50	Accounting profit before tax	42,470,604,224	20,033,511,011	
51	Corporate income tax ("CIT") - current	(2,673,807,158)	(1,706,857,976)	
52	CIT - deferred	342,758,708	133,003,686	
60	Profit after tax	40,139,555,774	27,459,656,721	
70	Basic earnings per share	25(a)	853	584
71	Diluted earnings per share	25(b)	853	584



Le Ba Tung
Preparer



Nguyen Van Manh
Chief Accountant



Pham Hung Phuong
Director
28 February 2024

CASH FLOW STATEMENT
 (Indirect method)

Code	Note	Year ended 31 December	
		2023 VND	2022 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
01	Accounting profit before tax	42,470,604,224	29,033,511,011
	Adjustments for:		
02	Depreciation and amortisation	47,628,474,554	35,348,440,126
03	Provisions	5,051,893,055	1,844,280,275
04	Unrealised foreign exchange gains	(533,673,351)	(362,513,962)
05	Profits from investing activities	(6,941,848,509)	(10,108,290,637)
06	Interest expense	1,142,471,378	-
08	Operating profit before changes in working capital	88,818,021,371	55,725,426,813
09	Increase in receivables	(118,638,376,925)	(71,824,374,866)
10	Increase in inventories	(44,309,200,790)	(26,328,418,021)
11	Increase in payables	175,473,811,074	63,813,074,321
12	Increase in prepaid expenses	(16,417,189,951)	(15,218,055,632)
14	Interest paid	(1,089,545,055)	-
15	CIT paid	(2,476,507,985)	(2,461,477,377)
16	Other receipts from operating activities	120,000,000	-
17	Other payments on operating activities	(7,339,723,000)	(6,456,711,000)
20	Net cash inflows/(outflows) from operating activities	74,082,221,933	(4,753,535,762)
CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchases of fixed assets	(168,111,661,292)	(51,725,582,664)
23	Short-term investments held to maturity	(61,135,678,319)	(25,000,000,000)
24	Collections of short-term investment held to maturity	102,323,236,114	154,922,187,857
27	Interest received	7,067,032,568	13,264,676,335
30	Net cash (outflows)/inflows from investing activities	(119,857,070,929)	91,461,281,528
CASH FLOWS FROM FINANCING ACTIVITIES			
33	Proceeds from borrowings	52,043,244,108	-
34	Repayments of borrowings	(12,294,651,680)	-
36	Dividends paid	(27,844,352,446)	(27,852,558,500)
40	Net cash inflows/(outflows) from financing activities	11,904,239,982	(27,852,558,500)
50	Net (decrease)/ increase in cash	(33,870,609,014)	58,855,187,266
60	Cash and cash equivalents at beginning of year	91,137,689,125	31,889,987,897
61	Effect of foreign exchange differences	424,666,613	392,513,962
70	Cash and cash equivalents at end of year	57,691,746,724	91,137,689,125



 Le Ba Tung
 Preparer



 Nguyen Van Manh
 Chief Accountant

 Pham Hung Phuong
 Director
 28 February 2024

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****1 GENERAL INFORMATION****Structure of ownership**

PTSC Thanh Hoa Port Joint Stock Company is a joint stock company established in accordance with the Enterprise registration certificate No. 2801449559 dated 13 November 2009 initially issued by the Department of Planning and Investment of Thanh Hoa Province.

According to the latest amendment was issued by the Department of Planning and Investment of Ho Chi Minh City on 14 June 2022, PTSC Thanh Hoa Port Joint Stock Company has changed its name to PTSC Thanh Hoa Technical Services Company (the "Company").

The main shareholder is PetroVietnam Technical Service Corporation ("PTSC"). Details of capital contribution are presented in Note 23.

The shares of the Company have been officially listed in the UPCOM of Hanoi Stock Exchange since 29 November 2016 with the share code of PSN, pursuant to the Decision No.783/QĐ-SGDHN signed by the Deputy General Director of Hanoi Stock Exchange on 29 November 2016.

Principal activities

The business sector of the Company is to supply oil and gas technical service; services of management, port management and logistics services; supplying human resources specializing in oil and gas; mechanical engineering, repair and maintenance; transporting, loading, unloading, preserving, handling of goods; domestic and foreign multimodal transport business; provision of materials, equipment, food for the oil and gas industry, shipping agents; load-testing service, non-destructive testing, pre- and post-weld heat treatment, launching service, lifting and weighing service; trading fuels, petrol, lubricating greases and petroleum products; trading nitrogen fertilizers and agricultural chemicals.

The principal activities of the Company are comprised of:

- Supplying port-based and logistics services;
- Management and operation vessels service;
- Mechanical services;
- Repair and maintenance services;
- Supply of petroleum specialized labour; and
- Sales of fuels and petroleum products.

The normal business cycles

The normal business cycle of the Company is within 12 months.

Number of employees

As at 31 December 2023, the Company has 720 employees (at 31 December 2022: 464 employees).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**2.1 Basis of preparation of financial statements**

The financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of financial statements. The financial statements have been prepared under the historical cost convention.

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

The financial statement in the Vietnamese language are the official statutory financial statement of the Company. The financial statement in the English language has been translated from the Vietnamese version.

**2.2 Fiscal year**

The Company's fiscal year is from 1 January to 31 December.

2.3 Currency

The financial statements are measured and presented in Vietnamese Dong ("VND"), which is the Company's accounting currency.

2.4 Exchange rates

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction dates. Foreign exchange differences arising from these transactions are recognised in the income statement.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are respectively translated at the buying and selling exchange rates at the balance sheet date of the commercial bank(s) where the Company regularly trades. Foreign currencies deposited in commercial bank(s) at the balance sheet date are translated at the buying exchange rate of the commercial bank(s) where the Company opens its foreign currency accounts. Foreign exchange differences arising from these translations are recognised in the income statement.

2.5 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at banks, and other short-term investments with an original maturity of three months or less.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.6 Receivables**

Receivables represent trade receivables from customers arising from sales of goods and rendering of services or non-trade receivables from others and are stated at cost. Provision for doubtful debts is made for each outstanding amount based on overdue days in payment according to the initial payment commitment (exclusive of the payment rescheduling between parties) or based on the estimated loss that may arise. Bad debts are written off when identified as uncollectible.

Receivables are classified into short-term and long-term receivables on the balance sheet based on the remaining period from the balance sheet date to the maturity date.

2.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method and includes direct materials, direct labour costs and those overhead expenses, purchase cost, conversion cost, and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured products, cost includes all direct expenditure and production overheads based on normal levels of operating activity. Net realisable value is the estimated selling price in the normal course of business, less the estimated costs of completion and selling expenses.

The Company applies the perpetual system for inventories.

Provision is made, when necessary, for obsolete, slow-moving and defective inventory items. The difference between the provision of this year and the provision of the previous year is recognised as an increase or decrease of cost of goods sold in the year.

2.8 Investments held-to-maturity

Investments held-to-maturity are investments which the Company has a positive intention and ability to hold until maturity.

Investments held to maturity include term deposits and other investments held to maturity. Those investments are initially accounted for at cost. Subsequently, the Board of Management reviews all outstanding investments to determine the amount of provision to recognise at the year end.

Provision for diminution in value of investments held to maturity is made when there is evidence that the investment is uncollectible in whole or in part. Changes in the provision balance during the fiscal year are recorded as an increase or decrease in financial expenses. A reversal, if any, is made only to the extent the investment is restored to its original cost.

Investments held-to-maturity are classified into short-term and long-term investments held-to-maturity on the balance sheet based on remaining year from the balance sheet date to the maturity date.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.9 Construction contracts**

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

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

When the outcome of a contract can be estimated reliably, and the contractor is paid in accordance with the planned schedule, contract revenue and contract costs are recognised over the period of the contract as revenue and expenses, respectively. The Company uses the percentage of completion method to determine the appropriate amount of revenue and costs to be recognised in the fiscal year. The percentage of completion is measured by reference to the proportion of actual completed work incurred to date to the estimated total work of each contract. Where it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The aggregate of the costs incurred and the profit or loss recognised on each contract is compared against the progress billings up to the year end. Where costs incurred and profits recognised (less recognised losses) exceed progress billings, the balance is presented as receivables for construction contracts-in-progress. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is presented as payables for construction contracts-in-progress.

When the outcome of a contract can be estimated reliably and the contractor is paid for the works performed and certified by the customer, contract revenue and contract costs are recognised in the period for the works performed and certified by customer.

2.10 Fixed assets*Tangible and intangible fixed assets*

Fixed assets are stated at historical cost less accumulated depreciation or amortisation. Historical cost includes any expenditure that is directly attributable to the acquisition of the fixed assets bringing them to suitable conditions for their intended use. Expenditure which is incurred subsequently and has resulted in an increase in the future economic benefits expected to be obtained from the use of fixed assets, can be capitalised as an additional historical cost. Otherwise, such expenditure is charged to the income statement when incurred in the year.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.10 Fixed assets (continued)***Depreciation and amortisation*

Fixed assets are depreciated and amortised using the straight-line method so as to write off the depreciable amount of the fixed assets over their estimated useful lives. Depreciable amount equals to the historical cost of fixed assets recorded in the financial statements minus (-) the estimated disposal value of such assets. The estimated useful lives of each asset class are as follows:

Plant and buildings	5 – 33 years
Machinery and equipment	3 – 15 years
Motor vehicles	8 – 10 years
Office equipment	3 – 10 years
Others	4 – 15 years
Software	3 – 8 years

Disposals

Gains or losses on disposals are determined by comparing net disposal proceeds with the carrying amount of the fixed assets and are recognised as income or expense in the income statement.

Construction in progress

Construction in progress represents the cost of assets in the course of installation or construction for production, rental or administrative purposes, or for purposes not yet determined, which are recorded at cost and are comprised of such necessary costs to construct, repair and maintain, upgrade, renew or equip the projects with technologies as construction costs; costs of tools and equipment; construction consulting expenditure. Depreciation of these assets, on the same basis as other fixed assets, commences when they are ready for their intended use.

2.11 Leased assets

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the term of the lease.

2.12 Prepaid expenses

Prepaid expenses include short-term and long-term prepayments on the balance sheet. Short-term prepaid expenses represent prepayments for services; or tools that do not meet the recognition criteria for fixed assets for not exceeding 12 months or a business cycle from the date of prepayment. Long-term prepaid expenses represent prepayments for services; or tools, which do not meet the recognition criteria for fixed assets for exceeding 12 months or more than one business cycle from the date of prepayment. Prepaid expenses are recorded at historical cost and allocated on a straight-line basis over their estimated useful lives.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.13 Payables**

Classifications of payables are based on their nature as follows:

- Trade accounts payable are trade payables arising from purchase of goods and services; and
- Other payables are non-trade payables, and payables not relating to purchases of goods and services.

Payables are classified into short-term and long-term payables on the balance sheet based on the remaining period from the balance sheet date to the maturity date.

2.14 Borrowings

Borrowings include borrowings from banks.

Borrowings are classified into short-term and long-term on the balance sheet based on the remaining period from the balance sheet date to the maturity date.

Borrowing costs that are directly attributable to the construction or production of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. In respect of general-purpose borrowings, a portion of which is used for the purpose of construction or production of any qualifying assets, the Company determines the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the weighted average expenditure on the assets. The capitalisation rate is the weighted average of the interest rates applicable to the Company's borrowings that are outstanding during the year, other than borrowings made specifically for the purpose of obtaining a qualifying asset. Other borrowing costs are recognised in the income statement when incurred.

2.15 Accrued expenses

Accrued expenses include liabilities for goods and services received in the year but not yet paid due to pending invoice or insufficient records and documents. Accrued expenses are recorded as expenses in the reporting year.

2.16 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provision is not recognised for future operating losses.

Provisions are measured at the level of expenditures expected to be required to settle the obligation. If the time value of money is material, provision will be measured at the present value using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a financial expense. Changes in the provision balance during the fiscal year are recorded as an increase or decrease in operating expenses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.17 Capital**

Owners' capital is recorded according to the actual amounts contributed at the par value of the shares.

Undistributed earnings record the Company's results after CIT at the reporting date.

2.18 Appropriation of profit

The Company's dividends are recognised as a liability in the financial statements in the year in which the shareholder list for dividend payment is finalised according to Resolution of Board of Directors after the dividends are approved by shareholders at the Annual General Meeting of Shareholders.

Net profit after CIT could be distributed to shareholders after approval a Annual General Meeting of Shareholders, and after appropriation to other funds in accordance with the Company's charter and Vietnamese regulations.

The Company's funds are as below:

(a) Investment and development fund

Investment and development fund is appropriated from net profit after CIT of the Company and subject to shareholders' approval at the General Meeting. This fund is used for expanding and developing the business of the Company.

(b) Bonus and welfare fund

Bonus and welfare fund is appropriated from the Company's net profit after CIT and subject to shareholders' approval at the General Meeting. This fund is presented as a liability on the balance sheet. This fund is used for rewarding and encouraging, enhancing the physical and mental well-being of the employees.

2.19 Revenue recognition**(a) Revenue from sales of goods**

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

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

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of goods.

Revenue is recognised in accordance with the "substance over form" principle and allocated to each sale obligation.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.19 Revenue recognition (continued)****(b) Revenue from construction contracts**

Revenues from construction contracts are comprised of the revenue initially set out in contracts; increases and/or decreases during the term of the contract; bonuses; and other payments to be received from customers or other parties to compensate for the costs not included in the contractual price; other payments that customers agreed to compensate, and other payments provided that these amounts can change the revenue and can be reliably determined. Revenue from construction contracts is recognised in accordance with the guidance presented in Note 2.9.

(c) Revenue from rendering of services

Revenue from rendering of services is recognised in the income statement when the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided. Revenue from rendering of services is only recognised when all four (4) following conditions are satisfied:

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

(d) Interest income

Interest income is recognised on the basis of the actual time and interest rates for each year when both conditions below are simultaneously satisfied:

- It is probable that economic benefits will be generated;
- Income can be measured reliably.

2.20 Cost of goods sold and services rendered

Cost of goods sold, and services rendered are cost of merchandises sold or services rendered during the year and recorded on the basis of matching with revenue and on a prudence basis.

2.21 Financial expenses

Financial expenses are expenses incurred in the year for financial activities including expenses of borrowing; and losses from foreign exchange differences.

2.22 General and administration expenses

General and administration expenses represent expenses that are incurred for administrative purposes.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.23 Current and deferred income tax**

Income tax includes all income taxes which is based on taxable profits. Income tax expense comprises current income tax expense and deferred income tax expense.

Current income tax is the amount of income tax payable or recoverable in respect of the current year taxable profits at the current year tax rates. Current and deferred tax are recognised as an income or an expense and included in the profit or loss of the year, except to the extent that the income tax arises from a transaction or event which is recognised, in the same or a different year, directly in equity.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of occurrence affects neither the accounting nor the taxable profit or loss. Deferred income tax is determined at the tax rates that are expected to apply to the financial year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.24 Related parties

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies and fellow companies in group are related parties of the Company. Associates, joint ventures and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company, key management personnel, including Chairman and members of the Board of Director, Director and members of the Board of Management, close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering its relationship with each related party, the Company considers the substance of the relationships, not merely the legal form.

2.25 Segment reporting

A segment is a component which can be separated by the Company engaged in sales of goods or rendering of services ("business segment"), or sales of goods or rendering of services within a particular economic environment ("geographical segment"). Each segment is subject to risks and returns that are different from those of other segments. A reportable segment is the Company's business segment or the Company's geographical segment.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.26 Critical accounting estimates**

The preparation of financial statements in conformity with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of financial statements 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 financial statements and the reported amounts of revenues and expenses during the financial year.

Such estimates and assumptions are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are assessed by the Board of Management to be reasonable under the circumstances by the Board of Management.

3 CASH AND CASH EQUIVALENTS

	2023 VND	2022 VND
Cash on hand	73,986,778	196,531,274
Cash at bank	47,562,396,815	32,370,026,607
Cash equivalents (*)	10,055,363,131	58,571,131,244
	<u>57,691,746,724</u>	<u>91,137,689,125</u>

(*) Cash equivalents include term deposits in VND with the original maturity of three months or less, and earn interest at the rate 2.3% per annum (as at 31 December 2022: from 1% - 6% per annum)

4 INVESTMENTS HELD TO MATURITY

	2023		2022	
	Cost VND	Book value VND	Cost VND	Book value VND
Term deposits	<u>34,943,583,505</u>	<u>34,943,583,505</u>	<u>76,090,575,989</u>	<u>76,090,575,989</u>

Term deposits include bank deposits in VND with the remaining maturity of less than 12 months and more than 3 months and earn interest at the rate ranging from 6.2% to 8.5% per annum (as at 31 December 2022: from 4.6% to 8.8% per annum).

As at 31 December 2023 and 31 December 2022, the held-to-maturity investments include term deposits of VND13.3 billion with a term of not more than 12 months at Ocean Commercial One Member Limited Liability Bank ("OceanBank"), which has been suspended for principal. The Board of Management assessed that these deposits will be traded again in the future when there are specific regulations from the State Bank of Vietnam.

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5 SHORT-TERM TRADE ACCOUNTS RECEIVABLE

	2023 VND	2022 VND
Third parties		
Nam Song Hau Trading Investing Petroleum Joint Stock Company	35,121,129,014	19,191,122,405
Peci Vietnam Limited Company	17,320,959,898	6,704,789,019
Anh Phat Investment Construction – Trading Joint Stock Company	14,488,786,317	1,469,758,015
Tatsumi Vietnam Limited Company	12,343,649,415	13,291,140,036
Boilermaster Vietnam Limited Company	6,375,835,180	19,721,049,165
Others	44,977,528,223	44,406,208,445
Related parties (Note 35(b))	225,338,783,281	138,852,423,105
	<u>355,966,671,128</u>	<u>243,636,490,190</u>

As at 31 December 2023 and 31 December 2022, the balances of short-term trade accounts receivable which were past due, amounting to VND18,755,135,095 and VND7,309,468,007 respectively, and presented in Note 8.

6 SHORT-TERM PREPAYMENTS TO SUPPLIERS

	2023 VND	2022 VND
Third parties		
Kirby South East Asia Company Limited	2,616,670,000	-
Ha Thanh Construction and Trading Company Limited	1,644,292,845	-
Viet An Technology Development Joint Stock Company	1,166,780,940	-
PACS Vietnam Painting and Anticorrosion Services Company Limited	-	1,837,515,240
VNG Construction and Commercial Joint Stock Company	-	930,160,500
Toan Bach Construction and Commercial Joint Stock Company	-	4,504,748,574
Others	3,441,435,793	1,915,844,051
	<u>8,869,179,578</u>	<u>9,188,268,365</u>

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7 OTHER SHORT-TERM RECEIVABLES

	2023		2022	
	Book value VND	Provision VND	Book value VND	Provision VND
Third parties				
Deposits	5,367,245,000	-	2,099,000,000	-
Interest income	2,658,940,277	-	2,784,124,336	-
Accrued revenue	1,923,371,863	-	7,693,087,131	-
Others	4,092,438,452	-	2,601,989,007	-
Related parties (Note 35(b))	43,653,871,706	-	33,303,337,416	-
	<u>57,695,867,298</u>	<u>-</u>	<u>48,481,537,890</u>	<u>-</u>

As at 31 December 2023 and 31 December 2022, there was no balance of other short-term receivables that was past due or not past due but doubtful.



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8 DOUBTFUL DEBTS

	2023			
	Cost VND	Recoverable amount VND	Provision VND	Overdue period
Receivables that were past due				
Nam Song Hau Trading Investing Petroleum Joint Stock Company	10,263,556,951	7,184,489,866	3,079,067,085	6 month - under 1 year
Machinery Erection No.1 Joint Stock Company	2,846,321,219	-	2,846,321,219	Over 3 years
Nghi Son Trading and Investment Co., Ltd	1,703,887,581	-	1,703,887,581	Over 3 years
Others	3,941,369,344	912,634,485	3,028,734,859	1 year - over 3 years
	<u>18,755,135,095</u>	<u>8,097,124,351</u>	<u>10,658,010,744</u>	
	2022			
	Cost VND	Recoverable amount VND	Provision VND	Overdue period
Receivables that were past due				
Machinery Erection No.1 Joint Stock Company	2,846,321,219	-	2,846,321,219	Over 3 years
Nghi Son Trading and Investment Co., Ltd	1,703,887,581	-	1,703,887,581	Over 3 years
Others	2,759,259,207	155,469,053	2,603,790,154	1 year - over 3 years
	<u>7,309,468,007</u>	<u>155,469,053</u>	<u>7,153,998,954</u>	

9 INVENTORIES

	2023		2022	
	Cost VND	Provision VND	Cost VND	Provision VND
Raw materials	9,132,851,933	-	5,180,092,243	-
Tools and supplies	1,610,196,702	-	2,676,262,693	-
Work in progress (*)	123,767,530,710	-	82,287,957,623	-
	<u>134,510,579,345</u>	<u>-</u>	<u>90,144,312,559</u>	<u>-</u>

(*) Work in progress represents the cost incurred from construction contracts of the following projects:

	2023 VND	2022 VND
Suction Bucket project	50,878,688,504	-
Long Sen project	42,421,225,185	37,041,224,058
TA23 project	15,593,898,464	-
Mai Dam project	-	16,760,417,816
Anh Phat 2 project	913,855,017	11,253,225,942
Others	13,959,863,540	17,233,089,809
	<u>123,767,530,710</u>	<u>82,287,957,623</u>

10 PREPAID EXPENSES

(a) Short-term

	2023 VND	2022 VND
Insurance fees	541,754,122	524,412,410
Tools, supplies	355,979,914	234,631,843
Others	104,901,268	273,343,881
	<u>1,002,635,304</u>	<u>1,032,388,134</u>

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10 PREPAID EXPENSES (continued)

(b) Long-term

	2023 VND	2022 VND
Tools, supplies	18,468,472,928	15,917,885,682
Repair costs	15,666,708,502	3,456,834,424
Others	2,740,136,659	1,053,675,190
	<u>36,875,318,087</u>	<u>20,428,375,296</u>

Movement of long-term prepaid expenses during the year is as follows:

	2023 VND	2022 VND
Beginning of year	21,460,763,430	6,242,707,798
Increase	40,267,555,068	23,230,656,667
Allocation	(23,850,365,107)	(8,012,601,035)
End of year	<u>37,877,953,391</u>	<u>21,460,763,430</u>

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11	FIXED ASSETS	Plant and buildings VND	Machinery VND	Motor vehicles VND	Office equipment VND	Others VND	Total VND
(a)	Tangible fixed assets						
	Historical cost						
	As at 1 January 2023	514,810,116,366	137,419,763,093	93,126,518,184	8,026,842,539	7,929,117,953	701,312,378,138
	New purchases	345,701,124	80,757,632,978	688,814,815	1,672,591,381	727,800,000	84,193,540,296
	Transfer from construction in progress (Note 12)	68,064,092,398	-	-	-	-	68,064,092,398
	Write-off	(394,790,190)	(1,205,272,726)	-	-	-	(1,600,062,916)
	As at 31 December 2023	562,525,119,701	216,972,143,345	33,816,332,998	9,699,433,920	6,956,917,953	851,969,947,918
	Accumulated depreciation						
	As at 1 January 2023	313,867,249,478	68,943,713,656	21,514,359,886	7,668,546,750	5,501,047,161	417,594,916,733
	Charge for the year	26,092,179,449	17,247,959,652	2,842,074,427	408,047,349	882,984,585	47,473,255,462
	Write-off	(394,790,190)	(1,205,272,726)	-	-	-	(1,600,062,916)
	As at 31 December 2023	339,564,638,737	84,986,410,582	24,356,434,135	8,076,594,099	6,484,031,746	463,468,109,279
	Net book value						
	As at 1 January 2023	200,942,866,891	68,476,069,437	11,612,158,496	358,295,789	2,328,070,792	283,717,461,405
	As at 31 December 2023	243,260,480,964	131,985,732,763	9,459,898,864	1,622,839,821	2,172,886,207	388,501,838,639

As at 31 December 2023, tangible fixed assets with a carrying value of VND74,335 billion (as at 31 December 2022: Nil) were pledged with banks as collateral or mortgaged assets for long-term borrowings granted to the Company (Note 21).

The historical cost of fully depreciated tangible fixed assets but still in use as at 31 December 2023 was VND100,241 billion (as at 31 December 2022: VND93,565 billion).

11 FIXED ASSETS (continued)**(b) Intangible fixed assets**

	Software VND
Historical cost	
As at 1 January 2023	1,959,261,714
New purchases	261,020,000
	<u>2,220,281,714</u>
As at 31 December 2023	<u>2,220,281,714</u>
Accumulated amortisation	
As at 1 January 2023	1,745,928,389
Charge for the year	155,219,092
	<u>1,901,147,481</u>
As at 31 December 2023	<u>1,901,147,481</u>
Net book value	
As at 1 January 2023	213,333,325
	<u>213,333,325</u>
As at 31 December 2023	<u>319,134,233</u>

The historical cost of fully amortised intangible fixed assets but still in use as at 31 December 2023 was VND1.639 billion (as at 31 December 2022: VND1.639 billion).

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12 CONSTRUCTION IN PROGRESS

	2023 VND	2022 VND
Project Official residence	34,271,779,681	14,205,945,582
Project Warehouse No.1: 2500m2	-	1,723,716,777
Others	1,565,871,230	2,031,309,491
	<u>35,837,650,911</u>	<u>17,960,971,850</u>

Movements in the construction in progress during the year were as follows:

	2023 VND	2022 VND
Beginning of year	17,960,971,850	1,778,766,181
Increase	85,950,386,844	29,179,075,873
Transfers to tangible fixed assets (Note 11)	(68,064,092,398)	(12,994,870,204)
Transfers to prepaid expense	(9,615,385)	-
End of year	<u>35,837,650,911</u>	<u>17,960,971,850</u>

13 DEFERRED INCOME TAX ASSETS

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority. The details were as follows:

	2023 VND	2022 VND
Deferred tax assets:		
Deferred tax assets to be recovered within 12 months	<u>2,405,147,409</u>	<u>2,062,388,701</u>

The movement in the deferred income tax during the year are as follows:

	2023 VND	2022 VND
Beginning of year	2,062,388,701	1,929,385,015
Income statement credit (Note 31)	<u>342,758,708</u>	<u>133,003,686</u>
End of year	<u>2,405,147,409</u>	<u>2,062,388,701</u>

In which, deferred income tax mainly arises from the temporary differences of the following items:

	2023 VND	2022 VND
Accrued	2,250,000,000	1,875,000,000
Depreciation expense	<u>155,147,409</u>	<u>187,388,701</u>
	<u>2,405,147,409</u>	<u>2,062,388,701</u>

The Company uses tax rate of 5% in the year ended 31 December 2023 and year ended 31 December 2022 to determine deferred income tax assets.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

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14 SHORT-TERM TRADE ACCOUNTS PAYABLE

	2023		2022	
	Value VND	Able-to-pay amount VND	Value VND	Able-to-pay amount VND
Third parties				
Global Services Supply and Trading Company Limited	15,314,171,787	15,314,171,787	5,503,174,119	5,503,174,119
Hoang Thai Maritime	15,274,582,100	15,274,582,100	6,632,618,548	6,632,618,548
Thai Hoa Diving Services Joint Stock Company	14,580,000,000	14,580,000,000	-	-
TMEC Commercial and Techniques Company Limited	11,354,520,348	11,354,520,348	2,133,645,687	2,133,645,687
Phuc An Investment and Trading Company Limited	6,192,679,739	6,192,679,739	10,753,956,387	10,753,956,387
Others	180,975,029,815	180,975,029,815	134,037,903,819	134,037,903,819
Related parties (Note 35(b))	35,665,667,607	35,665,667,607	27,788,143,983	27,789,143,993
	<u>279,356,651,396</u>	<u>279,356,651,396</u>	<u>186,850,442,563</u>	<u>186,850,442,563</u>

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15 SHORT-TERM ADVANCES FROM CUSTOMERS

	2023 VND	2022 VND
Third parties		
Anh Phat Investment Construction – Trading Joint Stock Company	3,482,092,884	-
Guardian Bulk Shipping Co., Limited	930,387,749	-
Nova Carriers (Singapore) Pte. Ltd	415,963,090	498,961,063
Others	4,371,159,620	7,936,795,643
Related parties (Note 35(b))	68,355,598,741	30,041,329,483
	<u>77,555,201,864</u>	<u>38,477,086,189</u>

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16 TAX AND OTHER RECEIVABLES/PAYABLES TO THE STATE

Movements in tax and other receivables from/payables to the State during the year were as follows:

	As at 1.1.2023 VND	Receivables /Payables during the year VND	Payment/Collections during the year VND	Netted-off during the year VND	As at 31.12.2023 VND
a) Tax payables					
VAT	-	97,664,571,828	(6,034,848,422)	(91,629,723,406)	-
PIT	505,471,270	2,628,614,777	(2,570,562,963)	-	563,523,084
CIT	569,721,088	2,673,807,158	(2,478,507,985)	-	765,020,261
Import tax	-	3,138,493,068	(3,138,493,068)	-	-
Others	402,613,595	1,816,638,232	(2,219,251,827)	-	-
	<u>1,477,805,953</u>	<u>107,922,125,063</u>	<u>(16,441,664,265)</u>	<u>(91,629,723,406)</u>	<u>1,328,543,345</u>
b) Tax receivables					
VAT	112,791,468	92,145,174,402	-	(91,629,723,406)	628,242,464

17 SHORT-TERM ACCRUED EXPENSES

	2023 VND	2022 VND
Cost of land and asset rental (Note 35(b)) (*)	50,000,000,000	45,000,000,000
Cost of Suction Bucket project	12,789,806,437	-
Dieu Hoa Lake project	5,434,306,591	-
Cost of STG4#2 project	5,276,585,000	-
Cost of Nam Song Hau project	5,086,778,675	1,071,725,395
Cost of SPM project	4,850,293,840	-
Cost of LPG Thi Vai project	4,432,140,236	-
Cost of Tank Cleaning project	166,100,000	9,009,397,500
Others	6,519,583,144	8,623,598,575
	<u>94,545,393,923</u>	<u>63,704,721,470</u>

(*) This is the estimation of accrued expense payable the Vietnam Oil and Gas Group ("PVN") for the rental of land and the assets on land located in the area that PVN receives from Vietnam Shipbuilding Industry Group – Vinashin according to Decision No. 926QD-TTG dated 18 June 2010 of the Prime Minister on the restructuring of Vietnam Shipbuilding Industry Group and Decision No. 7090/QĐ-DKVN dated 12 August 2010 on the transfer of land and the assets on land to PTSC Thanh Hoa. As at 31 December 2023, the Company is still in the progress of signing a land lease contract with PVN.

18 CONSTRUCTION CONTRACT-IN-PROGRESS PAYABLES

	2023 VND	2022 VND
Accumulated contract costs incurred plus recognized profits less recognized losses	25,106,595,256	-
Amount of progress billings	(42,936,554,805)	-
	<u>(17,829,959,549)</u>	<u>-</u>

Details of construction contracts-in-progress payables by projects are as follows:

LPG Thi Vai Project (SMP&Tanks)	14,126,166,532	-
Hai Phong 2 Project	3,703,783,017	-
	<u>17,829,959,549</u>	<u>-</u>

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19 OTHER SHORT-TERM PAYABLES

	2023 VND	2022 VND
Social insurance and health insurance	1,658,791,011	18,417,047
Union fees	689,544,888	435,018,899
Dividend payables	155,647,554	357,315,500
Other	4,829,939,009	4,368,548,631
Related parties (Note 35(b))	18,516,023,771	18,543,499,639
	<u>25,849,946,233</u>	<u>23,722,799,716</u>

20 BONUS AND WELFARE FUND

	2023 VND	2022 VND
Beginning of year	3,877,954,826	4,798,434,828
Appropriation (Note 24)	4,118,948,508	5,538,230,998
Utilisation	(3,951,478,000)	(6,458,711,000)
End of year	<u>4,045,425,334</u>	<u>3,877,954,826</u>

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21	BORROWINGS	As at 1.1.2023 VND	Increase VND	Decrease VND	Current portion VND	As at 31.12.2023 VND
(a)	Short-term					
	Short-term bank loans	-	10,202,620,500	(10,202,620,500)	-	-
	Current portion of long-term bank loans (Note 21(b))	-	-	(2,092,031,180)	10,460,155,901	8,368,124,721
		-	10,202,620,500	(12,294,651,680)	10,460,155,901	8,368,124,721

(b)	Long-term	As at 1.1.2023 VND	Increase VND	Decrease VND	Current portion VND	As at 31.12.2023 VND
	Joint Stock Commercial Bank for Foreign Trade of Vietnam ("Vietcombank")	-	41,840,523,608	(2,092,031,180)	(8,368,124,721)	31,380,467,707

The borrowing is drawn down in accordance with the loan contract with the total credit amounting to VND56 billion with Joint Stock Commercial Bank for Foreign Trade of Vietnam. This borrowing has collateral assets that are all assets formed from equity capital and loan capital of Project Official residence, bears an interest rate of 8.1% per annum and borrowing term is 60 months from the date of first drawdown date, at 12 July 2023.

As at 31 December 2023, tangible fixed assets with a carrying value of VND74,335 billion (as at 31 December 2022: Nil) (Note 11) were pledged with banks as collateral or mortgaged assets for the long-term borrowing granted to the Company.

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22 PROVISIONS FOR OTHER LIABILITIES

	2023 VND	2022 VND
Repair and maintenance of vessels (*)	8,249,316,427	18,249,552,279
Warranty of Tango project	277,081,743	-
	<u>8,526,398,170</u>	<u>18,249,552,279</u>

- (*) This is the provision for maintenance and major repair costs for 8 vessels that PTSC assigned the Company to manage and operate according to back-to-back contract with main contract No.280/2016/PTSC-TM/HĐ dated 7 October 2016. It represents the value of yearic vessel repair costs that are deducted from annual production and business expenses based on the estimate until the year in which the repair is expected to occur. In the year in which the repair is incurred, if the actual repair cost is greater than the estimated deduction or vice versa, the difference is recognized in the income statement of that fiscal year.

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23 OWNERS' CAPITAL

(a) Number of shares

	2023		2022	
	Ordinary shares	Preference shares	Ordinary shares	Preference shares
Number of shares registered	40,000,000	-	40,000,000	-
Number of shares issued	40,000,000	-	40,000,000	-
Number of existing shares in circulation	40,000,000	-	40,000,000	-

(b) Details of owners' shareholding

	2023		2022	
	Ordinary shares	%	Ordinary shares	%
PTSC	21,877,300	54.69	21,877,300	54.69
PetroVietnam Finance Fund Management Inc.	17,500,000	43.75	17,500,000	43.75
Others	622,700	1.56	622,700	1.56
Number of shares	40,000,000	100	40,000,000	100

(c) Movement of share capital

	Number of shares	Ordinary shares VND	Total VND
As at 1 January 2022	40,000,000	400,000,000,000	400,000,000,000
As at 31 December 2022	40,000,000	400,000,000,000	400,000,000,000
As at 31 December 2023	40,000,000	400,000,000,000	400,000,000,000

Par value per share: VND10,000/share, the Company does not have preferred shares.

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24 MOVEMENTS IN OWNERS' EQUITY

	Owners' capital VND	Development investment funds VND	Undistributed earnings VND	Total VND
As at 1 January 2022	400,000,000,000	68,891,859,680	63,835,271,546	532,727,131,226
Net profit for the year	-	-	27,459,656,721	27,459,656,721
Dividends	-	-	(28,000,000,000)	(28,000,000,000)
Appropriation to investment and development fund	-	11,076,461,996	(11,076,461,996)	-
Appropriation to bonus and welfare funds (Note 20)	-	-	(5,538,230,998)	(5,538,230,998)
As at 31 December 2022	400,000,000,000	79,968,321,676	46,680,235,273	526,648,556,949
Net profit for the year	-	-	40,139,555,774	40,139,555,774
Dividends (*)	-	-	(28,000,000,000)	(28,000,000,000)
Appropriation to investment and development fund (*)	-	8,237,897,016	(8,237,897,016)	-
Appropriation to bonus and welfare funds (Note 20) (*)	-	-	(4,118,948,508)	(4,118,948,508)
As at 31 December 2023	400,000,000,000	88,206,218,692	46,462,945,523	534,668,164,215

(*) In accordance with the Resolution No. 595/NQ-TH-BHCD dated 12 May 2023 of the General Meeting of Shareholders, the Shareholders approved the appropriation of net profit for the year 2022 with the dividend payment at the rate of 7% equivalent to VND28 billion, appropriation of the bonus and welfare funds; and appropriation investment fund amounting to VND4,118 billion and VND8,237 billion, respectively.

25 EARNINGS PER SHARE**(a) Basic earnings per share**

Basic earnings per share is calculated by dividing the net profit attributable to shareholders after deducting the bonus and welfare funds by the weighted average number of ordinary shares outstanding during the year, excluding ordinary shares repurchased by the Company and held as treasury shares. The details were as follows:

	2023	2022
Net profit attributable to shareholders (VND)	40,139,555,774	27,459,656,721
Less amount allocated to bonus and welfare funds (VND) (*)	(6,020,933,366)	(4,118,948,508)
	<u>34,118,622,408</u>	<u>23,340,708,213</u>
Weighted average number of ordinary shares in issue (shares)	40,000,000	40,000,000
Basic earnings per share (VND)	<u>853</u>	<u>584</u>

(*) Estimated amounts appropriated to bonus and welfare funds for the year are determined based on the plan for profit distribution of the Company which were approved by Shareholders at the Annual General Meeting of Shareholders and the plan for profit distribution in accordance with the Resolution of the Board of Directors.

(b) Diluted earnings per share

The Company did not have any ordinary shares potentially diluted during the year and up to the date of this financial statements. Therefore, diluted earnings per share is equal to basic earnings per share.

26 OFF BALANCE SHEET ITEMS**(a) Goods held for third parties**

As at 31 December 2023 and 31 December 2022, The Company is holding materials, goods for project implementation as follows:

Type of inventories	Condition	Unit	2023	2022
Primary Steel	Usable	ton	6,910.836	-
Secondary Steel	Usable	ton	120.159	-
			<u> </u>	<u> </u>

(b) Foreign currencies

As at 31 December 2023 and 31 December 2022, included in cash are balances held in foreign currencies of US\$198,679.63 and US\$66,783, respectively.

27 NET REVENUE FROM SALES OF GOODS AND RENDERING OF SERVICES

	2023 VND	2022 VND
Net revenue from sales of goods and rendering of services		
Net revenue from rendering of services	765,934,851,526	626,830,944,147
Net revenue from construction contracts (*)	217,317,236,125	248,880,579,923
Net revenue from sales of spare parts	47,372,727,976	66,390,667,275
	<u>1,030,624,815,627</u>	<u>942,102,191,345</u>

(*) Accumulated revenue from construction contracts is as follows:

	2023 VND	2022 VND
Accumulated revenue from in-progress construction contract during the year	641,158,425,853	469,946,259,718
Accumulated revenue from completed construction contract during the year	34,875,979,812	44,652,035,120
	<u>676,034,405,665</u>	<u>514,598,294,838</u>

28 COST OF GOODS SOLD AND SERVICES RENDERED

	2023 VND	2022 VND
Cost of services rendered	666,339,333,632	531,828,425,826
Cost of construction contracts	244,657,583,127	296,387,938,892
Cost of spare parts sold	39,875,308,922	63,555,781,213
	<u>950,872,225,681</u>	<u>891,772,145,931</u>

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29 FINANCIAL INCOME

	2023 VND	2022 VND
Interest income	6,941,848,509	10,108,290,637
Realized foreign exchange gains	55,720,436	13,126,096
Net gain from foreign currency translation at year-end	<u>533,873,361</u>	<u>392,513,962</u>
	<u><u>7,531,242,306</u></u>	<u><u>10,513,930,695</u></u>

30 GENERAL AND ADMINISTRATION EXPENSES

	2023 VND	2022 VND
Staff costs	14,256,146,340	12,086,293,889
Outside services	12,489,646,855	8,506,865,802
Provision/(reversal) for doubtful debts	3,504,011,790	(1,726,162,354)
Tools and supplies	1,657,051,683	2,122,955,025
Depreciation	1,173,906,390	1,295,290,623
Audit fee	325,000,000	-
Others	9,845,479,946	9,895,762,029
	<u><u>43,251,243,004</u></u>	<u><u>32,161,005,014</u></u>

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31 CORPORATE INCOME TAX

According to Decision No.3124/CT-THDT dated 12 September 2012 of Thanh Hoa Province Department of Taxation, the Company inherits the CIT incentives of PTSC Thanh Hoa Port One member LLC, with the preferential tax rate of 10% for a year of 15 years from the first year the Company has revenue from its operations (2009). The Company is exempt from CIT for 4 years from the first year the Company has taxable income from activities entitled to tax incentives (2011) and is entitled to a 50% reduction of payable tax amount for the next 9 years (2015).

The CIT tax on the Company's accounting profit before tax differs from the theoretical amount that would arise using the applicable tax rate of 5% as follows:

	2023 VND	2022 VND
Accounting profit before tax	42,470,604,224	29,033,511,011
In which:		
Net accounting profit before tax from activities eligible for tax incentives	41,701,275,724	28,805,344,614
Net accounting profit before tax from activities not eligible for tax incentives	769,328,500	228,166,397
Tax calculated at a rate of 5%	2,085,063,786	1,440,267,231
Tax calculated at a rate of 20%	153,865,700	45,633,279
Effect of:		
Expenses not deductible for tax purposes	116,477,534	277,704,946
Tax deduction	(213,072,537)	(306,815,124)
Under-provision in previous years	166,713,907	117,063,958
CIT charge (*)	<u>2,331,048,450</u>	<u>1,573,854,290</u>
Charged/(credited) to the income statement:		
CIT – current	2,673,807,168	1,706,867,978
CIT – deferred (Note 13)	(342,758,708)	(133,003,686)
	<u>2,331,048,450</u>	<u>1,573,854,290</u>

(*) The CIT charge for year is based on the estimated taxable income and is subject to the review and possible adjustments by the tax authorities.

32 COSTS OF OPERATION BY FACTOR

Costs of operation by factor represent all costs incurred during the year of the Company's operating activities, excluding cost of merchandise for trading activities. The details are as follows:

	2023 VND	2022 VND
Outside services	562,868,392,500	475,165,665,660
Raw materials	251,475,229,005	302,265,736,233
Staff costs	141,411,744,059	99,739,992,504
Depreciation and amortisation	47,628,474,554	35,348,440,126
Others	32,219,201,654	19,890,652,293
	<u>1,035,603,041,772</u>	<u>932,410,486,816</u>

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33 SEGMENT REPORTING

Geographical segment

The Company does not have any operation outside the territory of Vietnam. Therefore, no geographical business segment has been presented.

Business activity segment

Information of revenue from sales of goods and rendering of services and cost of goods sold and services rendered by main business activity segment of the Company are as follows:

	2023					Total
	Supply base services and logistics VND	NSRP services VND	Mechanical and construction VND	Repair and maintenance services VND	Others VND	VND
Net revenue from external sales	252,399,206,889	186,067,588,290	217,317,236,125	320,820,055,860	54,020,738,483	1,030,624,815,627
Net cost from external sales	(192,431,526,240)	(174,489,443,548)	(244,667,583,127)	(293,253,606,623)	(46,030,066,143)	(950,872,225,681)
Gross segment profit	59,967,680,629	11,578,124,742	(27,340,347,002)	27,566,459,237	7,990,672,340	79,752,589,946
Selling and administration expenses						(43,251,243,004)
Net income from financing activities						6,268,315,744
Profit from operating service						42,769,662,686
Net expenses from other activities						(299,058,462)
Net accounting profit before tax						42,470,604,224
CIT - current						(2,673,807,159)
CIT - deferred						342,758,708
Net profit after tax						40,139,555,774

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33 SEGMENT REPORTING (continued)

Business activity segment (continued)

	2022					Total
	Supply base services and logistics VND	NSRP services VND	Mechanical and construction VND	Repair and maintenance services VND	Others VND	Total VND
Net revenue from external sales	179,212,527,283	205,610,519,764	248,643,936,640	175,250,699,884	132,184,477,774	942,102,191,345
Net cost from external sales	(123,802,713,910)	(182,239,614,194)	(296,407,352,422)	(160,297,930,855)	(119,024,534,550)	(891,772,145,931)
Gross segment profit	55,409,813,373	14,370,905,570	(47,563,385,782)	14,952,769,029	13,159,943,224	50,330,045,414
Selling and administration expenses						(32,181,005,014)
Net income from financing activities						10,421,634,954
Profit from operating service						28,570,875,364
Net income from other activities						462,635,647
Net accounting profit before tax						29,033,511,011
CIT - current						(1,206,657,975)
CIT - deferred						133,003,686
Net profit after tax						27,459,856,721

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33 SEGMENT REPORTING (continued)

Business activity segment (continued)

Assets and liabilities based on the main business activities segment of the Company:

	2023					Total VND
	Supply base services and logistics VND	NSRP services VND	Mechanical and construction VND	Repair and maintenance services VND	Others VND	
Segment assets	772,728,044,631	149,192,725,387	(352,300,650,620)	355,085,417,060	179,884,047,423	1,104,589,583,881
Total assets						1,104,589,583,881
Segment liabilities	308,694,228,074	76,976,989,376	(161,771,888,473)	183,208,707,434	92,812,383,255	569,920,419,666
Total liabilities						569,920,419,666

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33 SEGMENT REPORTING (continued)

Business activity segment (continued)

	2022					Total VND
	Supply base services and logistics VND	NSRP services VND	Mechanical and construction VND	Repair and maintenance services VND	Others VND	
Segment assets	489,351,900,257	42,117,208,495	145,585,473,404	137,734,763,474	62,253,239,713	877,052,585,343
Total assets						877,052,585,343
Segment liabilities	114,205,947,034	25,658,979,263	88,700,827,199	83,911,863,251	37,926,411,647	350,404,028,394
Total liabilities						350,404,028,394

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34 ADDITIONAL INFORMATION ON CERTAIN ITEMS OF THE CASH FLOW STATEMENT

Non-cash transactions affecting the cash flow statement:

	2023 VND	2022 VND
Long-term loan due in 1 year	8,368,124,721	-
Purchase tangible fixed assets	3,558,445,085	-
Construction in progress	<u>310,625,459</u>	<u>1,575,784,694</u>

35 RELATED PARTY DISCLOSURES

The controlling shareholder of the Company is PTSC which owns 54.69% of the Company's share capital (Note 23). The ultimate parent of the Company is Vietnam Oil and Gas Group ("PVN").

Accordingly, PVN, PTSC, branches and subsidiaries and fellow subsidiaries of PVN and PTSC are considered the Company's related parties. As at 31 Dec 2023 and for the year ended at 31 Dec 2023, the Company has balances and transactions with below parties:

Name	Relationship
PTSC	Parent company
PetroVietnam Finance Fund Management Inc.	Major shareholder
Branch of PTSC - Da Nang Petroleum Service Company	Branch of PTSC
Branch of PTSC - Long Phu Thermal Power Project Board	Branch of PTSC
Branch of PTSC - PTSC Marine	Branch of PTSC
Branch of PTSC - PTSC Supply Base	Branch of PTSC
PTSC Petroleum Hotel Co., Ltd	Company in PTSC
PTSC Production Services Joint Stock Company	Company in PTSC
PTSC Offshore Services Joint Stock Company	Company in PTSC
PetroVietnam Security Service Joint Stock Company	Company in PTSC
PTSC Quang Ngai Joint Stock Company	Company in PTSC
PetroVietnam Security Services Joint Stock Company – Southern Branch	Company in PTSC
PTSC Phu My Port Joint Stock Company	Company in PTSC
Vietnam Oil and Gas Group	Ultimate parent company
PetroVietnam Oil Corporation	Company in PVN Group
PetroVietnam Oil Thanh Hoa - One - Member Limited Company	Company in PVN Group
PVI Thanh Hoa Insurance Company	Company in PVN Group
Nghi Son Refining and Petrochemical Co., Ltd	Company in PVN Group
PetroVietnam Fertilizer and Chemicals Corporation (PVFCCo)	Company in PVN Group
PetroVietnam Transportation Vung Tau Joint Stock Company	Company in PVN Group
PetroVietnam Transportation Ha Noi Joint Stock Company	Company in PVN Group
Petroleum Maintenance Services Joint Stock Company	Company in PVN Group
PVD Technical Training and Certification Joint Stock Company	Company in PVN Group
PetroVietnam ManPower Training College	Company in PVN Group
PetroViet Nam Coating Joint Stock Company	Company in PVN Group
Vietnam Energy Inspection Joint Stock Company	Company in PVN Group
Vietnam Energy Inspection Corporation - Northern Branch	Company in PVN Group
Petrosetco Vung Tau General Services Joint Stock Company	Company in PVN Group

35 RELATED PARTY DISCLOSURES (continued)**(a) Related party transactions**

The primary transactions with related parties incurred in the year are:

	2023 VND	2022 VND
i) Sales of goods and services		
PTSC	403,720,351,256	398,966,635,483
Nghi Son Refining and Petrochemical Co., Ltd	228,334,650,539	111,004,870,646
Others	8,954,370,670	291,937,500
	<u>639,009,372,465</u>	<u>511,253,443,628</u>
ii) Purchases of goods and services		
PetroVietnam Oil Thanh Hoa - One - Member Limited Company	79,423,846,046	71,806,100,247
PTSC Quang Ngai Joint Stock Company	5,423,241,425	-
PTSC Production Services Joint Stock Company	4,005,655,500	-
Branch of PTSC - PTSC Marine	2,837,691,350	3,596,618,380
PVI Thanh Hoa Insurance Company	2,299,135,684	1,569,107,304
Others	8,962,875,831	7,555,011,128
	<u>102,952,445,836</u>	<u>84,526,637,059</u>
iii) Compensation of key management		
Salary and other gross benefits:		
Mr. Le Van Nga - Chairman	1,041,298,410	974,791,137
Mr. Pham Hung Phuong - Member	1,082,268,409	1,013,959,137
Mr. To Ngoc Thu - Member	394,035,394	752,109,545
Mr. Nguyen Khac Dung - Member	1,490,000	407,160,454
Mr. Nguyen Huu Hoan - Member	878,907,143	776,812,818
Mr. Nguyen Van Manh - Member	638,964,029	567,179,454
Mr. Vu Thanh Khiem - Member	27,000,000	36,000,000
Mr. Tran Xuan Tai - Member	24,000,000	-
Mr. Nguyen Thanh Thuan - Member	510,713,320	404,617,850
Ms. Nguyen Thi Duyen - Member	389,836,193	372,150,182
	<u>4,866,532,896</u>	<u>5,304,790,577</u>

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35 RELATED PARTY DISCLOSURES (continued)

(b) Year end balances with related parties

	2023 VND	2022 VND
Short-term trade accounts receivable (Note 5)		
PTSC	157,880,321,199	113,785,583,839
Nghi Son Refining and Petrochemical Co., Ltd	50,015,591,428	14,054,475,435
PetroVietnam Security Services Joint Stock Company	8,159,452,481	8,159,452,481
Petroleum Maintenance Services Joint Stock Company	7,287,100,195	-
Others	1,996,251,980	1,852,911,350
	<u>225,336,763,261</u>	<u>136,652,423,105</u>
Other short-term receivables (Note 7)		
Nghi Son Refining and Petrochemical Co., Ltd	32,811,789,019	9,331,321,540
PTSC	10,612,486,851	23,972,015,870
PetroVietnam Oil Corporation	229,595,838	-
	<u>43,653,871,708</u>	<u>33,303,337,410</u>
Short-term trade accounts payable (Note 14)		
Nghi Son Refining and Petrochemical Co., Ltd	14,834,843,567	10,192,872,876
PetroVietnam Oil Thanh Hoa - One - Member Limited Company	8,434,155,530	7,151,875,519
PTSC Production Services Joint Stock Company	4,326,107,940	-
PTSC Offshore Services Joint Stock Company	2,003,374,923	3,385,788,823
PTSC	200,172,500	2,971,347,975
Others	5,187,013,147	4,087,258,800
	<u>35,665,667,607</u>	<u>27,789,143,993</u>
Short-term advances from customers (Note 15)		
PTSC	51,307,118,523	25,500,000,000
PetroVietnam Oil Corporation	12,480,724,934	-
Others	4,587,755,284	4,541,329,483
	<u>68,355,598,741</u>	<u>30,041,329,483</u>

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35 RELATED PARTY DISCLOSURES (continued)

(b) Year end balances with related parties (continued)

	2023 VND	2022 VND
Short-term accrued expenses		
Vietnam Oil and Gas Group (Note 17)	50,000,000,000	45,000,000,000
PTSC	56,858,000	-
	<u>50,056,858,000</u>	<u>45,000,000,000</u>
Other short-term payables (Note 19)		
PTSC (*)	18,511,484,205	18,511,484,205
Nghi Son Refining and Petrochemical Co., Ltd	4,539,566	32,015,434
	<u>18,516,023,771</u>	<u>18,543,499,639</u>


(*) The payables include VND18,507,484,206 to PTSC related to assets transferred to the Company at the stage before converting into a Joint Stock Company. This payable will be gradually paid by the Company over the years according to the Company's financial position. This payable does not bear interest.

36 CAPITAL COMMITMENTS

Capital expenditure contracted for at the balance sheet date but not recognised in the financial statements was as follows:

	2023 VND	2022 VND
Project Official residence	<u>11,881,268,257</u>	<u>29,896,337,125</u>

The financial statements were approved by the Board of Management on 28 February 2024.




Le Ba Tung
Preparer



Nguyen Van Manh
Chief Accountant





Pham Hung Phuong
Director