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

(Incorporated in the Socialist Republic of Vietnam)

**AUDITED FINANCIAL
STATEMENTS**

For the year ended 31 December 2017



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STATEMENT OF THE BOARD OF DIRECTORS

The Board of Directors 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 2017.

THE BOARDS OF MANAGEMENT AND DIRECTORS

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

Board of Management

Mr. Tran Trung Chinh	Chairman
Mr. Tran Thanh Nam	Member
Mr. Nguyen Quang Huy	Member
Mr. Tran Anh Khoa	Member (appointed on 28 March 2017)
Mr. Le Ba Khanh Anh	Member (appointed on 28 March 2017)
Mr. Nguyen Nhu Song	Member (resigned on 28 March 2017)
Mr. Pham Van Hue	Member (resigned on 28 March 2017)

Board of Directors

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

BOARD OF DIRECTORS' STATEMENT OF RESPONSIBILITY

The Board of Directors 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 Dec 2017 and of its results 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 Directors 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.

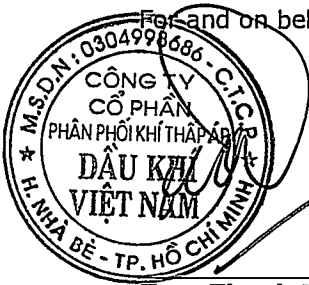
STATEMENT OF THE BOARD OF DIRECTORS (Continued)

BOARD OF DIRECTORS' STATEMENT OF RESPONSIBILITY (Continued)

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

For and on behalf of the Board of Directors,



Tran Thanh Nam
Director

15 March 2018
Ho Chi Minh City, S.R. Vietnam

No: 540 /VN1A-HN-BC

INDEPENDENT AUDITORS' REPORT

**To: The Shareholders
The Boards of Management and Directors
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 15 March 2018 as set out from page 04 to page 28, which comprise the balance sheet as at 31 December 2017, the income statement and statement of cash flow for the year 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 the accompanying 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 2017, and its financial performance and its cash flows for the year ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting.



Trần Huy Công
Deputy General Director
Audit Practising Registration Certificate
No. 0891-2018-001-1

Vu Manh Hung
Auditor
Audit Practising Registration Certificate
No. 2737-2018-001-1

DELOITTE VIETNAM COMPANY LIMITED

15 March 2018
Hanoi, S.R. Vietnam

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 2017

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
A. CURRENT ASSETS	100		2,189,992,236,339	2,039,279,963,568
I. Cash and cash equivalents	110	4	1,499,178,437,648	1,484,322,428,028
1. Cash	111		346,773,668,696	252,260,428,028
2. Cash equivalents	112		1,152,404,768,952	1,232,062,000,000
II. Short-term receivables	130		617,661,775,789	490,603,137,863
1. Short-term trade receivables	131	5	616,417,028,202	500,556,946,219
2. Short-term advances to suppliers	132		8,552,684,284	1,186,048,412
3. Other short-term receivables	136	6	7,688,958,035	9,032,629,135
4. Provision for short-term doubtful debts	137	7	(14,996,894,732)	(20,172,485,903)
III. Inventories	140	8	31,563,829,435	21,993,517,522
1. Inventories	141		31,563,829,435	21,993,517,522
IV. Other short-term assets	150		41,588,193,467	42,360,880,155
1. Short-term prepayments	151	9	1,360,944,356	3,260,973,061
2. Value added tax deductibles	152		40,227,249,111	38,920,156,629
3. Taxes and other receivables from the State budget	153	15	-	179,750,465
B. NON-CURRENT ASSETS	200		769,274,917,079	786,865,057,228
I. Long-term receivables	210		2,823,603,125	2,752,856,435
1. Other long-term receivables	216	6	2,823,603,125	2,752,856,435
II. Fixed assets	220		655,923,291,094	683,461,911,056
1. Tangible fixed assets	221	10	609,261,745,344	637,595,183,582
- Cost	222		1,171,335,817,992	1,090,589,645,701
- Accumulated depreciation	223		(562,074,072,648)	(452,994,462,119)
2. Intangible assets	227	11	46,661,545,750	45,866,727,474
- Cost	228		50,692,647,004	49,340,485,186
- Accumulated amortisation	229		(4,031,101,254)	(3,473,757,712)
III. Long-term assets in progress	240	12	3,231,553,759	2,319,915,164
1. Construction in progress	242		3,231,553,759	2,319,915,164
IV. Other long-term assets	260		107,296,469,101	98,330,374,573
1. Long-term prepayments	261	9	107,296,469,101	98,330,374,573
TOTAL ASSETS (270=100 + 200)	270		2,959,267,153,418	2,826,145,020,796

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

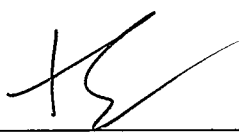
Issued under Circular No. 200/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance

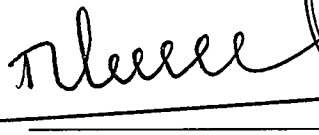
BALANCE SHEET (Continued)

As at 31 December 2017

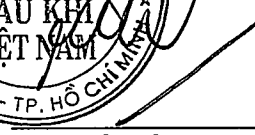
Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance
C. LIABILITIES	300		1,543,970,594,737	1,441,470,402,203
I. Current liabilities	310		1,543,528,594,737	1,247,031,760,759
1. Short-term trade payables	311	13	1,170,430,827,010	966,115,348,697
2. Short-term advances from customers	312	14	171,094,092,791	65,552,347,623
3. Taxes and amounts payable to the State budget	313	15	24,149,352,400	2,588,265,320
4. Payables to employees	314		5,557,699,886	5,479,101,444
5. Short-term accrued expenses	315	16	42,817,549,959	55,643,654,775
6. Short-term unearned revenue	318		111,818,182	74,545,455
7. Other current payables	319	17	129,320,127,021	145,212,822,127
8. Short-term loans	320	18	-	6,200,000,000
9. Bonus and welfare funds	322		47,127,488	165,675,318
II. Long-term liabilities	330		442,000,000	194,438,641,444
1. Other long-term payables	337	17	442,000,000	-
1. Long-term loans	338	19	-	170,037,044,534
2. Scientific and technological development fund	343		-	24,401,596,910
D. EQUITY	400		1,415,296,558,681	1,384,674,618,593
I. Owner's equity	410	20	1,415,296,558,681	1,384,674,618,593
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		324,450,404,815	293,828,464,727
- Retained earnings accumulated to the prior year end	421a		126,821,663,727	85,340,573,602
- Retained earnings of the current year	421b		197,628,741,088	208,487,891,125
TOTAL RESOURCES (440=300+400)	440		2,959,267,153,418	2,826,145,020,796


Le Duc Huy
Preparer


Nguyen Phuong Thuy
Chief Accountant




Tran Thanh Nam
Director

15 March 2018

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 2017*

Unit: VND

ITEMS	Codes Notes		Current year	Prior year
1. Gross revenue from goods sold and services rendered	01	22	6,785,865,403,410	4,704,157,249,093
2. Deductions		02	-	-
3. Net revenue from goods sold and services rendered (10=01-02)	10		6,785,865,403,410	4,704,157,249,093
4. Cost of sales	11	23	6,054,023,499,632	3,883,105,323,188
5. Gross profit from goods sold and services rendered (20=10-11)	20		731,841,903,778	821,051,925,905
6. Financial income	21	25	14,621,281,227	15,662,306,208
7. Financial expenses	22		2,082,963,056	18,459,055,995
- In which: Interest expense	23		2,082,963,056	18,459,055,995
8. Selling expenses	25	26	420,242,247,832	464,872,794,532
9. General and administration expenses	26	26	66,669,016,335	77,836,235,920
10. Operating profit (30=20+(21-22)-(25+26))	30		257,468,957,782	275,546,145,666
11. Other income	31	27	5,718,844,927	75,019,231
12. Other expenses	32		58,948,649	278,107
13. Profit from other activities (40=31-32)	40		5,659,896,278	74,741,124
14. Accounting profit before tax (50=30+40)	50		263,128,854,060	275,620,886,790
15. Current corporate income tax expense	51	28	54,440,112,972	56,243,270,665
16. Net profit after corporate income tax (60=50-51)	60		208,688,741,088	219,377,616,125
17. Basic earnings per share	70	29	2,196	2,261

Le Duc Huy
Preparer

Nguyen Phuong Thuy
Chief Accountant



Tran Thanh Nam
Director

15 March 2018

The accompanying notes are an integral part of these financial statements

CASH FLOW STATEMENT

For the year ended 31 December 2017

Unit: VND

ITEMS	Codes	Current year	Prior year
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	01	263,128,854,060	275,620,886,790
2. Adjustments for:			
Depreciation and amortisation	02	110,823,933,090	163,677,464,462
Provisions	03	(5,175,591,171)	5,881,137,745
(Gain) from investing activities	05	(20,100,372,137)	(15,677,306,208)
Interest expense	06	2,082,963,056	18,459,055,995
Other adjustments	07	(24,401,596,910)	-
3. Operating profit before movements in working capital	08	326,358,189,988	447,961,238,784
Increase, decrease in receivables	09	(116,475,345,501)	(11,519,430,884)
Increase, decrease in inventories	10	(9,570,311,913)	(2,703,713,402)
Increase, decrease in payables (excluding accrued loan interest and corporate income tax payable)	11	326,452,277,094	115,286,910,699
Increase, decrease in prepaid expenses	12	(7,066,065,823)	(26,722,832,997)
Interest paid	14	(2,710,733,451)	(18,315,033,367)
Corporate income tax paid	15	(33,346,093,297)	(68,965,125,208)
Other cash outflows	17	(16,188,822,830)	(16,278,164,688)
Net cash generated by operating activities	20	467,453,094,267	418,743,848,937
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition and construction of fixed assets and other long-term assets	21	(134,852,539,148)	(120,839,260,576)
2. Proceeds from sale, disposal of fixed assets and other long-term assets	22	5,479,090,910	15,000,000
3. Interest earned, dividends and profits received	27	15,009,934,125	15,159,650,292
Net cash (used in) investing activities	30	(114,363,514,113)	(105,664,610,284)
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Proceeds from borrowings	33	-	10,215,078,581
2. Repayment of borrowings	34	(176,237,044,534)	(33,100,000,000)
3. Dividends and profits paid	36	(161,996,526,000)	(89,998,070,000)
Net cash (used in) financing activities	40	(338,233,570,534)	(112,882,991,419)
Net increase in cash (50=20+30+40)	50	14,856,009,620	200,196,247,234
Cash and cash equivalents at the beginning of the year	60	1,284,322,428,028	1,284,126,180,794
Cash and cash equivalents at the end of the year (70=50+60)	70	1,499,178,437,648	1,484,322,428,028

Le Duc Huy
Preparer

15 March 2018

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 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 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 2017 is 260 (as at 31 December 2016: 256).

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; to trade industrial gas (outside Ho Chi Minh City area), chemical materials, machinery, equipment and motor vehicles used in oil and gas industry; to build industrial constructions, pipe system, warehouses and extracting stations for oil and gas industry; to provide technology transfer consultancy services, to install, operate, repair and maintain machines, technological equipment, to construct warehouse, extracting and charging stations for liquefied petroleum gas (LPG), natural gas (NG), compressed natural gas (CNG), liquefied natural gas (LNG); 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 converted facilities that are used in motor vehicles, machinery, equipment for agro-forestry, fish-breeding 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.

Disclosure of information comparability in the financial statements

Comparative figures are the figures of the audited financial statements for the year ended 31 December 2016.

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. 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.

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:

	Current year
	(Years)
Buildings and structures	5 - 25
Machinery and equipment (*)	3 - 20
Motor vehicles and transmission equipment	3 - 6
Office equipment	3 - 6
Others	3

(*) Machinery and equipment includes the distribution systems of low pressure gas which are depreciated using the straight-line method over the useful lives, as follows:

- For Vung Tau Low Pressure Gas Distribution Enterprise and Nhon Trach Low Pressure Gas Distribution Enterprise, the company's Board of Directors has adopted accelerated depreciation method with a depreciation framework of 10 years to appropriately reflect the efficiency of the Company's assets.
- For Northern Low Pressure Gas Distribution Enterprise:

	Current year	Prior year
	Years	Years
Low pressure gas distribution system for Tien Hai Industrial Zone - Thai Binh at Northern Low Pressure Gas Distribution Enterprise	20	10
Tien Hai - Thai Binh compressor station and CNG pressure reduction station at Northern Low Pressure Gas Distribution Enterprise	20	10

The Board of Directors decided to stop applying accelerated depreciation for the "Low Gas Distribution System for Tien Hai Industrial Zone – Thai Binh" and change the depreciation period for this system and " Tien Hai - Thai Binh compressor station and CNG pressure reduction stations" starting 01 January 2017, which as management believes will ensure the economic efficiency of the projects in the North. The cessation of accelerated depreciation and change in depreciation period resulted in a decrease in depreciation expense of about VND 57.7 billion and an increase in pre-tax profit of the Company in the same amount.

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 of 3 to 5 years.

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, 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 periods, revenue is recognised in each period by reference to the percentage of completion of the transaction at the balance sheet date of that period. The outcome of a transaction can be measured reliably when all four (4) following conditions are satisfied:

- (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 2017, 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.

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.

4. CASH AND CASH EQUIVALENTS

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Cash on hand	687,406,890	657,190,957
Bank demand deposits	346,086,261,806	251,603,237,071
Cash equivalents	1,152,404,768,952	1,232,062,000,000
	<u>1,499,178,437,648</u>	<u>1,484,322,428,028</u>

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

5. SHORT-TERM TRADE RECEIVABLES

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
PetroVietnam Southern Gas Joint Stock Company	150,228,041,820	81,569,091,521
Vietnam CNG Joint Stock Company	135,054,755,972	67,953,808,292
PetroVietnam Northern Gas Joint Stock Company	33,605,785,872	53,779,783,115
Other customers	297,528,444,538	297,254,263,291
	<u>616,417,028,202</u>	<u>500,556,946,219</u>
Receivables from related parties (details in Note 30)	<u>318,888,583,664</u>	<u>203,302,682,928</u>

6. OTHER RECEIVABLES

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
a. Other short-term receivables		
Receivable from PetroVietnam Construction Joint Stock Company 2	4,929,934,211	4,811,281,851
Receivable from PetroVietnam Trade Union Finance Investment Corporation	1,294,956,610	1,294,956,610
Receivable from Vietnam CNG Joint Stock Company for 50% of general expense of Gas Tower building	738,072,405	723,940,015
Receivable on accrued interest	550,114,129	938,767,027
Advances to employees	10,000,000	50,000,000
Other receivables	165,880,680	1,213,683,632
	7,688,958,035	9,032,629,135
b. Other long-term receivables		
Deposits and mortgages	2,823,603,125	2,752,856,435
	2,823,603,125	2,752,856,435
Other receivables from related parties (details in Note 30)	8,533,566,351	8,240,034,911

7. BAD DEBTS

As at 31 December 2017, the Company had some bad debts as follows:

	<u>Closing balance</u>			<u>Opening balance</u>		
	VND	VND	Overdue period	VND	VND	Overdue period
	Cost	Recoverable amount (*)		Cost	Recoverable amount (*)	
PetroVietnam Trade Union Finance Investment Corporation	1,294,956,610	-	Over 3 years	1,294,956,610	-	Over 3 years
My Xuan Ceramic Company Limited	11,296,297,196	-	Over 3 years	11,296,297,196	3,388,889,158	From 2 year to 3 years
Petrovietnam Construction Joint Stock Company 2	4,811,281,851	2,405,640,925	From 1 year to 2 years	-	-	
My Duc Ceramics Company Limited	-	-		18,109,391,538	7,139,270,283	From 2 year to 3 years
	17,402,535,657	2,405,640,925		30,700,645,344	10,528,159,441	

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

8. INVENTORIES

	Closing balance		Opening balance	
	VND	VND	VND	VND
	Cost	Provision	Cost	Provision
Raw materials	5,772,723,467	-	4,238,166,739	-
Tools and supplies	25,200,748,711	-	16,988,029,388	-
Merchandise	590,357,257	-	767,321,395	-
	31,563,829,435	-	21,993,517,522	-

9. PREPAYMENTS

	Closing balance	Opening balance
	VND	VND
Current		
Insurance premium cost for assets	612,273,937	514,080,971
Tools and dies for short-term allocation	266,045,419	442,329,388
Pipeline maintenance	-	1,359,137,502
Advertising board rental	-	277,675,200
Other short-term prepayments	482,625,000	667,750,000
	1,360,944,356	3,260,973,061
Non-current		
Area rental in industrial zones	66,047,391,240	67,814,567,208
Advertising board rental	16,513,218,650	14,595,234,211
Office renovation cost	17,097,467,822	9,000,365,861
Tools and dies for long-term allocation	1,785,777,128	623,189,893
Others long-term prepayments	5,852,614,261	6,297,017,400
	107,296,469,101	98,330,374,573

10. 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	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
Purchases	244,897,500	3,761,577,359	-	1,821,802,000	373,500,000	6,201,776,859
Transfer from construction in progress	-	27,810,062,675	-	-	-	27,810,062,675
Disposals	-	-	-	(1,126,179,019)	-	(1,126,179,019)
Temporary adjustment	-	47,981,178,198	-	-	-	47,981,178,198
Reclasification	-	25,333,885,631	(25,333,885,631)	-	-	-
Other	(120,666,422)	-	-	-	-	(120,666,422)
Closing balance	51,187,395,200	1,105,727,162,246	1,418,516,000	12,552,494,546	450,250,000	1,171,335,817,992
ACCUMULATED DEPRECIATION						
Opening balance	8,162,722,887	434,350,701,406	6,119,530,367	4,334,418,146	27,089,313	452,994,462,119
Charge for the year	2,235,447,818	104,773,420,169	134,660,748	2,989,967,382	72,293,431	110,205,789,548
Disposals	-	-	-	(1,126,179,019)	-	(1,126,179,019)
Reclasification	-	5,088,916,757	(5,088,916,757)	-	-	-
Closing balance	10,398,170,705	544,213,038,332	1,165,274,358	6,198,206,509	99,382,744	562,074,072,648
NET BOOK VALUE						
Opening balance	42,900,441,235	566,489,756,977	20,632,871,264	7,522,453,419	49,660,687	637,595,183,582
Closing balance	40,789,224,495	561,514,123,914	253,241,642	6,354,288,037	350,867,256	609,261,745,344

The cost of the Company's tangible fixed assets included VND 98,332,455,844 (as at 31 Dec 2016: VND 95,568,669,270) of which have been fully depreciated but are still in use.

11. INCREASES, DECREASES IN INTANGIBLE ASSETS

	Land use rights	Computer software	Others	Total
	VND	VND	VND	VND
COST				
Opening balance	45,545,065,586	3,726,619,600	68,800,000	49,340,485,186
Additions	-	1,412,961,818	-	1,412,961,818
Disposal	-	(60,800,000)	-	(60,800,000)
Closing balance	45,545,065,586	5,078,781,418	68,800,000	50,692,647,004
ACCUMULATED AMORTISATION				
Opening balance	-	3,404,957,712	68,800,000	3,473,757,712
Charge for the year	-	618,143,542	-	618,143,542
Disposal	-	(60,800,000)	-	(60,800,000)
Closing balance	-	3,962,301,254	68,800,000	4,031,101,254
NET BOOK VALUE				
Closing balance	45,545,065,586	1,116,480,164	-	46,661,545,750
Opening balance	45,545,065,586	321,661,888	-	45,866,727,474

The cost of the Company's intangible assets included VND 3,469,619,600 (as 31 December 2016: VND 3,138,749,600) of assets which have been fully amortised but are still in use.

12. LONG-TERM ASSETS IN PROGRESS

	Closing balance	Opening balance
	VND	VND
Long-term construction in progress		
- Acquisition	-	-
- Construction	3,231,553,759	2,319,915,164
Of which:		
- Office, warehouse and fence Hiep Phuoc	680,542,706	-
- Low Gas Distribution System for customers in Tien Hai Industrial Zone - Thai Binh	509,833,799	514,280,167
- Project "Building fire protection and fighting system for LGDS and LGDS extension"	481,602,842	-
- Gas supply system for Hyundai Welding customers	482,951,765	-
- Hiep Phuoc KTA distribution system - Long Hau	408,390,747	-
- Other	668,231,900	1,805,634,997
	3,231,553,759	2,319,915,164

13. SHORT-TERM TRADE PAYABLES

	Closing balance		Opening balance	
	Amount	Amount able to be paid off	Amount	Amount able to be paid off
	VND	VND	VND	VND
PetroVietnam Gas Joint Stock Corporation	1,059,947,757,210	1,059,947,757,210	813,156,567,396	813,156,567,396
Branch of PetroVietnam Gas Joint Stock Corporation - South East Gas Transmission Company	80,830,496,818	80,830,496,818	103,396,810,082	103,396,810,082
Others	29,652,572,982	29,652,572,982	49,561,971,219	49,561,971,219
	1,170,430,827,010	1,170,430,827,010	966,115,348,697	966,115,348,697
Trade payables to related parties (details in Note 30)			938,246,624,510	

14. SHORT-TERM ADVANCES FROM CUSTOMERS

	Closing balance	Opening balance
	VND	VND
Posco SS Vina Company Limited	35,721,251,184	1,154,336,800
Hyosung Vietnam Company Limited	24,645,786,440	21,415,413,887
Bach Ma Vietnam Ceramic Industry Co., Ltd	20,009,447,532	-
NSG Vietnam Glass Industry Co., Ltd	16,523,946,402	-
Branch of Thien Hoang Trading Joint Stock Company - Mikado Ceramic Factory	8,614,225,736	6,724,784,700
Posco Vietnam Company Limited	8,567,972,414	8,746,185,781
Branch of Hoa Sen Group - Phu My Steel Sheet Plant	7,078,013,323	8,330,678,321
Other customers	49,933,449,760	19,180,948,134
	171,094,092,791	65,552,347,623

15. TAXES AND OTHER RECEIVABLES FROM/PAYABLES TO THE STATE BUDGET

Items	Opening balance	Amount payable	Amount paid	Closing balance
	VND	in year VND	in year VND	VND
Value added tax	550,802,844	34,006,551,752	34,087,967,217	469,387,379
Special consumption tax	(179,750,465)	179,750,465	-	-
Corporate income tax	1,623,078,770	54,440,112,972	33,346,093,297	22,717,098,445
Other taxes	414,383,706	9,239,802,188	8,691,319,318	962,866,576
Personal income tax	414,383,706	9,073,558,222	8,525,075,352	962,866,576
Other taxes	-	166,243,966	166,243,966	-
Total	2,408,514,855	97,866,217,377	76,125,379,832	24,149,352,400
<i>In which:</i>				
- Taxes and amounts payable to the State Budget	2,588,265,320			24,149,352,400
- Taxes and amounts receivable from the State Budget	179,750,465			-

16. SHORT-TERM ACCRUED EXPENSES

	Closing balance	Opening balance
	VND	VND
Accrual for low pressure gas distribution system for Tien Hai Industrial Zone in Thai Binh Province	18,278,709,376	48,465,886,879
Accrual for construction work of Gas receiving system for Long Hau, Vinafrit, Dong Hai, Vital customers in Tien Hai Industrial Zone - Thai Binh Province	5,770,495,039	-
Accrual for construction cost of Intermalt project	10,668,379,991	-
Other accruals	8,099,965,553	7,177,767,896
	42,817,549,959	55,643,654,775
Accruals to related parties (details in Note 30)	16,881,982,103	43,113,678,341

17. OTHER PAYABLES

Other short-term payables	Closing balance	Opening balance
	VND	VND
Payable to Branch of PetroVietnam Gas Joint Stock Corporation - South East Gas Transmission Company	101,016,930,423	117,197,812,339
Short-term deposits received	26,418,680,878	26,243,700,000
Surplus in assets awaiting for solution	430,137,718	311,144,064
Dividends payable	726,374,500	726,374,500
Others	728,003,502	733,791,224
	129,320,127,021	145,212,822,127
Other long-term payables		
Long-term deposits received	442,000,000	-
	442,000,000	-
Other payables to related parties (details in Note 30)	101,016,930,423	117,197,812,339

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

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18. 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 19)	6,200,000,000	6,200,000,000	-	6,200,000,000	-	-
	6,200,000,000	6,200,000,000	-	6,200,000,000	-	-

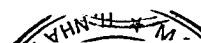
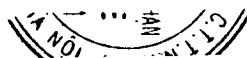
19. LONG-TERM LOANS

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	176,237,044,534	176,237,044,534	-	176,237,044,534	-	-
	176,237,044,534	176,237,044,534	-	176,237,044,534	-	-

Of which:

- Amount due for settlement within 12 months	6,200,000,000				-	
- Amount due for settlement after 12 months	170,037,044,534				-	

In 2015, the Company signed a long-term loan contract for the project "Low-Pressure Gas Distribution System for Tien Hai Industrial Zone" with the limit of USD 38,370,131. This loan is unsecured and co-financed by Joint Stock Commercial Bank for Foreign Trade of Vietnam - Ky Dong Branch (lead arranger) and Southeast Asia Commercial Joint Stock Bank. Interest rate applied in 2017 is 9% per annum. As at 31 December 2017, the Company has fully paid off the balance of this loan.



20. OWNER'S EQUITY

Movement in owner's equity

	Owner's contributed capital			Investment and development fund	Other reserves	Retained earnings	Total
	capital	Share premium	Treasury shares				
	VND	VND	VND	VND	VND	VND	VND
Prior 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)
Distribution to Bonus fund to Executive Board	-	-	-	-	-	(300,000,000)	(300,000,000)
Dividends declared	-	-	-	-	-	(89,998,070,000)	(89,998,070,000)
Other increase	-	-	-	-	-	761,818,658	761,818,658
Current year's opening 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
Profit for the year	-	-	-	-	-	208,688,741,088	208,688,741,088
Distribution to Bonus and welfare funds (i)	-	-	-	-	-	(15,770,275,000)	(15,770,275,000)
Distribution to Bonus fund to Executive Board (ii)	-	-	-	-	-	(300,000,000)	(300,000,000)
Dividends declared (iii)	-	-	-	-	-	(161,996,526,000)	(161,996,526,000)
Current year's closing balance	899,990,250,000	153,050,000	(9,550,000)	178,262,403,866	12,450,000,000	324,450,404,815	1,415,296,558,681

(i) According to Resolution No. 01/NQ -DHDCD/2017 dated 28 March 2017, the Company has additionally appropriated to bonus and welfare fund from 2016 profit after tax of VND 4,710,275,000 and temporarily distributed to 2017 bonus and welfare fund with the amount of VND 11,060,000,000 based on the approved profit distribution plan in 2017. The Board of Directors of the Company believes that the temporary bonus and welfare fund distribution from the profit after tax in the fiscal year 2017 will be approved at the Annual General Meeting of Shareholders in 2018.

(ii) According to Resolution No. 01/NQ-DHDCD/2017 dated 28 March 2017, the Company appropriated from the profit after tax in 2016 of VND 300 million to bonus fund for Executive Board.

(iii) According to Resolution No.10/NQ-HDQT/2017 dated 11 April 2017, the Company has paid 2016 cash dividends at the rate of 18% on equity.

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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 2017 had been fully made as follows:

Shareholders	Per the 11th amended Business Registration Certificate		Contributed capital	
			Closing balance	Opening balance
	VND	%	VND	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

(*) In which, Tokyo Gas Asia Pte. Ltd held 24.9% of outstanding shares in circulation of the Company.

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.

Dividends

During the year, the Company has paid 2016 cash dividends at the rate of 18% of the Company's charter capital under Resolution No. 10/NQ-HDQT/2017 dated 11 April 2017 of the Board of Directors, which is based on Resolution No. 01/NQ-DHDCD/2017 dated 28 March 2017 of the Company's General Meeting of Shareholders.

Actual payment amount of 2017 dividend to shareholders shall be approved in 2018 Annual General Meeting of Shareholders.

20. BUSINESS AND GEOGRAPHICAL SEGMENTS

During the year, the Company has only traded in low pressure gas (natural gas) within Vietnam territory. Therefore, the Company has no other business segments except for trading natural gas and no other geographical segments except for Vietnam territory.

21. REVENUE

	<u>Current year</u> VND	<u>Prior year</u> VND
Sales of low pressure gas	6,070,778,399,176	4,321,230,627,963
Sales of CNG	711,983,628,927	376,150,602,592
Other sales	3,103,375,307	6,776,018,538
	<u>6,785,865,403,410</u>	<u>4,704,157,249,093</u>
Sales of merchandise and services to related parties (details in Note 30)	<u>1,593,971,702,163</u>	<u>797,563,017,235</u>

22. COST OF SALES

	<u>Current year</u> VND	<u>Prior year</u> VND
Cost of low pressure gas sold	5,432,071,598,329	3,573,251,023,174
Cost of CNG sold	621,339,241,172	304,260,455,914
Other cost of sales	612,660,131	5,593,844,100
	<u>6,054,023,499,632</u>	<u>3,883,105,323,188</u>

23. PRODUCTION COST BY NATURE

	<u>Current year</u> VND	<u>Prior year</u> VND
Cost of gas purchased	6,053,410,839,501	3,877,511,479,088
Labour	75,224,833,787	80,366,505,445
Safety-bonus-expense	4,975,699,473	2,188,287,971
Tools and consumables	15,125,946,679	17,754,101,029
Depreciation and amortization	110,823,933,090	163,677,464,462
Fixed asset rentals	68,571,680,705	68,704,790,510
Office rentals	5,780,710,622	5,665,528,007
CNG transporting expenses	54,810,352,108	57,375,711,923
Out-sourced services	70,361,611,254	61,164,283,800
Other monetary expenses	78,593,600,965	85,812,357,305
	<u>6,537,679,208,184</u>	<u>4,420,220,509,540</u>

24. FINANCIAL INCOME

Financial income mainly represents interest earned from demand deposits and time deposits at commercial banks.

26. SELLING EXPENSES AND GENERAL AND ADMINISTRATION EXPENSES

	<u>Current year</u>	<u>Prior year</u>
	VND	VND
General and administration expenses in the year		
Administrative staff expenses	10,003,669,943	10,341,466,114
Tools and consumables	663,993,133	609,208,299
Depreciation and amortization	2,536,094,284	1,285,743,321
Office rentals	5,780,710,622	5,665,528,007
Insurance premium cost	12,126,868,980	7,211,005,043
Out-sourced services	9,019,505,315	4,067,218,388
Provision for bad debts	(5,175,591,171)	6,281,817,745
Other general and administration expenses	31,713,765,229	42,374,249,003
	<u>66,669,016,335</u>	<u>77,836,235,920</u>
Selling expenses in the year		
Selling staff expenses	70,196,863,317	72,213,327,302
Fuel cost	7,818,486,655	1,789,107,625
Tools and consumables	14,461,953,546	17,144,892,730
Depreciation and amortization	108,287,838,806	162,391,721,141
Fixed asset rentals	68,571,680,705	68,704,790,510
CNG transporting expenses	54,810,352,108	57,375,711,923
Out-sourced services	61,342,105,939	57,097,065,412
Other selling expenses	34,752,966,756	28,156,177,889
	<u>420,242,247,832</u>	<u>464,872,794,532</u>

27. OTHER INCOME

	<u>Current year</u>	<u>Prior year</u>
	VND	VND
Profit from sales, disposal of fixed assets	5,479,090,910	15,000,000
- Income from liquidation, sale of fixed assets	5,501,818,182	15,000,000
- The residual value of fixed assets and expenses for liquidation or sale of fixed assets	(22,727,272)	-
Income from fine receivable for contract violations	130,568,328	-
Other income	109,185,689	60,019,231
	<u>5,718,844,927</u>	<u>75,019,231</u>

28. CORPORATE INCOME TAX EXPENSES

	<u>Current year</u> VND	<u>Prior year</u> VND
Profit before tax	263,128,854,060	275,620,886,790
Taxable profit from business activities	238,727,257,150	275,620,886,790
Taxable profit from reimbursement of science and technology fund	24,401,596,910	-
Adjustments for taxable profit		
Add back: non-deductible expenses	6,631,551,108	4,757,466,010
- Remuneration for Boards of Directors and Supervision	87,000,000	54,000,000
- Excessive payments of insurance premium	3,868,500,000	3,936,000,000
- Other expenses	2,676,051,108	767,466,010
Taxable profit	269,760,405,168	280,378,352,800
Taxable profit at normal current tax rate of 20%	245,358,808,258	280,378,352,800
Taxable profit at is subject to tax rate of 22% due to reimbursement of funds deducted in previous years	24,401,596,910	-
Corporate income tax expense based on taxable profit in the current year	54,440,112,972	56,075,670,560
Adjustments for corporate income tax expenses in previous years to the current year	-	167,600,105
Total current corporate income tax expense	54,440,112,972	56,243,270,665

29. BASIC EARNINGS PER SHARE

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

	<u>Current year</u> VND	<u>Prior year (*)</u> (restated) VND
Profit after corporate income tax (VND)	208,688,741,088	219,377,616,125
- Distribution to Bonus and welfare funds (VND), bonus fund for Executive Board	(11,060,000,000)	(15,900,000,000)
Earnings for the purposes of calculating basic earnings per share (VND)	197,628,741,088	203,477,616,125
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)	2,196	2,261

(*) The Company restated the basic earnings per share of the prior year based on actual appropriation to the bonus and welfare fund and the bonus fund of the Board of Director from 2016 profit after tax as approved by the General Meeting of Shareholders in Resolution No. 01/NQ-DHDCD/2017 dated 28 March 2017.

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
Tokyo Gas Asia Pte. Ltd	Major shareholders

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	6,144,953,332,756	3,976,315,638,991
PetroVietnam Gas Joint Stock Corporation	4,984,878,115,439	3,330,937,227,943
- Gas purchase	4,918,692,345,412	3,264,232,216,455
- Office rental and management	5,779,421,375	5,664,204,000
- Leasing of "Low pressure distribution system - Phase 2"	60,010,850,004	60,010,850,004
- Lunch, electricity and other expenses	395,498,648	526,760,284
- PetroVietnam Gas Services Company	-	503,197,200
Branch of PetroVietnam Gas Joint Stock Corporation - South East Gas Transmission Company	1,134,422,536,297	618,665,538,524
Cuu Long Petro Gas Services Transportation Joint Stock Company	8,469,537,834	7,237,571,422
Vietnam Oil and Gas Group	2,756,208,868	3,082,692,542
Petrosetco Vung Tau General Services Joint Stock Company	2,294,487,058	-
PetroVietnam Insurance Joint Stock Corporation - PVI South	2,225,312,334	-
PetroVietnam Insurance Joint Stock Corporation - PVI Vung Tau	2,218,592,382	976,574,689
PetroVietnam Security Services Corporation	2,062,400,000	2,801,435,234
Petro Vietnam Technical Safety Registration Company Limited	1,887,558,350	749,271,185
PetroVietnam Southern Gas Joint Stock Company	1,259,694,739	-
Petrovietnam Maintainance an Repair Corporation	1,235,148,636	1,363,973,091
PVE Oil and Gas Survey Consultancy Joint Stock Company	392,936,202	-
PetroVietnam Engineering Consultancy Joint Stock Company	239,037,117	7,064,885,300
Branch of Indochina Petroleum Transportation Joint Stock Company in Ho Chi Minh City	189,755,000	-
Petro Hotel Co., Ltd	178,762,500	-
PetroVietnam ManPower Training College	153,250,000	-
Vietnam Petroleum Institute	70,000,000	-
PetroVietnam Securities Incorporated - Ho Chi Minh Branch	20,000,000	-
PetroVietnam Southern Gas Joint Stock Company - East Branch in Vung Tau	-	1,886,158,397
Vung Tau Petroleum Technology Joint Stock Company	-	1,550,310,664
Sales	1,593,971,702,163	797,563,017,235
PetroVietnam Southern Gas Joint Stock Company	600,479,051,418	306,798,100,642
CNG Vietnam Joint Stock Company	661,505,577,511	317,594,100,882
PetroVietnam Northern Gas Joint Stock Company	331,987,073,234	168,868,818,886
PetroVietnam Oil Corporation - One Member Limited Company	-	3,146,449,552
PetroVietnam Coating Joint Stock Company	-	1,155,547,273
Remuneration of Boards of Directors and Management	7,104,055,381	6,497,876,987

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	318,888,583,664	203,302,682,928
PetroVietnam Southern Gas Joint Stock Company	150,228,041,820	81,569,091,521
CNG Vietnam Joint Stock Company	135,054,755,972	67,953,808,292
PetroVietnam Northern Gas Joint Stock Company	33,605,785,872	53,779,783,115
Other short-term receivables	6,962,963,226	6,830,178,476
PetroVietnam Trade Union Finance Investment Corporation	1,294,956,610	1,294,956,610
PetroVietnam Construction Joint Stock Company 2	4,929,934,211	4,811,281,851
CNG Vietnam Joint Stock Company	738,072,405	723,940,015
Short-term advances to suppliers	664,041,716	-
Petro Vietnam Technical Safety Registration Company Limited	241,242,350	-
PetroVietnam Engineering Consultancy Joint Stock Company	422,799,366	-
Long-term deposits	1,570,603,125	1,409,856,435
PetroVietnam Gas Joint Stock Corporation	1,570,603,125	1,409,856,435
Short-term trade payables	1,143,560,768,634	938,246,624,510
PetroVietnam Gas Joint Stock Corporation	1,059,947,757,210	813,156,567,396
Branch of PetroVietnam Gas Joint Stock Corporation - South East Gas Transmission Company	80,830,496,818	103,396,810,082
PetroVietnam Technical Services Coporation	1,124,036,006	13,755,467,858
Petro Vietnam Technical Safety Registration Company Limited	641,833,500	-
Cuu Long Petro Gas Services Transportation Joint Stock Company	428,312,500	1,456,934,050
PetroVietnam Maintenance and Repair Corporation	350,000,000	-
PetroVietnam Security Services Joint Stock Company	110,880,000	388,520,000
Petrosetco Vung Tau General Services Joint Stock Company	106,992,600	-
Branch of Indochina Petroleum Transportation Joint Stock Company in Ho Chi Minh City	20,460,000	-
PetroVietnam Engineering Consultancy Joint Stock Company	-	2,160,543,011
Petrovietnam Machine and Equipment Joint Stock Company	-	3,931,782,113
Short-term accrued expenses	16,881,982,103	43,113,678,341
Joint Venture of PetroVietnam Technical Services Corporation - PetroVietnam Engineering Consultancy Joint Stock Company	16,881,982,103	43,113,678,341
Other current payables	101,016,930,423	117,197,812,339
Branch of PetroVietnam Gas Joint Stock Corporation - South East Gas Transmission Company	101,016,930,423	117,197,812,339

31. COMMITMENTS

Capital commitments :



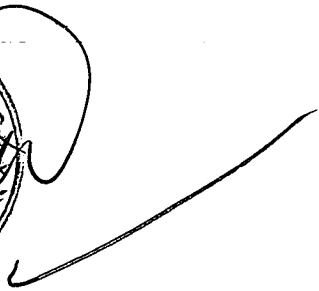
As at 31 December 2017, the Company had capital commitments relating to a number of investment projects in progress as follows:

	<u>Current year</u> VND	<u>Prior year</u> VND
Gas supply system in Long Thanh, Dong Nai	257,061,143,810	-
Gas supply systems for Internalt 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
	<u>257,061,143,810</u>	<u>101,668,103,301</u>

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. 326/2017/PVGAS/DAD-PVG.D/D4 dated 29 November 2017 with 2-year term from 01 December 2017 with PetroVietnam Gas Joint Stock Corporation on leasing office at PV Gas Tower. The monthly rental charge is VND 382,125 /m².

Le Duc Huy
 Preparer

Nguyen Phuong Thuy
 Chief accountant

Tran Thanh Nam
 Director

15 March 2018