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DRILLING MUD CORPORATION

(Incorporated in the Socialist Republic of Vietnam)

**AUDITED CONSOLIDATED
FINANCIAL STATEMENTS**

For the year ended 31 December 2014



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STATEMENT OF THE BOARD OF DIRECTORS

The Board of Directors of Drilling Mud Corporation (the "Corporation") presents this report together with the Corporation's consolidated financial statements for the year ended 31 December 2014.

THE BOARDS OF MANAGEMENT AND DIRECTORS

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

Board of Management

Mr. Nguyen Ngoc Khanh	Chairman
Mr. Ton Anh Thi	Member
Mr. Do Xuan Vinh	Member
Ms. Le Thi Thu Huong	Member
Mr. Ha Duy Tan	Member

Board of Directors

Mr. Ton Anh Thi	General Director
Mr. Le Hai Phong	Deputy General Director
Mr. Pham Xuan Toan	Deputy General Director
Mr. Luu Quoc Phuong	Deputy General Director
Ms. Vu Hoang Hoa	Deputy General Director
Mr. Khuat Quang Tien	Deputy General Director

BOARD OF DIRECTORS' STATEMENT OF RESPONSIBILITY

The Board of Directors of the Corporation is responsible for preparing the consolidated financial statements, which give a true and fair view of the financial position of the Corporation and of its results and cash flows for the year in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting. In preparing these consolidated financial statements, the Board of 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.

STATEMENT OF THE BOARD OF DIRECTORS (Continued)

BOARD OF DIRECTORS' STATEMENT OF RESPONSIBILITY (Continued)

The Board of 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, accounting regime for enterprises and legal regulations relating to financial reporting. The Board of 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 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 Directors,



Ton Anh Thi
General Director

Hanoi, 16 March 2015

No.: 721 /VN1A-HN-BC

INDEPENDENT AUDITOR'S REPORT

**To: The Shareholders
The Boards of Management and Directors
Drilling Mud Corporation**

We have audited the accompanying consolidated financial statements of Drilling Mud Corporation (the "Corporation"), prepared on 16 March 2015 as set out from page 05 to page 36, which comprise the consolidated balance sheet as at 31 December 2014, the consolidated statement of income, the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information (collectively referred to as the "consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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INDEPENDENT AUDITOR'S REPORT (Continued)

Opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view of, in all material respects, the consolidated financial position of the Corporation as at 31 December 2014, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting.



Pham Hoai Nam
Deputy General Director
Audit Practising Registration Certificate
No. 0042-2013-001-1

For and on behalf of
DELOITTE VIETNAM COMPANY LIMITED

16 March 2015
Hanoi, S.R. Vietnam

Pham Quynh Hoa
Auditor
Audit Practising Registration Certificate
No. 0910-2013-001-1

CONSOLIDATED BALANCE SHEET

As at 31 December 2014

FORM B 01-DN/HN
Unit: VND

ASSETS	Codes	Notes	31/12/2014	31/12/2013
A. CURRENT ASSETS (100=110+130+140+150)	100		2,120,667,732,950	1,902,363,474,754
I. Cash and cash equivalents	110	5	496,312,778,350	448,989,852,292
1. Cash	111		171,027,935,105	167,128,109,791
2. Cash equivalents	112		325,284,843,245	281,861,742,501
II. Short-term receivables	130		740,408,169,815	672,043,832,250
1. Trade accounts receivable	131		659,448,494,927	588,610,377,146
2. Advances to suppliers	132		81,363,498,847	84,823,452,435
3. Other receivables	135	6	19,536,526,587	10,465,536,352
4. Provision for short-term doubtful debts	139		(19,940,350,546)	(11,855,533,683)
III. Inventories	140	7	846,628,596,306	754,461,869,704
1. Inventories	141		867,612,235,026	754,851,970,311
2. Provision for devaluation of inventories	149		(20,983,638,720)	(390,100,607)
IV. Other short-term assets	150		37,318,188,479	26,867,920,508
1. Short-term prepayments	151		9,978,529,720	12,495,733,429
2. Value added tax deductibles	152		20,337,667,140	9,060,815,484
3. Tax and other receivables from the State budget	154	13	468,063,071	1,847,880,035
4. Other short-term assets	158		6,533,928,548	3,463,491,560
B. NON-CURRENT ASSETS (200=220+250+260)	200		312,498,670,298	279,552,197,342
I. Fixed assets	220		265,329,517,040	224,721,229,645
1. Tangible fixed assets	221	8	225,656,615,251	182,138,667,231
- Cost	222		381,577,491,181	313,032,123,500
- Accumulated depreciation	223		(155,920,875,930)	(130,893,456,269)
2. Intangible assets	227		24,665,431,093	25,012,541,783
- Cost	228		27,121,942,841	26,462,373,034
- Accumulated amortisation	229		(2,456,511,748)	(1,449,831,251)
3. Construction in progress	230	9	15,007,470,696	17,570,020,631
II. Long-term financial investments	250		13,107,786,597	12,896,439,390
1. Interests in joint ventures	252	11	13,107,786,597	12,896,439,390
III. Other long-term assets	260		34,061,366,661	41,934,528,307
1. Long-term prepayments	261		13,904,014,137	19,986,266,033
2. Deferred tax assets	262		19,774,513,403	20,616,340,649
3. Other long-term assets	268		382,839,121	1,331,921,625
TOTAL ASSETS (270=100+200)	270		2,433,166,403,248	2,181,915,672,096

The notes set out on pages 10 to 36 are an integral part of these consolidated financial statements

DRILLING MUD CORPORATION6th-7th Floor, Vietnam Petroleum Institute Tower, 167 Trung Kinh
Cau Giay District, Hanoi, S.R. Vietnam**Consolidated financial statements**
For the year ended 31 December 2014**CONSOLIDATED BALANCE SHEET (Continued)**

As at 31 December 2014

FORM B 01-DN/HN

Unit: VND

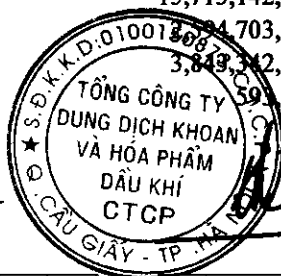
RESOURCES	Codes	Notes	31/12/2014	31/12/2013
A. LIABILITIES (300=310+330)	300		1,247,831,889,107	1,181,349,781,069
I. Current liabilities	310		1,160,996,334,799	1,111,383,846,315
1. Short-term loans and liabilities	311	12	449,823,662,130	370,422,040,349
2. Trade accounts payable	312		507,497,160,542	457,603,132,745
3. Advances from customers	313		4,748,113,749	2,488,132,144
4. Taxes and amounts payable to the State budget	314	13	77,769,461,820	69,774,126,393
5. Payables to employees	315		25,707,239,336	19,534,999,640
6. Accrued expenses	316	14	55,729,233,538	34,883,181,323
7. Other current payables	319	15	19,695,584,643	133,347,492,307
8. Bonus and welfare funds	323		20,025,879,041	23,330,741,414
II. Long-term liabilities	330		86,835,554,308	69,965,934,754
1. Long-term loans and liabilities	334	16	72,269,053,976	66,139,828,179
2. Scientific and technological development fund	339		14,566,500,332	3,826,106,575
B. EQUITY (400=410+430)	400		972,515,025,636	845,922,844,737
I. Shareholders' equity	410	17	970,322,342,607	844,956,991,708
1. Charter capital	411		500,000,000,000	500,000,000,000
2. Share premium	412		18,965,245,000	18,965,245,000
3. Foreign exchange reserve	416		2,949,256,345	2,673,642,004
4. Investment and development fund	417		70,655,545,896	58,595,149,809
5. Financial reserve fund	418		25,862,872,326	21,245,006,896
6. Other shareholders' funds	419		-	93,455,588
7. Retained earnings	420		351,889,423,040	243,384,492,411
II. Other resources and funds	430		2,192,683,029	965,853,029
1. Subsidised fund	432		2,192,683,029	965,853,029
C. MINORITY INTERESTS	439		212,819,488,505	154,643,046,290
TOTAL RESOURCES (440=300+400+439)	440		2,433,166,403,248	2,181,915,672,096

OFF BALANCE SHEET ITEMS	Unit	31/12/2014	31/12/2013
1. Materials, goods held under trust or for processing	VND	15,713,142,117	-
2. Consignment goods for sale	VND	54,703,097	728,693,185
3. Bad debts written off	VND	3,843,342,019	2,776,274,239
4. Foreign currencies	USD	59,390	609,776


Ta Dinh Khang
Preparer

16 March 2015


Bui Tuan Ngoc
Chief Accountant


Ton Anh Thi
General Director


The notes set out on pages 10 to 36 are an integral part of these consolidated financial statements

DRILLING MUD CORPORATION

6th-7th Floor, Vietnam Petroleum Institute Tower, 167 Trung Kinh
Cau Giay District, Hanoi, S.R. Vietnam

Consolidated financial statements
For the year ended 31 December 2014

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2014

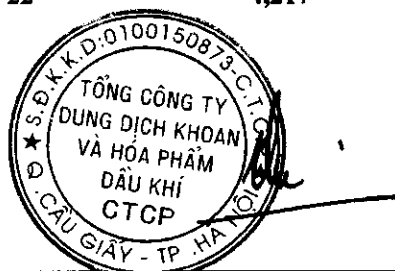
FORM B 02-DN/HN

Unit: VND

ITEMS	Codes	Notes	2014	2013
1. Gross sales	01	18	4,608,824,669,749	3,846,929,856,548
2. Deductions	02	18	296,949,497,721	231,894,323,675
3. Net sales (10=01-02)	10	18	4,311,875,172,028	3,615,035,532,873
4. Cost of sales	11		3,471,162,818,103	3,074,347,690,600
5. Gross profit from sales (20=10-11)	20		840,712,353,925	540,687,842,273
6. Financial income	21	20	30,790,635,724	19,150,712,398
7. Financial expenses	22	21	50,051,700,206	35,830,269,107
<i>In which: Interest expense</i>	23		26,415,268,836	19,659,506,056
8. Selling expenses	24		68,961,604,110	68,713,336,661
9. General and administration expenses	25		302,348,166,881	247,057,574,205
10. Operating profit (30=(20+(21-22)-(24+25))	30		450,141,518,452	208,237,374,698
11. Other income	31		11,057,318,154	9,138,558,955
12. Other expenses	32		29,007,222,530	6,259,499,489
13. (Loss)/Profit from other activities (40=31-32)	40		(17,949,904,376)	2,879,059,466
14. Accounting profit before tax (50=30+40)	50		432,191,614,076	211,116,434,164
15. Current corporate income tax expense	51		101,837,248,851	64,384,861,888
16. Deffered corporate tax expense/(income)	52		980,373,559	(10,723,888,400)
17. Net profit after corporate income tax (60=50-51-52)	60		329,373,991,666	157,455,460,676
Profit after tax attributable to minority interests	61		118,503,084,169	78,915,369,857
Profit after tax attributable to the shareholders of the Holding Company	62		210,870,907,497	78,540,090,819
18. Basic earnings per share	70	22	4,217	1,571


Ta Dinh Khang
Preparer


Bui Tuan Ngoc
Chief Accountant




Ton Anh Thi
General Director

16 March 2015

The notes set out on pages 10 to 36 are an integral part of these consolidated financial statements

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2014

FORM B 03-DN/HN
Unit: VND

ITEMS	Codes	2014	2013
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	01	432,191,614,076	211,116,434,164
2. Adjustments for:			
- Depreciation and amortisation	02	28,311,580,679	24,069,714,746
- Provisions	03	28,678,354,976	2,951,593,723
- Unrealized foreign exchange loss/(gain)	04	1,105,939,075	(418,690,542)
- (Gain) from investing activities	05	(13,423,463,805)	(9,646,975,388)
- Interest expense	06	26,415,268,836	19,659,506,056
3. Operating profit before movements in working capital	08	503,279,293,837	247,731,582,759
- Changes in receivables	09	(89,475,455,298)	150,791,540,462
- Changes in inventories	10	(112,760,264,715)	(193,409,455,154)
- Changes in accounts payable (not including accrued interest and corporate income tax payable)	11	(95,997,712,411)	(66,533,984,952)
- Changes in prepaid expenses	12	11,331,555,828	4,394,627,053
- Interest paid	13	(26,589,175,185)	(18,158,042,192)
- Corporate income tax paid	14	(90,822,180,088)	(64,649,596,197)
- Other cash inflows	15	1,226,830,000	583,087,264
- Other cash outflows	16	(20,103,014,497)	(11,462,141,331)
Net cash from operating activities	20	80,089,877,471	49,287,617,712
II. CASH FLOW FROM INVESTING ACTIVITIES			
1. Acquisition and construction of fixed assets and other long-term assets	21	(70,075,303,721)	(28,177,303,637)
2. Proceeds from sale, disposal of fixed assets and other long-term assets	22	285,376,780	325,909,390
3. Cash recovered from lending and selling debt instruments of other entities	24	-	2,081,500,000
4. Investments in other entities	25	-	(8,837,514,390)
5. Interest earned, dividends and profits received	26	13,172,543,084	9,666,804,024
Net cash (used in) investing activities	30	(56,617,383,857)	(24,940,604,613)
III. CASH FLOW FROM FINANCING ACTIVITIES			
1. Proceeds from borrowings	33	1,664,381,444,160	1,073,629,910,164
2. Repayment of borrowings	34	(1,580,448,748,096)	(948,945,909,495)
3. Dividends and profits paid	36	(60,082,263,620)	(49,835,666,450)
Net cash from financing activities	40	23,850,432,444	74,848,334,219
Net increase in cash (50=20+30+40)	50	47,322,926,058	99,195,347,318
Cash and cash equivalents at the beginning of the year	60	448,989,852,292	349,794,504,974
Cash and cash equivalents at the end of the year (70 = 50+60)	70	496,312,778,350	448,989,852,292

The notes set out on pages 10 to 36 are an integral part of these consolidated financial statements

For the year ended 31 December 2014

Dividends and profits paid to shareholders include dividends of previous years paid in 2014 with an amount of VND 1,375,036,037 and exclude dividends of 2013 which had been declared in 2014 but has not yet been paid to shareholders with an amount of VND 1,291,414,917.

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Ton Anh Thi
General Director

16 March 2015

The notes set out on pages 10 to 36 are an integral part of these consolidated financial statements

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

Drilling Mud Corporation (the "Corporation"), formerly known as Drilling Mud Joint Stock Company, was established and operates under Decision No. 1544/QĐ-TCCB dated 28 April 2005 issued by the Minister of Industry on the basis of equitization of Drilling Mud Company which was a State-owned enterprise and an independent accounting member of Vietnam Oil and Gas Group. The Corporation was granted Business Registration Certificate for Joint Stock Company No. 0103009579 dated 18 October 2005 by Hanoi Department of Planning and Investment.

Shares of the Corporation are listed and traded on Hanoi Stock Exchange (HNX) with stock symbol of PVC.

The Corporation was granted the 16th Amendment dated 10 July 2013 issued by Hanoi Department of Planning and Investment to Business Registration Certificate for Joint Stock Company No. 0103009579 dated 18 October 2005, under which the Corporation charter capital is VND 500,000,000,000, equivalent to 50,000,000 shares.

Operating industry and principal activities

- Conducting technology transfer research, providing drilling fluid service, oil wells completion and repair service, near wellbore zone treatment service, oil recovery enhancing service and other oil and gas engineering services;
- Producing drilling fluid and petrochemical, cement for drilling wells and other substances used for oil probe, exploitation, paper industry, steel rolling industry;
- Collecting, processing and recycling scrap and waste materials from oil and gas industry;
- Environmental treatment and environmental treatment technologies transfer;
- Trading chemicals (except for products prohibited by the State), chemical products, materials and equipment for oil and gas exploration, probe, exploitation, transportation, storage and processing and other economic industries;
- Importing and exporting chemicals (except for products prohibited by the State), chemical products, equipments, raw materials for oil and gas industry, environmental treatment and pollution prevention service and other industries;
- Trading materials for industries;
- Trading gas and gas products, biofuels;
- Trading plastics in primary forms; wholesale of silk, fibers, textile fibers; wholesale of raw cotton fibers, dyes, auxiliary materials, packaging for textile industry;
- Trading additives for drilling fluid;
- Mining for bentonite, industrial sand, dolomite, kaolin, etc.

2. ACCOUNTING CONVENTION AND FINANCIAL YEAR

Accounting convention

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

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

Financial year

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**FORM B 09-DN/HN***These notes are an integral part of and should be read in conjunction with the accompanying consolidated financial statements***3. NEW ACCOUNTING GUIDANCE IN ISSUE NOT YET ADOPTED**

On 22 December 2014, the Ministry of Finance issued Circular No. 200/2014/TT-BTC ("Circular 200") guiding the application of accounting regime for enterprises and Circular No. 202/2014/TT-BTC (Circular 202) guiding the preparation and presentation of consolidated financial statements. These circulars are effective for financial years beginning on or after 01 January 2015. Circular 200 will supersede the regulations for accounting regime promulgated under Decision No. 15/2006/QĐ-BTC dated 20 March 2006 issued by the Ministry of Finance and Circular No. 244/2009/TT-BTC dated 31 December 2009 issued by the Ministry of Finance. Circular 202 will supersede section XIII in Circular No. 161/2007/TT-BTC dated 31 December 2007 of the Ministry of Finance guiding the preparation and presentation of consolidated financial statements in accordance with Vietnamese Accounting Standard No. 25 "Consolidated Financial Statements and Accounting for Investments in Subsidiaries".

The Board of Directors is considering the extent of impact of the adoption of these circulars on the Corporation's consolidated financial statements for future accounting periods.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Estimates

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

Basis of consolidation

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

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

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Corporation.

All significant inter-company transactions and balances between group enterprises are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Corporation's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination 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.

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)

Interests in joint ventures

A joint venture is a contractual arrangement whereby the Corporation and other parties undertake an economic activity that is subject to joint control, i.e., the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control.

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities. The Corporation reports its interests in jointly controlled entities using the equity method of accounting.

Financial instruments

Initial recognition

Financial assets

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

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 trade and other payables, borrowings and accrued expenses.

Subsequent measurement after initial recognition

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

Cash and cash equivalents

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

Provision for doubtful debts

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

Inventories

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

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

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)****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 the estimated useful lives as follows:

	2014 (Years)
Buildings and structures	6 - 25
Machinery and equipment	5 - 12
Office equipment	3 - 5
Motor vehicles	6 - 8

Intangible assets and amortisation

Intangible assets represent land use rights, international measurement units converter and accounting software. Land use rights are stated at cost less accumulated amortisation. Land use rights are amortized using the straight-line method over the duration of the right to use the land. International measurement unit converter and accounting software are amortized using the straight-line method over 2-3 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 relevant professional fees, and interest expenses 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.

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.

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)****Revenue recognition (Continued)**

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

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

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

Dividend income from investment is recognised when the Corporation's rights to receive payment has been established.

Foreign currencies

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

For the purpose of consolidating the financial statements, the assets and liabilities of M-I Drilling Fluids Vietnam L.L.C. and DMC-VTS Joint Venture Company (including comparatives) are translated to the reporting currency of the consolidated financial statements using the exchange rate prevailing on the balance sheet date. Income and expense items (including comparatives) are translated to the reporting currency at the exchange rate on the transaction date. Foreign exchange differences arising, if any, are classified as equity and transferred to the Corporation's foreign exchange difference.

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.

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)

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.

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

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

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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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5. CASH AND CASH EQUIVALENTS

	31/12/2014	31/12/2013
	VND	VND
Cash on hand	3,197,212,054	4,104,175,262
Cash in bank	167,830,723,051	163,023,934,529
Cash equivalents (i)	325,284,843,245	281,861,742,501
	496,312,778,350	448,989,852,292

(i) Cash equivalents represent time deposits at banks with terms of less than 3 months.

6. OTHER RECEIVABLES

	31/12/2014	31/12/2013
	VND	VND
Thanh Hoa Iron and Steel Joint Stock Company	1,433,519,972	1,433,519,972
Binh Son Refining and Petrochemical Company Limited	7,199,636,364	-
Other receivables	10,903,370,251	9,032,016,380
	19,536,526,587	10,465,536,352

7. INVENTORIES

	31/12/2014	31/12/2013
	VND	VND
Goods in transit	32,682,030,130	66,959,431,241
Raw materials	19,129,301,981	24,259,458,215
Tools and supplies	1,654,475,560	1,716,828,122
Work in progress	14,772,371,039	18,192,892,521
Finished goods	13,701,930,406	17,042,891,431
Merchandise	596,545,151,218	459,624,881,770
Goods on consignment	189,126,974,692	167,055,587,011
Total	867,612,235,026	754,851,970,311
Provision for devaluation of inventories	(20,983,638,720)	(390,100,607)
Net realisable value of inventories	846,628,596,306	754,461,869,704

DRILLING MUD CORPORATION

6th-7th Floor, Vietnam Petroleum Institute Tower, 167 Trung Kinh,
Tower, Cau Giay District, Hanoi, S.R. Vietnam

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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

8. TANGIBLE FIXED ASSETS

	Buildings and structures	Machinery and equipment	Office equipment	Motor vehicles	Others	Total
	VND	VND	VND	VND	VND	VND
COST						
As at 01/01/2014	144,493,210,381	112,791,743,100	5,705,501,738	49,965,217,281	76,451,000	313,032,123,500
Additions	7,475,597,177	25,150,844,186	278,305,200	1,700,932,450	36,667,784,892	71,273,463,905
Purchases	4,765,817,245	18,999,282,911	65,725,200	1,041,352,727	6,718,932,658	31,591,110,741
Transfer from construction in progress	2,709,779,932	6,151,561,275	212,580,000	659,579,723	29,948,852,234	39,682,353,164
Reduction	-	463,435,932	410,082,794	1,854,577,498	-	2,728,096,224
Disposals	-	118,135,125	-	1,488,287,905	-	1,606,423,030
Others	-	345,300,807	410,082,794	366,289,593	-	1,121,673,194
As at 31/12/2014	151,968,807,558	137,479,151,354	5,573,724,144	49,811,572,233	36,744,235,892	381,577,491,181
ACCUMULATED DEPRECIATION						
As at 01/01/2014	45,230,709,501	55,407,392,124	3,705,477,874	26,506,509,586	43,367,184	130,893,456,269
Additions	9,800,150,703	10,157,791,965	724,613,861	3,459,335,680	3,163,007,973	27,304,900,182
Charge for the year	9,800,150,703	10,157,791,965	724,613,861	3,459,335,680	3,163,007,973	27,304,900,182
Reduction	-	489,731,688	284,497,502	1,503,237,905	13,426	2,277,480,521
Disposals	-	83,679,066	-	1,488,287,905	-	1,571,966,971
Others	-	406,052,622	284,497,502	14,950,000	13,426	705,513,550
As at 31/12/2014	55,030,860,204	65,075,452,401	4,145,594,233	28,462,607,361	3,206,361,731	155,920,875,930
NET BOOK VALUE						
As at 31/12/2014	96,937,947,354	72,403,698,953	1,428,129,911	21,348,964,872	33,537,874,161	225,656,615,251
As at 31/12/2013	99,262,500,880	57,384,350,976	2,000,023,864	23,458,707,695	33,083,816	182,138,667,231

The cost of the Corporation's tangible fixed assets which have been fully depreciated but are still in use as at 31 December 2014 was VND 60,979,937,935 (as at 31 December 2013: VND 56,447,926,488).

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9. CONSTRUCTION IN PROGRESS

	31/12/2014	31/12/2013
	VND	VND
Opening balance	17,570,020,631	23,270,719,801
Additions	38,598,999,417	7,685,764,528
Decreases:	41,161,549,352	13,386,463,698
- <i>Transfer to fixed assets</i>	39,682,353,164	13,386,463,698
<i>In which: Tangible fixed assets</i>	39,682,353,164	13,386,463,698
- <i>Others</i>	1,479,196,188	-
Closing balance	15,007,470,696	17,570,020,631
In which:		
+ <i>Cai Mep Petrochemical Plant</i>	-	2,415,187,336
+ <i>Cleaning equipment project</i>	14,737,397,969	12,090,204,364
+ <i>Other projects</i>	270,072,727	3,064,628,931
Total	15,007,470,696	17,570,020,631

10. INVESTMENTS IN SUBSIDIARIES

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

Name of subsidiaries	Place of incorporation (or registration) and operation	Contributed capital VND	Proportion of ownership interest %	Proportion of voting power held %	Principal activities
DMC - Northern Petroleum Chemicals Joint Stock Company	Hanoi	37,565,000,000	95.72	95.72	Manufacturing and trading drilling fluids and petrochemical products
DMC - Southern Petroleum Chemicals Joint Stock Company	Vung Tau	35,483,000,000	90.14	90.14	
DMC - Middle Land Petroleum Chemicals Joint Stock Company	Quang Ngai	7,542,000,000	75.42	75.42	
Drilling Fluid and Wells Services One Member Limited Company	Vung Tau	60,000,000,000	100	100	
M-I Drilling Fluids Vietnam L.L.C.	Vung Tau	63,338,300,006	51	51	Drilling service
Total		203,928,300,006			

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) **FORM B 09-DN/HN**
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11. INVESTMENTS IN JOINT VENTURES

Investments in joint ventures as at 31 December 2014 represent the value of capital contribution to DMC-VTS Joint Venture Company in accordance with Joint Venture Agreement No.02/HDLĐ/DMC-VTS dated 12 December 2009, with the duration of 15 years. The Joint Venture Company was established in Lao People's Democratic Republic on the basis of joint control between Vietnam parties including Drilling Mud Corporation and Northeast Coal Corporation, represented by the Corporation; and VTS Group. The Corporation holds 30% of the capital contribution.

The figures of the joint venture's financial statements used for the preparation of the consolidated financial statements of the Corporation for the year ended 31 December 2014 were translated from the USD denominated figures using the transfer exchange rates regulated by Joint Stock Commercial Bank for Foreign Trade of Vietnam as at 31 December 2014 and 31 December 2013.

Summarized financial information in respect of the Corporation's joint venture is set out follows:

	<u>31/12/2014</u>	<u>31/12/2013</u>	<u>31/12/2014</u>	<u>31/12/2013</u>
	USD	USD	VND equivalent	VND equivalent
Total assets	2,720,196.80	2,308,574.35	58,157,807,584	48,676,290,170
Total liabilities	1,230,381.32	944,715.26	26,305,552,622	19,919,321,257
Net assets	<u>1,489,815.48</u>	<u>1,363,859.09</u>	<u>31,852,254,962</u>	<u>28,756,968,913</u>
Exchange rates			21,380	21,085
The Corporation's share of joint venture's net assets	613,086.37	611,640.47	13,107,786,597	12,896,439,390

12. SHORT-TERM LOANS AND LIABILITIES

	<u>31/12/2014</u>	<u>31/12/2013</u>
	VND	VND
Short-term borrowings (*)	430,191,747,731	351,246,290,027
Current portion of long-term loans (Note 16)	19,631,914,399	19,175,750,322
Total	<u>449,823,662,130</u>	<u>370,422,040,349</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) **FORM B 09-DN/HN**
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12. SHORT-TERM LOANS AND LIABILITIES (Continued)

(*) Short-term borrowings include the loans obtained from the banks and financial institutions as follows:

	31/12/2014	31/12/2013
	VND	VND
Joint Stock Commercial Bank for Foreign Trade of Vietnam - Ha Tay Branch (ii)	149,745,871,889	56,851,852,355
Military Commercial Joint Stock Bank - Thang Long Branch (iii)	73,674,906,152	4,678,761,500
Saigon - Hanoi Commercial Joint Stock Bank (iv)	69,758,800,000	-
Vietnam Joint Stock Commercial Bank for Industry and Trade - Vung Tau Branch	59,380,106,400	26,700,000,000
CitiBank. N.A - Hanoi Branch (v)	36,172,445,556	-
Vietnam Joint Stock Commercial Bank for Industry and Trade - Ba Dinh Branch (i)	23,528,734,972	96,476,964,459
ANZ Bank Vietnam Ltd.	8,915,889,604	-
Vietnam Public Joint Stock Commercial Bank	4,072,890,000	-
Vietnam Prosperity Bank	2,754,938,073	-
Joint Stock Commercial Bank for Foreign Trade of Vietnam - Quang Ngai Branch	2,187,165,085	8,850,000,000
Vietnam Joint Stock Commercial Bank for Industry and Trade - Dong Da Branch	-	70,200,251,373
Vietnam Export Import Joint Stock Commercial Bank - Ba Ria Vung Tau Branch	-	44,931,616,400
International Vietnam Joint Stock Commercial Bank - Vung Tau Branch	-	19,800,947,740
Vietnam Technological and Commercial Joint Stock Bank - Operation Center	-	17,283,796,200
Vietnam Joint Stock Commercial Bank for Industry and Trade - Quang Ngai Branch	-	3,630,000,000
Vietnam Export Import Joint Stock Commercial Bank - Ba Dinh Branch	-	1,842,100,000
	430,191,747,731	351,246,290,027

- (i) Unsecured short-term loans obtained from Vietnam Joint Stock Commercial Bank for Industry and Trade - Ba Dinh Branch represent loans under Credit Contract No. 2014-HDTDHM/NHCT124-DMC in December 2014 with the credit limit of VND 150 billion and the credit limit duration up to 31 July 2015. The loan term of no more than 6 months from the date of withdrawal is specified on each covenant. The loan purpose is to increase working capital for the Corporation's business plan in 2014. Interest rate is calculated at the basic rate (+) margin of 3.5% per annum. Interest rate is the floating rate which is subject to periodical adjustment once per month. The date of interest rate adjustment is on the 25th of each month, the first date of interest rate adjustment is on the 25th of the month when the loan is incurred and/or the 25th of the consecutive month of that month.
- (ii) Unsecured short-term loans obtained from Joint Stock Commercial Bank for Foreign Trade of Vietnam - Ha Tay Branch represent the loan under Credit Contract No. 15/14/HM-DMC/VCBHT dated 05 June 2014 with the credit limit of VND 150 billion and the loan term of no more than 6 months from the effective date of the withdrawal specified on each covenant. The loan purpose is to increase working capital for the Corporation's business plan. Loan's interest is paid from the 26th day to the last day of each month.

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

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

12. SHORT-TERM LOANS AND LIABILITIES (Continued)

- (iii) Unsecured short-term loans obtained from Military Commercial Joint Stock Bank - Thang Long Branch represent the loan under Credit Contract No. 682.14.054.888666.TD dated 21 August 2014 with the credit limit of VND 100 billion and the credit limit duration up to 31 August 2015. The loan term of no more than 6 months from the effective date of the withdrawal is specified on each covenant. The loan purpose is to increase working capital for the Corporation's business plan. The loan's interest is specified on each covenant on the effective date of the withdrawals.
- (iv) Unsecured short-term loans obtained from Saigon - Hanoi Commercial Joint Stock Bank represent the loan under Credit Contract No. 53/2014/HDHM-PN/SHB.130800 dated 04 June 2014. The loan purpose is to pay liabilities relating to purchase of raw materials. Interest rate is adjusted periodically every month from the time of disbursement of each covenant, interest rates applicable to any adjustment shall comply with the regulations of the State Bank of Vietnam at the time of the adjustment. The loan term is within 4 months from the date of disbursement, the principal is returned at the end of the period and interest is paid on the 25th of every month.
- (v) Unsecured short-term loans from Citibank. N.A. - Hanoi Branch represent loans under the Letter of Credit from Citibank. N.A. - Hanoi Branch dated 06 March 2012 with the credit limit of USD 5,000,000 and the loan term no more than 6 months from the effective date of the withdrawal which is specified on each covenant. The loan purpose is to increase working capital for the Corporation's business plan.

13. TAXES AND AMOUNTS PAYABLE TO THE STATE BUDGET

Items	Amount payable and adjustments due to		Amount paid	31/12/2014
	01/01/2014	the consolidation		
	VND	VND	VND	VND
Taxes	67,851,446,418	448,596,750,174	439,192,137,043	77,256,059,549
Value added tax payables to the State budget	5,623,441,991	191,678,009,947	196,339,830,988	961,620,950
Value added tax receivable from the State budget	(1,399,091,332)	75,281,523,232	73,982,808,100	(100,376,200)
Import/export duties	48,166,129	17,454,583,621	17,502,749,750	-
Corporate income tax payables to the State budget	60,379,031,569	101,067,192,418	90,822,180,088	70,624,043,899
Corporate income tax receivables from the State budget	(407,734,547)	40,047,676	-	(367,686,871)
Personal income tax	2,401,509,852	49,807,820,987	48,314,090,248	3,895,240,591
Natural resources tax	367,748,970	3,469,860	315,750,731	55,468,099
Real estate tax payables to the State budget	-	1,629,284,529	1,629,284,529	-
Real estate tax receivables from the State budget	(41,054,156)	105,283,956	64,229,800	-
Business registration tax	-	14,000,000	14,000,000	-
Others	879,427,942	11,515,533,948	10,207,212,809	2,187,749,081
Other payables	74,799,940	2,996,741,499	3,026,202,239	45,339,200
Fees and charges	74,799,940	170,245	29,630,985	45,339,200
Others	-	2,996,571,254	2,996,571,254	-
Total	67,926,246,358	451,593,491,673	442,218,339,282	77,301,398,749
In which:				
- Taxes and amounts receivable from the State budget	1,847,880,035			468,063,071
- Taxes and amounts payable to the State budget	69,774,126,393			77,769,461,820

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) **FORM B 09-DN/HN**
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14. ACCRUED EXPENSES

	31/12/2014	31/12/2013
	VND	VND
Mixing and pumping expense	-	2,098,400,285
Technical service	6,336,910,227	1,138,632,170
Machinery and equipment	2,352,080,647	3,557,208,180
Engineers	4,924,095,788	2,316,419,185
Temporarily imported goods	5,090,303,628	1,277,910,795
Others	37,025,843,248	24,494,610,708
	<u>55,729,233,538</u>	<u>34,883,181,323</u>

15. OTHER CURRENT PAYABLES

	31/12/2014	31/12/2013
	VND	VND
Joint venture interest payable to MI LLC	-	113,859,000,000
Vietnam Oil and Gas Group	-	2,400,000,000
PTSC Supply Base	11,593,805,292	3,693,222,490
Others	8,101,779,351	13,395,269,817
	<u>19,695,584,643</u>	<u>133,347,492,307</u>

16. LONG-TERM LOANS AND LIABILITIES

	31/12/2014	31/12/2013
	VND	VND
Vietnam Joint Stock Commercial Bank for Industry and Trade - Ba Dinh Branch (i)	39,705,776,419	52,941,035,225
Vietnam Joint Stock Commercial Bank for Industry and Trade - Vung Tau Branch (ii)	25,199,478,967	-
Vietnam Export Import Commercial Joint Stock Bank-Operation Center I (iii)	6,553,472,290	12,797,092,954
Joint Stock Commercial Bank for Foreign Trade of Vietnam - Quang Ngai Branch	810,326,300	401,700,000
	<u>72,269,053,976</u>	<u>66,139,828,179</u>

- (i) Represents the long-term loans obtained from Vietnam Joint Stock Commercial Bank for Industry and Trade - Ba Dinh Branch under Credit Contract No. 02-2011/HDTD dated 27 October 2011 with the credit limit of VND 104 billion. The loan term is 84 months and the principal is graced for 12 months from the first disbursement date. The interest rate is adjusted once per month and is calculated at the saving interest rate in VND (paid in arrears) plus (+) the margin specified for each period (the margin at the signing date is 4.5% per annum). Overdue interest rate is equal to 150% of the due interest rate. The loan is used to pay for the expenses incurred from Cai Mep PetroChemical Plant Project. The loan is secured by the revenue gained from business contracts when the assets of the project have not been formed, fixed assets formed from the project, regular deposits at Vietnam Joint Stock Commercial Bank for Industry and Trade - Ba Dinh Branch, leased-land use rights at Cai Mep Industrial Zone.

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. LONG-TERM LOANS AND LIABILITIES (Continued)

- (ii) Represents the long-term loans obtained from Vietnam Joint Stock Commercial Bank for Industry and Trade - Vung Tau Branch under Credit Contract No. 7053/2013-HDDTDDDDA/NHCT880-DMCWS dated 14 November 2013 with the credit limit of VND 31,680,000,000. The loan is used to pay for the expenses incurred from Base for Providing Services of DMC at Vietsov Petro Port Project. The interest rate is adjusted once per three months and is the basic interest rate plus (+) the margin of 5% per annum. Interest is paid on the 25th of every month. The loan is secured by assets formed from the loan.
- (iii) Represents the long-term loans obtained from Vietnam Export Import Commercial Joint Stock Bank- Operation Center I under Credit Contract No. 2000-LAV-201007419 dated 06 December 2010 with the credit limit of VND 81 billion. The loan term is 72 months, and the principal is graced for 12 months from the first disbursement date. The interest rate is adjusted once per month, and is calculated at 12-month individual savings interest rate (paid in arrears) plus (+) a margin of 3% per annum. Overdue interest rate is equal to 150% of the due interest rate. The loan is used to purchase cleaning systems for tank, offshore oil storage and oil tankers. Loan payment schedule is divided into 20 payment periods, each period is consecutive three months starting from 13 March 2012. The loan is secured by the assets acquired from the loan.

Long-term loans are repayable as follows:

	31/12/2014	31/12/2013
	VND	VND
Within one year	19,631,914,399	19,175,750,322
In second year	19,942,731,096	19,880,579,470
In the third to fifth year inclusive	52,326,322,880	46,259,248,709
After five years	-	-
Total	91,900,968,375	85,315,578,501
Less: Amount due for settlement within 12 months (shown under current liabilities)	19,631,914,399	19,175,750,322
Amount due for settlement after 12 months	72,269,053,976	66,139,828,179

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

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17. SHAREHOLDERS' EQUITY

Movement in shareholders' equity

	Charter capital	Share premium	Foreign exchange reserve	Investment and development fund	Financial reserve fund	Other shareholders' funds	Retained earnings	Total
	VND	VND	VND	VND	VND	VND	VND	VND
As at 01/01/2013	500,000,000,000	18,965,245,000	2,585,916,823	47,749,187,403	16,681,922,664	93,455,588	251,331,200,732	837,406,928,210
Profit after tax for the year	-	-	-	-	-	-	78,540,090,819	78,540,090,819
Foreign exchange difference due to financial statements conversion	-	-	114,655,790	-	63,400,197	-	-	178,055,987
Funds distribution	-	-	-	10,845,962,406	4,775,739,875	-	(15,621,702,281)	-
Other increases	-	-	-	-	-	-	605,818,108	605,818,108
Appropriation of bonus and welfare funds and executive board's bonus fund	-	-	-	-	-	-	(21,470,914,967)	(21,470,914,967)
Dividends declared	-	-	-	-	-	-	(50,000,000,000)	(50,000,000,000)
Others decreases	-	-	(26,930,609)	-	(276,055,840)	-	-	(302,986,449)
As at 01/01/2014	500,000,000,000	18,965,245,000	2,673,642,004	58,595,149,809	21,245,006,896	93,455,588	243,384,492,411	844,956,991,708
Profit after tax for the year	-	-	-	-	-	-	210,870,907,497	210,870,907,497
Foreign exchange difference due to financial statement conversion	-	-	275,614,341	-	69,248,525	-	1,293,245,505	1,638,108,371
Funds distribution	-	-	-	12,097,129,292	5,518,361,860	8,966,234	(17,624,457,386)	-
Other increases	-	-	-	-	102,421,822	-	-	102,421,822
Appropriation of bonus and welfare funds and executive board's bonus fund	-	-	-	-	-	-	(26,034,764,987)	(26,034,764,987)
Dividends declared	-	-	-	-	-	-	(60,000,000,000)	(60,000,000,000)
Others decreases	-	-	-	(36,733,205)	(1,072,166,777)	(102,421,822)	-	(1,211,321,804)
As at 31/12/2014	500,000,000,000	18,965,245,000	2,949,256,345	70,655,545,896	25,862,872,326	-	351,889,423,040	970,322,342,607

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17. SHAREHOLDERS' EQUITY (Continued)

Shares	31/12/2014	31/12/2013
Number of common shares registered to issue	50,000,000	50,000,000
Number of common shares issued to public	50,000,000	50,000,000
Number of treasury shares	-	-
Number of outstanding common shares in circulation	50,000,000	50,000,000

The par value of each common share is VND 10,000.

Charter capital and investment capital

As at 31 December 2014, the proportion of charter capital held by shareholders are as follows:

- Vietnam National Oil and Gas Group - the State shareholder held 17,999,619 shares, equivalent to VND 179,996,190,000, accounting for 36% of the charter capital.
- Other shareholders held 32,000,381 shares, equivalent to VND 320,003,810,000, accounting for 64% of the charter capital.

Dividends and funds distribution

During 2014, the Corporation declared dividends and made funds distribution from retained earnings of 2013 under Resolutions issued by the General Shareholders' Annual Meeting in 2014 of the Corporation and its subsidiaries.

18. NET SALES

	2014	2013
	VND	VND
Gross sales	4,608,824,669,749	3,846,929,856,548
+ Sales of goods sold	4,046,460,320,588	3,437,266,682,602
+ Sales of services rendered	562,364,349,161	409,663,173,946
Deduction	296,949,497,721	231,894,323,675
+ Sales discount	-	2,531,126
+ Sales rebates	2,718,281,682	-
+ Sales return	286,087,918,640	229,656,870,623
+ Export duty	8,090,286,679	2,234,921,926
+ Others	53,010,720	-
Net sales	4,311,875,172,028	3,615,035,532,873

19. PRODUCTION COST BY NATURE

	2014	2013
	VND	VND
Raw materials and consumables	1,267,439,882,391	1,200,240,326,901
Labour	156,187,218,932	142,266,141,588
Depreciation and amortisation	28,311,580,679	24,069,714,746
Out-sourced services	2,485,220,209,055	1,952,813,511,777
Other monetary expenses	88,519,455,433	54,682,732,034
	4,025,678,346,490	3,374,072,427,046

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20. FINANCIAL INCOME

	2014	2013
	VND	VND
Bank and loan interest	13,172,543,084	9,666,804,024
Foreign exchange gain	8,200,043,918	4,306,457,849
Others	9,418,048,722	5,177,450,525
	30,790,635,724	19,150,712,398

21. FINANCIAL EXPENSES

	2014	2013
	VND	VND
Interest expense	26,415,268,836	19,659,506,056
Administration expenses and salary allocated for activities of the joint venture	6,410,453,594	5,666,600,000
Foreign exchange loss	16,470,667,970	8,980,864,649
Others	755,309,806	1,523,298,402
	50,051,700,206	35,830,269,107

22. BASIC EARNINGS PER SHARE

The calculation of the basic earnings per share possibly attributable to the ordinary equity holders of the Corporation is based on the following data:

	2014	2013
Net profit after tax attributable to the shareholders of the parent company (VND)	210,870,907,497	78,540,090,819
Weighted average number of shares in circulation (share)	50,000,000	50,000,000
Basic earnings per share (VND/share)	4,217	1,571

23. OPERATING LEASE COMMITMENTS

In 2010, the Corporation had an operating lease for its head office located at the Vietnam Petroleum Institute Tower at No. 173 Trung Kinh street (currently No.167 Trung Kinh street), Cau Giay district, Hanoi under office lease contract No. 2917/2010/HD-VDKVN dated 21 December 2010 for the term of 50 years from the date of office hand-over (10 August 2010). The leasing area is 3,060 m² at the rental charge of VND 41,000,000/m²/50 years. The total contract value of VND 125,460,000,000 (excluding VAT) will be payable in 10 years, twice a year on every 01 January and 01 July. The funding cost of 10% per year is calculated on the unpaid amount.

Two parties signed Appendix No. 4 on 14 May 2013 to adjust supplement some provisions of Contract No. 2917/2010/HD-VDKVN dated 21 December 2010; therefore, from 01 January 2013 to 30 June 2015, the rental charge shall be VND 273,000/m²/month; from 01 July 2015 onwards, the rental charge is applicable based on market price. Up to the date of these consolidated financial statements, the Corporation had fully paid the rental charge for the period to 30 June 2015. From 01 July 2013, rental charge shall be paid twice a year on every 01 January (for the lease term from 01 January to 30 June) and 01 July (for the lease term from 01 July to 31 December).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued) **FORM B 09-DN/HN**
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23. OPERATING LEASE COMMITMENTS (Continued)

On 24 April 2014, the Corporation and Vietnam Petroleum Institute joined a meeting discussing the reduction in the area of leased office at 7th Floor, Vietnam Petroleum Institute Tower, 167 Trung Kinh street, Cau Giay District, Hanoi. As per the result of this meeting, Vietnam Petroleum Institute agreed to take back 298 m² of usable area (equivalent to approximately 380 m² of distributed area) at the 7th floor. On 02 June 2014, the Corporation completed the handover of the premises to Vietnam Petroleum Institute in accordance with the content of the meeting dated 24 April 2014.

24. 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 maximizing the return to the shareholders through the optimization of the debt and equity balance.

The capital structure of the Corporation consists of net debt (borrowings disclosed in Notes 12 and 16, offset by cash and cash equivalents) and the Shareholders' equity (comprising capital, reserves and retained earnings).

Gearing ratio

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

	31/12/2014	31/12/2013
	VND	VND
Borrowings	522,092,716,106	436,561,868,528
Less: Cash and cash equivalents	496,312,778,350	448,989,852,292
Net debt	25,779,937,756	-
Equity	972,515,025,636	845,922,844,737
Net debt to equity ratio	0.03	-

Significant accounting policies

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

Categories of financial instruments

	Carrying amounts	
	31/12/2014	31/12/2013
	VND	VND
Financial assets		
Cash and cash equivalents	496,312,778,350	448,989,852,292
Trade and other receivables	659,044,670,968	587,220,379,815
Deposits	2,140,337,845	2,044,692,498
Total	1,157,497,787,163	1,038,254,924,605
Financial liabilities		
Borrowings	522,092,716,106	436,561,868,528
Trade and other receivables	527,074,336,740	585,633,979,078
Accruals	55,729,233,538	34,883,181,323
Total	1,104,896,286,384	1,057,079,028,929

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

The Corporation has not assessed fair value of its financial assets and liabilities as at the balance sheet date since there are no comprehensive guidance under Circular No. 210/2009/TT-BTC issued by the Ministry of Finance on 06 November 2009 ("Circular 210") and other relevant prevailing regulations to determine fair value of these financial assets and liabilities. While Circular 210 refers to the application of International Financial Reporting Standards ("IFRS") on presentation and disclosures of financial instruments, it did not adopt the equivalent guidance for the recognition and measurement of financial instruments, including application of fair value, in accordance with IFRS.

Financial risk management objectives

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

Market risk

The Corporation's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and prices. 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 these risk exposures due to the lack of any market to purchase financial instruments.

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

	Assets		Liabilities	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	VND	VND	VND	VND
United States Dollar (USD)	34,925,419,179	50,879,141,117	461,255,921,269	370,764,863,238

Foreign currency sensitivity

The Corporation is mainly exposed to United States Dollar.

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

	2014	2013
	VND	VND
United States Dollar (USD)	(42,633,050,209)	(31,988,572,212)
	(42,633,050,209)	(31,988,572,212)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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24. FINANCIAL INSTRUMENTS (Continued)

Interest rate risk management

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

The interest rate sensitivity

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

	<u>Increase/(decrease) in basis points</u>	<u>Impact on profit before tax</u> VND
For the year ended 31 December 2014		
VND	+200	(10,310,784,876)
VND	-200	10,310,784,876
For the year ended 31 December 2013		
VND	+200	(8,475,295,511)
VND	-200	(8,475,295,511)

Equity instruments price risk management

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

Commodity price risk management

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

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Corporation. The Corporation has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. At the balance sheet date, there is a significant concentration of credit risk arising on the amounts due from Phu Thinh Export-Import and Production Joint Stock Company, Khang Minh Development Investment Joint Stock Company, Binh Son Refining and Petrochemical Company Limited (BSR), Da Nang Chemical and Electrical Materials Joint Stock Company, Bien Dong Petroleum Operating Company, Petroleum Trading Joint Stock Company, Japan-Vietnam Petroleum Company Limited, Cuu Long Joint Operating Company, Thang Long Joint Operating Company and Joint Venture Vietsovpetro. The maximum exposure to credit risk is represented by the carrying amount of balances due from these companies.

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

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

The following tables detail the Corporation's remaining contractual maturity for its non-derivative financial assets and financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial assets and undiscounted cash flows of financial liabilities based on the earliest date on which the Corporation can be required to pay. 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	1-5 years	Total
	VND	VND	VND
31/12/2014			
Cash and cash equivalents	496,312,778,350	-	496,312,778,350
Trade and other receivables	659,044,670,968	-	659,044,670,968
Deposits	2,029,328,748	111,009,097	2,140,337,845
Total	1,157,386,778,066	111,009,097	1,157,497,787,163
31/12/2014			
Borrowings	449,823,662,130	72,269,053,976	522,092,716,106
Trade and other payables	527,074,336,740	-	527,074,336,740
Accruals	55,729,233,538	-	55,729,233,538
Total	1,032,627,232,408	72,269,053,976	1,104,896,286,384
Net liquidity gap	124,759,545,658	(72,158,044,879)	52,601,500,779
	Less than 1 year	1-5 years	Total
	VND	VND	VND
31/12/2013			
Cash and cash equivalents	448,989,852,292	-	448,989,852,292
Trade and other receivables	587,220,379,815	-	587,220,379,815
Other financial assets	712,772,138	1,331,920,360	2,044,692,498
Total	1,036,923,004,245	1,331,920,360	1,038,254,924,605
31/12/2013			
Borrowings	370,422,040,349	66,139,828,179	436,561,868,528
Trade and other payables	585,633,979,078	-	585,633,979,078
Accruals	34,883,181,323	-	34,883,181,323
Total	990,939,200,750	66,139,828,179	1,057,079,028,929
Net liquidity gap	45,983,803,495	(64,807,907,819)	(18,824,104,324)

The management assessed the liquidity risk 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.

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25. RELATED PARTY TRANSACTIONS AND BALANCES

List of related parties:

Related parties	Relationship
Vietnam Oil and Gas Group	Parent Company
PetroVietnam Fertilizer and Chemicals Corporation	Shareholder
Petroleum Trading Joint Stock Company	Affiliate
Bien Dong Petroleum Operating Company	Affiliate
Joint Venture Vietsovpetro	Affiliate
Binh Son Refining and Petrochemical Company Limited (BSR)	Affiliate
Indochina Petroleum Transportation Joint Stock Company	Affiliate
BJ services-PV Drilling Joint Venture Company Limited	Affiliate
Dung Quat Shipbuilding Industry One Member Company Limited	Affiliate
Branch of PetroVietnam Fertilizer and Chemicals Corporation- Phu My Fertilizer Plant	Affiliate
PV Drilling Division	Affiliate
Central Petrovietnam Fertilizer and Chemicals Joint Stock Company	Affiliate
Branch of PetroVietnam Power Corporation - Ca Mau Petro Power Company	Affiliate
PTSC Quang Ngai Petroleum Services Joint Stock Company	Affiliate
Branch of PetroVietnam General Services Joint Stock Corporation - Petroleum Industrial	Affiliate
Materials Distribution Company	
PetroVietnam Energy Technology Corporation	Affiliate
Branch of PV Oil - Mien Dong Petroleum Depot	Affiliate
PetroVietnam Vung Ang-Quang Trach Power Project Management Board	Affiliate
PetroVietnam Marine Shipyard Joint Stock Company	Affiliate
PTSC Geos and Subsea Services Company Limited	Affiliate
Petroleum Information Technology Telecom and Automation Joint Stock Company	Affiliate
North PetroVietnam Fertilizer and Chemicals Joint Stock Company	Affiliate
Vietnam Petroleum Institute	Affiliate
Hanoi Petroleum Construction Joint Stock Company (PVC-HN)	Affiliate
Southeast PetroVietnam Fertilizer and Chemicals Joint Stock Company	Affiliate
PetroVietnam Transportation Corporation	Affiliate
PetroVietnam Thai Binh Power Project No.2 Management Board	Affiliate
PetroVietnam Ca Mau Fertilizer Company Limited (PVCFC)	Affiliate
PetroVietnam Exploration Production Corporation	Affiliate
Petroleum Pipeline and Tank Construction Joint Stock Company	Affiliate
Mien Trung Petroleum Construction Joint Stock Company (PVC - MT)	Affiliate
PV Oil Hanoi	Affiliate
PV Oil Vung Tau	Affiliate
PetroVietnam Transportation Hanoi Joint Stock Company	Affiliate
PTSC Supply Base	Affiliate
Petrosetco Assets Management JSC (PSA)	Affiliate
Branch of PV Oil - Central Oil and Gas Petroleum Company Limited	Affiliate

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25. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

List of related parties (Continued):

Related parties	Relationship
Central Oil and Gas Petroleum Joint Stock Company	Affiliate
PVI Hanoi	Affiliate
PetroVietnam Petrochemical and Textile Fiber Joint Stock Company	Affiliate
PetroVietnam Central Biofuels Joint Stock Company	Affiliate
PTSC Quang Ngai Petroleum Services Joint Stock Company	Affiliate
PetroVietnam Energy Technology Corporation	Affiliate
PVCombank (formerly known as PVFC)	Affiliate
PetroVietnam Security Service Corporation	Affiliate
PetroVietnam Fertilizer and Chemicals Corporation	Affiliate
Hanoi Petroleum Construction Joint Stock Company (PVC-HN)	Affiliate
Petrowaco Property Joint Stock Company	Affiliate
PetroVietnam Domestic Exploration Production Operating Company Limited (PVEP POC)	Affiliate
PetroVietnam Coating Joint Stock Company	Affiliate
PetroVietnam Power Nhon Trach 2 Joint Stock Company	Affiliate

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25. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

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

	2014 VND	2013 VND
Sales		
PetroVietnam Domestic Exploration Production Operating Company Limited (PVEP POC)	446,447,897,502	134,547,610,873
PetroVietnam Trading Joint Stock Company	305,725,721,160	194,319,709,386
Bien Dong Petroleum Operating Company	163,439,415,877	159,494,109,948
Joint Venture Vietsovpetro	153,183,856,580	126,671,861,128
PetroVietnam Domestic Exploration Production Corporation	117,174,187,620	22,198,093,252
Binh Son Refining and Petrochemical Company Limited (BSR)	97,087,338,762	67,916,713,348
BJ Services - PV Drilling Joint Venture Limited	28,275,530,571	40,900,962,935
PetroVietnam Coating JSC	8,737,092,000	-
PTSC Quang Ngai Petroleum Services Joint Stock Company	4,414,365,000	7,905,716,084
Petrovietnam Central Biofuels Joint Stock Company	4,197,361,929	-
Dung Quat Shipbuilding Industry One Member Company Limited	3,493,529,285	11,610,568,157
PetroVietnam Marine Shipyard Joint Stock Company	3,401,555,000	273,529,730
Branch of PetroVietnam General Services Joint Stock Corporation - PetroVietnam Industrial Material	3,336,363,636	-
PetroVietnam Petrochemical and Textile Fiber Joint Stock Company	2,812,626,054	-
Branch of PetroVietnam Power Corporation - Ca Mau Petro Power Company	2,499,411,000	2,009,481,800
Branch of PetroVietnam Power Corporation - Nhon Trach Petro Power Company	2,105,582,710	-
PetroVietnam Power Nhon Trach 2 Joint Stock Company	1,998,675,000	-
PetroVietnam Ca Mau Fertilizer Company Limited (PVCFC)	1,200,753,336	16,656,903,406
Branch of PetroVietnam Oil Corporation- Mien Dong Petroleum Depot	1,150,006,545	1,454,545,455
PetroVietnam Vung Ang-Quang Trach Power Project Management Board	1,067,876,834	611,636,250
PTSC Geos and Subsea Services Company	1,040,816,000	1,682,358,000
PetroVietnam Thai Binh Power Project No.2 Management Board	555,569,200	530,318,700
Central PetroVietnam Fertilizer and Chemicals Joint Stock Company	275,240,000	9,501,277,546
Branch of PetroVietnam Transportation Corporation - PetroVietnam Transportation OilField Services	247,900,000	-
Branch of Vietnam Petroleum Institute - Petro Vietnam Research & Development Center for Petroleum Processing	159,861,000	-
Thai Binh II Thermal Power Plant Project Execution Board	104,146,250	-
PetroVietnam Fertilizer and Chemicals Corporation- Phu My Fertilizer Plant	-	4,897,643,209
PV Drilling Division	-	7,462,681,265
PetroVietnam Energy Technology Corporation	-	505,236,364
North PetroVietnam Fertilizer and Chemicals Joint Stock Company	-	205,909,093

25. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

During the year, the Corporation entered into the following significant transactions with its related parties (Continued):

	2014	2013
	VND	VND
Purchase of goods, rendering of services		
Binh Son Refining and Petrochemical Company Limited (BSR)	520,975,851,752	892,975,470,260
Central PetroVietnam Fertilizer and Chemicals Joint Stock Company	43,881,764,270	44,196,842,856
Petroleum Supply Base	28,216,010,246	40,729,529,636
North PetroVietnam Fertilizer and Chemicals Company	14,313,333,336	19,224,750,000
Branch of PetroVietnam General Services Joint Stock Corporation -	8,281,818,182	-
Petroleum Industrial Materials Distribution Company		
Hanoi Oil and Gas Petroleum JSC.	6,636,756,066	10,213,452,821
PetroVietnam Assets Management JSC. (PSA)	5,698,938,660	6,382,553,027
Vietnam Transportation Hanoi Joint Stock Company	5,495,404,999	4,156,947,936
PVI Hanoi	5,199,718,862	475,783,396
Vung Tau Oil and Gas Petroleum JSC.	2,304,639,679	3,710,621,561
Vietnam Oil and Gas Group	1,529,428,061	1,492,124,004
Vietnam Petroleum Institute	1,291,559,260	887,542,331
PetroVietnam Security Service Corporation	521,898,177	712,322,787
Indochina Petroleum Transportation Joint Stock Company	174,594,729	-
PetroVietnam Urban Development JSC	135,000,000	-
Hanoi Branch - PetroVietnam Technical Safety Registration Company Limited	125,850,000	-
Petroleum Pipeline and Tank Construction Joint Stock Company	(1,752,643,382)	2,862,775,220
Mien Trung Petroleum Construction Joint Stock Company (PVC - MT)	(548,353,048)	3,112,812,846
Central Oil and Gas Petroleum Joint Stock Company	-	5,444,077,726
PetroVietnam Domestic Exploration Production Operating Company Limited		
(Block 103-107)	-	3,107,356,001
Petrovietnam Central Biofuels Joint Stock Company	-	1,412,656,453
PTSC Quang Ngai Petroleum Services Joint Stock Company	-	6,230,869,494
PetroVietnam Energy Technology Corporation	-	505,236,364
Short-term borrowings obtained from PVCombank (formerly known as PVFC)		
Proceeds from borrowings	35,748,449,406	-
Repayment of borrowings	31,910,694,564	-
Interest payable	300,695,783	-
Interest paid	300,695,783	-
Dividends paid in cash		
Vietnam Oil and Gas Group	21,599,543,760	17,999,619,800
PetroVietnam Fertilizer and Chemicals Corporation	6,159,842,400	5,133,202,000

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25. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

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

	<u>31/12/2014</u>	<u>31/12/2013</u>
	VND	VND
Receivables		
<i>Receivables from goods sold and services rendered</i>		
Petroleum Trading Joint Stock Company	126,919,652,273	64,000,803,531
PetroVietnam Domestic Exploration Production Operating Company Limited (PVEP POC)	69,804,603,232	58,363,406,410
Bien Dong Petroleum Operating Company	54,343,566,836	35,335,304,472
Binh Son Refining and Petrochemical Company Limited (BSR)	15,986,992,977	999,164,130
Joint Venture Vietsovpetro	11,185,544,804	39,797,100,248
BJ services-PV Drilling Joint Venture Company Limited	5,411,563,239	2,948,113,428
Branch of PetroVietnam Power Corporation - Ca Mau Petro Power Company	2,749,352,100	-
Hanoi Petroleum Construction Joint Stock Company (PVC-HN)	2,737,079,920	2,737,079,920
Branch of PV Oil - Mien Dong Petroleum Depot	1,265,007,200	-
PetroVietnam Petrochemical and Textile Fiber Joint Stock Company	1,132,089,959	-
Petrovietnam Central Biofuels Joint Stock Company	1,081,447,322	-
Branch of PetroVietnam Power Corporation - Nhon Trach Petro Power Company	1,047,824,415	-
PetroVietnam Marine Shipyard Joint Stock Company	939,784,700	25,674,800
Dung Quat ShipBuilding Industry One Member Limited Company	498,447,926	1,085,168,149
Nhon Trach 2 Power Corporation Joint Stock Company	211,288,500	-
Branch of PetroVietnam Transportation Corporation - PetroVietnam Transportation OilField Services	151,470,000	-
Thai Binh II Thermal Power Plant Project Excution Board	114,560,875	-
Central Petrovietnam Fertilizer and Chemical Joint Stock Company	37,400,000	-
PTSC Quang Ngai Petroleum Services Joint Stock Company	-	1,764,165,795
PetroVietnam Gas Joint Stock Corporation	-	960,167,382
Drilling Division	-	2,709,326,631
PetroVietnam Ca Mau Fertilizer Company Limited (PVCFC)	-	5,380,730,620
PetroVietnam Domestic Exploration Production Corporation	-	3,046,629,155
<i>Advances from customers</i>		
PetroVietnam Vung Ang-Song Hau Power Project Management Board	499,670,620	-
PetroVietnam Thai Binh Power Project No.2 Management Board	383,967,554	430,310,925
PetroVietnam Vung Ang-Quang Trach Power Project Management Board	11,361,749	417,355,428
Dung Quat Ship Building Industry One Member Company Limited	-	234,554,455
<i>Other receivables</i>		
Binh Son Refining and Petrochemical Company Limited (BSR)	7,199,636,364	-
Petrowaco Property Joint Stock Company (Petrowaco)	-	1,996,800,000

23. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

Related party balances as at the balance sheet date were as follows (Continued):

	<u>31/12/2014</u>	<u>31/12/2013</u>
	VND	VND
<i>Trade payables</i>		
Binh Son Refining and Petrochemical Company Limited (BSR)	78,966,442,806	331,006,868
Joint Venture Vietsovpetro	1,777,474,002	-
Petroleum Pipeline and Tank Construction Joint Stock Company	1,454,077,927	3,617,983,376
Petrosetco Assets Management Joint Stock Company (PSA)	604,028,165	656,617,302
Vietnam Petroleum Institute	247,347,739	309,408,565
PTSC Quang Ngai Petroleum Services Joint Stock Company	84,150,000	-
Quang Ngai Petro Transportation JSC	75,022,500	-
Mien Trung Petroleum Construction Joint Stock Company (PVC-MT)	10,812,745	1,582,557,025
Petroleum Supply Base	-	2,804,098,631
Vietnam Transportation Hanoi Joint Stock Company	-	571,870,000
<i>Advances to suppliers</i>		
Central Petrovietnam Fertilizer and Chemical Joint Stock Company	318,118,500	-
Branch of Vietnam Petroleum Institute - Petro Vietnam Research & Development Center for Petroleum Processing	59,850,000	-
Petro Song Da Trading and Investment Joint Stock Company	-	748,638,081
Petroleum Pipeline and Tank Construction Joint Stock Company	-	4,435,705,000
<i>Other payables</i>		
Branch of Petroleum Technical Services Corporation - Petroleum Supply Base	11,593,805,292	3,693,222,490
Vietnam Oil and Gas Group	-	2,400,000,000

26. COMPARATIVE FIGURES

Comparative figures are the figures of the audited consolidated financial statements for the year ended 31 December 2013.

Khay

Ta Dinh Khang
Preparer

16 March 2015

Have

Bui Tuan Ngoc
Chief Accountant



Ton Anh Thi
General Director