

PETROVIETNAM GENERAL SERVICES JOINT STOCK COMPANY

**SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**



PETROVIETNAM GENERAL SERVICES JOINT STOCK COMPANY

**SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

TABLE OF CONTENTS	PAGE
Corporate information	1
Statement by the Chairman	2
Independent auditor's report	3
Separate balance sheet (Form B 01 – DN)	5
Separate income statement (Form B 02 – DN)	7
Separate cash flow statement (Form B 03 – DN)	8
Notes to the separate financial statements (Form B 09 – DN)	9

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 18 th amendment dated 23 May 2016.	
Board of Management	Mr. Phung Tuan Ha Ms. Le Thi Chien Mr. Vu Tien Duong Ms. Pham Thi Hong Diep Mr. Bui Quang Huy	Chairman Member Member Member Member (Until 1 November 2017)
Board of Supervision	Mr. Phan Khac Vinh Mr. Le Anh Quoc Ms. Nguyen Thi My Dung	Chief Supervisor Member Member
Board of Directors	Mr. Vu Tien Duong Mr. Ho Minh Viet Ms. Pham Thi Hong Diep Mr. Nguyen Thanh Tu Mr. Phan Quang Tuan Anh Mr. Bui Quang Dung	General Director Deputy General Director (From 11 August 2017) Deputy General Director Deputy General Director Deputy General Director Deputy General Director (Until 1 January 2018)
Legal representative	Mr. Phung Tuan Ha	Chairman
Registered office	6 th 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 SEPARATE FINANCIAL STATEMENTS

The Chairman is responsible for preparing the separate financial statements of PetroVietnam General Services Joint Stock Company ("the Corporation") which give a true and fair view of the financial position of the Corporation as at 31 December 2017, and the results of its operations and its cash flows for the year then ended. In preparing these separate financial statements, the Chairman is required to:

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

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

APPROVAL OF THE SEPARATE FINANCIAL STATEMENTS

I hereby approve the accompanying separate financial statements as set out on pages 5 to 42 which give a true and fair view of the financial position of the Corporation as at 31 December 2017, and of the results of its operations and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of separate financial statements.

Users of these separate financial statements of the Corporation should read them together with the consolidated financial statements of the Corporation and its subsidiaries for the year ended 31 December 2017 in order to obtain full information of the financial position and results of operations and cash flows of the Corporation and its subsidiaries.



Phung Tuan Ha
Chairman

Ho Chi Minh City, SR Vietnam
19 March 2018



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

We have audited the accompanying separate financial statements of PetroVietnam General Services Joint Stock Company ("the Corporation") which were prepared on 31 December 2017 and approved by the Chairman on 19 March 2018. These separate financial statements comprise the separate balance sheet as at 31 December 2017, the separate income statement and the separate cash flow statement for the year then ended, and explanatory notes to the separate financial statements including significant accounting policies, as set out on pages 5 to 42.

The Chairman's Responsibility to the separate financial statements

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

Auditor's Responsibility

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

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

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



Auditor's Opinion

In our opinion, the separate financial statements present fairly, in all material respects, the separate financial position of the Corporation as at 31 December 2017, its separate financial performance and separate cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on the preparation and presentation of separate financial statements.

Other Matter

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

For and on behalf of PwC (Vietnam) Limited



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

Dao Quang Huy
Audit Practising Licence No. 1895-2018-006-1

Report reference number: HCM6698
Ho Chi Minh City, 19 March 2018

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

PETROVIETNAM GENERAL SERVICES JOINT STOCK COMPANY

Form B 01 – DN

SEPARATE BALANCE SHEET

Code	ASSETS	Note	As at 31 December	
			2017 VND	2016 VND
100	CURRENT ASSETS		955,340,320,956	819,610,069,651
110	Cash and cash equivalents	3	305,246,630,772	394,707,165,595
111	Cash		91,746,630,772	138,307,165,595
112	Cash equivalents		213,500,000,000	256,400,000,000
120	Short-term investment		10,000,000,000	-
123	Investments held to maturity	4(a)	10,000,000,000	-
130	Short-term receivables		554,391,326,181	329,648,254,058
131	Short-term trade accounts receivable	5	51,293,935,955	33,485,347,450
132	Short-term prepayments to suppliers	6	67,258,226,475	47,211,992,663
136	Other short-term receivables	7	435,839,163,751	248,950,913,945
140	Inventories		5,219,674,723	291,915,858
141	Inventories		5,219,674,723	291,915,858
150	Other current assets		80,482,689,280	94,962,734,140
151	Short-term prepaid expenses		2,313,276,561	4,595,226,512
152	Value Added Tax to be reclaimed	8(a)	77,993,418,489	90,191,513,398
153	Other taxes receivable	8(b)	175,994,230	175,994,230
200	LONG-TERM ASSETS		1,512,099,399,501	1,613,227,569,229
210	Long-term receivable		1,000,000,000	1,267,500,000
216	Other long-term receivables		1,000,000,000	1,267,500,000
220	Fixed assets		127,550,970,232	131,900,563,008
221	Tangible fixed assets	9(a)	27,438,369,851	31,758,686,943
222	Historical cost		82,931,136,800	82,543,274,982
223	Accumulated depreciation		(55,492,766,949)	(50,784,588,039)
227	Intangible fixed assets	9(b)	100,112,600,381	100,141,876,065
228	Historical cost		101,191,223,281	101,191,223,281
229	Accumulated amortisation		(1,078,622,900)	(1,049,347,216)
230	Investment properties	10	798,206,727,644	910,535,460,670
231	Historical cost		855,878,984,242	928,576,415,019
232	Accumulated depreciation		(57,672,256,598)	(18,040,954,349)
240	Long-term asset in progress		65,525,795,256	41,785,181,670
242	Construction in progress	11	65,525,795,256	41,785,181,670
250	Long-term investments		402,850,483,220	421,923,198,283
251	Investment in subsidiaries	4(b)	444,163,734,876	462,663,734,876
252	Investment in associate	4(c)	14,359,957,249	14,359,957,249
253	Investment in other entity	4(d)	2,000,000,000	2,000,000,000
254	Provision for long-term investments		(57,673,208,905)	(57,100,493,842)
260	Other long-term asset		116,965,423,149	105,815,665,598
261	Long-term prepaid expenses	12	116,965,423,149	105,815,665,598
270	TOTAL ASSETS		2,467,439,720,457	2,432,837,638,880

The notes on pages 9 to 42 are an integral part of these separate financial statements.

SEPARATE BALANCE SHEET
(continued)

Code	RESOURCES	Note	As at 31 December	
			2017 VND	2016 VND
300	LIABILITIES		1,034,948,558,910	1,015,067,215,875
310	Short-term liabilities		673,834,627,732	655,658,297,381
311	Short-term trade accounts payable	13	329,939,661,028	375,003,172,679
312	Short-term advances from customers		54,033,763,082	4,387,337
313	Tax and other payables to the State Budget	8(c)	6,676,274,148	4,015,472,907
314	Payable to employees		13,711,259,260	12,965,415,515
315	Short-term accrued expenses		-	58,175,439,685
318	Short-term unearned revenue	14(a)	27,272,727,273	27,272,727,273
319	Other short-term payables	15(a)	174,001,951,846	117,422,658,746
320	Short-term borrowings	16(a)	21,787,573,927	18,096,233,992
322	Bonus and welfare fund		46,411,417,168	42,702,789,247
330	Long-term liabilities		361,113,931,178	359,408,918,494
336	Long-term unearned revenue	14(b)	75,000,000,011	102,272,727,275
337	Other long-term payables	15(b)	7,231,927,285	7,030,627,285
338	Long-term borrowings	16(b)	278,882,003,882	250,105,563,934
400	OWNERS' EQUITY		1,432,491,161,547	1,417,770,423,005
410	Capital and reserves		1,432,491,161,547	1,417,770,423,005
411	Owners' capital	17	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	17, 18	133,918,052,614	133,918,052,614
418	Investment and development fund	17, 18	159,111,461,673	159,111,461,673
421	Undistributed earnings	17, 18	273,460,407,260	258,739,668,718
421a	- Undistributed post-tax profits previous years		164,198,966,680	126,396,701,420
421b	- Post-tax profit of current year		109,261,440,580	132,342,967,298
440	TOTAL RESOURCES		2,467,439,720,457	2,432,837,638,880



Ha Van Phuong
Preparer



Nguyen Thi Thanh
Chief Accountant



Phung Tuan Ha
Chairman
19 March 2018

The notes on pages 9 to 42 are an integral part of these separate financial statements.

SEPARATE INCOME STATEMENT

Code		Note	Year ended 31 December	
			2017 VND	2016 VND
01	Revenue from sales of goods and rendering of services	21	229,909,769,396	118,944,909,077
02	Less deductions		-	-
10	Net revenue from sales of goods and rendering of services		229,909,769,396	118,944,909,077
11	Cost of goods sold and services rendered	22	(151,877,410,152)	(53,032,904,423)
20	Gross profit		78,032,359,244	65,912,004,654
21	Financial income	23	100,064,227,380	128,715,357,092
22	Financial expenses	24	(6,231,740,449)	(635,680,007)
23	- Including: Interest expense		(5,657,611,477)	-
25	Selling expenses	25	(2,684,889,163)	(4,819,766,696)
26	General and administration expenses	26	(50,658,597,059)	(49,672,557,636)
30	Net operating profit		118,521,359,953	139,499,357,407
31	Other income		48,651,109	2,855,348,014
32	Other expenses		-	(17,317,848)
40	Net other income		48,651,109	2,838,030,166
50	Net accounting profit before tax		118,570,011,062	142,337,387,573
51	Business income tax - current	27	(9,308,570,482)	(9,994,420,275)
60	Net profit after tax		109,261,440,580	132,342,967,298



Ha Van Phuong
Preparer



Nguyen Thi Thanh
Chief Accountant



Phung Tuan Ha
Chairman
19 March 2018

The notes on pages 9 to 42 are an integral part of these separate financial statements.

SEPARATE CASH FLOW STATEMENT
(Indirect method)

Code	Note	Year ended 31 December	
		2017 VND	2016 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
01	Net profit before tax	118,570,011,062	142,337,387,573
	Adjustments for:		
02	Depreciation and amortisation	57,301,974,261	23,297,813,286
03	Provisions	572,715,063	561,981,055
04	Unrealised foreign exchange (gains)/ losses	(1,572,076)	8,874,440
05	Profits from investing activities	(90,607,138,664)	(128,789,425,852)
06	Interest expense	5,657,611,477	-
08	Operating profit before changes in working capital	91,493,601,123	37,416,630,502
09	(Increase)/decrease in receivables	(178,882,209,366)	68,011,656,445
10	Increase in inventories	(4,927,758,865)	(291,915,858)
11	Increase/(decrease) in payables	26,196,773,932	(39,890,178,580)
12	Decrease/(increase) in prepaid expenses	4,391,063,784	(644,678,504)
15	Business income tax paid	8 (9,003,349,106)	(6,127,745,510)
16	Other receipts on operating activities	-	83,681,659,609
17	Other payments on operating activities	(3,006,733,333)	(5,302,944,045)
20	Net cash (outflows)/inflows from operating activities	(73,738,611,831)	136,852,484,059
CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchases of fixed assets and other long-term assets	(27,280,242,949)	(478,609,671,968)
22	Proceeds from disposals of fixed assets and long-term assets	-	72,727,273
26	Proceeds from divestment in other entities	4(b) 6,476,500,000	-
27	Dividends and interest received	59,006,656,998	102,014,244,338
30	Net cash inflows/(outflows) from investing activities	38,202,914,049	(376,522,700,357)
CASH FLOWS FROM FINANCING ACTIVITIES			
31	Proceeds from issuance of shares	17, 18 -	20,000,000,000
33	Proceeds from borrowings	16 54,260,953,406	280,164,925,764
34	Repayments of borrowings	16 (21,793,173,523)	(11,963,127,838)
36	Dividends paid	19 (86,394,189,000)	(94,904,257,600)
40	Net cash (outflows)/inflows from financing activities	(53,926,409,117)	193,297,540,326
50	Net decrease in cash and cash equivalents	(89,462,106,899)	(46,372,675,972)
60	Cash and cash equivalents at beginning of year	3 394,707,165,595	441,088,716,007
61	Effect of foreign exchange differences	1,572,076	(8,874,440)
70	Cash and cash equivalents at end of year	3 305,246,630,772	394,707,165,595



Ha Van Phuong
Preparer



Nguyen Thi Thanh
Chief Accountant



Phung Tuan Ha
Chairman
19 March 2018

The notes on pages 9 to 42 are an integral part of these separate financial statements.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017****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 31 December 2017, the Corporation had 13 direct subsidiaries, 2 indirect subsidiaries and 1 associate as disclosed in Note 4.

As at 31 December 2017, the Corporation had 51 employees (as at 31 December 2016: 63 employees).

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

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

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

Separately, the Corporation has also prepared consolidated financial statements 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 consolidated financial statements. In the consolidated financial statements, subsidiaries undertakings – which are those companies over which the Corporation has the power to govern the financial and operating policies – have been fully consolidated.

Users of these separate financial statements of the Corporation should read them together with the consolidated financial statements of the Corporation and its subsidiaries for the year ended 31 December 2017 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.

2.3 Currency

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

Transactions arising in foreign currencies are translated at an exchange rate which is the rate approximating the average transfer exchange rate of the buying and selling rates of the commercial bank where the Corporation regularly trades. The Corporation ensures that the disparity of the approximate exchange rate does not exceed +/- 1% compared with the average transfer exchange rate. The average transfer exchange rate is determined monthly based on the average between the daily buying transfer rate and selling transfer rate of the commercial bank. Foreign exchange differences arising from these translations are recognised in the separate 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 separate 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 are stated at the lower of cost and net realisable value. Cost is determined by the specific identification method and includes all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the normal course of business, less the estimated costs of completion and selling expenses. Provision is made, where necessary, for obsolete, slow-moving and defective inventory items.

2.7 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Investments (continued)

(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 investments 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.

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Fixed assets (continued)

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 Share capital**(a) Ordinary shares**

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

(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.

2.18 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.18 Appropriation of net profit (continued)**

The Corporation's funds are as below:

(a) Investment and development funds

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

(b) Bonus and welfare funds

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

(c) Dividend distribution

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

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

Revenue from the 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 separate 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 sales

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

2.22 Financial expenses

Financial expenses are expenses incurred in the year 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 separate financial statements in order to help users of separate financial statements understand and evaluate the Corporation's operations in a comprehensive way.

2.28 Accounting estimates

The preparation of separate financial statements in conformity with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of the separate financial statements requires the 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 separate 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

	2017	2016
	VND	VND
Cash on hand	401,792,891	361,467,912
Cash at bank	91,344,837,881	137,945,697,683
Cash equivalents (*)	213,500,000,000	256,400,000,000
	<u>305,246,630,772</u>	<u>394,707,165,595</u>

(*) Cash equivalents include term deposits with the original maturity of three months or less, and earn interest at the interest rates ranging from 4.2% to 5.5% per annum (2016: 4.3% to 5.5% per annum).

4 INVESTMENTS

(a) Investments held-to-maturity

	2017		2016	
	Cost	Book Value	Cost	Book Value
	VND	VND	VND	VND
Term deposits	10,000,000,000	10,000,000,000	-	-
	<u>10,000,000,000</u>	<u>10,000,000,000</u>	<u>-</u>	<u>-</u>

(*) As at 31 December 2017, 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

	2017			2016		
	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	306,720,000,000	-	113,600,000,000	364,656,000,000	-
Mien Trung Petroleum Services and Trading Joint Stock Company ("PSMT")	74,742,000,000	(*)	-	74,742,000,000	(*)	(6,014,632,701)
PetroVietnam Assets Management Joint Stock Company ("PSA") (ii)	58,962,908,969	(*)	-	58,962,908,969	(*)	-
Petroleum Vung Tau General Services Joint Stock Company ("PSV")	64,341,999,232	(*)	-	64,341,999,232	(*)	-
Petroleum Offshore Trading and Services Company Limited ("POTS")	31,681,662,678	(*)	-	31,681,662,678	(*)	-
Smart Convergence Joint Stock Company ("Smartcom")	16,500,000,000	(*)	(16,500,000,000)	16,500,000,000	(*)	(9,912,652,236)
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	(*)	-
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") (iii)	39,500,000,000	(*)	(29,882,192,415)	39,500,000,000	(*)	(29,882,192,415)
Petroleum Saigon General Services Company Limited ("PSG") (iii)	10,400,000,000	(*)	(1,641,016,490)	10,400,000,000	(*)	(1,641,016,490)
	<u>444,163,734,876</u>	<u>(55,673,208,905)</u>		<u>462,663,734,876</u>		<u>(55,100,493,842)</u>

(*) As at 31 December 2017 and 31 December 2016, 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. 09/2017/PETROSETCO dated 23 October 2017, the Corporation transferred its entire share capital of ASSA amounting to VND18.5 billion to a third party at a transfer value of VND18.5 billion. As at 31 December 2017, the transferee paid an amount of VND6,476,500,000.

4 INVESTMENTS (continued)

(b) Investments in subsidiaries (continued)

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

As at 31 December 2017, 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)).

- (ii) As at 31 December 2017, 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 16).

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

Details of the Corporation's subsidiaries as at 31 December 2017 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 estates
7	Smartcom	HCMC	55%	55%	Distributing equipment, electronic components, peripheral devices, and software
8	PSL (*)	HCMC	44%	67%	Marine transportation services
9	PSR	HCMC	75%	72.74%	Retails of mobile phones
10	PHTD	HCMC	56%	56%	Distributing equipment, electronic components, and peripheral devices
11	Petrosetco - Ale	HCMC	51%	51%	Providing heavy transportation and lifting services
12	PST	HCMC	100%	100%	Stopped operations and on liquidation process
13	PSG	HCMC	100%	100%	Stopped operations and on liquidation process

4 INVESTMENTS (continued)

(b) Investments in subsidiaries (continued)

(*) As at 31 December 2017, although the Corporation's voting right 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.

In addition, the Corporation had 2 indirect subsidiaries as follows:

No.	Indirect subsidiaries	Principal activities	Place of incorporation and operation	Total % of ownership	Total % of voting right
1	Binh Minh Electronics Refrigeration Joint Stock Company ("Binh Minh")	Trading in electronic devices, refrigeration appliances, and electronic household appliances	Ho Chi Minh City	40.81%	51%
2	Nha Trang Petroleum Services Trading Company Limited ("Nha Trang PST")	Wholesale of solid, liquid and gaseous fuels and related products	Nha Trang	99.79%	100%

(c) Investment in associate

	2017			2016		
	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 separate balance sheet date, the fair value of this investment in associate was not available as the entity is not listed on the Stock Exchange.

Details of the Corporation's associate as at 31 December 2017 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

	2017			2016		
	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 separate balance sheet date, the fair value of this investment in other entity was not available as the entity is not listed on the Stock Exchange.

5 SHORT-TERM TRADE ACCOUNTS RECEIVABLE

	2017 VND	2016 VND
Third parties		
<i>Human Resource Development Co., Ltd</i>	12,023,500,000	-
Others	577,663,258	1,000,333,811
	<u>12,601,163,258</u>	<u>1,000,333,811</u>
Related parties (Note 30(b)(i))		
<i>Nghi Son Refinery and Petrochemical Company Limited</i>	31,909,312,911	32,045,013,639
<i>Phu Quoc Petroleum Operating Company</i>	4,544,522,612	-
Others	2,238,937,174	440,000,000
	<u>38,692,772,697</u>	<u>32,485,013,639</u>
	<u>51,293,935,955</u>	<u>33,485,347,450</u>

As at 31 December 2017 and 31 December 2016, 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

	2017 VND	2016 VND
Third parties		
<i>Tan Lien Phat Investment and Construction Joint Stock Company</i>	42,025,456,603	42,025,456,603
<i>Cuong Thinh Construction and Trading Joint Stock Company</i>	20,059,023,213	-
Others	5,173,746,659	5,186,536,060
	<u>67,258,226,475</u>	<u>47,211,992,663</u>

PETROVIETNAM GENERAL SERVICES JOINT STOCK COMPANY

Form B 09 – DN

7 OTHER SHORT-TERM RECEIVABLES

	2017 VND	2016 VND
Other receivables from subsidiaries (Note 30(b)(iii))	398,639,503,854	240,147,687,359
Accrued interest receivable	772,815,278	1,750,700,278
Others	36,426,844,619	7,052,526,308
	<u>435,839,163,751</u>	<u>248,950,913,945</u>

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

(a) Value added tax to be reclaimed

	As at 1.1.2017 Receivable VND	During the year		As at 31.12.2017 Receivable VND
		Incurred VND	Net off VND	
VAT to be reclaimed	90,191,513,398	8,057,735,487	(20,255,830,396)	77,993,418,489
	<u>90,191,513,398</u>	<u>8,057,735,487</u>	<u>(20,255,830,396)</u>	<u>77,993,418,489</u>

(b) Taxes receivable from the State Budget

	2017 VND	2016 VND
Personal income tax	104,793,519	104,793,519
Other taxes	71,200,711	71,200,711
	<u>175,994,230</u>	<u>175,994,230</u>

(c) Taxes payable to the State Budget

	2017 VND	2016 VND
Business income tax	4,144,376,628	3,839,155,252
Personal income tax	2,531,897,520	176,317,655
	<u>6,676,274,148</u>	<u>4,015,472,907</u>

PETROVIETNAM GENERAL SERVICES JOINT STOCK COMPANY

Form B 09 – DN

9 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 2017	61,822,169,589	7,509,514,795	9,193,787,843	4,017,802,755	82,543,274,982
New purchases	-	-	-	387,861,818	387,861,818
As at 31 December 2017	<u>61,822,169,589</u>	<u>7,509,514,795</u>	<u>9,193,787,843</u>	<u>4,405,664,573</u>	<u>82,931,136,800</u>
Accumulated depreciation					
As at 1 January 2017	37,710,172,831	4,236,614,824	5,271,917,743	3,565,882,641	50,784,588,039
Charge for the year	2,629,864,176	702,897,072	1,049,200,481	326,217,181	4,708,178,910
As at 31 December 2017	<u>40,340,037,007</u>	<u>4,939,511,896</u>	<u>6,321,118,224</u>	<u>3,892,099,822</u>	<u>55,492,766,949</u>
Net book value					
As at 1 January 2017	<u>24,111,996,758</u>	<u>3,272,899,971</u>	<u>3,921,870,100</u>	<u>451,920,114</u>	<u>31,758,686,943</u>
As at 31 December 2017	<u><u>21,482,132,582</u></u>	<u><u>2,570,002,899</u></u>	<u><u>2,872,669,619</u></u>	<u><u>513,564,751</u></u>	<u><u>27,438,369,851</u></u>

Historical cost of fully depreciated tangible fixed assets but still in use as at 31 December 2017 and 31 December 2016 was VND18.04 billion.

9 **FIXED ASSETS (continued)**

(b) **Intangible fixed assets**

	Land use rights VND	Software VND	Total VND
Historical cost			
As at 1 January 2017 and as at 31 December 2017	100,112,600,381	1,078,622,900	101,191,223,281
Accumulated amortisation			
As at 1 January 2017	-	1,049,347,216	1,049,347,216
Charge for the year	-	29,275,684	29,275,684
As at 31 December 2017	-	1,078,622,900	1,078,622,900
Net book value			
As at January 2017	100,112,600,381	29,275,684	100,141,876,065
As at 31 December 2017	100,112,600,381	-	100,112,600,381

Cost of fully amortised intangible assets but still in use as at 31 December 2017 and 31 December 2016 was VND974.7 million.

10 INVESTMENT PROPERTIES

	Buildings and structures VND	Equipment VND	Total VND
Historical cost			
As at 1 January 2017	727,299,868,660	201,276,546,359	928,576,415,019
Reclassification	69,780,470,110	(69,780,470,110)	-
Project finalisation adjustments (*)	-	(50,044,971,338)	(50,044,971,338)
Reclassification to prepaid expenses (Note 12)	-	(26,192,088,802)	(26,192,088,802)
New purchases	3,394,866,163	144,763,200	3,539,629,363
As at 31 December 2017	<u>800,475,204,933</u>	<u>55,403,779,309</u>	<u>855,878,984,242</u>
Accumulated depreciation			
As at 1 January 2017	11,110,909,433	6,930,044,916	18,040,954,349
Charge for the year	36,941,645,081	15,622,874,586	52,564,519,667
Reclassification to prepaid expenses (Note 12)	-	(12,933,217,418)	(12,933,217,418)
As at 31 December 2017	<u>48,052,554,514</u>	<u>9,619,702,084</u>	<u>57,672,256,598</u>
Net book value			
As at 1 January 2017	716,188,959,227	194,346,501,443	910,535,460,670
As at 31 December 2017	<u><u>752,422,650,419</u></u>	<u><u>45,784,077,225</u></u>	<u><u>798,206,727,644</u></u>

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

(*) According to the project finalization report of the Nghi Son Project dated 13 November 2017, the Corporation adjusted the accrued value relating to equipment items of VND50,044,971,338.

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 31 December 2017 has not been disclosed in separate financial statements.

As at 31 December 2017, all investment properties have been pledged with a commercial bank as a collateral asset for borrowings granted to the Corporation (Note 16).

11 CONSTRUCTION IN PROGRESS

Details of construction in progress are presented as follows:

	2017	2016
	VND	VND
41D Vung Tau Project	64,546,743,156	40,840,408,691
Other projects	979,052,100	944,772,979
	<u>65,525,795,256</u>	<u>41,785,181,670</u>

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

	2017	2016
	VND	VND
Beginning of year	41,785,181,670	102,376,512,124
Construction	23,740,613,586	608,651,108,202
Transfer to Investment properties	-	(669,242,438,656)
	<u>65,525,795,256</u>	<u>41,785,181,670</u>

12 LONG-TERM PREPAID EXPENSES

Details of long-term prepaid expenses are as follows:

	2017	2016
	VND	VND
Office rental (*)	101,546,888,137	103,922,253,941
Tools and supplies (**)	13,258,871,384	-
Warehouse rental	1,843,292,178	1,893,411,657
Others	316,371,450	-
	<u>116,965,423,149</u>	<u>105,815,665,598</u>

(*) 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, which are reclassified from investment properties (Note 10) upon the finalisation of Nghi Son Project.

12 LONG-TERM PREPAID EXPENSES (continued)

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

	2017	2016
	VND	VND
Beginning of year	105,815,665,598	108,257,857,374
Additions	316,371,450	-
Allocation	(2,425,485,283)	(2,442,191,776)
Reclassified from investment properties (Note 10)	13,258,871,384	-
	<u>116,965,423,149</u>	<u>105,815,665,598</u>

13 SHORT-TERM TRADE ACCOUNTS PAYABLE

	2017	2016
	VND	VND
Third parties		
<i>Industry Construction Corporation</i>	42,854,273,564	79,430,928,503
<i>Others</i>	3,483,379,911	9,579,454,423
	<u>46,337,653,475</u>	<u>89,010,382,926</u>
Related parties (Note 31(b)(iii))		
<i>PVN</i>	281,314,617,200	275,799,872,400
<i>Petroleum Industrial and Civil Construction Joint Stock Company</i>	2,061,441,100	9,319,441,100
<i>Others</i>	225,949,253	873,476,253
	<u>283,602,007,553</u>	<u>285,992,789,753</u>
	<u>329,939,661,028</u>	<u>375,003,172,679</u>

The Corporation has no doubt on its ability to fully repay the payables when they fall due. As at 31 December 2017 and 31 December 2016, there was no balance of short-term trade accounts payable which is past due.

PETROVIETNAM GENERAL SERVICES JOINT STOCK COMPANY

Form B 09 – DN

14 UNEARNED REVENUE

(a) Short-term

	2017 VND	2016 VND
Rental of Nghi Son Project	27,272,727,273	27,272,727,273

(b) Long-term

	2017 VND	2016 VND
Rental of Nghi Son Project	75,000,000,011	102,272,727,275

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 10).

15 OTHER PAYABLES

(a) Short-term

	2017 VND	2016 VND
Payables to subsidiaries (Note 30(b)(iv))	164,525,862,781	108,353,471,557
Payables to PVN (Note 30(b)(iv))	4,075,406,016	4,685,961,165
Others	5,400,683,049	4,383,226,024
	<u>174,001,951,846</u>	<u>117,422,658,746</u>

(b) Long-term

	2017 VND	2016 VND
Payable to Ba Ria - Vung Tau Province State Treasury (*)	7,030,627,285	7,030,627,285
Other payables	201,300,000	-
	<u>7,231,927,285</u>	<u>7,030,627,285</u>

(*) The balance represents rental fee payable to 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 Ba Ria – Vung Tau Province State Treasury.

16 BORROWINGS

(a) Short-term borrowings

	As at 1.1.2017 VND	During the year			As at 31.12.2017 VND
		Drawdowns VND	Repayments VND	Reclassification VND	
Asia Commercial Bank (*)	18,096,233,992	-	(21,793,173,523)	25,484,513,458	21,787,573,927

(b) Long-term borrowings

	As at 1.1.2017 VND	During the year			As at 31.12.2017 VND
		Drawdowns VND	Repayments VND	Reclassification VND	
Asia Commercial Bank (*)	250,105,563,934	54,260,953,406	-	(25,484,513,458)	278,882,003,882

(*) The loans have credit limit of VND400 billion, the drawdowns will expire on 26 January 2017 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 (Note 4(b)).

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 22), the lessee of the Project.

17 OWNERS' CAPITAL

(a) Number of shares

	2017		2016	
	Ordinary shares	Preference shares	Ordinary shares	Preference shares
Number of shares registered	86,600,124	-	86,600,124	-
Number of existing shares in circulation	86,600,124	-	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:

	2017		2016	
	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
	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 2016	846,001,240,000	-	846,001,240,000
New shares issued	20,000,000,000	-	20,000,000,000
As at 31 December 2016 and as at 31 December 2017	866,001,240,000	-	866,001,240,000

Par value per share: VND10,000.

18 MOVEMENTS IN OWNERS' EQUITY

	Share capital VND	Share premium VND	Investment and development fund VND	Undistributed earnings VND	Total VND
As at 1 January 2016	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 (second time)	20,000,000,000	-	-	-	20,000,000,000
Net profit for the year	-	-	-	132,342,967,298	132,342,967,298
Final dividend of 2015	-	-	-	(51,960,074,400)	(51,960,074,400)
Interim dividend of 2016	-	-	-	(43,300,062,000)	(43,300,062,000)
Appropriation to bonus and welfare fund	-	-	-	(13,374,798,123)	(13,374,798,123)
As at 31 December 2016	866,001,240,000	133,918,052,614	159,111,461,673	258,739,668,718	1,417,770,423,005
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

(*) According to the Resolution No.14/NQ-DVTHDK-ĐHĐCĐ dated 26 April 2017, the Corporation's General Shareholders approved the final dividend for 2016 at the rate 15% of the charter capital. Accordingly, the Corporation's Board of Management issued the Announcement No. 809/TB-SGDHCM dated 7 July 2017 to pay additional dividend from the 2016 undistributed post-tax profit at the rate of 10% on par value.

(**) According to the Decision No. 14/NQ-DVTHDK-DHDCĐ dated 26 April 2017, bonus and welfare fund of 2016 was approved with total amount of VND7,940,578,038.

PETROVIETNAM GENERAL SERVICES JOINT STOCK COMPANY

Form B 09 – DN

19 DIVIDENDS PAYABLE

	2017 VND	2016 VND
Beginning of year	1,556,413,200	1,200,534,400
Dividends declared during the year	86,600,124,000	95,260,136,400
Dividends paid in cash	(86,394,189,000)	(94,904,257,600)
End of year	<u>1,762,348,200</u>	<u>1,556,413,200</u>

20 OFF BALANCE SHEET ITEM

	2017 VND	2016 VND
Foreign currencies	<u>105,513,467</u>	<u>112,639,897</u>

Included in cash and cash equivalents as at 31 December 2017 are balances held in foreign currency of US\$4,679 (as at 31 December 2016: US\$4,962).

21 SALES OF GOODS AND RENDERING OF SERVICES

	2017 VND	2016 VND
Sales of finished goods	-	2,896,999,628
Rendering of rental services	171,163,055,239	83,970,244,469
Rendering of management services (Note 30(a)(iv))	33,195,815,974	31,943,401,446
Rendering of human resources services	25,550,898,183	134,263,534
	<u>229,909,769,396</u>	<u>118,944,909,077</u>

22 COST OF GOODS SOLD AND SERVICE RENDERED

	2017 VND	2016 VND
Cost of finished goods sold	-	2,823,510,048
Cost of rental services rendered	127,592,045,190	50,120,766,193
<i>In which: interest expense refunded from Nghi Son Project (Note 16)</i>	<i>30,898,152,769</i>	<i>5,654,964,367</i>
Cost of human resources services rendered	24,285,364,962	88,628,182
	<u>151,877,410,152</u>	<u>53,032,904,423</u>

PETROVIETNAM GENERAL SERVICES JOINT STOCK COMPANY

Form B 09 – DN

23 FINANCIAL INCOME

	2017	2016
	VND	VND
Interest income from deposits and loans	27,627,368,317	26,722,375,172
Dividend income (Note 30(a)(vi))	72,435,080,000	101,991,128,336
Others	1,779,063	1,853,584
	<u>100,064,227,380</u>	<u>128,715,357,092</u>

24 FINANCIAL EXPENSES

	2017	2016
	VND	VND
Interest expense (Note 30(a)(v))	5,657,611,477	-
Provision for diminution in value of investments	572,715,063	561,981,055
Others	1,413,909	73,698,952
	<u>6,231,740,449</u>	<u>635,680,007</u>

25 SELLING EXPENSES

	2017	2016
	VND	VND
Depreciation	312,212,496	312,212,496
Others	2,372,676,667	4,507,554,200
	<u>2,684,889,163</u>	<u>4,819,766,696</u>

26 GENERAL AND ADMINISTRATION EXPENSES

	2017	2016
	VND	VND
Staff costs	15,824,909,887	13,085,118,677
Management fees (Note 30(a)(iv))	6,425,062,580	4,744,137,316
Office expenses	4,424,614,937	3,254,356,940
Depreciation and amortisation	4,425,242,098	4,956,834,521
Taxes, fees and charges	678,340,950	1,938,391,371
Others	18,880,426,607	21,693,718,811
	<u>50,658,597,059</u>	<u>49,672,557,636</u>

27 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% as under current tax regulation as follows:

	2017	2016
	VND	VND
Net accounting profit before tax	118,570,011,062	142,337,387,573
Tax calculated at a rate of 20%	23,714,002,212	28,467,477,515
Effect of:		
Income not subject to tax	(14,487,016,000)	(20,398,225,667)
Expenses not deductible for tax purposes	81,584,270	802,733,914
Underprovision of previous year	-	1,122,434,513
Business income tax charge (*)	<u>9,308,570,482</u>	<u>9,994,420,275</u>

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

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

	2017	2016
	VND	VND
Raw materials and merchandises	-	2,823,510,048
Staff costs	16,220,147,737	13,085,118,677
Depreciation and amortisation	57,301,974,261	23,297,813,286
Outside service expenses	73,517,695,448	31,718,412,050
Interest expense refunded (Note 22)	30,898,152,769	5,654,964,367
Others	27,282,926,159	30,945,410,327
	<u>205,220,896,374</u>	<u>107,525,228,755</u>

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:

	Year ended 31 December 2017				
	Lease of Nghì Son Project VND	Human resources services VND	Lease of warehouses, workshops, premises and office VND	Support and management services VND	Total VND
Net sales	122,455,852,897	25,550,898,183	48,707,202,342	33,195,815,974	229,909,769,396
Cost of sales	(110,504,117,731)	(24,327,625,092)	(17,045,667,329)	-	(151,877,410,152)
Gross profit	<u>11,951,735,166</u>	<u>1,223,273,091</u>	<u>31,661,535,013</u>	<u>33,195,815,974</u>	<u>78,032,359,244</u>
	Year ended 31 December 2016				
	Lease of Nghì Son Project VND	Human resources services VND	Lease of warehouses, workshops, premises and office VND	Support and management services VND	Total VND
Net sales	40,258,468,359	134,263,534	46,608,775,738	31,943,401,446	118,944,909,077
Cost of sales	(33,818,343,934)	(88,628,182)	(19,125,932,307)	-	(53,032,904,423)
Gross profit	<u>6,440,124,425</u>	<u>45,635,352</u>	<u>27,482,843,431</u>	<u>31,943,401,446</u>	<u>65,912,004,654</u>

30 RELATED PARTY DISCLOSURES

The largest shareholder of the Corporation is PVN which owns 24.22% of share capital of the Corporation (Note 17(b)).

(a) Related party transactions

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

	2017	2016
	VND	VND
<i>i) Sales of goods and services</i>		
Subsidiaries	36,552,561,116	39,363,111,583
Fellow PVN group subsidiaries	126,512,251,648	32,446,586,543
	<u>163,064,812,764</u>	<u>71,809,698,126</u>
<i>ii) Purchases of goods and services</i>		
PVN	5,408,667,000	18,698,240,951
Subsidiaries	23,113,015,348	14,836,263,991
Fellow PVN group subsidiaries	446,914,797	320,420,038
	<u>28,968,597,145</u>	<u>33,854,924,980</u>
<i>iii) Compensation of key management</i>		
Gross salaries and other benefits	<u>5,782,527,597</u>	<u>4,322,636,209</u>
<i>iv) Management fees</i>		
Fee charged by PVN (Note 26)	6,425,062,580	4,744,137,316
Fee charged to subsidiaries (Note 21)	33,195,815,974	31,943,401,446
	<u>39,620,878,554</u>	<u>36,687,538,762</u>
<i>v) Interest income from loans</i>		
Fee charged by a subsidiary (Note 24)	5,657,611,477	-
Fee charged to subsidiaries	14,491,075,435	11,873,608,082
	<u>20,148,686,912</u>	<u>11,873,608,082</u>

30 RELATED PARTY DISCLOSURES (continued)

(a) Related party transactions (continued)

	2017 VND	2016 VND
<i>vi) Dividend income from (Note 23)</i>		
Subsidiaries	72,435,080,000	101,991,128,336
	<u>72,435,080,000</u>	<u>101,991,128,336</u>
<i>vii) Dividend paid to</i>		
A subsidiary	2,034,411,000	2,237,852,100
PVN	20,974,550,033	23,072,005,036
	<u>23,008,961,033</u>	<u>25,309,857,136</u>

(b) Year-end balances with related parties

	2017 VND	2016 VND
<i>i) Short-term trade accounts receivable (Note 5)</i>		
Fellow PVN group subsidiaries	38,692,772,697	32,485,013,639
	<u>38,692,772,697</u>	<u>32,485,013,639</u>
<i>ii) Short-term trade accounts payable (Note 13)</i>		
Subsidiaries	202,473,000	-
PVN	281,314,617,200	275,799,872,400
Fellow PVN group subsidiaries	2,084,917,353	10,192,917,353
	<u>283,602,007,553</u>	<u>285,992,789,753</u>

30 RELATED PARTY DISCLOSURES (continued)

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

	2017 VND	2016 VND
<i>iii) Other short-term receivables (Note 7)</i>		
Subsidiaries	398,639,503,854	240,147,687,359
<i>iv) Other short-term payables (Note 15)</i>		
PVN	4,075,406,016	4,685,961,165
Subsidiaries	164,525,862,781	108,353,471,557
	168,601,268,797	113,039,432,722
<i>v) Short-term unearned revenue (Note 14)</i>		
Fellow PVN group subsidiaries	27,272,727,273	27,272,727,273
<i>vi) Long-term unearned revenue (Note 14)</i>		
Fellow PVN group subsidiaries	75,000,000,011	102,272,727,275

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

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

	2017 VND	2016 VND
Adjust the accrual expenses upon the finalisation of the Nghi Son Project (Note 10)	50,044,971,338	-

(b) Cash 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).

**31 ADDITIONAL INFORMATION FOR THE ITEMS OF THE STATEMENT OF CASH FLOWS
(continued)**

(c) Amount of loan actually withdrawn during the year

	2017	2016
	VND	VND
Proceeds from borrowings following normal borrowing contracts	54,260,953,406	280,164,925,764

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

	2017	2016
	VND	VND
Repayments for borrowings following normal borrowing contracts	21,793,173,523	11,963,127,838

32 COMMITMENTS

(a) Commitments under operating leases

The Corporation signed the operating land lease with the Management Board of Nghi Son Economic Zone. As at 31 December 2017, the future minimum lease payments under operating leases are as follows:

	2017	2016
	VND	VND
Over five years	54,191,290,810	54,191,290,810

32 COMMITMENTS (continued)

(b) Capital contribution commitments

As at 31 December 2017, the status of charter capital commitments is as follows:

	As per Business Registration Certificate VND	Ownership %	Capital contributed as at 31.12.2017 VND	Capital to be contributed as at 31.12.2017 VND
PSSSG	229,500,000,000	51	10,400,000,000	219,100,000,000
ASSA	24,000,000,000	60	18,500,000,000	5,500,000,000
ITS (*)	20,000,000,000	40	-	20,000,000,000

(*) According to Resolution No. 16/NQ-DVTHDK dated 29 March 2016, the Corporation's Board of Management decided to invest in ITS in which the Corporation owns 40% of ITS's charter capital on equivalent to VND20 billion. As at 31 December 2017, the shareholders of ITS have not yet contributed their capital.

(c) Commitments of credit guarantees

As at 31 December 2017, the Corporation has non-cancellable guarantee commitments for loans with suppliers and commercial banks (referred to as "lenders") granted to the Corporation's subsidiaries with the total amount of VND4,309.5 billion and USD17 million. Accordingly, the Corporation is responsible for repayments of principals, interests, guarantee costs and other underwriting expenses to lenders in case the guaranteed parties do not repay or repay not in a timely manner.

(d) Other commitments

As at 31 December 2017, 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 14) by offsetting against monthly revenue from the Nghi Son Project.

32 COMMITMENTS (continued)

(e) Commitments of rendering operating lease (The Corporation is the lessor)

The Corporation signed the operating lease contract related to Nghi Son Project. As at 31 December 2017, the future minimum lease receivables under non-cancellable operating leases are as follows:

	2017	2016
	VND	VND
Below 1 year	89,933,899,546	89,933,899,546
From 1 to 5 year	359,735,598,184	359,735,598,184
Above 5 year	337,252,123,298	427,186,022,844
	<u>786,921,621,028</u>	<u>876,855,520,574</u>

The separate financial statements were approved by the Chairman on 19 March 2018.



Ha Van Phuong
Preparer



Nguyen Thi Thanh
Chief Accountant



Phung Tuan Ha
Chairman