

PETROVIETNAM GENERAL SERVICES JOINT STOCK COMPANY

**INTERIM SEPARATE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016**

S. B. K. K. D. A.

J. M. C.

PETROVIETNAM GENERAL SERVICES JOINT STOCK COMPANY

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FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 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. Vu Xuan Lung	Member (Retired from 1 January 2016)
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)

Board of Supervision

Mr. Phan Khac Vinh	Chief Supervisor (From 8 April 2016)
Mr. Le Anh Quoc	Chief Supervisor (From 8 April 2016)
	Member (From 8 April 2016)
Ms. Nguyen Thi My Dung	Member (From 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

Floor 6, PetroVietnam Tower, No. 1 - 5 Le Duan Street
Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam

Auditor

PricewaterhouseCoopers (Vietnam) Limited

PETROVIETNAM GENERAL SERVICES JOINT STOCK COMPANY

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

The Chairman is responsible for the interim 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 30 June 2016 and the results of its operations and cash flows for the six-month period then ended. In preparing these interim 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 interim 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 interim separate financial statements to be prepared which complies with the basis of accounting set out in Note 2 to the interim 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 INTERIM SEPARATE FINANCIAL STATEMENTS

I hereby approve the accompanying interim separate financial statements as set out on pages 4 to 34 which give a true and fair view of the financial position of the Corporation as at 30 June 2016 and of the results of its operations and cash flows for the six-month period then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of the interim financial statements.



Phung Tuan Ha
Chairman

Ho Chi Minh City, SR Vietnam
10 August 2016



REPORT ON REVIEW OF INTERIM SEPARATE FINANCIAL INFORMATION TO THE SHAREHOLDERS AND BOARD OF MANAGEMENT OF PETROVIETNAM GENERAL SERVICES JOINT STOCK COMPANY

We have reviewed the accompanying interim separate financial statements of PetroVietnam General Services Joint Stock Company ("the Corporation") which were prepared on 30 June 2016 and approved by the Chairman on 10 August 2016. The interim separate financial statements comprise the balance sheet as at 30 June 2016, the income statement, the cash flow statement for the six-month period then, and explanatory notes to these interim separate financial statements including significant accounting policies, as set out on pages 4 to 34.

Chairman's Responsibility to the interim Financial Statements

The Chairman is responsible for the preparation and the true and fair presentation of these interim separate financial statements 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 Chairman determines is necessary to enable the preparation and fair presentation of the interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on this interim financial information based on our review. We conducted our review in accordance with Vietnamese Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Vietnamese Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim separate financial information does not present fairly, in all material respects, the financial position of the Corporation as at 30 June 2016, its financial performance and cash flows for the six-month period then ended, in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of the interim financial statements.

For and on behalf of PricewaterhouseCoopers (Vietnam) Limited



Quach Thanh Chau
Audit Practising Licence No. 0875-2013-006-1
Authorised signatory
Report reference number: HCM5541
Ho Chi Minh City, 10 August 2016

As indicated in Note 2.1 to the interim separate financial statements, the accompanying interim 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, and furthermore their utilisation is not designed for those who are not informed about Vietnam's accounting principles, procedures and practices.

BALANCE SHEET

Code	ASSETS	Note	As at 30.6.2016 VND	As at 31.12.2015 VND
100	CURRENT ASSETS		833,092,781,690	955,473,777,856
110	Cash and cash equivalents	3	462,879,789,083	441,088,716,007
111	Cash		163,779,789,083	209,415,910,458
112	Cash equivalents		299,100,000,000	231,672,805,549
130	Short-term receivables		318,571,334,698	408,654,072,567
131	Short-term trade accounts receivable	5	1,455,442,581	2,503,454,815
132	Short-term prepayments to suppliers	6	60,593,818,251	47,776,192,909
136	Other short-term receivables	7	256,522,073,866	358,374,424,843
150	Other current assets		51,641,657,909	105,730,989,282
151	Short-term prepaid expenses		1,508,356,232	1,508,356,232
152	Value Added Tax to be reclaimed	8(a)	49,957,307,447	20,337,459,698
153	Other taxes receivable	8(b)	175,994,230	83,885,173,352
200	LONG-TERM ASSETS		1,088,422,640,074	770,474,119,572
210	Long-term receivables		-	259,681,863
216	Other long-term receivables		-	259,681,863
220	Fixed assets		134,453,241,585	137,094,888,873
221	Tangible fixed assets	9(a)	34,129,784,859	36,555,655,851
222	Cost		82,483,936,982	83,095,470,652
223	Accumulated depreciation		(48,354,152,123)	(46,539,814,801)
227	Intangible fixed assets	9(b)	100,323,456,726	100,539,233,022
228	Cost		101,191,223,281	101,191,223,281
229	Accumulated amortisation		(867,766,555)	(651,990,259)
240	Long-term assets in progress		424,447,457,665	102,376,512,124
242	Construction in progress	10	424,447,457,665	102,376,512,124
250	Long-term investments		422,485,179,338	422,485,179,338
251	Investment in subsidiaries	4(a)	462,663,734,876	462,663,734,876
252	Investment in associates	4(b)	14,359,957,249	14,359,957,249
253	Investment in other entities	4(c)	2,000,000,000	2,000,000,000
254	Provision for long-term investments		(56,538,512,787)	(56,538,512,787)
260	Other long-term assets		107,036,761,486	108,257,857,374
261	Long-term prepaid expenses	11	107,036,761,486	108,257,857,374
270	TOTAL ASSETS		1,921,515,421,764	1,725,947,897,428

The notes on pages 8 to 34 are an integral part of these interim separate financial statements.

BALANCE SHEET
(continued)

Code	RESOURCES	Note	As at 30.6.2016 VND	As at 31.12.2015 VND
300	LIABILITIES		576,281,223,243	351,885,507,198
310	Short-term liabilities		221,030,156,758	208,072,782,259
311	Short-term trade accounts payable	12	59,043,826,110	14,842,082,993
313	Tax and other payables to the State Budget	8(c)	2,458,820,041	271,881,403
314	Payable to employees		9,716,573,076	14,524,186,725
315	Short-term accrued expenses		1,499,520,454	3,500,000,000
319	Other short-term payables	13(a)	104,297,632,590	136,332,833,967
322	Bonus and welfare funds		44,013,784,487	38,601,797,171
330	Long-term liabilities		355,251,066,485	143,812,724,939
332	Long-term advances from customers	15	136,363,636,364	136,363,636,364
337	Other long-term payables	13(b)	7,030,627,285	7,449,088,575
338	Long-term borrowings and finance lease liabilities	14	211,856,802,836	-
400	OWNERS' EQUITY		1,345,234,198,521	1,374,062,390,230
410	Capital and reserves		1,345,234,198,521	1,374,062,390,230
411	Owners' capital	16	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	16, 17	133,918,052,614	133,918,052,614
418	Investment and development funds	16, 17	159,111,461,673	159,111,461,673
421	Undistributed earnings	16, 17	186,203,444,234	235,031,635,943
421a	- Undistributed post-tax profits of the previous years		169,696,763,420	164,392,536,392
421b	- Post-tax profits of the current period/year		16,506,680,814	70,639,099,551
440	TOTAL RESOURCES		1,921,515,421,764	1,725,947,897,428



Ha Van Phuong
Preparer



Dao Van Dai
Chief Accountant



Phung Tuan Ha
Chairman
10 August 2016

The notes on pages 8 to 34 are an integral part of these interim separate financial statements.

INCOME STATEMENT

Code		Note	For the six-month period ended	
			30.6.2016 VND	30.06.2015 VND
01	Sales	20	41,050,118,517	633,116,264,504
02	Less deductions		-	-
10	Net sales		41,050,118,517	633,116,264,504
11	Cost of sales	21	(11,376,822,041)	(574,532,471,117)
20	Gross profit		29,673,296,476	58,583,793,387
21	Financial income	22	16,905,650,580	26,452,436,089
22	Financial expenses	23	(72,053,360)	(5,313,542,537)
23	- Including: Interest expenses		-	(3,793,235,730)
25	Selling expenses	24	(509,639,202)	(19,124,223,790)
26	General and administration expenses	25	(25,196,336,850)	(22,326,739,175)
30	Net operating profit		20,800,917,644	38,271,723,974
31	Other income		78,394,563	38,346,572
32	Other expenses		(25,000,000)	(551,161,135)
40	Net other income/(expenses)		53,394,563	(512,814,563)
50	Net accounting profit before tax		20,854,312,207	37,758,909,411
51	Business income tax - current	26	(4,347,631,393)	(7,188,093,935)
60	Net profit after tax		16,506,680,814	30,570,815,476



Ha Van Phuong
Preparer



Dao Van Dai
Chief Accountant



Phung Tuan Ha
Chairman
10 August 2016

The notes on pages 8 to 34 are an integral part of these interim separate financial statements.

CASH FLOW STATEMENT
(Indirect method)

Code	Note	For the six-month period ended	
		30.6.2016 VND	30.6.2015 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
01		20,854,312,207	37,758,909,411
	Adjustments for:		
02	Depreciation and amortisation	2,641,647,288	1,845,424,210
03	Provisions	-	(5,182,333,888)
04	Unrealised foreign exchange gains	-	37,381,605
05	Profits from investing activities	(72,727,273)	(25,065,280,298)
06	Interest expenses	-	3,793,235,730
08	Operating profit before changes in working capital	23,423,232,222	13,187,336,770
09	Decrease/(increase) in receivables	68,977,069,242	(82,866,524,457)
10	Decrease in inventories	-	75,940,321,084
11	Decrease in payables	(31,758,767,399)	(21,452,633,560)
12	Decrease/(increase) in prepaid expenses	1,221,095,888	(88,873,024)
14	Interest paid	-	(3,993,134,302)
15	Business income tax paid	(3,333,821,582)	(1,636,425,219)
16	Other receipts on operating activities	259,681,863	-
17	Other payments on operating activities	-	(5,275,167)
20	Net cash inflows/(outflows) from operating activities	58,788,490,234	(20,915,207,875)
CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchases of fixed assets and other long-term assets	(293,572,738,327)	(23,686,565,198)
22	Proceeds from disposals of fixed assets	72,727,273	-
25	Investments in other entities	-	(13,500,000,000)
27	Dividends and interest received	75,195,000,000	28,951,227,934
30	Net cash outflows from investing activities	(218,305,011,054)	(8,235,337,264)
CASH FLOWS FROM FINANCING ACTIVITIES			
31	Proceeds from issue of shares	20,000,000,000	-
33	Proceeds from borrowings	211,856,802,836	242,917,922,019
34	Repayments of borrowings	-	(493,768,026,351)
36	Dividends paid	(50,549,208,940)	(89,535,075)
40	Net cash inflows/(outflows) from financing activities	181,307,593,896	(250,939,639,407)
50	Net increase/(decrease) in cash and cash equivalents	21,791,073,076	(280,090,184,546)
60	Cash and cash equivalents at beginning of period	441,088,716,007	966,565,242,989
61	Effect of foreign exchange differences	-	141,489,014
70	Cash and cash equivalents at end of period	462,879,789,083	686,616,547,457



Ha Van Phuong
Preparer



Dao Van Dai
Chief Accountant



Phung Tuan Ha
Chairman
10 August 2016

**NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016****1 GENERAL INFORMATION**

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

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 30 June 2016, the Corporation had 14 subsidiaries and 1 associate as disclosed in Note 4(a) - Investments in subsidiaries and 4(b) – Investment in associate.

As at 30 June 2016, the Corporation had 70 employees (31 December 2015: 76 employees).

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

The interim 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 interim financial statements. The interim separate financial statements have been prepared under the historical cost convention.

The accompanying interim 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 interim 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 interim separate financial statements of the Corporation should read them together with the interim consolidated financial statements of the Group for the period ended 30 June 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 interim 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 daily 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 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 at the year end when there is an impairment of the investments.

(b) Investments in associates

Associates are investments that the Corporation has significant influence but not control generally accompanying with a shareholding 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 at the year end when there is a reduction in value 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 at the year end 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.

2.8 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	4% - 20%
Machinery and equipment	14.2% - 20%
Motor vehicles	14.2% - 20%
Office equipment	25% - 33%

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.8 Fixed assets (continued)***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.

2.9 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.

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 period of the lease.

2.10 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.

2.11 Prepaid expenses

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.12 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 reclassified into long-term and short-term payable from the balance sheet date to the maturity date.

2.13 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.

2.14 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.

2.15 Share capital**(a) Ordinary shares**

Existing ordinary shares is recorded according to actual amount contributed. Contributions from owners are recorded according to par value of the share.

(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.

2.16 Appropriation of net profit

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.16 Appropriation of net profit (continued)**

The Corporation's funds are as below:

(a) Development and investment fund

Development and investment fund is appropriated from net profit of the Corporation and approved by shareholders in the Annual General Meeting.

(b) Bonus and welfare fund

The bonus and welfare fund is appropriated from the Corporation's net profit and subject to shareholders' approval at the Annual General Meeting.

2.17 Revenue recognition**(a) Sales of goods**

Revenue from the sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the likely 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.

(b) Sale of services

Revenue from the sales 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.

(c) Interest income

Interest income is recognised on an earned basis.

(d) Dividend income

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

2.18 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 financial statements are recorded as deduction of revenue of the period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.19 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.

2.20 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.

2.21 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.

2.22 General and administration expenses

General and administration expenses represent expenses for administrative purposes which mainly including 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, utilities and other cash expenses.

2.23 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.24 Dividend distribution

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

2.25 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 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 of the related party relationship, the Corporation considers the substance of the relationship but not merely the legal form

2.26 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 financial statements in order to help users of financial statements to understand and evaluate the situation the operations of the Corporation in a comprehensive way.

2.27 Accounting estimates

The preparation of financial statements in conformity with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting requires the Board of 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 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.

3 CASH AND CASH EQUIVALENTS

	30.6.2016	31.12.2015
	VND	VND
Cash on hand	141,962,165	176,134,654
Cash at bank	163,637,826,918	209,239,775,804
Cash equivalents (*)	299,100,000,000	231,672,805,549
	<u>462,879,789,083</u>	<u>441,088,716,007</u>

(*) Cash equivalents includes term deposits with the original maturity within three months.

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4 INVESTMENTS

(a)	Investments in subsidiaries	30.6.2016		31.12.2015			
		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	357,840,000,000	-	113,600,000,000	388,512,000,000	-
	Mien Trung Petroleum Services and Trading Joint Stock Company ("PSMT")	74,742,000,000	(*)	(17,365,303,882)	74,742,000,000	(*)	(17,365,303,882)
	PetroVietnam Assets Management Joint Stock Company ("PSA")	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	(*)	-	16,500,000,000	(*)	-
	Petrosetco SSG Company Limited ("PSSSG")	9,985,163,997	(*)	-	9,985,163,997	(*)	-
	Petrosetco Retail Services Joint Stock Company ("PSR")	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	(*)	-
	Petrosetco - ALE Heavy Transportation and Lifting Joint-stock Company ("Petrosetco - Ale")	5,100,000,000	(*)	-	5,100,000,000	(*)	-
	Petroleum Trading Services Company Limited ("PST") (ii)	39,500,000,000	(*)	(29,882,192,415)	39,500,000,000	(*)	(29,882,192,415)
	Petroleum Saigon General Services Company Limited ("PSG") (ii)	10,400,000,000	(*)	(1,641,016,490)	10,400,000,000	(*)	(1,641,016,490)
		<u>462,663,734,876</u>		<u>(56,538,512,787)</u>	<u>462,663,734,876</u>		<u>(56,538,512,787)</u>

(*) As at 30 June 2016 and 31 December 2015, fair values of the investments in subsidiaries were not available as these entities 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.
- (ii) 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 30 June 2016 are as follows:

No.	Subsidiary	Place of incorporation	% interest	% voting rights	Principal activity
1	PSD	HCMC	79.87%	79.87%	Distribution of telecom, electronic equipment
2	POTS	HCMC	100%	100%	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%	60%	Marine transportation services
9	PSR	HCMC	51%	51%	Retails of mobile phones
10	PHTD	HCMC	51%	51%	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 30 June 2016, although the Corporation's interest at PSL is only 44% after PSL increased its charter capital in 2015, the Corporation's voting ratio at PSL is 60%. Therefore, the Corporation still has the authority to control over the financial policy and performance of PSL, and PSL is treated as a subsidiary of the Corporation.

4 INVESTMENTS (continued)

(b) Investment in associate

	30.6.2016			31.12.2015		
	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 date of report, the fair value of the investment in associate was not available as the entity is not listed on the stock exchange.

Details of the Corporation's associate as at 30 June 2016 is 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

	30.6.2016			31.12.2015		
	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	(*)	-

(*) At the date of report, 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

	30.6.2016 VND	31.12.2015 VND
Third parties	357,063,361	513,725,442
Related parties (Note 29(b)(ii)):		
<i>Nghi Son Refinery and Petrochemical Company Limited</i>	339,301,557	-
PSMT	-	910,555,572
Others	759,077,663	1,079,173,801
	<u>1,098,379,220</u>	<u>1,989,729,373</u>
	<u>1,455,442,581</u>	<u>2,503,454,815</u>

6 SHORT-TERM PREPAYMENTS TO SUPPLIERS

	30.6.2016 VND	31.12.2015 VND
Third parties	50,493,818,251	47,506,192,909
Related parties (Note 29(b)(vii)):		
<i>PetroVietnam</i>	10,000,000,000	-
<i>Others</i>	100,000,000	270,000,000
	<u>10,100,000,000</u>	<u>270,000,000</u>
	<u><u>60,593,818,251</u></u>	<u><u>47,776,192,909</u></u>

7 OTHER SHORT-TERM RECEIVABLES

	30.6.2016 VND	31.12.2015 VND
Receivables from subsidiaries (Note 29(b)(iv))	246,255,512,600	342,018,213,997
Accrued interest receivables	1,399,845,556	1,847,569,444
Others	8,866,715,710	14,508,641,402
	<u>256,522,073,866</u>	<u>358,374,424,843</u>

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

(a) Value Added Tax to be reclaimed

	31.12.2015 Receivables VND	During the period		30.6.2016 Receivables VND
		Incurred VND	Net off VND	
VAT to be reclaimed	20,337,459,698	33,944,539,261	(4,324,691,512)	49,957,307,447
	<u>20,337,459,698</u>	<u>33,944,539,261</u>	<u>(4,324,691,512)</u>	<u>49,957,307,447</u>

(b) Other taxes receivable

	30.6.2016 VND	31.12.2015 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>

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

(c) Taxes and other payables to the State Budget

	30.6.2016 VND	31.12.2015 VND
Personal income tax	1,472,529,743	271,881,403
Business income tax	986,290,298	-
	<u>2,458,820,041</u>	<u>271,881,403</u>

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

	31.12.2015 (Receivables)/ Payables VND	<u>During the period</u>		30.6.2016 (Receivables)/ Payables VND
		Incurred VND	Paid VND	
Business income tax	(27,519,513)	4,347,631,393	(3,333,821,582)	986,290,298
Personal income tax	271,881,403	2,203,950,905	(1,003,302,565)	1,472,529,743

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9	FIXED ASSETS	Buildings	Machinery and	Motor	Office	Total
(a)	Tangible fixed assets	VND	equipment	vehicles	equipment	VND
	Historical cost					
	At 1 January 2016	63,126,643,208	6,684,948,654	9,193,787,843	4,090,090,947	83,095,470,652
	Disposals	-	(611,533,670)	-	-	(611,533,670)
	At 30 June 2016	<u>63,126,643,208</u>	<u>6,073,414,984</u>	<u>9,193,787,843</u>	<u>4,090,090,947</u>	<u>82,483,936,982</u>
	Accumulated depreciation					
	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 period	1,322,368,092	348,253,464	598,541,382	156,708,054	2,425,870,992
	Disposals	-	(611,533,670)	-	-	(611,533,670)
	At 30 June 2016	<u>36,934,789,507</u>	<u>2,920,120,897</u>	<u>4,548,249,397</u>	<u>3,950,992,322</u>	<u>48,354,152,123</u>
	Net book value					
	At 1 January 2016	<u>27,514,221,793</u>	<u>3,501,547,551</u>	<u>5,244,079,828</u>	<u>295,806,679</u>	<u>36,555,655,851</u>
	At 30 June 2016	<u>26,191,853,701</u>	<u>3,153,294,087</u>	<u>4,645,538,446</u>	<u>139,098,625</u>	<u>34,129,784,859</u>

Cost of fully depreciated fixed assets but still be in use as at 30 June 2016 was VND17.67 billion (2015: VND18.15 billion).

9 FIXED ASSETS (continued)

(b) Intangible fixed assets

	Land use rights VND	Software VND	Total VND
Historical cost			
At 1 January 2016 and at 30 June 2016	100,112,600,381	1,078,622,900	101,191,223,281
Accumulated amortisation			
At 1 January 2016	-	651,990,259	651,990,259
Charge for the period	-	215,776,296	215,776,296
At 30 June 2016	-	867,766,555	867,766,555
Net book value			
At 1 January 2016	100,112,600,381	426,632,641	100,539,233,022
At 30 June 2016	100,112,600,381	210,856,345	100,323,456,726

Cost of fully depreciated intangible assets but still be in use as at 30 June 2016 was VND578 million (2015: VND379 million).

10 CONSTRUCTION IN PROGRESS

Details of construction in progress are presented as follows:

	30.6.2016 VND	31.12.2015 VND
Residential zone and services project for Nghi Son Refinery and Petrochemical Company Limited ("Nghi Son Project") (Note 14)	423,183,016,995	101,112,071,454
Other projects	1,264,440,670	1,264,440,670
	424,447,457,665	102,376,512,124

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

	For the six- month period ended 30.6.2016 VND	For the year ended 31.12.2015 VND
Beginning of period/year	102,376,512,124	6,106,206,704
Construction	322,070,945,541	96,270,305,420
End of period/year	424,447,457,665	102,376,512,124

11 LONG-TERM PREPAID EXPENSES

Details of long-term prepaid expenses are as follows:

	For the six-month period ended 30.6.2016 VND	For the year ended 31.12.2015 VND
Office rental (*)	105,109,936,843	106,297,619,745
Warehouse rental	1,926,824,643	1,960,237,629
	<u>107,036,761,486</u>	<u>108,257,857,374</u>

Movements in long-term prepaid expenses during the period/year were as follows:

	For the six-month period ended 30.6.2016 VND	For the year ended 31.12.2015 VND
Opening balance	108,257,857,374	110,700,049,150
Allocation	(1,221,095,888)	(2,442,191,776)
Closing balance	<u>107,036,761,486</u>	<u>108,257,857,374</u>

(*) The amount represents the prepayment to PetroVietnam for office leasing of 1,881.44 m2. This office rental prepaid expense is allocated on a straight-line basis over 50 years from 1 October 2010.

12 SHORT-TERM TRADE ACCOUNTS PAYABLE

	30.6.2016 VND	31.12.2015 VND
Third parties:		
<i>Petroleum Industrial and Civil Construction Joint Stock Company</i>	23,662,136,915	5,642,750,900
<i>Industry Construction Corporation (Note 30(d))</i>	12,183,821,100	3,054,520,355
<i>Others</i>	6,241,015,199	5,208,482,964
	<u>42,086,973,214</u>	<u>13,905,754,219</u>
Related parties (Note 29(b)(iii)):		
<i>PetroVietnam</i>	16,083,376,643	-
<i>Binh Son Refining and Petrochemical Company Limited</i>	873,476,253	936,328,774
	<u>16,956,852,896</u>	<u>936,328,774</u>
	<u>59,043,826,110</u>	<u>14,842,082,993</u>

13 OTHER PAYABLES

(a) Other short-term payables

	30.6.2016	31.12.2015
	VND	VND
Payable to subsidiaries (Note 29(b)(v))	91,064,693,100	124,767,802,031
Payable to PetroVietnam (Note 29(b)(v))	5,565,272,011	5,179,078,436
Others	7,667,667,479	6,385,953,500
	<u>104,297,632,590</u>	<u>136,332,833,967</u>

(b) Long-term other payables

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

14 LONG-TERM BORROWINGS

	As at	During the period		As at
	1.1.2016	Increase	Decrease	30.6.2016
	VND	VND	VND	VND
Asia Commercial Bank	-	211,856,802,836	-	211,856,802,836
	<u>-</u>	<u>211,856,802,836</u>	<u>-</u>	<u>211,856,802,836</u>

The loans represent a credit limit of VND400 billion and will expire on 26 January 2017 to finance the Nghi Son Project (Note 10) and bear interest rate adjustable from time to time by the Bank. The loans will be settled in a period up to 9 years and are secured by Nghi Son Project's assets which are formed in the future; receivables; rights prescribed in the lease contract at Nghi Son Project and 5,345,200 shares of PSA owned by the Corporation.

As at 30 June 2016, the borrowing costs relating to Nghi Son Project were capitalised into historical cost of the Nghi Son Project as the construction is still in progress.

15 LONG-TERM ADVANCES FROM CUSTOMERS

The balance represents the long-term advances from Nghi Son Refinery and Petrochemical Company Limited (Note 30(e)) in accordance with the Agreement for Lease of Living Quarters for Employees and Staff of Nghi Son Refinery and Petrochemical Complex Project (Note 29(b)(vi)).

16 OWNERS' CAPITAL

(a) Number of shares

	30.6.2016		31.12.2015	
	Ordinary shares	Preference shares	Ordinary shares	Preference shares
Number of shares registered	86,600,124	-	84,600,124	-
Number of existing shares in issue	86,600,124	-	84,600,124	-

The Corporation has one class of ordinary shares which are not entitled to fixed dividend with a 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 detail of owners' shareholding of the Corporation is as follows:

	30.6.2016		31.12.2015	
	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
	<u>866,001,240,000</u>	<u>100</u>	<u>846,001,240,000</u>	<u>100</u>

(c) Movement 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	<u>846,001,240,000</u>	<u>-</u>	846,001,240,000
New shares issued	20,000,000,000	-	20,000,000,000
As at 30 June 2016	<u>866,001,240,000</u>	<u>-</u>	866,001,240,000

Par value per share: VND10,000.

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17 MOVEMENTS IN OWNERS' EQUITY

	Share capital VND	Share premium VND	Investment and development fund 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 (Phase one) (*)	14,900,000,000	-	-	-	14,900,000,000
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 (Phase two) (*)	20,000,000,000	-	-	-	20,000,000,000
Profit for the period	-	-	-	16,506,680,814	16,506,680,814
Final dividend of 2015 (**)	-	-	-	(51,960,074,400)	(51,960,074,400)
Appropriation to funds	-	-	-	(13,374,798,123)	(13,374,798,123)
As at 30 June 2016	866,001,240,000	133,918,052,614	159,111,461,673	186,203,444,234	1,345,234,198,521

(*) According to the Resolution No. 04/NQ-DVTHDK-BHĐCĐ dated 9 April 2015, the Corporation's General Shareholders 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 2 phases. Phase one and phase two were completed on 24 August 2015 and 28 April 2016, respectively.

(**) According to the Resolution No. 17/NQ-DVTHDK-BHĐCĐ dated 8 April 2016, the Corporation's General Shareholders approved the final dividend for 2015 at the rate 16% of the charter capital. Accordingly, the Corporation's Board of Management issued the Announcement No. 539/TB-SGDHCM dated 9 May 2016 to pay additional dividend by using the 2015 undistributed post-tax profit at the rate of 6% on par value corresponding to share capital of VND866,001,240,000 (which is the capital after the issuance of shares to employees in phase two).

18 DIVIDENDS PAYABLE

	30.6.2016	31.12.2015
	VND	VND
Opening balance	1,200,534,400	1,157,459,500
Dividends payable during the period/year	51,960,074,400	215,791,364,000
Dividends paid by share	-	(132,681,240,000)
Dividends paid in cash	(50,549,208,940)	(83,067,049,100)
	<u>2,611,399,860</u>	<u>1,200,534,400</u>

19 OFF BALANCE SHEET ITEMS

	30.6.2016	31.12.2015
	VND	VND
Foreign currencies	1,078,889,748	1,409,990,938
	<u>1,078,889,748</u>	<u>1,409,990,938</u>

Included in cash and cash equivalents as at 30 June 2016 are balances held in foreign currencies of US\$48,446 (2015: US\$62,806).

20 REVENUE

	For the six-month period ended	
	30.6.2016	30.6.2015
	VND	VND
Sales of goods (*)	-	593,940,315,069
Rendering of services	41,050,118,517	39,175,949,435
	<u>41,050,118,517</u>	<u>633,116,264,504</u>

(*) From July 2015, the Corporation transferred the plastic resins trading business to its subsidiary, PSMT. As a result, no sales of goods incurred in the first 6 months of 2016.

21 COST OF SALES

	For the six-month period ended	
	30.6.2016	30.6.2015
	VND	VND
Cost of goods sold	-	574,234,957,303
Cost of services rendered	11,376,822,041	5,479,847,702
Reversal of provision in value of inventory	-	(5,182,333,888)
	<u>11,376,822,041</u>	<u>574,532,471,117</u>

22 FINANCIAL INCOME

	For the six-month period ended	
	30.6.2016	30.6.2015
	VND	VND
Interest income from deposits and loans	12,027,983,337	18,794,620,855
Dividend income (Note 29(a)(vii))	4,877,667,243	6,270,659,443
Realised foreign exchange gains	-	1,387,155,791
	<u>16,905,650,580</u>	<u>26,452,436,089</u>

23 FINANCIAL EXPENSES

	For the six-month period ended	
	30.6.2016	30.6.2015
	VND	VND
Interest expenses	-	3,793,235,730
Realised foreign exchange losses	8,609,543	1,482,925,202
Net loss from foreign currency translation at period end	-	37,381,605
Others	63,443,817	-
	<u>72,053,360</u>	<u>5,313,542,537</u>

24 SELLING EXPENSES

	For the six-month period ended	
	30.6.2016	30.6.2015
	VND	VND
Transportation	-	11,081,554,704
Utilities	-	1,599,334,081
Warehouse rental	-	125,589,613
Salary expenses	-	1,644,831,211
Depreciation expenses	156,106,248	498,741,324
Others	353,532,954	4,174,172,857
	<u>509,639,202</u>	<u>19,124,223,790</u>

25 GENERAL AND ADMINISTRATION EXPENSES

	For the six-month period ended	
	30.6.2016	30.6.2015
	VND	VND
Staff costs	4,482,128,144	8,910,665,327
Management fees (Note 29(a)(v))	2,621,425,494	2,550,000,000
Office expenses	1,555,645,821	2,079,790,588
Travelling expenses	-	1,730,597,602
Depreciation expenses	2,488,736,112	1,346,682,886
Tax, fee and legal fee	1,031,682,085	-
Professional fees	-	1,186,007,226
Others	13,016,719,194	4,522,995,546
	<u>25,196,336,850</u>	<u>22,326,739,175</u>

26 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:

	For the six-month period ended	
	30.6.2016	30.6.2015
	VND	VND
Net accounting profit before tax	20,854,312,207	37,758,909,411
Tax calculated at a rate of 20% (2015: 22%)	4,170,862,441	8,306,960,070
Effect of:		
Income not subject to tax	(975,533,449)	(1,379,545,077)
Expenses not deductible for tax purposes	29,867,888	260,678,942
Underprovision in previous year	1,122,434,513	-
Business income tax charge	<u>4,347,631,393</u>	<u>7,188,093,935</u>

The business income tax charge for the six-month period is based on the estimated taxable income and is subject to the review and possible adjustments from the tax authorities.

27 COST OF OPERATION BY FACTOR

	For the six-month period ended	
	30.6.2016	30.6.2015
	VND	VND
Raw materials and merchandises	-	574,234,957,303
Staff costs	4,482,128,144	10,555,496,538
Depreciation expenses	2,641,647,288	1,845,424,210
Outside service expenses	29,722,424,073	32,896,273,399
Reversal of provision for decline in value inventory	-	(5,182,333,888)
Others	236,598,588	1,633,616,520
	<u>37,082,798,093</u>	<u>615,983,434,082</u>

28 SEGMENT REPORTING

Geographical segments

The Corporation does not have any operation outside the territory of Vietnam; therefore, no geographical business reports are presented.

Business activity segments

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

	For the six-month period ended 30 June 2016		
	Trading of plastic resins, textile fibres, and cassava VND	Support and management services, lease of warehouses, workshops, premises, office VND	Total VND
Revenue	-	41,050,118,517	41,050,118,517
Cost of sale	-	(11,376,822,041)	(11,376,822,041)
Gross profit	-	29,673,296,476	29,673,296,476

	For the six-month period ended 30 June 2015		
	Trading of plastic resins, textile fibres, and cassava VND	Support and management services, lease of warehouses, workshops, premises, office VND	Total VND
Revenue	596,214,275,234	36,901,989,270	633,116,264,504
Cost of sale	(569,052,623,415)	(5,479,847,702)	(574,532,471,117)
Gross profit	27,161,651,819	31,422,141,568	58,583,793,387

29 RELATED PARTY DISCLOSURES

The largest shareholder of the Corporation is Vietnam Oil and Gas Group (“PetroVietnam”) which owns 24.22% of share capital of the Corporation (Note 16(b)).

(a) Related party transactions

During the year, the following significant transactions were carried out with related parties:

	For the six-month period ended	
	30.6.2016 VND	30.6.2015 VND
<i>i) Sales of goods and services</i>		
Subsidiaries	16,230,698,837	49,498,277,786
Fellow PetroVietnam group subsidiaries	2,961,855,961	2,688,376,272

29 RELATED PARTY DISCLOSURES (continued)

(a) Related party transactions (continued)

	For the six-month period ended	
	30.6.2016 VND	30.6.2015 VND
ii) Purchases of goods and services		
PetroVietnam	8,478,783,902	5,606,974,800
Subsidiaries	3,233,462,985	3,121,403,337
Fellow PetroVietnam group subsidiaries	251,374,498	453,350,941,840
	<u> </u>	<u> </u>
iii) Compensation of key management		
Gross salaries and other benefits	2,264,809,250	3,376,881,509
	<u> </u>	<u> </u>
iv) Financing activities		
Borrowing activities (Note 14)		
Vietnam Public Joint Stock Commercial Bank - Fellow group subsidiary:		
- Drawdowns	-	93,715,370,477
- Repayments	-	182,266,425,282
	<u> </u>	<u> </u>
Investments in subsidiaries – Capital contribution		
Capital contributed to ASSA	-	13,500,000,000
	<u> </u>	<u> </u>
v) Management fees		
Fee charged by PetroVietnam (Note 25)	2,621,425,494	2,550,000,000
Fee charged to subsidiaries	17,025,651,446	17,558,423,130
	<u> </u>	<u> </u>
vi) Interest income from loans		
Subsidiaries	6,283,160,147	5,161,162,930
	<u> </u>	<u> </u>

29 RELATED PARTY DISCLOSURES (continued)

(a) Related party transactions (continued)

		<u>For the six-month period ended</u>	
		30.6.2016	30.6.2015
		VND	VND
vii) Dividend income (Note 22)			
Subsidiaries		4,877,667,243	6,270,659,443
viii) Dividend paid			
Subsidiaries		1,220,646,600	-
PetroVietnam		12,584,310,600	-
(b) Period/year-end balances with related party			
		30.6.2016	31.12.2015
		VND	VND
i) Cash at bank and cash equivalents at Vietnam Public Joint Stock Commercial Bank			
Cash at bank		5,679,178,616	5,471,833,644
ii) Short-term trade accounts receivable (Note 5)			
Subsidiaries		-	910,555,572
Fellow PetroVietnam group subsidiaries		1,098,379,220	1,079,173,801
		<u>1,098,379,220</u>	<u>1,989,729,373</u>
iii) Trade accounts payable (Note 12)			
PetroVietnam		16,083,376,643	-
Fellow PetroVietnam group subsidiaries		873,476,253	936,328,774
		<u>16,956,852,896</u>	<u>936,328,774</u>
iv) Other short-term receivables (Note 7)			
Subsidiaries		246,255,512,600	342,018,213,997

29 RELATED PARTY DISCLOSURES (continued)

(b) Period/year-end balances with related party (continued)

	30.6.2016 VND	31.12.2015 VND
v) Other short-term payables (Note 13)		
PetroVietnam	5,565,272,011	5,179,078,436
Subsidiaries	91,064,693,100	124,767,802,031
	<u>96,629,965,111</u>	<u>129,946,880,467</u>
vi) Long-term advances from customers (Note 15)		
Fellow PetroVietnam group subsidiaries	<u>136,363,636,364</u>	<u>136,363,636,364</u>
vii) Short-term prepayments to suppliers (Note 6)		
Subsidiaries	10,000,000,000	-
Fellow PetroVietnam group subsidiaries	100,000,000	270,000,000
	<u>10,100,000,000</u>	<u>270,000,000</u>

30 COMMITMENTS

(a) Capital expenditure

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

	30.6.2016 VND	31.12.2015 VND
Residential zone and services for Nghi Son Refinery and Petrochemical Company Limited	<u>263,006,419,140</u>	<u>505,989,640,465</u>

(b) Commitments under operating leases

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

	30.6.2016 VND	31.12.2015 VND
Over five years	<u>54,191,290,810</u>	<u>54,191,290,810</u>

30 COMMITMENTS (continued)

(c) Capital contribution commitments

As at 30 June 2016, the status of charter capital commitments is as follow:

	As per Business Registration Certificate VND	% Ownership %	Capital contributed as at 30.6.2016 VND	Capital to be contributed as at 30.6.2016 VND
PSSSG	229,500,000,000	51	9,985,163,997	219,514,836,003
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 of 40% of its charter capital, equivalent to VND20 billion. As at 30 June 2016, shareholders of ITS have not yet contributed the capital.

(d) Commitments of credit guarantees

As at 30 June 2016, the Corporation had non-cancellable guarantee commitment for loans by the Industry Construction Corporation from a commercial bank with the credit limit of VND70 billion (Note 12). The loans are secured by term deposits worth VND70 billion at the same commercial bank.

As at 30 June 2016, the Corporation had non-cancellable guarantee commitments for loans at commercial banks (referred as “lenders”) for the Corporation’s subsidiaries with the total amount of VND2,132 billion. Accordingly, the Corporation is responsible for repayment of principals, interests, guarantee costs and other underwriting expenses to lenders in case guaranteed parties might not repay or repay lately.

(e) Other commitments

As at 30 June 2016, the Corporation signed a payment guarantee worth VND150 billion with a commercial bank to guarantee the repayment with regards to the long term advance from Nghi Son Refinery and Petrochemical Company Limited (Note 15).

The interim separate financial statements were approved by the Chairman on 10 August 2016.



Ha Van Phuong
Preparer



Dao Van Dai
Chief Accountant



Phung Tuan Ha
Chairman