

PETROVIETNAM GENERAL SERVICES JOINT STOCK COMPANY

SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

PETROVIETNAM GENERAL SERVICES JOINT STOCK COMPANY

**SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

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PETROVIETNAM GENERAL SERVICES JOINT STOCK COMPANY

CORPORATE INFORMATION

Business Registration Certificate No. 4103005338 dated 29 September 2006 was initially issued by the Department of Planning and Investment of Ho Chi Minh City and the 18th amendment dated 23 May 2016.

Board of Management	Mr. Phung Tuan Ha	Chairman
	Mr. Pham Quang Huy	Member
	Ms. Le Thi Chien	Member
	Mr. Vu Tien Duong	Member
	Ms. Pham Thi Hong Diep	Member (From 1 January 2016)
	Mr. Vu Xuan Lung	Member (Retired from 1 January 2016)

Board of Supervision	Mr. Phan Khac Vinh	Chief Supervisor (From 8 April 2016)
	Mr. Le Anh Quoc	Member (From 8 April 2016)
	Ms. Nguyen Thi My Dung	Member (From 8 April 2016)
	Mr. Le Anh Quoc	Chief Supervisor (Until 8 April 2016)
	Mr. Nguyen Cao Ky	Member (Until 8 April 2016)
	Mr. Pham Thanh Tuan	Member (Until 8 April 2016)

Board of General Directors	Mr. Vu Tien Duong	General Director
	Mr. Bui Anh Dung	Deputy General Director
	Ms. Pham Thi Hong Diep	Deputy General Director
	Mr. Nguyen Thanh Tu	Deputy General Director
	Mr. Phan Quang Tuan Anh	Deputy General Director

Legal representative	Mr. Phung Tuan Ha	Chairman
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Registered office	6 th Floor, PetroVietnam Tower, No. 1 - 5 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	
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Auditor	PricewaterhouseCoopers (Vietnam) Limited	
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PETROVIETNAM GENERAL SERVICES JOINT STOCK COMPANY

STATEMENT OF THE RESPONSIBILITY OF THE CHAIRMAN IN RESPECT OF THE SEPARATE FINANCIAL STATEMENTS

The Chairman is responsible for preparing the separate financial statements of PetroVietnam General Services Joint Stock Company ("the Corporation") which give a true and fair view of the financial position of the Corporation as at 31 December 2016 and the results of its operations and cash flows for the year then ended. In preparing these separate financial statements, the Chairman is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- prepare the separate financial statements on a going concern basis unless it is inappropriate to presume that the Corporation will continue in business.

The Chairman is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Corporation and which enable the separate financial statements to be prepared which comply with the basis of accounting set out in Note 2 to the separate financial statements. The Chairman is also responsible for safeguarding the assets of the Corporation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

APPROVAL OF THE SEPARATE FINANCIAL STATEMENTS

I hereby approve the accompanying separate financial statements as set out on pages 5 to 39 which give a true and fair view of the financial position of the Corporation as at 31 December 2016 and of the results of its operations and 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 the financial statements.

Users of these separate financial statements of the Corporation should read them together with the consolidated financial statements of the Corporation and its subsidiaries ("the Group") for the year ended 31 December 2016 in order to obtain full information of the financial position and results of operations and cash flows of the Group.



Phung Tuan Ha
Chairman

Ho Chi Minh City, SR Vietnam
13 March 2017



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS AND BOARD OF MANAGEMENT OF PETROVIETNAM GENERAL SERVICES JOINT STOCK COMPANY

We have audited the accompanying separate financial statements of PetroVietnam General Services Joint Stock Company ("the Corporation") which were prepared on 31 December 2016 and approved by the Chairman on 13 March 2017. These separate financial statements comprise the balance sheet as at 31 December 2016, the income statement, the cash flow statement for the year then ended, and explanatory notes to the separate financial statements including significant accounting policies, as set out on pages 5 to 39.

The Chairman's Responsibility

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditor's judgment, including an assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and true and fair presentation of the separate 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Chairman, as well as evaluating the overall presentation of the separate financial statements.

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



Auditor's Opinion

In our opinion, the separate financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 December 2016, its financial performance and 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 the financial statements.

For and on behalf of PricewaterhouseCoopers (Vietnam) Limited



Quach Thanh Chau
Audit Practising Licence No. 0875-2013-006-1

Dao Quang Huy
Audit Practising Licence No. 1895-2016-006-1

Report reference number: HCM5729
Ho Chi Minh City, 13 March 2017

As indicated in Note 2.1 to the separate financial statements, the accompanying separate financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than SR Vietnam, and furthermore their utilisation is not designed for those who are not informed about SR Vietnam's accounting principles, procedures and practices.

PETROVIETNAM GENERAL SERVICES JOINT STOCK COMPANY

Form B 01 – DN

BALANCE SHEET

Code	ASSETS	Note	As at 31 December	
			2016 VND	2015 VND
100	CURRENT ASSETS		819,610,069,651	955,473,777,856
110	Cash and cash equivalents	3	394,707,165,595	441,088,716,007
111	Cash		138,307,165,595	209,415,910,458
112	Cash equivalents		256,400,000,000	231,672,805,549
130	Short-term receivables		329,648,254,058	408,654,072,567
131	Short-term trade accounts receivable	5	33,485,347,450	2,503,454,815
132	Short-term prepayments to suppliers	6	47,211,992,663	47,776,192,909
136	Other short-term receivables	7	248,950,913,945	358,374,424,843
140	Inventories		291,915,858	-
141	Inventories		291,915,858	-
150	Other current assets		94,962,734,140	105,730,989,282
151	Short-term prepaid expenses		4,595,226,512	1,508,356,232
152	Value Added Tax to be reclaimed	8(a)	90,191,513,398	20,337,459,698
153	Other taxes receivable	8(b)	175,994,230	83,885,173,352
200	LONG-TERM ASSETS		1,613,227,569,229	770,474,119,572
210	Long-term receivables		1,267,500,000	259,681,863
216	Other long-term receivables		1,267,500,000	259,681,863
220	Fixed assets		131,900,563,008	137,094,888,873
221	Tangible fixed assets	9(a)	31,758,686,943	36,555,655,851
222	Cost		82,543,274,982	83,095,470,652
223	Accumulated depreciation		(50,784,588,039)	(46,539,814,801)
227	Intangible fixed assets	9(b)	100,141,876,065	100,539,233,022
228	Cost		101,191,223,281	101,191,223,281
229	Accumulated amortisation		(1,049,347,216)	(651,990,259)
230	Investment properties	10	910,535,460,670	-
231	Cost		928,576,415,019	-
232	Accumulated depreciation		(18,040,954,349)	-
240	Long-term assets in progress		41,785,181,670	102,376,512,124
242	Construction in progress	11	41,785,181,670	102,376,512,124
250	Long-term investments		421,923,198,283	422,485,179,338
251	Investment in subsidiaries	4(a)	462,663,734,876	462,663,734,876
252	Investment in associate	4(b)	14,359,957,249	14,359,957,249
253	Investment in other entity	4(c)	2,000,000,000	2,000,000,000
254	Provision for long-term investments		(57,100,493,842)	(56,538,512,787)
260	Other long-term assets		105,815,665,598	108,257,857,374
261	Long-term prepaid expenses	12	105,815,665,598	108,257,857,374
270	TOTAL ASSETS		2,432,837,638,880	1,725,947,897,428

The notes on pages 9 to 39 are an integral part of these separate financial statements.

PETROVIETNAM GENERAL SERVICES JOINT STOCK COMPANY

Form B 01 – DN

BALANCE SHEET
(continued)

Code	RESOURCES	Note	As at 31 December	
			2016 VND	2015 VND
300	LIABILITIES		1,015,067,215,875	351,885,507,198
310	Short-term liabilities		655,658,297,381	208,072,782,259
311	Short-term trade accounts payable	13	375,003,172,679	14,842,082,993
312	Short-term advances from customers		4,387,337	-
313	Tax and other payables to the State Budget	8(c)	4,015,472,907	271,881,403
314	Payable to employees		12,965,415,515	14,524,186,725
315	Short-term accrued expenses	14	58,175,439,685	3,500,000,000
318	Short-term unearned revenue	15(a)	27,272,727,273	
319	Other short-term payables	16(a)	117,422,658,746	136,332,833,967
320	Short-term borrowings	17(a)	18,096,233,992	-
322	Bonus and welfare funds		42,702,789,247	38,601,797,171
330	Long-term liabilities		359,408,918,494	143,812,724,939
332	Long-term advances from customers		-	136,363,636,364
336	Long-term unearned revenue	15(b)	102,272,727,275	-
337	Other long-term payables	16(b)	7,030,627,285	7,449,088,575
338	Long-term borrowings	17(b)	250,105,563,934	-
400	OWNERS' EQUITY		1,417,770,423,005	1,374,062,390,230
410	Capital and reserves		1,417,770,423,005	1,374,062,390,230
411	Owners' capital	18	866,001,240,000	846,001,240,000
411a	- Ordinary shares with voting rights		866,001,240,000	846,001,240,000
412	Share premium	18, 19	133,918,052,614	133,918,052,614
418	Investment and development funds	18, 19	159,111,461,673	159,111,461,673
421	Undistributed earnings	18, 19	258,739,668,718	235,031,635,943
421a	- Undistributed post-tax profits of the previous years		126,396,701,420	81,282,412,392
421b	- Post-tax profit of the current year		132,342,967,298	153,749,223,551
440	TOTAL RESOURCES		2,432,837,638,880	1,725,947,897,428

Handwritten signature of Ha Van Phuong

Ha Van Phuong
Preparer

Dao Van Dai
Chief Accountant



Phung Tuan Ha
Chairman
13 March 2017

The notes on pages 9 to 39 are an integral part of these separate financial statements.

INCOME STATEMENT

Code		Note	Year ended 31 December	
			2016 VND	2015 VND
01	Sales	22	118,944,909,077	769,699,141,552
02	Less deductions		-	-
10	Net sales		118,944,909,077	769,699,141,552
11	Cost of sales	23	(53,032,904,423)	(678,618,547,927)
20	Gross profit		65,912,004,654	91,080,593,625
21	Financial income	24	128,715,357,092	169,391,778,998
22	Financial expenses	25	(635,680,007)	(23,494,041,414)
23	- Including: Interest expenses		-	(4,049,858,229)
25	Selling expenses	26	(4,819,766,696)	(24,449,346,615)
26	General and administration expenses	27	(49,672,557,636)	(52,809,162,025)
30	Net operating profit		139,499,357,407	159,719,822,569
31	Other income		2,855,348,014	2,783,230,711
32	Other expenses		(17,317,848)	(632,923,137)
40	Net other income		2,838,030,166	2,150,307,574
50	Net accounting profit before tax		142,337,387,573	161,870,130,143
51	Business income tax - current	28	(9,994,420,275)	(8,120,906,592)
60	Net profit after tax		132,342,967,298	153,749,223,551



Ha Van Phuong
Preparer



Dao Van Dai
Chief Accountant



Phung Tuan Ha
Chairman
13 March 2017

The notes on pages 9 to 39 are an integral part of these separate financial statements.

CASH FLOW STATEMENT
(Indirect method)

Code	Note	Year ended 31 December	
		2016 VND	2015 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
01		142,337,387,573	161,870,130,143
	Adjustments for:		
02	Depreciation and amortisation 9,10	23,297,813,286	4,504,112,120
03	Provisions	561,981,055	12,182,969,994
04	Unrealised foreign exchange losses	8,874,440	83,078,520
05	Profits from investing activities	(128,789,425,852)	(167,584,283,728)
06	Interest expense	-	4,049,858,229
08	Operating profit before changes in working capital	37,416,630,502	15,105,865,278
09	Decrease/(increase) in receivables	68,011,656,445	(67,261,139,128)
10	(Increase)/decrease in inventories	(291,915,858)	95,426,435,849
11	Decrease in payables	(39,890,178,580)	(160,753,694,561)
12	(Increase)/decrease in prepaid expenses	(644,678,504)	2,397,905,064
14	Interest paid	-	(4,049,858,229)
15	Business income tax paid 8	(6,127,745,510)	(4,855,420,423)
16	Other receipts on operating activities	83,681,659,609	1,119,803,766
17	Other payments on operating activities	(5,302,944,045)	-
20	Net cash inflows/(outflows) from operating activities	136,852,484,059	(122,870,102,384)
CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchases of fixed assets and other long-term assets	(478,609,671,968)	(100,122,243,987)
22	Proceeds from disposals of fixed assets and long-term assets	72,727,273	827,777,792
25	Investments in other entities	-	(18,600,000,000)
26	Proceeds from divestment in other entities	-	8,808,750,000
27	Dividends and interest received	102,014,244,338	98,583,651,284
30	Net cash outflows from investing activities	(376,522,700,357)	(10,502,064,911)
CASH FLOWS FROM FINANCING ACTIVITIES			
31	Proceeds from issuance of shares 18, 19	20,000,000,000	14,900,000,000
33	Proceeds from borrowings 17	280,164,925,764	269,156,311,413
34	Repayments of borrowings 17	(11,963,127,838)	(593,093,622,000)
36	Dividends paid 20	(94,904,257,600)	(83,067,049,100)
40	Net cash inflows/(outflows) from financing activities	193,297,540,326	(392,104,359,687)
50	Net decrease in cash and cash equivalents	(46,372,675,972)	(525,476,526,982)
60	Cash and cash equivalents at beginning of year 3	441,088,716,007	966,565,242,989
61	Effect of foreign exchange differences	(8,874,440)	-
70	Cash and cash equivalents at end of year 3	394,707,165,595	441,088,716,007

Ha Van Phuong
Preparer

Dao Van Dai
Chief Accountant



Phung Tuan Ha
Chairman
13 March 2017

The notes on pages 9 to 39 are an integral part of these separate financial statements.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1 GENERAL INFORMATION

PetroVietnam General Services Joint Stock Company ("the Corporation") was established in SR Vietnam pursuant to Business registration certificate No. 4103005338 dated 29 September 2006 and the 18th amendment dated 23 May 2016 which were issued by the Department of Planning and Investment of Ho Chi Minh City. The Corporation was transformed from PetroVietnam Tourism and Services Company, a wholly State-owned subsidiary of Vietnam Oil and Gas Group ("PetroVietnam").

The Corporation stock was officially listed on Ho Chi Minh City Stock Exchange ("HOSE") on 12 September 2007 with stock symbol "PET" pursuant to Decision No 94/QD-SGDHCM issued by General Director of HOSE on 13 August 2007.

The principal activities of the Corporation include:

- trading plastic resins, textile fibres, and cassava;
- support and management services;
- lease of warehouses, workshops, premises, office;
- sale of supplies, office equipment, audio-visual equipment.

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

As at 31 December 2016, the Corporation had 14 subsidiaries and 1 associate as disclosed in Note 4.

As at 31 December 2016, the Corporation had 63 employees (2015: 76 employees).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of separate financial statements

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

The accompanying separate 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.

Separately, the Corporation has also prepared consolidated financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of consolidated financial statements for the Corporation and its subsidiaries ("the Group"). In the consolidated financial statements, subsidiary undertakings – which are those companies over which the Corporation has the power to govern the financial and operating policies – have been fully consolidated.

Users of these separate financial statements of the Corporation should read them together with the consolidated financial statements of the Group for the year ended 31 December 2016 in order to obtain full information of the financial position and results of operations and cash flows of the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.2 Significant changes in the Corporation's accounting policies**

Circular No. 53/2016/TT- BTC ("Circular 53") - Amended some articles of Circular No. 200/2014/TT-BTC ("Circular 200") – Providing guidance on Corporate Accounting System dated 21 March 2016. Circular 53 is applicable to fiscal years beginning on or after 1 January 2016. However, enterprises can choose to apply those changes relating to foreign exchange rates for the fiscal year 2015.

According to Circular 200, transactions arising in foreign currencies are translated at actual exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are respectively translated at the buying and selling exchange rates of the commercial bank where the Corporation regularly trades. Foreign currencies deposited in bank at the balance sheet date are translated at the buying exchange rate of the commercial bank where the Corporation holds the foreign currency accounts.

According to Circular 53, the actual exchange rate can be the approximate exchange rate that is the rate approximating the average transfer exchange rate of the buying and selling rates of the commercial bank where the Corporation regularly trades. The approximate exchange rate disparity must not exceed +/- 1% compared with the average transfer exchange rate. The average transfer exchange rate is determined daily or weekly or monthly based on the average between the daily buying transfer rate and selling transfer rate of the commercial bank.

In addition, under Circular 53, if the Corporation uses the approximate exchange rate to account for transactions denominated in foreign currencies in the accounting period, the Corporation must use the transfer rate of the commercial bank where it regularly trades to revalue balances denominated in foreign currencies at end of the accounting period. The transfer rate can be the buying or selling rate or average transfer rate of the commercial bank.

2.3 Fiscal year

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

2.4 Currency

The separate financial statements are measured and presented using Vietnamese Dong ("VND").

Transactions arising in foreign currencies are translated at an exchange rate which is the rate approximating the average transfer exchange rate of the buying and selling rates of the commercial bank where the Corporation regularly trades. The Corporation ensures that the disparity of the approximate exchange rate does not exceed +/- 1% compared with the average transfer exchange rate. The average transfer exchange rate is determined monthly based on the average between the daily buying transfer rate and selling transfer rate of the commercial bank. Foreign exchange differences arising from these translations are recognised in the income statement.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the transfer rate at the balance sheet date of the commercial bank where the Corporation regularly trades. The transfer rate is the buying rate or selling rate of the commercial bank. 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 bank, cash in transit, demand deposits and other short-term investments with an original maturity of three months or less.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Trade receivables

Trade receivables are carried at the original invoice amount less an estimate made for doubtful receivables based on a review by the Board of General Directors of all outstanding amounts at the year end. Bad debts are written off when identified.

2.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the specific identification method and includes all costs of purchase, costs of conversion 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. Provision is made, where necessary, for obsolete, slow-moving and defective inventory items.

2.8 Investments

(a) Investments in subsidiaries

Subsidiaries are all entities over which the Corporation has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Corporation controls another entity.

Investments in subsidiaries are accounted for at cost less provision for diminution in value. Provision for diminution in value is made when there is an impairment of the investments.

(b) Investments in associates

Associates are investments that the Corporation has significant influence but not control and would generally have from 20% to under 50% voting shares of the investee.

Investments in associates are accounted for at cost less provision for diminution in value. Provision for diminution in value is made when there is an impairment of the investments.

(c) Investments in equity of other entities

Investments in equity of other entities are investments in equity instruments of other entities without controlling rights or co-controlling rights, or without significant influence over the investee. These investments are initially recorded at cost. Provision for diminution in value of these investments is made when the entities make losses, except when the loss was anticipated by the Board of General Directors in their business plan before the date of investment.

2.9 Fixed assets

Tangible and intangible fixed assets

Fixed assets are stated at historical cost less accumulated depreciation/ amortisation. Historical cost includes expenditure that is directly attributable to the acquisition of the fixed assets.

Depreciation and amortisation

Fixed assets are depreciated and amortised using the straight-line method so as to write off the cost of the assets over their estimated useful lives. The principal annual rates used are:

Buildings	2% - 20%
Machinery and equipment	14% - 50%
Motor vehicles	10% - 17%
Office equipment	20% - 33%

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Tangible and intangible fixed assets (continued)

Land use rights with indefinite useful life are recorded at historical cost and are not amortised. Computer software is amortised on a straight-line basis over the estimated useful life of eight (08) years.

Disposals

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

Construction in progress

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost. Cost includes professional fees and, for qualifying assets, borrowing costs dealt with in accordance with the Corporation's accounting policy. Depreciation of these assets, on the same basis as other fixed assets, commences when the assets are ready for their intended use.

2.10 Leased assets

Leases of property, plant and equipment where the lessor has transferred the ownership at the end of the lease period, and transferred substantially the risks and rewards, are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charge, are included in long-term borrowings. The interest element of the finance cost is charged to the income statement over the lease period. The property, plant and equipment acquired under finance leasing contracts are depreciated over the shorter of the estimated useful life of the assets or the lease term. However, if there is reasonable certainty that the lessee will obtain ownership by the end of the lease term, depreciation is calculated over the estimated useful life of the assets.

2.11 Investment properties

Cost of an investment property comprises the amount of cash or cash equivalents paid or the fair value of other consideration given to acquire the investment property at the time of its acquisition or completion of construction.

Depreciation

Investment properties are depreciated on the straight-line method so as to write off the cost of the assets over their estimated useful lives. The principal annual rates used are:

Buildings	2% - 20%
Equipment	14% - 50%

Disposals

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Borrowing costs

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. Other borrowing costs are recognised in the income statement when incurred.

2.13 Prepaid expenses

Prepaid expenses include short-term and long-term prepayments on the balance sheet and mainly comprise prepaid office rental, warehouse rental. Prepaid expenses are recorded at historical cost and allocated using the straight line method over estimated useful lives.

2.14 Payables

Classifications of payables are based on their nature as follows:

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

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

2.15 Accrued expenses

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

2.16 Provisions

Provisions are recognised when: the Corporation 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 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 an interest expense.

2.17 Unearned revenue

Unearned revenue mainly comprises the amounts that customers paid in advance for one or many accounting periods for asset leases. The Corporation records unearned revenue for the future obligations that the Corporation has to conduct.

2.18 Share capital

(a) Ordinary shares

Contributed capital of the shareholders is recorded according to actual amount contributed. Contributions from owners are recorded according to par value of the share.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 Share capital (continued)

(b) Share premium

Share premium is the difference between the par value and the issue price of shares and the difference between the repurchase price and re-issuing price of treasury shares.

(c) Undistributed earnings

Undistributed earnings record the Corporation's results (profit, loss) after business income tax at the reporting date.

2.19 Appropriation of net profit

Net profit after income tax could be distributed to shareholders after approval at General Meeting, and after appropriation to other funds in accordance with the Corporation's charter and Vietnamese regulations.

The Corporation's funds are as below:

(a) Investment and development funds

Investment and development fund is appropriated from net profit of the Corporation and approved by shareholders in the General Meeting. This fund is used for expanding and developing the business of the Corporation.

(b) Bonus and welfare funds

The bonus and welfare fund is appropriated from the Corporation's net profit and subject to shareholders' approval at the General Meeting. This fund is used for rewarding and encouraging, enhancing the physical and mental well-being of the employees.

2.20 Revenue recognition

(a) Sales of goods

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

- The Corporation has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Corporation 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 Corporation; 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 based on principle of "substance over form" and allocated to each sales obligation. In case that the Corporation gives promotional goods to customers associated with customers' purchase, the Corporation allocates total consideration received for goods sold and promotional goods. Cost of promotional goods is recognised as cost of sales in the income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.20 Revenue recognition (continued)

(b) Provision of services

Revenue from provision 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 provision 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 Corporation;
- 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.

(c) Interest income

Interest income is recognised on an earned basis, and is determined based on the amount of deposits and their interest rates.

(d) Dividend income

Income from dividend is recognised when the Corporation has established the receiving right from investees.

2.21 Sales deductions

Sales deductions include trade discounts, sales returns and allowances. Sales deductions incurred in the same period of the related sales of products, goods and services are recorded as deduction of revenue of that period.

Sales deductions for products, goods or services which are sold in the period but are incurred after the balance sheet date but before the issuance of the separate financial statements are recorded as deduction of revenue of the period.

2.22 Cost of sales

Cost of goods sold or cost of services are cost of finished goods, merchandises, materials sold or services provided during the period, and recorded on the basis of matching with revenue and on prudent concept.

2.23 Financial expenses

Finance expenses are expenses incurred in the period for financial activities including expenses or losses relating to financial investment activity, expenses of lending and borrowing, costs of capital contributed to associates, losses from short-term securities trading, losses from securities selling transactions; provision for diminution in value of trading securities, provision for diminution in value of investments in other entities, losses incurred when selling foreign currencies, losses from foreign exchange differences, payment discounts.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.24 Selling expenses

Selling expenses represent expenses that are incurred in the process of selling products, goods, and providing services, which mainly include publicity, display, promotions, advertising expenses, maintenance charges, packaging, and transportation.

2.25 General and administration expenses

General and administration expenses represent expenses for administrative purposes which mainly include salary expenses of administrative staffs (salaries, wages, allowances, etc.); social insurance, medical insurance, labour union fees, unemployment insurance of administrative staffs; expenses of office materials, tools and supplies, depreciation of fixed assets used for administration; land rental, licence tax; provision for bad debts; outside services, and other cash expenses.

2.26 Current and deferred income tax

Income taxes include all income taxes which are based on taxable profits including profits generated from production and trading activities in other countries with which the Socialist Republic of Vietnam has not signed any double taxation agreement. Income tax expense comprises current tax expense and deferred tax expense.

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

2.27 Dividend distribution

Dividend of the Corporation is recognised as a liability in the Corporation's separate financial statements in the period in which the dividends are approved by the Corporation's General Meeting of shareholders.

2.28 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 Corporation, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Corporation. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Corporation that gives them significant influence over the Corporation, key management personnel, including Chairman, directors of the Corporation and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering the related party relationship, the Corporation considers the substance of the relationship not merely the legal form.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.29 Segment reporting

A segment is a component which can be separated by the Corporation engaged in providing products or services (business segment), or providing products or 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 Corporation's business segment.

Segment reporting is prepared and presented in accordance with accounting policies applied to the preparation and presentation of the Corporation's separate financial statements in order to help users of separate financial statements understand and evaluate the Corporation's operations in a comprehensive way.

2.30 Accounting estimates

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

3 CASH AND CASH EQUIVALENTS

	2016 VND	2015 VND
Cash on hand	361,467,912	176,134,654
Cash at bank	137,945,697,683	209,239,775,804
Cash equivalents (*)	256,400,000,000	231,672,805,549
	<u>394,707,165,595</u>	<u>441,088,716,007</u>

(*) Cash equivalents include term deposits with the original maturity within three months, and interest rates ranging from 4.3% to 5.5% per annum (2015: 4.8% to 5% per annum).

As at 31 December 2016, a term deposit at a commercial bank with total value of VND30 billion has been pledged with that commercial bank as collateral asset for long-term borrowings granted by the commercial bank to Industry Construction Corporation, a constructor of the Corporation (Note 13).

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4 INVESTMENTS

(a) Investments in subsidiaries

	2016			2015		
	Cost VND	Fair value VND	Provision VND	Cost VND	Fair value VND	Provision VND
Petroleum General Distribution Services Joint Stock Company ("PSD")	(i) 113,600,000,000	364,656,000,000	-	113,600,000,000	388,512,000,000	-
Mien Trung Petroleum Services and Trading Joint Stock Company ("PSMT")	74,742,000,000	(*) (6,014,632,701)	(6,014,632,701)	74,742,000,000	(*)	(17,365,303,882)
PetroVietnam Assets Management Joint Stock Company ("PSA")	(ii) 58,962,908,969	(*)	-	58,962,908,969	(*)	-
Petroleum Vung Tau General Services Joint Stock Company ("PSV")	64,341,999,232	(*)	-	64,341,999,232	(*)	-
Petroleum Offshore Trading and Services Company Limited ("POTS")	31,681,662,678	(*)	-	31,681,662,678	(*)	-
Smart Convergence Joint Stock Company ("Smartcom")	16,500,000,000	(*) (9,912,652,236)	(9,912,652,236)	16,500,000,000	(*)	-
Petrossetco SSG Company Limited ("PSSSG")	9,985,163,997	(*)	-	9,985,163,997	(*)	-
Petrossetco Retail Services Joint Stock Company ("PSR")	7,650,000,000	(*) (7,650,000,000)	(7,650,000,000)	7,650,000,000	(*)	(7,650,000,000)
Petroleum Logistics Service Joint Stock Company ("PSL")	6,600,000,000	(*)	-	6,600,000,000	(*)	-
Petroleum High Technology Products Distribution Joint Stock Company ("PHTD")	5,100,000,000	(*)	-	5,100,000,000	(*)	-
ASSA Technology JSC ("ASSA")	18,500,000,000	(*)	-	18,500,000,000	(*)	-
Petrossetco - ALE Heavy Transportation and Lifting Joint-stock Company ("Petrossetco - Ale")	5,100,000,000	(*)	-	5,100,000,000	(*)	-
Petroleum Trading Services Company Limited ("PST")	(iii) 39,500,000,000	(*) (29,882,192,415)	(29,882,192,415)	39,500,000,000	(*)	(29,882,192,415)
Petroleum Saigon General Services Company Limited ("PSG")	(iii) 10,400,000,000	(*) (1,641,016,490)	(1,641,016,490)	10,400,000,000	(*)	(1,641,016,490)
	462,663,734,876		(55,100,493,842)	462,663,734,876		(56,538,512,787)

(*) As at 31 December 2016 and 31 December 2015, fair values of those investments in subsidiaries were not available as they are not listed on the Stock Exchange.

4 INVESTMENTS (continued)

(a) Investments in subsidiaries (continued)

- (i) The fair value of PSD's shares at the balance sheet date is based on the closing price of the latest trading date before the valuation date.

As at 31 December 2016, 17,040,000 shares of PSD has been pledged with a commercial bank as collateral asset for the advance payment received from Nghi Son Refinery and Petrochemical Limited Liability Company (Note 33(e)).

- (ii) As at 31 December 2016, 5,345,200 shares of PSA has been pledged with a commercial bank as collateral asset for long-term borrowings granted to the Corporation (Note 17).

- (iii) According to Decision No. 313/QD-DVTHDK-HDQT and 314/QD-DVTHDK-HDQT dated 26 December 2011, the Corporation's Board of Management decided to dissolve PST and PSG from 1 January 2012. Currently, PST and PSG are under tax finalisation with the tax authorities for dissolution. From 2013 until now, the two companies have had no business activities incurred.

Details of the Corporation's subsidiaries as at 31 December 2016 are as follows:

No.	Subsidiary	Place of incorporation	% interest	% voting rights	Principal activity
1	PSD	HCMC	80.02%	80.02%	Distribution of telecom, electronic equipment
2	POTS	HCMC	60%	60%	Trading and rendering services
3	PSV	Vung Tau	70%	70%	Rendering services
4	PSMT	Quang Ngai	99.79%	99.79%	Trading and rendering services
5	PSA	Ha Noi	78.61%	78.61%	Property management and services
6	PSSSG	HCMC	51%	51%	Real estates
7	Smartcom	HCMC	55%	55%	Distributing equipment, electronic components, peripheral devices, software
8	PSL (*)	HCMC	44%	44%	Marine transportation services
9	PSR	HCMC	51%	51%	Retails of mobile phones
10	PHTD	HCMC	56%	56%	Distributing equipment, electronic components, peripheral devices
11	ASSA	HCMC	60%	60%	Processing electronic and telecommunication equipment
12	Petrosetco - Ale	HCMC	51%	51%	Providing heavy transportation and lifting services
13	PST	HCMC	100%	100%	Stopped operation and on liquidation process
14	PSG	HCMC	100%	100%	Stopped operation and on liquidation process

- (*) As at 31 December 2016, although the Corporation's interest at PSL was only 44% after PSL increased its charter capital in 2015, the Corporation's voting ratio at PSL was 60%. Therefore, the Corporation still has the authority to control over the financial and operational policies of PSL, and PSL was classified and presented as a subsidiary of the Corporation for the consolidation purpose.

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4 INVESTMENTS (continued)

(b) Investment in an associate

	2016			2015		
	Cost VND	Fair value VND	Provision VND	Cost VND	Fair value VND	Provision VND
Petro Tower Limited Company	14,359,957,249	(*)	-	14,359,957,249	(*)	-

(*) At the balance sheet date, the fair value of the investment in this associate was not available as the entity is not listed on the Stock Exchange.

Details of the Corporation's associate as at 31 December 2016 are as follows:

	Place of incorporation	% interest	% voting rights	Principal activity
Petro Tower Limited Company	Ba Ria – Vung Tau	24%	24%	Office leasing service

(c) Investment in other entity

	2016			2015		
	Cost VND	Fair Value VND	Provision VND	Cost VND	Fair value VND	Provision VND
PetroVietnam Central Biofuels Joint Stock Company	2,000,000,000	(*)	(2,000,000,000)	2,000,000,000	(*)	-

(*) At the balance sheet date, the fair value of the investment in other entity was not available as the entity is not listed on the Stock Exchange.

5 SHORT-TERM TRADE ACCOUNTS RECEIVABLE

	2016 VND	2015 VND
Third parties	1,000,333,811	513,725,442
Related parties (Note 32(b)(i))		
<i>Nghi Son Refinery and Petrochemical Company Limited</i>	32,045,013,639	-
PSMT	-	910,555,572
Others	440,000,000	1,079,173,801
	<u>32,485,013,639</u>	<u>1,989,729,373</u>
	<u>33,485,347,450</u>	<u>2,503,454,815</u>

As at 31 December 2016, there was no balance of short-term trade accounts receivable which is past due or in due but is not recoverable.

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6 SHORT-TERM PREPAYMENTS TO SUPPLIERS

	2016 VND	2015 VND
Third parties		
<i>Tan Lien Phat Investment and Construction Joint Stock Company</i>	42,025,456,603	39,647,968,416
<i>Others</i>	5,186,536,060	8,128,224,493
	<u>47,211,992,663</u>	<u>47,776,192,909</u>

7 OTHER SHORT-TERM RECEIVABLES

	2016 VND	2015 VND
Receivables from subsidiaries (Note 32(b)(iii))	240,147,687,359	342,018,213,997
Accrued interest receivable	1,750,700,278	1,847,569,444
Others	7,052,526,308	14,508,641,402
	<u>248,950,913,945</u>	<u>358,374,424,843</u>

8 VALUE ADDED TAX TO BE RECLAIMED, OTHER TAXES RECEIVABLE FROM AND PAYABLE TO THE STATE BUDGET

(a) Value added tax to be reclaimed

	As at 1.1.2016 Receivable VND	During the year		As at 31.12.2016 Receivable VND
		Incurred VND	Net off VND	
VAT to be reclaimed	20,337,459,698	81,439,980,937	(11,585,927,237)	90,191,513,398
	<u>20,337,459,698</u>	<u>81,439,980,937</u>	<u>(11,585,927,237)</u>	<u>90,191,513,398</u>

(b) Other taxes receivable

	2016 VND	2015 VND
VAT to be refunded (*)	-	83,681,659,609
Business income tax	-	27,519,513
Other taxes	175,994,230	175,994,230
	<u>175,994,230</u>	<u>83,885,173,352</u>

(*) During the year 2016, the Corporation received the to-be-refunded VAT.

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8 VALUE ADDED TAX TO BE RECLAIMED, OTHER TAXES RECEIVABLE FROM AND PAYABLE TO THE STATE BUDGET (continued)

(c) Taxes payable to the State Budget

	2016 VND	2015 VND
Business income tax	3,839,155,252	-
Personal income tax	176,317,655	271,881,403
	<u>4,015,472,907</u>	<u>271,881,403</u>

Movements of taxes receivable from/payable to the State Budget during the year were as follows:

	As at 1.1.2016 (Receivable)/ Payable VND	During the year		As at 31.12.2016 (Receivable)/ Payable VND
		Incurred VND	Net off/ Paid VND	
Business income tax	(27,519,513)	9,994,420,275	(6,127,745,510)	3,839,155,252
Personal income tax	271,881,403	3,405,177,581	(3,500,741,329)	176,317,655
	<u>(27,519,513)</u>	<u>9,994,420,275</u>	<u>(6,127,745,510)</u>	<u>3,839,155,252</u>
	<u>271,881,403</u>	<u>3,405,177,581</u>	<u>(3,500,741,329)</u>	<u>176,317,655</u>

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9	FIXED ASSETS	Buildings VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Total VND
(a)	Tangible fixed assets					
	Historical cost					
	As at 1 January 2016	63,126,643,208	6,684,948,654	9,193,787,843	4,090,090,947	83,095,470,652
	New purchases	-	-	-	59,338,000	59,338,000
	Disposals	(479,907,479)	-	-	(131,626,191)	(611,533,670)
	As at 31 December 2016	62,646,735,729	6,684,948,654	9,193,787,843	4,017,802,756	82,543,274,982
	Accumulated depreciation					
	As at 1 January 2016	35,612,421,415	3,183,401,103	3,949,708,015	3,794,284,268	46,539,814,801
	Charge for the year	2,643,725,519	702,897,072	1,197,082,764	315,796,625	4,859,501,980
	Disposals	(614,728,742)	-	-	-	(614,728,742)
	As at 31 December 2016	37,641,418,192	3,886,298,175	5,146,790,779	4,110,080,893	50,784,588,039
	Net book value					
	As at 1 January 2016	27,514,221,793	3,501,547,551	5,244,079,828	295,806,679	36,555,655,851
	As at 31 December 2016	25,005,317,537	2,798,650,479	4,046,997,064	(92,278,137)	31,758,686,943

Cost of fully depreciated fixed assets but still in use as at 31 December 2016 was VND18.04 billion (2015: VND18.15 billion).

9 **FIXED ASSETS (continued)**

(b) **Intangible fixed assets**

	Land use rights VND	Software VND	Total VND
Historical cost			
As at 1 January 2016 and as at 31 December 2016	100,112,600,381	1,078,622,900	101,191,223,281
Accumulated amortisation			
As at 1 January 2016	-	651,990,259	651,990,259
Charge for the year	-	397,356,957	397,356,957
As at 31 December 2016	-	1,049,347,216	1,049,347,216
Net book value			
As at January 2016	100,112,600,381	426,632,641	100,539,233,022
As at 31 December 2016	100,112,600,381	29,275,684	100,141,876,065

Cost of fully depreciated intangible assets but still in use as at 31 December 2016 was VND974.7 million (2015: VND379 million).

10 **INVESTMENT PROPERTIES**

	Buildings VND	Equipment VND	Total VND
Historical cost			
As at 1 January 2016	-	-	-
Acquisition from a related party (Note 32(a)(ix))	229,237,037,787	25,308,416,758	254,545,454,545
New purchases	4,788,521,818	-	4,788,521,818
Transfer from Construction in progress	493,274,309,055	175,968,129,601	669,242,438,656
As at 31 December 2016	727,299,868,660	201,276,546,359	928,576,415,019
Accumulated depreciation			
As at 1 January 2016	-	-	-
Charge for the year	11,110,909,433	6,930,044,916	18,040,954,349
As at 31 December 2016	11,110,909,433	6,930,044,916	18,040,954,349
Net book value			
As at 1 January 2016	-	-	-
As at 31 December 2016	716,188,959,227	194,346,501,443	910,535,460,670

10 INVESTMENT PROPERTIES (continued)

Investment properties represent the buildings, infrastructure and other equipment related to the living quarters of Nghi Son Refinery and Petrochemical Complex project ("Nghi Son Project") being constructed and leased.

Total amount of the interest cost capitalised during the year related to Nghi Son Project was VND9.7 billion (2015: nil). The interest cost after Nghi Son Project brought into use was paid by Nghi Son Refinery and Petrochemical Company Limited (Note 15(a)), the lessee of the Nghi Son Project.

Details of construction in progress are presented as follows:

	2016	2015
	VND	VND
Nghi Son Project (Note 15)	-	101,112,071,454
Other projects	41,785,181,670	1,264,440,670
	<u>41,785,181,670</u>	<u>102,376,512,124</u>

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

	2016	2015
	VND	VND
Beginning of year	102,376,512,124	6,106,206,704
Construction	608,651,108,202	96,270,305,420
Transfer to Investment Properties	(669,242,438,656)	-
End of year	<u>41,785,181,670</u>	<u>102,376,512,124</u>

12 LONG-TERM PREPAID EXPENSES

Details of long-term prepaid expenses are as follows:

	2016	2015
	VND	VND
Office rental (*)	103,922,253,941	106,297,619,745
Warehouse rental	1,893,411,657	1,960,237,629
	<u>105,815,665,598</u>	<u>108,257,857,374</u>

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12 LONG-TERM PREPAID EXPENSES (continued)

Movements of long-term prepaid expenses during the year were as follows:

	2016 VND	2015 VND
Beginning of year	108,257,857,374	110,700,049,150
Allocation	(2,442,191,776)	(2,442,191,776)
End of year	<u>105,815,665,598</u>	<u>108,257,857,374</u>

(*) The amount represents the prepayment to PetroVietnam for office leasing. This office rental prepaid expense was allocated on straight-line basis over 50 years from 2010.

13 SHORT-TERM TRADE ACCOUNTS PAYABLE

	2016 VND	2015 VND
Third parties		
<i>Petroleum Industrial and Civil Construction Joint Stock Company</i>	9,319,441,100	5,642,750,900
<i>Industry Construction Corporation (Note 3)</i>	79,430,928,503	3,054,520,355
<i>Others</i>	9,579,454,423	5,208,482,964
	<u>98,329,824,026</u>	<u>13,905,754,219</u>
Related parties (Note 32(b)(iii))		
<i>PetroVietnam</i>	275,799,872,400	-
<i>Binh Son Refining and Petrochemical Company Limited</i>	873,476,253	936,328,774
	<u>276,673,348,653</u>	<u>936,328,774</u>
	<u>375,003,172,679</u>	<u>14,842,082,993</u>

The Corporation has no doubt on its ability to fully repay the payables when they come due. As at 31 December 2016, there was no balance of short-term trade account receivable which is past due.

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14 SHORT-TERM ACCRUED EXPENSES

	2016 VND	2015 VND
Accrued cost related to Nghi Son Project (Note 10)	58,025,439,685	-
Office rental	-	3,300,000,000
Others	150,000,000	200,000,000
	<u>58,175,439,685</u>	<u>3,500,000,000</u>

15 UNEARNED REVENUE

(a) Short-term unearned revenue

	2016 VND	2015 VND
Rental of Nghi Son Project	<u>27,272,727,273</u>	<u>-</u>

(b) Long-term unearned revenue

	2016 VND	2015 VND
Rental of Nghi Son Project	<u>102,272,727,275</u>	<u>-</u>

The balance represents the advance payment received from Nghi Son Refinery and Petrochemical Company Limited for leasing of living quarters and provision of other services to Nghi Son Project. As at 31 December 2015, this amount was presented as a long-term advance from customer. From 1 October 2016, the Corporation handed over Nghi Son project to Nghi Son Refinery and Petrochemical Company Limited for operating lease and reclassified the amount into unearned revenue.

16 OTHER PAYABLES

(a) Other short-term payables

	2016 VND	2015 VND
Payables to subsidiaries (Note 32(b)(iv))	108,353,471,557	124,767,802,031
Payables to PetroVietnam (Note 32(b)(iv))	4,685,961,165	5,179,078,436
Others	4,383,226,024	6,385,953,500
	<u>117,422,658,746</u>	<u>136,332,833,967</u>

(b) Other long-term payables

The balance represents rental fee payable to Ba Ria – Vung Tau Province State Treasury for land rental contract.

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17	BORROWINGS	(a)	Short-term borrowings	During the year			As at
				Drawdowns	Repayments	Reclassification	31.12.2016
				VND	VND	VND	VND
			Asia Commercial Bank (*)	-	-	18,096,233,992	18,096,233,992
			(b) Long-term borrowings				
				As at	During the year	Reclassification	As at
				1.1.2016	Repayments		31.12.2016
				VND	VND	VND	VND
			Asia Commercial Bank (*)	-	(11,963,127,838)	(18,096,233,992)	250,105,563,934
				280,164,925,764			

(*) The loans have credit limit of VND400 billion, the drawdowns will expire on 26 January 2017 and the loans bear interest rate adjustable from time to time by the commercial bank. The loans are to finance the construction of Nghi Son Project (Note 10). The loans will be settled up to 9 years and are secured by assets which are formed from Nghi Son Project; rights arising from land rental contract; receivables and other rights arising from the Lease Agreement (Note 10) and 5,345,200 shares of PSA owned by the Corporation (Note 4(a)).

18 OWNERS' CAPITAL

(a) Number of shares

	2016		2015	
	Ordinary shares	Preference shares	Ordinary shares	Preference shares
Number of shares registered	86,600,124	-	84,600,124	-
Number of existing shares in circulation	86,600,124	-	84,600,124	-

The Corporation has only one class of ordinary shares which is not entitled to fixed dividend and has the par value of VND10,000/share. The shareholders of ordinary shares are entitled to receive dividends as declared and entitled to one vote per share at the Corporation's shareholder meetings.

(b) Details of owners' shareholding

Pursuant to the 18th amended Business Registration Certificate dated 23 May 2016, charter capital of the Corporation is VND866 billion.

The details of owners' shareholding of the Corporation are as follows:

	2016		2015	
	VND	%	VND	%
PetroVietnam	209,738,510,000	24.22	209,738,510,000	24.79
Other shareholders	656,262,730,000	75.78	636,262,730,000	75.21
	866,001,240,000	100	846,001,240,000	100

(c) Movements of share capital

	Ordinary shares VND	Preference shares VND	Total VND
As at 1 January 2015	698,420,000,000	-	698,420,000,000
New shares issued	147,581,240,000	-	147,581,240,000
As at 31 December 2015	846,001,240,000	-	846,001,240,000
New shares issued	20,000,000,000	-	20,000,000,000
As at 31 December 2016	866,001,240,000	-	866,001,240,000

Par value per share: VND10,000.

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19 MOVEMENTS IN OWNERS' EQUITY

	Share capital VND	Share premium VND	Investment and development funds VND	Undistributed earnings VND	Total VND
As at 1 January 2015	698,420,000,000	133,918,052,614	159,169,433,448	297,313,440,472	1,288,820,926,534
Issuance of shares for dividends	132,681,240,000	-	-	(132,681,240,000)	-
Interim dividend of 2015	-	-	-	(83,110,124,000)	(83,110,124,000)
Issuance of shares to employees	14,900,000,000	-	-	-	14,900,000,000
(Phase one) (*)	-	-	-	-	-
Profit for the year	-	-	-	153,749,223,551	153,749,223,551
Reversal of fund	-	-	(57,971,775)	57,971,775	-
Appropriation to funds	-	-	-	(297,635,855)	(297,635,855)
As at 31 December 2015	846,001,240,000	133,918,052,614	159,111,461,673	235,031,635,943	1,374,062,390,230
Issuance of shares to employees	20,000,000,000	-	-	-	20,000,000,000
(Phase two) (*)	-	-	-	132,342,967,298	132,342,967,298
Profit for the year	-	-	-	(51,960,074,400)	(51,960,074,400)
Final dividend of 2015 (**)	-	-	-	(43,300,062,000)	(43,300,062,000)
Interim dividend of 2016 (***)	-	-	-	(13,374,798,123)	(13,374,798,123)
Appropriation to funds	-	-	-	-	-
As at 31 December 2016	866,001,240,000	133,918,052,614	159,111,461,673	258,739,668,718	1,417,770,423,005

(*) According to the Annual General Meeting Resolution No. 04/NQ-DVTHDK-DHĐCĐ dated 9 April 2015, the shareholders of the Corporation approved the share issuance plan to its employees in 2 phases: 1,490,000 shares in phase 1 and 2,000,000 shares in phase 2 at VND10,000 per share for both phases. Phase one and phase two were completed on 24 August 2015 and 28 April 2016, respectively.

(**) According to the Annual General Meeting Resolution No. 17/NQ-DVTHDK-DHĐCĐ dated 8 April 2016, the shareholders of the Corporation approved the final dividend for 2015 at the rate 16% of the par value per share. Accordingly, the Corporation's Board of Management issued the Announcement No. 539/TB-SGDHCM dated 9 May 2016 to pay the 6% final dividend by using the 2015 undistributed post-tax profit, amounting to VND51,960,074,400.

(***) According to the Resolution No. 36/NQ-DVTHDK dated 15 August 2016, the Corporation's Board of Management declared the 2016 interim dividend at the rate of 5% of par value per share, amounting to VND43,300,062,000.

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20 DIVIDENDS PAYABLE

	2016 VND	2015 VND
Beginning of year	1,200,534,400	1,157,459,500
Dividends declared during the year	95,260,136,400	215,791,364,000
Dividends paid by shares	-	(132,681,240,000)
Dividends paid in cash	(94,904,257,600)	(83,067,049,100)
	<u>1,556,413,200</u>	<u>1,200,534,400</u>

21 OFF BALANCE SHEET ITEMS

	2016 VND	2015 VND
Foreign currencies	112,639,897	1,409,990,938
	<u>112,639,897</u>	<u>1,409,990,938</u>

Included in cash and cash equivalents as at 31 December 2016 are balances held in foreign currencies of US\$4,962 (2015: US\$62,806).

22 REVENUE

	2016 VND	2015 VND
Sales of goods (*)	2,896,999,628	696,785,410,152
Rendering of services	116,047,909,449	72,913,731,400
	<u>118,944,909,077</u>	<u>769,699,141,552</u>

(*) From July 2015, the Corporation transferred the plastic resins trading business to its subsidiary namely PSMT. As a result, sales of goods in 2016 decreased significantly.

23 COST OF SALES

	2016 VND	2015 VND
Cost of goods sold	2,823,510,048	668,897,893,411
Cost of services rendered	50,209,394,375	14,902,988,404
Reversal of provision for decline in value of inventory	-	(5,182,333,888)
	<u>53,032,904,423</u>	<u>678,618,547,927</u>

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24 FINANCIAL INCOME

	2016 VND	2015 VND
Interest income from deposits and loans	26,722,375,172	35,674,551,823
Dividend income (Note 32(a)(vii))	101,991,128,336	130,043,964,289
Others	1,853,584	3,673,262,886
	<u>128,715,357,092</u>	<u>169,391,778,998</u>

25 FINANCIAL EXPENSES

	2016 VND	2015 VND
Interest expense	-	4,049,858,229
Realised foreign exchange losses	-	1,995,800,783
Net loss from foreign currency translation at year-end	8,874,440	83,078,520
Provision for diminution in value of investments	561,981,055	17,365,303,882
Others	64,824,512	-
	<u>635,680,007</u>	<u>23,494,041,414</u>

26 SELLING EXPENSES

	2016 VND	2015 VND
Transportation	-	14,742,412,867
Utilities	-	5,189,445,584
Warehouse rental	-	1,394,604,236
Salary expenses	-	1,644,831,211
Depreciation expenses	312,212,496	657,149,976
Others	4,507,554,200	820,902,741
	<u>4,819,766,696</u>	<u>24,449,346,615</u>

27 GENERAL AND ADMINISTRATION EXPENSES

	2016	2015
	VND	VND
Staff costs	13,085,118,677	20,986,160,795
Management fees (Note 32 (a)(v))	4,744,137,316	6,392,362,882
Office expenses	3,254,356,940	2,391,487,274
Depreciation expenses	4,956,834,521	3,734,943,641
Taxes, fees and charges	1,938,391,371	1,727,365,143
Others	21,693,718,811	17,576,842,290
	<u>49,672,557,636</u>	<u>52,809,162,025</u>

28 BUSINESS INCOME TAX

The tax on the Corporation's profit before tax differs from the theoretical amount that would arise by using the applicable tax rate of 20% (2015: 22%) as under current tax regulation as follows:

	2016	2015
	VND	VND
Net accounting profit before tax	142,337,387,573	161,870,130,143
Tax calculated at a rate of 20% (2015: 22%)	28,467,477,515	35,611,428,631
Effect of:		
Income not subject to tax	(20,398,225,667)	(28,609,672,143)
Expenses not deductible for tax purposes	802,733,914	1,119,150,104
Underprovision of previous year	1,122,434,513	-
Business income tax charge (*)	<u>9,994,420,275</u>	<u>8,120,906,592</u>

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

29 COST OF OPERATION BY FACTOR

	2016	2015
	VND	VND
Raw materials and merchandises	2,823,510,048	668,897,893,411
Staff costs	13,085,118,677	22,630,992,006
Depreciation expenses	23,297,813,286	4,504,112,120
Outside service expenses	31,718,412,050	43,897,981,653
Reversal of provision for decline in value inventory	-	(5,182,333,888)
Interest expense	5,654,964,367	-
Others	30,945,410,327	21,128,411,265
	<u>107,525,228,755</u>	<u>755,877,056,567</u>

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30 SEGMENT REPORTING

Geographical segments

The Corporation does not have any operation outside the territory of Vietnam. Therefore, no geographical business report is presented.

Business activity segments

Information of segments revenue and cost of sales based on the activities of the Corporation is as follows:

	Year ended 31 December 2016				Total VND
	Trading of plastic resins, textile fibres, and cassava VND	Other trading VND	Lease of warehouses, workshops, premises and office VND	Support and management services VND	
Revenue	-	2,896,999,628	84,104,508,003	31,943,401,446	118,944,909,077
Cost of sale	-	(2,823,510,048)	(50,209,394,375)	-	(53,032,904,423)
Gross profit	-	73,489,580	33,895,113,628	31,943,401,446	65,912,004,654
	Year ended 31 December 2015				Total VND
	Trading of plastic resins, textile fibres, and cassava VND	Other trading VND	Lease of warehouses, workshops, premises and office VND	Support and management services VND	
Revenue	692,138,119,021	-	43,941,817,154	33,619,205,377	769,699,141,552
Cost of sale	(663,715,559,523)	-	(14,902,988,404)	-	(678,618,547,927)
Gross profit	28,422,559,498	-	29,038,828,750	33,619,205,377	91,080,593,625

32 RELATED PARTY DISCLOSURES (continued)

(a) Related party transactions (continued)

	2016 VND	2015 VND
iii) Compensation of key management		
Gross salaries and other benefits	4,322,636,209	6,753,763,018
iv) Investing activities		
Capital contributed to ASSA	-	13,500,000,000
v) Management fees		
Fee charged by PVN (Note 27)	4,744,137,316	6,392,362,882
Fee charged to subsidiaries	31,943,401,446	33,090,746,695
vi) Interest income from loans		
Subsidiaries	11,873,608,082	11,933,120,464
vii) Dividend income from (Note 24)		
Subsidiaries	101,991,128,336	130,043,964,289
viii) Dividend paid to		
A subsidiary	2,237,852,100	2,150,841,000
PVN	23,072,005,036	20,602,999,700
	25,309,857,136	22,753,840,700
ix) Acquisition of investment properties (Note 10)		
PVN	254,545,454,545	-

32 RELATED PARTY DISCLOSURES (continued)

(b) Year-end balances with related parties

	2016 VND	2015 VND
i) Short-term trade accounts receivable (Note 5)		
Subsidiaries	-	910,555,572
Fellow PVN group subsidiaries	32,485,013,639	1,079,173,801
	<u>32,485,013,639</u>	<u>1,989,729,373</u>
ii) Short-term trade accounts payable (Note 13)		
PVN	275,799,872,400	-
Fellow PVN group subsidiaries	873,476,253	936,328,774
	<u>276,673,348,653</u>	<u>936,328,774</u>
iii) Other short-term receivables (Note 7)		
Subsidiaries	240,147,687,359	342,018,213,997
	<u>240,147,687,359</u>	<u>342,018,213,997</u>
iv) Other short-term payables (Note 13)		
PVN	4,685,961,165	5,179,078,436
Subsidiaries	108,353,471,557	124,767,802,031
	<u>113,039,432,722</u>	<u>129,946,880,467</u>
v) Long-term advances from customers		
Fellow PVN group subsidiaries	-	136,363,636,364
	<u>-</u>	<u>136,363,636,364</u>

33 COMMITMENTS

(a) Capital expenditure

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

	2016 VND	2015 VND
Nghi Son Project	-	505,989,640,465

(b) Commitments under operating leases

The Corporation signed the operating land lease with Management Board of Nghi Son Economic Zone. The future minimum lease payments under operating leases are as follows:

	2016 VND	2015 VND
Over five years	54,191,290,810	54,191,290,810

(c) Capital contribution commitments

As at 31 December 2016, the status of charter capital commitments is as follows:

	As per Business Registration Certificate VND	Ownership %	Capital contributed as at 31.12.2016 VND	Capital to be contributed as at 31.12.2016 VND
PSSSG	229,500,000,000	51	10,400,000,000	219,100,000,000
ASSA	24,000,000,000	60	18,500,000,000	5,500,000,000
ITS (*)	20,000,000,000	40	-	20,000,000,000

(*) According to Resolution No. 16/NQ-DVTHDK dated 29 March 2016, the Corporation's Board of Management decided to invest in ITS with the capital contribution accounting for 40% of its charter capital, and equivalent to VND20 billion. As at 31 December 2016, shareholders of ITS have not yet contributed the capital.

(d) Commitments of credit guarantees

As at 31 December 2016, the Corporation has non-cancellable guarantee commitments for loans at commercial banks (referred to as "lenders") granted to the Corporation's subsidiaries with the total amount of VND2,332 billion. Accordingly, the Corporation is responsible for repayments of principals, interests, guarantee costs and other underwriting expenses to lenders in case the guaranteed parties do not repay or repay not in a timely manner.

33 COMMITMENTS (continued)

(e) Other commitments

As at 31 December 2016, the Corporation has a guarantee contract amounting to VND150 billion with a commercial bank to guarantee the repayment with regards to the advance payment received from Nghi Son Refinery and Petrochemical Company Limited (Note 5) by netting-off the amount with monthly revenue from the Nghi Son Project.


The separate financial statements were approved by the Chairman on 13 March 2017.



Ha Van Phuong
Preparer



Dao Van Dai
Chief Accountant



Phung Tuan Ha
Chairman