

**PETROVIETNAM GENERAL SERVICES JOINT STOCK COMPANY**

**SINGLE-ENTITY FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**



**PETROVIETNAM GENERAL SERVICES JOINT STOCK COMPANY**

**SINGLE-ENTITY FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

<b>TABLE OF CONTENTS</b>	<b>PAGE</b>
Corporate information	1
Statement by the Board of General Directors	2
Auditor's report	3
Single-entity balance sheet (Form B 01 – DN)	5
Single-entity income statement (Form B 02 – DN)	8
Single-entity cash flow statement (Form B 03 – DN)	9
Single-entity notes to the single-entity financial statements (Form B 09 – DN)	11

# PETROVIETNAM GENERAL SERVICES JOINT STOCK COMPANY

## CORPORATE INFORMATION

### Business Registration Certificate

No. 4103005338 dated 29 September 2006 and the 15<sup>th</sup> amendment no. 0300452060 issued by the Department of Planning and Investment Department of Ho Chi Minh City dated 21 October 2013.

### Board of Management

Mr Vu Xuan Lung	Chairman
Mr Phung Tuan Ha	Member
Mr Pham Quang Huy	Member
Ms Le Thi Chien	Member
Mr Vu Tien Duong	Member (Appointed on 16 April 2014)
Mr Tran Minh Hoang	Member (Resigned on 16 April 2014)

### Board of Supervision

Mr Le Anh Quoc	Head of the Board
Mr Nguyen Cao Ky	Member
Mr Pham Thanh Tuan	Member

### Board of General Directors

Mr Phung Tuan Ha	General Director
Mr Vu Tien Duong	Deputy General Director
Mr Bui Anh Dung	Deputy General Director
Ms Pham Thi Hong Diep	Deputy General Director
Mr Nguyen Thanh Tu	Deputy General Director
Mr Nguyen Xuan Hung	Deputy General Director (Resigned on 18 November 2014)

### Legal representative

Mr Phung Tuan Ha	General Director
------------------	------------------

### Registered office

Floor 6, PetroVietNam Tower, No. 1 - 5 Le Duan Street  
Ben Nghe Ward, District 1, Ho Chi Minh City, Viet Nam

### Auditor

PricewaterhouseCoopers (Vietnam) Limited

## PETROVIETNAM GENERAL SERVICES JOINT STOCK COMPANY

### STATEMENT OF THE RESPONSIBILITY OF THE BOARD OF GENERAL DIRECTORS OF THE CORPORATION IN RESPECT OF THE SINGLE-ENTITY FINANCIAL STATEMENTS

The Board of General Directors is responsible for the single-entity financial statements of Petrovietnam General Services Joint Stock Company ("the Corporation") which give a true and fair view of the financial position of the Corporation as at 31 December 2014 and of the results of operation and cash flows for the year then ended. In preparing these single-entity 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; and
- prepare the single-entity financial statements on a going concern basis unless it is inappropriate to presume that the Corporation will continue in business.

The Board of General Directors is responsible for ensuring that proper accounting records are maintained, which disclose, with reasonable accuracy at any time, the financial position of the Corporation and which enable the single-entity financial statements to be prepared which complies with the basis of accounting set out in Note 2 to the single-entity financial statements. 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 fraud and other irregularities.

### APPROVAL OF THE SINGLE-ENTITY FINANCIAL STATEMENTS

We hereby approve the accompanying single-entity financial statements as set out on pages 5 to 36 which give a true and fair view of the financial position of the Corporation as at 31 December 2014 and of the results of its operations and cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of the single-entity financial statements in SR Vietnam.

On behalf of the Board of General Directors



Phung Tuan Ha  
General Director

Ho Chi Minh City, SR Vietnam  
16 March 2015



**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS AND BOARD OF MANAGEMENT OF  
PETROVIETNAM GENERAL SERVICES JOINT STOCK COMPANY**

We have audited the accompanying single-entity financial statements of Petrovietnam General Services Joint Stock Company ("the Corporation") which were prepared on 31 December 2014 and approved by the Board of General Directors on 16 March 2015. The single-entity financial statements comprise the balance sheet as at 31 December 2014, the income statement, the cash flow statement for the year then ended, and explanatory notes to the financial statements including significant accounting policies, as set out on page 5 to 36.

**The Board of General Directors' Responsibility to the Single-entity Financial Statements**

The Board of General Directors of the Corporation is responsible for the preparation and the true and fair presentation of these single-entity financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of financial statements and for such internal controls which the Board of General Directors determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

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

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

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

### Auditor's Opinion

In our opinion, the single-entity financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 December 2014, its financial performance and cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of financial statements in Vietnam.

### Other matter

The single-entity financial statements of the Corporation for the year ended 31 December 2013 were audited by another auditor whose audit report dated 10 March 2014 expressed an unqualified opinion.

### PricewaterhouseCoopers (Vietnam) Limited



Richard Peters  
Audit Practising Licence No.  
0561-2013-006-1



Dao Quang Huy  
Audit Practising Licence No.  
1895-2013-006-1

Report reference number: HCM4428  
Ho Chi Minh City, 16 March 2015

As indicated in Note 2.1 to the single-entity financial statements, the accompanying single-entity financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than SR Vietnam, and furthermore their utilisation is not designed for those who are not informed about SR Vietnam's accounting principles, procedures and practices.

**BALANCE SHEET**

Code	ASSETS	Note	As at 31 December	
			2014 VND	2013 VND
<b>100</b>	<b>CURRENT ASSETS</b>		<b>1,458,697,629,024</b>	<b>1,353,482,419,575</b>
<b>110</b>	<b>Cash and cash equivalents</b>	<b>3</b>	<b>966,565,242,989</b>	<b>917,258,358,210</b>
111	Cash		760,349,138,256	230,712,372,526
112	Cash equivalents		206,216,104,733	686,545,985,684
<b>120</b>	<b>Short-term investments</b>		<b>18,376,791,095</b>	<b>18,376,791,095</b>
121	Short-term investments	4(a)	49,900,000,000	49,900,000,000
129	Provision for diminution in value of short-term investments	4(b)	(31,523,208,905)	(31,523,208,905)
<b>130</b>	<b>Accounts receivable</b>		<b>286,406,587,872</b>	<b>281,256,162,401</b>
131	Trade accounts receivable	5	87,838,813,400	60,646,839,251
132	Prepayments to suppliers		1,738,409,292	2,295,552,455
133	Intercompany receivables	25	178,907,803,812	203,941,214,030
135	Other receivables		17,921,561,368	14,372,556,665
<b>140</b>	<b>Inventories</b>	<b>6</b>	<b>90,244,101,961</b>	<b>71,446,664,725</b>
141	Inventories		95,426,435,849	71,446,664,725
149	Provision for decline in value of inventories		(5,182,333,888)	-
<b>150</b>	<b>Other current assets</b>		<b>97,104,905,107</b>	<b>65,144,443,144</b>
151	Short-term prepayments		1,464,069,520	617,966,563
152	Value Added Tax to be reclaimed		91,576,523,410	63,317,971,870
154	Other taxes receivable	12(a)	3,763,076,548	71,200,711
158	Other current assets		301,235,629	1,137,304,000

The notes on pages 11 to 36 are an integral part of these single-entity financial statements.

**BALANCE SHEET**  
(continued)

Code	ASSETS	Note	As at 31 December	
			2014 VND	2013 VND
<b>200</b>	<b>LONG-TERM ASSETS</b>		<b>684,164,749,326</b>	<b>713,610,672,594</b>
<b>220</b>	<b>Fixed assets</b>		<b>135,729,029,603</b>	<b>130,451,528,045</b>
221	Tangible fixed assets	7(a)	29,412,062,850	29,228,243,358
222	Cost		72,557,106,498	70,319,969,696
223	Accumulated depreciation		(43,145,043,648)	(41,091,726,338)
227	Intangible fixed assets	7(b)	100,210,760,049	100,112,600,381
228	Cost		100,595,557,381	100,491,657,381
229	Accumulated amortisation		(384,797,332)	(379,057,000)
230	Construction in progress		6,106,206,704	1,110,684,306
<b>250</b>	<b>Long-term investments</b>		<b>436,657,420,573</b>	<b>420,009,420,573</b>
251	Investments in subsidiaries	8(a)	427,947,463,324	403,649,463,324
252	Investments in associates	8(b)	14,359,957,249	14,359,957,249
258	Other long-term investments		2,000,000,000	2,000,000,000
259	Provision for diminution in value of long-term investments	8(c)	(7,650,000,000)	-
<b>260</b>	<b>Other long-term assets</b>		<b>111,778,299,150</b>	<b>163,149,723,976</b>
261	Long-term prepayments	9	110,700,049,150	162,129,723,976
268	Other long-term assets		1,078,250,000	1,020,000,000
<b>270</b>	<b>TOTAL ASSETS</b>		<b>2,142,862,378,350</b>	<b>2,067,093,092,169</b>

The notes on pages 11 to 36 are an integral part of these single-entity financial statements.



**BALANCE SHEET**  
(continued)

Code	RESOURCES	Note	As at 31 December	
			2014 VND	2013 VND
<b>300</b>	<b>LIABILITIES</b>		<b>854,041,451,816</b>	<b>875,960,863,241</b>
<b>310</b>	<b>Current liabilities</b>		<b>849,218,529,436</b>	<b>868,726,479,672</b>
311	Short-term borrowings	10	323,937,310,587	457,218,328,295
312	Trade accounts payable	11	169,743,604,090	150,931,814,859
313	Advances from customers		2,483,708,703	5,941,426,329
314	Taxes and other payables to the State Budget	12(b)	776,105,857	2,574,516,578
315	Payable to employees		10,407,797,126	13,608,742,041
316	Accrued expenses		279,898,572	435,308,168
317	Intercompany payables	25	259,050,305,937	134,557,775,473
319	Other payables	13	30,355,023,466	43,565,109,679
323	Bonus and welfare funds		52,184,775,098	59,893,458,250
<b>330</b>	<b>Long-term liabilities</b>		<b>4,822,922,380</b>	<b>7,234,383,569</b>
333	Other long-term payables		4,822,922,380	7,234,383,569
<b>400</b>	<b>OWNERS' EQUITY</b>		<b>1,288,820,926,534</b>	<b>1,191,132,228,928</b>
<b>410</b>	<b>Capital and reserves</b>		<b>1,288,820,926,534</b>	<b>1,191,132,228,928</b>
411	Share capital	14, 15	698,420,000,000	698,420,000,000
412	Share premium	15	133,918,052,614	133,918,052,614
417	Investment and development funds	15	100,216,153,620	100,216,153,620
418	Financial reserve funds	15	58,953,279,828	50,672,027,627
420	Undistributed earnings	15	297,313,440,472	207,905,995,067
<b>440</b>	<b>TOTAL RESOURCES</b>		<b>2,142,862,378,350</b>	<b>2,067,093,092,169</b>

**OFF BALANCE SHEET ITEMS**

Included in cash and cash equivalents as at 31 December 2014 are balances held in foreign currencies of US\$4,104,017 (31 December 2013: US\$5,069,161).



Ha Van Phuong  
Preparer



Dao Van Dai  
Chief Accountant



Phung Tuan Ha  
General Director  
16 March 2015

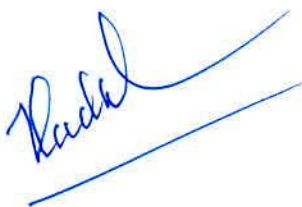
The notes on pages 11 to 36 are an integral part of these single-entity financial statements.

INCOME STATEMENT

Code		Note	For the year ended 31 December	
			2014 VND	2013 VND
01	Sales	16	1,634,448,133,278	1,650,654,660,623
02	Less deductions		-	(90,909,091)
10	Net sales		1,634,448,133,278	1,650,563,751,532
11	Cost of sales	17	(1,497,573,963,937)	(1,545,145,680,192)
20	Gross profit		136,874,169,341	105,418,071,340
21	Financial income	18	196,091,204,005	173,251,537,355
22	Financial expenses	19	(27,901,395,982)	(18,713,134,490)
23	- Including: Interest expenses		(13,571,795,466)	(14,620,777,709)
24	Selling expenses	20	(86,417,724,217)	(45,888,230,780)
25	General and administration expenses	21	(51,992,660,915)	(48,330,480,170)
30	Operating profit		166,653,592,232	165,737,763,255
31	Other income		4,454,584,055	5,881,772,316
32	Other expenses		(1,077,723,687)	(2,297,410,289)
40	Net other income		3,376,860,368	3,584,362,027
50	Net accounting profit before tax		170,030,452,600	169,322,125,282
51	Business income tax - current	22	(5,564,844,085)	(14,114,612,464)
60	Net profit after tax		164,465,608,515	155,207,512,818



Ha Van Phuong  
Preparer



Dao Van Dai  
Chief Accountant



Phung Tuan Ha  
General Director  
16 March 2015

The notes on pages 11 to 36 are an integral part of these single-entity financial statements.

**CASH FLOW STATEMENT**  
(Indirect method)

Code	Note	For the year ended 31 December	
		2014 VND	2013 VND
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
01	Net profit before tax	170,030,452,600	169,322,125,282
	Adjustments for:		
02	Depreciation and amortisation	3,732,020,723	4,042,615,830
03	Provisions	12,832,333,888	-
04	Unrealised foreign exchange gains	(349,877,710)	(605,678,032)
05	Profits from investing activities	(192,058,285,366)	(170,698,105,949)
06	Interest expenses	13,571,795,466	14,620,777,709
08	<b>Operating profit before changes in working capital</b>	<b>7,758,439,601</b>	<b>16,681,734,840</b>
09	Decrease in receivables	42,269,439,840	212,847,615,664
10	Increase in inventories	(23,979,771,124)	(47,714,773,071)
11	Increase in payables	214,500,894,383	105,359,117,753
12	Decrease in prepaid expenses	2,381,984,269	8,707,084,742
13	Interest paid	(13,571,795,466)	(14,500,525,453)
14	Business income tax paid	(11,066,208,124)	(13,880,245,011)
15	Other receipts on operating activities	836,068,371	-
16	Other payments receipts on operating activities	(58,250,000)	(10,164,888,892)
20	<b>Net cash inflows from operating activities</b>	<b>219,070,801,750</b>	<b>257,335,120,572</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
21	Purchases of fixed assets	(9,699,253,307)	(388,113,635)
22	Proceeds from disposals of fixed assets	1,612,051,818	182,545,459
25	Investments in other entities	(24,298,000,000)	(17,650,000,000)
26	Proceeds from divestment in other entities	-	44,878,957,704
27	Dividends and interest received	44,791,024,791	65,071,568,345
30	<b>Net cash inflows from investing activities</b>	<b>12,405,823,302</b>	<b>92,094,957,873</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
31	Proceeds from sales of treasury shares	-	14,709,718,303
33	Proceeds from borrowings	1,252,601,353,070	1,001,721,269,025
34	Repayments of borrowings	(1,386,351,938,887)	(662,190,075,717)
36	Dividends paid	(48,889,400,000)	(155,373,449,700)
40	<b>Net cash (outflows)/inflows from financing activities</b>	<b>(182,639,985,817)</b>	<b>198,867,461,911</b>
50	<b>Net increase in cash and cash equivalents</b>	<b>48,836,639,235</b>	<b>548,297,540,356</b>
60	Cash and cash equivalents at beginning of year	3 917,258,358,210	368,738,035,739
61	Effect of foreign exchange differences	470,245,544	222,782,115
70	<b>Cash and cash equivalents at end of year</b>	<b>3 966,565,242,989</b>	<b>917,258,358,210</b>

The notes on pages 11 to 36 are an integral part of these single-entity financial statements.

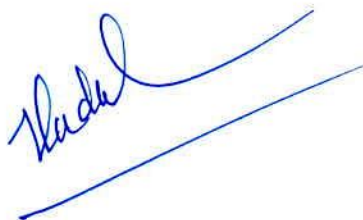
**CASH FLOW STATEMENT**  
**(Indirect method)**  
**(continued)**

Major non-cash transactions for the year ended 31 December 2014 included:

- The reduction of long-term prepayment from Vietnam Oil and Gas Group of VND48,201,587,600 (Note 9);
- The dividend receivables from the subsidiaries which were offset with the payables to subsidiaries of VND115,450,415,290.



Ha Van Phuong  
Preparer



Dao Van Dai  
Chief Accountant



Phung Tuan Ha  
General Director  
16 March 2015

The notes on pages 11 to 36 are an integral part of these single-entity financial statements.

**NOTE TO THE SINGLE-ENTITY FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014****1 GENERAL INFORMATION**

Petrovietnam General Services Joint Stock Company ("the Corporation") established in Vietnam in accordance with Business Registration Certificate No. 4103005338 dated 29 September 2006 and the 15th Amendment No. 0300452060 dated 21 October 2013 issued by Planning and Investment Department of Ho Chi Minh City. The Corporation was transformed from PetroVietnam Tourism and Services Company, a wholly State-owned subsidiary of Vietnam Oil and Gas Group ("PetroVietnam").

Principal activities of the Corporation include:

- trading plastic resins, textile fibers, and cassava;
- support and management services;
- lease of warehouses, workshops, premises, office;
- sale of supplies, office equipment, audio-visual equipment.

As at 31 December 2014, the Corporation had 80 employees (31 December 2013: 99 employees).

**2 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES****2.1 Basis of preparation of single-entity financial statements**

The single-entity financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of financial statements. The single-entity financial statements have been prepared under the historical cost convention.

The single-entity financial statements incorporate the Corporation's financial statements and the branches' financial statements. All internal transactions and balances between the Corporation and its branches are eliminated on presentation of single-entity financial statements.

The accompanying single-entity 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. The accounting principles and practices utilised in Vietnam may differ from those generally accepted in countries and jurisdictions other than Vietnam.

Users of these single-entity financial statements of the Corporation should read them together with the consolidated financial statements of the Corporation and its subsidiaries as at and for the year ended 31 December 2014 in order to obtain full information of the financial position and results of operations and cash flows of the Corporation as a whole.

**2.2 Fiscal year**

The Corporation's fiscal year is from 1 January to 31 December.

**2 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES (continued)****2.3 Currency**

The single-entity financial statements are measured and presented using Vietnamese Dong (“VND”).

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction dates. Foreign exchange differences arising from these transactions are recognised in the income statement.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates of exchange ruling at the balance sheet date. Foreign exchange differences arising from these translations are recognised in the income statement.

**2.4 Form of records applied**

The Corporation uses general journal to record its transactions.

**2.5 Accounting estimates**

The preparation of single-entity financial statements in conformity with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting requires the Board of General Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these accounting estimates are based on the Board of General Directors’ best knowledge, actual results may differ from those estimates.

**2.6 Financial instruments****(a) Initial recognition****(i) 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 cash equivalents, trade accounts receivable, other receivables, deposits and other long-term financial investment.

**(ii) Financial liabilities**

At the date of initial recognition, financial liabilities are recognized at cost plus transaction costs that are directly attributable to the issue of the financial liabilities. Financial liabilities of the Corporation comprise borrowings, trade accounts payables, other payables and accrued expenses.

**(b) Re-measurement after initial recognition**

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

**2 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES (continued)****2.7 Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, cash at bank, cash in transit, demand deposits and other short-term investments with an original maturity of three months or less. Cash and cash equivalents are highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

**2.8 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 maybe unable to repay the debt.

**2.9 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 specific identification method. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

The evaluation of necessary provision for inventory obsolescence of the Corporation 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.

**2.10 Short-term investments**

Short-term investments are those maturing less than 12 months from the balance sheet date.

**2.11 Long-term investments**

Long-term investments represent the investment in subsidiaries, associates and other long-term investments. The investments are measured at cost less the amount of diminution in value of investments (if any).

**(a) Investments in subsidiaries**

Investments in subsidiaries are investments in entities controlled by the Corporation. Control exists when the Corporation has the ability to govern the financial and operating policies of a entity to obtain benefits from these activities.

**2 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES (continued)****2.11 Long-term investments (continued)****(a) Investments in subsidiaries (continued)**

Subsidiary is a company that the Corporation:

- owns controlling shares of over 50% equivalent to its voting rights; or
- owns less than 50% shares but over 50% of the voting power of those shares; or
- has the power to control financial and operational policy under the agreement; or
- has the power to appoint and remove the majority of the Board of Management and the Board of Directors.

Investments in subsidiaries are initially recognised at historical cost including direct costs related to investments. At the subsequent years, investments are measured at historical cost less provision for diminution in value of investments.

**(b) 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 operational policy decisions of the investee but not control or joint control over those policies. Investments in associates are initially recognised at historical cost including direct costs related to investments. At the subsequent years, investments are measured at historical cost less the provision for diminution in value of investments.

**(c) Other long-term investments**

Other long-term investments comprise shareholding of less than 20% in listed and unlisted entities which are held with no intention to dispose of them within 12 months from the balance sheet date. These investments are initially stated at cost of acquisition. At the subsequent periods, investments are measured at cost less the amount of diminution in value of investments.

**(d) Provision for diminution in value of long-term investments**

Provision for diminution in value of long-term investments represents the loss provision due to diminution in value of long-term investments or investee has incurred loss. Provision for diminution in value of long-term investment is made based on net realizable value of long-term investments estimated at the end of the financial year.



**2 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES (continued)**

**2.12 Fixed assets**

(a) Tangible fixed assets

Fixed assets are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the fixed assets.

*Depreciation*

Fixed assets are depreciated using the straight-line method so as to write off the cost of the assets over their estimated useful lives. The principal annual rates used are:

Buildings	4% - 20%
Machinery and equipment	14.2% - 20%
Motor vehicles	14.2% - 20%
Office equipment	25% - 33%

*Disposals*

Gains and losses on disposals are determined by comparing net disposal proceeds with the carrying amount and are recognised as income or expense in the income statement.

(b) Intangible fixed assets

Intangible fixed assets are stated at historical cost less accumulated depreciation, represent land use rights and computer software. Land use rights with indefinite terms are not amortized. Computer software is amortised on a straight-line basis over the estimated useful life of eight (08) years.

(c) Construction in progress

Properties in the course of construction for production, rental or administrative purposes, or for the purposes not yet determined, are carried at cost. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

The cost of construction in progress is not depreciated as these assets are not ready for use at the date of the balance sheet. When the property is completed, the cost will be transferred to fixed assets and depreciation begins.

**2.13 Leased assets**

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

**2 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES (continued)**

**2.14 Borrowing costs**

Borrowing costs are recognised in the income statement when incurred.

**2.15 Prepaid expenses**

Prepaid expenses include short-term or long-term prepayments on the balance sheet and are mainly prepaid office rental, warehouse rental.

**2.16 Revenue recognition**

(a) Sales of goods

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

- the Corporation has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Corporation retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Corporation; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

(b) Sales 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 consolidated balance sheet date of that period. The outcome of a transaction can be measured reliably when all four (4) following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Corporation;
- the percentage of completion of the transaction at the balance sheet date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

(c) Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the applicable interest rate.

(d) Dividend income

Income from dividend is recognised when the Corporation has established the receiving right from investees.

**2 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES (continued)****2.17 Current and deferred income tax**

Income taxes include all income taxes which are based on taxable profits including profits generated from production and trading activities in other countries with which the Socialist Republic of Vietnam has not signed any double taxation agreement. Income tax expense comprises current tax expense and deferred tax expense.

Current income tax is the amount of income taxes payable or recoverable in respect of the current year taxable profits and the current year tax rates. Current and deferred tax should be recognised as an income or an expense and included in the profit or loss of the period, except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different period, directly in equity.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of occurrence affects neither the accounting nor the taxable profit or loss. Deferred income tax is determined at the tax rates that are expected to apply to the financial year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

**2.18 Dividend distribution**

Dividend of the Corporation is recognised as a liability in the Corporation's financial statements in the period in which the dividends are approved by the Corporation's General Meeting of shareholders.

**2.19 Related parties**

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Corporation, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Corporation. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Corporation that gives them significant influence over the Corporation, key management personnel, including directors of the Corporation and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

**2 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES (continued)**

**2.20 Provision**

Provisions is recognised when: the Corporation has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provision is not recognised for future operating losses.

Provisions is measured at the expenditures expected to be required to settle the obligation. If the time value of money is material, provision will be measured at the present value using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expenses.

**2.21 Share capital**

Existing ordinary shares are classified as owners' equity.

**2.22 Appropriation of net profit**

(a) Financial reserve fund

The financial reserve fund is appropriated from the Corporation's net profit and subject to shareholders' approval at the Annual General Meeting.

(b) Investment and development fund

The investment and development fund is appropriated from the Corporation's net profit and subject to approval by the shareholders at the Annual General Meeting.

(c) Bonus and welfare fund

The bonus and welfare fund is appropriated from the Corporation's net profit and subject to shareholders' approval at the Annual General Meeting.

**3 CASH AND CASH EQUIVALENTS**

	<b>2014</b>	<b>2013</b>
	<b>VND</b>	<b>VND</b>
Cash on hand	652,906,201	369,240,536
Cash at bank	759,696,232,055	230,343,131,990
Cash equivalents (*)	206,216,104,733	686,545,985,684
	<u>966,565,242,989</u>	<u>917,258,358,210</u>

(\*) Cash equivalents included term deposits with original maturity of 3 months or less.

**4 INVESTMENTS**

**(a) Short-term investments**

	2014 VND	2013 VND
Petroleum Trading Services Company Limited ("Petrosetco Trading")	39,500,000,000	39,500,000,000
Petroleum Saigon General Services Company Limited ("Petrosetco Saigon")	10,400,000,000	10,400,000,000
	<u>49,900,000,000</u>	<u>49,900,000,000</u>

Under Decision No. 313/QD-DVTHDK-HDQT and 314/QD-DVTHDK-HDQT dated 26 December 2011, the Corporation's Board of Management decided to dissolve Petrosetco Trading and Petrosetco Saigon from 1 January 2012. Currently, Petrosetco Trading and Petrosetco Saigon are under tax finalisation with the tax authorities to complete dissolution procedures. During 2013 and 2014, the two companies have no business activities incurred. Accordingly, those investments are presented as the "Short-term investments"

**(b) Provision for diminution in value of short-term investments**

	2014 VND	2013 VND
Petrosetco Trading	29,882,192,415	29,882,192,415
Petrosetco Saigon	1,641,016,490	1,641,016,490
	<u>31,523,208,905</u>	<u>31,523,208,905</u>

**5 TRADE ACCOUNTS RECEIVABLE**

	2014 VND	2013 VND
Third parties	87,235,854,650	60,646,839,251
Related parties	602,958,750	-
	<u>87,838,813,400</u>	<u>60,646,839,251</u>

**6 INVENTORIES**

	2014 VND	2013 VND
Goods in transit	3,329,906,880	28,969,072,486
Merchandise	92,096,528,969	42,477,592,239
	<u>95,426,435,849</u>	<u>71,446,664,725</u>
Provision for decline in value of Inventory	(5,182,333,888)	-
	<u>90,244,101,961</u>	<u>71,446,664,725</u>

7 FIXED ASSETS

(a) Tangible fixed assets

	Buildings VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Total VND
<b>Historical cost</b>					
At 1 January 2014	55,517,893,177	3,698,806,944	7,576,948,991	3,526,320,584	70,319,969,696
New purchases	-	-	4,440,130,909	159,700,000	4,599,830,909
Disposals	-	-	(2,362,694,107)	-	(2,362,694,107)
At 31 December 2014	<u>55,517,893,177</u>	<u>3,698,806,944</u>	<u>9,654,385,793</u>	<u>3,686,020,584</u>	<u>72,557,106,498</u>
<b>Accumulated depreciation</b>					
At 1 January 2014	31,583,150,551	2,449,841,235	3,959,393,866	3,099,340,686	41,091,726,338
Charge for the period	1,832,310,492	258,274,992	1,180,567,554	455,127,353	3,726,280,391
Disposals	-	-	(1,672,318,289)	(644,792)	(1,672,963,081)
At 31 December 2014	<u>33,415,461,043</u>	<u>2,708,116,227</u>	<u>3,467,643,131</u>	<u>3,553,823,247</u>	<u>43,145,043,648</u>
<b>Net book value</b>					
At 1 January 2014	<u>23,934,742,626</u>	<u>1,248,965,709</u>	<u>3,617,555,125</u>	<u>426,979,898</u>	<u>29,228,243,358</u>
At 31 December 2014	<u>22,102,432,134</u>	<u>990,690,717</u>	<u>6,186,742,662</u>	<u>132,197,337</u>	<u>29,412,062,850</u>

Cost of fully depreciated fixed assets but still in use as at 31 December 2014 was VND18 billion (31.12.2013: VND12.9 billion).

7 FIXED ASSETS (continued)

(b) Intangible fixed assets

	Land use rights VND	Software VND	Total VND
<b>Historical cost</b>			
At 1 January 2014	100,112,600,381	379,057,000	100,491,657,381
New purchases	-	103,900,000	103,900,000
At 31 December 2014	100,112,600,381	482,957,000	100,595,557,381
<b>Accumulated amortisation</b>			
At 1 January 2014	-	379,057,000	379,057,000
Charge for the year	-	5,740,332	5,740,332
At 31 December 2014	-	384,797,332	384,797,332
<b>Net book value</b>			
At 1 January 2014	100,112,600,381	-	100,112,600,381
At 31 December 2014	100,112,600,381	98,159,668	100,210,760,049

8 LONG-TERM INVESTMENTS

(a) Investments in subsidiaries

		2014 VND	2013 VND
Petroleum General Distribution Services JSC ("PSD")		113,600,000,000	113,600,000,000
Mien Trung Petroleum Services and Trading JSC ("PSMT")	(i)	101,328,000,000	95,230,000,000
PetroVietnam Assets Management JSC ("PSA")		66,160,637,417	66,160,637,417
Petrosetco Vung Tau General Services JSC ("PSV")		64,341,999,232	64,341,999,232
Petroleum Offshore Trading and Services Company Limited ("POTS")		31,681,662,678	31,681,662,678
Smart Convergence JSC ("Smartcom")	(ii)	16,500,000,000	15,000,000,000
Petrosetco SSG Company Limited ("PSSSG")		9,985,163,997	9,985,163,997
Petrosetco Retail Services JSC ("PSR")		7,650,000,000	7,650,000,000
Petroleum Logistic Services Joint Stock Company Vietnam ("PSL")	(iii)	6,600,000,000	-
Petroleum High Technology Products Distribution JSC ("PHTD")	(iv)	5,100,000,000	-
ASSA Technology JSC ("ASSA")	(v)	5,000,000,000	-
		427,947,463,324	403,649,463,324

**8 LONG-TERM INVESTMENTS (continued)**

**(a) Investments in subsidiaries (continued)**

- (i) In 2014, the Corporation has purchased shares from other investors, raising the capital contribution ratio up to 94.69% of PSMT's charter capital. However, at the moment, the 15<sup>th</sup> amended Business Registration Certificate No. 4300368426 dated 2 June 2014 of PSMT has not updated this change.
- (ii) On 17 June 2014, the Corporation acquired an additional 5% shares of Smartcom from other shareholders, increasing its interests in Smartcom to 55%.
- (iii) PSL was previously owned by POTS (with 60% of share capital of PSL). In 2014, POTS had transferred all of its shares, equivalent to VND6 billion, to the Corporation; and the Corporation contributed an additional amount of VND600 million to PSL.

Accordance to the 4th Amended Business Registration Certificate No. 0311523789 dated 26 December 2014 of PSL, its share capital increased from VND10 billion to VND15 billion which made the Corporation's interests decreased from 60% to 44%. However, the Corporation still has the power to control financial and operational policy of PSL. Therefore, PSL is still under the Corporation's control.

- (iv) PHTD is established in accordance with the 1<sup>st</sup> Business Registration Certificate No. 0312791043 dated 22 May 2014, of which the Corporation owns 51% of share capital, equivalent to VND5.1 billion.
- (v) ASSA is established in accordance with the 1<sup>st</sup> Business Registration Certificate No.0313020773 dated 19 November 2014, of which the Corporation owns 60% of share capital, equivalent to VND24 billion.

Details of the Corporation's subsidiaries as at 31 December 2014 are as follows:

Subsidiaries	Place of incorporation	% interest	Voting rights	Principal activity
PSD	Ho Chi Minh City	79.87%	79.87%	Distribution of telecom, electronic equipment
POTS	Ho Chi Minh City	100%	100%	Trading and services
PSV	Vung Tau	70%	70%	Services
PSMT	Quang Ngai	94.69%	94.69%	Trading and services
PSA	Ha Noi	88.2%	88.2%	Operating in property management and services
PSSSG	Ho Chi Minh City	51%	51%	Real estates
Smartcom	Ho Chi Minh City	55%	55%	Equipments, electronic components, peripheral devices, software
PSR	Ho Chi Minh City	51%	51%	Retail of mobiphone



**8 LONG-TERM INVESTMENTS (continued)**

**(a) Investments in subsidiaries (continued)**

Subsidiaries	Place of incorporation	% interest	Voting rights	Principal activity
PHTD	Ho Chi Minh City	51%	51%	Equipments, electronic components, peripheral devices
ASSA	Ho Chi Minh City	60%	60%	Manufacturing electronic and telecommunication equipment

**(b) Investments in associate**

	2014 VND	2013 VND
Petro Tower Limited Company	<u>14,359,957,249</u>	<u>14,359,957,249</u>

Details of the Corporation's associate as at 31 December 2014 are as follows:

	Place of incorporation	% interest	Voting rights	Principal activity
Petro Tower Limited Company	Ba Ria – Vung Tau	24%	24%	Office for lease

**(c) Provision for diminution in value of long-term investments**

	2014 VND	2013 VND
Investment provision in Petrosetco Retail Services Joint Stock Company	<u>7,650,000,000</u>	<u>-</u>

**9 LONG-TERM PREPAYMENTS**

Details of long-term prepayments are presented as follows:

	2014 VND	2013 VND
Office rental	108,672,985,549	160,035,834,403
Warehouse rental	2,027,063,601	2,093,889,573
	<u>110,700,049,150</u>	<u>162,129,723,976</u>

**9 LONG-TERM PREPAYMENTS (continued)**

Movement of long-term prepayments is as follows:

	<b>2014</b>	<b>2013</b>
	<b>VND</b>	<b>VND</b>
Beginning of year	162,129,723,976	170,475,121,124
Amortisation for the year	(3,228,087,226)	(8,345,397,148)
Other decreases (*)	(48,201,587,600)	-
End of year	<u>110,700,049,150</u>	<u>162,129,723,976</u>

(\*) The amount represents the prepayment to Vietnam Oil and Gas Group for leasing of 2,619.37 square meter office. This office rental prepayment is amortised on a straight-line basis over 50 years from 1 October 2010.

On 9 June 2014, the Corporation and Vietnam Oil and Gas Group signed Appendix 2 to the Contract No. 10020/2010/HĐ-DKVN dated 1 October 2010, which amended the leasing period for a part of leased areas from 50 years to 48 months. As the result, Vietnam Oil and Gas Group issued invoice with amount VND48,201,587,600 to the Corporation to reduce this rental fee.

**10 SHORT-TERM BORROWINGS**

		<b>2014</b>	<b>2013</b>
		<b>VND</b>	<b>VND</b>
Vietnam Public Joint Stock Commercial Bank			
(Note 25(b)(iv))	(i)	136,972,295,190	84,202,933,063
ANZ Bank Ltd. (Vietnam)	(ii)	161,319,903,297	44,283,222,037
Other banks		25,645,112,100	328,732,173,195
		<u>323,937,310,587</u>	<u>457,218,328,295</u>

(i) This balance represents credit facilities which can be withdrawn in VND or USD with maximum credit limit of VND300 billion and due in August 2015. The loans are unsecured and bear interest rate as prescribed/agreed at each time upon withdrawal.

(ii) This balance represents credit facilities which can be withdrawn by VND or USD with the maximum credit limit of USD8 million. The loans are secured by inventories and receivables with the minimum value equivalent to the credit limit and born interest rate 2% per annum.

**11 TRADE ACCOUNTS PAYABLE**

	<b>2014 VND</b>	<b>2013 VND</b>
Third parties	12,793,805,157	18,275,123,289
Related parties (Note 25(b)(iii))	156,949,798,933	132,656,691,570
	<u>169,743,604,090</u>	<u>150,931,814,859</u>

**12 TAXES RECEIVABLE AND TAXES PAYABLE TO THE STATE BUDGET**

**(a) Taxes receivables to the State Budget**

	<b>2014 VND</b>	<b>2013 VND</b>
Corporate income tax	3,293,005,682	-
Other taxes	470,070,866	71,200,711
	<u>3,763,076,548</u>	<u>71,200,711</u>

**(b) Taxes payables to the State Budget**

	<b>2014 VND</b>	<b>2013 VND</b>
Corporate income tax	-	2,208,358,357
Personal income tax	776,105,857	366,158,221
	<u>776,105,857</u>	<u>2,574,516,578</u>

Movement of taxes payables/receivables to the State Budget is as follows:

	<b>As at 31.12.2013 VND</b>	<b>Payable VND</b>	<b>Payments/ offset VND</b>	<b>As at 31.12.2014 VND</b>
Value added tax	-	85,696,458,524	(85,696,458,524)	
Corporate income tax	2,208,358,357	5,564,844,085	(11,066,208,124)	(3,293,005,682)
Personal income tax	366,158,221	3,463,421,340	(3,053,473,704)	776,105,857
	<u>2,574,516,578</u>	<u>11,623,723,949</u>	<u>(14,193,136,352)</u>	<u>2,004,684,175</u>

**13 OTHER PAYABLES**

	<b>2014 VND</b>	<b>2013 VND</b>
Payable to Ba Ria - Vung Tau Province State Treasury (*)	8,669,828,884	9,068,699,039
Payable to Vietnam Oil and Gas Group (Note 25(b)(v))	5,102,092,746	24,609,285,000
Others	16,583,101,836	9,887,125,640
	<u>30,355,023,466</u>	<u>43,565,109,679</u>

(\*) The balance represents rental fee payable to Ba Ria - Vung Tau Province State Treasury for land rental contract.

**14 SHARES CAPITAL**

**(a) Number of shares**

	2014		2013	
	Ordinary shares	Preference shares	Ordinary shares	Preference shares
Number of shares registered	<u>69,842,000</u>	-	<u>69,842,000</u>	-
Number of existing shares in issue	<u>69,842,000</u>	-	<u>69,842,000</u>	-

The Corporation has one class of ordinary issues ordinary shares which are not entitled to fixed dividend with a par value 10,000 VND/share. The shareholders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the Corporation's shareholders meetings.

**(b) Movement of share capital**

Pursuant to the 15<sup>th</sup> amended Business Registration Certificate No. 0300452060 dated 21 October 2013, charter capital of the Corporation is VND699 billion.

As at 31 December 2014, the actual capital structure of the Corporation is as follows:

	31.12.2014		31.12.2013	
	VND	%	VND	%
Vietnam Oil and Gas Group (*)	176,250,850,000	25.24	246,092,850,000	35.24
Other shareholders	522,169,150,000	74.76	452,327,150,000	64.76
	<u>698,420,000,000</u>	<u>100</u>	<u>698,420,000,000</u>	<u>100</u>

(\*) In December 2014, Vietnam Oil and Gas Group sold 6,984,200 shares to other shareholders, reducing its interests from 35.24% to 25.24%.

15 MOVEMENTS IN OWNERS' EQUITY

	Shares capital VND	Share premium VND	Owners' other capital VND	Treasury shares VND	Investment and development fund VND	Financial reserve fund VND	Undistributed earnings VND	Total VND
As at 1 January 2013	698,420,000,000	128,358,940,301	42,911,651,986	(9,150,605,990)	84,695,402,338	-	267,768,306,580	1,213,003,695,215
Sales of treasury share	-	5,559,112,313	-	9,150,605,990	-	-	-	14,709,718,303
Profit for the year	-	-	-	-	-	-	155,207,512,818	155,207,512,818
2013 interim dividend	-	-	-	-	-	-	(69,842,000,000)	(69,842,000,000)
Dividend paid for 2012	-	-	-	-	-	-	(110,484,992,000)	(110,484,992,000)
Appropriation to funds	-	-	(42,911,651,986)	-	15,520,751,282	42,911,651,986	372,568,928	15,893,320,210
Appropriation 2013 funds	-	-	-	-	-	7,760,375,641	(35,115,401,259)	(27,355,025,618)
As at 31 December 2013	698,420,000,000	133,918,052,614	-	-	100,216,153,620	50,672,027,627	207,905,995,067	1,191,132,228,928
Profit for the period	-	-	-	-	-	-	164,465,608,515	164,465,608,515
Dividend paid (*)	-	-	-	-	-	-	(48,889,400,000)	(48,889,400,000)
Appropriation to funds	-	-	-	-	-	8,281,252,201	(26,168,763,110)	(17,887,510,909)
As at 31 December 2014	698,420,000,000	133,918,052,614	-	-	100,216,153,620	58,953,279,828	297,313,440,472	1,288,820,926,534

(\*) According to Resolution No. 13/NQ-DVTHDK-ĐHĐCĐ dated 15 April 2014 the Corporation's General Shareholders approved the 2013 dividend payment in form of cash at the rate of 17% of share capital, equivalent to VND118,731,400,000. According to Resolution No. 27/NQ- DVTHDK dated 12 September 2013, the Corporation's Board of Management decided to distribute the 2013 interim dividend at the rate of 10% of share capital, equivalent to VND69,842,000,000. In 2014, the Corporation already paid the remaining 7% of 2013 dividend, equivalent to VND48,889,400,000.

PETROVIETNAM GENERAL SERVICES JOINT STOCK COMPANY

Form B 09 – DN

16 REVENUE

	2014 VND	2013 VND
Sales of goods	1,559,455,623,265	1,577,588,324,069
Rendering of services	74,992,510,013	73,066,336,554
	<u>1,634,448,133,278</u>	<u>1,650,654,660,623</u>

17 COST OF SALES

	2014 VND	2013 VND
Cost of merchandises	1,479,716,247,395	1,527,757,106,134
Cost of services rendered	12,675,382,654	17,388,574,058
Provision for decline in value of inventory	5,182,333,888	-
	<u>1,497,573,963,937</u>	<u>1,545,145,680,192</u>

18 FINANCIAL INCOME

	2014 VND	2013 VND
Interest income from deposits and loans	44,791,024,791	49,343,667,365
Dividend income (Note 25(a)(vii))	146,344,939,783	121,177,868,182
Realised foreign exchange gains	4,057,179,907	2,123,858,204
Net gain from foreign currency translation at year-end	349,877,710	605,678,032
Others	548,181,814	465,572
	<u>196,091,204,005</u>	<u>173,251,537,355</u>

19 FINANCIAL EXPENSES

	2014 VND	2013 VND
Interest expenses	13,571,795,466	14,620,777,709
Realised foreign exchange losses	6,654,991,066	3,947,298,945
Provision for diminution in value of investments	7,650,000,000	-
Others	24,609,450	145,057,836
	<u>27,901,395,982</u>	<u>18,713,134,490</u>

**20 SELLING EXPENSES**

The following items have been included in selling expenses:

	<b>2014</b> <b>VND</b>	<b>2013</b> <b>VND</b>
Transportation expenses	52,034,132,024	20,400,842,979
Warehouse rental	5,209,679,585	2,329,075,431
Salary expenses	3,788,167,899	3,800,349,217
	<u>52,034,132,024</u>	<u>20,400,842,979</u>

**21 GENERAL AND ADMINISTRATION EXPENSES**

The following items have been included in general and administration expenses:

	<b>2014</b> <b>VND</b>	<b>2013</b> <b>VND</b>
Salary expenses	20,140,675,996	17,964,960,296
Management fees (Note 27(a)(v))	5,003,050,673	3,913,585,569
Office expenses	3,818,666,254	2,629,620,000
Travelling expenses	2,749,924,131	1,045,065,346
Depreciation expenses	2,651,412,143	2,314,789,216
Professional fees	1,753,924,131	1,406,259,425
	<u>20,140,675,996</u>	<u>17,964,960,296</u>

**22 TAXATION**

The tax on the Corporation's profit before tax differs from the theoretical amount that would arise using the tax rate of 22% (2013: 25%) as under current tax regulation as follows:

	<b>2014</b> <b>VND</b>	<b>2013</b> <b>VND</b>
Net accounting profit before tax	170,030,452,600	169,322,125,282
Tax calculated at a rate of 22% (2013: 25%)	37,406,699,572	42,330,531,321
Effect of:		
Income not subject to tax	(32,195,886,753)	(30,294,467,046)
Expenses not deductible for tax purposes	354,031,266	2,078,548,189
Business income tax charge	<u>5,564,844,085</u>	<u>14,114,612,464</u>

The business income tax charge for the year is based on estimated taxable income and is subject to review and possible adjustments by the tax authorities.

**23 EXPENSES BY FACTOR**

	<b>2014</b>	<b>2013</b>
	<b>VND</b>	<b>VND</b>
Raw materials and merchandises	1,479,716,247,395	1,527,757,106,134
Labour costs	23,928,843,895	21,765,309,513
Depreciation expenses	3,732,020,723	4,042,615,830
Provision expenses	5,182,333,888	-
Outside service expenses	102,924,876,947	60,515,560,237
Other cash expenses	20,500,026,221	25,283,799,428
	<u>1,635,984,349,069</u>	<u>1,639,364,391,142</u>

**24 FINANCIAL RISK MANAGEMENT**

The Corporation's activities expose it to market risk, credit risk and liquidity risk. The Corporation's overall risk management strategy seeks to minimise the adverse effect of these risks on the Corporation's financial performance.

**(a) Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and price risk.

*(i) Currency risk*

The Corporation's business is exposed to foreign currency risk arising from various currency exposures, primarily USD.



24 FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Corporation's currency exposure to the USD is as follows:

	Original currency USD		Equivalent to VND	
	2014	2013	2014	2013
<b>Financial assets</b>				
Cash and bank deposits	4,104,017	5,069,161	87,677,568,909	106,857,916,210
Trade and other receivables	1,074,975	814,893	22,961,459,720	17,112,744,000
	<u>5,178,992</u>	<u>5,884,054</u>	<u>110,639,028,629</u>	<u>123,970,660,210</u>
<b>Financial liabilities</b>				
Borrowings	(6,414,610)	(11,019,335)	(136,972,295,190)	(232,287,581,800)
Trade and other payables	(298,980)	(3,915)	(6,386,212,800)	(82,212,000)
	<u>(6,713,590)</u>	<u>(11,023,250)</u>	<u>(143,358,507,990)</u>	<u>(232,369,793,800)</u>
<b>Currency exposure</b>	<u>(1,534,598)</u>	<u>(5,139,196)</u>	<u>(32,719,479,361)</u>	<u>(108,399,133,590)</u>

At 31 December 2014, if the VND has strengthened/weakened by 1% against the USD with all other variables being held constant, the Corporation's profit before tax for the year would have been VND327 million higher/lower as a result of foreign exchange gains/losses on translation of USD-denominated financial instruments.

**24 FINANCIAL RISK MANAGEMENT (continued)****(a) Market risk (continued)***(ii) Price risk*

## Price risk management

The Corporation is exposed to equity price risks arising from investments in subsidiaries and associates. The Board of Management of the Corporation assesses and approves decisions on investments in subsidiaries and associates as operating industry, investees,... Investments in subsidiaries and associates are held for long-term strategic investments rather than trading purposes. The Corporation does not have intention to trade these investments in the foreseeable future.

## Commodity price risk management

The Corporation purchases materials, commodities from local and foreign suppliers for business purpose. Therefore, the Corporation is exposed to the risk of changes in selling prices of materials, commodities.

*(iii) Interest rate risk*

The Corporation is exposed to significant interest rate risk on its borrowings. At 31 December 2014, if the VND interest rates had increased/decreased by 1% with all other variables being held constant, the Corporation's profit before tax for the year would have been lower/higher by VND3.2 billion as a result of higher/lower interest expense on these borrowings.

**(b) Credit risk**

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Corporation adopts the policy of dealing with customers of appropriate credit history to mitigate credit risk.

**(c) Liquidity risk**

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting obligations associated with financial liabilities. As at 31 December 2014, the Corporation had financial liabilities comprising short-term borrowings, trade and other payables, accrued expenses amounting to VND521 billion (2013: VND646 billion) which represented contractual undiscounted cash outflows payable in less than one year.

**25 RELATED PARTIES TRANSACTIONS**

The largest shareholders of the Corporation is Vietnam Oil and Gas Group which owns 25.24% of share capital of the Corporation (Note 14).

**(a) Related parties transactions**

During the year, the following significant transactions were carried out with related parties:

	<b>2014</b>	<b>2013</b>
	<b>VND</b>	<b>VND</b>
<b><i>i) Sales of goods and services</i></b>		
Subsidiaries	30,620,793,906	61,942,511,757
Fellow group subsidiaries	3,191,890,917	-
	<u>33,812,684,823</u>	<u>61,942,511,757</u>
<b><i>ii) Purchases of goods and services</i></b>		
Vietnam Oil and Gas Group	12,143,741,400	5,606,974,800
Subsidiaries	6,906,276,813	2,369,694,815
Fellow group subsidiaries	909,724,482,305	1,192,958,477,706
	<u>1,959,744,499,518</u>	<u>1,209,628,947,321</u>
<b><i>iii) Compensation of key management</i></b>		
Gross salaries and other benefits	8,137,498,552	5,951,548,944
	<u>8,137,498,552</u>	<u>5,951,548,944</u>
<b><i>iv) Financing activities</i></b>		
Vietnam Public Joint Stock Commercial Bank		
- Fellow group subsidiaries		
Drawdowns	633,532,910,126	480,000,000,000
Repayments	580,763,547,999	480,000,000,000
	<u>1,214,296,458,125</u>	<u>960,000,000,000</u>
<b><i>v) Management fees</i></b>		
Fee charged by Vietnam Oil and Gas Group (Note 23)	5,003,050,673	3,913,585,569
Fee charged to subsidiaries	34,722,932,650	17,548,000,000
	<u>39,725,983,323</u>	<u>21,461,585,569</u>

25 RELATED PARTY TRANSACTIONS (continued)

(a) Related party transactions (continued)

	2014 VND	2013 VND
<b>vi) Interest income on using funds</b>		
Subsidiaries	8,121,505,690	10,534,418,576
Fellow group subsidiaries	7,488,701,533	15,558,799,758
	<u>15,610,207,223</u>	<u>26,093,218,334</u>
<b>vii) Dividend income (Note 18)</b>		
Subsidiaries	146,344,939,783	120,364,352,947
Associates	-	813,515,235
	<u>146,344,939,783</u>	<u>121,177,868,182</u>
<b>viii) Capital contribution to subsidiaries (Note 8)</b>		
PSMT	6,098,000,000	-
Smartcom	1,500,000,000	15,000,000,000
PSL	6,600,000,000	-
PSR	-	7,650,000,000
PHTD	5,100,000,000	-
ASSA	5,000,000,000	-
	<u>24,298,000,000</u>	<u>22,650,000,000</u>

(b) Year-end balances with related parties

	2014 VND	2013 VND
<b>i) Intercompany receivables</b>		
Subsidiaries	178,907,803,812	203,941,214,030
	<u>178,907,803,812</u>	<u>203,941,214,030</u>
<b>ii) Intercompany payables</b>		
Subsidiaries	259,050,305,937	134,557,775,473
	<u>259,050,305,937</u>	<u>134,557,775,473</u>

**25 RELATED PARTY TRANSACTIONS (continued)**

**(b) Year-end balances with related parties (continued)**

	<b>2014 VND</b>	<b>2013 VND</b>
<i>iii) Trade accounts payable (Note 11)</i>		
Fellow group subsidiaries	156,949,798,933	132,656,691,570
<i>iv) Borrowings (Note 10)</i>		
Fellow group subsidiaries	136,972,295,190	84,202,933,063
<i>v) Other payables (Note 13)</i>		
Vietnam Oil and Gas Group	5,102,092,746	24,609,285,000

**26 COMMITMENTS UNDER OPERATING LEASES**

The future minimum lease payments under non-cancellable operating leases are as follows:

	<b>2014 VND</b>	<b>2013 VND</b>
Within one year	14,143,636,883	14,637,176,004
Between one and five years	55,528,083,790	58,548,704,018
Over five years	574,947,034,246	607,937,341,383
	<u>644,618,754,919</u>	<u>681,123,221,405</u>

**27 OTHER COMMITMENTS**

**(a) Commitment of Credit guarantee**

As at 31 December 2014, the Corporation had non-cancellable guarantee commitment for loans at commercial Banks (referred as "lenders") for the Corporation's subsidiaries with the total amount is VND2,130 billion. Accordingly, the Corporation is responsible to repay loan principal, interest, guarantee cost and other underwriting expenses to lenders in case of guarantee parties might not repay or late payment.

**(b) Capital commitment**

As at 31 December 2014, the status of charter capital commitment to subsidiary is as follow:

	Capital commitment in investment certificate VND	Proportion of capital contribution (%)	Capital contributed as at 31.12.2014 VND	Capital to be contributed as at 31.12.2014 VND
Petrosetco SSG Company Limited	229,500,000,000	51	9,985,163,997	219,514,836,003
ASSA Technology JSC	24,000,000,000	60	5,000,000,000	19,000,000,000

**28 COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to conform to the current year's presentation.

The single-entity financial statements were approved by the Board of General Directors on 16 March 2015.



Ha Van Phuong  
Preparer



Dao Van Dai  
Chief Accountant



Phung Tuan Ha  
General Director