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

*(Incorporated in the Socialist Republic of Vietnam)*

**REVIEW INTERIM FINANCIAL  
STATEMENTS**

**For the 6-month period ended 30 June 2018**

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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 interim financial statements for the 6-month period ended 30 June 2018.

### **THE BOARDS OF MANAGEMENT AND DIRECTORS**

The members of the Boards of Management and Directors of the Company who held office during the period 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 (resigned on 19 April 2018)
Mr. Le Ba Khanh Anh	Member
Mr. Hideaki Shibata	Member (appointed on 19 April 2018)

#### **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 interim financial statements, which give a true and fair view of the financial position of the Company as at 30 June 2018 and of its results and its cash flows for the 6-month period then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to interim financial reporting. In preparing these interim 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 interim financial statements;
- prepare the interim 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 interim 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 interim financial statements comply with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to interim 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 interim financial statements.

For and on behalf of the Board of Directors,



**Trần Thanh Nam**  
**Director**

10 August 2018  
Ho Chi Minh City, S.R. Vietnam

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## REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

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

We have reviewed the accompanying interim financial statements of PetroVietnam Low Pressure Gas Distribution Joint Stock Company (the "Company"), prepared on 10 August 2018 as set out from page 04 to page 27, which comprise the interim balance sheet as at 30 June 2018, the interim income statement and interim cash flow statement for the 6-month period then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Interim financial statements**

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

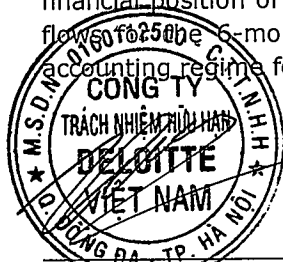
### **Auditors' Responsibility**

Our responsibility is to express a conclusion on the accompanying interim financial statements based on our review. We conducted our review in accordance with Vietnamese Standard on Review Engagements (VSRE) 2410 - Review of Interim Financial Information performed by the independent auditor of the entity.

A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Vietnamese Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not present fairly, in all material respects, the financial position of the Company as at 30 June 2018, and of its financial performance and its cash flows for the 6-month then period ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to interim financial reporting.



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

**DELOITTE VIETNAM COMPANY LIMITED**

10 August 2018  
Hanoi, S.R. Vietnam

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

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

**FORM B 01a-DN**

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

**INTERIM BALANCE SHEET**

As at 30 June 2018

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
<b>A. CURRENT ASSETS</b>	<b>100</b>		<b>2,628,278,174,858</b>	<b>2,189,992,236,339</b>
<b>I. Cash and cash equivalents</b>	<b>110</b>	<b>4</b>	<b>1,762,763,239,852</b>	<b>1,499,178,437,648</b>
1. Cash	111		375,183,651,445	346,773,668,696
2. Cash equivalents	112		1,387,579,588,407	1,152,404,768,952
<b>II. Short-term receivables</b>	<b>130</b>		<b>773,255,313,643</b>	<b>617,661,775,789</b>
1. Short-term trade receivables	131	5	778,112,811,041	616,417,028,202
2. Short-term advances to suppliers	132		2,376,009,046	8,552,684,284
3. Other short-term receivables	136	6	7,763,388,288	7,688,958,035
4. Provision for short-term doubtful debts	137	7	(14,996,894,732)	(14,996,894,732)
<b>III. Inventories</b>	<b>140</b>	<b>8</b>	<b>38,337,838,702</b>	<b>31,563,829,435</b>
1. Inventories	141		38,337,838,702	31,563,829,435
<b>IV. Other short-term assets</b>	<b>150</b>		<b>53,921,782,661</b>	<b>41,588,193,467</b>
1. Short-term prepayments	151	9	2,665,663,608	1,360,944,356
2. Value added tax deductibles	152		51,256,119,053	40,227,249,111
<b>B. NON-CURRENT ASSETS</b>	<b>200</b>		<b>745,775,803,522</b>	<b>769,274,917,079</b>
<b>I. Long-term receivables</b>	<b>210</b>		<b>2,733,671,125</b>	<b>2,823,603,125</b>
1. Other long-term receivables	216	6	2,733,671,125	2,823,603,125
<b>II. Fixed assets</b>	<b>220</b>		<b>635,681,519,106</b>	<b>655,923,291,094</b>
1. Tangible fixed assets	221	10	589,417,392,452	609,261,745,344
- Cost	222		1,210,327,333,201	1,171,335,817,992
- Accumulated depreciation	223		(620,909,940,749)	(562,074,072,648)
2. Intangible assets	227	11	46,264,126,654	46,661,545,750
- Cost	228		50,692,647,004	50,692,647,004
- Accumulated amortisation	229		(4,428,520,350)	(4,031,101,254)
<b>III. Long-term assets in progress</b>	<b>240</b>	<b>12</b>	<b>990,253,537</b>	<b>3,231,553,759</b>
1. Construction in progress	242		990,253,537	3,231,553,759
<b>IV. Other long-term assets</b>	<b>260</b>		<b>106,370,359,754</b>	<b>107,296,469,101</b>
1. Long-term prepayments	261	9	106,370,359,754	107,296,469,101
<b>TOTAL ASSETS (270=100 + 200)</b>	<b>270</b>		<b>3,374,053,978,380</b>	<b>2,959,267,153,418</b>

The accompanying notes are an integral part of these interim financial statements

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

7<sup>th</sup> floor, PVGAS Tower, 673 Nguyen Huu Tho Street,

Phuoc Kien Commune, Nha Be District,

Ho Chi Minh City, Vietnam

**FORM B 01a-DN**

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

**INTERIM BALANCE SHEET (Continued)**

As at 30 June 2018

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance
<b>C. LIABILITIES</b>	<b>300</b>		<b>1,828,534,135,395</b>	<b>1,543,970,594,737</b>
<b>I. Current liabilities</b>	<b>310</b>		<b>1,828,092,135,395</b>	<b>1,543,528,594,737</b>
1. Short-term trade payables	311	13	1,435,285,467,697	1,170,430,827,010
2. Short-term advances from customers	312	14	177,863,781,057	171,094,092,791
3. Taxes and amounts payable to the State budget	313	15	26,255,971,212	24,149,352,400
4. Payables to employees	314		7,273,624,583	5,557,699,886
5. Short-term accrued expenses	315	16	33,839,019,691	42,817,549,959
6. Short-term unearned revenue	318		-	111,818,182
7. Other current payables	319	17	146,731,864,542	129,320,127,021
8. Bonus and welfare funds	322		842,406,613	47,127,488
<b>II. Long-term liabilities</b>	<b>330</b>		<b>442,000,000</b>	<b>442,000,000</b>
1. Other long-term payables	337	17	442,000,000	442,000,000
<b>D. EQUITY</b>	<b>400</b>		<b>1,545,519,842,985</b>	<b>1,415,296,558,681</b>
<b>I. Owner's equity</b>	<b>410</b>	<b>18</b>	<b>1,545,519,842,985</b>	<b>1,415,296,558,681</b>
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		454,673,689,119	324,450,404,815
- Retained earnings accumulated to the prior year end	421a		318,230,404,815	126,821,663,727
- Retained earnings of the current period	421b		136,443,284,304	197,628,741,088
<b>TOTAL RESOURCES (440=300+400)</b>	<b>440</b>		<b>3,374,053,978,380</b>	<b>2,959,267,153,418</b>

Le Duc Huy  
Preparer

10 August 2018

Nguyen Phuong Thuy  
Chief Accountant



Tran Thanh Nam  
Director

The accompanying notes are an integral part of these interim financial statements

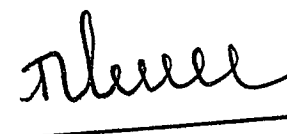
**PETROVIETNAM LOW PRESSURE GAS DISTRIBUTION JOINT STOCK COMPANY**7<sup>th</sup> floor, PVGAS Tower, 673 Nguyen Huu Tho Street,  
Phuoc Kien Commune, Nha Be District,  
Ho Chi Minh City, Vietnam**FORM B 02a-DN**Issued under Circular No. 200/2014/TT-BTC  
dated 22 December 2014 of the Ministry of Finance**INTERIM INCOME STATEMENT**

For the 6-month period ended 30 June 2018

Unit: VND

ITEMS	Codes	Notes	Current period	Prior period
1. Gross revenue from goods sold and services rendered	01	20	3,781,527,850,431	3,167,040,474,126
2. Deductions	02		-	-
3. Net revenue from goods sold and services rendered (10=01-02)	10		3,781,527,850,431	3,167,040,474,126
4. Cost of sales	11	21	3,356,547,148,564	2,834,764,592,781
5. Gross profit from goods sold and services rendered (20=10-11)	20		424,980,701,867	332,275,881,345
6. Financial income	21	23	7,261,771,807	7,186,030,325
7. Financial expenses	22		-	2,082,963,056
- In which: Interest expense	23		-	2,082,963,056
8. Selling expenses	25	24	209,398,999,517	211,416,307,305
9. General and administration expenses	26	24	45,271,406,123	31,404,856,592
10. Operating profit (30=20+(21-22)-(25+26))	30		177,572,068,034	94,557,784,717
11. Other income	31	25	75,131,843	5,661,931,967
12. Other expenses	32		-	131,638
13. Profit from other activities (40=31-32)	40		75,131,843	5,661,800,329
14. Accounting profit before tax (50=30+40)	50		177,647,199,877	100,219,585,046
15. Current corporate income tax expense	51	26	35,203,915,573	20,463,937,517
16. Net profit after corporate income tax (60=50-51)	60		142,443,284,304	79,755,647,529
17. Basic earnings per share	70	27	1,516	790

  
 Le Duc Huy  
Preparer

  
 Nguyen Phuong Thuy  
Chief Accountant

  
 Tran Thanh Nam  
Director


10 August 2018

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

7<sup>th</sup> floor, PVGAS Tower, 673 Nguyen Huu Tho Street,  
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Ho Chi Minh City, Vietnam

**FORM B 03a-DN**

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

**INTERIM CASH FLOW STATEMENT**

For the 6-month period ended 30 June 2018

Unit: VND

ITEMS	Codes	Current period	Prior period
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>1. Profit before tax</b>	<b>01</b>	<b>177,647,199,877</b>	<b>100,219,585,046</b>
<b>2. Adjustments for:</b>			
Depreciation and amortisation	02	59,233,287,197	52,320,887,291
Provisions	03	-	(8,517,111,017)
(Gain) from investing activities	05	(7,261,771,807)	(12,665,121,235)
Interest expense	06	-	2,082,963,056
<b>3. Operating profit before movements in working capital</b>	<b>08</b>	<b>229,618,715,267</b>	<b>133,441,203,141</b>
Increase, decrease in receivables	09	(166,600,752,036)	(108,021,927,866)
Increase, decrease in inventories	10	(6,774,009,267)	(2,385,708,531)
Increase, decrease in payables (excluding accrued loan interest and corporate income tax payable)	11	280,624,363,859	224,493,668,604
Increase, decrease in prepaid expenses	12	(378,609,905)	4,960,626,061
Interest paid	14	-	(2,710,733,451)
Corporate income tax paid	15	(32,976,153,330)	(9,546,938,811)
Other cash outflows	17	(11,424,720,875)	(11,124,985,519)
<b>Net cash generated by operating activities</b>	<b>20</b>	<b>292,088,833,713</b>	<b>229,105,203,628</b>
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
1. Acquisition and construction of fixed assets and other long-term assets	21	(35,834,079,556)	(98,660,808,311)
2. Proceeds from sale, disposal of fixed assets and other long-term assets	22	-	5,479,090,910
3. Interest earned, dividends and profits received	27	7,330,048,047	7,599,306,955
<b>Net cash (used in) investing activities</b>	<b>30</b>	<b>(28,504,031,509)</b>	<b>(85,582,410,446)</b>
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
1. Repayment of borrowings	34	-	(176,237,044,534)
2. Dividends and profits paid	36	-	(161,996,526,000)
<b>Net cash (used in) financing activities</b>	<b>40</b>	<b>-</b>	<b>(338,233,570,534)</b>
<b>Net increase/(decrease) in cash (50=20+30+40)</b>	<b>50</b>	<b>263,584,802,204</b>	<b>(194,710,777,352)</b>
Cash and cash equivalents at the beginning of the period	60	1,499,178,437,648	1,484,322,428,028
Cash and cash equivalents at the end of the period (70=50+60)	70	1,762,763,239,852	1,289,611,650,676

Le Duc Huy  
Preparer

Nguyen Phuong Thuy  
Chief Accountant

Tran Thanh Nam  
Director

10 August 2018

The accompanying notes are an integral part of these interim financial statements

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

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

**FORM B 09a-DN**

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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

*These notes are an integral part of and should be read in conjunction with the accompanying interim 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 its amendments. According to the 11<sup>th</sup> amended Enterprise 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 30 June 2018 is 263 (as at 31 December 2017: 260).

**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 waste recycling at the Company's premises 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 interim financial statements**

The comparative figures of the interim balance sheet are the figures of the Company's audited financial statements for the year ended 31 December 2017.

The comparative figures of the interim income statement and interim cash flow statement are the figures of the reviewed interim financial statements for the 6-month period ended 30 June 2017.

**2. ACCOUNTING CONVENTION AND ACCOUNTING PERIOD**

**Accounting convention**

The accompanying interim 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 interim financial reporting.

The accompanying interim 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.

**Accounting period**

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

These interim financial statements are prepared for the 6-month period ended 30 June 2018.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Estimates**

The preparation of interim 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 interim financial statements and the reported amounts of revenues and expenses during the accounting period. 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. Inventories shall be accounted for on a perpetual basis. 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 interim 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:

	<b>Current period</b>
	<u>Years</u>
Buildings and structures	5 - 25
Machinery and equipment (*)	3 - 20
Office equipment	3 - 6
Motor vehicles and transmission 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. 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 5 years to appropriately reflect the efficiency of the Company's assets.

### **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 and administrative purposes or for other purposes are carried at cost. The cost includes any costs that are necessary to form the asset including construction cost, equipment cost, other directly attributable costs in accordance with the Company's accounting policy. Such costs will be included in the estimated costs of the fixed assets (if settled costs have not been approved) when they are put into use.

According to the State's regulations on investment and construction management, the settled costs of completed construction projects are subject to approval by appropriate level of competent authorities. The final costs of these completed construction projects may vary depending on the final approval by competent authorities.

### **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 interim 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 interim 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 interim 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 interim 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 interim 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 period 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 period. Taxable profit differs from profit before tax as reported in the interim income statement because it excludes items of income or expense that are taxable or deductible in other periods (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 interim 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 period 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 30 June 2018, no deferred corporate income tax has been recognized because there was no significant difference between the carrying amounts of assets or liabilities in the interim 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> VND	<u>Opening balance</u> VND
Cash on hand	146,661,337	687,406,890
Bank demand deposits	375,036,990,108	346,086,261,806
Cash equivalents	1,387,579,588,407	1,152,404,768,952
	<u>1,762,763,239,852</u>	<u>1,499,178,437,648</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> VND	<u>Opening balance</u> VND
PetroVietnam Southern Gas Joint Stock Company	222,592,693,979	150,228,041,820
CNG Vietnam Joint Stock Company	184,574,520,295	135,054,755,972
PetroVietnam Northern Gas Joint Stock Company	28,808,706,787	33,605,785,872
Other customers	342,136,889,980	297,528,444,538
	<u>778,112,811,041</u>	<u>616,417,028,202</u>
<b>Short-term trade receivables from related parties (Details in Note 28)</b>	<u>435,975,921,061</u>	<u>318,888,583,664</u>

6. OTHER RECEIVABLES

	Closing balance VND	Opening balance VND
<b>a. Other short-term receivables</b>		
Receivable from PetroVietnam Construction Joint Stock Company 2	4,929,934,211	4,929,934,211
Receivable from PetroVietnam Trade Union Finance Investment Corporation	1,294,956,610	1,294,956,610
Receivable from CNG Vietnam Joint Stock Company for 50% of general expense of Gas Tower building	806,308,578	738,072,405
Receivable on accrued interest	481,837,889	550,114,129
Advances to employees	222,000,000	10,000,000
Other receivables	28,351,000	165,880,680
	<b>7,763,388,288</b>	<b>7,688,958,035</b>
<b>b. Other long-term receivables</b>		
Deposits and mortgages	2,733,671,125	2,823,603,125
	<b>2,733,671,125</b>	<b>2,823,603,125</b>
<b>Other receivables from related parties (Details in Note 28)</b>	<b>3,671,868,313</b>	<b>3,603,632,140</b>

7. BAD DEBTS

As at 30 June 2018, the Company had some bad debts as follows:

	Closing balance			Opening balance		
	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	1,294,956,610	-	Over 3 years
My Xuan Ceramic Company Limited	11,296,297,196	-	Over 3 years	11,296,297,196	-	Over 3 years
PetroVietnam Construction Joint Stock Company 2	4,929,934,211	2,524,293,285	Over 3 years	4,811,281,851	2,405,640,925	Over 3 years
	<b>17,521,188,017</b>	<b>2,524,293,285</b>		<b>17,402,535,657</b>	<b>2,405,640,925</b>	

(\*) 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	5,396,961,802	-	5,772,723,467	-
Tools and supplies	32,248,979,719	-	25,200,748,711	-
Merchandise	691,897,181	-	590,357,257	-
	<b>38,337,838,702</b>	<b>-</b>	<b>31,563,829,435</b>	<b>-</b>

9. PREPAYMENTS

	Closing balance	Opening balance
	VND	VND
<b>a. Short-term</b>		
Insurance premium cost for assets	2,335,719,858	612,273,937
Tools and dies for short-term allocation	69,768,750	266,045,419
Other short-term prepayments	260,175,000	482,625,000
	<b>2,665,663,608</b>	<b>1,360,944,356</b>
<b>b. Long-term</b>		
Area rental in industrial zones	60,937,459,143	66,047,391,240
Advertising board	16,525,904,445	16,513,218,650
Office renovation cost	18,647,829,213	17,231,439,034
Tools and dies for long-term allocation	2,612,521,232	1,785,777,128
Others long-term prepayments	7,646,645,721	5,718,643,049
	<b>106,370,359,754</b>	<b>107,296,469,101</b>

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
<b>COST</b>						
Opening 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
Purchases	-	2,813,857,737	-	-	-	2,813,857,737
Transfer from construction in progress	9,175,844,564	27,392,505,631	-	-	-	36,568,350,195
Other decrease	(93,602,723)	(297,090,000)	-	-	-	(390,692,723)
<b>Closing balance</b>	<b>60,269,637,041</b>	<b>1,135,636,435,614</b>	<b>1,418,516,000</b>	<b>12,552,494,546</b>	<b>450,250,000</b>	<b>1,210,327,333,201</b>
<b>ACCUMULATED DEPRECIATION</b>						
Opening balance	10,398,170,705	544,213,038,332	1,165,274,358	6,198,206,509	99,382,744	562,074,072,648
Charge for the period	1,540,555,317	55,698,491,613	67,330,374	1,479,355,943	50,134,854	58,835,868,101
<b>Closing balance</b>	<b>11,938,726,022</b>	<b>599,911,529,945</b>	<b>1,232,604,732</b>	<b>7,677,562,452</b>	<b>149,517,598</b>	<b>620,909,940,749</b>
<b>NET BOOK VALUE</b>						
Opening balance	40,789,224,495	561,514,123,914	253,241,642	6,354,288,037	350,867,256	609,261,745,344
<b>Closing balance</b>	<b>48,330,911,019</b>	<b>535,724,905,669</b>	<b>185,911,268</b>	<b>4,874,932,094</b>	<b>300,732,402</b>	<b>589,417,392,452</b>

The cost of the Company's tangible fixed assets as at 30 June 2018 included VND 389,212,854,062 of assets which have been fully depreciated but are still in use (as at 31 December 2017: VND 98,787,052,560).

The cost of tangible fixed assets as at 30 June 2018 includes some assets with the cost of VND 641,186,133,931 (as at 31 December 2017: VND 619,367,292,754) which are temporarily recorded based on the actual expenses for depreciation when the facilities came into operation. The temporarily recorded cost will be adjusted for any arising differences when the final cost of such facilities is approved.

11. INCREASES, DECREASES IN INTANGIBLE ASSETS

	Land use rights	Computer software	Others	Total
	VND	VND	VND	VND
<b>COST</b>				
Opening balance	45,545,065,586	5,078,781,418	68,800,000	50,692,647,004
Closing balance	45,545,065,586	5,078,781,418	68,800,000	50,692,647,004
<b>ACCUMULATED AMORTISATION</b>				
Opening balance	-	3,962,301,254	68,800,000	4,031,101,254
Charge for the period	-	397,419,096	-	397,419,096
Closing balance	-	4,359,720,350	68,800,000	4,428,520,350
<b>NET BOOK VALUE</b>				
Opening balance	45,545,065,586	1,116,480,164	-	46,661,545,750
Closing balance	45,545,065,586	719,061,068	-	46,264,126,654

The cost of the Company's intangible assets as at 30 June 2018 included VND 3,469,619,600 of assets which have been fully amortised but are still in use (as 31 December 2017: VND 3,469,619,600).

12. LONG-TERM ASSETS IN PROGRESS

	Closing balance	Opening balance
	VND	VND
<b>Long-term construction in progress</b>		
- Construction	990,253,537	3,231,553,759
Of which:		
- Project "Building fire protection and fighting system for LGDS and LGDS extension"	481,602,842	481,602,842
- Low Pressure Gas Distribution System for customers in Tien Hai Industrial Zone - Thai Binh	183,425,139	509,833,799
- Office, warehouse and fence of Hiep Phuoc	-	680,542,706
- Gas supply system for Hyundai Welding customer	-	482,951,765
- Hiep Phuoc - Long Hau Low Pressure Gas Distribution System (*)	-	408,390,747
- Other	325,225,556	668,231,900
	<b>990,253,537</b>	<b>3,231,553,759</b>

(\*) As at 25 June 2018, the Director of the Company has issued Decision No. 594/QD-KTA about stopping Hiep Phuoc - Long Hau low pressure gas distribution project, accordingly, the entire cost of construction in progress of the project has been recognized as expenses in the period.

**13. 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	1,272,186,679,864	1,272,186,679,864	1,059,947,757,210	1,059,947,757,210
Branch of PetroVietnam Gas Joint Stock Corporation - South East Gas Transmission Company	129,510,134,007	129,510,134,007	80,830,496,818	80,830,496,818
Others	33,588,653,826	33,588,653,826	29,652,572,982	29,652,572,982
	<b>1,435,285,467,697</b>	<b>1,435,285,467,697</b>	<b>1,170,430,827,010</b>	<b>1,170,430,827,010</b>
Trade payables to related parties (Details in Note 28)	<b>1,403,318,962,877</b>		<b>1,141,922,750,034</b>	

**14. SHORT-TERM ADVANCES FROM CUSTOMERS**

	Closing balance	Opening balance
	VND	VND
Posco SS Vina Company Limited	48,166,888,142	35,721,251,184
Hyosung Vietnam Company Limited	25,844,057,230	24,645,786,440
NSG Vietnam Glass Industry Company Limited	20,692,812,202	16,523,946,402
Branch of Hoa Sen Group - Phu My Steel Sheet Plant	11,758,425,418	7,078,013,323
Bach Ma Vietnam Ceramic Industry Company Limited	11,300,670,210	20,009,447,532
Posco Vietnam Company Limited	10,840,876,586	8,567,972,414
Branch of Thien Hoang Trading Joint Stock Company - Mikado Ceramic Factory	374,036,918	8,614,225,736
Other customers	48,886,014,351	49,933,449,760
	<b>177,863,781,057</b>	<b>171,094,092,791</b>

**15. TAXES AND OTHER PAYABLES TO THE STATE BUDGET**

Items	Opening balance	Amount payable in the period	Amount paid in the period	Closing balance
	VND	VND	VND	VND
Value added tax	469,387,379	36,089,935,350	35,982,562,358	576,760,371
Corporate income tax	22,717,098,445	35,203,915,573	32,976,153,330	24,944,860,688
Personal income tax	962,866,576	4,466,947,667	4,695,464,090	734,350,153
Other taxes	-	107,876,794	107,876,794	-
<b>Total</b>	<b>24,149,352,400</b>	<b>75,868,675,384</b>	<b>73,762,056,572</b>	<b>26,255,971,212</b>

**16. SHORT-TERM ACCRUED EXPENSES**

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Accrual for construction work of low pressure gas distribution system in Tien Hai Industrial Zone - Thai Binh Province	18,278,709,376	18,278,709,376
Accrual for construction work of Office, warehouse and fence of Hiep Phuoc station	2,757,182,155	-
Accrual for construction work of Low Pressure Gas Distribution System for Viglacera My Xuan Porcelain Factory	2,421,456,428	-
Accrual for construction work of Gas Receiving System for Tien Hai Electrical Equipment Joint Stock Company	2,071,062,492	-
Accrual for construction work of Intermalt Project	1,988,943,113	10,668,379,991
Accrual for construction work of Gas receiving system for Long Hau, Vinafrit, Dong Hai, Vital customers in Tien Hai Industrial Zone - Thai Binh Province	962,426,590	5,770,495,039
Others	5,359,239,537	8,099,965,553
	<b><u>33,839,019,691</u></b>	<b><u>42,817,549,959</u></b>

**17. OTHER PAYABLES**

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
<b>Short-term payables</b>		
Payable to Branch of PetroVietnam Gas Joint Stock Corporation - South East Gas Transmission Company	107,087,286,449	101,016,930,423
Short-term deposits received	37,294,476,223	26,418,680,878
Surplus in assets awaiting for solution	416,511,737	430,137,718
Dividends payable	726,374,500	726,374,500
Others	1,207,215,633	728,003,502
	<b><u>146,731,864,542</u></b>	<b><u>129,320,127,021</u></b>
<b>Long-term payables</b>		
Long-term deposits received	442,000,000	442,000,000
	<b><u>442,000,000</u></b>	<b><u>442,000,000</u></b>
<b>Other payables to related parties (Details in Note 28)</b>	<b><u>107,087,286,449</u></b>	<b><u>101,016,930,423</u></b>

**18. OWNER'S EQUITY**

Movement in owner's equity

For the 6-month period ended 30 June 2017:

	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 period'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 period	-	-	-	-	-	79,755,647,529	79,755,647,529
Distribution to Bonus and welfare funds	-	-	-	-	-	(11,670,275,000)	(11,670,275,000)
Distribution to Bonus fund to Executive board	-	-	-	-	-	(300,000,000)	(300,000,000)
Dividends declared	-	-	-	-	-	(161,996,526,000)	(161,996,526,000)
<b>Prior period's closing balance</b>	<b>899,990,250,000</b>	<b>153,050,000</b>	<b>(9,550,000)</b>	<b>178,262,403,866</b>	<b>12,450,000,000</b>	<b>199,617,311,256</b>	<b>1,290,463,465,122</b>

For the 6-month period ended 30 June 2018:

Current period's opening 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
Profit for the period	-	-	-	-	-	142,443,284,304	142,443,284,304
Distribution to Bonus and welfare funds (i)	-	-	-	-	-	(11,720,000,000)	(11,720,000,000)
Distribution to Bonus fund to Executive board (i)	-	-	-	-	-	(500,000,000)	(500,000,000)
<b>Current period's closing balance</b>	<b>899,990,250,000</b>	<b>153,050,000</b>	<b>(9,550,000)</b>	<b>178,262,403,866</b>	<b>12,450,000,000</b>	<b>454,673,689,119</b>	<b>1,545,519,842,985</b>

(i) According to Resolution No. 01/NQ-DHDCD/2018 dated 19 April 2018, the Company has distributed to bonus fund to executive board and additionally distributed to bonus and welfare fund from 2017 profit after tax with the amount of VND 500,000,000 and VND 5,720,000,000, respectively.

The Company also temporarily distributed to bonus and welfare fund from profit after tax for the 6-month period ended 30 June 2018 with the amount of VND 6,000,000,000. The Board of Directors of the Company believes that the temporary appropriation to bonus and welfare fund will be approved at the Annual General Meeting of Shareholders in 2019.

Charter capital and owner's contributed capital

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

Shareholders	Contributed capital			
	Closing balance		Opening balance	
	VND	%	VND	%
PetroVietnam Gas Joint Stock Corporation	454,500,000,000	50.50%	454,500,000,000	50.50%
Tokyo Gas Asia Pte. Ltd.	224,097,570,000	24.90%	224,097,570,000	24.90%
Other shareholders	221,392,680,000	24.60%	221,392,680,000	24.60%
<b>Total</b>	<b>899,990,250,000</b>	<b>100.00%</b>	<b>899,990,250,000</b>	<b>100.00%</b>

Shares

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

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

**19. BUSINESS AND GEOGRAPHICAL SEGMENTS**

During the period, the Company has only traded in 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.

**20. REVENUE**

	<u>Current period</u>	<u>Prior period</u>
	VND	VND
Sales of low pressure gas	3,404,220,080,575	2,781,845,752,780
Sales of CNG	376,515,059,542	384,127,845,709
Other sales	792,710,314	1,066,875,637
	<u><b>3,781,527,850,431</b></u>	<u><b>3,167,040,474,126</b></u>
Sales of merchandise and services to related parties (Details in Note 28)	<u><b>1,082,036,732,339</b></u>	<u><b>742,856,301,228</b></u>

**21. COST OF SALES**

	<u>Current period</u>	<u>Prior period</u>
	VND	VND
Cost of low pressure gas sold	3,030,819,641,517	2,499,846,032,782
Cost of CNG sold	325,361,740,041	334,900,834,399
Other cost of sales	365,767,006	17,725,600
	<u><b>3,356,547,148,564</b></u>	<u><b>2,834,764,592,781</b></u>

**22. PRODUCTION COST BY NATURE**

	<u>Current period</u>	<u>Prior period</u>
	VND	VND
Cost of gas purchased	3,356,181,381,558	2,834,746,867,181
Depreciation and amortization	59,233,287,197	52,320,887,291
Labour	46,681,774,730	37,182,975,979
Operating rental	37,029,735,252	37,097,893,333
Out-sourced services	33,286,520,871	34,035,976,953
CNG transporting expenses	21,060,963,470	34,559,716,439
Tools and consumables	6,154,677,453	4,002,796,684
Safety bonus expenses	3,218,238,278	3,137,740,320
Other monetary expenses	48,005,208,389	49,000,287,915
	<u><b>3,610,851,787,198</b></u>	<u><b>3,086,085,142,095</b></u>

**23. FINANCIAL INCOME**

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



**24. SELLING EXPENSES AND GENERAL AND ADMINISTRATION EXPENSES**

	<u>Current period</u> VND	<u>Prior period</u> VND
<b>General and administration expenses for the period</b>		
Administrative staff expenses	6,505,054,356	3,425,790,381
Out-sourced services	3,767,579,894	3,769,229,290
Insurance premium cost	3,410,500,000	3,428,500,000
Office rentals	3,141,206,250	2,832,102,000
Depreciation and amortization	1,362,805,494	1,018,111,954
Tools and consumables	524,978,376	206,452,544
Provision for bad debts	-	(8,517,111,017)
Other general and administration expenses	26,559,281,753	25,241,781,440
	<b><u>45,271,406,123</u></b>	<b><u>31,404,856,592</u></b>
<b>Selling expenses for the period</b>		
Depreciation and amortization	57,870,481,703	51,302,775,337
Selling staff expenses	43,394,958,652	36,894,925,918
Fixed asset rental	33,888,529,002	34,265,791,333
Out-sourced services	29,518,940,977	30,266,747,663
CNG transporting expenses	21,060,963,470	34,559,716,439
Tools and consumables	5,629,699,077	3,796,344,140
Other selling expenses	18,035,426,636	20,330,006,475
	<b><u>209,398,999,517</u></b>	<b><u>211,416,307,305</u></b>

**25. OTHER INCOME**

	<u>Current period</u> VND	<u>Prior period</u> VND
Income from fine receivables for contract violations	74,222,751	130,568,328
Other income	909,092	52,272,729
Profit from sales, disposal of fixed assets	-	5,479,090,910
	<b><u>75,131,843</u></b>	<b><u>5,661,931,967</u></b>

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**26. CORPORATE INCOME TAX EXPENSES**

	Current period VND	Prior period VND
<b>Profit before tax</b>	<b>177,647,199,877</b>	<b>100,219,585,046</b>
<b>Adjustments for taxable profit</b>		
Add back: non-deductible expenses	1,906,240,540	2,100,102,538
- Remuneration for Boards of Management and Supervision	41,000,000	36,000,000
- Excessive payments of insurance premium	321,000,000	1,949,500,000
- Other expenses	1,544,240,540	114,602,538
<b>Taxable profit</b>	<b>179,553,440,417</b>	<b>102,319,687,584</b>
<b>Tax rate</b>	<b>20%</b>	<b>20%</b>
Corporate income tax expense based on taxable profit for the current period	35,910,688,083	20,463,937,517
Adjustments for corporate income tax expenses in previous periods to the current period	(706,772,510)	-
<b>Total current corporate income tax expense</b>	<b>35,203,915,573</b>	<b>20,463,937,517</b>

**27. BASIC EARNINGS PER SHARE**

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

	Current period VND	Prior period (restated) VND
<b>Profit after corporate income tax (VND)</b>	<b>142,443,284,304</b>	<b>79,755,647,529</b>
- Distribution to Bonus and welfare funds and Bonus fund to Executive board according to the Resolution of Annual General Meeting of Shareholders (VND)	(6,000,000,000)	(8,640,000,000)
<b>Earnings for the purposes of calculating basic earnings per share (VND)</b>	<b>136,443,284,304</b>	<b>71,115,647,529</b>
Weighted average number of ordinary shares for the period (shares)	89,998,070	89,998,070
<b>Basic earnings per share (VND/share)</b>	<b>1,516</b>	<b>790</b>

The Company temporarily distributed to bonus and welfare fund from profit after tax for the 6-month period ended 30 June 2018 with the amount of VND 6,000,000,000. The Board of Directors of the Company believes that the temporary appropriation to bonus and welfare fund will be approved at the Annual General Meeting of Shareholders in 2019.

The Company restated the distribution to bonus and welfare funds and bonus fund to executive board for the 6-month period ended 30 June 2017 based on 50% distribution of bonus and welfare funds in 2017 approved by the General Meeting of Shareholders on 19 April 2018. Prior period's basic earnings per share has been restated with the amount of 790 VND per share (the amount presented in prior period: 809 VND per share).

**28. RELATED PARTY TRANSACTIONS AND BALANCES**

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

<u>Related parties</u>	<u>Relationship</u>
PetroVietnam Gas Joint Stock Corporation	Parent Company
Tokyo Gas Asia Pte. Ltd.	Major shareholder
Members of Vietnam Oil and Gas Group	Affiliate

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

	<u>Current period</u>	<u>Prior period</u>
	VND	VND
<b>Purchases</b>	<b>3,397,545,150,296</b>	<b>2,870,151,229,333</b>
PetroVietnam Gas Joint Stock Corporation	2,770,458,467,223	2,286,715,727,192
- Gas purchase	2,737,120,206,753	2,253,683,479,415
- Leasing of "Low pressure gas distribution system - Phase 2"	30,005,425,002	30,005,425,002
- Office rental and management	3,332,835,468	3,026,822,775
Branch of PetroVietnam Gas Joint Stock Corporation - South East Gas Transmission Company	619,176,340,710	581,128,579,905
Branch of Indochina Petroleum Transportation Joint Stock Company in Ho Chi Minh City	5,456,948,000	-
Vietnam Oil and Gas Group	1,315,644,270	1,378,104,434
PetroVietnam Southern Gas Joint Stock Company - East Branch	1,137,750,093	928,817,802
<b>Sales</b>	<b>1,082,036,732,339</b>	<b>742,856,301,228</b>
CNG Vietnam Joint Stock Company	479,598,768,547	296,028,062,750
PetroVietnam Southern Gas Joint Stock Company	423,022,784,389	270,157,390,968
PetroVietnam Northern Gas Joint Stock Company	179,415,179,403	176,670,847,510
<b>Remuneration of Board of Management and Directors</b>	<b>4,409,149,951</b>	<b>3,552,043,634</b>



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

	Closing balance	Opening balance
	VND	VND
<b>Short-term trade receivables</b>	<b>435,975,921,061</b>	<b>318,888,583,664</b>
PetroVietnam Southern Gas Joint Stock Company	222,592,693,979	150,228,041,820
CNG Vietnam Joint Stock Company	184,574,520,295	135,054,755,972
PetroVietnam Northern Gas Joint Stock Company	28,808,706,787	33,605,785,872
<b>Other short-term receivables</b>	<b>2,101,265,188</b>	<b>2,033,029,015</b>
PetroVietnam Trade Union Finance Investment Corporation	1,294,956,610	1,294,956,610
CNG Vietnam Joint Stock Company	806,308,578	738,072,405
<b>Short-term advances to suppliers</b>	<b>1,082,934,240</b>	-
Vietnam Petroleum Institute	1,082,934,240	-
<b>Long-term deposits</b>	<b>1,570,603,125</b>	<b>1,570,603,125</b>
PetroVietnam Gas Joint Stock Corporation	1,570,603,125	1,570,603,125
<b>Short-term trade payables</b>	<b>1,403,318,962,877</b>	<b>1,141,922,750,034</b>
PetroVietnam Gas Joint Stock Corporation	1,272,186,679,864	1,059,947,757,210
Branch of PetroVietnam Gas Joint Stock Corporation - South East Gas Transmission Company	129,510,134,007	80,830,496,818
Petroleum Technical Services Corporation	1,124,036,006	1,124,036,006
Branch of Indochina Petroleum Transportation Joint Stock Company in Ho Chi Minh City	498,113,000	20,460,000
<b>Other current payables</b>	<b>107,087,286,449</b>	<b>101,016,930,423</b>
Branch of PetroVietnam Gas Joint Stock Corporation - South East Gas Transmission Company	107,087,286,449	101,016,930,423

## 29. COMMITMENTS

### Operating lease commitments

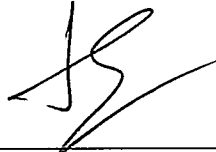
On 18 August 2009, the Company signed Contract No. 120/2009/PV GAS-TC-PV GAS D/D4 with PetroVietnam Gas Corporation - One Member Limited Company (currently known as PetroVietnam Gas Joint Stock Corporation) for leasing the low pressure gas system - Phase 2. The monthly rental charge is VND 5,000,904,167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

On 31 August 2017, the Company signed Contract No. 07/2015/HDDVTTS/XNMB-NHATMINHTHANH with Nhat Minh Thanh Technology Service Trading Company Limited for leasing gas receiving system connecting to the low pressure gas distribution in Tien Hai Industrial Zone - Thai Binh province for Pha Le Viet Tiep Thai Binh Co., Ltd, Dong Lam Porcelain Co., Ltd, Branch of Thien Hoang Trading Joint Stock Company - Mikado Ceramic Factory, Long Hau Ceramic Joint Stock Company customers with 5 years term. The rental fee for the system is 8,542,828,800 VND per year from 01 January 2018.

The Company signed Contract No. 326/2017/PVGAS/VP-PVG.D/D4 dated 29 November 2017 with 2 years with PetroVietnam Gas Joint Stock Corporation on leasing office at PV Gas Tower with monthly rental charge of VND 398,125 per m<sup>2</sup>.

**30. SUBSEQUENT EVENTS**

On 19 July 2018, the Company's Board of Management issued Resolution No. 12/NQ-HDQT/2018 on approving dividend distribution in 2017. Accordingly, the Company declared the cash dividend in 2017 at the rate of 30% of charter capital, equivalent to VND 270 billion. The dividend payment is expected to be made in August 2018.



**Le Duc Huy**  
Preparer



**Nguyen Phuong Thuy**  
Chief accountant



**Trần Thanh Nam**  
Director

10 August 2018

