

PETROVIETNAM GENERAL SERVICES JOINT STOCK COMPANY

**SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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PETROVIETNAM GENERAL SERVICES JOINT STOCK COMPANY

CORPORATE INFORMATION

Enterprise registration certificate

No. 4103005338 dated 29 September 2006 was initially issued by the Department of Planning and Investment of Ho Chi Minh City with the latest 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 (resigned from 3 January 2020)

Board of Internal Audit

Ms. Nguyen Quynh Nhu	Chief Supervisor (appointed from 1 January 2020)
Mr. Dao Van Dai	Chief Supervisor (resigned from 1 January 2020)
Mr. Le Anh Quoc	Vice Supervisor
Mr. Hoang Dang Anh	Member (resigned from 5 January 2020)

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. Huynh Van Ngan	Deputy General Director (appointed from 1 January 2020)
Mr. Dao Van Dai	Deputy General Director (appointed from 1 January 2020)
Mr. Nguyen Thanh Tu	Deputy General Director (resigned from 1 January 2020)
Mr. Phan Quang Tuan Anh	Deputy General Director (resigned from 1 January 2020)

Legal representative

Mr. Phung Tuan Ha	Chairman
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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 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 separate financial statements of the Corporation which give a true and fair view of the separate financial position of the Corporation as at 31 December 2019, and the separate results of its operations and its separate cash flows for the year ended on that date. In preparing these separate financial statements, the Chairman is required to:

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

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

APPROVAL OF THE SEPARATE FINANCIAL STATEMENTS

I hereby approve the accompanying separate financial statements as set out on pages 5 to 49 which give a true and fair view of the separate financial position of the Corporation as at 31 December 2019, and of the separate results of its operations and its separate cash flows for the year 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 2019 in order to obtain full information of the consolidated financial position and consolidated results of operations and consolidated cash flows of the Corporation and its subsidiaries.



The stamp is circular and red, containing the following text: 'S.Đ.Κ.Κ.Đ.: 0300452060 - C.Π.Π.Π.' around the top edge, 'TỔNG CÔNG TY CỔ PHẦN DỊCH VỤ TỔNG HỢP DẦU KHÍ' in the center, and 'TP. HỒ CHÍ MINH' around the bottom edge. A blue ink signature is written over the stamp.

Phung Tuan Ha
Chairman

Ho Chi Minh City, SR Vietnam
30 March 2020



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS 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 2019 and approved by the Chairman on 30 March 2020. These separate financial statements comprise the separate balance sheet as at 31 December 2019, the separate income statement and the separate cash flow statement for the year then ended, and explanatory notes to the separate financial statements, as set out on pages 5 to 49.

Responsibility of the Chairman

The Chairman of the Corporation 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 as 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 and 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 control relevant to the Corporation'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 Corporation's internal control. 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 2019, 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 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 versions, the Vietnamese version shall take precedence.

For and on behalf of PwC (Vietnam) Limited



Mai Viet Hung Tran
Audit Practising Licence No.
0048-2018-006-1
Authorised signatory

Cao Thi Ngoc Loan
Audit Practising Licence No.
3030-2019-006-1

Report reference number: HCM9372
Ho Chi Minh City, 31 March 2020

PETROVIETNAM GENERAL SERVICES JOINT STOCK COMPANY

Form B 01 – DN

SEPARATE BALANCE SHEET

Code	ASSETS	Note	As at 31 December	
			2019 VND	2018 VND
100	CURRENT ASSETS		806,081,668,872	834,137,339,376
110	Cash and cash equivalents	3	337,129,718,726	259,274,365,156
111	Cash		124,529,718,726	84,874,365,156
112	Cash equivalents		212,600,000,000	174,400,000,000
120	Short-term investments		10,000,000,000	10,000,000,000
123	Investments held-to-maturity	4(a)	10,000,000,000	10,000,000,000
130	Short-term receivables		403,317,944,713	466,052,565,966
131	Short-term trade accounts receivable	5	44,956,898,852	51,978,747,513
132	Short-term prepayments to suppliers	6	822,227,736	47,439,279,062
136	Other short-term receivables	7(a)	425,163,582,915	396,634,539,391
137	Provision for doubtful debts – short-term	8	(67,624,764,790)	(30,000,000,000)
140	Inventories		4,911,735,036	32,450,512,124
141	Inventories	9	4,911,735,036	32,450,512,124
150	Other current assets		50,722,270,397	66,359,896,130
151	Short-term prepaid expenses		321,075,033	1,934,832,020
152	Value Added Tax ("VAT") to be reclaimed	15	50,225,201,134	64,249,069,880
153	Tax and other receivables from the State		175,994,230	175,994,230
200	LONG-TERM ASSETS		1,361,734,581,735	1,378,977,747,034
210	Long-term receivable		24,965,000,000	1,000,000,000
216	Other long-term receivables	7(b)	24,965,000,000	1,000,000,000
220	Fixed assets		119,224,518,946	123,663,524,295
221	Tangible fixed assets	10(a)	20,887,209,565	23,550,923,914
222	Historical cost		78,905,754,366	80,333,365,291
223	Accumulated depreciation		(58,018,544,801)	(56,782,441,377)
227	Intangible fixed assets	10(b)	98,337,309,381	100,112,600,381
228	Historical cost		99,415,932,281	101,191,223,281
229	Accumulated amortisation		(1,078,622,900)	(1,078,622,900)
230	Investment properties	11	713,804,121,841	754,507,028,719
231	Historical cost		852,074,158,578	852,074,158,578
232	Accumulated depreciation		(138,270,036,737)	(97,567,129,859)
240	Long-term asset in progress		806,632,906	1,008,844,876
242	Construction in progress		806,632,906	1,008,844,876
250	Long-term investments		404,428,511,277	388,880,912,885
251	Investments in subsidiaries	4(b)	400,311,972,126	400,311,972,126
252	Investments in associates	4(b)	30,359,957,249	14,359,957,249
253	Investments in other entities	4(b)	2,000,000,000	2,000,000,000
254	Provision for long-term investments	4(b)	(28,243,418,098)	(27,791,016,490)
260	Other long-term assets		98,505,796,765	109,917,436,259
261	Long-term prepaid expenses	12	98,505,796,765	106,606,581,738
262	Deferred income tax assets	13	-	3,310,854,521
270	TOTAL ASSETS		2,167,816,250,607	2,213,115,086,410

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

SEPARATE BALANCE SHEET
(continued)

Code	RESOURCES	Note	As at 31 December	
			2019 VND	2018 VND
300	LIABILITIES		800,103,184,110	832,961,326,725
310	Short-term liabilities		524,324,871,045	497,866,001,918
311	Short-term trade accounts payable	14	269,835,196,477	306,248,291,569
313	Tax and other payables to the State	15	10,709,839,341	4,764,188,760
314	Payable to employees		24,398,905,975	13,222,392,084
315	Short-term accrued expenses		2,587,902,411	3,052,206,219
318	Short-term unearned revenue	16(a)	27,272,727,273	27,272,727,273
319	Other short-term payables	17(a)	148,953,959,963	62,290,912,731
320	Short-term borrowings	18(a)	29,494,928,134	28,572,727,562
322	Bonus and welfare fund	19	11,071,411,471	52,442,555,720
330	Long-term liabilities		275,778,313,065	335,095,324,807
336	Long-term unearned revenue	16(b)	20,454,545,483	47,727,272,747
337	Other long-term payables	17(b)	4,908,270,945	7,457,627,285
338	Long-term borrowings	18(b)	250,415,496,637	279,910,424,775
400	OWNERS' EQUITY		1,367,713,066,497	1,380,153,759,685
410	Capital and reserves		1,367,713,066,497	1,380,153,759,685
411	Owners' capital	20, 21	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	21	133,918,052,614	133,918,052,614
415	Treasury shares	21	(14,595,110,632)	(14,595,110,632)
418	Investment and development fund	21	259,111,461,673	159,111,461,673
421	Undistributed earnings	21	123,277,422,842	235,718,116,030
421a	- Undistributed post-tax profits of previous years		46,197,152,103	160,532,283,908
421b	- Post-tax profit of current year		77,080,270,739	75,185,832,122
440	TOTAL RESOURCES		2,167,816,250,607	2,213,115,086,410



Pham Thi Ninh
Preparer



Nguyen Thi Thanh
Chief Accountant



Phung Tuan Ha
Chairman
30 March 2020

SEPARATE INCOME STATEMENT

Code		Note	Year ended 31 December	
			2019 VND	2018 VND
01	Revenue from sales of goods and rendering of services		221,563,876,611	324,165,750,324
02	Less deductions		-	-
10	Net revenue from sales of goods and rendering of services	24	221,563,876,611	324,165,750,324
11	Cost of goods sold and services rendered	25	(151,603,573,158)	(263,334,737,186)
20	Gross profit from sales of goods and rendering of services		69,960,303,453	60,831,013,138
21	Financial income	26	80,235,366,049	101,020,233,014
22	Financial expenses		(452,401,608)	(10,963,604)
25	Selling expenses		(964,886,425)	(3,486,629,998)
26	General and administration expenses	27	(95,893,118,871)	(78,433,755,988)
30	Net operating profit		52,885,262,598	79,919,896,562
31	Other income		36,855,679,308	1,677,274,736
32	Other expenses		(110,414,247)	(702,227,844)
40	Net other income	28	36,745,265,061	975,046,892
50	Net accounting profit before tax		89,630,527,659	80,894,943,454
51	Business income tax ("BIT") - current	29	(9,239,402,399)	(9,019,965,853)
52	BIT - deferred	13, 29	(3,310,854,521)	3,310,854,521
60	Net profit after tax		77,080,270,739	75,185,832,122



Pham Thi Ninh
Preparer



Nguyen Thi Thanh
Chief Accountant



Phung Tuan Ha
Chairman
30 March 2020

**SEPARATE CASH FLOW STATEMENT
(Indirect method)**

Code	Note	Year ended 31 December	
		2019 VND	2018 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
01		89,630,527,659	80,894,943,454
	Net accounting profit before tax		
	Adjustments for:		
02	Depreciation and amortisation	44,414,323,625	45,323,435,099
03	Provisions	37,624,764,790	30,000,000,000
05	Profits from investing activities	(116,649,686,836)	(101,019,565,353)
08	Operating profit before changes in working capital	55,019,929,238	55,198,813,200
09	Decrease in receivables	34,612,859,742	124,970,201,147
10	Decrease in inventories	27,538,777,088	37,315,905,755
11	Decrease in payables	(9,113,532,412)	(210,463,927,860)
12	Decrease in prepaid expenses	9,714,541,960	10,737,285,952
15	BIT paid	(5,206,945,563)	(8,749,051,497)
17	Other payments on operating activities	(3,635,300,000)	(1,378,336,000)
20	Net cash inflows from operating activities	108,930,330,053	7,630,890,697
CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchases of fixed assets and other long-term assets	(1,362,754,546)	(864,436,955)
22	Proceeds from disposals of fixed assets and long-term assets	38,960,962,321	-
25	Investments in other entities	(16,000,000,000)	(748,237,250)
26	Proceeds from divestment in other entities	-	1,100,000,000
27	Dividends and interest received	60,787,334,738	55,215,961,566
30	Net cash inflows from investing activities	82,385,542,513	54,703,287,361
CASH FLOWS FROM FINANCING ACTIVITIES			
32	Payments for share repurchases	-	(14,595,110,632)
33	Proceeds from borrowings	-	31,726,800,000
34	Repayments of borrowings	(28,572,727,566)	(23,913,225,472)
36	Dividends paid	(84,887,791,430)	(101,524,907,570)
40	Net cash outflows from financing activities	(113,460,518,996)	(108,306,443,674)
50	Net increase/(decrease) in cash and cash equivalents	77,855,353,570	(45,972,265,616)
60	Cash and cash equivalents at beginning of year	259,274,365,156	305,246,630,772
61	Effect of foreign exchange differences	-	-
70	Cash and cash equivalents at end of year	337,129,718,726	259,274,365,156

Additional information about the separate cash flow statement was described in Note 32.



Pham Thi Ninh
Preparer



Nguyen Thi Thanh
Chief Accountant



Phung Tuan Ha
Chairman
30 March 2020

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019****1 GENERAL INFORMATION**

PetroVietnam General Services Joint Stock Company (“the Corporation”) is a joint stock company established in SR of Vietnam pursuant to Enterprise 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 shareholders of the Corporation are companies and individuals doing business and working in Vietnam. Details of the percentage of capital contribution are presented in Note 20.

The Corporation’s business activities are providing services and trading of commodity.

The principal activities of the Corporation include:

- support and management services;
- sale of supplies, office equipment, audio-visual equipment;
- lease of warehouses, workshops, premises and office;
- real estate development trading and management; and
- trading fertilizers, pesticides and chemicals used in agricultural industry.

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

As at 31 December 2019, the Corporation had 11 direct subsidiaries, 4 indirect subsidiaries, 2 direct associates, and 1 dependent accounting unit that does not have legal status.

1 GENERAL INFORMATION (continued)

Details of 11 direct subsidiaries and 2 direct associates are presented in Note 4 – Investments. Details of 4 indirect subsidiaries and 1 dependent accounting unit are as follows:

No.	Name	Principal activities	Place of incorporation and operation	Ownership %	Voting right %
Subsidiaries					
1	Binh Minh Electronics Refrigeration Joint Stock Company ("Binh Minh")	Trading of 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
3	Petrosetco - ALE Heavy Transportation and Lifting Joint-Stock Company ("Petrosetco - Ale")	Providing heavy transportation and lifting services	Ho Chi Minh City	22.44	51
4	Green Technology Import Export Joint Stock Company	Trading of medical equipment and supplies	Ho Chi Minh City	40.02	50
The dependent accounting unit that does not have legal status					
1	Petroleum Industrial Material Distribution Company ("PIMD")	Trading solid, liquid, gas fuels and related products	Ho Chi Minh City	100	100

As at 31 December 2019, the Corporation had 46 employees (as at 31 December 2018: 43 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 its operations and its 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.

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

The separate financial statements in the Vietnamese language are the official statutory separate financial statements of the Corporation. The separate financial statements in the English language have been translated from the Vietnamese version.

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, subsidiary undertakings, which are those companies over which the Corporation has the power to govern the financial and operating policies, have been fully consolidated.

Users of these separate financial statements of the Corporation should read them together with the consolidated financial statements of the Corporation and its subsidiaries for the year ended 31 December 2019 in order to obtain full information of the consolidated financial position and consolidated results of operations and consolidated cash flows of the Corporation and its subsidiaries.

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 in Vietnamese Dong ("VND"). The Corporation determines its accounting currency based on the currency which is mainly used in sales of goods and rendering of services, which has a significant impact on selling prices of goods and services, which is normally used to list selling prices and receive payments; which is mainly used in purchases of goods or services, which has a significant impact on cost of labor, materials, and other production or operating costs and normally used as payments of those costs.

In addition, the Corporation also uses this currency to raise financial resources and/or regularly collects this currency from business operation and savings.

2.4 Exchange rates

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.5 Cash and cash equivalents**

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

2.6 Receivables

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

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

2.7 Inventories

Inventories mostly are properties for sales 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 properties for sales includes land 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 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 represents the estimated selling price in the normal course of business less the estimated costs of completion and selling expenses.

The Corporation applies the perpetual system for inventories.

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

2.8 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 initially accounted for at cost. Subsequently, the Chairman reviews all outstanding investments to determine the amount of provision to recognise at the year end.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.8 Investments (continued)****(b) Investments in subsidiaries**

Subsidiaries are all entities over which the Corporation has the power to govern the financial and operating policies in order to gain future benefits from their activities, 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 initially recorded at cost of acquisition including capital contribution value plus other expenditure directly attributable to the investment. Subsequently, the Chairman reviews all outstanding investments to determine the amount of provision to recognise at the year end.

(c) Investments in associates

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

Investments in associates are accounted for at cost of acquisition including purchase cost or capital contribution value plus other expenditure directly attributable to the investments. Subsequently, the Chairman reviews all outstanding investments to determine the amount of provision to recognise at the year end.

(d) Investment in other entity

Investment in 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. Subsequently, the Chairman reviews all outstanding investments to determine the amount of provision to recognise at the year end.

(e) Provision for investments in subsidiaries, associates, and other entity

Provision for investments in subsidiaries, associates, and other entity is made when there is a diminution in value of the investments at the year end. Regarding investments in listed shares or those whose fair value can be determined reliably, the provision for diminution in value is made when cost is higher than market value. For other investments, provision for diminution in value is made when the investees make losses, except when the loss is anticipated by the Chairman before the date of investment.

Changes in the provision balance during the fiscal year are recorded as an increase or decrease in financial expenses. A reversal, if any, is made only to the extent the investment is restored to its original cost.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Fixed assets

Tangible and intangible fixed assets

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

Depreciation and amortisation

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

Buildings and structures	2% - 20%
Machinery and equipment	14% - 50%
Motor vehicles	10% - 17%
Office equipment	20% - 33%
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 of the fixed assets and are recognised as income or expense in the separate income statement.

Construction in progress

Construction in progress represents the cost of assets in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, including construction costs; costs of tools and equipment; construction consulting expenditures; and capitalised borrowing costs for qualifying assets in accordance with the Corporation's accounting policies. Depreciation of these assets, on the same basis as other fixed assets, commences when they are ready for their intended use.

2.10 Operating leases

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 separate income statement on a straight-line basis over the term of the lease.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.11 Investment properties**

The historical cost of an investment property represents 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. Expenditure incurred subsequently which has resulted in an increase in the expected future economic benefits from the use of investment properties can be capitalised as an additional historical cost. Otherwise, they are charged to the separate income statement when incurred.

Depreciation

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

Buildings and structures	2% - 33%
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Disposals

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

2.12 Prepaid expenses

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

2.13 Payables

Classifications of payables are based on their nature as follows:

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

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

2.14 Borrowing

Borrowings include borrowings from banks.

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

Borrowing costs are charged to the separate income statement when incurred.

2.15 Accrued expenses

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.16 Provisions**

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

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

2.17 Unearned revenue

Unearned revenue mainly comprises the amounts that customers paid in advance for one or many accounting years for asset leases. The Corporation records unearned revenue for the future obligations that the Corporation has to fulfill. Once recognition criteria have been satisfied, unearned revenue will be recognised as revenue in the separate income statement to the extent that it has met the recognition criteria.

2.18 Capital and reserves**(a) Owners' capital**

Owners' capital is recorded according to the actual amounts contributed and 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; 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 may be re-issued subsequently in accordance with the Law on Securities.

(d) Undistributed earnings

Undistributed earnings record the Corporation's accumulated results after BIT at the reporting date.

2.19 Appropriation of profit after BIT

The Corporation's dividends are recognised as a liability in the separate financial statements in the year in which the dividends are approved by shareholders at the Annual General Meeting of Shareholders.

Profit after BIT could be distributed to shareholders after approval at Annual General Meeting of Shareholders, and after appropriation to other funds in accordance with the Corporation's charter and Vietnamese regulations.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.19 Appropriation of profit after BIT (continued)**

The Corporation's funds are as below:

(a) Investment and development fund

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

2.20 Revenue recognition**(a) Revenue from 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 in accordance with the "substance over form" principle and allocated to each sale obligation.

(b) Revenue from real estate sale

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

- The real estate properties has been completed, and the Corporation has transferred to the buyer the significant risks and rewards of ownership of the real estate asset;
- The Corporation no longer holds the right to manage the real estate asset as the real estate's owner nor the right to control the real estate asset;
- The amount of revenue can be measured reliably;
- The Corporation has received or entitled to receive economic benefits from the sale of the real estate asset; and
- The costs incurred or to be incurred in respect of the real estate asset can be measured reliably.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.20 Revenue recognition (continued)****(c) Revenue from 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 separate balance sheet date can be measured reliably; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

(d) Revenue from operating leases

Revenue from operating leases is recognised on a straight-line basis over the lease term.

(e) Interest income

Interest income is recognised on an earned basis.

(f) Dividend income

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

2.21 Cost of goods sold and services rendered

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

2.22 Financial expenses

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

2.23 Selling expenses

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.24 General and administration expenses**

General and administration expenses represent expenses for administrative purposes which mainly include salary expenses of administrative staff; social insurance, medical insurance, labour union fees, unemployment insurance of administrative staff; expenses of office materials; tools and supplies; depreciation and amortisation of fixed assets used for administration; land rental; licence tax; provision for bad debts; outside services and other 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 separate 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 separate 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 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 financial statements and the reported amounts of revenues and expenses during the financial year.

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

3 CASH AND CASH EQUIVALENTS

	2019	2018
	VND	VND
Cash on hand	311,402,493	603,512,941
Cash at bank (*)	124,218,316,233	84,270,852,215
Cash equivalents (**)	212,600,000,000	174,400,000,000
	<u>337,129,718,726</u>	<u>259,274,365,156</u>

(*) As at 31 December 2019, included in cash at bank is VND1 billion which was transferred by PetroVietnam Assets Management Joint Stock Company (“PSA”) into the bank account of the Corporation from the assets recovered of Ha Noi Oil and Gas Trading Services One Member Company Limited upon the liquidation of this company. Currently, the Corporation is working with the relevant parties in determining the right and obligations of this amount.

(**) Cash equivalents include term deposits in VND with the original maturity of three months or less, and earn interest at the average rates ranging from 4.3% to 5.0% per annum (as at 31 December 2018: 4.5% to 5.2% per annum).

As at 31 December 2019 and as at 31 December 2018, included in above cash equivalents are two term deposits amounting to VND29,600,000,000 and VND13,000,000,000 which were pledged as collateral assets for the deferred revenue advanced from Nghi Son Refinery and Petrochemical Limited Liability Company.

4 INVESTMENTS

(a) Investment held-to-maturity

	<u>2019</u>		<u>2018</u>	
	Cost VND	Book value VND	Cost VND	Book value VND
Term deposits	<u>10,000,000,000</u>	<u>10,000,000,000</u>	<u>10,000,000,000</u>	<u>10,000,000,000</u>

Term deposits include bank deposits in VND with the remaining maturity of less than 12 months, and earn interest at the rate of 5.5% per annum (as at 31 December 2018: 5.5% per annum).

As at 31 December 2019 and as at 31 December 2018, the above term deposits were pledged as collateral assets for borrowings granted to Smart Convergence Joint Stock Company, a subsidiary of the Corporation.

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4 INVESTMENTS (continued)

(b) Long-term investments

	2019			2018			Net book value VND
	Cost VND	Provision VND	Net book value VND	Cost VND	Provision VND	Net book value VND	
Investments in subsidiaries (i)	400,311,972,126	(25,791,016,490)	374,520,955,636	400,311,972,126	(25,791,016,490)	374,520,955,636	
Investments in associates (ii)	30,359,957,249	(452,401,608)	29,907,555,641	14,359,957,249	-	14,359,957,249	
Investment in other entity (iii)	2,000,000,000	(2,000,000,000)	-	2,000,000,000	(2,000,000,000)	-	
	<u>432,671,929,375</u>	<u>(28,243,418,098)</u>	<u>404,428,511,277</u>	<u>416,671,929,375</u>	<u>(27,791,016,490)</u>	<u>388,880,912,885</u>	

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4 INVESTMENTS (continued)
(b) Long-term investments (continued)
(i) Investments in subsidiaries

Details of investments in subsidiaries are as follows:

No	Company	Principal activities	Place of incorporation and operation	2019					2018				
				Ownership %	Voting right %	Cost VND	Fair value VND	Provision VND	Ownership %	Voting right %	Cost VND	Fair value VND	Provision VND
1	Petroleum General Distribution Services Joint Stock Company ("PSD") (i)	Distribution of telecommunication and electronic equipment	Ho Chi Minh City	80.04	80.04	113,600,000,000	306,720,000,000	-	80.02	113,600,000,000	308,764,800,000	-	
2	Mien Trung Petroleum Services and Trading Joint Stock Company ("PSMT")	Trading and rendering of services	Quang Ngai	99.79	99.79	74,742,000,000	(*)	-	99.79	74,742,000,000	(*)	-	
3	PetroVietnam Assets Management Joint Stock Company ("PSA") (ii)	Operating in property management and services	Ha Noi	71.46	71.46	58,962,908,969	(*)	-	78.61	58,962,908,969	(*)	-	
4	Petroleum Vung Tau General Services Joint Stock Company ("PSV")	Rendering of services	Vung Tau	70	70	64,341,999,232	(*)	-	70	64,341,999,232	(*)	-	
5	Petroleum Offshore Trading and Services Company Limited ("POTS")	Trading and rendering of services	Ho Chi Minh City	60	60	31,681,662,678	(*)	-	60	31,681,662,678	(*)	-	
6	Smart Convergence Joint Stock Company ("Smartcom")	Distributing equipment, electronic, components, peripheral devices and software	Ho Chi Minh City	55	55	16,500,000,000	(*)	(16,500,000,000)	55.00	16,500,000,000	(*)	(16,500,000,000)	
7	Petrosetco SSG Company Limited ("PSSSG") (iii)	Real estate business	Ho Chi Minh City	21.46	21.46	10,733,401,247	(*)	-	21.46	10,733,401,247	(*)	-	
8	Petrosetco Retail Services Joint Stock Company ("PSR")	Mobile phones retailing	Ho Chi Minh City	72.75	75	7,650,000,000	(*)	(7,650,000,000)	72.75	7,650,000,000	(*)	(7,650,000,000)	
9	Petroleum Logistics Service Joint Stock Company ("PSL") (iv)	Transportation service	Ho Chi Minh City	44	44	6,600,000,000	(*)	-	44	6,600,000,000	(*)	-	
10	Petroleum High Technology Products Distribution Joint Stock Company ("PHTD")	Distributing equipment, electronic components and peripheral devices	Ho Chi Minh City	51	51	5,100,000,000	(*)	-	51	5,100,000,000	(*)	-	
11	Petroleum Saigon General Services Company Limited ("PSG") (v)	Stopped operations and on liquidation process	Ho Chi Minh City	100	100	10,400,000,000	(*)	(1,641,016,490)	100	10,400,000,000	(*)	(1,641,016,490)	
						<u>400,311,972,126</u>		<u>(25,791,016,490)</u>		<u>400,311,972,126</u>		<u>(25,791,016,490)</u>	



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4 INVESTMENTS (continued)

(b) Long-term investments (continued)

(i) Investments in subsidiaries (continued)

- (*) As at 31 December 2019 and 31 December 2018, the Company has not enough information about the fair value of these investments to disclose on the separate financial statements because the subsidiaries do not listed.
- (i) The fair value of the investment in PSD was determined based on the closing price of the closest transaction date before 31 December 2019 and 31 December 2018.

As at 31 December 2019, 24,537,600 shares of PSD were pledged as collateral assets for the deferred revenue advanced from Nghi Son Refinery and Petrochemical Limited Liability Company.
- (ii) As at 31 December 2019, 5,345,200 shares of PSA were pledged as collateral assets for the borrowings of the Corporation (Note 18).
- (iii) As at 31 December 2019 and 31 December 2018, although the Corporation's ownership in PSSSG was only 21.46%, the Corporation still had the authority to exercise its power over the financial and operational policies of PSSSG through its representatives in the Board of Management of PSSSG. Therefore, the Corporation controls PSSSG and PSSSG has been classified and presented as a subsidiary of the Corporation for the consolidation reporting purpose.
- (iv) As at 31 December 2019 and 31 December 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 through its representatives in the Board of Management of PSL. Therefore, the Corporation controls PSL and PSL has been classified and presented as a subsidiary of the Corporation for the consolidation reporting purpose.
- (v) Currently, PSG is under tax finalisation with the tax authorities for the dissolution purpose. From 2013 until now, PSG has had no business activities incurred.

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- 4 INVESTMENTS (continued)**
(b) Long-term investments (continued)
(ii) Investment in associates

Details of investments in associates are as follows:

Company	Principal activities	Place of incorporation and operation	Ownership and voting right %	2019			2018		
				Cost VND	Fair value VND	Provision VND	Cost VND	Fair value VND	Provision VND
Petro Tower Limited Company Vinh Hoa Emerald Bay International Hospitality Company Limited (***)	Office leasing service Hospitality service	Ba Ria - Vung Tau Phu Yen	24 20	14,359,957,249 16,000,000,000	(*) (452,401,608) (*)	- -	14,359,957,249 -	(*) (*)	- -
				<u>30,359,957,249</u>	<u>(452,401,608)</u>		<u>14,359,957,249</u>		<u>-</u>

(*) As at 31 December 2019 and 31 December 2018, the Company has not determined the fair value of these investments to disclose on the separate financial statements because they do not have listed prices.

(**) According to Resolution No. 22/DVTHDK-QĐ dated 9 July 2018, the Corporation agreed to contribute its capital obligation into Vinh Hoa Emerald Bay International Hospitality Company Limited with the total contribution of VND11.2 billion, accounting for 20% of the voting right and ownership. As at 31 December 2019, the Corporation has contributed VND16 billion.

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- 4 INVESTMENTS (continued)
- (b) Long-term investments (continued)
- (iii) *Investment in other entity*

Details of investment in other entity are as follows:

Company	2019			2018		
	Ownership and voting rights %	Cost VND	Net book value VND	Ownership and voting rights %	Cost VND	Net book value VND
PetroVietnam Central Biofuels Joint Stock Company	0.20	2,000,000,000	-	0.2	2,000,000,000	-

As at 31 December 2019 and 31 December 2018, the Company has not determined the fair value of this investment to disclose on the separate financial statements because it does not have listed prices.

5 SHORT-TERM TRADE ACCOUNTS RECEIVABLE

	2019 VND	2018 VND
Third parties		
<i>Human Resource Development Company Limited</i>	10,923,500,000	10,923,500,000
<i>Others</i>	7,827,455,496	5,654,011,851
Related parties (Note 31(b))	26,205,943,356	35,401,235,662
	<u>44,956,898,852</u>	<u>51,978,747,513</u>

As at 31 December 2019, the balances of short-term trade accounts receivable which were past due were considered for provision of doubtful debts as presented in Note 8 (as at 31 December 2018: nil).

6 SHORT-TERM PREPAYMENTS TO SUPPLIERS

	2019 VND	2018 VND
Third parties		
<i>Tan Lien Phat Investment and Construction Joint Stock Company</i>	-	42,662,223,802
<i>Cuong Thinh Construction and Trading Joint Stock Company</i>	-	4,777,055,260
<i>Others</i>	822,227,736	-
	<u>822,227,736</u>	<u>47,439,279,062</u>

7 OTHER RECEIVABLES

a) Short-term

	2019		2018	
	Book value VND	Provision VND	Book value VND	Provision VND
Dividend receivables from related parties (Note 31(b))	31,140,195,290	-	24,394,350,028	-
Shares transfer receivables from a related party (Note 31(b))	-	-	5,100,000,000	-
Other receivables from related parties (Note 31(b))	371,573,421,306	(58,500,000,000)	331,986,276,275	(30,000,000,000)
Interest receivables	702,235,616	-	673,879,452	-
Others	21,747,730,703	-	34,480,033,636	-
	<u>425,163,582,915</u>	<u>(58,500,000,000)</u>	<u>396,634,539,391</u>	<u>(30,000,000,000)</u>

7 OTHER RECEIVABLES (continued)

a) Short-term (continued)

As at 31 December 2019 and 31 December 2018, the balances of other short-term receivables which were past due were considered for provision of doubtful debts as presented in Note 8.

b) Long-term

	2019		2018	
	Book value VND	Provision VND	Book value VND	Provision VND
Deposits (*)	23,655,000,000	-	-	-
Others	1,310,000,000	-	1,000,000,000	-
	<u>24,965,000,000</u>	<u>-</u>	<u>1,000,000,000</u>	<u>-</u>
	<u><u>24,965,000,000</u></u>	<u><u>-</u></u>	<u><u>1,000,000,000</u></u>	<u><u>-</u></u>

(*) Deposits represent deposits for a project invested in Phu Yen Province under other long-term receivables because the expected investment period was reassessed by the Chairman to be more than 12 months from the separate balance sheet date.

8 PROVISION FOR DOUBTFUL DEBTS – SHORT-TERM

Provision for doubtful debts – short-term represents the provision made for overdue short-term trade accounts receivable with amount of VND9,127,764,790 (Note 5) and other short-term receivables from a subsidiary relating to the working capital supports (Note 7).

9 INVENTORIES

	2019		2018	
	Cost VND	Provision VND	Cost VND	Provision VND
Real estate property (*)	3,111,210,072	-	32,450,512,124	-
Other merchandise	1,800,524,964	-	-	-
	<u>4,911,735,036</u>	<u>-</u>	<u>32,450,512,124</u>	<u>-</u>
	<u><u>4,911,735,036</u></u>	<u><u>-</u></u>	<u><u>32,450,512,124</u></u>	<u><u>-</u></u>

(*) Real estate property for sales represents the costs directly attributable to the residential areas of 41D Vung Tau Project at 41D, 30/4 Street, Ward 9, Vung Tau City ("the 41D Vung Tau Project").

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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 2019	61,670,169,589	7,509,514,795	7,092,905,147	4,060,775,760	80,333,365,291
New purchases	-	-	1,186,654,546	176,100,000	1,362,754,546
Disposals	-	-	(1,521,119,091)	(1,269,246,380)	(2,790,365,471)
As at 31 December 2019	61,670,169,589	7,509,514,795	6,758,440,602	2,967,629,380	78,905,754,366
Accumulated depreciation					
As at 1 January 2019	42,817,901,183	5,642,408,937	4,621,285,058	3,700,846,199	56,782,441,377
Charge for the year	2,240,341,674	455,224,419	827,641,456	188,209,198	3,711,416,747
Disposals	-	-	(1,206,066,943)	(1,269,246,380)	(2,475,313,323)
As at 31 December 2019	45,058,242,857	6,097,633,356	4,242,859,571	2,619,809,017	58,018,544,801
Net book value					
As at 1 January 2019	18,852,268,406	1,867,105,858	2,471,620,089	359,929,561	23,550,923,914
As at 31 December 2019	16,611,926,732	1,411,881,439	2,515,581,031	347,820,363	20,887,209,565

The historical cost of fully depreciated tangible fixed assets but still in use as at 31 December 2019 was VND22.161 billion (as at 31 December 2018: VND18.17 billion).

10 FIXED ASSETS (continued)

(b) Intangible fixed assets

	Land use rights VND	Software VND	Total VND
Historical cost			
As at 1 January 2019	100,112,600,381	1,078,622,900	101,191,223,281
Disposals	(1,775,291,000)	-	(1,775,291,000)
As at 31 December 2019	<u>98,337,309,381</u>	<u>1,078,622,900</u>	<u>99,415,932,281</u>
Accumulated amortisation			
As at 1 January 2019 and as at 31 December 2019	-	1,078,622,900	1,078,622,900
Net book value			
As at 1 January 2019	100,112,600,381	-	100,112,600,381
As at 31 December 2019	<u>98,337,309,381</u>	<u>-</u>	<u>98,337,309,381</u>

The historical cost of fully amortised intangible fixed assets but still in use as at 31 December 2019 and 31 December 2018 was VND1,078,622,900.

11 INVESTMENT PROPERTIES

	Buildings VND
Historical cost	
As at 1 January 2019 and as at 31 December 2019	<u>852,074,158,578</u>
Accumulated depreciation	
As at 1 January 2019	97,567,129,859
Charge for the year	40,702,906,878
As at 31 December 2019	<u>138,270,036,737</u>
Net book value	
As at 1 January 2019	<u>754,507,028,719</u>
As at 31 December 2019	<u>713,804,121,841</u>

11 INVESTMENT PROPERTIES (continued)

Investment properties represent the value of buildings of the Living Quarters of Nghi Son Refinery and Petrochemical Complex Project (“Nghi Son Project”) being constructed and held for lease.

As at 31 December 2019, all investment properties have been pledged as collateral assets for the borrowings of the Corporation (Note 18).

In 2019, revenue from investment properties is VND121,543,652,838 (in 2018: 116,376,984,794). Direct expenses (including tools and supplies, utilities and management fee) incurred from investment properties relating to revenue from leasing in 2019 are VND34,873,788,406 (in 2018: VND42,336,131,341).

The Corporation was unable to collect sufficient information of similar properties as a basis for fair value comparison, therefore fair value of the investment properties as at 31 December 2019 has not been disclosed in the separate financial statements. However, given the occupancy rate of these properties, in the view of the Chairman, the market value of these properties is higher than the net book values at the separate balance sheet date.

12 LONG-TERM PREPAID EXPENSES

Details of long-term prepaid expenses are as follows:

	2019 VND	2018 VND
Prepaid operating lease (*)	96,796,156,531	100,947,988,539
Tools and supplies	1,709,640,234	5,658,593,199
	<u>98,505,796,765</u>	<u>106,606,581,738</u>

(*) Included in prepaid operating lease mainly is the prepayment to PVN for office leasing. This office rental prepaid expense is allocated to the separate income statement on a straight-line basis over a period of 50 years from 2010.

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

	2019 VND	2018 VND
Beginning of year	106,606,581,738	116,965,423,149
Allocation	<u>(8,100,784,973)</u>	<u>(10,358,841,411)</u>
End of year	<u>98,505,796,765</u>	<u>106,606,581,738</u>

13 DEFERRED INCOME TAX ASSETS

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

Details of deferred income tax assets are as follows:

	2019 VND	2018 VND
Deferred income tax assets		
Deferred income tax assets to be recovered within 12 months	-	3,310,854,521
	=	<u><u>3,310,854,521</u></u>

Movements of deferred income tax assets during the year are as follows:

	2019 VND	2018 VND
Beginning of year	3,310,854,521	-
Income statement (charge)/credit (Note 29)	(3,310,854,521)	3,310,854,521
End of year	<u><u>-</u></u>	<u><u>3,310,854,521</u></u>

14 SHORT-TERM TRADE ACCOUNTS PAYABLE

	2019		2018	
	Value VND	Able-to-pay amount VND	Value VND	Able-to-pay amount VND
Third parties				
<i>Cuong Thinh Construction and Trading Joint Stock Company</i>	1,346,123,688	1,346,123,688	6,740,034,744	6,740,034,744
<i>Others</i>	1,400,385,423	1,400,385,423	2,345,888,003	2,345,888,003
	<u>2,746,509,111</u>	<u>2,746,509,111</u>	<u>9,085,922,747</u>	<u>9,085,922,747</u>
Related parties (Note 31(b))	267,088,687,366	267,088,687,366	297,162,368,822	297,162,368,822
	<u><u>269,835,196,477</u></u>	<u><u>269,835,196,477</u></u>	<u><u>306,248,291,569</u></u>	<u><u>306,248,291,569</u></u>

As at 31 December 2019 and 31 December 2018, the Chairman believes that the Corporation is able to fully repay all short-term trade accounts payable as and when they fall due. There was no balance of short-term trade accounts payable which was past due.

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15 TAX AND OTHER PAYABLES TO THE STATE

	2019 VND	2018 VND
BIT	2,262,091,521	4,415,290,984
Personal income tax	8,447,747,820	348,897,776
	<u>10,709,839,341</u>	<u>4,764,188,760</u>

Movements of taxes and other payables to the State are as follows:

	As at 1.1.2019 VND	Receivable/payable during the year VND	Payment during the year VND	Net off between VAT to be reclaimed and output VAT during the year VND	As at 31.12.2019 VND
a) Tax receivables					
VAT to be reclaimed	<u>64,249,069,880</u>	<u>5,999,808,621</u>	-	<u>(20,023,677,367)</u>	<u>50,225,201,134</u>
b) Tax payables					
BIT	4,415,290,984	9,239,402,399	(5,206,945,563)	-	8,447,747,820
VAT	-	20,427,689,635	(404,012,268)	(20,023,677,367)	-
Personal income tax	348,897,776	13,373,630,008	(11,460,436,263)	-	2,262,091,521
Land using fee	-	1,846,512,439	(1,846,512,439)	-	-
	<u>4,764,188,760</u>	<u>44,887,234,481</u>	<u>(18,917,906,533)</u>	<u>(20,023,677,367)</u>	<u>10,709,839,341</u>

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16 UNEARNED REVENUE

(a) Short-term

	2019 VND	2018 VND
Advanced rental	<u>27,272,727,273</u>	<u>27,272,727,273</u>

(b) Long-term

	2019 VND	2018 VND
Advanced rental	<u>20,454,545,483</u>	<u>47,727,272,747</u>

The balance represents the advanced amount received from Nghi Son Refinery and Petrochemical Company Limited for leasing of living quarters and rendering of other services to Nghi Son Project (Note 11).

17 OTHER PAYABLES

(a) Short-term

	2019 VND	2018 VND
Payables to related parties for working capital support (Note 31(b))	136,382,878,736	37,048,237,344
Payable for the usage of funds appropriated for business activity under requirement of the industry (Note 31(b))	3,411,071,804	3,621,071,804
Payable to a related party for lease contract amendment (Note 31(b))	-	17,047,122,604
Dividends payables (Note 23)	1,820,045,100	2,045,179,600
Other payables to related parties (Note 31(b))	2,967,817,630	-
Others	4,372,146,693	2,529,301,379
	<u>148,953,959,963</u>	<u>62,290,912,731</u>

(b) Long-term

	2019 VND	2018 VND
Payable to the State Budget of the Ba Ria - Vung Tau Province (*)	4,481,270,945	7,030,627,285
Others	427,000,000	427,000,000
	<u>4,908,270,945</u>	<u>7,457,627,285</u>

17 OTHER PAYABLES (continued)

(b) Long-term (continued)

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

18 BORROWINGS

(a) Short-term

	As at 1.1.2019 VND	Increase during the year VND	Decrease during the year VND	Reclassification VND	As at 31.12.2019 VND
Asia Commercial Bank	28,572,727,562	-	(28,572,727,566)	29,494,928,138	29,494,928,134
	<u>28,572,727,562</u>	<u>=</u>	<u>(28,572,727,566)</u>	<u>29,494,928,138</u>	<u>29,494,928,134</u>

(b) Long-term

	As at 1.1.2019 VND	Increase during the year VND	Decrease during the year VND	Reclassification VND	As at 31.12.2019 VND
Asia Commercial Bank	279,910,424,775	-	-	(29,494,928,138)	250,415,496,637
	<u>279,910,424,775</u>	<u>=</u>	<u>=</u>	<u>(29,494,928,138)</u>	<u>250,415,496,637</u>

The borrowings from Asia Commercial Joint Stock Bank have credit limit of VND400 billion whose drawdowns will expire on 31 July 2018 and bear interest at the rates adjustable from time to time which are announced by this bank.

The purpose of borrowings are to finance the construction of Nghi Son Project. The term is 9 years from 2016 and the borrowings are secured by assets formed from Nghi Son Project (Note 11); rights arising from land rental contracts; receivables and other rights arising from the lease agreement at Nghi Son Project and 5,345,200 shares of PSA owned by the Corporation (Note 4(b)).

Interest expense relating to Nghi Son Project before the completion date of Nghi Son Project had been capitalised in the value of the investment properties. From 10 October 2016, since Nghi Son Project was put into operation, interest expense is reimbursed by Nghi Son Refinery and Petrochemical Company Limited (Note 30), the lessee of Nghi Son.

19 BONUS AND WELFARE FUND

	2019 VND	2018 VND
Beginning of year	52,442,555,720	46,411,417,168
Appropriation from undistributed earnings (Note 21)	4,511,149,927	9,007,974,552
Utilisation	(3,722,633,333)	(1,484,336,000)
Transfer to related parties	(2,084,700,000)	(1,492,500,000)
Other decreases (*)	(40,074,960,843)	-
End of year	<u>11,071,411,471</u>	<u>52,442,555,720</u>

(*) Included in other decreases is the bonuses to employees for long-term service awards to the Corporation's development.

20 OWNERS' CAPITAL

(a) Number of shares

	<u>2019</u>		<u>2018</u>	
	Ordinary shares	Preference shares	Ordinary shares	Preference shares
Number of shares registered	86,600,124	-	86,600,124	-
Number of shares issued	86,600,124	-	86,600,124	-
Number of shares repurchased	(1,590,310)	-	(1,590,310)	-
Number of existing shares in circulation	<u>85,009,814</u>	-	<u>85,009,814</u>	-

(b) Details of owners' shareholding

	<u>2019</u>		<u>2018</u>	
	Ordinary shares	%	Ordinary shares	%
PVN	20,973,851	24.7	20,973,851	24.7
Other shareholders	64,035,963	75.3	64,035,963	75.3
Number of shares	<u>85,009,814</u>	<u>100</u>	<u>85,009,814</u>	<u>100</u>

20 OWNERS' CAPITAL (continued)

(c) Movements of share capital

	Number of shares	Ordinary shares VND	Preference shares VND	Total VND
As at 1 January 2018	86,600,124	866,001,240,000	-	866,001,240,000
New shares issued	-	-	-	-
As at 31 December 2018	86,600,124	866,001,240,000	-	866,001,240,000
New shares issued	-	-	-	-
As at 31 December 2019	86,600,124	866,001,240,000	-	866,001,240,000

Par value per share: VND10,000.

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21 MOVEMENTS IN OWNERS' EQUITY

	Owners' capital VND	Share premium VND	Treasury shares VND	Investment and development fund VND	Post-tax undistributed earnings VND	Total VND
As at 1 January 2018	866,001,240,000	133,918,052,614	-	159,111,461,673	273,460,407,260	1,432,491,161,547
Repurchases of treasury shares	-	-	(14,595,110,632)	-	-	(14,595,110,632)
Net profit for the year	-	-	-	-	75,185,832,122	75,185,832,122
Dividends paid	-	-	-	-	(103,920,148,800)	(103,920,148,800)
Appropriation to bonus and welfare fund	-	-	-	-	(9,007,974,552)	(9,007,974,552)
As at 31 December 2018	866,001,240,000	133,918,052,614	(14,595,110,632)	159,111,461,673	235,718,116,030	1,380,153,759,685
Net profit for the year	-	-	-	-	77,080,270,739	77,080,270,739
Dividends paid (*)	-	-	-	-	(85,009,814,000)	(85,009,814,000)
Appropriation to bonus and welfare fund (**)	-	-	-	100,000,000,000	(100,000,000,000)	-
Appropriation to investment and development funds (**)	-	-	-	-	(4,511,149,927)	(4,511,149,927)
As at 31 December 2019	866,001,240,000	133,918,052,614	(14,595,110,632)	259,111,461,673	123,277,422,842	1,367,713,066,497

(*) According to the Resolution No. 13/NQ-DVTHDK-ĐHĐCĐ dated 26 April 2019, the Corporation's General Shareholders approved the 2019 dividend at the rate 10% of the par value of share.

(**) According to the Resolution No. 13/NQ-DVTHDK-ĐHĐCĐ dated 26 April 2019, the Corporation's General Shareholders approved the appropriation of the 2018 bonus and welfare fund of VND4,511,149,927 and the investment and development fund of VND100,000,000,000.

22 DIVIDENDS PAYABLE

	2019 VND	2018 VND
Beginning of year	2,045,179,600	1,762,348,200
Dividends payable during the year (Note 21)	85,009,814,000	103,920,148,800
Dividends paid in cash	(84,887,791,430)	(101,524,907,570)
Other decreases	(347,157,070)	(2,112,409,830)
End of year	<u>1,820,045,100</u>	<u>2,045,179,600</u>

23 OFF SEPARATE BALANCE SHEET ITEMS

(a) Foreign currencies

As at 31 December 2019, included in cash and cash equivalents are balances held in foreign currency of US\$4,633.51 (as at 31 December 2018: US\$2,887.37).

(b) Operating lease assets

The future minimum lease receipts under non-cancellable operating leases were presented in Note 33(a).

24 REVENUE FROM SALES OF GOODS AND RENDERING OF SERVICES

	2019 VND	2018 VND
Revenue from rendering of operating lease services	154,232,770,345	151,677,430,524
Revenue from sale of real estate properties	35,373,076,072	106,098,715,565
Rendering of management services to related parties (Note 31(a))	31,650,955,094	26,516,033,387
Rendering of outsourcing services	-	34,402,882,666
Revenue from sale of merchandise	307,075,100	5,470,688,182
	<u>221,563,876,611</u>	<u>324,165,750,324</u>

25 COST OF GOODS SOLD AND SERVICE RENDERED

	2019 VND	2018 VND
Cost of operating lease services rendered	122,079,912,659	131,390,503,201
Cost of real estate properties sold	29,339,302,052	93,000,662,258
Cost of merchandise sold	184,358,447	5,219,674,723
Cost of outsourcing services rendered	-	33,723,897,004
	<u>151,603,573,158</u>	<u>263,334,737,186</u>

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26 FINANCIAL INCOME

	2019 VND	2018 VND
Interest income from deposits	9,615,610,902	12,247,371,205
Dividend income (Note 31(a))	67,533,180,000	85,266,990,000
Income earned from working capital support (Note 31(a))	3,082,678,369	3,098,028,499
Others	3,896,778	407,843,310
	<u>80,235,366,049</u>	<u>101,020,233,014</u>

27 GENERAL AND ADMINISTRATION EXPENSES

	2019 VND	2018 VND
Salary expenses	30,118,794,364	19,475,990,469
Management fees	995,988,167	6,041,917,929
Office expenses	3,807,996,514	2,126,643,278
Depreciation and amortisation	1,000,910,789	771,196,223
Tax, fee and legal fee	2,167,382,099	1,114,203,487
Provision for doubtful debts	37,624,764,790	30,000,000,000
Professional fee	623,114,887	505,320,000
Others	19,554,167,261	18,398,484,602
	<u>95,893,118,871</u>	<u>78,433,755,988</u>

28 NET OTHER INCOME AND OTHER EXPENSES

	2019 VND	2018 VND
Other income		
Gains on disposal of fixed assets	36,855,678,350	-
Other income	958	1,677,274,736
	<u>36,855,679,308</u>	<u>1,677,274,736</u>
Other expenses		
Fines	(15,000,000)	-
Others	(95,414,247)	(702,227,844)
	<u>(110,414,247)</u>	<u>(702,227,844)</u>
	<u>36,745,265,061</u>	<u>975,046,892</u>

29 BIT

BIT on the Corporation's accounting 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:

	2019 VND	2018 VND
Net accounting profit before tax	89,630,527,659	80,894,943,454
Tax calculated at a rate of 20%	17,926,105,532	16,178,988,691
Effect of:		
Income not subject to tax	(13,506,636,000)	(17,053,398,000)
Expenses not deductible for tax purposes	8,229,357,388	6,484,950,641
Others	(98,570,000)	98,570,200
BIT charge (*)	<u>12,550,256,920</u>	<u>5,709,111,532</u>
Charged/(credited) to the separate income statement:		
BIT – current	9,239,402,399	9,019,965,853
BIT – deferred (Note 13)	3,310,854,521	(3,310,854,521)
	<u>12,550,256,920</u>	<u>5,709,111,332</u>

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

30 COSTS OF OPERATION BY FACTOR

Costs of operation by factor represent all costs incurred during the year, excluding cost of merchandise for trading activities. Details are as follows:

	2019 VND	2018 VND
Cost of properties sold	29,339,302,052	93,000,662,258
Staff costs	30,765,689,666	53,658,761,307
Depreciation and amortisation	44,399,383,764	45,323,435,099
Outside service expenses	22,119,706,849	29,903,723,799
Provision for doubtful debts	37,624,764,790	30,000,000,000
Interest expense reimbursed from Nghi Son Project (Note 18)	28,368,774,772	29,256,661,676
Management fee payables to related parties (Note 31(a))	17,334,379,511	22,380,309,273
Tools and equipment	14,645,063,705	13,271,223,489
Office rental	3,807,996,514	2,126,643,278
Others	19,872,158,384	21,114,028,270
	<u>248,277,220,007</u>	<u>340,035,448,449</u>

31 RELATED PARTY DISCLOSURES

The largest shareholder of the Corporation is PVN which owns 24.7% of the Corporation's share capital (Note 20).

Accordingly, PVN, fellow PVN group subsidiaries, subsidiaries, and an associate of the Corporation are considered the Corporation's related parties.

(a) Related party transactions

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

	2019 VND	2018 VND
i) Revenue from rendering of services		
Subsidiaries	30,817,677,076	31,836,591,871
Fellow PVN group subsidiaries	116,140,510,583	143,458,968,654
	<u>146,958,187,659</u>	<u>175,295,560,525</u>
ii) Purchases of goods and services		
PVN	18,375,133,802	15,999,768,000
Subsidiaries	7,021,356,669	6,478,977,842
Fellow PVN group subsidiaries	570,133,456	1,329,548,085
	<u>25,966,623,927</u>	<u>23,808,293,927</u>
iii) Purchases of fixed assets		
Subsidiary	-	362,517,467
	<u>-</u>	<u>362,517,467</u>
iv) Compensation of key management		
Gross salaries and other benefits	4,706,346,507	4,775,916,385
	<u>4,706,346,507</u>	<u>4,775,916,385</u>
v) Management fee		
Fee charged by PVN (Note 30)	995,988,167	6,041,917,929
Fee charged by a subsidiary (Note 30)	16,338,391,344	16,338,391,344
Fee charged to subsidiaries (Note 24)	31,650,955,094	26,516,033,387
	<u>48,985,334,605</u>	<u>48,896,342,660</u>

31 RELATED PARTY DISCLOSURES (continued)

(a) Related party transactions (continued)

	2019 VND	2018 VND
vi) Interest income from working capital support (Note 26)		
Subsidiaries	3,082,678,369	3,098,028,499
	<u>3,082,678,369</u>	<u>3,098,028,499</u>
vii) Dividend income (Note 26)		
Subsidiaries	67,533,180,000	85,266,990,000
	<u>67,533,180,000</u>	<u>85,266,990,000</u>
viii) Dividend paid		
PVN	20,973,851,000	25,169,460,039
Subsidiaries	2,150,841,000	2,581,009,200
	<u>23,124,692,000</u>	<u>27,750,469,239</u>
ix) Working capital support		
Proceeds from working capital support	2,763,677,288,188	2,178,593,015,266
Repayments for working capital support	2,646,165,863,933	2,050,313,619,908
	<u>5,409,843,152,121</u>	<u>4,228,906,635,174</u>

(b) Year-end balances with related parties

	2019 VND	2018 VND
i) Short-term trade accounts receivable (Note 5)		
Fellow PVN group subsidiaries	26,205,943,356	35,401,235,662
	<u>26,205,943,356</u>	<u>35,401,235,662</u>
ii) Other short-term receivables (Note 7)		
Subsidiaries	402,713,616,596	361,480,626,303
	<u>402,713,616,596</u>	<u>361,480,626,303</u>

31 RELATED PARTY DISCLOSURES (continued)

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

	2019 VND	2018 VND
iii) Short-term trade accounts payable (Note 14)		
Subsidiaries	57,499,200	181,769,500
PVN	266,811,188,166	296,760,599,322
Fellow PVN group subsidiaries	220,000,000	220,000,000
	<u>267,088,687,366</u>	<u>297,162,368,822</u>
iv) Short-term unearned revenue (Note 16(a))		
Fellow PVN group subsidiaries	<u>27,272,727,273</u>	<u>27,272,727,273</u>
v) Long-term unearned revenue (Note 16(b))		
Fellow PVN group subsidiaries	<u>20,454,545,483</u>	<u>47,727,272,747</u>
vi) Other short-term payables (Note 17(a))		
PVN	6,378,889,434	3,621,071,804
Subsidiaries	136,382,878,736	37,048,237,344
Fellow PVN group subsidiaries	-	17,047,122,604
	<u>142,761,768,170</u>	<u>57,716,431,752</u>

32 ADDITIONAL INFORMATION ON CERTAIN ITEMS OF THE SEPARATE STATEMENT OF CASH FLOWS

(a) Non-cash transactions affecting the separate statement of cash flows

	2019 VND	2018 VND
Purchase and construction of fixed assets and long-term assets which have not been paid yet	-	<u>362,517,467</u>

32 ADDITIONAL INFORMATION ON CERTAIN ITEMS OF THE SEPARATE STATEMENT OF CASH FLOWS (continued)

(b) Cash held by the Corporation but restricted to use

Cash held by the Corporation but restricted to use is comprised of:

- Cash equivalents of the Corporation which was pledged as collateral assets for the deferred revenue advanced from Nghi Son Refinery and Petrochemical Limited Liability Company (Note 3); and
- Investments held-to-maturity of the Corporation which were pledged as collateral assets for borrowing contracts of a subsidiary as disclosed in Note 4(a).

(c) Amount of borrowings actually drawdown during the year

	2019 VND	2018 VND
Proceeds from borrowings following normal borrowing contracts	-	31,726,800,000

(d) Amount of borrowings actually repaid during the year

	2019 VND	2018 VND
Repayments for borrowings following normal borrowing contracts	28,572,727,566	23,913,225,472

33 COMMITMENTS

(a) Commitments under operating leases

(i) The Corporation as 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 exempted from land use fee until 2022. Additionally, the Corporation also signed office lease contracts with suppliers to conduct its business activities. As at 31 December 2019, the future minimum lease payments under non-cancellable operating leases were as follows:

	Land and office rental	
	2019 VND	2018 VND
Between one and five years	1,881,846,075	967,806,553
Over five years	52,315,320,893	53,229,360,415
Total minimum payments	54,197,166,968	54,197,166,968

33 COMMITMENTS (continued)

(a) Commitments under operating leases (continued)

(ii) The Corporation as the lessor

The Corporation signed the operating lease agreement for Nghi Son Project and for office sublease contracts, the future minimum lease receivables under operating leases were as follows:

	2019 VND	2018 VND
Within one year	110,740,534,793	109,586,723,729
Between one and five years	340,512,563,214	349,657,411,749
Over five years	175,213,568,006	223,083,637,210
Total minimum receipts	<u>626,466,666,013</u>	<u>682,327,772,688</u>

(b) Capital contribution commitments

As at 31 December 2019, the progress of charter capital contribution commitments is as follows:

	As per business registration certificate VND	The Corporation's ownership %	Capital contributed as at 31.12.2018 VND	Capital to be contributed as at 31.12.2018 VND
Petrosetco SSG Company Limited ("PSSSG")	229,500,000,000	-	10,733,401,247	218,766,598,753
Saigon Investment Trading Technology Joint Stock Company ("ITS") (*)	20,000,000,000	-	-	20,000,000,000
Vinh Hoa Emerald Bay International Hospitality Company Limited (**)	111,200,000,000	20	16,000,000,000	95,200,000,000
	<u>360,700,000,000</u>		<u>26,733,401,247</u>	<u>333,966,598,753</u>

33 COMMITMENTS (continued)**(b) Capital contribution commitments (continued)**

(*) 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, equivalent to VND20 billion. As at 31 December 2019, the shareholders of ITS have not yet contributed their capital obligations.

(**) According to Resolution No. 22/DVTHDK-QĐ dated 9 July 2018, the Corporation agreed to contribute capital into Vinh Hoa Emerald Bay International Hospitality Company Limited with the charter capital contribution of VND111.2 billion accounting for 20% of the voting right and ownership in this Company. As at 31 December 2019, the Corporation has contributed VND16 billion.

(c) Commitments of credit guarantees

As at 31 December 2019, the Corporation had non-cancellable guarantee commitments for borrowings from banks granted to the Corporation's subsidiaries with total amount of VND3,430.2 billion (as at 31 December 2018: VND3,812.6 billion and USD30 million); and had non-cancellable guarantee commitments for trade accounts payable of the Corporation's subsidiaries with total amount of USD10.6 million (as at 31 December 2018: USD7 million). Accordingly, the Corporation is liable to repayments of principals, interests, guarantee costs and other underwriting expenses to suppliers and bankers in case the Corporation's subsidiaries are not able to repay or repay on a timely manner.

(d) Other commitments

As at 31 December 2019, the Corporation had a guarantee contract amounting to VND150 billion with a commercial bank to guarantee the advanced amount received from Nghi Son Refinery and Petrochemical Company Limited.

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34 SEGMENT REPORTING

Geographical segment

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

Business activity segment

Information of revenue from sales of goods and rendering of services and cost of goods sold and services rendered by business activity segment based on the activities of the Corporation is as follows:

	2019				Total VND
	Operating leases VND	Outsourced services VND	Management services VND	Sales of real estate and goods VND	
Net revenue from sales of goods and rendering of services	154,232,770,345	-	31,650,955,094	35,680,151,172	221,563,876,611
Cost of goods sold and services rendered	(122,079,912,659)	-	-	(29,523,660,499)	(151,603,573,158)
Gross profit from sales of goods and rendering of services	<u>32,152,857,686</u>	<u>-</u>	<u>31,650,955,094</u>	<u>6,156,490,673</u>	<u>69,960,303,453</u>
	2018				Total VND
	Operating leases VND	Outsourced services VND	Management services VND	Sales of real estate and goods VND	
Net revenue from sales of goods and rendering of services	151,677,430,524	34,402,882,666	26,516,033,387	111,569,403,747	324,165,750,324
Cost of goods sold and services rendered	(131,390,503,201)	(33,723,897,004)	-	(98,220,336,981)	(263,334,737,186)
Gross profit from sales of goods and rendering of services	<u>20,286,927,323</u>	<u>678,985,662</u>	<u>26,516,033,387</u>	<u>13,349,066,766</u>	<u>60,831,013,138</u>

35 CONTINGENT LIABILITIES

The Corporation has signed land and office lease contracts with its suppliers to conduct the business activities. According to the Civil Law No. 91/2015/QH13 dated 24 November 2015, the Corporation has to return leased property in the same condition in which it was received, except for normal wear and tear, or in the agreed condition. If the value of the leased property decreases in comparison with its condition at the time it was received, the lessor has the right to ask for compensation for any damage, except for normal wear and tear.

According to Vietnamese Accounting Standard No. 18 – *Provision and Contingent assets and liabilities* and Circular No. 200/2014/TT-BTC – *Providing guidance on Corporate Accounting System* issued by the Ministry of Finance on 24 December 2014, the Corporation is required to provide for dismantling and restoration costs of the Corporation’s leased premises at the end of rental period. However, as at 31 December 2019, the Chairman has not yet come up with a reliable estimate for the dismantling and restoration costs relating to the aforementioned rental contracts. Therefore, the Corporation has not recorded a provision for dismantling costs in the separate financial statements.

The separate financial statements were approved by the Chairman on 30 March 2020.



Pham Thi Ninh
Preparer



Nguyen Thi Thanh
Chief Accountant



Phung Tuan Ha
Chairman