

**PETROVIETNAM LOW PRESSURE GAS
DISTRIBUTION JOINT STOCK COMPANY**

(Incorporated in the Socialist Republic of Vietnam)

**AUDITED FINANCIAL
STATEMENTS**

For the year ended 31 December 2016

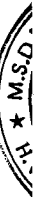


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STATEMENT OF THE BOARD OF MANAGEMENT

The Board of Management of PetroVietnam Low Pressure Gas Distribution Joint Stock Company (the "Company") presents this report together with the Company's financial statements for the year ended 31 December 2016.

THE BOARDS OF DIRECTORS AND MANAGEMENT

The members of the Boards of Directors and Management of the Company who held office during the year and to the date of this report are as follows:

Board of Directors

Mr. Tran Trung Chinh	Chairman
Mr. Tran Thanh Nam	Member
Mr. Pham Van Hue	Member
Mr. Nguyen Nhu Song	Member
Mr. Nguyen Quang Huy	Member (appointed on 25 October 2016)
Mr. Le Quyet Thang	Member (resigned on 17 August 2016)

Board of Management

Mr. Tran Thanh Nam	Director
Mr. Nguyen Quang Huy	Deputy Director
Mr. Dinh Ngoc Huy	Deputy Director
Mr. Do Pham Hong Minh	Deputy Director
Mr. Le Minh Hai	Deputy Director (appointed on 18 May 2016)
Mr. Truong Manh Thang	Deputy Director (resigned on 18 May 2016)

BOARD OF MANAGEMENT'S STATEMENT OF RESPONSIBILITY

The Board of Management of the Company is responsible for preparing the financial statements, which give a true and fair view of the financial position of the Company as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting. In preparing these financial statements, the Board of Management is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- design and implement an effective internal control system for the purpose of properly preparing and presenting the financial statements so as to minimise errors and frauds.

STATEMENT OF THE BOARD OF MANAGEMENT (Continued)

BOARD OF MANAGEMENT'S STATEMENT OF RESPONSIBILITY (Continued)

The Board of Management is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the financial position of the Company and that the financial statements comply with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting. The Board of Management is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

The Board of Management confirms that the Company has complied with the above requirements in preparing the financial statements.

For and on behalf of the Board of Management,



Tran Thanh Nam
Director

h 28 February 2017
Ho Chi Minh City, S.R. Vietnam

No.: **441 VN1A-HN-BC**

INDEPENDENT AUDITORS' REPORT

**To: The shareholders
The Boards of Directors and Management
PetroVietnam Low Pressure Gas Distribution Joint Stock Company**

We have audited the accompanying financial statements of PetroVietnam Low Pressure Gas Distribution Joint Stock Company (the "Company"), prepared on 28 February 2017 as set out from page 04 to page 29, which comprise the balance sheet as at 31 December 2016, the statement of income, the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

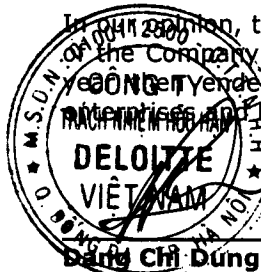
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting.



Dang Chi Dung
Deputy General Director
Audit Practising Registration Certificate
No. 0030-2013-001-1

Vu Manh Hung
Auditor
Audit Practising Registration Certificate
No. 2737-2013-001-1

**For and on behalf of
DELOITTE VIETNAM COMPANY LIMITED**

28 February 2017
Hanoi, S.R. Vietnam

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PETROVIETNAM LOW PRESSURE GAS DISTRIBUTION JOINT STOCK COMPANY7th floor, PVGAS Tower, 673 Nguyen Huu Tho Street,
Phuoc Kien Commune, Nha Be District,
Ho Chi Minh City, Vietnam**FORM B 01-DN**Issued under Circular No.200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance**BALANCE SHEET**

As at 31 December 2016

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
A. CURRENT ASSETS	100		2,039,279,963,568	1,834,614,629,054
I. Cash and cash equivalents	110	5	1,484,322,428,028	1,284,126,180,794
1. Cash	111		252,260,428,028	414,126,180,794
2. Cash equivalents	112		1,232,062,000,000	870,000,000,000
II. Short-term receivables	130		490,603,137,863	481,498,548,697
1. Short-term trade receivables	131	6	500,556,946,219	479,453,919,472
2. Short-term advances to suppliers	132		1,186,048,412	12,373,548,933
3. Other short-term receivables	136	7	9,032,629,135	3,962,428,450
4. Provision for short-term doubtful debts	137	8	(20,172,485,903)	(14,291,348,158)
III. Inventories	140	9	21,993,517,522	19,289,804,120
1. Inventories	141		21,993,517,522	19,289,804,120
IV. Other short-term assets	150		42,360,880,155	49,700,095,443
1. Short-term prepayments	151	10	3,260,973,061	3,194,358,127
2. Value added tax deductibles	152		38,920,156,629	46,505,737,316
3. Taxes and other receivables from the State budget	153	16	179,750,465	-
B. NON-CURRENT ASSETS	200		786,865,057,228	888,106,402,914
I. Long-term receivables	210		2,752,856,435	4,857,077,035
1. Other long-term receivables	216	7	2,752,856,435	4,857,077,035
II. Fixed assets	220		683,461,911,056	799,756,344,114
1. Tangible fixed assets	221	11	637,595,183,582	753,727,897,814
- Cost	222		1,090,589,645,701	1,044,742,341,517
- Accumulated depreciation	223		(452,994,462,119)	(291,014,443,703)
2. Intangible assets	227	12	45,866,727,474	46,028,446,300
- Cost	228		49,340,485,186	49,075,485,186
- Accumulated amortisation	229		(3,473,757,712)	(3,047,038,886)
III. Long-term assets in progress	240	13	2,319,915,164	12,886,249,657
1. Construction in progress	242		2,319,915,164	12,886,249,657
IV. Other long-term assets	260		98,330,374,573	70,606,732,108
1. Long-term prepayments	261	10	98,330,374,573	70,606,732,108
TOTAL ASSETS (270=100 + 200)	270		2,826,145,020,796	2,722,721,031,968

The accompanying notes are an integral part of these financial statements

PETROVIETNAM LOW PRESSURE GAS DISTRIBUTION JOINT STOCK COMPANY

7th floor, PVGAS Tower, 673 Nguyen Huu Tho Street,
Phuoc Kien Commune, Nha Be District,
Ho Chi Minh City, Vietnam

FORM B 01-DN


Issued under Circular No.200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance

BALANCE SHEET (Continued)

As at 31 December 2016

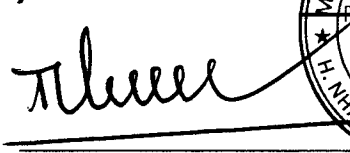
Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance
C. LIABILITIES	300		1,441,470,402,203	1,452,798,053,158
I. Current liabilities	310		1,247,031,760,759	1,241,719,613,167
1. Short-term trade payables	311	14	966,115,348,697	949,797,903,052
2. Short-term advances from customers	312	15	65,552,347,623	46,019,420,409
3. Taxes and amounts payable to the State budget	313	16	2,588,265,320	15,719,176,624
4. Payables to employees	314		5,479,101,444	5,408,522,345
5. Short-term accrued expenses	315	17	55,643,654,775	169,984,105,092
6. Short-term unearned revenue	318		74,545,455	-
7. Other current payables	319	18	145,212,822,127	40,829,331,767
8. Short-term loans	320	19	6,200,000,000	12,445,122,872
9. Short-term provisions	321		-	461,916,000
10. Bonus and welfare funds	322		165,675,318	1,054,115,006
II. Long-term liabilities	330		194,438,641,444	211,078,439,991
1. Long-term loans	338	20	170,037,044,534	186,676,843,081
2. Scientific and technological development fund	343		24,401,596,910	24,401,596,910
D. EQUITY	400		1,384,674,618,593	1,269,922,978,810
I. Owner's equity	410	21	1,384,674,618,593	1,269,922,978,810
1. Owner's contributed capital	411		899,990,250,000	899,990,250,000
- Ordinary shares carrying voting rights	411a		899,990,250,000	899,990,250,000
2. Share premium	412		153,050,000	153,050,000
3. Treasury shares	415		(9,550,000)	(9,550,000)
4. Investment and development fund	418		178,262,403,866	178,262,403,866
5. Other reserves	420		12,450,000,000	12,450,000,000
6. Retained earnings	421		293,828,464,727	179,076,824,944
- Retained earnings accumulated to the prior year end	421a		85,340,573,602	11,340,398,716
- Retained earnings of the current year	421b		208,487,891,125	167,736,426,228
TOTAL RESOURCES (440=300+400)	440		2,828,145,020,796	2,722,721,031,968



Le Duc Huy
Preparer

28 February 2017



Nguyen Phuong Thuy
Chief Accountant



Tran Thanh Nam
Director

The accompanying notes are an integral part of these financial statements

PETROVIETNAM LOW PRESSURE GAS DISTRIBUTION JOINT STOCK COMPANY

7th floor, PVGAS Tower, 673 Nguyen Huu Tho Street,
Phuoc Kien Commune, Nha Be District,
Ho Chi Minh City, Vietnam

FORM B 02-DN

Issued under Circular No.200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance

INCOME STATEMENT*For the year ended 31 December 2016*

Unit: VND

ITEMS	Codes Notes		Current year	Prior year
1. Gross revenue from goods sold and services rendered	01	23	4,704,157,249,093	4,935,182,026,843
2. Deductions	02		-	-
3. Net revenue from goods sold and services rendered (10=01-02)	10		4,704,157,249,093	4,935,182,026,843
4. Cost of sales	11	24	3,883,105,323,188	4,202,580,131,513
5. Gross profit from goods sold and services rendered (20=10-11)	20		821,051,925,905	732,601,895,330
6. Financial income	21	26	15,662,306,208	17,278,273,094
7. Financial expenses	22		18,459,055,995	4,631,201,384
- In which: Interest expense	23		18,459,055,995	4,631,201,384
8. Selling expenses	25	27	464,872,794,532	339,095,489,465
9. General and administration expenses	26	27	77,836,235,920	94,694,614,029
10. Operating profit (30=20+(21-22)-(25+26))	30		275,546,145,666	311,458,863,546
11. Other income	31		75,019,231	61,773,150
12. Other expenses	32		278,107	3,251,382,468
13. Profit/(Loss) from other activities (40=31-32)	40		74,741,124	(3,189,609,318)
14. Accounting profit before tax (50=30+40)	50		275,620,886,790	308,269,254,228
15. Current corporate income tax expense	51	28	56,243,270,665	70,033,783,000
16. Net profit after corporate income tax (60=50-51)	60		219,377,616,125	238,235,471,228
17. Basic earnings per share	70	29	2,313	2,480

Le Duc Huy
Preparer

28 February 2017

Nguyen Phuong Thuy
Chief Accountant



Tran Thanh Nam
Director

The accompanying notes are an integral part of these financial statements

PETROVIETNAM LOW PRESSURE GAS DISTRIBUTION JOINT STOCK COMPANY

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Ho Chi Minh City, Vietnam

FORM B 03-DN

Issued under Circular No.200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance

CASH FLOW STATEMENT

For the year ended 31 December 2016

Unit: VND

ITEMS	Codes	Current year	Prior year
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	01	275,620,886,790	308,269,254,228
2. Adjustments for:			
Depreciation and amortisation	02	163,677,464,462	123,437,934,235
Provisions	03	5,881,137,745	13,235,069,826
(Gain) from investing activities	05	(15,677,306,208)	(17,278,273,094)
Interest expense	06	18,459,055,995	4,631,201,384
3. Operating profit before movements in working capital	08	447,961,238,784	432,295,186,579
Increase, decrease in receivables	09	(11,519,430,884)	504,646,737,222
(Increase) in inventories	10	(2,703,713,402)	(2,906,093,488)
Increase, decrease in payables (excluding accrued loan interest and corporate income tax payable)	11	115,286,910,699	(1,173,571,637,246)
(Increase) in prepaid expenses	12	(26,722,832,997)	(9,854,923,841)
Interest paid	14	(18,315,033,367)	(4,147,453,617)
Corporate income tax paid	15	(68,965,125,208)	(60,833,821,912)
Other cash outflows	17	(16,278,164,688)	(12,080,042,869)
Net cash generated by/(used in) operating activities	20	418,743,848,937	(326,452,049,172)
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition and construction of fixed assets and other long-term assets	21	(120,839,260,576)	(403,960,201,061)
2. Proceeds from sale, disposal of fixed assets and other long-term assets	22	15,000,000	-
3. Interest earned, dividends and profits received	27	15,159,650,292	17,775,161,982
Net cash (used in) investing activities	30	(105,664,610,284)	(386,185,039,079)
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Proceeds from borrowings	33	10,215,078,581	199,121,965,953
2. Repayment of borrowings	34	(33,100,000,000)	-
3. Dividends and profits paid	36	(89,998,070,000)	(165,448,090,000)
Net cash (used in)/generated by financing activities	40	(112,882,991,419)	33,673,875,953
Net increase/(decrease) in cash (50=20+30+40)	50	200,196,247,234	(678,963,212,298)
Cash and cash equivalents at the beginning of the year	60	1,284,126,180,794	1,963,089,393,092
Cash and cash equivalents at the end of the year (70=50+60)	70	1,484,322,428,028	1,284,126,180,794


Le Duc Huy
Preparer


Nguyen Phuong Thuy
Chief Accountant


Tran Thanh Nam
Director

28 February 2017

The accompanying notes are an integral part of these financial statements

PETROVIETNAM LOW PRESSURE GAS DISTRIBUTION JOINT STOCK COMPANY

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Ho Chi Minh City, Vietnam

FORM B 09-DN

Issued under Circular No.200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance

NOTES TO THE FINANCIAL STATEMENTS

These notes are an integral part of and should be read in conjunction with the accompanying financial statements

1. GENERAL INFORMATION

Structure of ownership

PetroVietnam Low Pressure Gas Distribution Joint Stock Company (the "Company") was incorporated and operates in Vietnam, as a joint stock company, under the first Business Registration Certificate No. 4103006815 dated 23 May 2007 and amendments. According to the 11th amended Business Registration Certificate dated 31 December 2015, the Company's charter capital is VND 899,990,250,000. The Company has been listed on Ho Chi Minh Stock Exchange with stock code PGD.

The parent company of the Company is PetroVietnam Gas Joint Stock Corporation which holds 50.5% of the charter capital.

The number of employees as at 31 December 2016 was 256 (31 December 2015: 243).

Operating industry and principal activities

The Company's operating industry is trading and transportation of low pressure gas and CNG.

The principal activities of the Company are to trade and transport low pressure gas via pipes; to trade industrial gas (outside Ho Chi Minh City area), materials, machinery, equipment, chemicals and motor vehicles used in oil and gas industry; to provide technology transfer consultancy services; to build industrial constructions, pipe system, warehouses and extracting and recharging stations for oil and gas industry; to trade and transport petroleum, lubricant and dried gas, LPG, CNG, LNG and other gas or oil-originated products (not purchasing and selling gas at the Company's head office); to provide converting service in motor vehicles (except for mechanical processing, polishing and electroplating and recycling waste items at the Company's premise and designing motor vehicles); to trade, install, repair and maintain conversion facilities using gas that are used in motor vehicles, machinery, equipment for agro-forestry-fishery industry; to trade construction and interior decoration materials; to trade real estates; to construct industrial zones' and residential zones' infrastructure and exploit minerals.

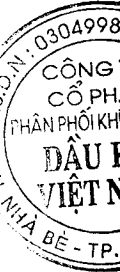
Normal production and business cycle

The Company's normal production and business cycle is carried out for a time period of 12 months or less.

The Company's structure

The structure of the Company consists of 01 office and 03 dependent accounting units, including:

- Vung Tau Low Pressure Gas Distribution Enterprise;
- Branch of PetroVietnam Low Pressure Gas Distribution Joint Stock Company - Nhon Trach Low Pressure Gas Distribution Enterprise;
- Branch of PetroVietnam Low Pressure Gas Distribution Joint Stock Company - Northern Low Pressure Gas Distribution Enterprise.



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2. ACCOUNTING CONVENTION AND FINANCIAL YEAR

Accounting convention

The accompanying financial statements, expressed in Vietnam Dong (VND), are prepared under the historical cost convention and in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting.

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

Financial year

The Company's financial year begins on 01 January and ends on 31 December.

3. ADOPTION OF NEW ACCOUNTING GUIDANCE

On 21 March 2016, the Ministry of Finance issued Circular No. 53/2016/TT-BTC ("Circular 53") amending and supplementing certain articles of Circular No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance guiding the accounting regime for enterprises. Circular 53 is effective for the financial years beginning on or after 01 January 2016. The Board of Management has adopted Circular 53 in the preparation and presentation of the Company's financial statements for the year ended 31 December 2016.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies, which have been adopted by the Company in the preparation of these financial statements, are as follows:

Estimates

The preparation of financial statements in conformity with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these accounting estimates are based on the management's best knowledge, actual results may differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Receivables

Receivables represent the amounts recoverable from customers or other debtors and are stated at book value less provision for doubtful debts.

Provision for doubtful debts is made for receivables that are overdue for six months or more, or when the debtor is in dissolution, in bankruptcy, or is experiencing similar difficulties and so may be unable to repay the debt.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

The evaluation of necessary provision for inventory obsolescence follows current prevailing accounting regulations which allow provisions to be made for obsolete, damaged, or sub-standard inventories and for those which have costs higher than net realisable values as at the balance sheet date.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation.

The costs of purchased tangible fixed assets comprise their purchase prices and any directly attributable costs of bringing the assets to their working conditions and locations for their intended use. The costs of tangible fixed assets formed from construction investment by contractual mode or self-construction or self-generating process are the settled costs of the invested construction projects in accordance with the prevailing State's regulations on investment and construction management, directly-related expenses and registration fee (if any). In the event the construction project has been completed and put into use but the settled costs thereof have not been approved, the cost of tangible fixed assets is recognised at the estimated cost based on the actual cost incurred. The estimated cost will be adjusted according to the settled costs approved by competent authorities.

Tangible fixed assets are depreciated using the straight-line method over their estimated useful lives as follows:

	<u>Current year</u>
	(Years)
Buildings and structures	5 - 25
Machinery and equipment	3 - 10
Office equipment	3 - 6
Motor vehicles and transmission equipment	3 - 6
Others	3

Intangible assets and amortisation

Intangible assets represent land use rights, computer software and others that are stated at cost less accumulated amortisation. Land use rights for a definite term are amortised based on the actual duration of the right to use the land, land use rights for an indefinite term are not subject to amortisation. Computer software and others are amortised using the straight-line method over useful lives from 3 years to 5 years.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Construction in progress

Properties in the course of construction for production, rental or administrative purposes, or for other purposes, are carried at cost. Cost includes costs that are necessary to form the assets in accordance with the Company's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Prepayments

Prepayments are expenses which have already been paid but relate to results of operations of multiple accounting periods, including land rentals and other types of prepayments.

Land rentals represent rentals that have been paid in advance. Prepaid land rentals are charged to the income statement using the straight-line method over the lease term.

Other types of prepayments comprise costs of small tools, supplies and spare parts issued for consumption, advertising expenditures, insurance premium, pipeline maintenance, office renovation expenditures which are expected to provide future economic benefits to the Company. These expenditures have been capitalised as prepayments, and are allocated to the income statement using the straight-line method in accordance with the current prevailing accounting regulations.

Payable provisions

Payable provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation as at the balance sheet date.

Revenue recognition

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

- (a) the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (b) the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (c) the amount of revenue can be measured reliably;
- (d) it is probable that the economic benefits associated with the transaction will flow to the Company; and
- (e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue of a transaction involving the rendering of services is recognised when the outcome of such transactions can be measured reliably. Where a transaction involving the rendering of services is attributable to several years, revenue is recognised in each year by reference to the percentage of completion of the transaction at the balance sheet date of that year. The outcome of a transaction can be measured reliably when all four (4) following conditions are satisfied:

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

- (a) the amount of revenue can be measured reliably;
- (b) it is probable that the economic benefits associated with the transaction will flow to the Company;
- (c) the percentage of completion of the transaction at the balance sheet date can be measured reliably; and
- (d) the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the applicable interest rate.

Borrowing costs

Borrowing costs are recognised in the income statement in the year when incurred unless they are capitalised in accordance with Vietnamese Accounting Standard No. 16 "Borrowing costs". Accordingly, borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the cost of those assets. For specific borrowings for the purpose of construction of fixed assets and investment properties, borrowing costs are capitalised even when the construction period is under 12 months.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years (including loss carried forward, if any) and it further excludes items that are never taxable or deductible.

Deferred tax is recognised on significant differences between carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using balance sheet liability method. Deferred tax liabilities are generally recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Company intends to settle its current tax assets and liabilities on a net basis. As at 31 December 2016, no deferred corporate income tax has been recognized because there was no significant difference between the carrying amounts of assets or liabilities in the balance sheet and the corresponding tax bases.



4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

The determination of the tax currently payable is based on the current interpretation of tax regulations. However, these regulations are subject to periodic variation and their ultimate determination depends on the results of the tax authorities' examinations.

Other taxes are paid in accordance with the prevailing tax laws in Vietnam.

5. CASH AND CASH EQUIVALENTS

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
Cash on hand	657,190,957	1,135,201,159
Bank demand deposits	251,603,237,071	412,990,979,635
Cash equivalents	1,232,062,000,000	870,000,000,000
	<u>1,484,322,428,028</u>	<u>1,284,126,180,794</u>

Cash equivalents represent the Company's time deposits denominated in VND with original terms from one (01) week to three (03) months at commercial banks, and interest rates ranging from 1% per annum to 5.5% per annum.

6. SHORT-TERM TRADE RECEIVABLES

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
PetroVietnam Southern Gas Joint Stock Company	81,569,091,521	74,001,409,244
Vietnam CNG Joint Stock Company	67,953,808,292	66,051,503,659
PetroVietnam Northern Gas Joint Stock Company	53,779,783,115	5,780,190,862
Other customers	297,254,263,291	333,620,815,707
	<u>500,556,946,219</u>	<u>479,453,919,472</u>
Receivables from related parties (details in Note 30)	<u>203,302,682,928</u>	<u>148,031,508,364</u>

7. OTHER RECEIVABLES

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
a. Other short-term receivables		
Receivable from PetroVietnam Construction Joint Stock Company 2	4,811,281,851	-
Receivable from PetroVietnam Trade Union Finance Investment Corporation	1,294,956,610	1,369,634,083
Receivable from Vietnam CNG Joint Stock Company for 50% of general expense of Gas Tower building	723,940,015	935,631,501
Receivable from PetroVietnam Coating Joint Stock Company	-	649,043,500
Receivable on accrued interest	938,767,027	436,111,111
Receivable on employees' PIT paid on behalf	-	192,932,151
Advances to employees	50,000,000	70,000,000
Other receivables	1,213,683,632	309,076,104
	9,032,629,135	3,962,428,450
b. Other long-term receivables		
Deposits and mortgages	2,752,856,435	4,857,077,035
	2,752,856,435	4,857,077,035
Other receivables from related parties (details in Note 30)	8,240,034,911	5,887,386,119

8. BAD DEBTS

As at 31 December 2016, the Company has some bad debts as follows:

	<u>Closing balance</u>			<u>Opening balance</u>		
	VND	VND		VND	VND	
	Cost	Recoverable amount (*)	Overdue period	Cost	Recoverable amount (*)	Overdue period
PetroVietnam Trade Union Finance Investment Corporation	1,294,956,610	-	Over 3 years	1,369,634,083	74,677,473	Over 3 years
My Xuan Ceramic Company Limited	11,296,297,196	3,388,889,158	From 1 year to 3 years	11,296,297,196	5,648,148,596	From 1 year to 2 years
My Duc Ceramics Company Limited	18,109,391,538	7,139,270,283	From 1 year to 3 years	18,109,391,538	10,761,148,590	From 1 year to 2 years
	30,700,645,344	10,528,159,441		30,775,322,817	16,483,974,659	

(*) Recoverable amount is stated at cost less corresponding provision for short-term doubtful debts.

9. INVENTORIES

	Closing balance		Opening balance	
	VND	VND	VND	VND
	Cost	Provision	Cost	Provision
Raw materials	4,238,166,739	-	3,076,158,703	-
Tools and supplies	16,988,029,388	-	15,715,343,110	-
Merchandise	767,321,395	-	498,302,307	-
	21,993,517,522	-	19,289,804,120	-

10. PREPAYMENTS

	Closing balance	Opening balance
	VND	VND
Current		
Pipeline maintenance	1,359,137,502	-
Insurance premium cost for assets	514,080,971	550,182,630
Tools and dies for short-term allocation	442,329,388	413,299,395
Advertising board rental	277,675,200	277,675,200
Optional insurance premium for employees	-	1,825,250,902
Other short-term prepayments	667,750,000	127,950,000
	3,260,973,061	3,194,358,127
Non-current		
Area rental in industrial zones	67,814,567,208	45,144,836,160
Advertising board rental	14,595,234,211	12,111,729,168
Office renovation cost	9,000,365,861	4,245,281,909
Tools and dies for long-term allocation	623,189,893	956,292,547
Others long-term prepayments	6,297,017,400	8,148,592,324
	98,330,374,573	70,606,732,108

PETROVIETNAM LOW PRESSURE GAS DISTRIBUTION JOINT STOCK COMPANY
NOTES TO THE FINANCIAL STATEMENTS (Continued)

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11. INCREASES, DECREASES IN TANGIBLE FIXED ASSETS

	Buildings, structures VND	Machinery, equipment VND	Motor vehicles, transmission equipment VND	Office equipment VND	Others VND	Total VND
COST						
Opening balance	145,539,499,664	887,632,871,575	4,612,418,845	6,880,801,433	76,750,000	1,044,742,341,517
Purchases	-	2,055,607,048	226,950,000	3,710,266,273	-	5,992,823,321
Transfer from construction in progress	12,021,044,866	-	21,998,406,631	2,135,285,000	-	36,154,736,497
Disposals	-	(315,872,234)	(85,373,845)	(869,481,141)	-	(1,270,727,220)
Adjustment of temporary increase	(808,943,291)	5,779,414,877	-	-	-	4,970,471,586
Reclassification	(105,688,437,117)	105,688,437,117	-	-	-	-
Closing balance	51,063,164,122	1,000,840,458,383	26,752,401,631	11,856,871,565	76,750,000	1,090,589,645,701
ACCUMULATED DEPRECIATION						
Opening balance	13,816,693,281	271,913,766,256	1,773,190,110	3,509,281,063	1,512,993	291,014,443,703
Charge for the year	1,655,167,460	155,443,669,530	4,431,714,102	1,694,618,224	25,576,320	163,250,745,636
Disposals	-	(315,872,234)	(85,373,845)	(869,481,141)	-	(1,270,727,220)
Reclassification	(7,309,137,854)	7,309,137,854	-	-	-	-
Closing balance	8,162,722,887	434,350,701,406	6,119,530,367	4,334,418,146	27,089,313	452,994,462,119
NET BOOK VALUE						
Closing balance	42,900,441,235	566,489,756,977	20,632,871,264	7,522,453,419	49,660,687	637,595,183,582
Opening balance	131,722,806,383	615,719,105,319	2,839,228,735	3,371,520,370	75,237,007	753,727,897,814

The cost of the Company's tangible fixed assets includes VND 95,568,669,270 as at 31 December 2016 (31 December 2015: VND 8,029,259,207) of assets which have been fully depreciated but are still in use.

12. INCREASES, DECREASES IN INTANGIBLE ASSETS

	Land use rights	Computer software	Others	Total
	VND	VND	VND	VND
COST				
Opening balance	45,545,065,586	3,461,619,600	68,800,000	49,075,485,186
Additions	-	265,000,000	-	265,000,000
Closing balance	45,545,065,586	3,726,619,600	68,800,000	49,340,485,186
ACCUMULATED AMORTISATION				
Opening balance	-	2,978,238,886	68,800,000	3,047,038,886
Charge for the year	-	426,718,826	-	426,718,826
Closing balance	-	3,404,957,712	68,800,000	3,473,757,712
NET BOOK VALUE				
Closing balance	45,545,065,586	321,661,888	-	45,866,727,474
Opening balance	45,545,065,586	483,380,714	-	46,028,446,300

The cost of the Company's intangibles assets includes VND 3,138,749,600 as at 31 December 2016 (31 December 2015: VND 341,649,600) of assets which have been fully amortised but are still in use.

13. LONG-TERM IN PROGRESS ASSETS

	Closing balance	Opening balance
	VND	VND
Long-term construction in progress		
- Acquisition	-	-
- Construction	2,319,915,164	12,886,249,657
Of which:		
- "Gas distribution pipeline system for customers in My Xuan A Industrial Zone" project	809,875,401	-
- "Gas distribution pipeline system for clients Long Hau, Vinafrit, Dong Hai, Vital" project	514,280,167	-
- Installation of gas pipeline system management software under GIS	444,317,400	-
- "Gas distribution pipeline system for regional customers in Long Thanh - Dong Nai" project	325,225,556	-
- "Gas distribution pipeline system for Nhon Trach Industrial Zone" project	-	12,490,926,821
- Other	226,216,640	395,322,836
	2,319,915,164	12,886,249,657

14. SHORT-TERM TRADE PAYABLES

	Closing balance	Amount able to be paid off	Opening balance	Amount able to be paid off
	VND	VND	VND	VND
PetroVietnam Gas Joint Stock Corporation	813,156,567,396	813,156,567,396	897,471,752,643	897,471,752,643
Branch of PetroVietnam Gas Joint Stock Corporation - South East Gas Transmission Company	103,396,810,082	103,396,810,082	31,898,716,139	31,898,716,139
Others	49,561,971,219	49,561,971,219	20,427,434,270	20,427,434,270
	966,115,348,697	966,115,348,697	949,797,903,052	949,797,903,052
Trade payables to related parties (details in Note 30)	938,246,624,510		937,797,256,540	

15. SHORT-TERM ADVANCES FROM CUSTOMERS

	Closing balance	Opening balance
	VND	VND
Hyosung Vietnam Company Limited	21,415,413,887	20,183,656,092
Branch of Hoa Sen Group - Phu My Steel Sheet Plant	8,330,678,321	2,206,213,436
Branch of Thien Hoang Trading Joint Stock Company - Mikado Ceramic Factory	6,724,784,700	-
Posco Vietnam Company Limited	8,746,185,781	10,461,915,205
China Steel Sumikin Vietnam Joint Stock Company	-	4,273,740,078
Hung Nghiep Formosa Company Limited	-	3,589,487,842
Other customers	20,335,284,934	5,304,407,756
	65,552,347,623	46,019,420,409

16. TAXES AND OTHER PAYABLES TO THE STATE BUDGET

Items	Opening balance	Amount payable in year	Amount paid in year	Closing balance
	VND	VND	VND	VND
Value added tax	482,846,630	38,999,761,344	38,931,805,130	550,802,844
Special consumption tax	95,479,255	(179,750,465)	95,479,255	(179,750,465)
Corporate income tax	14,344,933,313	56,243,270,665	68,965,125,208	1,623,078,770
Other taxes	795,917,426	8,042,350,078	8,423,883,798	414,383,706
Personal income tax	795,917,426	7,846,746,385	8,228,280,105	414,383,706
Other taxes	-	195,603,693	195,603,693	-
Total	15,719,176,624	103,105,631,622	116,416,293,391	2,408,514,855
<i>In which:</i>				
- Taxes and amounts payable to the State Budget	15,719,176,624			2,588,265,320
- Taxes and amounts receivable from the State Budget				179,750,465

17. SHORT-TERM ACCRUED EXPENSES

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
Accrual for low pressure gas distribution system for Tien Hai Industrial Zone in Thai Binh Province	48,465,886,879	161,604,042,303
- Joint Venture of PetroVietnam Technical Services Corporation - PetroVietnam Engineering Joint Stock Company	43,113,678,341	104,460,786,191
- Tri Viet Trading Engineering Company Limited	-	24,495,592,970
- Joint Venture of Phuc Sang Minh Gas Engineer Company Limited - LPG System Company Limited	3,737,881,266	17,550,321,755
- Others	1,614,327,272	15,097,341,387
Accrual for PVI Care contract for personal insurance with high liability limit due to PVI Vung Tau	-	1,759,533,388
Other accruals	7,177,767,896	6,620,529,401
	55,643,654,775	169,984,105,092
Accruals to related parties (details in Note 30)	43,113,678,341	106,220,319,579

18. OTHER PAYABLES

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
Payable to Branch of PetroVietnam Gas Joint Stock Corporation - South East Gas Transmission Company	117,197,812,339	38,466,303,265
Short-term deposits received	26,243,700,000	322,870,130
Surplus in assets awaiting for solution	311,144,064	299,265,167
Dividends payable	726,374,500	726,374,500
Others	733,791,224	1,014,518,705
	145,212,822,127	40,829,331,767
Other payables to related parties (details in Note 30)	117,197,812,339	38,466,303,265

**PETROVIETNAM LOW PRESSURE GAS DISTRIBUTION JOINT STOCK COMPANY
NOTES TO THE FINANCIAL STATEMENTS (Continued)**

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19. SHORT-TERM LOANS

Item	Opening balance		Movement in the year		Closing balance	
	VND Amount	VND Amount able to be paid off	VND Increase	VND Decrease	VND Amount	VND Amount able to be paid off
Current portion of long-term loans (see details in Note 20)	12,445,122,872	12,445,122,872	19,922,007,695	26,167,130,567	6,200,000,000	6,200,000,000
	12,445,122,872	12,445,122,872	19,922,007,695	26,167,130,567	6,200,000,000	6,200,000,000

20. LONG-TERM LOANS

Item	Opening balance		Movement in the year		Closing balance	
	VND Amount	VND Amount able to be paid off	VND Increase	VND Decrease	VND Amount	VND Amount able to be paid off
Long-term loans	199,121,965,953	199,121,965,953	10,215,078,581	33,100,000,000	176,237,044,534	176,237,044,534
Of which:						
- Amount due for settlement within 12 months	12,445,122,872				6,200,000,000	
- Amount due for settlement after 12 months	186,676,843,081				170,037,044,534	
	199,121,965,953	199,121,965,953	10,215,078,581	33,100,000,000	176,237,044,534	176,237,044,534

20. LONG-TERM LOANS (Continued)

In 2015, the Company signed a Long-term loan contract funding for "Low pressure gas distribution system for Tien Hai - Thai Binh Industrial Zone" Project with a limit of USD 38,370,131, equivalent to VND 850.2 billion (converting at the average interbank exchange rate on 31 December 2016: VND 22,159 VND/USD). This unsecured loan is co-financed by Joint Stock Commercial Bank for Foreign Trade of Vietnam - Ky Dong Branch (the lead bank) and South East Asia Joint Stock Commercial Bank. The interest rate is calculated at VND 12-month individual saving interest (with interest paid in arrears) of Joint Stock Commercial Bank for Foreign Trade of Vietnam - Ky Dong Branch on the working day preceding the date of the first drawdown (or) the first date of the interest adjustment period plus (+) 2.5% per annum. The interest rates applied in 2016 are 8.5% and 9% per year, respectively. Interest is paid on a monthly basis. Amount withdrawn in VND shall be converted to USD at the USD/VND selling exchange rate as announced by the Joint Stock Commercial Bank for Foreign Trade of Vietnam - Ky Dong Branch at the time of disbursement. As at 31 December 2016, the Company withdrew the total amount of VND 209,337,044,534 and started to repay according to repayment schedule.

Long-term loans are repayable as follows:

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
On demand or within one year	6,200,000,000	12,445,122,872
In the second year	26,200,000,000	24,890,245,744
In the third to fifth year inclusive	78,600,000,000	74,670,737,232
After five years	65,237,044,534	87,115,860,105
	176,237,044,534	199,121,965,953
Less: Amount due for settlement within 12 months	6,200,000,000	12,445,122,872
Amount due for settlement after 12 months	170,037,044,534	186,676,843,081

PETROVIETNAM LOW PRESSURE GAS DISTRIBUTION JOINT STOCK COMPANY
NOTES TO THE FINANCIAL STATEMENTS (Continued)

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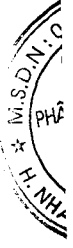
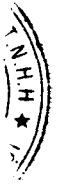
21. OWNER'S EQUITY

<u>Movement in owner's equity</u>	Owner's contributed capital VND	Share premium VND	Treasury shares VND	Investment and development fund VND	Other reserves VND	Retained earnings VND	Total VND
Prior year's opening balance	600,000,000,000	153,050,000	(9,550,000)	478,252,653,866	12,450,000,000	71,639,443,716	1,162,485,597,582
New issue of shares	299,990,250,000	-	-	(299,990,250,000)	-	-	-
Profit for the year	-	-	-	-	-	238,235,471,228	238,235,471,228
Distribution to Bonus and welfare funds	-	-	-	-	-	(10,500,000,000)	(10,500,000,000)
Distribution to Bonus fund to Executive board	-	-	-	-	-	(300,000,000)	(300,000,000)
Dividends declared	-	-	-	-	-	(119,998,090,000)	(119,998,090,000)
Current year's opening balance	899,990,250,000	153,050,000	(9,550,000)	178,262,403,866	12,450,000,000	179,076,824,944	1,269,922,978,810
Profit for the year	-	-	-	-	-	219,377,616,125	219,377,616,125
Distribution to Bonus and welfare funds	-	-	-	-	-	(15,089,725,000)	(15,089,725,000)
(i) Distribution to Bonus fund to Executive board (ii)	-	-	-	-	-	(300,000,000)	(300,000,000)
Dividends declared (iii)	-	-	-	-	-	(89,998,070,000)	(89,998,070,000)
Other increase	-	-	-	-	-	761,818,658	761,818,658
Current year's closing balance	899,990,250,000	153,050,000	(9,550,000)	178,262,403,866	12,450,000,000	293,828,464,727	1,384,674,618,593

(i) According to Resolution No. 01/NQ-DHDCD/2016 dated 22 April 2016, the Company has made additional distribution from profit after tax in 2015 to Bonus and Welfare Funds with the amount VND 4.2 billion and temporarily made profit distribution to Bonus and Welfare Funds with the amount of VND 10,889,725,000 according to approved profit distribution plan in 2016. The management believed that this temporarily distributed amount to Bonus and Welfare Funds from profit after tax in 2016 will be approved in the Annual General Shareholders' Meeting in 2017.

(ii) According to Resolution No. 01/NQ-DHDCD/2016 dated 22 April 2016, the Company made distribution to Bonus fund to Executive board with the amount of VND 300,000,000 from 2015 profit after tax.

(iii) According to Resolution No. 16/NQ-HDQT/2016 dated 20 July 2016, the Company declared the second dividend in cash with the rate of 10% on owner's equity.



21. OWNER'S EQUITY (Continued)

Charter capital and owner's contributed capital

According to the Company's 11th amended Business Registration Certificate dated 31 December 2015, the Company's charter capital is VND 899,990,250,000. The charter capital contributions by the shareholders as at 31 December 2016 had been fully made as follows:

Shareholders	Per the 11th amended Business Registration Certificate		Contributed capital	
	VND	%	Closing balance VND	Opening balance VND
PetroVietnam Gas Joint Stock Corporation	454,500,000,000	50.50%	454,500,000,000	454,500,000,000
Other shareholders	445,490,250,000	49.50%	445,490,250,000	445,490,250,000
Total	899,990,250,000	100%	899,990,250,000	899,990,250,000

Shares

	<u>Closing balance</u>	<u>Opening balance</u>
Number of shares issued to the public	89,999,025	89,999,025
Ordinary shares	89,999,025	89,999,025
Preference shares	-	-
Number of treasury shares	955	955
Ordinary shares	955	955
Preference shares	-	-
Number of outstanding shares in circulation	89,998,070	89,998,070
Ordinary shares	89,998,070	89,998,070
Preference shares	-	-

An ordinary share has par value of VND 10,000.

22. BUSINESS AND GEOGRAPHICAL SEGMENTS

During the year, the Company has traded in low pressure gas only (natural gas) and has operation within Vietnam territory. Therefore, the Company does not have any other business segments except for trading low pressure gas and other geographical segments except for Vietnam territory.

23. REVENUE

	<u>Current year</u> VND	<u>Prior year</u> VND
Sales of low pressure gas	4,321,230,627,963	4,869,498,279,205
Sales of CNG	376,150,602,592	63,696,148,334
Other sales	6,776,018,538	1,987,599,304
	4,704,157,249,093	4,935,182,026,843
Sales of merchandise and services to related parties (details in Note 30)	797,563,017,235	835,860,413,532

24. COST OF SALES

	<u>Current year</u> VND	<u>Prior year</u> VND
Cost of low pressure gas sold	3,573,251,023,174	4,146,042,150,200
Cost of CNG sold	304,260,455,914	56,537,981,313
Other cost of sales	5,593,844,100	-
	3,883,105,323,188	4,202,580,131,513

25. PRODUCTION COST BY NATURE

	<u>Current year</u> VND	<u>Prior year</u> VND
Cost of gas purchased	3,877,511,479,088	4,202,580,131,513
Labour	80,366,505,445	72,045,532,606
Safety bonus expense	2,188,287,971	4,953,716,594
Tools and consumables	17,754,101,029	24,588,366,405
Depreciation and amortization	163,677,464,462	123,381,604,124
Fixed asset rentals	68,704,790,510	61,383,263,527
Office rentals	5,665,528,007	6,389,797,888
CNG transporting expenses	57,375,711,923	1,284,830,720
Out-sourced services	61,164,283,800	39,337,094,341
Other monetary expenses	85,812,357,305	100,425,897,289
	4,420,220,509,540	4,636,370,235,007

26. FINANCIAL INCOME

The financial income represents interest earned from demand deposits and time deposits at commercial banks.

27. SELLING EXPENSES AND GENERAL AND ADMINISTRATION EXPENSES

	<u>Current year</u> VND	<u>Prior year</u> VND
General and administration expenses in the year		
Administrative staff expenses	10,341,466,114	10,704,144,848
Tools and consumables	609,208,299	788,385,900
Depreciation and amortization	1,285,743,321	1,275,144,163
Office rentals	5,665,528,007	6,389,797,888
Insurance premium cost	7,211,005,043	16,854,000,000
Out-sourced services	4,067,218,388	4,840,426,433
Provision for bad debts	6,281,817,745	13,235,069,826
Other general and administration expenses	42,374,249,003	40,607,644,971
	77,836,235,920	94,694,614,029
Selling expenses in the year		
Selling staff expenses	72,213,327,302	66,295,104,352
Fuel cost	1,789,107,625	348,292,754
Tools and consumables	17,144,892,730	23,799,980,505
Depreciation and amortization	162,391,721,141	122,106,459,961
Fixed asset rentals	68,704,790,510	61,383,263,527
CNG transporting expenses	57,375,711,923	1,284,830,720
Out-sourced services	57,097,065,412	34,496,667,908
Other selling expenses	28,156,177,889	29,380,889,738
	464,872,794,532	339,095,489,465

28. CORPORATE INCOME TAX EXPENSES

	<u>Current year</u> VND	<u>Prior year</u> VND
Profit before tax	275,620,886,790	308,269,254,228
Adjustments for taxable profit		
Add back: non-deductible expenses	4,757,466,010	8,062,268,518
- <i>Remuneration for Boards of Directors and Supervision</i>	54,000,000	54,000,000
- <i>Excessive payments of insurance premium</i>	3,936,000,000	3,439,000,000
- <i>Financial assistance support</i>	-	3,150,000,000
- <i>Other expenses</i>	767,466,010	1,419,268,518
Taxable profit	280,378,352,800	316,331,522,746
Tax rate	20%	22%
Corporate income tax expense based on taxable profit in the current year	56,075,670,560	69,592,935,004
Adjustments for corporate income tax expenses in previous years to the current year	167,600,105	440,847,996
Total current corporate income tax expense	56,243,270,665	70,033,783,000

29. BASIC EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the following data:

	<u>Current year</u>	<u>Prior year (restated)</u>
Profit after corporate income tax (VND)	219,377,616,125	238,235,471,228
- Distribution to Bonus and welfare funds (VND)	(10,889,725,000)	(14,700,000,000)
- Distribution to Bonus fund to Executive board (VND)	(300,000,000)	(300,000,000)
Earnings for the purposes of calculating basic earnings per share (VND)	208,187,891,125	223,235,471,228
Weighted average number of ordinary shares for the purposes of calculating basic earnings per share (shares)	89,998,070	89,998,070
Basic earnings per share (VND/share)	2,313	2,480

The amount distributed to Bonus and welfare funds from profit in 2015 presented in the prior year's financial statements is temporary and has been restated according to finalized figures in Resolution No. 01/NQ-DHDCD/2016 dated 22 April 2016 to calculate prior year's figure of basic earnings per share (figure presented in the previous year's financial statements is VND 2,527 per share).

30. RELATED PARTY TRANSACTIONS AND BALANCES

List of related parties with significant transactions and balances for the year:

<u>Related parties</u>	<u>Relationship</u>
PetroVietnam Gas Joint Stock Corporation	Parent Company
Member of Vietnam Oil and Gas Group	Affiliate

During the year, the Company entered into the following significant transactions with related parties:

	<u>Current year</u>	<u>Prior year</u>
	VND	VND
Purchases	3,983,185,638,991	4,611,934,881,777
PetroVietnam Gas Joint Stock Corporation	3,330,937,227,943	4,148,137,489,621
- Gas purchase	3,264,232,216,455	4,081,210,122,333
- Office rental and management	5,664,204,000	5,490,698,850
- Leasing of "Low pressure distribution system - Phase 2"	60,010,850,004	60,010,850,004
- Lunch, electricity and other expenses	526,760,284	1,425,818,434
- PetroVietnam Gas Services Company	503,197,200	-
Branch of PetroVietnam Gas Joint Stock Corporation - South East Gas Transmission Company	618,665,538,524	121,569,046,320
Cuu Long Petro Gas Services Transportation Joint Stock Company	7,237,571,422	11,109,021,739
PetroVietnam Engineering Consultancy Joint Stock Company	7,064,885,300	8,246,035,421
PVI Sunlife Insurance Company Limited	6,870,000,000	16,854,000,000
Vietnam Oil and Gas Group	3,082,692,542	2,138,094,025
PetroVietnam Security Services Joint Stock Company	2,801,435,234	4,382,070,076
PetroVietnam Gas East Company	1,886,158,397	1,718,569,856
Vung Tau Petroleum Technology Joint Stock Company	1,550,310,664	2,228,940,000
PetroVietnam Energy Technology Corporation	1,363,973,091	-
PetroVietnam Insurance Joint Stock Corporation - PVI Vung Tau	976,574,689	2,513,619,126
PetroVietnam Technical Safety Registration Company Limited	749,271,185	583,116,250
Joint Venture of PetroVietnam Technical Services Corporation - PetroVietnam Engineering Consultancy Joint Stock Company	-	219,596,548,767
PetroVietnam Machinery Technology Joint Stock Company	-	69,980,818,219
PetroVietnam Insurance Joint Stock Corporation - PVI South	-	2,877,512,357
Sales	797,563,017,235	835,860,413,532
PetroVietnam Southern Gas Joint Stock Company	306,798,100,642	451,064,935,605
CNG Vietnam Joint Stock Company	317,594,100,882	368,545,300,676
PetroVietnam Northern Gas Joint Stock Company	168,868,818,886	14,433,313,947
PetroVietnam Oil Corporation - One Member Limited Company	3,146,449,552	1,816,863,304
PetroVietnam Coating Joint Stock Company	1,155,547,273	-
Remuneration of Boards of Directors and Management	6,497,876,987	6,918,189,995

30. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

Significant related party balances as at the balance sheet date were as follows:

	<u>Current year</u>	<u>Prior year</u>
	VND	VND
Short-term trade receivables	203,302,682,928	148,031,508,364
PetroVietnam Southern Gas Joint Stock Company	81,569,091,521	74,001,409,244
CNG Vietnam Joint Stock Company	67,953,808,292	66,051,503,659
PetroVietnam Northern Gas Joint Stock Company	53,779,783,115	5,780,190,862
PetroVietnam Oil Corporation - One Member Limited Company	-	2,198,404,599
Other short-term receivables	6,830,178,476	2,954,309,084
PetroVietnam Construction 2 Joint Stock Company	4,811,281,851	-
PetroVietnam Trade Union Finance Investment Corporation	1,294,956,610	1,369,634,083
CNG Vietnam Joint Stock Company	723,940,015	935,631,501
PetroVietnam Coating Joint Stock Company	-	649,043,500
Short-term advances to suppliers	-	10,171,063,180
PetroVietnam Technical Services Corporation	-	5,359,781,329
PetroVietnam Construction 2 Joint Stock Company	-	4,811,281,851
Long-term deposits	1,409,856,435	2,933,077,035
PetroVietnam Gas Joint Stock Corporation	1,409,856,435	1,409,856,435
Cuu Long Petro Gas Services Transportation Joint Stock Company	-	1,523,220,600
Short-term trade payables	938,246,624,510	937,797,256,540
PetroVietnam Gas Joint Stock Corporation	813,156,567,396	897,471,752,643
Branch of PetroVietnam Gas Joint Stock Corporation - South East Gas Transmission Company	103,396,810,082	31,898,716,139
PetroVietnam Technical Services Corporation	13,755,467,858	-
PetroVietnam Machinery Technology Joint Stock Company	3,931,782,113	5,538,379,489
Cuu Long Petro Gas Services Transportation Joint Stock Company	1,456,934,050	1,003,455,880
PetroVietnam Engineering Consultancy Joint Stock Company	2,160,543,011	-
PetroVietnam Security Services Joint Stock Company	388,520,000	229,045,389
PetroVietnam Coating Joint Stock Company	-	1,655,907,000
Short-term accrued expenses	43,113,678,341	106,220,319,579
Joint Venture of PetroVietnam Technical Services Corporation - PetroVietnam Engineering Consultancy Joint Stock Company	43,113,678,341	104,460,786,191
PetroVietnam Insurance Joint Stock Corporation - PVI Vung Tau	-	1,759,533,388
Other current payables	117,197,812,339	38,466,303,265
Branch of PetroVietnam Gas Joint Stock Corporation - South East Gas Transmission Company	117,197,812,339	38,466,303,265

31. COMMITMENTS

Capital Commitments

As at 31 December 2016, the Company has capital commitments related to investment projects of construction in progress as follows:

	<u>Current year</u> VND	<u>Prior year</u> VND
Gas supply systems for Intermalt Viet Nam Company Limited	59,779,977,489	-
Gas supply system for Song Than Steel Company Limited at My Xuan A Industrial zone	13,022,411,808	-
Gas receiving system for Long Hau, Vinafrit, Dong Hai and Vital	11,700,192,670	-
Renovation of office building at Nhon Trach Low Pressure Gas Distribution Enterprise	9,646,799,000	-
Gas distribution system for SOP Phu My Joint Stock Company	7,518,722,334	-
	101,668,103,301	-

Operating lease commitments

On 18 August 2009, the Company signed Contract No. 120/2009/PV GAS-TC-PV GAS D/D4 with PetroVietnam Gas Corporation - One member Limited Company (currently known as PetroVietnam Gas Joint Stock Corporation) for leasing the low pressure gas system - Phase 2. The monthly rental charge is VND 5,000,904,167 from 14 August 2008.

The Company signed Contract No. 314/HD/PVGAS/DAD-PVG.D/D4 dated 01 December 2011 and Appendix No. 07 dated 01 July 2015 with 2 - year term from 01 December 2015 with PetroVietnam Gas Joint Stock Corporation on leasing office at PV Gas Tower. The monthly rental charge is VND 382,200/m².



Le Duc Huy
Preparer



Nguyen Phuong Thuy
Chief Accountant



Tran Thanh Nam
Director

28 February 2017