

**PETROVIETNAM GENERAL SERVICES
JOINT STOCK CORPORATION**

(Incorporated in the Socialist Republic of Vietnam)

**AUDITED CONSOLIDATED
FINANCIAL STATEMENTS**

For the year ended 31 December 2013



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STATEMENT OF THE BOARD OF GENERAL DIRECTORS

The Board of General Directors of PetroVietnam General Services Joint Stock Corporation (the "Corporation") presents this report together with the Corporation's consolidated financial statements for the year ended 31 December 2013.

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 year and to the date of this report are as follows:

Board of Management

Mr. Vu Xuan Lung	Chairman
Mr. Phung Tuan Ha	Member
Mr. Nguyen Si Dam	Member (resigned on 05 April 2013)
Mr. Le Thuan Khuong	Member (resigned on 05 April 2013)
Mr. Pham Quang Huy	Member
Mr. Tran Minh Hoang	Member (appointed on 05 April 2013)
Ms. Le Thi Chien	Member (appointed on 05 April 2013)

Board of General Directors

Mr. Phung Tuan Ha	General Director
Mr. Ho Si Long	Deputy General Director (resigned on 01 March 2013)
Mr. Vu Tien Duong	Deputy General Director
Mr. Nguyen Xuan Hung	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 (appointed on 05 September 2013)

BOARD OF GENERAL DIRECTORS' STATEMENT OF RESPONSIBILITY

The Board of General Directors of the Corporation is responsible for preparing the consolidated 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 year in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting. In preparing these consolidated financial statements, the Board of General Directors is required to:

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

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, accounting regime for enterprises and legal regulations relating to financial reporting. 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.

STATEMENT OF THE BOARD OF GENERAL DIRECTORS (Continued)

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

For and on behalf of the Board of General Directors,



Phung Tuan Ha
General Director

17 March 2014

INDEPENDENT AUDITOR'S REPORT

To: **The shareholders**
The Boards of Management and General Directors of
PetroVietnam General Services Joint Stock Corporation

We have audited the accompanying consolidated financial statements of PetroVietnam General Services Joint Stock Corporation (the "Corporation"), prepared on 17 March 2014, as set out from page 04 to page 40, which comprises the consolidated balance sheet as at 31 December 2013, the consolidated statement of income and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information (collectively referred to as the "consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting and for such internal control as management determines is necessary to enable the preparation of the consolidated 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 these consolidated financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of, in all material respects, the financial position of the Corporation as at 31 December 2013 and the results of its operations and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting.


Phạm Hoài Nam
Deputy General Director
Audit Practising Registration Certificate
No. 0042-2013-001-1

For and on behalf of
DELOITTE VIETNAM COMPANY LIMITED

17 March 2014
Hanoi, S.R. Vietnam



Tran Huy Cong
Auditor
Audit Practising Registration Certificate
No. 0891-2013-001-1

PETROVIETNAM GENERAL SERVICES JOINT STOCK CORPORATION

Floor 6, PetroVietnam Tower, 1-5 Le Duan Street, Ben Nghe Ward, District 1 **Consolidated financial statements**
Ho Chi Minh City, S.R. Vietnam For the year ended 31 December 2013

CONSOLIDATED BALANCE SHEET

As at 31 December 2013

FORM B 01-DN/HN

Unit: VND

ASSETS	Codes	Notes	31/12/2013	31/12/2012
A. CURRENT ASSETS	100		5,661,287,613,235	3,653,796,151,783
(100=110+120+130+140+150)				
I. Cash and cash equivalents	110	5	2,100,533,189,502	1,129,910,129,741
1. Cash	111		463,227,203,818	291,383,755,869
2. Cash equivalents	112		1,637,305,985,684	838,526,373,872
II. Short-term financial investments	120		18,376,791,095	18,376,791,095
1. Short-term investments	121	6	49,900,000,000	49,900,000,000
2. Provision for impairment of short-term investments	129	7	(31,523,208,905)	(31,523,208,905)
III. Short-term receivables	130		1,302,262,441,282	1,299,536,975,284
1. Trade accounts receivable	131		1,211,586,586,735	1,006,604,762,322
2. Advances to suppliers	132		26,717,922,581	216,481,346,136
3. Other receivables	135		100,963,127,435	96,603,783,020
4. Provision for short-term doubtful debts	139		(37,005,195,469)	(20,152,916,194)
IV. Inventories	140	8	1,884,378,916,498	1,024,471,422,107
1. Inventories	141		1,909,433,399,152	1,042,742,250,694
2. Provision for devaluation of inventories	149		(25,054,482,654)	(18,270,828,587)
V. Other short-term assets	150		355,736,274,858	181,500,833,556
1. Short-term prepayments	151		6,430,181,027	2,400,557,454
2. Value added tax deductibles	152		332,079,950,927	172,195,337,932
3. Taxes and other receivables from the State budget	154		4,005,965,316	113,520,964
4. Other short-term assets	158		13,220,177,588	6,791,417,206
B. NON-CURRENT ASSETS	200		577,265,021,193	612,852,087,962
(200=220+250+260)				
I. Fixed assets	220		283,583,445,738	308,785,645,486
1. Tangible fixed assets	221	9	158,933,748,048	172,253,988,303
- Cost	222		348,759,514,704	347,759,292,547
- Accumulated depreciation	223		(189,825,766,656)	(175,505,304,244)
2. Intangible assets	227	10	103,011,464,112	119,459,744,589
- Cost	228		105,837,550,169	121,916,073,849
- Accumulated amortisation	229		(2,826,086,057)	(2,456,329,260)
3. Construction in progress	230	11	21,638,233,578	17,071,912,594
II. Long-term financial investments	250		19,921,528,554	37,611,862,007
1. Investments in associates	252	13	17,921,528,554	35,611,862,007
2. Other long-term investments	258		2,000,000,000	2,000,000,000
III. Other long-term assets	260		273,760,046,901	266,454,580,469
1. Long-term prepayments	261	14	263,340,663,168	259,062,096,439
2. Deferred tax assets	262		3,207,512,000	-
3. Other long-term assets	268		7,211,871,733	7,392,484,030
TOTAL ASSETS (270=100+200)	270		6,238,552,634,428	4,266,648,239,745

The notes set out on pages 09 to 40 are an integral part of these consolidated financial statements

PETROVIETNAM GENERAL SERVICES JOINT STOCK CORPORATION

Floor 6, PetroVietnam Tower, 1-5 Le Duan Street, Ben Nghe Ward, District 1 Consolidated financial statements
Ho Chi Minh City, S.R. Vietnam For the year ended 31 December 2013

CONSOLIDATED BALANCE SHEET (Continued)

As at 31 December 2013

FORM B 01-DN/HN

Unit: VND

RESOURCES	Codes	Notes	31/12/2013	31/12/2012
A. LIABILITIES (300=310+330)	300		4,869,966,576,296	2,936,239,178,771
I. Current liabilities	310		4,820,791,667,762	2,889,929,815,099
1. Short-term loans and liabilities	311	15	3,132,192,854,491	1,417,697,056,351
2. Trade accounts payable	312		1,276,519,138,701	820,257,149,427
3. Advances from customers	313		81,615,379,151	326,958,331,216
4. Taxes and amounts payable to the State budget	314	16	34,045,465,765	59,069,936,942
5. Payables to employees	315		79,269,650,381	108,418,177,670
6. Accrued expenses	316		23,540,771,200	8,121,828,868
7. Other current payables	319		120,956,292,221	79,518,002,129
8. Bonus and welfare funds	323		72,652,115,852	69,889,332,496
II. Long-term liabilities	330		49,174,908,534	46,309,363,672
1. Other long-term payables	333		49,174,908,534	46,309,363,672
B. EQUITY (400=410)	400		1,233,416,790,915	1,241,214,005,483
I. Shareholders' equity	410	17	1,233,416,790,915	1,241,214,005,483
1. Charter capital	411		698,420,000,000	698,420,000,000
2. Share premium	412		160,547,882,393	128,358,940,301
3. Other shareholders' capital	413		-	42,911,651,986
4. Treasury shares	414		-	(9,150,605,990)
5. Investment and development fund	417		112,188,836,361	95,775,705,900
6. Financial reserve fund	418		51,252,826,898	580,799,271
7. Retained earnings	420		211,007,245,263	284,317,514,015
C. NON-CONTROLLING INTEREST	439	18	135,169,267,217	89,195,055,491
TOTAL RESOURCES (440=300+400+439)	440		6,238,552,634,428	4,266,648,239,745

OFF BALANCE SHEET ITEMS

	31/12/2013	31/12/2012
1. Goods held under trust or for processing (VND)	177,790	-
2. Foreign currencies		
- USD	5,628,310	2,435,478
- EUR	-	105
- GBP	205	205
3. Bad debts written off	1,614,400,000	-



Cao Thanh Hung
Preparer

17 March 2014



Dao Van Dai
Chief Accountant



Phung Tuan Ha
General Director

The notes set out on pages 09 to 40 are an integral part of these consolidated financial statements

PETROVIETNAM GENERAL SERVICES JOINT STOCK CORPORATION

Floor 6, PetroVietnam Tower, 1-5 Le Duan Street, Ben Nghe Ward, District 1 Consolidated financial statements
Ho Chi Minh City, S.R. Vietnam For the year ended 31 December 2013

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2013

FORM B 02-DN/HN

Unit: VND

ITEMS	Codes	Notes	2013	2012
1. Gross revenue from goods sold and services rendered	01		11,748,322,976,197	10,448,000,089,865
2. Deductions	02		231,851,126,942	294,200,298,314
3. Net revenue from goods sold and services rendered (10=01-02)	10		11,516,471,849,255	10,153,799,791,551
4. Cost of sales	11		10,773,915,593,763	9,393,586,873,477
5. Gross profit from goods sold and services rendered (20 = 10 - 11)	20		742,556,255,492	760,212,918,074
6. Financial income	21	21	104,188,026,849	80,181,199,937
7. Financial expenses	22	22	125,855,596,582	144,768,503,508
In which: Interest expense	23		107,914,346,298	103,154,269,027
8. Selling expenses	24		213,695,276,542	201,421,775,370
9. General and administration expenses	25		229,633,589,473	218,046,508,218
10. Operating profit (30=20+(21-22)-(24+25))	30		277,559,819,744	276,157,330,915
11. Other income	31	23	26,401,458,033	49,801,750,941
12. Other expenses	32	23	24,377,594,557	22,413,857,740
13. Profit from other activities (40=31- 32)	40	23	2,023,863,476	27,387,893,201
14. Share of net profit of associates	45		779,771,678	2,362,998,920
15. Accounting profit before tax (50=30+40+45)	50		280,363,454,898	305,908,223,036
16. Current corporate income tax expense	51	24	87,164,172,360	93,344,172,604
17. Deferred corporate tax (income)	52	25	(3,207,512,000)	-
18. Net profit after corporate income tax (60=50-51-52)	60		196,406,794,538	212,564,050,432
Attributable to:				
Non-controlling interests	61		37,946,445,188	24,758,000,816
Equity holders of the Corporation	62		158,460,349,350	187,806,049,616
19. Basic earnings per share	70	26	2,278	2,720

Cao Thanh Hung
Preparer

17 March 2014

Dao Van Dai
Chief Accountant



Phung Tuan Ha
General Director

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PETROVIETNAM GENERAL SERVICES JOINT STOCK CORPORATION

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 Ho Chi Minh City, S.R. Vietnam For the year ended 31 December 2013

CONSOLIDATED CASH FLOW STATEMENT*For the year ended 31 December 2013***FORM B 03-DN/HN***Unit: VND*

ITEMS	Codes	2013	2012
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	01	280,363,454,898	305,908,223,036
2. Adjustments for:			
Depreciation and amortisation	02	30,903,066,561	33,925,233,703
Provisions	03	23,635,933,342	16,452,873,069
(Gain) from investing activities	05	(80,184,929,625)	(39,774,610,822)
Interest expense	06	107,914,346,298	103,154,269,027
3. Operating profit before movements in working capital	08	362,631,871,474	419,665,988,013
Changes in receivables	09	(218,802,680,984)	118,971,496,184
Changes in inventories	10	(866,692,191,213)	253,411,005,554
Changes in accounts payable (not including accrued interest and corporate income tax payable)	11	232,369,460,849	(170,532,078,550)
Changes in prepaid expenses	12	(2,653,614,538)	2,170,691,757
Interest paid	13	(111,797,496,247)	(149,698,208,407)
Corporate income tax paid	14	(96,197,836,921)	(80,731,233,831)
Other cash inflows	15	19,293,471,769	15,251,313,557
Other cash outflows	16	(16,237,892,930)	(21,421,542,320)
Net cash (used in)/from operating activities	20	(698,086,908,741)	387,087,431,957
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition and construction of fixed assets and other long-term assets	21	(27,868,501,801)	(24,745,808,650)
2. Proceeds from sales, disposal of fixed assets and other long-term assets	22	951,071,105	1,215,053,908
3. Cash recovered from investments in other entities	26	43,549,711,092	146,075,353,820
4. Interest earned, dividends and profits received	27	80,184,929,625	39,774,610,822
Net cash from investing activities	30	96,817,210,021	162,319,209,900
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Proceeds from issuing stocks (i)	31	14,709,718,303	-
2. Proceeds from borrowings	33	7,396,854,639,758	5,132,180,693,236
3. Repayment of borrowings	34	(5,684,298,149,880)	(4,791,288,157,509)
4. Dividends and profits paid (ii)	36	(155,373,449,700)	(124,295,616,000)
Net cash from financing activities	40	1,571,892,758,481	216,596,919,727
Net increase in cash (50=20+30+40)	50	970,623,059,761	766,003,561,584
Cash and cash equivalents at the beginning of the year	60	1,129,910,129,741	363,906,568,157
Cash and cash equivalents at the end of the year (70=50+60)	70	2,100,533,189,502	1,129,910,129,741

The notes set out on pages 09 to 40 are an integral part of these consolidated financial statements

CONSOLIDATED CASH FLOW STATEMENT (Continued)

For the year ended 31 December 2013

Supplemental non-cash disclosures:

- (i) As stated in Note 17, the Corporation sold all of its 788,880 treasury shares at VND 14,709,718,303.
- (ii) Dividends paid to shareholders excluded VND 25,862,122,900, representing dividend amount unpaid to shareholders as at 31 December 2013 (31 December 2012: VND 908,580,600). Consequently, changes in accounts payables have been adjusted by the same amount.



Cao Thanh Hung
Preparer

17 March 2014



Dao Van Dai
Chief Accountant



Phung Tuan Ha
General Director

PETROVIETNAM GENERAL SERVICES JOINT STOCK CORPORATION

Floor 6, PetroVietnam Tower, 1-5 Le Duan Street, Ben Nghe Ward, District 1 **Consolidated financial statements**
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FORM B 09-DN/HN

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

1. GENERAL INFORMATION

Structure of ownership

PetroVietnam General Services Joint Stock Corporation (the "Corporation") is a joint stock company 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 the Department of Planning and Investment 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").

The Corporation's head office is located on Floor 6, PetroVietnam Tower, 1-5 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, S.R. Vietnam. The number of employees as at 31 December 2013 was 2,557 (31 December 2012: 2,682).

Principal activities

Principal activities of the Corporation include: purchase and sale of telecommunications equipment; travel agent; processing, purchase and sale of fresh water; production of food ethanol, industrial alcohol, fuel alcohol; business of liquefied petroleum gas bottling (inactive at the head office); lease of warehouses, workshops, premises, office; business of houses, representative offices, real estate business; trading of food, necessities, sea food, processing of agricultural commodities, foodstuff (no production and processing of fresh food at head office); sale of machinery, industrial equipment, supplies, office equipment, audio-visual equipment, machinery and equipment for industrial sanitation, components used for gas shell; wholesaler of electrical equipment, electrical materials, generators, electric motors, wires and other equipment used in the circuit; entertainment services (except karaoke and gambling); building houses, business of petroleum, tour operators, labor export and supply, support services related to the promotion and organization of tours; forage production (inactive at the head office); supply of sanitation services for residential construction works; real estate management, lease of vehicles; purchase and sale of agricultural products and food; wholesale of computers, peripherals and software; wholesale of fertilizer, industrial chemicals (except for crop protection products, chemical toxicity); purchase of biofuels, CO₂, NH₃ (inactive at the head office); wholesale of plastics in primary forms, industrial chemicals, silk, textile fibers; purchase and sale of vehicles, specialized vehicles, goods trading agents, production of shell cylinders (except for mechanical processing, waste recycling, electroplating at headquarters); vocational training; production of biofuels, CO₂, NH₃ (inactive at the head office), air and train ticket sales agent, shipping agent, shipping agent services; customs agents; freight agents, including services related to logistics; counting services; import and export freight forwarding; ship brokerage; international multimodal transport; production of plastics packaging (except waste recycling); hotel business; seafood processing (no production and processing of fresh food causing environmental pollution at the office); coastal and ocean freight; transport of goods by road; installation of oil and gas (except for mechanical processing, waste recycling, electroplating at headquarters); repair machinery, equipment; retail computers, peripherals, software and telecommunications equipment in specialized stores; retail of radio, cassette, TV, speakers, stereo equipment, music player, video, CD player, DVD; advertisement; operation of sport centre, operation of sport clubs.

2. ACCOUNTING CONVENTION AND FINANCIAL YEAR

Accounting convention

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

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

Financial year

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

PETROVIETNAM GENERAL SERVICES JOINT STOCK CORPORATION

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B 09-DN/HN

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

3. ADOPTION OF NEW ACCOUNTING GUIDANCE

New guidance on management, usage and depreciation of fixed assets

On 25 April 2013, the Ministry of Finance issued Circular No. 45/2013/TT-BTC ("Circular 45") guiding the regime of management, usage and depreciation of fixed assets. This Circular supersedes Circular No. 203/2009/TT-BTC ("Circular 203") dated 20 October 2009 of the Ministry of Finance guiding the regime of management, usage and depreciation of fixed assets. Circular 45 is effective from 10 June 2013 and is applied from financial year 2013 onwards. According to the Board of General Directors' assessment, Circular 45 does not have material effect on the Corporation's consolidated financial statements for the year ended 31 December 2013.

New guidance on provision for impairment of long-term investments into other entities

On 28 June 2013, the Ministry of Finance issued Circular No. 89/2013/TT-BTC ("Circular 89") amending and supplementing Circular No. 228/2009/TT-BTC ("Circular 228") dated 07 December 2009 of the Ministry of Finance guiding the appropriation and use of provisions for devaluation of inventories, losses of financial investments, bad debts and warranty for products, goods and construction and installation works at enterprises. Circular 89 is effective from 26 July 2013. According to the Board of General Directors' assessment, Circular 89 does not have material effect on the Corporation's consolidated financial statements for the year ended 31 December 2013.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Estimates

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

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Corporation and enterprises controlled by the Corporation (its subsidiaries) up to 31 December each year. Control is achieved where the Corporation has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

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

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Corporation. All inter-company transactions and balances between group enterprises are eliminated on consolidation.

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

PETROVIETNAM GENERAL SERVICES JOINT STOCK CORPORATION

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B 09-DN/HN

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations

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

The interest of non-controlling shareholders is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Investments in associates

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

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

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

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, investments and other financial assets.

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 payables, other payables, accruals and other financial liabilities.

Subsequent measurement after initial recognition

Currently, there are no requirements for the subsequent 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.

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.

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

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

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

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. The costs of purchased tangible fixed assets comprise their purchase prices and any directly attributable costs of bringing the assets to their working condition and location for their intended use.

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

	2013 (%)
Buildings, structures	4 - 20
Machinery, equipment	14.2 - 20
Motor vehicles	14.2 - 20
Management tools	25 - 33
Other fixed assets	25 - 33

Leasing

Leases are classified as operating leases whenever the lessors hold substantially all the risks and rewards of ownership.

The Corporation as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are recorded in expense when incurred.

The Corporation as lessee

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Intangible assets and amortization

Intangible assets represent land use rights and computer software that are stated at cost less accumulated amortization. Land use rights with definite terms are amortized on a straight-line basis over the duration of the right to use the land and no amortization is calculated for land use rights of indefinite terms. Computer software is amortized on a straight-line basis over the estimated useful life of eight (08) years.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Cost includes professional fees, and for qualifying assets, borrowing costs dealt with in accordance with the Corporation's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Long-term prepayments

Long-term prepayments comprise prepayment for goodwill arising from revaluation of subsidiaries' values for transformation from limited liability companies into joint stock companies, office rental, costs of small tools, supplies and spare parts issued for consumption and other long-term prepayments.

Goodwill arising from revaluation of subsidiaries' values for transformation from limited liability companies into joint stock companies is of VND 6,006,130,380, VND 12,595,093,168 and VND 33,235,767,000 and amortized over 3 years, 3 years and 10 years with respect to Petroleum Assets Management Company Limited (PSA), Petrosetco Vung Tau General Services Company Limited (Petrosetco Vung Tau) and Mien Trung Petroleum Trading and Services Company Limited (PSMT), respectively.

Prepayment for office rental includes:

- Prepayment represents an amount paid in advance for leasing 2,619.37 m² at PetroVietnam Tower, 1-5 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City. The prepayment is amortized to the consolidated income statement on a straight-line basis over 50 years from 01 October 2010.

- Partial prepayment for office rental represents an amount paid in advance for leasing 568 m² at Vietnam Petroleum Institute Tower, 173 Trung Kinh Street, Yen Hoa Ward, Cau Giay District, Ha Noi City within 50 years from 10 August 2010. The prepayment is amortized to the consolidated income statement on a straight-line basis over the lease term.

Other types of long-term prepayments comprise costs of small tools, supplies and spare parts issued for rental of Ho Nai - Dong Nai consumption storage and prepayment of land rental at Vung Tau are expected to provide future economic benefits to the Corporation for more than one year. These expenditures have been capitalised as long-term prepayments, and are allocated to the consolidated income statement using the straight-line method in accordance with the prevailing accounting regulations.

Other long-term investments

Other long-term investments are measured at cost less provision for impairment of such investments (if any).

Provision for impairment of long-term financial investments is made under Circular No. 228/2009/TT-BTC dated 07 December 2009 of the Ministry of Finance on guiding the appropriation and use of provisions for devaluation of inventories, losses of financial investments, bad debts and warranty for products, goods and construction and installation works at enterprises, Circular No. 89/2013/TT-BTC dated 28 June 2013 issued by Ministry of Finance amending and supplementing Circular No. 228/2009/TT-BTC and prevailing relevant regulations.

Revenue recognition

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

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

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

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

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

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

Foreign currencies

The Company applies the method of recording foreign exchange differences in accordance with Vietnamese Accounting Standard No. 10 (VAS 10) "Effects of changes in foreign exchange rates" and Circular No. 179/2012/TT-BTC dated 24 October 2012 of the Ministry of Finance providing guidance on recognition, measurement and treatment of foreign exchange differences in enterprises. Accordingly, transactions arising in foreign currencies are translated at exchange rates ruling at the transaction date. The balance of monetary items denominated in foreign currencies as at the balance sheet date are retranslated at the exchange rates on the same date. Exchange differences arising from the translation of these accounts are recognised in the income statement. Unrealised exchange gains as at the balance sheet date are not treated as part of distributable profit to shareholders.

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 recognised in the consolidated income statement when incurred.

Provisions

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

Taxation

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

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

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

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

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

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

Funds

Under Resolution No. 11/NQ-DVTHDK-ĐHĐCĐ dated 05 April 2013 passed at the General Shareholders' Meeting, the Corporation will temporarily distribute to funds from profit after tax of year 2013 and shall be approved in 2014 General Shareholders' Meeting, detail as follows:

Bonus and welfare funds	6% of profit after tax
Investment and development fund	10% of profit after tax
Financial reserve fund	5% of profit after tax

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5. CASH AND CASH EQUIVALENTS

	31/12/2013	31/12/2012
	VND	VND
Cash on hand	3,430,918,901	2,761,669,202
Cash in bank	459,796,284,917	288,622,086,667
Cash equivalents	1,637,305,985,684	838,526,373,872
	2,100,533,189,502	1,129,910,129,741

Cash equivalents represent term deposits of 3 months or less at banks.

6. SHORT-TERM INVESTMENTS

	31/12/2013	31/12/2012
	VND	VND
Petroleum Trading Services Company Limited (i)	39,500,000,000	39,500,000,000
Petroleum Saigon General Services Company Limited (i)	10,400,000,000	10,400,000,000
	49,900,000,000	49,900,000,000

(i) Under Decision No. 313/QĐ-DVTHĐK-HĐQT and 314/QĐ-DVTHĐK-HĐQT dated 26 December 2011, the Corporation's Board of Management decided to dissolve Petroleum Trading Services Company Limited ("Petrosetco Trading") and Petroleum Saigon General Services Company Limited ("Petrosetco Saigon") from 01 January 2012. Currently, Petrosetco Trading and Petrosetco Saigon are under tax finalization with the tax authorities to complete dissolution procedures; and the two companies have no business activities incurred. Accordingly, investments in Petrosetco Trading and Petrosetco Saigon are presented in the "Short-term investments" item - Code 121 instead of the "Investments in subsidiaries" item - Code 251 in the consolidated balance sheet.

7. PROVISION FOR IMPAIRMENT OF SHORT-TERM INVESTMENTS

	31/12/2013	31/12/2012
	VND	VND
Petroleum Trading Services Company Limited	29,882,192,415	29,882,192,415
Petroleum Saigon General Services Company Limited	1,641,016,490	1,641,016,490
	31,523,208,905	31,523,208,905

8. INVENTORIES

	31/12/2013	31/12/2012
	VND	VND
Goods in transit	132,689,449,776	120,248,887,628
Raw materials	6,434,318,029	14,949,014,186
Tools and supplies	1,133,036,495	643,584,974
Work in progress	1,124,472,037	-
Finished goods	294,713,145	129,849,756
Merchandise	1,662,174,014,150	717,557,663,574
Goods on consignment	105,583,395,520	189,213,250,576
Total	1,909,433,399,152	1,042,742,250,694
Provision for devaluation of inventories	(25,054,482,654)	(18,270,828,587)
Net reliable value	1,884,378,916,498	1,024,471,422,107

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9. TANGIBLE FIXED ASSETS

	Buildings, structures	Machinery, equipment	Motor vehicles	Management tools	Others	Total
	VND	VND	VND	VND	VND	VND
COST						
As at 01/01/2013	164,093,354,069	80,162,631,836	84,552,359,302	16,741,331,512	2,209,615,828	347,759,292,547
Additions	432,723,150	7,324,369,908	11,689,829,816	2,256,652,203	1,448,605,740	23,152,180,817
Transfer from construction in progress	-	150,000,000	-	-	-	150,000,000
Finalisation of construction in progress	(1,983,746,642)	1,733,708,756	-	-	-	(250,037,886)
Other increase	40,721,818	87,300,000	-	73,968,181	-	201,989,999
Disposals	-	(3,534,863,680)	(3,205,602,075)	(438,192,331)	-	(7,178,658,086)
Decrease at Hanoi hotel (i)	(2,455,380,349)	(630,651,395)	-	-	-	(3,086,031,744)
Reclassification based on Circular 45 (ii)	(636,767,739)	(3,494,062,901)	(145,977,333)	(6,996,998,905)	(90,792,881)	(11,364,599,759)
Other decrease	-	-	(19,081,818)	(605,539,366)	-	(624,621,184)
As at 31/12/2013	159,490,904,307	81,798,432,524	92,871,527,892	11,031,221,294	3,567,428,687	348,759,514,704
ACCUMULATED DEPRECIATION						
As at 01/01/2013	58,742,984,552	49,190,676,887	54,069,720,347	13,360,001,897	141,920,561	175,505,304,244
Charge for the year	7,039,707,827	10,137,952,948	10,942,205,401	1,963,126,789	139,754,973	30,222,747,938
Other increase	-	-	-	22,508,586	-	22,508,586
Disposals	-	(3,299,805,666)	(2,674,210,660)	(253,570,655)	-	(6,227,586,981)
Decrease at Hanoi hotel (i)	(767,948,869)	(612,648,433)	-	-	-	(1,380,597,302)
Reclassification based on Circular 45 (ii)	(340,706,597)	(1,521,926,733)	(98,523,396)	(3,658,074,388)	(90,792,881)	(5,710,023,995)
Other decrease	(8,181,800)	(755,850,526)	(5,295,425)	(1,837,258,083)	-	(2,606,585,834)
As at 31/12/2013	64,665,855,113	53,138,398,477	62,233,896,267	9,596,734,146	190,882,653	189,825,766,656
NET BOOK VALUE						
As at 31/12/2013	94,825,049,194	28,660,034,047	30,637,631,625	1,434,487,148	3,376,546,034	158,933,748,048
As at 31/12/2012	105,350,369,517	30,971,954,949	30,482,638,955	3,381,329,615	2,067,695,267	172,253,988,303

(i) The Corporation transferred its capital contribution (100% of charter capital) at Hanoi Petroleum Trading Services Company Limited to PetroVietnam Oil Corporation (PV Oil). The transfer process was completed in the 2nd Quarter of 2013.

(ii) Represent decreases in cost and accumulated depreciation of fixed assets which have cost of less than VND 30,000,000 according to guidance of Circular 45/2013/TT-BTC dated 25 April 2013 of Ministry of Finance.

As at 31 December 2013, the cost of the Corporation's tangible fixed assets includes VND 56,201,168,545 (31 December 2012: VND 54,214,857,471) of assets which have been fully depreciated but are still in use.

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10. INTANGIBLE ASSETS

	Land use rights	Computer software	Total
	VND	VND	VND
COST			
As at 01/01/2013	119,407,634,699	2,508,439,150	121,916,073,849
Additions	-	464,247,273	464,247,273
Subsidiary disposal	(16,109,508,265)	-	(16,109,508,265)
Other decrease	-	(433,262,688)	(433,262,688)
As at 31/12/2013	103,298,126,434	2,539,423,735	105,837,550,169
ACCUMULATED AMORTISATION			
As at 01/01/2013	503,910,253	1,952,419,007	2,456,329,260
Charge for the year	322,318,404	358,000,219	680,318,623
Other decrease	-	(310,561,826)	(310,561,826)
As at 31/12/2013	826,228,657	1,999,857,400	2,826,086,057
NET BOOK VALUE			
As at 31/12/2013	102,471,897,777	539,566,335	103,011,464,112
As at 31/12/2012	118,903,724,446	556,020,143	119,459,744,589

11. CONSTRUCTION IN PROGRESS

	2013	2012
	VND	VND
As at 01 January	17,071,912,594	24,862,109,143
Additions for the year	4,716,320,984	9,547,509,988
Transferred to fixed assets	150,000,000	16,806,692,045
Other decreases	-	531,014,492
As at 31 December	21,638,233,578	17,071,912,594

Details by constructions:

	31/12/2013	31/12/2012
	VND	VND
Cape Pearl project (previously known as Petrosetco SSG Tower project)	20,509,171,999	16,349,341,923
Others	1,129,061,579	722,570,671
	21,638,233,578	17,071,912,594

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12. INVESTMENTS IN SUBSIDIARIES

Details of the Corporation's subsidiaries as at 31 December 2013 are as follows:

Subsidiaries	Place of incorporation and operation	Proportion of ownership interest	Proportion of voting power held	Principal activity
Petroleum General Distribution Services Joint Stock Company	Ho Chi Minh City	79.87%	79.87%	Distribution of telecom, electronic equipment
Petroleum Offshore Trading and Services Company Limited	Ho Chi Minh City	100%	100%	Trading, services
Petrosetco Vung Tau General Services Joint Stock Company	Vung Tau	70%	70%	Services
Mien Trung Petroleum Trading and Services Joint Stock Company	Quang Ngai	89%	89%	Trading, services
PetroVietnam Assets Management Joint Stock Company	Hanoi	88.2%	88.2%	Building administration services
Petrosetco SSG Company Limited	Ho Chi Minh City	51%	51%	Real estates
Smart Convergence Joint Stock Company	Ho Chi Minh City	50%	50%	Equipments, electronic components, peripheral devices, softwares
Petrosetco Retail Services Joint Stock Company	Ho Chi Minh City	51%	58.19%	Retail of mobiphone

The Corporation owns 50% of the contributed capital of Smart Convergence Joint Stock Company ("Smartcom"); however, the Corporation has the right to cast the majority of votes at the Board of Management's meetings of Smartcom (3/5 members of the Management Board of this Company are the Corporation's representatives). Accordingly, Smartcom is still under control of the Corporation.

13. INVESTMENTS IN ASSOCIATES

	31/12/2013	31/12/2012
	VND	VND
PetroVietnam Residence Development and Management Joint Stock Company	-	18,410,012,180
Petro Tower Limited Company	17,921,528,554	17,201,849,827
	17,921,528,554	35,611,862,007

Details of the Corporation's associate as at 31 December 2013 as follows:

Name of associates	Place of incorporation and operation	Proportion of ownership interest (%)	Proportion of voting power held (%)	Principal activity
Petro Tower Limited Company	Ba Ria - Vung Tau	24	24	Office for lease

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13. INVESTMENTS IN ASSOCIATES (Continued)

Summarised financial information in respect of the Company's associate is set out below:

	31/12/2013	31/12/2012
	VND	VND
Total assets	253,166,067,222	414,064,270,967
Total liabilities	178,493,031,579	281,023,189,422
Net assets	74,673,035,643	133,041,081,545
Corporation's share of associate's net assets	17,921,528,554	35,611,862,007
	2013	2012
	VND	VND
Revenue	40,873,513,706	738,353,823,184
Net profit	3,249,048,659	8,923,224,323
Corporation's share of associate's net profit	779,771,678	2,362,998,920

14. LONG-TERM PREPAYMENTS

	31/12/2013	31/12/2012
	VND	VND
Prepayments for office rental (i)	171,449,480,481	176,372,341,428
Difference from revaluation of assets (ii)	28,303,074,170	36,147,712,964
Other long-term prepayments	63,588,108,517	46,542,042,047
	263,340,663,168	259,062,096,439

(i) Including:

- An amount paid in advance for leasing 2,619.37 m² at PetroVietnam Tower, 1-5 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City. The prepayment is amortized to the consolidated income statement on a straight-line basis over 50 years from 01 October 2010.

- An amount partially paid in advance for leasing 568 m² on Floor 15, Vietnam Petroleum Institute Tower, 173 Trung Kinh Street, Yen Hoa Ward, Cau Giay District, Hanoi within 50 years from 10 August 2010. The prepayment is amortized to the consolidated income statement on a straight-line basis over the lease term.

(ii) Goodwill arising from revaluation of subsidiaries' values for transformation from limited liability companies into joint stock companies is of VND 6,006,130,380, VND 12,595,093,168 and VND 33,235,767,000 with respect to Petroleum Assets Management Company Limited, Petrossetco Vung Tau General Services Company Limited and Mien Trung Petroleum Trading and Services Company Limited, respectively. Such goodwill is recognized in the "Long-term prepayments" item and amortized over 3 years, 3 years and 10 years, respectively.

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15. SHORT-TERM LOANS AND LIABILITIES

	<u>31/12/2013</u>	<u>31/12/2012</u>
	VND	VND
Short-term borrowings (i)		
Joint Stock Commercial Bank for Foreign Trade of Vietnam - Ho Chi Minh City Branch	947,013,205,379	528,709,916,496
Military Commercial Joint Stock Bank	179,899,406,900	-
Vietnam International Commercial Joint Stock Bank - Vung Tau Branch	59,825,466,251	-
Vietnam Public Joint Stock Commercial Bank (previously known as PetroVietnam Finance Joint Stock Corporation)	403,852,016,332	-
Vietnam Export and Import Commercial Joint Stock Bank - Ho Chi Minh City Branch	84,827,062,338	-
Indochina Bank - Ho Chi Minh City Branch	20,385,356,087	127,505,691,581
Vietnam Development Bank (VDB)	-	68,196,459,109
HSBC Bank (Vietnam) Ltd.	317,262,622,200	388,125,455,626
ANZ Bank (Vietnam) Ltd.	520,671,968,538	305,159,533,539
Standard Chartered bank (Vietnam) Ltd.	37,806,608,602	-
Vietnam Joint Stock Commercial Bank for Industry and Trade - Ho Chi Minh City Branch	383,187,095,679	-
Vietnam Technological and Commercial Joint Stock Bank - Ho Chi Minh City Branch	177,462,046,185	-
	<u>3,132,192,854,491</u>	<u>1,417,697,056,351</u>

(i) Short-term loans represent unsecured loans from commercial banks in the form of short-term loans or letter of credit. The interest rates are determined by rates announced by the banks at the withdrawal date or by interest rate adjustable from time to time announced by the banks for loans in VND and from 2.5% to 3.5% p.a for loans in USD.

16. TAXES AND AMOUNTS PAYABLE TO THE STATE BUDGET

	<u>31/12/2012</u>	<u>Payable</u>	<u>Paid</u>	<u>31/12/2013</u>
	VND	VND	VND	VND
Value added tax	21,027,766,511	514,176,805,859	530,412,603,241	4,791,969,129
Corporate income tax	35,946,705,902	87,164,172,360	96,197,836,921	26,913,041,341
Personal income tax	1,799,027,622	27,257,653,201	26,943,979,010	2,112,701,813
Other taxes	296,436,907	11,186,922,170	11,255,605,595	227,753,482
	<u>59,069,936,942</u>	<u>639,785,553,590</u>	<u>664,810,024,767</u>	<u>34,045,465,765</u>

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17. SHAREHOLDERS' EQUITY

The Corporation issues only one class of common share which carries no right to fixed dividends with par value of VND 10,000 per share. The common shareholders are entitled to dividends as declared and are entitled to one vote per share at the Corporation's Shareholders' Meetings.

	31/12/2013	31/12/2012
- Number of shares issued to public	69,842,000	69,842,000
+ <i>Common shares</i>	69,842,000	69,842,000
+ <i>Preferred shares</i>	-	-
- Number of treasury shares	-	788,880
+ <i>Common shares</i>	-	788,880
+ <i>Preferred shares</i>	-	-
- Number of outstanding shares in circulation	69,842,000	69,053,120
+ <i>Common shares</i>	69,842,000	69,053,120
+ <i>Preferred shares</i>	-	-

Charter capital

According to the 15th amended Business Registration Certificate No. 0300452060 dated 21 October 2013, the Corporation's charter capital is VND 699 billion. Charter capital contributions by shareholders as at 31 December 2013 were as follows:

	Capital contributed as at			
	31/12/2013		31/12/2012	
	VND	%	VND	%
Vietnam Oil and Gas Group	246,092,850,000	35.24	246,092,850,000	35.24
Others	452,327,150,000	64.76	452,327,150,000	64.76
	698,420,000,000	100	698,420,000,000	100

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17. SHAREHOLDERS' EQUITY (Continued)

	Charter capital	Share premium	Other shareholders' capital	Treasury shares	Foreign exchange reserve	Investment and development fund	Financial reserve fund	Retained earnings	Total
	VND	VND	VND	VND	VND	VND	VND	VND	VND
Balance as at 01/01/2012	698,420,000,000	128,358,940,301	33,678,648,352	(9,150,605,990)	17,626,480,239	68,669,949,370	839,728,344	273,774,504,461	1,212,217,645,077
Profit for the year	-	-	-	-	-	-	-	212,564,050,432	212,564,050,432
Distribution to non-controlling shareholders	-	-	-	-	-	(1,840,855,924)	(72,603,158)	(19,937,656,009)	(21,851,115,091)
Fund appropriation for 2011	-	-	-	-	-	611,971,127	-	(4,383,568,342)	(3,771,597,215)
Dividends paid	-	-	-	-	-	-	-	(124,295,616,000)	(124,295,616,000)
Foreign exchange difference reversal	-	-	-	-	(17,626,480,239)	-	-	-	(17,626,480,239)
Subsidiary using fund to cover liabilities	-	-	-	-	-	-	(186,325,915)	-	(186,325,915)
Fund appropriation at the holding company	-	-	9,233,003,634	-	-	18,466,007,266	-	(42,407,589,235)	(14,708,578,335)
Fund appropriation at subsidiaries	-	-	-	-	-	9,868,634,061	-	(16,560,684,582)	(6,692,050,521)
Change due to liquidation of subsidiaries	-	-	-	-	-	-	-	5,564,073,290	5,564,073,290
Balance at 31/12/2012	698,420,000,000	128,358,940,301	42,911,651,986	(9,150,605,990)	-	95,775,705,900	580,799,271	284,317,514,015	1,241,214,005,483
Profit for the year	-	-	-	-	-	-	-	196,406,794,538	196,406,794,538
Distribution to minority shareholders	-	(6,710,670,221)	-	-	-	(2,288,776,987)	-	(43,664,331,569)	(52,663,778,777)
Fund appropriation at the holding company (i)	-	-	(42,911,651,986)	-	-	-	42,911,651,986	372,568,928	372,568,928
Fund appropriation for 2013 (ii)	-	-	-	-	-	15,520,751,282	7,760,375,641	(35,115,401,259)	(11,834,274,336)
Dividends paid (iii)	-	-	-	-	-	-	-	(180,326,992,000)	(180,326,992,000)
Disposal of treasury share (iv)	-	5,559,112,313	-	9,150,605,990	-	-	-	-	14,709,718,303
Fund appropriation at subsidiaries	-	-	-	-	-	4,108,572,683	-	(10,403,790,735)	(6,295,218,052)
Change due to liquidation of associates	-	-	-	-	-	(852,733,992)	-	(552,225,352)	(1,404,959,344)
Shares issued, additional capital contributed	-	33,340,500,000	-	-	-	-	-	-	33,340,500,000
Change due to liquidation of PET Hanoi	-	-	-	-	-	(74,682,525)	-	(26,891,303)	(101,573,828)
Balance at 31/12/2013	698,420,000,000	160,547,882,393	-	-	-	112,188,836,361	51,252,826,898	211,007,245,263	1,233,416,790,915

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17. SHAREHOLDERS' EQUITY (Continued)

(i) Under Resolution No. 06/NQ-DVTHDK-DHDCD dated 10 April 2012 at the General Shareholders' Meeting, the Corporation made an interim distribution of VND 3,628,973,971 from the 2012 profit to Bonus fund for outperforming business.

Under Resolution No. 11/NQ-DVTHDK-DHDCD dated 5 April 2013 at the General Shareholders' Meeting, the Corporation made a decision on the transfer all the balance of Charter capital supplementary reserve fund as at 31 December 2012 amounting to VND 42,911,651,986 to Financial reserve fund, and on the distribution of VND 3,256,405,043 to Bonus fund for outperforming business from the 2012 profit.

The Corporation has written down Bonus fund for outperforming business by VND 372,568,928, representing the difference between the interim fund amount recognized in the 2012 financial statement and the amount approved at the General Shareholders' Meeting.

(ii) Under Resolution No. 11/NQ-DVTHDK-DHDCD dated 5 April 2013 at the General Shareholders' Meeting, the Corporation made interim distributions of VND 15,520,751,282, VND 7,760,375,641, VND 9,312,450,770 and VND 2,521,823,566 to Investment and development fund, Charter capital supplementary reserve fund, bonus and welfare funds, and Bonus fund for outperforming business, respectively. Final amounts will be approved in the 2014 General Shareholders' Meeting.

(iii) Under Resolution No. 11/NQ-DVTHDK-DHDCD dated 5 April 2013 at the General Shareholders' Meeting, 2012 dividends were declared to be paid in cash at 16% of the charter capital, equivalent to VND 110,484,992,000. Under Resolution No. 27/NQ-DVTHDK dated 12 September 2013, the Corporation's general shareholders decided to distribute 2013 interim dividends at 10% of the charter capital, equivalent to VND 69,842,000,000. In the year, the Corporation made dividend payments of VND 155,518,452,000 (including VND 154,464,869,100 for 2012 and 2013 dividends, and VND 908,580,600 for prior years' dividends), the unpaid dividends of VND 25,862,122,900 as at 31 December 2013 are recorded in the account "Other current payables".

(iv) Under Resolution No. 09/NQ-DVTHDK-DHDCD dated 01 April 2013 of the Board of Management about approval of disposal of treasury share, the Corporation disposed a quantity of 788,880 shares respectively of VND 9,150,605,990, the difference between disposal amount and original cost of treasury share was recorded in share premium with amount of VND 5,559,112,313.

18. NON-CONTROLLING INTERESTS

	<u>31/12/2013</u>	<u>31/12/2012</u>
	VND	VND
Charter capital	121,760,000,000	80,033,000,000
Investment and development fund	4,863,309,015	2,574,532,029
Financial reserve fund	185,640,994	185,640,994
Retained earnings	1,649,646,987	6,401,882,468
Share premium	6,710,670,221	-
	<u>135,169,267,217</u>	<u>89,195,055,491</u>

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19. SEGMENT REPORT

Geographical segments

The Corporation has no business activities outside the territory of Vietnam; therefore, the Corporation has no geographical segments outside of Vietnam.

Business segments

For management purposes, the Company is currently organised into five operating divisions: Electronic product trading division, Petroleum materials and supplies providing division, plastic grain and textile trading division, gas distribution division and others. These divisions are the basis on which the Company reports its primary segment information.

Principal activities of the five divisions as follows:

Electronic product trading division: distributing electronic products (mainly mobile phone and laptop);

Petroleum materials and equipment providing division: providing equipment and materials for petroleum industry;

Plastic grain and textile trading division: trading plastic grain PP and textile.

Gas distribution division: distributing, pouring gas and liquid fuels;

Others: divisions providing and trading other products in the Corporation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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19. SEGMENT REPORT (Continued)

Details about principal activities of the Corporation are as follows:

Balance sheet at 31 December 2013:

	Electronic product	Petroleum materials and supplies	Plastic grain, textile	Gas distribution	Other services	Elimination	Total
	VND	VND	VND	VND	VND	VND	VND
Assets							
Segment assets	3,699,094,589,054	368,564,582,912	651,836,800,032	319,268,501,476	503,020,767,001	(758,035,352,289)	4,783,749,888,186
Unallocated assets							1,454,802,746,242
Consolidated assets							6,238,552,634,428
Liabilities							
Segment liabilities	3,699,094,589,054	348,601,095,313	639,140,429,563	252,432,865,564	239,364,875,535	(351,774,537,892)	4,826,859,317,137
Unallocated liabilities							43,107,259,159
Consolidated liabilities							4,869,966,576,296

Balance sheet at 31 December 2012:

	Electronic product	Petroleum materials and supplies	Plastic grain, textile	Gas distribution	Other service	Deduction	Total
	VND	VND	VND	VND	VND	VND	VND
Assets							
Segment assets	2,183,946,708,711	379,190,981,145	279,302,240,806	270,324,101,503	489,265,382,978	(778,918,288,190)	2,823,111,126,953
Unallocated assets							1,443,537,112,792
Consolidated assets							4,266,648,239,745
Liabilities							
Segment liabilities	2,011,598,521,340	348,601,095,313	266,936,625,666	199,056,226,534	217,373,383,078	(364,243,257,652)	2,679,322,594,279
Unallocated liabilities							256,916,584,492
Consolidated liabilities							2,936,239,178,771

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	Electronic product	Petroleum materials and supplies	Plastic grain	Gas distribution	Other services	Elimination	Total
	VND	VND	VND	VND	VND	VND	VND
Revenue							
External sales	6,918,938,051,063	953,498,104,493	1,581,878,951,711	877,538,063,646	1,422,275,970,445	(237,657,292,103)	11,516,471,849,255
Sale from other divisions	-	-	-	-	-	-	-
Total revenue	6,918,938,051,063	953,498,104,493	1,581,878,951,711	877,538,063,646	1,422,275,970,445	(237,657,292,103)	11,516,471,849,255
Cost of sales	6,496,245,593,688	921,711,448,931	1,527,757,106,134	874,326,466,912	1,146,302,854,841	(192,427,876,743)	10,773,915,593,763
Gross margin	422,692,457,375	31,786,655,562	54,121,845,577	3,211,596,734	275,973,115,604	(45,229,415,360)	742,556,255,492
Selling expense	114,373,980,461	9,328,668,371	43,600,883,791	894,045,543	47,018,132,784	(1,520,434,408)	213,695,276,542
General and Administration expense	102,450,572,214	5,785,384,147	-	707,037,904	164,399,576,160	(43,708,980,952)	229,633,589,473
Segment result	205,867,904,700	16,672,603,044	10,520,961,786	1,610,513,287	64,555,406,660	-	299,227,389,477
Investment revenues							104,967,798,527
Other gains							2,023,863,476
Finance expenses							125,855,596,582
Profit before tax							280,363,454,898
Current corporate income tax expense							87,164,172,360
Deferred corporate tax (income)							(3,207,512,000)
Net profit after corporate income tax							196,406,794,538

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	Electronic product	Petroleum materials and supplies	Plastic grain	Gas distribution	Other service	Elimination	Total
	VND	VND	VND	VND	VND	VND	VND
Revenue							
External sales	5,739,209,755,902	830,915,244,288	1,273,494,439,331	745,006,932,029	1,707,438,080,234	(142,264,660,233)	10,153,799,791,551
Total revenue	5,739,209,755,902	830,915,244,288	1,273,494,439,331	745,006,932,029	1,707,438,080,234	(142,264,660,233)	10,153,799,791,551
Cost of sales	5,310,753,633,318	809,175,077,056	1,244,222,155,733	726,129,676,575	1,400,117,932,961	(96,811,602,166)	9,393,586,873,477
Gross margin	428,456,122,584	21,740,167,232	29,272,283,598	18,877,255,454	307,320,147,273	(45,453,058,067)	760,212,918,074
Selling expense	98,526,287,449	8,100,035,281	26,422,269,589	2,349,887,906	67,547,721,417	(1,524,426,272)	201,421,775,370
Administration expense	99,935,833,610	4,877,297,049	-	12,223,680,064	144,938,329,290	(43,928,631,795)	218,046,508,218
Segment result	229,994,001,525	8,762,834,902	2,850,014,009	4,303,687,484	94,834,096,566	-	340,744,634,486
Other gains							27,387,893,201
Finance costs							144,768,503,508
Profit before tax							305,908,223,036
Income tax expense							93,344,172,604
Net profit after corporate income tax							212,564,050,432

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	2013	2012
	VND	VND
Raw materials and consumables	713,561,460,587	664,077,677,600
Labour	382,119,333,602	426,137,928,577
Depreciation and amortization	30,903,066,561	33,925,233,703
Out-sourced services	170,824,116,117	316,689,487,598
Other monetary expenses	115,238,318,736	181,072,876,967
	1,412,646,295,603	1,621,903,204,445

21. FINANCIAL INCOME

	2013	2012
	VND	VND
Bank and loan interests	80,184,929,625	39,621,047,347
Foreign exchange gain	9,451,706,317	29,731,565,832
Dividends and profits received	-	153,563,475
Other financial income	14,551,390,907	10,675,023,283
	104,188,026,849	80,181,199,937

22. FINANCIAL EXPENSES

	2013	2012
	VND	VND
Interest expense	107,914,346,298	103,154,269,027
Foreign exchange loss	16,672,913,384	26,233,528,424
Other financial expenses	13,118,360,075	15,380,706,057
Reversal of good will due to disposal of subsidiaries	(11,850,023,175)	-
	125,855,596,582	144,768,503,508

23. OTHER INCOME

	2013	2012
	VND	VND
Prior years' import tax reimbursement	5,485,480,872	31,563,205,536
Proceeds from contract penalty	-	6,029,130,073
Proceeds from guarantee of gas cylinder	2,920,271,750	-
Proceeds from claims	2,725,404,231	-
Others	15,270,301,180	12,209,415,332
Other income	26,401,458,033	49,801,750,941
Tax expenses	17,440,478,696	10,998,368,813
Penalty expenses	7,977,129	5,315,134,864
Others	6,929,138,732	6,100,354,063
Other expenses	24,377,594,557	22,413,857,740
Profit from other activities	2,023,863,476	27,387,893,201

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	2013	2012
	VND	VND
Profit before tax	280,363,454,898	305,908,223,036
Adjustment for taxable income		
Add:	75,529,849,789	69,269,332,472
- Non-deductible expenses	69,791,910,764	67,093,383,645
- Non-assessable loss	5,737,939,025	2,175,948,827
Less:	(11,850,023,175)	(2,387,918,772)
- Reversal of goodwill due to disposal of subsidiaries	(11,850,023,175)	-
- Income from providing meal for employee	-	(2,301,699,179)
- Other deductions	-	(86,219,593)
Taxable income	344,043,281,512	372,789,636,736
Assessable income at rate of 25%	344,043,281,512	372,789,636,736
The previous year corporate income tax adjustment	1,153,351,982	146,763,420
Normal tax rate	25%	25%
Current corporate income tax expense	87,164,172,360	93,344,172,604
	87,164,172,360	93,344,172,604

25. DEFERRED CORPORATE TAX (INCOME)

	2013	2012
	VND	VND
Temporary difference of accrual expense	14,579,600,000	-
Income tax rate	22%	25%
	3,207,512,000	-

26. BASIC EARNINGS PER SHARE

	2013	2012
	VND	VND
Net profit after corporate income tax	196,406,794,538	212,564,050,432
Profit for the year attributable to equity holders	158,460,349,350	187,806,049,616
Weighted average number of ordinary shares outstanding during the year	69,552,384	69,053,120
Basic earnings per share	2,278	2,720

27. COMMITMENTS**Operating commitments**

	2013	2012
	VND	VND
Minimum lease payments under operating leases recognised in the consolidated income statement for the year	27,657,493,313	27,711,106,473

On 29 June 2011, the Corporation, both as lessor and lessee, entered into contract Appendix No. 10020/2010/HD-DKVN with Vietnam Oil and Gas Group in which the lease area is reduced from 4,844.36 m² to 2,619.37 m² at PetroVietnam Tower, 1-5 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City. The lease term is 50 years from 01 October 2010. Total VAT-exclusive amount payable to Vietnam Oil and Gas Group is VND 185,727,354,531.

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27. COMMITMENTS (Continued)

On 12 July 2011, the Corporation additionally signed an office lease agreement No. 6211/2011/HD-DKVN with Vietnam Oil and Gas Group to lease Floor 2 and part of Floor 6 of PetroVietnam Tower, 1-5 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City with the total additional lease area of 2,224.99 m². The monthly rental charge is USD 5,174.77/month (equivalent to VND 1,065,868,110/month).

On 29 November 2012, the Corporation signed an appendix to the office lease agreement No. 6211/2011/HD-DKVN with Vietnam Oil and Gas Group. The lease area is 2,224.99 m², the monthly rental charge is VND 934,494,800. The appendix is valid from 01 October 2012.

Petroleum Offshore Trading and Services Company limited, a subsidiary of the Corporation, signed a lease contract with Vietnam Oil and Gas Group to lease 1,245.86 m² at PetroVietnam Tower 1-5 Le Duan, Ben Nghe Ward, District 1, Ho Chi Minh city with the monthly rental charge of VND 420,000/ m². The lease term is from 01 January 2010 to 20 August 2017.

Petrosetco Assets Management Joint Stock Company, a subsidiary of the Corporation, signed an office leasing contract for leasing 568 m² on Floor 15 at Vietnam Petroleum Institute Tower, 173 Trung Kinh Street, Yen Hoa Ward, Cau Giay District, Hanoi within 50 years from 10 August 2010.

At the consolidated balance sheet date, the Corporation had outstanding commitments under operating leases, which fall due as follows:

	<u>31/12/2013</u>	<u>31/12/2012</u>
	VND	VND
Within one year	22,628,266,048	29,812,770,064
In the second to fifth year inclusive	74,034,577,129	98,238,642,151
After five years	609,161,255,162	626,422,859,389
	<u>705,824,098,339</u>	<u>754,474,271,604</u>

Commitment of Credit guarantee

As at 31 December 2013, the Corporation had non-cancellable guarantee commitment for loans at Joint Stock Commercial Bank for Foreign Trade of Vietnam - Ho Chi Minh City Branch, HSBC Bank Viet Nam (Ltd.), Indovina Bank Ltd, Vietnam Prosperity Joint Stock Commercial Bank, Military Commercial Joint Stock Bank- Sai Gon Branch, Vietnam International Commercial Joint Stock Bank - Ho Chi Minh City Branch, PetroVietnam Finance Corporation (referred to as "lenders") for the members of PetroVietnam General Service Joint Stock Corporation (referred to as "guaranteed party"). Accordingly, the Corporation has responsibility to repay loan principal, interest, guarantee cost and other underwriting expenses to lenders in case of Guarantee party might not repay or delayed payment.

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27. COMMITMENTS (Continued)

Contract guarantee	Date	Guaranteed for	Guarantee limit
VNM 09121	N/A	Members of PetroVietnam General Services Joint Stock Corporation	USD 17,000,000
118/2013/HDHM/CIB-HCM	24/4/2013	Members of PetroVietnam General Services Joint Stock Corporation	VND 200,000,000,000
47/0413/HDBL	25/4/2013	Members of PetroVietnam General Services Joint Stock Corporation	USD 20,000,000
25A/DVTHDK-TCKT	09/01/2013	Smart Convergence Joint Stock Company	VND 150,000,000,000
265A/DVTHDK-TCKT	02/5/2013	Vietnam Oil and Gas Logistics Services Joint Stock Company	VND 20,000,000,000
339A/DVTHDK-TCKT	10/6/2013	Petroleum Offshore Trading and Services Company Limited	VND 400,000,000,000
339B/DVTHDK-TCKT	10/6/2013	Petroleum General Distribution Services Joint Stock Company	VND 600,000,000,000
346A/DVTHDK-TCKT	11/6/2013	Petroleum General Distribution Services Joint Stock Company and Smart Convergence Joint Stock Company	VND 400,000,000,000
615A/DVTHDK-TCKT	24/10/2013	Petroleum General Distribution Services Joint Stock Company	VND 100,000,000,000
530A/DVTHDK-TCKT	11/9/2013	Petroleum General Distribution Services Joint Stock Company	VND 350,000,000,000
530B/DVTHDK-TCKT	11/9/2013	Smart Convergence Joint Stock Company	VND 50,000,000,000
508/DVTHDK-TCKT	28/8/2013	Petroleum General Distribution Services Joint Stock Company	VND 200,000,000,000

28. 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 15, offset by cash and cash equivalents) and equity attributable to equity holders of the Corporation (comprising capital, reserves and retained earnings).

Gearing ratio

The gearing ratio of the Corporation as at the consolidated balance sheet date was as follows:

	31/12/2013	31/12/2012
	VND	VND
Borrowings	3,132,192,854,491	1,417,697,056,351
Less: Cash and cash equivalents	2,100,533,189,502	1,129,910,129,741
Net debt	1,031,659,664,989	287,786,926,610
Equity	1,233,416,790,915	1,241,214,005,483
Net debt to equity ratio	0.84	0.23

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28. FINANCIAL INSTRUMENTS (Continued)**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, financial liability and equity instrument are disclosed in Note 4.

Categories of financial instruments

	Carrying amounts	
	31/12/2013	31/12/2012
	VND	VND
Financial assets		
Cash and cash equivalents	2,100,533,189,502	1,129,910,129,741
Investments	2,000,000,000	2,000,000,000
Trade and other receivables	1,275,544,518,701	1,083,055,629,148
Other financial assets	5,137,938,743	7,369,500,650
Total	3,383,215,646,946	2,222,335,259,539
Financial liabilities		
Borrowings	3,132,192,854,491	1,417,697,056,351
Trade and other payables	1,396,979,386,255	898,143,288,983
Accruals	23,540,771,200	8,121,828,868
Other financial liabilities	15,470,408,265	17,507,701,889
Total	4,568,183,420,211	2,341,469,876,091

The Corporation has not assessed fair value of its financial assets and liabilities as at the consolidated balance sheet date since there are no comprehensive guidance under Circular No. 210/2009/TT-BTC issued by the Ministry of Finance on 06 November 2009 ("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

The Corporation has set up risk management system to identify and assess the risks exposed by the Corporation and designed control policies and procedures to manage those risks at an acceptable level. Risk management system is reviewed on a regular basis to reflect changes in market conditions and the Corporation's operations.

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

Market risk

The Corporation does not hedge these risk exposures upon its assessment that the cost of hedging foreign exchange risk or interest rate risk might be higher than that incurred from market risk of fluctuation in foreign exchange rates of these instruments in the future.

Foreign currency risk management

The Corporation undertakes certain transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Corporation does not hedge these exposures due to the lack of market to purchase these financial instruments.

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28. FINANCIAL INSTRUMENTS (Continued)

The carrying amounts of the Corporation's foreign currency denominated monetary assets and monetary liabilities at the end of the year are as follows:

	Assets		Liabilities	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	VND	VND	VND	VND
US Dollar (USD)	216,096,284,889	134,670,153,531	338,363,820,484	1,584,784,988,833
Euro (EUR)	27,757,465	439,615,217	-	198,532,463
British Pound (GBP)	7,139,187	6,826,048	-	-

Foreign currency sensitivity analysis

The Corporation is mainly exposed to United States Dollar (USD), British Pound (GBP) and EURO (EUR).

The following table details the Corporation's sensitivity to a 10% increase and decrease in Vietnam Dong against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. For a 10% increase/decrease in the following foreign currencies against Vietnam Dong, assuming other variables were held contract, the profit before tax in the year would change by the following amount:

	2013	2012
	VND	VND
Increase 10%	(12,223,263,894)	(144,986,692,650)
Decrease 10%	12,223,263,894	144,986,692,650

Interest rate risk management

The Corporation has significant interest rate risks arising from interest bearing loans which are arranged. The risk is managed by the Corporation by maintaining an appropriate level of borrowings and analyzing market competition to enjoy favorable interest rates from appropriate lenders.

Interest rate sensitivity

The loan's sensitivity to interest rate changes which may arise at an appropriate level is presented in the following table. Assuming all other variables were held constant, if interest rates applicable to floating interest bearing loans had been 200 basis points higher/lower, the Corporation's profit before tax would have changed as follows:

	Increase/(decrease) in	Impact on profit
	basis points	before tax
		VND
For the year ended 31 December 2013		
VND	+200	(62,643,857,090)
VND	-200	62,643,857,090
For the year ended 31 December 2012		
VND	+200	(28,353,941,127)
VND	-200	28,353,941,127

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28. FINANCIAL INSTRUMENTS (Continued)

Price risk management

The Corporation is exposed to equity price risks arising from investments in associates. The Board of Management of the Corporation assesses and approves decisions on investments in associates as operating industry, investees, etc. Investments in 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.

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 on-going basis. As at 31 December 2013, the Corporation made provision for bad debts with the amount of VND 37,005,195,469.

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 year is kept to manageable levels relative to the amount of funds that the Corporation believes can generate within that year. The Corporation's 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 Company's remaining contractual maturity for its non-derivative financial assets and financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial assets and undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

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28. FINANCIAL INSTRUMENTS (Continued)**Liquidity risk management (Continued)**

	Less than 1 year	From 1 - 5 years	Total
31/12/2013	VND	VND	VND
Cash and cash equivalents	2,100,533,189,502	-	2,100,533,189,502
Investments	-	2,000,000,000	2,000,000,000
Trade and other receivables	1,275,544,518,701	-	1,275,544,518,701
Other financial assets	723,876,610	4,414,062,133	5,137,938,743
	3,376,801,584,813	6,414,062,133	3,383,215,646,946
31/12/2013			
Borrowings	3,132,192,854,491	-	3,132,192,854,491
Trade and other payables	1,396,979,386,255	-	1,396,979,386,255
Accruals	23,540,771,200	-	23,540,771,200
Other financial liabilities	-	15,470,408,265	15,470,408,265
	4,552,713,011,946	15,470,408,265	4,568,183,420,211
Net liquidity gap	(1,175,911,427,133)	(9,056,346,132)	(1,184,967,773,265)

	Less than 1 year	From 1 - 5 years	Total
31/12/2012	VND	VND	VND
Cash and cash equivalents	1,129,910,129,741	-	1,129,910,129,741
Financial investments	-	2,000,000,000	2,000,000,000
Trade and other receivables	1,083,055,629,148	-	1,083,055,629,148
Other financial assets	323,726,620	7,045,774,030	7,369,500,650
	2,213,289,485,509	9,045,774,030	2,222,335,259,539
31/12/2012			
Borrowings	1,417,697,056,351	-	1,417,697,056,351
Trade and other payables	898,143,288,983	-	898,143,288,983
Accruals	8,121,828,868	-	8,121,828,868
Other financial liabilities	-	17,507,701,889	17,507,701,889
	2,323,962,174,202	17,507,701,889	2,341,469,876,091
Net liquidity gap	(110,672,688,693)	(8,461,927,859)	(119,134,616,552)

As at 31 December 2013, the financial liabilities exceeded financial assets by VND 1,184,967,773,265. The Board of General Directors assessed the liquidity risk concentration at high level. Basing on 2014 business plan as well as commercial banks' credit limits, the management believes that the Corporation will be able to generate sufficient funds to meet its financial obligations as and when they fall due.

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Related parties	Relationship
Vietnam Oil and Gas Group	Holding
Vietnam Petroleum Institute	In Vietnam Oil and Gas Group
Thai Binh II Petroleum Electricity Project Management Board	In Vietnam Oil and Gas Group
Ca Mau Gas-Electricity-Fertilizer Project Management Board	In Vietnam Oil and Gas Group
Dung Quat Refinery Project Management Board	In Vietnam Oil and Gas Group
PetroVietnam University	In Vietnam Oil and Gas Group
PetroVietnam Exploration Production Corporation	In Vietnam Oil and Gas Group
Drilling Mud Joint Stock Corporation	In Vietnam Oil and Gas Group
PetroVietnam Power Corporation	In Vietnam Oil and Gas Group
PetroVietnam Technical Services Corporation	In Vietnam Oil and Gas Group
PetroVietnam Gas Joint Stock Corporation	In Vietnam Oil and Gas Group
Dung Quat Shipbuilding Industry Company Limited	In Vietnam Oil and Gas Group
Binh Son Refining and Petrochemical Company Limited	In Vietnam Oil and Gas Group
PetroVietnam Drilling and Well Services Corporation	In Vietnam Oil and Gas Group
PetroVietnam Transportation Joint Stock Corporation	In Vietnam Oil and Gas Group
PetroVietnam Oil Corporation	In Vietnam Oil and Gas Group
PetroVietnam Fertilizer and Chemicals Joint Stock Corporation	In Vietnam Oil and Gas Group
PetroVietnam Engineering Consultancy Joint Stock Company	In Vietnam Oil and Gas Group
PetroVietnam Construction Joint Stock Corporation	In Vietnam Oil and Gas Group
PetroVietnam Security Service Joint Stock Corporation	In Vietnam Oil and Gas Group
Bien Dong Petroleum Operating Company	In Vietnam Oil and Gas Group
PetroVietnam Energy Technology Joint Stock Corporation	In Vietnam Oil and Gas Group
Vietnam Public Joint Stock Commercial Bank (previously known as PetroVietnam Finance Joint Stock Corporation)	In Vietnam Oil and Gas Group
Pacific Petroleum Transportation Pacific Joint Stock Company	In Vietnam Oil and Gas Group
PetroVietnam Petrochemical and Textile Fiber Joint Stock Company	In Vietnam Oil and Gas Group
PetroVietnam Gas Cylinder Joint Stock Company (previously known as PetroVietnam Gas Cylinder factory)	In Vietnam Oil and Gas Group
Petroleum Information Technology Telecom and Automation Joint Stock Company	In Vietnam Oil and Gas Group
PVI Holdings	In Vietnam Oil and Gas Group
Petrovietnam Gas Investment and Construction Joint stock Company	In Vietnam Oil and Gas Group
PetroVietnam Exploration Production Corporation - PVEP POC	In Vietnam Oil and Gas Group
Petrovietnam Southern Gas Joint Stock Company	In Vietnam Oil and Gas Group
PTSC Mechanical & Construction Services Company Ltd	In Vietnam Oil and Gas Group
PTSC Offshore Services Joint Stock Company (POS)	In Vietnam Oil and Gas Group
PTSC Geos and Subsea Services Company Ltd (PTSC G&S)	In Vietnam Oil and Gas Group
PTSC Production Services Joint Stock Company (PPS)	In Vietnam Oil and Gas Group
Branch of PetroVietnam Technical Services Corporation - PTSC Supply base	In Vietnam Oil and Gas Group
Petroleum Equipment Assembly and Metal Structure Joint stock Company	In Vietnam Oil and Gas Group

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	2013 VND	2012 VND
Sales		
Vietnam Oil and Gas Group	108,983,977,909	108,983,977,909
Vietnam Petroleum Institute	32,315,978,876	24,408,131,002
Vietnam Public Joint Stock Commercial Bank	27,125,377,403	19,246,060,356
PetroVietnam Exploration Production Corporation	10,558,951,117	11,615,132,245
PetroVietnam Exploration Production Corporation - PVEP POC	10,705,896,647	-
Drilling Mud Joint Stock Corporation	6,576,813,937	7,989,708,422
PetroVietnam Power Corporation	4,860,080,500	5,126,717,968
PetroVietnam Technical Services Corporation	38,581,053,202	484,066,200,928
PetroVietnam Gas Joint Stock Corporation	27,798,355,833	7,037,398,811
Dung Quat Shipbuilding Industry Company Limited	15,080,871,147	23,526,990,507
Binh Son Refining and Petrochemical Company Limited	19,070,858,814	19,405,809,226
PetroVietnam Drilling and Well Services Corporation	80,443,880,767	69,901,964,712
PetroVietnam Transportation Joint Stock Corporation	12,286,473,030	12,070,312,579
PetroVietnam Transportation Pacific JSC	5,904,613,867	-
PVI Holdings	11,150,000	128,072,768
PetroVietnam Oil Corporation	8,595,872,475	7,990,698,113
PetroVietnam Fertilizer and Chemicals Joint Stock Corporation	1,150,809,873	1,331,810,844
PetroVietnam University	3,144,787,332	3,534,848,008
PetroVietnam Engineering Consultancy Joint Stock Company	37,934,594,864	2,213,831,881
PetroVietnam Construction Joint Stock Corporation	65,971,850	11,011,144,073
Bien Dong Petroleum Operating Company	27,006,979,446	5,033,347,501
PetroVietnam Energy Technology Joint Stock Corporation	37,968,892,592	6,180,204,405
Petrovietnam Southern Gas Joint Stock Company	26,057,347,186	-
PetroVietnam Engineering Consultancy Joint Stock Company	4,860,080,500	-
PTSC Mechanical & Construction Services Company Ltd	472,228,653,117	-
PTSC Offshore Services Joint Stock Company (POS)	15,036,620,320	-
PTSC Geos and Subsea Services Company Ltd (PTSC G&S)	7,904,970,930	-
PTSC Production Services Joint Stock Company (PPS)	17,387,470,428	-
Branch of PetroVietnam Technical Services Corporation - PTSC Supply Base	5,754,539,662	-
Petroleum Equipment Assembly and Metal Structure Joint Stock Company	13,271,500,000	-
Loans received		
Vietnam Public Joint Stock Commercial Bank	295,295,127,330	480,000,000,000
Loans repaid		
Vietnam Public Joint Stock Commercial Bank	-	498,930,229,527

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29. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

	<u>2013</u>	<u>2012</u>
	VND	VND
Purchases		
Vietnam Oil and Gas Group	8,758,890,425	14,484,003,169
Binh Son Refining and Petrochemical Company Limited	1,972,079,933,221	1,653,172,195,378
Drilling Mud Joint Stock Corporation	-	2,900,000,000
PetroVietnam Fertilizer and Chemicals Joint Stock Corporation	-	147,780,275,000
Petroleum Information Technology Telecom and Automation Joint Stock Company	1,860,000,000	-
PetroVietnam Security Service Joint Stock Corporation	15,897,781,050	15,946,812,993
PetroVietnam Petrochemical and Textile Fiber Joint Stock Company	123,609,132,474	106,275,956,028
PetroVietnam Gas Joint Stock Corporation	1,446,395,667	-
PetroVietnam Southern Gas Joint Stock Company	1,581,577,678	-
Branch of PetroVietnam Technical Services Corporation - PTSC Da Nang	10,055,365,640	-
Branch of PetroVietnam Technical Services Corporation - PTSC Supply base	4,151,929,725	-
PetroVietnam Gas Investment and Construction Joint stock Company	201,507,191,771	-
PetroVietnam Gas Cylinder Joint Stock Company	10,856,020,000	-
PetroVietnam Oil Hanoi Joint Stock Company	9,306,187,050	-
PTSC Offshore Services Joint Stock Company (POS)	1,207,183,047	-

Remuneration of the Boards of Management and General Directors:

	<u>2013</u>	<u>2012</u>
	VND	VND
Salaries, bonus and other income	5,951,548,944	6,617,575,800
	<u>5,951,548,944</u>	<u>6,617,575,800</u>

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	31/12/2013	31/12/2012
	VND	VND
Receivables		
Vietnam Oil and Gas Group	13,304,358,920	5,935,445,434
Vietnam Petroleum Institute	2,471,509,969	4,291,440,705
Drilling Mud Joint Stock Corporation	687,127,302	2,194,662,597
Dung Quat Shipbuilding Industry Company Limited	4,343,005,097	6,009,771,772
PetroVietnam Drilling and Well Services Corporation	15,533,007,814	26,674,922,116
PetroVietnam Transportation Joint Stock Corporation	4,902,550,701	6,501,454,269
Binh Son Refining and Petrochemical Company Limited	1,984,378,450	1,463,566,400
Bien Dong Petroleum Operating Company	1,814,078,309	3,752,481,289
PetroVietnam Energy Technology Corporation	21,563,486	1,289,822,161
PetroVietnam Exploration Production Corporation	946,414,675	4,543,511,635
PetroVietnam Exploration Production Corporation - PVEP POC	1,910,408,382	-
PetroVietnam Gas Joint Stock Corporation	3,815,298,562	189,887,656,347
PetroVietnam Technical Services Corporation	6,068,058,008	24,532,318,063
PetroVietnam Engineering Consultancy Joint Stock Company	1,208,679,400	1,479,401,660
PVE Oil Gas Survey Consultancy Joint stock Company	1,500,762,029	-
Vietnam Public Joint Stock Commercial Bank	2,333,907,788	-
PTSC Mechanical & Construction Services Company Ltd	91,568,683,555	-
PTSC Production Services Joint Stock Company (PPS)	7,027,335,687	-
Payables		
PTSC Mechanical and Construction Services	-	307,088,030,218
Binh Son Refining and Petrochemical Company Limited	324,297,716,187	241,671,867,737
PetroVietnam Gas Joint Stock Corporation	480,046,022	4,897,660,548
PetroVietnam Oil Corporation	1,130,811,080	902,277,800
Vietnam Public Joint Stock Commercial Bank	-	526,446,199
PetroVietnam Technical Services Corporation	6,880,130,882	7,089,002,414
Vietnam Oil and Gas Group	7,440,275,797	3,814,296,491
PetroVietnam Manpower Training College	-	115,500,000
Vietnam Petroleum Institute	-	6,968,647
PVI Holdings	-	101,298,721
PetroVietnam Drilling and Well Services Corporation	-	830,497,256
PetroVietnam Security Service Joint Stock Corporation	1,616,677,399	301,950,000
Petrovietnam Petrochemical and Textile Fiber Joint Stock Company	4,026,931,623	-

30. COMPARATIVE FIGURES

Comparative figures are figures of the Corporation's audited consolidated financial statements for the year ended 31 December 2012.


Cao Thanh Hung
 Preparer


Dao Van Dai
 Chief Accountant

Phung Tuan Ha
 General Director

17 March 2014