

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

(Incorporated in the Socialist Republic of Vietnam)

**AUDITED SEPARATE FINANCIAL
STATEMENTS**

For the year ended 31 December 2016

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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

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 separate 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 1 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 separate financial statements, which give a true and fair view of the financial position of the Corporation as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting. In preparing these separate 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 separate financial statements;
- prepare the separate 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 separate 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 financial position of the Corporation and that the separate financial statements comply with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting. The Board of Directors is also responsible for safeguarding the assets of the 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 separate financial statements.

For and on behalf of the Board of Directors,



Cao Hoai Dong
General Director
17 March 2017

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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 separate financial statements of PetroVietnam Oil Corporation - One Member Limited Company (the "Corporation"), prepared on 17 March 2017 as set out from page 04 to page 42, which comprise the balance sheet as at 31 December 2016, the statement of income, statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors' Responsibility for the Separate Financial Statements

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

Auditors' Responsibility

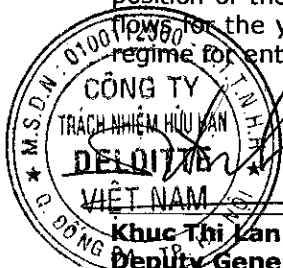
Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance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

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

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

Opinion

In our opinion, the separate financial statements give a true and fair view of, the financial position of the Corporation as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting.



Khúc Thị Lan Anh
Deputy General Director
Audit Practising Registration Certificate
No. 0036-2013-001-1

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

17 March 2017
Hanoi, S.R Vietnam

A handwritten signature in black ink.

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

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

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

BALANCE SHEET

As at 31 December 2016

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
A. CURRENT ASSETS	100		13,855,673,145,439	12,306,976,836,659
I. Cash and cash equivalents	110	5	5,801,340,490,392	5,812,307,669,005
1. Cash	111		1,911,477,904,865	2,460,193,717,948
2. Cash equivalents	112		3,889,862,585,527	3,352,113,951,057
II. Short-term financial investments	120		400,000,000,000	-
1. Held-to-maturity investments	123	6	400,000,000,000	-
III. Short-term receivables	130		6,229,523,556,292	5,127,644,027,998
1. Short-term trade receivables	131	7	2,133,470,049,119	2,018,180,795,452
2. Short-term advances to suppliers	132		45,107,549,146	25,690,860,164
3. Other short-term receivables	136	8	4,122,461,432,645	3,158,760,280,346
4. Provision for short-term doubtful debts	137	9	(71,515,474,618)	(74,987,907,964)
IV. Inventories	140	10	1,314,460,842,879	1,272,534,543,121
1. Inventories	141		1,314,460,842,879	1,522,689,613,806
2. Provision for devaluation of inventories	149		-	(250,155,070,685)
V. Other short-term assets	150		110,348,255,876	94,490,596,535
1. Short-term prepayments	151	11	13,246,473,418	6,982,817,711
2. Value added tax deductibles	152	12	66,596,407,573	46,437,876,153
3. Taxes and other receivables from the State budget	153	13	30,505,374,885	41,069,902,671

The accompanying notes are an integral part of these financial statements

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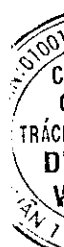
BALANCE SHEET (Continued)

As at 31 December 2016

Unit: VND

ASSETS	Codes	Notes	Closing balance	Opening balance
B. NON-CURRENT ASSETS	200		5,701,635,241,835	5,887,632,572,156
I. Long-term receivables	210		15,000,000	15,000,000
1. Other long-term receivables	216		15,000,000	15,000,000
II. Fixed assets	220		1,143,363,368,763	1,240,031,395,088
1. Tangible fixed assets	221	14	929,505,924,121	1,023,010,177,685
- Cost	222		2,111,085,604,086	2,069,995,572,718
- Accumulated depreciation	223		(1,181,579,679,965)	(1,046,985,395,033)
2. Intangible assets	227	15	213,857,444,642	217,021,217,403
- Cost	228		277,701,231,402	270,647,681,616
- Accumulated amortisation	229		(63,843,786,760)	(53,626,464,213)
III. Long-term assets in progress	240		49,958,749,978	30,712,730,117
1. Construction in progress	242	16	49,958,749,978	30,712,730,117
IV. Long-term financial investments	250		4,267,349,522,699	4,362,823,962,014
1. Investments in subsidiaries	251	17	5,108,016,238,350	5,084,375,460,431
2. Investments in joint-ventures, associates	252	18	1,270,850,589,101	1,263,170,589,101
3. Investments in other entities	253	19	167,276,500,000	161,590,000,000
4. Provision for impairment of long-term financial investments	254	6	(2,278,793,804,752)	(2,146,312,087,518)
V. Other long-term assets	260		240,948,600,395	254,049,484,937
1. Long-term prepayments	261	11	240,948,600,395	254,049,484,937
TOTAL ASSETS (270=100+200)	270		19,557,308,387,274	18,194,609,408,815

The accompanying notes are an integral part of these financial statements



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FORM B 01-DN

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

BALANCE SHEET (Continued)

As at 31 December 2016

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance
C. LIABILITIES	300		9,794,517,697,729	8,938,263,338,927
I. Current liabilities	310		9,623,517,653,926	8,686,404,033,546
1. Short-term trade payables	311	20	2,961,422,459,181	2,126,881,919,780
2. Short-term advances from customers	312		79,282,157,859	70,352,200,177
3. Taxes and amounts payable to the State budget	313	13	63,144,731,736	79,453,161,899
4. Payables to employees	314		40,450,614,689	31,217,484,418
5. Short-term accrued expenses	315	21	40,378,490,433	51,688,442,350
6. Short-term unearned revenue	318		-	685,031,498
7. Other current payables	319	22	4,116,985,017,190	3,670,729,154,219
8. Short-term loans	320	23	2,228,176,785,920	2,330,240,464,302
9. Short-term provisions	321	24	35,349,892,513	-
10. Petroleum price stabilization fund	323	25	58,327,504,405	325,156,174,903
II. Long-term liabilities	330		171,000,043,803	251,859,305,381
1. Long-term unearned revenue	336		-	240,000,000
2. Other long-term payables	337		60,000,000	60,000,000
3. Long-term loans	338	26	151,206,278,741	226,274,320,655
4. Deferred tax liabilities	341	27	19,733,765,062	25,284,984,726
D. EQUITY	400		9,762,790,689,545	9,256,346,069,888
I. Owner's equity	410	28	9,762,790,689,545	9,256,346,069,888
1. Owner's contributed capital	411		10,884,251,000,000	10,884,251,000,000
2. Investment and development fund	418		123,287,992,719	123,287,992,719
3. Enterprise reorganisation support fund	419		-	6,507,882,113
4. Other reserves	420		-	20,773,000,000
5. Accumulated losses	421		(1,244,748,303,174)	(1,778,473,804,944)
- Losses accumulated to the prior year end	421a		(1,778,473,804,944)	(2,306,200,123,382)
- Retained earnings of the current year	421b		533,725,501,770	527,726,318,438
TOTAL RESOURCES (440=300+400)	440		19,557,308,387,274	18,194,609,408,815



Cao Hoài Duong
General Director

17 March 2017

Nguyen Dang Trinh
Chief Accountant

Nguyen Thi Thuy Phuong
Preparer

The accompanying notes are an integral part of these financial statements

**VIETNAM OIL AND GAS GROUP
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FORM B 02-DN

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

INCOME STATEMENT

For the year ended 31 December 2016

Unit: VND

ITEMS	Codes	Notes	Current year	Prior year
1. Gross revenue from goods sold and services rendered	01	30	23,997,426,128,896	32,356,105,319,346
2. Deductions	02	30	-	1,134,044,186
3. Net revenue from goods sold and services rendered (10=01-02)	10	30	23,997,426,128,896	32,354,971,275,160
4. Cost of sales	11	31	22,751,454,730,075	30,967,661,092,981
5. Gross profit from goods sold and services rendered (20=10-11)	20		1,245,971,398,821	1,387,310,182,179
6. Financial income	21	33	359,145,938,931	386,655,034,398
7. Financial expenses	22	34	309,031,529,293	496,808,386,510
- In which: Interest expense	23		141,809,293,659	82,720,080,562
8. Selling expenses	25	35	556,742,023,198	547,094,841,130
9. General and administration expenses	26	35	225,934,763,294	217,785,847,097
10. Operating profit (30=20+(21-22)-(25+26))	30		513,409,021,967	512,276,141,840
11. Other income	31	36	15,766,812,452	18,545,893,764
12. Other expenses	32	36	1,001,552,313	13,727,643,337
13. Profit from other activities (40=31-32)	40	36	14,765,260,139	4,818,250,427
14. Accounting profit before tax (50=30+40)	50		528,174,282,106	517,094,392,267
15. Current corporate income tax expense	51	37	-	-
16. Deferred corporate tax expense	52	27	(5,551,219,664)	(10,631,926,171)
17. Net profit after corporate income tax (60=50-51-52)	60		533,725,501,770	527,726,318,438



17 March 2017

Handwritten signature of Nguyen Dang Trinh

Nguyen Dang Trinh
Chief Accountant

Handwritten signature of Nguyen Thi Thuy Phuong

Nguyen Thi Thuy Phuong
Preparer

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

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 Ben Nghe Ward, District 1
 Ho Chi Minh City, Vietnam

FORM B 03-DN

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

CASH FLOW STATEMENT

For the year ended 31 December 2016

Unit: VND

ITEMS	Codes	Current year	Prior year
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	01	528,174,282,106	517,094,392,267
2. Adjustments for:		(124,953,800,720)	(213,636,689,208)
- Depreciation and amortisation	02	144,556,360,281	142,947,319,031
- Provisions	03	(85,795,894,284)	(93,567,366,182)
- Foreign exchange loss arising from translating foreign currency items	04	15,499,856,513	12,910,049,002
- Gain from investing activities	05	(341,023,416,889)	(358,646,771,621)
- Interest expense	06	141,809,293,659	82,720,080,562
3. Operating profit before movements in working capital	08	403,220,481,386	303,457,703,059
- Changes in receivables	09	(1,288,813,227,821)	3,578,814,814,834
- Changes in inventories	10	208,228,770,927	779,715,463,961
- Changes in payables (excluding accrued loan interest and corporate income tax payable)	11	989,660,621,434	(4,652,003,329,055)
- Changes in prepaid expenses	12	12,388,448,499	72,343,595,561
- Interest paid	14	(139,725,345,972)	(83,289,755,633)
- Other cash outflows	17	(27,280,882,113)	-
Net cash generated by/(used in) operating activities	20	157,678,866,340	(961,507,273)
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition and construction of fixed assets and other long-term assets	21	(65,461,769,982)	(69,019,654,025)
2. Proceeds from sale, disposal of fixed assets and other long-term assets	22	-	805,545,453
3. Cash outflow for lending, buying debt instruments of other entities	23	(400,000,000,000)	-
4. Cash recovered from lending, selling debt instruments of other entities	24	-	900,000,000,000
5. Equity investments in other entities	25	(13,656,500,000)	(7,540,240,643)
6. Cash recovered from investments in other entities	26	31,283,911,680	23,899,476,000
7. Interest earned, dividends and profits received	27	467,266,753,179	354,589,321,187
Net cash generated by investing activities	30	19,432,394,877	1,202,734,447,972

The accompanying notes are an integral part of these financial statements

**VIETNAM OIL AND GAS GROUP
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Ho Chi Minh City, Vietnam

FORM B 03-DN

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

CASH FLOW STATEMENT (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	11,765,192,775,850	8,476,919,835,986
2. Repayment of borrowings	34	(11,942,324,496,146)	(8,526,411,909,608)
Net cash used in financing activities	40	(177,131,720,296)	(49,492,073,622)
Net (decrease)/increase in cash (50=20+30+40)	50	(20,459,079)	1,152,280,867,077
Cash and cash equivalents at the beginning of the year	60	5,812,307,669,005	4,673,662,281,696
Effects of changes in foreign exchange rates	61	(10,946,719,534)	(13,635,479,768)
Cash and cash equivalents at the end of the year (70=50+60+61)	70	5,801,340,490,392	5,812,307,669,005



17 March 2017

Gao Hoan Duong
General Director

Nguyen Dang Trinh
Chief Accountant

Nguyen Thi Thuy Phuong
Preparer

The accompanying notes are an integral part of these 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 09-DN

Issued under Circular No.200/2014/TT-BTC

dated 22 December 2014 of the Ministry of Finance

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

These notes are an integral part of and should be read in conjunction with the accompanying separate 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 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 as at 31 December 2016 was 732 (as at 31 December 2015: 744).

The Corporation operates under the parent - subsidiary model. The dependent accounting members of the Corporation as at 31 December 2016 include:

- Mien Dong Oil Storage Enterprise
- Dinh Vu Oil Storage Enterprise
- Nha Be Oil Storage Enterprise
- Management Board of PV Oil Projects
- PV Oil - Ha Tinh Branch
- PV Oil - Ba Ria Vung Tau Branch
- PV Oil - Quang Ngai Branch
- PV Oil - Thua Thien Hue Branch

Principal activities

The principal activities of the Corporation 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 separate 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 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.

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.

Disclosure of information comparability in the separate financial statements

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

2. ACCOUNTING CONVENTION AND FINANCIAL YEAR

Accounting convention

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

The accompanying financial statements are the separate financial statements of the Corporation only, which do not include the financial statements of the Corporation's subsidiaries. To have an overview of the Corporation's financial position as a whole, we recommend that these separate financial statements should be read in conjunction with the Corporation's consolidated financial statements, which were prepared and issued separately.

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

Financial year

The 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 separate financial statements for the year ended 31 December 2016.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

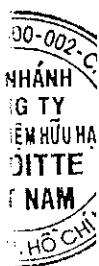
The significant accounting policies, which have been adopted by the Corporation in the preparation of these separate financial statements, are as follows:

Estimates

The preparation of the separate financial statements in conformity with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to 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 balance sheet date 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.

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

Held-to-maturity investments

Held-to-maturity investments comprise investments that the Corporation has the positive intent or ability to hold to maturity, including bank term deposits.

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 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.

Investments in subsidiaries

A subsidiary is an entity whose majority of shares (51% or above) and correlative control are held by the Corporation. Control is achieved where the Corporation has the power to govern the financial and operating policies of an invest enterprise so as to obtain benefits from its activities. Investments in subsidiaries are measured at cost, less any provision for impairment of the investments.

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.

Interests in joint ventures

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 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.

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.

Interests in subsidiaries, joint ventures and associates are initially recognised at cost. The Corporation's share of the net profit of the investee after acquisition is recognised in the income statement. Other distributions received other than such profit share are deducted from the cost of the investments as recoverable amounts.

Investments in subsidiaries, joint ventures and associates are carried in the balance sheet at cost less provision for impairment of such investments (if any). Provisions for impairment of investments in subsidiaries, joint ventures and associates are made in accordance with Circular No. 228/2009/TT-BTC dated 07 December 2009 issued by the Ministry of Finance on "Guiding the appropriation and use of provisions for devaluation of inventories, loss of financial investments, bad debts and warranty for products, goods and construction works at enterprises", Circular No. 89/2013/TT-BTC dated 28 June 2013 by the Ministry of Finance amending and supplementing Circular No. 228/2009/TT-BTC and prevailing accounting regulations. Provisions for impairment of investments in subsidiaries, joint ventures and associates are made based on data from the consolidated financial statements, including the non-controlling interests.

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.

Receivables

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

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

Inventories

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

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

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation.

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

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

	<u>Years</u>
Buildings and structures	6 - 50
Machinery and equipment	5 - 10
Motor vehicles	5 - 6
Office equipment	3 - 5
Others	3 - 6

Tangible fixed assets are revalued in accordance with the State's decisions or when state-owned enterprises are equitised. 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 profit from sales or disposals of assets and their residual values and is recognised in the 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. Rentals payable under operating lease are charged to the income statement on a straight-line basis over the term of the relevant lease.

Intangible assets and amortisation

Intangible assets represent land use rights and computer software 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, other directly attributable costs 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.

Prepayments

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

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

Other types of prepayments comprise costs of small tools, supplies, spare parts issued for consumption, advertising expenditures, and repair expenses which are expected to provide future economic benefits to the Corporation. These expenditures have been capitalised as prepayment and are charged to the income statement using the straight-line method over the useful life in accordance with the current prevailing accounting regulations.

Equity and profit distribution

The operating capital of the Corporation includes cash contribution made 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. The Corporation's profit after tax is distributed as per Article 31 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 the 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 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.

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

- (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 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 income statement.

Borrowing costs

Borrowing costs are recognised in the income statement in the year when incurred unless they are capitalised in accordance with Vietnamese Accounting Standard No. 16 "Borrowing costs". Accordingly, borrowing are 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.

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 stabilisation 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 stabilisation fund is appropriated with a specified 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 stabilisation 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 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.

Corporate income tax (CIT) payable is calculated using the rate of 20% of taxable income that has been enacted by the balance sheet date.

Deferred tax is recognised on significant differences between carrying amounts of assets and liabilities in the separate 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.

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

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

5. CASH AND CASH EQUIVALENTS

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
Cash on hand	707,338,103	474,069,194
Bank demand deposits	1,910,770,566,762	2,459,719,648,754
<i>In which:</i>		
<i>Price Stabilization Fund Balance (i)</i>	<i>59,531,181,755</i>	<i>266,949,073,829</i>
Cash in transit	-	-
Cash equivalents (ii)	3,889,862,585,527	3,352,113,951,057
	<u>5,801,340,490,392</u>	<u>5,812,307,669,005</u>

(i) 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.

(ii) Cash equivalents represent Vietnam Dong term deposits with original terms of less than 3 months at banks and with interest rates ranging from 4.5% p.a. to 5.5% p.a. (as at 31 December 2015: from 4.3% p.a. to 5.5% p.a.).

Cash and cash equivalents include demand deposits of VND 5,029,186,569, USD 3,774,150 and deposits of VND 239,862,585,527 with maturity of less than 3 months at Ocean Commercial Joint Stock Bank (currently known as Ocean Commercial One Member Limited Liability Bank). Such amounts are restricted for payments 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.

6. SHORT-TERM FINANCIAL INVESTMENTS

	<u>Closing balance</u>		<u>Opening balance</u>	
	<u>VND</u> Cost	<u>VND</u> Carrying amount	<u>VND</u> Cost	<u>VND</u> Carrying amount
a. Held-to-maturity investments				
Time deposits	400,000,000,000	400,000,000,000	-	-
	<u>Closing balance (VND)</u>		<u>Opening balance (VND)</u>	
	Cost	Provision	Cost	Provision
b. Investments in other entities				
Investments in subsidiaries	5,108,016,238,350	(1,717,741,292,992)	5,084,375,460,431	(1,704,707,567,756)
Investments in joint-ventures, associates	1,270,850,589,101	(465,917,981,786)	1,263,170,589,101	(417,215,432,665)
Other long-term investments	167,276,500,000	(95,134,529,974)	161,590,000,000	(24,389,087,097)
	6,546,143,327,451	(2,278,793,804,752)	6,509,136,049,532	(2,146,312,087,518)

Time deposits represent Vietnam Dong term deposits with original terms of 7 months at banks and with interest rates of 5.6% per annum.

The balance of provision for impairment of investments in subsidiaries included an amount of approximately VND 1,566 billion provided for impairment of the investment in PETEC Trading and Investment Corporation - JSC.

As at 31 December 2016, the Corporation has not determined the fair value of the financial investments since Vietnamese Accounting Standards as well as current prevailing regulations provide no detailed guidance on such determination. In addition, the investees are not listed and traded on a stock exchange; the Corporation therefore has no reliable information resources as a basis for the fair value determination.

7. SHORT-TERM TRADE RECEIVABLES

	<u>Closing balance</u>	<u>Opening balance</u>
	<u>VND</u>	<u>VND</u>
a. Short-term trade receivables		
Binh Son Refining and Petrochemical Company Limited (i)	10,588,065,430	14,086,553,235
Petec Trading and Investment Corporation - Joint Stock Company	577,918,845,550	673,827,115,127
Sai Gon Petroleum Joint Stock Company	144,428,353,433	205,832,139,765
Mekong Petroleum Joint Stock Company	152,467,860,574	215,156,585,517
Others	1,248,066,924,132	909,278,401,808
	2,133,470,049,119	2,018,180,795,452
b. Trade receivables from related parties (Details are presented in Note 39)	2,022,352,841,427	1,911,767,225,377

(i) This represents the amount receivable from Binh Son Refining and Petrochemical Company Limited to conduct purchasing and importing activities which were entrusted by Binh Son Refining and Petrochemical Company Limited.

8. OTHER SHORT-TERM RECEIVABLES

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
a. Other short-term receivables		
Binh Son Refining and Petrochemical Company Limited	3,179,483,992,180	1,936,692,132,678
Oil export from White Tiger Oil field	-	639,658,068,570
Singapore International Oil Trade Company Limited	421,532,672,502	-
Petroleum Trading Joint Stock Company (Petechim)	40,529,988,943	50,125,344,897
Sai Gon Petroleum Joint Stock Company	6,656,612,809	13,171,355,915
Special sales tax awaiting deduction (i)	28,574,441,712	21,002,190,719
PV Oil Lube Joint Stock Company	-	1,115,460,000
Vietnam Petroleum Oil Transportation Joint Stock Company	9,345,799,212	9,930,060,474
Export duties on Crude Oil paid before due date	-	73,536,711,358
Other receivables	436,337,925,287	413,528,955,735
	<u>4,122,461,432,645</u>	<u>3,158,760,280,346</u>
b. Other receivables from related parties		
(Details are presented in Note 39)	4,008,979,551,094	2,255,890,592,038

(i) This amount represents special sales tax levied on Condensate materials and mixed oil products incurred in previous years and current year awaiting deduction.

9. BAD DEBTS

Items	<u>Closing balance</u>		<u>Opening balance</u>	
	Cost	Recoverable amount	Cost	Recoverable amount
	VND	VND	VND	VND
Cai Lan Shipbuilding Industry Company Limited	19,576,761,700	-	19,576,761,700	306,032,700
Nam Song Hau Petrochemical Trading Joint Stock Company	10,729,840,000	-	10,729,840,000	-
Bac Hai Company	18,928,419,538	-	19,020,479,118	-
Orient Biofuels Company Limited	9,813,340,562	-	9,813,340,562	2,295,904,681
Others	12,467,112,818	-	18,449,423,965	-
	<u>71,515,474,618</u>	<u>-</u>	<u>77,589,845,345</u>	<u>2,601,937,381</u>

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 based on their book value less previously established provision for bad debts.



10. INVENTORIES

	Closing balance		Opening balance	
	VND	VND	VND	VND
	Cost	Provision	Cost	Provision
Goods in transit	305,909,298,140	-	425,705,031,214	(30,715,744,690)
Raw materials	18,085,590,177	-	162,151,115,905	(27,665,240,695)
Tools and supplies	7,997,159,085	-	8,580,791,424	-
Finished goods	265,457,496,774	-	103,237,784,396	(12,244,412,067)
Merchandise	717,011,298,703	-	823,014,890,867	(179,529,673,233)
Total	1,314,460,842,879	-	1,522,689,613,806	(250,155,070,685)

In the year, the Corporation reversed provision for devaluation of inventories with an amount of VND 250,155,070,685 (In 2015: VND 328,533,132,599).

11. PREPAYMENTS

	Closing balance	Opening balance
	VND	VND
a) Current		
Others	13,246,473,418	6,982,817,711
	13,246,473,418	6,982,817,711
b) Non-current		
Prepayment for office rentals at No. 1 - 5 Le Duan Street, District 1	214,913,583,128	219,824,525,688
Prepaid land rentals	-	10,138,348,798
Tools and supplies	-	148,500,000
Others	26,035,017,267	23,938,110,451
	240,948,600,395	254,049,484,937

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

Items	Opening balance	Movements in the year		Closing balance
		Tax payables	Tax paid	
Taxes and amounts payable to the State budget				
Value added tax on domestic goods	1,722,766,319	105,958,751,154	107,606,815,883	74,701,590
Value added tax on imported goods	-	491,757,807,208	491,757,807,208	-
Special sales tax	4,820,380,047	174,376,555,564	163,752,303,586	15,444,632,025
Export and import duties	-	113,796,046,535	113,796,046,535	-
Personal income tax	3,045,351,772	7,173,067,337	7,979,049,356	2,239,369,753
Environmental protection tax	69,455,242,893	279,278,572,676	303,757,208,069	44,976,607,500
Other fees and charges	409,420,868	-	-	409,420,868
Excessive tax payments deductible				
Corporate income tax	(30,496,184,910)	-	-	(30,496,184,910)
Special sales tax	(10,551,087,957)	10,551,087,957	-	-
Personal income tax	(22,629,804)	13,439,829	-	(9,189,975)
Total	38,383,259,228	1,182,905,328,260	1,188,649,230,637	32,639,356,851
Including:				
Tax and amounts payable to the State Budget	79,453,161,899	1,172,340,800,474	1,188,649,230,637	63,144,731,736
Tax and other receivables from the State Budget	(41,069,902,671)	10,564,527,786	-	(30,505,374,885)

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

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14. INCREASES, DECREASES IN TANGIBLE FIXED ASSETS

	Buildings and structures	Machinery and equipment	Motor vehicles	Office equipment	Others	Total
	VND	VND	VND	VND	VND	VND
CO5T						
Opening balance	1,477,723,639,879	511,985,778,708	40,369,158,718	32,244,370,708	7,672,624,705	2,069,995,572,718
Additions	281,365,063	4,354,779,234	595,000,000	2,285,304,000	-	7,516,448,297
Transfer from construction in progress	27,463,743,686	4,698,819,991	-	-	-	32,162,563,677
Disposals	(148,041,973)	-	-	-	-	(148,041,973)
Other increases/decreases	5,239,167,570	(8,509,147,703)	3,339,701,560	760,917,904	728,422,036	1,559,061,367
Closing balance	1,510,559,874,225	512,530,230,230	44,303,860,278	35,290,592,612	8,401,046,741	2,111,085,604,086
ACCUMULATED DEPRECIATION						
Opening balance	731,755,925,417	247,804,211,420	36,175,851,127	25,947,860,353	5,301,546,716	1,046,985,395,033
Charge for the year	78,357,078,059	48,724,918,790	3,129,023,078	3,402,426,268	641,379,484	134,254,825,679
Disposals	(148,041,973)	-	-	-	-	(148,041,973)
Other increases/decreases	638,495,243	(2,043,618,530)	1,289,065,368	727,513,873	(123,954,728)	487,501,226
Closing balance	810,603,456,746	294,485,511,680	40,593,939,573	30,077,800,494	5,818,971,472	1,181,579,679,965
NET BOOK VALUE						
Opening balance	745,967,714,462	264,181,567,288	4,193,307,591	6,296,510,355	2,371,077,989	1,023,010,177,685
Closing balance	699,956,417,479	218,044,718,550	3,709,920,705	5,212,792,118	2,582,075,269	929,505,924,121

The cost of the Corporation's tangible fixed assets as at 31 December 2016 includes VND 333,382,705,549 (31 December 2015: VND 352,087,084,911) of assets that have been fully depreciated but are still in use.



As stated in Note 26, the Corporation has pledged the works of 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" to secure bank facilities granted to the Corporation. Such works and assets had net book values of VND 173,798,717,715, VND 9,522,100,635, VND 46,669,000,000, VND 63,645,371,643 and VND 50,120,033,038 respectively as at 31 December 2016 (as at 31 December 2015: VND 185,935,589,113, VND 10,293,762,875, VND 46,669,000,000, VND 71,891,000,000 and VND 65,099,076,874 respectively).

15. INCREASES, DECREASES IN INTANGIBLE ASSETS

	Land use rights	Computer software	Total
	VND	VND	VND
COST			
Opening balance	225,376,585,388	45,271,096,228	270,647,681,616
Additions	-	120,000,000	120,000,000
Transfer from construction in progress	7,017,761,841	-	7,017,761,841
Other decreases	(84,212,055)	-	(84,212,055)
Closing balance	232,310,135,174	45,391,096,228	277,701,231,402
ACCUMULATED AMORTISATION			
Opening balance	25,831,239,788	27,795,224,425	53,626,464,213
Charge for the year	4,491,803,353	5,809,731,249	10,301,534,602
Other decreases	(84,212,055)	-	(84,212,055)
Closing balance	30,238,831,086	33,604,955,674	63,843,786,760
NET BOOK VALUE			
Opening balance	199,545,345,600	17,475,871,803	217,021,217,403
Closing balance	202,071,304,088	11,786,140,554	213,857,444,642

The cost of the Corporation's intangible assets as at 31 December 2016 includes VND 9,294,611,883 (31 December 2015: VND 9,169,611,883) of assets that have been fully amortised but are still in use.

16. CONSTRUCTION IN PROGRESS

	Closing balance	Opening balance
	VND	VND
Construction of petrol stations	8,433,886,381	9,952,913,082
Condensate processing plant expansion project	-	7,258,066,196
Phu Tho Petroleum depot	32,138,185,518	9,411,316,820
Others	9,386,678,079	4,090,434,019
	49,958,749,978	30,712,730,117

17. INVESTMENTS IN SUBSIDIARIES

The Corporation's proportion of ownership interest and capital contribution to its subsidiaries as at 31 December 2016 are as follows:

Name of subsidiary	Contributed capital Closing balance VND	Proportion of ownership interest (%)	Proportion of voting power held (%)	Contributed capital Opening balance (VND)
Me Kong Petroleum Joint Stock Company	437,606,508,279	89.37%	89.37%	437,606,508,279
Vung Ang Petroleum Joint Stock Company	56,500,000,000	56.50%	56.50%	56,500,000,000
PV Oil Lube Joint Stock Company (v)	55,767,000,000	62.67%	62.67%	55,773,000,000
Thai Nguyen Petroleum Joint Stock Company (v)	11,092,498,000	51.00%	51.00%	11,092,498,000
Tra Vinh Petroleum Joint Stock Company	27,522,358,000	96.27%	96.27%	27,522,358,000
Bac Lieu Petroleum Joint Stock Company (iii)	63,391,741,599	96.09%	96.09%	41,071,926,000
Binh Thuan Petroleum Joint Stock Company (iii)	84,652,254,200	79.68%	79.68%	52,338,105,200
Thanh Hoa Petroleum Joint Stock Company	64,951,411,616	56.86%	56.86%	64,951,411,616
Phu My Petroleum Production and Processing Joint Stock Company	338,188,000,000	67.64%	67.64%	338,188,000,000
Sai Gon Petroleum Joint Stock Company	130,350,800,000	65.18%	66.93%	130,350,800,000
Vung Tau Petroleum Joint Stock Company	68,619,000,000	57.18%	57.18%	68,619,000,000
Hanoi Petroleum Joint Stock Company	178,366,000,000	71.35%	71.35%	178,366,000,000
Thua Thien Hue Petroleum Joint Stock Company	59,735,000,000	74.67%	74.67%	59,735,000,000
Laos Oil and Gas Petroleum Company Limited	172,234,074,264	100.00%	100.00%	172,234,074,264
Thai Binh Petroleum Joint Stock Company (i)	74,120,000,000	68.00%	68.00%	88,400,000,000
Thai Binh Petroleum Services Joint Stock Company (i)	14,280,000,000	68.00%	68.00%	-
Nam Dinh Petroleum Joint Stock Company	39,942,579,351	56.75%	56.75%	39,942,579,351
Tay Ninh Petroleum Joint Stock Company	102,200,000,000	78.62%	78.62%	102,200,000,000
Cai Lan Petroleum Joint Stock Company	70,500,000,000	80.19%	80.19%	70,500,000,000
Quang Ninh Petroleum Joint Stock Company (v)	34,680,000,000	58.60%	66.85%	34,680,000,000
Phu Yen Petroleum Joint Stock Company	123,157,412,598	67.13%	67.13%	123,157,412,598
Phu Tho Petroleum Joint Stock Company	35,840,800,000	71.68%	71.68%	35,840,800,000
Kien Giang Petroleum Joint Stock Company (v)	50,838,160,844	86.96%	86.96%	50,838,160,844
Singapore International Oil Trade Company Limited (ii)	32,554,555,885	51.00%	51.00%	63,832,467,565
Central PetroVietnam Oil Joint Stock Company	100,157,137,120	71.43%	71.43%	100,157,137,120
Hai Phong PetroVietnam Oil Joint Stock Company	54,111,814,577	72.00%	72.00%	54,111,814,577
Vietnam Petroleum Oil Transport Joint Stock Company	37,077,000,000	71.00%	71.00%	37,077,000,000
Ha Giang Petroleum Tourism and Trading Joint Stock Company (v)	17,922,137,030	80.37%	80.37%	17,922,137,030
Thu Duc Trading and Import Export Joint Stock Company	107,406,994,987	51.01%	51.01%	107,116,269,987
Petec Trading and Investment Corporation (PETEC) (iv)	2,464,251,000,000	94.78%	95.19%	2,464,251,000,000
	5,108,016,238,350			5,084,375,460,431

- (i) 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 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.
- (ii) 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.

- (iii) The Board of Members of the Corporation issued Resolution No. 83/NQ-DVN dated 23 December 2016 approving the transfer of share capital of PETEC in the same investees of the Corporation. Accordingly, PETEC transferred its investment in Bac Lieu Petroleum Joint Stock Company and Binh Thuan Petroleum Joint Stock Company to the Corporation in the form of offsetting liabilities of PETEC due to Corporation. Implementing the above resolution, the transfer of capital of PETEC in the same investees of the Corporation was completed in the year.
- (iv) As at 31 December 2016, the Corporation's capital portion in PETEC that was recognized and presented by the Corporation in the separate financial statements exceeded that recorded and accounted for by PETEC by VND 111,225,298,544. The Corporation's Board of Directors believes that such difference amount will be settled when PETEC has completed the finalization of equitization.
- (v) 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.

18. INVESTMENTS IN JOINT VENTURES, ASSOCIATES

Name of associates	Contributed capital	Proportion of	Proportion of	Contributed capital
	Closing balance	ownership	voting power	Opening balance
	VND	interest	held	VND
		(%)	(%)	
PetroVietnam Biofuels Joint Stock Company	279,094,330,000	39.76%	39.76%	279,094,330,000
Petroleum Trading Joint Stock Company (Petechim)	58,000,000,000	29.00%	29.00%	58,000,000,000
Thuan An General Trading Joint Stock Company (i)	8,434,610,000	24.29%	24.29%	8,434,610,000
Quang Tri Trading and Services Joint Stock Company (i)	2,371,500,000	44.99%	45.00%	2,371,500,000
Central Petrochemical and Biofuel Joint Stock Company	388,205,000,000	34.28%	33.96%	380,525,000,000
Dieu Phu Yen Joint Stock Company	51,707,577,602	47.79%	47.79%	51,707,577,602
Ca Mau Commercial Joint Stock Company	43,940,479,600	24.26%	24.79%	43,940,479,600
Ninh Binh Petroleum Joint Stock Company	10,587,243,636	20.26%	20.26%	10,587,243,636
Material - Petroleum Joint Stock Company (Comeco)	208,510,326,516	44.79%	44.94%	208,510,326,516
Name of joint-ventures				
PetroVietnam Oil Stockpile Company Limited	15,710,834,000	22.51%		15,710,834,000
LG-VINA Chemical Company (i)	6,243,780,000	15.00%		6,243,780,000
Orient Biofuels Company Limited	198,044,907,747	31.12%		198,044,907,747
	1,270,850,589,101			1,263,170,589,101

- (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.

19. EQUITY INVESTMENTS IN OTHER ENTITIES

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
PetroVietnam Infrastructure and Urban Investment Joint Stock Company	90,000,000,000	90,000,000,000
Lam Kinh Hotel Joint Stock Company	28,000,000,000	28,000,000,000
Green Indochina Development Joint Stock Company	26,090,000,000	26,090,000,000
Indochina Petroleum Transportation Joint Stock Company	10,000,000,000	10,000,000,000
Mekong Petroleum Transport Joint Stock Company (Mekongtrans)	7,500,000,000	7,500,000,000
Cambodia Petroleum Joint Stock Company	5,686,500,000	-
	<u>167,276,500,000</u>	<u>161,590,000,000</u>

20. SHORT-TERM TRADE PAYABLES

	<u>Closing balance</u>		<u>Opening balance</u>	
	VND	VND	VND	VND
	Amount	Amount able to be paid off	Amount	Amount able to be paid off
a. Short-term trade payables				
Binh Son Refinery and Petrochemical Plant	1,920,281,440,206	1,920,281,440,206	1,153,455,655,476	1,153,455,655,476
Kairos Oil Trading Ptd Ltd	281,273,096,979	281,273,096,979	586,832,542,790	586,832,542,790
Phu My Oil and Gas Production and Processing JSC	338,537,573,300	338,537,573,300	224,094,315,231	224,094,315,231
Petro Vietnam Gas Corporation - Vung Tau Gas processing Company	109,482,349,351	109,482,349,351	102,908,885,055	102,908,885,055
Others	311,847,999,345	311,847,999,345	59,590,521,228	59,590,521,228
	<u>2,961,422,459,181</u>	<u>2,961,422,459,181</u>	<u>2,961,422,459,181</u>	<u>2,126,881,919,780</u>

21. SHORT-TERM ACCRUED EXPENSES

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Accruals for transportation	16,625,384,122	26,814,259,686
Accruals for oil products	7,385,803,163	10,128,143,739
Accruals for construction investments	8,948,728,584	8,948,728,584
Other accruals	7,418,574,564	5,797,310,341
	<u>40,378,490,433</u>	<u>51,688,442,350</u>

22. OTHER CURRENT PAYABLES

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
a. Other current payables		
Crude oil money received on behalf of other companies	3,367,259,433,124	3,292,725,901,148
Crude oil export duties received on behalf of the State	8,060,176,315	67,313,423,942
Payables related to oil product loans	1,293,847,902	3,575,979,962
Short-term deposits received	224,802,727	1,774,985,896
Others	740,146,757,122	305,338,863,271
	<u>4,116,985,017,190</u>	<u>3,670,729,154,219</u>
b. Other payables for related parties	1,943,604,456,098	3,158,013,070,398
(Details are presented in Note 39)		

23. SHORT-TERM LOANS

	Opening balance		During the year		Closing balance	
	VND Amount	VND Amount able to be paid off	VND Increase	VND Decrease	VND Amount	VND Amount able to be paid off
Short-term loans	2,217,848,827,413	2,217,848,827,413	11,741,534,175,148	11,828,364,859,257	2,131,018,143,304	2,131,018,143,304
Current portion of long-term loans (see Note No. 26)	112,391,636,889	112,391,636,889	98,726,647,616	113,959,641,889	97,158,642,616	97,158,642,616
	2,330,240,464,302	2,330,240,464,302	11,040,260,022,764	11,942,324,501,146	2,220,176,705,920	2,228,176,785,920

Short-term loans represent facilities obtained from banks in the form of letters of credit that might be withdrawn in Vietnam Dong or United States Dollar based on each credit limit as contracted with banks. The balance of short-term loans as at 31 December 2016 includes VND 2,131,018,143,304 (as at 31/12/2015: VND 2,217,848,827,413). Such loans are unsecured and bear fixed interest rates that are stated in each loan acknowledgement and range from 3.3% p.a. to 4.5% p.a. (2015: 3.7% p.a. to 5.2% p.a.) as for Vietnam Dong. The loans are used to supplement the Corporation's working capital.

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

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
Loans in VND	2,131,018,143,304	2,217,848,827,413
	2,131,018,143,304	2,217,848,827,413

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

	<u>Closing balance</u> VND	<u>Opening balance</u> VND
Unsecured loans	2,077,636,283,234	2,166,832,827,413
Secured loans	53,381,860,070	51,016,000,000
	2,131,018,143,304	2,217,848,827,413

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> VND	<u>Opening balance</u> VND
Floating interest rate loans	2,131,018,143,304	2,217,848,827,413
	2,131,018,143,304	2,217,848,827,413



24. SHORT-TERM PROVISIONS

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Provision for environmental risks and damage compensation (i)	9,478,760,971	-
Provision for contractual disputes (ii)	25,871,131,542	-
	<u>35,349,892,513</u>	<u>-</u>

- (i) As of 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 this Circular and set up the provision fund for environmental risks and damage compensation in 2016 with the amount of VND 9,478,760,971.
- (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 2016 financial statements.

25. PETROLEUM PRICE STABILISATION FUND

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Opening balance	325,156,174,903	594,858,618,897
Appropriation to the fund	790,531,891,500	890,207,055,096
Received the balances of price stabilization funds of Petec and Petromekong	-	(110,122,043,922)
Interest incurred	1,106,387,568	2,071,824,300
Utilization in the year	(1,058,466,949,566)	(1,051,859,279,468)
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).

26. LONG-TERM LOANS

	Opening balance		During the year		Closing balance	
	VND Amount	VND Amount able to be paid off	VND Increase	VND Decrease	VND Amount	VND Amount able to be paid off
Current portion of long-term loans (see Note 23)	112,391,636,889	112,391,636,889	98,726,647,616	113,959,641,889	97,158,642,616	97,158,642,616
Long-term loans	226,274,320,655	226,274,320,655	23,658,600,702	98,726,642,616	151,206,278,741	151,206,278,741
	338,665,957,544	338,665,957,544	122,385,248,318	212,686,284,505	248,364,921,357	248,364,921,357

Long-term loans 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 Projects.

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

	Closing balance VND	Opening balance VND
Loans in VND	248,364,921,357	338,665,957,544
	248,364,921,357	338,665,957,544

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

	Closing balance VND	Opening balance VND
Unsecured loans	189,862,553,450	250,440,330,269
Secured loans	58,502,367,907	88,225,627,275
	248,364,921,357	338,665,957,544

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

	Closing balance VND	Opening balance VND
Floating interest rate loans	248,364,921,357	226,274,320,655
	248,364,921,357	226,274,320,655

Long-term loans are repayable as follows:

	Closing balance VND	Opening balance VND
On demand or within one year	97,158,642,616	112,391,636,889
In the second year	58,827,031,736	97,158,642,616
In the third to fifth year inclusive	78,184,086,583	128,672,579,813
After five years	14,195,160,422	443,098,226
	248,364,921,357	338,665,957,544
Amount due for settlement within 12 months (shown under short-term loans - Note 23)	97,158,642,616	112,391,636,889
Amount due for settlement after 12 months	151,206,278,741	226,274,320,655

27. DEFERRED TAX LIABILITIES

The following are the deferred tax liabilities recognised by the Corporation, and their movements during the year.

	<u>Unrealised foreign exchange losses</u>	<u>Revaluation of assets</u>	<u>Total</u>
	VND	VND	VND
Prior year's opening balance	2,321,977,628	33,594,933,269	35,916,910,897
Transfer to profit/(loss) for the year	(2,321,977,628)	(8,309,948,543)	(10,631,926,171)
Current year's opening balance	-	25,284,984,726	25,284,984,726
Transfer to profit/(loss) for the year	-	(5,551,219,664)	(5,551,219,664)
Current year's closing balance	-	19,733,765,062	19,733,765,062

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)**

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28. OWNER'S EQUITY

Movement in owner's equity:

	Owner's contributed capital VND	(Accumulated losses) VND	Investment and development fund VND	Enterprise reorganisation support fund VND	Other reserves VND	Total VND
Prior year's opening balance	10,884,251,000,000	(2,306,200,123,382)	123,287,992,719	6,507,882,113	20,773,000,000	8,728,619,751,450
Profit in the year	-	527,726,318,438	-	-	-	527,726,318,438
Current year's opening balance	10,884,251,000,000	(1,778,473,804,944)	123,287,992,719	6,507,882,113	20,773,000,000	9,256,346,069,888
Profit in the year	-	533,725,501,770	-	-	-	533,725,501,770
Adjustment according to Inspectors' recommendations (*)	-	-	-	(6,507,882,113)	(20,773,000,000)	(27,280,882,113)
Current year's closing balance	10,884,251,000,000	(1,244,748,303,174)	123,287,992,719	-	-	9,762,790,689,545

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

29. OFF BALANCE SHEET ITEMS

		<u>Closing balance</u>	<u>Opening balance</u>
1. Petroleum (M95, M92, DO, Condensate Shariah, E5)	Lit 15	126,271,180	125,248,203
2. Petroleum (FO)	Kg	1,075,925	932,317
3. Foreign currencies (USD)	USD	9,259,155	18,285,314

30. REVENUE FROM GOODS SOLD AND SERVICES RENDERED

	<u>Current year</u>	<u>Prior year</u>
	<u>VND</u>	<u>VND</u>
Gross revenue	23,997,426,128,896	32,356,105,319,346
- Sales of finished goods/merchandise	23,635,444,003,860	31,958,123,089,340
- Sales of services	361,982,125,036	397,982,230,006
Deductions	-	(1,134,044,186)
- Sales return	-	(1,134,044,186)
	<u>23,997,426,128,896</u>	<u>32,354,971,275,160</u>
Sales to related parties (Details are presented in Note 39)	23,147,168,661,088	31,315,735,619,409

31. COST OF SALES

	<u>Current year</u>	<u>Prior year</u>
	<u>VND</u>	<u>VND</u>
Cost of petroleum sold	22,686,750,318,272	30,859,212,950,538
Cost of services rendered	64,704,411,803	108,448,142,443
	<u>22,751,454,730,075</u>	<u>30,967,661,092,981</u>

32. PRODUCTION COST BY NATURE

	<u>Current year</u>	<u>Prior year</u>
	<u>VND</u>	<u>VND</u>
Raw materials and consumables	5,670,995,042,803	7,727,634,450,525
Labour	174,944,000,000	174,338,756,226
Depreciation and amortisation	144,556,360,281	142,947,319,031
Out-sourced services	275,234,648,698	333,776,103,456
Other monetary expenses	196,234,001,730	113,499,561,016
	<u>6,461,964,053,512</u>	<u>8,492,196,190,254</u>

33. FINANCIAL INCOME

	<u>Current year</u>	<u>Prior year</u>
	<u>VND</u>	<u>VND</u>
Bank and loan interest	236,971,918,580	130,314,659,838
Foreign exchange gain	18,122,522,042	33,686,574,638
Dividends received	91,653,761,293	190,994,671,003
Income from transferred investments	3,034,418,320	4,481,085,000
Other financial income	9,363,318,696	27,178,043,919
	<u>359,145,938,931</u>	<u>386,655,034,398</u>

34. FINANCIAL EXPENSES

	<u>Current year</u>	<u>Prior year</u>
	VND	VND
Interest expense	141,809,293,659	82,720,080,562
Foreign exchange loss	11,947,057,887	127,076,108,613
Provision for impairment of financial investments	132,501,717,234	230,833,137,922
Expenses arising from merger deals	-	38,667,497,192
Other financial expenses	22,773,460,513	17,511,562,221
	309,031,529,293	496,808,386,510

35. SELLING EXPENSES AND GENERAL AND ADMINISTRATION EXPENSES

	<u>Current year</u>	<u>Prior year</u>
	VND	VND
Selling expenses		
Salesmen	122,460,800,000	122,202,498,616
Office appliances, furniture and materials	24,885,030,237	4,427,336,363
Transportation	77,954,054,084	94,342,106,184
Provisions	9,478,760,971	-
Out-sourced services	126,561,380,048	152,798,746,516
Depreciation and amortisation	121,288,901,122	118,864,212,924
Others	74,113,096,736	54,459,940,527
	556,742,023,198	547,094,841,130
General and administration expenses		
Management staff	52,483,200,000	52,136,257,610
Office appliances, furniture and materials	10,289,311,752	4,158,207,262
Depreciation and amortisation	15,248,198,942	15,816,510,980
Provisions	29,343,564,888	4,837,394,229
Out-sourced services	32,072,439,231	81,797,856,527
Others	86,498,048,481	59,039,620,489
	225,934,763,294	217,785,847,097

36. PROFIT FROM OTHER ACTIVITIES

	<u>Current year</u>	<u>Prior year</u>
	VND	VND
Proceeds from breach of contracts	432,500,000	1,120,904,316
Proceeds from disposals of fixed assets	-	5,842,142,540
Others	15,334,312,452	11,582,846,908
Other income	15,766,812,452	18,545,893,764
Others	1,001,552,313	13,727,643,337
Other expenses	1,001,552,313	13,727,643,337
Other profit	14,765,260,139	4,818,250,427

37. CORPORATE INCOME TAX EXPENSE

	<u>Current year</u> VND	<u>Prior year</u> VND
Current corporate income tax expense		
- Corporate income tax based on taxable profit in the current year	-	-
- Adjustments for corporate income tax expenses in previous years to the current year	-	-
Total current corporate income tax expense	<u>-</u>	<u>-</u>

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

	<u>Current year</u> VND	<u>Prior year</u> VND
Profit before tax	528,174,282,106	517,094,392,267
Adjustments for taxable income		
Less: Non-assessable income	(107,165,860,040)	(190,994,671,003)
<i>Income from subsidiaries, associates</i>	(91,653,761,293)	(190,994,671,003)
<i>Other non-assessable income</i>	(15,512,098,747)	-
Add back: Non-deductible expenses	124,688,583,735	239,401,746,821
<i>Capital contribution by assets in 2010, 2011</i>	27,756,098,317	26,279,318,504
<i>Provision for devaluation of inventories</i>	-	128,731,682,983
<i>Provision for impairment of long-term financial investments</i>	68,157,957,250	28,481,177,602
<i>Other non-deductible expenses</i>	28,774,528,168	55,909,567,732
Losses carried forward	(545,697,005,801)	(565,501,468,085)
Assessable income	-	-
<i>Assessable income at normal tax rate of 20% (2015: 22%)</i>	-	-
Corporate income tax expense based on assessable income in the current year	-	-

At the balance sheet date, the Corporation has unused tax loss of VND 488,873,614,740 (as at 31 December 2015: VND 1,034,570,620,541) available for offset against future taxable profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. The tax loss can be carried forward up to five years from the year it incurred.

38. 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's construction and assets acquisition in the year and an amount of VND 125 billion for equity investments in other entities.

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39. RELATED PARTY TRANSACTIONS AND BALANCES

List of related parties:

Related parties	Relationship
Vietnam Oil and Gas Group (PVN)	Owner
Mekong Petroleum Joint Stock Company	Subsidiary
PV Oil Lube Joint Stock Company	Subsidiary
Vung Ang Petroleum Joint Stock Company	Subsidiary
Thai Nguyen Petroleum Joint Stock Company	Subsidiary
Tra Vinh Petroleum Joint Stock Company	Subsidiary
Bac Lieu Petroleum Joint Stock Company	Subsidiary
Binh Thuan Petroleum Joint Stock Company	Subsidiary
Thanh Hoa Petroleum Joint Stock Company	Subsidiary
Cai Lan Petroleum Joint Stock Company	Subsidiary
Phu Yen Petroleum Joint Stock Company	Subsidiary
Hanoi Petroleum Joint Stock Company	Subsidiary
Phu My Petroleum Production and Processing Joint Stock Company	Subsidiary
Saigon Petroleum Joint Stock Company	Subsidiary
Vung Tau Petroleum Joint Stock Company	Subsidiary
Thai Binh Petroleum Joint Stock Company (i)	Subsidiary
Thai Binh Petroleum Services Joint Stock Company (i)	Subsidiary
Nam Dinh Petroleum Joint Stock Company	Subsidiary
Tay Ninh Petroleum Joint Stock Company	Subsidiary
Thua Thien Hue Petroleum Joint Stock Company	Subsidiary
Laos Oil and Gas Petroleum Company Limited	Subsidiary
Singapore International Oil Trading Company Limited	Subsidiary
Kien Giang Petroleum Joint Stock Company	Subsidiary
Phu Tho Petroleum Joint Stock Company	Subsidiary
Central PetroVietnam Oil Joint Stock Company	Subsidiary
Hai Phong PetroVietnam Oil Joint Stock Company	Subsidiary
Quang Ninh Petroleum Joint Stock Company	Subsidiary
Vietnam Petroleum Oil Transport Joint Stock Company	Subsidiary
Ha Giang Petroleum Tourism and Trading Joint Stock Company	Subsidiary
Petec Trading and Investment Corporation	Subsidiary
Thu Duc Trading and Import Export Joint Stock Company	Subsidiary

- (i) During the year, the Corporation restructured Thai Binh Petroleum Joint Stock Company into two independent companies, including Thai Binh Petroleum Services Joint Stock Company operating in the fields of production and business of mineral water, soft drink and Thai Binh Petroleum Joint Stock Company operating in petroleum field.

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

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Related parties	Relationship
Oil and Gas PetroChemical and Bio-fuels Joint Stock Company	Associate
Oil and Gas Trade Joint Stock Company (Petechim)	Associate
Thuan An Universal Trade Joint Stock Company	Associate
Petroleum Material Joint Stock Company Comeco	Associate
Binh Thuan Trade Joint Stock Company	Associate
Quang Tri Trade and Services Joint Stock Company	Associate
Central Petrochemical and Biofuel Joint Stock Company	Associate
Dieu Phu Yen Joint Stock Company	Associate
Ca Mau Trade Joint Stock Company	Associate
LG-Vina Chemical Joint Venture Company	Joint Venture
PetroVietnam Oil Stockpile Company Limited	Joint Venture
Orient Petrochemical and Biofuels Joint Stock Company	Joint Venture
PetroVietnam Infrastructure and Urban Investment Joint Stock Company (ii)	Other long-term investee
Indochina Petroleum Transportation Joint Stock Company (ii)	Other long-term investee
Petroleum Information Technology Telecom and Automation Joint Stock Company (ii)	Other long-term investee
Mekong Petroleum Transport Joint Stock Company (Mekongtrans)	Other long-term investee
PetroVietnam Transportation Corporation	Other entity in PVN
PetroVietnam Exploration Production Corporation	Other entity in PVN
PetroVietnam Gas Corporation	Other entity in PVN
PVI Insurance Corporation	Other entity in PVN
PetroVietnam Gas Joint Stock Corporation	Other entity in PVN
PetroVietnam Energy Technology Corporation	Other entity in PVN
General Services Oil and Gas Corporation	Other entity in PVN
PetroVietnam Power Corporation	Other entity in PVN
Binh Son Refining and Petrochemical Company Limited	Other entity in PVN
VietsovPetro Joint Venture	Other entity in PVN
PVI Holdings	Other entity in PVN
Orient Biofuels Company Limited	Other entity in PVN
Cuu Long Joint Operating Company	Other entity in PVN
Vietnam Energy Inspection	Other entity in PVN
Petroleum offshore Trading and Services	Other entity in PVN
PVD offshore Services Limited Company	Other entity in PVN
Duyen Hai PetroVietnam Investment and Construction Joint Stock Company	Other entity in PVN
PetroVietnam Securities Incorporated	Other entity in PVN
PTSC Quang Ngai Petroleum Services Joint Stock Company	Other entity in PVN
Phuong Dong Viet Transportation Oil Joint Stock Company	Other entity in PVN
PVE Oil Gas Project Management Consultancy Joint Stock Company	Other entity in PVN
Dung Quat Oil Refinery Project Management Board	Other entity in PVN

- (ii) Corporates that control or are controlled directly or indirectly through one or more intermediaries, or under joint control of the Corporation (including holding company, subsidiaries and fellow subsidiaries).



VIETNAM OIL AND GAS GROUP
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During the year, the Corporation entered into the following significant transactions with its related parties:

	<u>Current year</u>	<u>Prior year</u>
	VND	VND
Major sales		
Vung Tau Petroleum Joint Stock Company	1,978,319,738,376	3,137,533,965,088
Saigon Petroleum Joint Stock Company	2,116,189,720,745	2,998,380,542,150
Petec Trading and Investment Corporation	2,945,267,134,982	3,584,039,082,865
Hanoi Petroleum Joint Stock Company	2,417,331,678,147	3,084,552,697,911
Central PetroVietnam Oil Joint Stock Company	1,282,984,944,487	1,804,512,090,588
Vung Ang Petroleum Joint Stock Company	990,704,531,653	1,462,677,348,419
Mekong Petroleum Joint Stock Company	1,511,724,147,789	2,104,974,035,737
Phu Yen Petroleum Joint Stock Company	1,207,600,117,197	1,636,762,355,198
Hai Phong PetroVietnam Oil Joint Stock Company	762,760,459,100	1,040,951,248,969
Nam Dinh Petroleum Joint Stock Company	799,824,889,440	1,106,393,462,350
Tay Ninh Petroleum Joint Stock Company	683,289,761,785	906,472,597,471
Binh Thuan Petroleum Joint Stock Company	770,969,129,306	1,106,251,846,957
Ninh Binh Petroleum Joint Stock Company	1,058,342,805,128	881,851,372,189
Quang Ninh Petroleum Joint Stock Company	629,102,566,581	977,548,891,232
Thua Thien Hue Petroleum Joint Stock Company	465,994,678,368	712,254,096,330
Petroleum Trading Joint Stock Company	533,145,455	-
Thanh Hoa Petroleum Joint Stock Company	961,226,044,699	1,296,168,131,959
Thai Nguyen Petroleum Joint Stock Company	439,080,428,306	667,845,856,420
Kien Giang Petroleum Joint Stock Company	200,470,089,527	522,572,321,438
Phu Tho Petroleum Joint Stock Company	466,686,875,052	734,174,608,963
Thai Binh Petroleum Joint Stock Company	388,468,214,452	507,255,768,010
Bac Lieu Petroleum Joint Stock Company	247,666,907,619	358,654,486,774
PV Oil Lube Joint Stock Company	77,190,012,590	79,919,381,965
Tra Vinh Petroleum Joint Stock Company	161,890,543,287	173,825,950,904
Ha Giang Petroleum Joint Stock Company	86,446,120,103	95,953,667,599
Binh Son Refining and Petrochemical Company Limited	72,415,528,814	71,404,066,973
PetroVietnam Exploration Production Corporation	51,814,117,065	55,841,140,098
Cai Lan Petroleum Joint Stock Company	217,692,123,695	34,529,904,531
Phu My Production and Processing Joint Stock Company	1,250,241,506	6,526,936,021
PetroVietnam Transportation Corporation	648,493,525	-
Laos Oil and Gas Petroleum Company Limited	583,782,144	174,881,908
PetroVietnam Power Corporation	145,904,742,735	163,160,137,676
Singapore International Oil Trade Company Limited	6,794,947,430	2,572,744,716
	23,147,168,661,088	31,315,735,619,409

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

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Major purchases	Current year VND	Prior year VND
Binh Son Refining and Petrochemical Company Limited	17,012,992,351,493	20,031,510,466,897
Singapore International Oil Trading Company Limited	692,716,978,722	1,613,394,293,897
PetroVietnam Gas Corporation	374,132,466,647	345,963,769,130
Vietnam Oil and Gas Group	176,124,615,420	165,091,851,369
PetroVietnam Transportation Corporation	230,891,084,515	219,878,496,841
Phu My Production and Processing Joint Stock Company	512,376,596,861	434,299,995,085
Vietnam Petroleum Oil Transport Joint Stock Company	82,934,011,961	96,979,694,977
PV Oil Lube Joint Stock Company	225,998,340	1,745,310,700
Petroleum Trading Joint Stock Company (Petechim)	684,395,401	13,936,510,966
PetroVietnam Central Biofuels Joint Stock Company	-	95,965,796,026
Hai Phong PetroVietnam Oil Joint Stock Company	19,819,361,188	26,236,129,555
PVI Holdings	14,092,625,793	27,863,148,633
Mekong Petroleum Joint Stock Company	5,370,895,015	2,038,826,581
Vung Ang Petroleum Joint Stock Company	13,988,690,621	13,581,818,183
Vietnam Energy Inspection Corporation	14,246,865,035	12,695,584,074
Saigon Petroleum Joint Stock Company	13,911,053,972	4,542,994,808
Petroleum Offshore Trading and Services Company Limited	8,013,910,039	9,251,828,341
Vung Tau Petroleum Joint Stock Company	7,523,780,593	10,554,553,805
Cai Lan Petroleum Joint Stock Company	8,337,272,724	8,337,272,724
PetroVietnam Drilling and Well Services Corporation	2,040,000,000	2,040,000,001
Thua Thien Hue Petroleum Joint Stock Company	2,490,909,091	2,400,000,000
Vinh Long Petroleum Joint Stock Company	-	98,452,237
Thai Binh Petroleum Joint Stock Company	2,049,108,917	234,280,382
PetroVietnam Engineering Consultancy Corporation	-	70,999,056
The Central Petroleum Joint Stock Company	2,772,368,636	2,898,584,253
PetroVietnam Securities Incorporated	296,188,147	140,670,000
Ha Noi Petroleum Joint Stock Company	1,156,738,139	869,198,019
Thanh Hoa Petroleum Joint Stock Company	9,681,624,818	335,862,418
PVI Insurance Corporation	1,710,959,543	1,193,769,007
Phuong Dong Viet Oil Shipping Joint Stock Company	68,037,615,557	64,146,948,338
PetroVietnam Exploration Production Corporation	17,977,662,382	145,602,101,456
Consulting Project Management Petroleum PVE Joint Stock Company	1,085,534,942	2,840,914,754
	19,297,681,664,512	23,356,740,122,513

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

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Dividends received	Current year	Prior year
	VND	VND
Laos Oil and Gas Petroleum Company Limited	-	62,921,532,750
Comeco Petroleum Material Joint Stock Company	31,625,080,000	39,215,099,200
Singapore International Oil Trade Pte. Ltd.	-	15,277,220,000
LG Vina Chemical Joint Venture Company	6,366,900,000	7,465,860,000
Petroleum Trade Joint Stock Company (Petechim)	-	4,640,000,000
Thu Duc Trading and Import - Export Joint Stock Company	8,856,022,000	7,566,876,000
Ha Noi Petroleum Joint Stock Company	2,675,490,000	-
Thua Thien Hue Petroleum Joint Stock Company	1,194,700,000	-
Ca Mau Trading Joint Stock Company	4,404,036,000	4,404,036,000
Thai Binh Petroleum Joint Stock Company	1,025,264,743	-
Tay Ninh Petroleum Joint Stock Company	-	1,533,000,000
Binh Thuan Petroleum Joint Stock Company	2,702,651,400	4,504,419,000
Thanh Hoa Petroleum Joint Stock Company	2,763,407,500	2,065,500,000
Vung Tau Petroleum Joint Stock Company	10,292,850,000	24,016,650,000
Bac Lieu Trade Joint Stock Company	442,824,000	608,883,000
Ha Giang General Commercial Joint Stock Company	136,105,500	328,050,000
Ninh Binh Petroleum Joint Stock Company	-	1,793,649,600
Quang Ninh Petroleum Joint Stock Company	-	62,720,453
PV OIL Lube Joint Stock Company	-	1,115,460,000
Thuan An Universal Trade Joint Stock Company	724,929,000	483,286,000
Tra Vinh Trading Joint Stock Company	668,357,500	649,029,000
Phu Tho Petroleum Joint Stock Company	-	1,792,040,000
Transport Petroleum Oil and Gas Vietnam Joint Stock Company	1,420,000,000	1,020,000,000
Nam Dinh Petroleum Joint Stock Company	1,134,375,650	-
Phu Yen Petroleum Joint Stock Company	7,190,768,000	5,531,360,000
Petroleum Trade Joint Stock Company (Petechim)	2,030,000,000	-
Central PetroVietnam Oil Company Limited	6,000,000,000	4,000,000,000
	91,653,761,293	190,994,671,003

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:

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

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VIETNAM OIL AND GAS GROUP
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Significant related party balances as at the balance sheet date were as follows:

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Trade receivables		
Binh Son Refining and Petrochemical Company Limited	10,588,065,430	14,086,553,235
Petec Trading and Investment Corporation	577,918,845,550	673,827,115,127
VietsovPetro Joint Venture	33,175,322,522	31,588,885,532
Saigon Petroleum Joint Stock Company	144,428,353,433	205,832,139,765
Quang Ninh Petroleum Joint Stock Company	58,762,149,379	65,530,723,710
Phu Tho Petroleum Joint Stock Company	132,222,153,221	111,928,912,892
Hanoi Petroleum Joint Stock Company	32,989,315,022	115,789,199,618
Vung Tau Petroleum Joint Stock Company	96,669,312,776	42,739,754,544
Thanh Hoa Petroleum Joint Stock Company	14,125,870,130	34,001,737,644
Vung Ang Petroleum Joint Stock Company	71,124,779,249	42,415,982,317
Ninh Binh Petroleum Joint Stock Company	76,995,792,176	48,343,028,941
Hai Phong PetroVietnam Oil Joint Stock Company	57,643,782,944	67,957,136,611
Mekong Petroleum Joint Stock Company	152,467,860,574	215,156,585,517
Central PetroVietnam Oil Joint Stock Company	34,305,189,497	54,492,952,245
Nam Dinh Petroleum Joint Stock Company	105,575,812,894	25,811,945,279
PV Oil Lube Joint Stock Company	41,895,637,099	24,639,249,393
Kien Giang Petroleum Joint Stock Company	61,786,049,338	44,544,569,099
Bac Lieu Petroleum Joint Stock Company	21,151,589,482	22,328,689,029
Thai Nguyen Petroleum Joint Stock Company	20,003,205,286	23,390,016,703
Binh Thuan Petroleum Material Joint Stock Company	13,467,715,018	12,265,550,982
Tra Vinh Petroleum Joint Stock Company	11,344,873,752	7,477,314,268
PetroVietnam Exploration Production Corporation	12,479,005,996	12,854,866,849
Phu My Petroleum Processing and Production Joint Stock Company	-	1,336,158,290
Ha Giang Petroleum Tourism and Trading Joint Stock Company	3,485,448,398	4,068,042,901
Orient Biofuels Company Limited	2,160,324,960	2,160,324,960
Cuu Long Joint Operating Company	-	919,916,532
Petrovietnam Transportation Corporation	-	892,455,414
Dong Phuong Petroleum Joint Stock Company	53,754,700,576	2,571,250,000
Nghi Son Refinery Company Limited	178,768,765,650	-
Bien Dong POC	1,700,690,091	1,453,936,996
Dung Quat Oil Refinery Project Management Board	1,362,230,984	1,362,230,984
	<u>2,022,352,841,427</u>	<u>1,911,767,225,377</u>

	<u>Closing balance</u>	<u>Opening balance</u>
	VND	VND
Other receivables		
Binh Son Refining and Petrochemical Company Limited	3,179,483,992,180	1,936,692,132,678
Petroleum Trading Joint Stock Company - Tax paid on behalf	40,529,988,943	50,125,344,897
Vietnam Oil and Gas Group	47,016,184,142	47,016,184,142
Saigon Petroleum Joint Stock Company	6,656,612,809	13,171,355,915
Phu Tho Petroleum Joint Stock Corporation	10,825,971,357	14,767,052,689
Vietnam Petroleum Oil Transportation Joint Stock Company	9,345,799,212	9,930,060,474
Petec Trading and Investment Corporation	90,361,693	332,652,906
Singapore International Oil Trading Company Limited	421,532,672,502	-
PV Oil Lube Joint Stock Company	-	1,115,460,000
PetroVietnam Infrastructure and Urban Investment Joint Stock Company	-	1,800,000,000
Petrochemical and Bio-fuels Joint Stock Company	-	1,747,671,157
VietsovPetro Joint Venture	286,878,542,256	132,327,975,633
Mekong Petroleum Joint Stock Company	-	34,898,565,532
Central PetroVietnam Oil Joint Stock Company	6,619,426,000	11,900,000,000
Kien Giang Petroleum Joint Stock Company	-	66,136,015
	<u>4,008,979,551,094</u>	<u>2,255,890,592,038</u>

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 PETROVIETNAM OIL CORPORATION - ONE MEMBER LIMITED COMPANY
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Trade payables	<u>Closing balance</u> VND	<u>Opening balance</u> VND
Binh Son Refining and Petrochemical Company Limited	1,920,281,440,206	1,153,455,655,476
PetroVietnam Transportation Corporation	38,303,726,923	693,000,110
Petro Vietnam Gas Corporation - Vung Tau Gas processing Company	109,482,349,351	102,908,885,055
Phu My Petroleum Production and Processing Joint Stock Company	338,537,573,300	224,094,315,231
	<u>2,406,605,089,780</u>	<u>1,481,151,855,872</u>

Other payables	<u>Closing balance</u> VND	<u>Opening balance</u> VND
VietsovPetro Joint Venture	1,836,554,589,805	2,934,665,743,894
VietsovPetro Joint Venture (UTSPD importing)	-	78,477,161,657
Vietnam Oil and Gas Group	83,177,433,693	111,967,754,164
PV Oil Lube Joint Stock Company	23,674,432,600	23,674,432,600
Mekong Petroleum Joint Stock Corporation	198,000,000	270,572,644
	<u>1,943,604,456,098</u>	<u>3,158,013,070,398</u>



40. SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Supplemental non-cash disclosures

Cash outflows for purchases of fixed assets and other long-term assets during the year exclude an amount of VND 6,725,244,090 (2015: VND 4,490,976,924), representing an addition in fixed assets during the year that has not yet been 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 investment during the year that has not yet been received. Consequently, changes in receivables have been adjusted by the same amount.

41. 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 Petro Vietnam 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.



17 March 2017



Nguyen Dang Trinh
Chief Accountant



Nguyen Thi Thuy Phuong
Preparer

