

**VIETNAM OIL AND GAS GROUP
PETROVIETNAM OIL CORPORATION - ONE MEMBER
LIMITED COMPANY**

(Incorporated in the Socialist Republic of Vietnam)

**AUDITED CONSOLIDATED FINANCIAL
STATEMENTS**

For the year ended 31 December 2016

Deloitte
STORED



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STATEMENT OF THE BOARD OF DIRECTORS

The Board of Directors of PetroVietnam Oil Corporation - One Member Limited Company (the "Corporation") presents this report together with the Corporation's consolidated financial statements for the year ended 31 December 2016.

THE BOARD OF MEMBERS AND BOARD OF DIRECTORS

The members of the Board of Members and Board of Directors of the Corporation who held office during the year and to the date of this report are as follows:

Board of Members

Mr. Nguyen Hoang Tuan	Chairman
Mr. Cao Hoai Duong	Member
Mr. Nguyen Huu Thanh	Member
Mr. Nguyen Xuan Quyen	Member (resigned on 01 September 2016)

Board of Directors

Mr. Cao Hoai Duong	General Director
Mr. Pham Thanh Vinh	Deputy General Director
Mr. Le Xuan Trinh	Deputy General Director
Mr. Vo Khanh Hung	Deputy General Director
Ms. Pham Thi Loi	Deputy General Director
Mr. Vu Hoai Lam	Deputy General Director
Mr. Nguyen Tuan Tu	Deputy General Director
Mr. Nguyen Anh Toan	Deputy General Director

BOARD OF DIRECTORS' STATEMENT OF RESPONSIBILITY

The Board of Directors of the Corporation is responsible for preparing the consolidated financial statements, which give a true and fair view of the consolidated financial position of the Corporation as at 31 December 2016, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to consolidated financial reporting. In preparing these consolidated 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 consolidated financial statements;
- prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Corporation will continue in business; and
- design and implement an effective internal control system for the purpose of properly preparing and presenting the consolidated financial statements so as to minimize errors and frauds.

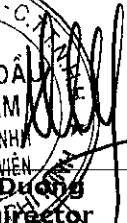

STATEMENT OF THE BOARD OF DIRECTORS (Continued)

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 consolidated financial position of the Corporation and that the consolidated financial statements comply with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to consolidated financial reporting. The Board of Directors is also responsible for safeguarding the assets of the Corporation and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

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

For and on behalf of the Board of Directors,



Cao Hoai Duong
General Director

17 March 2017

No.: 599 /VN1A-HN-BC

INDEPENDENT AUDITORS' REPORT

**To: The Board of Directors of Vietnam Oil and Gas Group
The Board of Directors of PetroVietnam Oil Corporation - One Member Limited Company**

We have audited the accompanying consolidated financial statements of PetroVietnam Oil Corporation - One Member Limited Company (the "Corporation") prepared on 17 March 2017 as set out from page 05 to page 54, which comprise the consolidated balance sheet as at 31 December 2016, the consolidated Income statement and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

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

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

Basis for Qualified Opinion

As stated in Note 08 of the Notes to the consolidated financial statements, the Corporation recognized an amount of VND 169,785,513,359 as other receivable from Vietnam Oil and Gas Group related to an accumulated loss as at 18 May 2011 when Petec Trading and Investment Corporation ("PETEC" - a subsidiary of the Corporation) was officially transformed into a joint stock company. Such receivable arose from the determination of the state capital portion at PETEC as at 18 May 2011 but without the approval of Vietnam Oil and Gas Group and competent authorities for the finalized amount. Therefore, we were unable to obtain sufficient information on the finalized amount and any difference between the finalized amount and the amount recognized in such other receivable. Accordingly, we were unable to determine whether it is necessary to adjust such amount.

INDEPENDENT AUDITORS' REPORT (Continued)

Qualified Opinion

In our opinion, except for necessary adjustments due to the effects of the matter described in the "Basis for Qualified Opinion" paragraph, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation as at 31 December 2016, its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to consolidated financial reporting.

Emphasis of Matters

As disclosed in Note 01 of the Notes to the consolidated financial statements, as at 31 December 2016, the Corporation's equity investment in PETEC recognized and presented in its separate financial statements exceeded the capital amount recorded and accounted for by PETEC by VND 111,225,298,544. The Board of Directors believes that such difference will be cleared when PETEC has completed the procedures for equitization finalization. Accordingly, the Board of Directors decided to increase the charter capital of this subsidiary to eliminate the difference before performing consolidation of the Corporation's financial statements.

As disclosed in Note 11 of the Notes to the consolidated financial statements, PETEC has ceased allocating long-term prepayments related to the value of geographical location advantages arising from the equitization since 2014 and has been working with local tax authorities and competent authorities to consider applying regulations of Decree No. 189/2013/ND-CP dated 20 November 2013 amending and supplementing a number of Decree No. 59/2011/ND-CP of the Government dated 18 July 2011 on the transformation of wholly State-owned enterprises into joint stock companies and Circular No. 127/2014/TT-BTC dated 05 September 2014 issued by the Ministry of Finance.

Our opinion is not qualified in respect of these matters.



Khu vực Thủ Lan Anh
Deputy General Director
Audit Practising Registration Certificate
No. 0036-2013-001-1

Tran Thi Kim Khanh
Auditor
Audit Practising Registration Certificate
No. 0395-2013-001-1

For and on behalf of
DELOITTE VIETNAM COMPANY LIMITED

17 March 2017
Hanoi, S.R Vietnam

**VIETNAM OIL AND GAS GROUP
PETROVIETNAM OIL CORPORATION - ONE MEMBER LIMITED COMPANY**

PetroVietnam Tower, 1-5 Le Duan Street
Ben Nghe Ward, District 1
Ho Chi Minh City, Vietnam

FORM B 01-DN/HN

Issued under Circular No.202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance

CONSOLIDATED BALANCE SHEET

As at 31 December 2016

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
A. CURRENT ASSETS	100		15,132,536,066,955	14,108,376,831,063
I. Cash and cash equivalents	110	5	6,193,305,161,814	6,304,307,760,210
1. Cash	111		2,204,125,288,806	2,886,311,663,211
2. Cash equivalents	112		3,989,179,873,008	3,417,996,096,999
II. Short-term financial investments	120	6	417,360,396,250	18,714,431,466
1. Trading securities	121		13,405,651,305	25,413,618,704
2. Provision for impairment of trading securities	122		(8,104,255,055)	(8,518,187,238)
3. Held-to-maturity investments	123		412,059,000,000	1,819,000,000
III. Short-term receivables	130		5,924,970,239,218	5,382,214,257,632
1. Short-term trade receivables	131	7	2,689,679,802,862	2,742,250,261,078
2. Short-term advances to suppliers	132		83,651,165,728	79,227,108,128
3. Other short-term receivables	136	8	3,979,429,535,455	3,407,433,683,910
4. Provision for short-term doubtful debts	137		(828,970,608,882)	(848,447,875,677)
5. Deficits in assets awaiting solution	139		1,180,344,055	1,751,080,193
IV. Inventories	140	10	2,385,028,387,772	2,213,202,779,207
1. Inventories	141		2,385,729,484,845	2,382,514,687,451
2. Provision for devaluation of inventories	149		(701,097,073)	(169,311,908,244)
V. Other short-term assets	150		211,871,881,901	189,937,602,548
1. Short-term prepayments	151	11	31,039,066,996	26,946,365,143
2. Value added tax deductibles	152	12	108,924,782,904	104,992,769,997
3. Taxes and other receivables from the State budget	153	13	71,908,032,001	57,998,467,408

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

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FORM B 01-DN/HN

Issued under Circular No.202/2014/TT-BTC
 dated 22 December 2014 of the Ministry of Finance

CONSOLIDATED BALANCE SHEET (Continued)
As at 31 December 2016

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
B. NON-CURRENT ASSETS	200		6,171,580,570,091	6,336,781,298,375
I. Long-term receivables	210		10,008,428,522	12,651,814,556
1. Long-term trade receivables	211	7	29,983,049,071	31,686,215,069
2. Long-term advances to suppliers	212		-	578,437,041
3. Other long-term receivables	216	8	6,566,736,167	5,619,646,985
4. Provision for long-term doubtful debts	219		(26,541,356,716)	(25,232,484,539)
II. Fixed assets	220		3,956,059,370,012	4,021,700,512,868
1. Tangible fixed assets	221	14	2,462,983,569,037	2,570,298,469,080
- Cost	222		5,311,338,029,996	5,113,208,478,761
- Accumulated depreciation	223		(2,848,354,460,959)	(2,542,910,009,681)
2. Financial lease assets	224	15	1,464,465,492	1,856,713,154
- Cost	225		2,318,637,273	2,318,637,273
- Accumulated amortisation	226		(854,171,781)	(461,924,119)
3. Intangible assets	227	16	1,491,611,335,483	1,449,545,330,634
- Cost	228		1,647,695,383,569	1,575,879,043,148
- Accumulated amortisation	229		(156,084,048,086)	(126,333,712,514)
III. Investment property	230	17	112,726,836,527	113,719,797,724
- Cost	231		125,916,291,101	123,856,825,010
- Accumulated depreciation	232		(13,189,454,574)	(10,137,027,286)
IV. Long-term assets in progress	240		200,901,083,801	218,828,977,625
1. Construction in progress	242	18	200,901,083,801	218,828,977,625
V. Long-term financial investments	250		1,058,218,093,762	1,136,889,773,344
1. Investments in joint-ventures, associates	252	19	951,256,368,598	962,887,995,062
2. Equity investments in other entities	253	20	202,402,366,282	198,198,836,282
3. Provision for impairment of long-term financial investments	254	20	(95,440,641,118)	(24,197,058,000)
VI. Other long-term assets	260		833,666,757,467	832,990,422,258
1. Long-term prepayments	261	11	730,424,523,612	704,651,261,850
2. Goodwills	269	21	103,242,233,855	128,339,160,408
TOTAL ASSETS (270=100+200)	270		21,304,116,637,046	20,445,158,129,438

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

**VIETNAM OIL AND GAS GROUP
PETROVIETNAM OIL CORPORATION - ONE MEMBER LIMITED COMPANY**

PetroVietnam Tower, 1-5 Le Duan Street
Ben Nghe Ward, District 1
Ho Chi Minh City, Vietnam

FORM B 01-DN/HN
Issued under Circular No.202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance

CONSOLIDATED BALANCE SHEET (Continued)

As at 31 December 2016

RESOURCES	Codes	Notes	Unit: VND	
			Closing balance	Opening balance
C. LIABILITIES	300		10,892,771,379,280	10,533,591,747,999
I. Current liabilities	310		10,604,852,858,404	10,116,183,230,488
1. Short-term trade payables	311	22	2,985,348,403,831	2,722,321,794,779
2. Short-term advances from customers	312		66,962,236,449	62,954,581,825
3. Taxes and amounts payable to the State budget	313	13	565,385,493,750	606,009,045,751
4. Payables to employees	314		151,698,914,438	138,101,549,651
5. Short-term accrued expenses	315	23	47,019,493,045	81,493,656,295
6. Short-term unearned revenue	318		2,075,670,765	415,845,284
7. Other current payables	319	24	4,177,353,149,138	3,722,019,002,261
8. Short-term loans and obligations under finance leases	320	25	2,477,437,261,835	2,437,903,650,636
9. Short-term provisions	321	26	46,936,632,845	837,860,706
10. Bonus and welfare funds	322		26,308,097,903	18,970,068,397
11. Price stabilization fund	323	27	58,327,504,405	325,156,174,903
II. Long-term liabilities	330		287,918,520,876	417,408,517,511
1. Long-term trade payables	331		951,181,334	1,307,118,414
2. Long-term unearned revenue	336		5,886,356,291	8,139,736,502
3. Other long-term payables	337		6,558,956,348	884,073,113
4. Long-term loans and obligations under finance leases	338	28	201,684,377,307	355,119,488,099
5. Deferred tax liabilities	341	29	72,837,649,596	51,958,101,383

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**VIETNAM OIL AND GAS GROUP
PETROVIETNAM OIL CORPORATION - ONE MEMBER LIMITED COMPANY**

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Ho Chi Minh City, Vietnam

FORM B 02-DN/HN

Issued under Circular No.202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2016

Unit: VND

ITEMS	Codes	Notes	Current year	Prior year
1. Gross revenue from goods sold and services rendered	01	35	39,296,933,388,447	50,986,654,348,414
2. Deductions	02	35	33,589,376,158	76,160,549,394
3. Net revenue from goods sold and services rendered (10=01-02)	10	35	39,263,344,012,289	50,910,493,799,020
4. Cost of sales	11	36	36,562,218,730,182	47,998,668,832,207
5. Gross profit from goods sold and services rendered (20=10-11)	20		2,701,125,282,107	2,911,824,966,813
6. Financial income	21	38	296,065,333,839	209,511,938,659
7. Financial expenses	22	39	272,157,261,385	231,478,248,199
- In which: Interest expense	23		157,061,516,497	102,250,065,502
8. Share of profit/ (losses) of joint venture and associates	24		15,832,616,298	(33,441,273,038)
9. Selling expenses	25	40	1,452,288,390,975	1,445,026,108,735
10. General and administration expenses	26	40	725,976,000,442	702,032,370,189
11. Operating profit (30=20+(21-22) + 24 - (25+26))	30		562,601,579,442	709,358,905,311
12. Other income	31	41	79,121,835,545	122,948,490,929
13. Other expenses	32	41	15,689,154,426	43,168,036,080
14. Profit from other activities (40=31-32)	40	41	63,432,681,119	79,780,454,849
15. Accounting profit before tax (50=30+40)	50		626,034,260,561	789,139,360,160
16. Current corporate income tax expense	51	42	56,176,417,543	76,193,701,823
17. Deferred corporate tax expense	52		4,790,646,413	38,693,506,195
18. Net profit after corporate income tax (60=50-51-52)	60		565,067,196,605	674,252,152,142
In which:				
Profit after tax attributable to Parent Company	61		498,495,030,500	618,054,009,929
Profit after tax attributable to non-controlling shareholders	62		66,572,166,105	56,198,142,213



17 March 2017

Nguyen Dang Trinh
Nguyen Dang Trinh
Chief Accountant

Phung To Van
Phung To Van
Preparer

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

VIETNAM OIL AND GAS GROUP**PETROVIETNAM OIL CORPORATION - ONE MEMBER LIMITED COMPANY**

PetroVietnam Tower, 1-5 Le Duan Street

Ben Nghe Ward, District 1

Ho Chi Minh City, Vietnam

FORM B 03-DN/HNIssued under Circular No.202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance**CONSOLIDATED CASH FLOW STATEMENT***For the year ended 31 December 2016*

Unit: VND

ITEMS	Codes	Current year	Prior year
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	01	626,034,260,561	789,139,360,160
2. Adjustments for:		(128,958,377,894)	(210,231,355,461)
- Depreciation and amortisation	02	374,390,178,076	376,143,899,257
- Provisions	03	(69,850,782,715)	(393,697,273,843)
- Foreign exchange loss arising from translating foreign currency items	04	15,499,856,513	12,903,467,616
- (Gain) from investing activities	05	(338,124,088,199)	(181,007,100,929)
- Interest expense	06	157,061,516,497	102,250,065,502
- Other adjustments	07	(267,935,058,066)	(126,824,413,064)
3. Operating profit before movements in working capital	08	497,075,882,667	578,908,004,699
- (Increases)/Decreases in receivables	09	(527,712,639,385)	3,622,112,726,883
- (Increases)/Decreases in inventories	10	(3,214,797,394)	872,388,071,316
- (Increases)/(Decreases) in payables (excluding accrued loan interest and corporate income tax payable)	11	614,739,345,319	(4,986,380,655,819)
- (Increases)/Decreases in prepaid expenses and other assets	12	(9,559,683,475)	19,875,827,666
- Interest paid	14	(154,907,987,331)	(102,781,967,529)
- Corporate income tax paid	15	(64,132,728,571)	(87,033,903,251)
- Other cash inflows	16	1,106,387,568	2,071,824,300
- Other cash outflows	17	(21,901,271,905)	(6,255,323,452)
Net cash generated by/ (used in) operating activities	20	331,492,507,493	(87,095,395,187)
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition and construction of fixed assets and other long-term assets	21	(231,952,924,778)	(42,627,659,667)
2. Proceeds from sale, disposal of fixed assets and other long-term assets	22	40,759,764,804	2,100,267,454
3. Cash outflow for lending, buying debt instruments of other entities	23	(410,240,000,000)	-
4. Cash recovered from lending, selling debt instruments of other entities	24	-	986,745,089,533
5. Equity investments in other entities	25	(7,680,000,000)	-
6. Cash recovered from investments in other entities	26	994,480,122	18,042,304,000
7. Interest earned, dividends and profits received	27	290,948,033,468	161,478,815,755
Net cash (used in)/ generated by investing activities	30	(317,170,646,384)	1,125,738,817,075

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

**VIETNAM OIL AND GAS GROUP
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FORM B 03-DN/HN

Issued under Circular No.202/2014/TT-BTC
dated 22 December 2014 of the Ministry of Finance

CONSOLIDATED CASH FLOW STATEMENT (Continued)

For the year ended 31 December 2016

Unit: VND

ITEMS	Codes	Current year	Prior year
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Proceeds from borrowings	33	14,909,114,620,426	13,018,416,164,977
2. Repayment of borrowings	34	(15,023,106,742,725)	(12,988,007,127,222)
3. Repayment of obligations under finance leases	35	(385,617,672)	(229,799,700)
Net cash (used in)/generated by financing activities	40	(114,377,739,971)	30,179,238,055
Net (decrease)/increase in cash (50=20+30+40)	50	(100,055,878,862)	1,068,822,659,943
Cash and cash equivalents at the beginning of the year	60	6,304,307,760,210	5,249,113,998,649
Effects of changes in foreign exchange rates	61	(10,946,719,534)	(13,628,898,382)
Cash and cash equivalents at the end of the year (70=50+60+61)	70	6,193,305,161,814	6,304,307,760,210



Cao Hoai Duong
General Director

17 March 2017

Nguyen Dang Trinh
Chief Accountant

Phung To Van
Preparer

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

VIETNAM OIL AND GAS GROUP

PETROVIETNAM OIL CORPORATION - ONE MEMBER LIMITED COMPANY

PetroVietnam Tower, 1-5 Le Duan Street
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FORM B 09-DN/HN

Issued under Circular No.200/2014/TT-BTC
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

1. GENERAL INFORMATION

Structure of ownership

PetroVietnam Oil Corporation - One Member Limited Company (the "Corporation") was incorporated in Vietnam as an independent accounting member of Vietnam Oil and Gas Group. As per Decision No. 1250/QĐ-DKVN dated 06 June 2008 issued by Vietnam Oil and Gas Group, the Holding Company - Corporation was established on the basis of consolidation of Petroleum Trading Company Limited (Petechim) and PetroVietnam Oil Processing and Distribution Company Limited (PDC).

The Corporation was granted Business Registration Certificate No. 4104005189 dated 26 June 2008 and the 16th amendment dated 16 January 2016. The Corporation officially started its operation from 01 July 2008 with the charter capital of VND 7,220,000,000,000. According to the 13th amended Business Registration Certificate dated 16 July 2013, the charter capital of the Corporation is VND 10,884,251,000,000.

The number of employees of the Corporation (excluding its subsidiaries) as at 31 December 2016 was 732 (as at 31 December 2015: 744).

Principal activities

The principal activities of the Holding Company are import/export and trade of crude oil domestically and overseas; import/export and trade of oil products domestically and overseas; import/export of equipment, materials, machinery and commercial services; production of oil products; construction of oil storage tank systems, distribution and trading of oil products; import/export of oil products, products made from oil, chemicals/materials/equipment/facilities supporting processing and trading of oil products; trading of materials/equipment/chemicals for production of oil products; ship brokerage and supply; hotel business and tourism (not at the head quarter); supplying tank truck, oil tankers and storage facilities for rent; trading of fertilizers and petrochemical products.

Characteristics of the business activities in the financial year which have an effect on the consolidated financial statements

According to Resolution No. 58/NQ-DVN dated 21 July 2015 and Resolution No. 244/NQ-DVN dated 1 February 2016, the Corporation's Board of Members approved the restructuring of Thai Binh Petroleum Joint Stock Company (the Corporation's subsidiary) is divided into two independent companies, including one operating in the field of mineral water, beverage production and trading and the other operating in the field of petroleum. In implementing the above resolution of the Board of Members, the restructuring of Thai Binh Petroleum Joint Stock Company was completed in the year.

The Board of Members of the Corporation issued Resolution No. 80/NQ-DVN dated 11 November 2015 approving the plan of divestment of the Corporation at Singapore International Oil Trade Company Limited ("PV Oil Singapore"), transferring 49% of real capital contributed to Sebrina Holding Ltd. in the form of negotiated price with transfer price not lower than face value. In implementing this Resolution, the divestment of the Corporation at Singapore International Oil Trade Company Limited was completed in the year.

In addition, during the year, the Corporation contributed capital to establish Cambodia Petroleum Joint Stock Company ("PV Oil Cambodia"). At the date of the report, Cambodia Petroleum Joint Stock Company is completing the establishment procedures to conduct production and business.

1. GENERAL INFORMATION (Continued)

The Corporation's structure

The Corporation includes the Holding Company and 30 subsidiaries. Below is the list of the subsidiaries:

<u>Subsidiary</u>	<u>Location</u>	<u>Proportion of ownership interest (%)</u>	<u>Proportion of voting power held (%)</u>	<u>Main business</u>
Me Kong Petroleum JSC	Can Tho	89.37%	89.37%	Build gas and oil depots. Manufacture and trade oil and gas related products, export and import petroleum related products
Vung Ang Petroleum JSC	Ha Tinh	56.50%	56.50%	Wholesale solid, liquid fuels and gas and relevant products. Store goods. Transport by interior waterway
PetroVietnam Oil Lube JSC (i)	Ho Chi Minh City	62.67%	62.67%	Exploit, manufacture, transport, wholesale and retail products related to petrol, oil, and gas
Thai Nguyen Petroleum JSC (i)	Thai Nguyen	51.00%	51.00%	Trade petrol and oil. Buy and sell gas. Trade through importing and exporting all types of metal ores, steel and iron for construction
Tra Vinh Petroleum JSC	Tra Vinh	96.27%	96.27%	Trade petrol and oil, and consuming goods
Bac Lieu Petroleum JSC	Bac Lieu	96.09%	96.09%	Wholesale food. Wholesale materials and others installation equipments for construction. Buy and sell petrol, oil and relevant products
Binh Thuan Petroleum JSC	Binh Thuan	79.68%	79.68%	Wholesale solid, liquid and gas fuels. Wholesale materials, and other installation equipments for construction. Transport goods by road
Thanh Hoa Petroleum JSC	Thanh Hoa	56.86%	56.86%	Trade all types of petrol and oil; Do commercial business and commercial services; export and import; exploit and process mineral; and Real estate.
Phu My Petroleum Processing and Manufacturing JSC	Vung Tau	67.64%	67.64%	Wholesale and retail petrol and oil and relevant products. Manufacture and process fuel and solven. Trade biofuels.
Sai Gon Petroleum JSC	Ho Chi Minh City	66.05%	66.93%	Trade petrol and oil. Exploit raw oil. Provide supporting service of exploiting raw oil and natural gas. Produce basic chemicals.
Vung Tau Petroleum JSC	Vung Tau	57.18%	57.18%	Wholesale and retail petrol and oil and relevant products. Produce and process fuels and solven. Trade biofuels.
Hanoi Petroleum JSC	Hanoi	71.35%	71.35%	Trade petrol and oil and relevant products. Provide warehouse and port services. Transport goods.
Thua Thien Hue Petroleum JSC	Thua Thien Hue	74.67%	74.67%	Wholesale oil and petrol and relevant products.
Laos Petroleum Company Ltd	Laos	100.00%	100.00%	Wholesale oil and petrol and relevant products.
Thai Binh Petroleum JSC	Thai Binh	68.00%	68.00%	Wholesale solid and liquid fuels and gas, relevant products. Build all kinds of houses. Do other wholesale businesses such as mineral water,...
Thai Binh Mineral Water JSC	Thai Binh	68.00%	68.00%	Do wholesale businesses related to mineral water.
Nam Dinh Petroleum JSC	Nam Dinh	56,75%	56,75%	Trade petroleum products. Agents that trade petrol and oil. Trade biofuels.
Tay Ninh Petroleum JSC	Tay Ninh	78.62%	78.62%	Wholesale solid & liquid fuels and gas and relevant products. Wholesale machines, equipments and other spare parts. Transport goods by interior waterway.

1. GENERAL INFORMATION (Continued)
The Corporation's structure (Continued)

<u>Subsidiary</u>	<u>Location</u>	<u>Proportion of ownership interest (%)</u>	<u>Proportion of voting power held (%)</u>	<u>Main business</u>
Cai Lan Petroleum JSC	Quang Ninh	80.19%	80.19%	Provide warehouse and storage services. Wholesale solid & liquid fuels and relevant products. Transport goods through waterway.
Quang Ninh Petroleum JSC (i)	Quang Ninh	58.60%	58.60%	Wholesale solid & liquid fuels and relevant products. Wholesale raw oil, gas and relevant products.
Phu Yen Petroleum JSC	Phu Yen	67.13%	67.13%	Trade petrol and oil and other relevant products; trade gas. Transport goods.
Phu Tho Petroleum JSC	Phu Tho	71.68%	71.68%	Wholesale solid & liquid fuels and relevant products. Transport products of oil and gas.
Kien Giang Petroleum JSC (i)	Kien Giang	86.96%	86.96%	Wholesale solid & liquid fuels and gas and relevant products. Wholesale machines, equipments and other spare parts. Transport goods by interior waterway.
Singapore International Oil Trading Company Ltd	Singapore	51.00%	51.00%	Trade raw oil and other international oil products. Participate in trading and providing raw oil in Vietnam.
Central Petroleum JSC	Quang Ngai	71.43%	71.43%	Wholesale solid & liquid fuels and gas and relevant products. Wholesale machines, equipments and other spare parts. Transport goods by interior waterway.
Hai Phong Petroleum JSC	Hai Phong	72.00%	72.00%	Wholesale solid & liquid fuels and gas and relevant products. Wholesale machines, equipments and other spare parts. Transport goods by interior waterway.
Vietnam Petroleum Transportation JSC	Ho Chi Minh City	71.00%	71.00%	Transport goods by road. Wholesale solid & liquid fuels and gas. Retail engine fuels for specialized shops.
Ha Giang Petroleum Travel Commercial JSC (i)	Ha Giang	80.37%	80.37%	Wholesale solid & liquid fuels and gas and relevant products. Wholesale machines, equipments and other spare parts. Transport goods by interior waterway.
Thu Duc Export & Import Commercial JSC	Ho Chi Minh City	51.01%	51.01%	Trade petrol, oil, engine oil, spike. Trade and transport petrol & oil. Wholesale car and motor vehicles. Trade steels, iron and other construction materials.
PETEC Trading and Investment Corporation (ii)	Ho Chi Minh City	95.09%	95.19%	Export and import, organize channels of wholesaling petrol & oil; export and import entire equipments, machines and individual equipments; export and import fertilizer; provide maritime services.

(i) The Corporation's Board of Members issued a Resolution approving the plan for capital divestment from these companies. By the reporting date, the Corporation has been making a plan to follow the Resolution.

(ii) As at 31 December 2016, the Corporation's equity investment in PETEC recognized and presented in its separate financial statements exceeded the capital amount recorded and accounted for by PETEC by VND 111,225,298,544. The Board of Directors believes that such difference will be cleared when PETEC has completed the procedures for equitization finalization. Accordingly, the Board of Directors decided to increase the charter capital of this subsidiary to eliminate the difference before performing consolidation of the Corporation's financial statements.

1. GENERAL INFORMATION (Continued)
The Corporation's structure (Continued)
List of joint ventures:

<u>Joint Venture</u>	<u>Location</u>	<u>Proportion of ownership interest (%)</u>	<u>Main business</u>
PetroVietnam Oil Stockpile Company Limited	Ba Ria - Vung Tau	19.99%	Investment in buiding underground oil storage
LG-VINA Chemical Joint Venture Company	Dong Nai	15.00%	Manufacturing and trading plastic oil DOP
Orient Petrochemical and Biofuels Company Limited	Binh Phuoc	31.12%	Manufacturing and trading chemical fuels

List of associates:

<u>Associate</u>	<u>Location</u>	<u>Proportion of ownership interest (%)</u>	<u>Proportion of voting power held (%)</u>	<u>Main business</u>
PetroVietnam Biofuels Joint Stock Company	Hanoi	39.76%	39.76%	Produce and trade biofuels.
Petroleum Trading Joint Stock Company (Petechim)	Ho Chi Minh City	29.00%	29.00%	Buy and sell equipments, spare parts, materials and petrochemicals.
Material - Petroleum Joint Stock Company (Comeco)	Ho Chi Minh City	44.87%	44.94%	Export and import petrol and oil. Transport goods.
Thuan An General Trading Joint Stock Company (*)	Binh Duong	24.29%	24.29%	Trade petrol and oil, consuming goods.
Quang Tri Service and Commerce JSC (*)	Quang Tri	41.66%	41.66%	Trade petrol and oil, technological products, agricultural goods and food.
Central Petrochemical and Biofuel Joint Stock Company	Quang Ngai	34.28%	34.28%	Produce and trade biofuels.
Me Kong Transportation JSC (*)	Can Tho	32.86%	34.96%	Transportation service.
Sai Gon Phu Yen Petroleum JSC	Phu Yen	26.18%	39.00%	Trade petrol and oil.
Dieu Phu Yen Joint Stock Company (*)	Phu Yen	47.79%	47.79%	Produce and process agricultural products for exporting.
Ca Mau Commercial Joint Stock Company	Ca Mau	24.53%	24.79%	Trade petrol and oil, technological products, agricultural goods and food.
Dong Phuong Petroleum JSC (*)	Ho Chi Minh City	23.24%	26.00%	Trade petrol and oil.
PETEC Warehouse JSC (*)	Binh Duong	31.27%	39.21%	Transport and store information.
Ninh Binh Petroleum JSC	Ninh Binh	20.26%	20.26%	Wholesale solid & liquid fuels and gas and relevant products. Prepare premises. Warehouse and goods storage. Transport goods along coastline and by ocean-going.
PETEC Binh Dinh JSC	Binh Dinh	29.99%	31.54%	Trade petrol & oil, cement.

1. GENERAL INFORMATION (Continued)

The Company's structure (Continued)

(*) The Corporation's Board of Members issued a Resolution approving the plan for capital divestment from these companies. By the reporting date, the Corporation has been making a plan to follow the Resolution.

Disclosures of information comparability in the consolidated financial statements

Comparative figures are the figure of the Corporation's audited consolidated financial statements for the year ended 31 December 2015.

2. ACCOUNTING CONVENTION AND FINANCIAL YEAR

Accounting convention

The accompanying consolidated 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 consolidated financial reporting.

The accompanying consolidated financial statements are not intended to present the consolidated financial position, consolidated 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 Corporation's financial year begins on 01 January and ends on 31 December.

3. ADOPTION OF NEW ACCOUNTING GUIDANCE

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Estimates

The preparation of the consolidated financial statements in conformity with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to consolidated financial reporting requires the Board of Directors 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 consolidated financial statements and the reported amounts of revenues and expenses during the financial year. Although these accounting estimates are based on the Board of Directors' best knowledge, actual results may differ from those estimates.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Holding Company (PetroVietnam Oil Corporation - One Member Limited Company) and enterprises controlled by the Holding Company (its subsidiaries) prepared for the year ended 31 December, 2016. Control is achieved where the Corporation has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Holding Company.

Intragroup transactions and balances are eliminated in full on consolidation.

Non-controlling interests consist of the amount of those non-controlling interests at the date of the original business combination and the non-controlling interests' share of changes in equity since the date of the combination. Losses in subsidiaries are respectively attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Business combinations

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired is credited to profit and loss in the period of acquisition.

The non-controlling interests are initially measured at the non-controlling shareholders' proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Investments in associates

An associate is an entity over which the Corporation has significant influence and that is neither a subsidiary nor an interest in joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Interests in associates are carried in the consolidated balance sheet at cost as adjusted by post-acquisition changes in the Corporation's share of the net assets of the associate. Losses of an associate in excess of the Corporation's interest in that associate (which includes any long-term interests that, in substance, form part of the Corporation's net investment in the associate) are not recognised.

Where a group entity transacts with an associate of the Corporation, unrealised profits and losses are eliminated to the extent of the Corporation's interest in the relevant associate.

A joint venture is a contractual arrangement whereby the Corporation and other parties undertake an economic activity that is subject to joint control, i.e., the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control.

Where a group entity undertakes its activities under joint venture arrangements directly, the Corporation's share of jointly controlled assets and any liabilities incurred jointly with other ventures are recognised in the consolidated financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the Corporation's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to/from the Corporation and their amount can be measured reliably.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interests in joint ventures (Continued)

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities. The Corporation reports its interests in jointly controlled entities using the equity method of accounting.

Any goodwill arising on the acquisition of the Corporation's interest in a jointly controlled entity is accounted for in accordance with the Corporation's accounting policy for goodwill arising on the acquisition of a subsidiary.

Goodwill

Goodwill represents the excess of the cost of acquisition over the Corporation's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill is recognised as an asset and is amortised on the straight-line basis over its estimated period of benefit of 10 years.

Goodwill arising on the acquisition of associates is included in the carrying amount of the associates. Goodwill arising on the acquisition of subsidiaries and jointly controlled entities is presented separately as an intangible asset in the consolidated balance sheet.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of unamortised goodwill is included in the determination of the profit or loss on disposal.

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.

Financial investments

Trading securities

Trading securities are those the Corporation holds for trading purpose. Trading securities are recognised from the date the Corporation obtains the ownership of those securities and initially measured at the fair value of payments made at the transaction date plus directly attributable transaction costs.

In subsequent years, investments in trading securities are measured at cost less provision for impairment of such investments.

Provision for impairment of investments in trading securities is made in accordance with prevailing accounting regulations.

Held-to-maturity investments

Held-to-maturity investments comprise investments that the Corporation has the positive intent or ability to hold to maturity, including term deposits (commercial bills), bonds, preference shares which the issuer shall redeem at a certain date in the future, loans held to maturity to earn periodic interest and other held-to-maturity investments.

Held-to-maturity investments are recognised on a trade date basis and are initially measured at acquisition price plus directly attributable transaction costs. Post-acquisition interest income from held-to-maturity investments is recognised in the consolidated income statement on accrual basis. Pre-acquisition interest is deducted from the cost of such investments at the acquisition date.

Held-to-maturity investments are measured at cost less provision for doubtful debts.

Provision for doubtful debts relating to held-to-maturity investments is made in accordance with prevailing accounting regulations.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity investments in other entities

Equity investments in other entities represent the Corporation's investments in ordinary shares of the entities over which the Corporation has no control, joint control, or significant influence.

Equity investments in other entities are carried at cost less provision for impairment of such investments. Provision for impairment of equity investments in listed company is made in accordance with prevailing accounting regulations. Provision for impairment of investments in other entities is made based on figures of the consolidated financial statements, including non-controlling interests.

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 recognized 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	6 - 50
Machinery and equipment	5 - 10
Motor vehicles	5 - 6
Office equipment	3 - 5
Others	3 - 6

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Tangible fixed assets and depreciation (Continued)

Tangible fixed assets are revalued in accordance with the State's decisions or when state-owned enterprises are equitized. The cost and accumulated depreciation of tangible fixed assets are adjusted based on the revaluation value approved by competent authorities as regulated.

Loss or gain resulting from sales and disposals of tangible fixed assets is the difference between proceeds from sales or disposals of assets and their residual values and is recognised in the consolidated income statement.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Corporation at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Corporation's general policy on borrowing costs (see below).

Leases where substantially all the rewards and risks of ownership of assets remain with the leasing company are accounted for as operating leases. Rentals payable under operating leases are charged to the consolidated income statement on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives, as follows:

	(Years)
Motor vehicles	5 - 6

Intangible assets and amortisation

Intangible assets represent land use rights, computer software and other intangible assets that are stated at cost less accumulated amortisation.

Indefinite-term land use rights are not amortised. Finite-term land use rights are amortised over the duration specified in the land use right certificate.

Computer software is amortised using the straight-line method over 5 years.

For intangible assets that are revaluated, their cost, accumulated amortisation and net book value are adjusted to the revaluation values.

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 and other costs directly attributable in accordance with the Corporation'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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment properties

Investment properties are composed of land use rights, buildings and structures held by the Corporation to earn rentals or for capital appreciation, which are stated at cost less accumulated depreciation. The costs of purchased investment properties comprise their purchase prices and any directly attributable expenditures, such as professional fees for legal services, property transfer taxes and other related transaction costs. Investment properties are depreciated using the straight-line method over their estimated useful lives.

Prepayments

Prepayment comprise land rental, office rental, value of geographical location advantages of some petrol stations, value of business privileges arising from enterprise valuation for the equitization purpose according to minutes of enterprise valuation as at 30 June 2010, which was the official time of decision on equitization (including the value of geographical location advantages of rented land lots and value of brand name) arising from PETEC - a subsidiary of the Corporation and other long-term prepayments.

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

The value of geographical location advantages represent the difference in the purchase prices of petrol stations and charged to the consolidated income statement using the straight-line method over the remaining term, from 13 years to 50 years. Specifically, PETEC has ceased allocating long-term prepayments related to the value of geographical location advantages arising from the equitization since 2014.

Other prepayments comprise costs of tools and supplies, advertising expenses and repair expenses that are allocated to the consolidated income statement using the straight-line method over the useful lives.

Equity and profit distribution

The operating capital of the Corporation includes capital contributed by Vietnam Oil and Gas Group and the Corporation's capital self-financed from the annual profit as per the decision of Vietnam Oil and Gas Group.

Funds are appropriated from profit after tax or granted by Vietnam Oil and Gas Group. Profits after tax of subsidiaries are distributed under Resolution approved by general shareholders' meetings and financial regulations of subsidiaries. The Holding Company's profit after tax is distributed as per Article 31 of Decree No. 91/2015/ND-CP dated 13 October 2015 on investment of state capital in enterprises and management and using of capital and assets in enterprises. The Corporation's remaining profit after being offset against the prior year's losses distributed to the Scientific and Technology Development Fund by law, and paid for corporate income tax is allocated as follows:

- Offsetting against losses of previous years which are no longer permitted for deduction from pre-tax profits;
- The remaining profit is distributed as follows:
 - 30% allocated to the Corporation's investment and development fund;
 - Maximum 1.5 months' salary to the management bonus fund based on the enterprise rating;
 - Maximum 3 months' salary to the bonus and welfare funds based on the enterprise rating;
 - The remaining profit is distributed to the investment and reorganization support fund.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

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

- (a) the Corporation has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (b) the Corporation 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 Corporation; 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 consolidated 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 Corporation;
- (c) the percentage of completion of the transaction at the consolidated 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. Dividend income from investments is recognised when the Corporation's right to receive payment has been established.

Foreign currencies

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction date. The balances of monetary items denominated in foreign currencies as at the balance sheet date are retranslated at the exchange rates on the same date. Exchange differences arising from the translation of these accounts are recognised in the consolidated income statement.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Corporation's foreign operations (including comparatives) are translated to reporting currency using exchange rates prevailing on the balance sheet date. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Corporation's foreign exchange difference. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Borrowing costs

Borrowing costs are recognised in the consolidated 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Payable provisions

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

Petroleum price stabilization fund

The petroleum price stabilization fund is appropriated and used as per Joint Circular No. 39/2014/TTLT-BCT-BTC dated 29 October 2014 of the Ministry of Finance and the Ministry of Industry and Trade (effective from 1 November 2014) on "determination of basic prices, establishment, management and utilization of price stabilization funds and control of petrol and oil prices under the Government's Decree No. 83/2014/ND-CP on petrol and oil business dated 3 September 2014" and Joint Circular No. 90/2016/TTLT-BCT-BTC dated 24 June 2016 of the Ministry of Finance and the Ministry of Industry and Trade (effective from 15 August 2016) on "Amendments to a number of articles of Joint Circular No. 39/2014/TTLT-BCT-BTC dated 29 October 2014 of the Ministry of Finance and the Ministry of Industry and Trade (effective from 1 November 2014) on determination of basic prices, establishment, management and utilization of price stabilization funds and control of petrol and oil prices under the Government's Decree No. 83/2014/ND-CP on petrol and oil business dated 3 September 2014".

The petroleum price stabilization fund is appropriated with a specific amount of money, which is fixed in the basic price of each litre of petroleum sold and determined as an expense item in the basic price structure (The appropriation rate is subject to the regulation of the Ministry of Finance from time to time).

The petroleum price stabilization fund is used in compliance with the written directions released by the Ministry of Industry and Trade from time to time. The utilization of the petroleum price stabilization fund is based on the actual sales volume multiplied with the price per litre of petroleum as regulated by the Ministry of Industry and Trade.

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 consolidated 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 consolidated 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 Corporation intends to settle its current tax assets and liabilities on a net basis.

As at 31 December 2016, the Corporation has unused tax losses available for offset against future taxable profits. However, the Corporation has not been recognized deferred tax assets in respect of such loss due to the uncertainty of future taxable profit streams.

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

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



5. CASH AND CASH EQUIVALENTS

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Cash on hand	23,984,647,763	13,795,234,244
Bank demand deposits (i)	2,179,925,511,043	2,870,524,247,367
<i>In which:</i>		
<i>Price Stabilization Fund Balance (ii)</i>	59,531,181,755	266,949,073,829
Cash in transit	215,130,000	1,992,181,600
Cash equivalents (i), (iii)	3,989,179,873,008	3,417,996,096,999
	<u>6,193,305,161,814</u>	<u>6,304,307,760,210</u>

- (i) Cash and cash equivalents include demand deposits of VND 11,800,228,029, USD 3,774,150 and deposits of VND 265,086,463,633 with maturity of less than 03 months at Ocean Commercial Joint Stock Bank (currently known as Ocean Commercial One Member Limited Liability Bank). Such amounts are restricted for payment under Directive No. 600/2015/CT-TGD dated 13 February 2015 issued by Ocean Commercial Joint Stock Bank on suspension of payment services for the economic organizations of Vietnam Oil and Gas Group to review and evaluate the payment records of customers. Ocean Commercial One Member Limited Liability Bank has been transformed into a wholly State - owned bank; accordingly, the Board of Directors has assessed and believes that these deposits will be traded back in the coming time upon the decision of the State Bank of Vietnam.
- (ii) The balance of the Price Stabilisation Fund account is recorded separately in a bank account as guided by Joint Circular No. 39/2014/TTLT-BCT-BTC dated 29 October 2014 issued by both the Ministry of Finance and the Ministry of Industry and Trade.
- (iii) Cash equivalents represent term deposits with original terms of less than 3 months at banks and with interest rates ranging from 0.35% p.a to 6.2% p.a. (as at 31 December 2015: from 4.3% p.a to 5.5% p.a.) for Vietnam Dong and 0.46% p.a. (as at 31 December 2015: 0.33% p.a.) for US Dollar.

**VIETNAM OIL AND GAS GROUP
PETROVIETNAM OIL CORPORATION - ONE MEMBER LIMITED COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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6. SHORT-TERM FINANCE INVESTMENTS

	Closing balance		Opening balance	
	VND Cost	VND Fair value	VND Cost	VND Fair value
a. Trading securities	13,405,651,305	(8,104,255,055)	25,413,618,704	(8,518,187,238)
Total	4,932,925,254	1,431,432,000	5,191,965,240	1,283,400,000
Pomina Steel JSC (i)	-	-	4,905,000,000	-
Hau Giang Materials JSC (ii)	-	-	3,990,000,000	-
9 Real Estate JSC (ii)	-	-	2,020,000,000	-
Vietnam Steel JSC (ii)	2,020,000,000	-	-	-
Phong Phu JSC (ii)	846,000,000	-	846,000,000	-
Vinh Long Export & Import Company (ii)	339,000,000	-	339,000,000	(339,000,000)
Sai Gon Commercial Joint Stock Bank (i)	1,975,220,000	412,634,250	1,975,220,000	572,011,500
Bank for Investment and Development of Vietnam (i)	-	-	63,677,000	70,905,200
Bien Hoa Steel Company (i)	428,133,333	153,790,000	997,500,000	370,125,000
Cu Chi Industrial Commercial Investment and Development JSC (i)	-	-	74,217,966	90,900,000
SMC Commercial Investment JSC (i)	-	-	1,639,691,867	576,000,000
Nha Be Steel JSC (i)	678,026,087	250,040,000	1,185,000,000	460,000,000
Vinh Long Foods JSC (i)	611,346,631	70,000,000	611,346,631	160,000,000
Dthers (ii)	1,575,000,000	-	1,575,000,000	-
b. Held-to-maturity investments			Opening balance	VND
Term deposits (iii)	412,059,000,000	204,059,000,000	Cost	Carrying amount
			1,819,000,000	1,819,000,000

(i) The fair value of these financial investments is determined based on the closing price of the shares listed on the Stock Exchange at the balance sheet date.

(ii) As at the reporting date, the Board of Directors has no reliable information resources as a basis for the fair value determination of the shares of these companies. Hence, the fair value of these other short-term investments as at 31 December 2016 has not been presented in the Notes to the consolidated financial statements.

(iii) The held-to-maturity investments represent the amounts of time deposits at banks in VND with maturity from 3 months to 1 year and interest rate from 5.4%/p.a to 6.2%/p.a (as at 31 December 2015: 6.2%/p.a). The time deposits in the amount of 4,059,000,000 VND as mentioned above at Ocean Commercial Joint Stock Bank (currently known as Ocean Commercial One Member Limited Liability Bank) are restricted for payment under Directive No. 600/2015/CT-TGD dated 13 February 2015 issued by Ocean Commercial Joint Stock Bank on suspension of payment services for the economic organizations of Vietnam Oil and Gas Group to review and evaluate the payment records of customers. Ocean Commercial One Member Limited Liability Bank has been transformed into the wholly state-owned bank; accordingly, the Board of Directors has assessed and believes that these deposits will be traded back in the coming time upon the decision of the State Bank of Vietnam.

7. RECEIVABLES

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
a. Short-term trade receivables		
Gunvor Singapore Pte., Ltd.	-	545,329,308,256
Hoang Long Joint Operating Company	36,180,434,999	14,366,384,999
Bien Dong POC	33,442,123,928	29,535,976,996
Dong Phuoc Petroleum Joint Stock Company	53,754,700,576	-
VietsovPetro Joint Venture	33,933,263,570	31,588,885,532
Tien Phong Petroleum Investment and Development JSC	124,251,939,885	124,251,939,885
Northern Petroleum and Gas JSC	124,164,578,894	124,164,578,894
Quang Dong Commercial Transportation JSC	87,946,610,123	87,946,610,123
Viet Nam International Petroleum JSC	70,088,298,311	70,088,298,311
Phu Lam Investment JSC	77,865,356,829	77,865,356,829
PetroVietnam Power Corporation (PVPower)	-	46,534,700,943
Vu Anh Commercial JSC	43,257,741,001	43,257,741,001
Cam Giang Investment & Development JSC	20,010,740,366	20,010,740,366
Binh Son Refining and Petrochemical Company Limited (i)	10,588,065,430	14,270,090,035
PetroVietnam Technical Service JSC	2,473,634,290	14,365,133,260
PetroVietnam Exploration Production Corporation	37,221,055,271	40,045,407,090
Nghi Son Refinery Company Limited	178,768,765,650	-
Socar Trading Singapore Pte Ltd	421,914,177,654	-
Ninh Binh Petroleum Joint Stock Company	76,995,792,176	48,470,092,490
Other short-term trade receivables	1,256,822,523,909	1,410,159,016,068
	<u>2,689,679,802,862</u>	<u>2,742,250,261,078</u>
b. Long-term trade receivables		
Huong Giang Company Ltd	6,315,000,000	6,315,000,000
Tan Dinh Phong Manufacturing and Commercial Export & Import Company Ltd	12,839,699,605	12,839,699,605
Itasco Lam Dong JSC	4,856,103,191	5,356,103,191
Viet Nam International Petroleum JSC	2,607,355,480	2,607,355,480
Other long-term trade receivables	3,364,890,795	4,568,056,793
	<u>29,983,049,071</u>	<u>31,686,215,069</u>
c. Short-term trade receivables from related parties		
(Details are presented in Note 45)	150,882,698,819	227,128,225,018

- (i) This represents the entrustment fee and crude oil receivable from Binh Son Refining and Petrochemical Company Limited to conduct purchasing, importing and selling activities which were entrusted by Binh Son Refining and Petrochemical Company Limited.

8. OTHER RECEIVABLES

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
a. Other short-term receivables		
Collection and payment on behalf relating to entrusted crude oil exports	3,178,120,428,851	2,576,350,201,248
Collection and payment on behalf relating to entrusted crude oil imports	287,187,963,461	201,280,947,132
Other receivables from Vietnam Oil and Gas Group:	217,299,697,501	219,666,710,523
<i>Other receivables from Vietnam Oil and Gas Group (i)</i>	170,283,513,359	172,650,526,381
<i>Profit temporarily distributed to Vietnam Oil and Gas Group</i>	47,016,184,142	47,016,184,142
Deductible special excise tax (ii)	28,574,441,712	21,002,190,719
Crude oil export duties prepaid or awaiting deduction (iii)	1,065,914,516	73,536,711,358
Receivables from Petechim regarding Petroland Project Transferring	40,529,988,943	44,441,954,700
Tax prepayments for goods temporarily imported for re-export	39,014,102,240	73,903,392,163
Other short-term receivables	187,636,998,231	197,251,576,067
	<u>3,979,429,535,455</u>	<u>3,407,433,683,910</u>
b. Other long-term receivables		
Long-term deposits	5,208,710,000	2,558,450,000
Depreciable cost of assets used for business cooperation (iv)	646,975,505	684,301,025
Receivables from individuals	578,494,200	651,318,000
Other long-term receivables	132,556,462	1,725,577,960
	<u>6,566,736,167</u>	<u>5,619,646,985</u>
c. Other receivables from related parties		
(Details are presented in Note 45)	3,437,165,784,715	2,208,072,850,496

- (i) Other receivables from Vietnam Oil and Gas Group include an accumulated loss of VND 169,785,513,359 as at 18 May 2011 when Petec Trading and Investment Corporation ("PETEC" – the Corporation's subsidiary) was officially transformed into a joint stock company. Such receivable arose from the determination of the state capital portion at PETEC as at 18 May 2011 but without the approval of Vietnam Oil and Gas Group and competent authorities for the finalized amount.
- (ii) This amount represents special sales tax levied on Condensate materials and mixed oil products incurred in previous years and current year awaiting deduction.
- (iii) This amount represents crude oil export duties paid on behalf of customer and receivable from customer and regarding the implementation of entrusted export activities.
- (iv) This is the net book value of assets and materials used for business cooperation with Saigon Union of Trading Cooperatives under Business Cooperation Contract No. 32/HDDKTKD dated 8 February 2002 in the form of jointly controlled assets (without the establishment of a new legal entity). The Corporation's assets used for the Project include land use rights and assets on land at No. 191 Quang Trung Street, Hiep Phu Ward, District 9, Ho Chi Minh City with the project term of 30 years. Under the contract, the Corporation shall receive a monthly fixed amount of VND 174,554,545 and Saigon Union of Trading Cooperatives shall be in charge of operating and accounting for such transaction.

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VIETNAM OIL AND GAS GROUP
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN

9. BAD DEBTS

Items	Closing balance		Opening balance	
	Cost	Recoverable amount	Cost	Recoverable amount
	VND	VND	VND	VND
Anh Phat Trading and Construction Investment Joint Stock Corporation	4,805,204,346	4,805,204,346	6,805,443,846	6,805,204,346
Petro Binh Minh Cam Pha Company Limited	14,299,799,050	-	14,299,799,050	-
Bao Lam Investment and Trading Joint Stock Company	12,027,320,428	-	12,027,320,428	-
Dieu Phu Yen Joint Stock Company	30,604,952,041	-	40,604,952,041	-
Cai Lan Ship Industry Company Limited	19,576,761,700	-	19,576,761,700	306,032,700
Nam Song Hau Joint Stock Company	10,729,840,000	-	10,729,840,000	-
Bac Hai Company	18,928,419,538	-	19,020,479,118	-
Tien Phong Petrol Investment and Development Joint Stock Company	124,251,939,885	-	124,251,939,885	-
Northern Petroleum and Gas Joint Stock Company	124,164,578,894	-	124,164,578,894	-
Quang Dong Transportation Trading Joint Stock Company	87,946,610,123	-	87,946,610,123	-
Phu Lam Investment Joint Stock Company	77,865,356,829	-	77,865,356,829	-
Vietnam International Petroleum Joint Stock Company	70,088,298,311	-	70,088,298,311	-
Yu Anh Petroleum Trading Joint Stock Company	43,257,741,001	8,158,000,000	43,257,741,001	-
Song Phat Joint Stock Company	26,371,285,621	-	26,371,285,621	-
Cam Giang Investment and Development Joint Stock Company	20,010,740,366	-	20,010,740,366	-
Petec Petroleum Materials Joint Stock Company	-	-	14,440,277,121	14,440,277,121
Anh Thuy Petroleum Service Trading Company Limited	12,335,735,875	12,335,735,875	12,335,735,875	12,335,735,875
Ninh Binh Petroleum Service and Trading Company Limited	9,220,159,295	1,703,960,000	9,985,271,972	3,354,470,000
Tran Thanh Export and Import Investment Joint Stock Company	-	-	-	-
Itasco Lam Dong Joint Stock Company	4,856,103,191	307,303,191	5,356,103,191	1,821,943,191
Huong Giang Company Limited	6,315,000,000	6,315,000,000	6,315,000,000	1,988,175,352
Hong Viet Petroleum Trading and Investment Joint Stock Company	3,145,082,500	-	2,992,600,000	-
1932 Service and Trading Construction Company Limited	6,875,172,043	-	6,875,172,043	-
Trung Nam Joint Stock Company	2,516,000,000	-	2,516,000,000	-
Thanh Nien Construction Advisory Joint Stock Company	1,671,178,871	1,671,178,871	1,671,178,871	1,671,178,871
Hanoi Petroleum Real Estate Company	1,721,164,000	-	1,721,164,000	-
Hung Nghiep Service and Trading Company Limited	2,255,768,300	-	2,255,318,300	676,145,490
Orient Petrochemical and Biofuels Joint Stock Company	9,813,340,562	-	9,813,340,562	2,295,904,681
Viet Tin Petroleum Joint Stock Company	-	-	2,919,126,003	-
Dong Trieu Trading Investment Joint Stock Company	-	-	-	-
	12,839,699,605	-	12,839,699,605	-
Tan Dinh Phong Export Import Trading and Manufacturing Company Limited	-	-	-	-
Clients of Me Kong Petroleum Joint Stock Company Branch	7,839,154,020	-	7,839,154,020	-
Mr. Do Van Truc	2,066,082,640	-	2,066,082,640	-
Other customers	123,466,280,389	23,171,069,084	123,217,976,759	10,835,610,712
	891,864,769,424	58,467,451,367	922,180,348,175	56,530,678,339

Vietnamese Accounting Standards as well as current prevailing regulations provide no detailed guidance on the determination of the recoverable amount of receivables. Accordingly, as at 31 December 2016, the Board of Directors prudently assessed and determined the recoverable amount of receivables as follows:

- Bases on their book value less previously established provision for doubtful debts with regard to receivables without collateral.
- For receivables having collateral which is greater than the historical cost of the receivables, the recoverable amount is determined based on the historical cost of the receivables.

10. INVENTORIES

	Opening balance		Closing balance	
	VND	VND	VND	VND
	Cost	Provision	Cost	Provision
Goods in transit	313,382,429,575	-	392,419,321,794	-
Raw materials	115,106,912,225	-	256,655,036,578	(27,665,240,695)
Tools and supplies	13,619,345,466	-	13,783,605,740	-
Work in progress	586,095,545	-	2,595,193,830	-
Finished goods	278,750,484,316	-	152,346,261,388	(14,876,312,064)
Merchandise	1,657,948,395,747	(701,097,073)	1,558,935,310,446	(126,770,355,485)
Goods on consignment	6,335,821,971	-	5,779,957,675	-
	2,385,729,484,845	(701,097,073)	2,382,514,687,451	(169,311,908,244)

As at 31 December 2016, the Corporation reversed provision for devaluation of inventories with an amount of VND 168,610,811,171 (in 2015: VND 386,225,355,827).

11. PREPAYMENTS

	Closing balance	Opening balance
	VND	VND
a. Short-term prepayments		
Fixed assets operating leases	1,636,699,170	1,068,925,033
Tools and supplies	7,406,063,971	5,296,792,279
Other current prepayments	21,996,303,855	20,580,647,831
	31,039,066,996	26,946,365,143
b. Long-term prepayments		
Operating leases	278,914,412,261	254,981,813,338
Value of geographical location advantages (*)	318,319,923,841	291,530,099,559
Land rentals	-	17,820,657,656
Tools and supplies	8,151,472,528	10,649,369,001
Repair and maintenance expenses	21,171,267,769	33,402,979,395
Other non-current prepayments	103,867,447,213	96,266,342,901
	730,424,523,612	704,651,261,850

(*) This amount includes the value of brand name and value of geographical location advantages for the annual land lease payments recognized in the value of Petec Trading and Investment Corporation ("PETEC" - a subsidiary of the Corporation) when being equitized on 18 May 2011 with an amount of VND 221,101,953,756 as at 31 December 2016 (as at 31 December 2015: VND 221,693,639,739). On 20 November 2013, the Government issued Decree No. 189/2013/ND-CP ("Decree 189") on amending and supplementing a number of articles of Decree No.59/2011/ND-CP dated 18 July 2011 issued by the Government guiding on the transformation of wholly state-owned enterprises into joint stock companies. It is stipulated in Decree 189 that "If the enterprises that have included the value of the geographical location advantages of rented land lots in the enterprise value and have recorded an increase in state capital in the enterprise when determining enterprise value for equitization, and the enterprise is announced by the competent authorities under regulations before the effective date of Decree 59/2011/ND-CP, such enterprises may deduct the value of the geographical location advantages from the land rental payable". Decree 189 took effect from 01 May 2014 and was guided in Circular No. 127/2014/TT-BTC issued by the Ministry of Finance on 05 September 2014 and took effect from 20 October 2014. During the year, PETEC received Official Letter No. 4033 / STC-BVG dated 09 June 2016 issued by the Department of Finance of Ho Chi Minh City which allows deducting the net book value of geographical location advantages from the annual land rental payable in the subsequent years related to the land at No.194 Nam Ky Khoi Nghia Street, Ward 6, District 3, Ho Chi Minh City and land at Ho Ngoc Lam Street, Ward 16, District 8, Ho Chi Minh City. Currently, PETEC has been working with local tax authorities and competent authorities to consider adopting regulations of Decree 189 in 2016. PETEC already paid rental fees and recorded corresponding a part of expenses in 2016 and has ceased allocating long-term prepayments related to the value of geographical location advantages arising from the equitization since 2014. The Board of Directors believes that the value of geographical location advantages for the rented land lots as mentioned above will be deducted from the annual rental payable in the subsequent years in accordance with the regulation of Decree 189.

12. VALUE ADDED TAX DEDUCTIBLES

Value-Added Tax Deductibles of the Corporation as at 31 December 2016 represent the portion of the Input Value Added Tax of the Corporation that has not been deducted. The deduction of this tax portion in the subsequent year will be subject to the declaration of the Corporation, the inspection and approval of the local tax authorities.

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

	Opening balance VND	Tax payables VND	Tax paid VND	Closing balance VND
Tax receivables				
Value added tax on domestic goods	207,706,813	207,706,813	285,114,584	285,114,584
Special excise tax	12,807,134,457	10,551,087,957	-	2,256,046,500
Export and import duties	-	-	3,015,343,963	3,015,343,963
Corporate income tax	36,492,531,379	2,122,280,880	1,685,376,891	36,055,627,390
Personal income tax	44,816,906	35,626,931	6,442,065	15,632,040
Land & housing tax	604,317,353	465,914,103	72,699,225	211,102,475
Business license tax	6,000,000	6,000,000	-	-
Other taxes	7,835,960,500	1,648,054,648	23,881,259,197	30,069,165,049
	57,998,467,408	15,036,671,332	28,946,235,925	71,908,032,001
Tax payables	604,803,921,187	7,770,769,790,666	7,810,635,312,161	564,938,399,692
Value added tax on domestic goods	58,336,151,055	988,500,582,866	992,601,027,301	54,235,706,620
Value added tax on imported goods	51,035,910	510,590,941,129	509,758,933,708	883,043,331
Special excise tax	4,820,380,047	174,376,555,564	163,752,303,586	15,444,632,025
Export and import duties	2,789,353,599	307,787,480,112	310,525,474,758	51,358,953
Corporate income tax	24,440,214,071	56,084,362,510	62,447,351,680	18,077,224,901
Personal income tax	4,818,051,019	18,243,759,781	18,610,339,823	4,451,470,977
Natural resource tax	835,374,811	1,409,693,472	2,094,385,903	150,682,380
Land & housing tax	1,890,394,813	16,563,335,364	18,382,968,577	70,761,600
Business license tax	5,000,000	583,000,000	588,000,000	-
Other taxes	506,817,965,862	5,696,630,079,868	5,731,874,526,825	471,573,518,905
Other payables	1,205,124,564	4,731,395,486	5,489,425,992	447,094,058
Charges and fees	409,420,868	14,072,000	13,040,000	410,452,868
Environment fees	3,234,540	143,311,440	109,904,790	36,641,190
Penalties	428,898,261	358,480,184	787,378,445	-
Others	363,570,895	4,215,531,862	4,579,102,757	-
Total taxes and payables to the State budget	606,009,045,751	7,775,501,186,152	7,816,124,738,153	565,385,493,750

**VIETNAM OIL AND GAS GROUP
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

14. INCREASES, DECREASES IN TANGIBLE FIXED ASSETS

	Buildings and structures VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Others VND	Total VND
COST						
Opening balance	3,446,502,866,501	1,168,533,954,141	355,767,528,737	79,200,261,291	63,203,868,091	5,113,208,478,761
Additions	20,920,755,202	25,093,940,471	21,097,242,955	4,019,458,190	-	71,131,396,818
Transfer from construction in progress	110,771,544,489	52,381,578,334	2,598,157,909	1,562,378,894	607,373,000	167,921,032,626
Disposals	(29,732,404,440)	(2,770,720,207)	(2,773,734,401)	(1,023,870,480)	(4,835,086,914)	(41,135,816,442)
Reclassification	7,422,531,408	(8,535,362,950)	1,622,601,211	(509,769,669)	-	-
Other increases/decreases	3,873,765,466	(9,251,964,445)	3,332,991,243	768,099,997	1,490,045,972	212,938,233
Closing balance	3,559,759,058,626	1,225,451,425,344	381,644,787,654	84,016,558,223	60,466,200,149	5,311,338,029,996
ACCUMULATED DEPRECIATION						
Opening balance	1,480,671,135,181	741,120,514,315	224,121,280,348	59,232,175,862	37,764,903,975	2,542,910,009,681
Charge for the year	183,278,533,300	111,178,854,537	33,737,434,499	8,266,034,556	6,833,105,188	343,293,962,080
Disposals	(26,415,908,896)	(1,913,439,485)	(2,671,898,863)	(934,190,406)	(5,021,200,643)	(36,956,638,293)
Reclassification	229,543,044	107,715,268	46,049,231	(383,307,543)	-	-
Other increases/decreases	(1,845,103,878)	(2,051,051,555)	1,553,777,590	853,434,972	596,070,362	(892,872,509)
Closing balance	1,635,918,198,751	848,442,593,080	256,786,642,805	67,034,147,441	40,172,878,882	2,848,354,460,959
NET BOOK VALUE						
Opening balance	1,923,840,859,875	377,008,832,264	124,858,144,849	16,982,410,782	20,293,321,267	2,462,983,569,037
Closing balance	1,965,831,731,320	427,413,439,826	131,646,248,389	19,968,085,429	25,438,964,116	2,570,298,469,080

The cost of the Corporation's tangible fixed assets as at 31 December 2016 includes VND 710,747,581,969 (as at 31 December 2015: VND 652,384,215,625) of assets that have been fully depreciated but are still in use.

As stated in Note 25 and 28, the carrying amount of assets used as collateral for loans was VND 524,728,574,108 as at 31 December 2016 (as at 31 December 2015: VND 370,402,844,164).



15. INCREASES, DECREASES IN FINANCE LEASE ASSETS

	<u>Motor vehicles</u> <u>VND</u>
COST	
Opening and closing balance	2,318,637,273
ACCUMULATED DEPRECIATION	
Opening balance	461,924,119
Charge for the year	392,247,662
Closing balance	<u>854,171,781</u>
NET BOOK VALUE	
Closing balance	<u>1,464,465,492</u>
Opening balance	<u>1,856,713,154</u>

16. INCREASES, DECREASES IN INTANGIBLE ASSETS

	<u>Land</u> <u>use right</u> <u>VND</u>	<u>Computer</u> <u>software</u> <u>VND</u>	<u>Others</u> <u>VND</u>	<u>Total</u> <u>VND</u>
CDST				
Opening balance	1,518,882,425,710	56,632,489,406	364,128,032	1,575,879,043,148
Purchases	61,415,268,641	890,000,000	411,900,000	62,717,168,641
Transfer from construction in progress	8,502,579,214	-	-	8,502,579,214
Disposals	(5,927,567,131)	-	-	(5,927,567,131)
Transfer from long-term prepayments	6,616,955,433	-	-	6,616,955,433
Other increases/decreases	(92,795,736)	-	-	(92,795,736)
Closing balance	<u>1,589,396,866,131</u>	<u>57,522,489,406</u>	<u>776,028,032</u>	<u>1,647,695,383,569</u>
ACCUMULATED DEPRECIATION				
Opening balance	89,712,021,717	36,266,296,018	355,394,779	126,333,712,514
Charge for the year	20,825,147,198	6,740,890,707	85,503,141	27,651,541,046
Disposals	(743,824,529)	-	-	(743,824,529)
Transfer from long-term prepayments	2,890,164,443	-	-	2,890,164,443
Reclassification	51,750,004	(39,516,676)	(12,233,328)	-
Other increases/decreases	(84,212,055)	36,666,667	-	(47,545,388)
Closing balance	<u>112,651,046,778</u>	<u>43,004,336,716</u>	<u>428,664,592</u>	<u>156,084,048,086</u>
NET BOOK VALUE				
Closing balance	<u>1,476,745,819,353</u>	<u>14,518,152,690</u>	<u>347,363,440</u>	<u>1,491,611,335,483</u>
Opening balance	<u>1,429,170,403,993</u>	<u>20,366,193,388</u>	<u>8,733,253</u>	<u>1,449,545,330,634</u>

As stated in Note 25, the land use rights of Tra Vinh Petroleum JSC, Binh Thuan Petroleum JSC, Thu Duc Trading and Import Export JSC and Thai Nguyen Petroleum JSC with the total carrying amount of VND 48,412,672,889 as at 31 December 2016 (31 December 2015: VND 23,579,989,821) have been pledged as security for bank loans.

17. INCREASES, DECREASES IN INVESTMENT PROPERTIES

	Buildings and structures	Others	Tổng
	VND	VND	VND
COST			
Opening balance	123,085,569,121	771,255,889	123,856,825,010
Additions	2,112,871,711	-	2,112,871,711
Disposals	(53,405,620)	-	(53,405,620)
Closing balance	125,145,035,212	771,255,889	125,916,291,101
ACCUMULATED DEPRECIATION			
Opening balance	9,393,292,765	743,734,521	10,137,027,286
Charge for the year	3,024,905,920	27,521,368	3,052,427,288
Closing balance	12,418,198,685	771,255,889	13,189,454,574
NET BOOK VALUE			
Closing balance	112,726,836,527	-	112,726,836,527
Opening balance	113,692,276,356	27,521,368	113,719,797,724

Investment properties include:

- (i) all of the buildings of Phu Tho Petroleum JSC (a subsidiary of the Corporation) at No. 148 Hoang Quoc Viet Street, Nghia Tan Ward, Cau Giay District, Hanoi, with the cost and net book value as at 31 December 2016 of VND 104,031,697,855 and VND 100,974,133,075 respectively (as at 31 December 2015: VND 101,918,826,144 and VND 100,899,637,883 respectively) and the depreciation period of 50 years corresponding to the area leased or held for lease by this subsidiary.
- (ii) a part of buildings, structures and infrastructures of the office building at No. 180 Tong Duy Tan Street, Lam Son Ward, Thanh Hoa City, Thanh Hoa Province of Thanh Hoa Petroleum JSC (a subsidiary of the Corporation) with the cost and net book value as at 31 December 2016 of VND 8,756,779,923 and VND 2,841,673,706 respectively (as at 31 December 2015: VND 8,756,779,923 and VND 3,401,563,338 respectively) and the depreciation period from 96 months to 180 months corresponding to the area leased or held for lease by this subsidiary.
- (iii) buildings and structures (i.e. trade centers, warehouses and showrooms) of Thu Duc Export & Import Commercial JSC (a subsidiary of the Corporation) with the cost and net book value as at 31 December 2016 of VND 13,127,813,323 and VND 8,911,029,746 respectively (as at 31 December 2015: VND 13,181,218,943 and VND 9,418,596,503 respectively) and the depreciation period from 6 years to 25 years corresponding to the area leased or held for lease by this subsidiary.

During the year, the amount that the Corporation earned from the lease of investment properties (all of the investment properties were leased under operating lease contracts) was VND 22,927,289,100 (2015: VND 11,161,429,586). Directly attributable cost of operating activities arising from investment properties in the year was VND 7,175,854,275 (2015: VND 8,538,157,817).

The cost of the investment properties as at 31 December 2016 includes properties that have been fully depreciated but are still under leases in an amount of VND 9,733,189,020 (as at 31 December 2015: VND 9,733,189,020).

18. CONSTRUCTION IN PROGRESS

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
Construction of petrol stations	50,478,576,645	64,595,008,533
Cai Mep Petrol Depot and Port - Ba Ria - Vung Tau province (i)	56,164,171,321	56,164,171,321
Petrol entrepot in Hop Thinh - Ky Son, Hoa Binh province (ii)	12,599,556,079	12,599,556,079
Construction of pipelines through PV Gas ports	-	23,807,209,884
Depots expansion in Condensate Processing Plant	7,258,066,196	7,258,066,196
Phu Tho Petroleum depot	32,138,185,518	9,411,316,820
Other constructions	42,262,528,042	44,993,648,792
	<u>200,901,083,801</u>	<u>218,828,977,625</u>

(i) Represent the ground leveling value of phase 02 of Cai Mep petroleum port in Ba Ria-Vung Tau Province. As at 31 December 2016, Petec Trading and Investment Corporation ("PETEC" - a subsidiary of the Corporation) has suspended the implementation this project and is awaiting Vietnam Oil and Gas Group's decision whether or not continue to implement this project in next time.

(ii) As at 31 December 2016, Phu Tho Petroleum Joint Stock Company ("PV Oil Phu Tho" - a subsidiary of the Corporation) has suspended the implementation this project in accordance with Official Letter No. 7150/DVN-ĐTTM dated 24 December 2012 and have not adjusted the value of this project in accordance with the audited statement of finalized investment capital.

19. INVESTMENTS IN ASSOCIATES, JOINT VENTURES

a. Investments in associates

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
Investments in associates (*)	921,525,207,221	1,003,132,267,356
Increase in investment in the year	7,680,000,000	-
Profit/(Loss) incurred in the year	9,427,489,133	(13,559,645,072)
Dividend received in the year	(38,989,045,000)	(50,874,421,200)
Reserves distribution and other adjustments in the year	14,079,848,422	(34,085,527,400)
Gain on associate disposal in the year	-	16,912,533,537
Loss due to additional capital	(1,768,925,192)	-
	<u>911,954,574,584</u>	<u>921,525,207,221</u>

Summarized financial information of the Corporation's associates is as follows:

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
Total assets	6,950,617,254,589	6,819,848,855,210
Total liabilities	4,643,931,696,933	4,444,196,887,410
Net assets	<u>2,306,685,557,656</u>	<u>2,375,651,967,800</u>
The Corporation's share of net assets of associates	911,954,574,584	911,954,574,584
	<u>Current year</u> VND	<u>Prior year</u> VND
Revenue	11,988,118,288,275	12,373,589,524,358
Loss after tax	<u>13,615,813,062</u>	<u>(51,158,380,424)</u>
The Corporation's share of profit/(loss) after tax of associates	9,427,489,133	(13,559,645,072)

19. INVESTMENTS IN ASSOCIATES, JOINT VENTURES (Continued)

b. Investments in joint ventures

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Investments in joint ventures (*)	41,362,787,841	66,066,398,237
Loss incurred in the year	6,405,127,165	(19,881,627,966)
Dividend received in the year	(6,366,900,000)	(7,465,860,000)
Reserves distribution and other adjustments in the year	(2,099,220,992)	2,643,877,570
	<u>39,301,794,014</u>	<u>41,362,787,841</u>

(*) As at the reporting date, the Board of Directors has no reliable information resources as a basis for the fair value determination of investments in joint ventures and associates as disclosed in Note 06. Hence, the fair value of these investments as at 31 December 2016 has not been presented in the Notes to the consolidated financial statements.

Summarized financial information of the joint ventures of the Company is as follows:

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Total assets	1,882,473,196,435	1,933,576,309,236
Total liabilities	1,913,473,341,577	1,778,673,746,607
Net assets	(31,000,145,142)	154,902,562,629
The Corporation's share of net assets of joint ventures	39,301,794,014	41,362,787,841
	<u>Current year</u>	<u>Prior year</u>
	VND	VND
Revenue	993,649,066,227	1,157,127,805,341
Loss after tax	(137,749,320,615)	(188,307,838,186)
The Corporation's share of profit/(loss) after tax of joint ventures	6,405,127,165	(19,881,627,966)

20. EQUITY INVESTMENTS IN OTHER ENTITIES

Item (i)	<u>Closing balance</u>		<u>Opening balance</u>	
	Cost VND	Provision VND	Cost VND	Provision VND
PetroVietnam Infrastructure and Urban Investment JSC (ii)	90,000,000,000	66,600,000,000	90,000,000,000	-
Dong Duong Xanh Development JSC (ii)	26,090,000,000	919,073,892	26,090,000,000	595,321,379
Dong Duong Petroleum Transportation JSC (ii)	10,000,000,000	3,000,000,000	10,000,000,000	246,858,237
Lam Kinh Hotel JSC (ii)	28,000,000,000	18,909,524,388	28,000,000,000	17,401,777,984
Au Lac JSC	26,482,144,914	-	26,482,144,914	-
Sai Gon Fuel JSC	4,736,610,000	-	4,736,610,000	31,100,400
Viet Tin Transportation JSC	7,000,000,000	5,922,000,000	7,000,000,000	5,922,000,000
Other long-term investments	10,093,611,368	90,042,838	5,890,081,368	-
	<u>202,402,366,282</u>	<u>95,440,641,118</u>	<u>198,198,836,282</u>	<u>24,197,058,000</u>

(i) As at the reporting date, the Board of Directors has no reliable information resources as a basis for the fair value determination of shares of these companies. Hence, the fair value of these other long-term investments as at 31 December 2016 has not been presented in the Notes to the consolidated financial statements.

(ii) The Corporation's Board of Members issued a Resolution approving the plan for capital divestment from these companies. By the reporting date, the Corporation has been making a plan to follow the Resolution.

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21. GOODWILL

	VND
COST	
Opening balance	234,472,187,224
Additions in the year	10,120,910
Closing balance	234,482,308,134
ACCUMULATED DEPRECIATION	
Opening balance	106,133,026,816
Charge in year	25,107,047,463
Closing balance	131,240,074,279
NET BOOK VALUE	
Closing balance	103,242,233,855
Opening balance	128,339,160,408

22. SHORT-TERM TRADE PAYABLES

	Closing balance		Opening balance	
	VND Amount	VND Amount able to be paid off	VND Amount	VND Amount able to be paid off
a. Short-term trade payables				
Binh Son Refining and Petrochemical Company Limited	1,920,281,440,206	1,920,281,440,206	1,153,455,655,476	1,153,455,655,476
Brunei Shell	-	-	542,233,266,826	542,233,266,826
PetroVietnam Gas Joint Stock Company (PVGas)	109,798,532,137	109,798,532,137	103,102,634,617	103,102,634,617
Kairo Oil Trade Pte. Ltd	281,273,096,979	281,273,096,979	586,832,542,790	586,832,542,790
PetroVietnam Transportation Joint Stock Company (PVTrans)	38,303,726,923	38,303,726,923	693,000,110	693,000,110
Lukoil Asia Pacific Pte. Ltd.	194,405,037,974	194,405,037,974	-	-
Other short-term trade payables	441,286,569,612	441,286,569,612	336,004,694,960	336,004,694,960
	2,985,348,403,831	2,985,348,403,831	2,722,321,794,779	2,722,321,794,779
b. Trade payables for related parties (Details are presented in Note 45)	2,087,202,244,086	2,087,202,244,086	1,273,538,719,210	1,273,538,719,210

23. SHORT-TERM ACCRUED EXPENSES

	Closing balance	Opening balance
	VND	VND
Interest expense	5,742,973,880	3,589,444,714
Accrued cost of goods sold and operating expenses	3,284,609,196	41,224,492,985
Accrued expense for construction in progress	8,948,728,584	8,948,728,584
Other accruals	29,043,181,385	27,730,990,012
	47,019,493,045	81,493,656,295

24. OTHER CURRENT PAYABLES

	Closing balance	Opening balance
	VND	VND
a. Other short-term payables		
Collection and payment on behalf relating to authorized crude oil exports	3,788,792,105,637	3,431,744,545,254
Entrusted import duty paid on behalf	239,633,058,125	130,107,107,407
Collection and payment on behalf relating to crude oil export duty	8,885,640,479	57,846,462,770
Oil borrowings	1,293,847,902	3,575,979,962
Other short-term payables	138,748,496,995	98,744,906,868
	4,177,353,149,138	3,722,019,002,261
b. Other short-term payables to related parties (Details are presented in Note 45)	1,919,732,023,498	3,125,302,784,817

25. SHORT-TERM LOANS AND OBLIGATIONS UNDER FINANCE LEASES

	Opening balance		During the year		Closing balance	
	Amount	Amount able to be paid off	Increase	Decrease	Amount	Amount able to be paid off
	VND	VND	VND	VND	VND	VND
Short-term loans	2,314,444,474,656	2,314,444,474,656	14,835,035,117,763	14,783,169,446,899	2,366,310,145,520	2,366,310,145,520
Current portion of long-term loans (Note 28)	123,112,216,889	123,112,216,889	227,538,023,876	239,877,287,826	110,772,952,939	110,772,952,939
Current portion of long-term obligations under finance leases (Note 28)	346,959,091	346,959,091	392,821,957	385,617,672	354,163,376	354,163,376
	2,437,903,650,636	2,437,903,650,636	15,062,965,963,596	15,023,432,352,397	2,477,437,261,835	2,477,437,261,035

Short-term loans represent facilities obtained from banks and individuals to supplement working capital of the Corporation. Bank loans might be withdrawn in Vietnam Dong or United States Dollar based on each credit limit as contracted with banks. Such loans bear fixed interest rates that are stated in each loan acknowledgement and range from 3.3% p.a. to 3.5% p.a. (as at 31 December 2015: 3% p.a. to 3.5% p.a.) as for the US dollar and ranged from 3.3% p.a. to 7.5% p.a. (as at 31 December 2015: from 3.7% p.a. to 6% p.a.) as for Vietnam Dong. Such loans had the balance of VND 87.502.202.295 as at 31 December 2016 (as at December 2015: VND 36,585,601,314) and are secured by fixed assets while the remaining loans are unsecured.

Details of short-term loans by currency are as follows:

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Loans in VND	2,329,632,381,842	2,292,706,720,378
Loans in USD	36,677,763,678	21,737,754,278
	2,366,310,145,520	2,314,444,474,656

Details of short-term loans by type of guarantee are as follows:

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Unsecured loans	2,278,807,943,225	2,277,858,873,342
Secured loans	87,502,202,295	36,585,601,314
	2,366,310,145,520	2,314,444,474,656

The Corporation's short-term loans are contracted with floating interest rates. Details of short-term loans by type of interest are as follows:

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Floating interest rate loans	2,366,310,145,520	2,314,444,474,656

26. SHORT-TERM PROVISIONS

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Provision fund for environmental risks and damage compensation (i)	17,750,501,303	-
Provision for contractual disputes (ii)	25,871,131,542	-
Other current provisions	3,315,000,000	837,860,706
	<u>46,936,632,845</u>	<u>837,860,706</u>

- (i) On 20 June 2016, the Ministry of Finance issued Circular No. 86/2016/TT-BTC ("Circular 86") guiding some contents of the provision fund for environmental risks and damage compensation as prescribed in the Government's Decree No. 19/2015/ND-CP dated 14 February 2015 detailing the implementation of the environmental protection law. The Corporation has applied Circular 86 and set up the provision fund for environmental risks and damage compensation in 2016 with an amount of VND 17,750,501,303.
- (ii) During the year, the Corporation received the Arbitration Notice dated 20 December 2016 regarding the dispute between Gunvor Singapore Pte Ltd and the Corporation. Gunvor Singapore Pte Ltd intends to submit a dispute over the failure of the FPMC 19 tanker to the Singapore International Arbitration Center. The amount claimed by Gunvor Singapore Pte Ltd was USD 1,138,694 (equivalent to VND 25,871,131,542). The Corporation has set aside provision for this debt in its consolidated financial statements at the balance sheet date.

27. PRICE STABILISATION FUND

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Opening balance	325,156,174,903	449,908,763,667
Appropriation to the fund	790,531,891,500	925,034,866,404
Interest incurred	1,106,387,568	2,071,824,300
Utilization in the year	<u>(1,058,466,949,566)</u>	<u>(1,051,859,279,468)</u>
Closing balance	<u>58,327,504,405</u>	<u>325,156,174,903</u>
<i>In which:</i>		
Transferred to the bank deposits	59,531,181,755	266,949,073,829
Not yet transferred	(1,203,677,350)	58,207,101,074

Appropriation and utilization of the petroleum price stabilization fund comply with the regulations of the Ministry of Finance at different times (as presented in Note 4 - Summary of Significant Accounting Policies, "Petroleum Price Stabilization Fund" item). In the year, the Corporation appropriated to and utilized the fund in accordance with prevailing current regulations. Any difference between the appropriation and utilization of the fund will comply with the guidance of the Ministry of Finance in the coming time.

As at 31 December 2016, a portion of the balance of the Price Stabilisation Fund was transferred to the bank deposits as per guidance of the aforementioned joint circular (see Note 5).

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28. LONG-TERM LOANS AND OBLIGATIONS UNDER FINANCE LEASES

	Opening balance		During the year		Closing balance	
	Amount	Amount able to be paid off	Increase	Decrease	Amount	Amount able to be paid off
	VND	VND	VND	VND	VND	VND
a. Long-term loans (i)	477,193,035,850	477,193,035,850	74,443,811,457	239,877,287,826	311,759,559,481	311,759,559,481
In which:						
Current portion of long-term loans (see Note 25)	123,112,216,889	123,112,216,889	-	-	110,772,952,939	-
Long-term loans	354,080,818,961	354,080,818,961	-	-	200,986,606,542	-
b. Long-term obligations under finance leases (ii)	1,385,628,229	1,385,628,229	51,923,583	385,617,672	1,051,934,140	1,051,934,140
In which:						
Current portion of long-term obligations under finance leases (see Note 25)	346,959,091	346,959,091	-	-	354,163,375	354,163,375
Long-term obligations under finance leases	1,038,669,138	1,038,669,138	-	-	697,770,765	697,770,765
Long-term loans and obligation under finance leases	355,119,488,099	355,119,488,099	-	-	201,684,377,307	201,684,377,307
Current portion of long-term loans and obligation under finance leases	123,459,175,980	123,459,175,980	-	-	111,127,116,314	111,127,116,314
(see note 25)	478,578,664,079	478,578,664,079	74,495,735,040	240,262,905,498	312,811,493,621	312,811,493,621

Details of long-term loans and obligations under finance leases are as follows:

(i) The long-term loans to finance Petroleum Storage extension projects at the Holding Company and its subsidiaries. The long-term loans granted to the Holding Company represent the credit facilities obtained from the commercial banks with the total credit limit of VND 1,038,565,977,958. These loans are secured by Cu Lao Tao Petroleum Storage, Cu Lao Tao Port, Phu Tho petroleum depot, Chan May petroleum port expansion project and all the assets of the project "Construction of Quang Ngai storage tank and extraction station - Stage 1 (See Note 14) and bear annual interest rates at the average 12-month savings rate plus margin interest rates ranging from 3% p.a. to 4% p.a. These loans are to finance projects including Cu Lao Tao Storage Construction and Expansion Project, Cu Lao Tao Port Construction and Expansion Project, Dinh Vu Warehouse Construction and Expansion Project, and Quang Ngai, Chan May and Lien Chieu Warehouse Construction Project. The long-term loans granted to subsidiaries bear interest rates ranging from 7% to 11% p.a. (as at 31 December 2015: from 5% p.a. to 13% p.a.) for loans in Vietnam Dong. These loans are secured by: (i) assets formed from the Vung Ang depot project and other fixed assets; (ii) assets formed from Nam Dinh transit warehouse project; (iii) assets of Thanh Quang petrol station; (iv) land use rights and assets on land in Thai Nguyen and Binh Thuan; (v) land use rights and assets on land and (vi) other fixed assets.

(ii) The long-term obligations under finance leases include (i) long-term obligations under finance leases from Vietinbank Leasing Company Limited - Ho Chi Minh City Branch with leased assets being motor vehicles. The lease term is 60 months with interest rate announced by Vietinbank Leasing Company Limited plus margin of 2.4% p.a. At the end of the lease term, the lessee will purchase equipment at the amount equal to the value specified in the agreement; (ii) an obligation under Finance Lease Contract No. SBL010220412002 dated 3 December 2014 signed with Sacombank Leasing Company Limited. The repayment term is 60 months from the date of disbursement. 10% interest rate is applicable from the date of debt acknowledgement to the end of 30 April 2015. From 1 May 2015, interest rates are adjusted according to the interest rates of 13-month savings deposits announced by Saigon Thuong Tin Commercial Joint Stock Bank plus a fixed fee of 4.5% p.a and (iii) an obligation under Finance Lease Contract No. 74.15.04 / CTTC dated 9 April 2015 signed with Vietcombank Leasing Company Limited - Ho Chi Minh City Branch. The repayment term is 60 months from the date of disbursement. Interest rate is calculated by VND and announced by Vietcombank Leasing Company Limited plus a margin of 2.4% p.a.

28. LONG-TERM LOANS AND OBLIGATIONS UNDER FINANCE LEASES (Continued)

Details of long-term loans and obligations under finance leases by currency are as follows:

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Loans and obligation under finance leases in VND	312,811,493,621	478,578,664,079

Details of long-term loans and obligations under finance leases by type of guarantee are as follows:

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
The Corporation's unsecured loans and obligation under finance leases	110,467,116,314	80,022,000,000
The Corporation's secured loans and obligation under finance leases	202,344,377,307	398,556,664,079
	<u>312,811,493,621</u>	<u>478,578,664,079</u>

The Corporation's long-term loans and obligations under finance leases are contracted with floating interest rates. Details of short-term loans by type of interest rates are as follows:

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Floating interest rate loans and obligation under finance leases	312,811,493,621	478,578,664,079

Long-term loans are repayable as follows:

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Within one year	110,772,952,939	123,112,216,889
In the second year	76,550,502,830	141,157,177,616
In the third to fifth year inclusive	109,972,943,290	211,035,543,119
After five years	14,463,160,422	1,888,098,226
	<u>311,759,559,481</u>	<u>477,193,035,850</u>
Less: Amount due for settlement within 12 months (show under Current portion of long-term loans - Note 25)	110,772,952,939	123,112,216,889
Amount due for settlement after 12 months	<u>200,986,606,542</u>	<u>354,080,818,961</u>

Long-term obligations under finance leases are repayable as follows:

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Within one year	354,163,375	346,959,091
In the second year	344,763,375	350,719,091
In the third to fifth year inclusive	353,007,390	687,950,047
After five years	-	-
	<u>1,051,934,140</u>	<u>1,385,628,229</u>
Less: Amount due for settlement within 12 months (show under obligations under finance leases- Note 25)	354,163,375	346,959,091

29. DEFERRED TAX LIABILITIES

The following are deferred tax liabilities recognized by the Corporation in the current year and previous years.

Deferred tax liabilities

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Corporate income tax rate used for determination of deferred tax liabilities	20%	20%
Deferred tax liabilities arising from taxable temporary differences	72,837,649,596	51,958,101,383
Deferred tax liabilities	<u>72,837,649,596</u>	<u>51,958,101,383</u>



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30. OWNER'S EQUITY

Movement in owner's equity:

	Owner's contributed capital (€)	Treasury shares	Investment and development fund	Other reserves	Foreign exchange difference	Accumulated loss	Enterprise reorganisation support fund	Construction investment fund	Other owner's capital	Non-controlling interests	Total
	VND	VND	VND	VND	VND	VND	VND	VND	VND	VND	VND
Prior year's opening balance	10,884,251,000,000	-	266,490,734,383	24,504,033,743	(2,012,440,574)	(2,935,040,517,009)	6,507,882,113	5,970,699,688	1,255,796,363	1,080,595,139,451	9,332,522,330,158
Profit in the year	-	-	41,179,357,763	-	-	674,352,152,142	-	-	6,332,180,315	-	674,352,152,142
Funds distribution	-	-	-	-	-	(66,904,645,161)	-	-	-	-	(66,904,645,161)
Profit attributable to non-controlling shareholders	-	-	-	-	-	(56,198,142,213)	-	-	-	56,198,142,213	-
Treasury shares	-	(5,573,247,018)	-	-	-	-	-	-	-	-	(5,573,247,018)
Adjustment for non-controlling shareholders	-	-	(45,960,410,935)	-	-	25,482,030,976	-	-	-	(9,721,620,041)	-
Difference due to financial statements conversion	-	-	-	-	19,280,427,651	1,455,709,801	-	-	-	(10,137,343,921)	19,280,427,651
Increases/Decreases due to subsidiary divestment	-	-	(1,455,709,804)	-	-	-	-	-	-	(37,318,010,374)	(37,318,010,374)
Dividend distribution	-	-	(13,690,919,870)	(8,394,747,211)	-	(14,230,178,663)	-	(11,607,112)	-	(5,739,367,260)	(42,068,820,116)
Others	-	-	-	-	-	-	-	-	-	-	-
Current year's opening balance	10,884,251,000,000	(5,573,247,018)	276,563,051,540	16,109,286,532	17,267,987,077	(2,371,483,590,127)	6,507,882,113	5,959,092,576	7,587,978,678	1,074,376,940,068	9,911,566,381,439
Profit in the year	-	-	26,322,855,807	-	-	565,067,196,605	-	-	-	-	565,067,196,605
Funds distribution	-	-	-	-	-	(55,562,157,248)	-	-	-	-	(55,562,157,248)
Adjust according to inspector recommendations (**)	-	-	-	(20,773,000,000)	-	-	(6,507,882,113)	-	-	-	(27,280,882,113)
Profit attributable to non-controlling shareholders	-	-	-	-	-	(66,572,166,105)	-	-	-	66,572,166,105	-
Treasury shares	-	-	-	-	-	-	-	-	-	-	-
Adjustment for non-controlling shareholders	-	-	(9,832,748,965)	-	(448,988,183)	32,843,455,592	-	-	-	(22,561,718,444)	-
Difference due to financial statements conversion	-	-	-	-	1,055,942,740	-	-	-	-	-	1,055,942,740
Increases/Decreases due to subsidiary divestment	-	-	-	-	(3,297,276,262)	(27,469,323,230)	-	-	-	30,766,589,492	(29,275,629,999)
Dividend distribution	-	-	(2,575,107,788)	-	-	-	-	-	-	-	(2,575,107,788)
Funds adjustments	-	(11,926,398)	(644,093,034)	41,187,182	(348,071,566)	11,251,406,551	-	-	(652,306,992)	9,815,294,762	19,451,550,505
Others	-	-	-	-	-	-	-	-	-	-	-
Current year's closing balance	10,884,251,000,000	(5,585,173,416)	289,834,017,560	(4,622,526,286)	14,229,593,806	(1,911,925,177,932)	-	5,959,092,576	9,510,779,474	1,129,693,651,984	10,411,345,257,766

(*) On 8 January 2015, Vietnam Oil and Gas Group ("PVN") issued Resolution No. 114/NQ-DKVN on amending Article 1 of Resolution No. 1524/NQ-DKVN dated 6 March 2013 by the Board of Members of Vietnam Oil and Gas Group, approving the share transfer value with regard to shares of Petec Trading and Investment Company ("PETEC") held by Vietnam Oil and Gas Group in accordance with Share Ownership Transfer Contract No. 2439/HD-DKVN dated 9 April 2013 between the Corporation and Vietnam Oil and Gas Group corresponding to the charter capital additionally contributed by Vietnam Oil and Gas Group to the Corporation based on the book value of the audited financial statements as at 31 March 2013. At the date of these consolidated financial statements, the involved parties are still working with relevant authorities to obtain official approval for reducing the Corporation's charter capital as a basis for adjusting the Share Ownership Transfer Contract No. 2439/HD-DKVN mentioned above.

(**) According to the recommendations of Ministry of Finance's inspector stated in Inspection Minute dated 27 May 2016, in the year, the Corporation transferred Enterprise reorganization support fund and Other reserves to the Owner- Vietnam Oil and Gas Group.

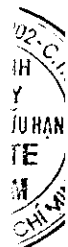
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31. FOREIGN EXCHANGE RESERVE

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
Exchange differences from conversion of foreign currency financial statements into VND	17,975,858,251	17,267,987,077
Decreasing of exchange difference due to subsidiary divestment	(3,297,276,262)	-
Adjustment for non-controlling shareholders	(448,988,183)	-
	<u>14,229,593,806</u>	<u>17,267,987,077</u>

32. NON-CONTROLLING INTERESTS

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
Charter capital	1,100,321,115,156	1,069,406,865,741
Other Owner's capital	652,306,992	-
Share premium	14,241,215,851	14,268,945,923
Foreign exchange differences	4,194,298,584	-
Investment and development fund	99,727,455,258	89,898,536,251
Accumulated losses	(90,898,220,598)	(100,652,888,588)
Construction investment fund	1,455,480,741	1,455,480,741
	<u>1,129,693,651,984</u>	<u>1,074,376,940,068</u>



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32. NON-CONTROLLING INTERESTS (Continued)

Movement in non-controlling interests:

	Owner's contributed capital	Share premium	Investment and development fund	Financial reserve fund	Other reserves	Other owner's capital	Accumulated loss	Construction investment fund	Total
	VND	VND	VND	VND	VND	VND	VND	VND	VND
Prior year's opening balance	1,055,884,029,644	22,234,689,949	71,933,152,424	-	6,419,487,191	1,178,601,775	(78,585,706,344)	1,530,864,812	1,080,595,139,451
Profit in the year	-	-	-	-	-	-	56,198,142,213	-	56,198,142,213
Reserves distribution in the year	-	-	15,960,410,935	-	-	-	(25,182,030,976)	-	(9,221,620,041)
Reclassification	8,067,370,204	(8,067,370,204)	-	-	-	-	-	-	-
Increases/decreases due to merger deals	(5,885,000,000)	115,083,288	(2,972,253,878)	-	-	-	8,742,170,590	-	-
Reclassification	17,637,629,796	-	-	-	-	-	(17,637,629,796)	-	-
Increases/Decreases due to subsidiary divestment	(10,137,343,921)	-	(1,398,623,143)	-	-	-	1,398,623,143	-	(10,137,343,921)
Dividend declared	-	-	-	-	-	-	(37,318,010,374)	-	(37,318,010,374)
Others	3,840,180,018	(13,457,110)	6,375,849,913	-	(6,419,487,191)	(1,178,601,775)	(8,268,447,044)	(75,404,071)	(5,739,367,260)
Current year's opening balance	1,069,406,865,741	14,268,945,923	89,898,536,251	-	-	-	(100,652,888,588)	1,455,480,741	1,074,376,940,068
Profit in the year	-	-	-	-	-	-	66,572,166,105	-	66,572,166,105
Reserves distribution	-	-	9,832,748,965	-	-	-	(30,904,259,453)	-	(21,071,510,488)
Increases due to subsidiary divestment	31,177,949,107	-	-	3,297,276,262	-	-	(3,708,625,878)	-	30,766,599,491
Difference due to financial statements conversion	-	-	-	448,988,183	-	-	-	-	448,988,183
Adjustment for non-controlling shareholders	-	-	-	-	-	-	(1,939,196,139)	-	(1,939,196,139)
Dividend declared	-	-	-	-	-	-	(29,275,629,999)	-	(29,275,629,999)
Others	(263,699,692)	(27,730,072)	(3,829,958)	448,034,139	-	652,306,992	9,010,213,354	-	9,815,294,763
Current year's closing balance	1,100,321,115,156	14,241,215,851	99,777,455,258	4,194,298,584	-	652,306,992	(90,898,220,598)	1,455,480,741	1,129,693,651,984

33. OFF BALANCE SHEET ITEMS

	<u>Unit</u>	<u>Closing balance</u>	<u>Opening balance</u>
1. Goods held under trust or for processing			
- Petroleum M95	Litter	4,710,484	887,907
- Petroleum M92	Litter	29,228,334	18,497,560
- Petroleum E5	Litter	1,529,086	107,104
- Petroleum DO 0.05%	Litter	107,831,653	67,647,147
- Petroleum FO 3.5%S	Kg	4,674,755	2,456,834
- Petroleum FO 3.0%S	Kg	20,719	-
- Condensate Shariah	Litter	-	32,365,561
2. Foreign currencies (USD)			
- US Dollars (USD)	USD	11,600,123	21,219,697
- Euro (EUR)	EUR	581	604
- Singapore Dollars (SGD)	SGD	359,209	404
- Laos KIP (KIP)	KIP	40,579,870,308	22,484,310,875

34. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

The Corporation does not prepare a report by business segment since its activities mainly include import-export activities and trade of crude oil and petroleum.

Geographical segments

The Corporation is operating in both domestic and international regions.

Below is an analysis of the Corporation's revenue by geographical segment regardless of country of origin of goods and services.

	<u>Current year</u>	<u>Prior year</u>
	<u>VND</u>	<u>VND</u>
Domestic	30,170,610,304,404	40,734,192,833,430
International	9,092,733,707,885	10,176,300,965,590
	<u>39,263,344,012,289</u>	<u>50,910,493,799,020</u>

Below is an analysis of the net book value and increases in tangible fixed assets and intangible assets by geographical location of such assets.

	<u>Net book value of segment assets</u>		<u>Increase in Tangible/Intangible assets</u>	
	<u>Closing balance</u>	<u>Opening balance</u>	<u>Current year</u>	<u>Prior year</u>
	<u>VND</u>	<u>VND</u>	<u>VND</u>	<u>VND</u>
Domestic	3,818,926,892,180	3,904,720,557,980	275,023,091,154	340,952,786,995
International	135,668,012,340	115,123,241,734	42,078,979,811	55,161,935,183
	<u>3,954,594,904,520</u>	<u>4,019,843,799,714</u>	<u>317,102,070,965</u>	<u>396,114,722,178</u>

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35. NET REVENUE FROM GOODS SOLD AND SERVICES RENDERED

	<u>Current year</u>	<u>Prior year</u>
	VND	VND
Gross revenue	39,296,933,388,447	50,986,654,348,414
- Sales of finished goods/merchandise	38,811,655,132,278	50,483,005,708,307
- Sales of services and other activities	302,347,206,016	307,374,544,874
- Sales of entrusted crude oil exports	182,931,050,153	196,274,095,233
Deductions	(33,589,376,158)	(76,160,549,394)
- Trade discounts	(33,589,376,158)	(76,160,549,394)
	<u>39,263,344,012,289</u>	<u>50,910,493,799,020</u>
Sales to related parties (Details are presented in Note 45)	6,407,544,013,245	2,600,728,586,076

36. COST OF SALES

	<u>Current year</u>	<u>Prior year</u>
	VND	VND
Cost of goods sold	36,386,508,820,211	47,810,495,034,965
Cost of services rendered	175,709,909,971	188,173,797,242
	<u>36,562,218,730,182</u>	<u>47,998,668,832,207</u>

37. PRODUCTION COST BY NATURE

	<u>Current year</u>	<u>Prior year</u>
	VND	VND
Raw materials and consumables	6,275,270,667,362	8,359,374,610,469
Labour	830,222,139,791	779,649,920,661
Depreciation and amortisation	374,390,178,076	376,143,899,257
Out-sourced services	534,713,838,441	590,023,638,095
Other monetary expenses	507,205,289,019	431,062,205,134
	<u>8,521,802,112,689</u>	<u>10,536,254,273,616</u>

38. FINANCIAL INCOME

	<u>Current year</u>	<u>Prior year</u>
	VND	VND
Bank interest	242,094,562,826	139,189,009,900
Foreign exchange gain	21,311,474,155	37,740,626,971
Dividends received	8,832,358,951	3,428,226,360
Interest on credit sales	2,331,334,340	4,324,259,762
Gain on disposal of financial investments	-	18,868,805,609
Other financial income	21,495,603,567	5,961,010,057
	<u>296,065,333,839</u>	<u>209,511,938,659</u>

39. FINANCIAL EXPENSES

	<u>Current year</u>	<u>Prior year</u>
	VND	VND
Interest expense	157,061,516,497	102,250,065,502
Foreign exchange loss	17,967,971,822	133,749,378,412
Provision for/(reversal of) impairment of financial investments	70,829,650,935	(9,699,556,470)
Other financial expenses	26,298,122,131	5,178,360,755
	<u>272,157,261,385</u>	<u>231,478,248,199</u>

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40. SELLING EXPENSES AND GENERAL AND ADMINISTRATION EXPENSES

	Current year	Prior year
	VND	VND
Selling expenses		
Salesmen	512,306,448,799	509,759,269,762
Office appliances, furniture and materials	78,429,656,722	57,072,155,481
Transportation	96,351,651,367	122,331,451,968
Out-sourced services	170,631,212,766	81,771,106,531
Depreciation and amortisation	234,911,160,839	232,913,851,424
Provisions	17,623,176,919	-
Others	342,035,083,563	441,178,273,569
	1,452,288,390,975	1,445,026,108,735
General and administration expenses		
Management staff	295,680,393,620	287,108,199,861
Office appliances, furniture and materials	28,515,306,027	19,592,898,537
Depreciation and amortisation	57,131,893,122	52,383,873,912
Provisions	17,997,073,926	13,809,331,758
Out-sourced services	89,190,920,447	136,545,891,439
Others	237,460,413,300	192,592,174,682
	725,976,000,442	702,032,370,189

41. PROFIT FROM OTHER ACTIVITIES

	Current year	Prior year
	VND	VND
Proceeds from disposals of fixed assets	31,343,438,433	2,100,267,454
Indemnification received	625,832,724	5,366,301,898
Penalties returned from the State budget	-	28,018,474,059
Other income	47,152,564,388	87,463,447,518
Other income	79,121,835,545	122,948,490,929
Penalties	1,636,288,726	5,577,329,222
Other expenses	14,052,865,700	37,590,706,858
Other expenses	15,689,154,426	43,168,036,080
Other profit	63,432,681,119	79,780,454,849



42. CORPORATE INCOME TAX EXPENSE

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Current corporate income tax expense		
- Current corporate income tax expense based on taxable profit in the current year	56,063,045,121	74,304,725,562
- Adjustment for corporate income tax expenses in previous years into the current year	113,372,422	1,888,976,261
Total current corporate income tax expense	56,176,417,543	76,193,701,823

The current corporate income tax expense for the year was computed as follows:

	<u>Current year</u>	<u>Prior year</u>
	VND	VND
Profit before tax	626,034,260,561	789,139,360,160
Adjustments for:	(524,302,405,225)	(608,662,331,404)
Losses carried forward	(556,532,689,379)	(666,420,256,789)
Decreasing adjustments made to taxable profit	(122,988,374,388)	(267,504,651,751)
In which:	-	-
<i>Dividend received</i>	(102,156,659,893)	(193,373,719,363)
<i>Penalties returned from the State budget</i>	-	(28,018,474,059)
<i>Others</i>	(20,831,714,495)	(46,112,458,329)
Increasing adjustments made to taxable profit	155,218,658,542	325,262,577,136
in which	-	-
<i>Effect of gain on assets revaluation</i>	27,756,098,317	26,279,318,504
<i>Non-deductible expenses</i>	127,462,560,225	251,543,066,631
<i>Special consumption tax arrears from 2008 and 2009</i>	-	47,440,192,001
Taxable income	101,731,855,336	180,477,028,756
<i>In which:</i>		
Taxable income at tax rate of 20% and 22%	39,998,606,968	70,659,962,850
Taxable income at tax rate of 17% and 24% (*)	54,863,671,687	87,512,792,730
Taxable income from real estate transfer	-	8,838,237,846
Taxable income from principal operating activities entitled to tax incentive	6,869,576,681	13,466,035,330
Corporate income tax		
Taxable income at tax rate of 20% and 22%	44,638,109,443	48,408,511,588
Taxable income at tax rate of 17% and 24% (*)	12,353,683,080	21,520,743,365
Corporate income tax from principal operating activities entitled to tax incentive	343,478,834	673,301,767
Adjustment for prior year's corporate income tax	113,372,422	1,888,976,261
Adjustment for corporate income tax deduction	(1,272,226,236)	3,702,168,842
Current corporate income tax expense based on taxable profit in the current year	56,176,417,543	76,193,701,823

(*) Corporate income taxes at the rates of 17% and 24% (2015: 17% and 24%) of taxable income are applicable to taxable income of the Corporation's subsidiaries namely Singapore International Oil Trading Company Ltd. ("PV Oil Singapore") and Laos Petroleum Company Ltd. ("PV Oil Laos") respectively. The Holding Company and the rest subsidiaries paid corporate income tax at the rate of 20% (2015: 22%) of taxable income.

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43. OPERATING LEASE COMMITMENTS

	<u>Current year</u> VND	<u>Prior year</u> VND
Minimum lease payments under operating leases recognised in the consolidated income statement for the year	30,192,932,472	19,219,457,751

As at the balance sheet date, the Company had outstanding commitments under operating leases with non-cancelable payment schedule as follows:

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
Within one year	18,243,175,663	13,517,269,962
In the second to fifth year inclusive	37,330,036,741	25,990,426,674
After five years	22,349,471,972	7,173,346,238
	<u>77,922,684,376</u>	<u>46,681,042,874</u>

44. CAPITAL COMMITMENTS

According to the Corporation's 2017 business plan approved on 17 January 2017, Vietnam Oil and Gas Group approved an amount of VND 226 billion for the Corporation (the Holding Company)'s construction and assets acquisition in 2017 and an amount of VND 125 billion for equity investments in other entities.



45. RELATED PARTY TRANSACTIONS AND BALANCES

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

<u>Related parties</u>	<u>Relationship</u>
Vietnam Oil and Gas Group	Owner
PetroVietnam Exploration Production Corporation	Other entity in PVN
Vietnam Petroleum Oil Transport Joint Stock Company	Other entity in PVN
PetroVietnam Gas Joint Stock Corporation	Other entity in PVN
Petrovietnam Constructon Joint Stock Corporation	Other entity in PVN
Petrolium Technical Services Corporation	Other entity in PVN
PetroVietnam Power Corporation	Other entity in PVN
PetroVietnam Power Nhon Trach 2 Joint Stock Corporation	Other entity in PVN
PetroVietnam General Services Corporation	Other entity in PVN
VietsovPetro Joint Venture	Other entity in PVN
PetroVietnam Southern Gas Joint Stock Company	Other entity in PVN
Binh Son Refining and Petrochemical Company Limited	Other entity in PVN
PetroVietnam Vung Tau Joint Stock Company	Other entity in PVN
Indochina Petroleum Transportation Joint Stock Company	Other entity in PVN
Phuong Dong Viet Transportation Oil Joint Stock Company	Other entity in PVN
Quang Ngai Petroleum Transport Joint Stock Company	Other entity in PVN
Cuu Long Petro Gas Transportation Joint Stock Company	Other entity in PVN
Ha Noi Petroleum Transport Joint Stock Company	Other entity in PVN
PTSC Quang Ngai Petroleum Services Joint Stock Company	Other entity in PVN
Dung Quat Oil Refinery Project Management Board	Other entity in PVN
Northern Petroleum Chemicals Joint Stock Company	Other entity in PVN
Petroleum Mechanical Executing & Essembly Joint Stock Company	Other entity in PVN
PVTrans Pacific Joint Stock Company	Other entity in PVN
Petroleum Industrial and Civil Construction Joint Stock Company	Other entity in PVN
Petroleum Equipment Assembly & Metal Structure Co.,Ltd (PVC_MS)	Other entity in PVN
PTSC Survey Service and Underground Construction Company Limited	Other entity in PVN
Ca Mau Trade Joint Stock Company	Associate
Central Petrochemical and Biofuel Joint Stock Company	Associate
Ninh Binh Petroleum Joint Stock Company	Associate
PTSC CGGV Geophysical Survey Company Limited	Other entity in PVN
PTSC Quang Ngai Petroleum Services Joint Stock Company	Other entity in PVN
Vietnam Energy Inspection	Other entity in PVN
Vietnam Public Joint Stock Commercial Bank	Other entity in PVN
Petro Hotel Company Limited	Other entity in PVN
Petroleum Offshore Trading and Services	Other entity in PVN
PetroVietnam Insurance Joint Stock Corporation	Other entity in PVN
PVD Offshore Services Limited Company	Other entity in PVN
PVI Holdings	Other entity in PVN
Oil and Gas Trade Joint Stock Company (Petechim)	Associate
PetroVietnam Drilling and Well Service Corporation (PVD)	Other entity in PVN
Material - Petroleum Joint Stock Company (Comeco)	Associate
Dong Phuong Petroleum JSC	Associate
Dinh Vu Petroleum Service Port Joint Stock Company	Other entity in PVN
PVEP Song Hong Company Limited	Other entity in PVN
PetroVietnam Infrastructure and Urban Investment Joint Stock Company	Other entity in PVN

45. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

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

	<u>Current year</u> VND	<u>Prior year</u> VND
Sales to related parties		
PetroVietnam Power Corporation	266,374,873,862	297,197,612,890
PetroVietnam Exploration Production Corporation	51,814,117,065	295,748,914,905
Pacific Petroleum Transportation Company	62,807,048,827	173,666,335,275
PetroVietnam Technical Service Joint Stock Corporation	24,146,353,649	87,638,050,317
Binh Son Refining and Petrochemical Compant Limited	3,613,737,805,672	77,551,370,240
PetroVietnam Gas Joint Stock Corporation	38,022,322,902	61,406,723,184
Song Hong Petroleum Company Limited	-	46,104,771,176
PTSC CCGV Geography and Physical Examining Company Limited	16,846,318,182	43,547,509,091
Hanoi Petroleum Transportation Joint Stock Company	12,250,000	42,150,584,861
Quang Ngai Petroleum Service Joint Stock Company	24,563,423,326	32,686,013,345
PetroVietnam Transportation Corporation	2,997,287,129	27,035,975,182
Vung Tau Petroleum Transportation Joint Stock Company	78,426,840	21,910,339,469
Dinh Vu Petroleum Service Port Joint Stock Company	-	9,592,165,407
PetroVietnam Asset Management and Exploiting JSC	936,508,955	7,856,266,511
PetroVietnam International Gas Shipping JSC	1,027,396,480	6,712,425,936
PetroVietnam Underground and Examining Service Company Limited	6,628,490,944	6,106,864,314
Petroleum Equipment Assembly and Metal Structure JSC	6,508,668,654	6,025,193,186
Ninh Binh Petroleum JSC	1,053,296,398,232	-
Material - Petroleum Joint Stock Company (Comeco)	953,352,922,726	1,180,579,980,011
Petroleum Industrial and Civil Construction JSC	514,324,500	-
Nhon Trach 2 Petroleum Power JSC	91,247,752,929	-
Phuong Dong Viet Petroleum Transportation JSC	-	1,765,904,204
Petro Vietnam Southern Gas JSC	-	773,540,301
Cuu Long Petro Gas Service - Transportation JSC	-	-
Dong Phuong Petroleum JSC	192,631,322,371	174,672,046,271
	<u>6,407,544,013,245</u>	<u>2,600,728,586,076</u>

45. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

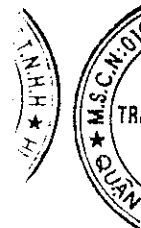
During the year, the Corporation entered into the following significant transactions with its related parties (Continued):

	<u>Current year</u> VND	<u>Prior year</u> VND
Purchases from related parties		
Binh Son Refining and Petrochemical Company Limited	17,012,992,351,493	20,031,510,466,897
PetroVietnam Gas Corporation	374,132,466,647	345,963,769,130
Vietnam Oil and Gas Group	176,193,496,449	165,480,600,344
PetroVietnam Transportation Joint Stock Corporation	230,891,084,515	219,878,496,841
Phuong Dong Viet Petroleum Transportation JSC	68,037,615,557	64,146,948,338
PetroVietnam Exploration Production Corporation	17,977,662,382	145,602,101,456
Central Petrochemical and Biofuel Joint Stock Company	-	95,965,796,026
PVI Holdings	14,092,625,793	17,801,435,447
Vietnam Energy Inspection Joint Stock Company	14,285,228,672	13,052,642,252
PVD Offshore Services Limited Company	2,040,000,000	2,040,000,001
PetroVietnam Insurance Joint Stock Corporation	5,287,606,526	6,015,469,801
Petroleum Offshore Trading and Services Company Limited	8,013,910,039	9,251,828,341
PetroVietnam Infrastructure and Urban Investment JSC	-	1,537,692,376
PTSC Petro Hotel Company Limited	-	993,365,745
	<u>17,923,944,048,073</u>	<u>21,128,366,728,645</u>

Remuneration of the Board of Members and Board of Directors

Remuneration paid to the Corporation's Board of Members and Board of Directors during the year was as follows:

	<u>Current year</u> VND	<u>Prior year</u> VND
Salaries, bonus and benefits in kind	9,366,574,640	12,301,821,566



45. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

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

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
Trade receivables from related parties		
Binh Son Refining and Petrochemical Company Limited	10,588,065,430	14,270,090,035
Dung Quat Oil Refinery Project Management Board	1,362,230,984	1,362,230,984
PetroVietnam Technical Service Joint Stock Corporation	2,473,634,290	14,365,133,260
PetroVietnam Exploration Production Corporation	37,221,055,271	40,045,407,090
PetroVietnam Transportation Joint Stock Corporation	1,169,299,000	892,455,414
PetroVietnam Power Corporation	-	46,534,700,943
Petroleum Equipment Assembly and Metal Structure JSC	621,317,489	458,776,899
PetroVietnam Underground and Examining Service Company Limited	305,114,170	89,363,710
Ca Mau Trading Joint Stock Company	-	14,851,122,000
Pacific Petroleum Transportation Joint Stock Company	14,823,791,220	24,092,547,500
PetroVietnam Drilling and Well Service Corporation	-	3,224,426,000
Ninh Binh Petroleum Joint Stock Company	76,995,792,176	48,470,092,490
PTSC Quang Ngai Petroleum Service Joint Stock Company	-	3,014,846,975
Dinh Vu Petroleum Service Port Joint Stock Company	544,223,320	1,757,516,650
Vung Tau Petroleum Transportation Joint Stock Company	765,638,011	2,282,305,900
PetroVietnam Drilling and Well Service Corporation	2,655,462,000	3,224,426,000
Song Hong Petroleum Company Limited	1,357,075,458	8,192,783,168
	<u>150,882,698,819</u>	<u>227,128,225,018</u>
Other receivables from related parties		
Binh Son Refining and Petrochemical Company Limited	3,179,336,098,271	1,936,480,795,076
PetroVietnam Infrastructure and Urban Investment Joint Stock Company	-	1,800,000,000
Vietnam Oil and Gas Group	217,299,697,501	219,666,710,523
Petroleum Trading Joint Stock Company (Ptechim)	40,529,988,943	50,125,344,897
	<u>3,437,165,784,715</u>	<u>2,208,072,850,496</u>
Trade payables to related parties		
Binh Son Refining and Petrochemical Company Limited	1,920,281,440,206	1,153,455,655,476
Dung Quat Oil Refinery Project Management Board	1,954,237,323	1,954,237,323
PetroVietnam Transportation Joint Stock Corporation	38,303,726,923	693,000,110
PetroVietnam Gas Joint Stock Corporation	109,798,532,137	103,102,634,617
PetroVietnam Infrastructure and Urban Investment Joint Stock Company	5,029,613,334	4,567,157,400
PVI Holdings	110,000	1,962,581,655
Vietnam Energy Inspection Joint Stock Company	1,537,185,521	775,463,651
Phuong Dong Viet Petroleum Transportation Joint Stock Company	10,297,398,642	7,027,988,978
	<u>2,087,202,244,086</u>	<u>1,273,538,719,210</u>



45. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

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

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
Other payables to related parties		
VietsovPetro Joint Venture	1,836,554,589,805	2,934,665,743,894
VietsovPetro Joint Venture (Authorized import)	-	78,477,161,657
Vietnam Oil and Gas Group	83,177,433,693	111,967,754,164
Binh Son Refining and Petrochemical Company Limited	-	192,125,102
	<u>1,919,732,023,498</u>	<u>3,125,302,784,817</u>
Loans from Vietnam Public Commercial Joint Stock Bank		
Long-term loans	23,658,600,702	54,985,903,671
	<u>23,658,600,702</u>	<u>54,985,903,671</u>

46. SUBSEQUENT EVENTS

On 27 May 2015, the Board of Members of Vietnam Oil and Gas Group ("PVN") issued Decision No. 1197/QĐ-DKVN on the equitization of PetroVietnam Oil Corporation - One Member Limited Company. Accordingly, the enterprise valuation date is 31 December 2015. In pursuance of the above Decision of PVN, the Corporation is carrying out the necessary work for equitization according to the plan before 30 June 2017.

47. SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

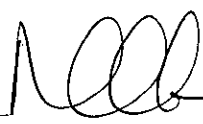
Supplemental non-cash disclosures

Cash outflows for purchase of fixed assets and other long-term assets during the year exclude an amount of VND 6,725,244,090 (for the year ended 31 December 2015: VND 23,080,465,259), representing the amount used to purchase assets during the year that have not yet paid. Consequently, changes in payables have been adjusted by the same amount.


Proceeds from investments during the year exclude an amount of VND 32,623,078,350 (2015: VND 72,644,190,041), representing interest on investments during the year that has not yet been received. Consequently, changes in receivables have been adjusted by the same amount.



Cao Hoài Dương
 General Director



Nguyen Dang Trinh
 Chief Accountant



Phung To Van
 Preparer

17 March 2017