

PETROVIETNAM GENERAL SERVICES JOINT STOCK COMPANY

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

S.P.K.K.D. 02

PETROVIETNAM GENERAL SERVICES JOINT STOCK COMPANY

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PETROVIETNAM GENERAL SERVICES JOINT STOCK COMPANY

CORPORATE INFORMATION

Business Registration Certificate

No. 4103005338 dated 29 September 2006 and the 15th amendment No. 0300452060 issued by the Department of Planning and Investment of Ho Chi Minh City Business Registration Certificate dated 21 October 2013.

Board of Management

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

Board of Supervision

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

Board of General Directors

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

Legal representative

Mr Phung Tuan Ha	General Director
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Registered office

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

Auditor

PricewaterhouseCoopers (Vietnam) Limited

PETROVIETNAM GENERAL SERVICES JOINT STOCK COMPANY

STATEMENT OF THE RESPONSIBILITY OF THE BOARD OF GENERAL DIRECTORS OF THE CORPORATION IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

The Board of General Directors is responsible for ensuring that proper accounting records are maintained, which disclose, with reasonable accuracy at any time, the financial position of the Corporation and which enable the consolidated financial statements to be prepared which complies with the basis of accounting set out in Note 2 to the consolidated financial statements. The Board of General Directors is also responsible for safeguarding the assets of the Corporation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

We hereby approve the accompanying consolidated financial statements as set out on pages 5 to 41 which give a true and fair view of the financial position of the Corporation as at 31 December 2014 and of the consolidated results of its operations and cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of the financial statements in SR Vietnam.

On behalf of the Board of General Directors 



Phung Tuan Ha
General Director

Ho Chi Minh City, SR Vietnam
20 March 2015



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

We have audited the accompanying consolidated financial statements of Petrovietnam General Services Joint Stock Company ("the Corporation") which were prepared on 31 December 2014 and approved by the Board of General Directors on 20 March 2015. These consolidated financial statements include the balance sheet as at 31 December 2014, the consolidated income statement and cash flow statement for the year then ended and selected notes to these consolidated final financial statements, as set out on pages 11 to 41.

The Board of General Directors' Responsibility to the Financial Statements

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

Auditor's Responsibility

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

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

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

Auditor's Opinion

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

Other matter

The consolidated financial statements of the Corporation for the year ended 31 December 2013 were audited by another auditor whose audit report dated 17 March 2014 expressed an unqualified opinion.

PricewaterhouseCoopers (Vietnam) Limited




Quach Thanh Chau
Audit Practising Licence No.
0875-2013-006-1



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

Report reference number: HCM4474
Ho Chi Minh City, 20 March 2015

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

CONSOLIDATED BALANCE SHEET

Code	ASSETS	Note	As at 31 December	
			2014 VND	2013 VND
100	CURRENT ASSETS		5,282,004,772,886	5,661,287,613,235
110	Cash and cash equivalents	3	2,050,148,166,048	2,100,533,189,502
111	Cash		1,021,835,761,315	463,227,203,818
112	Cash equivalents		1,028,312,404,733	1,637,305,985,684
120	Short-term investments		18,376,791,095	18,376,791,095
121	Short-term investments	4(a)	49,900,000,000	49,900,000,000
129	Provision for diminution in value of short-term investments	4(b)	(31,523,208,905)	(31,523,208,905)
130	Accounts receivable		1,308,927,274,250	1,302,262,441,282
131	Trade accounts receivable	5	1,128,003,690,821	1,211,586,586,735
132	Prepayments to suppliers		27,277,618,584	26,717,922,581
135	Other receivables	6	170,333,525,363	100,963,127,435
139	Provision for doubtful debts		(16,687,560,518)	(37,005,195,469)
140	Inventories	7	1,521,815,562,318	1,884,378,916,498
141	Inventories		1,557,768,487,510	1,909,433,399,152
149	Provision for decline in value of inventories		(35,952,925,192)	(25,054,482,654)
150	Other current assets		382,736,979,175	355,736,274,858
151	Short-term prepayments		2,234,915,837	6,430,181,027
152	Value Added Tax to be reclaimed		370,061,369,745	332,079,950,927
154	Other taxes receivable		4,203,154,062	4,005,965,316
158	Other current assets		6,237,539,531	13,220,177,588

The notes on pages 11 to 41 are an integral part of these consolidated financial statements.

**CONSOLIDATED BALANCE SHEET
(continued)**

Code	ASSETS (continued)	Note	As at 31 December	
			2014 VND	2013 VND
200	LONG-TERM ASSETS		482,538,987,085	577,265,021,193
220	Fixed assets		237,936,321,732	283,583,445,738
221	Tangible fixed assets	8(a)	103,001,484,857	158,933,748,048
222	Cost		275,731,096,871	348,759,514,704
223	Accumulated depreciation		(172,729,612,014)	(189,825,766,656)
227	Intangible fixed assets	8(b)	102,373,162,589	103,011,464,112
228	Cost		105,212,420,669	105,837,550,169
229	Accumulated amortisation		(2,839,258,080)	(2,826,086,057)
230	Construction in progress	8(c)	32,561,674,286	21,638,233,578
240	Investment properties		5,916,000,000	-
241	Cost		6,120,000,000	-
242	Accumulated depreciation		(204,000,000)	-
250	Long-term investments		19,878,373,578	19,921,528,554
252	Investment in associate	9	17,878,373,578	17,921,528,554
258	Other long-term investment		2,000,000,000	2,000,000,000
260	Other long-term assets		218,808,291,775	273,760,046,901
261	Long-term prepayments	10	208,100,667,693	263,340,663,168
262	Deferred income tax assets		3,207,512,000	3,207,512,000
268	Other long-term assets		7,500,112,082	7,211,871,733
270	TOTAL ASSETS		5,764,543,759,971	6,238,552,634,428

The notes on pages 11 to 41 are an integral part of these consolidated financial statements.

**CONSOLIDATED BALANCE SHEET
(continued)**

Code	RESOURCES	Note	As at 31 December	
			2014 VND	2013 VND
300	LIABILITIES		4,265,313,985,196	4,869,966,576,296
310	Current liabilities		4,206,313,866,131	4,820,791,667,762
311	Short-term borrowings	11	2,641,578,788,585	3,132,192,854,491
312	Trade accounts payable	12	1,154,434,226,091	1,276,519,138,701
313	Advances from customers		66,483,837,428	81,615,379,151
314	Taxes and other payables to the State Budget	13	33,693,880,402	34,045,465,765
315	Payable to employees		85,360,141,765	79,269,650,381
316	Accrued expenses	14	33,079,620,353	23,540,771,200
319	Other payables	15	121,757,313,077	120,956,292,221
323	Bonus and welfare funds		69,926,058,430	72,652,115,852
330	Long-term liabilities		59,000,119,065	49,174,908,534
333	Other long-term payables	16	56,052,010,395	49,174,908,534
338	Unearned revenue		2,948,108,670	-
400	OWNERS' EQUITY		1,351,864,916,364	1,233,416,790,915
410	Capital and reserves		1,351,864,916,364	1,233,416,790,915
411	Share capital	17, 18	698,420,000,000	698,420,000,000
412	Share premium	18	160,547,882,393	160,547,882,393
417	Investment and development funds	18	116,094,540,843	112,188,836,361
418	Financial reserve funds	18	59,534,079,099	51,252,826,898
420	Undistributed earnings	18	317,268,414,029	211,007,245,263
500	NON-CONTROLLING INTERESTS	20	147,364,858,411	135,169,267,217
600	TOTAL RESOURCES		5,764,543,759,971	6,238,552,634,428

OFF BALANCE SHEET ITEMS

	As at 31 December	
	2014	2013
Bad debts written off (VND)	18,012,148,714	-
Foreign currencies:		
- USD	5,372,673	6,066,665
- EUR	10,487	890
- GBP		205



Ha Van Phuong
Preparer



Dao Van Dai
Chief Accountant



Phung Tuan Ha
General Director
20 March 2015

The notes on pages 11 to 41 are an integral part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENT

Code	Note	Year ended 31 December		
		2014 VND	2013 VND	
01	Sales	22	11,742,907,662,425	11,748,322,976,197
02	Less deductions		(161,643,389,872)	(231,851,126,942)
10	Net sales		11,581,264,272,553	11,516,471,849,255
11	Cost of sales	23	(10,735,503,549,741)	(10,773,915,593,763)
20	Gross profit		845,760,722,812	742,556,255,492
21	Financial income	24	74,270,429,569	104,188,026,849
22	Financial expenses	25	(164,828,432,488)	(125,855,596,582)
23	- Including: Interest expenses		(120,525,628,623)	(107,914,346,298)
24	Selling expenses	26	(288,427,969,850)	(213,695,276,542)
25	General and administration expenses	27	(183,108,656,531)	(229,633,589,473)
30	Operating profit		283,666,093,512	277,559,819,744
31	Other income		117,020,220,669	26,401,458,033
32	Other expenses		(89,963,316,028)	(24,377,594,557)
40	Net other income	28	27,056,904,641	2,023,863,476
45	Share of profits from associate		204,480,543	779,771,678
50	Net accounting profit before tax		310,927,478,696	280,363,454,898
51	Business income tax - current	29	(75,074,047,765)	(87,164,172,360)
52	Business income tax - deferred		-	3,207,512,000
60	Net profit after tax		235,853,430,931	196,406,794,538
Attributable to:				
61	Non-controlling interests		43,106,237,893	37,946,445,188
62	Shareholders of the parent company		192,747,193,038	158,460,349,350
70	Earnings per share	19	2,760	2,278



Ha Van Phuong
Preparer



Dao Van Dai
Chief Accountant



Phung Tuan Ha
General Director
20 March 2015

The notes on pages 11 to 41 are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT
(Indirect method)

Code	Note	Year ended 31 December	
		2014 VND	2013 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
01		310,927,478,696	280,363,454,898
	Adjustments for:		
02	Depreciation and amortisation	26,742,200,982	30,903,066,561
03	Provisions	(9,419,192,413)	23,635,933,342
04	Unrealised foreign exchange losses	3,257,720,028	-
05	Profits from investing activities	(92,709,168,400)	(80,184,929,625)
06	Interest expense	120,525,628,623	107,914,346,298
08	Operating profit before changes in working capital	359,324,667,516	362,631,871,474
09	Decrease/(increase) in receivables	63,576,486,688	(218,802,680,984)
10	Decrease/(increase) in inventories	351,664,911,642	(866,692,191,213)
11	(Decrease)/increase in payables	(148,022,285,184)	232,369,460,849
12	Decrease/(increase) in prepaid expenses	11,233,673,065	(2,653,614,538)
13	Interest paid	(106,315,261,614)	(111,797,496,247)
14	Business income tax paid	(83,205,047,964)	(96,197,836,921)
15	Other receipts on operating activities	6,982,638,057	19,293,471,769
16	Other payments on operating activities	(31,017,556,554)	(16,237,892,930)
20	Net cash inflows/(outflows) from operating activities	424,222,225,652	(698,086,908,741)
CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchases of fixed assets	(48,717,474,978)	(27,868,501,801)
22	Proceeds from disposals of fixed assets	95,420,681,905	951,071,105
26	Proceeds from divestment in other entities	43,154,976	43,549,711,092
27	Dividends and interest received	17,752,039,436	80,184,929,625
30	Net cash inflows from investing activities	64,498,401,339	96,817,210,021
CASH FLOWS FROM FINANCING ACTIVITIES			
31	Proceeds from sales of treasury shares	-	14,709,718,303
33	Proceeds from borrowings	7,954,675,698,508	7,396,854,639,758
34	Repayments of borrowings	(8,445,626,085,207)	(5,684,298,149,880)
36	Dividends paid	(48,889,400,000)	(155,373,449,700)
40	Net cash (outflows)/inflows from financing activities	(539,839,786,699)	1,571,892,758,481
50	Net (decrease)/increase in cash and cash equivalents	(51,119,159,708)	970,623,059,761
60	Cash and cash equivalents at beginning of year	2,100,533,189,502	1,129,910,129,741
61	Effect of foreign exchange differences	734,136,254	
70	Cash and cash equivalents at end of year	2,050,148,166,048	2,100,533,189,502


The notes on pages 11 to 41 are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT
(Indirect method)
(tiếp theo)

Major non-cash transaction for the year ended 31 December 2014 was the deduction of long-term prepayment from Vietnam Oil and Gas Group of VND48,201,587,600 (Note 10).



Ha Van Phuong
Preparer



Dao Van Dai
Chief Accountant



Phung Tuan Ha
General Director
20 March 2015

The notes on pages 11 to 41 are an integral part of these consolidated financial statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

1 GENERAL INFORMATION

Petrovietnam General Services Joint Stock Company (“the Corporation”) established in Vietnam in accordance with Business Registration Certificate No. 4103005338 dated 29 September 2006 and the 15th Amendment No. 0300452060 dated 21 October 2013 issued by 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”).

Principal activities of the Corporation include:

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

As at 31 December 2014, the Corporation had 2,478 employees (31 December 2013: 2,557 employees).

The consolidated final financial statements for the year ended 31 December 2014 comprises of the financial statements of the Corporation and its subsidiaries (together the “the Corporation”) and the Corporation’s interest in associates as detail below:

	Principal activity	Place of incorporation and operation	% of ownership	% of voting rights
Subsidiaries:				
Petroleum General Distribution Services Joint Stock Company	Distribution of telecom, electronic equipment	HCMC	79.87%	79.87%
Petroleum Offshore Trading and Services Company Limited	Trading and services	HCMC	100%	100%
Petroleum Vung Tau General Services Joint Stock Company	Services	Vung Tau	70%	70%
Mien Trung Petroleum Services and Trading Joint Stock Company	Trading and services	Quang Ngai	94.69%	94.69%
PetroVietnam Assets Management Joint Stock Company	Operating in property management and services	Ha Noi	88.2%	88.2%
Petrosetco SSG Company Limited	Real estates	HCMC	51%	51%

1 GENERAL INFORMATION (continued)

	Principal activity	Place of incorporation and operation	% of ownership	% of voting rights
Subsidiaries: (continued)				
Smart Convergence Joint Stock Company	Equipments, electronic components, peripheral devices, software	HCMC	55%	55%
Petrosetco Retail Services Joint Stock Company	Retail of mobiphone	HCMC	51%	51%
Petroleum Logistic Service Joint Stock Company ("PSL") (*)	Logistic services	HCMC	44%	44%
Petroleum High Technology Products Distribution Joint Stock Company	Equipments, electronic components, peripheral devices	HCMC	51%	51%
ASSA Technology Joint Stock Company ("ASSA")	Manufacture electronic components and media equipments	HCMC	60%	60%
Associate				
Petro Tower Limited Company	Office for lease	Vung Tau	24%	24%

(*) Accordance to the 4th Amended Business Registration Certificate No. 0311523789 dated 26 December 2014 of PSL, its share capital increased from VND10 billion to VND15 billion which reduced the Corporations's interests from 60% to 44%. However, the Corporation still has the power to control financial and operational policy as at 31 December 2014. Therefore, PSL is still under the Corporation's control.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of consolidated financial statements

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

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 SR Vietnam. The accounting principles and practices utilised in Vietnam may differ from those generally accepted in countries and jurisdictions other than Vietnam.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.2 Fiscal year**

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

2.3 Currency

The financial statements are measured in Vietnamese Dong and presented using Vietnamese Dong ("VND").

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

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

2.4 Form of records applied

The Corporation uses general journal to record its transactions.

2.5 Accounting estimates

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

2.6 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Corporation and its subsidiaries for the year ended 31 December 2014. Control is achieved where the parent company 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 and its subsidiaries.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.6 Basis of consolidation (continued)**

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

2.7 Financial instruments**(a) Initial recognition****(i) Financial assets**

At the date of initial recognition, financial assets are recognized at cost plus transaction costs that are directly attributable to the acquisition of the financial assets. Financial assets of the Corporation comprise cash, cash equivalents, trade receivables, other receivables, deposits and other long-term financial assets.

(ii) Financial liabilities

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

(b) Re-measurement after initial recognition

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

2.8 Cash and cash equivalents

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

2.9 Provision for doubtful debts

Provision for doubtful debts is made for receivables that are overdue for six months or more, or when the debtor is in dissolution, in bankruptcy, or is experiencing similar difficulties and so maybe unable to repay the debt.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 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 of majority of inventories is determined by 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 of the Corporation follows current prevailing accounting regulations which allow provisions to be made for obsolete, damaged, or sub-standard inventories and for those which have costs higher than net realisable values as at the balance sheet date.

2.11 Short-term investments

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

2.12 Long-term investments

(a) Investments in associates

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

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

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

(b) Other long-term investments

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Long-term investments (continued)

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

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

2.13 Fixed assets

(a) Tangible fixed assets

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

Depreciation

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

Buildings	4% - 20%
Plant and machinery	14.2% - 20%
Motor vehicles	14.2% - 20%
Office equipment	25% - 33%
Other tangible fixed assets	25% - 33%

Disposals

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

(b) Intangible fixed assets

Intangible fixed assets are stated at historical cost less accumulated depreciation, represent land use rights and computer software. Land use rights with indefinite terms are not amortised. Land use rights with definite terms are amortised on a straight-line basis over the terms of the land. Computer software is amortised on a straight-line basis over the estimated useful life of eight (8) years.

(c) Construction in progress

Properties in the course of construction for production, rental or administrative purposes, or for the purposes not yet determined, are carried at cost.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Leased assets

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

2.15 Investment properties

Depreciation

Investment properties are depreciated on the straight-line method to write off the cost of the assets over their estimated useful lives. The principal annual rate used is:

Land use rights	10%
-----------------	-----

Disposals

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

2.16 Goodwill

Goodwill represents the excess of the cost of acquisition over the Corporation's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary and associate at the date of acquisition. Goodwill is recognised as an asset and is amortised on the straight-line basis over its estimated period of benefit not exceed 10 years.

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

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

2.17 Negative goodwill

Negative goodwill represents the excess of the Corporation's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary and associate at the date of acquisition over the cost of acquisition. Negative goodwill is immediately recognised in the consolidated income statement.

2.18 Borrowing costs

Borrowing costs are recognised in the consolidated income statement when incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.19 Prepaid expenses**

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

Cost of gas cylinders is recognised as long-term prepayments and amortised to the income statement over estimated useful life of 10 years.

2.20 Revenue recognition**(a) Sales of goods**

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

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

(b) Sales of services

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

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

(c) Interest income

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

(d) Dividend income

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

2 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES (continued)**2.21 Current and deferred income tax**

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

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

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

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

2.22 Dividend distribution

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

2.23 Related parties

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

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

2 ACCOUNTING SYSTEM AND ACCOUNTING POLICIES (continued)

2.24 Provision

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

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

2.25 Share capital

Existing ordinary shares are classified as owners' equity.

2.26 Appropriation of net profit

(a) Financial reserve fund

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

(b) Investment and development fund

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

(c) Bonus and welfare fund

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

3 CASH AND CASH EQUIVALENTS

	2014 VND	2013 VND
Cash on hand	6,858,858,272	3,430,918,901
Cash at bank	1,014,976,903,043	459,796,284,917
Cash equivalents (*)	1,028,312,404,733	1,637,305,985,684
	<u>2,050,148,166,048</u>	<u>2,100,533,189,502</u>

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

4 INVESTMENTS

(a) Short-term investments

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

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

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

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

5 TRADE ACCOUNTS RECEIVABLE

	2014 VND	2013 VND
Third parties	1,037,794,071,801	1,050,145,458,601
Related parties (Note 32(b)(i))	90,209,619,020	161,441,128,134
	<u>1,128,003,690,821</u>	<u>1,211,586,586,735</u>

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6 OTHER RECEIVABLES

	2014	2013
	VND	VND
Interest income receivables	5,823,943,669	6,108,231,853
Receivables from trade discount	123,534,220,289	84,799,037,878
Others	40,975,361,405	10,055,857,704
	<u>170,333,525,363</u>	<u>100,963,127,435</u>

7 INVENTORIES

	2014	2013
	VND	VND
Goods in transit	127,211,398,832	132,689,449,776
Raw materials	5,860,914,437	6,434,318,029
Tools and suppliers	722,076,094	1,133,036,495
Work in progress	513,533,522	1,124,472,037
Merchandise	1,287,038,110,424	1,662,468,727,295
Goods on consignment	136,422,454,201	105,583,395,520
	<u>1,557,768,487,510</u>	<u>1,909,433,399,152</u>
Provision for decline in value of inventory	(35,952,925,192)	(25,054,482,654)
	<u>1,521,815,562,318</u>	<u>1,884,378,916,498</u>

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8	FIXED ASSETS	Buildings VND	Machinery, equipment VND	Motor vehicles VND	Office Equipment VND	Others VND	Total VND
(a)	Tangible fixed assets						
	Historical cost						
	At 1 January 2014	162,423,388,650	77,267,492,999	94,292,649,692	12,055,458,913	2,720,524,450	348,759,514,704
	New purchases	374,411,659	10,783,728,720	18,745,583,423	2,566,697,734	-	32,470,421,536
	Reclassification	-	2,720,524,450	-	-	(2,720,524,450)	-
	Disposals	(80,003,685,360)	(16,312,322,652)	(8,828,519,143)	(354,312,214)	-	(105,498,839,369)
	At 31 December 2014	82,794,114,949	74,459,423,517	104,209,713,972	14,267,844,433	-	275,731,096,871
	Accumulated depreciation						
	At 1 January 2014	64,309,097,088	53,360,580,141	62,816,467,935	8,769,117,308	570,504,184	189,825,766,656
	Charge for the year	4,242,247,320	8,257,701,760	11,396,000,113	2,282,496,788	-	26,178,445,981
	Reclassification	-	570,504,184	-	-	(570,504,184)	-
	Disposals	(25,009,502,341)	(13,946,443,172)	(3,978,649,860)	(340,005,250)	-	(43,274,600,623)
	At 31 December 2014	43,541,842,067	48,242,342,913	70,233,818,188	10,711,608,846	-	172,729,612,014
	Net book value						
	At 1 January 2014	98,114,291,562	23,906,912,858	31,476,181,757	3,286,341,605	2,150,020,266	158,933,748,048
	At 31 December 2014	39,252,272,882	26,217,080,604	33,975,895,784	3,556,235,587	-	103,001,484,857

Cost of fully depreciated fixed assets but still in use as at 31 December 2014 was VND46.8 billions (31 December 2013: VND56.2 billions).

8 FIXED ASSETS (continued)

(b) Intangible fixed assets

	Land use rights VND	Software VND	Total VND
Historical cost			
At 1 January 2014	103,298,126,434	2,539,423,735	105,837,550,169
New purchases	-	857,500,000	857,500,000
Disposals	(1,309,632,000)	(172,997,500)	(1,482,629,500)
At 31 December 2014	101,988,494,434	3,223,926,235	105,212,420,669
Accumulated amortisation			
At 1 January 2014	826,228,657	1,999,857,400	2,826,086,057
Charge for the year	232,783,465	330,971,536	563,755,001
Disposals	(377,585,478)	(172,997,500)	(550,582,978)
At 31 December 2014	681,426,644	2,157,831,436	2,839,258,080
Net book value			
At 1 January 2014	102,471,897,777	539,566,335	103,011,464,112
At 31 December 2014	101,307,067,790	1,066,094,799	102,373,162,589

(c) Construction in progress

	2014 VND	2013 VND
Beginning of year	21,619,856,305	17,071,912,594
Additions	10,941,817,981	4,716,320,984
Decreases	-	(150,000,000)
End of year	32,561,674,286	21,638,233,578

Details of major projects is as follow:

	2014 VND	2013 VND
Petrosetco SSG Tower	26,455,467,582	20,509,171,999
Others	6,106,206,704	1,129,061,579
	32,561,674,286	21,638,233,578

9 INVESTMENT IN ASSOCIATE

	2014 VND	2013 VND
Petro Tower Limited Company	17,878,373,578	17,921,528,554

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

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

Movement of investment in associate is presented as follows:

	2014 VND	2013 VND
Cost of investment	14,359,957,249	14,359,957,249
Net accumulated profit	3,518,416,329	3,561,571,305
	<u>17,878,373,578</u>	<u>17,921,528,554</u>

10 LONG-TERM PREPAYMENTS

Details of long-term prepayments are presented as follows:

	2014 VND	2013 VND
Office rental (i)	123,702,033,402	171,449,480,481
Asset revaluation difference (ii)	-	28,303,074,170
Cost of gas cylinders	71,294,624,467	58,961,385,785
Others	13,104,009,824	4,626,722,732
	<u>208,100,667,693</u>	<u>263,340,663,168</u>

(i) Office rental as follows:

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

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

10 LONG-TERM PREPAYMENTS

- (i) Office rental as follows (continued)
- The prepayment to Vietnam Petroleum Institute is for leasing of 568 square meter office. This office rental prepayment is amortised on a straight-line basis over 50 years from 10 August 2010.
- (ii) This represents the asset revaluation difference resulted from transformation from limited liability companies into joint stock companies of some subsidiaries. As at 31 December 2014, this amount was fully allocated.

11 SHORT-TERM BORROWINGS

	2014 VND	2013 VND
Joint Stock Commercial Bank For Foreign Trade of Vietnam	902,407,926,799	947,013,205,379
ANZ Bank (Vietnam) Ltd.	507,484,288,356	520,671,968,538
Military Commercial Joint Stock Bank	277,215,394,116	179,899,406,900
Vietnam Public Joint Stock Commercial Bank (Note 32(b)(v))	155,623,052,808	403,852,016,332
Vietnam Prosperity Joint Stock Commercial Bank	46,705,731,200	-
Vietnam Joint Stock Commercial Bank for Industry and Trade	246,796,662,698	383,187,095,679
HSBC Bank (Vietnam) Ltd,	337,151,616,596	317,262,622,200
Other banks	168,194,116,012	380,306,539,463
	<u>2,641,578,788,585</u>	<u>3,132,192,854,491</u>

This represents loans from commercial banks in the form of short-term loans, credit terms or letter of credit. As at 31 December 2014, the Corporation had non-cancellable guarantee commitment for loans at commercial banks for the Corporation's subsidiaries with the total amount of VND2,130 billion. Those short-term borrowings are secured by inventories with the total amount as at 31 December 2014 is VND962 billion. The interest rates are determined by rates announced by the banks at the withdrawal date or by interest rate adjustable from time to time announced by the banks for loans in VND and from 2.5% to 3.5% p.a for loans in USD.

12 TRADE ACCOUNTS PAYABLE

	2014 VND	2013 VND
Third parties	907,027,266,502	930,646,549,711
Related parties (Note 32(b)(ii))	247,406,959,589	345,872,588,990
	<u>1,154,434,226,091</u>	<u>1,276,519,138,701</u>

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13 TAXES AND OTHER PAYABLES TO THE STATE BUDGET

	As at 31.12.2013	Payable	Payments/offset	Reclassification	As at 31.12.2014
	VND	VND	VND	to other tax	VND
				receivables	
				VND	
Value added tax	4,791,969,129	531,638,341,515	(526,208,588,566)	-	10,221,722,078
Corporate income tax	26,913,041,341	75,074,047,765	(83,205,047,964)	3,293,005,682	22,075,046,824
Personal income tax	2,112,701,813	13,869,360,426	(14,585,950,739)	-	1,396,111,500
Other taxes	227,753,482	14,665,877,067	(14,892,630,549)	-	1,000,000
	<u>34,045,465,765</u>	<u>635,247,626,773</u>	<u>(638,892,217,818)</u>	<u>3,293,005,682</u>	<u>33,693,880,402</u>

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14 ACCRUED EXPENSES

	2014 VND	2013 VND
Warehouse rental and transportation	19,221,462,351	16,035,782,955
Interest expenses	4,368,198,093	3,007,738,257
Others	9,489,959,909	4,497,249,988
	<u>33,079,620,353</u>	<u>23,540,771,200</u>

15 OTHER PAYABLES

	2014 VND	2013 VND
Payable to Vietnam Oil and Gas Group	5,102,092,746	24,609,285,000
Payable to Vung Tau Province State Treasury (*)	8,669,828,884	9,068,699,039
Payable to agents, customers	49,983,736,189	23,747,876,359
Others	58,001,655,258	63,530,431,823
	<u>121,757,313,077</u>	<u>120,956,292,221</u>

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

16 OTHER LONG-TERM PAYABLES

	2014 VND	2013 VND
Gas cylinders deposits	38,018,730,016	33,339,691,499
Others	18,033,280,379	15,835,217,035
	<u>56,052,010,395</u>	<u>49,174,908,534</u>

17 SHARE CAPITAL

(a) Number of shares

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

The Corporation just issues ordinary shares which are not entitled to fixed dividend with a par value VND10,000 per share. Ordinary shareholders are entitled to receive dividends as declared and are entitled to one vote per share at the Corporation's shareholders meetings.

(b) Movement of share capital

Pursuant to the 15th amended Business Registration Certificate No. 0300452060 dated 21 October 2013, the Corporation's charter capital is VND699 billion.

At 31 December 2014, the actual share capital structure of the Corporation is as follow:

	31.12.2014		31.12.2013	
	VND	%	VND	%
Vietnam Oil and Gas Group (*)	176,250,850,000	25.24	246,092,850,000	35.24
Other shareholders	522,169,150,000	74.76	452,327,150,000	64.76
	<u>698,420,000,000</u>	<u>100.00</u>	<u>698,420,000,000</u>	<u>100.00</u>

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

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18 MOVEMENTS IN OWNERS' EQUITY

	Share capital VND	Share premium VND	Owners' other capital VND	Treasury shares VND	Investment and development funds VND	Financial reserve funds VND	Undistributed earnings VND	Total VND
As at 1 January 2013	698,420,000,000	128,358,940,301	42,911,651,986	(9,150,605,990)	95,775,705,900	580,799,271	284,317,514,015	1,241,214,005,483
Sale of treasury share	-	5,559,112,313	-	9,150,605,990	-	-	-	14,709,718,303
Share premium	-	26,629,829,779	-	-	-	-	-	26,629,829,779
Profit for the year	-	-	-	-	-	-	158,460,349,350	158,460,349,350
2013 dividend (*)	-	-	-	-	-	-	(69,842,000,000)	(69,842,000,000)
Dividend paid for 2012	-	-	-	-	-	-	(110,484,992,000)	(110,484,992,000)
Fund appropriation	-	-	(42,911,651,986)	-	-	42,911,651,986	372,568,928	372,568,928
Fund distribution at subsidiaries	-	-	-	-	4,108,572,683	-	(16,121,677,116)	(12,013,104,433)
Change due to divestments	-	-	-	-	(927,416,517)	-	(579,116,655)	(1,506,533,172)
Appropriation 2013 funds	-	-	-	-	13,231,974,295	7,760,375,641	(35,115,401,259)	(14,123,051,323)
As at 31 December 2013	698,420,000,000	160,547,882,393	-	-	112,188,836,361	51,252,826,898	211,007,245,263	1,233,416,790,915
Profit for the year	-	-	-	-	-	-	192,747,193,038	192,747,193,038
Dividend paid (*)	-	-	-	-	-	-	(48,889,400,000)	(48,889,400,000)
Appropriation 2014 funds	-	-	-	-	3,905,704,482	8,281,252,201	(37,596,624,272)	(25,409,667,589)
As at 31 December 2014	698,420,000,000	160,547,882,393	-	-	116,094,540,843	59,534,079,099	317,268,414,029	1,351,864,916,364

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

19 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the period, excluding ordinary shares purchased by the Corporation and held as treasury shares:

	2014	2013
Net profit attributable to shareholders (VND)	192,747,193,038	158,460,349,350
Weighted average number of ordinary shares in issue (shares)	69,842,000	69,552,384
Basic earnings per share (VND)	<u>2,760</u>	<u>2,278</u>

20 NON-CONTROLLING INTERESTS

Non-controlling interests represent those of other shareholders to the net assets and financial performance of the subsidiaries.

Details of non-controlling interests are as follows:

	2014 VND	2013 VND
Share capital	131,362,000,000	121,760,000,000
Share premium	6,710,670,221	6,710,670,221
Investment and development funds	6,544,741,167	4,863,309,015
Financial reserve funds	185,640,994	185,640,994
Undistributed earnings	2,561,806,029	1,649,646,987
	<u>147,364,858,411</u>	<u>135,169,267,217</u>

21 SEGMENT REPORTING

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

The Corporation is currently organised into 5 operating divisions: Electronic product trading division (mobile phone and laptop), Petroleum materials and supplies providing division, plastic resins and textile fibers trading division, Gas distribution and Others. These divisions are the basis on which the Corporation reports its primary segment information.

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21 SEGMENT REPORTING (continued)

Details of the Corporation's segment are as follows:

Consolidated balance sheet at 31 December 2014

	Electronic products VND	Petroleum materials and supplies VND	Plastic resins, textile fibers VND	Gas distribution VND	Other services VND	Elimination VND	Total VND
Assets							
Segment assets	3,532,522,304,588	413,451,113,319	11,231,282,416	251,319,590,179	2,375,969,331,595	(819,949,862,126)	5,764,543,759,971
Liabilities							
Segment liabilities	3,260,177,539,349	378,551,113,319	591,711,642,989	148,174,478,447	874,532,520,396	(987,833,309,304)	4,265,313,985,196

Consolidated balance sheet as at 31 December 2013

	Electronic products VND	Petroleum materials and supplies VND	Plastic resins, textile fibers VND	Gas distribution VND	Other services VND	Elimination VND	Total VND
Assets							
Segment assets	3,695,986,360,611	443,816,704,042	1,896,558,369,658	376,780,660,275	648,390,769,295	(822,980,229,453)	6,238,552,634,428
Liabilities							
Segment liabilities	3,437,036,779,512	404,788,307,175	717,865,165,522	272,082,423,027	428,787,080,165	(390,593,179,105)	4,869,966,576,296

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21 SEGMENT REPORTING (continued)

Consolidated income statement for the year ended 31 December 2014

	Electronic products VND	Petroleum materials and supplies VND	Plastic resins, textile fibers VND	Gas distribution VND	Other services VND	Elimination VND	Total VND
Net revenue	8,062,405,777,796	646,964,052,228	1,559,455,623,265	597,813,477,106	1,327,075,918,909	(612,450,576,751)	11,581,264,272,553
Cost of sales	(7,560,505,866,374)	(518,589,730,894)	(1,481,840,308,784)	(603,403,439,487)	(1,120,337,104,445)	549,172,900,243	(10,735,503,549,741)
Segment gross profit	501,899,911,422	128,374,321,334	77,615,314,481	(5,589,962,381)	206,738,814,464	(63,277,676,508)	845,760,722,812

Consolidated income statement for the year ended 31 December 2013

	Electronic products VND	Petroleum materials and supplies VND	Plastic resins, textile fibers VND	Gas distribution VND	Other services VND	Elimination VND	Total VND
Net revenue	3,074,155,461,490	630,561,062,434	829,391,088,406	409,733,707,265	670,154,786,031	(152,785,734,840)	5,461,210,370,786
Cost of sales	(2,872,263,440,573)	(613,622,656,380)	(801,661,145,247)	(403,875,755,086)	(540,101,716,026)	130,392,726,318	(5,101,131,986,994)
Segment gross profit	201,892,020,917	16,938,406,054	27,729,943,159	5,857,952,179	130,053,070,005	(22,393,008,522)	360,078,383,792

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22 SALES

	2014 VND	2013 VND
Sales of goods	11,213,266,878,676	11,173,104,051,522
Rendering of services	529,640,783,749	575,218,924,675
	<u>11,742,907,662,425</u>	<u>11,748,322,976,197</u>

23 COST OF SALES

	2014 VND	2013 VND
Cost of finished goods sold	10,298,982,059,814	10,309,983,659,329
Cost of services rendered	425,532,047,389	457,148,280,367
Provision for decline in value of inventory	10,989,442,538	6,783,654,067
	<u>10,735,503,549,741</u>	<u>10,773,915,593,763</u>

24 FINANCIAL INCOME

	2014 VND	2013 VND
Interest income from deposits and loans	60,444,771,763	80,184,929,625
Realised foreign exchange gains	6,670,236,262	9,451,706,317
Other financial income	7,155,421,544	14,551,390,907
	<u>74,270,429,569</u>	<u>104,188,026,849</u>

25 FINANCIAL EXPENSES

	2014 VND	2013 VND
Interest expenses	120,525,628,623	107,914,346,298
Realised foreign exchange losses	10,294,923,100	12,565,343,715
Net loss from foreign currency translation at year-end	3,257,720,028	-
Payment discount	24,862,894,311	4,107,569,569
Others	5,887,266,426	1,268,337,000
	<u>164,828,432,488</u>	<u>125,855,596,582</u>

26 SELLING EXPENSES

The following items have been included in selling expenses:

	2014 VND	2013 VND
Staff costs	67,684,815,941	60,551,739,114
Transportations	71,463,148,058	23,919,991,166
Marketing expenses	17,521,814,050	4,795,080,593
Depeciation exepenses	2,773,955,860	2,190,394,545
	<u>67,684,815,941</u>	<u>60,551,739,114</u>

27 GENERAL AND ADMINISTRATION EXPENSES

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

	2014 VND	2013 VND
Staff costs	85,535,936,063	104,334,845,120
Depeciation exepenses	7,299,298,808	4,030,994,293
Outside services	35,675,282,319	24,135,796,057
(Reverse)/Addition of bad debt provision	(20,317,634,951)	16,852,279,275
	<u>85,535,936,063</u>	<u>104,334,845,120</u>

28 NET OTHER INCOME

	2014 VND	2013 VND
Other income		
Proceeds from disposals of fixed assets	95,420,681,905	2,841,064,820
Sundry income	21,599,538,764	23,560,393,213
	<u>117,020,220,669</u>	<u>26,401,458,033</u>
Other expenses		
Net book value of fixed assets disposed	(63,156,285,268)	(1,842,615,904)
Sundry expenses	(26,807,030,760)	(22,534,978,653)
	<u>(89,963,316,028)</u>	<u>(24,377,594,557)</u>
Net other income	<u>27,056,904,641</u>	<u>2,023,863,476</u>

29 TAXATION

The tax on the Coporation’s profit before tax differs from the theoretical amount that would arise using the tax rate of 22% for 2014 (2013: 25%) as under current tax regulations as follows:

	2014 VND	2013 VND
Net accounting profit before tax	310,927,478,696	280,363,454,898
Tax calculated at a rate of 22% (2013: 25%)	68,404,045,313	70,090,863,725
Effect of:		
Income not subject to tax	-	(2,962,505,794)
Expenses not deductible for tax purposes	1,314,489,354	17,447,977,691
Non-assessable losses	3,478,804,785	1,434,484,756
Underprovision in previous year	145,616,477	1,153,351,982
Utilisation of previously unrecognised tax losses	(184,907,504)	-
Business income tax from real estates transfer	1,915,999,340	-
Current corporate income tax expense	<u>75,074,047,765</u>	<u>87,164,172,360</u>

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

30 COST OF GOODS MANUFACTURED BY FACTOR

	2014 VND	2013 VND
Raw materials and merchandises	9,945,975,455,298	9,872,208,148,378
Labour costs	392,570,779,138	382,119,333,602
Depreciation expenses	26,742,200,982	30,903,066,561
Outside service expenses	700,484,088,532	772,407,367,107
(Reverse)/Addition of provision	(9,419,192,413)	23,635,933,342
Other cash expenses	150,686,844,585	135,970,610,788
	<u>11,207,040,176,122</u>	<u>11,217,244,459,778</u>

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31 FINANCIAL RISK MANAGEMENT

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

(a) Market risk

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

(i) Currency risk

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

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

	Original currency USD		Equivalent to VND	
	2014	2013	2014	2013
Financial assets				
Cash and cash equivalents	5,372,673	6,066,665	114,771,699,333	127,853,095,276
Trade and other receivables	5,617,463	3,942,928	121,226,231,903	82,941,733,725
Prepayment to suppliers	561,123	974,272	11,937,684,459	20,546,030,231
	<u>11,551,259</u>	<u>10,983,865</u>	<u>247,935,615,695</u>	<u>231,340,859,232</u>
Financial liabilities				
Short-term borrowings	(9,427,186)	(11,019,335)	(201,320,918,550)	(232,287,581,800)
Trade and other payables	(23,619,687)	(15,320,526)	(504,728,578,644)	(322,874,845,779)
	<u>(33,046,873)</u>	<u>(26,339,861)</u>	<u>(706,049,497,194)</u>	<u>(555,162,427,579)</u>
Currency exposure	<u>(21,495,614)</u>	<u>(15,355,995)</u>	<u>(458,113,881,499)</u>	<u>(323,821,568,347)</u>

31 FINANCIAL RISK MANAGEMENT (continued)**(a) Market risk (continued)***(i) Currency risk (continued)*

At 31 December 2014, if the VND has strengthened/weakened by 1% against the USD with all other variables being held constant, the Corporation's profit before tax for the year would have been VND4.6 billion higher/lower as a result of foreign exchange gains/losses on translation of USD-denominated financial instruments.

(ii) Price risk

Price risk management

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

Commodity price risk management

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

(iii) Interest rate risk

The Corporation has significant interest rate risks arising from interest bearing loans which are arranged. Assuming all other variables were held constant and the loan balance at the balance sheet date were the outstanding amount for the whole year, if interest rates applicable to floating interest bearing loans had been 1% lower/higher, the Corporation's profit before tax for the year ended 31 December 2014 would have increased/decreased by VND26.4 billion (2013: VND31.3 billion).

(b) Credit risk

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

(c) Liquidity risk

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting obligations associated with financial liabilities. As at 31 December 2014, the Corporation had financial liabilities comprising short-term borrowings, trade and other payables, accrued expenses amounting to VND4,009 billion (2013: VND4,553 billion), which represented contractual undiscounted cash outflows payable in less than one year and more than one year.

32 RELATED PARTY DISCLOSURE

The largest shareholder of the Corporation is Vietnam Oil and Gas Group (“PetroVietnam”) which owns 25.24% of shares capital of the Corporation (Note 17(b)).

(a) Related party transactions

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

	2014	2013
	VND	VND
<i>i) Sales of goods and services</i>		
PetroVietnam	123,696,986,494	122,964,949,685
Fellow group subsidiaries	117,213,613,227	117,440,666,392
Affiliates	692,140,627,569	641,374,609,225
<i>ii) Purchases of goods and services</i>		
PetroVietnam	18,923,380,759	8,758,890,425
Fellow group subsidiaries	949,944,327,543	2,097,135,461,362
Affiliates	16,156,463,825	256,423,235,988
<i>iii) Financing activities</i>		
Vietnam Public Joint Stock Commercial Bank - Fellow group subsidiary:		
Drawdowns	633,532,910,126	480,000,000,000
Repayments	877,687,684,967	480,000,000,000
<i>iv) Other transactions</i>		
Dividend paid to PetroVietnam	24,609,285,000	39,374,856,000
Management fee paid to PetroVietnam	5,003,050,673	3,913,585,569

32 RELATED PARTY DISCLOSURE (continued)

(b) Year end balances with related parties

	2014 VND	2013 VND
i) Trade accounts receivable (Note 5)		
PetroVietnam	12,024,518,621	13,304,358,920
Fellow group subsidiaries	34,995,548,506	43,754,399,665
Affiliates	43,189,551,893	104,382,369,549
	<u>90,209,619,020</u>	<u>161,441,128,134</u>
ii) Trade accounts payables (Note 12)		
PetroVietnam	3,350,612,156	7,440,275,797
Fellow group subsidiaries	244,056,347,433	336,815,635,794
Affiliates	-	1,616,677,399
	<u>247,406,959,589</u>	<u>345,872,588,990</u>
iv) Advances from customers		
Fellow group subsidiaries	<u>18,577,595,307</u>	<u>63,515,870,181</u>
v) Other long-term payables		
Fellow group subsidiaries	<u>4,638,970,481</u>	<u>6,521,412,434</u>
vi) Borrowings (Note 11)		
Vietnam Public Joint Stock Commercial Bank	<u>155,623,052,808</u>	<u>403,852,016,332</u>

33 COMMITMENTS UNDER OPERATING LEASES

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

	2014 VND	2013 VND
Within one year	57,908,047,975	22,628,266,048
Between one and five years	84,845,238,276	74,034,577,129
Over five years	574,947,034,246	609,161,255,162
	717,700,320,497	705,824,098,339

34 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to this financial reports' presentation.

The consolidated financial statements were approved by the Board of General Directors on 20 March 2015.



Ha Van Phuong
Preparer



Dao Van Dai
Chief Accountant



Phung Tuan Ha
General Director