PETROVIETNAM GENERAL SERVICES JOINT STOCK COMPANY

INTERIM SEPARATE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2018

PETROVIETNAM GENERAL SERVICES JOINT STOCK COMPANY

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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
	Ms. Le Thi Chien	Member
	Mr. Vu Tien Duong	Member
	Ms. Pham Thi Hong Diep	Member
	Mr. Kim Kang Ho	Member (From 27 April 2018)
Board of Supervision	Mr. Phan Khac Vinh	Chief Supervisor
	Mr. Le Anh Quoc	Member
	Ms. Nguyen Thi My Dung	Member
Board of Directors	Mr. Vu Tien Duong	General Director
	Mr. Ho Minh Viet	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
	Mr. Bui Anh Dung	Deputy General Director (Until 1 January 2018)
Legal representative	Mr. Phung Tuan Ha	Chairman
Registered office	6th Floor, PetroVietnam Tower, No. 1 - 5 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	
Auditor	PwC (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 of the Board of Management ("the Chairman") of PetroVietnam General Services Joint Stock Company ("the Corporation") is responsible for preparing the interim separate financial statements of the Corporation which give a true and fair view of the financial position of the Corporation as at 30 June 2018, and the results of its operations and its 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 judgements 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 comply 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 5 to 40 which give a true and fair view of the financial position of the Corporation as at 30 June 2018, and of the results of its operations and its 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 interim separate financial statements.

Users of these interim separate financial statements of the Corporation should read them together with the interim consolidated financial statements of the Corporation and its subsidiaries for the six-month period ended 30 June 2018 in order to obtain full information of the financial position and results of operations and cash flows of the Corporation and its subsidiaries.

S.Đ.K.K.D: 0300452060 - C.T.C.P
TỔNG CÔNG TY CỔ PHẦN DỊCH VỤ TỔNG HỢP DẦU KHÍ
QUẬN 1 TP. HỒ CHÍ MINH

Phung Tuan Ha
Chairman

Ho Chi Minh City, SR Vietnam
15 August 2018

pwc

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 2018 and approved by the Chairman on 15 August 2018. The interim separate financial statements comprise the interim separate balance sheet as at 30 June 2018, the interim separate income statement and the interim separate cash flow statement for the six-month period then ended, and explanatory notes to the interim separate financial statements including significant accounting policies, as set out on pages 5 to 40.

The Chairman's Responsibility to the Interim Separate 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 interim separate financial statements and for such internal control which the Chairman determines is necessary to enable the preparation and fair presentation of the interim separate 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 separate financial statements 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 separate financial statements 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.

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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 2018, 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 the preparation and presentation of interim separate financial statements.

Other Matter

The report on review of interim financial information is prepared in Vietnamese and English. Should there be any conflict between the Vietnamese and English copies, the Vietnamese copy shall take precedence.

For and on behalf of PwC (Vietnam) Limited

M.S.D.N: 0100157406 - C.T.T.N.H.H. CÔNG TY TNHH PWC (VIỆT NAM) QUẬN 1 - T.P HỒ CHÍ MINH

Mai Viet Hung Tran
Audit Practising Licence No. 0048-2018-226-1

Report reference number: HCM7421
Ho Chi Minh City, 15 August 2018

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 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 01a – DN

INTERIM SEPARATE BALANCE SHEET

Code	ASSETS	Note	As at 30.6.2018 VND	As at 31.12.2017 VND
100	**CURRENT ASSETS**		**936,944,698,078**	**955,340,320,956**
110	**Cash and cash equivalents**	3	**283,697,455,875**	**305,246,630,772**
111	Cash		99,297,455,875	91,746,630,772
112	Cash equivalents		184,400,000,000	213,500,000,000
120	**Short-term investment**		**10,000,000,000**	**10,000,000,000**
123	Investment held to maturity	4(a)	10,000,000,000	10,000,000,000
130	**Short-term receivables**		**468,397,763,504**	**554,391,326,181**
131	Short-term trade accounts receivable	5	46,727,301,257	51,293,935,955
132	Short-term prepayments to suppliers	6	54,072,056,638	67,258,226,475
136	Other short-term receivables	7(a)	367,598,405,609	435,839,163,751
140	**Inventories**	8	**100,096,066,993**	**5,219,674,723**
141	Inventories		100,096,066,993	5,219,674,723
150	**Other current assets**		**74,753,411,706**	**80,482,689,280**
151	Short-term prepaid expenses		2,435,882,741	2,313,276,561
152	Value Added Tax to be reclaimed	9(a)	72,141,534,735	77,993,418,489
153	Other taxes receivable	9(b)	175,994,230	175,994,230
200	**LONG-TERM ASSETS**		**1,436,900,002,311**	**1,512,099,399,501**
210	**Long-term receivable**		**24,655,000,000**	**1,000,000,000**
216	Other long-term receivables	7(b)	24,655,000,000	1,000,000,000
220	**Fixed assets**		**125,782,539,378**	**127,550,970,232**
221	Tangible fixed assets	10(a)	25,669,938,997	27,438,369,851
222	Historical cost		83,352,154,067	82,931,136,800
223	Accumulated depreciation		(57,682,215,070)	(55,492,766,949)
227	Intangible fixed assets	10(b)	100,112,600,381	100,112,600,381
228	Historical cost		101,191,223,281	101,191,223,281
229	Accumulated amortisation		(1,078,622,900)	(1,078,622,900)
230	**Investment properties**	11	**774,913,006,692**	**798,206,727,644**
231	Historical cost		852,074,158,578	855,878,984,242
232	Accumulated depreciation		(77,161,151,886)	(57,672,256,598)
240	**Long-term asset in progress**		**1,432,166,922**	**65,525,795,256**
242	Construction in progress	12	1,432,166,922	65,525,795,256
250	**Long-term investments**		**398,498,720,470**	**402,850,483,220**
251	Investments in subsidiaries	4(b)	439,811,972,126	444,163,734,876
252	Investments in associate	4(c)	14,359,957,249	14,359,957,249
253	Investments in other entity	4(d)	2,000,000,000	2,000,000,000
254	Provision for long-term investments		(57,673,208,905)	(57,673,208,905)
260	**Other long-term asset**		**111,618,568,849**	**116,965,423,149**
261	Long-term prepaid expenses	13	111,618,568,849	116,965,423,149
270	**TOTAL ASSETS**		**2,373,844,700,389**	**2,467,439,720,457**

The notes on pages 9 to 40 are an integral part of these interim separate financial statements.

PETROVIETNAM GENERAL SERVICES JOINT STOCK COMPANY

Form B 01a – DN

INTERIM SEPARATE BALANCE SHEET
(continued)

Code	RESOURCES	Note	As at 30.6.2018 VND	As at 31.12.2017 VND
300	**LIABILITIES**		**1,034,498,233,444**	**1,034,948,558,910**
310	**Short-term liabilities**		**682,551,689,179**	**673,834,627,732**
311	Short-term trade accounts payable	14	313,973,731,937	329,939,661,028
312	Short-term advances from customers		81,245,553,832	54,033,763,082
313	Tax and other payables to the State Budget	9(c)	8,705,115,861	6,676,274,148
314	Payable to employees		9,354,767,640	13,711,259,260
315	Short-term accrued expenses		4,769,628,541	-
318	Short-term unearned revenue	15(a)	27,272,727,273	27,272,727,273
319	Other short-term payables	16(a)	156,867,599,982	174,001,951,846
320	Short-term borrowings	17(a)	26,727,008,393	21,787,573,927
322	Bonus and welfare fund		53,635,555,720	46,411,417,168
330	**Long-term liabilities**		**351,946,544,265**	**361,113,931,178**
336	Long-term unearned revenue	15(b)	61,363,636,379	75,000,000,011
337	Other long-term payables	16(b)	7,229,927,285	7,231,927,285
338	Long-term borrowings	17(b)	283,352,980,601	278,882,003,882
400	**OWNERS' EQUITY**		**1,339,346,466,945**	**1,432,491,161,547**
410	**Capital and reserves**		**1,339,346,466,945**	**1,432,491,161,547**
411	Owners' capital	18	866,001,240,000	866,001,240,000
411a	*- Ordinary shares with voting rights*		*866,001,240,000*	*866,001,240,000*
412	Share premium	18, 19	133,918,052,614	133,918,052,614
415	Treasury shares	19	(1,876,816,402)	-
418	Investment and development fund	18, 19	159,111,461,673	159,111,461,673
421	Undistributed earnings	18, 19	182,192,529,060	273,460,407,260
421a	*- Undistributed post-tax profits of previous years*		*160,532,283,908*	*164,198,966,680*
421b	*- Post-tax profit of current period/year*		*21,660,245,152*	*109,261,440,580*
440	**TOTAL RESOURCES**		**2,373,844,700,389**	**2,467,439,720,457**

Ha Van Phuong
Preparer

Nguyen Thi Thanh
Chief Accountant

Phung Tuan Ha
Chairman
15 August 2018

The notes on pages 9 to 40 are an integral part of these interim separate financial statements.

PETROVIETNAM GENERAL SERVICES JOINT STOCK COMPANY

Form B 02a – DN

INTERIM SEPARATE INCOME STATEMENT

Code		Note	For the six-month period ended 30 June 2018 VND	2017 VND
01	**Revenue from sale of goods and rendering of services**		**132,360,077,515**	**96,456,572,527**
02	Less deductions		-	-
10	**Net revenue from sale of goods and rendering of services**	22	**132,360,077,515**	**96,456,572,527**
11	**Cost of goods sold and services rendered**	23	**(95,622,048,609)**	**(55,725,255,860)**
20	**Gross profit**		**36,738,028,906**	**40,731,316,667**
21	Financial income	24	14,391,575,391	11,869,009,856
22	Financial expenses		-	(48,510)
25	Selling expenses	25	(1,436,105,113)	(1,295,129,033)
26	General and administration expenses	26	(23,433,961,921)	(23,577,132,071)
30	**Net operating profit**		**26,259,537,263**	**27,728,016,909**
32	Other expenses		(693,170,571)	-
40	**Net other expenses**		**(693,170,571)**	**-**
50	**Net accounting profit before tax**		**25,566,366,692**	**27,728,016,909**
51	Business income tax - current	27	(3,906,121,540)	(5,109,678,244)
60	**Net profit after tax**		**21,660,245,152**	**22,618,338,665**

TỔNG CÔNG TY CỔ PHẦN DỊCH VỤ TỔNG HỢP DẦU KHÍ
S.Đ.K.K.D: 0300452060 - C.T.C.P
QUẬN 1 TP. HỒ CHÍ MINH

Ha Van Phuong Preparer	Nguyen Thi Thanh Chief Accountant	Phung Tuan Ha Chairman 15 August 2018

The notes on pages 9 to 40 are an integral part of these interim separate financial statements.

PETROVIETNAM GENERAL SERVICES JOINT STOCK COMPANY

Form B 03a – DN

INTERIM SEPARATE CASH FLOW STATEMENT
(Indirect method)

Code		Note	For the six-month period ended 30 June 2018 VND	2017 VND
	CASH FLOWS FROM OPERATING ACTIVITIES			
01	**Net accounting profit before tax**		**25,566,366,692**	**27,728,016,909**
	Adjustments for:			
02	Depreciation and amortisation	28	22,691,762,043	25,638,924,351
05	Profits from investing activities		(12,953,350,876)	(11,867,437,780)
08	**Operating profit before changes in working capital**		**35,304,777,859**	**41,499,503,480**
09	Decrease/(increase) in receivables		82,762,319,248	(184,119,573,523)
10	Decrease in inventories		1,593,723,528	-
11	(Decrease)/increase in payables		(22,685,176,639)	9,945,284,235
12	Decrease/(increase) in prepaid expenses		5,224,248,120	(376,381,793)
14	Interest paid		-	(11,263,804,778)
15	Business income tax paid	9	(6,189,734,456)	(6,444,784,914)
17	Other payments on operating activities		(682,836,000)	-
20	**Net cash inflows/(outflows) from operating activities**		**95,327,321,660**	**(150,759,757,293)**
	CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchases of fixed assets and other long-term assets		(26,996,678,734)	(23,149,473,252)
25	Investments in other entities		(748,237,250)	-
27	Dividends and interest received		6,972,142,044	75,589,144,170
30	**Net cash (outflows)/inflows from investing activities**		**(20,772,773,940)**	**52,439,670,918**
	CASH FLOWS FROM FINANCING ACTIVITIES			
32	Payments for share repurchases	18	(1,876,816,402)	-
33	Proceeds from borrowings	17	18,935,800,000	54,260,953,406
34	Repayments of borrowings	17	(9,525,388,815)	(9,344,557,027)
36	Dividends paid	20	(103,637,317,400)	(16,286,200)
40	**Net cash (outflows)/inflows from financing activities**		**(96,103,722,617)**	**44,900,110,179**
50	**Net decrease in cash and cash equivalents**		**(21,549,174,897)**	**(53,419,976,196)**
60	**Cash and cash equivalents at beginning of period**	3	**305,246,630,772**	**394,707,165,595**
61	Effect of foreign exchange differences		-	-
70	**Cash and cash equivalents at end of period**	3	**283,697,455,875**	**341,287,189,399**

S.Đ.K.K.D: 0300452060 - C.T.C.P
TỔNG CÔNG TY CỔ PHẦN DỊCH VỤ TỔNG HỢP DẦU KHÍ
QUẬN 1 TP. HỒ CHÍ MINH

Ha Van Phuong Preparer	Nguyen Thi Thanh Chief Accountant	Phung Tuan Ha Chairman 15 August 2018

The notes on pages 9 to 40 are an integral part of these interim separate financial statements.

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2018

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 (the "Group" or "PVN").

The Corporation's shares were 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 the General Director of the HOSE on 13 August 2007.

The principal activities of the Corporation include:

- support and management services, and human resources services;
- lease of warehouses, workshops, premises and office;
- real estate trading and management; and
- sale of supplies, office equipment, and audio-visual equipment

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

As at 30 June 2018, the Corporation had 12 direct subsidiaries, 3 indirect subsidiaries and 1 associate as disclosed in Note 4.

As at 30 June 2018, the Corporation had 63 employees (as at 31 December 2017: 51 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 separate 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 for the Corporation and its subsidiaries in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of interim consolidated financial statements. In the interim 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 Corporation and its subsidiaries for the period ended 30 June 2018 in order to obtain full information of the financial position and results of operations and cash flows of the Corporation and its subsidiaries.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Fiscal year

The Corporation's fiscal year is from 1 January to 31 December. The interim separate financial statements are prepared for the period from 1 January to 30 June.

2.3 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 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 seperate 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 seperate income statement.

2.4 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.

2.5 Trade receivables

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

2.6 Inventories

Inventories mostly are real estate inventories being constructed for sale under the ordinary course of business, rather than to be held for rental or capital appreciation and other inventories. Inventories are stated at the lower of cost and net realisable value. Cost of real estate inventories includes land costs and construction costs of infrastructure, other direct and overhead expenses incurred in bringing the inventories to their present location and condition. Cost of other inventories is determined by the specific dentification method and includes all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution. Provision is made, where necessary, for obsolete, slow-moving, defective inventory items and where cost is higher than net realisable values.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Investments

(a) Investments held-to-maturity

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

Investments held-to-maturity include bank term deposits and other held-to-maturity investments. Those investments are accounted for at cost less provision.

Provision for diminution in value of investments held-to-maturity is made when there is evidence that part or the whole of the investments is uncollectible.

(b) 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.

(c) Investment in associate

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

Investment in associate is accounted for at cost less provision for diminution in value. Provision for diminution in value is made when there is an impairment of the investment.

(d) Investment in equity of other entity

Investment in equity of other entity is investment in equity instruments of other entity without controlling rights or co-controlling rights, or without significant influence over the investee. This investment is initially recorded at cost. Provision for diminution in value of this investment is made when the entities make losses, except when the loss was anticipated by the investee in business plan.

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	2% - 20%
Machinery and equipment	14% - 50%
Motor vehicles	10% - 17%
Office equipment	20% - 33%
Computer software	12.5%

Land use rights with indefinite useful life are recorded at historical cost and are not amortised.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Fixed assets (continued)

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

2.10 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% - 33%

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 separate income statement.

2.11 Prepaid expenses

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

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 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 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.

2.14 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.

2.15 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.

2.16 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.

2.17 Owners' equity

(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.

(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) Treasury shares

Treasury shares are shares issued by the Corporation and bought-back by itself, but these are not cancelled and shall be re-issued in the period in accordance with the Law on securities.

(d) Undistributed earnings

Undistributed earnings record the Corporation's accumulated results after business income tax at the reporting date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 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 and dividend distribution are as below:

(a) Investment and development fund

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

(b) Bonus and welfare fund

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.

(c) Dividend distribution

Dividend of the Corporation is recognised as a liability in the Corporation's interim separate financial statements based on the date before ex-dividend date.

2.19 Revenue recognition

(a) Sales of goods

Revenue from sale of goods is recognised in the separate 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 seperate income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Revenue recognition (continued)

(b) Rendering of services

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

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the 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) Lease income

Lease income from operating leases where the Corporation is a lessor is recognised in income on a straight-line basis over the lease term.

(d) Interest income

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

(e) Dividend income

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

2.20 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 year 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.

2.21 Cost of goods sold and services rendered

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.

2.22 Financial expenses

Financial expenses are expenses incurred in the period for financial activities including expenses or losses relating to financial investment activity, expenses of lending and borrowing, provision for diminution in value of investments in other entities, losses incurred when selling foreign currencies, losses from foreign exchange differences, and payment discounts.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.23 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.

2.24 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.

2.25 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.

2.26 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)

2.27 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 interim separate financial statements in order to help users of interim separate financial statements understand and evaluate the Corporation's operations in a comprehensive way.

2.28 Accounting estimates

The preparation of interim 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 Chairman 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 seperate financial statements and the reported amounts of revenues and expenses during the financial year. Although these accounting estimates are based on the Chairman' best knowledge, actual results may differ from those estimates and assumptions.

3 CASH AND CASH EQUIVALENTS

	30.6.2018 VND	31.12.2017 VND
Cash on hand	1,359,778,170	401,792,891
Cash at bank	97,937,677,705	91,344,837,881
Cash equivalents (*)	184,400,000,000	213,500,000,000
	283,697,455,875	305,246,630,772

(*) Cash equivalents include term deposits with the original maturity of three months or less, and earn interest at the interest rates ranging from 4.1% to 5% per annum (31 December 2017: 4.2% to 5.5% per annum).

4 INVESTMENTS

(a) Investments held-to-maturity

	30.6.2018		31.12.2017	
	Cost VND	Book value VND	Cost VND	Book value VND
Term deposits	10,000,000,000	10,000,000,000	10,000,000,000	10,000,000,000

As at 30 June 2018, a term deposit at a commercial bank amounting to VND10 billion has been pledged with that commercial bank as a collateral asset for borrowings granted by the commercial bank to Smart Convergence Joint Stock Company, a subsidiary of the Corporation (Note 31(b)).

4 INVESTMENTS

(b) Investments in subsidiaries

	30.6.2018			31.12.2017		
	Cost VND	Fair value VND	Provision VND	Cost VND	Fair value VND	Provision VND
Petroleum General Distribution Services Joint Stock Company ("PSD")	113,600,000,000	204,480,000,000	-	113,600,000,000	306,720,000,000	-
Mien Trung Petroleum Services and Trading Joint Stock Company ("PSMT")	74,742,000,000	(*)	-	74,742,000,000	(*)	-
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)	16,500,000,000	(*)	(16,500,000,000)
Petrosetco SSG Company Limited ("PSSSG")	10,733,401,247	(*)	-	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	(*)	-
Petrosetco - ALE Heavy Transportation and Lifting Joint-stock Company ("Petrosetco - Ale")	-	(**)	-	5,100,000,000	(*)	-
Petroleum Trading Services Company Limited ("PST")	39,500,000,000	(*)	(29,882,192,415)	39,500,000,000	(*)	(29,882,192,415)
Petroleum Saigon General Services Company Limited ("PSG")	10,400,000,000	(*)	(1,641,016,490)	10,400,000,000	(*)	(1,641,016,490)
	439,811,972,126		(55,673,208,905)	444,163,734,876		(55,673,208,905)

(*) As at 30 June 2018 and 31 December 2017, the fair values of those investments in subsidiaries were not available as they are not listed on the Stock Exchange.

(**) According to the Share Transfer Agreement No. 01/2018/PETROSETCO-ALE dated 2 February 2018, the Corporation transferred its entire share capital of Petrosetco - Ale amounting to VND5.1 billion to PSL at a transfer price of VND5.1 billion. As at 30 June 2018, the transferee have not yet paid the transfer amount.

4 INVESTMENTS (continued)

(b) Investments in subsidiaries (continued)

Details of the Corporation's subsidiaries as at 30 June 2018 are as follows:

No.	Subsidiaries	Place of incorporation	Total % of ownership	Total % of voting rights	Principal activities
1	PSD (*)	HCMC	80.02%	80.02%	Distribution of telecom and electronic equipment
2	POTS	HCMC	60%	60%	Trading and rendering of services
3	PSV	Vung Tau	70%	70%	Rendering of services
4	PSMT	Quang Ngai	99.79%	99.79%	Trading and rendering of services
5	PSA (*)	Ha Noi	78.61%	78.61%	Property management and services
6	PSSSG	HCMC	51%	51%	Real estate trading
7	Smartcom	HCMC	55%	55%	Distributing equipment, electronic components, peripheral devices, and software
8	PSL (**)	HCMC	44%	67%	Transportation services
9	PSR	HCMC	72.75%	75%	Mobile phones retailing
10	PHTD	HCMC	51%	51%	Distributing equipment, electronic components, and peripheral devices
11	PST (***)	HCMC	100%	100%	Stopped operations and on liquidation process
12	PSG (***)	HCMC	100%	100%	Stopped operations and on liquidation process

(*) As at 30 June 2018, 17,040,000 shares of PSD has been pledged with a commercial bank as a collateral asset for the advance payment received from Nghi Son Refinery and Petrochemical Limited Liability Company (Note 32(d)).

As at 30 June 2018, 5,345,200 shares of PSA has been pledged with a commercial bank as a collateral asset for long-term borrowings granted to the Corporation (Note 17).

(**) As at 30 June 2018, although the Corporation's ownership in PSL was only 44%, the Corporation still had the authority to exercise its power over the financial and operational policies of PSL via its representatives in the Board of Directors of PSL. Therefore, the Corporation controlled PSL and PSL has been classified and presented as a subsidiary of the Corporation for the consolidation purpose.

(***) 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 the dissolution purpose. From 2013 until now, these two companies have had no business activities incurred.

4 INVESTMENTS (continued)

(b) Investments in subsidiaries (continued)

In addition, the Corporation had 3 indirect subsidiaries as follows:

No.	Indirect subsidiaries	Place of incorporation	Total % of ownership	Total % of voting rights	Principal activities
1	Binh Minh Electronics Refrigeration Joint Stock Company ("Binh Minh")	HCMC	40.81%	51%	Trading in electronic devices, refrigeration appliances, and electronic household appliances
2	Nha Trang Petroleum Services Trading Company Limited ("Nha Trang PST")	Nha Trang	99.79%	100%	Wholesale of solid, liquid and gaseous fuels and related products
3	Petrosetco - ALE Heavy Transportation and Lifting Joint-stock Company ("Petrosetco - Ale")	HCMC	22.44%	51%	Providing heavy transportation and lifting services

(c) Investment in associate

	30.6.2018			31.12.2017		
	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 interim separate balance sheet date, the fair value of the investment in associate was not available as this entity is not listed on the Stock Exchange.

Details of the Corporation's associate as at 30 June 2018 are as follows:

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

4 INVESTMENTS (continued)

(d) Investment in other entity

	30.6.2018			31.12.2017		
	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	(*)	(2,000,000,000)

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

5 SHORT-TERM TRADE ACCOUNTS RECEIVABLE

	30.6.2018 VND	31.12.2017 VND
Third parties		
Human Resource Development Company Limited	*10,923,500,000*	*12,023,500,000*
Others	*584,363,433*	*577,663,258*
	11,507,863,433	12,601,163,258
Related parties (Note 30(b)(i))		
Nghi Son Refinery and Petrochemical Company Limited	*17,987,544,180*	*31,909,312,911*
PVN Branch - Phu Quoc Petroleum Operating Company	*9,931,893,644*	*4,544,522,612*
PSL	*5,100,000,000*	-
Others	*2,200,000,000*	*2,238,937,174*
	35,219,437,824	38,692,772,697
	46,727,301,257	51,293,935,955

As at 30 June 2018 and 31 December 2017, there was no balance of short-term trade accounts receivable that was past due or not past due but doubtful.

6 SHORT-TERM PREPAYMENTS TO SUPPLIERS

	30.6.2018 VND	31.12.2017 VND
Third parties		
Tan Lien Phat Investment and Construction Joint Stock Company	*42,662,223,802*	*42,662,223,802*
Cuong Thinh Construction and Trading Joint Stock Company	*6,137,565,485*	*20,059,023,213*
Others	*5,272,267,351*	*4,536,979,460*
	54,072,056,638	67,258,226,475

7 OTHER SHORT-TERM RECEIVABLES

(a) Short-term

	30.6.2018 VND	31.12.2017 VND
Other receivables from subsidiaries (Note 30(b)(iii))	349,514,459,109	398,639,503,854
Accrued interest receivable	710,464,110	772,815,278
Others	17,373,482,390	36,426,844,619
	367,598,405,609	435,839,163,751

(b) Long-term

	30.6.2018 VND	31.12.2017 VND
Deposits	24,655,000,000	1,000,000,000

8 INVENTORIES

	30.6.2018		31.12.2017	
	Cost VND	Provision VND	Cost VND	Provision VND
Properties and real estate for sales (*)	96,470,115,798	-	-	-
Others	3,625,951,195	-	5,219,674,723	-
	100,096,066,993	-	5,219,674,723	-

This balance represents the costs directly attributable to the residential areas of the 41D Vung Tau Project at 41D, 30/4 Street, Ward 9, Vung Tau City (" the 41D Vung Tau Project") (Note 12).

9 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 1.1.2018	During the period		As at 30.6.2018
	Receivable VND	Incurred VND	Net-off VND	Receivable VND
VAT to be reclaimed	77,993,418,489	6,158,986,802	(12,010,870,556)	72,141,534,735

(b) Taxes receivable from the State Budget

	30.6.2018 VND	31.12.2017 VND
Personal income tax	104,793,519	104,793,519
Other taxes	71,200,711	71,200,711
	175,994,230	175,994,230

(c) Taxes payable to the State Budget

	30.6.2018 VND	31.12.2017 VND
Business income tax	1,860,763,712	4,144,376,628
Personal income tax	6,823,382,033	2,531,897,520
Land use fee	20,970,116	-
	8,705,115,861	6,676,274,148

Movements of taxes payable to the State Budget during the period are as follows:

	As at 1.1.2018	During the period		As at 30.6.2018
	Payable VND	Incurred VND	Paid VND	Payable VND
Business income tax	4,144,376,628	3,906,121,540	(6,189,734,456)	1,860,763,712
Personal income tax	2,531,897,520	14,992,262,259	(10,700,777,746)	6,823,382,033
Land use fee	-	728,296,041	(707,325,925)	20,970,116

10 FIXED ASSETS

(a) Tangible fixed assets

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Total VND
Historical cost					
As at 1 January 2018	61,822,169,589	7,509,514,795	9,193,787,843	4,405,664,573	**82,931,136,800**
New purchases	-	-	371,117,267	49,900,000	**421,017,267**
As at 30 June 2018	61,822,169,589	7,509,514,795	9,564,905,110	4,455,564,573	**83,352,154,067**
Accumulated depreciation					
As at 1 January 2018	40,340,037,007	4,939,511,896	6,321,118,224	3,892,099,822	**55,492,766,949**
Charge for the period	1,314,932,088	351,448,536	351,901,534	171,165,963	**2,189,448,121**
As at 30 June 2018	41,654,969,095	5,290,960,432	6,673,019,758	4,063,265,785	**57,682,215,070**
Net book value					
As at 1 January 2018	21,482,132,582	2,570,002,899	2,872,669,619	513,564,751	**27,438,369,851**
As at 30 June 2018	20,167,200,494	2,218,554,363	2,891,885,352	392,298,788	**25,669,938,997**

Historical cost of fully depreciated tangible fixed assets but still in use as at 30 June 2018 was VND21.35 billion (31 December 2017: VND18.04 billion).

10 FIXED ASSETS (continued)

(b) Intangible fixed assets

	Land use rights with indefinite useful life VND	Software VND	Total VND
Historical cost			
As at 1 January 2018 and as at 30 June 2018	100,112,600,381	1,078,622,900	**101,191,223,281**
Accumulated amortisation			
As at 1 January 2018 and as at 30 June 2018	-	1,078,622,900	**1,078,622,900**
Net book value			
As at 1 January 2018 and as at 30 June 2018	100,112,600,381	-	**100,112,600,381**

Cost of fully amortised intangible assets but still in use as at 30 June 2018 and at 31 December 2017 was VND1.08 billion.

11 INVESTMENT PROPERTIES

	Buildings and structures VND	Equipment VND	Total VND
Historical cost			
As at 1 January 2018	800,475,204,933	55,403,779,309	**855,878,984,242**
New purchase	699,257,155	-	**699,257,155**
Disposal	-	(4,504,082,819)	**(4,504,082,819)**
As at 30 June 2018	801,174,462,088	50,899,696,490	**852,074,158,578**
Accumulated depreciation			
As at 1 January 2018	48,052,554,514	9,619,702,084	**57,672,256,598**
Charge for the period	19,131,397,028	1,370,916,894	**20,502,313,922**
Disposals	-	(1,013,418,634)	**(1,013,418,634)**
As at 30 June 2018	67,183,951,542	9,977,200,344	**77,161,151,886**
Net book value			
As at 1 January 2018	752,422,650,419	45,784,077,225	**798,206,727,644**
As at 30 June 2018	733,990,510,546	40,922,496,146	**774,913,006,692**

11 INVESTMENT PROPERTIES (continued)

Investment properties represent the buildings and equipment of the living quarters of Nghi Son Refinery and Petrochemical Complex project ("Nghi Son Project") being constructed and held to lease.

The Corporation was unable to gather information about similar properties as a basis for fair value comparison, therefore fair value of the investment properties as at 30 June 2018 has not been disclosed in the interim separate financial statements.

As at 30 June 2018, all investment properties have been pledged with a commercial bank as a collateral asset for borrowings granted to the Corporation (Note 17).

12 CONSTRUCTION IN PROGRESS

Details of construction in progress are presented as follows:

	30.6.2018 VND	31.12.2017 VND
41D Vung Tau Project (Note 8)	-	64,546,743,156
Other projects	1,432,166,922	979,052,100
	1,432,166,922	65,525,795,256

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

	For the six-month period ended 30.6.2018 VND	For the year ended 31.12.2017 VND
Beginning of period/year	65,525,795,256	41,785,181,670
Construction during period/year	32,376,487,464	23,740,613,586
Reclassification to inventory (Note 8)	(96,470,115,798)	-
End of period/year	1,432,166,922	65,525,795,256

13 LONG-TERM PREPAID EXPENSES

Details of long-term prepaid expenses are as follows:

	30.6.2018 VND	31.12.2017 VND
Office rental (*)	100,359,205,235	101,546,888,137
Tools and supplies (**)	9,449,484,422	13,258,871,384
Warehouse rental	1,809,879,192	1,843,292,178
Others	-	316,371,450
	111,618,568,849	116,965,423,149

(*) The amount includes the prepayment to PVN for office leasing. This office rental prepaid expense is allocated to the income statement on a straight-line basis over a period 50 years from 2010.

(**) The amount includes tools and supplies used for the Nghi Son Project.

13 LONG-TERM PREPAID EXPENSES (continued)

Movements of long-term prepaid expenses during the period/year are as follows:

	For the six-month period ended 30.6.2018 VND	For the year ended 31.12.2017 VND
Beginning of period/year	116,965,423,149	105,815,665,598
Addition	-	316,371,450
Allocation for period/year	(5,346,854,300)	(2,425,485,283)
Reclassified from investment properties	-	13,258,871,384
End of period/year	111,618,568,849	116,965,423,149

14 SHORT-TERM TRADE ACCOUNTS PAYABLE

	30.6.2018 VND	31.12.2017 VND
Third parties		
Industry Construction Corporation	*21,238,331,905*	*42,854,273,564*
Others	*1,582,644,745*	*3,483,379,911*
	22,820,976,650	46,337,653,475
Related parties (Note 30(b)(ii))		
PVN	*290,446,281,650*	*281,314,617,200*
Petroleum Industrial and Civil Construction Joint Stock Company	*597,573,637*	*2,061,441,100*
Others	*108,900,000*	*225,949,253*
	291,152,755,287	283,602,007,553
	313,973,731,937	329,939,661,028

The Corporation has no doubt on its ability to fully repay the payables when they fall due.

As at 30 June 2018 and 31 December 2017, there was no balance of short-term trade accounts payable which is past due.

15 UNEARNED REVENUE

(a) Short-term

	30.6.2018 VND	31.12.2017 VND
Rental advance of Nghi Son Project (Note 30(b)(v))	27,272,727,273	27,272,727,273

(b) Long-term

	30.6.2018 VND	31.12.2017 VND
Rental advance of Nghi Son Project (Note 30(b)(vi))	61,363,636,379	75,000,000,011

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 (Note 11).

16 OTHER PAYABLES

(a) Short-term

	30.6.2018 VND	31.12.2017 VND
Payables to subsidiaries (Note 30(b)(iv))	149,185,078,883	164,525,862,781
Payables to PVN (Note 30(b)(iv))	2,190,855,859	4,075,406,016
Others	5,491,665,240	5,400,683,049
	156,867,599,982	174,001,951,846

(b) Long-term

	30.6.2018 VND	31.12.2017 VND
Payable to the Ba Ria - Vung Tau Province State Treasury (*)	7,030,627,285	7,030,627,285
Others	199,300,000	201,300,000
	7,229,927,285	7,231,927,285

(*) The balance represents rental fee payable to the Ba Ria - Vung Tau Province State Treasury relating to a land rental contract No. 14/HDTD dated 25 January 1996 for lots No. 8 and No. 9, Hoang Dieu Street, Vung Tau City. The annual rental fee payable is based on the notification of the Ba Ria – Vung Tau Province State Treasury.

17 BORROWINGS

(a) Short-term borrowings

	As at 1.1.2018 VND	During the period			As at 30.6.2018 VND
		Drawdowns VND	Repayments VND	Reclassification VND	
Asia Commercial Bank (*)	21,787,573,927	-	(9,525,388,815)	14,464,823,281	26,727,008,393

(b) Long-term borrowings

	As at 1.1.2018 VND	During the period			As at 30.6.2018 VND
		Drawdowns VND	Repayments VND	Reclassification VND	
Asia Commercial Bank (*)	278,882,003,882	18,935,800,000	-	(14,464,823,281)	283,352,980,601

(*) The loans have credit limit of VND377 billion, the drawdowns will expire on 31 July 2018 and the loans bear interest at the interest rate adjustable from time to time by the commercial bank. The purpose of loans is to finance the construction of Nghi Son Project. The loans have a term of 9 years and are secured by assets formed from Nghi Son Project; rights arising from land rental contract; receivables and other rights arising from the Lease Agreement and 5,345,200 shares of PSA owned by the Corporation.

Interest expense relating to Nghi Son Project before the completion of the Project had been capitalised in the value of the Investment properties. From 10 October 2016, since the Project was put into operation, interest expense is refunded by Nghi Son Refinery (Note 23), the lessee of the Project.

18 OWNERS' CAPITAL

(a) Number of shares

	30.6.2018		31.12.2017	
	Ordinary shares	Preference shares	Ordinary shares	Preference shares
Number of shares registered	86,600,124	-	86,600,124	-
Number of shares repurchased (Note 19)	(200,000)	-	-	-
Number of existing shares in circulation	86,400,124	-	86,600,124	-

The Corporation has only one class of ordinary shares with 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 VND866,001,240,000.

Details of owners' shareholding of the Corporation are as follows:

	30.6.2018		31.12.2017	
	VND	%	VND	%
PVN	209,738,510,000	24.22	209,738,510,000	24.22
Other shareholders	656,262,730,000	75.78	656,262,730,000	75.78
Number of shares issued	866,001,240,000	100	866,001,240,000	100

(c) Movements of share capital

	Ordinary shares VND	Preference shares VND	Total VND
As at 1 January 2017 and as at 31 December 2017	866,001,240,000	-	**866,001,240,000**
As at 30 June 2018	866,001,240,000	-	**866,001,240,000**

Par value per share: VND10,000.

19 MOVEMENTS IN OWNERS' EQUITY

	Share capital VND	Share premium VND	Treasury shares VND	Investment and development fund VND	Undistributed earnings VND	Total VND
As at 1 January 2017	866,001,240,000	133,918,052,614	-	159,111,461,673	258,739,668,718	**1,417,770,423,005**
Net profit for the year	-	-	-	-	109,261,440,580	**109,261,440,580**
Final dividend of 2016	-	-	-	-	(86,600,124,000)	**(86,600,124,000)**
Appropriation to bonus and welfare fund	-	-	-	-	(7,940,578,038)	**(7,940,578,038)**
As at 31 December 2017	866,001,240,000	133,918,052,614	-	159,111,461,673	273,460,407,260	**1,432,491,161,547**
Net profit for the period	-	-	-	-	21,660,245,152	**21,660,245,152**
Repurchases of treasury shares (*)	-	-	(1,876,816,402)	-	-	**(1,876,816,402)**
Dividend of 2017 (**)	-	-	-	-	(103,920,148,800)	**(103,920,148,800)**
Appropriation to bonus and welfare fund (***)	-	-	-	-	(9,007,974,552)	**(9,007,974,552)**
As at 30 June 2018	866,001,240,000	133,918,052,614	(1,876,816,402)	159,111,461,673	182,192,529,060	**1,339,346,466,945**

(*) According to the Resolution No.13/NQ-DVTHDK-ĐHĐCĐ dated 27 April 2018, the Corporation's General Shareholders approved to repurchase a maximum number of 10% of existing shares in circulation as treasury shares. As at 30 June 2018, number of treasury shares registered was 3,000,000 shares, number of shares repurchased was 200,000 shares (Note 18(a)), at the average transaction price of VND9,384 per share.

(**) According to the Resolution No.13/NQ-DVTHDK-ĐHĐCĐ dated 27 April 2018, the Corporation's General Shareholders approved the dividend of 2017 at the rate 12% of the charter capital and the date before ex-dividend date was on 31 May 2018.

(***) According to the Resolution No.13/NQ-DVTHDK-ĐHĐCĐ dated 27 April 2018, bonus and welfare fund of 2017 was approved with total amount of VND9,007,974,552, in which bonus and welfare fund for employees is VND6,555,686,436 and bonus for management is VND2,452,288,116.

20 DIVIDENDS PAYABLE

	For the six-month period ended 30.6.2018 VND	For the year ended 31.12.2017 VND
Beginning of period/year	1,762,348,200	1,556,413,200
Dividends declared during the period/year	103,920,148,800	86,600,124,000
Dividends paid by cash	(103,637,317,400)	(86,394,189,000)
End of period/year	2,045,179,600	1,762,348,200

21 OFF BALANCE SHEET ITEM

	30.6.2018 VND	31.12.2017 VND
Foreign currencies	87,064,249	105,513,467

Included in cash and cash equivalents as at 30 June 2018 are balances held in foreign currency of US$3,909 (as at 31 December 2017: US$4,679).

22 SALES OF GOODS AND RENDERING OF SERVICES

	For the six-month period ended 30 June	
	2018 VND	2017 VND
Sales of merchandises	1,598,872,000	-
Rendering of rental services	83,532,695,777	80,316,523,687
Rendering of management services (Note 30(a)(iv))	12,839,420,199	14,095,358,838
Rendering of human resources services	34,389,089,539	2,044,690,002
	132,360,077,515	96,456,572,527

23 COST OF GOODS SOLD AND SERVICE RENDERED

	For the six-month period ended 30 June	
	2018 VND	2017 VND
Cost of merchandises sold	1,593,723,528	-
Cost of rental services rendered	46,583,767,324	39,549,952,335
Interest expense refunded from Nghi Son Project (Note 17)	14,279,516,131	13,636,834,876
Cost of human resources services rendered	33,165,041,626	2,538,468,649
	95,622,048,609	55,725,255,860

24 FINANCIAL INCOME

	For the six-month period ended 30 June	
	2018 VND	2017 VND
Interest income from deposits and lending	8,347,347,730	9,664,397,780
Dividend income (Note 30(a)(vi))	6,043,560,000	2,203,040,000
Realised foreign exchange gains	667,661	1,572,076
	14,391,575,391	11,869,009,856

25 SELLING EXPENSES

	For the six-month period ended 30 June	
	2018 VND	2017 VND
Depreciation	156,106,248	156,106,248
Others	1,279,998,865	1,139,022,785
	1,436,105,113	1,295,129,033

26 GENERAL AND ADMINISTRATION EXPENSES

	For the six-month period ended 30 June	
	2018 VND	2017 VND
Staff costs	7,751,804,370	7,889,667,989
Management fees (Note 30(a)(iv))	2,601,629,136	2,641,029,483
Office expenses	353,688,631	1,718,025,170
Depreciation and amortisation	2,033,341,873	2,259,789,357
Others	10,693,497,911	9,068,620,072
	23,433,961,921	23,577,132,071

27 BUSINESS INCOME TAX

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

	For the six-month period ended 30 June	
	2018 VND	2017 VND
Net accounting profit before tax	25,566,366,692	27,728,016,909
Tax calculated at a rate of 20%	5,113,273,338	5,545,603,382
Effect of:		
Income not subject to tax	(1,208,712,000)	(440,608,000)
Expenses not deductible for tax purposes	1,560,202	4,682,862
BIT charge (*)	3,906,121,540	5,109,678,244

(*) The BIT charge for the six-month period is based on the estimated taxable income and is subject to the review and possible adjustments by the tax authorities.

The Chairman assessed that there were no material temporary differences arisen, therefore, no deferred income tax has been recognised.

28 COST OF OPERATION BY FACTOR

	For the six-month period ended 30 June	
	2018 VND	2017 VND
Staff costs	40,916,845,996	10,428,136,638
Depreciation and amortisation	22,691,762,043	25,638,924,351
Outside service expenses	10,536,751,004	6,015,464,000
Interest expense refunded (Note 23)	14,279,516,131	13,636,834,876
Management fee	10,770,824,808	10,810,225,155
Allocation of tools and supplies	8,259,155,145	4,871,738,402
Office rental	7,999,884,000	8,000,324,000
Cost of merchandises sold	1,593,723,528	-
Others	3,443,652,988	1,195,869,542
	120,492,115,643	80,597,516,964

29 SEGMENT REPORTING

Geographical segments

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

Business activity segments

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

	For the six-month period ended 30 June 2018				
	Lease of Nghi Son Project VND	**Human resources services VND**	**Lease of warehouses, workshops, premises and office VND**	**Support and management services VND**	**Total VND**
Net sales	60,838,043,141	34,389,089,539	22,694,652,636	14,438,292,199	**132,360,077,515**
Cost of sales	(51,238,728,053)	(33,165,041,626)	(9,624,555,402)	(1,593,723,528)	**(95,622,048,609)**
Gross profit	9,599,315,088	1,224,047,913	13,070,097,234	12,844,568,671	**36,738,028,906**

	For the six-month period ended 30 June 2017				
	Lease of Nghi Son Project VND	**Human resources services VND**	**Lease of warehouses, workshops, premises and office VND**	**Support and management services VND**	**Total VND**
Net sales	60,988,713,640	2,044,690,002	19,327,810,047	14,095,358,838	**96,456,572,527**
Cost of sales	(45,671,967,113)	(2,263,147,407)	(7,790,141,340)	-	**(55,725,255,860)**
Gross profit	15,316,746,527	(218,457,405)	11,537,668,707	14,095,358,838	**40,731,316,667**

30 RELATED PARTY DISCLOSURES

The largest shareholder of the Corporation is PVN which owns 24.22% of share capital of the Corporation (Note 18(b)).

(a) Related party transactions

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

	For the six-month period ended 30 June	
	2018 VND	2017 VND
i) Sales of goods and services		
Subsidiaries	15,939,382,593	16,200,565,742
Fellow PVN group subsidiaries	82,481,700,969	61,786,080,910
	98,421,083,562	77,986,646,652
ii) Purchases of goods and services		
PVN	7,999,884,000	8,000,324,000
Subsidiaries	11,598,760,103	9,821,697,513
Fellow PVN group subsidiaries	-	506,063,165
	19,598,644,103	18,328,084,678
iii) Compensation of key management		
Gross salaries and other benefits	3,178,552,585	2,329,934,432
iv) Management fees		
Fee charged by PVN (Note 26)	2,601,629,136	2,641,029,483
Fee charged to subsidiaries (Note 22)	12,839,420,199	14,095,358,838
v) Interest income from loans		
Subsidiaries	1,437,156,389	2,839,449,370
vi) Dividend income from (Note 24)		
Subsidiaries	6,043,560,000	2,203,040,000
vii) Dividend paid to		
Subsidiaries	2,581,009,200	-
PVN	25,169,460,039	-
	27,750,469,239	-

30 RELATED PARTY DISCLOSURES (continued)

(b) Period-end/year-end balances with related parties

	30.6.2018 VND	31.12.2017 VND
i) Short-term trade accounts receivable (Note 5)		
A subsidiary	5,100,000,000	-
Fellow PVN group subsidiaries	30,119,437,824	38,692,772,697
	35,219,437,824	38,692,772,697
ii) Short-term trade accounts payable (Note 14)		
Subsidiaries	108,900,000	202,473,000
PVN	290,446,281,650	281,314,617,200
Fellow PVN group subsidiaries	597,573,637	2,084,917,353
	291,152,755,287	283,602,007,553
iii) Other short-term receivables (Note 7)		
Subsidiaries	349,514,459,109	398,639,503,854
iv) Other short-term payables (Note 16)		
PVN	2,190,855,859	4,075,406,016
Subsidiaries	149,185,078,883	164,525,862,781
	151,375,934,742	168,601,268,797
v) Short-term unearned revenue (Note 15)		
Fellow PVN group subsidiaries	27,272,727,273	27,272,727,273
vi) Long-term unearned revenue (Note 15)		
Fellow PVN group subsidiaries	61,363,636,379	75,000,000,011

31 ADDITIONAL INFORMATION FOR THE ITEMS OF THE STATEMENT OF CASH FLOWS

(a) Non-cash transactions affect the statement of cash flows

	For the 6-month period ended	
	30.6.2018 VND	30.6.2017 VND
Reclassification from construction in progress to inventory (Note 12)	96,470,115,798	-

(b) Moneys held by the Corporation but not used

Term deposit of the Corporation amounting to VND10 billion at a Commercial bank was pledged as a collateral asset for guarantee agreements as disclosed in Note 4(a).

(c) Amount of loan actually withdrawn during the period

	For the 6-month period ended	
	30.6.2018 VND	30.6.2017 VND
Proceeds from borrowings following normal borrowing contracts	18,935,800,000	54,260,953,406

(d) Amount of loan principal actually paid during the period

	For the 6-month period ended	
	30.6.2018 VND	30.6.2017 VND
Repayments for borrowings following normal borrowing contracts	9,525,388,815	9,344,557,027

32 COMMITMENTS

(a) Commitments under operating leases

The Corporation is the lessee

The Corporation signed the operating land lease agreement over a period of 70 years from the year 2009 with the Management Board of Nghi Son Economic Zone. Accordingly, the Corporation is exempt from land use fees until 2022. As at 30 June 2018, the future minimum lease payments under operating leases are as follows:

	30.6.2018 VND	31.12.2017 VND
Over five years	54,191,290,810	54,191,290,810

32 COMMITMENTS (continued)

(a) Commitments under operating leases (continued)

The Corporation is the lessor

The Corporation signed the land lease agreement over the period of 70 years from the year 2009 with the Management Board of Nghi Son Economic Zone. Accordingly, the Corporation is exempted from land use fees until 2022. As at 30 June 2018, the future minimum lease payments under operating leases are as follows:

	30.6.2018 VND	31.12.2017 VND
Within one year	90,066,591,292	89,933,899,546
Between one and five years	360,266,365,168	359,735,598,184
Over five years	292,716,421,699	337,252,123,298
	743,049,378,159	786,921,621,028

(b) Capital contribution commitments

As at 30 June 2018, the status of charter capital contribution commitments is as follows:

	As per Business Registration Certificate VND	Corporation's ownership %	Capital contributed as at 30.6.2018 VND	Capital to be contributed as at 30.6.2018 VND
PSSSG	229,500,000,000	51	10,733,401,247	218,766,598,753
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 in which the Corporation owns 40% of ITS's charter capital on equivalent to VND20 billion. As at 30 June 2018, the shareholders of ITS have not yet contributed their capital.

(c) Commitments of credit guarantees

As at 30 June 2018, the Corporation has non-cancellable guarantee commitments for loans with commercial banks granted to the Corporation's subsidiaries with the total amount of VND4,139.9 billion and USD33 million, and has non-cancellable guarantee commitments for suppliers with the total amount of USD7 million (referred to as "lenders"). Accordingly, the Corporation is responsible for repayments of principals, interests, guarantee costs and other underwriting expenses to lenders in case the guaranteed parties are not able to repay or repay not on a timely manner.

32 COMMITMENTS (continued)

(d) Other commitments

As at 30 June 2018, 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 15) by offsetting against monthly revenue from the Nghi Son Project.

The interim separate financial statements were approved by the Chairman on 15 August 2018.

Ha Van Phuong Preparer	Nguyen Thi Thanh Chief Accountant	Phung Tuan Ha Chairman