

**Deloitte.**

**PETROVIETNAM GAS CORPORATION –  
JOINT STOCK COMPANY**  
*(Incorporated in the Socialist Republic of Vietnam)*

**AUDITED CONSOLIDATED  
FINANCIAL STATEMENTS**

**For the period from 16 May 2011 (the official date of  
transformation from one member company limited into  
joint stock company) to 31 December 2011**



**TABLE OF CONTENTS**

<b><u>CONTENTS</u></b>	<b><u>PAGES</u></b>
STATEMENT OF THE BOARD OF GENERAL DIRECTORS	1 - 2
AUDITORS' REPORT	3 - 4
CONSOLIDATED BALANCE SHEET	5 - 6
CONSOLIDATED INCOME STATEMENT	7
CONSOLIDATED CASH FLOW STATEMENT	8
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	9 - 38



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## **STATEMENT OF THE BOARD OF GENERAL DIRECTORS**

The Board of General Directors of PetroVietnam Gas Corporation – Joint Stock Company (“the Corporation”) presents this report together with the Corporation’s consolidated financial statements for the period from 16 May 2011 (the official date of transformation from One Member Company Limited to Joint Stock Company) to 31 December 2011.

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

The members of the Boards of Management and General Directors of the Corporation who held office during the period from 16 May 2011 to 31 December 2011 and to the date of this consolidated financial statements are as follows:

#### **Board of Management**

Ms. Nguyen Thi Lan	Chairwoman
Mr. Vu Dinh Chien	Vice Chairman
Mr. Do Khang Ninh	Member
Mr. Phan Quoc Nghia	Member
Mr. Nguyen Trung Dan	Member

#### **Board of General Directors**

Mr. Do Khang Ninh	General Director
Mr. Tran Hung Hien	Deputy General Director
Mr. Pham Hong Linh	Deputy General Director
Mr. Nguyen Thanh Nghi	Deputy General Director
Mr. Duong Manh Son	Deputy General Director
Mr. Bui Ngoc Quang	Deputy General Director
Mr. Nguyen Quoc Huy	Deputy General Director
Mr. Ho Tung Vu	Deputy General Director
Mr. Nguyen Mau Dung	Deputy General Director

### **THE BOARD OF GENERAL DIRECTORS’ STATEMENT OF RESPONSIBILITY**

The Board of General Directors of the Corporation is responsible for preparing the consolidated financial statements of the period, which give a true and fair view of the financial position of the Corporation and of its results and cash flows for the period. In preparing these consolidated financial statements, the Board of General Directors is required to:

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

**PETROVIETNAM GAS CORPORATION – JOINT STOCK COMPANY**  
PV GAS Tower, 673 Nguyen Huu Tho Street  
Phuoc Kien Commune, Nha Be District  
Ho Chi Minh City, S.R. Vietnam

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**STATEMENT OF THE BOARD OF GENERAL DIRECTORS (Continued)**

The Board of General 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 consolidated financial statements comply with Vietnamese Accounting Standards, Vietnamese Accounting System and prevailing relevant regulations in Vietnam. The Board of General 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 General Directors confirms that the Corporation has complied with the above requirements in preparing these consolidated financial statements.

For and on behalf of the Board of General Directors,



**Do Khang Ninh**  
**General Director**

*19 March 2012*

No. 1095 /Deloitte-AUDHN-RE

## AUDITORS' REPORT

**To: The Shareholders  
The Boards of Management and General Directors  
PetroVietnam Gas Corporation – Joint Stock Company**

We have audited the accompanying consolidated balance sheet of PetroVietnam Gas Corporation – Joint Stock Company ("the Corporation") as at 31 December 2011, the related consolidated statements of income and cash flows for the period from 16 May 2011 to 31 December 2011, and the notes thereto (collectively referred to as "the consolidated financial statements"), as set out from page 5 to page 38. The accompanying consolidated 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.

### Respective Responsibilities of the Board of General Directors and Auditors

As stated in the Statement of the Board of General Directors on page 1 and 2, these consolidated financial statements are the responsibility of the Corporation's Board of General Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

### Basis of Opinion

We have conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

### Opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view of, in all material respects, the financial position of the Corporation as at 31 December 2011 and the results of its operations and its cash flows for the period from 16 May 2011 to 31 December 2011 then ended in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System and prevailing relevant regulations in Vietnam.

*We would like to draw attention to the following issues:*

- As presented in Note 31 of the Notes to the consolidated financial statements, revenue from selling and transporting Nam Con Son gas is recognized at the issue date of value added tax invoices in accordance with Official Letter No.5110-TC/TCT dated 16 May 2003 issued by the Ministry of Finance. Accordingly, revenue and cost of sold and transported Nam Con Son gas incurred in November and December 2011 have not been recorded in the consolidated income statement for the period from 16 May 2011 to 31 December 2011 with the amounts of VND 3,137 billion and VND 2,699 billion, respectively (those incurred in April 2011 and from 01 May 2011 to 15 May 2011 of PetroVietnam Gas Corporation – One Member Company Limited, equitized entity, were recorded in the consolidated income statement for the period from 16 May 2011 to 31 December 2011 with the amounts of VND 2,781 billion and VND 2,422 billion, respectively).



## AUDITORS' REPORT (Continued)

- As presented in Note 25 of the Notes to the consolidated financial statements, the Corporation recorded an increase due to the adjustment of gas price applied to gas sold for the period from 16 May 2011 to 31 December 2011 to PetroVietnam Fertilizer and Chemicals Corporation – Joint Stock Company with the amount of VND 410,678,013,139 in other payables for supporting operation of Ca Mau Fertilizer Plant under Document No.2732/VPCP-KTN dated on 29 April 2011 issued by the Government Office. Currently, the Corporation is waiting for the guidelines from Vietnam Oil and Gas Group for the settlement this amount.
- As presented in Note 2 of the Notes to the consolidated financial statements, the Corporation has officially operated under Joint Stock Company from 16 May 2011. The financial statements for the period from 16 May 2011 to 31 December 2011 do not include any adjustments to final accounts of equitization as the Corporation has not received any approved document on final accounts of equitization at the official date of transformation into Joint Stock Company.



*[Signature]*  
Lan Anh  
Deputy General Director  
CPA Certificate No. D.0036/KTV

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

19 March 2012  
Hanoi, S.R. Vietnam

Tran Huy Cong  
Auditor  
CPA Certificate No. 0891/KTV

**PETROVIETNAM GAS CORPORATION – JOINT STOCK COMPANY**

PV GAS Tower, 673 Nguyen Huu Tho Street  
Phuoc Kien Commune, Nha Be District  
Ho Chi Minh City, S.R. Vietnam

**Consolidated Financial Statements**  
For the period from 16 May 2011  
to 31 December 2011

**CONSOLIDATED BALANCE SHEET**

*As at 31 December 2011*

**FORM B 01-DN/HN**  
Unit: VND

ASSETS	Codes	Notes	31/12/2011
<b>A. CURRENT ASSETS</b> (100=110+120+130+140+150)	<b>100</b>		<b>19,228,454,339,267</b>
<b>I. Cash and cash equivalents</b>	<b>110</b>	<b>5</b>	<b>10,045,200,208,018</b>
1. Cash	111		2,469,909,918,705
2. Cash equivalents	112		7,575,290,289,313
<b>II. Short-term financial investments</b>	<b>120</b>		<b>317,329,590,057</b>
1. Short-term investments	121	6	317,329,590,057
<b>III. Short-term receivables</b>	<b>130</b>		<b>6,950,175,738,591</b>
1. Trade accounts receivable	131		5,848,359,560,410
2. Advances to suppliers	132		532,350,611,965
3. Other receivables	135	7	576,915,982,111
4. Provision for short-term doubtful debts	139		(7,450,415,895)
<b>IV. Inventories</b>	<b>140</b>	<b>8</b>	<b>1,058,438,475,370</b>
1. Inventories	141		1,116,531,431,416
2. Provision for devaluation of inventories	149		(58,092,956,046)
<b>V. Other short-term assets</b>	<b>150</b>		<b>857,310,327,231</b>
1. Short-term prepayments	151		84,694,771,269
2. Value added tax deductibles	152		240,658,682,211
3. Taxes and other receivables from the State Budget	154	9	35,267,267,043
4. Other short-term assets	158	10	496,689,606,708
<b>B. NON-CURRENT ASSETS</b> (200=210+220+250+260)	<b>200</b>		<b>25,690,247,699,060</b>
<b>I. Long-term receivables</b>	<b>210</b>		<b>4,271,313,000</b>
1. Other long-term receivables	218		4,271,313,000
<b>II. Fixed assets</b>	<b>220</b>		<b>21,690,932,957,816</b>
1. Tangible fixed assets	221	11	16,880,391,593,443
- Cost	222		27,455,376,602,037
- Accumulated depreciation	223		(10,574,985,008,594)
2. Finance lease assets	224	12	217,309,123,704
- Cost	225		233,362,226,977
- Accumulated depreciation	226		(16,053,103,273)
3. Intangible fixed assets	227	13	266,163,593,071
- Cost	228		277,339,154,931
- Accumulated amortisation	229		(11,175,561,860)
4. Construction in progress	230	14	4,327,068,647,598
<b>III. Long-term financial investments</b>	<b>250</b>		<b>990,464,441,887</b>
1. Investments in associates	252	16	123,325,626,151
2. Other long-term investments	258	18	892,138,815,736
3. Provision for diminution in value of long-term financial investments	259		(25,000,000,000)
<b>IV. Other long-term assets</b>	<b>260</b>		<b>3,004,578,986,357</b>
1. Long-term prepayments	261	19	2,982,084,940,813
2. Deferred tax assets	262		3,696,280,326
3. Other long-term assets	268		18,797,765,218
<b>C. GOODWILL</b>	<b>269</b>	<b>20</b>	<b>692,064,922,695</b>
<b>TOTAL ASSETS (270 = 100 + 200+269)</b>	<b>270</b>		<b>45,610,766,961,022</b>

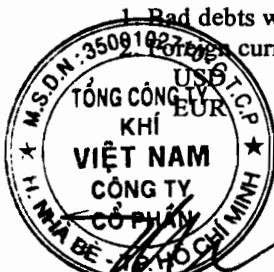
*The notes set out on pages 9 to 38 are an integral part of these consolidated financial statements*

**CONSOLIDATED BALANCE SHEET (Continued)**

As at 31 December 2011

**FORM B 01-DN/HN**  
 Unit: VND

RESOURCES	Codes	Notes	31/12/2011
<b>A. LIABILITIES (300 = 310+330)</b>	<b>300</b>		<b>20,591,723,900,161</b>
<b>I. Current liabilities</b>	<b>310</b>		<b>10,348,754,186,231</b>
1. Short-term loans and liabilities	311	21	2,866,904,584,313
2. Trade accounts payable	312		4,215,277,931,471
3. Advances from customers	313		20,504,283,485
4. Taxes and amounts payable to the State budget	314	22	596,751,265,911
5. Payables to employees	315		158,882,685,476
6. Accrued expenses	316	23	1,042,983,577,594
7. Short-term inter-company payables	317	24	45,128,506,078
8. Other current payables	319	25	1,280,701,753,553
9. Bonus and welfare funds	323		121,619,598,350
<b>II. Long-term liabilities</b>	<b>330</b>		<b>10,242,969,713,930</b>
1. Long-term inter-company payables	332	26	44,264,383,269
2. Other long-term payables	333	27	265,905,529,389
3. Long-term loans and liabilities	334	28	8,149,810,808,499
4. Provision for severance allowance	336		3,137,375,655
5. Unearned revenue	338		633,140,614,765
6. Scientific and technological development fund	339		1,146,711,002,353
<b>B. EQUITY</b>	<b>400</b>		<b>23,482,279,466,687</b>
<b>(400=410+430)</b>			
<b>I. Owner's equity</b>	<b>410</b>	<b>29</b>	<b>23,480,353,215,187</b>
1. Owner's contributed capital	411		18,950,000,000,000
2. Other owner's capital	413		30,966,515,289
3. Foreign exchange reserve	416		(71,056,425,755)
4. Investment and development fund	417		357,653,653,654
5. Financial reserve fund	418		456,640,566,558
6. Other owner's funds	419		214,429,579,255
7. Retained earnings	420		3,541,719,326,186
<b>II. Other resources and funds</b>	<b>430</b>		<b>1,926,251,500</b>
1. Funds for fixed assets acquisition	433		1,926,251,500
<b>C. NON CONTROLLING INTERESTS</b>	<b>439</b>	<b>30</b>	<b>1,536,763,594,174</b>
<b>TOTAL RESOURCES (440 = 300+ 400+439)</b>	<b>440</b>		<b>45,610,766,961,022</b>
<b>OFF BALANCE SHEET ITEMS</b>			<b>31/12/2011</b>
1. Bad debts written off			3,394,214,263
2. Forfeited currencies			4,234,016.07
			128.25



Do Khang Ninh  
 General Director

19 March 2012

Mai Huu Ngan  
 Chief Accountant

The notes set out on pages 9 to 38 are an integral part of these consolidated financial statements

**PETROVIETNAM GAS CORPORATION – JOINT STOCK COMPANY**

PV GAS Tower, 673 Nguyen Huu Tho Street  
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**Consolidated Financial Statements**

For the period from 16 May 2011  
to 31 December 2011

**CONSOLIDATED INCOME STATEMENT**  
For the period from 16 May 2011 to 31 December 2011

**FORM B 02-DN/HN**  
Unit: VND

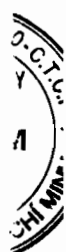
ITEMS	Codes	Notes	From 16/5/2011
			to 31/12/2011
1. Gross sales	01	31	41,311,000,895,047
2. Deductions	02	31	63,077,717,413
3. Net sales (10=01-02)	10	31	41,247,923,177,634
4. Cost of sales	11	32	34,070,495,676,926
5. Gross profit from sales (20 = 10-11)	20		7,177,427,500,708
6. Financial income	21	33	697,603,402,759
7. Financial expenses	22	34	702,861,583,853
- In which: Interest expense	23		529,331,272,335
8. Selling expenses	24		799,463,936,471
9. General and administration expenses	25		1,186,899,701,875
10. Operating profit (30 = 20+(21-22)-(24+25))	30		5,185,805,681,269
11. Other income	31	35	364,854,768,621
12. Other expenses	32	36	47,259,314,742
13. Profit from other activities (40=31-32)	40		317,595,453,879
14. Share of net profit of associates	45		3,494,842,988
15. Accounting profit before tax (50=30+40+45)	50		5,506,895,978,136
16. Current corporate income tax expense	51	37	918,548,756,265
17. Deferred corporate income expense	52		72,129,836
18. Net profit after corporate income tax (60=50-51-52)	60		4,588,275,092,035
19. Profit attributable to non-controlling interests	61		254,094,014,059
20. Profit attributable to shareholders of the holding Company	62		4,334,181,077,976
21. Basic earnings per share	70	38	2,285



**Do Khang Ninh**  
General Director

19 March 2012

**Mai Huu Ngan**  
Chief Accountant



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**Consolidated Financial Statements**  
For the period from 16 May 2011  
to 31 December 2011

**CONSOLIDATED CASH FLOW STATEMENT**

*For the period from 16 May 2011 to 31 December 2011*

**FORM B 03-DN/HN**

Unit: VND

From 16/5/2011

to 31/12/2011

ITEMS	Codes	
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
1. Profit before tax	01	5,506,895,978,136
2. Adjustments for:		
Depreciation and amortisation	02	1,816,865,445,885
Provisions	03	90,543,371,941
Unrealized foreign exchange loss	04	91,084,818,375
(Gain) from investing activities	05	(661,194,446,427)
Interest expense	06	529,331,272,335
3. Operating profit before movements in working capital	08	7,373,526,440,245
Change in receivables	09	2,347,752,527,079
Change in inventories	10	627,349,676,004
Change in accounts payable (not including accrued interest and corporate income tax payable)	11	(2,372,561,239,456)
Change in prepaid expenses and others	12	(276,347,249,407)
Interest paid	13	(508,904,884,922)
Corporate income tax paid	14	(956,524,112,145)
Other cash outflows	16	(21,255,711,875)
Net cash from operating activities	20	6,213,035,445,523
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
1. Acquisition and construction of fixed assets	21	(3,856,246,746,325)
2. Proceeds from sales, disposal of fixed assets	22	41,923,238,451
3. Cash outflow for lending, buying debt instruments of other entities	23	(573,693,525,114)
4. Cash recovered from lending, selling debt instruments of other entities	24	169,209,868,170
5. Cash recovered from investments in other entities	26	40,546,875,000
6. Interest earned, dividends and profits received	27	640,759,210,852
Net cash (used in) investing activities	30	(3,537,501,078,966)
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
1. Proceeds from borrowings	33	5,192,259,720,380
2. Repayments of borrowings	34	(2,727,532,981,688)
3. Repayments of obligations under finance lease	35	(48,733,367,141)
Net cash from financing activities	40	2,415,993,371,551
Net increase in cash	50	5,091,527,738,108
Cash and cash equivalents transferred (i)	60	4,949,395,161,272
Effects of changes in foreign exchange rates	61	4,277,308,638
Cash and cash equivalents at the end of the period	70	10,045,200,208,018

(i) As at 15 May 2011, only the parent company, PetroVietnam Gas Corporation – One Member Company Limited, was transformed into Joint Stock Company and the Corporation did not prepare the consolidated financial statements at the transformation date. Therefore, cash and cash equivalents transferred only included balances of cash and cash equivalents handed over from the parent company and excluded cash and cash equivalents as well as effects of receivables, payables, inventories of the subsidiaries as at this date on the corresponding items of the consolidated cash flow statements.



Do Khang Ninh  
General Director

19 March 2012

  
Mai Huu Ngan  
Chief Accountant

The notes set out on pages 9 to 38 are an integral part of these consolidated financial statements

**PETROVIETNAM GAS CORPORATION – JOINT STOCK COMPANY**

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**Consolidated Financial Statements**  
For the period from 16 May 2011  
to 31 December 2011

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**FORM B 09-DN/HN**

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

**1. GENERAL INFORMATION**

**Structure of ownership**

PetroVietnam Gas Corporation – Joint Stock Company (“the Corporation”), formerly known as PetroVietnam Gas Corporation – One Member Company Limited, is a subsidiary of Vietnam Oil and Gas Group which was established in accordance with Decision No. 2232/QĐ-DKVN dated 18 July 2007 issued by Vietnam Oil and Gas Group and the first Business Registration Certificate No. 3500102710 dated 17 January 2007.

Petro Vietnam Gas Corporation – One Member Company Limited was officially transformed into PetroVietnam Gas Corporation – Joint Stock Company in accordance with Business Registration Certificate dated 16 May 2011 issued by the Department of Planning and Investment of Ho Chi Minh City with the charter capital of VND 18,950 billion.

The Corporation’s head office is located in PV GAS Tower, 673 Nguyen Huu Tho Street, Phuoc Kien Commune, Nha Be District, Ho Chi Minh City, S.R. Vietnam.

As at 31 December 2011, the Corporation had subsidiaries as follows:

- PetroVietnam Southern Gas Joint Stock Company (“PVGAS South”);
- PetroVietnam Northern Gas Joint Stock Company (“PVGAS North”);
- PetroVietnam Low Pressure Gas Distribution Joint Stock Company (“PVGAS D”);
- PetroVietnam Gas Investment and Construction Joint Stock Company (“PVID”);
- Petroleum Sport and Culture Joint Stock Company (“PSCC”);
- PetroVietnam Gas Cylinder Joint Stock Company (“PV Cylinder”);
- PetroVietnam Steel Pipe Joint Stock Company (“PV Pipe”).

**Principal activities**

The principal activities of the Corporation are to collect, transport, store gas and gas products; to produce gas, distribute gaseous fuels through pipelines, i.e. to process gas and gas products; to wholesale solid, liquid and gas fuels and other relevant products, i.e. to distribute and trade dry gas, LNG, CNG, LPG and Condensate; to import, export and distribute dry gas, LNG, CNG, LPG and Condensate; to perform technical and architectural activities i.e. to consult in investment, design and construction of mechanical engineering works; to supervise construction and completion of industrial and civil works; to perform other relevant construction activities i.e. to invest, construct, manage, maintain, repair gas and gas related construction works and projects; to wholesale and trade other fields i.e. trade materials, equipment, chemicals in gas and gas product processing and utilizing fields, to import materials, equipment and means used for gas industry; to trade in real estates, land use rights i.e. warehouses, port for lease, real estate business; to invest in infrastructure for distribution systems of dry and liquid gas; to research and develop technical and scientific fields i.e. to research and apply in gas industry and renovate gas works; to provide gas related services, renovate, repair engines, install conversion equipment of vehicles and used in agriculture, forestry and fishery; to freight transport by road i.e. to provide transport services and means using gas fuels, to transport gas products (provide relevant services).

**2. ACCOUNTING CONVENTION AND ACCOUNTING PERIOD**

**Accounting convention**

The accompanying consolidated financial statements, expressed in Vietnam Dong (VND), are prepared under the historical cost convention and in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System and prevailing relevant regulations in Vietnam.

**PETROVIETNAM GAS CORPORATION – JOINT STOCK COMPANY**

PV GAS Tower Building, 673 Nguyen Huu Tho Street  
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Ho Chi Minh City, S.R. Vietnam

**Consolidated Financial Statements**  
For the period from 16 May 2011  
to 31 December 2011

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN**  
*These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements*

**2. ACCOUNTING CONVENTION AND ACCOUNTING PERIOD (Continued)**

The consolidated financial statements were prepared base on the parent company's financial statements for the period from 16 May 2011 to 31 December 2011 and those for Quarter 2, Quarter 3 and Quarter 4 of 2011 of the subsidiaries. Due to difference in accounting period, results of operation, cash flows and the notes thereto of the subsidiaries were incorporated in the Corporation's consolidated financial statements on the pro rata basis (determined by the figures of Quarter 3, Quarter 4 and half of Quarter 2 of 2011). As the assessments of the Corporation's Board of General Directors, the incorporation of the financial statements of the subsidiaries on the pro rata basis is appropriate to the Corporation's actual operation and has no immaterial effect on its consolidated financial statements.

**Final accounts of equitization**

The financial statements for the period from 16 May 2011 to 31 December 2011 do not include any adjustments to final accounts of equitization as the Corporation has not received any approved document on final accounts of equitization at the official date of transformation into Joint Stock Company.

**Accounting period**

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

These financial statements are prepared for the Corporation's first period of operating as a Joint Stock Company from 16 May 2011 (the official date of transformation from One Member Company Limited into Joint Stock Company) to 31 December 2011.

**3. ADOPTION OF NEW ACCOUNTING GUIDANCE**

On 06 November 2009, the Ministry of Finance issued Circular No.210/2009/TT-BTC ("Circular 210") guiding the application of International Financial Reporting Standards on presentation of financial statements and disclosures of financial instruments. The adoption of Circular 210 requires disclosures of certain financial instruments as well as the effect thereof on the financial statements. This Circular is effective for the financial year ending on or after 31 December 2011. The Corporation has adopted Circular 210 and additional notes on this application to the consolidated financial statements for the period ended 31 December 2011 are set out in Note 41.

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Estimates**

The preparation of consolidated financial statements in conformity with Vietnamese Accounting Standards, Vietnamese Accounting System and prevailing relevant regulations in Vietnam requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Basis of consolidation**

The consolidated financial statements include the financial statements of the Corporation for the period from 16 May 2011 to 31 December 2011 and those of enterprises controlled by the Corporation (its subsidiaries) for Quarter 2, Quarter 3, Quarter 4 of 2011. Control is achieved where the Corporation has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

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**Consolidated Financial Statements**  
For the period from 16 May 2011  
to 31 December 2011

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN**

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

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Basis of consolidation (Continued)**

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

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

All significant inter-company transactions and balances between the Corporation and its subsidiaries and among subsidiaries are eliminated on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Corporation's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Corporation except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

**Investments in associates**

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

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

**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.

**Goodwill**

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

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

**PETROVIETNAM GAS CORPORATION – JOINT STOCK COMPANY**

PV GAS Tower Building, 673 Nguyen Huu Tho Street  
Phuoc Kien Commune, Nha Be District  
Ho Chi Minh City, S.R. Vietnam

**Consolidated Financial Statements**  
For the period from 16 May 2011  
to 31 December 2011

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN**

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

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Goodwill (Continued)**

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

**Financial instruments**

Initial recognition

*Financial assets*

At the date of initial recognition, financial assets are recognized at cost plus transaction costs that are directly attributable to the acquisition of the financial assets.

Financial assets of the Corporation comprise cash and short-term deposits, receivables and other receivables, loans, listed and unlisted financial instruments and other financial assets.

*Financial liabilities*

At the date of initial recognition financial liabilities are recognized at cost net of transaction costs that are directly attributable to the issue of the financial liabilities.

Financial liabilities of the Corporation comprise trade payables, other payables, borrowings and accrued expenses.

Re-measurement after initial recognition

Currently there are no requirements for the re-measurement of the financial instruments after initial recognition.

**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.

**Short-term financial investments**

Short-term financial investments are recognized at cost, including time deposits of twelve months or less and short-term entrusted investments with the interest calculated based on the results of entrusted fund management activities.

**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 or FIFO. 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.

**PETROVIETNAM GAS CORPORATION – JOINT STOCK COMPANY**

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Phuoc Kien Commune, Nha Be District  
Ho Chi Minh City, S.R. Vietnam

**Consolidated Financial Statements**  
For the period from 16 May 2011  
to 31 December 2011

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN**

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**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 condition and location for their intended use.

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

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

	From 16 May 2011 to 31 December 2011
	Years
Buildings, structures	4 - 25
Machinery, equipment	3 - 12
Motor vehicles	2 - 9
Office equipment	3 - 5
Other assets	3 - 20

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 recognized 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.

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

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

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

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Phuoc Kien Commune, Nha Be District  
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**Consolidated Financial Statements**  
For the period from 16 May 2011  
to 31 December 2011

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN**  
*These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements*

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Intangible fixed assets and amortization**

Intangible assets represent land use rights, computer software that are stated at cost less accumulated amortization. Definite land use rights are amortized over their granted time, indefinite land use right are not amortized. Computer software is amortized using the straight-line method over their estimated useful lives from 3 years to 6 years.

**Construction in progress**

Properties in the course of construction for production, rental and administrative purposes or for other purposes are carried at cost. The cost includes any costs that are necessary to form the asset including construction cost, equipment cost, other costs and related borrowing 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.

**Long-term financial investments**

Long-term investments represent investments in other entities with proportion of ownership interest less than 20% equivalent to proportion of voting power held at these entities, loans and other long-term financial investments and are recognized at cost including directly attributable costs. At the subsequent reporting dates, these investments shall be recognized at cost less diminution in value of investments (if any).

**Long-term prepayments**

Long-term prepayments comprise business privilege, prepaid land rentals, gas cylinder case values and other types of long-term prepayments.

Business privilege presents the value of advantage in doing business arising from revaluation of the Corporation's net asset for equitization. Business privilege is allocated to the consolidated income statement for three years from the time the Corporation has officially been transformed into Joint Stock Company.

Prepaid land rentals are charged to the consolidated financial statements using the straight-line method over the term of leasing contract, to costs of fixed assets built on these land lots during construction and to the consolidated income statement when fixed assets are ready to use.

Gas cylinder case values are presented as prepayments and allocated to the consolidated income statement for the year over their estimated useful lives (collaterals, deposits obtained from customers are recorded in the other long-term payables and allocated to income in accordance to the term of allocation of gas cylinder case values). Gas cylinder case values are allocated using the straight-line method in 10 years.

Other types of long-term prepayments comprise costs of small tools, supplies and spare parts issued for consumption which are expected to provide future economic benefits to the Corporation for one year and over. These expenditures have been capitalised as long-term prepayments, and are allocated to the consolidated income statement using the straight-line method within three years in accordance with the current prevailing accounting regulations.

**PETROVIETNAM GAS CORPORATION – JOINT STOCK COMPANY**

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**Consolidated Financial Statements**  
For the period from 16 May 2011  
to 31 December 2011

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN**

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**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Revenue recognition**

Sale of products

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.

In accordance with Official Letter No.5110-TC/TCT dated 16 May 2003 issued by the Ministry of Finance, revenue from selling and transporting Nam Con Son gas is recorded at the issue date of value added tax invoices.

Sale of services

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

- (a) the amount of revenue can be measured reliably;
- (b) it is probable that the economic benefits associated with the transaction will flow to the 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 interest applicable rate. Dividend income from investments is recognized when the Corporation's right to receive payment has been established.

**Foreign currencies**

Foreign exchange differences in bussiness production period

The Corporation applies the method of recording foreign exchange differences in accordance with Circular No.201/2009/TT-BTC dated 15 October 2009 issued by the Ministry of Finance. Accordingly, transactions arising in foreign currencies are translated at exchange rates ruling at the transaction date. Foreign exchange differences arising from these transactions are recognised in the consolidated income statement.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rates of exchange prevailing on the consolidated balance sheet date and are accounted for as follows:

- Foreign exchange differences arising from revaluation of monetary items, short-term receivables and short-term payables denominated in foreign currencies at the balance sheet date are recorded in the consolidated balance sheet in the "foreign exchange reserve" item under the Owner's equity section.

**PETROVIETNAM GAS CORPORATION – JOINT STOCK COMPANY**

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Phuoc Kien Commune, Nha Be District  
Ho Chi Minh City, S.R. Vietnam

**Consolidated Financial Statements**  
For the period from 16 May 2011  
to 31 December 2011

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN**

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

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- Foreign exchange differences arising from revaluation of long-term receivables are recorded in the consolidated income statement for the reporting period.

- Foreign exchange differences arising from revaluation of long-term payables are recorded in the consolidated income statement for the reporting period

The recognition of foreign exchange differences in accordance with Circular No.201/2009/TT-BTC differs from that as regulated in Vietnamese Accounting Standard No. 10 (VAS 10) "Effects of changes in foreign exchange rates". According to VAS 10, all foreign exchange differences arising from revaluation of balances denominated in foreign currencies at the balance sheet date are recognized in the income statement. The Board of General Directors has decided to recognise foreign exchange differences as guided in Circular No.201/2009/TT-BTC and believes that such application and disclosure of differences at the same time, in the case where the Corporation would apply VAS 10, may provide more information to users of the financial statements. Accordingly, the adoption of Circular No.201/2009/TT-BTC in recording foreign exchange differences makes the Corporation's profit before tax for the period from 16 May 2011 to 31 December 2011 decrease by VND 24,660,145,215 and the "Foreign exchange reserve" item under Owner's equity section in the balance sheet as at 31 December 2011 increase by the same amount in comparison with the VAS 10 adoption.

**Foreign exchange differences in construction period:**

Exchange differences arising from the translation of monetary accounts including realised and unrealised differences are recorded in the consolidated balance sheet in the "foreign exchange differences" item under the owner's equity section in the consolidated balance sheet. Once the construction of the Corporation's factory or building is completed, accumulated exchange differences will be charged to the consolidated income statement not exceeding 5 years. Loss from foreign exchange differences of the Corporation's subsidiaries under construction period as at 31 December 2011 is VND 95,716, 570,970.

**Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the cost of those assets.

All other borrowing costs are recognized in the consolidated income statement when incurred.

**Provisions**

Provisions are recognized 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 management's best estimate of the expenditure required to settle the obligation at the balance sheet date.

**Scientific and technological development fund**

Scientific and technological development fund is allocated to finance the Corporation's scientific and technological activities. The fund is provided for at 10% of taxable income before corporate income tax at the most and is recognized in the consolidated income statement for the period.

**PETROVIETNAM GAS CORPORATION – JOINT STOCK COMPANY**

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 Phuoc Kien Commune, Nha Be District  
 Ho Chi Minh City, S.R. Vietnam

**Consolidated Financial Statements**  
 For the period from 16 May 2011  
 to 31 December 2011

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN**

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

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****Scientific and technological development fund (Continued)**

For the period from 16 May 2011 to 31 December 2011, the Corporation did not provide for the scientific and technological development fund. The balance of the fund as at 31 December 2011 with the amount of VND1,146,711,002,353 is handed over from PetroVietnam Gas Corporation – One Member Company Limited when the Corporation was transformed into a Joint Stock Company. The Board of General Directors believes that such provision is appropriate to the Corporation's scientific and technological activities.

**Taxation**

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

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

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the 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**

	31/12/2011
	VND
Cash on hand	15,669,406,599
Cash in bank	2,453,746,469,267
Cash in transit	494,042,839
Cash equivalents (i)	7,575,290,289,313
	<u>10,045,200,208,018</u>

(i) Cash equivalents represent time deposits of 3 months or less at banks and financial institutions.

**PETROVIETNAM GAS CORPORATION – JOINT STOCK COMPANY**

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 Phuoc Kien Commune, Nha Be District  
 Ho Chi Minh City, S.R. Vietnam

**Consolidated Financial Statements**  
 For the period from 16 May 2011  
 to 31 December 2011

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN**

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

**6. SHORT-TERM INVESTMENTS**

	31/12/2011
	VND
Time deposits of 12 months or less	314,229,590,057
Others	3,100,000,000
	<u>317,329,590,057</u>

**7. OTHER RECEIVABLES**

	31/12/2011
	VND
Receivable from parties in joint venture agreement on the construction of Block B - O Mon Gas Pipelines System	171,685,872,819
Receivable from employees regarding deposits at Phu Long Real Estate Company	201,625,000,000
Advance to PVC Mekong for construction of office for lease at Bac Lieu	49,998,681,817
Other receivables	153,606,427,475
	<u>576,915,982,111</u>

**8. INVENTORIES**

	31/12/2011
	VND
Goods in transit	46,379,441,072
Raw materials	546,017,332,265
Tools and supplies	35,756,779,421
Work in progress	21,157,667,225
Finished goods	58,760,517,432
Merchandise	408,459,694,001
	<u>1,116,531,431,416</u>
Provision for devaluation of inventories	(58,092,956,046)
Net realisable value of inventories	<u>1,058,438,475,370</u>

**9. TAXES AND OTHER RECEIVABLES FROM THE STATE BUDGET**

	31/12/2011
	VND
Import, export duties	30,972,345,274
Others	4,294,921,769
	<u>35,267,267,043</u>

**10. OTHER CURRENT ASSETS**

	31/12/2011
	VND
A shortage of assets awaiting to be resolved	248,053,350
Advances	12,729,966,825
Short-term deposits and collaterals	478,761,148,691
Others	4,950,437,842
	<u>496,689,606,708</u>

**PETROVIETNAM GAS CORPORATION – JOINT STOCK COMPANY**

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Phuoc Kien Commune, Nha Be District  
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**Consolidated Financial Statements**  
For the period from 16 May 2011  
to 31 December 2011

**FORM B 09-DN/HN**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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**11. TANGIBLE FIXED ASSETS**

	Buildings, structures VND	Machinery, equipment VND	Motor vehicles VND	Office equipment VND	Other fixed assets VND	Total VND
<b>COST</b>						
As at 16/5/2011						
Assets transferred (i)	805,060,301,086	981,400,257,263	305,241,311,045	79,649,570,407	23,874,596,824,370	26,045,948,264,171
Purchases for the period	20,089,399,672	62,833,760,915	51,423,416,732	12,834,496,739	17,529,432,676	164,710,506,734
Transfer from construction in progress	499,461,291,056	204,808,949,190	113,780,512,934	13,674,120,952	106,336,212,146	938,061,086,278
Adjustment to final accounts	(57,319,499,157)	-	-	-	269,398,397,874	212,078,898,717
Other increases	34,072,554,199	57,848,938,843	61,640,255,224	2,065,582,014	236,872,214	155,864,202,494
Disposals	(50,528,852,022)	(23,402,609,829)	(62,367,437,008)	(2,896,571,015)	(809,073,474)	(140,004,543,348)
Other decreases	-	(140,103,551)	-	(238,038,480)	79,096,329,022	78,718,186,991
Reclassification	(10,859,520,879)	(200,364,549)	(24,076,293)	45,621,229	11,038,340,492	-
<b>As at 31/12/2011</b>	<b>1,239,975,673,955</b>	<b>1,283,148,828,282</b>	<b>469,693,982,634</b>	<b>105,134,781,846</b>	<b>24,357,423,335,320</b>	<b>27,455,376,602,037</b>
<b>ACCUMULATED DEPRECIATION</b>						
As at 16/5/2011						
Assets transferred (i)	143,002,670,918	169,765,911,459	93,968,554,365	50,465,431,359	8,350,142,856,751	8,807,345,424,852
Charge for the period	63,973,970,521	143,904,973,850	74,794,834,695	12,793,497,656	1,502,902,968,341	1,798,370,245,063
Disposals	(10,884,771,670)	(3,894,818,300)	(41,741,721,249)	(2,328,743,481)	(147,312,118)	(58,997,366,818)
Adjustment final accounts	-	(40,369,243)	-	(182,081,628)	(2,894,481)	(225,345,352)
Other increases	11,429,791,786	3,903,232,115	11,781,317,441	1,244,337,296	133,372,211	28,492,050,849
Reclassification	(181,289)	181,289	(827,351,893)	1,056,938,222	(229,586,329)	-
<b>As at 31/12/2011</b>	<b>207,521,480,266</b>	<b>313,639,111,170</b>	<b>137,975,633,359</b>	<b>63,049,379,424</b>	<b>9,852,799,404,375</b>	<b>10,574,985,008,594</b>
<b>NET BOOK VALUE</b>						
As at 31/12/2011	<b>1,032,454,193,689</b>	<b>969,509,717,112</b>	<b>331,718,349,275</b>	<b>42,085,402,422</b>	<b>14,504,623,930,945</b>	<b>16,880,391,593,443</b>
As at 16/5/2011	-	-	-	-	-	-

(i) Tangible fixed assets handed over from PetroVietnam Gas Corporation - One Member Company Limited at the official date of transformation into PetroVietnam Gas Corporation - Joint Stock Company.

The cost of the Corporation's tangible fixed assets as at 31 December 2011 includes VND 161,185,800,340 of fixed assets which were fully depreciated but are still in use. Gas facilities as at 31 December 2011 are presented in "Other fixed assets" group include facilities at cost of VND 5,595,290,547,246 which are temporarily recorded based on the actual expenses for the purpose of depreciation when facilities go into operation. Upon the approval of final accounts, the cost will be adjusted accordingly.

**PETROVIETNAM GAS CORPORATION – JOINT STOCK COMPANY**

PV GAS Tower, 673 Nguyen Huu Tho Street  
Phuoc Kien Commune, Nha Be District  
Ho Chi Minh City, S.R. Vietnam

**Consolidated Financial Statements**  
For the period from 16 May 2011  
to 31 December 2011

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN**

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

**12. FINANCIAL LEASE ASSETS**

	Machinery, equipment VND	Motor vehicles VND	Total VND
<b>COST</b>			
As at 16/5/2011	-	-	-
Assets transferred (i)	47,933,998,993	7,548,748,977	55,482,747,970
Purchase for the period	183,906,992,984	-	183,906,992,984
Disposals	-	(6,027,513,977)	(6,027,513,977)
<b>As at 31/12/2011</b>	<b>231,840,991,977</b>	<b>1,521,235,000</b>	<b>233,362,226,977</b>
<b>ACCUMULATED DEPRECIATION</b>			
As at 16/5/2011	-	-	-
Assets transferred (i)	-	1,213,979,506	1,213,979,506
Charge for the period	14,940,035,187	827,895,575	15,767,930,762
Disposals	-	(928,806,995)	(928,806,995)
<b>As at 31/12/2011</b>	<b>14,940,035,187</b>	<b>1,113,068,086</b>	<b>16,053,103,273</b>
<b>NET BOOK VALUE</b>			
<b>As at 31/12/2011</b>	<b>216,900,956,790</b>	<b>408,166,914</b>	<b>217,309,123,704</b>
As at 16/5/2011	-	-	-

- (i) Represent financial lease assets transferred from PetroVietnam Gas Corporation – One Member Company Limited at the official date of transformation into PetroVietnam Gas Corporation – Joint Stock Company.

**13. INTANGIBLE FIXED ASSETS**

	Land use rights VND	Computer software VND	Copyright, patents VND	Trademarks VND	Others VND	Total VND
<b>COST</b>						
As at 16/5/2011	-	-	-	-	-	-
Assets transferred (i)	181,492,869,823	11,973,647,529	1,464,370,376	4,288,007,246	-	199,218,894,974
Increase for the period	83,548,298,992	3,470,756,110	-	-	68,800,000	87,087,855,102
Other additions	-	445,000,000	-	-	-	445,000,000
Disposals	(9,412,595,145)	-	-	-	-	(9,412,595,145)
<b>As at 31/12/2011</b>	<b>255,628,573,670</b>	<b>15,889,403,639</b>	<b>1,464,370,376</b>	<b>4,288,007,246</b>	<b>68,800,000</b>	<b>277,339,154,931</b>
<b>ACCUMULATED AMORTIZATION</b>						
As at 16/5/2011	-	-	-	-	-	-
Assets transferred (i)	105,409,864	8,263,714,959	79,166,977	-	-	8,448,291,800
Charge for the period	326,341,271	2,221,020,969	162,707,820	-	17,200,000	2,727,270,060
<b>As at 31/12/2011</b>	<b>431,751,135</b>	<b>10,484,735,928</b>	<b>241,874,797</b>	<b>-</b>	<b>17,200,000</b>	<b>11,175,561,860</b>
<b>NET BOOK VALUE</b>						
<b>As at 31/12/2011</b>	<b>255,196,822,535</b>	<b>5,404,667,711</b>	<b>1,222,495,579</b>	<b>4,288,007,246</b>	<b>51,600,000</b>	<b>266,163,593,071</b>
As at 16/5/2011	-	-	-	-	-	-

- (i) Represent intangible fixed assets transferred from PetroVietnam Gas Corporation – One Member Company Limited at the official date of transformation into PetroVietnam Gas Corporation – Joint Stock Company.

**PETROVIETNAM GAS CORPORATION – JOINT STOCK COMPANY**

PV GAS Tower, 673 Nguyen Huu Tho Street  
Phuoc Kien Commune, Nha Be District  
Ho Chi Minh City, S.R. Vietnam

**Consolidated Financial Statements**  
For the period from 16 May 2011  
to 31 December 2011

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN**

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

**14. CONSTRUCTION IN PROGRESS**

	31/12/2011 VND
Block B - O Mon Gas Pipelines System	164,505,330,445
LPG Warehouse	726,034,786,968
Hai Su Trang/Te Giac Trang - Bach Ho Gas Pipelines System	678,769,567,041
PVGAS Vung Tau Seaport Expansion Project	89,054,416,608
Gas Pipelines System for Ca Mau Fertilizer Plant	40,142,631,634
C2 Chi Linh Apartment Building Project	46,438,795,278
Nam Con Son Gas Pipelines System Part 2	124,917,169,830
Liquefied Nature Gas Import Port	95,032,151,310
Low pressure gas distribution system	234,256,925,069
Steel pipe manufacturing plant project	1,988,240,629,620
CNG Construction for automobile	25,964,412,486
Others	113,711,831,309
	<u>4,327,068,647,598</u>

**15. INVESTMENTS IN SUBSIDIARIES**

Details of the Corporation's subsidiaries as at 31 December 2011 are as follows:

Name of company	Place of incorporation and operation	Proportion of ownership interest	Proportion of voting right power held	Principal activity
PetroVietnam Southern Gas JSC (i)	HCM City	35.26%	35.26%	Distribute LPG
PetroVietnam Northern Gas JSC (i)	Hanoi	35.88%	35.88%	Distribute LPG
PetroVietnam Low Pressure Gas Distribution JSC	HCM City	50.50%	50.50%	Distribute low pressure gas
PetroVietnam Gas Cylinder JSC	Dong Nai	77.92%	91.00%	Manufacture gas cylinders
PetroVietnam Gas Investment and Construction JSC	Vung Tau	76.50%	76.50%	Provide pipe packaging service
Petroleum Sport and Culture JSC	Hanoi	60.00%	60.00%	Sports and cultural activities
PetroVietnam Pipe JSC	Tien Giang	85.00%	85.00%	Manufacturing steel pipe

(i) Investments in companies to which the Corporation contributes less than 50% of the charter capital but holds the controlling power. According to the assessment of the Board of General Directors, the controlling power of the Corporation over such investees is determined definitely and the classification of those companies as subsidiaries of the Corporation is suitable with nature of transactions incurred, compliant with Vietnamese Accounting Standards and prevailing relevant regulations in Vietnam.

**16. INVESTMENTS IN ASSOCIATES**

	31/12/2011 VND
Vinabeny Energy JSC	47,401,583,592
Gas City Investment and Development JSC	75,924,042,559
	<u>123,325,626,151</u>

**PETROVIETNAM GAS CORPORATION – JOINT STOCK COMPANY**

PV GAS Tower, 673 Nguyen Huu Tho Street  
Phuoc Kien Commune, Nha Be District  
Ho Chi Minh City, S.R. Vietnam

**Consolidated Financial Statements**  
For the period from 16 May 2011  
to 31 December 2011

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN**

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

**16. INVESTMENTS IN ASSOCIATES (Continued)**

Details of the Corporation's associates as at 31 December 2011 are as follows:

<u>Name of company</u>	<u>Place of Proporation incorporation and operation</u>	<u>of voting power held</u>	<u>Principal activity</u>
Gas City Investment and Development JSC	Hanoi	35.51%	Trading gas
VinaBenny Energy JSC	HCM City	23.84%	Energy

**17. INVESTMENT JOINT VENTURES**

PetroVietnam Gas Corporation – Joint Stock Company, PetroVietnam Investment Consultancy and Engineering Joint Stock Company and Phu Long Real Estate Joint Stock Company have jointly entered into a business cooperation agreement to construct and invest in the project “PV Gas Tower” at No. 673 Nguyen Huu Tho Street, Phuoc Kien Commune, Nha Be District, Ho Chi Minh City. Under the agreement, the Corporation is in charge of managing and accounting for the results of operations and then distributing profit after tax to parties based on the capital contribution ratio.

The capital contribution ratio under the agreement is as follows:

PetroVietnam Gas Corporation - Joint Stock Company	70%
PetroVietnam Investment Consultancy and Engineering Joint Stock Company	20%
Phu Long Real Estate Joint Stock Company	10%

Financial figures of the agreement presented in the Corporation’s financial statements are as follows:

	<u>31/12/2011</u> <u>VND</u>
Cost of fixed assets	674,860,658,916
Accumulated depreciation of fixed assets	7,919,251,823
Net book value of fixed asset	666,941,407,093
	<u>From 16/5/2011</u> <u>to 31/12/2011</u> <u>VND</u>
Sale	37,239,007,501
Administration expenses of joint venture assets	12,683,001,881
Other income	924,600,000
Net profit after corporate income tax	13,171,015,348
<i>Profit distribution as per the capital contribution ratio:</i>	
PetroVietnam Gas Corporation Joint Stock Company	9,219,710,743
Petr Vietnam Investment Consultancy and Engineering Joint Stock Company	2,634,203,070
PhuLong Real State Joint Stock Company	1,317,101,535

**18. OTHER LONG-TERM INVESTMENTS**

	<u>31/12/2011</u> <u>VND</u>
Investment in securities (i)	393,071,635,736
Long-term entrusted investments and term deposits of 12 months or more	499,067,180,000
	<u>892,138,815,736</u>

(i) Investment in securities includes shares in Southeast Asia Commercial Joint Stock Bank amounting to VND 311,250,000,000. Due to securities transfer restriction and the Corporation’s long-term securities holding intention, no provision for devaluation of the investment was made.

**PETROVIETNAM GAS CORPORATION – JOINT STOCK COMPANY**

PV GAS Tower, 673 Nguyen Huu Tho Street  
 Phuoc Kien Commune, Nha Be District  
 Ho Chi Minh City, S.R. Vietnam

**Consolidated Financial Statements**  
 For the period from 16 May 2011  
 to 31 December 2011

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN**

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

**19. LONG - TERM PREPAYMENTS**

	31/12/2011 VND
Business privilege (i)	2,161,043,042,522
Gas cylinder expenses	661,205,721,543
Other long-term prepayments	159,836,176,748
	<u>2,982,084,940,813</u>

(i) Business privilege represents the value of advantage in doing business arising from revaluation of the Corporation's net asset value for equitization. Business privilege is allocated to the income statement within 3 years from the official date of transformation into joint stock company. The value allocated into expenses in the period is VND 568,695,537,506.

**20. GOODWILL**

	From 16/5/2011 to 31/12/2011 VND
Opening balance	-
Increase	740,772,352,831
Allocation to expenses	(48,707,430,136)
Closing balance	<u>692,064,922,695</u>

**21. SHORT-TERM LOANS AND LIABILITIES**

	31/12/2011 VND
Short-term loans	305,474,786,062
Current portion of long-term loans (Note 28)	2,561,429,798,251
	<u>2,866,904,584,313</u>

**22. TAXES AND AMOUNTS PAYABLE TO THE STATE BUDGET**

	31/12/2011 VND
Value added tax	279,879,102,281
Import, export duties	800,149,771
Corporate income tax	301,592,319,680
Special consumption tax	2,774,432,954
Personal income tax	10,021,047,535
Others	1,684,213,690
	<u>596,751,265,911</u>

**PETROVIETNAM GAS CORPORATION – JOINT STOCK COMPANY**

PV GAS Tower, 673 Nguyen Huu Tho Street  
 Phuoc Kien Commune, Nha Be District  
 Ho Chi Minh City, S.R. Vietnam

**Consolidated Financial Statements**  
 For the period from 16 May 2011  
 to 31 December 2011

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN**

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

**23. ACCRUED EXPENSES**

	31/12/2011
	<u>VND</u>
Expenses for Nam Con Son Project's operation	43,857,915,342
Expenses for Rong Doi Moi and Vom Bac Bach Ho fields' operation	87,017,231,586
Interest expense	60,102,327,597
Accrual for gas system repairing (i)	317,429,515,918
Accrual for gas purchase cost	508,230,740,004
Others	26,345,847,147
	<u>1,042,983,577,594</u>

- (i) The Corporation accrued repair and maintenance expenses for gas facilities based on estimated expense for items that will be repaired in 2011 and 2012. The Corporation believes that the accrued expense is consistent with actual situation of the Corporation.

**24. SHORT-TERM INTER-COMPANY PAYABLES**

	31/12/2011
	<u>VND</u>
Management fee payable to Vietnam Oil and Gas Group	45,128,506,078
	<u>45,128,506,078</u>

According to the agreement between Vietnam Oil and Gas Group and the Corporation, the Corporation has to pay to Vietnam Oil and Gas Group annual management fee at the rate from 0.05% to 0.5% for each sale types.

**25. OTHER CURRENT PAYABLES**

	31/12/2011
	<u>VND</u>
Payables regarding equitization (i)	294,945,729,713
Payables due to increased gas price (ii)	410,678,013,139
Other payables	575,078,010,701
	<u>1,280,701,753,553</u>

- (i) Represent the interest payable to Vietnam Oil and Gas Group due to late payment of proceeds from equitization. Such payable will be finalized when Vietnam Oil and Gas Group approve final account of equitization as at the date the Corporation officially operated in the form of Joint Stock Company.
- (ii) Represent an increase due to the adjustment of gas price applied to gas sold to PetroVietnam Fertilizer and Chemicals Corporation – Joint Stock Company for the period from 16 May 2011 to 31 December 2011 with the amount of VND410,678,013,139 for supporting operation of Ca mau Fertilizer Plant under Document No. 2732/VPCP-KTN dated 29 April 2011 issued by the Government Office. The Corporation is waiting for the guidelines of Vietnam Oil and Gas Group for the settlement of this amount.

**PETROVIETNAM GAS CORPORATION – JOINT STOCK COMPANY**

PV GAS Tower, 673 Nguyen Huu Tho Street  
 Phuoc Kien Commune, Nha Be District  
 Ho Chi Minh City, S.R. Vietnam

Consolidated Financial Statements  
 For the period from 16 May 2011  
 to 31 December 2011

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN**

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

**26. LONG-TERM INTER-COMPANY PAYABLES**

	31/12/2011 VND
Long-term inter-company payables	44,264,383,269
	<u>44,264,383,269</u>

Long-term inter-company payables represent payables to Vietnam Oil and Gas Group regarding the capital granted to PetroVietnam South East Gas Project Management Board (a branch of the Corporation) to finance the Rong Doi Moi Gas Gathering Pipeline Construction Project.

**27. OTHER LONG-TERM PAYABLES**

	31/12/2011 VND
Payables regarding equitization	2,068,800,000
Deposits and collaterals received regarding gas cylinders	263,836,729,389
	<u>265,905,529,389</u>

**28. LONG-TERM LOANS AND LIABILITIES**

	31/12/2011 VND
<b>Long-term loans</b>	<b>10,298,929,108,071</b>
- The Corporation	7,537,352,700,319
- PVGas South	708,370,512,154
- PVID	339,514,330,559
- PVPipe	1,667,691,565,039
- PV Cylinder	46,000,000,000
<b>Long-term liabilities</b>	<b>412,311,498,679</b>
- PVGas South	169,311,498,679
- PVGas North	243,000,000,000
	<u>10,711,240,606,750</u>
Less: Current portion of long-term loans and liabilities (Presented in note short-term liabilities)	(2,561,429,798,251)
	<u>8,149,810,808,499</u>

Long-term loans and liabilities are repayable as follows:

	31/12/2011 VND
Within one year	2,561,429,798,251
In the second year	2,545,330,557,746
In the third to the fifth years inclusive	3,596,858,839,088
After five years	2,007,621,411,665
	<u>10,711,240,606,750</u>
Less: Amount due for settlement within 12 months (shown under current liabilities)	(2,561,429,798,251)
<b>Amount due for settlement after 12 months</b>	<u><b>8,149,810,808,499</b></u>

**PETROVIETNAM GAS CORPORATION – JOINT STOCK COMPANY**

PV GAS Tower, 673 Nguyen Huu Tho Street  
Phuoc Kien Commune, Nha Be District  
Ho Chi Minh City, S.R. Vietnam

**Consolidated Financial Statements**  
For the period from 16 May 2011  
to 31 December 2011

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN**

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

**28. LONG-TERM LOANS AND LIABILITIES (Continued)**

Details of some significant long-term loans as at 31 December 2011 are as follows:

Loans due from the Holding Company includes:

(1) Loans from Bank for Investment and Development of Vietnam (BIDV) include:

Unsecured loan handed over from Vietnam Oil and Gas Group as per Official Letter No. 3250/DKVN-TCKT dated 8 May 2009. This loan has balance of USD 120,000,000 as at 31 December 2011. The interest rate is equal to BIDV's 6-month deposit interest rate applicable to Vietnam Oil and Gas Group + 0.5% per annum. The loan has the duration of 11 years and is used to finance PM3-Ca Mau Gas Pipelines System Project. The principal and interest are payable on a semi-annual basis after 12 grace months from the first withdrawal.

Unsecured loan under Contract No.01/2010/HD-2164818 dated 20 April 2010 with the balance of VND 233,915,363,010 as at 31 December 2011. The interest rate is equal to BIDV's 12 months deposit interest rate in arrears applicable in Ho Chi Minh City + 2% per annum. The loan has the duration of 13 years from the first withdrawal, 36 grace months, with principal repayable and interest payable on a semi-annual basis and is used to finance LPG warehouse project.

Unsecured loan under Contract No.02/2010/HD-2164818 dated 20 April 2010 with the balance of VND 91,379,844,287 as at 31 December 2011. The interest rate is equal to BIDV's 12-month deposit interest rate in arrears applicable in Ho Chi Minh City +2% per annum. The loan has the duration of 6.5 years, 18 grace months, with principal repayable and interest payable on a semi-annual basis and is used to finance LPG warehouse project and tank truck station in Dung Quat project.

(2) Unsecured loan from Standard Chartered Bank with the maximum amount of USD 133,000,000 and interest rate of 2.65% per annum. The loan has the duration of 5 years and is used to finance Hai Su Trang/Te Giac Trang – Bach Ho Gas Pipelines System Project, Rong – Doi Moi Project and others. The principal and interest are payable from the 12<sup>th</sup> month from the contract signing date on 01 December 2010. The balance as at 31 December 2011 is USD 118,222,222.

(3) Unsecured loans from Southeast Asia Commercial Joint Stock Bank (Sea Bank) with the balances of USD 28,534,852 and VND 71,743,447,716 as at 31 December 2011 with interest rates of 6.5% per annum, and 11.4% per annum, respectively. These loans have durations of 7 years and are used to finance construction works of the Corporation. The principal and interest are payable on a semi-annual basis after 24 - month grace period from the first withdrawal.

(4) Loans from PetroVietnam Finance Joint Stock Corporation with the balances of USD 19,507,047 and VND 122,677,749,745 as at 31 December 2011. The loans have durations of 4-7 years and are used to finance construction works of the Corporation.

(5) The loan from European Investment Bank with the maximum amount of USD 65 million and interest rate of 4.48% per annum. The loan has the duration of 11 years. The principal and interest are payable on a semi-annual basis under the payment schedule from June 2004. The loan is used to finance Nam Con Son Gas Pipelines System Project and guaranteed by the Ministry of Finance. The balance as at 31 December 2011 is USD 20,971,944.

(6) The loan from Calyon Bank Vietnam with the balance of USD 13,636,364 as at 31 December 2011 and interest rate of Sibor 6 months + 1.3% per annum. The loan has the duration of 7 years with principal repayable and interest payable on a semi-annual basis from the first withdrawal. The loan is guaranteed by the Ministry of Finance and used to finance PM3 Ca Mau Gas Pipelines System Project.

**PETROVIETNAM GAS CORPORATION – JOINT STOCK COMPANY**

PV GAS Tower, 673 Nguyen Huu Tho Street  
Phuoc Kien Commune, Nha Be District  
Ho Chi Minh City, S.R. Vietnam

**Consolidated Financial Statements**  
For the period from 16 May 2011  
to 31 December 2011

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN**

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

**28. LONG-TERM LOANS AND LIABILITIES (Continued)**

(7) Unsecured loans from Ho Chi Minh City Housing Development Commercial Joint Stock Bank (HD Bank) with the balance of VND 271,542,116,000 as at 31 December 2011 and interest rate equal to average deposit interest rate of 5 commercial banks + 3.5% per annum. The loans have durations of 5 years and are used to finance PVGas Tower Project. The principal and interest are payable on a semi-annual basis from the first withdrawal.

(8) Unsecured loan from Bangkok Bank Public Company Limited – Ho Chi Minh City Branch with the balance of USD 3,023,010 as at 31 December 2011, the interest rate of Libor 3 months + 2.65%/per annum. The loan has the duration of 5 years with the principal and interest payable on a semi-annual basis and is used to finance Hai Su Trang – Te Giac Trang – Bach Ho Gas Pipelines Projects and other projects.

Loans due from PV Pipe includes:

- (1) A loan from Vietnam Joint Stock Commercial Bank for Industry and Trade (Vietinbank) with the maximum amount of USD 76,000,000 so as to finance the steel pipe manufacturing plant project. The loan is repayable by installments from 19 February 2012 to 19 November 2016. The interest rate is equal to 12-month deposit interest rate in USD in arrears + margin 3.5% per annum and is adjustable every 3 months and payable on the 10<sup>th</sup> day of every month. PV Pipe used assets acquired with the loan as security for the loan. The balance as at 31 December 2011 is USD 56,063,547.39.
- (2) Unsecured loan from PetroVietnam Finance Joint Stock Corporation (PVFC) with the maximum amount of VND 500,000,000,000 so as to finance the steel pipe manufacturing plant project and to meet working capital needs. The loan has the duration of 36 months and the grace period of 12 months. The loan is repayable by 3 installments from 8 March 2012 to 21 February 2014 with the interest rate of 4.9% per annum and payable as requested by PVFC. The balance as at 31 December 2011 is VND 500,000,000,000.

Loans and obligations financial lease due from PVGas South includes:

- (1) A loan from PetroVietnam Finance Joint Stock Company in USD and VND with the balance as at 31 December 2011 of VND 489,453,640,204 so as to finance construction of CNG, Dung Quat, Go Dau storages projects, and construction and procurement of machinery and equipment for CNG Vietnam project. Assets acquired with the loan and cash flows generated from such assets are used as security for the obligation of payment of the principal and interest under the credit agreement.
- (2) A loan from Military Joint Stock Commercial Bank – Vung Tau branch so as to finance adjusted CNG Vietnam project and 6 tanks and trailers project. The loan can be withdrawn in VND with the maximum amount of VND 208.000.000.000 and falls due after 60 months from the withdrawal date. Assets acquired with the loan and cash flows generated from such assets are used as security for the obligation of payment of the principal and interest under the credit agreement. The balance as at 31 December 2011 is VND 162,217,101,970.
- (3) Loans and obligations financial lease from other banks and financial institutions with the loan balances as at 31 December 2011 is VND 226.011.268.659 so as to finance other projects of PVGAS South.

Loan due from PVGAS North includes:

Unsecured loan from Vietnam Oil and Gas Group entrusted to PetroVietnam Finance Joint Stock Corporation with the balance of VND 243,000,000,000 as at 31 December 2011 so as to finance the northern LPG storage in Dinh Vu, Hai Phong, construct infrastructures and fund for PVGAS North's operation.

**PETROVIETNAM GAS CORPORATION – JOINT STOCK COMPANY**

PV GAS Tower, 673 Nguyen Huu Tho Street  
Phuoc Kien Commune, Nha Be District  
Ho Chi Minh City, S.R. Vietnam

**Consolidated Financial Statements**  
For the period from 16 May 2011  
to 31 December 2011

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN**

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

**28. LONG-TERM LOANS AND LIABILITIES (Continued)**

Loans due from PVID includes:

- (1) A loan from PetroVietnam Finance Joint Stock Corporation with the balance of USD 11,819,845 and VND 51,527,466,262 as at 31 December 2011. The loan has the duration of 78 months from the first withdrawal and is used to finance the project on the pipe packaging plant in Phu My I industrial zone, Tan Thanh district, Ba Ria – Vung Tau province. Assets acquired with the loan are used as security for the loan.
- (2) A loan from Bank for Investment and Development of Vietnam – Phu My branch with the balance of VND 41,803,138,260 as at 31 December 2011. The loan is repayable quarterly with the duration of 60 months from the first withdrawal and is secured by assets acquired with the loan.

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**PETROVIETNAM GAS CORPORATION – JOINT STOCK COMPANY**

PV GAS Tower Building, 673 Nguyen Huu Tho Street  
Phuoc Kien Wards, Nha Be District  
Ho Chi Minh City, S.R. Vietnam

**Consolidated Financial Statements**  
For the period from 16 May 2011  
to 31 December 2011

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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

**FORM B 09-DN/HN**

**29. OWNER'S EQUITY**

Movement in owner's equity

	Owner's	Owner's capital	Investment and	Financial reserve	Foreign exchange	Retained earnings	Other owner's	Total
	contributed capital	VND	development fund	fund	reserve	VND	funds	VND
As at 16/5/2011	-	-	-	-	-	-	-	-
Transferred (i)	18,950,000,000,000	30,966,515,289	91,757,438,974	16,605,122,426	(12,704,896,239)	264,613,657,480	-	19,341,237,837,930
Profit in the period	-	-	-	-	-	4,334,181,077,976	-	4,334,181,077,976
Profit distribution to funds	-	-	260,712,709,832	440,035,444,132	-	(915,177,733,219)	214,429,579,255	-
Foreign exchange difference	-	-	-	-	(58,351,529,516)	-	-	(58,351,529,516)
Distributed to bonus and welfare fund and executive bonus board (ii)	-	-	-	-	-	(144,227,637,813)	-	(144,227,637,813)
Others	-	-	5,183,504,848	-	-	2,329,961,762	-	7,513,466,610
<b>As at 31/12/2011</b>	<b>18,950,000,000,000</b>	<b>30,966,515,289</b>	<b>357,653,653,654</b>	<b>456,640,566,558</b>	<b>(71,056,425,755)</b>	<b>3,541,719,326,186</b>	<b>214,429,579,255</b>	<b>23,480,353,215,187</b>

(i) Represent the amount handed over from PetroVietnam Gas Corporation – One Member Company Limited as at the official date of transformation into PetroVietnam Gas Corporation – Joint Stock Company.

(ii) In which, the parent company, the Corporation, temporarily distributed profit for the period from 16 May 2011 to 31 December 2011 under the Resolution of at the 1<sup>st</sup> General Shareholders' Meeting No.61/NQ-DHDCDL1 dated 22 April 2011 to Investment and Development fund of VND 214,429,579,255, Financial reserve fund of VND 428,859,158,509, Reserve to supplement charter capital fund of VND 214,419,579,255 and Bonus and welfare fund, bonus for executive board fund of VND 107,214,789,627. The Board of General Directors believes that the above funds will be approved at the Annual Shareholders' Meeting in 2012.

Details of Owner's contributed capital are as follows:

	Quantity (share)	Rate (%)	Capital contributed VND
Vietnam Oil and Gas Group	1,832,835,900	96.72	18,328,359,000,000
Other shareholders	62,164,100	3.28	621,641,000,000
	<b>1,895,000,000</b>	<b>100</b>	<b>18,950,000,000,000</b>

**PETROVIETNAM GAS CORPORATION – JOINT STOCK COMPANY**

PV GAS Tower, 673 Nguyen Huu Tho Street  
 Phuoc Kien Commune, Nha Be District  
 Ho Chi Minh City, S.R. Vietnam

**Consolidated Financial Statements**  
 For the period from 16 May 2011  
 to 31 December 2011

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN**

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

**30. NON - CONTROLLING INTERESTS**

	31/12/2011
	<u>VND</u>
Owner's contributed capital	772,377,185,300
Share premium	37,365,433,320
Investment and development fund	178,287,165,203
Financial reserve fund	33,916,629,704
Foreign exchange reserve	(14,353,832,780)
Retained earnings	529,122,863,427
Other owner's fund	48,150,000
	<u>1,536,763,594,174</u>

**31. REVENUE**

	From 16/5/2011 to 31/12/2011
	<u>VND</u>
<b>Gross sales</b>	<b>41,311,000,895,047</b>
Sales of dried gas	19,162,858,536,179
Sales of LPG	19,956,492,321,813
Gas transportation revenue	1,482,148,686,455
Sales of condensate	179,896,473,147
Sales from leased PVGas Tower	37,239,007,501
Other revenue	492,365,869,952
<b>Deductions</b>	<b>63,077,717,413</b>
Sales discount	46,723,492,581
Special consumption tax, export tax	16,354,224,832
<b>Net sales</b>	<b>41,247,923,177,634</b>

Revenue from selling and transporting Nam Con Son gas is recognized at the issue date of value added tax invoices in accordance with Official Letter No.5110-TC/TCT dated 16 May 2003 issued by the Ministry of Finance. Accordingly, revenue and cost of sold and transported Nam Con Son gas incurred in November and December 2011 have not been recorded in the consolidated income statement for the period from 16 May 2011 to 31 December 2011 with the amounts of VND 3,137 billion and VND 2,699 billion, respectively (those incurred in April and from 1 May 2011 to 15 May 2011 of PetroVietnam Gas Corporation – One Member Company Limited, equitized entity, were recorded in the consolidated income statement for the period from 16 May 2011 to 31 December 2011 with the amounts of VND 2,781 billion and VND 2,422 billion, respectively).

**32. COST OF SALES**

	From 16/5/2011 to 31/12/2011
	<u>VND</u>
Cost of dried gas sold	15,860,937,220,677
Cost of LPG	17,483,482,330,940
Cost of gas transportation	281,920,495,332
Cost of condensate	100,937,408,580
Cost of leased PVGas Tower	7,919,251,823
Others	335,298,969,574
	<u>34,070,495,676,926</u>

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**PETROVIETNAM GAS CORPORATION – JOINT STOCK COMPANY**

PV GAS Tower, 673 Nguyen Huu Tho Street  
 Phuoc Kien Commune, Nha Be District  
 Ho Chi Minh City, S.R. Vietnam

**Consolidated Financial Statements**  
 For the period from 16 May 2011  
 to 31 December 2011

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN**

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

**33. FINANCIAL INCOME**

	From 16/5/2011 to 31/12/2011 VND
Bank and loan interest	633,145,726,188
Realized foreign exchange gain	46,732,467,031
Profit and dividends received	14,040,722,972
Other financial income	3,684,486,568
	<u>697,603,402,759</u>

**34. FINANCIAL EXPENSES**

	From 16/5/2011 to 31/12/2011 VND
Interest payable due to late payment of proceeds from equitization	294,945,729,713
Interest expense	234,385,542,622
Realized foreign exchange loss	76,540,946,158
Unrealized foreign exchange loss	91,084,818,375
Loss from selling investments	1,366,417,529
Other financial expenses	4,538,129,456
	<u>702,861,583,853</u>

**35. OTHER INCOME**

	From 16/5/2011 to 31/12/2011 VND
Proceeds from disposal assets	41,923,238,451
Compensation and penalty of contracts	267,513,611,536
Others	55,417,918,634
	<u>364,854,768,621</u>

**36. OTHER EXPENSES**

	From 16/5/2011 to 31/12/2011 VND
Disposal assets	26,548,823,655
Others	20,710,491,087
	<u>47,259,314,742</u>

**PETROVIETNAM GAS CORPORATION – JOINT STOCK COMPANY**

PV GAS Tower, 673 Nguyen Huu Tho Street  
 Phuoc Kien Commune, Nha Be District  
 Ho Chi Minh City, S.R. Vietnam

**Consolidated Financial Statements**  
 For the period from 16 May 2011  
 to 31 December 2011

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN**

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

**37. CORPORATE INCOME TAX**

	From 16/5/2011 to 31/12/2011 VND
<b>Profit before tax</b>	<b>5,506,895,978,136</b>
Less: Non-assessable income	(58,962,625,968)
Non-deductible expense carried forward from previous period	(2,541,858,773)
<b>Assessable income</b>	<b>5,445,391,493,395</b>
<b>Corporate income at current tax rate</b>	<b>962,195,423,944</b>
Tax incentive	(43,646,667,679)
<b>Corporate income tax</b>	<b>918,548,756,265</b>

The Corporation is obligated to pay corporate income tax at the rate of 25% of its assessable income. The Corporation is entitled significant tax incentives as follows:

**(i) Corporate income tax incentives for the parent company – the Corporation:**

The Corporation is entitled to corporate income tax incentive at the rate of 20% for Phu My Gas Distribution Station Project under Investment Incentive Certificate No.8898-BKH/DN dated 31 December 2001; Nam Con Son Condensate Transportation Project under Investment Incentive Certificate No.3399-BKH/DN dated 28 May 2002 and Nam Con Son Pipeline Project under Investment Incentive Certificate No.6011-BKH/DN dated 18 September 2002 issued by the Ministry of Planning and Investment. Moreover, the Corporation is entitled to a corporate income tax exemption for the first three years from the first taxable profit making year and a reduction of 50% in the seven years thereafter with respect to Nam Con Son Pipeline Project.

The Corporation is entitled to a corporate income tax exemption for three years from the first taxable profit making year and a reduction of 50% in the seven years thereafter with respect to Thi Vai LPG Filling Station Project under Investment Incentive Certificate No.49221000055 dated 10 August 2007. PetroVietnam Gas Corporation – One Member Company Limited (equitized entity) had registered to apply this incentive since 2010 and the Corporation inherited such incentive.

The Corporation is entitled to a corporate income tax exemption for the first three years from the first taxable profit making year and a reduction of 50% in the seven years thereafter with respect to low pressure gas distribution system - phase 2 under Investment Incentive Certificate No.49221000047 dated 2 July 2007. PetroVietnam Gas Corporation – One Member Company Limited had registered to apply this incentive since 2010 and the Corporation inherited such incentive.

The Corporation is entitled to a corporate income tax exemption for one year from the first taxable profit making year and a reduction of 50% in the two years thereafter with respect to Su Tu Den/Su Tu Vang - Rang Dong Gas Pipelines System Project under Investment Incentive Certificate No.492210000102 dated 8 May 2008. PetroVietnam Gas Corporation – One Member Company Limited had registered to apply this incentive since 2010 and the Corporation inherited such incentive.

The Corporation is entitled to a corporate income tax exemption for two years from the first taxable profit making year and a reduction of 50% in the three years thereafter with respect to PM3 - Ca Mau Gas Pipelines System Project under Investment Incentive Certificate No.61101000095 dated 9 February 2010. PetroVietnam Gas Corporation - One Member Company Limited had registered to apply this incentive since 2010 and the Corporation inherited such incentive.

**PETROVIETNAM GAS CORPORATION – JOINT STOCK COMPANY**

PV GAS Tower, 673 Nguyen Huu Tho Street  
 Phuoc Kien Commune, Nha Be District  
 Ho Chi Minh City, S.R. Vietnam

**Consolidated Financial Statements**  
 For the period from 16 May 2011  
 to 31 December 2011

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN**

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

**37. CORPORATE INCOME TAX (Continued)****(ii) Corporate income tax incentives for PVGas South, a subsidiary:**

As per Investment Certificate with respect to CNG business, PVGAS South is entitled to corporate income tax rate of 20% during the operation duration and a corporate income tax exemption for two years and a reduction of 50% in the six years thereafter since the Corporation starts to incur taxable income.

CNG Vietnam Joint Stock Company, a subsidiary of PVGAS South, is annually entitled to corporate income tax rate of 20% of taxable income within 10 years from the operation commencement and 25% for the following years. Besides, CNG Vietnam Joint Stock Company is entitled to a corporate income tax exemption for two years from the first profit making year and a reduction of 50% in the six years thereafter.

**(iii) Corporate income tax incentives for PVPipe, a subsidiary:**

As per Investment Certificate No. 53101000116 dated 21 October 2010 of People's Committee of Tien Giang province, the company is entitled to incentives for investment projects in geographical areas with difficult socio-economic conditions (Go Cong district, Tien Giang province). The company is entitled to incentives regarding corporate income tax and duration of corporate income tax exemption under Decree No. 124/2008/ND-CP dated 11 December 2008 of the Government guiding the implementation of some articles of Law on Corporate income tax. I.e: preferential tax rate of 20% applied during 10 years continuously from the first year with revenue from business activities entitled to tax incentives and tax exemption for 2 years, reduction of 50% in 4 the years thereafter. Exemption and reduction duration shall be continuous from the first year that the Corporation has taxable income from investment project. In case the Company has no taxable income in the first 3 years from the year that the Company has revenue from the project, exemption and reduction duration are determined from the fourth year.

**38. BASIC EARNINGS PER SHARE**

	From 16/5/2011 to 31/12/2011 VND
Profit after tax of the Corporation	4,334,181,077,976
Profit payable to parties in joint venture agreement on PVGas Tower	3,951,304,604
<b>Profit to calculate basic earnings per share</b>	<b>4,330,229,773,372</b>
Weighted average number of ordinary shares	1,895,000,000
<b>Basic earnings per share</b>	<b>2,285</b>

**39. PRODUCTION COST BY NATURE**

	From 16/5/2011 to 31/12/2011 VND
Raw materials and consumables	19,476,647,683,320
Labour	417,198,733,345
Depreciation and amortization	1,816,865,445,885
Out-sourced services	820,649,538,170
Other expenses	1,431,746,990,677
	<b>23,963,108,391,397</b>

**PETROVIETNAM GAS CORPORATION – JOINT STOCK COMPANY**

PV GAS Tower, 673 Nguyen Huu Tho Street  
 Phuoc Kien Commune, Nha Be District  
 Ho Chi Minh City, S.R. Vietnam

**Consolidated Financial Statements**  
 For the period from 16 May 2011  
 to 31 December 2011

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN**

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

**40. COMMITMENTS****i) Capital commitments**

As at 31 December 2011, the Corporation has commitments relating to some significant construction contracts which are being performed but have not been finished:

	31/12/2011
	VND
LPG Warehouse	726,034,786,968
Hai Su Trang/Te Giac Trang - Bach Ho Gas Pipelines System	678,769,567,041
Nam Con Son 2 Gas Pipelines System	124,917,169,830
Block B - O Mon Gas Pipelines System	164,505,330,445
	<u>1,694,226,854,284</u>

**ii) Other commitments**

The following commitments relating to gas sales and transportation are as follows:

*Purchasing commitments:*

In accordance with additional agreements of on the Block 06.1 Gas Sales and Purchase Agreement (Block 06.1 GSPA) dated 30 September 2009 signed between gas owners of Block 06.1 (BP Exploration Operating Limited Company – transferred to TKN Vietnam BV Company, dated 17 October 2011, ONGC Videsh Limited Company and Vietnam Oil and Gas Group - transferred to PetroVietnam Gas Corporation – One Member Company Limited from 10 June 2010 and currently inherited by the Corporation), the Corporation commits to purchase a minimum gas volume of 4 billion m<sup>3</sup> per annum for the period from 01 January 2011 to 30 June 2014.

Under the Block 11.2 GSPA dated 19 April 2005 signed between gas owners of Block 11.2 (Korea National Oil Company and Vietnam Oil and Gas Group - transferred to PetroVietnam Gas Corporation – One Member Company Limited from 10 June 2010 and currently inherited by the Corporation ) for a term of 23 years, the Corporation commits to purchase a minimum gas volume of 1.216 billion m<sup>3</sup> per annum until the end of stabilization period of Block 11.2.

According to PM3 CAA upper reaches gas sales agreement (PM3 CAA UGSA) dated 10 February 2000 signed between Vietnam Oil and Gas Group (represented by the PetroVietnam Gas Corporation – One Member Company Limited and currently inherited by the Corporation) and the contractors of Block PM3 CAA and Petronas for a term of 23 years, the Corporation commits to purchase from contractors an annual fixed gas volume of 1.3 billion m<sup>3</sup> per annum, 1.664 billion m<sup>3</sup> per annum from the 9<sup>th</sup> agreement year (from 01 April 2011 to 31 March 2012) and 1.819 billion m<sup>3</sup> per annum from the 10<sup>th</sup> agreement year onwards (from 01 April 2012 to 31 March 2013).

According to the Block 46 Cai Nuoc GSPA dated 23 July 2003 between Vietnam Oil and Gas Group (represented by PetroVietnam Gas Corporation – One Member Company Limited and currently inherited by the Corporation ) and the contractors of the Block 46 Cai Nuoc for a term of 23 years, the Corporation commits to purchase from gas owners an annual fixed gas volume of 0.206 billion m<sup>3</sup>.

*Selling commitments:*

According to Nam Con Son Gas Sales Agreement (GSA) dated 16 December 2001 signed between Vietnam Oil and Gas Group (transferred to PetroVietnam Gas Corporation – One Member Company Limited from 10 June 2010 and currently inherited by the Corporation) and Vietnam Electricity (EVN) for a term of 20 years, accordingly, the Corporation commits to sell an annual fixed gas volume of 1.85 billion m<sup>3</sup> to EVN until the end of stabilization period as per the GSA.

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**PETROVIETNAM GAS CORPORATION – JOINT STOCK COMPANY**

PV GAS Tower, 673 Nguyen Huu Tho Street  
 Phuoc Kien Commune, Nha Be District  
 Ho Chi Minh City, S.R. Vietnam

**Consolidated Financial Statements**  
 For the period from 16 May 2011  
 to 31 December 2011

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN**

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

**40. COMMITMENTS (Continued)**

According to Nam Con Son GSA dated 22 May 2001 signed between Vietnam Oil and Gas Group (transferred to PetroVietnam Gas Corporation – One Member Company Limited from 10 June 2010 and currently inherited by the Corporation) and Phu My 3 BOT Power Plant (PM3), the Corporation commits to supply an annual minimum gas volume of 0.85 billion m<sup>3</sup> until 2023.

According to Nam Con Son GSA dated 18 September 2001 signed between Vietnam Oil and Gas Group (represented by PetroVietnam Gas Corporation – One Member Company Limited and currently inherited by the Corporation) and MeKong Energy Company (“PM2.2 BOT”), the Corporation commits to supply PM2.2 BOT an annual minimum gas volume of 0.85 billion m<sup>3</sup> until 2023.

According to PM3 CAA and Block 46 Cai Nuoc GSPAs signed in May 2007 between Vietnam Oil and Gas Group (represented by PetroVietnam Gas Corporation – One Member Company Limited and currently inherited by the Corporation) and PetroVietnam Ca Mau Power Company, the Corporation commits to supply an annual fixed gas volume of 1.5 billion m<sup>3</sup> until 2023.

**41. FINANCIAL INSTRUMENTS****Capital risk management**

The Corporation manages its capital to ensure that the Corporation will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Corporation consists of net debt (borrowings disclosed in Note 21 and 28, offset by cash and cash equivalents) and equity attributable to equity holders of the parent (comprising capital, reserves and retained earnings).

**Significant accounting policies**

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses) for each class of financial asset and financial liability are disclosed in Note 4.

**Categories of financial instruments**

	Carrying amount 31/12/2011
	VND
<b>Financial assets</b>	
Cash and cash equivalents	10,045,200,208,018
Short-term investments	317,329,590,057
Trade and other receivables	6,216,200,126,626
Long-term investments	867,138,815,736
Other financial assets	478,761,148,691
<b>Total</b>	<b>17,924,629,889,128</b>
<b>Financial liabilities</b>	
Borrowings	11,016,715,392,812
Trade and other payables	6,991,903,184,983
Accruals	1,042,983,577,594
<b>Total</b>	<b>19,051,602,155,389</b>

The Corporation has not assessed fair value of its financial assets and liabilities as at the balance date since there are no comprehensive guidance under Circular 210 and other relevant prevailing regulations to determine fair value of these financial assets and liabilities. While Circular 210 refers to the application of IFRS on presentation and disclosures of financial instruments, it did not adopt the equivalent guidance for the recognition and measurement of financial instruments, including application of fair value, in accordance with IFRS.

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**PETROVIETNAM GAS CORPORATION – JOINT STOCK COMPANY**

PV GAS Tower, 673 Nguyen Huu Tho Street  
 Phuoc Kien Commune, Nha Be District  
 Ho Chi Minh City, S.R. Vietnam

**Consolidated Financial Statements**  
 For the period from 16 May 2011  
 to 31 December 2011

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN**

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

**41. FINANCIAL INSTRUMENTS (Continued)****Financial risk management objectives**

Financial risks include market risk (including foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk.

**Market risk**

The Corporation has assessed carefully market risks regarding operating activities and believes that it has no significant foreign currency risks or price risks.

**Interest rate risk management**

The Corporation has significant interest rate risks arising from interest bearing loans which are arranged. The Corporation is exposed to interest rate risk as the Corporation borrows funds at both fixed and floating interest rates. The risk is managed by the Corporation by maintaining an appropriate mix between fixed and floating rate borrowings.

**Credit risk**

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Corporation. The Corporation has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The Corporation does not have any significant credit risk exposure to any counterparty because receivables consist of a large number of customers, spread across diverse industries and geographical areas.

**Liquidity risk management**

The purpose of liquidity risk management is to ensure the availability of funds to meet present and future financial obligations. Liquidity is also managed by ensuring that the excess of maturing liabilities over maturing assets in any period is kept to manageable levels relative to the amount of funds that the Corporation believes can generate within that period. The Corporation policy is to regularly monitor current and expected liquidity requirements to ensure that the Corporation maintains sufficient reserves of cash, borrowings and adequate committed funding from its owners to meet its liquidity requirements in the short and longer term.

The following table details the Corporation's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Corporation can be required to pay. The table presents principal cash flows.

31/12/2011	<u>Less than 1 year</u>	<u>From 1 to 5 years</u>	<u>Total</u>
	VND	VND	VND
<b>Financial liabilities</b>			
Borrowings	2,866,904,584,313	8,149,810,808,499	11,016,715,392,812
Trade and other payables	5,535,022,269,972	1,456,880,915,011	6,991,903,184,983
Accruals	1,042,983,577,594	-	1,042,983,577,594
	<u>9,444,910,431,879</u>	<u>9,606,691,723,510</u>	<u>19,051,602,155,389</u>

The management assessed the liquidity risk concentration at low level. The management believes that the Corporation will be able to generate sufficient funds to meet its financial obligations as and when they fall due.

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**PETROVIETNAM GAS CORPORATION – JOINT STOCK COMPANY**

PV GAS Tower, 673 Nguyen Huu Tho Street  
 Phuoc Kien Commune, Nha Be District  
 Ho Chi Minh City, S.R. Vietnam

**Consolidated Financial Statements**  
 For the period from 16 May 2011  
 to 31 December 2011

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN**

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

**41. FINANCIAL INSTRUMENTS (Continued)**

The following table details the Corporation's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets excluding interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Corporation's liquidity risk management as the liquidity is managed on a net asset and liability basis.

31/12/2011	Less than 1 year	From 1 to 5 years	Total
	VND	VND	VND
<b>Financial assets</b>			
Cash and cash equivalents	10,045,200,208,018	-	10,045,200,208,018
Short-term investments	317,329,590,057	-	317,329,590,057
Trade and other receivables	6,216,200,126,626	-	6,216,200,126,626
Long-term investments	-	867,138,815,736	867,138,815,736
Other financial assets	478,761,148,691	-	478,761,148,691
	<b>17,057,491,073,392</b>	<b>867,138,815,736</b>	<b>17,924,629,889,128</b>

**42. RELATED PARTY TRANSACTIONS AND BALANCES**

During the period, the Corporation entered into the following transactions with related parties:

	From 16/5/2011 to 31/12/2011 VND
<b>Sales</b>	
PetroVietnam Exploration Production Corporation	1,396,092,665,095
PetroVietnam Fertilizer and Chemicals Corporation	1,324,649,852,620
PetroVietnam Oil Corporation	179,896,473,147
PetroVietnam Power Corporation	8,331,045,235,989
PetroVietnam Transportation Corporation	297,873,728,326
<b>Purchases</b>	
Vietnam Oil and Gas Group	1,890,425,297,467
PetroVietnam Exploration Production Corporation	5,668,039,562,731
PetroVietnam Construction Joint Stock Company	559,833,031,446
Binh Son Refining and Petrochemical Company Limited	3,288,821,344,005
Joint Venture "Vietsovpetro"	206,218,644,332
PTSC Geos and Subsea services Company Limited	117,802,517,054
<b>Management' remuneration</b>	<b>8,712,817,702</b>

Due to the Corporation official transformation into Joint Stock Company from 16 May 2011, transactions with related parties are calculated on the time basis corresponding to the period of the Corporation's operation as a Joint Stock Company. As the assessments of the Corporation's Board of General Directors, the presentation of related party transactions as above gives a true view of the Corporation's actual operation and difference (if any) have no immaterial effect on its consolidated financial statements.

**PETROVIETNAM GAS CORPORATION – JOINT STOCK COMPANY**

PV GAS Tower, 673 Nguyen Huu Tho Street  
 Phuoc Kien Commune, Nha Be District  
 Ho Chi Minh City, S.R. Vietnam

**Consolidated Financial Statements**

For the period from 16 May 2011  
 to 31 December 2011

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) FORM B 09-DN/HN**

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

**42. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)**

Related party significant balances at the balance sheet date were as follows:

	<u>31/12/2011</u> <u>VND</u>
<b>Receivables</b>	
PetroVietnam Ca Mau Power Company	1,154,163,132,997
PetroVietnam Power Nhon Trach 2 Joint Stock Company	300,023,952,348
PetroVietnam Nhon Trach Power Company	165,577,192,223
Camau Fertilizer PetroVietnam Company Limited	62,180,376,705
PetroVietnam Fertilizer and Chemicals Corporation	195,468,590,693
PetroVietnam Construction Joint Stock Corporation	100,630,797,547
PetroVietnam General Services Joint Stock Corporation	62,300,330,400
PetroVietnam Technical Services Joint Stock Corporation	46,274,800,000
PetroVietnam Urban Development Joint Stock Company	49,998,681,817
<b>Payables</b>	
Vietnam Oil and Gas Group	894,818,602,495
- <i>Management fee</i>	45,128,506,078
- <i>Funds for PetroVietnam South East Gas Project Management Board</i>	44,264,383,269
- <i>Gas payables</i>	508,230,740,004
- <i>Other payables of PV Gas South</i>	2,249,243,431
- <i>Interest expenses due to late payment of proceeds from equitization</i>	294,945,729,713
PetroVietnam Construction Joint Stock Corporation	96,228,984,596
Binh Son Refining and Petrochemical Limited Company	702,015,053,140
PetroVietnam Exploration Production Corporation	132,565,294,118
PetroVietnam Ca Mau Power Company	248,070,281,647
PetroVietnam Investment Consultancy and Engineering JSC	127,928,474,017
Petroleum Equipment Assembly & Metal Structure JSC	80,000,000,000
PetroVietnam Urban Development Joint Stock Company	49,998,681,817
Petroleum Industrial and Civil Construction Joint Stock Company	40,000,000,000
<b>Entrusted investments</b>	
PetroVietnam Finance Joint Stock Corporation	350,772,275,057
PetroVietnam Finance Investment Joint Stock Company	50,000,000,000
<b>Loans</b>	
PetroVietnam Finance Joint Stock Corporation	2,350,208,932,728

**43. COMPARATIVE FIGURES**

The Corporation has officially operated under Joint Stock Company since 16 May 2011, thus the Corporation's consolidated financial statements for the first period from 16 May 2011 to 31 December 2011 have no comparative figures.



**Dỗ Khang Ninh**  
 General Director

19 March 2012

**Mai Huu Ngan**  
 Chief Accountant