

**PETROVIETNAM GAS CORPORATION -
JOINT STOCK COMPANY**

(Incorporated in the Socialist Republic of Vietnam)

**REVIEWED FINANCIAL
STATEMENTS**

**For the period from 01 January 2012
to 30 June 2012**



TABLE OF CONTENTS

<u>CONTENTS</u>	<u>PAGES</u>
STATEMENT OF THE BOARD OF GENERAL DIRECTORS	1 - 2
REVIEW REPORT	3
BALANCE SHEET	4 - 5
INCOME STATEMENT	6
CASH FLOW STATEMENT	7
NOTES TO THE FINANCIAL STATEMENTS	8 - 32

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 separate financial statements for the period from 01 January 2012 to 30 June 2012.

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 01 January 2012 to 30 June 2012 and to the date of this report are as follows:

Board of Management

Ms. Nguyen Thi Lan	Chairman
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 financial statements, 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 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 financial statements;
- Prepare the 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 financial statements so as to minimize errors and frauds.

PETROVIETNAM GAS CORPORATION - JOINT STOCK COMPANY

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

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 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 financial statements.

For and on behalf of the Board of General Directors,



Do Khang Ninh
General Director

10 August 2012

REVIEW REPORT

Deloitte Viet Nam Company Ltd.
12A Floor, Vinaconex Tower
34 Lang Ha Street, Dong Da District
Hanoi, Vietnam
Tel : +844 6288 3568
Fax: +844 6288 5678
www.deloitte.com/vn

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

We have reviewed the accompanying balance sheet of PetroVietnam Gas Corporation - Joint Stock Company ("the Corporation") as at 30 June 2012, the related statements of income and cash flows for the period from 01 January 2012 to 30 June 2012, and the notes thereto (collectively referred to as "the financial statements"), as set out from page 4 to page 32. The accompanying financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam. These financial statements are the responsibility of the Corporation's Board of General Directors. Our responsibility is to express an opinion on these financial statements based on our review.

We have conducted our review audit in accordance with Vietnamese Standards on Auditing No. 910 - Engagement to review financial statements. These standards require that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatements. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial statements do not give a true and fair view of, in all material respects, the financial position of the Corporation as at 30 June 2012 and the results of its operations and its cash flows for the period from 01 January 2012 to 30 June 2012 in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System and prevailing relevant regulations in Vietnam.

We draw attention to the following issues:

- As presented in Note 26 of the Notes to the 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 May and June 2012 have not been recorded in the income statement for the period from 01 January 2012 to 30 June 2012 with the amounts of VND 3,867 billion and VND 2,736 billion respectively (those incurred in November and December 2011 were recorded in the income statement for the period from 01 January 2012 to 30 June 2012 of the Corporation with the amounts of VND 3,137 billion and VND 2,699 billion respectively).
- As presented in Note 22 of the Notes to the 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 March 2012 to PetroVietnam Fertilizer and Chemicals Corporation - Joint Stock Company with the amount of VND 719,334,512,680 in other payables for supporting operation of Ca Mau Fertilizer Plant under Document No. 2732/VPCP-KTN dated 29 April 2011 by the Government Office. Currently, the Corporation is waiting for the guidelines from Vietnam Oil and Gas Group for the settlement of this amount.



Khúc Thị Lan Anh
Deputy General Director
CPA Certificate No. D.0036/KTV

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

10 August 2012
Hanoi, S.R. Vietnam

Tran Huy Cong
Auditor
CPA Certificate No. 0891/KTV

PETROVIETNAM GAS CORPORATION - JOINT STOCK COMPANY

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

Financial Statements

For the period from 01 January 2012
to 30 June 2012

BALANCE SHEET

As at 30 June 2012

FORM B 01-DN

Unit: VND

ASSETS	Codes	Notes	30/6/2012	31/12/2011
A. CURRENT ASSETS	100		22,339,548,407,882	16,194,708,159,618
(100=110+120+130+140+150)				
I. Cash and cash equivalents	110	4	10,091,818,350,982	8,318,284,343,963
1. Cash	111		2,116,818,350,982	1,663,284,343,963
2. Cash equivalents	112		7,975,000,000,000	6,655,000,000,000
II. Short-term financial investments	120		99,003,200,000	190,772,275,057
1. Short-term investments	121	5	99,003,200,000	190,772,275,057
III. Short-term receivables	130		10,833,303,566,927	6,423,798,661,499
1. Trade accounts receivable	131		9,989,236,923,160	5,500,102,073,633
2. Advances to suppliers	132		364,192,549,144	397,783,513,426
3. Other receivables	135	6	480,726,103,937	526,765,083,754
4. Provision for short-term doubtful debts	139		(852,009,314)	(852,009,314)
IV. Inventories	140	7	559,506,553,137	571,283,791,904
1. Inventories	141		617,599,509,183	629,376,747,950
2. Provision for devaluation of inventories	149		(58,092,956,046)	(58,092,956,046)
V. Other short-term assets	150		755,916,736,836	690,569,087,195
1. Short-term prepayments	151		85,522,751,005	62,682,902,614
2. Value added tax deductibles	152		251,919,665,543	143,480,267,395
3. Taxes and other receivables from the State Budget	154	8	3,766,199,532	31,011,244,460
4. Other short-term assets	158	9	414,708,120,756	453,394,672,726
B. NON-CURRENT ASSETS	200		21,765,067,332,810	22,290,069,281,351
(200=220+250+260)				
I. Fixed assets	220		16,905,321,654,486	17,393,990,280,314
1. Tangible fixed assets	221	10	14,622,048,210,635	15,177,903,306,342
- Cost	222		25,984,710,371,282	25,214,941,963,196
- Accumulated depreciation	223		(11,362,662,160,647)	(10,037,038,656,854)
2. Intangible fixed assets	227	11	231,249,912,408	227,536,482,176
- Cost	228		241,051,029,833	235,472,593,313
- Accumulated amortisation	229		(9,801,117,425)	(7,936,111,137)
3. Construction in progress	230	12	2,052,023,531,443	1,988,550,491,796
II. Long-term financial investments	250		3,108,171,721,365	2,681,631,981,365
1. Investment in subsidiaries	251	13	2,253,305,717,585	1,817,724,517,585
2. Investments in joint-ventures and associates	252	14	48,240,000,000	48,240,000,000
3. Other long-term investments	258	16	806,626,003,780	815,667,463,780
III. Other long-term assets	260		1,751,573,956,959	2,214,447,019,672
1. Long-term prepayments	261	17	1,751,570,956,959	2,214,426,174,672
2. Other long-term assets	268		3,000,000	20,845,000
TOTAL ASSETS (270 = 100 + 200)	270		44,104,615,740,692	38,484,777,440,969

The notes set out on pages 8 to 32 are an integral part of these financial statements

PETROVIETNAM GAS CORPORATION - JOINT STOCK COMPANY

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

Financial Statements

For the period from 01 January 2012
to 30 June 2012

BALANCE SHEET (Continued)

As at 30 June 2012

FORM B 01-DN

Unit: VND

RESOURCES	Codes	Notes	30/6/2012	31/12/2011
A. LIABILITIES (300 = 310+330)	300		18,799,521,264,199	15,341,627,396,976
I. Current liabilities	310		12,108,251,235,694	7,844,905,246,778
1. Short-term loans and liabilities	311	18	1,901,226,631,560	1,759,596,890,619
2. Trade accounts payable	312		6,711,697,248,937	3,086,627,296,397
3. Advances from customers	313		2,183,261,318	8,698,301,177
4. Taxes and amounts payable to the State budget	314	19	688,491,395,881	556,555,423,277
5. Payables to employees	315		120,342,830,760	110,824,708,514
6. Accrued expenses	316	20	1,305,368,924,298	1,002,476,535,650
7. Inter-company payables	317	21	117,340,987,458	45,128,506,078
8. Other current payables	319	22	1,133,196,717,742	1,170,305,293,441
9. Bonus and welfare funds	323		128,403,237,740	104,692,291,625
II. Long-term liabilities	330		6,691,270,028,505	7,496,722,150,198
1. Long-term inter-company liabilities	332	23	44,264,383,269	44,264,383,269
2. Other long-term payable	333		4,733,328,300	2,068,800,000
3. Long-term loans and liabilities	334	24	5,356,390,666,851	5,838,157,009,699
4. Provision for severance allowance	336		1,022,373,979	540,967,277
5. Unearned revenue	338		138,148,273,753	464,979,987,600
6. Scientific and technological development fund	339		1,146,711,002,353	1,146,711,002,353
B. EQUITY (400=410+430)	400		25,305,094,476,493	23,143,150,043,993
I. Owners' equity	410	25	25,303,018,601,326	23,141,658,792,493
1. Owners' contributed capital	411		18,950,000,000,000	18,950,000,000,000
2. Foreign exchange reserve	416		12,332,704,151	10,281,997,027
3. Investment and development fund	417		1,286,577,475,528	214,429,579,255
4. Financial reserve fund	418		428,859,158,509	428,859,158,509
5. Other owners' funds	419		128,657,747,553	214,429,579,255
6. Retained earnings	420		4,496,591,515,585	3,323,658,478,447
II. Other resources and funds	430		2,075,875,167	1,491,251,500
1. Funds for fixed assets acquisition	433		2,075,875,167	1,491,251,500
TOTAL RESOURCES (440 = 300+ 400)	440		44,104,615,740,692	38,484,777,440,969

OFF BALANCE SHEET ITEMS

	30/6/2012	31/12/2011
1. Bad debts written off	-	3,394,214,263
2. Foreign currencies	6,417,876.00	2,355,212.05
	28.81	28.81



Do Khang Ninh
General Director

10 August 2012

Mai Huu Ngan
Chief Accountant

The notes set out on pages 8 to 32 are an integral part of these financial statements

INCOME STATEMENT

For the period from 01 January 2012 to 30 June 2012

FORM B 02-DN
Unit: VND

ITEMS	Codes	Notes	From 01/01/2012
			to 30/6/2012
1. Gross sales	01	26	31,939,962,521,154
2. Deductions	02	26	16,557,905,962
3. Net sales (10=01-02)	10	26	31,923,404,615,192
4. Cost of sales	11	27	25,871,821,478,152
5. Gross profit from sales (20 = 10-11)	20		6,051,583,137,040
6. Financial income	21	28	559,712,468,730
7. Financial expenses	22	29	91,364,914,144
- In which: Interest expense	23		51,080,905,162
8. Selling expenses	24		275,970,338,505
9. General and administration expenses	25		717,558,186,989
10. Operating profit (30 = 20+(21-22)-(24+25))	30		5,526,402,166,132
11. Other income	31		22,424,923,467
12. Other expenses	32		1
13. Profit from other activities (40=31-32)	40		22,424,923,466
14. Accounting profit before tax (50=30+40)	50		5,548,827,089,598
15. Current corporate income tax expense	51	30	994,847,624,878
16. Net profit after corporate income tax (60=50-51)	60		4,553,979,464,720
17. Earning per share	70	31	2,399



Do Khang Ninh
General Director

10 August 2012

Mai Huu Ngan
Chief Accountant

The notes set out on pages 8 to 32 are an integral part of these financial statements

CASH FLOW STATEMENT

For the period from 01 January 2012 to 30 June 2012

FORM B 03-DN
 Unit: VND

ITEMS	Codes	From 01/01/2012 to 30/6/2012
I. CASH FLOWS FROM OPERATING ACTIVITIES		
1. Profit before tax	01	5,548,827,089,598
2. Adjustments for:		
Depreciation and amortisation	02	1,327,488,510,081
(Gain) from investing activities	05	(539,115,846,645)
Interest expense	06	51,080,905,162
3. Operating profit before movements in working capital	08	6,388,280,658,196
Changes in receivables	09	(4,432,045,699,727)
Changes in inventories	10	11,777,238,767
Changes in accounts payable (not including accrued interest and corporate income tax payable)	11	3,833,332,271,794
Changes in prepaid expenses and others	12	394,860,884,772
Interest paid	13	(149,347,565,559)
Corporate income tax paid	14	(770,527,414,510)
Other cash inflows	15	2,664,528,300
Other cash outflows	16	(89,845,069,314)
Net cash from operating activities	20	5,189,149,832,719
II. CASH FLOWS FROM INVESTING ACTIVITIES		
1. Acquisition and construction of fixed assets	21	(838,819,884,253)
2. Cash outflow for lending	23	(9,149,284,943)
3. Cash recovered from lending	24	107,041,460,000
4. Investment in other entities	25	(462,853,060,000)
5. Interest earned, dividends and profits received	27	565,159,624,611
Net cash (used in) investing activities	30	(638,621,144,585)
III. CASH FLOWS FROM FINANCING ACTIVITIES		
1. Proceeds from borrowings	33	285,352,453,231
2. Repayments of borrowings	34	(798,760,780,253)
3. Dividends and profits paid	36	(2,263,605,720,000)
Net cash (used in) financing activities	40	(2,777,014,047,022)
Net increase in cash	50	1,773,514,641,112
Cash and cash equivalents at the beginning of the period	60	8,318,284,343,963
Effect of changes in foreign exchange rates	61	19,365,907
Cash and cash equivalents at the end of the period	70	10,091,818,350,982



Do Khang Ninh
 General Director

10 August 2012

Mai Huu Ngan
 Chief Accountant

The notes set out on pages 8 to 32 are an integral part of these financial statements

PETROVIETNAM GAS CORPORATION - JOINT STOCK COMPANY

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

Financial Statements

For the period from 01 January 2012
to 30 June 2012

NOTES TO THE FINANCIAL STATEMENTS**FORM B 09-DN**

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

1. GENERAL INFORMATION**Structure of ownership**

PetroVietnam 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 on 18 July 2007 issued by Vietnam Oil and Gas Group and the first Business Registration Certificate No. 3500102710 dated 17 January 2007.

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

The number of employees as at 30 June 2012 are 1,257 (31 December 2011: 1,203).

The Corporation's branches include:

- PetroVietnam Gas South East Transmission Company;
- PetroVietnam Gas Vung Tau Processing Company;
- PetroVietnam Gas Trading Company;
- PetroVietnam Gas Services Company;
- PetroVietnam Gas Projects Management Consulting Company;
- PetroVietnam South East Gas Project Management Board;
- PetroVietnam Gas Ca Mau Company;
- Nam Con Son Gas Pipelines Company;
- Petro Vietnam Gas Ca Mau GPP Project Management Board.

Principal activities

The principal activities of the Corporation are to collect, transport, store and process gas; 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 and export 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).

PETROVIETNAM GAS CORPORATION - JOINT STOCK COMPANY

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

Financial Statements
For the period from 01 January 2012
to 30 June 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FORM B 09-DN

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

2. ACCOUNTING CONVENTION AND ACCOUNTING PERIOD

Accounting convention

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

Final accounts of equitization

The financial statements for the period from 01 January 2011 to 30 June 2012 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 period from 01 January 2012 to 30 June 2012.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Estimates

The preparation of 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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, cash equivalents, trade receivables, other receivables and investments.

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, loans 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.

PETROVIETNAM GAS CORPORATION - JOINT STOCK COMPANY

PVGAS Tower, 673 Nguyen Huu Tho Street

Phuoc Kien Commune, Nha Be District,

Ho Chi Minh City, S.R. Vietnam

Financial Statements

For the period from 01 January 2012

to 30 June 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)**FORM B 09-DN***These notes are an integral part of and should be read in conjunction with the accompanying financial statements***3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****Short-term financial investments**

Short-term financial investments are recognized at cost, including time deposits of twelve months or less and a short-term entrusted investment 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 realizable value. Cost comprises direct materials and where applicable, direct labor 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 realizable 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 realizable values as at the balance sheet date.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation.

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

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

	From 01/01/2012 to 30/6/2012
	Years
Buildings, structures	4 - 15
Machinery, equipment	3 - 7
Motor vehicles	2 - 7
Office equipment	3 - 5
Other assets	3 - 20

The Corporation's tangible fixed assets were revaluated when State-owned enterprises were equitized. The cost and accumulated depreciation of tangible fixed assets are adjusted based on the revaluation value approved by competent authorities as regulated.

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)**FORM B 09-DN***These notes are an integral part of and should be read in conjunction with the accompanying financial statements***3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****Intangible fixed assets and amortization**

Intangible fixed assets represent land use rights and computer software which are stated at cost less accumulated amortization. Long-term land use rights are not amortized. Software is amortized using the straight-line method over their estimated useful lives of three years.

Intangible fixed assets were revaluated when State-owned enterprises were equitized. The cost and accumulated amortization of intangible fixed assets are adjusted based on the revaluation value approved by competent authorities as regulated.

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 investments 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 subsidiaries, joint ventures, associates and other long-term financial investments and are recognized at cost including costs directly attributable to these investments. In the next accounting periods, these investments shall be recognized at cost less the amount of diminution in value of investments (if any).

Long-term prepayments

Long-term prepayments comprise business privilege 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 assets for equitization. Business privilege is allocated to the income statement for three years from the time the Corporation has officially been transformed into a Joint Stock Company.

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 or more. These expenditures have been capitalized as long-term prepayments, and are allocated to the income statement using the straight-line method within three years in accordance with the current prevailing accounting regulations.

Revenue recognition**Sale of goods**

Revenue from the sale of goods is recognized 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.

5001
ONG C
K
IET
CON
CO P
- T

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FORM B 09-DN

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

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 recognized 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 recognized 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.

Unearned revenue

Unearned revenue mainly represents a deficit when the gas volume actively delivered is less than the underwriting norm between the Corporation and its customers. Such amount will be offset by the excess of the delivered amount over the underwriting norm in the next periods.

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

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 income statement.

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)**FORM B 09-DN***These notes are an integral part of and should be read in conjunction with the accompanying financial statements***3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****Foreign currencies (Continued)**

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 01 January 2012 to 30 June 2012 decrease by VND 2,050,707,124 and the "Foreign exchange reserve" item under "Owner's equity" section in the balance sheet as at 30 June 2012 decrease by VND 12,332,704,151 in comparison with the VAS 10 adoption.

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 income statement when incurred.

Provision

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 income statement for the period.

For the period from 01 January 2012 to 30 June 2012, the Corporation did not provide for the scientific and technological development fund. The balance of the fund as at 30 June 2012 with the amount of VND 1,146,711,002,353 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 periods (including loss carried forward, if any) and it further excludes items that are never taxable or deductible.

Deferred tax is recognized 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 recognized for all temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilized.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FORM B 09-DN

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized. 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.

4. CASH AND CASH EQUIVALENTS

	30/6/2012	31/12/2011
	VND	VND
Cash on hand	1,504,018,943	1,587,812,235
Cash in bank	2,115,314,332,039	1,661,696,531,728
Cash equivalents (i)	7,975,000,000,000	6,655,000,000,000
	<u>10,091,818,350,982</u>	<u>8,318,284,343,963</u>

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

5. SHORT-TERM INVESTMENTS

	30/6/2012	31/12/2011
	VND	VND
Short-term trusted fund management	99,003,200,000	190,772,275,057
	<u>99,003,200,000</u>	<u>190,772,275,057</u>

6. OTHER RECEIVABLES

	30/6/2012	31/12/2011
	VND	VND
Receivable from parties in joint venture agreement on the construction of Block B - O Mon pipelines system	123,961,631,156	171,685,872,819
Receivable from employees regarding deposits at Phu Long Real Estate Company	246,990,625,000	201,625,000,000
Advance to PVC Mekong for construction of office for lease at Bac Lieu	49,998,681,817	49,998,681,817
Accrued interest income from entrusted fund management and term deposits	33,049,479,260	63,369,648,226
Other receivables	26,725,686,704	40,085,880,892
	<u>480,726,103,937</u>	<u>526,765,083,754</u>

PETROVIETNAM GAS CORPORATION - JOINT STOCK COMPANY

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

Financial Statements

For the period from 01 January 2012
to 30 June 2012

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

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

7. INVENTORIES

	30/6/2012	31/12/2011
	VND	VND
Raw materials	338,401,667,409	287,033,099,216
Tools and supplies	4,080,139,085	5,028,746,476
Work in progress	3,680,532,106	11,391,017,444
Finished goods	121,000,068,779	50,509,165,501
Merchandise	150,437,101,804	275,414,719,313
Total cost of inventories	617,599,509,183	629,376,747,950
Provision for devaluation of inventories	(58,092,956,046)	(58,092,956,046)
Net realisable value of inventories	559,506,553,137	571,283,791,904

As at 30 June 2012, there is no more obsolete and slow moving inventory. The Corporation has evaluated prudently and found no more devaluation of net realizable value of the inventories, thus the Corporation decided to remain the provision for devaluation of inventories made as of 31 December 2011.

8. TAXES AND OTHER RECEIVABLES FROM THE STATE BUDGET

	30/6/2012	31/12/2011
	VND	VND
Import, export duties	3,740,714,626	30,972,345,274
Other taxes	25,484,906	38,899,186
	3,766,199,532	31,011,244,460

9. OTHER SHORT-TERM ASSETS

	30/6/2012	31/12/2011
	VND	VND
Advances	3,749,873,628	2,291,598,378
Short-term mortgages, deposits and collateral	410,841,303,470	451,103,074,348
Other assets	116,943,658	-
	414,708,120,756	453,394,672,726

Financial Statements
For the period from 01 January 2012
to 30 June 2012

FORM B 09-DN

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

COST

[illegible]

As at 01/01/2012	63,824,598,962	65,548,522,749	25,738,171,958	49,143,477,855	9,832,783,885,330	10,037,038,656,854
Charge for the period	86,674,493,723	16,386,787,832	6,761,693,502	9,081,652,404	1,206,718,876,332	1,325,623,503,793
Reclassification	540,567,240,611	141,017,987,999	28,777,197,595	10,537,945,023	(720,900,371,228)	-
As at 30/6/2012	691,066,333,296	222,953,298,580	61,277,063,055	68,763,075,282	10,318,602,390,434	11,362,662,160,647

As at 30/6/2012	1,000,144,690,800	128,490,424,146	55,974,626,211	36,063,192,758	13,401,375,276,720	14,622,048,210,635
As at 31/12/2011	589,508,636,502	29,060,094,353	50,029,604,746	34,178,437,552	14,475,126,533,189	15,177,903,306,342

The cost of the Corporation's tangible fixed assets as at 30 June 2012 includes VND 60,200,294,412 of fixed assets which were fully depreciated but are still in use (31 December 2011: VND 45,468,689,886).

Gas facilities as at 30 June 2012 are presented in “Other fixed assets” group include facilities at cost of VND 6,318,507,474,890 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

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

Financial Statements

For the period from 01 January 2012
to 30 June 2012

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

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

11. INTANGIBLE FIXED ASSETS

	Land use rights VND	Computer software VND	Total VND
COST			
As at 01/01/2012	223,730,000,000	11,742,593,313	235,472,593,313
Increases	-	5,578,436,520	5,578,436,520
As at 30/6/2012	223,730,000,000	17,321,029,833	241,051,029,833
ACCUMULATED AMORTIZATION			
As at 01/01/2012	-	7,936,111,137	7,936,111,137
Charge for the period	-	1,865,006,288	1,865,006,288
As at 30/6/2012	-	9,801,117,425	9,801,117,425
NET BOOK VALUE			
As at 30/6/2012	223,730,000,000	7,519,912,408	231,249,912,408
As at 31/12/2011	223,730,000,000	3,806,482,176	227,536,482,176

12. CONSTRUCTION IN PROGRESS

	30/6/2012 VND	31/12/2011 VND
Block B - O Mon Gas Pipelines System	164,505,330,445	164,505,330,445
LPG Warehouse	1,291,399,651,013	726,034,786,968
Hai Su Trang/Te Giac Trang - Bach Ho Gas Pipelines System	-	678,769,567,041
Ca Mau Gas Processing Factory	67,694,483,499	24,366,339,348
Gas Pipelines System for Ca Mau Fertilizer Plant	41,626,040,831	40,142,631,634
C2 Chi Linh Apartment Project	46,438,795,278	46,438,795,278
Nam Con Son Gas Pipelines System Part 2	179,239,860,451	124,917,169,830
LPG Son My Import Warehouse	131,606,958,939	95,032,151,310
LNG Thi Vai Warehouse (IMTPA)	30,534,003,537	8,573,391,650
Project of gas collection and distribution in Ham Rong and Thai Binh field	29,782,201,726	28,024,926,665
Others	69,196,205,724	51,745,401,627
	2,052,023,531,443	1,988,550,491,796

PETROVIETNAM GAS CORPORATION - JOINT STOCK COMPANY

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

Financial Statements
For the period from 01 January 2012
to 30 June 2012

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

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

13. INVESTMENTS IN SUBSIDIARIES

Details of the Corporation's subsidiaries are as follows:

Name of company	Place of incorporation	Proportion of ownership interest	Proportion of voting right power held	Principal activity	Investment as at 30/6/2012 VND
PetroVietnam Southern Gas JSC (i)	HCM City	35.26%	35.26%	Distribute LPG	226,460,000,000
PetroVietnam Northern Gas JSC (i)	Hanoi	35.88%	35.88%	Distribute LPG	118,364,908,900
PetroVietnam Low Pressure Gas JSC	HCM City	50.50%	50.50%	Distribute low pressure gas	778,958,445,000
PetroVietnam Gas Cylinder JSC	Dong Nai	70.87%	70.87%	Manufacture gas cylinders	50,699,840,000
PetroVietnam Gas Investment and Petroleum Sport and Culture JSC	Vung Tau	76.50%	76.50%	Provide pipe packaging service	184,839,835,833
PetroVietnam Pipe Manufacturing JSC	Hanoi	60.00%	60.00%	Sports and Cultural activities	6,173,987,852
	Tien Giang	91.65%	91.65%	Manufacturing steel pipe	887,808,700,000
					2,253,305,717,585

As at 30 June 2012, the Corporation evaluated investments in subsidiaries on a prudent basis and found no impairment; accordingly, the Corporation should not make provision for these investments.

As at 30 June 2012, PetroVietnam Pipe Manufacturing JSC (PVPIPE)'s net assets are VND 779 billion, which is VND 155 billion lower than capital contribution of shareholders (VND 934 billion). At present, PVPIPE is on the investment period and make a loss under the business plan; therefore, the Board of General Directors decided not to make provision for the investment in PVPIPE.

- (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.

14. INVESTMENTS IN ASSOCIATES

	30/6/2012 VND	31/12/2011 VND
Gas City Investment and Development JSC	48,240,000,000	48,240,000,000
	48,240,000,000	48,240,000,000

Details of associates as at 30 June 2012 are as follows:

Name of company	Place of incorporation and operation	Proportion of voting power held	Principal activity
Gas City Investment and Development JSC	Hanoi	35.51%	Trading gas

PETROVIETNAM GAS CORPORATION - JOINT STOCK COMPANY

PVGAS Tower, 673 Nguyen Huu Tho Street

Phuoc Kien Commune, Nha Be District,

Ho Chi Minh City, S.R. Vietnam

Financial Statements

For the period from 01 January 2012

to 30 June 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)**FORM B 09-DN***These notes are an integral part of and should be read in conjunction with the accompanying financial statements***15. BUSINESS COOPERATION AGREEMENT**

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 "PVGAS 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:

	30/6/2012 VND	31/12/2011 VND
Cost of fixed assets	718,541,747,813	674,860,658,916
Accumulated depreciation of fixed assets	35,580,473,493	7,919,251,823
Net book value of fixed assets	682,961,274,320	666,941,407,093
		From 01/01/2012 to 30/6/2012 VND
Sales		58,084,346,784
Expenditures of joint venture assets		27,156,135,307
Other income		-
Net profit after corporation income tax		23,196,158,608
Profit distribution as per the capital contribution ratio:		
- PetroVietnam Gas Corporation - Joint Stock Company		16,237,311,025
- PetroVietnam Investment Consultancy and Engineering Joint Stock Company		4,639,231,722
- Phu Long Real Estate Joint Stock Company		2,319,615,861

16. OTHER LONG-TERM INVESTMENTS

	30/6/2012 VND	31/12/2011 VND
Investment in securities (i)	356,600,283,780	356,600,283,780
Long-term trusted fund management	450,025,720,000	459,067,180,000
	806,626,003,780	815,667,463,780

- (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

PVGAS Tower, 673 Nguyen Huu Tho Street

Phuoc Kien Commune, Nha Be District,

Ho Chi Minh City, S.R. Vietnam

Financial Statements

For the period from 01 January 2012

to 30 June 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)**FORM B 09-DN***These notes are an integral part of and should be read in conjunction with the accompanying financial statements***17. LONG-TERM PREPAYMENTS**

	30/6/2012	31/12/2011
	VND	VND
Business privilege (i)	1,706,086,612,518	2,161,043,042,522
Others long-term prepayment	45,484,344,441	53,383,132,150
	1,751,570,956,959	2,214,426,174,672

- (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 454,956,430,004.

18. SHORT-TERM LOANS AND LIABILITIES

	30/6/2012	31/12/2011
	VND	VND
Short-term borrowings	-	60,401,199,999
Current portion of long-term loan (Note 24)	1,901,226,631,560	1,699,195,690,620
	1,901,226,631,560	1,759,596,890,619

19. TAXES AND AMOUNTS PAYABLE TO THE STATE BUDGET

	30/6/2012	31/12/2011
	VND	VND
Value added tax	195,029,791,892	279,494,275,830
Corporate income tax	490,444,001,551	266,123,791,183
Special consumption tax	2,216,435,660	2,774,432,954
Personal income tax	801,166,778	6,774,529,414
Contractor withholding tax	-	1,388,393,896
	688,491,395,881	556,555,423,277

Details of the implementation of tax obligations to the State by tax type are as follows:

Items	As at 31/12/2011	Increase	Decrease	As at 30/6/2012
	VND	VND	VND	VND
Domestic value added tax (Receivables)	(38,899,186)	5,464,022,563	5,425,123,377	-
Domestic value added tax (Payables)	279,494,275,830	1,274,825,527,166	1,359,290,011,104	195,029,791,892
Value added tax on imports	-	342,720,526,732	342,720,526,732	-
Special consumption tax	2,774,432,954	16,557,905,962	17,115,903,256	2,216,435,660
Import duty (Receivables)	(30,972,345,274)	86,382,036,050	59,150,405,402	(3,740,714,626)
Export duty (Payables)	-	59,106,517	59,106,517	-
Corporate income tax	266,123,791,183	994,847,624,878	770,527,414,510	490,444,001,551
Tax on land, land rent	-	86,961,735	86,961,735	-
Personal income tax (Receivables)	1,104,657,987	1,783,793,781	2,908,936,674	(20,484,906)
Personal income tax (Payables)	5,669,871,427	31,189,196,318	36,057,900,967	801,166,778
Business license tax	-	11,000,000	11,000,000	-
Withholding tax	1,388,393,896	32,373,791,586	33,767,185,482	(5,000,000)
Other fees and charges	-	-	-	-
Total	525,544,178,817	2,786,301,493,288	2,627,120,475,756	684,725,196,349
<i>In which:</i>				
Taxes and other receivables from the State Budget	31,011,244,460			3,766,199,532
Taxes and other payables to the State Budget	556,555,423,277			688,491,395,881

PETROVIETNAM GAS CORPORATION - JOINT STOCK COMPANY

PVGAS Tower, 673 Nguyen Huu Tho Street

Phuoc Kien Commune, Nha Be District,

Ho Chi Minh City, S.R. Vietnam

Financial Statements

For the period from 01 January 2012

to 30 June 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)**FORM B 09-DN***These notes are an integral part of and should be read in conjunction with the accompanying financial statements***20. ACCRUED EXPENSES**

	30/6/2012 VND	31/12/2011 VND
Expenses for Nam Con Son Project's operator	36,315,338,060	43,857,915,342
Expenses for Rong Doi Moi and Vom Bac - Bach Ho fields' operator	101,543,453,451	87,017,231,586
Interest expense	44,941,726,478	37,027,236,349
Accrual for gas system repairing (i)	302,714,486,161	317,429,515,918
Cost for Cuu Long gas	807,697,441,843	508,230,740,004
Others	12,156,478,305	8,913,896,451
	<u>1,305,368,924,298</u>	<u>1,002,476,535,650</u>

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

21. SHORT-TERM INTER - COMPANY PAYABLES

	30/6/2012 VND	31/12/2011 VND
Management fee payable to Vietnam Oil and Gas Group	117,340,987,458	45,128,506,078
	<u>117,340,987,458</u>	<u>45,128,506,078</u>

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

22. OTHER CURRENT PAYABLES

	30/6/2012 VND	31/12/2011 VND
Payables due to increased gas price (i)	719,334,512,680	410,678,013,139
Interest payable due to late payment of proceeds from equalization	-	294,945,729,713
Other payables	413,862,205,062	464,681,550,589
	<u>1,133,196,717,742</u>	<u>1,170,305,293,441</u>

- (i) 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 March 2012 with the amount of VND 719,334,512,680 for supporting operation of Ca mau Fertilizer Plant under Document No. 2732/VPCP-KTN dated 29 April 2011 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

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

Financial Statements

For the period from 01 January 2012
to 30 June 2012

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

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

23. LONG-TERM INTER-COMPANY PAYABLES

	30/6/2012 VND	31/12/2011 VND
Payable to Vietnam Oil and Gas Group	44,264,383,269	44,264,383,269
	<u>44,264,383,269</u>	<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.

24. LONG-TERM LOANS AND LIABILITIES

	30/6/2012 VND	31/12/2011 VND
Long-term loans	7,257,617,298,411	7,537,352,700,319
Bank for Investment and Development of Vietnam	3,064,664,374,126	2,824,655,207,297
Standard Chartered Bank	2,154,540,879,632	2,462,332,444,575
Southeast Asia Commercial Joint Stock Bank	555,113,473,160	666,067,348,245
PetroVietnam Finance Joint Stock Corporation	425,099,003,055	528,970,514,247
European Investment Bank	367,974,543,916	436,803,640,884
Calyon Bank Vietnam	189,345,454,432	284,018,181,686
Ho Chi Minh City Housing Development Commercial Joint Stock Bank	258,813,976,000	271,542,116,000
Bangkok Bank Public Company Limited - Ho Chi Minh City Branch	242,065,594,090	62,963,247,385
Less: Current portion of long-term loans (presented in short-term loans)	1,901,226,631,560	1,699,195,690,620
Long-term loans payable after 12 months	<u>5,356,390,666,851</u>	<u>5,838,157,009,699</u>

Long-term loans of the Corporation are disbursed in Vietnam Dong and United States Dollar to purchase fixed assets of the Corporation. Details of loans in disbursement currency are as follow:

	30/6/2012 VND	31/12/2011 VND
Loans in USD	6,273,590,709,116	6,746,094,179,562
Loans in VND	984,026,589,295	791,258,520,757
	<u>7,257,617,298,411</u>	<u>7,537,352,700,319</u>

Long-term loans of the Corporation are guaranteed under the method as follow:

	30/6/2012 VND	31/12/2011 VND
Trusted	6,700,297,300,063	6,816,530,877,477
Third parties' guarantee	557,319,998,348	720,821,822,842
	<u>7,257,617,298,411</u>	<u>7,537,352,700,319</u>

PETROVIETNAM GAS CORPORATION - JOINT STOCK COMPANY

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

Financial Statements

For the period from 01 January 2012
to 30 June 2012

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

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

24. LONG-TERM LOANS AND LIABILITIES (Continued)

Long-term loans of the Company were signed at both fixed and floating interest rate. Interest rate within the period is from 11.4% to 17.4% per annum with VND loans, from 1.5% to 4.5% per annum with USD loans. Loans defined under interest rate are as follow:

	30/6/2012	31/12/2011
	VND	VND
Fixed interest rate	923,088,017,077	1,102,870,989,401
Floating interest rate	6,334,529,281,334	6,434,481,710,918
	<u>7,257,617,298,411</u>	<u>7,537,352,700,319</u>

Long-term loans are repayable as follows:

	30/6/2012	31/12/2011
	VND	VND
On demand or within one year	1,901,226,631,560	1,699,195,690,620
In the second year	1,759,570,238,393	1,719,383,417,702
In the third to the fifth years inclusive	2,565,622,582,586	2,391,334,218,607
After five years	1,031,197,845,872	1,727,439,373,390
	<u>7,257,617,298,411</u>	<u>7,537,352,700,319</u>
Less: Amount due for settlement within 12 months (shown under current liabilities)	1,901,226,631,560	1,699,195,690,620
Amount due for settlement after 12 months	<u>5,356,390,666,851</u>	<u>5,838,157,009,699</u>

PETROVIETNAM GAS CORPORATION - JOINT STOCK COMPANY

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

Financial Statements
For the period from 01 January 2012
to 30 June 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

FORM B 09-DN

25. OWNER'S EQUITY

Movement in owner's equity:

	Owner's contributed capital VND	Foreign exchange reserve VND	Investment and development fund VND	Financial reserve VND	Other owner's funds VND	Retained earnings VND	Total VND
As at 16/5/2011	-	-	-	-	-	-	-
Transfer from PVGAS	18,950,000,000,000	15,355,220,314	-	-	-	-	18,965,355,220,314
Profit in the period	-	-	-	-	-	4,292,542,889,697	4,292,542,889,697
Profit distribution to funds	-	-	214,429,579,255	428,859,158,509	214,429,579,255	(857,718,317,019)	-
Profit distribution to bonus, welfare funds and management bonus	-	-	-	-	-	(107,214,789,627)	(107,214,789,627)
Foreign exchange difference	-	(5,073,223,287)	-	-	-	-	(5,073,223,287)
Other decreases	-	-	-	-	-	(3,951,304,604)	(3,951,304,604)
As at 01/01/2012	18,950,000,000,000	10,281,997,027	214,429,579,255	428,859,158,509	214,429,579,255	3,323,658,478,447	23,141,658,792,493
Profit in the period	-	-	-	-	-	4,553,979,464,720	4,553,979,464,720
Profit distribution to funds (i)	-	-	1,072,147,896,273	-	(85,771,831,702)	(986,376,064,571)	-
Profit distribution to bonus, welfare funds and management bonus (ii)	-	-	-	-	-	(113,711,515,429)	(113,711,515,429)
Dividends declared	-	-	-	-	-	(2,274,000,000,000)	(2,274,000,000,000)
Foreign exchange difference	-	2,050,707,124	-	-	-	-	2,050,707,124
Other decreases (iii)	-	-	-	-	-	(6,958,847,582)	(6,958,847,582)
As at 30/6/2012	18,950,000,000,000	12,332,704,151	1,286,577,475,528	428,859,158,509	128,657,747,553	4,496,591,515,585	25,303,018,601,326

PETROVIETNAM GAS CORPORATION - JOINT STOCK COMPANY

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

Financial Statements
For the period from 01 January 2012
to 30 June 2012

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

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

25. OWNERS' EQUITY (Continued)

- (i) The Corporation re-distributed profit for the year 2011 under the Resolution No. 50/NQ-DHDCD dated 18 April 2012 passed at Annual Shareholders' Meeting in 2012.
- (ii) The Corporation temporarily distributed profit to Bonus and welfare fund and management bonus fund as per 2012 profit distribution plan accompanying with Resolution No. 50/NQ-DHDCD dated 18 April 2012 passed at Annual Shareholders' Meeting. The Board of General Directors believes that the above funds will be approved at the Annual Shareholders' Meeting in 2013.
- (iii) Distribution of profit of the business cooperation agreement on PVGas Tower project for the period from 01 January 2012 to 30 June 2012.

Details of Owner's contributed capital are as follows:

	Quantity	Rate	The capital contributed as at 30/6/2012
	(Stock)	(%)	(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
	1,895,000,000	100	18,950,000,000,000

The number of shares registered and issued as at 30 June 2012 are 1,895,000,000. All of shares are common shares with par value of VND 10,000 per share.

Dividends:

Under Resolution No. 50/NQ-DHDCD dated 18 April 2012 passed at Annual Shareholder's Meeting in the period, the Corporation declared and paid dividends from profit after tax in 2011 with the amount of VND 2,274,000,000,000 (equivalent to VND 1,200/share).

26. REVENUE

	From 01/01/2012 to 30/6/2012 VND
Gross sales	31,939,962,521,154
Sales of dry gas	19,905,543,809,142
Sales of LPG	10,571,062,028,119
Gas transportation revenue	1,132,840,369,635
Sales of condensate	182,136,965,578
Sales from leased PV Gas Tower	58,084,346,784
Other revenue	90,295,001,896
Deductions	16,557,905,962
Special consumption tax, export tax	16,557,905,962
Net sales	31,923,404,615,192

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 May and June 2012 have not been recorded in the income statement for the period from 01 January 2012 to 30 June 2012 with the amounts of VND 3,867 billion and VND 2,736 billion respectively (those incurred in November and December 2011 were recorded in the income statement for the period from 01 January 2012 to 30 June 2012 of the Corporation with the amounts of VND 3,137 billion and VND 2,699 billion respectively).

PETROVIETNAM GAS CORPORATION - JOINT STOCK COMPANY

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

Financial Statements

For the period from 01 January 2012
to 30 June 2012

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

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

27. COST OF SALES**From 01/01/2012****to 30/6/2012****VND**

Cost of dry gas	16,343,272,975,774
Cost of LPG	9,163,269,047,545
Cost of gas transportation	212,556,721,267
Cost of condensate	88,672,201,222
Cost of leased exchange gain	24,897,978,937
Others	39,152,553,407
	25,871,821,478,152

28. FINANCIAL INCOME**From 01/01/2012****to 30/6/2012****VND**

Bank and loan interest	475,569,779,890
Trusted capital management interest	43,189,675,755
Realized foreign exchange gain	20,596,622,085
Profit and dividends received	20,356,391,000
	559,712,468,730

29. FINANCIAL EXPENSES**From 01/01/2012****to 30/6/2012****VND**

Interest expense	51,080,905,162
Realized foreign exchange loss	30,815,984,756
Loss from selling investments	9,468,024,226
	91,364,914,144

Interest expense of VND 31.7 billion is capitalized into costs of constructions in progress for the period.

30. CORPORATE INCOME TAX**From 01/01/2012****to 30/6/2012****VND**

Profit before tax	5,548,827,089,598
Less: Non-assessable income	(20,356,391,000)
Add back: Non-deductible expense	651,458,295
Assessable income	5,529,122,156,893
Corporate income tax	994,847,624,878

The Corporation is obliged to pay corporate income tax at the rate of 25% of its assessable income.

PETROVIETNAM GAS CORPORATION - JOINT STOCK COMPANY

PVGAS Tower, 673 Nguyen Huu Tho Street

Phuoc Kien Commune, Nha Be District,

Ho Chi Minh City, S.R. Vietnam

Financial Statements

For the period from 01 January 2012

to 30 June 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)**FORM B 09-DN***These notes are an integral part of and should be read in conjunction with the accompanying financial statements***30. CORPORATE INCOME TAX (Continued)**

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 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 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 08 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 09 February 2010. PetroVietnam Gas Corporation - One Member Company Limited had registered to apply this incentive since 2010 and the Corporation inherited such incentive.

31. EARNINGS PER SHARE

	From 01/01/2012 to 30/6/2012 VND
Profit before tax	4,553,979,464,720
Profit belong to partners of PVGas Tower BCC	6,958,847,582
Profit to determine basic earning per share	4,547,020,617,138
Average number of share in the period	1,895,000,000
Basic earning per share	2,399

The Corporation decides to present the "Basic earnings per share" item in the financial statements for the first 6 months in 2012. According to the assessment of the Corporation, the presentation of this note in both separate financial statement and consolidated financial statement provides more sufficient information on the operation effectiveness of the holding company in particular and of the whole Corporation in general.

PETROVIETNAM GAS CORPORATION - JOINT STOCK COMPANY

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

Financial Statements
For the period from 01 January 2012
to 30 June 2012

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

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

32. PRODUCTION COST BY NATURE

	From 01/01/2012 to 30/6/2012 VND
Raw materials and consumables	16,468,356,761,241
Labour	168,629,755,700
Depreciation and amortization	1,327,488,510,081
Out-sourced services	455,140,574,317
Other expense	703,122,390,026
	19,122,737,991,365

33. COMMITMENTS**i) Capital commitments**

As at 30 June 2012, the Corporation has commitments relating to some construction contracts which are being performed but have not been finished:

	30/6/2012 VND	31/12/2011 VND
LPG Warehouse	1,712,710,700,469	726,034,786,968
Block B - O Mon Gas Pipelines System	417,171,803,948	164,505,330,445
	2,129,882,504,417	890,540,117,413

ii) Other commitments

The following commitments relating to gas sales and transportation:

Purchasing commitments	Committed quantity	Committed period
Purchasing commitment from gas owners of Block 06.1	A minimum gas volume of 4 billion m ³ per annum	Until 30 June 2014
Purchasing commitment from gas owners of Block 11.2	A minimum gas volume of 1.216 billion m ³ per annum	Until the end of stabilization period of Block 11.2
Purchasing commitment from the contractors of Block PM3 CAA	An annual fixed gas volume of 1.3 billion m ³ per annum, 1.664 billion m ³ per annum from the 9 th agreement year (from 01 April 2011 to 31 March 2012) and 1.819 billion m ³ per annum from the 10 th agreement year onwards (from 01 April 2012 to 31 March 2013).	23 years since 2000
Purchasing commitment from the contractors of the Block 46 Cai Nuoc	An annual fixed gas volume of 0.206 billion m ³ per annum	23 years since 2003

PETROVIETNAM GAS CORPORATION - JOINT STOCK COMPANY

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

Financial Statements

For the period from 01 January 2012
to 30 June 2012

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

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

33. COMMITMENTS (Continued)

Selling commitments	Committed quantity	Committed period
Nam Con Son Gas Sales Agreement with Vietnam Electricity (EVN)	An annual fixed gas volume of 1.85 billion m ³	Until the end of stabilization period as per the GSA
Nam Con Son GSA Sales Agreement with Phu My 3 BOT Power Plant "PM3 BOT"	An annual minimum gas volume of 0.85 billion m ³	Until 2023
Nam Con Son GSA Sales Agreements with MeKong Energy Company (PM2.2 BOT)	An annual minimum gas volume of 0.85 billion m ³	Until 2023
Nam Con Son GSA Sales Agreements with PetroVietnam Power Corporation	An annual minimum gas volume of 0.447 billion m ³	During stabilization period as the contract
Nam Con Son GSA Sales Agreements with PetroVietnam Nhon Trach 2 Power Joint Stock Company	An annual minimum gas volume of 0.785 billion m ³	Until 30 June 2014
Nam Con Son GSA Sales Agreements with PetroVietnam Gas Distribution Corporation	A minimum gas volume of 0.22 billion m ³	During 2012
Nam Con Son GSA Sales Agreements with PetroVietnam Ca Mau Power Company	An annual fixed gas volume of 1.5 billion m ³	Until 2023
Nam Con Son GSA Sales Agreements with PetroVietnam Camau Fertilizer company Limited	An annual fixed gas volume of 457.38 billion m ³	Until 2023

34. 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 18 and 24, offset by cash and cash equivalents) and equity attributable to equity holders of the Corporation (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 3.

PETROVIETNAM GAS CORPORATION - JOINT STOCK COMPANY

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

Financial Statements

For the period from 01 January 2012
to 30 June 2012

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

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

34. FINANCIAL INSTRUMENTS (Continued)**Categories of financial instruments**

	Carrying amount	
	30/6/2012	31/12/2011
	VND	VND
Financial assets		
Cash and cash equivalents	10,091,818,350,982	8,318,284,343,963
Short-term investments	99,003,200,000	190,772,275,057
Trade and other receivables	10,469,111,017,783	6,026,015,148,073
Long-term investments	806,626,003,780	815,667,463,780
Total	21,466,558,572,545	15,350,739,230,873
Financial liabilities		
Borrowings	7,257,617,298,411	7,597,753,900,318
Trade and other payables	9,151,168,695,638	5,489,019,360,408
Accruals	1,305,368,924,298	1,002,476,535,650
Total	17,714,154,918,347	14,089,249,796,376

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.

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 assessed seriously 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.

PETROVIETNAM GAS CORPORATION - JOINT STOCK COMPANY

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

Financial Statements

For the period from 01 January 2012
to 30 June 2012

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

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

34. FINANCIAL INSTRUMENTS (Continued)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 include principal cash flows.

30/6/2012	Less than 1 year	Over 1 year	Total
	VND	VND	VND
Financial liabilities			
Borrowings	1,901,226,631,560	5,356,390,666,851	7,257,617,298,411
Trade and other payables	7,955,459,981,716	1,195,708,713,922	9,151,168,695,638
Accruals	1,305,368,924,298	-	1,305,368,924,298
	11,162,055,537,574	6,552,099,380,773	17,714,154,918,347
31/12/2011	Less than 1 year	Over 1 year	Total
	VND	VND	VND
Financial liabilities			
Borrowings	1,759,596,890,619	5,838,157,009,699	7,597,753,900,318
Trade and other payables	4,295,975,174,786	1,193,044,185,622	5,489,019,360,408
Accruals	1,002,476,535,650	-	1,002,476,535,650
	7,058,048,601,055	7,031,201,195,321	14,089,249,796,376

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.

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, if any. 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.

PETROVIETNAM GAS CORPORATION - JOINT STOCK COMPANY

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

Financial Statements

For the period from 01 January 2012
to 30 June 2012

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

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

34. FINANCIAL INSTRUMENTS (Continued)Liquidity risk management (Continued)

30/6/2012	Less than 1 year	Over 1 year	Total
	VND	VND	VND
Financial assets			
Cash and cash equivalents	10,091,818,350,982	-	10,091,818,350,982
Short-term investments	99,003,200,000	-	99,003,200,000
Trade and other receivables	10,469,111,017,783	-	10,469,111,017,783
Long-term investments	-	806,626,003,780	806,626,003,780
	<u>20,659,932,568,765</u>	<u>806,626,003,780</u>	<u>21,466,558,572,545</u>
31/12/2011	Less than 1 year	Over 1 year	Total
	VND	VND	VND
Financial assets			
Cash and cash equivalents	8,318,284,343,963	-	8,318,284,343,963
Short-term investments	190,772,275,057	-	190,772,275,057
Trade and other receivables	6,026,015,148,073	-	6,026,015,148,073
Long-term investments	-	815,667,463,780	815,667,463,780
	<u>14,535,071,767,093</u>	<u>815,667,463,780</u>	<u>15,350,739,230,873</u>

35. COMPARATIVE FIGURES

Comparative figures in the Balance sheet and the notes thereto as at 30 June 2012 are those of the audited financial statement as at 31 December 2011.

The Corporation has officially operated under Joint Stock Company since 16 May 2011, therefore, the income statement and the cash flow statement for the period from 01 January 2012 to 30 June 2012 have no comparative figures.



Do Khang Ninh
General Director

10 August 2012

Mai Huu Ngan
Chief Accountant