Deloitte.

PETROVIETNAM GENERAL SERVICES JOINT STOCK CORPORATION

(Incorporated in the Socialist Republic of Vietnam)

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2011



PETROVIETNAM GENERAL SERVICES JOINT STOCK CORPORATION Floor 6, PetroVietnam Tower, 1-5 Le Duan, Ben Nghe Ward, District 1 Ho Chi Minh City, S.R. Vietnam

TABLE OF CONTENTS

CONTENTS	PAGE(S)
STATEMENT OF THE BOARD OF GENERAL DIRECTORS	1
AUDITORS' REPORT	2
CONSOLIDATED BALANCE SHEET	3 - 4
CONSOLIDATED INCOME STATEMENT	5
CONSOLIDATED CASH FLOW STATEMENT	6 - 7
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	8 - 35



Floor 6, PetroVietnam Tower, 1-5 Le Duan, Ben Nghe Ward, District 1 Ho Chi Minh City, S.R. Vietnam

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 2011.

THE BOARDS OF MANAGEMENT AND GENERAL DIRECTORS

The members of the Boards of Management and General Directors of the Corporation who held office during the year and at the date of this report are as follows:

Board of Management

Mr. Vu Xuan Lung	Chairman	(appointed on 01 April 2011)
Mr. Vu Quang Nam	Chairman	(resigned on 01 April 2011)
Mr. Duong Minh Duc	Vice Chairma	n (resigned on 01 April 2011)
Mr. Phung Tuan Ha	Member	
Mr. Nguyen Si Dam	Member	
Mr. Le Thuan Khuong	Member	
Mr. Mai Vu Thao	Member	(appointed on 01 April 2011) (resigned on 19 December 2011)
Mr. Pham Quang Huy	Member	(appointed on 19 December 2011)

Board of General Directors

Mr. Phung Tuan Ha	General Director
Mr. Ho Si Long	Deputy General Director
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

BOARD OF GENERAL DIRECTORS' STATEMENT OF RESPONSIBILITY

The Board of General Directors of the Corporation is responsible for preparing the consolidated financial statements of each year, 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 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 consolidated financial statements comply with Vietnamese Accounting Standards, Vietnamese Accounting System and prevailing relevant regulations in Vietnam. The Board of General Directors is also responsible for safeguarding the assets of the Corporation and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

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

For and on behalf of the Board of General Directors

TONG CONG 11 CO PHẨN
DỊCH VỤ
TỔNG HỢP
ĐẦU KHÍ
TONG TONG
TONG HỢP

Phung Tuan Ha General Director

19 March 2012

NHH *

Deloitte.

No.: 1105 /Deloitte-AUDHN-RE

Deloitte Vietnam Company Limited

12A Floor, Vinaconex Tower 34 Lang Ha Street, Dong Da District Ha Noi, Vietnam

Tel: +844 6288 3568 Fax: +844 6288 5678 www.deloitte.com/vn

AUDITORS' REPORT

To:

The shareholders

The Boards of Management and General Directors of PetroVietnam General Services Joint Stock Corporation

We have audited the accompanying consolidated balance sheet of PetroVietnam General Services Joint Stock Corporation ("the Corporation") as at 31 December 2011, the consolidated related statements of income and consolidated cash flows for the year then ended, and the notes thereto (collectively referred to as "the consolidated financial statements"), as set out from page 03 to page 35. The accompanying consolidated financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam.

Respective Responsibilities of the Board of General Directors and Auditors

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

Basis of Opinion

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

Opinion

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

As stated in Note 4 of the Notes to the consolidated financial statements, the Corporation decides to recognise foreign exchange differences in accordance with Circular No.201/2009/TT-BTC dated 15 October 2009 issued by the Ministry of Finance ("Circular 201"). The recognition of foreign exchange differences arising from revaluation of monetary items denominated in foreign currencies at the balance sheet date in accordance with Circular 201 differs from that as regulated in Vietnamese Accounting Standard No.10 (VAS10) "Effects of changes in foreign exchange rates". The effect of the Corporation's adoption of Circular 201 on the consolidated financial statements for the year ended 31 December 2011 is presented in Note 4.

CÔNG TY

TRÁCH NHIỆM HỮU HẠN

DELOITE

Khue Thi Lan Anh
Deputy General Director
CPA Certificate No. D.0036/KTV

For and on behalf of DELOITTE VIETNAM COMPANY LIMITED

19 March 2012 Hanoi, S.R. Vietnam Hoang Van Kien

CPA Certificate No.1130/KTV

CONSOLIDATED BALANCE SHEET

As at 31 December 2011

FORM B 01-DN/HN

Unit: VND

ASSETS	Codes	Notes	31/12/2011	31/12/2010
A. CURRENT ASSETS (100=110+120+130+140+150)	100	-	3,314,288,464,552	3,604,394,847,993
I. Cash and cash equivalents	110	5	363,906,568,157	533,465,818,080
1. Cash	111	3	291,890,033,431	281,478,772,769
2. Cash equivalents	112		72,016,534,726	251,987,045,311
II. Short-term financial investments	120		19,046,791,095	750,000,000
1. Short-term investments	121	6	50,570,000,000	750,000,000
2. Provision for diminution in value of short-term	129	7	(31,523,208,905)	750,000,000
investments	127		(31,323,200,303)	
III. Short-term receivables	130		1,445,851,559,019	1,229,389,045,410
1. Trade accounts receivable	131		963,101,500,297	873,096,439,376
2. Advances to suppliers	132		379,499,820,304	240,569,847,785
3. Other receivables	135		120,616,168,568	140,906,660,608
4. Provision for short-term doubtful debts	139		(17,365,930,150)	(25,183,902,359)
IV. Inventories	140	8	1,292,187,642,847	1,598,103,305,656
1. Inventories	141		1,296,792,584,409	1,604,510,624,284
2. Provision for devaluation of inventories	149		(4,604,941,562)	(6,407,318,628)
V. Other short-term assets	150		193,295,903,434	242,686,678,847
1. Short-term prepayments	151		1,135,688,705	4,023,249,135
2. Value added tax deductibles	152		186,412,211,162	233,934,344,198
3. Taxes and other receivables from the State budget	154		544,734,276	2,054,817,693
4. Other short-term assets	158		5,203,269,291	2,674,267,821
B. NON-CURRENT ASSETS	200		796,074,171,452	776,577,743,255
(200=220+250+260)			750,071,171,102	770,077,740,255
I. Fixed assets	220		373,564,194,468	278,321,022,600
Tangible fixed assets	221	9	230,752,533,102	151,935,922,245
- Cost	222		375,953,711,223	283,210,560,471
- Accumulated depreciation	223		(145,201,178,121)	(131,274,638,226)
2. Intangible fixed assets	227	10	117,949,552,223	118,670,826,016
- Cost	228		119,718,885,796	120,815,297,996
- Accumulated amortisation	229		(1,769,333,573)	(2,144,471,980)
3. Construction in progress	230	11	24,862,109,143	7,714,274,339
II. Long-term financial investments	250		156,394,879,631	136,245,000,000
1. Investments in associates	252	13	44,394,879,631	24,245,000,000
2. Other long-term investments	258	14	112,000,000,000	112,000,000,000
III. Other long-term assets	260		266,115,097,353	362,011,720,655
1. Long-term prepayments	261	15	263,580,624,583	346,016,505,457
2. Deferred tax assets	262		-	12,200,968,137
3. Other long-term assets	268		2,534,472,770	3,794,247,061
TOTAL ASSETS (270=100+200)	270		4,110,362,636,004	4,380,972,591,248

CONSOLIDATED BALANCE SHEET (Continued)

As at 31 December 2011

FORM B 01-DN/HN

Unit: VND

A. LIABILITIES (300=310+330)	300			
	000		2,824,642,259,245	3,262,768,407,686
I. Current liabilities	310		2,739,211,749,113	3,211,612,677,429
1. Short-term loans and liabilities	311	16	1,389,250,865,571	1,824,812,041,884
2. Trade accounts payable	312		564,933,990,241	785,448,150,981
3. Advances from customers	313		401,270,350,510	237,831,492,746
4. Taxes and amounts payable to the State budget	314	17	79,389,154,802	121,622,029,001
5. Payables to employees	315		80,937,671,579	85,543,446,394
6. Accrued expenses	316		11,158,612,125	11,041,841,358
7. Inter-company payables	317		9,410,478,071	-
8. Other current payables	319		146,494,234,973	115,214,482,336
9. Bonus and welfare funds	323		56,366,391,241	30,099,192,729
II. Long-term liabilities	330		85,430,510,132	51,155,730,257
1. Other long-term payables	333		36,518,044,319	27,659,045,107
2. Long-term loans and liabilities	334	18	45,674,675,266	22,430,229,527
3. Provision for severance allowance	336		3,237,790,547	1,066,455,623
B. EQUITY (400=410)	400		1,212,217,645,077	1,103,414,609,299
I. Shareholders' equity	410	19	1,212,217,645,077	1,103,414,609,299
1. Charter capital	411		698,420,000,000	698,420,000,000
2. Share premium	412		128,358,940,301	128,358,940,301
3. Other shareholders' capital	413		33,678,648,352	21,405,058,462
4. Treasury shares	414		(9,150,605,990)	(2,812,000,000)
5. Foreign exchange reserve	416		17,626,480,239	33,492,226,543
6. Investment and development fund	417		68,669,949,370	43,423,817,614
7. Financial reserve fund	418		839,728,344	1,027,448,705
8. Retained earnings	420		273,774,504,461	180,099,117,674
C. NON-CONTROLLING INTEREST	439	20	73,502,731,682	14,789,574,263
TOTAL RESOURCES (440=300+400+439)	440		4,110,362,636,004	4,380,972,591,248
OFF BALANCE SHEET ITEMS			31/12/2011	31/12/2010

TổNG CÔNG TY C. CỔ PHẨN DỊCH VỤ

TỔNG HỢP
ĐẦU KHÍ

- USD

00498

Phung Tuan Ha General Director

2. Foreign Currencies

1. Goods held under trust or for processing

19 March 2012

501,299 810,515 1,510

984,907,919

Dao Van Dai Chief Accountant

Consolidated financial statements
For the year ended 31 December 2011

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2011

FORM B 02-DN/HN

Unit: VND

ITEMS	Codes	Notes	2011	2010
1. Gross revenue from goods sold and services rendered	01		10,655,420,376,827	10,001,559,246,611
2. Deductions	02		334,750,565,520	147,581,142,581
3. Net revenue from goods sold and services rendered (10=01-02)	10		10,320,669,811,307	9,853,978,104,030
4. Cost of sales	11		9,321,311,801,799	9,039,215,771,647
5. Gross profit from goods sold and services rendered (20 = 10 - 11)	20		999,358,009,508	814,762,332,383
6. Financial income	21	23	91,153,329,969	70,221,779,227
7. Financial expenses	22	24	308,245,976,232	181,581,792,048
In which: Interest expense	23		157,036,923,986	113,473,910,586
8. Selling expenses	24		238,149,272,889	258,826,261,268
9. General and administration expenses	25		226,464,439,205	212,928,700,879
10. Operating profit (30=20+(21-22)-(24+25))	30		317,651,651,151	231,647,357,415
11. Other income	31	25	113,447,626,141	27,831,323,739
12. Other expenses	32		28,279,228,516	8,919,280,894
13. Profit from other activities (40=31-32)14. Share of net profit of associates, joint ventures	40 45		85,168,397,625 3,905,209,555	18,912,042,845
15. Accounting profit before tax (50=30+40+45)	50		406,725,258,331	250,559,400,260
16. Current corporate income tax expense	51	26	101,716,691,368	76,134,324,283
17. Deferred corporate tax expense/(income)	52		12,200,968,137	(12,200,968,137)
18. Net profit after corporate income tax (60=50-51-52) Attributable to:	60		292,807,598,826	186,626,044,114
Non-controlling interests	61		7,410,708,848	261,297,854
Equity holders of the Corporation	62		285,396,889,978	186,364,746,260
19. Basic earnings per share	70	27	4,107	3,183

Cổ PHẦN
DỊCH VỤ
TỔNG HỢP
ĐẦU KHÍ
NA TO HỘC CHÍ

TỔNG CÔNG TY

Phung Tuan Ha General Director

19 March 2012

Dao Van Dai Chief Accountant

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2011

FORM B 03-DN/HN

Unit: VND

ITEMS	Codes	2011	2010
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	01	406,725,258,331	250,559,400,260
2. Adjustments for:			
Depreciation and amortisation	02	32,803,438,634	23,111,496,955
Provisions	03	(9,620,349,275)	11,770,994,941
(Gain) from investment activities	05	(48,852,654,927)	(50,695,621,145)
Interest expense	06	157,036,923,986	113,473,910,586
3. Operating profit before movements in working capital	08	538,092,616,749	348,220,181,597
(Increase) in receivables	09	(140,237,561,578)	(170,497,953,634)
Decrease/(increase) in inventories	10	307,718,039,875	(599,330,557,671)
Increase/(decrease) in accounts payable (not including	11	(32,646,746,486)	591,485,279,427
accrued interest and corporate income tax payable)			
Decrease/(increase) in prepaid expenses	12	33,486,450,756	(476,673,857,984)
Interest paid	13	(153,099,764,196)	(109,731,669,842)
Corporate income tax paid	14	(132,017,909,433)	(76,075,703,010)
Other cash outflows	16	-	(5,700,616,269)
Net cash from/(used in) operating activities	20	421,295,125,687	(498,304,897,386)
II. CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition and construction of fixed assets and other long-term assets	21	(88,286,333,560)	(50,922,185,680)
Proceeds from sales, disposal of fixed assets and other long-term assets	22	2,588,671,061	4,995,869,239
Cash outflow for lending, buying debt instruments of other entities	23	-	(331,262,269,000)
Cash recovered from lending, selling debt instruments of other entities	24		477,759,373,156
5. Investments in other entities	25	(20,069,879,631)	(7,745,000,000)
6. Cash recovered from investments in other entities	26	31,193,000,000	2,750,000,000
7. Interest earned, dividends and profit received	27	48,852,654,927	49,914,673,838
Net cash (used in)/from investing activities	30	(25,721,887,203)	145,490,461,553
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Proceeds from issuing stocks	31	-	219,938,142,250
2. Capital buying treasury shares	32	(6,338,605,990)	(477,000,000)
3. Proceeds from borrowings	33	4,970,603,563,819	5,646,213,867,265
4. Repayment of borrowings	34	(5,399,723,375,741)	(5,138,924,770,783)
5. Dividends paid	36	(111,297,279,400)	(66,244,200,000)
Net cash (used in)/from financing activities	40	(546,755,697,312)	660,506,038,732
Net increase in cash	50	(151,182,458,828)	307,691,602,899
Cash and cash equivalents at the beginning of the year	60	533,465,818,080	431,280,211,670
Other effect (i)	_	(18,376,791,095)	(205,505,996,489)
Cash and cash equivalents at the end of the year	70	363,906,568,157	533,465,818,080

Floor 6, PetroVietnam Tower, 1-5 Le Duan, Ben Nghe Ward, District 1 Ho Chi Minh City, S.R. Vietnam

Consolidated financial statements
For the year ended 31 December 2011

CONSOLIDATED CASH FLOW STATEMENT (Continued)

For the year ended 31 December 2011

(i) Under Decision No. 313/QD-DVTHDK-HDQT and 314/QD-DVTHDK-HDQT dated 26 December 2011, the Corporation's Board of Management decided to dissolve Petroleum Trading Services Company Limited ("Petrosetco Trading") and Petroleum Saigon General Services Company Limited ("Petrosetco Saigon") from 01 January 2012. 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 balance sheet.

Under Vietnamese Accounting Standard No. 25 - "Consolidated financial statements and accounting for investments in subsidiaries", the Corporation does not incorporate the balance sheets of Petrosetco Trading and Petrosetco Saigon as at 31 December 2011 into the consolidated financial statements of the Corporation due to the scheduled dissolution of the two companies in 2012.

Accordingly, in the consolidated cash flow statement for the year ended 31 December 2011, these investments made the cash flows decrease by VND 18,376,791,095 without effects on actual cash inflows or outflows from investing activities.

TổNG CÔNG TY CỔ PHẦN

DỊCH VỤ
TỔNG HỢP
ĐẦU KHÍ

Phung Tuan Ha General Director

19 March 2012

Dao Van Dai Chief Accountant

Wadal

Floor 6, PetroVietnam Tower, 1-5 Le Duan, Ben Nghe Ward, District 1 Ho Chi Minh City, S.R. Vietnam Consolidated financial statements
For the year ended 31 December 2011

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FORM B 09-DN/HN

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

1. GENERAL INFORMATION

Structure of ownership

PetroVietnam 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 9th amendment No. 0300452060 dated 09 November 2010 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, Ben Nghe Ward, District 1, Ho Chi Minh City, S.R. Vietnam.

The number of employees as at 31 December 2011 was 2,487 (31 December 2010: 2,338).

Principal activities

Principal activities of the Corporation include: production and business of petroleum-related goods and services; business of mobile phones and relevant appliances, computer distribution, real estate business, investment plan making, air ticket agent, supply of sanitation services for residential construction works, wholesale of chemicals, machinery and equipment for industrial sanitation, supply of real estate management services; wholesales of primeval plastics, synthetic resin, packing production from synthetic resin, labor export and supply; lease of warehouses, workshops, sites, motor vehicles, offices; business of international tourism services, hotels, houses; processing, trading of foods, necessities, agricultural goods, sea foods; trading of machinery and equipment; agent for trading goods, petroleum business; civil and industrial construction services; packing production from plastics (excluding recycling of wastes).

2. ACCOUNTING CONVENTION AND ACCOUNTING PERIOD

Accounting convention

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

Accounting period

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

3. ADOPTION OF NEW ACCOUNTING GUIDANCE

On 06 November 2009, the Ministry of Finance issued Circular No.210/2009/TT-BTC ("Circular 210") guiding the application of International Financial Reporting Standards on presentation of financial statements and disclosures of financial instruments. The adoption of Circular 210 requires disclosures of certain financial instruments as well as the effect thereof on the financial statements. This Circular is effective for the financial year ending on or after 31 December 2011. The Corporation has adopted Circular 210 and additional notes on this application to the consolidated financial statements for the year ended 31 December 2011 are set out in the Note 29.

Floor 6, PetroVietnam Tower, 1-5 Le Duan, Ben Nghe Ward, District 1 Ho Chi Minh City, S.R. Vietnam Consolidated financial statements
For the year ended 31 December 2011

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B 09-DN/HN

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Estimates

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

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.

Floor 6, PetroVietnam Tower, 1-5 Le Duan, Ben Nghe Ward, District 1 Ho Chi Minh City, S.R. Vietnam Consolidated financial statements
For the year ended 31 December 2011

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B 09-DN/HN

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates (Continued)

Where an entity of the Corporation 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 net of transaction costs that are directly attributable to the issue of the financial liabilities.

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

Re-measurement after initial recognition

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

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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.

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.

Floor 6, PetroVietnam Tower, 1-5 Le Duan, Ben Nghe Ward, District 1 Ho Chi Minh City, S.R. Vietnam Consolidated financial statements
For the year ended 31 December 2011

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B 09-DN/HN

DE

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)

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. The costs of purchased tangible fixed assets comprise their purchase prices and any directly attributable costs of bringing the assets to their working condition and location for their intended use. The costs of self-constructed or manufactured assets are the actual construction or manufacturing cost plus installation and test running costs.

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

	2011 (%)
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 fixed assets represent land use rights and computer software that are stated at cost less accumulated amortization. Land use rights 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 eight (08) years.

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

Floor 6, PetroVietnam Tower, 1-5 Le Duan, Ben Nghe Ward, District 1 Ho Chi Minh City, S.R. Vietnam Consolidated financial statements For the year ended 31 December 2011

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B 09-DN/HN

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-term prepayments (Continued)

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, 5 years and 10 year 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 represents an amount paid in advance for leasing 2,619.37 m² at PetroVietnam Tower, 1-5 Le Duan, 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.

Other types of long-term prepayments comprise costs of small tools, supplies and spare parts issued for consumption 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 over the period from two to seven years in accordance with the current prevailing accounting regulations.

Long-term investments

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

Provision for diminution in value of financial investments is made when the Board of General Directors believes that diminution in value is not temporary. The provision shall be conversed when recoverable amount then increases due to objective event occurring after the provision has been made. The provision shall be conversed to the maximum amount equal to net book value of the investment before the provision is made.

Revenue recognition

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

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

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

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

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

Floor 6, PetroVietnam Tower, 1-5 Le Duan, Ben Nghe Ward, District 1 Ho Chi Minh City, S.R. Vietnam Consolidated financial statements For the year ended 31 December 2011

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B 09-DN/HN

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies

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

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

- Foreign exchange differences arising from revaluation of monetary items, short-term receivables and payables denominated in foreign currencies at the balance sheet date are recorded in the consolidated balance sheet in the "foreign exchange reserve" item under the Owner's equity section.
- Foreign exchange differences arising from revaluation of long-term receivables are recorded in the consolidated income statement for the financial year.
- Foreign exchange differences arising from revaluation of long-term payables are recorded in the consolidated income statement for the year (or recorded in part in the consolidated income statement). Foreign exchange losses that are not recorded in the consolidated income statement are allocated to expenses within a maximum of 5 subsequent years.

The recognition of foreign exchange differences in accordance with Circular No.201/2009/TT-BTC differs from that as regulated in Vietnamese Accounting Standard No. 10 (VAS 10) "Effects of changes in foreign exchange rates". According to VAS 10, all foreign exchange differences arising from revaluation of balances denominated in foreign currencies at the balance sheet date are recognized in the income statement. The Board of General Directors has decided to recognise foreign exchange differences as guided in Circular No.201/2009/TT-BTC and believes that such application and disclosure of differences at the same time, in the case where the Corporation would apply VAS 10, may provide more information to users of the financial statements. Accordingly, the adoption of Circular No.201/2009/TT-BTC in recording foreign exchange differences makes the Corporation's profit before tax for the year ended 31 December 2011 increase by VND 15,865,746,304 (2010: decrease by VND 48,788,057,868) and the "Foreign exchange reserve" item under Shareholders' equity section in the consolidated balance sheet as at 31 December 2011 increase by VND 17,626,480,239 (as at 31 December 2010 increase by VND 33,492,226,543) in comparison with the VAS 10 adoption.

Borrowing costs

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

All other borrowing costs are 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 balance sheet date.

Floor 6, PetroVietnam Tower, 1-5 Le Duan, Ben Nghe Ward, District 1 Ho Chi Minh City, S.R. Vietnam

Consolidated financial statements For the year ended 31 December 2011

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B 09-DN/HN

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.12/NQ-DVTHDK dated 27 April 2011 approved at the General Shareholders' Meeting, the Corporation will distribute to funds from profit after tax of year 2011 as follows:

Bonus and welfare funds Investment and development fund Reserved fund for charter capital 6% of profit after tax 10% of profit after tax 5% of profit after tax

Floor 6, PetroVietnam Tower, 1-5 Le Duan, Ben Nghe Ward, District 1 Ho Chi Minh City, S.R. Vietnam Consolidated financial statements For the year ended 31 December 2011

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B 09-DN/HN

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

5	CASH	AND	CASH	FOU	VAT	ENTS
	CASII	AIND	CASII	LUU	LYLL	

	31/12/2011	31/12/2010
	VND	VND
Cash on hand	8,762,135,118	4,477,931,680
Cash in bank	283,127,898,313	277,000,841,089
Cash equivalents	72,016,534,726	251,987,045,311
	363,906,568,157	533,465,818,080

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

6. SHORT-TERM INVESTMENTS

31/12/2011	31/12/2010
VND	VND
39,500,000,000	-
10,400,000,000	-
670,000,000	750,000,000
50,570,000,000	750,000,000
	VND 39,500,000,000 10,400,000,000 670,000,000

(i) Under Decision No. 313/QD-DVTHDK-HDQT and 314/QD-DVTHDK-HDQT dated 26 December 2011, the Corporation's Board of Management decided to dissolve Petroleum Trading Services Company Limited ("Petrosetco Trading") and Petroleum Saigon General Services Company Limited ("Petrosetco Saigon") from 01 January 2012. 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 balance sheet.

7. PROVISION FOR DIMINUTION IN VALUE OF SHORT-TERM INVESTMENTS

	31/12/2011	31/12/2010
	VND	VND
Petroleum Trading Services Company Limited Petroleum Saigon General Services Company Limited	29,882,192,415	-
	1,641,016,490	-
	31,523,208,905	-

8. INVENTORIES

III III III III	31/12/2011	31/12/2010
	VND	VND
Goods in transit	129,123,041,825	374,136,353,539
Raw materials	6,794,526,302	6,261,014,674
Tools and supplies	1,061,467,761	6,427,564,094
Work in progress	92,069,432	285,902,673
Finished goods	161,143,651	82,251,857
Merchandise	1,117,998,968,164	1,177,303,206,658
Goods on consignment	41,561,367,274	40,014,330,789
Total	1,296,792,584,409	1,604,510,624,284
Provision for devaluation of inventories	(4,604,941,562)	(6,407,318,628)
Net reliasable value	1,292,187,642,847	1,598,103,305,656
Net reliasable value	1,292,187,642,847	1,598,103,305,650

Floor 6, PetroVietnam Tower, 1-5 Le Duan, Ben Nghe Ward, District 1 Ho Chi Minh City, S.R. Vietnam Consolidated financial statements
For the year ended 31 December 2011

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B 09-DN/HN

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

9. TANGIBLE FIXED ASSETS

	Buildings,	Machinery,	Motor vehicles	Management tools	Others	Total
-	VND	VND	VND	VND	VND	VND
COST						
As at 01/01/2011	137,711,746,557	66,389,465,811	64,921,770,146	11,952,048,947	2,235,529,010	283,210,560,471
Additions	162,587,512	7,212,328,737	8,499,279,263	3,038,200,239		18,912,395,751
Transfer from construction in progress	43,316,643,175	24,955,922,785	1,624,410,326	121,671,072	-	70,018,647,358
Revaluation of assets (i)	2,696,970,625	(813,865,646)	20,025,070,847	(199,758,936)	-	21,708,416,890
Transfer-based increase	12,830,711,732	-	-		-	12,830,711,732
Reclassification	*	2,810,751,999		249,811,145	-	3,060,563,144
Disposals		(225,755,140)	(7,971,392,301)	(50,568,000)	-	(8,247,715,441)
Transfer to tools and supplies	(1,003,487,286)	S#		(13,500,000)		(1,016,987,286)
Reclassification	(3,041,881,326)			(18,681,818)	-	(3,060,563,144)
Other decrease (ii)	(16,573,873,262)	(1,109,468,175)	(3,264,046,516)	(514,930,299)		(21,462,318,252)
As at 31/12/2011	176,099,417,727	99,219,380,371	83,835,091,765	14,564,292,350	2,235,529,010	375,953,711,223
ACCUMULATED DEPRI	ECIATION					
As at 01/01/2011	52,132,264,088	43,391,301,954	27,991,973,707	7,682,284,900	76,813,577	131,274,638,226
Charge for the year	6,655,476,692	9,907,995,041	12,817,480,990	2,987,950,143	55,167,524	32,424,070,390
Revaluation of assets (i)	(4,877,025,760)	(11,313,453,498)	10,581,225,081	(592,939,510)	-	(6,202,193,687)
Transfer-based increase	7,650,398,320		-	-	-	7,650,398,320
Disposals	-	(211,893,690)	(5,430,294,686)	(16,856,004)	. 194	(5,659,044,380)
Transfer to tools and supplies	(14,054,183)	-	-	-	-	(14,054,183)
Other decrease (ii)	(10,261,844,077)	(1,049,640,808)	(2,564,367,894)	(396,783,786)		(14,272,636,565)
As at 31/12/2011	51,285,215,080	40,724,308,999	43,396,017,198	9,663,655,743	131,981,101	145,201,178,121
NET BOOK VALUE						
As at 31/12/2011	124,814,202,647	58,495,071,372	40,439,074,567	4,900,636,607	2,103,547,909	230,752,533,102
As at 31/12/2010	85,579,482,469	22,998,163,857	36,929,796,439	4,269,764,047	2,158,715,433	151,935,922,245

- (i) When Petrosetco Vung Tau General Services Company Limited, Mien Trung Petroleum Trading and Services Company Limited and Petroleum Assets Management Company Limited were officially transformed into joint stock companies, costs and accumulated depreciations of fixed assets of these companies were adjusted based on revaluation documents issued by Vietnam EIC Valuation Limited Company (EIC Valuation) and Resolution No. 44/NQ-DVTHDK dated 31 December 2010 by the Corporation's Board of Management on approval of valuation results conducted by EIC Valuation.
- (ii) Other decrease incurred as the Corporation did not incorporate the balance sheets of Petrosetco Trading and Petrosetco Saigon as at 31 December 2011 into the Corporation's consolidated financial statements due to scheduled dissolution of the two companies in 2012.

As at 31 December 2011, the cost of the Corporation's tangible fixed assets includes VND 23,987,472,521 (31 December 2010: VND 32,047,287,738) of assets which have been fully depreciated but are still in use.

As stated in Note 18, the Corporation has pledged the following fixed assets as security for long-term bank loans:

 All of fixed assets from the project on construction and investment in Bac Lieu Petroleum Packaging Production Factory have been pledged as security for the loans from Vietnam Joint Stock Commercial Bank for Industry and Trade - Bac Lieu Branch. Such assets' net book values as at 31 December 2011 were of VND 55,567,612,400.

Floor 6, PetroVietnam Tower, 1-5 Le Duan, Ben Nghe Ward, District 1 Ho Chi Minh City, S.R. Vietnam Consolidated financial statements For the year ended 31 December 2011

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B 09-DN/HN

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

10. INTANGIBLE FIXED ASSETS

Land use rights	Computer software	Total
VND	VND	VND
		*
118,756,449,646	2,058,848,350	120,815,297,996
1,775,291,000	184,654,800	1,959,945,800
(3,000,000,000)	(56,358,000)	(3,056,358,000)
117,531,740,646	2,187,145,150	119,718,885,796
937,495,191	1,206,976,789	2,144,471,980
43,654,400	335,713,844	379,368,244
(698,148,651)	(56,358,000)	(754,506,651)
283,000,940	1,486,332,633	1,769,333,573
117,248,739,706	700,812,517	117,949,552,223
117,818,954,455	851,871,561	118,670,826,016
	use rights VND 118,756,449,646 1,775,291,000 (3,000,000,000) 117,531,740,646 937,495,191 43,654,400 (698,148,651) 283,000,940 117,248,739,706	use rights software VND VND 118,756,449,646 2,058,848,350 1,775,291,000 184,654,800 (3,000,000,000) (56,358,000) 117,531,740,646 2,187,145,150 937,495,191 1,206,976,789 43,654,400 335,713,844 (698,148,651) (56,358,000) 283,000,940 1,486,332,633 117,248,739,706 700,812,517

(i) Other decrease incurred as the Corporation did not incorporate the balance sheets of Petrosetco Trading and Petrosetco Saigon as at 31 December 2011 into the Corporation's consolidated financial statements due to scheduled dissolution of the two companies in 2012.

As stated in Note 18, the Corporation has pledged land use right with 50-year term, of which net book value as at 31 December 2011 is VND 1,892,885,847 (as at 31 December 2010: VND 1,913,276,000), as security for the loan from Asia Commercial Joint Stock Bank - Tan Thuan Branch.

11. CONSTRUCTION IN PROGRESS

	2011	2010
	VND	VND
As at 01 January	7,714,274,339	68,505,294,840
Additions for the year	92,349,875,597	30,166,951,644
Transferred to fixed assets	70,018,647,358	
Other decreases	5,183,393,435	90,957,972,145
As at 31 December	24,862,109,143	7,714,274,339
Details by constructions:	31/12/2011	31/12/2010
_	VND	VND
Dung Quat petroleum service center project	12,026,732,325	1,504,192,779
Holiday Mansion hotel project	-	3,673,394,059
Tran Khac Chung and Le Quang Dinh projects	-	1,775,291,000
Thanh Da Petrosetco Tower project	11,581,791,655	-
Petroleum packaging production factory project	513,287,219	743,669,228
Others	740,297,944	17,727,273
	24,862,109,143	7,714,274,339

Floor 6, PetroVietnam Tower, 1-5 Le Duan, Ben Nghe Ward, District 1 Ho Chi Minh City, S.R. Vietnam Consolidated financial statements For the year ended 31 December 2011

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B 09-DN/HN

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

12. INVESTMENT IN SUBSIDIARIES

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

Subsidiaries	Place of incorporation and operation	Proportion of ownership interest	voting power	Principal activity
Petroleum General Distribution Services Joint Stock Company	Ho Chi Minh City	95.5%	95.5%	Distribution of telecom, electronic equipment
Petroleum Offshore Trading and Services Company Limited	Ho Chi Minh City	100%	100%	Trading, services
Hanoi Petroleum Trading Services Company Limited	Hanoi	100%	100%	Hotel services
Petrosetco Vung Tau General Services Joint Stock Company	Vung Tau	77.59%	77.59%	Services
Mien Trung Petroleum Trading and Services Joint Stock Company	Quang Ngai	89%	89%	Trading, services
PetroVietnam Assets Management Company Joint Stock Company	Hanoi	88.2%	88.2%	Building administration services
PetroVietnam Packaging Joint Stock Company	Bac Lieu	51%	51%	Production of packages
Petrosetco SSG Company Limited	Ho Chi Minh City	51%	51%	Real estates
Smart Convergence Joint Stock Company	Ho Chi Minh City	62.67%	63.14%	Distribution of telecom, electronic equipment

13. INVESTMENTS IN ASSOCIATES

31/12/2011	31/12/2010
VND	VND
18,896,654,390	16,500,000,000
245,000,000	245,000,000
7,500,000,000	7,500,000,000
2,000,000,000	-
15,753,225,241	-
44,394,879,631	24,245,000,000
	VND 18,896,654,390 245,000,000 7,500,000,000 2,000,000,000 15,753,225,241

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

Name of associates	Place of incorporation and operation	Proportion of ownership interest (%)	J.	Principal activity
PetroVietnam Residence Development and Management Joint Stock Company	Quang Ngai	30	30	Housing managing and development
Dreamhouse Petroleum Service Education Company Limited	Ba Ria - Vung Tau	49	49	Provision of education services at kindergarten
FGAS Petroleum Joint Stock Company	Quang Ngai	25	25	LPG trading
Loc Viet Service and Trading Joint Stock Company	Ha Noi	20	20	Restaurant services
Petro Tower Limited Company	Ba Ria - Vung Tau	24	24	Office for lease

Floor 6, PetroVietnam Tower, 1-5 Le Duan, Ben Nghe Ward, District 1 Ho Chi Minh City, S.R. Vietnam

Consolidated financial statements For the year ended 31 December 2011

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B 09-DN/HN

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

OTHER LONG-TERM INVESTMENTS 14.

Other long-term investments represent investment in PetroVietnam Central Biofuels Joint Stock Company (PCB) with the amount of VND 112 billion, equivalent to 14% of this company's charter capital.

Under Resolution No. 6481/NQ-DKVN dated 22 July 2011 by Vietnam Oil and Gas Group on the Corporation's plan of transferring its whole capital contributed to PCB to PetroVietnam Oil Corporation. Currently, the Corporation has been fulfilling relevant procedures. However, due to uncertainty of success in the transfer plan in 2012, the Corporation decided to present this investment in "Other long-term investments" item.

LONG-TERM PREPAYMENTS 15.

	31/12/2011	31/12/2010
	VND	VND
Prepayment for office rental (i)	176,592,976,755	339,785,096,073
Diffrence from revaluation of assets (ii)	43,992,351,756	-
Other long-term prepayments	42,995,296,072	6,231,409,384
	263,580,624,583	346,016,505,457

- (i) Prepayment for office rental represents an amount paid in advance for leasing 2,619.37 m² at PetroVietnam Tower, 1-5 Le Duan, Ben Nghe Ward, District 1, Ho Chi Minh City. The prepayment is amortized to the consolidate income statement on a straight-line basis over 50 years from 01 October 2010.
- (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, Petrosetco 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 year, 5 years and 10 years respectively.

Floor 6, PetroVietnam Tower, 1-5 Le Duan, Ben Nghe Ward, District 1 Ho Chi Minh City, S.R. Vietnam Consolidated financial statements For the year ended 31 December 2011

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

16. SHORT-TERM LOANS AND LIABILITIES

	31/12/2011	31/12/2010
	VND	VND
Short-term loans (i)		
Joint Stock Commercial Bank for Foreign Trade of	109,788,178,530	477,687,320,612
Vietnam - Ho Chi Minh City Branch		
Bank for Investment and Development of Vietnam - Ho	-	99,447,770,276
Chi Minh City Branch		
Military Commercial Joint Stock Bank	6,093,868,039	33,174,390,159
Vietnam International Commercial Joint Stock Bank -	11,438,203,813	181,716,237,850
Vung Tau Branch		
Dong A Commercial Joint Stock Bank	44,989,488,585	-
Asian Commercial Joint Stock Bank - Binh Thanh Branch	387,719,874,292	23,544,000,000
Vietnam Export and Import Commercial Joint Stock	-	169,082,089,572
Bank - Ho Chi Minh City Branch		
Indochina Bank - Ho Chi Minh City Branch	303,981,477,480	277,140,531,020
Vietnam Development Bank (VDB)	-	15,398,034,695
HSBC Bank (Vietnam) Ltd	334,040,954,452	207,138,049,450
ANZ Bank (Vietnam) Ltd	121,720,602,380	187,329,572,064
Vietnam Technological and Commercial Joint Stock	58,511,267,281	145,572,487,215
Bank - Ho Chi Minh City Branch		
Current portion of long-term loans	10,966,950,719	7,581,558,971
	1,389,250,865,571	1,824,812,041,884

⁽i) Short-term loans represent unsecured loans from commercial banks and financial institutions under 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 as agreed for loans in VND and from 4.5% to 7% p.a for loans in USD.

17. TAXES AND AMOUNTS PAYABLE TO THE STATE BUDGET

	31/12/2011	31/12/2010
	VND	VND
Value added tax	49,726,604,510	51,601,892,924
Import-export duties	4,407,733,535	13,849,945,790
Corporate income tax	23,333,767,129	53,634,985,194
Personal income tax	1,918,049,628	-
Other taxes	3,000,000	2,535,205,093
	79,389,154,802	121,622,029,001

Floor 6, PetroVietnam Tower, 1-5 Le Duan, Ben Nghe Ward, District 1 Ho Chi Minh City, S.R. Vietnam Consolidated financial statements For the year ended 31 December 2011

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B 09-DN/HN

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

18. LONG-TERM LOANS AND LIABILITIES

	31/12/2011	31/12/2010
_	VND	VND
PetroVietnam Finance Joint Stock Corporation (i)	11,348,670,555	18,930,229,527
Asian Commercial Joint Stock Bank - Tan Thuan	5,434,184,000	3,500,000,000
Branch (ii) Vietnam Joint Stock Commercial Bank for Industry and Trade - Bac Lieu Branch (iii)	28,891,820,711	
	45,674,675,266	22,430,229,527
_		

- (i) The Corporation entered into a long-term loan agreement of VND 58 billion with PetroVietnam Finance Joint Stock Corporation to finance the Quang Ngai Petroleum Service Center Project. The loan is unsecured and bears interest at a rate per annum equal to 12-month entrusted capital management interest rate plus 2.88%. The loan has a maximum term of 6 years and is repayable on semi-annual basis after the grace period.
- (ii) On 20 September 2010, the Corporation entered into a long-term loan agreement of VND 9,700,000,000 with Asian Commercial Joint Stock Bank Tan Thuan Branch to repair and upgrade Holiday Mansion Hotel in Vung Tau with the interest rate specified in each withdrawal agreement. The loan is secured by the Corporation's property at No. 12, Truong Cong Dinh Street, Vung Tau City, Ba Ria Vung Tau Province. The loan has a term of 84 months from the first withdrawal.
- (iii) As at 28 January 2011, PetroVietnam Packaging Joint Stock Company (a subsidiary of the Corporation) entered a long-term loan agreement with Vietnam Joint Stock Commercial Bank for Industry and Trade Bac Lieu Branch of VND 60,000,000,000 and no more than 70% of the total cost for the project on Bac Lieu Petroleum Packaging Production Factory. The loan has a term of 96 months from the first withdrawal and bears adjustable floating interest rate of 20% as at 31 December 2011 and payable on a monthly basis. The principal is repayable right after the end of 12 grace months from the first withdrawal on 04 July 2011 and then repayable by instalments from 30 September 2012 to 30 September 2019. PetroVietnam Packaging Joint Stock Company has pledged all of fixed assets from the project on construction and investment in Bac Lieu Petroleum Packaging Production Factory as security for the loan.

Long-term loans are repayable as follows:

	31/12/2011	31/12/2010
	VND	VND
Within one year	10,966,950,719	7,581,558,971
In the second year	13,189,398,466	11,081,558,972
From the third year inclusive	32,485,276,800	11,348,670,555
	56,641,625,985	30,011,788,498
Less: amount due for settlement within 12 months (represented in current liabilities)	10,966,950,719	7,581,558,971
Amount due for settlement after 12 months	45,674,675,266	22,430,229,527

Floor 6, PetroVietnam Tower, 1-5 Le Duan, Ben Nghe Ward, District 1 Ho Chi Minh City, S.R. Vietnam

FORM B 09-DN/HN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

19. OWNERS' EQUITY

	Charter	Share	Share Other shareholders'	Treasury	Foreign exchange reserve	Investment and development fund	Financial reserve fund	Retained	Total
	VND	NND	ONV	VND	VND	ONV	VND	ANA	ONV
Balance at 01/01/2010	554.720.000.000	52.120.798.051	12,669,047,040	(2,335,000,000)	(15,295,831,325)	26,011,367,417	243,337,950	107,526,549,589	735,660,268,722
Additional shares issued	143,700,000,000	76.238.142.250				·	•		219,938,142,250
Profit for the year								186,364,746,260	186,364,746,260
Dividends paid	•			1	•	,	•	(66,244,200,000)	(66,244,200,000)
Acquired treasury shares		•	,	(477,000,000)			1		(477,000,000)
Increase due to consolidation		•	29.786.324		6,621,356,481	•	1,081,667,438	3,035,604,425	10,768,414,668
Revaluation of foreign exchange rate		•		1	33,492,226,543	•	•	,	33,492,226,543
Find appropriation	•	•	8,706,225,098	•		17,412,450,197	144,927,398	(50,578,674,582)	(24,315,071,889)
Non-controlling interest allocation		•		•	•		(177,357,057)	(744,703,576)	(922,060,633)
Foreign exchange difference reserval				1	15,295,831,325	•	1	7 1	15,295,831,325
PBC adjustment	,		٠	·	1		1	(830,159,973)	(830,159,973)
PCR profit adjustment		•		•	•	•	•	2,034,201,870	2,034,201,870
Other decrease		•		•	(6,621,356,481)		(265,127,024)	(464,246,339)	(7,350,729,844)
Balance at 31/12/2010	698,420,000,000	128,358,940,301	21,405,058,462	(2,812,000,000)	33,492,226,543	43,423,817,614	1,027,448,705	180,099,117,674	1,103,414,609,299
Profit for the year						•	1	285,396,889,978	285,396,889,978
Acquired treasury shares		1		(6,338,605,990)		ï	•	1	(6,338,605,990)
Dividends paid (i)	ï	•		1		1		(111,297,279,400)	(111,297,279,400)
(Loss) from joint-ventures,	,	•		•	.10	3		(887,590,039)	(887,590,039)
associates					100 000 000				(27 407 276 543)
Revaluation of foreign exchange rate	•			•	(33,492,226,543)				(55,492,220,343)
Foreign exchange difference reserval	•		•		17,626,480,239	•	1		17,020,480,239
Fund appropriation at Holding (ii)	*	•	12,303,376,214	•		23,994,781,302	•	(72,852,131,523)	(36,553,974,007)
Find appropriation at subsidiaries	•		(29,786,324)	•		1,251,350,454	(187,720,361)	(6,303,416,935)	(5,269,573,166)
Other decrease				•		•	1	(381,085,294)	(381,085,294)
Balance at 31/12/2011	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



Floor 6, PetroVietnam Tower, 1-5 Le Duan, Ben Nghe Ward, District 1
Ho Chi Minh City, S.R. Vietnam

Consolidated financial statements For the year ended 31 December 2011

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B 09-DN/HN

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

19. OWNERS' EQUITY (Continued)

- (i) Under Resolution No. 12/NQ-DVTHDK dated 27 April 2011 approved at the General Shareholders' Meeting, the Corporation declared to pay dividends at 16% of the charter capital, equivalent to VND 111,297,279,400.
- (ii) Under Resolution No. 12/NQ-DVTHDK dated 27 April 2011 approved at the General Shareholders' Meeting, the Corporation will distribute to funds from profit after tax of 2011, of which VND 23,994,781,301 for Investment and development fund, VND 12,303,376,214 for Reserved fund for charter capital, VND 10,992,454,242 for Bonus and welfare funds, and VND 25,561,519,766 for Bonus fund for beyond all profit expectations. Such distributions will be officially approved at the General Shareholders' Meeting of 2012.

The Corporation has one class of common share which carries no right to fixed dividends and its par value is 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 Shareholder Meetings.

In 2011, the Corporation bought back its 507,680 shares as treasury shares, amounting to VND 6,338,605,990. The total number of treasury shares as at 31 December 2011 is 788,880 shares with the amount of VND 9,150,605,990 (31 December 2010: 281,200 shares with the amount of VND 2,812,000,000, respectively).

	31/12/2011	31/12/2010
- Number of shares issued to public	69,842,000	69,842,000
+ Common shares	69,842,000	69,842,000
+ Preferred shares	-	-
- Number of treasury shares	788,880	281,200
+ Common shares	788,880	281,200
+ Preferred shares		e e
- Number of outstanding shares in circulation	69,053,120	69,560,800
+ Common shares	69,053,120	69,560,800
+ Preferred shares	-	-

Charter capital

According to the 9th amended Business Registration Certificate No. 0300452060 dated 09 November 2010, the Corporation's charter capital is VND 699 billion. Charter capital contributions by shareholders as at 31 December 2011 were as follows:

	31/12/2011		31/12/2010	
	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

20. NON-CONTROLLING INTERESTS

31/12/2011	31/12/2010
VND	VND
67,333,432,000	15,190,000,000
578,562,453	·
187,720,361	-
182,873,182	-
5,220,143,686	(400, 425, 737)
73,502,731,682	14,789,574,263
	VND 67,333,432,000 578,562,453 187,720,361 182,873,182 5,220,143,686

Floor 6, PetroVietnam Tower, 1-5 Le Duan, Ben Nghe Ward, District 1 Ho Chi Minh City, S.R. Vietnam Consolidated financial statements For the year ended 31 December 2011

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B 09-DN/HN

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

21. SEGMENT REPORT

For management purpose, the Corporation is currently organised into five operating divisions, including electronic product trading division, petroleum materials and equipment providing division, plastic grain trading division, gas distribution division and others. These divisions are the basis on which the Corporation reports its primary segment information.

FORM B 09-DN/HN

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

SEGMENT REPORT (Continued)

21.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 trading division: trading plastic grain PP;

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

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

Details about principal activities of the Corporation were as follows:

Balance sheet at 31 December 2011:

	Electronic product	Petroleum materials and	Plastic grain	Plastic grain Gas distribution	Other service	Deduction	Total
	ONA	supplies	VND	VND	VND	VND	VND
Assets Segment assets	2,079,987,655,441	338,794,521	182,238,192,994	228,948,946,603	501,082,934,538	(771,840,883,896)	2,559,211,367,102
Unallocated assets Total		ř		ľ	i.	.1	1,551,151,268,902
Liabilities							
Segment liabilities	1,586,599,158,617	312,223,450,940	195,383,228,908	205,577,376,420	402,645,313,314	(258,006,516,572)	2,444,422,011,627
Unallocated liabilities		,		31	1	1	380,220,247,618
Total							2,824,642,259,245

PETROVIETNAM GENERAL SERVICES JOINT STOCK CORPORATION Floor 6, PetroVietnam Tower, 1-5 Le Duan, Ben Nghe Ward, District 1 Ho Chi Minh City, S.R. Vietnam

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B 09-DN/HN

Consolidated financial statements For the year ended 31 December 2011

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

SEGMENT REPORT (Continued) 21.

Income statement for the year ended 31 December 2011:

	Electronic product Petroleum materials and supplies	etroleum materials and supplies	Plastic grain	Gas distribution	Other service	Deduction	Total
	VND	VND	VND	VND	VND	VND	VND
Sales External sales	6,618,775,469,682	534,752,646,503	1,207,565,933,275	676,318,927,980	1,395,782,457,503	(112,525,623,636)	(112,525,623,636) 10,320,669,811,307
Total sales	6,618,775,469,682	534,752,646,503	1,207,565,933,275	676,318,927,980	1,395,782,457,503	(112,525,623,636)	10,320,669,811,307
Cost of sales	5,977,213,611,583	493,461,986,692	1,166,138,014,021	651,393,671,237	1,101,014,878,481	(67,910,360,215)	9,321,311,801,799
Gross profit from sales Segment gross profit	641,561,858,099	41,290,659,811	41,427,919,254	24,925,256,743	294,767,579,022	(44,615,263,421)	999,358,009,508
Unallocated expenses Operating profit							534,744,297,414
Income from investments							95,058,539,524
Other income							85,168,397,625
Financial expenses							406,725,258,331
Current cornorate income tax expense							101,716,691,368
Defffered corporate income tax expense							12,200,968,137
Not amount after corrected income tax							292,807,598,826

Floor 6, PetroVietnam Tower, 1-5 Le Duan, Ben Nghe Ward, District 1 Ho Chi Minh City, S.R. Vietnam Consolidated financial statements
For the year ended 31 December 2011

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

FORM B 09-DN/HN

2010

22. PRODUCTION COST BY NATURE

	2011	2010
	VND	VND
Raw materials and consumables	408,163,445,626	202,096,756,099
Labour	297,924,930,756	270,995,578,310
Depreciation and amortization	32,864,051,254	23,111,496,955
Out-sourced services	643,256,646,401	338,337,221,593
Other expenses	240,731,724,586	152,494,850,276
Other expenses	1,622,940,798,623	987,035,903,233

23. FINANCIAL INCOME

	2011	2010
	VND	VND
Bank and loan interests	46,174,622,248	49,914,673,838
Realized foreign exchange gain	15,308,718,865	17,309,248,458
Dividends, pofits received	2,678,032,679	-
Gain on sales of foreign currencies	1,030,874,423	1,147,232,759
Proceeds from transferred capital	21,600,000,000	-
Others	4,361,081,754	1,850,624,172
	91,153,329,969	70,221,779,227

24. FINANCIAL EXPENSES

	2011	2010
	VND	VND
Interest expense	157,036,923,986	113,473,910,586
Realized foreign exchange loss	132,199,105,653	54,749,845,714
Other financial expenses	19,009,946,593	13,358,035,748
	308,245,976,232	181,581,792,048

25. OTHER INCOME

2011	2010
VND	VND
82,700,997,163	-
5,727,149,780	3,417,301,608
25,019,479,198	24,414,022,131
113,447,626,141	27,831,323,739
	VND 82,700,997,163 5,727,149,780 25,019,479,198

(i) Under revaluation documents issued by Vietnam EIC Valuation Limited Company (EIC Valuation) and Resolution No. 44/NQ-DVTHDK dated 31 December 2010 by the Corporation's Board of Management on approval of valuation results conducted by EIC Valuation, Petroleum Assets Management Company Limited, Petrosetco Vung Tau General Services Company Limited, Mien Trung Petroleum Trading and Services Company Limited recognized increases due to revaluation of their assets for transformation purpose as other income of 2011 with the amounts of VND 16,928,029,649, VND 25,649,797,707 and VND 40,123,169,807, respectively.

Floor 6, PetroVietnam Tower, 1-5 Le Duan, Ben Nghe Ward, District 1 Ho Chi Minh City, S.R. Vietnam

Consolidated financial statements
For the year ended 31 December 2011

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

26. CORPORATE INCOME TAX

	2011	2010
	VND	VND
Profit before tax	406,725,258,331	250,559,400,260
Adjustment for taxable income		
Add:	35,726,481,983	89,277,409,587
- Non-deductible expenses	30,185,264,507	24,575,187,392
- Non-assessable loss	5,541,217,476	15,898,349,653
- Gains from retranslation of short-term loans denominated in		48,803,872,542
foreign currencies		(
Less:	(4,431,442,462)	(20,507,276,123)
- Lossed carried forward	(4,431,442,462)	(5,781,633,681)
- Adjustment for the purpose of consolidation	-	(14,725,642,442)
Taxable income	438,020,297,852	319,329,533,724
Assessable income at rate of 25% x 50%	46,634,033,983	32,141,410,024
Assessable income at rate of 25%	391,386,263,869	287,188,123,700
The previous year corporate income tax adjustment	(1,959,128,847)	319,617,105
Normal tax rate	25%	25%
Current corporate income tax expense for the year	101,716,691,368	76,134,324,283

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

The Corporation and Petrosetco Vung Tau General Services Company Limited are entitled to a corporate income tax exemption for two years from the first profit-making year and a reduction of 50% for the three years thereafter. The Corporation's Board of General Directors has applied the tax incentive scheme since 2007 as registered with the tax authority. 2011 is the last year the Corporation is entitled to the tax reduction of 50% with respect to principal operating activities as in its Business Registration Certificate.

27. BASIC EARNINGS PER SHARE

	2011	2010
	VND	VND
Net profit after tax	292,807,598,826	186,626,044,114
Profit for the year atributable to equity holders	285,396,889,978	186,364,746,260
Weighted average number of ordinary shares outstanding during the year	69,488,882	58,548,852
Basic earnings per share	4,107	3,183

28. COMMITMENTS

Operating commitments	31/12/2011	31/12/2010
	VND	VND
Minimum lease payments under operating leases recognised in the income statement for the year	21,437,325,390	3,625,199,548

Floor 6, PetroVietnam Tower, 1-5 Le Duan, Ben Nghe Ward, District 1

Ho Chi Minh City, S.R. Vietnam

Consolidated financial statements

For the year ended 31 December 2011

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

28. COMMITMENTS (Continued)

On 29 June 2011, the Corporation, as both lessor and lessee, entered into an appendix contract No. 10020/2010/HD-DKVN with Vietnam Oil and Gas Group in which the lease area is down from 4,844.36 m² to 2,619.37 m² at PetroVietnam Tower, 1-5 Le Duan, 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 as at 31 December 2011 is VND 185,727,354,531.

On 12 July 2011, the Corporation 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, Ben Nghe Ward, District 1, Ho Chi Minh City with the total additional lease area of 2,224.99 m². The monthly lease charge is USD 5,174.77, equivalent to VND 1,065,868,110.

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

	31/12/2011	31/12/2010
	VND	VND
Within one year	21,068,988,489	21,437,325,390
In the second to fifth year inclusive	69,709,919,647	48,640,931,157
After five years	709,406,787,192	751,544,764,171
	800,185,695,328	821,623,020,718

Other commitments

According to Resolution No. 02/NQ-DVTHDK dated 10 February 2012, the Corporation's Board of Management approved the plan of borrowing VND 1,000 billion from PetroVietnam Finance Joint Stock Corporation for the purpose of increasing working capital for the year 2012.

29. 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 16 and Note 18, offset by cash and cash equivalents) and equity attributable to equity holders of the Corporation (comprising capital, reserves and retained earnings).

Significant accounting policies

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



Floor 6, PetroVietnam Tower, 1-5 Le Duan, Ben Nghe Ward, District 1 Ho Chi Minh City, S.R. Vietnam Consolidated financial statements

For the year ended 31 December 2011

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B 09-DN/HN

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

29. FINANCIAL INSTRUMENTS (Continued)

Categories of financial instruments

	Carrying amounts		
	31/12/2011	31/12/2010	
	VND	VND	
Financial assets			
Cash and cash equivalents	363,906,568,157	533,465,818,080	
Investments	112,670,000,000	112,750,000,000	
Trade and other receivables	1,066,351,738,715	988,819,197,625	
Other financial assets	4,295,245,883	4,330,761,381	
Total	1,547,223,552,755	1,639,365,777,086	
Financial liabilities			
Borrowings	1,434,925,540,837	1,847,242,271,411	
Trade and other payables	747,946,269,533	928,321,678,424	
Accruals	11,158,612,125	11,041,841,358	
Total	2,194,030,422,495	2,786,605,791,193	

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

Financial risk management objectives

Financial risks include market risk (including foreign currency risk, interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Corporation does not hedge these risk exposures due to the lack of a market to purchase financial instruments.

Market risk

The Corporation's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Corporation does not hedge these risk exposures due to the lack of any market to purchase financial instruments.

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 this risk due to the lack of any market to purchase such instruments.

Interest rate risk management

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

Price risk management

The Corporation is exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The Corporation does not actively trade these investments.

Floor 6, PetroVietnam Tower, 1-5 Le Duan, Ben Nghe Ward, District 1

Ho Chi Minh City, S.R. Vietnam

Consolidated financial statements
For the year ended 31 December 2011

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B 09-DN/HN

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

29. FINANCIAL INSTRUMENTS (Continued)

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. The Corporation does not hedge this risk due to the lack of any market to purchase such instruments.

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. The Corporation does not have any significant credit risk exposure to any counterparty because receivables consist of a large number of customers, spread across diverse industries and geographical areas.

Liquidity risk management

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

The following table details the Corporation's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Corporation can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Corporation may be required to pay.

31/12/2011	Less than 1 year	From 1-5 years	Total
	VND	VND	VND
Borrowings	1,389,250,865,571	45,674,675,266	1,434,925,540,837
Trade and other payables	711,428,225,214	36,518,044,319	747,946,269,533
Accruals	11,158,612,125	-	11,158,612,125
	2,111,837,702,910	82,192,719,585	2,194,030,422,495
31/12/2010	Less than 1 year	From 1-5 years	Total
	VND	VND	VND
Borrowings	1,824,812,041,884	22,430,229,527	1,847,242,271,411
Trade and other payables	900,662,633,317	27,659,045,107	928,321,678,424
Accruals	11,041,841,358		11,041,841,358
	2,736,516,516,559	50,089,274,634	2,786,605,791,193

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

Floor 6, PetroVietnam Tower, 1-5 Le Duan, Ben Nghe Ward, District 1
Ho Chi Minh City, S.R. Vietnam
For the

Consolidated financial statements
For the year ended 31 December 2011

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

29. FINANCIAL INSTRUMENTS (Continued)

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

	Less than 1 year	From 1-5 years	Total
31/12/2011	VND	VND	VND
Cash and cash equivalents	363,906,568,157	-	363,906,568,157
Investments	670,000,000	112,000,000,000	112,670,000,000
Trade and other receivables	1,066,351,738,715	-	1,066,351,738,715
Other financial assets	1,760,773,113	2,534,472,770	4,295,245,883
	1,432,689,079,985	114,534,472,770	1,547,223,552,755
	Less than 1 year	From 1-5 years	Total
31/12/2010	VND	VND	VND
Cash and cash equivalents	533,465,818,080	-	533,465,818,080
Investments	750,000,000	112,000,000,000	112,750,000,000
Trade and other receivables	988,819,197,625	-	988,819,197,625
Other financial assets	536,514,320	3,794,247,061	4,330,761,381
	1,523,571,530,025	115,794,247,061	1,639,365,777,086

30. RELATED PARTY TRANSACTION AND BALANCES

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

	2011	2010
	VND	VND
Sales		
Thai Binh 2 Petroleum Electricity Project Management Board	112,161,000	-
Ca Mau Gas-Electricity-Fertilizer Project Management Board	173,800,000	-
Dung Quat Refinery Project Management Board	1,723,244,544	
Vietnam Oil and Gas Group	102,560,350,951	87,623,680,594
PetroVietnam Security Service Joint Stock Company	106,089,833	-
PVI Holdings	12,994,294,777	4,517,201,083
Bien Dong Petroleum Operating Company	5,064,000	*
Dung Quat Shipyard Company Limited	17,095,909,454	7,012,747,363
Binh Son Refining and Petrochemical Company Limited	104,711,932,371	15,837,708,337
PetroVietnam Energy Technology Joint Stock Corporation	6,327,112,754	-
PetroVietnam Technical Services Corporation	197,249,774,743	95,028,877,250
PetroVietnam Drilling and Well Services Corporation	47,105,180,179	39,145,725,251
PetroVietnam Transportation Joint Stock Corporation	4,740,631,604	2,896,463,830
PetroVietnam Construction Joint Stock Corporation	2,382,324,209	10,006,068,433
PetroVietnam Oil Corporation	10,143,559,512	12,978,276,031
PetroVietnam Power Corporation	4,186,293,143	3,133,145,764
Drilling Mud Joint Stock Corporation	6,759,675,651	2,452,941,069
PetroVietnam Gas Joint Stock Corporation	77,422,991,229	7,937,628,826
PetroVietnam Fertilizer and Chemicals Joint Stock Corporation	41,834,986,665	1,993,141,221
PetroVietnam Finance Joint Stock Corporation	32,803,461,868	25,462,695,101
PetroVietnam Exploration Production Corporation	21,685,152,078	16,926,008,711
PetroVietnam Engineering Consultancy Joint Stock Company	842,022,806	-
Petrovietnam University	3,695,060,125	-
Vietnam Petroluem Institute	30,365,045,739	-
Petrovietnam Petrochemical and Textile Fiber Joint Stock		
Company - PVTEX Dinh Vu	-	58,436,826

Floor 6, PetroVietnam Tower, 1-5 Le Duan, Ben Nghe Ward, District 1

Ho Chi Minh City, S.R. Vietnam

Consolidated financial statements
For the year ended 31 December 2011

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

30. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

	2011	2010
	VND	VND
Purchases		
Vietnam Oil and Gas Group	15,928,147,163	38,968,046,962
Binh Son Refining and Petrochemical Company Limited	1,077,790,758,088	169,725,080,564
Drilling Mud Joint Stock Corporation	15,048,613,125	29,163,834,375
PetroVietnam Fetilizer and Chemicals Joint Stock Corporation	92,766,647,621	_
PVI Holdings	728,144,781	-
PetroVietnam Transportation Joint Stock Corporation	17,484,839,000	15,218,075,846
PetroVietnam Security Service Joint Stock Company	12,376,803,208	10,850,056,175
Borrowings		
PetroVietnam Finance Joint Stock Corporation - borrowings	700,000,000,000	3,500,000,000
PetroVietnam Finance Joint Stock Corporation - repayment	700,000,000,000	7,605,226,873
Other transactions		
Management and brand fees with Vietnam Oil and Gas Group	5,015,000,000	7,574,087,656
Divident payment for Vietnam Oil and Gas Group	39,374,856,000	29,622,416,400

Related parties balances at the balance sheet date were as follows:

	31/12/2011	31/12/2010
	VND	VND
Receivables		
Ca Mau Gas-Electricity-Fertilizer Project Management Board	191,180,000	-
Dung Quat Refinery Project Management Board	1,054,815,000	-
Vietnam Oil and Gas Group	11,144,987,796	11,911,486,166
PetroVietnam Security Service Joint Stock Company	15,331,800	-
Bien Dong Petroleum Operating Company	1,940,400	-
Dung Quat Shipyard Company Limited	5,001,117,500	4,584,833,100
Binh Son Refining and Petrochemical Company Limited	11,361,372,135	2,130,282,474
PetroVietnam Energy Technology Joint Stock Corporation	936,426,581	25,110,898
PetroVietnam Technical Services Corporation	44,995,614,193	25,888,979,248
PetroVietnam Drilling and Well Services Corporation	17,072,566,930	12,848,932,765
PetroVietnam Transportation Joint Stock Corporation	5,874,265,313	1,361,043,670
PetroVietnam Construction Joint Stock Corporation	1,258,843,780	36,738,619
PetroVietnam Oil Corporation	186,147,752	37,456,320
PetroVietnam Power Corporation	908,862,512	181,519,660
Drilling Mud Joint Stock Corporation	1,540,327,415	1,010,789,900
PetroVietnam Gas Joint Stock Corporation	20,186,637,352	607,746,777
PetroVietnam Fertilizer and Chemicals Joint Stock Corporation	299,620,477	
PetroVietnam Finance Joint Stock Corporation	2,973,941,495	
PetroVietnam Exploration Production Corporation	4,236,439,505	
PetroVietnam Engineering Consultancy Joint Stock Company	95,452,114	
Petrovietnam University	552,698,160	
Vietnam Petroluem Institute	5,102,705,651	-

Floor 6, PetroVietnam Tower, 1-5 Le Duan, Ben Nghe Ward, District 1 Ho Chi Minh City, S.R. Vietnam Consolidated financial statements For the year ended 31 December 2011

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

30. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

Related parties balances at the balance sheet date were as follows:

	31/12/2011	31/12/2010
Advances to suppliers	VND	VND
Vietnam Oil and Gas Group	•	20,918,202,888
PetroVietnam Energy Technology Joint Stock Corporation	27,075,000	20,000,000
PetroVietnam Fetilizer and Chemicals Joint Stock Corporation	103,020,000	-
PetroVietnam Power Corporation	136,859,816	-
PetroVietnam Gas Joint Stock Corporation	62,663,874,360	-
PetroVietnam Construction Joint Stock Corporation	-	9,972,909,903
Drilling Mud Joint Stock Corporation	-	15,657,642,000
Binh Son Refining and Petrochemical Company Limited Other receivables	-	19,807,372,284
Vietnam Oil and Gas Group	-	25,519,580,372
PetroVietnam Drilling and Well Services Joint Stock		
Corporation	19,246,200	-
PetroVietnam Energy Technology Joint Stock Corporation	42,478,408	-
PetroVietnam Gas Joint Stock Corporation	154,076,486	-
Payables		
Vietnam Oil and Gas Group	7,939,200,034	309,094,998,847
PetroVietnam Hospital Joint Stock Company	13,370,000	-0
PetroVietnam Security Service Joint Stock Company	1,325,753,712	968,859,824
PVI Holdings	371,906,259	864,915,983
Binh Son Refining and Petrochemical Company Limited	288,658,684,333	262,561,976,445
PetroVietnam Energy Technology Joint Stock Corporation	16,466,662	1,062,383,720
PetroVietnam Technical Services Joint Stock Corporation	4,193,159,418	2,732,914,364
PetroVietnam Drilling and Well Services Corporation	305,821,428	222,243,000
PetroVietnam Transportation Joint Stock Corporation	9,200,577,116	8,356,520,378
PetroVietnam Construction Joint Stock Corporation	5,950,227,439	10,101,290,030
PetroVietnam Oil Corporation	1,533,554,300	7,589,800,628
PetroVietnam Gas Joint Stock Corporation	16,684,358,855	11,240,990,176
Petrovietnam Exploration Production Corporation	20 521 142 000	1,198,845,750
Vietnam Oil and Gas Group	29,531,142,000	10,873,820,326
PetroVietnam Oil Corporation	· ·	2,562,071,695
Advances from customers PetroVietnam Technical Service Joint Stock Corporation	1,235,928,176	
Vietnam Oil and Gas Group	1,233,726,176	7,597,850,659
PetroVietnam Fetilizer and Chemicals Joint Stock Corporation		477,949,337
PetroVietnam Oil Corporation		210,546,000
Binh Son Refining and Petrochemical Company Limited		19,807,372,284
Deposit		19,001,512,201
PetroVietnam Finance Joint Stock Corporation	-	20,000,000,000
Borrowings		
PetroVietnam Finance Joint Stock Corporation	18,930,229,527	26,511,788,499
Directors' remuneration:		
	2011	2010
	VND	VND
Salaries	2,251,141,091	2,185,141,091
Bonus Other benefits	996,765,170 42,924,690	973,265,170 132,424,690
Other remember	3,290,830,951	3,290,830,951

Floor 6, PetroVietnam Tower, 1-5 Le Duan, Ben Nghe Ward, District 1 Ho Chi Minh City, S.R. Vietnam Consolidated financial statements
For the year ended 31 December 2011

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FORM B 09-DN/HN

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

31. SUBSEQUENT EVENTS

According to Joint Resolution No. 04/ND-LT-DVTHDK dated 16 February 2012, the Party Standing Committee and Board of Management arrived at a decision on approval of transformation of Petroleum Offshore Trading and Services Company Limited ("POTS") into a joint stock company by firstly transferring part of POTS's capital to individuals, staffs (no more than 30%), and then seeking for partners to transfer part of the Corporation's capital as long as the Corporation remains its controlling power.

32. COMPARATIVE FIGURES

Comparative figures are those in the Corporation's audited consolidated financial statements for the year ended 31 December 2010.

TổNG CÔNG TY

CỔ PHẨN

DỊCH VỤ

TỔNG HỢP

ĐẦU KHÍ

TẠC ĐẦU KHÍ

Phung Tuan Ha General Director

19 March 2012

Dao Van Dai Chief Accountant

